East Sussex Pension Fund

2024/25
Business Plan and Budget

Introduction

This Business plan and Budget set out the key activities to be delivered by the East Sussex Pension Fund (the Fund) in 2024/25 and the associated budget to deliver these targets and the day-to-day administration activities of running the Fund.

This report includes:
- business plan themes,
- budget for 2024/25 compared against 2023/24 forecast spend,
- key assumptions in setting the budget and
- key deliverables of the budget plan themes.

Business Plan

It is anticipated that 2024/25 will see key activities within the following themes:

Team Development:

- Continue to develop staff providing training and opportunities to the team to support staff retention now the Fund team is at its establishment level.
- Recognition of staff achievements, dedication and success.
- Integrate the Helpdesk team into the Pension Fund Team and culture.
- New starters will be trained, supported in understanding and delivering their responsibilities and integrated into the team.
- Roll out formal qualifications for Pensions Administration staff to aid career development and succession planning. Provide opportunities for staff to attend conferences and training courses.

Oversight and Governance:

- Build on training provided to Board and Committee members to expand knowledge and drive best practice, ensuring a robust induction for new members.
- Further embed a culture of cyber security and resilience
- Production of Fund Annual Report and Accounts
- Take an active role in supporting ESCC in implementing a new ERP Finance System to include the Pension Fund Company, to ensure the Fund can be financially administered effectively and robustly with clear reporting from any system change or developments.
- Ensure a robust SLA arrangement is in place between the Fund and ESCC for services provided to the Fund.

Investment:

- Monitor the Fund's investments and effectiveness of investment managers,
- Implementation of strategic investment decisions,
- Development and submission of ESG and climate risk management reporting
- Support the ACCESS pool in providing pool investment opportunities, increasing the allocation of investments to the pool as more strategic offering are available and ensuring a comprehensive governance framework in place within the pool.

Administration:

- Maintain the high level of administration KPI standards and other team performance activities,
- Focus on Data Quality held on the pension administration system,
- Completion of robotics for processing,
- Improve member experience,
- Work to resolve outstanding projects.

Each theme within the Business Plan includes activities planned for the year. The strategic nature of the Fund objectives means that a number of the 2024/25 activities build on work previously undertaken and continue into subsequent years.

Budget

The detailed budget to support the Business plan themes and to carry out day to day administration of the Fund has been assessed at **£4,561k** (£4,463k 2023/24) is detailed in the table below.

Item	2023/24 Budget £000	2023/24 Forecast Outturn £000	2024/25 Budget £000
Fund Staff Costs			
Fund Officers	2,023	1,968	2,436
Sub Total	**2,023**	**1,968**	**2,436**
Oversight and Governance Expenses			
Investment advice	392	394	448
Actuarial Fund Work	87	51	51
Actuarial Employer Work	81	87	89
Employer reimbursement	(81)	(87)	(89)
Legal	69	46	57
Governance Costs	70	48	60
Audit (internal and external)	71	123	120
Sub Total	**689**	**662**	**736**
Investment Expenses			
Custodian	97	98	100
Sub Total	**97**	**98**	**100**
Administration Expenses			
IT Systems licenses costs and Hardware	572	492	487
Overheads	475	448	531
Admin operational support services	279	309	18
Improvement projects	100	99	87
Consultancy	45	80	20
Communications	47	68	37
Training	20	28	33
Subscriptions	75	85	80
Other Expenses	60	60	11
Sub Total	**1,673**	**1,670**	**1,304**
Income			
Income	(19)	(19)	(15)
Sub Total	**(19)**	**(19)**	**(15)**
Total	**4,463**	**4,379**	**4,561**

Budget Coverage

The Budget covers expenditure and income that is accounted for directly by the Fund where the Fund has control. It does not include the income and expenditure relating to member contributions, transfers in or benefits paid out.

The Fund has not included a budget line for investment manager fee invoices as this is based on the assets under management and the Fund cannot predict market volatility. The majority of investment management fees are deduced from the investment assets, so this is not comparable year on year and is not complete picture of the cost to the Fund. The complete position of investment management fees is assessed at year end and accounted for in the Financial Accounts.

The budget does not include items of future pension liability.

Fund staff costs include the Pension Fund team including helpdesk staff transferring over, a percentage of S151 officer time.

Investment advice include, investment consultancy, independent adviser, ESG consultancy and costs associated with ACCESS.

Governance cost include the administration of the Pension Board and Committee.

Overheads are recharges from ESCC for ancillary services such as Accounts Payable, Accounts Receivable, Treasury management, IT helpdesk and infrastructure, office space and other associated property costs.

Admin operational support service include procured services to the Fund to support the pensions administration team such and payment of the monthly Pensions payroll. The service provision changes in 2024/25 where Pensioner payroll will be recharged from ESCC, and helpdesk moves in house.

Improvement projects for 2024/25 budget include McCloud, Dashboard and Transformational Member Experience.

Other expenses include a contingency amount to cover anticipated interest and penalties relating to incorrect Annual Allowance calculations by the Funds previous administrator from 2014 when there was a change in methodology to reflect tax year, these costs will have mostly be incurred in 2023/24 when the project was completed.

Key budget assumptions

The key budget assumptions are set out below:

- Staffing cost assumes that vacancies will be filled at the most realistic opportunity and existing staff continue in post.

- Helpdesk costs have been moved to Staffing costs and are held at the value in 2023/24 as full cost of the new team are not yet known.
- The 2024/25 Pay Award is forecast to be 3% in line with the ESCC expectations.
- No change to NI rates (13.8%) or thresholds (£9,100).
- Pension employer contribution set to 19.7%.
- Increments will be applied to staff who are not at the top of their scale.
- ACCESS cost based on the budget set by the ACCESS Joint Committee.
- Non-valuation year so lower expected actuarial costs
- The overhead rate from ESCC for property, IT, business administration and other ancillary services is rate set out by ESCC.

Business plan deliverables by key theme

Theme	Tasks	2024/25 activity
Team Investment	Staffing	Recruit to remaining vacancies in all teams Establish roles and where responsibilities sit across teams and individuals as the new team structure embeds. Recognise team and individual achievements.
	Helpdesk	Integrate the helpdesk team into the wider Pension Team and establish ways of working that help the Fund to meet its KPI's around the helpdesk and embed the Funds culture.
	Training	Train new staff in their roles and responsibilities, help team members integrate with staff in a hybrid world. Promote competency-based training for all staff. Provide qualifications that will help staff in their career progression. Promote conferences and training events where relevant to ensuring staff are kept up to date on all new regulations and guidance to ensure the Fund provides best practice and high customer service.
Oversight and Governance activities	Training	Enhance and continually improve the training program to develop knowledge and understanding for both new and existing Pension Board and Pension Committee members.
	Cyber Resilience	Ensure all key systems are mapped for data transfers internally and externally to understand risk points.

Theme	Tasks	2024/25 activity
		Continue engagement with IT team for testing resilience of systems.
		Continue to support staff in identifying cyber risk and phishing scams.
		Ensure cyber security risk is taken into account in any new procurements.
	Pension Fund Annual Report and Accounts	Production of Fund's Financial Statements and Audit Working papers and creation of the Annual Report
		Liaise with external auditor as appropriate.
		Develop and maintain accounting controls to ensure correct financial records are held.
		Report quarterly budget monitoring positions.
		Set an annual Budget.
		Cash Management Strategy finalisation and implementation
		Work with ESCC and their project team to implement the new financial system and ensure that the Fund is able to record all relevant information to create its accounts and perform budget monitoring.
	Compliance	Carry out a review of existing internal controls against the requirements of any new Code of Practice produced by The Pensions Regulator including the new General Code.
		Continue to develop and evolve internal policies and procedures to ensure best practice is achieved across the various workstreams
Investment	Monitor the Fund's investments and effectiveness of investment managers.	Provide reporting on the performance of the Fund on a strategic asset allocation level and individual mandate basis.
		Develop our understanding of the costs that the Fund incurs within its investments via the cost transparency initiative. Monitor the costs of the investments are in line with the agreements that the Fund has entered.
		To meet with all the Fund's investment manager to ensure challenge and oversight of stewardship of the Fund's assets and investments are in line with the expectations when managers were appointed.

Theme	Tasks	2024/25 activity
		Challenge investment managers on holdings and stewardship activity to evidence managers activities are in line with the Funds SIRP and expected RI activities.
	Implementation of strategic investment decisions	Implement strategic changes previously agreed which have not yet been enacted. With a focus on the private credit.
		Develop a plan to implement any changes to the investment strategy decided upon during the year.
		Review effectiveness of the current strategy at the strategy meeting to ensure the Fund is best placed to meet its required performance set out in the Funding Strategy Statement.
	Development and Submission of Environmental, Social and Governance (ESG) and climate risk management information.	Continue to develop the Funds reporting in line with Taskforce for Climate related Financial Disclosures (TCFD) requirements including scenario analysis.
		Annual review of the ESG credentials of all managers and develop appropriate analytic metrics to monitor the Fund.
		Report quarterly the ESG activities
		Undertake an annual review of the carbon footprint of the Fund and to assess the transition position of the investments.
		Build on the submission provided to UK Stewardship Code with a view to the Fund maintaining signatory status.
		Reporting of Fund Activities to Principle of Responsible Investment (PRI) as part of requirements of being a signatory. Reviewing areas where the Fund could improve from the report findings.
		Consider the actions required to enact the motions put forward to the pension Committee at is meeting in September. Providing the consequences of implementing these motions to the Fund and its investments.
Pooling	Support the ACCESS pool in providing pool investment opportunities and ensuring a comprehensive governance framework in	Providing support to the Fund's representatives to attend the Joint Committee of ACCESS so that they are able to positively contribute to the decision making of ACCESS.
		A 3rd party review of the ASU took place in 2023/24 which identify strengths and weaknesses within the ACCESS Pool activities. The Fund will support the development and implementation of solutions to the points raised in the review.

Theme	Tasks	2024/25 activity
	place within the pool.	The Fund will support the delivery of ACCESS by engaging with the Governance arrangements that have been put in place. By being represented in all the ACCESS groups East Sussex will be able to input at every level of the development of ACCESS.
	Continue to actively invest more through the pool in line with government guidelines where Investment strategy can be effectively implemented.	Monitoring the listed assets offering from ACCESS looking at how the operator of the ACS is performing and the performance of the ACCESS passive manager.

Support the launch of sub-funds.

Support the development of a plan for implementing the non-listed asset pooling options. Monitoring of the performance of the implementation advisor. Monitoring any pooled non-listed asset solutions that are being run by ACCESS.

Rolling program of engagement with the investment managers on the ACCESS platform.

Support the review and development of the ACCESS voting policy and how this is administered by investment managers. Support discussions on RI reporting requirements and submission of a stewardship code for the pool. |
| **Administratio n** | Maintain the high level of administration team performance. | Maintain the high level of KPI performance & expand the MI coverage where relevant.

Production of Annual Benefit Statement by the statutory deadlines. Ensuring any enhancements to the member experience are made where possible. Ensuring the data is up to date to be able to provide an accurate statement to Members.

Implementation of Pensioner CPI Pension Increase. |
| | Focus on Data Quality held on the pension administration system. | Management of data submitted through i-Connect, forms, MSS and other input sources. Ensuring task lists are managed effectively and KPI's achieved.

Roll out the i-Connect employer interface module to all remaining employers to simplify data submission and validation.

Development of timeline for i-Connect file submissions including management of the submissions to ensure the |

Theme	Tasks	2024/25 activity
		uploads can be spread over the month for the workload to be managed effectively. Assess the team structure and individual workloads on the development of i-Connect as a primary source of data into the Fund to ensure the staff are used effectively. Continue to develop contribution monitoring and reconciliation in conjunction with the roll out of i-Connect. Producing high TPR validator common/conditional scores Project to review old status 2 records. Create Employer Management System on Altair to store employer contacts & documents.
	Completion of robotics for processing	Update policies and procedures with process mapping including the development of robots to automate the deferred benefits and frozen refunds process.
	Improve member experience.	Member Self Service (MSS) transition to Transformational Member Experience (TME) Moving to online payslips/P60's for pensioners from 1 April 2024
	Work to resolve outstanding projects.	Complete the project work on the redress of benefit calculations in relation to the Guaranteed Minimum Pension (GMP) Implement the McCloud data & process calculations to determine whether in scope members would have been better off in the CARE or final salary scheme.