



# Governance Effectiveness Review

## Summary of findings from the recent Pensions Advisory Board (PAB) Governance Effectiveness Survey

Prepared for: Jody Evans, Director for Essex Pension Fund and Amanda Crawford, Compliance Manager, Essex Pension Fund.

Prepared by: Karen McWilliam, Independent Governance and Administration Adviser, Mary Lambe, Senior Benefits and Governance Consultant, Aon

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# Introduction

As Independent Governance and Administration Advisor (IGAA) to the Essex Pension Fund, we are undertaking an independent review of the effectiveness of the Fund's governance.

## Effectiveness Survey

As part of this review, the effectiveness of the PAB is being considered and a survey was carried out to understand the views of the Pension Advisory Board (PAB) in the following areas:

- Meeting effectiveness
- Accessibility, format and usefulness of information
- Knowledge, understanding and succession management
- The Board's role
- The Independent Chairman's role
- Summary and final comments.

We had responses from all PAB members<sup>1</sup> (8 respondents), in online submissions, of which the consensus was overwhelmingly positive. The findings from the survey responses are set out below.

<sup>1</sup> There was one vacancy for a scheme member representative at the time the survey was completed.

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### Why bring you this report?

To share the findings from the recent survey that PAB members completed, which is a key input into the review of the effectiveness of the Fund's governance being undertaken by the Fund's IGAA.

### Next steps

The next steps include:

- Discuss the findings in this report
- Engage with the PAB about the findings of this report (December 2021)
- The IGAA will then produce a final report for the Pensions Strategy Board (PSB) (March 2022).

# Summary of Survey Findings

The responses point to a very positive view of the effectiveness of the PAB.

## Who responded?

The survey was issued to all 8 members of the PAB (noting one scheme member representative vacancy existed at the time of the survey). As part of the survey members of the PAB were asked to answer 19 questions.

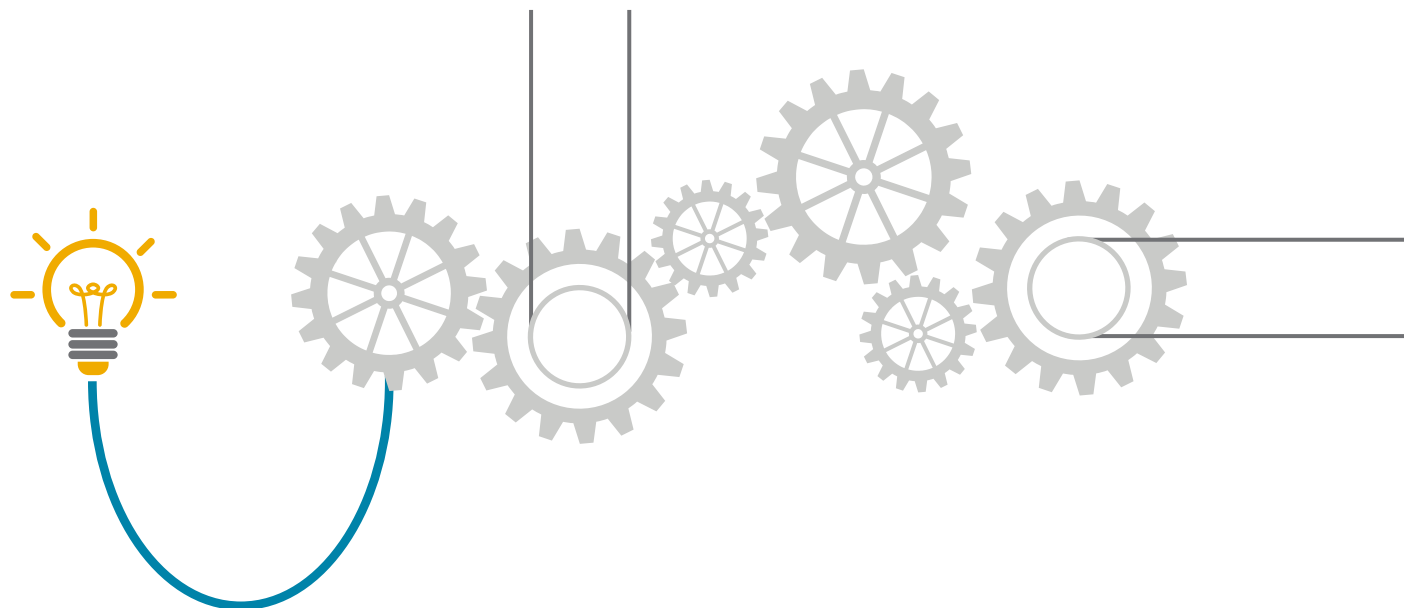
## Findings

The charts showing the survey results are included in the appendix and we have summarised the key findings from each of the sections below:

## Highlights

The overwhelming consensus across the PAB was very positive with no significant issues raised.

In respect of how meetings are held there were individual preferences, which is expected; for example there is an equal split preferring hybrid meetings and in-person meetings with clear rationale provided for those preferences.



## Meeting effectiveness



The overall view on the running of the PAB meetings was overwhelmingly positive. All PAB members stated that sufficient opportunity is provided to ask questions or raise concerns at PAB meetings, with everyone indicating their comfort raising questions irrespective of the simplicity of those questions. The length of meetings was also seen as sufficient by all members.

All PAB members felt that there was sufficient time for governance, administration and communication matters to be covered during meetings. One comment highlighted a desire to understand more about how the Fund communicates with its members, i.e. member self-service, roadshows/webinars etc.

In respect of question 2.5 there was an equal split of PAB members indicating a preference for all members attending meetings in-person and a hybrid approach (allowing members to choose whether to attend in-person or virtually). For the members preferring in-person attendance:

- two members felt this approach allows members to get to know each other better
- one mentioned greater ease of networking
- the fourth member indicated that it worked better for them and made them feel more engaged but they acknowledged that for some members it may not be a preferable approach.

In terms of those PAB members selecting a preference for hybrid

- three indicated it suited their work situation and was more convenient and that offering the opportunity of hybrid meetings offers the 'best of both worlds'
- the fourth member actually clarified in the comments that their preference is to attend in-person meetings but they also appreciated it would not be everyone's preference.

Accordingly, it does appear, in my view, that having the flexibility of hybrid meetings would be appropriate (at least some of the time).



### Accessibility, format and usefulness of information

All respondents were confident they understood the matters considered at PAB meetings. All members agreed that information was provided ahead of PAB meetings in a timely manner (with a comment noting this information was very good) and it allows them to effectively carry out their role on the PAB.



### Knowledge, understanding and succession management

All respondents indicated that they are given sufficient training in relation to relevant Pension Fund matters. Of the three members who indicated they joined recently they all felt the induction process was effective in supporting them in their new PAB responsibilities. Those three new members also felt the information they received when they applied to the Board gave them an appreciation of the commitment required for the role. One member mentioned that the one-to-one meetings with Fund Officers and electronic information provided was good. There was a further comment highlighting the challenges of succession planning, and the need to keep replacing elected members as they lost their seats or step down, as being concerning in relation to effective governance.



### The Board's role

All respondents indicated they understand their role and responsibilities on the PAB with all members also being aware of how to raise any relevant and appropriate items to the PSB via the PAB Chairman. Seven members answered question 5.3 about breakout groups (e.g., task and finish groups) with all agreeing they are an effective way of carrying out some of the PAB's business.



### The Independent Chairman's role

All Members, with the exception of the Independent Chairman, answered the questions in this area. All agreed the PAB meetings are well chaired, with one member stating, “the Chairman is extremely knowledgeable on the LGPS and allows ample opportunity for board members to raise questions and comments” and another member indicated that “I think the Chair/Vice Chair do a super job in chairing the meetings. When joining initially I had no experience of any Local Government Meetings and through the excellence of the Chair my understanding has improved”. All respondents also agreed that the Chairman provides them with the support they need (as outlined in the PAB Terms of Reference).

### Summary and Final Comments

All members stated that the effectiveness of governance of the Fund has either improved or stayed the same in the last two years. A number of positive comments were received in relation to this question including:

- noting improvements in documentation with them being easier to digest and explanations from Officers
- the relationship between the Chairman/Vice-Chairman and Officers helping PAB effectiveness
- the PAB has become more vocal in expressing areas of concern to the PSB.

Two members referenced PAB member turnover during the past two years and noted the need for new members to have time to bed into their role.



# Conclusions and next steps

As the IGAA to the Fund, I am delighted with the responses to the PAB effectiveness survey which demonstrates a high level of confidence in how the PAB is operating. I also am of the view that the PAB is effective and the dedication of the PAB members and of the officers managing and providing information to the PAB is excellent. The leadership and knowledge provided by the Chairman and Vice-Chairman are in my view a key element of the effectiveness of the PAB, as is the close working relationship between the PSB and the PAB.

There are a small number of areas within the survey that merit further consideration or action as summarised below:

- Meeting format – the long-term format of meetings should be considered (whether hybrid or in-person), and we know Fund Officers are already planning this work in 2022/23. If deemed necessary, the Board's Terms of Reference should be updated to reflect the any further amendments to these arrangements.
- Succession planning – Although succession planning has been highlighted as an area for further consideration it is an extremely difficult area to manage given the different challenges in appointing individuals to employer representative roles (some of which are elected members subject to local authority democratic process) and scheme member representative roles on the PAB.
- Meeting content – ensure PAB agenda(s) continue to include matters relevant to Members i.e. Scheme Member communications.

As I would expect, I understand that Fund Officers have already confirmed that the Pension Regulator's New Code of Practice will to be a focus for the PAB over a number of meetings, once it is released, given this is part of the statutory role of the PAB.

## IGAA final words

There is an overwhelming consensus from the PAB survey results showing an extremely positive picture of the effectiveness of the PAB. The views shared provide some valuable comments for consideration. I look forward to discussing these findings at the PAB in December 2021 and then further at the PSB in March 2022.

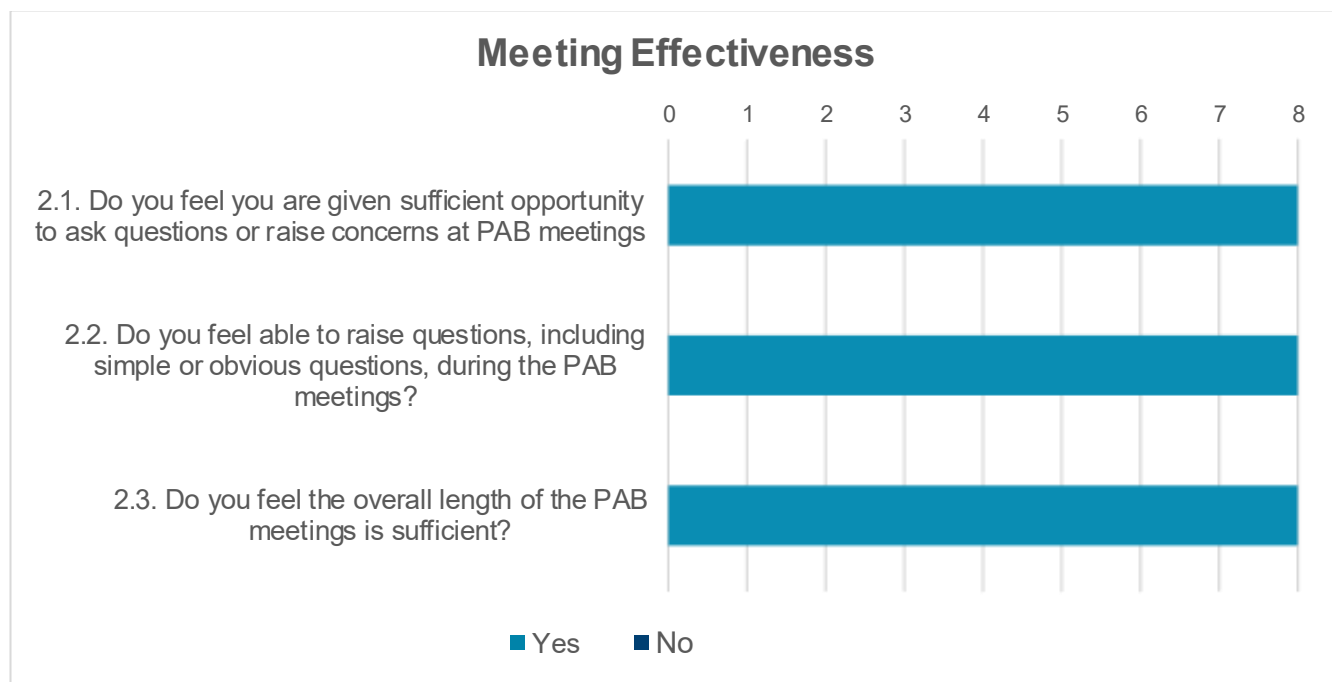
I would like to thank PAB members and officers of the Fund for their time and assistance in carrying out this survey.



# Appendix – Charts

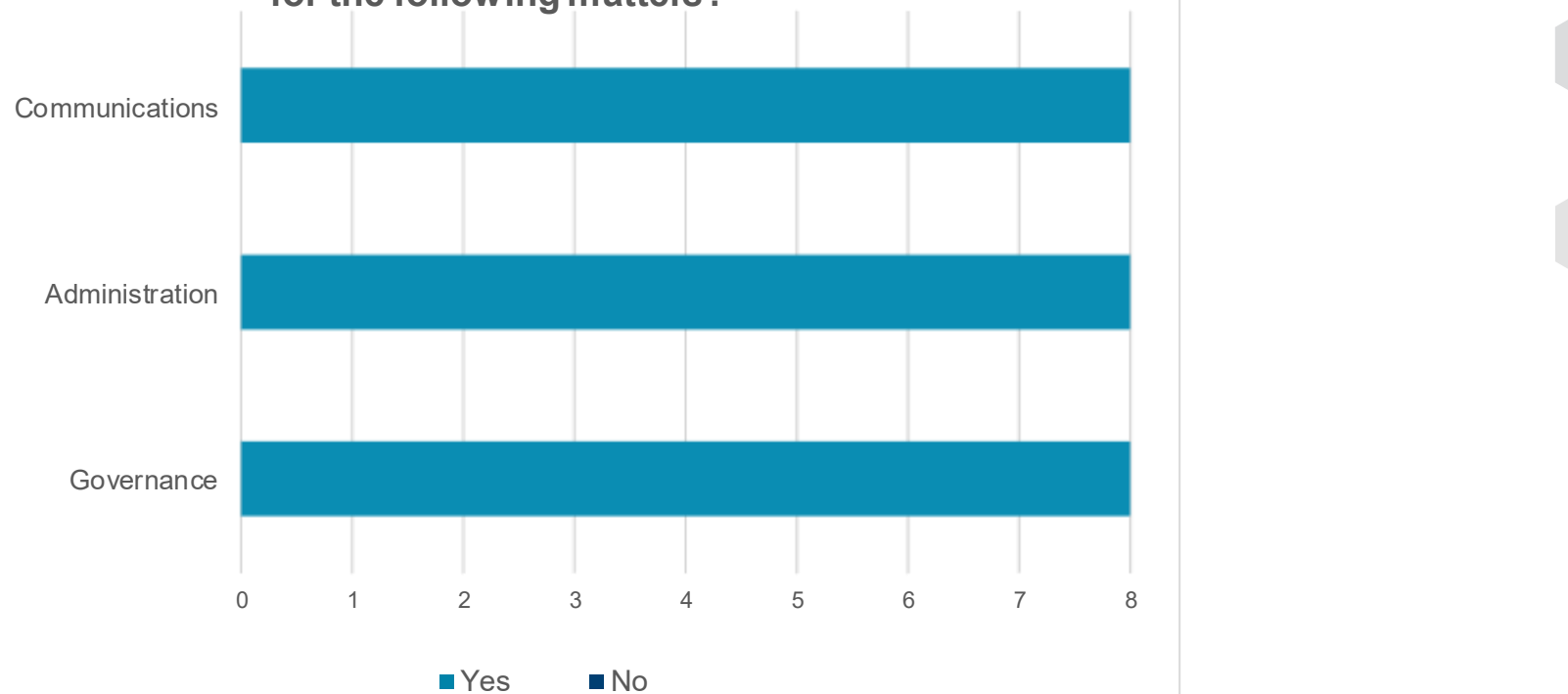
Charts showing the responses to the recent survey are shown below

## Section 2 – Meeting Effectiveness

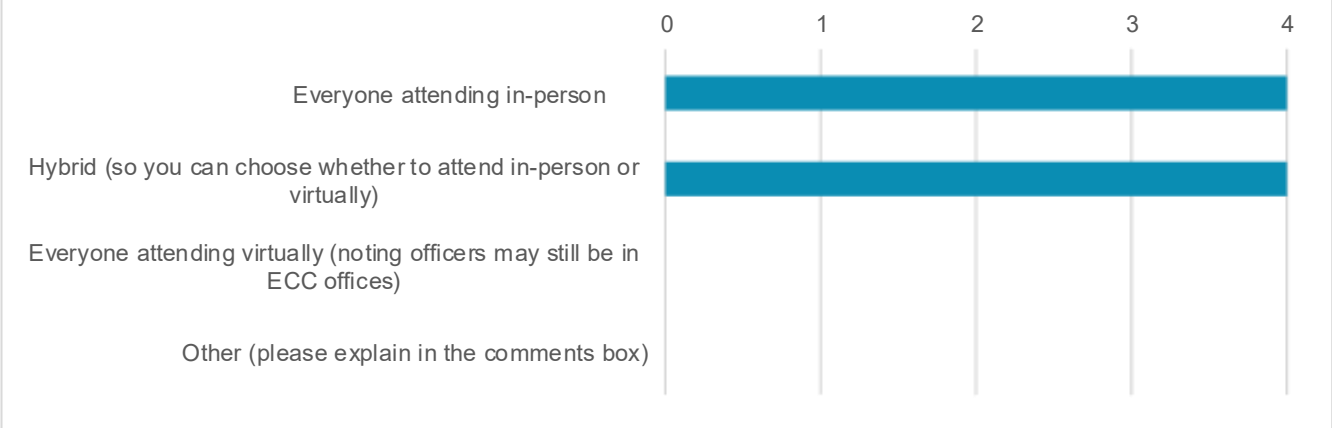




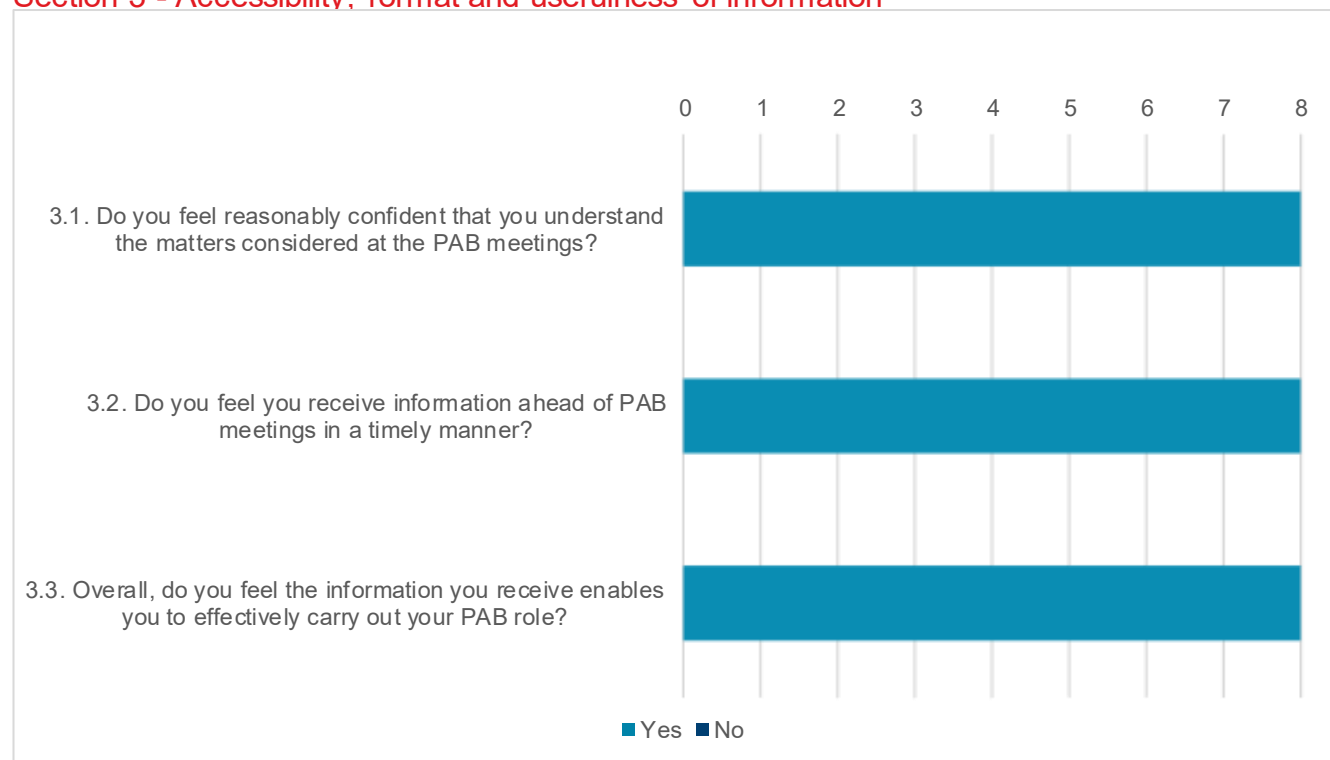
## 2.4. Do you feel the meetings overall allow sufficient time for the following matters?



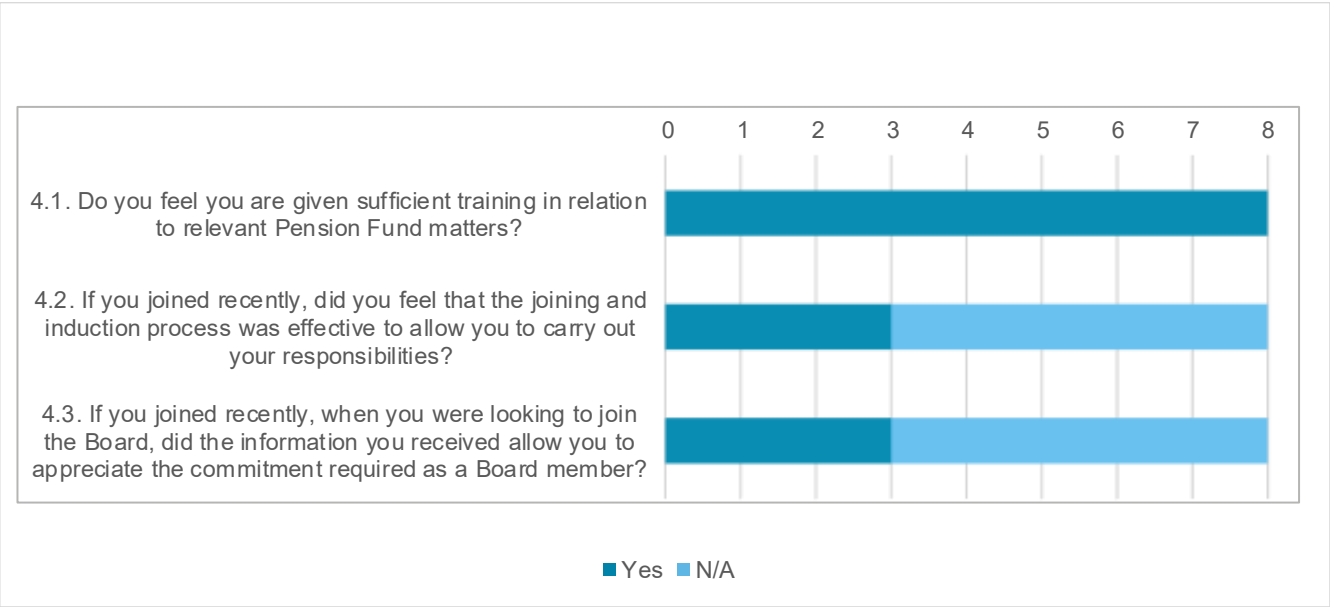
**2.5. What is your preferred approach to how PAB meetings are held when the current pandemic restrictions are eased?**



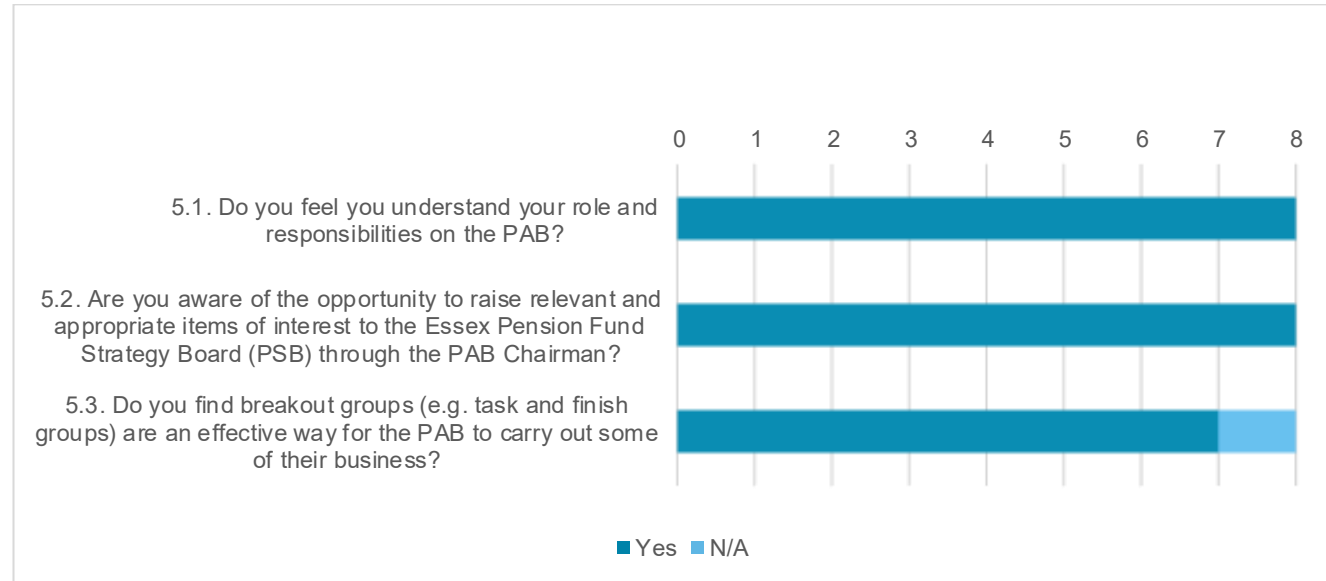
### Section 3 - Accessibility, format and usefulness of information



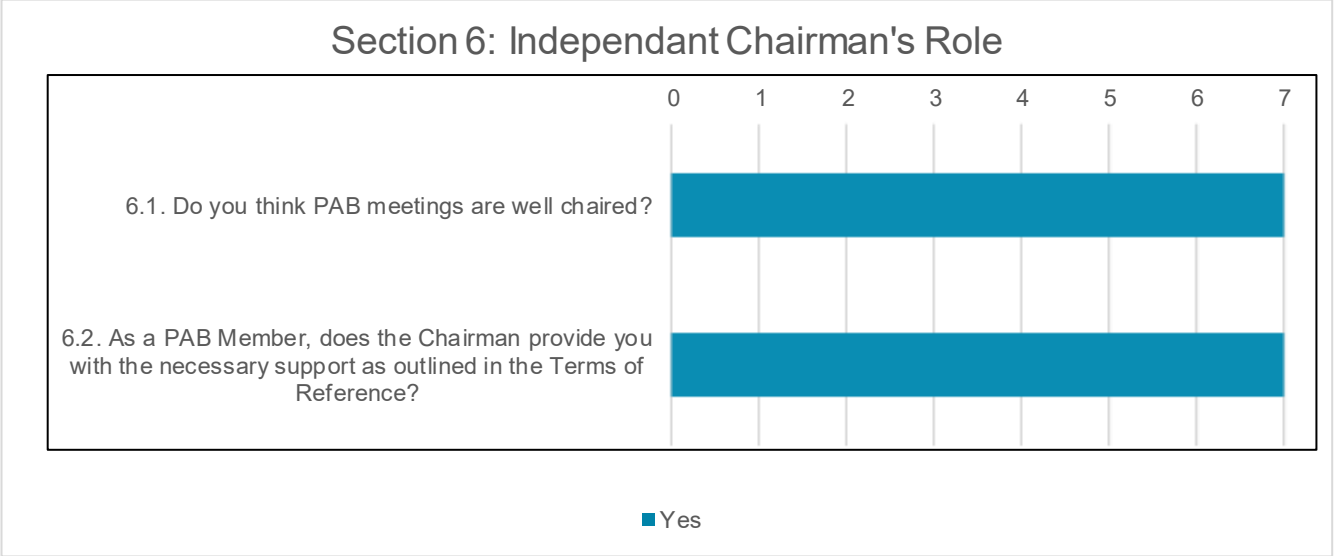
Section 4 – Knowledge, understanding and succession management



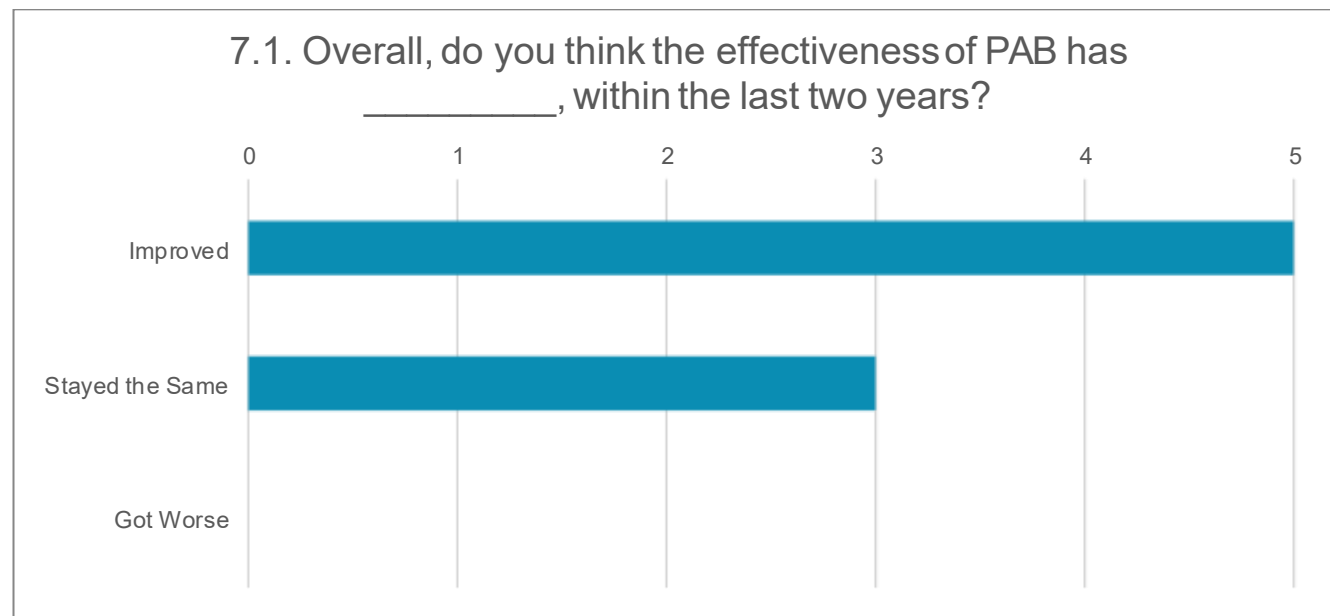
## Section 5 – The Board's role



Section 6 – The Independent Chairman’s role



## Section 7 – Summary and Findings





**Karen McWilliam**  
Partner and Head of  
Benefits and Governance  
Consultancy  
07711 016707  
[Karen.McWilliam@aon.com](mailto:Karen.McWilliam@aon.com)

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**Mary Lambe**  
Senior Benefits and  
Governance Consultant  
07771 678745  
[Mary.Lambe@aon.com](mailto:Mary.Lambe@aon.com)

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