

**CAMBRIDGESHIRE  
PENSION FUND**



**Local Pension Board**

**Date:** 20 April 2018

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Review of the effectiveness of the Local Pension Board</b>
<b>Purpose of the Report</b>	To provide feedback on the results from the effectiveness review survey.
<b>Recommendations</b>	<b>That the Board notes the feedback and approves the plan of action to improve the effectiveness of the Local Pension Board in the areas identified.</b>
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**1. Background**

- 1.1 The need to regularly review the effectiveness of the Pension Board is considered good governance and is undertaken as an annual exercise. In January members were invited to complete a survey on how adequate they felt the current arrangements of the Board are.
- 1.2 The survey consisted of 24 statements and sought feedback in six key areas:
  - Board structure and culture
  - Management of meetings
  - Skills, Knowledge and Training
  - Risks and conflicts
  - The role of Advisors
  - Documents and Policies
- 1.3 Completed surveys were to be completed by 9 February 2018 to be included in the final assessment of the results.

**2. Response to the review**

- 2.1 The survey to ascertain the view of the Cambridgeshire Local Pension Board was sent to 6 members of the Board of which 3 completed questionnaires were returned.
- 2.2 The following table details the membership categories from whom completed surveys were received:

<b>Representative:</b>	<b>No. of completed surveys</b>
Employer representatives	1
Member representatives	2

### **3. Results of the effectiveness survey**

3.1 The survey consisted of 24 statements that participants were asked to provide a rating of between 5 and 1 with 5 being strongly agree and 1, strongly 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 survey can be found in appendix 1.

### **4. Conclusions drawn from the effectiveness survey**

4.1 The effectiveness of the Local Pension Board as a whole was positive with the majority of scoring being in the strongly agree and agree categories. Of the answers provided approximately 8% were in the disagree category and none in the strongly disagree category.

4.2 From an analysis of the ratings and additional comments provided in the survey the following can be concluded that the Local Pension Board are particularly happy in the following areas:

- That Conflicts of Interests need to be declared
- Advisors make a useful contribution to the meetings
- There is sufficient level of coverage of professional advisors, such as the actuary and investment advisors
- Understanding their role and obligations under the LGPS Regulations and the terms of reference
- Meetings are chaired effectively with all opinions being heard and consensus sought to conclude matters
- They are familiar with the principals of the Training Strategy
- They are familiar with the Pension Fund objectives
- Members are satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision
- Members are aware of the risks facing the Fund and review the risk register on a regular basis
- Understand the role of the Fund's actuary
- Members are provided with good quality policies and strategies for review/approval

4.3 The survey also identified a number of areas for improvement. The below table identifies those areas and comments against each one:

<b>Area for improvement</b>	<b>Concern</b>	<b>Comments/Action</b>
Members are provided with sufficient information in order to make effective and timely decisions	Decisions have been made by the Committee where the Board have not any sight of either in advance or in review.	Board members have access to all Committee papers and key papers are brought to the Board meetings for discussion and clarification. Where possible policies and strategies are brought to the Board for pre scrutiny before submission to the Committee for approval.
The quality of reports meet the expected standard	No comment provided.	Officers are always looking to improve and streamline reports where possible. The Business Plan for 2018/19 will provide a clearer structure for updates going forward.
Members work effectively as a team	Has been changes to make up of the Board with new members joining.	Board members are encouraged to attend internal training opportunities which encourages development and builds on relations with other members. During meetings an open dialogue is encouraged with all members being heard and matters discussed in a safe environment.
I am satisfied that matters requiring further clarification after the meeting are dealt with in a timely manner	No comment provided.	Officers always try to ensure matters that require clarification are dealt with in a timely manner. On occasion, this may be delayed due to data gathering that might be required. Officers will continue to monitor timescales and provide holding e-mails if appropriate.
I know where to find the Fund's key documents	No comment provided.	The Fund's key documents are held on the current website and are on the new website awaiting launch, the navigation on the new website is much simpler and finding key documents should be easier.
I understand the role of the Fund's investment advisors	No comment provided.	The Fund's investment Advisors attend some Committee meetings to which Board members are encouraged to attend and to some of the Pension Information Days. Officers will flag dates to members where investment advisors are due to attend for more awareness.
There are a sufficient number of meetings held in the financial year	Meetings are the bare minimum to satisfy legislation. The Board should meet as often as the Pensions Committee	The Board have 4 set meetings the same as the Committee, the additional meeting of the Committee is the annual meeting where key items are discussed such as the Annual Report and Statement of Account to which the Board are encouraged to attend.

## 5. 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. Objective 1.
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. Objective 2
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 attributed are maintained in a changing environment. Objective 3.
Continually monitor and measure clearly articulated objectives through business planning. Objective 4.
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. Objective 5.

## 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

Risk	Mitigation	Residual Risk
There are no risks associated with improving the efficiency of what is already felt to be a very effective Pension Board	N/A	N/A

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

Risk	Risk Rating
Should any improvements identified in 4.3 not be made in the long term there is potential for the Pension Board to not operate at its maximum efficiency, which could be at the detriment to the Fund and the stakeholders.	Green

## 8. Communication Implications

- 8.1 There are no communication implications as a result of accepting the recommendations within this report.

## 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 None

## **13. Appendices**

13.1 Appendix 1 – Results from the effectiveness review of the Cambridgeshire Local Pension Board

13.2 Appendix 2 - Actions taken against the areas for improvement from the 2016/2017 review

<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 Head of Pensions?	Mark Whitby – 28 March 2018

## Appendix 1 - Local Pension Board – Effectiveness Review Results

Statement	Scale	Score	Comments
I am aware that I need to disclose any conflict of interests that may arise	Strongly Agree	75%	None provided.
	Agree	25%	
Advisors make a useful contribution to the meetings	Strongly Agree	33.3%	None provided.
	Neither Agree or Disagree	33.3%	
	Disagree	33.3%	
There is sufficient level of coverage of professional advisors, such as the actuary and investment advisors	Strongly Agree	25%	None provided.
	Neither Agree or Disagree	75%	
I understand my role and obligations under the LGPS Regulations and the terms of reference for the Board I serve on	Agree	100%	None provided.
Meetings are chaired effectively with all opinions being heard and consensus sought to conclude matters	Agree	100%	None provided.
I am familiar with the principals of the Training Strategy	Agree	100%	None provided.
I am familiar with the Pension Fund objectives	Agree	100%	None provided.
Members are satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision	Agree	100%	None provided.
Members are aware of the risks facing the Fund and review the risk register on a regular basis	Agree	100%	None provided.
I understand the role of the Fund's actuary	Agree	100%	None provided.
Members are provided with good quality policies and strategies for review/approval	Agree	100%	None provided.

I am able to articulate my responsibilities to the Administering Authority, participating employers and members of the Pension Fund	Agree	75%	There have been times that board resolutions have not been communicated to the Pensions Committee as part of our oversight role.
	Neither Agree or Disagree	25%	
The Knowledge and Skills Framework adopted is adequate for achieving the required level of knowledge to enable effective contribution/decision making	Agree	75%	However, tough to reach required points. We all have other day jobs/responsibilities.
	Neither Agree or Disagree	25%	
An adequate number of relevant training events and conferences are available to support learning	Agree	75%	None provided.
	Neither Agree or Disagree	25%	
Training items are delivered at meetings in order to enhance knowledge in a pragmatic way	Agree	75%	None provided.
	Neither Agree or Disagree	25%	
I would know what process to follow if I suspected a breach of the law and there is a policy in place to support this	Agree	75%	None provided.
	Neither Agree or Disagree	25%	
Members are consulted on changes to the Fund's key documents	Agree	75%	Process is improving. We used to be consulted after the event rather than being part of the process.
	Neither Agree or Disagree	25%	

There are a sufficient number of meetings held in the financial year	Agree	75%	Meetings are the bare minimum to satisfy legislation. The Board should meet as often as the Pensions Committee.
	Disagree	25%	
I understand the role of the Fund's investment advisors	Agree	75%	None provided.
	Disagree	25%	
I know where to find the Fund's key documents	Agree	75%	Need to be reminded.
	Disagree	25%	
I am satisfied that matters requiring further clarification after the meeting are dealt with in a timely manner	Agree	33.3%	None provided
	Neither Agree or Disagree	33.3%	
	Disagree	33.3%	
Members work effectively as a team	Agree	33.3%	Has been changes to make up of the Board with new members joining.
	Neither Agree or Disagree	33.3%	
	Disagree	33.3%	
The quality of reports meet the expected standard	Agree	25%	None provided.
	Neither Agree or Disagree	75%	
Members are provided with sufficient information in order to make effective and timely decisions	Neither Agree or Disagree	75%	Decisions have been made by the Committee where the Board have not any sight of either in advance or in review.
	Disagree	25%	



## Appendix 2 - Actions taken against the areas for improvement from the 2016/2017 review

Area for improvement	Concern	Proposed course of action	Course of action implemented?
There are a sufficient number of meetings during the year.	Needs to be flexible if agenda/workload items require additional meetings	The agenda allows for items to be discussed thoroughly. Additional meetings can be scheduled if the workload deems necessary. The Board currently complies with the four scheduled meetings a year. Additional meetings can be recommended at any time and can be scheduled with the agreement of the Chairman.	<b>Yes</b> - Agenda items are gauged on the topic in hand. Some items are discussed with the Chairman outside of the meetings and circulated to members where appropriate.
The reports detailing the administration of the Fund are a sufficient overview of how the Fund is performing to challenge or make recommendations.	The papers issued to the Pensions Committee do not go to the Board.	The Pension Committee papers should be circulated to the Local Pension Board as a matter of course. This has been raised with Democratic Services and will happen going forward. All Board members are able to attend Committee meetings when convenient to do so. Pension Committee papers can be viewed on the Cambridgeshire County Council website.	<b>Yes</b> - All Pension Committee papers are now being distributed to the Local Pension Board by Democratic Services and minutes are published as part of the document pack for each meeting.
There is sufficient awareness of the risks facing the Pension Fund.	There may be unknown risks. Difficult to know if members are aware of "all" risks to the Fund.	The risk strategy and risk register were presented to the Board during 2016/17. The final risk register will be taken to the Board during 2017/18 and will be taken back periodically for review or beforehand if deemed appropriate.	<b>Yes</b> - The risk register was presented to the Board in April 2017, any changes to the risk are reported in the Business Plan Update to which Board members have access. A full review of risks is due to be undertaken again in 2018/19 and a report will be presented to the Board during this time.

<p>The Knowledge and Skills Framework adopted by the Board is adequate for achieving the required level of knowledge to enable effective scrutiny.</p>	<p>The majority of knowledge and skill appears to be mainly provided by 'consultants' who have a financial interest. More independent unbiased training would be beneficial – also little detailed information/training has been provided on fees and charges.</p>	<p>Training is offered in many forms with external consultants being one method. Officers in consultation with the Board will need to weigh up the cost of independent training against the benefits in conjunction with the topic the training needs to cover. A presentation on fees and charges is being delivered at the January 2017 meeting. Board members have access to Pension Committee and Investment Sub Committee papers in order to receive additional information in this area when it becomes available.</p>	<p><b>Yes</b> - A range of training opportunities is on offer to members with a varying degree of cost implications. Core training has been established with these being promoted as offering the best balance of knowledge if all were attended. Members can top up knowledge with external courses but will be at the discretion of the officers who will weigh up cost implications against benefit.</p>
<p>There is a high level understanding of the areas covered by the Pension Regulator's Code of Practice and where the Fund is compliant and non-compliant.</p>	<p>There is not sufficient detailed knowledge of the Fund's operation to know if it is compliant or non-compliant, only to take on face value information provided in the annual report.</p>	<p>A report on the extent to which the Fund is complying with the Pension Regulator's Code of Practice is being delivered at the January 2017 meeting. The report will highlight any areas of concern and will detail a clear action plan for full compliance.</p>	<p><b>Yes</b> - Hymans Robertson were scheduled to delivered training on this subject on 25 January 2017 but this needed to be cancelled due to insufficient number of confirmed attendees. Information is also available on the Pension Regulators website and via the toolkit, which is a mandatory requirement. A report was also delivered in February 2018 on the statutory and non-statutory policies of the Fund.</p>

Sufficient knowledge and understanding has been obtained to challenge any failure by the Administering Authority to comply with the Regulations and other legislation relating to the governance and administration of the LGPS and/or any failure to meet the standards and expectations set out in the Code of Practice.	There is a lot of knowledge needed to challenge. This knowledge does not happen overnight. How is sufficient quantified to be able to know if a desired level has been obtained?	The Knowledge Management Policy was initially adopted by the Board shortly upon the creation of the Board. A Knowledge Management Strategy has been developed and is being presented to the Board in January 2017, which has been designed for the Committee and Board members and encourages members to attain credits via various training methods. Officers of the Fund keep members updated with training opportunities to facilitate as many opportunities as possible.	<b>Yes</b> -The Training Strategy was presented and approved by the Board on 25 January 2017 and the expectation is that members accrue 18 credits over a rolling 2 year period. Officers to continue to e-mail courses of particular interest to members.
Adequate information is provided to the Local Pension Board in order to carry out the role effectively.	A review of the Pension Committee meetings and decisions should be carried out. This is now being addressed. Papers that go to the Pensions Committee do not go to the Board. It is difficult to know if there is adequate oversight.	The Pension Committee papers should be circulated to the Local Pension Board as a matter of course. This has been raised with Democratic Services and will happen going forward. All Board members are able to attend Committee meetings when convenient to do so. Pension Committee papers can be viewed on the Cambridgeshire County Council website.	<b>Yes</b> - All Pension Committee papers are now being distributed to the Local Pension Board by Democratic Services and minutes are published as part of the document pack for each meeting.
The Local Pension Board makes a valuable contribution to the overall governance of the Fund.	The Board could be a more valuable contributor. We have up until quite recently been given little scope to review decisions made by the Pensions Committee. This situation is however changing.	The Board are contributing to the governance of the Fund by looking at pre and post scrutiny of the decisions made by the Pensions Committee. The Board reviewed the risk register and have started to make recommendations to the Committee. This will continue to develop now the Board is more established and knowledge is being obtained on a regular basis.	<b>Yes</b> -This has proven effective via policies such as the Anti-Fraud and Corruption Policy and the ownership of General Data Protection Regulations. As policies are developed the Board will continue to have pre scrutiny to assist the Pensions Committee where possible to do so.