

E S East Sussex
P F Pension Fund

2022/23

Business Plan & Budget

1. Business Plan

1.1 It is anticipated that 2022/23 will see some key activities within the following themes:

- **Pension Fund Oversight and Governance activities:** Creation of Decision Making Matrix, development of Business Continuity Plan, provision of training, Fund Annual Report and Accounts, achievement of the Statutory Annual Benefit Statement, review of Admission Agreement process, review of bonds and security and employer covenant reviews, i-Connect implementation, contribution monitoring, communications strategy including a review of communications platforms, Triennial Valuation and contribution setting for employers, Funding Strategy Statement updates.
- **Investment activities:** Review investment strategy, continue develop the Fund's Environmental, Social and Governance (ESG) credentials, submission under UK Stewardship Code 2020, review and implement any agreed changes to the Fund's credit structure, Investment Governance, implementation of Illiquid strategies, Cost Transparency, Cost Management, Manager engagement.
- **ACCESS activities:** ACCESS support unit (ASU), Actively managed listed assets, Alternative/ non-listed assets, passive assets, Governance.
- **Pension Board/Committee Training:** Implementation of the agreed training strategy for the Board and Committee, Attendance at third party provided LGPS related training, focus on training throughout Triennial Valuation process.
- **Pension Administration:** Recruitment to key vacancies, data management activities from i-Connect submissions, Maintaining Member Data, Data Improvement, finalisation of GMP reconciliation project, Annual Benefit Statement (ABS) production, complete rectification of historical Annual Allowance cases, development of robotics.

1.2 Each theme within the Business Plan includes activities planned for the year. The strategic nature of East Sussex Pension Fund objectives means that a number of the 2022/23 activities build on work previously undertaken and will in turn provide the foundation for further milestones in subsequent years.

2. Budget

A budget totalling **£7,141k** (£7,205k 2021/22) to support the business plan for 2022/23 is detailed below in Table 1:

Table 1 Pension Fund Management Expenses

2020/21 Outturn £000	Item	2021/22 Budget £000	2021/22 Forecast Outturn £000	2022/23 Budget £000
	Pension Fund Staff Costs			
592	Fund Officers ¹	1,756	1,234	1,900
53	Recruitment costs	12	2	5
645	Sub Total	1,768	1,236	1,905
	Pension Fund Oversight and Governance			
341	Actuarial Fund Work ²	250	52	200
87	Actuarial Employer Work	100	79	80
(64)	Employer reimbursement	(100)	(66)	(80)
-	Communications	-	-	42
2	Training Costs	10	15	30
40	External Audit – Grant Thornton	30	35	35
190	East Sussex County Council Recharges ³	286	243	249
285	Legal Fees	165	65	78
157	Subscriptions and Other Expenses	72	79	72
1,038	Sub Total	813	502	706
	Investment activities			
221	Investment Advice	192	195	135
37	ESG Advice	25	25	50
61	Custodian	75	151	136
80	ACCESS	93	103	125
2,365	Investment Manager Fee Invoices	3,313	2,874	2,872
2,764	Sub Total	3,698	3,349	3,318
	Pension Administration			
894	Orbis Business Operations Support Services	-	-	-
-	East Sussex County Council Recharges ³	237	203	281
282	System Services and License	346	89	346
90	Consultancy & Service Providers - Benefits	100	234	100
-	Other Administration projects	-	-	150
-	Admin operational support services	225	244	289
183	Other Expenses	18	46	50
-	Other Income	-	(5)	(4)
1,449	Sub Total	926	812	1,212
5,896	Total	7,205	5,898	7,141

¹This is assuming a full team it is in place

²As we are moving into a valuation year we expect the actuarial cost to increase in 2022/23

³Overheads allocated based on staffing levels have been separated from the direct staffing costs to provided greater clarity on costs.

Key budget assumptions

2.1 The key budget assumptions are set out below

- ACCESS cost based on the budget set by the ACCESS Joint Committee.
- Manager fees based on invoiced fees only. Fees are based on the assets under management no movement has been included in this figure.
- The 21/22 Pay Award is anticipated to be 1.75% and the 22/23 Pay Award budgeted at 2%. Figures also include an increase in employer National Insurance contributions which comes into effect in April 2022.
- Administration staffing costs do not reflect potential changes of staffing moving from TUPE contracts to ESCC Terms and Conditions of Employment.
- It is assumed that vacancies within the Administration team will be filled on or before 1 April 2022
- The overhead rate from ESCC will stay at its current rate

3. Business plan deliverables by key theme

Theme	Tasks	2022/23 activity
Fund Oversight and Governance activities	Decision Matrix	Development of matrix showing decision making levels across the Fund Identify areas for potential improvement Recommendations to Board/Committee as appropriate to cover next steps for making identified improvements
	Business Continuity Planning	Engage with IT Team to discuss existing levels of protection Identify ways to improve liaison with key BCP contacts across the Local Authority Fully documented procedures for the Fund rolled out to all staff and decision makers to enact if required. Test BCP
	Provision of training	See training section
	Triennial Valuation	Engage with Actuary to understand its requirements and timetable Liaise with Employers over their contribution rates for the next three years.
		Update the Funding Strategy Statement and consult with employers on changes

Theme	Tasks	2022/23 activity
	<p>Pension Fund Annual Report and Accounts</p> <p>External audit/ Internal audit</p> <p>Admission Agreement process</p> <p>Bond and security review</p> <p>Covenant review</p> <p>Policy review</p> <p>i-Connect implementation</p> <p>Contribution monitoring</p> <p>Communications strategy</p>	<p>Production of Fund Financial Statements and Audit Working papers and creation of the Annual Report</p> <p>Liaise with auditor as appropriate</p> <p>Embed new Admission Agreement processes and improve where required.</p> <p>Implement Admission portal for simple population of agreements to speed up execution of documents</p> <p>Review existing security held</p> <p>Ensure process in place for early identification of expiring security</p> <p>Work with specialist adviser to ensure good understanding of employer covenant strength and identify potential risk to cashflow from weaker employers</p> <p>Update policies as per schedule or where change in law requires action</p> <p>To roll out the i-Connect employer interface module to all employers to simplify data submission and validation.</p> <p>Continue to develop contribution monitoring and reconciliation in conjunction with the roll out of i-Connect.</p> <p>To develop and implement a revised communication strategy so that we are proactive in providing information to employers and members.</p>
Investment activities	<p>Review investment strategy</p> <p>Develop the Fund's ESG credentials</p>	<p>Implement strategic changes agreed at the 2021 strategy review which have not yet been enacted.</p> <p>Implement any investments into the Fund's private markets programmes to achieve the Funds strategic asset allocation for these.</p> <p>Review the cashflow of the Fund investments and create a cash management policy.</p> <p>Review effectiveness of the current strategy at the strategy meeting.</p> <p>UK Stewardship Code Report created with a view to the Fund becoming a signatory.</p>

Theme	Tasks	2022/23 activity
		<p>Complete reporting of Fund Activities to PRI as part of requirements of being a signatory.</p> <p>Undertake a review of the ESG credentials of all managers and develop appropriate analytic metrics to monitor the Fund.</p> <p>Collate quarterly analysis of fossil fuel exposure and voting & engagement records.</p> <p>Continue to develop the Funds reporting in line with TCFD requirements including scenario analysis</p>
ACCESS	<p>Actively managed listed assets</p> <p>Alternative / non listed assets</p> <p>Passive assets</p> <p>Governance</p>	<p>Launch of Tranche 5b – Fixed Income sub funds</p> <p>Launch of Tranche 5c - Equities</p> <p>Determine, approval & launch of Tranche 6 – Emerging Markets equities</p> <p>Scheduled BAU evaluation</p> <p>Continued implementation outcomes of Scheduled BAU evaluation including the commencement of an IAA review in September 2022</p> <p>Initial implementation of approach to pool illiquid assets</p> <p>Following the appointment of the pool’s Implementation Adviser in 2021/22 The first pooled illiquid vehicles will be launched</p> <p>Ongoing monitoring of assets managed on a passive basis Further engagement and exploration with UBS will continue throughout the year</p> <p><i>Meetings and oversight</i> Arrangements will be made to support meetings of the Joint Committee (usually each quarter)</p> <p>Meetings of s151 Officers will also be held</p> <p><i>Operational protocols</i> The implementation of the revised Governance Manual</p> <p><i>Engagement with HM Government / Department for Levelling UP, Communities & Housing (DLUCH)</i> ACCESS will liaise with the Scheme Advisory Board as Appropriate</p> <p>Periodic reports will be provided to DLUCH as required The Pool will actively participate with any Cabinet Officer / DLUCH pooling related consultations</p>

Theme	Tasks	2022/23 activity
	ACCESS Support Unit	<p><i>Joint Policies & guidelines</i> Continued activity will take place on implementing the Communications plan.</p> <p>The implementation of revised ESG / RI guidelines on ESG / RI.</p> <p>A procurement will be completed for RI reporting support</p> <p>A third-party review of the ASU will be undertaken</p>
Pension Board/ Committee Training	<p>Implementation of training strategy</p> <p>Third party training</p>	<p>Provision of speakers to deliver East Sussex Pension Fund led training.</p> <p>Testing of existing knowledge and understanding levels</p> <p>Identifying useful third party provided session that will be useful for ESPF to attend.</p>
Pension Administration	<p>Recruitment to key vacancies</p> <p>Maintaining Member Data</p> <p>Data Improvement</p> <p>Annual Benefit Statement (ABS) production</p> <p>Data projects</p> <p>Development of Robotics</p>	<p>JD completion and evaluation complete for all posts in the department with recruitment to vacancies</p> <p>Day to day imputing of data into the pension system to ensure the records are up to date.</p> <p>Management of data submitted through i-Connect</p> <p>Identifying areas where data within the pension system can be improved and developing plan of redress.</p> <p>Full roll out of new KPI's</p> <p>Annual Benefit Statements need to be produced by statute. Ensuring the data is up to date to be able to provide an accurate statement to Members.</p> <p>Group to work through the redress of benefit calculations in relation to the GMP</p> <p>Rectification of historical Annual allowance errors.</p> <p>Review of casual workers with zero pay for 2 years to highlight with employers</p> <p>Audit of Altair user access</p> <p>Mortality and Address tracing completed in 2022</p> <p>Preparation for Pensions Dashboard</p> <p>Investigation of and development of robotics to automate processes and provide improved functionality</p>

4. Pension Board/Committee Training

4.1 Addressing the ESPF Business Plan

It is vital that training is relevant to any skills gap or business need and training should be delivered in a manner that fits with the Business Plan. The training plan will therefore be regularly reviewed to ensure that training will be delivered where necessary to meet immediate needs to fill knowledge gaps. The training necessary to achieve the required knowledge and skills is set out in the training strategy.

Consideration will be given to various training resources available in delivering training to the Board and Committee. The Fund will commit to providing a minimum of 4 formal training sessions per year for Board and Committee. Regular training options accessible to Board and Committee members will be circulated at least monthly.

Committee and Board members should commit sufficient time in their learning and development and be aware of their responsibilities immediately they take up their position. The Fund will therefore provide induction training for all new Committee members.

The proposed budget includes sufficient funding to provide training to those involved in administering the Fund.

4.2 The Pensions Regulator E-learning toolkit

The Regulator has developed an on-line tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes code of practice. The toolkit is an easy to use resource and covers 7 short modules.

These modules are designed to apply to all public service schemes and are not LGPS specific. It does however provide a good grounding in some general areas.