

**CAMBRIDGESHIRE
PENSION FUND**



Pension Board

Date: 3rd May 2019

Report by: Head of Pensions

Subject:	Review of the effectiveness of the Pension 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 Board in the areas identified detailed in paragraph 4.2.
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 Board is considered good governance and is undertaken as an annual exercise. In January 2019 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 survey consisted of 22 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.
- 1.3 The surveys were to be completed by 8th February 2019.

2. Response to the review

- 2.1 The survey to ascertain the view of the Cambridge hire Pension Board was sent to 6 members and 4 completed questionnaires were returned. This represents a return rate of 66.7% which was positive. It should be noted, however, that completion of the survey is a mandatory feature of the Cambridgeshire Pension Fund Training Strategy since its review in December 2018.

3. Results of the effectiveness survey

- 3.1 For questions 1 to 13, participants were required to answer yes or no to the statement presented and for questions 14 to 22, participants were required to rate the statements from strongly disagree to strongly agree. 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 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. Areas for improvement have been quantified as a member providing 'no, disagree or strongly disagree' responses for each individual question.

Statement	Concern	Comments/Action
There are a sufficient number of meetings held in the financial year?	One member thought the Local Pension Board (LPB) should meet as often as the Pension Fund Committee and Investment Sub-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.
Members are provided with sufficient information in order to make effective and timely decisions?	No comment	All papers are published in accordance with Cambridgeshire County Council publishing deadlines to ensure members have sufficient time to evaluate the papers for the meetings. At the meetings all reports are allocated sufficient time to ensure questions are addressed.
I have a good understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice?	One member felt that their knowledge could be better.	Pensions accounting and auditing standards is the final Chartered Institute of Public Finance and Accountancy (CIPFA) module to be delivered under the CIPFA Competencies – this will be scheduled for the 2019/20 year.

I have a good understanding of the role of both internal and external audit in the governance and assurance process?	One member felt that their knowledge could be better.	Internal and external audit papers will be presented at this meeting. Pensions accounting and auditing standards is the final CIPFA module to be delivered under the CIPFA Competencies – this will be scheduled for the 2019/20 year.
I have an understanding of how the Fund monitors and manages the performance of their outsourced providers?	One member felt that they did not understand all about external providers.	A training item will be brought to the Pension Fund Committee on this subject during 2019/20.
I have an understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.)?	No comment	Mercer delivered training on 4 July on investment performance and risk management, financial services procurement and relationship management & financial markets and product knowledge. Conferences on Investments are available for members to attend if they feel beneficial.

- 4.3 The actions taken against the areas for improvement from the 2017/2018 review are in **appendix 2** of the report.

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 Management

- 7.1 The Pensions Board are expected to have an awareness of how the Fund is operated and maintain appropriate skills and knowledge. The Pension Board make decisions on how the Fund operates and therefore should periodically review how effective processes are and whether there are any skills gaps within membership.
- 7.2 The risks associated with 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	Risk mitigated	Residual risk
7	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Green
13	Failure to administer the scheme in line with regulations and guidance.	Green
16	Failure to provide adequate information to the Pension Committee/Pension Board	Green

- 7.3 The risk register can be found at the following link:
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

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 – Full analysis of the results of the survey
- 13.3 Appendix 2 - Actions taken against the areas for improvement from the 2017/2018 review

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 5 th April 2019

Appendix 1 - Full analysis of the results of the survey

Question	Answers based on 4 members completing the survey							Comments
	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	
There are a sufficient number of meetings held in the financial year?	75	25						Arguably LPB should meet as often as Pensions committee and Investments sub-committee.
Members work effectively as a team?	100							
The quality of reports meets the expected standard?	100							
Members are provided with sufficient information in order to make effective and timely decisions?	75	25						
I understand my role and obligations under the LGPS Regulations and the terms of reference for the Committee I serve on?	100							
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?	100							

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
I am aware that I need to disclose any potential and actual conflicts of interest that may arise?	100							
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?	100							
The Training Strategy which incorporates the CIPFA Skills and Knowledge Framework is adequate in aiding members to acquire the correct level of skills and knowledge to undertake their duties effectively?	100							
Members are provided with good quality policies and strategies for review/ approval?	100							Prefer to get involved early on in policy making rather than just a review. However this is happening more and more.
I have knowledge of the Pensions Administration Strategy and how services are delivered?	100							

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
I have a good understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice?	75	25						Knowledge could be better.
I have a good understanding of the role of both internal and external audit in the governance and assurance process?	75	25						Knowledge could be better.
I have an understanding of the background to current procurement policy and procedures and the associated values including the roles of key decision makers?				75	25			Not sure I understand about all external providers.
I have an understanding of how the Fund monitors and manages the performance of their outsourced providers?				50	25	25		Not sure I understand about all external providers.
I understand the role of the Funds investment advisors?				100				

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
I understand the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks?			25	75				
I have an understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.)?				50	25	25		
I have an understanding of the importance of the Fund's Statement of Investment principles?			25	75				
I have a general understanding of the role of the Fund's Actuary?			50	50				
I have a broad understanding of the implications of new employers joining the fund and of the cessation of existing employers?				75	25			
I have good knowledge of the valuation process, including developing the Funding Strategy Statement in conjunction with the Fund Actuary?			50		50			

Do you have any additional comments?								There are two questions being raised with the Chair of the Pensions Committee at our next meeting - and it is right as our role to do that but the areas that those topics cover aren't covered in the above questions.
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Appendix 2 - Actions taken against the areas for improvement from the 2017/2018 review

Area for improvement	Concern	Comments/Action	Action completed?
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.	Completed – Board members have access to all Committee papers and are provided with papers for pre and post scrutiny to assist the Committee.
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.	Completed – The 2018/19 Business Plan provided a clear structure and the updates followed the same structure. Reports are continuously being reviewed and improved.
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.	Completed – Training opportunities are provided and members encouraged to attend. Training is also offered as part of some meetings to utilise member time.
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.	Completed – Every effort is made to ensure any matters that seek clarification are dealt with in a timely manner. Clarification matters are usually e-mailed shortly after meeting dates.
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.	Completed – New website launched and navigation easier. The link is provided on all new starter information e-mails.

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.	Completed – Mercer delivered training on 4 July on investment performance and risk management, financial services procurement and relationship management & financial markets and product knowledge. Members are also able to observe ISC meetings where investment managers may be present.
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.	Completed – All meetings of the Board were scheduled and in quorum. Board members were also invited to key meetings of the Pension Fund Committee.