

Appendix C

Pension Advisory Board Business Plan 2023/24

Background

This is the Business Plan for the West Sussex Pension Advisory Board. The Business Plan is an important document which sets out the aims and objectives of the Board over the coming year, its core work and how the objectives will be achieved.

The County Council is responsible for the administration of the West Sussex County Council Pension Fund and as the Administering Authority, is required under S106 of the LGPS Regulations 2013 to establish a local pension board and has established the Pension Advisory Board for this purpose.

The County Council acts as the Scheme Manager, as defined by the Public Service Pensions Act 2013, in respect of the management of the Scheme and its functions in this respect are discharged in accordance with the Council's scheme of delegation by the:

- Governance Committee (delegated to the Pensions Committee); and
- Officers (Director of Finance and Support Services and the Director of Law, Assurance & Strategy)

The Board is supported by the officers, by the appointment of an independent chairman, and by assurance statements and information provided by external service providers. The costs of the Board's operations are charged to the Pension Fund and a budget is included in the Business Plan.

The Board's approach has been to establish a core programme of work based on guidance received from the Pensions Regulator, the Scheme Advisory Board and from CIPFA in the form of advisory guidance.

The Business Plan has been developed to be consistent with and complimentary to the Pensions Committee's business plan. The Plan is reviewed annually, and progress monitored at each meeting. New priorities that might arise can be introduced at each meeting and new action identified where progress has not been as expected.

Details of how the Board's objectives will be met, together with key priorities and an indication of key risks are included in the Plan. The achievement of the objectives and key tasks are reviewed at the end of each year and reported to the Pensions Committee. A brief report is also approved for inclusion in the Pension Fund Annual Report and is made available to scheme employers and to scheme members.

STATUTORY RESPONSIBILITIES

1. The statutory responsibilities of the Board are similar to those set out in the Regulations for all local pension boards:

Assist the Scheme Manager:

- To secure compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme;
- To secure compliance with requirements imposed in relation to the scheme by the Pensions Regulator;
- In such other matters as the scheme regulations may specify;
- To ensure the Scheme Manager complies effectively and efficiently with the General Code of Practice on the governance and administration of pension schemes issued by the Pensions Regulator; and
- To ensure that the Board complies with the knowledge and understanding requirements in the Regulator's General Code of Practice.

ACCOUNTABILITY

2. The Board is accountable to the Scheme Manager, to the Pensions Regulator, to the Scheme Advisory Board, and to the scheme employers and members that it represents.
3. The Scheme Advisory Board will advise the Responsible Authority (the Department for Levelling Up, Housing, and Communities) and the Scheme Manager.
4. The Pensions Regulator will report to the Responsible Authority but will also be a point of escalation for whistle blowing or similar issues (supplementary to the whistle blowing policy and anti-fraud and corruption policy operated by the Scheme Manager which operate to include all of the functions of the Council as Scheme Manager and its advisers).

PRINCIPAL FUNCTIONS

5. The principal functions of the Board include:
 - Seeking assurances that due process is followed with regard to Pensions Committee decisions;
 - Considering the integrity and soundness of Pensions Committee decision making processes;
 - Seeking assurance that administration performance is in compliance with the Administration Strategy;
 - Considering the effectiveness of communications with employers and members including the Communication Strategy;
 - Considering and commenting on Internal Audit recommendations; and
 - Consideration of External Auditor reports.
6. Any complaint or allegation of breach of due process brought to the attention of the Board shall be dealt with in accordance with the Pensions Regulator's General Code of Practice.

OBJECTIVES

7. The Board's main objectives are set out below:

Governance: Act solely in terms of the public interest, with integrity, objectivity, accountability, openness, honesty and with leadership, and seek to ensure these are followed by all those involved in the Fund's administration.

Compliance: Seek to understand the statutory framework of regulations and guidance, and ensure all aspects are complied with.

Administration: Seek to ensure that proper procedures and controls are in place and are followed, and that performance expectations are met.

Communication: Seek to ensure that standards of reporting and clear communications are maintained and improved.

Efficiency: Seek to ensure improvements are being made in all processes, and minimise demands placed on officers in supporting the Board's work.

Effectiveness: Seek to ensure that the Board is making an effective contribution to the governance of the Fund through careful planning and performance assessment.

Risk management: Seek to ensure that fund risks are being identified, monitored and mitigated through proper procedures and controls.

Proper advice: Seek to ensure that proper advice is being taken and considered in all aspects of decision-making.

Knowledge and understanding: Seek to ensure that all Board members maintain a suitable level of knowledge and understanding.

Responsiveness: Seek to ensure that the Board considers and responds to consultations, surveys and requests for information effectively.

8. The means by which the Board can deliver these objectives is set out in the detailed plan. As part of the agenda planning process, the officers and chairman have agreed a structured agenda as a standard and discuss the detailed agenda well in advance of each scheduled meeting.
9. The papers for each meeting are made available at least one week prior to the meeting and implementation of action agreed is monitored in a progress report at the following meeting.
10. The Board does not have delegated powers to incur expenditure but agrees an indicative annual budget with the officers each year. Provisional sums are included to allow the Board to request any additional independent advice that might be required in exceptional circumstances.

BUDGET

Budget item	Budget 2023/24 £	YTD Spend 2023/24 £	Projected Outturn 2023/24 £	Budget 2024/25 £
Fee for independent chairman	17,500	13,125	17,500	17,500
Travel expenses/subsistence	1,000	875	1,088	1,000
Training provision	1,500	3,215	3,215	5,500
Democratic Services Support (0.2 FTE)	8,000	-	7,837	8,000
Provisional sums (if required): Legal and other external advice.	1,000	-	-	1,000
Contingency.	1,000	-	-	1,000
TOTAL INDICATIVE BUDGET	30,000	17,215	29,640	34,000

N.B. All costs are chargeable to the Pension Fund. The fee for independent chairman is subject to review following the appointment process currently underway. Democratic Services Support excludes 'back pack' costs.

TRAINING

11. The Pensions Committee has agreed a Training Strategy which incorporates the Board's training needs. Training for Board members, including induction training, is provided primarily through the Hymans LGPS Online Learning Academy (LOLA). Regular updates are provided through the 'Current Issues' module. All the modules in LOLA were updated in 2023 and members are in the process of re-taking the training.
12. This form of training is supplemented by internal training on West Sussex specific issues, and by attendance, where appropriate, at external seminars which specialise in the needs of local pension boards. Reference is also made to the e-learning provided by the Pensions Regulator which includes a module specific to cyber risk.
13. In terms of self-learning and familiarisation, the Board has developed arrangements to keep members apprised of changes to the scheme regulations and guidance through access to the national LGPS and Scheme Advisory Board websites.

RISK MANAGEMENT

14. The Board does not consider it necessary to have its own risk register but monitors the Fund risk management arrangements as reported to the Pensions Committee on a regular basis. The schedule of key tasks and activities which follows includes references to the key risks applicable to each area.

ISSUES FOR ATTENTION IN 2024/25

15. These are the issues on which work is expected in the coming year, subject to progress on national initiatives:

- Outcome of the SAB Good Governance Review
- TPR's new General Code of practice (issued January 2024)
- Strategic investment issues and pooling governance, subject to DLUHC regulation changes
- Employer communications and engagement

In the slightly longer term, though preparatory work may be necessary:

- Climate change reporting (awaiting DLUHC guidance)
- Implementation of the Pensions Dashboard programme

Pension Advisory Board - Business Plan 2024/25

- Key tasks and activities

Core on-going work	Special activities and reviews 2024/25
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Business Planning and Performance	
<p>Agree programme of work, budget and resources for the coming year and monitor progress at each meeting.</p> <p>Undertake a self-assessment of performance for the year to include on-to-one interviews in January/February.</p> <p>Agree a report each year on activity for inclusion in the Fund Annual Report and for scheme employers.</p>	
<p>Key Risks</p> <ul style="list-style-type: none">• Failure to manage work efficiently and effectively.• Failure to account for activities and performance within the PAB remit.	

Compliance checks	
<p>Review the Council's policy on conflicts of interest annually, ensure interests are declared at each meeting and maintain a register of interests for the Board on the website.</p>	
<p>Review the Pension Fund Annual Report and Accounts for content and compliance.</p>	
<p>Review statutory policy statements on a regular basis and on a three-year rolling basis</p>	
<p>Monitor and review changes to regulations and guidance at each meeting</p>	
<p>Key risks</p> <ul style="list-style-type: none">• Failure to manage conflicts properly.• Non-compliance with regulations and guidance.• Changes being implemented at short notice due to delayed notification.	

Core on-going tasks	Special activities and reviews 2024/25
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Governance arrangements	
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Review decisions of the Pensions Committee	
Review management and monitoring of the pension fund risk register	
Monitor audit reports and assurances on internal controls	
Monitor work planned by the Pensions Regulator (tPR)	Review new tPR General Code of practice and assess implications
Monitor reports and initiatives from the Scheme Advisory Board (SAB) including the Good Governance Review	Review planned consultation on future governance arrangements and assess implications
Respond to surveys and requests for information from the tPR and the SAB	
Report to the Pensions Committee and Governance Committee on a regular basis and as required	
Report to tPR, DLUHC and SAB in exceptional circumstances	

<p>Key risks</p> <ul style="list-style-type: none"> • The decision-making process is not fully effective. • Key risks are not managed properly. • Failure to be aware of scheme-wide developments and changing requirements. • Failure to properly account for the Board’s activities. 	
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Core on-going tasks	Special activities and reviews 2024/25
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Administration procedures and performance	
Consider a report on the administration of the scheme at each meeting	
Monitor notifiable events and the recording and reporting of breaches	
Monitor key performance indicators and recovery action	
Monitor recording of compliments and complaints, and progress on IDRPs cases	
Monitor movements in membership numbers	
Monitor data quality and integrity, and progress on improvement plans	
Monitor timeliness of receipt of contribution payments and any recovery action required	
Review operation of key internal procedures and controls relating to third party contracts	
Key risks <ul style="list-style-type: none"> • Failure in the efficient and effective administration of the scheme. • Non-compliance with reporting requirements. • Failure to detect potential problems, including fraud at an early stage. 	

Core on-going tasks	Special activities and reviews 2024/25
Investment and funding	
Review the investment strategy statement to assess compliance with regulations and guidance issued by DLUHC and CIPFA	
Review the funding strategy statement to assess compliance with regulations and guidance	
Review the process of consultation with appropriate persons, particularly scheme employers	
Review the valuation process for compliance and good practice	
Review developments on the pooling arrangements, particularly in relation to governance and investment management	Review any regulatory changes relating to compliance on pooling that was subject to consultation in 2023/24
Monitor arrangements for monitoring investment performance and costs	
Monitor developments in relation to responsible investing and ESG issues insofar as they relate to the Board's responsibilities	
Key risks <ul style="list-style-type: none"> • Non-compliance with investment regulations and Government guidance. • Failure of proper governance arrangements in the pooling of Fund assets. • Failure to comply with or respond to developments in good practice or regulatory compliance. • Net asset values are insufficient to meet future liabilities. • Lack of clarity on role of PAB in relation to ACCESS and on responsible investing. 	

Core on-going tasks	Special activities and reviews 2024/25
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Communications	
Monitor disclosure of information in line with statutory requirements, including annual benefit statements	
Review newsletters for content and clarity	
Review communications with employing authorities	Assist the Scheme Manager in developing engagement with employers
Monitor developments in the website and pensions portal	
Consider more effective links to scheme members	
Key risks <ul style="list-style-type: none"> • Failure to keep employers and scheme members properly informed. • Non-compliance with Administration Strategy. • Scheme members fail to understand scheme benefits and opt-out. 	

Training	
Monitor the training log and review activity regularly	
Monitor implementation of training strategy	
Identify opportunities for in-house training and/or external training courses or events	
Key risks <ul style="list-style-type: none"> • Failure of Board members to maintain a suitable level of knowledge and understanding. • New training requirements imposed on PAB in relation to compliance testing. 	