

Report to: Pension Board

Date of meeting: 2 March 2020

By: Chief Finance Officer

Title: 2020/21 Pension Fund Business Plan and Budget

Purpose: This report covers the 2020/21 business plan and outlines the budget for the East Sussex Pension Fund.

RECOMMENDATION – The Board is recommended to consider and note the report.

1. Background

1.1 Under the Local Government Pension Scheme (LGPS) Regulations, the Council is required to maintain a Pension Fund for its employees and other 'scheduled bodies' as defined in the Regulations. The Regulations also empower the Fund to admit employees of other 'defined' (e.g. other public bodies) bodies into the Fund.

1.2 The proposed 2020/21 business plan and budget for the East Sussex Pension Fund (the Fund) has been put together to assist in the management of the Fund, and the Council will be able to perform its role as the administering authority in a structured way. The Pension Committee is charged with meeting the duties of the Council in respect of the Fund. Therefore it is appropriate that the Pension Committee formally adopts a annual business plan and budget to assist with the discharge of its duties.

2. Business Plan

2.1 It is anticipated that 2020/21 will see some key activities within the following themes:

- **Pension Fund Oversight and Governance activities:** Fund/Employer actuarial work, Fund external legal advice, Pension Fund Annual Report and Accounts, External/Internal audit work, Data Improvement and Cleansing, Achievement of the Statutory Annual Benefit Statement, Implementation of McCloud provisions, Revised Asset Liability Modelling and Good governance project. Public Sector Exit Payments, Review of Academies, Tier 3 Employers, Procurement of new contracts for fund actuaries and investment advisors.
- **Investment activities:** Review and implement new investment strategy, develop the Fund's Environmental, Social and Governance (ESG) credentials, UK Stewardship Code 2020 Principals of Responsible Investment, review and implement agreed changes to the Fund's equity structure, assistance with annual accounts completion, Investment Government, Investment Pooling, Cost Transparency, Cost Management, Strategic ESG Repositioning.
- **ACCESS activities:** ACCESS support unit (ASU), Actively managed listed assets, ACS sub fund construction, transition activity, alternative / non listed assets, passive assets, Governance.
- **Pension Board/Committee Training:** Provision of three joint Committee and Board Training days, Provision of 2 Investment Governance/Strategy days, Attendance at third party provided LGPS related training, Breaches, Good Governance.
- **Pension Administration:** Performance Management Group, Maintaining Member Data, Data Improvement Programme, Annual Benefit Statement (ABS) Compliance and Service Level Agreement Oversight, Orbis Service Improvement Programme and Employer Engagement Planning.

2.2 Each theme within the business plan includes milestones planned for the year. The strategic nature of the Fund's objectives means that a number of the 2020/21 milestones build on work previously undertaken and will in turn provide the foundation for further milestones in subsequent years.

2.3 A draft budget totalling **£3.795m** (£4.875m 2019/20) to support the business plan is set out in the Appendix 1. The budget excludes estimates for the Orbis Service Improvement Programme and the Good Governance Programmes, which will be considered by the Committee in June 2020. The Good Governance Programme is currently under consultation by the Good Governance Oversight Steering Group and which will report to the Pension Committee and Pension Board in June 2020. Similarly, the Orbis Service Improvement Programme is under consideration by the Section 151 Officer and a report will be brought to the June 2020 meeting for members and pension board representatives to consider and approve.

2.4 The draft budget, set out in the appendix, will be presented to the Pension Committee on 16 March 2020 for its consideration and approval.

3. Conclusion and reasons for recommendation

3.1 The Fund is required to maintain an annual business plan and budget to ensure that it can fulfil its duties in the management of the Fund. The Business Plan sets out the themes of work for the Fund and the work plan details specific areas of work required to meet these. The Budget sets out the believe costs associated with delivering the Fund's Business Plan.

3.2 An update to the budget will be presented to the Committee and Board in June 2020 in consideration of additional allocations to deliver the Good Governance Programme and the Orbis Service Improvement Programme.

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