

<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>LOCAL PENSION BOARD - AVON PENSION FUND</b>	
MEETING DATE:	<b>23 May 2023</b>	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>Risk Management Update – Risk Register</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<p>List of attachments to this report:</p> <p><b>Appendix 1 – Risk Framework &amp; scoring assessment</b></p> <p><b>Appendix 2 – Risk Register – High level matrix</b></p> <p><b>Appendix 3 – Risk Register</b></p>		

## **1. THE ISSUE**

- 1.1. The purpose of this report is to update the Pension Board with the quarterly review of the risk register.

## **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 Fund has in place a documented risk management policy setting out the Fund's approach to risk, process for review, and update of the risk register. It also sets out the roles and responsibilities of those involved in management of risk including the role of the Pension Board and Pension Committee.
- 4.2. A new risk framework has been introduced to assist risk owners to assess the risk and score. This is attached as appendix 1.
- 4.3. Following feedback from Pensions Committee and Pension Board members, pre mitigation scores have also been added to the risk register.
- 4.4. A high level matrix showing the distribution of risks by score is attached as appendix 2.
- 4.5. The complete risk register is attached as appendix 3.
  - The risk register identifies risks which could have material impact on the APF in terms of service, value, reputation, or compliance. It sets out mitigating actions.

- The risk register is reviewed quarterly by APF management and reported to the Pension Committee and Pension Board every quarter.
- All risks are also reviewed quarterly or when there has been a material change.
- Risks fall into the following categories, owned by the relevant member of the APF management team:

Category of Risk	Risk Owner
Administration	Pensions Manager
Regulatory	Technical & Compliance Advisor
Governance	Governance & Risk Advisor
Employers (Funding)	Funding & Valuation Manager
Employers (Data)	Employer Services Manager
Investments	Investments Manager
Finance	Finance & Systems Manager

4.6. All risks are linked to the relevant Fund strategy documents and how they are reported to Pension Committee and Pension Board.

## 5. QUARTERLY REVIEW OF RISK REGISTER

- 5.1. Following the quarterly review of the risk register, no new risks were identified, one risk was removed and there were a few changes to the current risk scores.
- 5.2. Risk NR15 – ‘Liquidity levels within the Fund are insufficient to support investment and risk management strategies’ has been removed from the register as it is sufficiently covered under risk NR14 – ‘Liability driven investing- regulatory pressure and/or reputational risk leads to managers withdrawing from the market’
- 5.3. As a result of using the new framework to assess the impact and likelihood of risks there have been several changes to scores as set out on the risk register.
- 5.4. The most critical risks are currently:
- NR01 – ‘Ability to deliver admin service to members and employers within agreed standards’ The current factors impacting this risk are set out in item 13 – Pension Fund Administration report.
  - NR12 – ‘Failure to achieve decarbonisation targets in the required timescales in accordance with climate change priorities’ Government climate policies not moving fast enough or sufficiently enforced.
  - NR05 – Failure to manage personal data in line with data protection regulations. Following an increase in the number of data breaches caused by enveloping errors and on the advice of Information Governance and Internal Audit the decision has been taken to stop all bulk printing and enveloping while the process is reviewed. Consultation with Information Governance & Internal Audit is also taking place to improve the process for providing members with activation keys for My Pension Online, following two data breaches.

## 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 Pensions Committee and the Fund’s climate targets are being reviewed and will be changed before the end of 2023.

**8.**

**CONSULTATION**

8.1. The Report and its contents have been discussed with the Head of Pensions representing the Avon Pension Fund and 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>	