

Pensions Committee

28 April 2023

Business Plan

Report by Director of Finance and Support Services

Summary

The Pensions Committee approved its Business Plan for 2022/23 in April 2022 and officers have prepared a Business Plan for 2023/24 for the Committee's consideration.

The following updates are highlighted:

- The 2022 Actuarial Valuation is completed, and the full Actuarial Report and Funding Strategy Statement have been published by the Statutory deadline of 31 March 2023. All employers have been notified of their results.
- The Committee undertook a review of the Pension Fund's investment Strategy following the Actuarial Valuation outcomes.

The Business Plan for 2023/24 highlights the overarching objectives, summarised below:

- Robust governance framework through consideration of the Good Governance guidance and the Single Code from the Pensions Regulator and by taking further steps to protect members and assets against the cyber risk. Reflecting the expiry of existing contractual arrangements, the Pension Fund will run competitive tenders for the appointment of a Fund Actuary and property manager and support a timetabled procurement for Operator Services to the ACCESS pool in 2024
- Managing investment and funding to make the best use of resources through reviewing and implementing the Investment Strategy Statement, considering Climate Risk Reporting requirement and disclosures, and supporting the work of the ACCESS Joint Committee in undertaking its functions to pool assets. On the funding side engagement with employers will be developed further to support improved processes and practice relating to their statutory responsibilities.
- The delivery of a high-quality administration service to all stakeholders through the implementation of Scheme changes, further data improvements and To develop a campaign informed by member demographics which describes the benefits of LGPS membership and targeted communications to help inform members of their individual benefits in the Scheme.

A full risk matrix has been included (Appendix B). The following are highlighted:

- The insertion of a risk specifically relating to climate and its potential to impact Pension Fund investment returns, inflation and life expectancies.
- The lowering of the risk in relation to reliance on one contract for majority of investment management.
- Risks in relation to resourcing for the Pensions team and the County Council in relation to its pension functions.
- A risk in relation to the level of expertise and ongoing development of the Pensions Committee and Pension Advisory Board not complying with guidance.

Recommendation:

- (1) The Committee notes the update on Business Plan activities for 2022/23.
- (2) The Committee approves the Business Plan activities for 2023/24.
- (3) The Committee provides comments on the risk matrix.

1 Background

- 1.1 The Pensions Committee maintains a Business Plan which sets out its key priorities and how they will be delivered. This is [published on the Pension Fund's webpage](#). The Committee is updated on a quarterly basis on progress against delivery of the priorities set out within the Business Plan. The Business Plan is reviewed on an annual basis at the start of each financial year. The 2023/24 business plan has been prepared for consideration by the Committee at this meeting.
- 1.2 This report is shared with the Pension Advisory Board.

2 2022/23 Business Plan

- 2.1 The 2022/23 Business Plan was approved by the Committee at its meeting in April 2022.
- 2.2 Page 6 of the 2023/24 Business Plan (Appendix A) provides an update on delivery against the activities agreed for the 2022/2023 financial year.

3 2023/24 Business Plan

- 3.1 The 2023/24 Business Plan is attached (Appendix A) and page/s 7-17 of the Business Plan sets out the priorities for 2023/24. The Business Plan highlights:
 - a) Overarching objectives around governance (a robust and well based governance framework), investment / funding (making the best use of resources and minimising the long-term cash contributions from employers) and administration / communication (to deliver a high-quality administration service to all stakeholders).

- b) The role of the Director of Finance and Support Services for the delivery of the LGPS, ensuring sufficient resources are in place to effectively carry out the service. The Director is currently supported by the Pensions Team, expertise from other areas of the County Council (e.g., treasury management, IT, or legal services) and external advisers.
 - c) The expected policy, regulation, and guidance updates during the year to deal with changes required following the McCloud (age discrimination) judgement, asset pooling, pension fund governance, and climate risk.
 - d) An overarching theme relating to the cost of living and high inflation.
 - e) Scheduled procurement activity for the year relating to the management of the Pension Fund's direct property portfolio and a Fund Actuary and preparatory work for Operator Services, in collaboration with colleagues within the ACCESS pool.
- 3.2 It is also proposed within the Business Plan that a "Strategy Day" is held in January 2024 to provide the Pensions Committee an opportunity to discuss progress on the implementation of funding, investment, and administration strategies, to revisit plans, consider risks and consider future actions. This will be in line with the normal meeting cycle.

4 Update on Risks faced by the Fund

- 4.1 A full risk register has been provided and is set out in (Appendix B). This is regularly reviewed by officers and an update on themes provided to the Committee each quarter.
- The insertion of a risk specifically relating to climate and its potential to impact Pension Fund investment returns, inflation and life expectancies.
 - The lowering of the risk in relation to reliance on one contract for majority of investment management reflecting the work underway in preparation for the scheduled procurement activity in 2024.
 - Risks in relation to resourcing for the Pensions team and the County Council in relation to its pension functions reflecting changes to the team which require work to be prioritised and external resource to be used when appropriate.
 - A risk in relation to the level of expertise and ongoing development of the Pensions Committee and Pension Advisory Board not complying with guidance which could impact on the Pension Fund's investor status, and its ability to implement the investment strategy.
 - A continued red risk in relation to cyber-crime.

5 Update on Training

- 5.1 A Training Strategy has been established to ensure the the Pension Committee and Pension Advisory Board members are updated of new regulations and have the necessary skills and knowledge to act effectively in line with their responsibilities. The Constitution sets out that members

of the Pensions Committee are required to acquire and maintain an appropriate level of expertise, knowledge, and skills as set out in the CIPFA Knowledge and Skills framework. in order to remain members of the Committee. . Training is also a requirement for WSCC to maintain its professional investor status.

- 5.2 Appendix A shows the training completed up to 31 March 2023. Members should continue to ensure they notify officers when they attend external training, so it can be recorded appropriately. The Committee are reminded of the importance of completing the Hymans LGPS Online Learning Academy training. Future external training available has been summarised below:

Event	Date	Location
Hymans LGPS 2022 Valuation: the bigger picture	24 April 2023 at 14:00	Online
Barnett Waddingham - Market Focus	26 April 2023 at 10:00	Online
PLSA Local Authority Conference	26-28 June 2023	Gloucestershire
LGC Investment & Pensions Summit 2023	7-8 September 2023	Royal Armouries and New Dock Hall, Armouries Drive, Leeds LS10 1PZ
SPS LGPS Sustainable Investment & Other Topical Issues	19 October 2023	The View at the Royal College of Surgeons, London
LGA LGPS Governance Conference	18-19 January 2024	York

6 Update on Audit and Controls

- 6.1 Internal audit work should ensure that adequate internal controls are in place and operate effectively. To supplement its own audit framework the County Council receives internal audit reports from its administration provider, Hampshire County Council. The Audit work is reviewed on a regular basis and the completed audits and those planned for 2023/24 planned is summarised in Appendix D.

7 Consultation, engagement, and advice

- 7.1 N/A

8 Finance

8.1 The Fund's administration expenses are charged to the Fund and funded through employer contribution rates which are reviewed by the actuary every three years.

9 Risk implications and mitigations

9.1 Covered in main body of report and appendices.

10 Policy alignment and compliance

10.1 N/A

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Appendices

Appendix A – Business Plan

Appendix B – Full Risk Matrix (*To Follow*)

Appendix C – Training Log

Appendix D – Internal Audit Work Completed / Planned

Background papers

None

Recommended Training

None