

# Investment, Governance and Engagement Sub Committee

## Item 7 – Paper C

### Local Pension Board Survey 2019

#### Background

1. Following concerns expressed when the committee last met on the 19<sup>th</sup> December about the continuing effectiveness of local pension boards in the LGPS, it was agreed that the Board should be invited to agree that a follow up survey should be undertaken. The Board agreed the committee's recommendation when it met on the 16<sup>th</sup> January 2019.
2. Committee members were invited to submit draft questions to the Secretariat who would then prepare a draft survey for the committee's consideration on the 25<sup>th</sup> March.
3. In addition, the Pensions Secretary, Bob Holloway, attended the series of Spring Workshops for officers and local pension boards arranged by CIPFA in conjunction with Barnett Waddingham in Leeds, London and Liverpool. Some of the issues raised by attendees have also been taken into account in the draft survey at **Annex A**.

#### Consideration

4. The first survey on local pension boards was undertaken in 2017 with the outcome presented to the committee when it met on the 16<sup>th</sup> October 2017. A copy is shown at **Annex B**.
5. With the committee's agreement, it is proposed that the original 2017 survey should be repeated with the addition of the new questions shown in red text at **Annex A**. This will enable an assessment to be made of both the progress made over the past 2 years and where local boards are placed in the new areas explored in the follow up survey, in particular, regarding their role in LGPS asset pools.
6. In taking this project forward, the committee may wish to consider two options. If it is broadly in agreement with the draft survey, it would have two weeks to firm up the draft before it is submitted to SAB for approval on the 8<sup>th</sup> April 2019. Alternatively, if the committee considers that further, more detailed work is needed and that a final draft would not be ready in time, a report on progress, together with the latest working draft, could be presented to the Board with a recommendation that the committee should continue to firm up the draft for circulation in the early Summer. SAB could also be invited to delegate authority for approval and circulation of the follow up survey to the committee Chair.

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**Recommendation – That the committee either agrees the draft survey at Annex A and recommends that SAB approves its circulation or, if more time is required to firm up the draft beyond the SAB meeting on the 8<sup>th</sup> April, that a progress report is given to SAB with a request that the committee Chair is given delegated authority to approve the final draft and circulate to relevant stakeholders.**

## Annex A

### **Draft 2019 Local Pension Board Survey (see attached Excel Spreadsheet)**

## Annex B

### **Outcome of 2017 Local Pension Board Survey.**

1.1 As agreed by the Board, a survey to establish the effectiveness of local pension boards in the local government pension scheme was launched on the 26<sup>th</sup> May 2017. A copy of the survey which ran until the 29<sup>th</sup> September 2017 can be found at <http://lgpsboard.org/index.php/board-publications/board-surveys>.

1.2 The open survey was sent to the Chairs of local pension boards and pension committees. In addition, administering authorities were asked to publicise the survey locally on their web site.

1.3 LGPC bulletin 160 published at the end of July included a reminder to administering authorities that the survey was open to local pension board employer and employee representative members.

1.4 A total of 76 responses were received. A full analysis\* of the survey responses at **Annex 1** will be considered by the Board on the 16<sup>th</sup> November 2017. (\* the analysis shown at Annex 1 does not include a summary of those questions that invited a narrative response. Further work will be undertaken to quantify the responses into common groups).

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**Recommendation – that the committee notes the findings and tasks the Secretariat to prepare publication of the full analysis to share with committee members before the end of December.**

## Annex 1

### LOCAL PENSION BOARD SURVEY – PRELIMINARY FINDINGS

#### 1. Type of Respondent (Total = 76)

Local Pension Board Chair	-	42 (55%)
Employer Representative	-	4 (5%)
Employee Representative	-	11 (14%)
Pensions Committee Chair	-	14 (18%)
Pension Fund Manager	-	3 (4%)
Pensions Officer	-	2 (4%)

#### 2. First meeting held

Jan – June 2015	-	8 (11%)
July – Dec 2015	-	57 (80%)
Jan – June 2016	-	3 (4%)
July – Dec 2016	-	2 (3%)
Jan – June 2017	-	0
July – Dec 2017	-	1 (2%)

#### 3. Planned frequency of meetings per annum

1	-	0
2	-	22 (29%)
3	-	12 (16%)
4	-	41 (54%)
5	-	0
6	-	1 (1%)

#### 4. Number of meetings held to date

Less than 4	-	4 (5%)
4	-	3 (4%)
5	-	11 (15%)
6	-	8 (11%)
7	-	13 (18%)
8	-	15 (21%)
9	-	14 (19%)
10	-	1 (3%)
11	-	2 (3%)
12	-	0
13	-	1 (3%)

#### 5. Number of Employer Representative members

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2	-	22 (31%)
3	-	21 (30%)
4	-	22 (31%)
5	-	2 (2%)
6	-	4 (6%)

## 6. Number of Employee Representative members

2	-	21 (29%)
3	-	24 (33%)
4	-	22 (31%)
5	-	2 (3%)
6	-	3 (4%)

## 7. How was the Chair of the Board appointed?

Board members	-	33 (44%)
Scheme manager	-	16 (21%)
Recruited competition	-	19 (25%)
Other	-	7 (10%)

## 8. Is the Chair of the Board remunerated?

Yes	-	21 (37%)
No	-	36 (63%)

## 9. Are any other Board members remunerated?

Yes	-	14 (21%)
No	-	53 (79%)

## 10. Are expenses paid to Board members?

Yes	-	62 (87%)
No	-	9 (13%)

## 11. Is facility time given to Board members?

Yes	-	50 (74%)
No	-	18 (26%)

## 12. Is there a written constitution?

Yes	-	57 (75%)
No	-	19 (25%)

## 13. How do you rate the written constitution (1 to 10)

1	-	3
2	-	1
3	-	1
4	-	2
5	-	15
6	-	4
7	-	6

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8	-	8
9	-	15
10	-	20

## 14. Does the Board have a terms of reference?

Yes	-	74 (100%)
No	-	0

## 15. How do you rate the terms of reference? (1 to 10)

1	-	1
2	-	0
3	-	2
4	-	1
5	-	2
6	-	2
7	-	7
8	-	12
9	-	22
10	-	25

## 16. Does the Board have a conflict of interest register?

Yes	-	72 (97%)
No	-	2 (3%)

## 17. How do you rate the conflict of interest register? (1 to 10)

1	-	0
2	-	0
3	-	0
4	-	1
5	-	12
6	-	3
7	-	11
8	-	8
9	-	16
10	-	23

## 18. Does the Board have a register of breaches of the law?

Yes	-	62 (88%)
No	-	8 (12%)

## 19. How do you rate the register of breaches of the law? (1 to 10)

1	-	2
2	-	0
3	-	0
4	-	1
5	-	22
6	-	2

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7	-	6
8	-	8
9	-	14
10	-	19

## 20. Does the Board have a risk register?

Yes	-	62 (87%)
No	-	9 (13%)

## 21. How do you rate the risk register?

1	-	2
2	-	0
3	-	3
4	-	0
5	-	14
6	-	2
7	-	8
8	-	14
9	-	12
10	-	18

## 22. Is there a Knowledge and Understanding programme?

Yes	-	70 (95%)
No	-	4 (5%)

## 23. How do you rate the Knowledge and Understanding programme?

1	-	0
2	-	0
3	-	0
4	-	1
5	-	8
6	-	6
7	-	4
8	-	21
9	-	19
10	-	15

## 24. Is personal liability or indemnity insurance available to board members?

Yes	-	29 (38%)
No	-	34 (45%)
Don't know	-	13 (17%)

## 25. Is the board compliant with guidance issued by the scheme advisory board?

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Yes	-	67 (88%)
No	-	5 (7%)
Don't know	-	4 (5%)

**26. Rate the relationship between the administering authority and the board.**

1	-	0
2	-	0
3	-	2 (3%)
4	-	3 (4%)
5	-	1 (2%)
6	-	4 (5%)
7	-	4 (5%)
8	-	20 (27%)
9	-	17 (23%)
10	-	23 (31%)

**27. Rate the relationship between the pensions committee and the board**

1	-	1 (2%)
2	-	2 (3%)
3	-	1 (2%)
4	-	6 (8%)
5	-	5 (7%)
6	-	4 (5%)
7	-	7 (9%)
8	-	18 (24%)
9	-	12 (16%)
10	-	18 (24%)

**28. Rate the board's ability to identify non-compliance with legal requirements**

1	-	0
2	-	0
3	-	1 (1%)
4	-	2 (3%)
5	-	8 (11%)
6	-	12 (16%)
7	-	13 (17%)
8	-	20 (27%)
9	-	9 (12%)
10	-	10 (13%)

**29. Rate the board's ability to make recommendations to the administering authority**

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1	-	0
2	-	1 (2%)
3	-	3 (5%)
4	-	2 (3%)
5	-	8 (11%)
6	-	5 (7%)
7	-	8 (9%)
8	-	15 (20%)
9	-	14 (19%)
10	-	18 (24%)

## 30. Rate the administering authority's response to any such recommendations

1	-	1 (1%)
2	-	1 (1%)
3	-	3 (4%)
4	-	2 (2%)
5	-	9 (12%)
6	-	4 (6%)
7	-	5 (7%)
8	-	20 (30%)
9	-	11 (15%)
10	-	16 (22%)

## 31. Rate the effectiveness of communication between the administering authority, pensions committee and board

1	-	2 (2%)
2	-	1 (1%)
3	-	1 (7%)
4	-	5 (7%)
5	-	0
6	-	7 (10%)
7	-	7 (10%)
8	-	18 (25%)
9	-	16 (22%)
10	-	16 (22%)

## 32. Rate the knowledge and Understanding programme available to the board

1	-	0
2	-	0
3	-	0



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4	-	1 (2%)
5	-	4 (5%)
6	-	2 (3%)
7	-	14 (19%)
8	-	20 (27%)
9	-	18 (24%)
10	-	15 (20%)

**33. Has the administering authority in any capacity attended any board meeting?**

Yes	-	68 (89%)
No	-	7 (9%)
Don't know	-	1 (2%)

**34. In the last 12 months have any breaches of the law been identified by the board?**

Yes	-	14 (19%)
No	-	57 (76%)
Don't know	-	4 (5%)

**35. Who is responsible for agreeing the agenda for board meetings?**

The Chair	-	28
The Chair and the administering authority	-	25
Administering authority	-	7
Members and the administering authority	-	6
Chair and the members	-	3
Members	-	2
Board and pensions committee	-	1
Don't know	-	1

**36. Have any board meetings not been quorate?**

Yes	-	7 (9%)
No	-	67 (87%)
Don't know	-	3 (4%)

**37. Is voting a regular feature of board meetings?**

Yes	-	17 (22%)
No	-	56 (73%)
Don't know	-	4 (5%)

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**38. Does the board have a web page on the administering authority's webpage?**

Yes	-	60 (78%)
No	-	10 (13%)
Don't know	-	7 (9%)

**39. Does the board have a workplan?**

Yes	-	66 (86%)
No	-	10 (13%)
Don't know	-	1 (1%)

**40. Has the board agreed any success measures/KPIs for its work?**

Yes	-	12 (16%)
No	-	60 (78%)
Don't know	-	5 (6%)

**41. Has the board produced an annual report?**

Yes	-	62 (81%)
No	-	12 (16%)
Don't know	-	3 (3%)

**42. Are the board's agenda, papers, etc, available on the board's webpage?**

Yes	-	64 (83%)
No	-	9 (12%)
Don't know	-	4 (5%)

**43. Does the board have control of a budget?**

Yes	-	38 (49%)
No	-	37 (48%)
Don't know	-	2 (3%)

**44. If it has a budget, can the board access independent financial advice?**

Yes	-	46 (74%)
No	-	11 (18%)
Don't know	-	5 (8%)

**45. Does the board have access to internal and external audit papers?**

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<b>Yes</b>	-	<b>72 (93%)</b>
<b>No</b>	-	<b>3 (4%)</b>
<b>Don't know</b>	-	<b>2 (3%)</b>