



Business Plan From 1 April 2024



Introduction

The LGPS is one of the largest public sector pension schemes in the UK. It is a nationwide pension scheme with 6.4 million members across nearly 15,000 employers. The LGPS in England and Wales is administered locally through 90 local pension funds. The scheme regulations are made under the Superannuation Act 1972 and the Public Service Pension Schemes Act 2013. Changes to scheme rules are discussed at national level by employee and employer representatives but can only be amended with the approval of Parliament.

West Sussex County Council is the Administering Authority responsible for maintaining and managing the West Sussex Pension Fund on behalf of its stakeholders: the scheme members and employers participating in the Fund.

Flexibility is provided for each Administering Authority to determine their own governance arrangements and for the West Sussex Pension Fund, responsibility sits with the Pensions Committee.

Summary information about the West Sussex Pension Fund can be found in Appendix 1.

This Business Plan reflects the delivery of the Administering Authority's responsibilities and is an important document which sets out the aims and objectives of the fund over the coming year and longer term and the outcomes the Pensions Committee want to achieve for its stakeholders.

The performance against the 2023/24 Business Plan can be found in Appendix 2.

The Pensions Committee will meet formally on a quarterly basis. At each meeting the Committee will consider administration, funding and investment performance and cashflow. Specific areas which will have additional time within the agenda during the meeting are set out below:



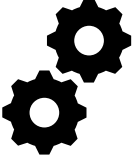
Date	Areas of Focus
July 2024	Annual review of performance of the Pension Fund including Statement of Accounts. Asset Pooling.
November 2024	Pension Scheme administration and member experience.
January 2025	Identifying, evaluating and managing risks.
April 2025	Funding.

In addition, the Pensions Committee will have:

- An annual "Strategy Day" to provide the opportunity to discuss progress on the implementation of funding, investment, and administration strategies, to revisit plans, consider risks and consider future actions.
- Additional meetings to ensure the opportunity is provided to actively engage with the mix of managers appointed to deliver the Pension Fund's investment strategy.

Priorities from 1 April 2024

The Pension Fund provides services to employers, members and other stakeholders and fulfils its statutory responsibilities to fulfil its obligations under the Regulations. The Pensions Committee regularly reviews the services provided. The purpose of the Business Plan is to ensure that additional activities to respond to policy, regulation and promote best practice are also tracked and delivered in relation to the Fund's core aims:

 <p>Governance</p>	<p>To put stakeholders at the centre of everything we do, act with integrity and be accountable for decisions made.</p> <p>This will be achieved through a robust, and well based governance framework which considers risk management, compliance, and appropriate resourcing. Additional activities for 2024/25 reflect further guidance on Good Governance and the recently published TPR General Code of Practice, Cyber Security and Contract Management and Value for Money.</p>
 <p>Funding and Investment</p>	<p>To make the best use of our resources and minimise the long-term cash contributions which employers need to pay to the Fund.</p> <p>This will be achieved through recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return.</p> <p>In relation to investment, additional activities for 2024/25 reflect the impact of the Pension Announcements within the Spring Budget for 2024, the outcome of the Government's consultation on Taskforce for Climate-related Financial Disclosure (TCFD) requirements, consideration of UK Stewardship Code and asset pooling, including the anticipated further government guidance on pooling.</p> <p>In relation to funding, additional activities for 2024/25 reflect the cost of living, current inflation and changes to funding positions.</p>
 <p>Administration and Communication</p>	<p>To ensure that we continue deliver a high-quality administration service to all stakeholders.</p> <p>This will be done through working closely with our partners to ensure that the Fund receives all income due and payments are made to the right people at the right time, providing clear communication and completing robust accounting and reports. Additional activities for 2024/25 reflect legislative change, for example because of the McCloud remedy or to ensure readiness for Pensions Dashboards and continuing improvement, with particular focus on Fund Communications.</p>

The Director of Finance and Support Services has responsibility to ensure that there are sufficient resources in place to do this and the Pensions Committee's focus is on the delivery of the required services and fulfilment of responsibility. Information about resourcing can be found in Appendix 3.

Governance | Supporting fund governance.

Background

The Pensions Regulator’s General Code of Practice came into force by late March 2024. This sets out the legal responsibilities of, and expected standards of conduct and practice for, the trustees and scheme managers of occupational, public-sector and personal pension schemes.

However, the proposals anticipated as a result of the Scheme Advisory Board’s Good Governance Project, which relate to the pension function of Administering Authorities and improving the high standards of governance and administration of the LGPS are still awaited. In the absence of the guidance, aspects are being dealt with separately - for example Pension Committee and Board training requirements as set out in the Government’s response to its pooling consultation.

Priorities for 2024/25 are:

1.	Support the induction of a new Chairman to the Pension Advisory Board.	Q2
2.	Complete a compliance review against the Pensions Regulator’s General Code of Practice comparing current practice to Code.	Q1
	Determine any actions required to meet best practice and report actions planned.	Q2
	Implement actions and provide regular updates.	Ongoing
3.	Prepare a Conflict-of-Interest Policy which recognises the role of the County Council as a participating employer in the Local Government Pension Scheme and the Scheme Manager / Administering Authority.	Q1
	Approve a Conflict-of-Interest Policy.	Q2
	Implement the agreed approach to managing conflicts and monitor.	Ongoing
4.	Review the following policies and strategies to ensure that these reflect the management of the Fund and align to guidance: and best practice:	
	• Administration Strategy.	Q1
	• Annual Report.	Q2
	• Communication Policy.	Q3
	• Governance Policy.	Q3
	• Funding Strategy Statement.	Q1 2025/26
• Privacy Notice.	Q4	

5.	Agree consultation response to Good Governance guidance when published to ensure that views are represented in any final decisions.	TBC ¹
	Complete a compliance review against the Good Governance guidance	TBC
	Determine any actions required to meet best practice.	TBC
	Report on compliance and action plan	TBC
	Implement actions and provide regular updates.	TBC
6.	Enhance the Training Strategy to cover areas highlighted for specific training need and recognise that training is a continual process.	Q1
	Develop a specific induction training programme for new Committee and Board members.	Q3

To deliver the above, additional resources may be required as set out below:

- **Training:** To support the Pensions Committee, Pension Advisory Board, and officers' consideration will be given to various training resources available to deliver training. These will include the LGPS Online Learning Academy (LOLA), The Pension Regulator's e-learning programme and attending courses, seminars and events (internal and external).

¹ The delivery of this priority is dependent on timescales for the publication by Government.

Governance | Cyber security

Background

Pension schemes hold large amounts of personal data and assets which can make them a target for fraudsters and criminals. It is therefore necessary for the Pension Fund to take steps to protect members and assets against the cyber risk, and to have a resilient plan in place to respond to a cyber incident when it arises.

The Pension Committee recognise the risk of a successful cyber-attack directly from external threats; or indirectly because of members or staff falling prey to social engineering or phishing attacks within its risk register. This is currently shown as a red risk and is likely to be maintained at this level.

Priorities for 2024/25 are:

7.	Complete a procurement to appoint a cyber specialist to support the Pensions Committee and officers understanding of the Pension Fund's cyber footprint and digital presence.	Q1
	Prepare a cyber security risks matrix for the Pension Fund and design a strategy for cyber management reflecting vulnerabilities to a cyber incident (including with third parties), critical Scheme functions and proportionate controls (people, processes and technology).	TBC
	Design a cyber incident response plan, focused on critical Scheme functions and taking into consideration operational, reputational and financial impacts.	TBC
	Implement practices which support the development of knowledge and understanding of cyber risks and support the continued considerations of measures and procedures in place to ensure they continue to be fit for purpose.	TBC
8.	Engage with auditors and WSCC colleagues about the specific dynamics of the Pension Fund's cyber risk profile and the respective roles and responsibilities.	Q2
	Implement actions and monitoring reflecting respective roles and responsibilities and provide regular updates.	TBC

To deliver the above, additional resources may be required as set out below:

- **External advice:** To provide specialist resource.

Governance | Contract Management and Value for Money

Background

It is important that all contracts managed for the benefit of the Pension Fund secure Value for Money. Contracts are awarded (where applicable) following market competition through transparent, fair and consistent ways of working and support supplier diversity, sustainability objectives, and equality of treatment. All contracts in place are actively managed by the Pension Fund to support good outcomes and the delivery of the Pension Committee’s objectives.

The existing contractual arrangements are summarised below.

Service - Property Investments Provider - Abrdn Expiry - September 2024	Service - Independent Property Valuer Provider - Savills Expiry - September 2024	Service - ACS operator Provider - Waystone Expiry - March 2025
Service - Communication Delivery Partner Provider - Clay 10 Expiry - June 2025	Service - Custodian Provider - Northern Trust Expiry - June 2025	Service - Actuarial, Benefits and Governance Consultancy Provider - Hymans Robertson Expiry - October 2029
Service - Pension Administration / Payroll Provider - Hampshire County Council Expiry - n/a		

Priorities for 2024/25 are:

9.	Complete the timetabled open tender for a property manager.	Q2
10	Complete the timetabled open tender with colleagues within the ACCESS pool for an ACS Operator.	Q3
11	Determine the appropriate route for extension or re-procurement for the independent property valuer.	Q2

To deliver the above, additional resources may be required as set out below:

- **External advice:** To provide market insight to inform procurement activity and to undertake supplementary performance analysis.
- **External legal advice:** To negotiate contractual terms as part of the above procurement activity.

Investment and Funding | Investment Strategy

Background

The West Sussex Pension Fund manages a substantial investment portfolio which is there to help pay for benefits to members and their dependents now, and in the future.

The Pensions Committee is responsible for the determination of the Pension Fund’s investment strategy and oversight of the delivery of the strategy and has documented its approach in the Investment Strategy Statement. The Administering Authority (and therefore Pension Committee’s) power of investment must be exercised for investment purposes ie directed towards achieving a wide variety of suitable investments, and to what is best for the financial position of the fund (balancing risk and return in the normal way). Wider social, ethical or environmental considerations may influence the precise choice of investment – so long as that does not risk material financial detriment to the fund.

The investment strategy was reviewed following the 2022 actuarial valuation and recognises that cashflow has become a heightened requirement as contributions reduce and the pension fund matures.

It is recognised that further amendments may be required to the Strategy Statement as a result of the government response to its asset pooling consultation (relating to illiquid assets such as venture and growth capital and how LGPS investments might support the levelling up agenda). These expectations were set out within the Spring 2024 budget (relating to LGPS investments in the UK and supporting Children’s Homes) and the anticipated requirements for the LGPS to have an approach to climate risk aligned with the Taskforce for Climate Financial Disclosures (TCFD). There are also the conclusions from the Scheme Advisory Board’s legal advice on whether the LGPS is Sharia compliant. This concluded that the legal risk to the Scheme from a claim of unlawful discrimination if a Muslim employee has opted out of the LGPS for Sharia compliance reasons is low, but which the issues raised and commentary within the advice may result in further consideration by the Scheme Advisory Board, and government.

Priorities for 2024/25 are:

12	Complete the consultation with interest parties in relation to the Investment Strategy Statement and consider all feedback received and finalise the Investment Strategy Statement.	Q1
	Implement the Investment Strategy Statement and report.	Ongoing
13	Consider the appropriateness of a target or targets to assess and manage carbon, nature-related and / or social factor risks and opportunities in line with the Pension Committee’s strategy and risk management process. This will be informed by managers and industry experts.	Q3
14	Respond to requirements from the Spring 2024 budget which arise relating to Local Government Pension Scheme funds to publicly disclose the breakdown of their asset allocations. It is noted that further action may be needed if this reporting does not demonstrate that UK equity allocations are increasing.	Q1
	Actively engage in initial discussions prompted by the Spring 2024 budget relating to the potential to “unlock” LGPS investment in new children’s homes.	Q2

15	Actively consider further guidance relating to the government consultation on LGPS investments and any changes to investments in Levelling Up and private equity.	TBC
16	Work with sub fund and other managers to develop a Stewardship Report which:	
	<ul style="list-style-type: none"> initially develops reporting based on the Task Force on Climate-Related Financial Disclosures (TCFD) and Task Force on Nature-Related Financial Disclosures (TNFD) reporting requirements. 	Q1
	<ul style="list-style-type: none"> Establish how different Environmental, Social and Governance risks and opportunities which could impact the investment strategy over the short, medium and long term are reported against. This will include providing metrics relating to climate and other Environmental, Social and Governance risks and provide visibility of engagement relating to portfolio investments. 	Q4
17	Develop a framework which supports and evidence active stewardship through informed conversations with managers. This should be informed by participating in forums which allow the Fund to keep abreast of developments relating to asset stewardship and gives the potential for collective action to influence the behaviour of companies, policy makers and other industry stakeholders.	Q3

To deliver the above, additional resources may be required as set out below:

- **External advice:** To provide expert advice when considering the Pension Fund's investment strategy.
- **External advice:** To provide expert advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.
- **Training:** To support the delivery of this business plan objective.

Investment and Funding | Asset Pooling

Background

In 2015 the Government encouraged LGPS Administering Authorities to work together to “pool investments to significantly reduce costs, while maintaining investment performance”. West Sussex Pension Fund is a participating Fund in the ACCESS pool and on 31 March 2024, 80% of its portfolio was invested within the ACCESS pool arrangement. This is ahead of the Government’s expectation that assets are pooled by 2025.

Whilst each Authority retains autonomy to make decisions about strategic asset allocations, the ACCESS Joint Committee is responsible for making collective decisions in relation to contract management and budgets and making solutions for investments to be made via the ACCESS pool arrangement.

The ACCESS pool maintains its own business plan, and priorities for 2024/25 include rationalisation of sub-funds, a pooled asset solutions for private debt and private equity and the implementation of the outcome of a third-party review of pool governance and the ACCESS Support Unit.

Following its consultation on investment pooling in July 2023 and the subsequent response, further guidance is expected in relation to accelerated investment into LGPS asset pools, and consolidation of existing assets pools.

Priorities for 2024/25 are:

18	Proactively participate in development of a pooled solution for the management of illiquid assets to support a sustainable model of pooling and to ensure (as far as possible) that the pooled solution meets local investment strategy requirements.	
	• Private equity.	Q2
	• Private debt.	TBC
19	Consider the outcomes of the Barnett Waddingham review of pool governance.	TBC
20	Develop local training which supports knowledge and understanding of the role of the ACCESS Joint Committee and how this interacts with local arrangements (the Pensions Committee and West Sussex County Council as Administering Authority).	Q2
21	Consider arrangements which could be put in place to enhance the connection between the Pensions Committee and the activity of the ACCESS Joint Committee. .	Q3

Investment and Funding | Funding

Background

The LGPS is a funded pension scheme, with employee benefits guaranteed by the LGPS Regulations and funded through a combination of employee contributions (fixed nationally), investment returns and employer contributions. The Pensions Committee completed its review of employer funding positions (on 31 March 2022) to ensure contributions are set at a level to ensure the assets held on behalf of each employer meet (as closely as possible) the value of benefits built up to date for the employer's employees and ex-employees (the liabilities).

In the past, funding focused on managing deficits through maximising investment returns and employer contributions within risk and affordability constraints. The improvement in funding levels more recently has provided opportunity for the fund to review and evolve the strategy and balancing the diversity of employer requirements, current cost of living crisis and employer budgetary constraints with long term sustainability.

It is therefore important that employer positions are monitored and managed in line with the regulations and Funding Strategy Statement including appropriate reviews of an employer's covenant, any adjustments to contribution rates and employer events (including exits).

It is also important that the Pension Fund works with employers to manage admissions and outsourcing arrangements and ensuring good quality accurate data which is acknowledged with the risk register.

Priorities for 2024/25 are:

22	Review employer data to ensure it is up to date and reflect changes which can be delivered by the Fund such as payment of historic refunds in preparation for the 2025 valuation.	Q3
23	Work with the Fund Actuary in preparation for the 2025 Valuation and consider tools needed to manage volatility, how the contribution rate strategy (in which 18% had been identified as a target rate) may evolve and how future liability is to be funded. The starting point will be exploratory analysis and modelling which tests possible strategy paths.	Q4
	Set out clear messaging to employers to explain potential options and evidence decision-making.	Q4
	Undertake initial review of the Funding Strategy Statement	Q1 2025/26
24	Develop framework to actively monitor funding positions for shorter term or other admitted bodies to understand their position in the fund and engage with employers on a targeted basis to consider risk and opportunities (balancing of contribution rates, investment risk and prudence levels).	Q3
	Implement framework as business as usual	Ongoing

To deliver the above, additional resources may be required as set out below:

- **External advice:** An independent covenant adviser will be engaged to support the consideration of individual employer positions.

Administration and Communication | Legislative changes

Background

When the Government reformed public service pension schemes in 2014 and 2015 they introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. Changes were made to all main public sector schemes, including the LGPS, to remove this age discrimination from October 2023. In addition to applying these changes and providing information about the McCloud remedy for protected members, there are associated issues in relation to excess teacher's service which remain unresolved. This has the potential to increase workloads for employers and the administration team further.

In addition, the changes required in relation to the case of Mrs Goodwin v Department of Education remains unresolved. The case concluded that a female member in an opposite sex marriage was treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation. It is expected that changes will be required to the Scheme to ensure greater equality across all relationships and to take account of membership that was previously not counted when calculating a survivor's pension. This is a further administration complex task outside business-as-usual activity.

The team need to ensure readiness for the Pensions Dashboards Programme. This is a national initiative under the supervision of the Money and Pensions Service - allowing individuals to view information about their pensions, including State Pension, in one place online. The government considers that this will put savers in control and help reconnect people with their lost pension pots. LGPS funds are required to be ready to connect and respond to matching requests from 30 September 2025 but there are still a number of issues, such as how AVCs should be treated and the responsibilities of a multi-employer Scheme, which will need to be resolved.

Priorities for 2024/25 are:

25	Work with administration team and Fund Actuary to prepare Data Improvement Plan focused on Pensions Dashboards Programme, McCloud and Guaranteed Minimum Pension (GMP). Where employers are not able to provide the required data, appropriate assumptions will need to be made.	Q1
26	Work with administration partners to complete a readiness review against the Pensions Regulator's Pension Dashboard Programme checklist and reflect other guidance and best practice.	Q2
	Determine any actions required to meet October 2025 implementation. Report on compliance and action plan	Q3
	Implement actions and provide regular updates	Ongoing
	Provide training and guidance to employers on their obligations.	Q4

To deliver the above, additional resources may be required from the Pension Fund's administration partners, or software provider.

Administration and Communication | Continuing improvements

Background

The Local Government Pension Scheme provides excellent benefits to support members during their retirement and financial security through immediate life cover, death benefits and (for those who have been in the scheme for two years) immediate ill-health benefits.

However, pensions can be complex and confusing for members and employers. It is therefore important that the Fund maintains accurate and complete records and provides engaging, understandable information about the pension Scheme – which ultimately supports informed decision making.

Business as usual activities play a key role in supporting data quality, member experiences and employer relationships. Since the administration moved to Hampshire Pension Services in 2019 the service received by members and employers has improved considerably.

The Pensions Committee is however committed to continually improving the administration service provided to members and employers whether through the format and delivery of communication to ensure it is relevant, clear, considered and inclusive or through anticipating changes within the pensions industry to reflect best practice.

Priorities for 2024/25 are:

27	Develop surveys for employer and / or members which provide insight to improve and measure the service satisfaction, improvements or support requirements.	Q3
28	Work with the Communications Delivery Partner (Clay 10) to:	
	• review existing communications.	TBC
	• develop a 'in-house style' and branding.	TBC
	• consider the future web presence.	TBC
	• deliver a campaign about pension benefits - informed by member demographics (active and deferred members, and within these categories those who are nearing retirement).	TBC

To deliver the above, additional resources may be required from the Pension Fund's administration partners, or software provider.

Administration and Communication | System Change

Background

The Council's business management system (SAP) needs to be replaced to maintain and improve critical activities, including the payment of staff and suppliers, debt recovery and income collection, financial management information and statutory accounting, procurement of goods and services and HR administrative functions. A contract was awarded in June 2020 for the implementation of a new business management system, Oracle Fusion. The programme was paused in the autumn of 2023 to enable a comprehensive review of options for its future delivery. The refreshed programme to implement Oracle Fusion is expected to re-commence on the basis of 'adopt not adapt'. The go-live is planned for the different elements for December 2025 and April 2026.

Priorities for 2024/25 are:

29	Actively participate in the County Council's activities to implement the new business management system including the consideration to realign its processes and ways of working, supporting knowledge transfer and cultural and behavioural change.	Ongoing
----	--	---------

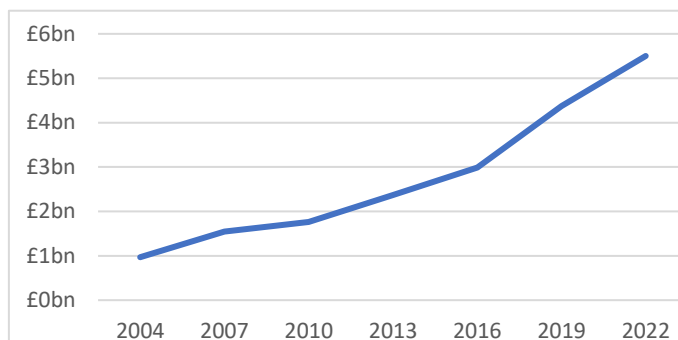
To deliver the above, additional resources may be required from the Pension Fund's administration partners, or software provider.

Appendix 1 | Fund at a Glance on 31 March 2024

The Pensions Committee is responsible for the determination of the Pension Fund's **investment strategy** and oversight of the delivery of the strategy. If the funding level falls back to 90% consideration will be given to increasing the proportion of growth assets or raising the contribution rate target.

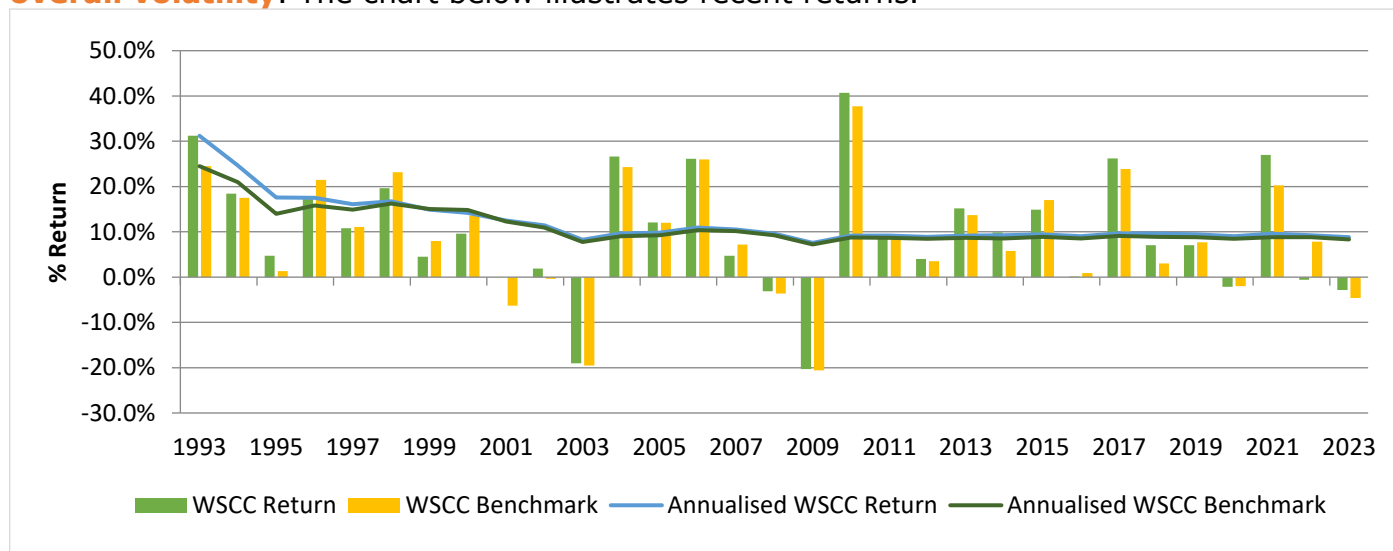
Asset Class	Strategy	Actual
Listed Equities	45%	51%
Private Equity	5%	3%
Infrastructure	5%	5%
Private Debt	5%	4%
Property	10%	8%
Bonds	30%	28%
Cash	0%	1%

On 31 March 2024 the Pension Fund was **valued** at £5.566bn. The growth in fund assets since 2004 is below.



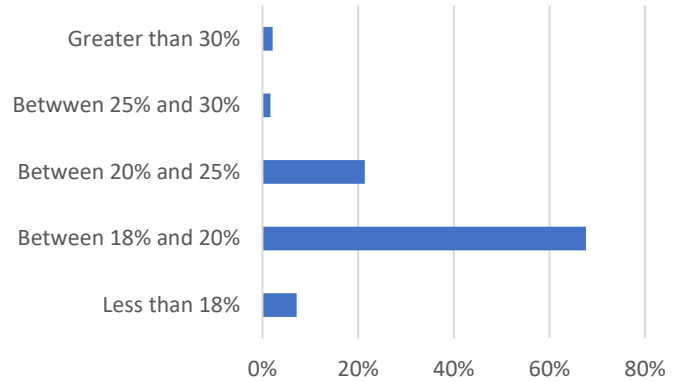
In 2016 the Pension Fund joined 10 other Authorities to work together to "pool investments to significantly reduce costs, while maintaining investment performance" via the **ACCESS pool**. To date, £4,596m of West Sussex Pension Fund have been pooled.

It is important to consider **investment returns** which can help keep the cost of new benefits accruing reasonable. The blend of the portfolio is intended to provide diversification to **reduce overall volatility**. The chart below illustrates recent returns.

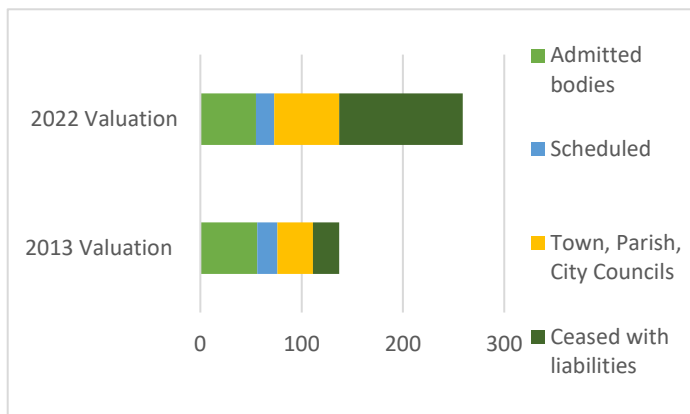


The average **contribution rate** for an employer in the West Sussex Scheme is currently 21.1%. The range in contributions payable is 0%-57%. The average employee contribution rate on 31 March 2022 is 6.6% of pay. The average rate across the LGPS is 21.1%.

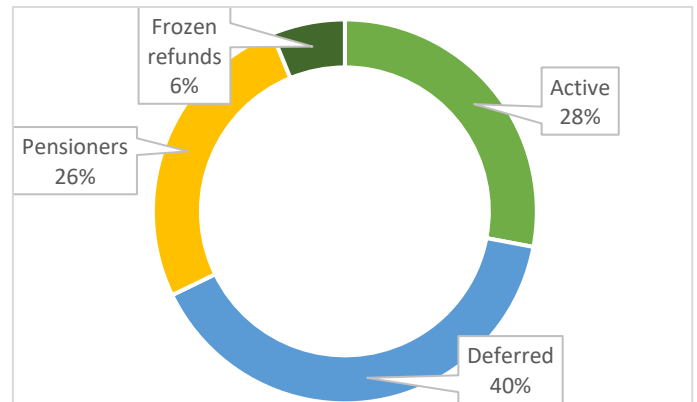
At the 31 March 2022 valuation, 94% of employers saw a reduction in their rate, 3% saw their rate frozen and 3% had a rate increase. The range of rates for 2025/26 are illustrated on the right.



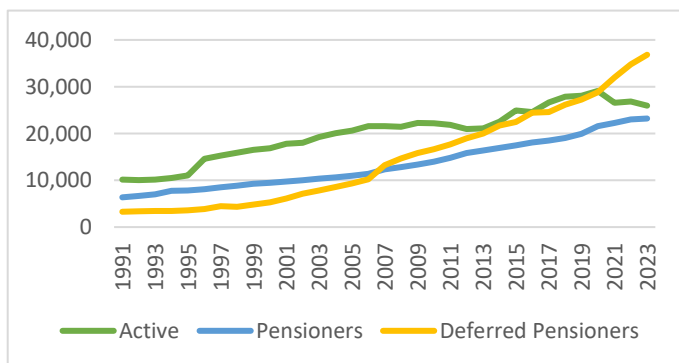
The LGPS is offered by local government **employers** and by other organisations that have chosen to participate in the Scheme. Changes in the employer population is illustrated below:



There are currently 95,103 **members** in the Scheme.



Membership has increased by 130% over the past 20 years, and the **membership mix** is maturing.

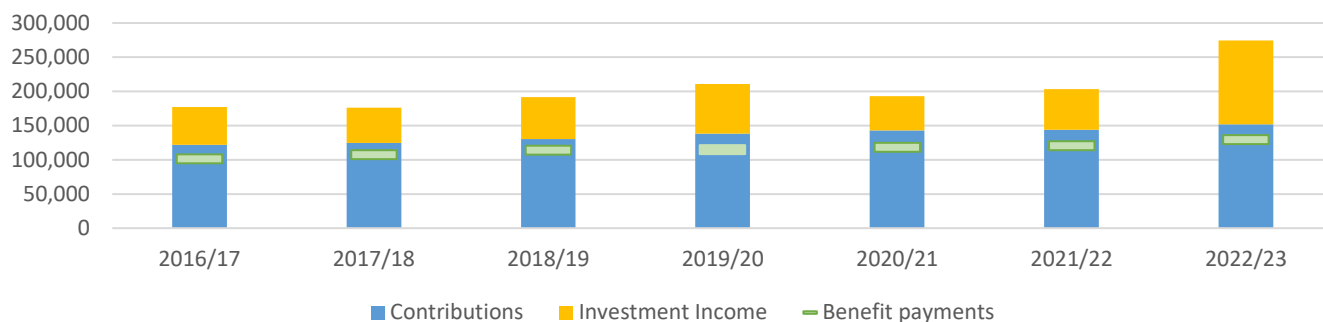


Overall longevity improvements have continued at a steady rate. The average age of a pensioner is 69.7. The oldest pensioner is 108 years old.

There is a substantial difference between men and women as to their **accrued benefits** primarily driven by the type of work undertaken, the working patterns and career progression.

	Men	Women	Overall
Salary	£28,000	£17,700	£20,200
Pension pot	£4,900	£2,700	£3,200
Pension paid	£7,300	£3,700	£4,900

The Fund was **cashflow positive** in 2022/23 by £24m when considering member transactions. It will continue to be marginally cashflow positive in 2023/24 and 2024/25 but will likely move towards a marginally **cashflow negative** position from 2025/26. The **net cashflow** position is managed to ensure that pension liabilities can be paid as they fall due, return on investments are maximised and the Pension Fund avoids becoming a forced seller. Benefit payments, contribution income, employers exits and drawdowns from investment managers can all be unpredictable and cashflows are particularly sensitive to inflation, pensionable pay and transfers of membership. The chart below shows benefit payments v contributions and investment income.



Appendix 2 | Review 2023/24

This section summarises the Fund’s deliverables during 2023/24.

Governance Priorities:

Priority	End of Year Position
<p>Review current LGPS arrangements informed by expected changes (e.g. Good Governance guidance) to determine key actions for compliance.</p>	<p>Formal consultation on Good Governance which was expected in late 2023 has not been published. However, the Director of Finance and Support Services has received advice from Hymans Robertson and has considered the arrangements to support the County Council’s role as administering authority and employer in the Local Government Pension Scheme and administering authority for the Firefighters Pension Scheme.</p> <p>The implementation of the outcomes from review of resources will be carried into 2024/25 which will increase the capacity of the Pension Team.</p>
<p>Review fund-specific policies and strategies.</p>	<p>During the year, the Pension Fund’s Discretions Policy, Internal Dispute Resolution Procedure and Breaches process have all been updated and published.</p> <p>The consultation on the Investment Strategy Statement has been published with results to be provided to the Pensions Committee in July 2024. This will conclude in late 2024/25.</p> <p>A full review of the Administration Strategy including how communications with stakeholders is supported has been prepared and will be discussed with key stakeholders. This will be finalised in the first half of 2024/25.</p>
<p>Complete review against TPR Single Code.</p>	<p>The final Single Code and guidance was published in January 2024 which has delayed the opportunity for Officers to review practice against the Code. This will therefore be an activity for early 2024/25.</p>
<p>Review Training Strategy.</p>	<p>During the year, members of the West Sussex Pension Fund Committee and Board completed an online knowledge assessment. The Committee performed most strongly in the areas of Investment Performance and Risk Management and Financial Markets and Product Knowledge. The Board areas of strongest knowledge were Pensions Governance and Procurement and Relationship Management. In considering the results it is recognised that members are not expected to be an expert in all areas, rather there should be a spread of knowledge across the Committee and Board which is supported by advice from officers and professional advisors. The Training Strategy will be updated to highlight some areas of focus in early 2024/25.</p>

Identify and manage cyber and data risks and impacts. Create cyber incident response plan / walk-through scenarios	A specification has been prepared to support the procurement of advice on cyber risk, impacts and an incident response plan. This is due to be published in 2024/25.
Open tender for property manager.	Officers are currently considering initial tender responses with an Award Report expected in July 2024.
Call off for Fund Actuary	Completed. Hymans Robertson appointed for a period of a maximum of nine years (6+3).
Timetabled procurement for Operator Services.	Tender documents were published by Hampshire County Council on 18 March 2024, as scheduled. An Award Report expected to be considered by the Joint Committee in September 2024 and the consideration by the Pensions Committee in November 2024.
Analyse costs, risk and performance of portfolios.	A preferred provider has been identified. Consideration will be made about the benefit of the analysis provided in early 2024/25.

Investment and Funding Priorities

Priority	End of Year Position
Review Investment Strategy Statement (ISS).	The consultation on the Investment Strategy Statement has been published with results to be provided to the Pensions Committee in July 2024. This will conclude in early 2024/25.
Consider interim objectives on climate change.	Officers and the Committee have continued to engage with fund managers, sub-fund managers and asset pool to understand approaches. However further consideration on any appropriate objectives on climate change will be considered in 2024/25.
Consider the impact of environmental, social and governance risk and opportunities.	Membership of Pensions For Purpose has been announced and the Joint Committee have agreed for ACCESS to join Local Authority Pension Fund Forum (LAPFF).
Strengthen engagement with managers (and portfolio companies).	Officers continue to engage with managers across the portfolio on a range of topics.
Understand data coverage and quality of information to support financial disclosures.	Initial information collated relating to Taskforce for Climate Related Financial Disclosures and other metrics. This has highlighted the inconsistency and limitation of the data available. The team will therefore continue to work with fund managers, LGPS colleagues and others on climate risk reporting.

<p>Actively consider Government response to "Governance and reporting of climate change risks".</p>	<p>The consultation closed on 24 November 2022 and the full consultation outcome is awaited.</p>
<p>Support ACCESS Joint Committee in undertaking its functions.</p>	<p>Joint Committees held in September 2023, December 2023 and March 2024. Officers input through appropriate groups.</p>
<p>Consider the pooled asset solutions for management of illiquid assets.</p>	<p>Officers continued to engage with colleagues within the ACCESS Support Unit on local requirements.</p>
<p>Consider Government's LGPS Pooling consultation.</p>	<p>The consultation outcome was published on 22 November 2023. This confirmed that guidance for the Local Government Pension Scheme (LGPS) in England and Wales will be revised to implement a 10% allocation ambition for investments in private equity. The government is establishing a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools and with pools exceeding £50 billion of assets under management. It has also indicated it wants all LGPS funds to be invested in pools of £200 billion or more by 2040. The impact of the response continues to be considered locally, within the asset pool and nationally.</p>
<p>Review funding position of employers (key funding risks and opportunities).</p>	<p>A funding update has been prepared for all employers and [will be distributed in the first quarter of 2024/25. The document will be supplemented by a webinar later this year and forms part of the initial engagement with employers in preparation for the 2025 funding valuation.</p>
<p>Support employers on statutory responsibilities. Consider training and guidance to employers to help fulfil their obligations.</p>	<p>During the year, the team ran 31 bitesize sessions for employers covering employer roles and responsibilities, organisational changes and member events. The team also held four annual return workshops for West Sussex employers in February and March 2024, with 26 employers attending.</p>

Administration and Communications Priorities

Priority	End of Year Position
<p>Work with employers to ensure data provided for the McCloud remedy.</p> <p>Consider communications to members on Regulatory changes.</p>	<p>Since the Regulations changed on 1 October 2023, the administration team have been correctly applying the McCloud underpin calculation in all deferred, retirement and death calculations.</p> <p>The team have loaded 407 of 428 returns from employers to allow service information to be provided, and puts the Fund in a strong position to comply with the production of remedial service statements in August 2025.</p>
<p>Review guidance and resources available to support compliance and best practice with Regulatory changes.</p>	<p>Attendance at national LGPS forums by Pensions Team and administration partners.</p>
<p>Monitor implementation of Pensions Dashboards against the Pension Regulators (tPR) checklist</p>	<p>The administration team have attended a number of dashboard related webinars hosted by the Pensions Dashboard Programme and/or the Pensions Regulator to ensure they continue to be well fully informed of progress and what is expected of us as administrators.</p> <p>The Pension Fund must connect to dashboards by 31 October 2025.</p>
<p>Consider data improvement work</p>	<p>99.69% of active benefit statements and 99.99% of deferred benefit statements were produced for 31 August 2023.</p> <p>Additional work is underway to contact members who have preserved refunds in the Scheme.</p>
<p>Develop communication material on LGPS benefits with external specialists.</p> <p>Consider future website delivery opportunities.</p>	<p>Contract awarded to Clay10 in February 2024, as Communications Delivery Partner.</p>

Appendix 3 | Resource & Advisers

The Pensions Committee's focus is on the delivery of the required services and fulfilment of responsibility rather than the specifics of roles.

The Director of Finance and Support Services has responsibility to ensure that there are sufficient resources in place to do this.

The Pension Fund Strategist supports the Director of Finance and Support Services. The Pensions Team (equivalent to 8.22FTE) also support the County Council in discharging its responsibilities as Scheme Manager to the Firefighters Pension Schemes. This includes key functions such as investment, administration, employer liaison, communications and fund accounting.

Operational sustainability is important. There is a need to ensure that the specialist knowledge and understanding of the team keeps pace with the ever changing and increasingly complex regulatory requirements of the LGPS, and it is recognised that there has been an increase in the workload of the team because of legislative changes, most notably asset pooling. The team are encouraged to consider opportunities for professional training, work with third parties to support continuous improvement and development of best practice and develop within the team.

The Pensions Team also utilise resource and expertise from other areas of the County Council - for example treasury management, IT or legal services. The Fund's financial statement provide more detail about the costs incurred.

- **Administration**

The pension administration is provided through a partnership with Hampshire County Council. The Fund pays an annual charge relating to the pensions and payroll administration and relevant staff costs, as agreed between the Director of Finance and Support Services and Hampshire County Council.

- **Oversight and Governance**

The Fund has access to services within the County Council's finance team including banking, income collection and treasury management and access to services within the County Council's legal team, who may also commission advice from outside legal firms as appropriate. Costs are charged to the Fund based on a proportion of time spent by officers and associated overheads.

- **Professional Advisers**

External advisers including the Fund Actuary, Independent Advisers and Independent Property Valuer have been appointed to provide appropriate advice to Officers and the Pensions Committee. Costs are agreed on appointment.

- **External Fund Managers**

Fund management has been outsourced to external fund managers. Most investments (80%) are now made via the ACCESS ACS, managed by Waystone. Fees are agreed in the respective mandates governing their appointment and are mainly based on the market value of the investments under management.