

Bath & North East Somerset Council	
MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	22 March 2024
TITLE:	GOVERNANCE UPDATE
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 – Terms of Reference for Committee & Investment Panel</p> <p>Appendix 2 - Risk Register</p> <p>Appendix 3 – Risk Register Framework and High Level Summary</p> <p>Appendix 4 – Committee Workplan</p> <p>Appendix 5 – Training Programme</p>	

1 THE ISSUE

- 1.1 Attached to this report is:
- 1.2 The amended Terms of Reference for the Committee & Investment Panel for approval is attached as Appendix 1.
- 1.3 The risk register which has been reviewed and updated and is attached as Appendix 2 and 3.
- 1.4 The work plan for the Committee is attached as Appendix 4 and the provisional training programme for 2024 is included as Appendix 5.

2 RECOMMENDATION

- 2.1 That the committee:
 - 2.1.1 Approves the Terms of Reference
 - 2.1.2 Notes the risk register
 - 2.1.3 Notes the Committee workplan & training programme.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial considerations to consider. The cost of the LGPS Online Learning Academy licences is within the budget already agreed.

4 THE REPORT

4.1 COMMITTEE & INVESTMENT PANEL TERMS OF REFERENCE

4.1.1 Attached as Appendix 1 to this report is the amended Terms of Reference for approval. One change has been made to reflect decisions regarding the Local Impact Portfolio Framework being delegated to The Head of Pensions in conjunction with the working group. The working group will consist of at least 3 Panel members including the Chair of the Panel and 1 independent member, plus the Head of Pensions, Group Manager Investments and the Investments Manager. The formal decision will be taken by the Head of Pensions as an Officer Decision Report via the normal democratic reporting processes within Bath and North East Somerset Council.

4.1.2 The revised TOR will be put forward for approval by Council in June.

5 RISK REGISTER

5.1.1 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.

5.1.2 The risk framework to assist risk owners to assess the risk and score is attached as appendix 3

5.1.3 A high level matrix showing the distribution of risks by score is attached as appendix 3.

5.1.4 The complete risk register is attached as appendix 2.

- 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

5.2 Quarterly Review of Risk Register

1.1. As part of the quarterly review the pre mitigation scores have been reviewed and a couple adjusted as follows:

- Risk NR04 – Governance of Fund, the pre mitigation likelihood has been increased from likely to almost certain to reflect the risk associated with not having internal controls.
- Risk NR08 – Employers unable to meet financial obligations, the pre mitigation likelihood has been changed from possible to likely to reflect the fact that the underlying risk has increased.

1.2. Other changes made to the post mitigation scores this quarter are:

- Risk NR18 - Unforeseen events or service issues leads to reputational damage to the Fund amongst its stakeholders. On review the impact has been reduced from high to medium impact to reflect the mitigating actions taken.
- Risk NR08 – Employers unable to meet financial obligations to Fund. The impact has been reduced from high back to medium as there is now more certainty that if a Local Authority fails it will be regulatory to pay employer contributions.

1.3. Our most critical risks remain:

- 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.
- NR06 – the likelihood of a cyber attack remains a high risk due to the recent high profile attacks in the public domain. The Fund is currently implementing further audit actions around staff awareness and education and will shortly carry out a review of its business continuity plan.
- NR04 – Governance of Fund not in accordance with APF policies
Controls not adequate. Internal audit continue to assist in checking of internal controls.

6 Workplans & Training Plan

6.1 Workplans

- a) The workplan for the Committee for the year ahead is attached as Appendix 4. The purpose of the work plans is to provide members with an indication of their future workload and the associated timetable. In effect they represent an on-going review of the Service Plan. The plans are however subject to change to reflect either a change in priorities or opportunities / issues arising from the markets/regulations.

6.2 Training Programme

The provisional training programme for 2024 is also included as Appendix 5, so that Members are aware of intended training sessions and workshops. The plan will be updated quarterly.

6.3 Hymans LGPS Online Learning Academy (LOLA)

- 6.3.1 In order to meet the additional knowledge and skills requirements of SAB's Good Governance Review the Fund has introduced Hymans LGPS Online Learning Academy (LOLA).
- 6.3.2 Committee members have agreed to complete all training modules within twelve months of becoming a Committee member and repeat the completion of the modules every three years.
- 6.3.3 The training is split into a number of modules covering the CIPFA Knowledge & Skills Framework.
- 6.3.4 The modules are set out below:
 - a. Committee Role & Pensions Legislation
 - b. Pensions Governance
 - c. Pensions Administration
 - d. Pensions Accounting and Audit Standards
 - e. Procurement & relationship Management
 - f. Investment Performance & Risk Management
 - g. Financial Markets & Products
 - h. Actuarial Methods, Standards & Practices
 - i. Current Issues
- 6.3.5 The schedule for completion of the modules is contained within the training programme (Appendix 5) for members who have not already completed the previous version.

7 FUTURE MEETING DATES

7.1 Pension Committee meetings as currently scheduled:

2024	2025
22 March	28 March
28 June	27 June
20 September	26 September
13 December	12 December

7.2 The provisional dates for the Investment panel meetings are:

2024
27 February
5 June
5 September
26 November

8 RISK MANAGEMENT

8.1 Forward planning and training plans form part of the risk management framework.

9 EQUALITIES STATEMENT

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

10 CLIMATE CHANGE

10.1 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.

11 OTHER OPTIONS CONSIDERED

11.1 None.

12 CONSULTATION

12.1 The Council's Director of One West & APF has had the opportunity to input to this report and has cleared it for publication.

Contact person	Carolyn Morgan, Governance and Risk Advisor 01225 395240
Background papers	None
Please contact the report author if you need to access this report in an alternative format.	