

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	22 SEPTEMBER 2023
TITLE:	Risk Management Process & Risk Register
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 – Risk Register Appendix 2 – Risk Framework & Summary	

1. THE ISSUE

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

2. RECOMMENDATION

2.1. That the Committee notes the report.

3. FINANCIAL IMPLICATIONS

3.1. There are no direct implications related to the Committee 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 all those involved in the management of risk within the Fund including the role of the Pension Board and Pension Committee.

4.2. The risk framework introduced to assist risk owners to assess the risk and score is attached as appendix 2.

4.3. Following feedback from 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 1.

- The risk register identifies risks which could have material impact on the APF in terms of service, value, reputation, or compliance. It also 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 to the risk.
- 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

5. QUARTERLY REVIEW OF RISK REGISTER

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

5.2. NR06 – the likelihood of a cyber attack has been increased from unlikely to likely due to the recent high profile attacks in the public domain. The Fund is seeking further re-assurances from Heywood on system security.

5.3. NR02 – due to a couple of regulatory risks, the impact has been increased from low to medium and the likelihood from unlikely to likely. This is to reflect the impact of the McCloud remedy on the administration and the possible impact of the pooling consultation on the Fund.

5.4. NR12 – failure to achieve decarbonisation targets has been reduced from High to Medium impact given the increased alignment of the portfolio with current carbon targets.

5.5. NR14 – LDI leverage. The likelihood has been reduced from possible to unlikely as there is now increased collateral buffer within QIF, therefore possible to withstand significant increase in leverage.

5.6. NR01 – Ability to deliver admin service to members and employers within agreed standards – this is the most critical risk and is already an issue. Current factors impacting this issues and measures to address it are set out in item 11 – Pension Fund Administration report.

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.

1 OTHER OPTIONS CONSIDERED

1.1 None

2 CONSULTATION

2.1 The Council's Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

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Background papers	None
Please contact the report author if you need to access this report in an alternative format	