

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	Cambridgeshire Local Pension Board Effectiveness Review
Purpose of the Report	To present the Cambridgeshire Local Pension Board Effectiveness Review to the Board.
Recommendations	The Pension Board are asked to review the report.
Enquiries to:	Joanne Walton, Governance and Regulations Manager, jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The need to regularly review the effectiveness of the Cambridgeshire Local Pension Board is considered good governance and in addition to the annual self-review, Aon were commissioned to conduct an impartial review.
- 1.2 The purpose of the review is to establish whether, based on Aon’s observations, the Local Pension Board is fulfilling its role to support the respective Administering Authority in meeting its regulatory requirements and to deliver on its requirements as laid out in the Public Service Pensions Act 2013.
- 1.3 The review was conducted at the meeting held on 19 October 2018 and the detailed findings can be found in appendix one.

2. Assessment

- 2.1 There were 16 key areas that were reviewed by Aon to determine the effectiveness of the Local Pension Board under the categories of governance structure, knowledge and skills and behaviour. The findings have been summarised in the tables overleaf.

Governance Structure	Assessment
Clear terms of reference and clearly documented scheme of delegation	Neutral
The structure allows decision making at the appropriate level and quick decision making where appropriate	Neutral
Includes appropriate representation of stakeholders	Positive
Receives well-presented information/reports	Positive/Neutral
A proper range of subject matter is being considered by the Board	Positive/Neutral
Sufficient time for discussion	Positive
Managing actual and potential conflicts of interest	Positive
Transparency to stakeholders	Positive

Knowledge and Skills	Assessment
Clearly articulated knowledge and skills in line with Fund Policy	Positive/Neutral
Identify and provide ongoing training in an effective and suitable manner to meet requirements	Neutral
Rely appropriately on officers and advisors to provide expert knowledge	Positive

Behaviour	Assessment
High level of attendance at meetings	Positive
Demonstrate integrity in relation to their Fund role/general behaviour	Positive
Be engaged and provide appropriate challenge	Positive/Neutral
Highlight any potential conflicts they may have	Positive
For the Chairperson to manage the meetings fairly without any bias to individuals or self and prepare adequately for meetings	Positive

3. Recommendations

3.1 The following areas have been recommended by Aon as requiring improvement. The detail of these recommendations can be found in appendix one.

- Scheme of Delegation
- Link between the Pension Committee and Pension Board
- Key Performance Indicators
- Reviewing Breaches
- Demonstrating Training taking place
- Training discussions
- Board member questions/challenge

4. Next Steps

4.1 The Local Pension Board are asked to review the report and engage in discussion to determine a plan of action to address the recommendations made. A further report will be presented to the Board with the plan formalised.

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. <i>Objective 1</i>
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>
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. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

6. Finance & Resources Implications

- 6.1 Any further financial and resource implications as a result of this report will be set out on the Annual Business Plan and Medium Term Strategy 2019/20.

7. Risk Management

- 71 The Local Pension Board are expected to have an awareness of how the Fund is operated and maintain appropriate skills and knowledge.
- 7.2 The risks associated with Local Pension Board members not having the required level of awareness and knowledge have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Amber
Governance (risk 2)	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Amber
Governance (risk 4)	Policies and Strategies not being in place and up to date.	Green
Governance (risk 12)	Changes to the LGPS and lack of expertise in the new/revised area	Green
Governance (risk 18)	Failure to provide adequate information to the Pension Committee/Pension Board	Green

- 7.3 The full version of the Fund risk register can be found at the following link <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

8. Communication Implications

Direct Communications	The review will be published by Democratic Services on the Cambridgeshire County Council website.
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9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

10.1 Aon, the Fund's Governance Advisers were commissioned to undertake this review.

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

13.1 Appendix 1 - Cambridgeshire Local Pension Board Effectiveness Review

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 30/1/2019