

Oxfordshire Pension Fund

Governance review

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Ian Colvin
Head of Public Sector Benefit Consultancy & Governance

Andrew McKerns
Benefit and Governance Consultant

For and on behalf of Hymans Robertson LLP

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Governance review

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1 Executive Summary

The purpose of this governance review is to provide Oxfordshire Pension Fund with an assessment of where it stands in relation to its legal requirements in respect of the LGPS, as well as the expectations of The Pensions Regulator and the themes emerging from the LGPS Scheme Advisory Board's Good Governance project.

Our governance review considers the following areas:

Objectives and Strategy - key to the success of the Authority, covering all the elements of management and administration of the Fund, providing clarity in terms of the Authority's direction, ensuring a greater focus to the business of the Fund and managing risks appropriately.

Business Planning - setting out all the planned activities for the short and medium term, forming the focus for Authority and Board meetings and supporting the delivery of the Fund's objectives, which is all part of a cycle of good governance.

Excellent Delivery - ensuring the Authority has appropriate staffing resource to achieve its objectives, be that in relation to investment, funding, administration or governance, meeting the steady increase in the number of overriding legislative requirements on pension administration teams and other officers charged with managing the Fund.

Risk Management - having a proper risk management framework in place allowing those responsible for the management of the Fund to understand the types of issues that might adversely impact it and assist in preventing issues arising or helping to reduce their impact where they do arise.

Decision Making - having clear objectives in place ensuring each decision being taken is linked to a stated objective and helping keep the Authority on track in achieving its strategic aims.

Findings

Our conclusions are that the Oxfordshire Pension Fund is generally very well run and that the key governance framework expected of an LGPS Fund is in place. However, there are areas where we have recommended changes and further review take place to continue to enhance the Fund's governance.

Evidence gathered during the review indicates that there is good officer engagement within the Committee and Pension Board. However, there appears to be poorer engagement between the groups themselves. The main cause of tension is a difference in interpretation of the role of the Pension Board and, in particular, what issues should be raised by Board members at Committee. Respectful and critical engagement between the main decision making and the oversight function is a key characteristic of a well-run LGPS fund. This governance review has indicated that improvement and clarity in these areas will be key to enhancing the governance arrangements at the Fund.

Fund leadership is strong, with the Head of Fund role provided by the Services Manager (Pensions). There is a clear vision of how the organisation should be run in order to be ready for the challenges of the future. The Services Manager (Pensions) is supported by a good team of officers, including an experienced Administration manager and Investment manager. The Fund's leadership team display a culture of improvement and, following Pension Board suggestions, we have recently seen positive changes to business plan reporting and clarity of business objectives. These changes have resulted in stronger engagement between Officers and Board/Committee. Ultimately, this type of internal scrutiny will continue to benefit the Fund, its members and scheme employers.

Key recommendations

We have recommended the following key proposals:

1. Role and responsibilities to be clearly defined to the Committee and Pension Board.
2. Committee and Board engagement to be reviewed.
3. Key person risk to be mitigated via a Governance officer support for the Fund.
4. Training plan outcomes to be supplemented by mandating engagement for Committee and Board members

2 Introduction

This report is addressed to Oxfordshire County Council as the Administering Authority for the Oxfordshire Pension Fund (“The Fund”). The Pension Committee of the Oxfordshire Pension Fund commissioned Hymans Robertson to undertake a Governance review of the Fund to provide an assessment of where it stands in relation to its legal requirements. Furthermore, the Committee require analysis of the Fund’s Governance as set against the expectations of the Pensions Regulator and the current Scheme Advisory Board (“SAB”) Good Governance project. Our review measures the Fund against the following specific criteria:

- Clarity of function. Are functions clearly delineated and areas of responsibility well understood and clearly communicated at both individual and team level?
- Knowledge and skills. Is the training offering and uptake robust enough to enable the Committee to function effectively and challenge external advice when required?
- Appropriate resource. Does the team have the right number of individuals required to effectively deliver all the functions required of it?
- Resilience of structure. Does the structure of the organisation provide protection against key person risk? Are steps taken to avoid too much expertise residing in too few individuals, which can result in knowledge gaps in the organisation?
- Future Proofing. Is the structure appropriate for the current challenges facing the LGPS and the likely future direction of travel, for example the Scheme Advisory Board’s Good Governance Review?

In **section 5** we have set out the approach we have taken with the Governance review for the Fund.

This review began in October 2020 with the collation of Oxfordshire Pension Fund policies for a high-level assessment. Through November 2020 Hymans sought views from Committee members, Board members and Officers via an effectiveness review (see **Section 7**). In the later part of November and early December 2020 this information was supplemented by one to one interview’s with Committee, Board and Officer representation. The review then progressed through to the analysis of the practical Governance of the Fund. In order to gain that practical evidence, Hymans attended a Pension Committee meeting (December 2020) and Pension Board meeting (January 2021). Following the collation of this information, Hymans analysed and compared this information based on 3 key characteristics:

1. Expectations and requirements of the SAB and Pension Regulations (LGPS Regulations and wider pension legislation)
2. Expectations and requirements of the Pension Regulator (“TPR”)
3. Hymans experience and knowledge of governance best practice within the LGPS and wider pension trustee landscape

This report therefore provides the Oxfordshire Pension Fund with the conclusions we have reached based on the evidence received. We have provided our analysis of the present governance position of the Fund and, where appropriate, our recommendations for improvements.

Where we have included comments on legal elements of the Oxfordshire Pension Fund, this has been completed in our capacity as Governance consultants. We are not legal experts and therefore our comments should not be taken as legal advice. Furthermore, we would advise that this report does not include:

- Assessment of Fund investment matters, other than the high-level review of where responsibilities should lie within the Council constitution and within the Funds investment pool;
- Detailed assessment of the Fund's administration performance and administration accuracy
- Detailed assessment of the previous and current work of the Committee and Pension Board. Though we have used the Board's terms of reference¹ to aid conclusions reached within this review
- A review of the funds business plan and risk management, other than the reporting elements of both these areas and specific comments provided by participants in both the effectiveness review, one to one interviews and observation meetings

¹ [BIR_EMP\1940749\1 \(oxfordshire.gov.uk\)](#)

3 Background and current situation of the Oxfordshire Pension Fund

In recent years we have seen governance gain greater prominence as part of LGPS Pension Committee business. This is mainly as a result of the increased scrutiny of public service pension schemes. Furthermore, the context in which LGPS funds operate has changed considerably in terms of complexity and sheer volume of work. In preparing this report we considered the current challenges faced by Oxfordshire, and many other funds. These include but are not limited to:

LGPS background

- The additional resource strain on LGPS administration due to the career average benefits structure, various historical protections, annual and lifetime allowance requirements, and most recently the exit cap reforms. The impact of such changes on administration teams is significant;
- The fact that the volume of work has increased as a result of an increase in the number of employers in the Fund;
- New governance arrangements, effective from April 2015, in the shape of local pension boards and a central role for The Pensions Regulator. The TPR in particular is focusing on the LGPS and funds face increased compliance and reporting duties.
- Expectations from employers have changed (e.g. employers have increasingly technical questions). Similarly, there are greater expectations in terms of what employers must provide in respect of data. Both factors increase the importance of good employer engagement, which in turn requires greater Fund resource;
- Expectations from members have changed – similar to employers, members are increasingly asking more technical questions (e.g. tax implication questions) and members are expecting both a clearly understood and quicker return of information to them than seen in years past.
- The move to pooled investments and an increased focus on ESG investment targets putting extra strain on senior officers and Committee members.
- Increasingly, legal cases or changes of government policy result in large scale projects and greater workload. The most current example of this is the McCloud ruling.
- Changes to accounting rules mean that year end accounts are more detailed and must be produced earlier than previously required.

Current and recent Oxfordshire PF situation

- There are 11 members of the Oxfordshire Pension Fund Committee appointed according to political balance requirements. The ruling Conservative Party currently provide over half of the members. In addition, there are two voting co-opted members from district councils.
- There are 7 members of the Oxfordshire Pension Fund Board including its current independent Chair Matthew Trebilcock (Head of Pensions for the Gloucestershire Pension Fund)
- The Fund has recently increased the size of its Committee due to the need to maintain political proportionality. The current membership is eleven. Following the statutory requirement for pooled

investment vehicles to be created for LGPS funds, the Oxfordshire Pension Fund is a founding member of the Brunel Pension Partnership (“BPP”). BPP is one of the 8 national LGPS pools

- The Fund has had recent first-hand experience with TPR following self-reporting a breach as a result of some member annual benefit statements not being distributed by the statutory date.
- In order to improve data transfer and data record keeping, the Fund has recently purchased from their pension system provider (Heywood) the iConnect functionality. This middleware product allows the uploading of monthly data reports from Scheme employers.
- Local elections are scheduled to be held during May 2021. There is the prospect, as with many other LGPS funds that there will be change in the personal on the Pension Committee after this period.

4 Additional context

Good Governance

In January 2019 the LGPS Scheme Advisory Board (“SAB”) commissioned Hymans Robertson to assist in delivering a review of governance across the LGPS.

The purpose of the review was to consider existing governance arrangements and consider ways in which gaps could be identified and addressed, good practice shared more widely, and greater transparency provided. In particular the project was required to consider how conflicts of interest within current LGPS models are addressed and managed and that the LGPS remains appropriately resourced and able to deliver its statutory functions. The SAB was clear that only recommendations that retain a link with local democratic accountability were to be considered.

As part of the considerations, the SAB specifically asked that four different models of LGPS delivery be consulted upon, with each model providing progressively greater autonomy for the LGPS function from the host council. After widespread consultation throughout the industry, the Good Governance Review concluded that no single form of structure should be imposed on LGPS funds and the Review focused on an outcomes-based approach to governance standards. Throughout this paper we consider how the principles outlined within the Good Governance Review are being met by the Fund and suggest any areas where improvements can be made.

At time of writing the SAB’s Good Governance recommendations have been submitted to MHCLG for them to take forward. However, it is our view that although not formally adopted the Good Governance Review provides a suitable framework against which to consider LGPS funds’ governance. Our general observations on the Oxfordshire Pension Fund are set out below;

LGPS Senior Officer

In order to ensure the accountability for fund governance, the Good Governance Review proposed that each administering authority must have a single named officer who is responsible for the delivery of the pension function. (“the LGPS senior officer”). It was acknowledged that there may be different ways to achieve this but that the Senior Officer should be suitably qualified and experienced and have the capacity to assume the role. It should be a person close enough to the running of the Fund that they have sight of all aspects of the fund’s business.

Although the formal designation of the LGPS Senior Officer does not yet exist, in our view the functions of that role are currently carried out by the Service Manager (Pensions).

Conflicts of Interest Policy

Administering authorities must evidence that conflicts, and in particular, potential and perceived conflicts, as well as actual conflicts are being identified, monitored and managed.

The intention of the Good Governance Review was to go further than simply relying on the local authority’s register of interests and code of conduct. Instead administering authorities should publish a specific LGPS conflicts of interest policy that relates to the management of monies for paying pensions to scheme members. In addition, the policy should state how the administering authority identifies, monitors and manages conflicts.

It is our understating that the Oxfordshire Pension Fund does not have a fund-specific conflicts of interest policy.

Recommendations 1

Develop a fund-specific conflicts of interest policy.

Representation

Each fund should produce and publish a policy on the representation of scheme members and non-administering authority employers on its Committees, explaining its approach to representation and voting rights for each party. The SAB's view is that it would expect Scheme managers to involve employers and member representatives on any relevant Committees:

- The Oxfordshire Pension Fund Committee does have one non-voting scheme member representative.
- It is our understanding that the Oxfordshire Pension Committee has representation from District Councils, but not the wider employer base. Based on data from the 2019 Actuarial Valuation², the Fund active membership is made up of approximately 30% from the Academy sector and over 10% from Oxford Brookes University. While both groups hold nearly half of the Fund membership, they are not represented on the Committee. In terms of active membership representation, the District Council have around 10-15% of the Funds membership. Given the increasing prominence of the education sector in the Fund, we believe that consideration should be given to providing representation for the academy and college sector on the committee.
- However, we do recognise that simply adding additional posts to the Oxfordshire Pension Committee could mean that it becomes unwieldy. This is particularly so because of the need to retain a voting majority for largest party of Oxfordshire CC. For example if the number of voting members was increased by 3 then the number of Oxfordshire County Councillors would need to increase by more than 3 in order to maintain both political proportionality among the Oxfordshire CC members and retain an overall majority for the largest party among all voting members.
- One option to resolve this issue might be to make only members of the County Council full voting members and the other members would become non-voting members. Non-voting members would be expected to participate fully in meetings and be able to ask questions and raise points on exactly the same terms as voting members. They would also have access to the same papers, training and advice and have the same obligations regarding attendance as a voting member.
- It should be noted that the Pension Committee operates on a consensus basis and in reality there would be little practical difference by introducing more non-voting members, however, the approach allows for exceptional situations and provides a safeguard to Oxfordshire County Council, which as administering authority is ultimately responsible for the management of the Fund.
- Limiting voting to members of the County Council, would allow for the addition of new members to the Committee without the need to expand it to an impractical degree. The addition of new members to the committee would better reflect the Fund's current employer profile and would be consistent with the Scheme Advisory Board's expectations.

² [ValuationReport \(oxfordshire.gov.uk\)](https://www.oxfordshire.gov.uk/valuation-report)

Recommendations 2

Oxfordshire CC to consider whether the composition of the pension Committee should include wider scheme employer representation and/or scheme member representation in line with the SAB's recommendations.

Below is an example of a possible committee structure for consideration, although we recognise that the numbers and composition of County Council members will need to change over time to reflect changes in the overall Council's political make-up.

- 5 voting members of the County Council
- 2 non-voting members of the Academy sector
- 1 non-voting scheme member representative
- 1 non-voting member of Oxford Brookes University
- 1 non-voting member of District Council

Knowledge and Skills

The Good Governance Review noted the need for enhanced levels of training for key LGPS individuals. While there exists a statutory duty on members of local pension boards to maintain an appropriate level of knowledge and understanding to carry out their role effectively, no such statutory duty applies to those sitting on s101 Committees (although there are certain other requirements and expectations),

The Oxfordshire Pension Fund participated in the 2020 National Knowledge Assessment, which itself indicates a commitment to knowledge and skills. Although, the results of the assessment were mixed, the Fund has put in place a training plan and is committed to addressing any areas where knowledge is lacking.

We discuss training in more detail in **section 10**.

Service delivery for the LGPS function

The Good Governance Review proposed that LGPS funds should be able to evidence that their administration and other resource (quantity and competency) is sufficient to meet regulatory requirements and that their budget is appropriate to deliver this. In this context administration refers to all of the tasks and processes required to deliver the Scheme and is not limited to the calculation and payment of benefits.

The Oxfordshire Pension Fund already has in place an administration strategy, which was one of the recommendations of the Review.

Furthermore, the members of the Pension Committee have a role in agreeing the Fund's business plan, ensuring that they have input into the priorities and workplan of the pension team.

A full breakdown of the Good Governance Review's recommendations can be found in **Appendix 3**.

MHCLG (DCLG) Statutory guidance on Governance compliance

Existing statutory guidance³ for LGPS funds Governance compliance statements details the following key principles:

- The management of the administration of benefits and strategic management of fund assets clearly rests with the main Committee established by the appointing council
- Given the not insignificant costs involved in running funds, LGPS Committees and panels need to receive regular reports on their scheme administration to ensure that best practice standards are targeted and met and furthermore, to satisfy themselves and to justify to their stakeholders that the Fund is being run on an effective basis.
- Certain administration issues under the scheme's regulations "*are key decisions which should be subject to the rigorous supervision and oversight of the main Committee*". This highlights the importance of good reporting to the Committee and of their role as a Decision-making body as it pertains to their fund's administration.

The role and powers of the Pensions Regulator

The Pensions Regulator is charged with regulating work-based pension schemes in the UK. It works with trustees, employers, pension specialists and business advisers, giving guidance on what is expected of them. Until 2015 the only real interaction between the Pensions Regulator and public service pension schemes like the LGPS was limited to the payment of employer and employee pension contributions.

However, since the introduction of the 2013 Public Service Pension Act, the remit of the Pensions Regulator in relation to public service pension schemes has been greatly extended. As a result, it has an important part to play in ensuring all those with an interest in the LGPS fulfil their obligations. As such the Pensions Regulator is seeking to ensure that all statutory objectives that are set out in legislation are met, as well as promoting and improving understanding of the good administration and governance of the scheme to protect member benefits.

In addition to the code of practice the Pensions Regulator can also undertake surveys of public service pension schemes, to measure performance against the standards expected. Where serious failings are identified it can, in certain circumstances, levy fines or issue improvement notices.

More and more LGPS funds are recognising that in order to meet the Regulator's standards they must make the investment in terms of recruitment, training and delivery.

³

https://lgpsregs.org/timelineregs/Statutory%20Guidance%20and%20circulars/Governance_Statutory_Guidance.doc

5 Approach

In undertaking this review we have gathered information from the following sources:

- Completion of an effectiveness questionnaire issued to all Pension Committee and Pension Board members, seeking their views on a variety of governance related issues (structure & culture, management of meetings, knowledge & training, risks & conflicts, advisers, documents and policies) – responses received are summarised in **Appendix 2**;
- A desk top review of key documents, reports, policies and statements, including:
 - Funding strategy statement;
 - Investment strategy statement;
 - Administration strategy;
 - Breaches of Law policy;
 - Communication policy;
 - Administering Authority discretions;
 - Pension Fund Annual Report 2019/20; and
 - Governance Policy and Compliance Statement

Our comments on these documents is set out in **Appendix 4**

- Conversations with key members of the Fund throughout December 2020. A full list of these individuals can be found in **section 6**.

In order to provide a context for these conversations we relied upon the following:

- Personal experience of managing teams within an LGPS fund.
- The collective experience of the Hymans Robertson Governance Team which includes colleagues with direct experience of large and medium sized LGPS funds.
- Direct experience of previous governance assessments conducted by Hymans Robertson, with a specific emphasis on team structures and officer responsibilities.
- Attendance at the Pension Committee on 4 December 2020 and the Pension Fund Board on 22 January 2021.

We would like to thank all officers, elected members and Pension Board members for their assistance during our review.

6 Key findings: Officer, Committee and Board interviews

As part of the Governance review process, we interviewed a number of key people from the Fund to ensure a variety of perspectives. The following were kind enough to provide their opinions;

- Chairman of the Committee - Kevin Bulmer
- Board member – Bob Johnston
- Board member – Alistair Bastin
- Board member – Lisa Hughes
- S151 Officer – Lorna Baxter
- Service Manager (Pensions) – Sean Collins
- Administration manager - Sally Fox
- Investment manager – Greg Ley

Questions posed

The interviews conducted were of an informal nature to encourage free flowing conversation and capture any areas of concern that interviewees may have had. However, we included the following questions in each interview for reasons of consistency.

1. **What standard of service do you think the Oxfordshire Pension Fund provides for scheme members and for employers?**
2. **Are the roles of the Committee, board and officers clearly defined and understood? Is there accountability for those roles?**
3. **Is the Committee/board well supported by officers?**
4. **How comfortable are you that the Fund meets all of the expectations of The Pensions Regulator?**
5. **Does the Fund have clear objectives which are supported by a business plan?**

Summary findings

We have summarised the key findings from those conversations below. The comments are not necessarily direct quotes but do reflect the opinions of the interviewees. The comments reflect personal views and are not entirely consistent between respondents.

Area	Feedback
Service Delivery	<p>To Scheme Members</p> <ul style="list-style-type: none"> • Service impacted by staffing issues over the past few years, particularly in relation to annual benefit statement. Self-reported to TPR and Fund issued an improvement notice. As a result, officer core has been strengthened and backlog reduced. • Committee are very conscious of service delivery to members. • Currently having discussions about issuing an online survey to members in order to gain feedback. This will further the Funds understanding of its current service standards and areas where it may look to concentrate efforts to improve. • Level of complaints from members is low – around 7 complaints last year but mostly relating to Ill Health decisions. <p>To Employers</p> <ul style="list-style-type: none"> • Team do a good job delivering to employers and Fund – regular newsletters and engagement. • There is an effort to engage employers, but it can be difficult – for example there was very little response to the consultation on the Investment Strategy Statement • Employer forums are good, particularly when they bring in actuaries. This demonstrates the efforts made by Fund officers to inform and raise engagement with Scheme employers.
Clarity of roles	<ul style="list-style-type: none"> • Roles in the Committee and Board don't always seem to be understood. • Committee should be driving and Board keeping them accountable, this doesn't seem to be happening in practice. • The Board's purpose is not always clear. • Some responders felt that the Committee doesn't take the Board's role seriously.
Strengths	<ul style="list-style-type: none"> • Service Manager (Pensions) seems to have a strong understanding of all roles and aspects of Fund. • Fund is taking TPR's opinion seriously and is more stable. • Responders were mainly comfortable that the Fund is up to date with administration issues such as annual benefit statements and wouldn't face any problems with the Pensions Regulator. • Committee and Board members feel fully supported by officers. • Officers have a wide range of technical and legislative expertise. • Clear engagement of S151 officer with Committee.

Area	Feedback
Weaknesses	<ul style="list-style-type: none"> • Concern about lack of training and knowledge on Committee. • Strategy clear but struggle to achieve because of administration resource. However, recent evidence is that administration resource may be easier to fill. The challenge will be finding the appropriate quality and knowledge. • Not seeing any challenge from Committee on progress against business plan. • Could do more to improve Governance. • Sense that volume of work is overwhelming for officers. • Time pressure often overrides decision making at meetings. • Aware of key person risk, particularly senior officers.

Hymans comments

Key themes that were observed from the interviews –

- Roles and responsibilities are not always clearly understood, and the Board feel that the feedback they provide isn't always considered by the Committee. At every Board meeting the Board agrees any issues or comments it wishes to take to the Committee. This is done in the form of a Board report. However, there are occasions where members of the Board wish to raise additional points at Committee and the process for this is unclear.
- Required knowledge to be on Committee has escalated considerably over the last few years. A robust training plan should be put in place including a way to evidence training with the goal of increasing and mandating engagement.
- Officers are highly effective in their roles, but they can be under-resourced and sometimes limited by the technology available. This issue has previously impacted service delivery and the Fund are keen to avoid this happening again.
- Succession planning and spreading knowledge is of key importance. There is a feeling that the Fund is currently facing a key person risk. Furthermore, with the increased focus on governance arrangements as a result of the SAB Good Governance work and TPR's ongoing wider LGPS scrutiny, there is a risk senior fund officers will be spread too thin when dealing with additional governance requirements.
- At Committee meetings there is a strong focus on Investment, this has raised concerns about Governance and Administration being overlooked - in particular that the Risk register could be neglected, and less focus given to managing risks.
- Reporting could be improved to better track progress against the Business plan. Progress in this area has been acknowledged, however objectives and measurables could be further clarified.

Recommendations

Recommendations 3

Review the terms of reference for the Committee and Board and ensure that the roles and responsibilities of both groups are clearly documented and understood. There should be a clearly understood and agreed mechanism for Board members to take views to the Committee.

Recommendations 4

To reduce key person risk and the immediate governance responsibilities for the Fund with respect to the Good Governance project, we would recommend that consideration be given to a Governance officer role being created at the Fund. This role should be there to support the Service Manager (Pensions) and the service delivery of the Fund.

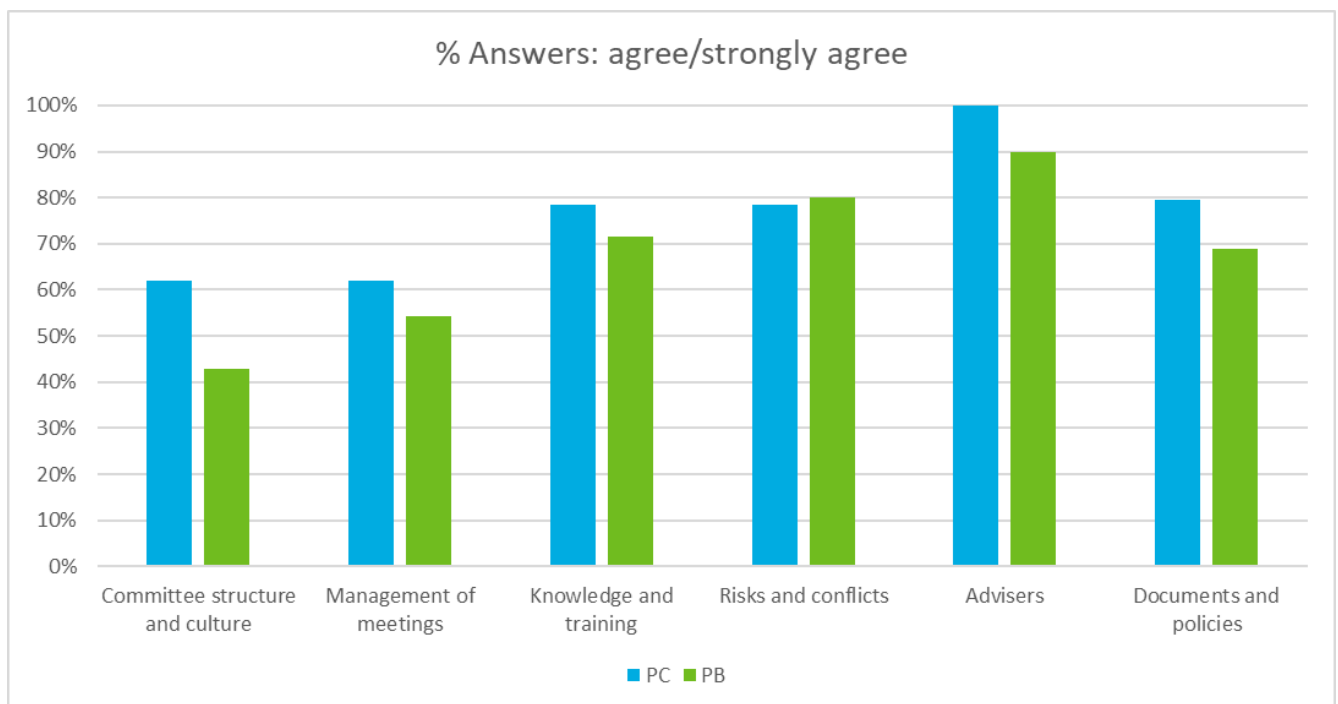
7 Effectiveness review survey

As part of our information gathering exercise we issued an effectiveness questionnaire to all Pension Committee (PC) and Pension Board (PB) members seeking their views on a variety of governance related issues (structure & culture, management of meetings, knowledge & training, risks & conflicts, advisers, documents and policies) – responses received are fully summarised in Appendix 2.

A total of **6 out of 11** PC members and **5 out of 6** PB members (NB at the time of the Effectiveness review, there were only 6 members on the PB) responded to the questionnaire. Members were presented with 41 statements, over the 6 subject areas and were given 5 optional answers based on the strength of agreement or disagreement with the statements provided.

High Level Summary

The following chart shows the percentage of responses in each section where members selected either “**agree**” or “**strongly agree**” within the statement.



Section 1 Committee Structure and Culture

Commentary / recommendation

This area had the lowest agreement within the 6 areas assessed. Responses to the statement on the Committee and Board working effectively as a team elicited the strongest disagreement. Comments received from participants indicated that there was little to no partnership between the groups. There was also evidence of frustration from Board respondents to the Committees acceptance of the Boards insight and knowledge on pension topics.

“There is a lack of willingness amongst the Committee to “receive” the local pension board’s knowledge and to allow them full input to do their role.”

Other areas of low agreement were on the distinction between roles of the Committee, Board and Officers and on the size of the Pension Committee.

There was however more agreement on members of both groups being clear on the Funds objective and on participants understanding their own roles and obligation under the LGPS Regulations and the Committee/Board terms of reference.

Recommendation 3 in section 6 of our report are applicable as a potential remedy to these frustrations.

Section 2 Management of meetings

Commentary

This was the second lowest area of agreement within the effectiveness review. Many responses in this section stated neither agree nor disagree with the statements used. This middling review was clearly demonstrated on the statement regarding whether a suitable structure exists to ensure any issues can be appropriately escalated.

The strongest area of disagreement was whether there was sufficient time at meetings to discuss all issues appropriately.

Further, some comments received within this section highlighted a frustration that the Boards views were not taken into account by the Committee.

There was also a view expressed that issues can be strongly pushed through by members when they are not necessarily qualified to reach the right conclusion.

There was however mostly good agreement that meeting frequency is appropriate and that meetings are productive. Majority of respondents also agreed that the Chair has the right qualities in order to perform the role.

Hymans Comment – Where stakeholders feel that agenda items are not appropriately considered by the Committee/Board as a whole or that individual members are pushing a specific agenda; this concern should be raised directly with the Chair and Service Manager (Pensions).

Recommendations 5

Fund officers to review options to expand discussion time for Committee/Board issues. Given respondents agreed that meeting frequency was appropriate, an innovative approach will have to be considered. We would recommend that a specific annual business meeting is arranged and implemented at the Fund.

Section 3 Knowledge and Training**Commentary**

There were significant positive responses from both the Committee and Board members regarding questions around availability of information and support from officers.

- *“Regulatory changes and the implications of these are clearly communicated to us in plain English.”*

Responses became less positive when commenting on completion of training and time available to complete training.

Statement 3.3 - There is sufficient time dedicated to gaining the appropriate knowledge and understanding?

- *“The Board have all completed training course, not all the Committee have and this is a cause for concern.”*
- *“It is easy to presume that members are fully au fait with financial and legal implications- in many cases they are not- this leads to innocent decisions”*

Hymans Comments – Section 10 of this report deals specifically with training and development of both the Committee and Board. It confirms that a training plan has been formalised at the Fund and of the increased focus and importance by Committee, Board and Fund officers.

Section 4 Risks and Conflicts

Commentary

Responses in this section were mostly 'strong agreement' or 'agreement'. Overall, this would indicate that the Fund is comfortable with the current position of risk management.

However, despite receiving only neutral or positive responses to the statement below, this was slightly contradicted by the **comments** received on statement 4.4 and responses within one to one interview conducted as part of this review.

Statement 4.4 The Committee/Board is given adequate opportunity to input into the development of and actions within the Fund's issues log

- *"Fund risk register should be sent round members in advance for suggestions/comments, which are then relayed/discussed at meeting."*
- *"I am not sure whether the Board has sufficient opportunity to input into the development of actions on the Risk Register"*

Hymans Comment – Given the mostly positive responses on issues of risks and conflicts, the individual stakeholder comments indicate that the Fund satisfies its statutory requirements but that the process of risk assessment should be reviewed.

Recommendations 6 and 7

6. Fund officers to review the current process used for risk review at the Fund, as a result of the Committee/Board comments.

7. In order to maintain the practical assessment of risks at the Fund we recommend that a standing item on the Committee agenda is to compare progress of business plan against risk register.

Section 5 Advisors

Commentary

This section received the most positive responses from members of both the Board and the Committee. This indicates that the Fund is well served by its advisors and that all members understand the roles of advisors.

- *"I feel the roles of our advisors, actuaries and Committee/Board are clear."*

There was slight concern raised about the Fund relying on one financial advisor.

Hymans comment – Good advisory support is essential for all LGPS and this is a very positive conclusion.

Section 6 Documents and Policies

Commentary

There were a lot of 'agreement' or 'strong agreement' responses to this section, particularly around the understanding of strategy and policies.

There was however some concern raised by the Board in relation to the following statement

Statement 6.9 - There are adequate processes and a structure in place to monitor performance against the Fund's objectives

- *"I think the quality of the reporting can still improve."*
- *"It is difficult to see how performance indicators have been managed"*
- *"I am not entirely sure where to find the Fund's key documents"*

Hymans Comment – The evidence of the January Pension Board meeting and interviews with Fund officers indicate that further improvements to reporting and measuring performance against set indicators is a high priority.

Recommendations 8 and 9

8 Sign off evidence should be provided by the Chair and the Committee to the Funds 2021/22 business plan.

9 The Fund should consider its current document storage and the accessibility of key documents for the Committee and Board. Communication should be sent to the Committee and Board advising where all key Fund documents are held

Overall commentary and Suggested Actions

While the majority of responses to the statements being considered were on the whole "agree" or "strongly agree", there did appear to be some concern in the following areas:

- Training and Knowledge – the results of the National Knowledge assessment and lack of attendance at training sessions has raised concerns about ability to make properly informed decisions and critique of information from the Committee.
- Effective governance – a lack of collaboration and trust could be negatively impacting Governance. Frustrations have been expressed by the Board about a lack of clarity on how they can escalate concerns whilst also promoting a better relationship.
- Meeting structure and discussion time - This is an area of challenge for most LGPS funds. Given most respondents felt that the frequency of meetings was sufficient, the Fund will have to be inventive in order to satisfy the available discussion time.
- Risk register – lack of clarity on how whether the Board has sufficient opportunity to input into the development of actions on the Risk Register.

Key themes and specific issues raised from both the comments and results suggest:

- Both Committee and Board appear very happy with the contribution made by Advisors and Fund officers;
- There is an acknowledgement that training needs to be strengthened and formalised for the Committee, especially given the potential for membership changes following 2021 elections.

8 Committee meeting observations

Following the completion of individual interviews and the effectiveness review survey, representatives from Hymans were invited to observe the Pension Committee meeting on 4 December 2020. The high-level aspects of the expected roles and responsibilities of a Pension Committee member and the Pension Committee Chair are set out below. When observing the Committee, we compared to these criteria and sought evidence of these principles being exhibited.

Pension Committee Chair

It is the role of the Chair of the Pension Committee to ensure that the Committee carries out its role effectively, in line with its terms of reference and in accordance with the relevant legislation and guidance.

Compliance with the Constitution

As an elected member of Oxfordshire County Council, the Chair of the Pension Committee must comply with the requirements of the constitution and should be satisfied that the Committee is run in accordance with the following codes and protocols;

- Members' Code of Conduct
- Code of Conduct and Conflict of Interest Policy
- Code on Member/Employee Relations
- Protocol on Decision Making
- Advice to Members Serving on Outside Bodies

Main Responsibilities of the Chair

- To Chair Pension Committee meetings and ensure their effectiveness
- To provide effective leadership in the development of the Fund's policy, strategy, business planning and budget setting.
- To provide effective leadership in the implementation of effective service delivery and the Fund's approved policies and strategies.
- To develop good working relationships with The Chair of the Pension Board, the Chief Finance Officer and the Service Manager (Pensions) in order to ensure that the Fund's interests are represented.
- To act as a spokesperson and represent the Fund at a local and national level.

Pension Committee member

It is the role of a member of the Pension Committee to participate fully and effectively in discharging the Committee's terms of reference.

Compliance with the Constitution

As an elected member of Oxfordshire County Council, a member of the Pension Committee must comply with the requirements of the constitution and should be satisfied that the Committee is run in accordance with the following codes and protocols;

- Members' Code of Conduct
- Conflict of Interest Policy

- Code on Member/Employee Relations
- Protocol on Decision Making
- Advice to Members Serving on Outside Bodies

Expectation on Committee members

As well as the general expectations of an elected member of Oxfordshire County Council, those individuals sitting on the pension Committee are expected to;

- Run the Fund for the benefit of all participating employers and members
- Contribute to the development and maintenance of effective governance and internal controls for the Fund
- Make decisions and set the Fund's objectives and strategy
- Approve Fund publications, e.g.
 - Investment strategy
 - Funding Strategy Statement
 - Governance & Compliance Statement and Communications Policy
 - Administering Authority discretions
- Effectively monitor and oversee advisers and those carrying out scheme activities
- Foster an open and constructive relationship with the Pension Board

Hymans observations

- Chair did a good job of keeping meeting on track and ensuring all voices were heard. When one member attempted to pursue their own view on an issue of investments, the Chair quickly took control and made clear it wasn't the view of the entire Committee.
- High levels of engagement with Investment sections of meeting. Lots of engagement and questions from investment advisor from Brunel.
- Some members didn't participate or contribute to any conversations. This is not an unusual situation at many LGPS funds. However, we would encourage the Chair and Officers to seek a solution for wider engagement within meetings.
- No questions or comments on the updates to Funding Strategy statement or to presentation on of Accounts. Low level of engagement on non-Investment sections of meeting. Chair did try to facilitate and draw out questions from members.
 - We would advise that areas of low-level engagement are monitored by officers and the Chair. It is essential that all areas of the Fund are critiqued by their decision makers to ensure that risk is mitigated, and governance standards kept at a high level.

9 Board meeting observations

The final piece of research and evidence gathering was the observation of the Pension Board meeting on 22 January 2021. The high-level aspects of the expected roles and responsibilities of a Pension Board member and the Pension Board Chair are set out below. When observing the Board, we compared to these criteria and sought evidence of these principles being exhibited.

Pension Board Chair

Role Summary

The role of the Chair is to provide leadership and direction to the pension board.

The Chair's aim is to enable the pension board to fulfil their responsibilities in respect of the governance of the Oxfordshire Pension Fund in accordance with the Public Service Pension Scheme Act 2013, legislation governing the Local Government Pension Scheme and the Code of Practice issued by The Pensions Regulator

The Chair will work closely in partnership with the Scheme Manager (Oxfordshire CC) in relation to the following matters:

- Securing compliance with LGPS Regulations and other legislation relating to the governance and administration of the Scheme and any statutory pension scheme that is connected with it;
- Securing compliance with requirements imposed in relation to the scheme and any connected scheme by The Pensions Regulator;
- Ensuring any breach of duty is considered and reported under the scheme's breaches procedure,
- Such other matters as the scheme regulations may specify.
- Assisting the Scheme Manager to ensure the effective and efficient governance and administration of the scheme.
- The Chair will be expected to use their skills, knowledge and experience to help the Pension Board reach sound conclusions and recommendations. This will involve scrutinising Board papers, leading discussions, focusing on key issues, and providing advice and guidance requested by the Board.
- In addition to the general responsibilities of a Pension Board member, the Chair has a number of tasks specific to their role.

Main Responsibilities of the Chair

- Providing leadership to Board members and developing the strategy and policy of the Pension Board
- Planning the annual cycle of board meetings and setting the agendas
- Chairing and facilitating the Pension Board meetings, ensuring that all voices and opinions are heard and judging when consensus is reached
- Monitoring that recommendations made at Local Pension Board meetings are considered and where necessary implemented
- Liaising with the Service Manager (Pensions) and the Chair of the Pension Committee to maintain an overview of the Fund's affairs and providing support as appropriate
- Reviewing and appraising the performance of the Local Pension Board
- To receive timely advice on new developments relevant to the LGPS and pensions in general and consider whether the Fund is complying with them

- Ensuring that the Pension Board's reporting requirements are met including, for example, to The Pensions Regulator and the Scheme Advisory Board
- Balancing the views and needs of the participating employers and the scheme members
- Ensuring that that the Pension Board complies with relevant policies, including but limited to those on conflicts of interest, reporting breaches and Oxfordshire CC's code of conduct.

Pension Board member

Scheme member and employer representatives play an important part in the governance and administration of the Fund, by providing representation for scheme members and scheme employers. Those carrying out the role have a primary responsibility to assist the Scheme Manager (Oxfordshire County Council) to secure compliance with all relevant pensions law. The role of the Pension Board is of value to all stakeholders in the fund including participating employers, members of the Fund and Oxfordshire County Council, as the Administering Authority.

Role Summary

The role of a Pension Board member will be to ensure the Fund is complying with legislation relating to its governance and administration, its own rules and any requirements of The Pensions Regulator.

The aim is to enable the Pension Board to fulfil their responsibilities in respect of the governance of the Fund in accordance with the PSPA13, legislation governing the Local Government Pension Scheme ("LGPS") and relevant Codes of Practice issued by the Pension Regulator.

The role involves working closely in partnership with the Scheme Manager in order assist in relation to the following matters:

- Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;
- Securing compliance with requirements imposed in relation to the scheme and any connected scheme by The Pensions Regulator;
- Ensuring any breach of the law is considered and the Fund's procedure for reporting to the Pensions Regulator is adhered and such other matters as the scheme regulations may specify.
- Assisting the Scheme Manager to ensure the effective and efficient governance and administration of the scheme.
- Foster an open and constructive relationship with the Pension Committee

Responsibilities of the Scheme Member/Scheme Employer Representative

Scheme member and Scheme employer representatives must provide the Scheme Manager with any information required so that they can be satisfied that they do not have a conflict of interest. A member who becomes aware of a potential conflict of interest involving themselves or another pension board member or prospective member, must comply with the Fund's conflict of interest policy. Anyone with a conflict of interest may not be appointed to the pension board or, if already a member when the conflict arises, will be asked to resign.

A Pension Board member must have the capacity to represent all members and employers in the Fund and is expected to be available to attend all pension board meetings, unless apologies are sent in advance and accepted by the Board. In the event of persistent non-attendance, their tenure will be reviewed by the Chair to the pension board in liaison with the Scheme Manager.

Hymans observations

- The Fund are in the enviable position that their Pension Board Chair is the Head of another LGPS fund. Therefore, they are able to call upon his expertise and experience on specific LGPS and wider pension issues. Furthermore, the evidence of the meeting highlighted that the Chair allowed strong scrutiny to come from his fellow members on the board. On that basis we would therefore conclude that the Chair will not overpower Pension Board meetings with their own views or dismiss views of others on the Board.
- Chair did a good job of ensuring everyone had a chance to speak and was regularly checking if anyone's hand was up (virtually).
- Strong challenge on areas of reporting from members of the Pension Board to officers. It was described as a journey of improvement and our observation would be that this will lead to improvements in transparency with fund service performance.
- Clear engagement with governance was displayed – keen to ensure Business plan and risk register are consistent and being monitored.
- Service Manager (Pensions) was very receptive to feedback on reporting format and displayed a good working relationship with Board members.
- One main area of concern is that the conversation and critique was driven by 3 board members. We did not see evidence of participation from other members on areas being discussed.
 - We would encourage the Pension Board Chair and Service Manager (Pensions) to look at ways to increase engagement from all members of the Board.
 - It is essential that all members of the Pension Board actively engage in the work of the Pension Board and assessment of Fund service and Committee decisions.

10 Training and development

Oxfordshire Pension Fund – Knowledge and Understanding

As evidenced through the Fund's participation in the LGPS National Knowledge (NKA) assessment, there is concern at the level of knowledge and understanding within the Pension Committee. The NKA appears to have confirmed the concerns from members of the Pension Board on the ability of the Committee to assess, review and critique the wide array of pension information under their responsibility. This concern has also been reflected by Fund officers within the risk register, where Committee knowledge and understanding has been placed at high.

The Committee have acknowledged their low results within the NKA and have agreed that a strong focus should be placed on this issue for both the short and long term at the Fund⁴.

We have welcomed two key outcomes from the fund's participation in the NKA:

1. Pension Committee, Board and Officer critical review of this issue. This confirmed the importance the three key stakeholder groups within the Fund place on knowledge and understanding requirements.
2. Pension Committee confirmation that this area must remain a key area of Governance focus for the Fund. Officers have been tasked with progressing this issue and maintaining their focus on supporting training for Committee/Board and informing both groups on the most pertinent topics in order to complete their role.

Improvements already in place

The Fund have already taken steps to improve and support both its Committee and Board members attain the requisite knowledge to best fulfil their role.

- Scheduled monthly training meetings - supported by Hymans Robertson
 - Officers scheduled monthly meetings to track progress on Committee/Board training topics for upcoming meetings. This is recorded within a delivery overview document and monitored by staff.
 - Officers have been supported by Hymans Robertson to aid the planning and delivery of the training schedule
 - Officers are reviewing induction plans for new members of the Committee/Board
 - Officers are finalising the method of recording individual Committee/Board participation in training
- Monthly newsletter
 - In order to transfer information at a 'higher frequency' to Committee and Board members, Officers have provided monthly Governance newsletters from October 2020. These newsletters aim to provide the following key outcomes:
 - Communicate ongoing training material in written format
 - Advise Committee and Board on 'hot' topics

⁴ Chair and fellow Committee members response to this issue at the September Oxfordshire Pension Fund Committee meeting

- Provide regular updates on day to day Fund business

It is felt that this type of regular engagement will increase Committee and Boards knowledge levels while also reducing governance risk in this area.

We see good evidence that the Fund are taking stronger action in this area and increasing their focus to prioritise training and information transfer to the Committee and Board.

Recommendations 10

In order to mitigate concerns that engagement may not be forthcoming from members of either group, we believe that consideration should be given to a fund policy of mandatory training engagement. Where a member of either group does not fulfil their requirements to engage appropriately with the training plan, this should be raised with the Chairs of both groups and the Service Manager (Pensions). It is then for these individuals to take appropriate action to manage this issue and protect the Fund from low training engagement.

Further we recommend a change of wording within the Funds Governance statement from 'shall' to 'must':

"All members appointed to the Committee shall participate in a training programme to ensure that the Committee as a whole has the appropriate skills and knowledge to fully undertake its statutory responsibilities"

11 Conclusion

As we set out in our introduction, fundamentally our governance review considers the following areas:

Objectives and Strategy - key to the success of the Authority, covering all the elements of management and administration of the Fund, providing clarity in terms of the Authority's direction, ensuring a greater focus to the business of the Fund and managing risks appropriately.

Hymans observations

- Day to Day management and administration is strong at the Fund. Following discussions with officers and in our normal engagement with them, we are reassured that the issues identified through engagement with TPR have been resolved and actively monitored.
- As has been identified there have been issues with some recruitment but there may be some 'relief' with recent vacancies providing large amount of applicants
- The Fund have taken the decision to receive employer data on a monthly basis through their new iConnect system solution. This is a strong step to satisfying TPR requirements on record keeping.
- The evidence from the governance review – in particular the effectiveness review and interviews – indicate that strategy of the Fund appears to clear and understood by all stakeholders
- Risk management is satisfactory at the Fund. However, we believe that improvements in the process and engagement used to assess risk and the transparent link to the Funds business plan should be made

Business Planning - setting out all the planned activities for the short and medium term, forming the focus for Authority and Board meetings and supporting the delivery of the Fund's objectives, which is all part of a cycle of good governance.

Hymans observations

- The 2 Committee meetings Hymans have attended featured feedback from the Committee Chair on his participation on the Brunel Investment Pool. This was passed back to all Committee members.
- There are concerns on the reporting and metrics used for the Funds business plan. Furthermore, some participants in the Governance review felt that the Committee has not appropriately scrutinised the current business plan. We have not seen evidence which confirms that view. The review of the Funds Business plan and whether it is appropriate is beyond the scope of this Governance review. However, in order to transparently confirm that the business plan has been scrutinised and agreed by the Committee, we advise that a short review and confirmation is written by the Chair on behalf of the Committee confirming this position.

Excellent Delivery - ensuring the Authority has appropriate staffing resource to achieve its objectives, be that in relation to investment, funding, administration or governance, meeting the steady increase in the number of overriding legislative requirements on pension administration teams and other officers charged with managing the Fund.

Hymans observations

- Oxfordshire Pension Fund benefits from high level LGPS officer support. The Service Manager (Pensions) is a known expert in the LGPS and has spoken at many conferences and other communication events. Through their expertise and knowledge, the key areas of governance are

mitigated and managed. Furthermore, the Pension Administration manager has many years of experience and pension expertise. This combined high-level officer support protects the Fund from most governance risk exposures.

Our concern however is that this can lead to one or two officer roles been stretched too thinly in the organisation and an over reliance on that expertise. We have therefore recommended the creation of a Governance officer for the Fund to support these roles and to mitigate some key person risk.

Risk Management - having a proper risk management framework in place allowing those responsible for the management of the Fund to understand the types of issues that might adversely impact it and assist in preventing issues arising or helping to reduce their impact where they do arise.

Hymans observations

- The Fund benefits from strong insights on risk management from their Service Manager (Pensions). We are aware that critical assessment is used in order to assess the main risks faced by the Fund and the likely impacts of these risks.
- However, we encourage that a stronger focus is placed on the current and long-term risk faced by the Fund as identified within their risk register by the Committee and Board.
- The fund may benefit from a more interactive engagement on risk management and risks review. Particularly one that gains insight from all participants.

Decision Making - having clear objectives in place ensuring each decision being taken is linked to a stated objective and helping keep the Authority on track in achieving its strategic aims.

Hymans observations

- Decisions are taken by those with the appropriate authority having taken the appropriate advice
- **Recommendation 1** should ensure that decision making responsibilities are documented and widely understood.
- Better informed decision making should be an outcome from the strong focus placed on Committee and Pension Board knowledge and understanding via the Funds training plan.

In our assessment the Oxfordshire Pension Fund key governance arrangements are in place when set against both TPR expectations and the upcoming good governance legislation. The areas of improvement lie mainly with the functions of stakeholder roles and responsibilities, training and knowledge transfer and mitigating key person risk. Confirming each stakeholder role in the running of the Fund should be an immediate action. However, we recommend that further work is completed on a practical governance level. The apparent disconnect between Committee and Board engagement, though not impacting the successful running of the member service it provides, must be resolved to ensure effective governance scrutiny is achieved.

Through the process of this governance review, our observation is that the Fund have fully recognised the importance of knowledge and training – particularly for Committee members. We are happy with the plans and focus placed on this issue but have recommended the Fund move further with plans to implement mandatory training engagement.

Finally, the Fund are well served in the key officer roles, with strong leadership in particular from their Service Manager (Pensions), Administration manager and Investment manager. Officers displayed openness to challenge and change when scrutinised by both the Committee and Board, while also being able to use their wealth of knowledge to defend decisions that they have taken within the day to day running of the Fund. In order to manage the increase scope of the SAB Good Governance project and to mitigate key person risk we have recommended that the Fund appoint a governance officer to support these lead officers and to help the Fund achieve its governance ambitions.

Prepared by: -

Ian Colvin and Andrew McKerns

The image shows two handwritten signatures in black ink. The first signature on the left is 'Ian Colvin' and the second signature on the right is 'Andrew McKerns'. Both signatures are written in a cursive, flowing style.

19 February 2021

For and on behalf of Hymans Robertson LLP

Appendix 1

Summary of recommendations

Recommendations 1

Develop a fund-specific conflicts of interest policy.

Recommendations 2

Oxfordshire CC to consider whether the composition of the pension Committee should include wider scheme employer representation and/or scheme member representation in line with the SAB's recommendations.

Below is an example of a possible committee structure for consideration, although we recognise that the numbers and composition of County Council members will need to change over time to reflect changes in the overall Council's political make-up.

- 5 voting members of the County Council
- 2 non-voting members of the Academy sector
- 1 non-voting scheme member representative
- 1 non-voting member of Oxford Brookes University
- 1 non-voting member of District Council

Recommendations 3

Review the terms of reference for the Committee and Board and ensure that the roles and responsibilities of both groups are clearly documented and understood. There should be a clearly understood and agreed mechanism for Board members to take views to the Committee.

Recommendations 4

To reduce key person risk and the immediate governance responsibilities for the Fund with respect to the Good Governance project, we would recommend that consideration be given to a Governance officer role being created at the Fund. This role should be there to support the Service Manager (Pensions) and the service delivery of the Fund.

Recommendations 5

Fund officers to review options to expand discussion time for Committee/Board issues. Given respondents agreed that meeting frequency was appropriate, an innovative approach will have to be considered. We would recommend that a specific annual business meeting is arranged and implemented at the Fund.

Recommendations 6

Fund officers to review the current process used for risk review at the Fund, as a result of the Committee/Board comments.

Recommendations 7

In order to maintain the practical assessment of risks at the Fund we recommend that a standing item on the Committee agenda is to compare progress of business plan against risk register.

Recommendations 8

Sign off evidence should be provided by the Chair and the Committee to the Funds 2021/22 business plan

Recommendations 9

The Fund should consider its current document storage and the accessibility of key documents for the Committee and Board. Communication should be sent to the Committee and Board advising where all key Fund documents are held.

Recommendations 10

In order to mitigate concerns that engagement may not be forthcoming from members of either group, we believe that consideration should be given to a fund policy of mandatory training engagement. Where a member of either group does not fulfil their requirements to engage appropriately with the training plan, this should be raised with the Chairs of both groups and the Service Manager (Pensions). It is then for these individuals to take appropriate action to manage this issue and protect the Fund from low training engagement.

Further we recommend a change of wording within the Funds Governance statement from 'shall' to 'must':

"All members appointed to the Committee shall participate in a training programme to ensure that the Committee as a whole has the appropriate skills and knowledge to fully undertake its statutory responsibilities"

Appendix 2

Effectiveness questionnaire responses

Question		No. of responses				
1	Committee structure and culture			Committee	Board	Total
1.1	I understand my role and obligations under the LGPS Regulations and Committee's/Board's own terms of reference.		Strongly Agree	1	0	1
			Agree	5	4	9
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	1	1
			Strongly Disagree	0	0	0
				Committee	Board	Total
1.2	The Committee/Board has sufficient time and resources available for the ongoing management of the Fund.		Strongly Agree	0	0	0
			Agree	4	1	5
		3	Neither Agree nor Disagree	1	2	3
			Disagree	1	2	3
			Strongly Disagree	0	0	0
				Committee	Board	Total
1.3	I believe my colleagues on the Committee/Board are clear on the Fund's objectives.		Strongly Agree	0	0	0
			Agree	2	4	6
		3	Neither Agree nor Disagree	4	1	5
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				Committee	Board	Total
1.4	The current size of the Committee/Board is about right		Strongly Agree	1	0	1
			Agree	2	3	5
		3	Neither Agree nor Disagree	2	2	4
			Disagree	0	0	0
			Strongly Disagree	1	0	1
				Committee	Board	Total
1.5	The distinction between the roles of elected members, Board members and officers is understood.		Strongly Agree	2	0	2
			Agree	4	2	6
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	2	2
			Strongly Disagree	0	0	0
				Committee	Board	Total
1.6	Sufficient time is given to reviewing the Funds governance structure to ensure it remains appropriate		Strongly Agree	1	0	1
			Agree	2	0	2
		3	Neither Agree nor Disagree	2	4	6
			Disagree	1	1	2
			Strongly Disagree	0	0	0
				Committee	Board	Total
1.7	The Committee and Board work effectively as a team		Strongly Agree	0	0	0
			Agree	2	1	3
		3	Neither Agree nor Disagree	4	1	5
			Disagree	0	3	3
			Strongly Disagree	0	0	0

Question		No. of responses				
		Committee	Board	Total		
3	Knowledge and Training					
3.1	I have sufficient knowledge and understanding to enable me to properly discharge my duties as a Committee/Board member.	Strongly Agree	1	2	3	
		Agree	4	2	6	
		Neither Agree nor Disagree	1	0	1	3
		Disagree	0	1	1	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
3.2	I am familiar with the principles of the Fund's training strategy	Strongly Agree	2	0	2	
		Agree	2	4	6	
		Neither Agree nor Disagree	2	0	2	3
		Disagree	0	1	1	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
3.3	There is sufficient time dedicated to gaining the appropriate knowledge and understanding?	Strongly Agree	1	0	1	
		Agree	2	1	3	
		Neither Agree nor Disagree	2	2	4	3
		Disagree	1	2	3	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
3.4	The Committee/Board receives appropriate briefings from officers and advisers on current topics and new developments	Strongly Agree	1	0	1	
		Agree	4	4	8	
		Neither Agree nor Disagree	1	1	2	3
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
3.5	I am familiar with the objectives of the Fund	Strongly Agree	2	1	3	
		Agree	4	4	8	
		Neither Agree nor Disagree	0	0	0	3
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
3.6	I have completed the Pension Regulator's online Toolkit	Strongly Agree	1	1	2	
		Agree	4	1	5	
		Neither Agree nor Disagree	1	1	2	3
		Disagree	0	2	2	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
3.7	The Committee/Board is kept up to date with any legal or regulatory changes impacting the scheme	Strongly Agree	2	0	2	
		Agree	3	5	8	
		Neither Agree nor Disagree	1	0	1	3
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	

Question		No. of responses				
4 Risks and Conflicts			Committee	Board	Total	
4.1	I am aware of the need to disclose any conflict of interest that arises	Strongly Agree	4	4	8	
		Agree	2	1	3	
		Neither Agree nor Disagree	0	0	0	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
			Committee	Board	Total	
4.2	I have the opportunity to disclose conflicts of interest	Strongly Agree	3	4	7	
		Agree	3	1	4	
		Neither Agree nor Disagree	0	0	0	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
			Committee	Board	Total	
4.3	The Committee/Board regularly sees the Fund's Risk Register	Strongly Agree	2	3	5	
		Agree	4	1	5	
		Neither Agree nor Disagree	0	1	1	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
			Committee	Board	Total	
4.4	The Committee/Board is given adequate opportunity to input into the development of and actions within the Fund's issues log	Strongly Agree	2	1	3	
		Agree	2	3	5	
		Neither Agree nor Disagree	2	1	3	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
			Committee	Board	Total	
4.5	In meetings the distinction between "Fund business" and "Employer business" is clearly understood.	Strongly Agree	2	0	2	
		Agree	1	3	4	
		Neither Agree nor Disagree	3	1	4	
		Disagree	0	0	0	
		Strongly Disagree	0	1	1	
			Committee	Board	Total	
4.6	I am confident that the Fund is managing risk appropriately	Strongly Agree	2	0	2	
		Agree	2	3	5	
		Neither Agree nor Disagree	2	2	4	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
			Committee	Board	Total	
4.7	If I suspected a breach of the law, I would know the proper process to follow.	Strongly Agree	2	2	4	
		Agree	2	2	4	
		Neither Agree nor Disagree	2	1	3	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	

Question		No. of responses				
5 Advisors				Committee	Board	Total
5.1	Advisers make a useful contribution to the Committee/Board meetings		Strongly Agree	3	0	3
			Agree	3	5	8
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				Committee	Board	Total
5.2	I understand the role of the Fund's actuary		Strongly Agree	3	4	7
			Agree	3	0	3
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				Committee	Board	Total
5.3	I understand the role of the Fund's investment advisors		Strongly Agree	3	4	7
			Agree	3	1	4
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				Committee	Board	Total
5.4	I understand the role of the Fund Committee/Pension Board		Strongly Agree	3	3	6
			Agree	3	1	4
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0

Appendix 3

Recommendations of the Scheme Advisory Boards Good Governance Review

Area	Proposal
A. General	A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).
	A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. (“the LGPS senior officer”).
	A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be co-signed by the LGPS senior officer and S151.
B. Conflicts of interest	B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.
	B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making Committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.
C. Representation	C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its Committees, explaining its approach to voting rights for each party.
D. Knowledge and understanding	D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions Committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
	D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.
	D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
	D.4 CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.
E. Service Delivery for the LGPS Function	E.1 Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority’s scheme of

	delegation and constitution and be consistent with role descriptions and business processes.
	E.2 Each administering authority must publish an administration strategy.
	E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.
	E.4 Each administering authority must ensure their Committee is included in the business planning process. Both the Committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
F. Compliance and improvement	F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
	F.2 LGA to consider establishing a peer review process for LGPS Funds.

Appendix 4

Review of key policies and documents

Strategy/policy	Effective date	Legal or Regulator requirement	Issues
Funding strategy statement	March 2020	LGPS Regulations	<p>Final FSS approved on 6 March 2020 (after consultation with employers).</p> <p>Clearly sets out the objective of the FSS.</p> <p>Good detail and transparency on different types of employers and how contribution rates are calculated for each.</p> <p>Helpful section explaining link to Investment strategy.</p> <p>Regulations cited throughout.</p> <p>Comprehensive appendices and glossary of terms.</p>
Investment Strategy Statement	March 2020	LGPS Regulations	<p>Reviewed February 2020 following the latest funding valuation. Overall - comprehensive and transparent.</p> <p>Complies with Regulation 7 (investment strategy statement) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.</p> <p>Investment objectives are clearly stated.</p> <p>Includes detailed section on risks and how they are managed.</p> <p>Sets out relationship with Brunel Pension Partnership.</p> <p>Comprehensive ESG section.</p> <p>Policy on Exercise of rights also covered.</p>
Communications Policy	May 2019	LGPS Regulations	<p>Clear detail on how/when communication happens with members, employers and other stakeholders.</p>

Strategy/policy	Effective date	Legal or Regulator requirement	Issues
			<p>Various forms of communication listed e.g. Email, telephone, website, newsletters.</p> <p>Annual review carried out.</p>
Administration Strategy	Dec 2019	LGPS Regulations – best practice	<p>Complies with legislation.</p> <p>Duties and responsibilities clearly detailed alongside performance targets.</p> <p>Quarterly performance reviews provided to Committee and board. Also made available online.</p> <p>Also covers Communications policy which is reviewed annually.</p>
Governance Compliance Policy & Statement	Policy – 2019	LGPS Regulations	<p>Relevant regulations have been cited and adhered to.</p> <p>All requirements covered - delegation, frequency of meetings, terms of reference, employer representation and voting rights.</p> <p>Role and responsibilities of Committee is clear.</p> <p>Reasonable explanations given where only part compliant.</p> <p>Recommendation – formalise the requirement to provide updates on the administration performance of the Fund and review of the risk register</p>
Pension Fund Accounts	31 March 2019	LGPS Regulations	<p>Complies with required legislation and guidance.</p> <p>Includes expected financial statements including asset and liability figures along with expenditure.</p> <p>Detailed investment review and pool information.</p> <p>Includes breakdown of contributions by employer.</p>

Strategy/policy	Effective date	Legal or Regulator requirement	Issues
			<p>Complies with required legislation and guidance.</p> <p>Robust document with additional sections on administration, Investment, Funding, Governance, communication conflicts, and risk</p>
Breaches of the Law	November 2019	Code of Practice 14	<p>Covers all points required by Code of Practice no 14 (the Code) Governance and administration of public service pension schemes.</p> <p>Useful examples to help determine if breach is material or not.</p> <p>Recommendation - Include link to in house spreadsheet mentioned in point 40?</p> <p>It might be useful to include contact details for regulator and solicitor to the fund.</p>
Discretions Policies	April 2019	LGPS Regulations	<p>The discretions policy contains all of the discretions for which there is a statutory requirement to have a written policy.</p> <p>'Exercised by' column is incomplete.</p>