

<b>Bath &amp; North East Somerset Council</b>		
<b>MEETING:</b>	<b>LOCAL PENSION BOARD - AVON PENSION FUND</b>	
<b>MEETING DATE:</b>	<b>30 November 2021</b>	<b>AGENDA ITEM NUMBER</b>
<b>TITLE:</b>	<b>Risk Management Update – Risk Register</b>	
<b>WARD:</b>	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report: Appendix 1 Avon Pension Fund Risk Register Appendix 2 Dashboard		

## **1. THE ISSUE**

1.1. The purpose of this report is to update the Pension Board with the latest risk register as at November 2021.

## **2. RECOMMENDATION**

2.1. That the Board notes the report.

## **3. FINANCIAL IMPLICATIONS**

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

## **4. REPORT – RISK MANAGEMENT PROCESS & 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. All risks with a review date are re-evaluated using the evaluation form and updates agreed and made to the risk register. Any new risks identified or changes to any other risks are also considered and the necessary amendments made.

4.3. The risk register including likelihood, impact and mitigating actions is included in Appendix 1 and overview dashboard is attached as Appendix 2.

4.4. 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

## **5. QUARTERLY REVIEW OF RISK MANAGEMENT & REGISTER**

5.1. Following the quarterly review of the risk register the following changes were made:

### **(i) R66 - Pensions Dashboard**

A new risk was added to the register to represent the risk to the Fund of not being ready for the implementation of the Pensions Dashboard. The Fund will be in breach of the regulations if it is not able to go live by the compulsion date, likely to be between Sept 2023 & March 2024. The risk of not being ready is currently a relatively low risk as preparations have started. A Project lead officer has been appointed & a project plan is in place. The focus of the project will be data quality, reducing backlogs and ensuring resources & processes are in place to deal with the expected increase in member queries following the implementation date. A data protection impact assessment will also be carried out.

### **(ii) R63 – McCloud/Sargeant Judgements**

The impact of the McCloud risk has been increased to (5) almost critical, to represent the significant additional workload to the administration team caused by the fire immediate detriment decision.

### **(iii) R28 – Recruitment of Staff**

Although phase 3 of the recruitment project is complete, the risk has been retained at its current high level due to the continuing difficulties of recruiting staff. The Technical & Compliance Advisor role has not been filled, two other resignations have been received and there are still a few posts to backfill due to internal promotions.

### **(iv) R08 – Internal Controls**

There was no change to the risk score but following the completion of the last year's internal audit work, reports on IConnect, Scheme of delegation, Altair IT System, Risk Management & COP14, all received an assurance level of 4 'Good'. A full report was reported to the Pension Board in September 2021 and will be reported to the Pensions Committee in December 2021.

## **6. EQUALITIES**

6.1. A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

## **7. CLIMATE CHANGE**

7.1. The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

## **8. CONSULTATION**

1.1 Reports and its contents have been discussed with the Head of Business Finance & Pensions representing the Avon Pension Fund and Service Director – One West representing the administering authority.

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