

Cambridgeshire Pension Fund

Pension Fund Committee

6 June 2024

Report by: Head of Pensions

Subject: Cambridgeshire Pension Fund Equality, Diversity and Inclusion (EDI) approach

Purpose of the Report: To present to the Pension Fund Committee a report on the planned approach to Equality, Diversity and Inclusion (EDI) within the Cambridgeshire Pension Fund.

Recommendations: The Pension Fund Committee is asked to:

- 1) approve the proposed EDI actions located in appendix 1.
- 2) approve the changes set out in 3.20 following Pension Fund Board feedback.

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1. Background

- 1.1. The Pensions Regulator (TPR) issued guidance in March 2023 on Equality, Diversity and Inclusion, which outlined principles for how scheme managers should approach EDI issues, and practical ideas about how to implement them.
- 1.2. TPR's EDI guidance covers areas such as the role of the chair, performance assessment, inclusive culture, recruitment and diversity of thought but also links to investment decisions and communications issued by the fund.
- 1.3. In January 2024 TPR published the new General Code which brings further focus onto EDI issues.

2. Executive Summary

- 2.1. This report sets out the requirements set out by TPR and the approach that the Cambridgeshire Pension Fund will undertake in order to comply with the principles.
- 2.2. The report provides an explanation of EDI and why it is important for the Fund to adhere to a best practice approach.
- 2.3. Appendix 1 contains the proposed actions to achieve compliance with TPR's EDI guidance.

3. Equality, diversity and Inclusion

What is equality, diversity, and inclusion?

Equality

- 3.1. Equality is about ensuring that every individual has an equal opportunity to make the most of their life and talents. No one should have poorer life chances because of the way they were born, where they come from, what they believe, or whether they are disabled. Historically certain groups have experienced discrimination because of their protected characteristic due to age, disability, gender reassignment, marriage or civil partnership (in employment only), pregnancy and maternity, race, religion or belief, sex and sexual orientation, according to the Equality and Human Rights Commission.
- 3.2. Equity and equality are interconnected concepts. Equity ensures that in addition to providing equal opportunities, individuals are also given the resources they need to be able to achieve the same things as others as it recognises that everyone has different needs and circumstances. Equity requires differentiating access to resources or opportunities based on existing privileges.
- 3.3. The Cambridgeshire County Council's Equality, Diversity and Inclusion Strategy defines equality to mean fairness, ensuring that individuals, or groups of individuals, are not treated less favorably because of their protected characteristics. It also means equality of outcomes by identifying barriers and biases and taking targeted action to overcome specific inequalities, discrimination, disadvantages and marginalisation experienced by certain groups and individuals, including the protected characteristics under the Equality Act 2010. It defines equity as recognising that each person has unique needs and circumstances, and adjusts treatment, resources and, opportunities accordingly so that the result is equal. Equity is a solution for addressing imbalanced social systems.

Diversity

- 3.4. Diversity refers to recognising, respecting and valuing differences in people.
- 3.5. In the UK, it is illegal to discriminate against someone on the basis of certain protected characteristics. The Equality Act 2010 prohibits less favorable treatment on the basis of nine protected characteristics - Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation.
- 3.6. It is also worth noting that 'diversity' captures differences which may not be immediately apparent upon meeting someone, for instance, sexual orientation, care experience, religion or belief, neurodiversity, socio-economic background and many forms of disability, including mental health conditions, albeit not all listed above would be classed as a protected characteristic.
- 3.7. The Cambridgeshire County Council's Equality, Diversity and Inclusion Strategy defines diversity as recognising that everyone is different in a variety of visible and non-visible ways and those differences are to be recognised, respected, and valued.

Inclusion

- 3.8 Inclusion refers to an individual's experience within their workplace and in society, and the extent to which they feel valued and included. Inclusion means capturing the voices of all, allowing people to fully participate, irrespective of their individual characteristics. Inclusion is positively embracing differences to create a group where different perspectives and opinions are valued and encouraged.
- 3.9 Inclusion means including people in a way that is fair for all, fostering an environment where everyone feels respected, valued and that they belong. The Cambridgeshire County Council's Equality, Diversity and Inclusion Strategy defines belonging as a sense that individuals feel included at work, accepted and valued for who they are, and that they identify with the values of the organisation.
- 3.10 Equality, diversity, and inclusion are interlinked and although having people with different identities and life experience might mean that a governing body for example is more diverse, in reality if those individuals are not respected or heard, the governing body would not benefit from the experiences of those individuals.

Why EDI is important for the Fund.

- 3.11 There has been a steady increase in membership within the Cambridgeshire Pension Fund and EDI considerations are importantly becoming good practice to ensure Funds are administered in a way that works for everyone.
- 3.12 A diverse and inclusive Committee and Board with a broad range of characteristics, life experiences, expertise and skills will lead to:
- Wider discussion encouraging new thinking and approaches.
 - More effective decision making that reflects members needs and values.
 - Improved value for money for members.
 - Deeper understanding of issues that have a real influence on members incomes.
 - Better decision making that impacts quality of life for a wide range of individuals.
 - Greater understanding, insight and empathy for scheme beneficiaries (such as discretionary death benefits and ill health decisions).
 - Improved communications with scheme members.
- 3.13 The Pension's and Lifetime Savings Association guidance identifies that artificial intelligence based research into the performance of heterogenous versus homogenous groups has shown that diverse groups are better at:
- Paying attention to the key facts and assessing relevant evidence.
 - Reasoning.
 - Reaching the 'best conclusion'.
 - Explaining their decisions.
- These skills are highly desirable for members seeking to discharge legal duties and provide the best outcome for members.
- 3.14 Committee and Board members will likely possess some or all of these characteristics, but one of the key requirements with decision-making is the ability to take account of relevant

factors and disregard irrelevant factors so as not to reach a perverse or irrational conclusion.

The Cambridgeshire Pension Fund EDI action plan

The governing body

- 3.15 As per the Pensions Regulator governing bodies EDI guidance, having a diverse and inclusive Committee/Board can be broken down into actions associated with recruiting diverse representation, and actions aimed at the retention and continuous development of existing members.
- 3.16 The action plan located in appendix 1, includes the planned approach for implementing diversity and inclusion within Cambridgeshire Pension Fund recruitment and selection processes for members.
- 3.17 The first key area to consider will be training for Committee and Board members as well as Officers to ensure the right level of understanding is embedded before any further decisions are made.
- 3.18 Recognising there will be some barriers to EDI, such as requirements for membership to include individuals from certain cohorts and not attracting interest from a diverse group of candidates but it is the intention of the Cambridgeshire Pension to apply best practice where applicable.

Wider EDI activities

- 3.19 Building upon the Pension Regulators expectations, the Cambridgeshire Pension Fund in conjunction with Aon have identified additional activities to enhance the EDI approach of the Fund in other areas to ensure best practice where viable. The action plan therefore also includes activities for member communications, investment decisions and managing advisors and suppliers.

Pension Fund Board review

- 3.20 The Local Pension Board reviewed the action plan at its meeting of 26 April 2024 and were happy with the plan subject to the following considerations:

Section	Board suggestion	Officer comments
Fund appointments	To include the identification of barriers prior to the removal.	Content to include this.
Role of the Chair	To acknowledge that the role of the chair is also about treating members with respect and taking into consideration different viewpoints to reach a consensus.	The original wording is derived from sections of TPR guidance and is compliant with the expectations. Officers are happy to add in additional wording to reflect the wider skillset of the Chair if required.

Member communications	To update the Web Content Accessibility Guidelines from version 2.1 to 2.2	Content to update this.
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- 3.21 Representation being proportional to the Fund membership was also raised, this will be explored further with our governance advisors to establish whether data could/should be collected and if so how to ensure compliance with GDPR.
- 3.22 Upon Committee approval, the next stage will be to review the training requirements for the Committee, Board and Officers of the Fund with further updates being provided via the Business Plan Update reports at each meeting.

4 Relevant Pension Fund Objectives

To 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.

To 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.

To 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.

To continually monitor and measure clearly articulated objectives through business planning.

To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

To promote the scheme as a valuable benefit.

To deliver accessible communications to stakeholders.

To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.

To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

5 Risk management

- 5.11 There is a risk that the Fund does not have a diverse membership which could impact effective governance. There is also the risk that the Fund is not engaging with as many members/stakeholders as it could be to provide valuable scheme information.

- 5.12 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below –

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to act appropriately upon expert advice and/or risk of poor advice.	Green

5.13 The executive summary can be found on the Fund’s website at the following link:
[Cambridgeshire Risk Register](#)

6 Implications (including financial implications)

Resources and Financial

6.1 Officers worked in conjunction with Aon to produce the action plan. Officers will work with Hymans where appropriate on the execution of the plan.

Legal

6.2 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

Consultation

6.3 Squire Patton Boggs conducted a review of the paper for legal implications.

7 Community Impact

7.1 An impact assessment has been completed with a positive impact determined.

8 Background Papers

8.1 PLSA Diversity and Inclusion guide - [Diversity-and-Inclusion-Made-Simple.pdf \(plsa.co.uk\)](#)
 TPR EDI overview [EDI overview | The Pensions Regulator](#)

9 Appendices

9.1 Appendix 1 – Equality, Diversity and Inclusion (EDI) Action Plan

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 23/05/2024

Has this report been cleared by Head of Pensions? Mark Whitby – 29/04/2024

Has this report been cleared by Monitoring Officer? Emma Duncan – 21/05/2024