

## Bath & North East Somerset Council

MEETING:	<b>AVON PENSION FUND COMMITTEE</b>
MEETING DATE:	<b>20 SEPTEMBER 2024</b>
TITLE:	<b>Risk Management Process &amp; Risk Register</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> <b>Appendix 1 – Risk Register</b> <b>Appendix 2 – Risk Framework &amp; High Level Summary</b>	

### 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. The quarterly review of the risk register has taken place and there have been a few changes made to the risks and their scores as follows:

- Risk NR07 (Employers data) has increased from a possible post-mitigation likelihood to likely, to reflect the need for more focus on employer training.
- Risk NR02 (Regulatory change) has been decreased post-mitigation from likely to a possible likelihood. This reflects the strong mitigants in place and a re-prioritisation of risks.

5.2. Other changes made are:

- Risk NR19 (Pensions Reform Bill) has been introduced to recognise the increased workload, staff retention and lack of Fund control around this.
- Risk NR18 (Reputational damage) has been removed and its impacts now contained within risk NR04 which is now "Significant errors arising from poor controls".
- The reference to pooling has now been removed from risk NR02's impact as it is now covered by the new NR19 risk.
- The wording for risk NR01 has changed to "Poor service levels below agreed standards".
- The wording for risk NR10 has changed to "Failure to earn investment returns as per Funding Strategy".

5.3. The top five risks are now:

- 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 is in the process of carrying out a review of its business continuity plan.
- NR01 – Poor service levels below agreed standards. The current factors impacting this risk are set out in item 10 – Pension Fund Administration report.

- NR04 – Significant errors arising from poor controls. An external consultancy company has reviewed a number of the Fund’s controls and the results are being analysed by officers.
- NR05 – Failure to manage personal data per regulations. The volume of personal data the Fund manages in day-to-day processing keeps this risk within the top five.
- NR10 - Failure to earn investment returns as per Funding Strategy. This remains top priority due to the critical impact on employers.

## 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.

## 8. OTHER OPTIONS CONSIDERED

8.1. None

## 9. CONSULTATION

9.1. The Director of Financial Services, Assurance & Pensions has had the opportunity to input to this report and has cleared it for publication.

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