

## CAMBRIDGESHIRE PENSION FUND



### Pension Fund Board

**Date:** 19 March 2015

**Report by:** Deputy Head of Pensions

<b>Subject:</b>	<b>Review of the effectiveness of the Pension Fund Board and Investment Sub-Committee</b>
<b>Purpose of the Report</b>	<a href="#">To provide feedback on the results from the effectiveness review survey.</a>
<b>Recommendations</b>	<b>That the Board notes the feedback and approves the plan of action to improve the effectiveness of the Pension Fund Board and Investment Sub-Committee in the areas identified in 4.2.</b>
<b>Enquiries to:</b>	Name: Jo Walton (LGSS Acting Governance and Regulations Manager) Tel: 01604 367030 E-mail: <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

#### 1. Background

- 1.1 At the December Pension Fund Board meeting, a report was presented which detailed the need to regularly review the effectiveness of the Pension Fund Board and Investment Sub-Committee.
- 1.2 As a result of this report all members of the Pension Fund Board and Investment Sub-Committee (including substitute members) were sent a questionnaire to complete on how effective they felt the current arrangements were in the areas of:
  - The running of meetings
  - Pension Fund objectives
  - Pension Fund risks
  - Board member responsibilities
  - Training opportunities
  - Support from appointed advisers
  - Relationship with stakeholders
- 1.3 Completed questionnaires were to be returned to LGSS Pensions Service by 31 January 2015 to be included in the final assessment of the results.

## 2. Response to the review

- 2.1 The questionnaire to ascertain the view of the Cambridgeshire Pension Fund Board and Investment Sub-Committee were sent to 20 members and one independent adviser. Seven completed questionnaires were returned.
- 2.2 For the purpose of understanding the feedback the following table details the membership categories from whom completed questionnaires were received:

<b>Representative:</b>	<b>No. of completed questionnaires returned</b>
Cambridgeshire County Council Members	4
Active scheme member representative	1
Deferred/Pensioner scheme member representatives	1
Independent Adviser	1

## 3. Results of the effectiveness survey

- 3.1 The questionnaire consisted of 14 statements that participants were asked to provide a rating of between 4 and 1 with 4 being wholly agree and 1, totally disagree. Participants were also encouraged to provide further comments to support the rating they had provided.
- 3.2 A full analysis of the results of the questionnaire can be found in appendix one.

## 4. Conclusions drawn from the effectiveness survey

- 4.1 From an analysis of the ratings and additional comments provided in the questionnaire the following can be concluded as areas that the Pension Fund Board and Investment Sub-Committee are felt to be particularly effective at:
- There is provision of sufficient agenda time to discuss reports;
  - Advice from officers and professional advisers is regarded to be of a high quality allowing the board to make effective decisions;
  - Members of the board understand their fiduciary duties to make decisions that are in the best interests of the scheme members;
  - The CIPFA Skills and Knowledge Framework is regarded as a useful and effective training method;
  - Risks of undertaking, or not undertaking, a proposal are adequately explained to allow Board members to make appropriate decisions.
- 4.2 The questionnaire also identified a number of areas for improvement which are detailed in the table below with a proposed course of action (where relevant):

<b>Area for improvement</b>	<b>Concern</b>	<b>Proposed course of action</b>
Quality of Pension Fund Board and Investment Sub-Committee reports.	Incidences of repetition of information in reports have been identified.	Authors of reports will be encouraged to use better referencing.
Frequency of meetings of	Legislation is changing	Where necessary, extraordinary

the Pension Fund Board and Investment Sub-Committee.	quickly and it is sometimes felt that it would be advantageous to meet more often to keep up with the pace of change.	meetings can be arranged.
Objectives	Objectives could be made clearer and be referenced more often.	Pension Fund objectives are to be reviewed at the October 2015 Pension Fund Board meeting and in the meantime more reference to the objectives will be made in reports to the Board and Investment Sub-Committee.
Training	Not enough feedback from the Skills and Knowledge Framework assessments.	Knowledge Management Policy is to be reviewed at the July 2015 Annual General Meeting.
Engagement with stakeholders	The level of interest in the activity of the Pension Fund Board and Investment Sub-Committee from the Fund's stakeholders is considered to be low.	Officers have promoted the work of the Pension Fund Board and Investment Sub-Committee at the Employer Forum in October 2014. There is scope for the Annual Report to be promoted further by officers to increase the awareness of stakeholders as to the activity of the Board.
Representation of non-union and deferred scheme members.	The method of appointing scheme member representatives was considered potentially flawed with reference to those not in active or union membership as the representatives put forward to represent all scheme members have not been subject to an all member election process.	Unison representatives are clear that they understand they represent all categories of membership regardless of union membership. Unions have historically and nationally been considered the best place to source member representatives given their access to a national infrastructure which can facilitate knowledge and understanding and a feedback process to members. The process of recruiting scheme member representatives to the new local pension board for Cambridgeshire and also nationally will help inform whether this is still the best approach.

## 5. Relevant Pension Fund Objectives

Perspective	Outcome
<b>Communications</b>	<ul style="list-style-type: none"> <li>• Promote the Scheme as a valuable benefit.</li> <li>• Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding.</li> <li>• Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits.</li> <li>• Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately.</li> <li>• Look for efficiencies in delivering communications including through greater use of technology.</li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>• Provide a high quality, friendly and informative administration service to the Funds' stakeholders.</li> <li>• Administer the Funds in a cost effective and efficient manner utilising technology.</li> <li>• Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds.</li> <li>• Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.</li> <li>• Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.</li> <li>• Maintain accurate records and ensure data is protected and has authorised use only.</li> <li>• Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.</li> </ul>
<b>Funding and Investment</b>	<ul style="list-style-type: none"> <li>• To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions.</li> <li>• To ensure that sufficient resources are available to meet all liabilities as they fall due.</li> <li>• To maximise the returns from its investments within reasonable risk parameters.</li> </ul>

<b>Perspective</b>	<b>Outcome</b>
<b>Governance</b>	<ul style="list-style-type: none"> <li>To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.</li> <li>Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.</li> </ul>

## **6. Finance & Resources Implications**

6.1 There are no financial or resource implications as a result of accepting the recommendations within this report.

## **7. Risk Implications**

a) Risk(s) associated with the proposal

<b>Risk</b>	<b>Mitigation</b>	<b>Residual Risk</b>
There are no risks associated with improving the efficiency of what is already felt to be a very effective Pension Fund Board and Investment Sub-Committee.	N/A	N/A

b) Risk(s) associated with not undertaking the proposal

<b>Risk</b>	<b>Risk Rating</b>
Should the improvements identified in 4.2 not be made in the long term there is potential for the Pension Fund Board and Investment Sub-Committee to not operate at its maximum efficiency, which could be at the detriment to the Fund and its stakeholders.	Green

## **8. Communication Implications**

<b>Direct Communications</b>	There are no communication implications as a result of accepting the recommendations within this report.
<b>Newsletter</b>	
<b>Induction</b>	
<b>Seminar</b>	
<b>Training</b>	
<b>Website</b>	

## **9. Legal Implications**

9.1 There are no legal implications as a result of accepting the recommendations within this report.

## **10. Consultation with Key Advisers**

10.1 There has been no consultation with professional advisers in the writing of this report.

**11. Alternative Options Considered**

11.1 Not applicable.

**12. Background Papers**

12.1 Pension Fund Board report – 15<sup>th</sup> December 2014 – Effectiveness Review of the Pension Fund Board and Investment Sub-Committee.

**13. Appendices**

13.1 Appendix 1 – Results from the effectiveness review of the Cambridgeshire Pension Fund Board and Investment Sub-Committee.

<b>Checklist of Key Approvals</b>	
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?	Chris Malyon – 06/03/2015
Has this report been cleared by Deputy Head of Pensions?	Mark Whitby – 11/02/2015
Has the Chairman of the Pension Fund Board been consulted?	Councillor Count – 19/02/2015
Has this report been cleared by Legal Services?	Laurie Gould (on behalf of Quentin Baker) – 02/03/2015