

Bath & North East Somerset Council			
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND		
MEETING DATE:	2nd November 2016	AGENDA ITEM NUMBER	12
TITLE:	Risk Management Update		
WARD:	ALL		
AN OPEN PUBLIC ITEM			
List of attachments to this report: Appendix 1 Pension Fund Risk Register (to be presented at meeting)			

1 THE ISSUE

1.1 The purpose of this report to update the current position of the Avon Pension Fund Risk Register and its top risks.

2 RECOMMENDATION

That the Board

2.1 Notes the report and comment on the Risk Register.

3 FINANCIAL IMPLICATIONS

3.1 There are no direct implications related to the Pension Board in connection with this report.

4 REPORT

RISK REGISTER

- 4.1 The Risk Register follows the format of the Council's risk register for each service. It identifies the significant risks that could have a material impact on the Fund in terms of value, reputation, compliance or provision of service and sets out the action taken to manage the risk.
- 4.2 The Risk Register is reviewed regularly by the pension management team. Risks identified cannot be eliminated but can be treated via monitoring.
- 4.3 The risks identified fall into the following general categories:
- (i) Fund administration & control of operational processes and strategic governance processes and TPR compliance – mitigated by having appropriate policies and procedures in place, use of electronic means to receive and send data and information

- (ii) Service delivery partners not delivering in line with their contracts or SLAs – mitigated by monitoring and measuring performance
- (iii) Financial loss due to payments in error, loss of assets due to investment strategy and/or managers failing to deliver required return, fraud or negligence of investment managers or custodian – mitigated by processes to reconcile payments, regular review of strategic return and manager performance and annual review of investment strategy, robust legal contracts to protect against fraud & negligence
- (iv) Changes to the scheme – mitigated by project plans with defined milestones and responsibilities, progress reviewed periodically by management team
- (v) Increasing political pressure to reform scheme structure and governance frameworks and direct investment decisions – mitigated by having well defined investment policies and by engaging with the government through the consultation process

4.4 The Fund continues to invest significantly in systems and resources to ensure the risks are managed effectively and resilience is built into the service. The arrangements in place are supported by external and internal audit reviews.

4.5 The Fund reviews all risks annually and the top 10 risks and changes quarterly with the latest review in August 2016. A new risk following Brexit has been added. The main risks are that the decision to leave the EU may have both negative implications for the investment strategy and expected returns/risk levels. Short term impact is mainly via depreciation of sterling. These risks are mitigated by:-

- (i) Impact assessment at quarterly Panel and Committee meetings when strategy is monitored.

- (ii) Strategy Investment review in 2017 will reset investment expectations and evaluate investment opportunities having assessed the impact of Brexit on investment markets and liabilities.

4.6 The top 10 risks, including their likelihood, financial impact and mitigating actions will be tabled at the meeting and are available to view at <S:\Pensions\Users Shared\APF Pensions Board\Risk Register>

5 RISK MANAGEMENT

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance and there are no significant or material risks to report as this is an information report.

6 EQUALITIES

6.1 A proportionate equalities impact assessment has been undertaken and there are no significant issues to report.

7 CONSULTATION

7.1 Report and Issues have been subject to consultation with the S151 Officer and Strategic Director of Resources.

Contact person	Geoff Cleak, Acting Pensions Manager Tel: 01225 395277 Jeff Wring, Head of Audit West 01225 477323
Background papers	
Please contact the report author if you need to access this report in an alternative format	