

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 24 May 2018

Report by: Head of Pensions

Subject:	Review of the effectiveness of the Pension 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 in the areas identified.
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1. Background

- 1.1 It is appropriate to regularly review the effectiveness of the Pension Fund Committee. In January members were invited to complete a survey on how adequate they felt the current arrangements of the Committee are.
- 1.2 The survey consisted of 26 statements and sought feedback in six key areas:
 - Committee structure and culture
 - Management of meetings
 - Skills, Knowledge and Training
 - Risks and conflicts
 - The role of Advisors
 - Documents and Policies
- 1.3 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 was sent to the 12 members of the Pension Fund Committee (including substitutes) and 5 completed questionnaires were returned.
- 2.2 The following table details the membership categories from whom completed surveys were received:

Representative:	No. of completed surveys
Cambridgeshire County Council Members	2

All other employers	1
Deferred and Pensioner scheme member	2

3. Results of the effectiveness survey

3.1 The survey consisted of 26 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 Pension Fund Committee as a whole was positive with the majority of scoring being in the strongly agree and agree categories. Of the answers provided approximately 12% 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 Pension Fund Committee are particularly happy in the following areas:

- That conflicts of interests need to be declared
- Members recognise their fiduciary duties to make decisions that are in the best interests of the scheme member
- Understand the role of the Fund's actuary
- Understand the role of the Fund's investment advisors
- Familiar with the Pension Fund objectives
- Able to articulate responsibilities to the Administering Authority, participating employers and members of the Pension Fund
- Meetings are chaired effectively with all opinions being heard and consensus sought to conclude matters
- Advisors make a useful contribution to the meetings
- Know what process to follow if a breach of the law was suspected and there is a policy in place to support this
- There is sufficient level of coverage of professional advisors, such as the actuary and investment advisors
- The Knowledge and Skills Framework adopted is adequate for achieving the required level of knowledge to enable effective contribution/decision making
- Understand the role and obligations under the LGPS Regulations and the terms of reference for the Committee
- The quality of reports meet the expected standard

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

Area for improvement	Concern	Comments/Action
Members are satisfied	No comment provided	Officers are continually monitoring

that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision.		how best to deliver reports including associated risks. This will be looked at in 2018/19.
Members are provided with good quality policies and strategies for review/approval.	No comment provided	Officers are continually improving and streamlining policies and strategies for approval. This will continue to be monitored.
There is sufficient time allocated to agenda items to ensure sufficient discussion and informed decision making.	This may be the case for experienced committee members, for newer members the relevance of each item on the agenda is not particularly clear in advance of the meeting.	Agendas and papers are sent out in advance of all meetings to give members the opportunity to review the papers before the meeting. The aim of the meeting is then to discuss each item in more detail. It would be hard to put a relevance against each item as the item has already been deemed as relevant to be presented to the Committee. A background section can be included in reports to put the report into context and the named lead officer on the report may be contacted in advance of the meeting if further clarity is required.
Members are aware of the risks facing the Fund and review the risk register on a regular basis.	No comment provided	The risk register was presented to the Committee in March 2017, any changes to the risk are reported in the Business Plan Update. A full review of risks is due to be undertaken again in 2018/19 and will be presented to the Committee during this time. We will be bringing a report on amber/red risks to the October Committee
I know where to find the Fund's key documents.	Need to be reminded.	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.
There are a sufficient number of meetings held in the financial year.	No comment provided	Meetings are set in accordance with the Constitution but additional meetings can be requested if the Committee deem appropriate.

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 Fund 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 Fund 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 of the Cambridgeshire Pension Fund Committee effectiveness review.

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

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 – 9 May 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 1 May 2018
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 9 May 2018
Has this report been cleared by Legal Services?	Sent to Quentin Baker/Fiona McMillan – 1 May 2018

Appendix 1 – Results of the Cambridgeshire Pension Fund Committee Effectiveness Review			
Statement	Scale	Score	Comments
I am aware that I need to disclose any conflict of interests that may arise	Strongly Agree	80%	None provided.
	Agree	20%	
I recognise my fiduciary duties to make decisions that are in the best interests of the scheme member	Strongly Agree	80%	None provided.
	Agree	20%	
I understand the role of the Fund's actuary	Strongly Agree	60%	None provided.
	Agree	40%	
I understand the role of the Fund's investment advisors	Strongly Agree	60%	None provided.
	Agree	40%	
I am familiar with the Pension Fund objectives	Strongly Agree	60%	None provided.
	Agree	20%	
	Disagree	20%	
I am able to articulate my responsibilities to the Administering Authority, participating employers and members of the Pension Fund	Strongly Agree	40%	None provided.
	Agree	60%	
Meetings are chaired effectively with all opinions being heard and consensus sought to conclude matters	Strongly Agree	40%	None provided.
	Agree	60%	
Advisors make a useful contribution to the meetings	Strongly Agree	40%	None provided.
	Agree	60%	
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	Strongly Agree	40%	Need more training or awareness.

	Agree	20%	
	Disagree	20%	
There is sufficient level of coverage of professional advisors, such as the actuary and investment advisors	Strongly Agree	20%	None provided.
	Agree	60%	
	Neither Agree or Disagree	20%	
The Knowledge and Skills Framework adopted is adequate for achieving the required level of knowledge to enable effective contribution/decision making	Strongly Agree	20%	None provided.
	Agree	40%	
	Neither Agree or Disagree	40%	
I understand my role and obligations under the LGPS Regulations and the terms of reference for the Committee I serve on	Strongly Agree	20%	I don't think I have received TOR for the committee.
	Agree	60%	
	Disagree	20%	
The quality of reports meet the expected standard	Strongly Agree	20%	Some reports posing a question fail to articulate perceived options.
	Agree	40%	
	Neither Agree or Disagree	20%	
	Disagree	20%	
An adequate number of relevant training events and conferences are available to support learning	Agree	80%	Inevitably the dates are not always compatible with other commitments.
	Neither Agree or Disagree	20%	

Members are consulted on changes to the Fund's key documents	Agree Neither Agree or Disagree	80% 20%	None provided.
Members are provided with sufficient information in order to make effective and timely decisions	Agree Neither Agree or Disagree	60% 40%	There is sufficient information, having the knowledge on how to use it is another thing.
Members work effectively as a team	Agree Neither Agree or Disagree Disagree	60% 20% 20%	Some sit on the fence and don't cast votes on important matters, politics at play, one very vocal member can have too much influence.
I am satisfied that matters requiring further clarification after the meeting are dealt with in a timely manner	Agree Neither Agree or Disagree Disagree	60% 20% 20%	None provided
I am familiar with the principals of the Training Strategy	Agree Neither Agree or Disagree Disagree	60% 20% 20%	None provided.
Training items are delivered at meetings in order to enhance knowledge in a pragmatic way	Agree Neither Agree or Disagree	60% 20%	None provided.

	Disagree	20%	
There are a sufficient number of meetings held in the financial year	Agree	60%	None provided
	Neither Agree or Disagree	20%	
	Disagree	20%	
I know where to find the Fund's key documents	Agree	60%	Need to be reminded.
	Disagree	40%	
Members are aware of the risks facing the Fund and review the risk register on a regular basis	Agree	40%	None provided.
	Neither Agree or Disagree	40%	
	Disagree	20%	
There is sufficient time allocated to agenda items to ensure sufficient discussion and informed decision making	Agree	40%	This may be the case for experienced committee members, for newer members the relevance of each item on the agenda is not particularly clear in advance of the meeting.
	Neither Agree or Disagree	40%	
	Disagree	20%	
Members are provided with good quality policies and strategies for review/approval	Agree	40%	None provided.
	Neither Agree or Disagree	40%	
	Disagree	20%	
Members are satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular	Agree	40%	None provided.

decision	Neither Agree or Disagree	20%	
	Disagree	40%	

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?
Members of the Pension Committee and Investment Sub Committee are not satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision.	Members of the Pension Committee and Investment Sub Committee are not given full control to make decisions.	A Risk Strategy is being presented at the March Pension Committee 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.	Yes -The Risk Strategy was approved at the March 2016 meeting and subsequently the risk register was approved in October 2016. There is a risk section on all reports and this is currently being developed further for 2018/19.
The Pension Fund 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.	Yes -Policies and Strategies such as the Communication Strategy and Administration Strategy have been reviewed and streamlined during 2017, this will continue during the review periods of other documents. Reports continue to be kept as concise as possible.
Members of the Pension Committee and Investment Sub Committee are not able to articulate their responsibilities to the Administering Authority, participating employers and 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	Yes -The Cambridgeshire Training Strategy was adopted in December 2016 which requires members to gain 18 knowledge credits over a 2 year rolling period. The CIPFA modules are due to be rolled out in 2018/2019.

		regards to the funds 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.	Yes -All reports identify when a key decision is to be made and an alternative options section is added where appropriate to display to members when other options are available. The Ill Health insurance paper demonstrated various options available.
An adequate number of relevant training events and conferences are not available to support learning.	There may be lots of events and courses 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 interest.	Yes -A list of training events and conferences is listed in appendix 1 of the Governance and Legislation Report to ensure all members are reminded regularly. In addition, training of particular interest is e-mailed round to members.
There is not sufficient engagement with stakeholders by the officers on behalf of the Pension Fund 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.	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.	Yes -The Communication Strategy (which incorporates the Plan) became effective from 1 April 2017. Updates against this plan have been included in the Business

			Plan Update reports.
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