

Appendix 1

Risk Number	Risk	Impact	Mitigating Actions / Control Framework	PC/PB Review	Impact Level	Likelihood	Risk Score	Trend	Current Factors Impacting Risk Score	Risk Owner	Next Review Date
<b>Administration</b>											
NR01	The Fund's ability to deliver the administration service to members and employers within the agreed standards	Poor member outcomes and/or breach of regulations.	All aspects of service delivery are considered and set out in the Fund's Administration Strategy and Service Plan, including the Communications Strategy and plan to improve digital services. KPIs and complaints are monitored and reviewed.	Administration Strategy reviewed every three years. Service plan reviewed annually in March. KPIs reviewed every quarter.	Critical	Possible	15		Digital Transformation Project Recruitment, skills and experience of staff Appointment of new AVC provider	Pensions Manager	Mar-23
<b>Regulatory</b>											
NR02	Regulatory changes will impact ability to deliver service in accordance with LGPS and wider legislation. Political pressures may influence scheme changes	Breach of regulations, poor member outcomes, increased workloads for administration officers and the Investment Strategy Statement may have to change if political pressure directs how we invest.	Regulatory changes are monitored via LGE resources and professional advisors. Officers attend SWAPOC/Tech Group. Project plans are monitored in the Service Plan. Regulatory breaches and IDRP cases are monitored and reviewed. Officers respond to consultations. Asset allocation decisions must contribute to investment objectives set out in the Investment Strategy Statement.	Administration, legislation and Service Plan updates given periodically to PC/PB. Regulatory breaches reviewed annually in December.	Low	Unlikely	4		McCloud judgement Pension dashboard Exit payment cap Levelling up agenda TCFD consultation	Technical & Compliance Advisor	Mar-23
<b>Governance</b>											
NR03	Pension Committee cannot operate effectively due to knowledge and understanding of members and election cycles impacting consistency of membership	Delays in decision making for the Committee and Fund. Failure to meet MIFID & TPR regulations.	Representation of PC is set out in Fund's representation policy, knowledge requirements in Training Policy, and compliance against statutory requirements in Governance Compliance Statement. Responsibility for decisions are set out in the decision making matrix.	Governance review annually in June.	Medium	Unlikely	6		Low engagement with training modules	Governance & Risk Advisor	Mar-23
NR04	The governance of the Fund is not in accordance with BANES and APF policies and codes of practice and internal controls are not adequate	Fines for non-compliance, disciplinary issues and reputational risk.	Annual plan of internal and external audits. Managers and officers undertake training in accordance with the Council and APF's codes of practices and standards.	Annual audit report in December and governance report in June.	Medium	Unlikely	6		SAB Good Governance Review TPR Single Code of Practice	Governance & Risk Advisor	Mar-23
NR05	Failure to secure and manage personal data held by the Fund in line with Data Protection Regulations	Personal data is corrupted, compromised or illegally shared resulting in fines and reputational damage.	One West acts as Data Protection Officer for Fund and advises on all data protection matters. Record of processing activities and privacy notice set out how data is managed. Processes in place for dealing with data breaches and other data protection requests. DPIAs used. Regular officer training.	Data breaches reported to PB annually in December.	High	Possible	12		Skills and experience of staff Submission of data electronically	Governance & Risk Advisor	Mar-23
NR06	Fund is not prepared for an unexpected incident or cyber attack	Fund is unable to operate and members do not receive pension payments on time.	All aspects of dealing with an incident or cyber attack are set out in the Fund's disaster recovery/business continuity plan and BANES' cyber security policy.	Review annually	High	Unlikely	8			Governance & Risk Advisor	Mar-23
<b>Employers and Funding</b>											
NR07	Employers do not understand or comply with statutory responsibilities under the LGPS regulations and TPR requirements	Poor member data, late contributions, fines and greater scrutiny by TPR. Employer liabilities could be incorrect if data is incorrect.	Management of employers is set out in the Fund's Administration Strategy/SLAMOU. Employer KPIs are recorded and data monitored against TPR standards of data. Training Strategy includes employer training. DIPS in place.	KPIs and TPR standards of data reported to PC/PB quarterly.	Medium	Possible	9		iConnect roll-out TPR Single Code of Practice	Employer Services Manager	Mar-23
NR08	The employer is unable to meet their legal and financial obligation to the Fund now and in the future (employer covenants)	Financial cost to other employers in the Fund.	The Fund's policies on the financial stability of employers is set out in the FSS & ISS. Covenant framework and plan is in place. Quarterly review and update of issues.	Annual review to PC.	High	Possible	12			Funding & Valuation Manager	Mar-23
<b>Investments</b>											
NR09	Governance risk of investment managers, custodian and other investment suppliers	Loss of assets or inability to trade due to assets being inaccessible.	Review of internal control reports. Diversification of investment portfolio (ISS). Quarterly service review with Brunel and their suppliers. Brunel quarterly risk dashboard (BOB).	Quarterly monitoring reports to PC/IP.	High	Possible	12			Investments Manager	Mar-23
NR10	Failure to earn investment returns	Scheme cannot meet liabilities and employer contributions could rise.	ISS and risk management strategy supports the Funding Strategy. FRMG & Investment Panel monitor performance and markets. Professional advice supports decision making (Mercers). Periodic strategic reviews carried out.	Quarterly monitoring reports to PC/IP	Critical	Possible	15		Market conditions not favourable to ESG tilt in portfolios Stagflation Weakening sterling	Investments Manager	Mar-23
NR11	Brunel fails to deliver its objectives to clients in terms of service delivery	Affects the Fund's ability to achieve its own investment objectives and/or implementing its strategy.	Brunel governance framework (client group, oversight board) and Avon's Brunel working group.	Brunel report and dashboard reported to PC quarterly.	High	Possible	12		Current impact factors on Brunel dashboard	Investments Manager	Mar-23
NR12	Failure to achieve decarbonisation targets in the required timescales in accordance with climate change priorities	Significant reputational risk and financial risk to the value of the investments assets.	ISS/RI Policy. Brunel's climate change policy and approach to investing. Use of professional advice. Strategic partnerships (IGCC) who are developing investment frameworks for climate risks. Policy advocacy work. Periodic strategic reviews.	Quarterly monitoring reports to PC/IP. Annual RI report. TCFD report. FRC Stewardship Code.	Medium	Possible	9		Limited ability to control systemic risk Public policy is not driving agenda	Investments Manager	Mar-23
NR13	Loss of capital or income on treasury investments	Delayed return of principle or investment income.	B&NES manage Treasury management policy on APF's behalf in consultation with treasury management advisors.	Annual treasury management report to PC.	Medium	Unlikely	6			Investments Manager	Mar-23
NR14	Liability driven investing- regulatory pressure and/or reputational risk leads to managers withdrawing from the market	Fund's LDI strategy may have to be unwound or inability to increase hedge ratio.	Maintain collateral and buffer at levels to withstand significant/rapid move in rates/inflation. Set hedge triggers/hedge ratio at a level that can be adequately collateralised.	IP & FRMG monitor quarterly.	Critical	Possible	15		UK gilt market environment	Investments Manager	Mar-23

NR15	Liquidity levels within the Fund are insufficient to support investment and risk management strategies	Being forced to sale liquid assets in order to meet collateral and private market calls. Could lead to changes in asset allocation which means investment return objective is no longer achievable.	Maintain collateral and buffer at levels to withstand significant/rapid move in rates/inflation. Collateral policy in place to enable decisions around source of funds. Cashflow monitoring covers all other cashflows and updated continuously.	IP & FRMG monitor quarterly.	Critical	Possible	15		High stress market conditions	Investments Manager	Mar-23
Finance											
NR16	Cashflow profile is maturing	Not enough cash in bank account to meet pension payments.	Monthly monitoring of cashflow. Forecast inflows and outflows, liaise with Investments Team to ensure sufficient funds are available.	Cashflow monitoring quarterly to PC/PB.	Critical	Unlikely	10		Pressure on cash available to pay pensions	Finance & Systems Manager	Mar-23
NR17	Late/incorrect contributions from employers	Cashflow, employer funding position, default (exiting employer/covenant) TPR breach.	Monthly reconciliations of contributions, manager review and action. Contributions are reviewed quarterly and sent to Mercers to update funding monitor tool. FRS process review contributions annually. Larger employers pre pay contributions.	Late payers are monitored and reported to PC/PB periodically.	Low	Possible	6		Employer budgets stretched by economic crisis	Finance & Systems Manager	Mar-23