

# LGPS

## Effectiveness Review



Wiltshire Pension Fund

# Wiltshire Pension Committee and Pension Board - Effectiveness review

## Effectiveness Questionnaire – November 2018

Over October and November of 2018, members of both the Pension Committee (PC) and Pension Board (PB) were issued with an online questionnaire designed to give a framework for them to provide feedback and comment on the effectiveness of both groups. The areas covered by this review were:

- Structure and culture;
- Management of meetings;
- Knowledge & training;
- Risks & conflicts;
- Advisers;
- Documents & policies

This paper provides a brief report on the results of this survey.

## Results, Commentary and Suggested Actions

A total of **8 out of 10** PC members and **4 out of 4\*** PB members responded to the questionnaire (\*one respondent is part of both groups but results have been detailed only within the PC). 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.

Overall the responses received to the specific statements would suggest that the majority of respondents are comfortable with the effectiveness of their respective group. Analysis suggests agendas are focussed on the right topics, with sufficient time given to discuss each issue properly. There is also a general satisfaction that meetings are well run and chaired in an even handed manner.

While the responses to the statement being considered were on the whole “agree” or “strongly agree”, there did appear to be some concern in the following areas:

- respondents use of the Pension Regulator’s (TPR’s) toolkit;
- the opportunity to adequately input into the Funds issues log (This is known as the Fund’s Risk register and actions log);
- the distinction between Administering Authority business and Scheme Employer business; and
- whether the Administering Authority had a data improvement plan in place with objectives being regularly reviewed.

There was also some concern expressed within the comments provided over the rationale for local pension boards and the role currently performed by the PB to the Wiltshire Pension Fund. Given the overriding statutory requirement to have a pension board there appears to be a need to address these apparent concerns and uncertainties that have been raised and to more clearly define and communicate the respective roles of the PC and PB.

The responses suggest:

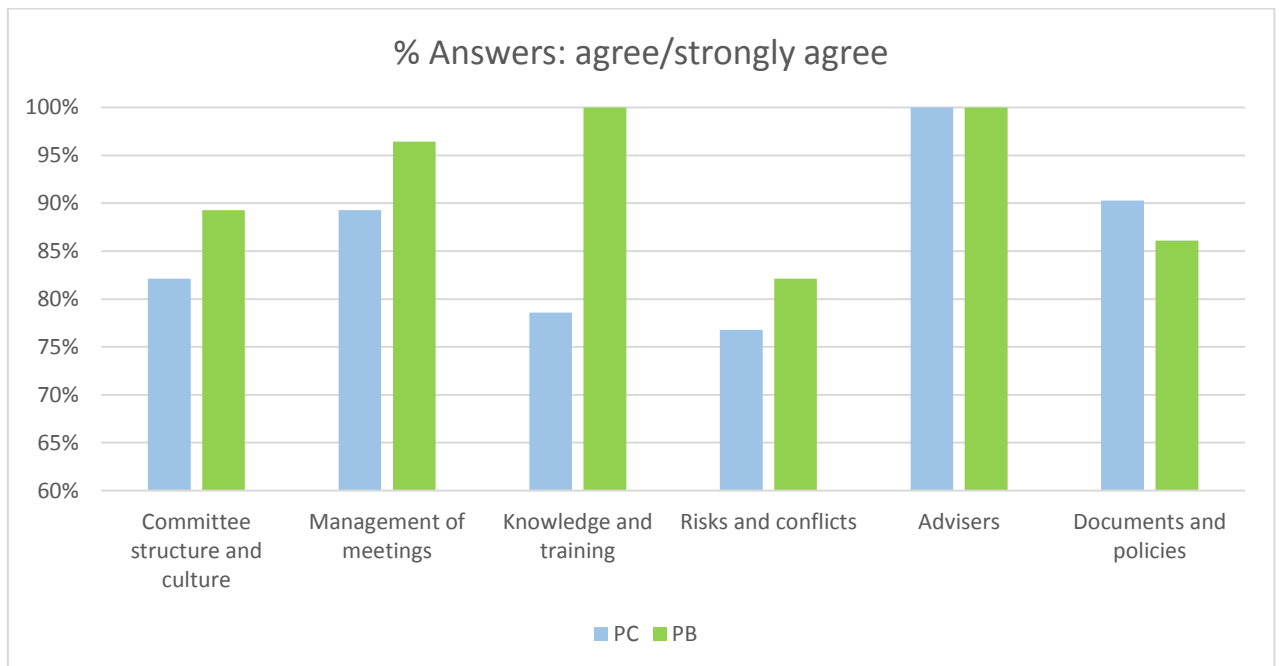
- both the PC and PB are very aware of the need to disclose any conflicts of interest;
- both appear happy with the contribution made by Advisers;
- the Fund issues log should be more visible and allow all members the opportunity to feed into it;

- the majority of PC members appear not to have completed TPR's online toolkit. Potentially this may feed into the training requirements for this group (please see suggestions noted within our separate Knowledge assessment report for training actions);
- some PB members are concerned that there are not adequate processes and structure in place to monitor performance against the Fund's objectives;
- stronger cooperation required between the PC and the PB;
- an overarching theme of clarification on the role and purpose of the PB, leading to better and stronger cooperation between the two groups.

### 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.

Overall, you can see that the PB is more in agreement with the statements made than the PC. The most significant area of difference between both groups was on knowledge and training, with the PB in strong agreement with the statements made in this section.



## Section 1 – Committee structure and culture

## Results

Question		No. of responses				
		Committee	Board	Total		
<b>1 Committee structure and culture</b>						
1.1	I understand my role and obligations under the LGPS Regulations and Committee's/Board's own terms of reference.		Strongly Agree	0	1	1
			Agree	7	3	10
		3	Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
1.2	The Committee/Board has sufficient time and resources available for the ongoing management of the Fund.		Strongly Agree	0	0	0
			Agree	7	4	11
		3	Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
1.3	Do you believe your colleagues on the PC/LPB are clear on these objectives?		Strongly Agree	0	0	0
			Agree	8	3	11
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
1.4	The current size of the Committee/Board is about right		Strongly Agree	1	2	3
			Agree	6	2	8
		3	Neither Agree nor Disagree	0	0	0
			Disagree	1	0	1
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
1.5	The distinction between the roles of elected members, Board members and officers is understood.		Strongly Agree	2	1	3
			Agree	4	3	7
		3	Neither Agree nor Disagree	1	0	1
			Disagree	1	0	1
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
1.6	Sufficient time is given to reviewing the Funds governance structure to ensure it remains appropriate		Strongly Agree	1	1	0
			Agree	4	2	0
		3	Neither Agree nor Disagree	3	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
1.7	The Committee and Board work effectively as a team		Strongly Agree	0	0	0
			Agree	6	3	9
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	1	1
			Strongly Disagree	0	0	0


 Commentary – Section 1

Commentary	Suggested Action
<p>There was mostly strong agreement with the statements within this section on the structure of the PC and PB and the culture of each body.</p> <p>The results from the assessment would suggest there is clarity around the relationship between the PC, PB and officers, although there was some neutral attitudes to the time given to reviewing the Fund's governance structure. However, the comments received from respondents, tended to suggest a lack of understanding of the role of the PB and its purpose in the context of the LGPS.</p> <ul style="list-style-type: none"> <li>• <i>“There is a lack of understanding shown by some Committee members as to the role of the LPB in that there is a belief that its responsibilities overlap that of the Committee”</i></li> <li>• <i>“A full merger between board and committee could be considered as has happened elsewhere”</i></li> </ul> <p>Furthermore there was a clear suggestion that the PC and PB are not working effectively as a team as they could</p> <ul style="list-style-type: none"> <li>• <i>“There is clear scope for more cooperation on business between Board and Committee especially in light of pooling and merging and other developments since inception”</i></li> <li>• <i>“There is sometimes some confusion expressed by the committee concerning the requirement for a pensions board. It is seen as duplication”</i></li> </ul>	<ol style="list-style-type: none"> <li>1. Clarification to be given to the PC on the role and purpose of the PB within an LGPS fund and why both groups have distinctive and different objectives</li> <li>2. The terms of reference for both groups should be restated. This will aid the transparency of what both groups are actively seeking to achieve for the Wiltshire Pension Fund.</li> </ol>

## Section 2 – Management of meetings

### Results

Question		No. of responses			
		Committee	Board	Total	
<b>2</b>	<b>Management of Meetings</b>				
2.1	The number of scheduled meetings is sufficient for the Committee/Board to conduct its business	Strongly Agree	1	0	1
		Agree	7	4	11
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		<b>Committee</b>	<b>Board</b>	<b>Total</b>	
2.2	The Committee's/Board's agendas focus on the right topics to allow me to carry out my role.	Strongly Agree	1	0	1
		Agree	7	4	11
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		<b>Committee</b>	<b>Board</b>	<b>Total</b>	
2.3	Meetings are run such that there is sufficient time to discuss all the issues properly	Strongly Agree	3	1	4
		Agree	5	3	8
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		<b>Committee</b>	<b>Board</b>	<b>Total</b>	
2.4	Committee/Board meetings are well managed and productive	Strongly Agree	3	2	5
		Agree	4	1	5
		Neither Agree nor Disagree	1	1	2
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		<b>Committee</b>	<b>Board</b>	<b>Total</b>	
2.5	A suitable structure exists to ensure any issues can be appropriately escalated	Strongly Agree	0	0	0
		Agree	7	4	11
		Neither Agree nor Disagree	1	0	1
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		<b>Committee</b>	<b>Board</b>	<b>Total</b>	
2.6	The Chair has the right qualities in order to perform the role	Strongly Agree	3	2	5
		Agree	3	2	5
		Neither Agree nor Disagree	2	0	2
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		<b>Committee</b>	<b>Board</b>	<b>Total</b>	
2.7	Meetings are chaired in an even-handed manner, with all opinions being heard and consensus being sought	Strongly Agree	4	2	6
		Agree	2	2	4
		Neither Agree nor Disagree	2	0	2
		Disagree	0	0	0
		Strongly Disagree	0	0	0














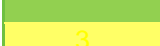




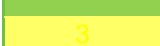




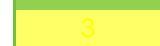




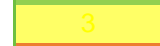









 Commentary – Section 2

Commentary	Suggested Action
<p>Overall this was the most positively answered section. There was very strong agreement that sufficient time is given to discuss all issues at both PC and PB meetings and that meetings are well managed and productive.</p> <ul style="list-style-type: none"> <li>• <i>“The Committee is well run and supported by its officers with a long standing and knowledgeable chair”</i></li> <li>• <i>“Meetings are productive”</i></li> <li>• <i>“The meetings are very well managed &amp; chaired We have a chair with good knowledge and experience”</i></li> </ul> <p>The responses indicated that PC and PB members were mostly satisfied with the behaviour of their respective Chairs.</p>	<ol style="list-style-type: none"> <li>1. Recent guidance issued by TPR as part of their 21<sup>st</sup> Century Trustee campaign centred on effective pension meetings and Chairs, should be relayed to both groups.</li> </ol>



## Section 3 – Knowledge and training

## Results

Question		No. of responses				
3	Knowledge and Training		Committee	Board	Total	
3.1	I have sufficient knowledge and understanding to enable me to properly discharge my duties as a Committee/Board member.		Strongly Agree	0	1	1
			Agree	6	3	9
			Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
3.2	I am familiar with the principles of the Fund's training strategy		Strongly Agree	0	1	1
			Agree	7	3	10
			Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
3.3	There is sufficient time dedicated to gaining the appropriate knowledge and understanding?		Strongly Agree	0	0	0
			Agree	6	4	10
			Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
3.4	The Committee/Board receives appropriate briefings from officers and advisers on current topics and new developments		Strongly Agree	3	1	4
			Agree	4	3	7
			Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
3.5	I am familiar with the objectives of the Fund		Strongly Agree	1	1	2
			Agree	7	3	10
			Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
3.6	I have completed the Pension Regulator's online Toolkit		Strongly Agree	2	3	5
			Agree	0	1	1
			Neither Agree nor Disagree	3	0	3
			Disagree	3	0	3
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
3.7	The Committee/Board is kept up to date with any legal or regulatory changes impacting the scheme		Strongly Agree	1	3	4
			Agree	7	1	8
			Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0


 Commentary – Section 3

Commentary	Suggested Action
<p>This was the section which received the most positive responses from members of the PB, perhaps reflecting the statutory requirement imposed upon them by the Public Service Pensions Act 2013 (unlike PC members, where such a statutory requirement is not imposed despite their decision making responsibilities)</p> <ul style="list-style-type: none"> <li>• <i>“Legal and regulatory updates are exemplary and include a tracker of issues”</i></li> <li>• <i>“Having attended sessions with members of other LPBs I think Wiltshire is well served”</i></li> </ul> <p>The least agreed statement for the PC was in this section and related to the completion of TPRs online toolkit</p> <ul style="list-style-type: none"> <li>• <i>“I do not remember whether I have completed the Pension Regulator’s online Toolkit.”</i></li> <li>• <i>“Not aware of toolkit”</i></li> <li>• <i>“I haven’t completed the Pension Regulator’s online tool kit yet”</i></li> </ul>	<ol style="list-style-type: none"> <li>1. PC and PB members to be encouraged to complete TPR’s online toolkit</li> <li>2. The Fund to ensure it maintains a comprehensive training plan and seeks to ensure relevant training is made available to PC and PB members as required.</li> </ol>

## Section 4 – Risks and conflicts

## Results

Question		No. of responses				
		Committee	Board	Total		
<b>4</b>	<b>Risks and Conflicts</b>					
4.1	I am aware of the need to disclose any conflict of interest that arises		Strongly Agree	5	4	9
			Agree	3	0	3
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
4.2	I have the opportunity to disclose conflicts of interest		Strongly Agree	2	4	6
			Agree	6	0	6
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
4.3	The Committee/Board regularly sees the Fund's issues log		Strongly Agree	1	1	2
			Agree	3	1	4
		3	Neither Agree nor Disagree	3	2	5
			Disagree	1	0	1
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
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	1	1	2
			Agree	2	2	4
		3	Neither Agree nor Disagree	4	1	5
			Disagree	1	0	1
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
4.5	In meetings the distinction between "Fund business" and "Employer business" is clearly understood.		Strongly Agree	1	0	1
			Agree	5	3	8
		3	Neither Agree nor Disagree	1	1	2
			Disagree	1	0	1
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
4.6	I am confident that the Fund is managing risk appropriately		Strongly Agree	1	0	1
			Agree	7	3	10
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
4.7	If I suspected a breach of the law, I would know the proper process to follow.		Strongly Agree	1	1	2
			Agree	5	3	8
		3	Neither Agree nor Disagree	1	0	1
			Disagree	1	0	1
			Strongly Disagree	0	0	0


 Commentary – Section 4

Commentary	Suggested Action
<p>There were significant strong responses from both the PC and PB members regarding the requirement on them to disclose conflicts of interest and having the opportunity to do so.</p> <ul style="list-style-type: none"> <li>• <i>“Nothing to add an area of real strength for the Committee”</i></li> <li>• <i>“I am confident that the Fund is being managed properly”</i></li> </ul> <p>Responses became more neutral or less positive when commenting on the visibility of the Fund’s issues log and the opportunity to input into its development.</p> <ul style="list-style-type: none"> <li>• <i>“I do not have a clear memory of how the Fund's issues log is dealt with”</i></li> </ul> <p>Encouragingly only one member didn’t know the process for dealing with a suspected breach of the law.</p>	<ol style="list-style-type: none"> <li>1. Future meetings should make clear what is <i>Fund</i> business and what is <i>Employer</i> business.</li> <li>2. Clarification on how the Funds issues log is produced and managed should be communicated to both groups</li> <li>3. Officers should ensure they can demonstrate transparency and accountability in carrying out their roles</li> </ol>

## Section 5 - Advisers

## Results

Question		No. of responses			
5 Advisers		Committee	Board	Total	
5.1	Advisers make a useful contribution to the Committee/Board meetings	Strongly Agree	5	0	5
		Agree	3	4	7
		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	4	1	5
		Agree	4	3	7
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
5.3	I understand the role of the Fund's investment advisers	Strongly Agree	5	1	6
		Agree	3	3	6
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
5.5	I understand the role of the Fund Committee/Pension Board	Strongly Agree	1	2	3
		Agree	7	2	9
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0

## Commentary – Section 5

Commentary	Suggested Action
<p>There was unanimous agreement across both the PC and PB that the Fund is well served by its advisors and that all members understand the advisors' respective.</p> <ul style="list-style-type: none"> <li>• <i>“As a LPB member I also often attend the Pension Committee and the Investment Sub Committee. I have been impressed with the level of independent advice that they are given”</i></li> <li>• <i>“I understand the role of the Fund Committee/Pension Board and its advisers/actuary”</i></li> </ul> <p>We found that again there was some concern expressed around the respective roles of the PC and the PB, which we recommend should be addressed.</p> <ul style="list-style-type: none"> <li>• <i>“Roles are understood, the overlap between Pension Board and Pension Committee is more difficult to comprehend”</i></li> </ul>	<ol style="list-style-type: none"> <li>1. Clarification to be given to the PC on the role and purpose of the PB within an LGPS fund and why both groups have distinctive and different objectives</li> </ol>

## Section 6 – Documents and policies

## Results

Question		No. of responses				
		Committee	Board	Total		
<b>6</b>	<b>Documents and Policies</b>					
6.1	I know where to find up to date copies of the Fund's key documents		Strongly Agree	0	1	1
			Agree	7	2	9
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
6.2	I understand the purpose of the Fund's Funding Strategy Statement		Strongly Agree	0	1	1
			Agree	8	3	11
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
6.3	I understand the purpose of the Fund's Communications Policy		Strongly Agree	0	1	1
			Agree	8	3	11
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
6.4	I understand the purpose of the Administration Strategy		Strongly Agree	0	1	1
			Agree	8	3	11
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
6.5	I am satisfied that the Fund undertakes regular reviews of its member data, in line with Pensions Regulator guidelines		Strongly Agree	0	2	2
			Agree	8	2	10
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
6.6	A data improvement plan is in place, with progress against objectives reviewed regularly		Strongly Agree	0	1	0
			Agree	5	2	0
		3	Neither Agree nor Disagree	3	1	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			<b>Committee</b>	<b>Board</b>	<b>Total</b>	
6.7	The Committee/Board is informed of changes to the Fund's key documents		Strongly Agree	1	1	2
			Agree	6	3	9
		3	Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0



Question		No. of responses				
<b>6 Documents and Policies</b>				<b>Committee</b>	<b>Board</b>	<b>Total</b>
6.8	I am aware of the Fund's business plan, including its goals and objectives		Strongly Agree	0	1	1
			Agree	7	2	9
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
6.9	There are adequate processes and a structure in place to monitor performance against the Fund's objectives		Strongly Agree	0	1	1
			Agree	7	1	8
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	1	1
			Strongly Disagree	0	0	0

## Commentary – Section 6

Commentary	Suggested Action
<p>There was significant level of agreement with the statements, expressed by both the PC and PB (scoring as either “strongly agree” or “agree”). There was also recognition of the challenges the Administering Authority had faced in losing a significant number of senior staff and the way in which it had responded.</p> <ul style="list-style-type: none"> <li>• <i>“Whilst the fund has recently suffered from a loss of key senior managers I feel that this issue is being properly addressed, but still needs close monitoring)”</i></li> </ul> <p>However, concern was raised from one member of the PB that there were not adequate processes and structures in place to monitor the Fund’s officers or objectives. Furthermore, there was less agreement with the statement on whether there is a data improvement plan currently in place at the Fund</p> <ul style="list-style-type: none"> <li>• <i>“Monitoring the Officers performance is not as transparent as it could be”</i></li> <li>• <i>“I probably need to brush up on improvement plans”</i></li> <li>• <i>“More comparative benchmarking would be helpful against other administering authorities and their performance of their funds”</i></li> </ul>	<ol style="list-style-type: none"> <li>1. Ensure Fund objectives are clearly defined and processes are put in place to monitor them and report progress to both the PC and PB.</li> <li>2. Consider the benchmarking options available to the Fund and communicate any recommendations to the PC and PB</li> <li>3. Ensure an improvement plan is in place for the Fund and regularly reported to the PC and PB</li> </ol>


**General comments**

General comments	Key Actions
<p><i>Overall</i></p> <p>As an overview of the PC and PB effectiveness the assessment provides a picture of generally strong agreement with the individual statements within each section. This, by itself, is encouraging as it indicates that the main foundations of the Fund's governance are in place. The Fund should aim to maintain on this success and look to build in continuous improvements to the current position.</p> <p>However, there appears to be a significant issue regarding the appreciation of the purpose and role of the PB, which we recommend further action is taken to address.</p>	<p><i>Key Actions</i></p> <ol style="list-style-type: none"> <li>1. Clarification given to the PC on the purpose of the PB within an LGPS fund and why both groups have distinctive different roles and objectives</li> <li>2. PC and PB members to be encouraged to complete TPR's online toolkit</li> <li>3. Confirmation and communication to both the PC and PB on the Funds current improvement plan and the objectives</li> </ol>

Prepared by:-

Pete Riedel and Andrew McKerns

4 December 2018

For and on behalf of Hymans Robertson LLP