

## Bath & North East Somerset Council

MEETING:	<b>AVON PENSION FUND COMMITTEE</b>
MEETING DATE:	<b>26 September 2025</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. A high level matrix showing the distribution of risks by score is attached as appendix 2.
- 4.4. 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 a couple of changes have been made to scores for this quarter. Some amendments have also been made to current impacting factors.
- 5.2. Risk NR02 – Regulatory Changes. The likelihood has been increased from possible to almost certain to reflect the expected regulatory changes following the Access & Fairness consultation.
- 5.3. NR03 – Pension Committee cannot operate effectively. The wording has been revised to include the Pension Board and recent difficulties recruiting new board members.
- 5.4. NR16 – Cashflow profile is maturing. The Fund has increased the cash buffer from £20m to £25m to meet increasing monthly outflows.
- 5.5. NR17 – Late/incorrect contributions from employers. Increased checks and reconciliations have been introduced.
- 5.6. Our top 3 risks have been updated to reflect the change of score to the regulatory risk:
  - NR06 – the loss of IT including cyber attack and loss of power. The fund has completed the move to a Heywood hosted solution and Heywood have provided its Disaster Recovery plan.
  - NR01 – Poor service levels below agreed standards. The current factors impacting this risk are set out in the Pension Fund Administration report.
  - NR02 – Regulatory Changes – expected regulatory changes and remedial work following the Access & Fairness consultation

## 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.

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