

Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD OF AVON PENSION FUND
MEETING DATE:	3rd December 2025
TITLE:	Risk Management Review
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 – Risk Register Appendix 2 – Risk framework	

1 THE ISSUE

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

2 RECOMMENDATION

The Pension Board is asked to;

- 2.1 Note the report

3 THE REPORT

- 3.1 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.
- 3.2 The risk framework introduced to assist risk owners to assess the risk and score is attached as appendix 2.
- 3.3 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.
- 3.4 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

4 QUARTERLY REVIEW OF RISK REGISTER

- 4.1 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.
- 4.2 NR04 – Governance and internal controls – the likelihood has been increased from possible to likely to reflect the fact that the Fund has not received full audit scrutiny. Internal Audit are behind with the audit plan for 2025/26 due to resource issues within the department.
- 4.3 NR06 – Loss of IT including cyber attack – the Fund has successfully connected to the Pensions Dashboard. While the Fund has carried out a Data Protection Impact Assessment (DPIA) and the Pensions Dashboard Programme has designed and implemented a robust security framework, the launch of Pensions Dashboard could present a fresh opportunity for scammers to target pension scheme members. Additional communications to members planned.
- 4.4 NR02 – Regulatory Changes – Access and Protections Consultation currently ongoing until December 2025. If implemented the changes could have significant implications to resources.
- 4.5 NR19 – Move to new asset pool – the already challenging timelines have been made harder by the fact partner funds have agreed to work with 3 different pooling providers which are at different stages of readiness. LPPI as our chosen pool have set out credible transition options for the group to consider. Lawyers have been appointed to help with the orderly wind up of Brunel and draft a new shareholder agreement with LPPI. The partner funds have also reached consensus on the target corporate structure, granting shareholder status to all partner funds. A Memorandum of Understanding has been signed by all parties.
- 4.6 NR12 – Failure to meet decarbonisation targets – tougher policy backdrop (eg. UK Govt consulting on change of renewable subsidies for operators, which will make the UK a far less attractive investment destination for renewable infrastructure). The support from policymakers for Net Zero seems to be waning. Combined with the fact the Fund has taken decarbonisation as far as possible through asset allocation means there is a risk that medium term targets could be missed.

4.7 Our top 4 risks are:

4.8 NR06 – the loss of IT including cyber attack and loss of power.

4.9 NR01 – Poor service levels below agreed standards.

4.10 NR02 – Regulatory Changes

4.11 NR19 – Move to new asset pool

5 STATUTORY CONSIDERATIONS

5.1 Bath and North East Somerset Council, in its role as administering authority, has executive responsibility for the Avon Pension Fund. The Council delegates its responsibility for administering the Fund to the Avon Pension Fund Committee which is the formal decision-making body for the Fund.

5.2 The Pension Board has an advisory role in assisting the administering authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role

6 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

6.1 There are no direct implications related to the pension board in connection with this report.

7 RISK MANAGEMENT

7.1 An effective governance structure, defining clear responsibilities, and ensuring that the decision making body has an adequate level of knowledge and access to expert advice, is a key aspect of the risk management process.

8 EQUALITIES STATEMENT

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

9 CLIMATE CHANGE

9.1 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 addresses 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.

10 OTHER OPTIONS CONSIDERED

10.1 None.

11 CONSULTATION

11.1 The Report and its contents have been discussed with the Head of Pensions representing the Avon Pension Fund and the Director of Financial Services, Assurance & Pensions representing the administering authority.

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