

West Sussex Pension Advisory Board

Business Plan 2020/21 performance report

Board establishment

The revised Board structure agreed in 2018 which increased membership by two and added a fourth meeting has continued to prove effective in increasing the capacity to deliver the Board's business during 2020/21, notwithstanding the difficult circumstances which prevented physical meetings.

Kim Martin (employer representative) was re-appointed in November for a further four-year term which helped maintain continuity. The Board now has a stable group of members with a wide range of individual skills and broad representation.

The appointments cycle is staggered to provide continuity as shown below:

	Representing	First appointed	Next review due	Service time limit
Peter Scales	Independent	April 2015	2024	N/A
Richard Cohen	Employers	April 2015	2023	2027
Miranda Kadwell	Employers	Nov 2018	2022	2030
Kim Martin	Employers	Nov 2016	2024	2028
Becky Caney	Active	Nov 2018	2022	2030
Chris Scanes	Pensioners	April 2015	2023	2027
Tim Stretton	Deferred	Nov 2017	2021	2029

Board meetings

Due to the national restrictions introduced in March 2020 in response to the COVID-19 pandemic, it was necessary for the County Council to review its arrangements for public meetings in line with the emergency legislation.

In order not to place undue pressure on working arrangements, the Board's meeting scheduled in June was cancelled and replaced with the circulation of key documents to provide members with assurances about the maintenance of the pensions administration service and an update on key tasks and activities. The Board held three meetings during the remainder of the year in a virtual format with good attendance.

The business for each meeting has been in line with the core work plan agreed 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. 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 Board is scheduled to meet three to four weeks after a meeting of the Pensions Committee and receives certain reports as submitted to and considered by the Committee on the business plan updates, including risks, administration, ACCESS and other issues in order to avoid duplication by officers. This has worked well in the year in keeping the Board well informed of the Committee's decision-making process.

In addition, with the introduction of virtual meetings, members can listen in to Committee proceedings as can a member of the public. The chairman has done this for all meetings so far and reports back to the next meeting of the Board with a summary of the main items discussed in a governance and compliance context.

The Board has established standing agenda items on regulations and guidance (with references to the LGPC, SAB and tPR websites) which not only provide updates on changes but also provide a source of reference for the statutory regulations and guidance. This is a key element in helping the Board members to keep up to date and maintain a suitable level of knowledge and understanding.

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.

It is important to note that the pandemic has not only disrupted normal working arrangements for the administration but has also severely disrupted progress on national initiatives driven by MHCLG, SAB and tPR. This has meant that governance and regulatory changes that the Board were expecting did not happen, and recovery of progress remains slow.

Annual performance reviews

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

The current year 2020/21 - There was a general acceptance that the pandemic had been a major distraction to the Board's normal operations but that the administration processes had adapted well. Virtual meetings had been a little slow to evolve and were not liked by most members in that they felt some detachment and disengagement. Nevertheless, the Board has continued to operate effectively, despite the lack of progress on national initiatives.

The year ahead 2021/22 - There was a general consensus that the Board needed to 'get back on track' with Scheme developments and in particular the Good Governance Review by SAB. A number of areas were identified for attention and these are listed below.

Knowledge and understanding – The Board has a good standard of underlying knowledge and understanding and needs to maintain the process of regular updates and refreshers. The ability to draw on external web-based resources (e.g. LGPC, SAB, tPR) was welcomed as a source of reference. All preferred training to be bespoke to the West Sussex Fund and with 'short bite' sessions after each meeting. External seminars (e.g. CIPFA/BW, LGA) were considered helpful though less focussed and more time consuming, the latter being helped by on-line seminars. Feedback from external training through a process of shared learning is being developed.

Personal contributions – All were satisfied with their role on the Board and considered there was a valuable spread of experience of different aspects of the administration.

Pensions Committee – There is a good relationship with the Committee which is enhanced by the timing of meetings (i.e. timely sight of Committee reports) and the exchange of minutes. The ability to listen in to webcasts was a useful feature of the current arrangements. Joint training sessions are also helpful as with the accounts training.

Scheme manager interaction – There was a consensus that the working arrangements were good and effective currently. The officers were proactive, supportive, and responded well to questions. The involvement of Hampshire in Board meetings has been effective and gives the assurance of good service, although independent audit assurance was still required.

Areas for attention

These are the areas where progress has not been as good as was expected, albeit mainly due to the pandemic, and where further work is needed:

- Internal controls and audit assurances (scheduled for April meeting)
- Governance compliance changes (awaiting outcome of SAB review)
- The Pensions Regulator's proposals for change
- Potential pensions/cyber scams – controls and warnings to members
- Pooling governance arrangements (scheduled for February meeting)
- Impact of Scheme changes on administration performance and employers
- Strategic investment issues, compliance and knowledge building
- Comparisons to other local pension boards and their operations
- Unit costs and service levels, national comparisons
- Auto-enrolment and growing membership

Chairman's comments

The Board has continued to work well through difficult circumstances. I am grateful for the input from each member and reassured in the ability of the Board to tackle new challenges in the coming year.

Pension Advisory Board - Business Plan 2020/21

Achievement of key tasks and activities

Core on-going work	Achievement of core tasks	Special activities and reviews
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 one-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>Plan agreed at 7 September meeting. Updates provided to each meeting.</p> <p>Interviews held in January for Board members, and Committee chairman and S151 officer in February</p> <p>Performance reported to February meeting and annual report to be reported in April</p>	<p>Help maintain workflows in the light of new COVID19 secure working arrangements</p> <p>Work programme adapted to allow for officer time and delays on national developments</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 		

Compliance checks		
Review the County Council's policy on conflicts of interest annually, ensure interests declared at each meeting and maintain a register of interests for the Board on the website.	Register maintained and interests checked at each meeting	Review of conflicts policy in line with West Sussex authority-wide arrangements. In progress
Review the Pension Fund Annual Report and Accounts for content and compliance.	Reviewed at September meeting with CIPFA guidance	
Review statutory policy statements on a regular basis and on a three-year rolling basis	FSS, ISS, communications, and Treasury Management reviewed	
Monitor and review changes to regulations and guidance at each meeting	Reviewed at each meeting	Presentation on Scheme changes in November

Key risks

- Failure to manage conflicts properly
- Non-compliance with regulations and guidance

Changes implemented at short notice due to delays caused by pandemic

Core on-going work	Achievement of core tasks	Special activities and reviews
Governance arrangements		
Review decisions of the Pensions Committee	Agenda, minutes and relevant papers are shared with the Board.	Chairman attended each meeting webcast and provided summary report to Board at each meeting
Review management and monitoring of the pension fund risk register	Reviewed in business plan update for Committee	Define role in risk management process Board reports and Plan updates reference risk considerations
Monitor audit reports and assurances on internal controls	Delayed by pandemic and due for report in April 2021	Review internal audit programme of work
Monitor work planned by the Pensions Regulator (tPR)	Website monitored but tPR action deferred	
Monitor reports and initiatives from the Scheme Advisory Board (SAB)	Reviewed at each meeting	Review SAB proposals on future governance arrangements when made available - awaited
Respond to surveys and requests for information from the tPR and the SAB	SAB survey deferred	tPR 2019 survey results and 2020 submission reviewed in February
Report to the Pensions Committee and Governance Committee on a regular basis and as required	Board minutes are reviewed at each Committee meeting	
Report to tPR, MHCLG and SAB in exceptional circumstances	None have arisen	

Key risks

- 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

Misinterpretation of data given in response to SAB and tPR surveys

Core on-going work	Achievement of core tasks	Special activities and reviews
Administration procedures and performance		
Consider a report on the administration of the scheme at each meeting		Reviewed impact of COVID-19 in Sept
Monitor notifiable events and the recording and reporting of breaches		Review management of breaches register Reviewed
Monitor key performance indicators and recovery action		
Monitor recording of compliments and complaints, and progress on IDRP cases	Report received at each meeting with Hampshire in attendance	
Monitor movements in membership numbers		
Monitor data quality and integrity, and progress on improvement plans		Review progress on Data Improvement Plan - Monitored
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	Monitored Committee review of AVC arrangements in Sept/Nov, and transition to new provider in February	Review internal controls for areas of weakness particularly in relation to COVID19 pandemic Deferred to April meeting 2021 after Committee review
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 • Impact of COVID19 pandemic 		

Core on-going work	Achievement of core tasks	Special activities and reviews
Investment and funding		
Review the investment strategy statement to assess compliance with regulations and guidance issued by MHCLG and CIPFA	Reviewed in November but revised guidance from MHCLG is still awaited	
Review the funding strategy statement to assess compliance with regulations and guidance	Reviewed in Sept and Nov to pick up changes in regulations	
Review the process of consultation with appropriate persons, particularly scheme employers	Noted consultation on ISS and on FSS changes	Review outcomes from valuation process, particularly in relation to consultation with employers - Done
Review the valuation process for compliance and good practice	Deferred pending outcome of Government review of valuation cycle	
Review developments on the pooling arrangements, particularly in relation to governance and investment management	Progress reports on implementation received at each meeting	
Monitor arrangements for monitoring investment performance and costs	Part of presentation on ACCESS governance in February	
Monitor developments in relation to responsible investing and ESG issues insofar as they relate to the Board's responsibilities	SAB withdrew earlier draft guidance and are working on an 'A-Z' of responsible investing	Review revised SAB guidance when issued - in progress
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 work	Achievement of core tasks	Special activities and reviews
Communications		
Monitor disclosure of information in line with statutory requirements, including annual benefit statements	ABSs template reviewed in September AVCs reviewed in Sept/Nov	Review effectiveness of communications in ABSs and AVCs - Done
Review newsletters for content and clarity	Reviewed pensioner newsletter in January	
Review communications with employing authorities	Reviewed by employer representatives	
Monitor developments in the website and pensions portal	Part of regular review of administration	
Consider more effective links to scheme members	Reviewed Communications policy in November	
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		
Maintain training log and review activity regularly	Reviewed at each meeting	
Monitor implementation of training strategy	Reviewed at each meeting	Develop a more effective and structured approach to Board training - done
Identify opportunities for in-house training after each meeting and for external training courses or events	Board strategy reviewed in September	Establish collaborative approach to sharing learning experiences - being developed
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 		