

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	28 November 2019	AGENDA ITEM NUMBER
TITLE:	Risk Management Update – Risk Register	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 Avon Pension Fund Risk Register Top Ten Risks		

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 ten risks.

2 RECOMMENDATION

- 2.1 That the Board notes the report and comments 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 - AVON PENSION FUND RISK REGISTER

- 4.1 The Risk Register 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 every quarter by the pension management team. Risks identified cannot be eliminated but can be treated via monitoring.
- 4.3 The top 10 risks are included as Appendix 1 with the full register available to view at: <S:\Pensions\Users Shared\APF Pensions Board\Risk Register>
Members will need to log into the BANES system using their token to access this file
- 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 Several new entries have been added to the register this quarter and include:

- Climate Emergency – there is a risk that the Fund does not meet the Council's commitments to this policy. Actions taken to mitigate the risk include a digital strategy to reduce the Fund's carbon footprint and implementation of a low carbon global equity portfolio.
- Cyber Risk – systems could be compromised by hacking or weak controls resulting in loss or misuse of member data. The Fund operates under BANES corporate policy for cyber security.
- IConnect – the aim is that all employers will transfer data monthly by March 2020. Data is uploaded direct from an employer's payroll direct to the pension database. The risk is that members' records are incorrect as well as the resulting employer liabilities. A control framework is in place to mitigate risk and a data protection impact assessment has been carried out with Information Governance.
- McCloud age discrimination court case - There is a risk that liabilities will increase as a result of extended protections and additional workload will be required to implement any prescribed amendments. The 2019 valuation will estimate the cost and the FSS will state how extra cost will be implemented. A project will be set up to deal with additional workload once known.
- Exit credits – there is a risk of dispute between the exiting employer and the original outsourcing body about who should receive any exit credit payment. A policy has been put in place to clarify how any exit credit will be paid.

4.5 The process for managing the risk register is due to be reviewed and will be presented to the Pensions Committee in due course for approval.

5 CLIMATE CHANGE

5.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint. The Fund acknowledges the financial risk to its assets from climate change and is in the process of addressing this through its strategic asset allocation to Low

Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

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.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	