

# CAMBRIDGESHIRE PENSION FUND



## Pension Fund Committee

Date: 10<sup>th</sup> October 2019

Report by: Head of Pensions

<b>Subject:</b>	<b>Review of the effectiveness of the Pension Fund Committee</b>
<b>Purpose of the Report</b>	To provide feedback on the results from the effectiveness review survey.
<b>Recommendations</b>	<b>That the Committee notes the feedback and approves the plan of action to improve the effectiveness of the Pension Fund Committee in the areas identified.</b>
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### 1. Background

- 1.1 The need to regularly review the effectiveness of the Pension Fund Committee is considered good governance and is undertaken as an annual exercise. In June 2019 members were invited to complete a survey on how adequate they felt the current arrangements of the Committee 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 handed out at the meeting of the 13<sup>th</sup> June 2019 and were due for completion by 10<sup>th</sup> July 2019.

### 2. Response to the review

- 2.1 The survey to ascertain the view of the Cambridgeshire Pension Fund Committee was given to 11 members (including substitutes) and 10 completed questionnaires were returned. This represents an excellent return rate of 91%. Completion of the survey has become a mandatory feature of the Pension Fund Committee's Training Strategy when reviewed 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 Fund Committee 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 more than one member provided a 'no, disagree or strongly disagree' response.

Statement	Concern	Comments/Action
Members work effectively as a team?	Two members of the Committee felt that members did not work effectively as a team, comments were made around wider commitments, some members taking longer to get up to speed and new members integrating.	The Cambridgeshire Pension Fund Training Strategy is designed to allow members to acquire the required knowledge over a 2 year period and has previously been reviewed by the Committee, as established members leave there will undoubtedly be a skills shortage for a period of time which is unavoidable. The induction e-mail for new members consists of links to all relevant information for the Pension Fund and 1:1 sessions are available on request. In addition officers are always on hand to offer support/guidance if required. Officers are happy to take on any suggestions to facilitate new member further.
Members are provided with sufficient information in order to make effective and timely decisions?	Two members felt that sufficient information was not provided. One comment was made stating that occasionally more detail is required. Another comment concerned not receiving the information far enough in advance and the final comment was in relation to the induction of new members.	Officers aim to capture the key points in the reports and provide background papers with more detail to ensure that members make the best use of their time at the meeting. This will continue to be reviewed and more detail added to reports if deemed appropriate. The publication of the papers is controlled by Cambridgeshire County Council and is in accordance with the constitution.

I have good knowledge of the valuation process, including developing the Funding Strategy Statement in conjunction with the Fund Actuary?	Two members felt that they did not have good knowledge of the valuation process with a comment relating to the member being new and not being in position for the previous actuarial valuation.	As the valuation cycle is every three years, knowledge in this area is difficult to obtain due to the infrequency. For the 2019 valuation officers have arranged CIPFA training and arranged for the actuary to attend all meetings to provide additional clarity where needed.
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- 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.

## 7. Risk Management

- 7.1 The Pension Fund Committee are expected to have an awareness of how the Fund is operated and maintain appropriate skills and knowledge. The Pension Fund Committee 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 Pensions Fund Committee 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
7	Those charged with governance 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 relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green
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- 7.3 The Fund 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. Finance & Resources Implications**

- 9.1 There are no financial or resource implications as a result of accepting the recommendations within this report.

## **10. Legal Implications**

- 10.1 There are no legal implications as a result of accepting the recommendations within this report.

## **11. Consultation with Key Advisers**

- 11.1 There has been no consultation with professional advisers in the writing of this report.

## **12. Alternative Options Considered**

- 12.1 Not applicable.

## **13. Background Papers**

- 13.1 None.

## **14. Appendices**

- 14.1 Appendix 1 – Full analysis of the results of the survey
- 14.3 Appendix 2 – Actions taken against the areas for improvement from the 2017/2018 review

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 <sup>rd</sup> September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 16 <sup>th</sup> September 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 23 <sup>rd</sup> September 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 26 <sup>th</sup> September 2019

## Appendix 1 – Full analysis of the results of the survey

Question	Answers based on 10 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?	100							However some meetings are too long and it might benefit members to hold additional meetings. As far as I know, but I am a substitute member so don't have experience of how the workload is helped (or otherwise) by the timing and the number of the meetings, as I probably only attend 1 or maybe 2 meetings annually.
Members work effectively as a team?	60	20						It is difficult to comment as I have only attended two meetings since appointment (no answer selected). Mostly. Yes, although some members take longer to get up and running. With wider commitments, hard to spend enough time. I have seen no evidence that we do. Almost always non-politically. Don't really know how new members integrate, I wouldn't call it 'team' I don't know whether as the members communicate between meeting cycles to forward the work of the committee (no answer selected).
Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor	Disagree (%)	Strongly Disagree (%)	Comments

					Disagree (%)			
The quality of reports meets the expected standard?	100							<p>Reports are generally thorough and sometimes even beyond what I think would be necessary bearing in mind it's easier to request reports than complete them. Overall yes but occasionally some could be enhanced by greater detail. Generally.</p> <p>Yes but I think the pensions companies should be mindful that they are communicating with those who are not as expert as they are and on behalf of members of the scheme, so plain language and non-jargon would help.</p>
Members are provided with sufficient information in order to make effective and timely decisions?	70	20						<p>Overall yes but occasionally some could be enhanced by greater detail. Not far enough in advance on occasion. I don't feel that I have been given enough induction information and have said so with little response. Don't think I'm able to comment either way about this (no answer selected).</p>
I understand my role and obligations under the LGPS Regulations and the terms of reference for the Board I serve on?	100							<p>I believe so, I don't think I have seen a terms of reference, can one be posted on the committee web-pages so that it's available for all? I have seen Appendix A to the Constitution (Is that what you are referring to as 'TOR'?</p>

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
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?	70	10						I believe this to be true as regards investment however not so well briefed on pension distribution/monitoring/admin (no answer selected). This might be a good topic to discuss and underline at a future meeting because some members are relatively new to their role and responsibilities (no answer selected).
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							Just looked at this now.
Members are provided with good quality policies and strategies for review/ approval?	90							However it has taken me 2 years to understand the in depth detail and knowledge required. Not able to comment as don't have any comparison (no answer selected).
I have knowledge of the Pensions Administration Strategy and how services are delivered?	90	10						However it has taken me 2 years to understand the in depth detail and knowledge required. New website is impressive.

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
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?	80	10						<p>I would probably benefit from more prompting around training.</p> <p>Although I understand that CIPFA provides guidance only!</p> <p>Time an issue for senior members.</p> <p>I think a review of points attributed to courses is needed and more online training opportunities would help ensure members met the necessary standard (no answer selected as picked both).</p> <p>I don't think I have seen the Training Strategy.</p> <p>The correct level is not a good term.</p> <p>Yes, but I think it would be better if there was a clearer pathway describing the training needed and where to get it. I think there should be less reliance on the long conferences, they are not a form of training that I favour. Maybe there should be more use of methods like short videos that can be replayed when convenient. One of the podcasts I listened to was dire – pensions 'experts' don't always have the expertise to translate their knowledge into readily understandable language.</p>



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?	80	10						Just about good enough. Some understanding (no answer selected).
I have a good understanding of the role of both internal and external audit in the governance and assurance process?	90							Just about good enough. Some understanding (no answer selected).
I have an understanding of the background to current procurement policy and procedures and the associated values including the roles of key decision makers?				50	40	10		As a new member this is an area for further development. I could do with improving understanding in this area. Still learning as we touch on new avenues of investment.
I have an understanding of how the Fund monitors and manages the performance of their outsourced providers?			10	60	30			As a new member this is an area for further development. Still learning as we touch on new avenues of investment. I believe the monitoring reports are good and clear.
I understand the role of the Funds investment advisors?			30	70				

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?			50	40		10		This should be 2 questions, a yes to the first and no to the second.
I have an understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.)?			30	70				
I have an understanding of the importance of the Fund's Statement of Investment principles?			30	70				
I have a general understanding of the role of the Fund's Actuary?			20	80				There is always that hidden factor around the corner!
I have a broad understanding of the implications of new employers joining the fund and of the cessation of existing employers?			50	40		10		
I have good knowledge of the valuation process, including developing the Funding Strategy Statement in conjunction with the Fund Actuary?			30	50		20		I wasn't a member during the last valuation process.

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
Do you have any additional comments?								I would like to thank the officers for all of the hard work and dedication that they put into CCC Pension Fund.

## Appendix 2 – Actions taken against the areas for improvement from the 2017/2018 review

Area for improvement	Concern	Comments/Action	Action completed?
Members are satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision.	No comment provided	Officers are continually monitoring how best to deliver reports including associated risks. This will be looked at in 2018/19.	<b>Yes</b> – The Risk Strategy and Risk Register have been reviewed and seek approval at this meeting. The risk sections of the reports have been updated and are continually being improved.
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.	<b>Yes</b> – A policy review plan has been presented to the Local Pension Board to monitor progress. Several policies have been reviewed in this financial year and a plan is in place for next year's reviews.
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.	<b>Yes</b> – More time is allocated to more relevant papers which require a decision to be made. The background section is used where appropriate to provide a summary of previous discussions etc.
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.	<b>Yes</b> – The Risk Strategy and Risk Register have been reviewed and seek approval at this meeting. The Pension Fund Committee will review on a biannual basis going forward and the Local Pension Board will monitor quarterly highlighting any concerns to the Pension Fund Committee.

Area for improvement	Concern	Comments/Action	Action completed?
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.	<b>Yes</b> – The new website was launched in early 2018, it has been reviewed under the plain English campaign and has been made more user friendly.
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.	<b>Yes</b> – Additional meeting can be held when deemed appropriate to discuss a particular matter. There has been additional discussions held around asset pooling issues via meetings and utilising training days.