

# Cambridgeshire Pension Fund



## Pension Fund Board

3<sup>rd</sup> July 2020

**Report by:** Head of Pensions

<b>Subject:</b>	<b>GOVERNANCE AND ADMINISTRATION RISK MANAGEMENT IN LIGHT OF THE CORONAVIRUS PANDEMIC</b>
<b>Purpose of the Report</b>	1) To provide an update on the measures in place to ensure the continued governance and administration operations of the Cambridgeshire Pension Fund  2) To present the risk log for the Coronavirus pandemic
<b>Recommendations</b>	<b>That the Pension Fund Board notes the content of the report.</b>
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## 1. Background

- 1.1 The global Coronavirus pandemic poses a number of risks on the regular activities of the Cambridgeshire Pension Fund.
- 1.2 This report provides an update on the measures that have been put in place to continue the Fund's operations as well as a risk log which identifies specific risks created by these unusual circumstances and how they are being managed.

## 2. Business Continuity

- 2.1 This section of the report details the changes that have been put in place to ensure that the regular governance and administrative activities of the Fund have been able to continue since mid-March.

## 2.2 Staffing

- 2.2.1 The vast majority of officers are working from home with only one officer attending the office on a regular basis to manage the incoming post and to print documents that need to be sent to members. The number of available work stations in One Angel Square has been reduced to ensure social distancing guidelines are met.
- 2.2.2 All staff have equipment they need to be able to work safely from home, some of which has been loaned by Northamptonshire County Council such as office chairs, monitors and desktop computers. All systems can be accessed securely. Staff are being supported to work flexibly to assist them with any caring responsibilities.

- 2.2.3 There has been very limited staff absence during this time and since mid-April no member of staff has needed to self-isolate due to coronavirus symptoms or from coming into contact with, or living with someone who has had symptom or a positive diagnosis.
- 2.2.4 Given that there is yet no clear indication of how long staff will be required to work from home and in recognition that this a challenging and worrying time in many different ways all staff are also being provided with a wealth of health and wellbeing information from Northamptonshire County Council. Team managers are regularly checking in with their team members to offer any support that may be required.

## **2.3 Pension Fund operational priorities**

- 2.3.1 On 2 April 2020, the Pensions Regulator (TPR) issued guidance on the priorities that pension funds are advised to have at this current time which are as follows:
- Paying members' benefits
  - Retirement processing
  - Bereavement services, as well as any administrative functions required to support these
  - Any processes needed to ensure benefits are accurate
- 2.3.2 These priorities reflect the existing operational priorities of the Fund so there has been no requirement to reallocate or train additional staff to undertake this work. Staff have also been able to maintain the amount of throughput to ensure that the targets of the key performance indicators continue to be met, despite the challenges presented by working from home, such as the increased reliance on home broadband connections and childcare responsibilities.
- 2.3.3 Staff have also been reminded of the increased risk of cyber-crime at this time and the need to be vigilant to protect the Fund's data and the administering authority's IT network.

## **2.4 Communication with scheme employers and scheme members**

- 2.4.1 Frequently asked questions have been produced for both scheme employers and scheme employers in conjunction with the Local Government Association. The Frequently Asked Questions (FAQs) are available on the LGSS Pensions website and contain important information on matters like the government's job retention scheme and emergency volunteering leave and the impact on the accrual of scheme benefits.

## **3. Risk Management**

### **3.1 Risk Register and Risk Log**

- 3.1.1 The Fund's risk register is subject to quarterly reviews by officers and the Local Pension Board. The risk register has been most recently reviewed by officers and can be found in appendix 1. The risk register has been designed and agreed to be a high level document to capture the Fund's risks without requiring continual change.
- 3.1.2 The risk entitled 'Failure to respond to changes in economic conditions' (risk number two on the register) now has had additional control to recognise the challenges presented by the Coronavirus pandemic which are to increase the engagement with investment managers and increased monitoring of asset movements.

- 3.1.3 The pandemic has however, resulted in certain elements and controls of existing risks on the risk register to require closer attention at this time. Instead of changing the high level risk ratings of the high level risks a separate risk log specific to the Coronavirus pandemic has been created.
- 3.1.4 The log identifies the very specific risks that were expected at the beginning of the pandemic but with the likelihood and impact ratings as they stand now with the benefit of being several months further down the line.
- 3.1.5 The risk log can be found in appendix 2.

#### 4. Relevant Pension Fund Objectives

To 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>
To 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. <i>Objective 2</i>
To ensure that 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. <i>Objective 3</i>
To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

#### 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 No	Risk mitigated	Residual risk
9	Failure to understand and monitor risk and compliance	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

- 5.3 The full risk register can be found in appendix 1.

#### 6. Finance and Resources Implications

- 6.1 The financial and resource implications are identified in the Risk Register and Risk Log that can be found in appendix 1 and 2 respectively.

#### 7. Communication Implications

- 7.1 Communication implications associated with this report have been identified in the Risk Register and Risk Log in appendix 1 and 2 respectively.

## **8. Legal Implications**

- 8.1 There are no legal implications connected to the contents of this report as this report is for information only.

## **9. Consultation with Key Advisers**

- 9.1 There has been no requirement to consult with advisers over the content of this report.

## **10. Alternative Options Considered**

- 10.1 There are no alternative options to be considered.

## **11. Background Papers**

- 11.1 None.

## **12. Appendices**

- 12.1 Appendix 1 – Cambridgeshire Pension Fund Risk Register
- 12.2 Appendix 2 – Cambridgeshire Pension Fund Coronavirus Pandemic Risk Log

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Head of Pensions?	Mark Whitby – 22 <sup>nd</sup> June 20