

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 28 March 2019

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund - Risk Strategy and Risk Register Review
Purpose of the Report	To present the Risk Strategy and Risk Register to the Pension Fund Committee.
Recommendations	<ul style="list-style-type: none">a) The Committee are asked to approve the revised Risk Strategy and Risk Register.b)c) To agree to delegate to the Head of Pensions in consultation with the Chairman and Vice Chairman the authority to agree any urgent revisions that might be required
Enquiries to:	Michelle Oakensen, Governance Officer, moakensen@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that there is an appropriate Risk Strategy and Risk Register in place in order to effectively manage the risks facing the Fund. The risk strategy sets out the principles of risk management and how the risks are profiled and the risk register records the details of all risks that have been identified along with their analysis and plans for how those risks will be treated.
- 1.2 The Risk Strategy and Risk Register can be viewed by the Pension Committee and Local Pension Board members as well as officers of the Fund as management tools for monitoring the risk management processes of the Fund. The Risk Register is used to identify, assess, and manage risks to acceptable levels through a review and updating process.
- 1.3 The current Risk Strategy was approved in March 2016 and the current Risk Register was approved on 21st October 2016. It was deemed appropriate to review both documents to ensure risks and approach to risks remain relevant and manageable.

2. Changes to the Cambridgeshire Pension Fund Risk Strategy

- 2.1 The reviewed Risk Strategy can be found in Appendix A of this report, the principles and philosophy of the Strategy remain the same although the Strategy has been strengthened to support the risk analysis section.
- 2.2 The impact and likelihood assessments now include more detailed explanations of how the risk analysis should be undertaken. Detailed descriptions of impact ratings (Catastrophic, Major, Moderate, Minor and Insignificant) and percentage/timescales support the decision making process when determining the likelihood of a risk happening.

3. Changes to the Cambridgeshire Pension Fund Risk Register

- 3.1 The revised risk register can be found in Appendix B of this report, the main changes to the register are as follows –
- Reduction of risks from 54 to 25 – more concise and high level with the detail encompassed in the controls to allow for easier monitoring;
 - Not split into service areas as previous version (Governance, Funding and Investments and Administration and Communication) each risk has a responsible lead to demonstrate accountability;
 - Risks are ordered in priority to allow for focus and easier monitoring;
 - Revised criteria for assessing the impact and likelihood of a risk occurring, increasing detail to make a more accurate assessment; and
 - A summary sheet has been designed to allow for an overview of the risks which shows priority, risk rating with Red Amber Green (RAG) status, responsible lead and associated objectives.

4. Local Pension Board recommendations

- 4.1 The Strategy and the Register were presented to the Local Pension Board on 15 February 2019 and the following recommendation was made concerning the risk register:
- To add letters to the responsible lead and key columns to ensure members that could not differentiate between colours could identify the areas.

5. Next Steps

- 5.1 The Local Pension Board will be provided with a monitoring report on a quarterly basis and subsequently the Pension Committee will receive updates bi-annually which will include any comments from the Local Pension Board. Any urgent need to review the Risk Register will be raised with the Chairman and Vice Chairman of the Committee before this time.
- 5.2 The Pension Fund Committee and Pension Fund Board will have oversight of the whole register but the focus for the Pension Fund Committee will be on any red and amber risks.

- 5.3 All reports presented to the Pension Fund Committee and Pension Fund Board will reference the appropriate risk and mitigation detailed in the risk register under the 'Risk Management' section.

6. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

7. Finance & Resources Implications

7.1 There are no financial and resource implications.

8. Risk Management

8.1 The Pension Fund Committee and Pension Board are required to ensure the Fund is managed in an effective and appropriate manner giving the highest regard to the risks and potential risks that could affect the stakeholders of the Fund.

8.2 The risks associated with the Pension Fund Committee and Pension Board not having a risk register in place and regularly reviewing the risks associated with the Fund have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Amber
Governance (risk 4)	Policies and Strategies not being in place and up to date.	Green
Governance (risk 14)	Pension Fund objectives are not defined and agreed	Green
Governance (risk 15)	Failure to understand and monitor risk and compliance	Green
Governance (risk 18)	Failure to provide adequate information to the Pension Committee/Pension Board.	Green

8.3 The full risk register can be found on the LGSS Pensions website at the following link:

<https://pensions.northamptonshire.gov.uk/governance/keydocuments/cambridgeshire>

9. Communication Implications

Direct Communications	The Fund will keep the Pension Fund Committee and the Local Pensions Board updated with changes to the risks.
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10. Legal Implications

10.1 Not applicable

11. Consultation with Key Advisers

11.1 Consultation with the Fund's advisers was not required for this report.

12. Alternative Options Considered

12.1 Not applicable

13. Background Papers

13.1 Risk Strategy 2016 –
<https://pensions.northamptonshire.gov.uk/app/uploads/2016/04/Risk-Strategy.pdf>

13.2 Risk Register 2016 –
<https://pensions.northamptonshire.gov.uk/app/uploads/2012/11/Risk-Register---Governance.pdf>

14. Appendices

14.1 Appendix A – Risk Strategy 2019

14.2 Appendix B – Risk Register 2019

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 15 March 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 8 March 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 13 March 2019
Has this report been cleared by Monitoring Officer?	Fiona McMillan – 12 March 2019