

Avon Pension Fund

Risk Management Policy

The Avon Pension Fund (APF) Committee must ensure robust risk management is in place to enable compliance with regulations and manage risks. The Investment Panel strengthens risk management regarding investment issues.

The APF has a fiduciary duty to manage risk, to protect its employees, members and assets. The APF acknowledges that risk is inherent in pension management, and that robust risk control involves management of complex trade-offs. Seeking to eliminate risk typically causes indirect problems such as cost escalation or the emergence of new risks.

The APF will adopt best practice risk management to support a structured approach to managing risks, embedded in operational management and governance. The over-arching objective is to embed risk management into the processes and culture of the APF to help it achieve its objectives and enhance service quality.

Objectives

- Integrate risk management into day-to-day activities, for all employees and partners.
- Encourage a culture of openness which surfaces risks so that they can be managed.
- Maintain a robust framework for identification, assessment and management of risk, and its reporting and recording.
- Ensure consistent application of APF's risk management framework across all activities, including projects and partnerships.

Key mechanisms for delivery

The APF has identified key mechanisms through which risk management will be delivered:

- Maintain clear roles and responsibilities in the APF.
- Create a culture of cross-team working to openly communicate and share.

- Ensure risk management is explicitly considered in all policy decisions, strategies, and projects, e.g. committee reports, strategy documents, delegated decisions.
- Maintain a single APF risk register assessing each risk for likelihood and impact with mitigating controls.
- Review each risk at least quarterly.
- Ensure there is appropriate leadership and risk monitoring of key projects.

The risk register reflects where the relevant risk is addressed and how it is reported to the Pension Committee and Pension Board.

Process

- The risk register identifies risks which could have material impact on the APF in terms of service, value, reputation, or compliance and sets out mitigating actions.
- The risk register is reviewed by APF management and reported to the Pension Committee and Pension Board every quarter.
- All risks are also reviewed 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 Operations Manager
Regulatory	Technical and Compliance Advisor
Governance	Governance and Risk Advisor
Employers (Funding)	Funding and Valuation Manager
Employers (Data)	Employer Services Manager
Investments	Investments Manager
Finance	Finance Manager, Pensions and Investments

Roles and responsibilities

Officers

- Risk owners are responsible for day-to-day management of risks in their areas, ensuring the agreed control framework is in place and operating effectively.
- Each risk is reviewed quarterly or when facts change the impact/probability of the risk. Any changes should be agreed through the quarterly Managers' Meeting.
- The Head of Pensions is responsible for overseeing the work of risk owners and ultimately agreeing any changes to the risk register.
- The detailed work, e.g. development of the risk framework, ensuring team leaders identify and manage risks, is delegated to the Governance and Risk Advisor.
- The Governance and Risk Advisor also ensures the risk register is accurately updated, with reports prepared for Pensions Committee and Pension Board.

Committees and Pension Board

- The Pension Committee is responsible for ensuring risks are effectively managed. It reviews the risk register at each quarterly meeting.
- The Investment Panel focuses on investment risks and makes recommendations to the Pension Committee and risk owners.
- The Pension Board has an independent oversight role, to ensure the overall risk framework is robust and compliant with regulations.