

Pension Advisory Board

22 May 2019

Business Planning and Performance

Report by the Chairman of the Pension Advisory Board

Executive Summary

As reported to the Pension Advisory Board (PAB) in March, further work has been undertaken to produce a business plan for 2019/20 in order to align the programme with the Pensions Panel's business Plan. A first draft of that plan is submitted for consideration and approval

Recommendations

1. The Board is asked to consider and agree the draft business plan for 2019/20.
2. That the Board agree to refer the Business Plan to Governance Committee for their approval on 24 June 2019 in line with their Terms of Reference.
3. The Board agree that the Business Plan is provided to the Pensions Panel for noting.

1. Business Plan for 2019/20

1.1 The first draft of a revised plan is set out in this report as follows:

Appendix A - Background and framework

Appendix B - Key tasks and activities

Appendix C - Work plan for 2019/20

1.2 The Board is asked to consider the draft and agree any changes to finalise the Plan before it is submitted to the Governance Committee.

2. Equality Impact Review

2.1 An Equality Impact Review is not required as there are no relevant decisions to be taken.

Peter Scales

Chairman of the Pension Advisory Board

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Appendices

Appendix A - Business Plan 2019/20 - Background and framework

Appendix B - Business Plan 2019/20 - Key tasks and activities

Appendix C - Business Plan 2019/20 - Work plan for 2019/20

Background papers

Pension Panel Business Plan 2019/20

<https://westsussex.moderngov.co.uk/documents/s8593/Appendix%20A%20-%20Business%20Plan.pdf>

Background

This is the Business Plan for the West Sussex Local Government Pension Scheme Pension Advisory Board.

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 Pension Advisory 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 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 Pension Advisory 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.

Following a review of the Board in 2018, this Business Plan has been adapted to be more consistent with and complimentary to the Pensions Panel'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 for 2019/20 and 2020/21 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 Panel. 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 Pension Advisory Board are similar to those set out in the Regulations for all local pension boards, that is:

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 effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator (COP14); and
- To ensure that the Board complies with the knowledge and understanding requirements in the Regulator's Code of Practice.

Accountability

2. The Board is accountable to the Scheme Manager, to the Pensions Regulator, to the national Scheme Advisory Board and to the scheme employers and members that it represents.
3. The national Scheme Advisory Board will advise the Responsible Authority (the Ministry for Housing, Communities and Local Government) 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 Panel decisions:
 - Considering the integrity and soundness of Pensions Panel decision making processes:
 - Seeking assurance that administration performance is in compliance with the Administration Strategy;
 - Considering the effectiveness of communication 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 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.

Budget

10. The Board does not have delegated powers to incur expenditure but agrees an annual budget with the officers each year for approval by the County Council's Governance Committee. Provisional sums are included to allow the Board to request any additional independent advice should that might be required in exceptional circumstances. All costs are chargeable to the Pension Fund.

Budget item	Actual 2017/18 £	Budget Est. 2018/19 £	Actual 2018/19 £	Budget Est.2019/2 0 £
Fee for independent chairman	15,000	15,000	15,000	16,000
Travel expenses/subsistence	275	2,000	1,236	2,000
Training provision	800	5,000	1,065	2,500
Democratic Services Support (0.2 FTE)	6,500	7,000	6,627	7,000
Meetings (incl. refreshments)	50	1,000	237	500
Provisional sums (if required):				
• Legal and other external advice	0	3,000	0	3,000
• Contingency	0	2,000	0	2,000
TOTAL	22,625	35,000	24,165	33,000

Training

11. A Training Strategy has been established to aid the Pension Panel and Pension Advisory Board members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. The Strategy has been developed in the context of the Pension Regulator's Code of Practice, the Knowledge and Skills Framework developed by CIPFA and guidance covering knowledge and understanding of the Pension Advisory Board issued by the national Scheme Advisory Board.
12. At the start of 2019/20, all members of the Board had successfully completed the public service e-learning modules provided by the Pensions Regulator.
13. The Board has developed arrangements to keep members apprised on changes to the scheme regulations and guidance through access to the national LGPS website.

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 Panel on a regular basis.

Core on-going tasks	Special activities and reviews	
	2019/20	2020/21
Business planning and performance		
Agree programme of work, budget and resources for the coming year and monitor progress at each meeting Undertake a self-assessment of performance for the year to include on-to-one interviews Agree a report each year on activity for inclusion in the Fund Annual Report and for scheme employers	Review arrangements with other local pension boards	Consider five year review of Board operations since first established
Key risks <ul style="list-style-type: none"> • Failure to manage work efficiently and effectively • Failure to account for activities and performance 		
Compliance checks		
Review policy on conflicts of interest annually, interests declared at each meeting, and maintain a register of interests on the website Review the Pension Fund Annual Report and Accounts for content and compliance Review statutory policy statements on a regular basis (at least two per meetings) and on a three year rolling basis Monitor and review changes to regulations and guidance at each meeting	Review updated guidance from CIPFA on preparing the annual report	Review of conflicts policy in line with West Sussex authority-wide arrangements Complete rotation of reviews of policy statements
Key risks <ul style="list-style-type: none"> • Failure to manage conflicts properly • Non-compliance with regulations and guidance 		

Core on-going tasks	Special activities and reviews	
	2019/20	2020/21
Governance arrangements		
<p>Review decisions of the Pensions Panel</p> <p>Review management and monitoring of the pension fund risk register</p> <p>Monitor audit reports and assurances on internal controls</p> <p>Monitor work planned by the Pensions Regulator (tPR)</p> <p>Monitor reports and initiatives from the Scheme Advisory Board (SAB)</p> <p>Respond to surveys and requests for information from the tPR and the SAB</p> <p>Report to the Pensions Panel and Governance Committee on a regular basis and as required</p> <p>Report to tPR, MHCLG and SAB in exceptional circumstances</p>	<p>Develop relationships with the Pensions Panel</p> <p>Review internal audit programme of work</p>	<p>Review SAB proposals on future governance arrangements</p> <p>Engage with tPR on Board compliance with the code of practice</p>
<p>Key risks</p> <ul style="list-style-type: none"> • The decision-making process is not fully effective • Key risks are not properly managed • Failure to be aware of scheme-wide developments and changing requirements • Failure to properly account for the Board’s activities 		

Core on-going tasks	Special activities and reviews	
	2019/20	2020/21
<p>Administration procedures and performance</p> <p>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 IDRP 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</p>	<p>Review new administration service with Hampshire Test internal controls for areas of weakness</p>	<p>Review new administration arrangements one year on</p>
<p>Key risks</p> <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	
	2019/20	2020/21
<p>Investment and funding</p> <p>Review the investment strategy statement to assess compliance with regulations and guidance issued by MHCLG and CIPFA</p> <p>Review the funding strategy statement to assess compliance with regulations and guidance</p> <p>Review the process of consultation with appropriate persons, particularly scheme employers</p> <p>Review the valuation process for compliance and good practice</p> <p>Review developments on the pooling arrangements, particularly in relation to governance and investment management</p> <p>Monitor arrangements for monitoring investment performance and costs</p> <p>Monitor developments in relation to responsible investing and ESG issues insofar as they relate to the Board's responsibilities</p>	<p>Review of funding strategy statement</p> <p>Review investment strategy statement in conjunction with revised guidance issued by MHCLG</p>	<p>Review outcomes from valuation process, particularly in relation to consultation with employers</p>
<p>Key risks</p> <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 		

Core on-going tasks	Special activities and reviews	
	2019/20	2020/21
<p>Communications</p> <p>Monitor disclosure of information in line with statutory requirements, including annual benefit statements Review newsletters for content and clarity Review communications with employing authorities Monitor developments in the website and pensions portal Consider more effective links to scheme members</p>	<p>Review communications policy statement in the light of new Hampshire service</p>	<p>Survey employers and scheme members for feedback on all aspects of administration</p>
<p>Key risks</p> <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 		
<p>Training</p> <p>Maintain training log and review activity regularly Monitor implementation of training strategy Identify opportunities for in-house training after each meeting and for external training courses or events</p>	<p>Review any revised training requirements or e-learning tools produced by tPR</p>	<p>Undertake comprehensive refresher training</p>
<p>Key risks</p> <ul style="list-style-type: none"> • Failure of Board members to maintain a suitable level of knowledge and understanding 		

Pension Advisory Board - Work plan for 2019-20

Appendix C

Standing agenda items

Declarations of interests and conflicts
Minutes of the previous meeting
Progress report
Pensions Panel business
Business planning and performance
Regulations and guidance update
Review of pension fund policy documents
Administration procedures and performance
Investment pooling and ACCESS work update
Training

Wednesday 4 September 2019

PrAM: 31 Jul

Despatch: 23 Aug

Standing agenda items

Special activities and reviews

- Review annual report and CIPFA guidance
- Review ISS and MHCLG guidance

Wednesday 20 November 2019

PrAM: 30 October

Despatch: 11 Nov

Standing agenda items

Special activities and reviews

- Review internal audit programme
- Internal controls

Wednesday 26 February 2020

PrAM: 5 Feb

Despatch: 17 Feb

Standing agenda items

Special activities and reviews

- Review other local pension boards operations
- Reviewing tPR e-training requirements