

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

Date: 23rd April 2021

Report by: Head of Pensions

Subject:	Review of the effectiveness of the Pension Fund Board
Purpose of the Report	To provide feedback on the results from the effectiveness review survey.
Recommendations	That the Board notes the feedback and approves the plan of action to improve the effectiveness of the Pension Fund Board in the areas identified.
Enquiries to:	Name: Michelle Oakensen, Governance Officer E-mail: moakensen@northamptonshire.gov.uk

1. Background

- 1.1 The need to regularly review the effectiveness of the Pension Fund Board is considered good governance and is undertaken as an annual exercise. In January 2021 members were invited to complete a survey on how adequate they felt the current arrangements of the Board are and how efficiently it is operating.
- 1.2 The previous survey was undertaken in January 2019 and the 2020 survey was delayed due to the pandemic. The survey covers the pandemic period to date for us to ascertain whether the Board feels standards have been maintained during this time.
- 1.3 The survey consisted of 23 questions and members were encouraged to add extra clarity to answers provided. There was also an opportunity at the end of the survey to provide any additional supporting comments.
- 1.4 The surveys were to be completed by 12th February 2021.

2. Response to the review

- 2.1 The survey to ascertain the view of the Pension Fund Board was sent to 5 members and 3 completed questionnaires were returned. This represents a return rate of 60% which was not as high as desired, but was still an acceptable sample size. Completion of the survey is a mandatory feature of the Fund's Training Strategy.

3. Results of the effectiveness survey

- 3.1 Participants were required to rate the statements from strongly disagree to strongly agree and additional comments boxes were included on every question to encourage further narrative where needed.
- 3.2 A full analysis of the results of the survey can be found in appendix 1 of the report.

4. Conclusions drawn from the effectiveness survey

4.1 The effectiveness of the Pension Fund Board was positive as a whole with the majority of participants agreeing with the statements provided.

4.2 The following areas have been highlighted as to where improvements could be made and corresponding actions/comments for each. Areas for improvement are those areas where a 'disagree or strongly disagree' response was provided.

Statement	Concern	Comments/Action
There are a sufficient number of meetings held in the financial year.	No comment provided.	Meetings are scheduled 4 times a year in line with Pensions Regulator guidance and as stated in the Constitution. This is a minimum requirement and Board members and Officers can agree to hold additional meetings should the need arise.
I am satisfied that undertaking meetings virtually as a result of the pandemic has enabled the equivalent amount of effective discussion when compared with face to face meetings.	Once safe to do so I would support face to face meetings, but also believe that remote/virtual meetings could continue – they are effective, and save time/travel/CO2 and money.	The future format of meetings needs to be addressed with the Board once legislation has been amended. In the meantime it would be useful to understand from members of the Board how meetings can be improved to address the concern raised.
Members are provided with sufficient information in order to make effective and timely decisions.	No comment provided.	If Board members feel that sufficient information is not provided on a particular subject matter they are encouraged and have a responsibility to request further information as appropriate at that time.

Statement	Concern	Comments/Action
<p>I consider that the Pension Board effectively delivers on its remit to assist the administering authority in securing compliance with the principal 2013 regulations along with any other requirements imposed by the Pensions Regulator in relation to the scheme.</p>	<p>I feel the Board has ended up just rubber stamping officers report, I blame myself for not being able to be more proactive in challenging reports and procedures, largely because of my lack of experience in the pension field.</p>	<p>Board member review policies in either a pre or post scrutiny capacity, monitor the risks facing the Fund closely and review all papers and minutes of the Committee. Training is a core component of being a Board member which is offered on a regular basis, a new training schedule will start from June 2021 with internal training events being compulsory. Board members have a duty to scheme members and employers to undertake their role as members of the Board and should challenge the information presented to them by Officers or consultants if they have questions or concerns.</p>
<p>I have good understanding of the Fund's Communication Policy with regards to scheme employer and scheme member engagement.</p>	<p>No comment provided.</p>	<p>The Communications Policy was presented to the in Board January 2020. Training on scheme member and employer engagement will be included in the training plan for 2021/22.</p>
<p>I have an understanding of how the Fund monitors and manages the performance of their outsourced providers.</p>	<p>No comment provided.</p>	<p>A presentation was delivered to the Board in February 2019 and will be delivered as part of training during 2021/22.</p>
<p>I have a good understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.</p>	<p>No comment provided.</p>	<p>Training was delivered as part of the previous cycle and is provided at external events. Training will be delivered again as part of the 2021/22 plan.</p>
<p>I understand the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks.</p>	<p>No comment provided.</p>	<p>Training was delivered as part of the previous cycle and is provided at external events. Training will be delivered again as part of the 2021/22 plan.</p>
<p>I have an understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.).</p>	<p>No comment provided.</p>	<p>Training will be delivered as part of the 2021/22 plan.</p>

Statement	Concern	Comments/Action
I have an understanding of the contents of the Fund's Investment Strategy Statement.	No comment provided.	The Investment Strategy Statement has been a focus at the Information Days and is due to be brought to the Board following the current consultation.

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. Risk Management

6.1 The Pension Fund Board are expected to have an awareness of how the Fund is operated and maintain appropriate skills and knowledge.

6.2 The risks associated with Pension Fund Board members not having the required level of awareness and knowledge have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
8	Those charged with governance are unable to fulfil their responsibilities effectively.	Green
14	Failure to administer the scheme in line with regulations and guidance.	Green
17	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

6.3 The Fund risk register can be found at the following link [here](#).

7. Communication Implications

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

8 Finance & Resources Implications

8.1 There are no financial or resource 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 – Full analysis of the results of the survey

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 24 th March 2021

Appendix 1 - Full analysis of the results of the survey

Question	Responses					Comments
	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	
There are a sufficient number of meetings held in the financial year.	33.33	33.33		33.33		
I am satisfied that undertaking meetings virtually as a result of the pandemic has enabled the equivalent amount of effective discussion when compared with face to face meetings.	33.33	33.33			33.3	Once safe to do so I would support face to face meetings, but also believe that remote/virtual meetings could continue – they are effective, and save time/travel/CO2 and money.
The quality of reports meets the expected standard.	33.33	66.67				
Members are provided with sufficient information in order to make effective and timely decisions.	33.33	33.33		33.33		
I am satisfied that risks identified on the covering reports adequately identify the risks involved in taking a particular decision and are reflected in the risk register.		66.67	33.33			
I have clarity on the roles and responsibilities of both the Pension Fund Committee and the Pension Fund Board and the decision making process.	33.3		66.67			

Question	Responses					Comments
	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	
I consider that the Pension Board effectively delivers on its remit to assist the administering authority in securing compliance with the principal 2013 regulations along with any other requirements imposed by the Pensions Regulator in relation to the scheme.	33.33	33.33		33.33		I feel the board has ended up just rubber stamping officers report, I blame myself for not being able to be more proactive in challenging reports and procedures, largely because of my lack of experience in the pension field
I consider that the Pension Board effectively delivers on its remit to assist the administering authority in ensuring the effective and efficient governance and administration of the scheme.	33.33	33.33	33.33			
I have a good understanding of the role of both internal and external audit in the governance and assurance process		33.33	66.67			
I am aware that I need to disclose any potential and actual conflicts of interest that may arise.	66.67	33.33				
I receive adequate reporting to provide assurance over the quality of the Fund's administration to scheme members and scheme employers.	33.33	66.67				
I receive adequate reporting to provide assurance that there is appropriate budgetary control of the Fund in place	33.33	66.67				

Question	Responses					Comments
	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	
Members are provided with good quality policies and strategies for review/ approval.	33.33	33.33	33.33			
I have good understanding of the Fund's Communication Policy with regards to scheme employer and scheme member engagement.		33.33	33.33	33.33		
I have a broad understanding of the implications of new employers joining the Fund and of the cessation of existing employers.	33.33		66.67			
I would know what process to follow if I suspected a breach of the law and there is a sufficient policy in place to support this.		66.67	33.33			
I have an understanding of how the Fund monitors and manages the performance of their outsourced providers.		33.33	33.33	33.33		
I have a good understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.			66.67	33.33		
I understand the role of the Fund's investment advisors.	33.33		66.67			

Question	Responses					Comments
	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	
I understand the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks.		66.67		33.33		
I have an understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.).		33.33	33.33	33.33		
I have an understanding of the contents of the Fund's Investment Strategy Statement.	33.33		33.33	33.33		
I understand my fiduciary responsibility to scheme members		100				