

# Cambridgeshire Pension Fund



## Pension Fund Board

Date: 19 October 2018

Report by: Head of Pensions

<b>Subject:</b>	<b>Risk Monitoring</b>
<b>Purpose of the Report</b>	To present the Cambridgeshire Pension Fund Risk Management Process Report to members of the Board.
<b>Recommendations</b>	The Board are asked to provide feedback on the proposed process.
<b>Enquiries to:</b>	Michelle Oakensen, LGSS Governance Officer, <a href="mailto:moakensen@northamptonshire.gov.uk">moakensen@northamptonshire.gov.uk</a>

### 1. Background

- 1.1 The Cambridgeshire Pension Fund has had in place, since April 2017, a Risk Strategy and a Risk Register.
- 1.2 The heat pad model was adopted to provide a visual tool to the Pension Fund Committee and Pension Fund Board of the concentration of risks within a specific category (red, amber and green) and the movement of individual risk ratings between these categories.
- 1.3 In line with the Pension Regulator's Code of Practice it is appropriate to regularly monitor and review existing risks and add new risks as they become apparent.
- 1.4 In light of this, officers are proposing a plan for the next 12 months as to how risks will be reviewed and managed. A yearly review will then be conducted to ensure the process was effective.

### 2. Risk monitoring of the Cambridgeshire Pension Fund

- 2.1 It is proposed, in line with the roles and responsibilities of the Pension Fund Board, that the Pension Fund Board will assist the Pension Fund Committee by reviewing risks and highlighting any areas of concerns prior to the Pension Committee review.
- 2.2 The proposed process for monitoring and reviewing risk is outlined in the following table: -

<b>Date</b>	<b>Task</b>	<b>Responsibility</b>	<b>Comments</b>
19 October to 15 February 2019	To fully review the risk register.	Officers	To aim to streamline risks to 30 from the current total of 54 and ensure they are fit for purpose.
15 February 2019	Pre scrutiny of the revised risk register.	<b>Pension Fund Board</b>	To review the revised risk register and provide recommendations where appropriate.
28 March 2019	Approval of the risk register	Pension Fund Committee	To approve the revised risk register.
3 May 2019	To review risks prior to the Pension Committee review	<b>Pension Fund Board</b>	Key risks (red and amber) to be presented to the Pension Board for initial review. Areas of concern will be highlighted to the Pension Committee for final review.
July 2019	To review risks prior to the Pension Committee review	<b>Pension Fund Board</b>	
October 2019	To review risks prior to the Pension Committee review	<b>Pension Fund Board</b>	
January 2020	Annual review of the risk register and monitoring process.	<b>Pension Fund Board</b>	The Board will be required to review the risk register and review how effective the risk monitoring process has been and provide any appropriate recommendations to the Pension Committee.
March 2020	Risk register review/approval	Pension Fund Committee	If any significant recommendations are made to the risk register these will be approved at the March meeting by the Committee.

2.3 This process will then continue on an annual cycle for the foreseeable future.

### **3. Next steps**

- 3.1 On approval of the process on how risks will be monitored and reviewed going forward the risk register will be reviewed and presented to the Pension Fund Board in February 2019 for comments before being presented to the Pension Fund Committee in March 2019.
- 3.2 The Pension Board's role is to assist the Pension Fund Committee by highlighting any concerns or raising any suggestions that will facilitate the Committee being effective in the monitoring process.

#### 4. 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.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
Continually monitor and measure clearly articulated objectives through business planning.
Deliver consistent plain English communications to stakeholders.
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
Ensure cash flows in to and out of the Fund are timely and of the correct amount.

#### 5. Risk Management

- 5.1 The Pension Fund Committee and Local Pension Board are expected to monitor risk and compliance and act appropriately where there is a cause for concern.
- 5.2 The risks associated with not monitoring risk and acting appropriately have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 15)	Failure to understand and monitor risk and compliance	Green
Governance (risk 18)	Failure to provide the Pension Fund Committee and Board with adequate information	Green

- 5.3 The full risk register can be found on the LGSS Pensions Website at the following link: - <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

#### 6. Finance & Resources Implications

- 6.1 The cost of the risk register heat pad model when originally purchased was borne by the Cambridgeshire Pension Fund.

#### 7. Communication Implications

<b>Website</b>	The risk register and risk strategy is on the LGSS Website. The Local Pension Board will be kept up to date with risks at each meeting.
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#### 8. Legal Implications

- 8.1 Not applicable.

#### 9. Consultation with Key Advisers

- 9.1 AON Hewitt, the Fund's provider of governance consultancy services provided the risk register heat model.

## **10. Alternative Options Considered**

- 10.1 There are no alternative options to be considered

## **11. Background Papers**

- 11.1 Administration & Communications Risks

<http://pensions.northamptonshire.gov.uk/app/uploads/2012/10/Risk-Register---Administration-and-Communication.pdf>

Funding & Investment Risks

<http://pensions.northamptonshire.gov.uk/app/uploads/2012/11/Risk-Register---Funding-and-Investment.pdf>

Governance Risks

<http://pensions.northamptonshire.gov.uk/app/uploads/2012/11/Risk-Register---Governance.pdf>

- 11.2 Cambridgeshire Pension Fund Risk Strategy -

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

## **12. Appendices**

- 12.1 None

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Head of Pensions?	Mark Whitby – 4 October 2018