

## **West Sussex Pension Advisory Board**

### **Business Plan 2018/19 performance report**

#### **Board establishment**

Officers undertook a review of the Board's structure and operations based on practice elsewhere with the ACCESS Pool members. Changes were agreed at the April meeting resulting in two additional Board members and the terms of reference were revised accordingly.

#### **Board meetings**

As part of the review, it was agreed to hold one additional meeting each year, and meetings to be held around 10 days after each Panel meeting in a timelier manner. Thus the Board held four meetings during the year with attendance as follows: Peter Scales (4); Richard Cohen (4); Miranda Kadwell (2 - appointed from November); Kim Martin (2); Becky Caney (2 - appointed from November); Christopher Scanes (4); and Tim Stretton (3). Relevant interests are recorded and any changes declared at each meeting. There have been no conflicts of interest potential or otherwise and the register has been updated.

The business for each meeting has been in line with the core work plan agreed in April and is based on the responsibilities of the Board and guidance issued about key issues to cover, and on 'live' issues arising during the year.

As part of the review, it was agreed to re-align the Board's work plan and training plan with those of the Panel, including risk framework, and to introduce a regular review of policy documents with two each meeting on a rotational basis. A schedule of policy documents was drawn up to monitor and manage progress. However, progress on aligning the Board and the Panel's business plans has proved elusive during a busy year but will be done once the Panel's Plan for 2019/20 has been agreed.

In terms of what has been achieved during the year, the schedule below shows actions against key tasks and demonstrates that a comprehensive programme of work has been completed.

In terms of individual Board members perceptions of performance, these were covered in the on-to-one performance review meetings held at the end of January. Some of the key conclusions are summarised below.

## **Top level review with S151 Officer**

The Chairman met with Katharine Eberhart on 29 January and the main conclusions were:

- The Board had stabilised following the structural review and the increase in meetings has provided greater flexibility.
- The addition of two new members has provided strength and diversity, and the appointment procedure had operated smoothly.
- There is scope to improve liaison with the Panel and to raise awareness of the Board's activities.
- The minutes of Board meetings should be reported to the Panel and the Chairman should attend at least one Panel meeting each year to present the Board's annual report.
- The role of an independent chairman had worked well and brought wider knowledge and expertise to the Board, and his views on LGPS developments were helpful.
- Proposed changes to the MHCLG guidance on pooling investments would need to be reviewed and the governance arrangements (e.g. Panel and Board roles) for the new pooling structure needed to be established once transition had settled.

## **One-to-one review meetings**

Board Meetings - All members thought the papers were circulated sufficiently on time and the meetings were well planned, decisions were effective and well made. Key issues were being prioritised and information provided, and the relevant officers were helpful.

Individual contribution - Most considered they were making an effective contribution although new members had only attended one meeting and were still finding their feet. All were diligent in reading the papers and felt their time commitment sufficient. Training needs were varied.

Individual approach - The longer standing members all felt they had a sound approach to the Board and its members, and didn't feel there were any barriers to their contribution. Newer members had yet to establish their approach but there were no adverse comments.

Independent chairmanship - Everyone felt the role of independent chairman worked well and that he helped make the Board more effective and made a valuable contribution. Communication worked well allowing an open discussion and as a team.

Board performance - All responses were favourable in this section, subject to a limited view for those new to the Board. It was felt generally that the Board was doing its job well but that there were areas where more needed to be done.

## **Areas of under-performance**

These are the areas where progress has not been as good as was expected:

Business Plan - Progress on developing the work plan into a business plan that is consistent with the Panel's has been much slower than intended and has been re-scheduled for 2019/20.

Administration - There has been some frustration with the level of performance by Capita which has led to a review by the Panel and a change in supplier for 2019/20 onwards. While performance has continued to be monitored it has not been possible for the Board to make much input during the transition process.

Pooling arrangements - Understandably the transition to these new arrangements has been a long process and under some uncertainty, particularly in relation to the guidance given centrally - new guidance is currently under consultation. The Board has to await the outcome of this process before it can begin to fully understand and contribute to the new governance arrangements.

Communications - Due to the on-going review of the administration arrangements, the Board has not had as much impact on communications as it would have wanted.

## **Key markers for future consideration**

New administration arrangements - To fully understand the new arrangements and performance indicators, to consider the Board's role in relation to the Panel, and to meet with Hampshire representatives on a regular basis.

Pooling arrangements - To review the governance arrangements and to clarify both the Board's and the Panel's roles once transition is complete. To review the MHCLG revised guidance.

Valuation process - To better understand the process and compliance issues, particularly in relation to the cost cap mechanism.

Communications - To consider and seek to improve communications with employers and between employers, particularly on the valuation outcomes.

Business Plan - To establish a revised planning framework, including risk management, and to understand the Board's role in that.

Operations - To ensure data quality issues are being managed and improved, and to better understand key risk areas of internal controls

## **Knowledge and understanding**

The Board agreed a revised training strategy in November which aligns the Board's requirements with those of the Panel. As a follow up to that, each member undertook a knowledge and understanding survey prepared by Hymans Robertson, the results of which are to be considered at a future meeting.

Training sessions were held to cover the pooling process outcomes and governance, risk management, and valuation and actuarial matters. In addition, each meeting provides members with a broad update on key issues. Also some members attended the in-house training session on the financial statements with members of the Panel.

The Board has been well represented on special refresher and update sessions run by CIPFA especially for local pension boards, providing the opportunity to meet members of other boards. The material from these sessions is shared with all Board members.

Two new initiatives in the year established focussed learning resources:

- [1] An explanation of the LGPC website was given and members now know how to access the on-line LGPS regulations and guidance.
- [2] LGPC bulletins and updates are circulated on a frequent basis in between meetings. A standing agenda item now monitors scheme developments giving Board members the opportunity to keep up to date and broaden their knowledge.

Each member, including those new to the Board, has completed and 'passed' the Pensions Regulator's on-line modular training toolkit. Progress on training was monitored and discussed at each meeting, and a training log is being maintained.

## **Indicators of performance and achievement**

As the Board's work is generally subjective in nature, it is not practicable to measure performance against 'hard' indicators. However, performance has been good in monitoring compliance and effectiveness in the administration procedures throughout the year.

## **Chairman's comments**

The Board's operations over the past four years continue bring compliance and performance into sharper focus and with an employer/member perspective. In addition, the Board is enabling the Scheme Manger to demonstrate compliance with regulations and guidance, and helping ensure the Fund is administered efficiently and effectively.

In my view the Board has continued to operate well in developing circumstances, particularly as regards the new pooling arrangements and other changes taking place, especially with new members coming on board. Each member continues to demonstrate their commitment to meeting their responsibilities, to gaining new knowledge and understanding of the issues, by preparing for each meeting and by participating effectively in discussion.

Board members are keenly aware of the need not to duplicate the work of the Pensions Panel and officers, nor to generate unnecessary demands for monitoring information for meetings. At the same time, members do not hesitate to challenge decisions or practices when it is appropriate to do so, to seek improvements where beneficial, or to expose non-compliance.

Pension Advisory Board 6 March 2019

## Pension Advisory Board

### Work programme 2018/19

Key tasks and activities	Action in 2018/19
<p><b><u>Business planning and performance</u></b></p> <ul style="list-style-type: none"><li>✓ Agree work programme, budget and resources for coming year</li><li>✓ Review advisor requirements</li><li>✓ Review performance against work programme and budget for report to committees *</li><li>✓ Board self-assessment</li><li>✓ Report for Fund Annual Report</li><li>✓ Report to Employer Annual Meeting</li><li>✓ Report to Scheme Advisory Board/DCLG/tPR</li></ul>	<ul style="list-style-type: none"><li>✓ 2018/19 programme and budget agreed on 20 April 2018</li><li>✓ Agreed there was no requirement for specialist advisers</li><li>✓ Performance for 2017/18 reviewed and report agreed on 20 April</li><li>✓ Report for 2017/18 annual report agreed on 20 April</li><li>✓ Three Board members attended the Employers AGM on 25 July 2018</li><li>✓ No reports required for SAB/MHCLG/tPR</li><li>✓ One-to-one performance reviews for 2018/19 held in January</li><li>✓ 2019/20 work programme and budget agreed on 6 March 2019</li><li>✓ 2018/19 performance review and reports agreed on 6 March 2019</li><li>✓ Reviewed response to tPR survey</li></ul>
<p><b><u>Compliance checks</u></b></p> <ul style="list-style-type: none"><li>✓ Annual review of conflicts of interest</li><li>✓ Review relevant Pension Panel decisions</li><li>✓ Annual Report &amp; Accounts</li><li>✓ Review of policy statements</li> <li>✓ Review of risk register</li> <li>✓ Internal controls/audit reports</li><li>✓ Regulations and guidance</li></ul>	<ul style="list-style-type: none"><li>✓ Reviewed on 21 November and on 6 March</li><li>✓ Reviewed at each meeting as a standing agenda item</li><li>✓ Reviewed by chairman, subject to new CIPFA guidance</li><li>✓ New standing agenda item - two documents each meeting, including Discretions policy, privacy notice, Governance Policy, IDRPs, Treasury Management and Administration Strategy</li><li>✓ Monitored reviews by Pensions Panel under business plan updates</li><li>✓ Specific presentation on 18/7/18</li><li>✓ Noted audit assurances</li><li>✓ New resource introduced on accessing LGPC web site</li><li>✓ LGPC bulletins circulated and reviewed</li><li>✓ SAB update reports reviewed</li><li>✓ Reviewed CIPFA guidance for LPBs</li></ul>

\* Pensions Panel and Governance Committee

Key tasks and activities	Action in 2018/19
<p><b><u>Administration procedures and performance</u></b></p> <p>Admin report to cover:</p> <ul style="list-style-type: none"> <li>✓ Notifiable events</li> <li>✓ Data quality and integrity</li> <li>✓ Disclosure of information</li> <li>✓ Contribution monitoring</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reviewed administration procedures and performance at each meeting</li> <li>✓ Concerns raised about poor performance against KPIs and monitored move to new service provider</li> <li>✓ Annual benefits process, management of late payment of contributions and process for monitoring breaches were reviewed</li> <li>✓ Customer satisfaction survey results were reviewed</li> <li>✓ Monitored progress on GMP liabilities</li> <li>✓ Data quality and recovery arrangements reviewed</li> </ul>
<p><b><u>Communications</u></b></p> <ul style="list-style-type: none"> <li>✓ Newsletters and annual statements</li> <li>✓ Website and portal</li> </ul>	<p>Review of newsletters pending new arrangements</p> <p>Reviewed communications policy</p> <p>Questioned new arrangements pending transition from Capita</p>
<p><b><u>Training</u></b></p> <ul style="list-style-type: none"> <li>✓ Review training log and plan needs</li> </ul>	<ul style="list-style-type: none"> <li>✓ All members have completed and passed tPR's on-line training modules</li> <li>✓ CIPFA training sessions attended</li> <li>✓ Training session on financial statements for 2017/18</li> <li>✓ Training session on managing risk</li> <li>✓ Training session on valuation issues covering, GAD S13 valuations, costs sharing mechanisms, GMP liabilities, and proposals for quadrennial valuations</li> <li>✓ Training log maintained and reviewed at each meeting</li> </ul>

**Key tasks and activities****Action in 2018/19****Special items and reviews**

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>✓ Board governance arrangements</li><br/><li>✓ Valuation assumptions and outcomes</li><br/><li>✓ Investment pooling arrangements including governance arrangements</li><br/><li>✓ Investment regulations and guidance</li></ul> | <ul style="list-style-type: none"><li>✓ Officer review of arrangements agreed in April</li><li>✓ Frequency of meetings increased from three to four per annum</li><li>✓ Membership increased to seven (including independent chairman)</li><li>✓ Items of business for each meeting expanded and regularised</li><li>✓ Business planning process to integrate with Panel Plan</li><li>✓ Risk management to be taken into account</li><li>✓ Terms of Reference revised accordingly</li><li>✓ Two new Board members appointed in November</li><br/><li>✓ Advanced information considered at Employer AGM</li><li>✓ Presentation by Scheme Actuary</li><br/><li>✓ Reports to the Pensions Panel have been reviewed</li><li>✓ Update as standing agenda item</li><li>✓ Considered proposal for representation on Oversight Committee</li><br/><li>✓ Considered response to MHCLG consultation on guidance for pooling</li></ul> |
|---|---|