

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 24 March 2016

Report by: Head of Pensions

Subject:	Review of the effectiveness of the Pension Committee and Investment Sub-Committee
Purpose of the Report:	To provide feedback on the results from the effectiveness review survey.
Recommendations:	That the Committee notes the feedback and approves the plan of action to improve the effectiveness of the Pension Committee and Investment Sub-Committee in the areas identified.
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1. Background

- 1.1 The need to regularly review the effectiveness of the Pension Committee and Investment Sub-Committee is considered good governance and is undertaken as an annual exercise. In December a survey was distributed to members of the Committee and Investment Sub Committee to complete on how adequate they felt the current arrangements of the respective Committees are.
- 1.2 The survey consisted of 13 statements and sought feedback in the areas of:
 - The running of meetings
 - The quality and quantity of information provided
 - Pension Fund risks
 - Committee fiduciary duties
 - Committee member responsibilities
 - Training opportunities
 - Support from appointed advisors
 - Relationship with stakeholders
- 1.3 Completed surveys were to be returned to LGSS Pensions Service by 31 January 2016 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 Pension Committee and Investment Sub-Committee were sent to twenty-four members (including substitutes). Five completed questionnaires were returned.
- 2.2 The following table details the membership categories from whom completed surveys were received:

Representative:	No. of completed surveys returned
Cambridgeshire County Council Members	2
Deferred scheme member representative	1
Active scheme member representative	1
Unknown	1

3. Results of the effectiveness survey

- 3.1 The survey consisted of 13 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 survey can be found in **Appendix 1**.

4. Conclusions drawn from the effectiveness survey

- 4.1 The average result for the effectiveness of the Pension Committee and Investment Sub Committee as a whole was 3.25 out of the potential 4 available.
- 4.2 From an analysis of the ratings and additional comments provided in the survey the following can be concluded that the Pension Committee and Investment Sub-Committee are felt to be particularly effective at ensuring:
- There is sufficient time allocated to agenda items to ensure sufficient discussion and informed decision making;
 - There are a sufficient number of meetings for the Pension Committee and Investment Sub-Committee;
 - Members of the Pension Committee and Investment Sub Committee are satisfied that matters requiring further clarification after the meeting are dealt with in a timely manner;
 - Members of the Pension Committee and Investment Sub-Committee recognise their fiduciary duties to make decisions that are in the best interests of the scheme members.
- 4.3 The survey also identified a number of areas for improvement, the below table identifies those areas and what course of action will be taken against each one:

Area for improvement	Concern	Proposed course of action
Members of the Pension Committee and	Members of the Pension Committee and	A Risk Strategy is being presented at the March Pension Committee

Investment Sub-Committee are not satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision.	Investment Sub-Committee are not given full control to make decisions.	meeting for approval. Following this a revised Risk Register will be presented to the Committee for approval. The Risk Register will provide a more detailed overview of the risks the Fund faces. These risks will be identified through each Committee report whether decision-making or non decision-making.
The Pension Committee and Investment Sub-Committee are not provided with sufficient information in order to make effective and timely decisions at meetings	Reports are of excellent quality but can be too great in terms of volume. Due to the nature of some topics clearer explanation is required to fully understand the key challenges on the Fund to ensure appropriate decisions are made.	The aim of officers of the Fund is to make reports as concise as possible with the key points apparent to the reader. Policies will be streamlined over time when reviewed.
Members of the Pension Committee and Investment Sub-Committee are not able to articulate their responsibilities to the Administering Authority, participating employers and the members of the Pension Fund	Responsibilities of the Committee can be technical and therefore can be difficult to articulate to others. This is also only possible after appropriate training and experience.	The concern is accepted as the Pension Committee does not have a duty to report back to the Administering Authority, scheme members or scheme employers. However, there may come an occasion when a member of the Committee may be asked for a formal comment on their role with regards to the fund's stakeholders and so do need to be able to demonstrate their understanding. The CIPFA Skills and Knowledge Framework which forms part of the Knowledge Management Policy should facilitate this understanding.
The Knowledge and Skills Framework adopted by the Pension Committee and Investment Sub-Committee is not adequate for achieving the required level of knowledge to enable effective decision making	It is felt that the Committee are not given the key decisions to make. These decisions can only be made with appropriate knowledge.	Going forward decision making reports will provide greater explanation of other options available where appropriate. The Knowledge Management Policy will be reviewed in June 2016 to ensure continued relevance.
An adequate number of relevant training events and conferences are not available to support	There may be lots of events and course but not all members attend them.	Officers of the Fund will continue to promote internal and external training events when available and encourage events of particular

learning		interest.
There is not sufficient engagement with stakeholders (e.g. employers and scheme members) by the officers on behalf of the Pension Committee	It is not felt that the Committee is fully aware of current engagement with stakeholders. It would be worth asking stakeholders to establish their views.	<p>The Communication Plan is a Key Fund Activity in the Business Plan. Business Plan Update reports will detail the activity undertaken to engage with scheme employers.</p> <p>With clearer objectives that are actively measured, the Pension Committee will be more aware of the steps taken by officers to engage with scheme employers.</p>

5. Relevant Pension Fund Objectives

Perspective	Outcome
Communications	<ul style="list-style-type: none"> • Promote the Scheme as a valuable benefit. • Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding. • 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. • Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately. • Look for efficiencies in delivering communications including through greater use of technology.
Funding and Investment	<ul style="list-style-type: none"> • To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. • To ensure that sufficient resources are available to meet all liabilities as they fall due. • To maximise the returns from its investments within reasonable risk parameters.
Governance	<ul style="list-style-type: none"> • To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. • Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
Administration	<ul style="list-style-type: none"> • Provide a high quality, friendly and informative administration service to the Funds' stakeholders. • Administer the Funds in a cost effective and efficient manner utilising technology. • 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. • Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. • Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. • Maintain accurate records and ensure data is protected and has authorised use only. • Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

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 Committee and Investment Sub-Committee.	N/A	N/A

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

Risk	Risk Rating
Should the improvements identified in 4.3 not be made in the long term there is potential for the Pension Committee 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

- 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 Pension Committee and Investment Sub-Committee.

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 – 2/3/2016
Has this report been cleared by Head of Pensions?	Mark Whitby – 15/02/2016
Has the Chairman of the Pension Committee been consulted?	Councillor Hickford – 2/3/2016
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 7/3/2016