



# PENSION BOARD

THURSDAY, 16 NOVEMBER 2017

10.00 AM W4E - COUNTY HALL, LEWES

MEMBERSHIP - Richard Harbord (Chair)  
Councillor Kevin Allen, Angie Embury, Bernadette Carlyle, Sue McHugh and  
Councillor Brian Redman

## A G E N D A

- 1 Minutes (*Pages 3 - 8*)
- 2 Apologies for absence
- 3 Disclosure of interests
- 4 Urgent items  
Notification of any items which the Chair considers urgent and proposes to take at the appropriate part of the agenda.
- 5 Pension Committee Agenda (*Pages 9 - 24*)
- 6 Proposals for a Vice Chair of the Pension Board (*Pages 25 - 32*)
- 7 Annual Benefit Statement Update (*Pages 33 - 36*)
- 8 Local Government Pension Scheme (LGPS) Pooling - ACCESS update (*Pages 37 - 64*)
- 9 Environmental, Social and Governance (ESG) report (from 4 September Pension Committee) (*Pages 65 - 70*)
- 10 Annual Review of Pension Board Training Plans (*Pages 71 - 122*)
- 11 Guaranteed Minimum Pension (GMP) Reconciliation Update (*Pages 123 - 132*)
- 12 Officers' Report - Business Operations (*Pages 133 - 138*)
- 13 Officers' Report - General Update (*Pages 139 - 148*)
  - Appointment of a new Scheme Member (Pensioner)
- 14 Work programme (*Pages 149 - 178*)
- 15 Any other non-exempt items previously notified under agenda item 4
- 16 Exclusion of the public and press  
To consider excluding the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

- 17 Pension Committee Agenda (*Pages 179 - 192*)
- 18 Any other exempt items previously notified under agenda item 4

PHILIP BAKER  
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8 November 2017

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## PENSION BOARD

MINUTES of a meeting of the Pension Board held at County Hall, Lewes on 3 August 2017.

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### PRESENT

Richard Harbord (Chair) Councillor Kevin Allen,  
Angie Embury, Bernadette Carlyle, Sue McHugh,  
Councillor Brian Redman and Tony Watson

### ALSO PRESENT

Councillor David Elkin, Lead Member for Resources  
Ian Gutsell, Chief Finance Officer  
Ola Owolabi, Head of Pensions  
Wendy Neller, Pensions Strategy and Governance Manager  
John Shepherd, Finance Manager (Pension Fund)  
Russell Wood, Principal Pensions Officer  
Brian Smith, Regional Operations Manager  
Jason Bailey, Pension Services Manager  
Harvey Winder, Democratic Services Officer

### 16 MINUTES

16.1 The Committee RESOLVED to agree the minutes subject to the removal of the line in paragraph 11.3:

*"Note – the agreed survey response will be attached as a supplement of the agenda."*

### 17 APOLOGIES FOR ABSENCE

17.1 There were no apologies for absence.

### 18 DISCLOSURE OF INTERESTS

18.1 There were no disclosures of interest.

### 19 URGENT ITEMS

19.1 There were none.

### 20 PENSION COMMITTEE AGENDA

20.1. The Board considered the Pension Committee's agenda for its 4 September meeting. A draft of Hymans Robertson's quarterly performance report was tabled at the meeting.

20.2. Ola Owolabi (OO), Head of Pensions, explained that the Pension Committee agenda would also include a presentation from the Environment Agency about Environmental, Social and Governance (ESG) issues. This will tie in with other discussions about ESG at the meeting.

### **Item 5: Petition – Disinvest from fossil fuels**

20.3. OO explained that Brighton & Hove City Council's (BHCC) notice of motion calling for divestment over a five-year period would be included as an additional appendix to the report.

20.4. Councillor Kevin Allen (KA) questioned whether once ACCESS is operational the East Sussex Pension Fund (ESPF) will have as much ability to influence companies' environmental, human rights and other policies as they will no longer be able to hire and fire fund managers.

20.5. OO said that, once ACCESS is operational, fund managers will be allocated by the 'operator' to sub-funds of different asset classes. Individual funds will retain an Investment Strategy Statement (ISS), which sets out how their fund considers ESG investments, and will be able to allocate their assets into ACCESS sub funds based on their ISS and the Fund Assets Allocation. In addition, the Local Authority Pension Fund Forum (LAPFF) will continue its role in influencing fossil fuel companies so long as local authority pension funds invested in them.

20.6. Sue McHugh (SM) asked whether a watching brief should be kept on the performance of fossil fuel companies now that divestment seemed to be gaining traction amongst local government pension funds and other investors.

20.7. OO said that the Pension Committee was considering the issue of ESG investments closely and had dedicated considerable discussion to the matter at the investment strategy review day on 17 July. Those discussions will form the basis of a report being drafted for consideration by the Pension Committee at its 4 September meeting on proposals for the ISS in relation to sustainable investment, for example, carbon tilting. He confirmed that if there was any agreement to change the ISS it would require a formal decision by the Committee, and would go to the Board first for comment. He clarified that the investment strategy day was an opportunity to look in depth at ESG issues and no decisions were taken during the event.

20.8. Councillor Richard Stogdon (RS), Chair of the Pension Committee, added that only one local government pension fund had so far resolved to dis-invest in fossil fuels. Based on his discussions with representatives of other local government pension funds, it seems that most administering authorities are in agreement that whilst they are talking about divestment, there is a unanimity that total divestment is a blunt instrument that would be difficult to implement without causing wider disruption to pension fund returns.

#### **Item 8: Quarterly Performance Report – Hymans Robertson**

20.9. OO confirmed that the performance of fund managers, as indicated in the Hymans Robertson's report, has been very good – with M&G – Bonds in particular outperforming its benchmark over the past quarter. Schroders had not yet submitted its performance figures but they are expected to be good. He added that Schroder Property was still on watch due to the significant change in management at the firm causing uncertainty as to its strategic direction.

20.10. The Board RESOLVED to:

1) note the report; and

2) request that the ESG report due to be considered by the Committee in September is considered at the 7 November Board meeting.

## **21 GENERAL DATA PROTECTION REGULATION COMPLIANCE**

21.1. The Board considered a report on the General Data Protection Regulation (GDPR).

21.2. BR asked whether there was any indication what the financial and workforce implications would be of the GDPR on the Pension Administration Team.

21.3. Jason Bailey (JB), Pension Services Manager, said that a future report was planned for the Board and Committee to provide assurance that the Pension Administration Team will be in compliance with the GDPR by May 2018. Guidance on the GDPR is still being drafted and when

it is published, the ESPF policies will need to be checked against it. The current pension service is in compliance with current requirements, for example, around data protection measures and obtaining members' consent. It will need to be established to what extent practices need to change around seeking explicit consent, for example, around data sharing with other authorities where at the moment a scheme member only needs to be informed. If this requires a change in the process of data sharing then it will have resource implications.

21.4. Ian Gutsell (IG), Chief Finance Officer, confirmed that the ESPF's practices for safeguarding member data comply with previous good governance requirements but would need to be checked against the new regulations. He said that the issue of stricter requirements around consent to transfer data to other organisations is likely to be the main area of concern.

21.5. JB said that the Local Government Association (LGA) has commissioned a piece legal advice on the issue nationally to determine the implications.

21.6. Wendy Neller (WN), Pension Strategy and Governance Manager, summarised that the new regulations placed additional responsibilities on data processors (those carrying out processing on the data controller's (administering authority's) behalf). The GDPR places greater emphasis on the documentation that data controllers must keep to demonstrate their accountability. There is a 12-step GDPR checklist supplied by the Information Commissioner's Officer (ICO) to highlight steps to take to prepare for the regulations that apply from 25 May 2018.

21.7. The Board RESOLVED to note the report.

## 22 GOVERNANCE COMPLIANCE STATEMENT

22.1. The Board considered a report on the ESPF's Governance Policy Statement.

22.2. SM asked whether the Governance Policy Statement would be amended to take account of the governance changes resulting from ACCESS becoming operational in April 2018. OO confirmed that it would be revised after April 2018 to include the finalised role of the ACCESS Joint Governance Committee in relation to the Board and Committee.

22.3. BR asked for clarification about the role of Vice Chair of the Pension Board. OO said that discussions were ongoing about how best to appoint a Vice Chair. Any appointment would need to be made by the Governance Committee

22.4. Tony Watson (TW) asked that the Membership of the Pension Board (paragraph 13 of appendix 1) reflect that the employer representatives represented Brighton & Hove City Council, the University of Brighton, and the district/borough councils; and that the employee representatives list that they are a Unison, GMB, and pension representative respectively.

22.5. The Board resolved to:

- 1) note the report; and
- 2) request the amendment set out in paragraph 7.4 above.

## 23 MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MIFID II) UPDATE

23.1. The Board considered a report providing an update on the Markets in Financial Instruments Directive (MiFID II).

23.2. The Board welcomed the Financial Conduct Authority (FCA) allowing Local Government Pension Schemes (LGPS) to 'opt up' to elective professional status.

23.3. The Board RESOLVED to:

1) note the report; and

2) recommend to the Pension Committee that officers are authorised, in consultation with the Chair, to progress the necessary actions aimed at achieving elective professional status for the Fund with effect from 3 January 2018.

## 24 LOCAL GOVERNMENT PENSION SCHEME POOLING - ACCESS UPDATES

24.1. The Board considered a report on the activities undertaken by the ACCESS group.

24.2. The Chair said that although there will not be any changes to the terms of reference of the Pension Board, there will be subtle changes to the way in which it assists the decision-making around the ESPF. This is because of the difficulty in holding the ACCESS Joint Governance Committee to account compared to the Pension Committee. He said that it was important that the Board's role within the ACCESS framework is made clear before April 2018.

24.3. Angie Embury (AE) said that Unison is lobbying to secure employee representation within the eight pooled funds. The Chair pointed out that none of the eight pooled funds yet have an equivalent of a pension board (with employer representatives) that assist their joint committees.

24.4. OO confirmed that the ACCESS Joint Governance Committee comprises a representative of the pension committees of each of the 11 administering authorities; the representative is either the Chair or Vice Chair of each committee. Cllr Stogdon is elected as the Vice Chair of the ACCESS Joint Governance Committee. The Committee met for the first time as a fully-fledged committee on 31 July 2017 at Camden Town Hall.

24.5. OO explained that although the requirement of pooling funds was to remove the power of pension committees to hire and fire investment managers, the committees will retain almost all of their existing powers, for example, the power to determine which asset classes to invest in based on their ISS; and they will retain all of their responsibilities around securing compliance with LGPS regulations. Pension boards will be able to continue to assist the committees with all of these matters.

24.6. OO clarified that the £3.3bn ESPF would not all be pooled into ACCESS in April 2018, but the transition of liquid and non-liquid assets will be gradual over the next few years. 50% of those funds are passive and will go into a national passive procurement framework (along with other ACCESS funds) that is to be appointed to a single investment manager prior to April 2018 (from 9 Funds investing in passive assets on behalf of the ACCESS funds). Other investments are illiquid and will need to mature, such as property, infrastructure, and private equity and so will not be pooled immediately. In total, around 10% of funds, from active investments, will transfer to the ACCESS pool from April 2018.

24.7. OO said that ACCESS will look at what asset classes all 11 funds want to invest in and match them with the investment managers who can provide the best returns on those assets. Investment managers will be seeded into the pool to avoid transition costs in the short term, rather than transferring those funds straight to new fund managers. This means that to start with there may be significant numbers of investment managers, but the number will be rationalised to achieve the benefits of scale. Over the next few years there should be evidence of these benefits of scale through a reduction in the cost to the ESPF in managers' fees.

24.8. OO explained that ACCESS is currently going through the process of appointing an operator and a 'concept viability day' has already taken place, which involves publishing a specification and inviting companies to speak with ACCESS Members and officers to demonstrate their ability to provide the service. RS said that there had been a number of potential operators looking as if they could adequately fulfil the role. Kent County Council is leading the procurement process and RS has been appointed as the lead ACCESS Member on the operator procurement sub-group.

24.9. RS said that in theory the economies of scale should obviate the costs of investment managers, but the considerable transition cost and requirement to rent or build a FCA licenced operator might negate these savings.

24.10. BR asked for clarity about how exactly the operator will interact with existing officers from the administering authorities. The Chair suggested that the Board be provided with a clear description of the ACCESS structure at the training session in September.

24.11. The Board RESOLVED to:

- 1) note the report;
- 2) request to clarify the roles and responsibilities of ACCESS, and its governance arrangements and the effect on the Board and Committee at the 26 September training session;
- 3) to request the details of the other 10 pension board chairs in the ACCESS group.

## 25 REVIEW OF MANAGERS' FEES

25.1. The Board considered a report on the level of investment managers' fees for 2016/17.

25.2. SM observed that it was tricky to judge the future cost of investment management fees given the effect that ACCESS pooling will have on them.

25.3. The Chair took the point that the considerable increase in the value of the fund outweighed the smaller increases in managers' fees, but he cautioned that the considerable increase in the fund's value does not necessarily justify the fee increase, as there is no way to judge what would have happened to the fund's value without the investment managers' involvement.

25.4. AE observed that annual increases in the fees have fallen from 9% to 1% despite the continued increases in the fund's value, indicating a recognition of the pressure to reduce fee costs.

25.5. OO said that officers were doing their best to get managers to review their fees and had successfully reduced the State Street fee by £137,000. State Street, however, did not bid for the passive investment framework.

25.6. The Chair observed that investment fees never used to be the issue – client relationship and fund performance were the key determinants of the value of an investment manager. There has, however, been a change in the last few years towards ensuring that managers reduce fees wherever possible.

25.7. The Board RESOLVED to note the report.

## 26 OFFICERS' REPORT - BUSINESS OPERATIONS

26.1. The Board considered a report about the Business Operations Team.

26.2. JB confirmed that the Team is on target to deliver all annual benefit statements to employees by 31 August, despite the tight deadline. The Statements will be available online this year for active members with emails, all deferred members will be sent the statement via post and encouraged to register online.

26.3. JB confirmed that stage 2 of the Guaranteed Minimum Pension (GMP) reconciliation process will commence during the next week as HM Revenue & Customs is due to issue the data requested for stage 2.

26.4. The Board RESOLVED to:

- 1) note the report; and
- 2) recommend that the Pension Committee agree to the proposal to use a monthly mortality screening service.

## 27 OFFICERS' REPORT - GENERAL UPDATE

- 27.1. The Board considered a general update on pension issues.
- 27.2. BR asked why the projected outturn for employer contributions in 2017/18 is now considerably higher than the original prediction.
- 27.3. OO explained that the adjustments to employer contributions from the triannual valuation are in place and there is an expectation that employer contributions will therefore go up, hence the £7m higher projected (as at 30 June 2017) outturn in the 2017/18.
- 27.4. The Chair observed that a lot of funds are cash flow negative, so it is good news that the ESPF is in such good shape.
- 27.5. The Board RESOLVED to note the report.

## 28 WORK PROGRAMME

- 28.1. The Board considered its work programme.
- 28.2. The Board RESOLVED:
  - 1) to note the report; and
  - 2) to consider a report at a future meeting on how well the Board Members have met the training requirements set out in the training log.

The meeting ended at 12.00 pm.

Richard Harbord  
Chair



**Report to:** Pension Board

**Date of meeting:** 16 November 2017

**By:** Chief Operating Officer

**Title:** Pension Committee Agenda

**Purpose:** To consider and comment on the draft agenda and reports of the 27 February Pension Committee meeting

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## RECOMMENDATION

**The Board is recommended to consider and comment on the draft agenda and reports for the 27 November 2017 Pension Committee meeting.**

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### 1. Background

1.1 The draft agenda items for the 27 November 2017 Pension Committee are presented to the Pension Board for information. Where possible the relevant reports are also attached.

1.2 The item “East Sussex Pension Fund: Independent Advisor” and “Asset Pooling – Passive Investment Procurement” are due to be considered by the Pension Committee following the exclusion of the press and public as it contains exempt information as specified in Category 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended). These items will therefore be considered separately under a later item on the Pension Board agenda following the exclusion of the press and public.

1.3 The Pension Committee agenda item attached as appendices of this report is:

- Item 14 – ACCESS Operator Procurement

1.4 If Board members have any specific comments on any of these reports that they wish to be communicated to the Pension Committee, then they can do so. In any case, the draft Pension Board minutes will be circulated to Pension Committee members at or in advance of the forthcoming committee meeting.

### 2. Conclusion and recommendation

2.1 The Board is recommended to consider and comment on the draft agenda and reports for the 27 November 2017 Pension Committee meeting.

**KEVIN FOSTER**  
**Chief Operating Officer**

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Background Documents  
None

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# PENSION COMMITTEE

MONDAY, 27 NOVEMBER 2017

10.00 AM COMMITTEE ROOM, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Richard Stogdon (Chair)  
Councillors David Tutt, Simon Elford, Gerard Fox, Stuart Earl

## A G E N D A

- 1 Minutes
- 2 Apologies for absence
- 3 Disclosure of Interests  
Disclosures by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- 4 Urgent items  
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda.
- 5 Pension Board Minutes
- 6 Quarterly Performance Report - Hymans Robertson
- 7 Passive Investment Management – UBS
- 8 Environmental, Social and Governance (ESG) – *update .... to follow*
- 9 LGPS Pooling ACCESS Update
- 10 Administration System Providers – Options appraisal
- 11 Annual Benefit Statement - update
- 12 GMP Reconciliation update
- 13 Officers' Report - Business Operations
- 14 ACCESS Operator Procurement
- 15 Officers' Report - General Update
- 16 Forward Plan
- Part 2**
- 17 East Sussex Pension Fund: Independent Advisor
- 18 Asset Pooling – Passive Investment Procurement

19 Any other items previously notified under agenda item 4

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xx November 2017

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Draft

**Report to:** Pension Committee

**Date of meeting:** 27 November 2017

**By:** Chief Operating Officer

**Title:** Market analysis of Pensions Administration System

**Purpose:** To provide the Committee with an options appraisal of administration systems available to LG Pension Funds

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## **RECOMMENDATIONS**

**The Committee is recommended to acknowledge and note the market analysis provided.**

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### **1 Background**

1.1 Following the provision of a report at the Committee meeting of 4<sup>th</sup> September 2017 outlining the timetable of activities, milestones and decision points expected as part of a re-procurement exercise to deliver an Administration system on behalf of the East Sussex Pension Fund, a further report was requested by the Committee. The report was to provide an appraisal of the Pensions Administration system market place. This report should be read in conjunction with appendices 1 & 2.

1.2 The Committee will recall the earlier reports outlining the choices available to the procurement approach as well as the break clauses with the incumbent system provider, Heywood. Also noted in the report at the meeting of 17 July 2017 were the financial penalties for invoking early exit break clauses.

### **2 Market analysis**

2.1 The Orbis procurement team have carried out a market appraisal of local government pension administration software providers, the results of which are detailed in appendix 1. A helpful national landscape map showing which Authorities use which system is also attached as appendix 2.

2.2 There are 4 main providers of administration systems, Heywood, Capita, Civica and Equiniti. The largest provider in respect of organisational usage and scheme membership is Heywood.

2.3 Other providers have modest market share, with Civica providing services on behalf of some of the largest local authorities in England.

### **3 Cost analysis**

3.1 In respect of pricing comparison, the complexity of these systems in terms of licensing and implementation means there is no whole of market data available to identify like for like costing analysis.

3.2 Access to a framework through Kent CC was previously achieved where Civica and Equiniti were preferred providers and pricing was available. This framework, however was put in place in 2013 and has since expired and not reinstated.

3.3 Using existing contacts at two Authorities who currently use the Civica system, requests have been made to share indicative costs and at time of writing this report we still await responses. Regardless of the outcome of these requests, it is the professional opinion of Procurement that an initial Request for quote (RFQ) followed by a restricted tender will best achieve the results required to compare cost and capability.

**Kevin Foster**

**Chief Operating Officer**

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Draft

Local Government Pensions Administration Software Providers Customer Map

Created by Orbis Procurement Category & Commercial Team

- Capita
- Civica
- Heywood

**\*Avon Pension Fund:**  
Bath & North East Somerset  
City of Bristol  
North Somerset  
South Gloucestershire

**\*Bedfordshire Pension Fund:**  
Bedford  
Central Bedfordshire  
Luton

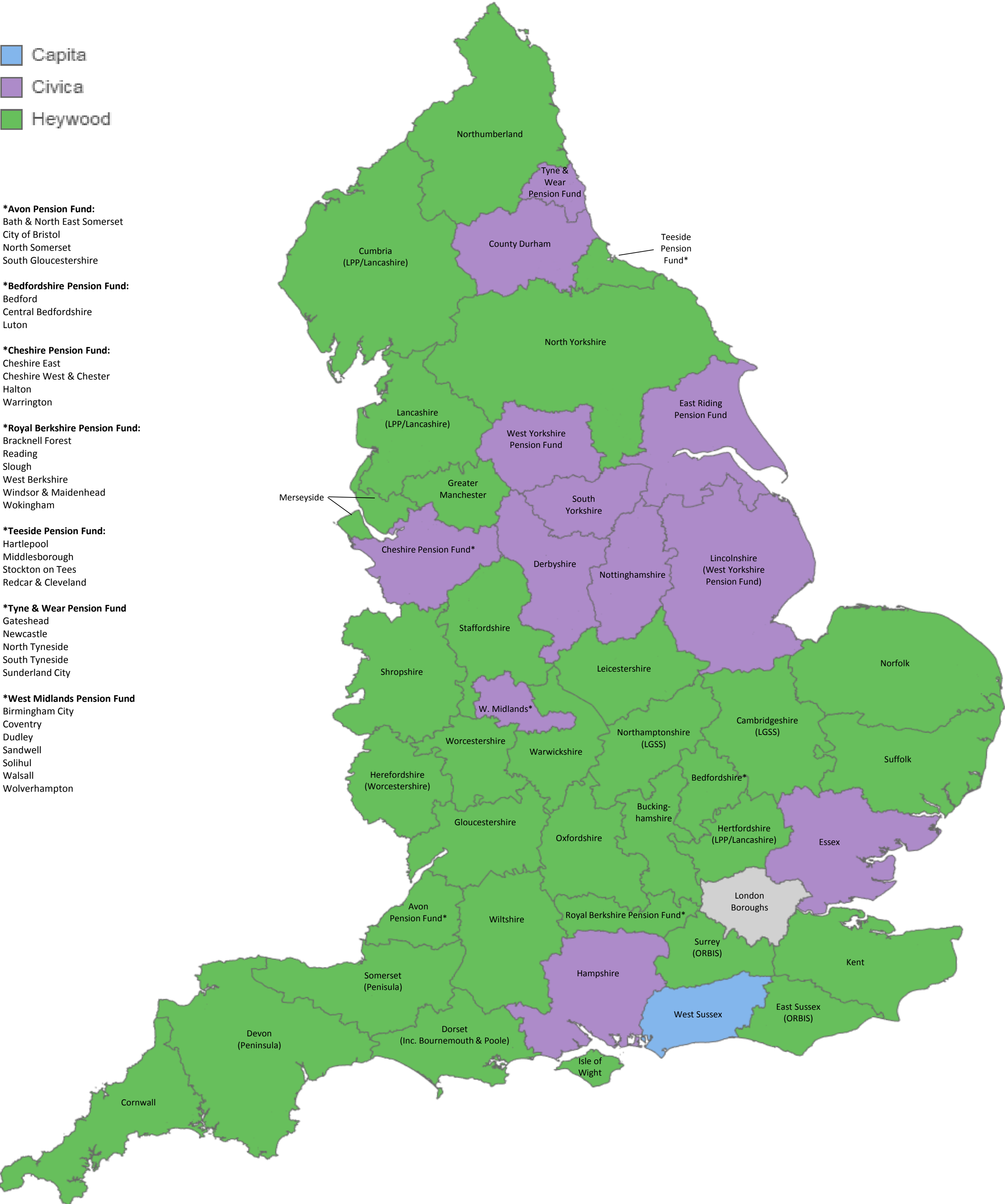
**\*Cheshire Pension Fund:**  
Cheshire East  
Cheshire West & Chester  
Halton  
Warrington

**\*Royal Berkshire Pension Fund:**  
Bracknell Forest  
Reading  
Slough  
West Berkshire  
Windsor & Maidenhead  
Wokingham

**\*Teeside Pension Fund:**  
Hartlepool  
Middlesbrough  
Stockton on Tees  
Redcar & Cleveland

**\*Tyne & Wear Pension Fund**  
Gateshead  
Newcastle  
North Tyneside  
South Tyneside  
Sunderland City

**\*West Midlands Pension Fund**  
Birmingham City  
Coventry  
Dudley  
Sandwell  
Solihul  
Walsall  
Wolverhampton



# Local Government Pensions Administration Software Providers Customer Map

Created by Orbis Procurement Category & Commercial Team

- Capita
- Civica
- Equiniti
- Heywood









# Pensions Administration Software Market Review

Steve Tiley  
October 2017

# Pensions Administration Software Providers



	Product Name	Local Government Pension Schemes (England Authorities Only)				Police Pension Scheme Customers	Other notable public sector scheme customers
		Local Government Customers	Market Share by LG Customers	Total Local Government Scheme Members	Market Share by LG Scheme Members		
 Aquila Heywood	Altair	57	75%	3,218,800	65%	27	<ul style="list-style-type: none"> <li>Health and Social Care Northern Ireland: 217,750 Members</li> <li>Northern Ireland Local Government Officers: 106,800 Members</li> </ul>
	Hartlink	4	5%	127,500	2.5%	4	<ul style="list-style-type: none"> <li>Scottish Public Pensions Authority<sup>1</sup>: 859,250 Members</li> </ul>
	UPM	14	18%	1,608,500	32%	0	<ul style="list-style-type: none"> <li>SAUL (London Universities): 46,115 Members</li> </ul>
	Compendia	1	1%	21,500	0.4%	3	<ul style="list-style-type: none"> <li>Civil Service (MyCSP): 1,519,000 Members</li> <li>NHS: 2,874,000 Members</li> <li>Armed Forces: 979,000 Members</li> </ul>

<sup>1</sup> Administers Scottish Police, Fire, NHS and Teachers Pensions





# Aquila Heywood



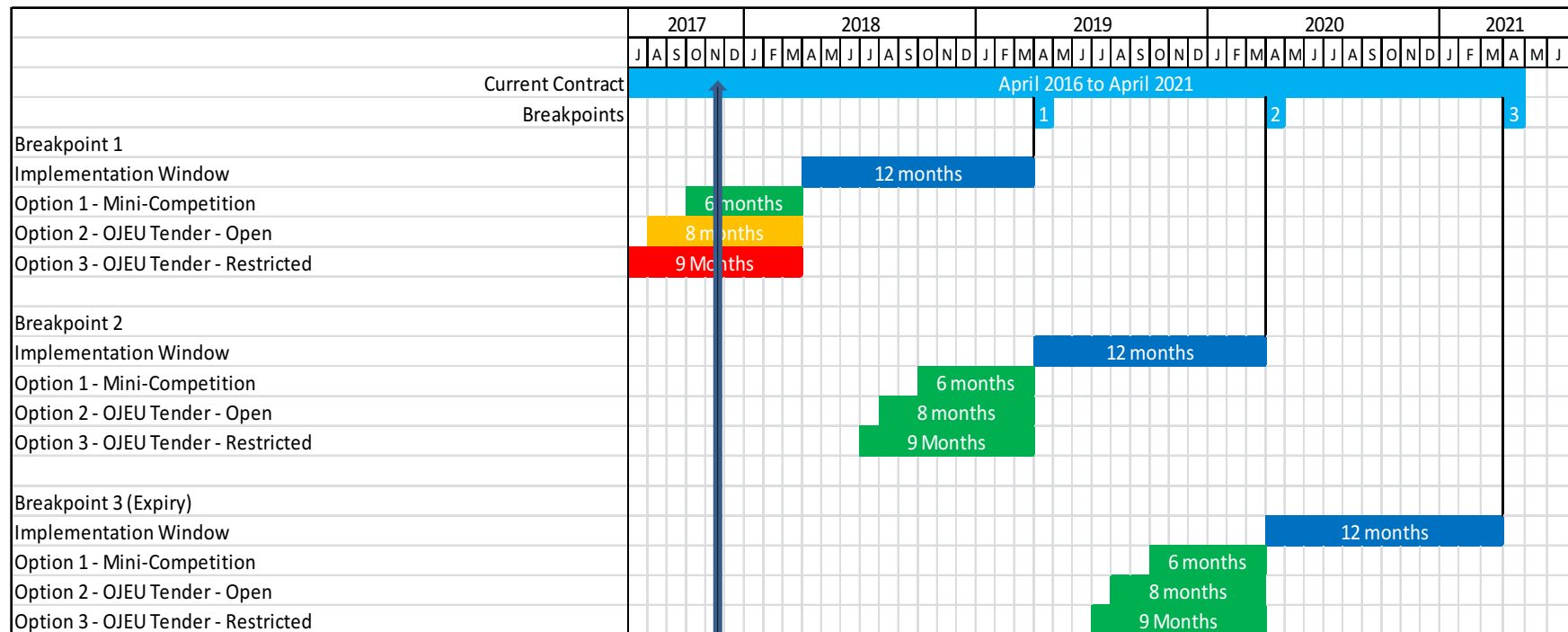
- UK's largest provider of life, pension and investment administration systems, this is the sole focus of their business.
- The dominant market provider of pensions systems designed specifically for local government.
- Aquila Heywood's software is used to administer the records of over 10 million individuals across 200 major organisations.
- Have a strong presence across all sectors, customers include most local authority schemes and companies such as Prudential, Aviva, Asda, BP and the BBC.
- Counts 48 of the UK's largest 100 schemes as customers.
- Can be accessed via Northumberland County Council's single provider framework established in 2014. London Borough of Lambeth report securing a discounted rate in return for a 5 year contract.
- Customer satisfaction appears to be high, with very few councils reporting issues when implementing Heywood's software.

- Part of Capita, the UK's largest business process outsourcing company.
- Provide both full 3<sup>rd</sup> party administration services and their Hartlink software as a standalone product.
- Provide full 3<sup>rd</sup> party services to approximately 550 customers with 4 million individual scheme members
- Their Hartlink software is provided directly to 35 in-house administration schemes across UK, covering 1.75 million members
- Capita generally seek longer contracts (5 – 10 years) for their 3<sup>rd</sup> party administration services, these are often combined into wider outsourcing contracts.
- Capita have developed somewhat of a reputation for poor performance across their outsourced services.

- Specialist software and services provider focusing on public sector, 95% UK authorities reportedly use some form of Civica product or service.
- Have been offering Pensions software for 18 years, but this forms a very small part of their portfolio.
- Only recently gained a foothold in the local government market, a key point was their winning a place on the National Pensions Administration Software Framework let by Kent County Council in 2013
- However are now able to count 6 out of the 10 largest LGPS schemes by membership as customers.
- No new customers gained since 2014, the majority of contracts signed using Kent's Framework are for 4 years.
- Implementation issues affected a number of authorities who signed contracts in 2014.
- South Yorkshire Pension's Authority felt not enough resources were allocated by Civica to their implementation. Resultant backlogs of work cost SYPA £50,000 in over time payments.
- Durham County Council reported "teething troubles" and had to withhold invoice payments until the Fire area of the system was brought up to a "satisfactory standard".
- East Riding Pension Fund were unable to issue their Annual Benefits statements in time due to delays in software development.

- Part of the wider Equiniti Group who provide a range of share registration, investment, employee benefit and pensions services. Claim to be largest pension and share register in Europe.
- Provide pension related services to more than 750 schemes across the private and public sector, which provides circa 40% of the group's revenue.
- Offer full 3<sup>rd</sup> party administration services and their Compendia software as a standalone product.
- Single Local Government customer, but provide full 3<sup>rd</sup> party administration services to large public sector schemes such as the Civil Service, NHS and Armed Forces giving them the #1 market position in public sector pension administration.
- Operate MyCSP (Civil Service Pensions) as a 51% owned joint venture with Central Government. However a 2016 report by National Audit Office criticised the quality of service following the transfer from Capita in 2014.
- Performance has improved but the underlying issues had not yet been fixed at time the report was written.
- Won a place, alongside Civica, on the National Pensions Administration Software Framework.
- Received a number of awards, with an emphasis on technology. Compendia has been voted #1 pension administration platform by in-house teams for last 3 years.

# Procurement Timeline Windows



If you have any questions or comments, please contact:

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Report to: **Pension Board**

Date: **16 November 2017**

By: **Chief Finance Officer**

Title: **Proposals for a Vice Chair of the Pension Board**

Purpose: **To seek agreement on the proposals for a Vice Chair of the Pension Board; and to agree nominations for approval by Governance Committee**

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## **RECOMMENDATIONS –**

**The Board is recommended to:**

- 1) agree to the proposals set out in the report that the Vice Chair position alternates at each meeting between an employer and scheme member representative;**
  - 2) agree that the employer representatives nominate a Vice Chair for approval by Governance Committee;**
  - 3) agree that the scheme member representatives nominate a Vice Chair for approval by Governance Committee; and**
  - 4) agree whether the employer or scheme member representative acts as the Vice Chair for the 8 February 2018 Board meeting and that the role alternates on a meeting by meeting basis thereafter.**
- 

## **1. Introduction and supporting information**

1.1 There is provision in the terms of reference of the Pension Board for a Vice Chair but this role has not yet been appointed to. The terms of reference of the Pension Board state in paragraph xxxiv (attached as Appendix 1) that “four of the voting members of the Pension Board shall represent the quorum for Board meetings to discharge business. **The Chair or Vice Chair must be present for any meeting to proceed**”. This means that there is currently a risk that a meeting of the Board would not be able to proceed if the Independent Chair is unable to attend for any reason.

1.2 The terms of reference of the Board set out that the Board shall consist of:

- a) 3 employer representatives
- b) 3 scheme member representatives.
- c) 1 Independent Chair

In order to adhere to the agreed composition of the Board, it is proposed that the Vice Chair is nominated from existing employer and scheme member representatives, rather than an additional Board Member being appointed as the Vice Chair.

1.3 To maintain the balance between employer and scheme member representatives as far as possible it is proposed that the Vice Chair role alternates between an employer representative and a scheme member representative on a meeting by meeting basis. It is also proposed that the

balance between scheme member and employer representatives is maintained by the Vice Chair having a vote when acting as the Chair of a meeting but not a casting vote.

1.4 In the absence of the Independent Chair at a meeting, the Vice Chair will fulfil the role of the Independent Chair (as set out in paragraph xvii of the terms of reference) to:

- Settle with officers the agenda for a meeting of the Board
- Manage the meetings to ensure that the business of the meeting is completed
- Ensure that all members of the Board show due respect for process and that all views are fully heard and considered
- Strive as far as possible to achieve a consensus as an outcome
- Ensure that the actions and rationale for decisions taken are clear and properly recorded.

1.5 The Vice Chair will have the same expense reimbursement, remuneration and allowances entitlements as existing Board members as set out in paragraph xxix of the terms of reference. This is in line with the entitlements of vice chairs on other East Sussex County Council committees.

1.6 The terms of reference require that “all appointments to the Board shall be by the Governance Committee under delegated authority from the County Council, including the Independent Chair and Vice Chair”. Therefore, the Board will need to nominate members to the Vice Chair position for the Governance Committee to agree at its January 2018 meeting.

## **2. Conclusion and reasons for recommendations**

2.1. The Vice Chair position on the Pension Board is currently vacant. In order to fill the position and maintain as far as practicable the balance between employer and scheme member representatives it is recommended that the Board:

- 1) agree that the Vice Chair position alternates at each meeting between an employer and employee representative;
- 2) agree that the employer representatives nominate a Vice Chair for approval by Governance Committee;
- 3) agree that the scheme member representatives nominate a Vice Chair for approval by Governance Committee; and
- 4) agree whether the employer or scheme member representative acts as the Vice Chair for the 8 February 2018 Board meeting and that the role alternates on a meeting by meeting basis thereafter.

**IAN GUTSELL**  
**Chief Finance Officer**

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## **BACKGROUND DOCUMENTS**

None

## **Terms of reference of the Pension Board**

### **Introduction**

- (i) The Public Service Pensions Act 2013 requires the establishment of a Pension Board with the responsibility for “assisting the Scheme Manager” in securing compliance with all relevant pensions law, regulations and directions – as well as the relevant Pension Regulator’s codes of practice. This role is one of providing assurance in and governance of the scheme administration.
- (ii) The \*scheme manager (East Sussex County Council – ESCC) will provide the necessary input into the Pension Board to support the Board to deliver on its assurance responsibilities. This may require their attendance at meetings at the request of the Board.
- (iii) The terms of reference, membership of the Pension Board and any variations thereof are determined by the Scheme Manager, i.e. ESCC.

### **Objectives of the Pension Board**

- (iv) To help to ensure that the East Sussex Pension Fund (ESPF) is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- (v) To provide assistance to East Sussex County Council as the LGPS Scheme Manager in securing compliance with:
  - LGPS Regulations and any other legislation relating to the governance and administration of the LGPS
  - requirements imposed in relation to the LGPS by the Pensions Regulator
  - the agreed investment strategy
  - any other matters as the LGPS regulations may specify.
- (vi) To assist with securing effective and efficient governance and administration of the LGPS for the East Sussex Pension Fund by:
  - Seeking assurance that due process is followed with regard to Pension Committee, and any identified issues raised by Board members.
  - Retaining an overview of LGPS policy and strategy and business plan timetable.
  - Making representations and recommendations to the Pension Committee as appropriate.
  - Considering and, as required, responding to any Government / Responsible Authority performance data concerning the local fund.
- (vii) The role of the Board will be oversight of these matters and not decision making.

### **Management and operation of the Pension Board**

- (viii) The Pension Board shall:
  - meet at least 4 times per year
  - have the power to establish sub committees or panels as required
  - agree a programme of training and development for its members.
  - provide the Scheme Manager (ESCC) with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

- ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- consider any issue raised by any Board Member in connection with the Board's work.
- produce an annual report outlining the work of the Board throughout the scheme year, which will help to –
  - inform all interested parties about the work undertaken by the Panel
  - assist the panel in reviewing its effectiveness and identifying improvements in its future operations.
- help to ensure that decisions made by ESCC are fully legally compliant, including consideration of cases that have been referred to the Pension Regulator and/or the Pension Ombudsman; recommending changes to processes, training and/or guidance where necessary;
- monitor administrative processes and supporting continuous improvements;
- ensure the scheme administrator supports employers to communicate the benefits of the LGPS Pension Scheme to scheme members and potential new members.

### **Membership - composition of the Pension Board**

(ix) The Pension Board shall consist of:

- a) 3 employer representatives - employer representatives that can offer the breadth of employer representation for the ESPF. (Regulation 107 of the Pension Act permits elected members to sit on a local pension board. However, under Regulation 107(3), elected members or officers of ESCC (as the Scheme Manager), who are responsible for the discharge of any function under the Principal 2013 Regulations, may not sit on the Pension Board.)
- b) 3 scheme member representatives - member representatives nominated to ensure a broad representation of scheme membership (active, deferred, and pensioners).
- c) 1 Independent Chair

(x) The Pension Board shall be chaired by an Independent Chair.

Appointment of members of the Pension Board

(xi) The appointment process has been approved by the Governance committee

(xii) All appointments to the Board shall be by the Governance Committee under delegated authority from the County Council, including the Independent Chair and Vice Chair.

### **Term of office**

(xiii) The term of office for Board members shall be 4 years or such time as resolved by the Governance Committee. The Governance Committee may agree an extension to terms of office up to a further 2 years after which there shall be a further appointment process. Reappointment of existing members is permitted.

(xiv) A Board member who wishes to resign shall submit their resignation in writing to the Pension Board Chair. A suitable notice period must be given, of at least 1 month, to enable a replacement member to be found.

(xv) The role of the Pension Board members requires the highest standards of conduct and the Code of Conduct of the East Sussex County Council will apply to the Board's members. The County Council's Standards Committee will monitor and act in relation to the application of the Code.

- (xvi) Poor performance will result in corrective action being taken, and in exceptional circumstances the removal of the Board member, which will be in accordance with the Code of Conduct of the East Sussex County Council.

### **Independent Chair**

- (xvii) The Independent Chair will be the independent member appointed for a term of 4 years by Governance Committee or such time as resolved by the Governance Committee. A job description approved by the Committee will be used to identify the candidate best suited to the role.

- (xviii) It will be the role of the Chair to -

- Settle with officers the agenda for a meeting of the Board
- Manage the meetings to ensure that the business of the meeting is completed
- Ensure that all members of the Board show due respect for process and that all views are fully heard and considered
- Strive as far as possible to achieve a consensus as an outcome
- Ensure that the actions and rationale for decisions taken are clear and properly recorded.

- (xix) Removal of the independent chair will be in accordance with the Code of Conduct of the East Sussex County Council and the County Council's Standards Committee decision.

### **Support arrangements**

- (xx) ESCC will provide secretariat, administrative and professional support to the Pension Board and as such will ensure that:

- meetings are timetabled for at least four times per year
- adequate facilities are available to hold meetings
- an annual schedule of meetings is produced
- suitable arrangements are in place to hold additional meetings if required papers are distributed 7 days before each meeting except in exceptional circumstances
- minutes of each meeting are normally circulated 7 working days following each meeting.

## Expert advice and information

(xxi) The Board will have access to professional advice and support provided by officers of East Sussex Pension Fund and, via them and where appropriate, advisers to the East Sussex Pension Fund.

(xxii) Insofar as it relates to its role, the Pension Board may also:

- request information and reports from the Pension Committee or any other body or officer responsible for the management of the Fund
- examine decisions made or actions taken by the Pension Committee or any other body or officer responsible for the management of the Fund.
- access independent professional advice from actuaries, other independent advisers, and investment managers as required, where there are major decisions, i.e., investment strategy, triennial valuation, etc.,
- access to professional advice regarding non major decisions will require the approval of the Pension Committee for additional resources.

## Knowledge and Skills

(xxiii) Board members will be required to have the 'capacity' to carry out their duties and to demonstrate a high level of knowledge and of their role and understanding of:

- the scheme rules
- the schemes administration policies
- the Public Service Pensions Act (ie. being conversant with pension matters relating to their role).

(xxiv) A programme of updates and training events will be organised. Board members will be encouraged to undertake a personal training needs analysis or other means of identifying any gaps in skills, competencies and knowledge relating to Pension Board matters.

## Minutes

(xxv) The minutes and any consideration of the Pension Board shall be submitted to the Pension Committee.

## Standards of Conduct

(xxvi) The main elements of East Sussex County Council's Code of Conduct shall apply to Board members.

## Access to the Public and Publication of Pension Board information

(xxvii) Members of the public may attend the Board meeting and receive papers, which will be made public in accordance with the Access to Information Rules in East Sussex County Council's Constitution.

(xxviii) Up-to-date information will be posted on the East Sussex Pension Fund website showing:

- Names and information of the Pension Board members
- How the scheme members and employers are represented on the Pension Board
- Responsibilities of the Pension Board as a whole
- Full terms of reference and policies of the Pension Board and how it operates.

## Expense reimbursement, remuneration and allowances

- (xxix) All Pension Board members will be entitled to claim travel and subsistence allowances for attending meetings relating to Pension Board business (including attending training) at rates contained in the Members' Allowances Scheme in the East Sussex Council's Constitution. The Chair's remuneration will be agreed on appointment. All costs will be recharged to the Pension Fund.

#### Accountability

- (xxx) The Pension Board collectively and members individually are accountable to the Scheme Manager (ESCC), the Pensions Regulator, and the National Scheme Advisory Board. The National Scheme Advisory Board will advise the Responsible Authority (in the case of the LGPS the DCLG) and the Scheme Manager (in this case East Sussex County Council). The Pensions Regulator will report to the Responsible Authority (again, DCLG) but will also be a point of escalation for whistle blowing or similar issues.
- (xxxi) In addition the Pension Board will continue to provide regular updates to the Pension Committee governance process. ESPF officers will be responsible for the contractual arrangements.

#### Decision Making Process

- (xxxii) Employer representatives and scheme member representatives have voting rights albeit the Board is expected to operate on a consensus basis.
- (xxxiii) In the event of an equal number of votes being cast for or against a proposal there shall be no casting vote but the proposal shall be considered to have been rejected. The scheme manager shall be alerted when a decision is reached in this manner.

#### Attendance and quorum

- (xxxiv) Four of the voting members of the Pension Board shall represent the quorum for Board meetings to discharge business. The Chair or Vice Chair must be present for any meeting to proceed.
- (xxxv) Advisors and co-opted persons do not count towards the quorum.

#### Conflicts of Interest

- (xxxvi) The Public Service Pensions Act 2013 requires that members of the Pension Board do not have conflicts of interests. As such all members of the Pension Board will be required to declare any interests and any potential conflicts of interest in line with legal requirements in the Service Pensions Act 2013 and the Pension Regulator's code. These declarations are required as part of the appointment process, as well as at regular intervals throughout a member's tenure.

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**Report to:** Pension Board

**Date:** 16 November 2017

**By:** Chief Operating Officer

**Title:** Annual Benefit Statement update

**Purpose:** Provide an oversight of the Annual Benefit Statement exercise carried out by Business Operations on behalf of the East Sussex Pension Fund.

---

## **RECOMMENDATION**

**The Board is recommended to consider and comment on the report**

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### **1 Introduction**

1.1 This report has been prepared to inform the Board of the status of the recently completed Annual Benefit Statement exercise. The production of the statement serves to provide scheme members with an overview of their contributions and forecasted benefits at point of retirement. The exercise involves issuing statements to Active members (c 21,000) and Deferred members (c 22,500).

### **2 Supporting Information**

#### **Online access**

2.1 As previously shared with the Board, Business Operations, in conjunction with the system provider, Heywoods, has developed and now introduced a new online portal which was launched to Active scheme members this year allowing the following benefits to be realised:

- Secure access 24/7 to pension benefits by every scheme member including an online view of their annual statement.
- Member's ability to project "what if" scenarios using different retirement criteria.
- Reduced costs annually to the Pensions Fund by removing print & postal charges.

#### **Communications timetable**

2.2 Every local authority has a statutory obligation to make available benefit statements for its members by 31 August 2017. In order to achieve this deadline, it requires year end returns to be submitted by the employers (approximately 130 in E Sussex) on behalf of their employees in good time to prepare the individual records.

2.3 We are pleased to report that, with the exception of the cases identified below, all active members were provided with either a paper version of their statement or an invitation to access the online portal before this date. 19,649 statements (93%) were issued by 31 August.

2.4 Paper statements were produced and sent where no email address was held on the personnel file and this amounted to approximately 40% of the active member database. In addition to a summary of benefit entitlement shown on the paper statement, an invitation to register on the online portal was included, encouraging members to use this facility going forward.

<p><b>The attached Appendix 1 shows the breakdown of statements issued and those outstanding.</b></p>
---

## **Cases Excluded from Initial Statement Run**

2.5 A small proportion of active members will not yet have received their statements. This includes 520 employees registered at 10 employers where the returns were not fully completed within the deadline to allow their statements to be issued. 480 of these relate to one employer where the return has now been received and statements are being prepared.

2.6 In addition to the above, there are 600 cases where Business Operations has identified a member joined during 2016/17 but for whom a formal notification has not yet been received and these are being pursued with employers. This will include staff with multiple posts where the member was an existing employee but a new role commenced in 2016/17. Around 220 records were unable to be notified due to incorrect email addresses held. Finally, 44 records have a technical issue with the registration process and will be sent paper statements.

## **Next Steps for Active Members**

2.7 As is normal practice, a further statement run will take place at the end of October to capture late submissions and query responses as well as for members who require their statement to be re-issued following queries and corrections we will have received following the production of the original statements. This year a second supplementary run is also planned for November. The most common reason for re-issuance is when members' files have not been updated with correct marital status.

2.8 Around 3,300 members have registered to use the online portal. Further communications and promotion will take place with employers in October to encourage members to access the online portal. Following this, during November and December Business Operations will also be promoting the benefit of registering to members who have been invited but not yet registered.

## **Deferred Statements**

2.9 Regrettably, we were unable to meet the 31 August deadline for issuing deferred members statements. This was due in the main to a delay with the external mailing house. Statements` were issued a few days after the deadline and were dispatched to members from our mailing house on 11 September. Due to issues with responsiveness from the mailing house Business Operations will not be using their services for any future bulk mailings, paper annual benefit statements included and will instead use an alternative external print facility who automatically provides a 48 hour turnaround.

3.0 Recognising this delay in issuance is technically a breach of law, Business Operations has produced a breach report and submitted to the Monitoring Officer who with the Chief Finance Officer (S151) will be arranging for a notification to the Pensions Regulator.

3.1 As with active members, deferred members were issued with instructions on how to use the online portal so they can view their pension records online in future.

## **KEVIN FOSTER**

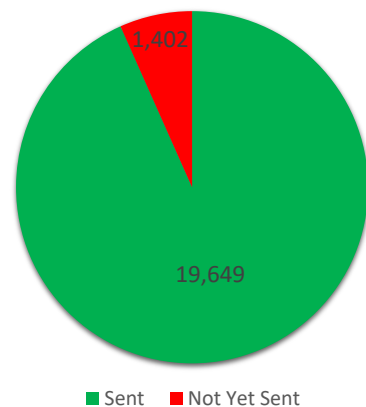
### **Chief Operating Officer**

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## Active Annual Benefit Statements Summary (as at 30 September 2017)

ESCC ABS Production - Current Members active as at 31 March 2017



### Dispatch analysis

Issued within statutory deadline			Not issued within statutory deadline			
Method	Number	Issue Date	Reason	Number	Number to be issued October 2017 run	Comments
Email invitation	8,491	25/08/2017	Missing/Incomplete EOY return from Employer	520	500	
	2,850	27/08/2017	Email address held on record is invalid	218	218	
Paper	8,308	31/08/2017	Technical registration issue	44	44	
			Assumed New Joiners in 2016/17 but with no confirmation	620	Subject to employer response	428 are Brighton and Hove posts
<b>Total</b>	<b>19,649</b>		<b>Total</b>	<b>1,402</b>		

### Deferred scheme members Annual Benefit Statements

Method	Number	Dispatch date
Paper	22,496	11/09/2017
Email	NA	
<b>Total</b>	<b>22,496</b>	

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Report to: **Pension Board**

Date of meeting: **16 November 2017**

By: **Chief Finance Officer**

Title: **Local Government Pension Scheme (LGPS) Pooling – ACCESS update**

Purpose: **To provide the Board with an update on the activities undertaken by the ACCESS Pool group.**

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## **RECOMMENDATION –**

**The Board is recommended to consider and comment upon the activities undertaken by the ACCESS Pool.**

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### **1. Background**

1.1 The East Sussex Pension Fund (ESPF) is a member of the ACCESS pool which is made up of eleven Shire Counties from the East, South East, and South of England. In its July 2016 submission to Government, ACCESS set out its plan to pool investments through a Collective Investment Vehicle (CIV) that would be administered and maintained by a third party operator. The operator would be collectively managed by the pension funds through a joint committee established by the Authorities and made up of one member from each authority.

1.2 The role of the operator is to manage collectively the assets of the ACCESS pool. The operator does this by setting up a collective investment scheme (CIS) which is a regulated vehicle under the Financial Securities and Markets Act 2000 ("FSMA"). Establishing or operating a CIS is a regulated activity requiring authorisation from the Financial Conduct Authority ("FCA"). The participants in the scheme i.e. the ACCESS Funds will share the profits or income in the sub-funds in which they are invested in through the CIS. However, the ACCESS funds will not have day-to-day control over the management of the assets; this will be the responsibility of the Operator as this is a regulated activity.

### **2. Governance**

2.1 The inter-authority agreement establishes the Joint Committee (JC); the JC will be responsible for the following functions:

- Specifying the operator service to be procured;
- Procuring the operator;
- Appointing the operator;
- Reviewing the performance of the operator;
- Managing the operator; and
- Appointment of advisers.

2.2 The JC will be "hosted" by one of the ACCESS local authorities and will undertake the secretariat function for the JC. Kent County Council will be the initial host authority. The Chairmen of the ACCESS Pension Fund Committees have previously met on a shadow basis and has now formally met twice as an established body on 31 July 2017 and 2 October 2017 respectively.

2.3 The East Sussex Pension Committee's future role will be to agree and approve the investment strategy for the Fund. However, the Committee will no longer be able to appoint Fund managers directly and in the future; this role will be undertaken by the Operator who will appoint the managers in consultation with the JC. The asset allocation requirements of each Fund will be implemented by the JC which will instruct the Operator, via a client function, to set up sub funds to meet the Funds' requirements. The Chair of the East Sussex Pension Committee will sit on the JC as the ACCESS Vice Chairman, alongside the other ten Chairmen of the ACCESS Funds.

2.4 Papers from previous and future ACCESS JC meetings can be found on the [Kent County Council website](#).

2.5 Communication with DCLG - All the LGPS pools were asked to provide an update to DCLG in July on the progress being made with the pooling arrangements. The latest update provided to DCLG on 20 October is attached as Appendix 2.

### **3. Operator Procurement**

3.1 Kent County Council's procurement team are leading on the procurement of the Operator supported by a number of ACCESS officers and Hyman. Squire, Patton, Boggs (SPB) has been appointed to provide legal advice to ACCESS and is supporting officers in the drafting of tender and contract documents as well as providing advice on FCA regulations and procurement law.

3.2 The Invitation to Tender (ITT) and Official Journal of the European Union (OJEU) notice was issued on 4 September with responses due by 6 October 2017. Responses are currently being evaluated by a panel of officers and members. The JC is scheduled to approve the recommended supplier in November and to recommend the contract award to individual Funds for their approval during late November / early December. The 27 November meeting of the Pension Committee might be too early to make this decision. Therefore, the Committee will be asked to agree to delegate to the Chief Finance Officer in consultation with the Chair of the Pension Committee the approval of the contract. The proposed procurement timetable is set out below:

<b>Stage</b>	<b>Dates</b>
Sign-off of ITT by Officers Working Group (OWG)	4 <sup>th</sup> September 2017
Issue OJEU & ITT	5 <sup>th</sup> September 2017
Tender response deadline	12 noon, 6 <sup>th</sup> October 2017
Evaluation period	9 <sup>th</sup> October – 14 <sup>th</sup> November 2017
Sign off of Award Recommendation Report by OWG	17 <sup>th</sup> November 2017 (date TBC)
Sign off of Award Recommendation Report by JC	Late November/early December (TBC)
Authorities' award governance procedures	1 <sup>st</sup> December – 15 <sup>th</sup> December 2017
Supplier notification of award	18 <sup>th</sup> December 2017
Contract sealing complete	15 <sup>th</sup> January 2018
Contract commencement date	1 <sup>st</sup> February 2018

3.3 The contract term will be for five years with the option to extend for a further two years. The expectation is that the appointed Operator will be able to get an FCA Authorised Contractual Scheme (ACS) umbrella structure established by the 1 April 2018 although transition of assets to the pool may not occur immediately.

### **4. Investment Manager Rationalisation**

4.1 As reported to the last meeting of the Board the ACCESS Funds agreed to commission a piece of work to review the current investment manager structures of the 11 Funds in order to better identify areas of cross-over and areas where there are significant differences of approach, bfinance was commissioned to:

- Prepare a "map" of existing holdings,
- Assess those holdings for suitability within the sub-fund structure,
- Make recommendations on the initial population of sub-funds, and
- Consider the impact on fees.

4.2 The OWG has received the bfinance report and used it to inform the CIV Operator Procurement. It is anticipated, given advice received from SPB – the legal adviser to the Operator procurement exercise – that the initial sub-fund structure will be based on existing investment manager mandates of individual Funds. Over the next few months the report's recommendations will be further reviewed as Funds will need to agree on the most appropriate mandates.

4.3 The intention is that the sub-fund structure will be agreed by all ACCESS Funds by 1 February 2018, when the Operator's contract commences, so that they can go ahead and seek authorisation from the FCA for the establishment of the sub-funds.

## **5. Contract Manager/Client Role**

5.1 As part of the governance for the day to day management of the operator contract it was agreed by ACCESS Chairman at its meeting that a contract management function should be established. The contract function will be responsible for the implementation of local fund strategic asset allocation decisions and will act as the conduit between the Funds, JC and the operator.

5.2 The ACCESS operator contract will be a significant contract with a contract value estimated to be between £16-25m over 5 years and with AUM of up to £40.6bn; this will be a potentially complex contract with a number of technical, legal and strategic issues and a number of relationships to be managed on a day to day basis. It is important that the contract management function is staffed by individuals with the appropriate skill sets and led by an individual who has the right commercial, technical, inter-personal and management skills.

## **6. Passive Procurement**

6.1 ACCESS has now completed the "mini" tender process within the framework to appoint a single provider to the ACCESS pool. Following competition, the ACCESS Funds have awarded a contract for their combined passive mandate to UBS Asset Management (UK) Limited. A recommendation was considered by the JC for ratification at its October meeting. The total assets under passive management for ACCESS will be £10.5bn (press Release attached as Appendix 1).

6.2 A passive investment procurement paper will be considered as an exempt item by the Pension Committee at its 27 November meeting.

## **7. Financial Implications**

7.1 The costs incurred by the ESPF up to the end of September 2017 were £22,062 for the ACCESS project; these costs include legal and project management fees but exclude officer time. The estimated implementation costs of establishing a CIV are estimated to be £50k per annum for the ESPF. Eventual savings for the ACCESS Pool are projected to be £30m annually. Allowing for investment growth of 3-5% per annum, by year 10 this will be equivalent to £40-50m.

## **8. Conclusion and reasons for recommendations**

8.1 The Pension Board is recommended to consider and comment upon the activities undertaken by the ACCESS Pool.

**IAN GUTSELL**  
**Chief Finance Officer**

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Background Documents  
None

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## **ACCESS (A Collaboration of Central Eastern and Southern Shires): Press Release**

### **The LGPS ACCESS pool secures passive management fee savings of £5m p.a.**

The Local Government Pension Scheme (LGPS) ACCESS pool (made up of eleven LGPS Shire County Administering Authorities) has consolidated its passive equity mandates, resulting in estimated savings of £5m per annum.

Following further competition the ACCESS Funds have awarded a contract for their combined passive mandate to UBS Asset Management (UK) Limited.

Funds expect to transfer assets by March 2018 which means that £11 bn of ACCESS assets will be pooled in advance of the Government's target date.

The contract is for an initial period to 31 March 2028, with a possible five year extension and additional extension to 13 November 2036.

The ACCESS pool secured these tangible and impressive savings on behalf of their 900,000 members and 3,000 participating employers.

The ACCESS group worked with the National LGPS Frameworks team to set up a OJEU compliant framework and secure these significant savings through collective procurement. The National LGPS Frameworks are a not for profit service 'by the LGPS for the LGPS', which allows all LGPS Funds and some wider public sector bodies access to specialist services via efficient, OJEU compliant competitive procurement framework vehicles.

This framework - for 'Multi Provider Passive Investment Managers – is now live and can be used by any LGPS Fund.

Councillor Andrew Reid, Chairman of the ACCESS Joint Committee said "I am delighted we have started the process of pooling early with some tangible, long term savings and look forward to a smooth transmission to UBS".

Malcolm Gordon – Head of UK Institutional, UBS Asset Management said "We are delighted and extremely proud to be working with ACCESS on their combined passive mandate. Their decision to partner with us is a great endorsement of UBS Asset Management's long-established world-class indexing capability. It also reflects our deep heritage with LGPS and our long term commitment to servicing this sector. We look forward to building our relationship with the ACCESS pool over the coming years."

### **Notes for Editors**

[ACCESS](#)

The ACCESS (A Collaboration of Central, Eastern and Southern Shires) pool is made up of eleven Local Government Pension Scheme (LGPS) Administering Authorities: Cambridgeshire County Council; East Sussex County Council; Essex County Council; Hampshire County Council; Hertfordshire County Council; Isle of Wight Council; Kent County Council; Norfolk County Council; Northamptonshire County Council; Suffolk County Council; and West Sussex County Council.

The ACCESS Administering Authorities are committed to working together and have each signed an Inter Authority Agreement, setting out how they will work together in response to the Governments pooling agenda across the LGPS, and to optimise benefits and efficiencies on behalf of their individual and collective stakeholders.

As at 31 March 2017 the ACCESS Funds had combined assets of £41bn

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Cambridgeshire County Council



East Sussex County Council



Essex County Council



Hampshire County Council



Hertfordshire County Council



Isle of Wight Council



Kent County Council



Norfolk County Council



Northamptonshire County Council



Suffolk County Council



West Sussex County Council

## National LGPS Frameworks

The National LGPS Framework are a not for profit service managed and delivered by the LGPS for the benefit of all LGPS Funds. Using the OJEU complaint procurement frameworks, Funds can efficiently procure high-quality, value for money, specialist Pension Fund services. To date over 75 individual funds have made use of the frameworks for over 150 procurement exercises achieving savings to date of £40million.

National LGPS Frameworks currently available:

Actuarial, Benefits and Governance Consultancy Services

Global Custody Services

Investment Management Performance and Cost Monitoring Reporting Services

Legal Services

Passive Investment Management Services

Third Party Administration Services

Stewardship Services

Coming winter 2017:

Investment Management Consultancy Services (re-let)

Transition Management and Implementation Services

Further information please see:

www: [www.nationalLGPSframeworks.org.uk](http://www.nationalLGPSframeworks.org.uk)

email : [nationalLGPSframeworks@norfolk.gov.uk](mailto:nationalLGPSframeworks@norfolk.gov.uk)

Tel: 01603 495922 (Leon Thorpe)

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## Local Government Pension Scheme Pooling

### Progress Report (October 2017)

In the July 2016 Submission ACCESS authorities wrote to Marcus Jones MP highlighting a number of benefits resulting from their pooling proposals. The table below provide a summary update on progress against these key benefits.

Headline from July 2016 Submission	Progress
Eventual projected <b>savings of £30m annually.</b>	ACCESS authorities <b>remain confident</b> that these savings can be delivered.
Plans for a <b>quick win of £4m per annum</b> from consolidating passive mandates.	This estimate has been <b>exceeded</b> – with estimated annual savings of £5.2m from the successful procurement and appointment of UBS Global Asset Management.
Potential for <b>greater savings</b> in the longer term as the ACCESS pool applies its leverage as one of the largest asset pools in the UK and collaborates with other pools to achieve further benefits of scale in investment management including more direct investment approaches in illiquid assets.	Assets under management for the ACCESS authorities were <b>£40.6bn at 31 March 2017</b> , with the anticipated value of assets to be held under pool governance of £39bn. The ACCESS pool has maintained its position as <b>one of the largest asset pools in the UK</b> , and will be able to apply its leverage to achieve further benefits of scale.
A pool structure composed of an <b>FCA authorised Collective Investment Vehicle</b> (the Operator and ACS and other pooled investment vehicles to hold assets).	The ACCESS authorities are <b>nearing the final stages of appointing a fully regulated Operator</b> who will in turn set up the FCA authorised sub-funds for the individual funds to invest in.
A significant shift in governance arrangements with the <b>Operator responsible for selecting and contracting with managers</b> on behalf of the authorities participating in the pool.	The <b>Operator will be wholly responsible for selecting and contracting with managers.</b>
Preserving appropriate local decision making (including strategic asset allocation) and building into governance arrangements the critical role of elected members. A Joint Governance Committee will be established which will hold the Operator to account – ensuring <b>democratic accountability</b> and exercising authority's <b>fiduciary responsibilities.</b>	An <b>Inter Authority Agreement</b> has been signed by all ACCESS authorities, which has formally established the <b>Joint Committee</b> structure.
Potential for an <b>increase in UK and global infrastructure</b> provided cost effective access to investment opportunities with the right risk / return profile emerge – ACCESS will support cross-pool collaboration efforts in developing arrangements that enable this.	The ACCESS pool continues to be <b>fully engaged with the Cross Pool Infrastructure group</b> and individual funds continue to invest in and allocate towards infrastructure investments as appropriate.

Further information is included within the main Progress Report.





# **Local Government Pension Scheme Pooling**

## **Progress Report**

**October 2017**





Progress report from

## ACCESS

(A Collaboration of Central, Eastern & Southern Shires)

On behalf of



Cambridgeshire County Council



East Sussex County Council



Essex County Council



Hampshire County Council



Hertfordshire County Council



Isle of Wight Council



Kent County Council



Norfolk County Council



Northamptonshire County Council



Suffolk County Council



West Sussex County Council



## **ACCESS Pool objectives and principles**

Participating authorities have a clear set of objectives and principles, set out below, that will drive the decision-making and allow participating authorities to help shape the design of the Pool.

### **Objectives**

- 1 Enable participating authorities to execute their fiduciary responsibilities to Local Government Pension Scheme (LGPS) stakeholders, including scheme members and employers, as economically as possible.
- 2 Provide a range of asset types necessary to enable those participating authorities to execute their locally decided investment strategies as far as possible.
- 3 Enable participating authorities to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision-making and control.

In order to achieve these objectives, the participating authorities have established the following governing principles:

### **Principles**

- The participating authorities will work collaboratively.
- Participating authorities will have an equitable voice in governance.
- Decision-making will be objective and evidence based.
- The Pool will use professional resources as appropriate.
- The risk management processes will be appropriate to the Pool's scale, recognising it as one of the biggest Pools of pension assets in the UK.
- The Pool will avoid unnecessary complexity.
- The Pool will evolve its approach to meet changing needs and objectives.
- The Pool will welcome innovation.
- The Pool will be established and run economically, applying value for money considerations.
- The Pool's costs will be shared equitably.
- The Pool is committed to collaboration with other Pools where there is potential to maximise benefits and minimise risk.



## Criterion A: Scale

**Please state the estimated total value of assets included in your transition plan for investment through the pool structure, with date of estimate**

Within the July 2016 Submission (the Submission) the ACCESS Pool set out the value of assets of the authorities represented by the Pool based on asset values as at 31.3.2016.

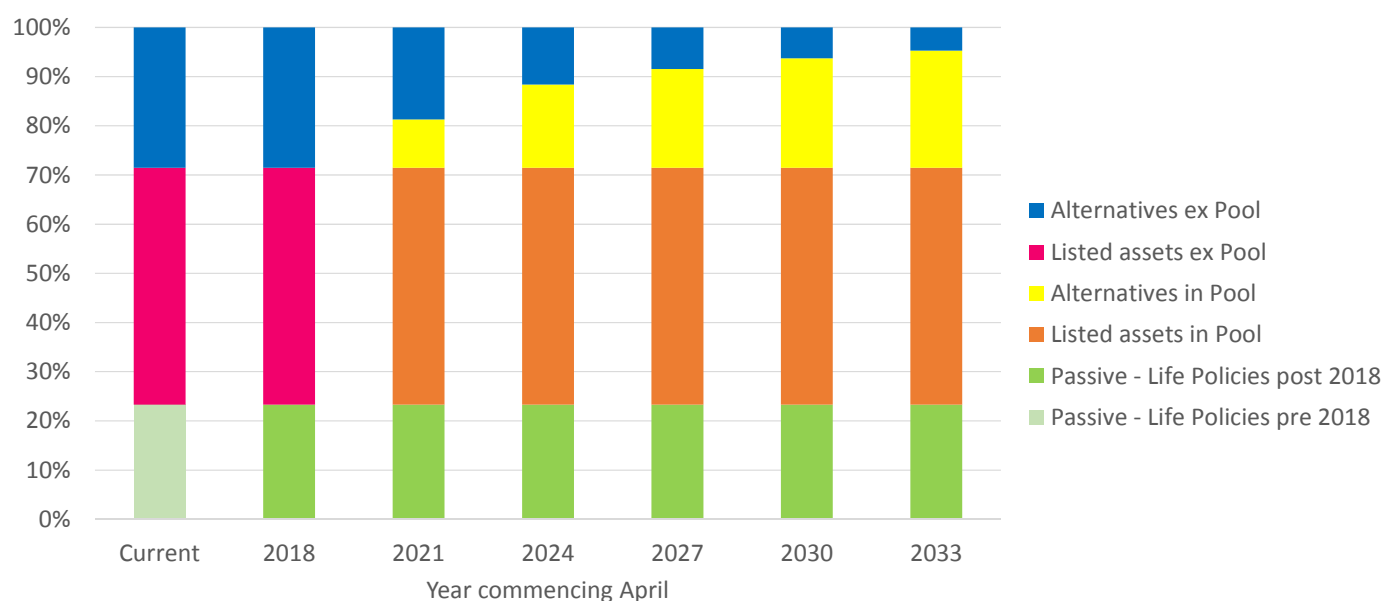
Audited values as at 31.3.2017 have now been added by way of an update.

Authority	31.3.2016 £b	31.3.2017 £b
Cambridgeshire County Council	2.3	2.8
East Sussex County Council	2.7	3.3
Essex County Council	4.9	6.0
Hampshire County Council	5.1	6.3
Hertfordshire County Council	3.5	4.2
Isle of Wight Council	0.5	0.5
Kent County Council	4.5	5.6
Norfolk County Council	2.9	3.5
Northamptonshire County Council	1.9	2.2
Suffolk County Council	2.2	2.6
West Sussex County Council	3.0	3.8
<b>Total</b>	<b>33.5</b>	<b>40.6</b>
Anticipated value of assets to be held under pool governance	31.8	39.0

The anticipated value of assets to be held within the Pool includes passively managed assets which will be held in Life Policies. The Life Policies themselves will remain an agreement between the participating authority and the appointed external investment manager, UBS Global Asset Management.

The planned transition of the majority of these assets into the Pool and the timeline for doing so remain in line with the indicative timeline of the Submission, as illustrated in the chart below. The assumptions underlying the timetable are:

- Existing illiquid assets will be run off over their normal investment lifecycle to avoid crystallising exit costs and loss of illiquidity premium earned
- 100% of listed assets are intended to be invested through the Pool by 2021
- All passive assets will be held outside the Authorised Contractual Scheme (ACS) but within Pool governance on jointly negotiated Pool terms. This will be implemented early in 2018 so that circa £11bn of ACCESS assets will be under Pool governance by April 2018.
- A Pool solution for alternative assets is intended to be developed by 2021 to allow new commitments to be made to ACCESS investment solutions



**Please state the estimated total value of assets to be invested outside of the pool structure by participating funds**

There has been no change to the proposed assets to be held outside since the Submission.

The values have been updated to 31.3.2017 reflecting and increase due to market movements.

Outside of Pool	31.3.2016 values (£m)	31.3.2017 values (£m)
Direct property	1,600 (4.8% of Pool assets)	1,523 (3.8% of Pool assets)
Local investment	43 <sup>1</sup> (0.1% of Pool assets)	55 (0.1% of Pool assets)
Operational cash	Variable	Variable

**Progress towards go live by April 2018 - Please provide an updated high level project plan to achieve delivery by April 2018 including progress with operator procurement/build, design of sub funds, recruitment of core team, appointment of depository and FCA authorisation**

Please see Appendix 1.

The participating Authorities have consolidated their passive equity mandates, resulting in estimated savings of £5.2m per annum (or 72% compared to the 2015 cost benchmark). The Authorities worked with the National LGPS Framework and have appointed UBS Asset Management (UK) Limited for an initial period to 31 March 2028, with a possible five year extension and additional extension to November 2036.

The Joint Committee is engaged in the establishment of the Contract Management function.

<sup>1</sup> Asset value evaluated for the 2016 Statement of Accounts from £17m (per July 2016 Submission) to £43m.

**Please identify risks or issues which may delay delivery by April 2018, and any plans to mitigate risks and/or manage issues**

In the previous update it was suggested that local elections and the complexity of an Operator / contract mobilisation were risks to the project delivery.

- Local elections in May 2017 resulted in a change in Chairmen representing their Individual Authorities. However all Chairmen, new and incumbent, are fully engaged with the initiative.
- The procurement of an operator for a £30bn+ pool of assets remains a complex issue. The finalisation of the Invitation to Tender documents has therefore been carefully considered. The timescales versus those presented previously were extended slightly to allow for significant legal, insurance and industry/investment advice to be provided. This included external advice on the number and design of sub-funds to validate ACCESS's own analysis, inform the tender specifications and enable work on sub-fund design to proceed in parallel with the Operator procurement, having benefit for sub-fund set up. In addition the level of diligence undertaken prior to publication of the ITT will ensure the robustness and clarity of the service specification and associated contract terms, which will have a long term benefit to the individual authorities.

Submissions from potential providers have now been provided and are being evaluated and moderated by participating Authorities. The outcome of the procurement should be known by the end of November. However there is still a risk that finalising details of sub-fund design, processes, reporting requirements etc with the Operator once appointed will take longer than expected. This risk is being mitigated as far as possible by further work on these aspects by the ACCESS officers and advisers.

The risk of the significant influx of work required from the Financial Conduct Authority (FCA) in authorising Collective Investment Schemes for the whole LGPS wide pooling initiative is also a concern to the ACCESS pool.

In addition there is a risk that if a client unit is not set up promptly, specifically the Client Contract Management Function Lead role, they will be unable to be intrinsically involved in the initial discussions with the Operator. The Contract Management function has been defined and will be recruited following approval from the Joint Committee. Interim measures will be put in place to cover any period prior to the post holder being in place.

Finally, although it is expected that the Operator completes the application process for authorisation of the ACCESS ACS in the first quarter of 2018, there is a risk that the Financial Conduct Authority (FCA) will not have responded by April 2018.

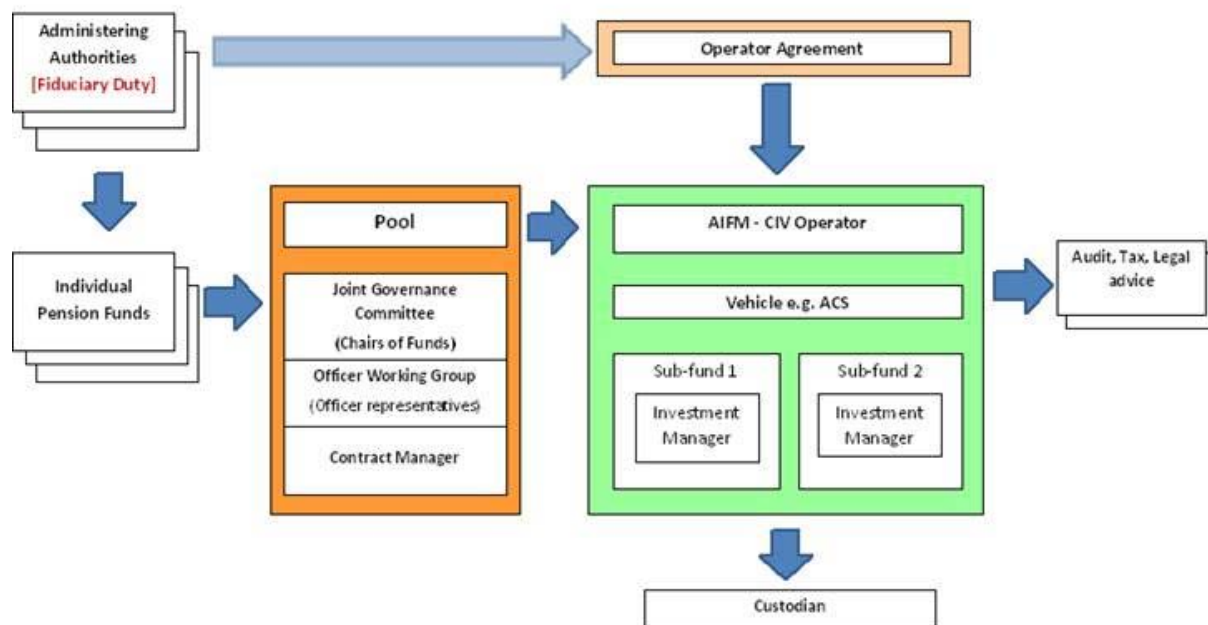




## Criterion B: Governance

**Progress with governance arrangements - please provide an updated high level project plan for the implementation of governance arrangements.**

The diagram below is based on the Submission and continues to reflect the governance arrangements being implemented by ACCESS authorities.



The Pool will rent a Regulated Operator who will provide access to Financial Conduct Authority (FCA) Regulated Authorised Contractual Scheme (ACS).

Elected Members continue to be fully engaged in the Pooling initiative.

- The Inter Authority Agreement which determines the relationship between each of the individual Pension Fund's and the Joint Committee has been ratified by each of the participating authorities.
- The Joint Committee held its first formal meeting on 31 July 2017. Agendas, papers and minutes can be found on the Kent County Council website.
- The Joint Committee met on 2 October 2017 with a further meeting planned for 13 December.



## Criterion C: Reduced costs and value for money

### Update on annual savings estimates including reductions in fees / mandates

The estimated savings in respect of basis points remain consistent with those set out in the July 2016 Submission with the exception of the following:

- It has been agreed that the Operator will be rented rather than established and owned by ACCESS authorities.
- The level of fee reductions negotiated in the passive manager procurement exceeded the savings indicated. Fee savings have been calculated relative to the baseline of 31 March 2015 as being in excess of £5.2m. All participating funds have benefited from substantial fee benefits.

Work is currently underway to develop an initial sub-fund framework to coincide with the Operator appointment so that meaningful early progress in pooling assets can be made and investment manager fee savings achieved for the benefit of the ACCESS funds. ACCESS authorities expect to have in the region of 25-35 sub-funds once a full transition is completed, reducing the current number of mandates significantly.

### Plans for delivering savings – please set out your high level plan and timescales for delivering the annual savings above

With the caveats already noted, the plan for delivering savings and timescales remain consistent with our Submission.

### Plans for reporting including on fees and net performance in each listed asset class against an index

Plans for reporting on fees, net performance and comparative performance remain consistent with our Submission.

As part of the Invitation to Tender for the Operator, bidders will be evaluated on their ability to:

- Provide advice on, manage, coordinate, oversee and provide full cost transparency reporting on the transition of assets of the Pool (which may include liaising with third party managers and transition managers, and, potentially advising the Administering Authorities on the transition of their existing assets where required);
- Work with the Administering Authorities to facilitate the approach to Corporate Governance and Socially Responsible Investing enabling the Pool and Funds to continue to discharge their policies and responsibilities in respect of the Code of Transparency for LGPS asset managers, LGPS regulations and Corporate Governance activity;
- Provide manager fee information, transaction cost analysis, etc. to ensure the Funds and Pool can adhere to the Code of Transparency for LGPS asset managers

The general obligations around providing full cost transparency reporting and performance reporting for pool and non-pool assets have been reflected in the Operator specification.

**Plans for how the Pool will report publicly on a fully transparent basis – please confirm that the pool will adopt the Scheme Advisory Board Code of Transparency for reporting to participating funds**

Plans for reporting on a fully transparent basis remain consistent with our Submission.

In addition to the comments made above, the Operator Agreement specifically requires that the Operator has regard (without limitation) to the requirements specified in the Local Government Transparency Code 2015, the Pension Fund Disclosure Code and the Financial Reporting Council's Stewardship Code and provides any such data as the Administering Authorities shall require to be able to adhere to the LGPS Code of Transparency (or any replacement or amendment to that code) for LGPS investment managers.

## Criterion D: Infrastructure

**Progress on infrastructure investment – please state your target allocation for infrastructure and committed funds at the pool level and/or across pools. Please also set out your plans for the platform/product/and/or external manager arrangements to achieve that target**

At the time of the July 2016 Submission the participating authorities had £372m or 1.1% of total Pool assets invested in infrastructure assets.

At 31.3.2017, this figure had increased to £490m, or 1.2% of total Pool assets.

The target allocations have remained as per the July 2016 Submission

Fund	Target Asset Allocation 31.3.2017
Cambridgeshire	5%
East Sussex	2%
Essex	6%
Hampshire	5%
Kent	1%
Suffolk	5%

### Longer term aim for infrastructure allocation

The participating authorities continue to believe that, in the long-term, there is potential for authorities in the Pool to achieve asset allocation to global infrastructure investments to levels comparable to similar sized international funds, at around 5%. The allocation will vary at individual fund level. This potential is predicated on a vehicle, or vehicles, being able to deliver improved access to the appropriate type of global infrastructure investment, at a lower cost than at present and which meets the objectives of the underlying investors.

The ACCESS Pool is continuing to participate in discussions regarding a longer term solution for infrastructure investment such as the establishment of a national vehicle through which participating authorities could allocate to specialist infrastructure.

ACCESS is committed to continuing to work with all the other Pools (through the Cross Pool Collaboration Infrastructure Group) to progress the development of a collaborative infrastructure initiative that will be available to all Pools and include a timescale for implementation of the initiative.

### Timetable to achieve stated ambition - please provide a high level project plan for the implementation of the platform/product/and/or external manager arrangements described above

As stated above ACCESS is committed to continuing to work with all the other Pools (through the Cross Pool Collaboration Infrastructure Group) to progress the development of a collaborative infrastructure initiative that will be available to all Pools and include a timescale for implementation of the initiative.



Task	When	ACCESS workstreams						ACCESS Advisers					Other	Decision		
		OWG	Operator Procurement	Passive Management	Client and Contract Management	Sub-fund design and seeding	Appointed Regulated Operator	Kent County Council (Procurement)	Legal (Squires, Patton, Boggs)	Legal (Eversheds)	Technical (Hymans)	Technical (Bfinance )	Insurance (Lockton)	Government	LGPS Administering Authorities	
OJEU & ITT issued for Operator appointment	Sep-17															
Clarification responses for Operator apppointment	Sep-17															
Work plan for development of Contract Manager role within wider framework	Sep-17															
Draft budget to April 2018	Sep-17															
Contract Manager Job Description developed	Sep-17															
Bfinance report on sub-fund rationalisation received	Sep-17															
OWG proposals for next steps for sub-fund pipeline and pilots developed	Sep-17															
Closing date and time for Operator appointment tender submissions	Oct-17															
Evaluation of ITTs for Operator appointment	Oct-17															
Report for Joint Committee on outcome of the passive procurement	Oct-17															
Individual authorities to enter into Life Policy Agreement	Oct-17															
Individual authorities formulate transition plan for passive asset mandates	Oct-17															
Start recruitment to Contract Manager post	Oct-17															
Joint Committee considers bfinance findings and proposed next steps for sub-fund pipelines and pilots	Oct-17															
DCLG update report	Oct-17															
Joint Committee considers work plan and budget to April 2018	Oct-17															
Joint Committee considers Contract Manager proposal and approves recruitment	Oct-17															
Clarification presentation for Operator procurement	Nov-17															
Finalise score and recommendation report for Operator appointment	Nov-17															
Develop proposals on resourcing of other client functions (technical investment, project management, Consider proposals for sub-funds structure	Nov-17															
Approve recommendation from workstream on Operator appointment	Nov-17															
Quarterly Joint Committee Meeting	Dec-17															
Decision and recommendation by Joint Committee to individual authorities to enter into Operator	Dec-17															
Local approvals for Operator appointment	Dec-17															
Award notice and stand-still period for Operator appointment	Dec-17															
Operational due diligence on insurance coverage proposed by successful bidder	Dec-17															
Pre-contract discussions with sucessful bidder	Dec-17															
Interim contract management pending appointment of Contract Manager	Dec-17															
On-boarding of Operator contractor (legals, SLAs, policies etc)	Dec-17															
Finalise client proposals for initial set of sub-funds and mandate objectives and agree process with Contract and SLA's signed by individual authorities	Dec-17															
Complete contractor on-boarding	Jan-18															
Finalise sub-fund mandates	Jan-18															
Fee negotiations with pilot sub-fund managers (Operator led)	Jan-18															
Initial application to FCA (initial sub-funds and mandates but not managers)	Feb-18															
Initial Officer discussions on property investment pooling	Feb-18															
Operator Contract effective	Feb-18															
Interim contract monitoring until Contract Manager starts	Feb-18															
Confirm managers for pilot sub-funds	Feb-18															
Iteration on ACS application	Feb-18															
Potential start date for Contract Manager	Mar-18															
Transition plan and requirement for transition manager developed	Feb-18															
Final application for initial sub-funds including confirmation of sub-fund managers	Mar-18															
Potential DCLG progress report	Mar-18															
Quarterly Joint Committee Meeting	Mar-18															
Agree client preferences for sub-fund managers	Mar-18															
Approve transition plan	Mar-18															
Proposed deadline for ACCESS Funds to transition passive assets into passive manager	Mar-18															
FCA authorisation of sub-funds granted	TBC															

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Report to: **Pension Board**

Date: **16 November 2017**

By: **Chief Finance Officer**

Title of report: **Environmental Social Governance (ESG) report (from 4 September Pension Committee)**

Purpose of report: **To provide the Board with the ESG report considered by the Pension Committee at its meeting on 4 September 2017.**

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**RECOMMENDATION – The Board is recommended to consider and comment on the ESG report.**

---

## **1. Background**

1.1 At the 4 September 2017 meeting of the Pensions Committee, the Committee agreed to commission a review of the pension fund's carbon investment strategy.

1.2 The report (attached as Appendix 1) was considered by the Committee, following a number of Environmental, Social and Governance (ESG) aspects that have been discussed over recent meetings. At the 4 September meeting, the committee agreed to commission a review of ESG and sustainability indices, which could potentially be utilised for the pension fund's passively managed equity portfolio. This review will be conducted by the fund's Investment Consultant (Hymans Robertson).

## **2. ESG Proposal**

2.1 ESG risks have a potential financial impact on long-term investors and it is appropriate that the Committee determines how the East Sussex Pension Fund integrates ESG considerations into the investment decision making. The Committee has engaged positively on ESG matters to date and, following the dedicated ESG training day and Annual Strategy day, has considered taking forward various actions detailed within the attached report.

## **3. Conclusion and recommendation**

3.1 The Board is recommended to consider and comment on the ESG report and the agreed actions.

**IAN GUTSELL**  
**Chief Finance Officer**

Contact Officer: Ola Owolabi, Head of Pensions  
Tel. No. 01273 482017  
Email: [Ola.Owolabi@eastsussex.gov.uk](mailto:Ola.Owolabi@eastsussex.gov.uk)

Background Documents  
None

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Report to: **Pension Committee**

Date: **4 September 2017**

By: **Chief Finance Officer**

Title of report: **Environmental, Social and Governance (ESG)**

Purpose of report: **To follow up the Environmental, Social and Governance aspects that have been discussed over recent meetings.**

## **RECOMMENDATION**

**The Committee is recommended to consider and comment on the report.**

### **1. Background**

1.1 The Local Government Pension Scheme (LGPS) regulations identify the County Council as the administering authority for the East Sussex Pension Fund (ESPF). The role of the administering authority is to manage the pension scheme on behalf of all the members of the scheme, their employers, and set the investment strategy to secure the best realistic return over the long-term, given the need to control for risks.

1.2 The ESPF invests in various company shares and bonds, property and cash around the world. The rates achievable on long term investments allow them to ensure affordable employer contributions rates, enabling authorities to spend more money on front-line services.

1.3 With reference to the Committee's previous deliberation on ESG, i.e., ethical issues and investment strategy, it is appropriate for the Committee to consider the ESG issues outlined below.

### **2. Fiduciary responsibility**

2.1 This responsibility given to the County Council by the LGPS regulations is delegated by the Council to the Pension Committee. The members of the Pension Committee are required to act in the same way as trustees of pension schemes within other sectors of the economy and they have a fiduciary responsibility to protect the pension benefits of members by securing the best realistic return over the long-term to keep contributions affordable.

2.2 It would not be satisfactory merely to refer in a generalised way to ethical considerations being taken into account without giving an indication of how that is to be done. Such a policy will need to be limited by reference to an overriding requirement that it is not to risk material financial detriment or result in a failure to invest in a sufficiently wide range of investments. It would be appropriate to build in some regard for professional advice.

### **3. Consideration of ESG issues**

3.1 ESG risks have a potential financial impact on long-term investors and it is appropriate that the Committee determine how they integrate ESG considerations into the fund's investment decision making. The Committee has engaged positively with ESG matters to date and, following the dedicated ESG training day and Annual Strategy day, are considering taking forward the following:

- Beliefs – agreeing additional investment beliefs which relate specifically to incorporating ESG issues into decision-making.
- UK Stewardship Code – first published in 2010, the Code is a set of guiding principles, the main aim of which is to make institutional investors, who manage other people's money, be active and engage in corporate governance in the interests of their beneficiaries.
- Carbon measurement – there are a number of ways in which the 'carbon footprint' of investment portfolios can now be measured. Further information and reporting in this area

should help improve the level of understanding and help inform future decisions in this area.

- Alternative index-tracking funds – where assets are invested on a passive, index-tracking basis, the Committee are aware that their selection of the relevant benchmark index is an important decision.

3.2 In addition, the Committee continue to meet with the Fund's investment managers on a regular basis. The questions put to the managers for discussion at these meetings frequently contain specific content relating to ESG or responsible investing considerations, and discussions have addressed the entire spectrum of ESG factors.

#### **4. ESPF approach to ethical investments**

4.1 The investment strategy of the ESPF fund is detailed in its Investment Strategy Statement (ISS) and is broadly in line with that of other LGPS funds, i.e. to secure the best realistic return over the long-term, to meet pension commitments, within an acceptable level of risk, by ensuring there is diversification across all asset classes and keeping employer contribution rates stable. The fund pursues this strategy by appointing expert specialist investment managers who have an unconstrained ability to invest within their individual mandates.

4.2 The ISS also details the fund's policy on ESG that the Fund is permitted to adopt a policy of ESG providing they treat the financial interests of scheme members as paramount and their investment policies are consistent with the standards of care and prudence required by law. The financial performance of the fund, proper diversification and prudence are paramount.

4.3 The Fund also requires their segregated fund managers to be active in their constructive shareholder engagement with companies regarding socially responsible investment issues and the proactive engagement of fund managers with these companies does influence positive change.

4.4 The Fund does not interfere in the day-to-day investment decisions of the Fund's investment managers, and does not actively invest or disinvest from companies solely or largely for social, ethical or environmental reasons. The Fund will listen to special interest groups that may oppose some of the Fund's investments, for example in tobacco, alcohol, fracking, gambling or pharmaceuticals, but are clear that this cannot detract from the Fund's duty.

4.5 In the Fund's view, simply disinvesting from a particular company is a denial of responsibility. The Fund believes that responsible institutional investors should seek to influence companies' environmental, human rights and other policies by positive use of shareholder power. The Fund does reserve the right to, on a case by case basis; apply ethical or environmental criteria to investments if it is considered relevant and appropriate.

4.6 The Fund is a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF is a coalition of around 72 LGPS Funds, which seeks to engage with companies on behalf of their member funds. LAPFF actively considers the issue of ESG investments, in particular issues relating to poor labour practices, poor wage equality, the arms trade, tobacco and major oil companies.

#### **6. Conclusion and recommendations**

6.1 The cornerstone of the ESPF's policy on ethical investment is their interpretation of the legal position. The Committee should take into account ethical, environmental, governance, or any other non-commercial policy when considering investments generally or selecting fund managers. The Fund seeks to use its influence as a corporate investor to positively influence

company behaviour, although it reserves the right to apply ethical or environmental criteria on a case by case basis if considered relevant and appropriate.

**IAN GUTSELL**

**Chief Finance Officer**

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Tel. No. 01273 482017

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**BACKGROUND DOCUMENTS**

None

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Report to: **Pension Board**

Date: **16 November 2017**

By: **Chief Finance Officer**

Title of report: **Annual Review of Pension Board Training Plans**

Purpose of report: **To undertake an annual review of the Pension Boards Training Plan**

---

## **RECOMMENDATIONS – The Board is recommended to:**

- 1) note the progress of the implementation of the current Members Training Plan;**
  - 2) approve the Board Members Training Plan as proposed in Para 3;**
  - 3) agree to complete the Pensions Regulator online toolkit within the 12 months.**
- 

### **1. Background**

1.1 Members of the Pension Board are required to ensure they are adequately trained and equipped with the appropriate skills and knowledge with which to discharge their duties. As part of the Pension Act 2013 and the Pensions Regulator's Code of Practice, the Pension Board is required to approve a training policy to implement appropriate training for Pension Board members.

1.2 The Pensions Regulator's *Code of Practice no.14 - Governance and administration of public service and pensions schemes* states that every individual who is a member of the Board must:

- be conversant with:
  - the rules of the Local Government Pension Scheme (LGPS), in other words the Regulations and other regulations governing the LGPS; and
  - any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund, and
- have knowledge and understanding of:
  - the law relating to pensions; and
  - such other matters as may be prescribed.

1.3 The Pension Regulator has developed their own online toolkit for Board Members of public service schemes to develop their knowledge and understanding.

1.4 The Chartered Institute of Public Finance and Accountability (CIPFA) has also issued the guidance *Local Pension Board – A Technical Knowledge and Skills Framework* which is intended to complement tPRs Code of Practice (see Appendix 1). This Framework outlines the approach required for a Fund to establish and maintain policies for acquiring and retaining knowledge to support Board Members while also providing an assessment tool for individuals to measure and monitor their development progress.

## 2. Training Undertaken in the last 12 months

2.1 The Pension Board has undertaken the following training in the last 12 months:

Date	Training Description	Board Members
26/10/16	<ul style="list-style-type: none"><li>• Triennial Valuations and Understanding Liabilities</li><li>• Roles of the Pension Regulator</li><li>• Pensions legislative &amp; Governance</li></ul>	4
18/11/16	Annual Employers Forum	5
26/01/17	<ul style="list-style-type: none"><li>• LGPS discretions &amp; policies</li><li>• Safeguarding the Fund's Assets</li><li>• Developing Investment Strategies Statement</li><li>• Role of the Global Custodian – Northern Trust</li></ul>	7
13/06/17	Environmental, Social and Governance (ESG) Training Day	5
29/09/17	<ul style="list-style-type: none"><li>• Role of the Board/Committee within the ACCESS LGPS Pool;</li><li>• Updates from the Pension Fund Regulator.</li></ul>	3

## 3. Proposed Training Plan

3.1 The following trainings activities (*detailed on page 24-25 of the Committee/Board forward plan 2017-18*) are recommended:

Date	Proposed Training Description
Jan 2018	Pensions Governance
March 2018	Pension Administration
October 2018	Pensions Accounting and Auditing Standards
November 2018	Annual Employers Forum/ Investment Performance

## 4. Considerations for the Board

### The Pensions Regulator Online Public Service Toolkit

4.1 The Pensions Regulator has set up a toolkit for anyone involved in the governance and administration of the public service pension schemes, specifically aimed at pension board members. This covers all the areas of governance and administration that need to be focussed on, namely:

- Reporting duties
- Internal controls and managing risks
- Record Keeping
- Communicating to members
- Publishing scheme information
- Maintaining contributions
- Pension Board conflicts of interest and representation
- Resolving internal disputes
- Reporting breaches of the law

4.2 This is split into 9 modules, and can be done at one's own pace and completed by undertaking a set of multiple choice questions. The target is for each representative of the Board to have completed this within the next 12 months. Therefore, with each module taking around 1 hour, it should be possible for members of the Board to complete this by October 2018. The toolkit can be found at the following website:

[www.thepensionsregulator.gov.uk/public-service-schemes](http://www.thepensionsregulator.gov.uk/public-service-schemes)



4.3 Board Members will be required to evidence that this training has been completed. This can be done by sending the Pensions Regulator development record certificate, which can be downloaded on completion, to the Head of Pensions.

### **CIPFA – A Technical Knowledge and Skills Framework**

4.4 This CIPFA Framework (see Appendix 1) ensures that all the complex areas of pension administration that extend across several disciplines – from accountancy and audit, to areas of investment and actuarial finance, as well as knowledge of the legislative and governance environment – are covered. CIPFA highlights 8 key areas of core technical competence:

- Pension legislation
- Public sector pensions governance
- Pensions administration
- Pensions accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and product knowledge
- Actuarial methods, standards and practices

### **Support**

4.5 If a Member feels that a specific training need has not been met, or further training is needed, then contact the Head of Pensions who can either arrange a 1:1 session or suggest further appropriate training. There are a range of networking events, newsletters and briefing notes that will be made available to Members as appropriate.

### **Next steps**

4.6 Once the 2018/19 Training Plan is agreed, Pension Board Members will be informed of the future dates for the internal training sessions, and be made aware of any relevant courses or conferences as they arise and will be included within the Forward Work Plan. A reminder will also be sent to all Members to complete the Pensions Regulator online Toolkit.

## **5. Annual Reporting**

5.1 In compliance with the Pension Act 2013, Members of the Board are required to undertake appropriate training to enable them to perform their duties as a representative effectively. This suggests that the Council identifies appropriate training and development activities to support Board Members and encourages them to attend.

5.2 The Pension Fund Annual Report will include information on members training. As a minimum, this will contain information on the number of members undertaking particular training and the type of training provided.

## **6. Conclusion and recommendation**

6.1 The Board is recommended to:

- 1) note the progress of the implementation of the current Members Training Plan;
- 2) approve the Board Members Training Plan as proposed in Para 3;
- 3) agree to complete the tPR on-line toolkit within the 12 months.

**IAN GUTSELL**

**Chief Finance Officer**

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Background Documents

None

# local pension boards

A Technical Knowledge and Skills  
Framework



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# local pension boards

A Technical Knowledge and Skills  
Framework

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# 1. Purpose, Scope and Status of this Guidance

## PURPOSE

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- 1.1 A great deal of work has been done in recent years to address the provision of training to those who are involved in the administration of public service pension schemes. However in the absence of any detailed definition of what knowledge and skills are actually required to carry out a particular role, it is difficult to ascertain whether training is truly effective.
- 1.2 In an attempt to ensure that training can be delivered efficiently and effectively by identifying and focusing on the key knowledge areas, in recent years CIPFA has developed, with the assistance of expert practitioners, frameworks covering the knowledge and skills requirements for officers and elected members/non-executives involved in the administration of public service pension schemes.
- 1.3 The proposals in this publication are intended to further promote good governance in public service pension schemes' pension boards by extending these frameworks to cover the training and development of their board members. The objective is to improve knowledge and skills in all the relevant areas of activity of a pension board and assist board members in achieving the degree of knowledge appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board as required under Section 248a of the *Pensions Act 2004*<sup>1</sup>, as amended by the *Public Service Pensions Act 2013*.

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1. Section 248a of the *Pensions Act 2004* sets out the following:

***Requirement for knowledge and understanding: pension boards of public service pension schemes***

- (1) *This section applies to every individual who is a member of the pension board of a public service pension scheme.*
- (2) *An individual to whom this section applies must be conversant with—*
  - (a) *the rules of the scheme, and*
  - (b) *any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.*
- (3) *An individual to whom this section applies must have knowledge and understanding of—*
  - (a) *the law relating to pensions, and*
  - (b) *such other matters as may be prescribed.*
- (4) *The degree of knowledge and understanding required by subsection (3) is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.*

- 1.4 This guidance is intended to complement the Pensions Regulator's *Code of Practice No 14: Governance and Administration of Public Service Pension Schemes* (2015)<sup>2</sup>. The *Code of Practice No 14* sets out the fact that the law requires, amongst other things, that local pension board members be conversant with the rules of the scheme and documents relating to its administration. Additionally, in the context of the Local Government Pension Scheme (LGPS) in particular, this will bring board members into contact with matters relating to investments, actuarial valuations, third party provision, scheme assurance, accounting and auditing<sup>3</sup>. This guidance therefore focusses on those areas by expanding on the specifics of the knowledge and skills requirements associated with public service pension schemes in general and the LGPS in particular, and assisting both scheme managers and pension board members in discharging their responsibilities as set out in the Pensions Regulator's *Code of Practice No 14* insofar as they apply to knowledge and skills (a summary of the respective responsibilities of board members and the scheme manager can be found at Annex A).

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## SCOPE

- 1.5 The guidance is set in the context of LGPS pension boards in England and Wales but pension boards in other sectors and jurisdictions may find the frameworks of use in determining their own training programmes for pension board members.

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2. [www.thepensionsregulator.gov.uk/docs/code-14-public-service.pdf](http://www.thepensionsregulator.gov.uk/docs/code-14-public-service.pdf)

3. The Pensions Regulator's *Code of Practice 14: Governance and Administration of Public Service Pension Schemes* states in paragraphs 42 to 44:

*'For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement.*

*Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:*

- *the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme*
- *statements of assurance (for example, assurance reports from administrators)*
- *third party contracts and service level agreements*
- *stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues*
- *scheme annual reports and accounts*
- *accounting requirements relevant to the scheme*
- *audit reports, including from outsourced service providers, and*
- *other scheme-specific governance documents.'*

- 1.6 The framework is intended to have two primary uses:
- as a tool for scheme managers in meeting the Pensions Regulator's *Code of Practice No 14* which states that scheme managers should '*establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members*'
  - as an assessment tool for individuals to measure their progress and plan their development in order to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of a pension board.
- 1.7 The framework is intended to apply to all pension board members. However, it has been designed so that organisations and individuals can tailor it to their own particular circumstances.
- 1.8 In addition, in recognition of the more onerous roles of chairs, the framework also includes a specimen role specification for the chair of a pension board (see the example at Annex B).

## STATUS

- 1.9 In 2013, CIPFA issued a *Code of Practice on Public Sector Pensions Finance Knowledge and Skills*.
- 1.10 The *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* is underpinned by five key principles:
1. Organisations responsible for the financial administration of public sector pension schemes recognise that effective financial management, decision-making, governance and other aspects of the financial administration of public sector pension schemes can only be achieved where those involved have the requisite knowledge and skills.
  2. Organisations have the necessary resources in place to acquire and retain the necessary public sector pension scheme finance knowledge and skills.
  3. Organisations have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making.
  4. The associated policies and practices are guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the *CIPFA Pensions Finance Knowledge and Skills Frameworks*.
  5. The organisation has designated a named individual<sup>4</sup> to be responsible for ensuring that policies are implemented.
- 1.11 In setting out the *Code of Practice on Public Sector Pensions Finance Knowledge and Skills*, the Institute stated that '*this Code of Practice applies to all individuals that take on a*

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4. The officer in question should be the senior officer responsible for the financial administration of the pension scheme. In the case of the LGPS, this would usually be the chief financial officer; in the NHS, for example, it would be the accounting officer.

*decision-making, scrutiny or oversight role. This includes (where relevant to the governance structures employed in the management of the LGPS):*

- *officers of the administering authority*
- *elected members of the administering authority*
- *employer representatives*
- *member-nominated representatives*
- *pensioner representatives*
- *co-opted members*
- *independent advisors*
- *internal auditors and audit committee members*
- *any other individuals involved in a decision-making, scrutiny or oversight role.*

*The requirements will also apply to the members of local pension boards as set out in section 5 of the Public Service Pensions Bill, as and when such boards are established.'*

- 1.12** It is therefore the professional responsibility of the named individual referred to under principle 5 above to establish and maintain policies and arrangements for acquiring and retaining knowledge and skills to support their pension board members. This professional requirement is in line with the Pensions Regulator's *Code of Practice No 14* as set out in paragraph 38 of that Code<sup>5</sup>.
- 1.13** This guidance is offered as good practice in line with the previous *CIPFA Pensions Finance Knowledge and Skills Frameworks*, and is intended to assist practitioners in meeting their responsibilities under CIPFA's *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* (2013), particularly principle 4.

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5. Paragraph 38 of the Pensions Regulator's *Code of Practice No 14* states:  
*'Schemes should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes should designate a person to take responsibility for ensuring that a framework is developed and implemented.'*

## 2. Policy and Legislative Background

- 2.1** On 1 April 2015, the governance structure of the LGPS fundamentally changed as a result of new governance requirements introduced by *The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015*.
- 2.2** These changes have their origins in the final recommendations of the Independent Public Service Pensions Commission (IPSPC) chaired by Lord Hutton of Furness. In June 2010 the IPSPC was formed to undertake a fundamental structural review of public service pension provision and to make recommendations to the chancellor and chief secretary on future pension arrangements. The IPSPC produced an interim report in October 2010 and a final report in March 2011<sup>6</sup>.
- 2.3** In the final report, the Commission concluded that (page 126):
- ‘scheme members in all the public services should be able to nominate persons to pension boards and committees along similar lines to the rights of members in the private sector to nominate persons to sit on boards of trustees. Pension boards should therefore include independent professionals and scheme members in similar proportions as apply in the private sector to boards of trustees. It is also very important that as well as the “lay persons” there are also independent members, usually professionally trained and with experience of the pensions environment.’*
- 2.4** The Commission went on to make the following recommendation:
- ‘Every public service pension scheme (and individual LGPS fund) should have a properly constituted, trained and competent pension board, with member nominees, responsible for meeting good standards of governance, including effective and efficient administration (recommendation 17a).’*
- 2.5** The Commission’s recommendation was taken forward in the drafting of the *Public Service Pensions Bill* (subsequently the *Public Service Pensions Act 2013*).
- 2.6** Under Regulation 5 of the *Public Service Pensions Act 2013*, the responsible authority<sup>7</sup> for each public service pension scheme established under the 2013 Act is required to make

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6. [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207720/hutton\\_final\\_100311.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207720/hutton_final_100311.pdf)

7. The “responsible authority” for each public service pension scheme is defined in Regulation 2 of the *Public Service Pensions Act 2013* as ‘the person who may make scheme regulations.’ For local government in England and Wales, this is set out in Schedule 2 of the Act as the secretary of state (DCLG).

provision in scheme regulations that requires each pension scheme manager<sup>8</sup> to establish a pension board to assist the scheme manager in relation to the following:

- ‘(a) securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;*
- (b) securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;*
- (c) such other matters as the scheme regulations may specify.’*

**2.7** Regulation 5 further directs that the scheme manager must include within its own scheme regulations provisions that require the scheme manager:

- ‘(i) to be satisfied that a person to be appointed as a member of the board does not have a conflict of interest, and*
- (ii) to be satisfied from time to time that none of the members of the board has a conflict of interest;*
- (iii) ensure that a member of the board, or a person proposed to be appointed as a member of the board, be able to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of provision under the above;*
- (iv) ensure that the board include employer representatives and scheme member representatives in equal numbers.’*

**2.8** As required under Regulation 5, the Department for Communities and Local Government (DCLG) laid an amendment to the *Local Government Pension Scheme Regulations 2013* on 28 January 2015, setting out the arrangements for establishing pension boards in the LGPS<sup>9</sup>. The relevant Regulations (Regulations 105 to 109 of the *Local Government Pension Scheme Regulations 2013* (as amended)) are reproduced in full at Annex C for ease of reference.

**2.9** A working group of the Shadow LGPS Scheme Advisory Board Governance and Standards Subcommittee has produced detailed guidance to scheme managers (administering authorities) to assist them in establishing local pension boards. This guidance can be found at [www.lgpsboard.org/index.php/about-the-board/board-guidance](http://www.lgpsboard.org/index.php/about-the-board/board-guidance)

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8. Regulation 4 of the *Public Service Pensions Act 2013* requires that public service pension schemes established under this Act (such as the LGPS from 1 April 2014) set out in scheme regulations who will be responsible for managing or administering the scheme. In the case of the LGPS, Regulation 53 of the *Local Government Pension Scheme Regulations 2013* sets out that each administering authority is designated the “scheme manager” for their fund.

9. *The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.*



## 3. Key Skills

- 3.1 The CIPFA Pensions Panel, with input from technical specialists covering each element of the skills matrix, has identified the key skills that lie at the core of successful public sector pension scheme administration.

### SCOPE OF THE FRAMEWORK

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- 3.2 Due to the complexity of pensions administration, these skill sets extend across several disciplines from accountancy and audit into areas of investment and actuarial finance, as well as knowledge of the legislative and governance environment. In total there are eight areas of knowledge and skills that have been identified as the core technical requirements for those working in public sector pensions finance. They are:

- pensions legislation
- public sector pensions governance
- pensions administration
- pensions accounting and auditing standards
- financial services procurement and relationship management
- investment performance and risk management
- financial markets and product knowledge
- actuarial methods, standards and practices.

These are expanded upon below.

- 3.3 The Institute recognises that there will of course be other technical (non-pensions related) and “softer” skills required in order to be competent in the role of a pension board member and Regulation 107 of the *Local Government Pension Scheme Regulations 2013* (as amended) makes specific reference to board appointees having the “capacity” to undertake the role. Whilst the Regulations do not define “capacity” in this context, the guidance referred to at paragraph 2.9 takes this to mean that board members should have ‘*time to commit to attend meetings, undertake training and effectively represent employers and (scheme) members (as appropriate)*.’ The “soft” skills implied here are considered to be outside the scope of this framework but should also be considered when determining the ability of pension board members to effectively discharge their duties.

### PENSIONS LEGISLATION

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- 3.4 The pensions landscape is characterised by a complex legislative framework. In addition to the legislation of individual schemes, there are industry-wide statutes that apply in whole or in part to public sector schemes, including the way in which schemes interact with state pensions, the tax system, the Pensions Regulator etc.

- 3.5** A knowledge of this framework and the way in which it impacts upon the operations of individual schemes is key to understanding the context within which public sector pension schemes operate and the statutory obligations they are required to discharge.

## PUBLIC SECTOR PENSIONS GOVERNANCE

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- 3.6** On 1 April 2015, the governance structure that surrounds public sector pension schemes changed significantly. The *Public Service Pensions Act 2013* has introduced new bodies and relationships into what, in the LGPS in particular, was an already complex governance network.
- 3.7** Understanding how the pension board interacts with the other elements of this governance structure – the administering authority, the Scheme Advisory Board, the responsible authority (eg DCLG), the Pensions Regulator etc – and the various roles and responsibilities of those bodies is critical to the success of the board.
- 3.8** Also of key importance is a knowledge of the governance frameworks that apply within the wider pensions industry (such as the Myners principles and the *UK Stewardship Code* (FRC, 2010)); within individual schemes (such as the LGPS governance statement requirements); and within the organisations that administer the schemes (for example *Delivering Good Governance in Local Government: Framework* (CIPFA, 2007)).

## PENSIONS ADMINISTRATION

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- 3.9** Pensions administration is perhaps the most highly regulated area of the LGPS. Administering scheme benefits, contributions and other transactions is highly complex and is governed by extensive scheme regulations, as well as industry-wide requirements on disclosure, record-keeping, data maintenance, dispute resolution etc.
- 3.10** Understanding these requirements and assisting the administering authority to ensure compliance with the various regulations, standards and codes is a key role of the pensions board, which makes pensions administration a key strand of the knowledge and skills framework.

## PENSIONS ACCOUNTING AND AUDITING STANDARDS

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- 3.11** The way in which pension schemes are accounted for, both as a scheme and by the sponsoring employer(s), plays a significant part in the knowledge and skills framework. The accounting requirements and associated disclosures are complex and involve a large actuarial element. Consequently this demands an understanding of the regime in order to comply with the requirements and to communicate the requirements and their implications both internally and externally.
- 3.12** In addition, both internal and external auditors play a significant role in assuring that the administering authority complies with statutory requirements. Understanding the scope of their role, and the roles played by providers of third party assurance on outsourced services, is key for local pension board members.

## PENSIONS SERVICES PROCUREMENT AND RELATIONSHIP MANAGEMENT

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- 3.13** Such are the scale, diversity and technical requirements of pensions operations, the use of outsourcing is commonplace. Whether it is the use of actuaries, fund managers, pensioner payroll providers or third party administrators, the skills and knowledge required to procure and manage outsourced services are central to scheme management in the public sector.
- 3.14** In some instances organisations will have specialist procurement units who will play a large part in the procurement process. In such cases many of the requirements of the framework may be met by virtue of the pension board member having access to external technical expertise. In these circumstances, users of the framework should adapt the level of detail in this skill set accordingly.

## INVESTMENT PERFORMANCE AND RISK MANAGEMENT

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- 3.15** In the LGPS and other schemes where contributions are invested and managed to meet future liabilities, understanding investment risk and performance constitutes a major element of the role of pension board members.
- 3.16** Administering authorities are aware of the requirement to apply the same rigour to an assessment of their own performance and the performance of those who work on their behalf. Frameworks and targets must be devised and set, and performance monitored against them and reported to stakeholders. Pension board members should be equipped with a sufficient level of knowledge to enable them to assist the administering authority in ensuring that this is done effectively.

## FINANCIAL MARKETS AND PRODUCT KNOWLEDGE

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- 3.17** In schemes with invested funds, an understanding of financial markets and products is fundamental. The depth of knowledge will depend to some degree upon the particular approach to investment management undertaken by the fund (the investment activities of LGPS funds for example can be split into two groups: those funds that use external managers to manage all of their investment portfolio; and those that undertake some or all of their investment activities using in-house investment managers).

## ACTUARIAL METHODS, STANDARDS AND PRACTICES

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- 3.18** The scheme actuary holds a key position in the financial management of a pension scheme. Pension board members will need to understand, in some level of detail, the work of the actuary and the way in which actuarial information is produced and the impact it has on both the finances of the scheme and employers.

## THE KNOWLEDGE AND SKILLS FRAMEWORK

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- 3.19** In the framework which follows, we have identified the key elements of expertise within each of the above areas of technical knowledge as they apply to pension board members. In addition, Annex D provides an example of how the framework can be used as an assessment tool for individuals.

# 4. Local Pension Boards: A Technical Knowledge and Skills Framework

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## **Pensions legislation**

A general understanding of the pensions legislative framework in the UK.

An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.

An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.

A regularly updated appreciation of the latest changes to the scheme rules.

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## **Pensions governance**

Knowledge of the role of the administering authority in relation to the LGPS.

An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.

Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.

Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.

Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.

Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.

A detailed knowledge of the duties and responsibilities of pension board members.

Knowledge of the stakeholders of the pension fund and the nature of their interests.

Knowledge of consultation, communication and involvement options relevant to the stakeholders.

Knowledge of how pension fund management risk is monitored and managed.

Understanding of how conflicts of interest are identified and managed.

Understanding of how breaches in law are reported.

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<b>Pensions administration</b>	<p>An understanding of best practice in pensions administration, eg performance and cost measures.</p> <p>Understanding of the required and adopted scheme policies and procedures relating to:</p> <ul style="list-style-type: none"><li>■ member data maintenance and record-keeping processes</li><li>■ internal dispute resolution</li><li>■ contributions collection</li><li>■ scheme communications and materials.</li></ul> <p>Knowledge of how discretionary powers operate.</p> <p>Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).</p> <p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.</p> <p>An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.</p>
<b>Pensions accounting and auditing standards</b>	<p>Understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.</p> <p>Understanding of the role of both internal and external audit in the governance and assurance process.</p> <p>An understanding of the role played by third party assurance providers.</p>
<b>Pensions services procurement and relationship management</b>	<p>Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.</p> <p>A general understanding of the main public procurement requirements of UK and EU legislation.</p> <p>Understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.</p> <p>An understanding of how the pension fund monitors and manages the performance of their outsourced providers.</p>
<b>Investment performance and risk management</b>	<p>Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.</p> <p>Awareness of the Myners principles of performance management and the approach adopted by the administering authority.</p> <p>Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.</p>

<b>Financial markets and products knowledge</b>	<p>Understanding of the risk and return characteristics of the main asset classes (equities, bonds, property).</p> <p>Understanding of the role of these asset classes in long-term pension fund investing.</p> <p>Understanding of the primary importance of the investment strategy decision.</p> <p>A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.</p> <p>An understanding of the limits placed by regulation on the investment activities of local government pension funds.</p> <p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.</p>
<b>Actuarial methods, standards and practices</b>	<p>A general understanding of the role of the fund actuary.</p> <p>Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.</p> <p>Awareness of the importance of monitoring early and ill health retirement strain costs.</p> <p>A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.</p> <p>A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.</p> <p>A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.</p>

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# 5. Framework Status, Reporting and Compliance

## DEVELOPMENT AND MAINTENANCE

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- 5.1 This framework has been developed by the CIPFA Pensions Panel with input from technical specialists covering each element of the skills matrix.
- 5.2 As noted in chapter 1, it is the professional responsibility of the section 151 officer (or other named officer as appropriate) to establish and maintain policies and arrangements for acquiring and retaining knowledge and skills to support their pension board members. This professional requirement is in line with the requirement set out in paragraph 38 of the Pensions Regulator's *Code of Practice No 14*. This framework is set down as good practice, in line with the previous CIPFA *Pensions Finance Knowledge and Skills Frameworks*, and is intended to assist practitioners in meeting their responsibilities under the CIPFA *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* (2013), particularly principle 4.
- 5.3 The Pensions Panel is committed to maintaining and developing the framework as knowledge and skills requirements change over time. Any changes to the framework will go through the same process of expert review and user testing.

## REPORTING AND COMPLIANCE

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- 5.4 Statement 5 of the “statements to be adopted” in the CIPFA *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* requires funds to report annually in their pension scheme annual reports on:
  - how the knowledge and skills framework has been applied
  - what assessment of training needs has been undertaken
  - what training has been delivered against the identified training needs.

- 5.5 CIPFA recognises that in some cases members could be appointed to pension boards with little or no prior pensions knowledge. The chief officers and the chair should bear in mind the legal requirements as set out in the Pensions Regulator's *Code of Practice No 14*<sup>10</sup> and have in place a plan that includes pre-induction training, leading into a fuller induction programme. These factors should be reflected in the training needs assessment and the delivery of training statement in the annual report.
- 5.6 Again, the CIPFA *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* requirements are aligned with the guidance of the Pensions Regulator, whose *Code of Practice No 14* says this on the subject of demonstrating knowledge and understanding:
- 'Schemes should keep appropriate records of the learning activities of individual pension board members and the board as a whole. This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. A good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place.'*
- 5.7 The Pension Regulator's policy and approach to compliance is set out in its *Compliance and Enforcement Policy for Public Service Pension Schemes* (2015)<sup>11</sup>.
- Practitioners should familiarise themselves with this policy statement.

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10. Paragraphs 34 to 36 of the Pensions Regulator's Code of Practice 14 state that:

*'A member of the pension board of a public service pension scheme must be conversant with:*

- *the rules of the scheme, and*
- *any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.*

*A member of a pension board must have knowledge and understanding of:*

- *the law relating to pensions, and*
- *any other matters which are prescribed in regulations.*

*The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board.'*

11. [www.thepensionsregulator.gov.uk/docs/compliance-policy-public-service-pension.pdf](http://www.thepensionsregulator.gov.uk/docs/compliance-policy-public-service-pension.pdf)

# 6. Achieving Framework Standards – Training and Support

- 6.1** To achieve the standards set down in the framework, organisations should as a first step consider undertaking a training needs assessment against the framework standards and developing appropriate training programmes.
- 6.2** The varied nature of training and the need to demonstrate continuous improvement in governance, places a high level of priority on forward planning through a business plan and a related training and development plan.
- 6.3** CIPFA working with Barnett Waddingham offer bespoke assessment, training, support and monitoring programmes for local pension boards and their members which are built around the requirements of this framework. This includes the following elements which can be taken as a whole or in part:
- **Assessment and planning**
    - Individual local pension board member knowledge, understanding and skills assessment.
    - Training plan/programme development.
  - **Training**
    - Pre-appointment and induction training.
    - Initial area specific training such as: pensions legislation and guidance; policies, procedures and working arrangements; overriding legislation and interacting statutory organisations; and investments and funding.
    - Ongoing and subject specific training such as regulatory changes and triennial valuations.
    - Annual refresher training and updates.
    - Member requested training.
    - Bespoke and open courses aimed at retention of knowledge and development of best practice.
  - **Support and mentoring**
    - Ongoing local pension board member mentoring, coaching and support.
    - BWebstream document access and storage system.
    - Training and support materials.
  - **Monitoring and reporting**
    - Ongoing individual local pension board member assessment.

- Monitoring local pension board member training and development, attendance and progress, maintaining records and reporting.

**6.4** Please contact Annemarie Allen at Barnett Waddingham on 020 7776 3873 or via [annemarie.allen@barnett-waddingham.co.uk](mailto:annemarie.allen@barnett-waddingham.co.uk) or Nigel Keogh at CIPFA on 01204 592311 or via [nigel.keogh@cipfa.org](mailto:nigel.keogh@cipfa.org) to discuss your requirements in the first instance.

# 7. Further Reading and Sources of Guidance

## FROM CIPFA

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*Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds* (2014)

*The Role of the Chief Financial Officer in the Local Government Pension Scheme* (2014)

*Code of Practice on Public Sector Pensions Finance Knowledge and Skills* (2013)

*Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom* (2012)

*Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme* (2012)

*Managing Risk in the Local Government Pension Scheme* (2012)

*Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2012* (2012)

*Buying Time: A CIPFA Pensions Panel Guide to Procuring Efficiency in Public Sector Pensions Administration* (2011)

*CIPFA Pensions Panel Guide to Stock Lending by Local Authority Pension Funds* (2011)

*CIPFA Pensions Panel Guide to Pension Fund Taxation in the United Kingdom* (2011)

*Narrative Reporting in Public Sector Pension Schemes* (2010)

*Delivering Good Governance in Local Government Pension Funds: A Guide to the Application of the CIPFA/SOLACE Code of Corporate Governance in Local Authorities to their Management of LGPS Funds* (2009)

*Guidance for Chief Finance Officers Administering LGPS Actuarial Valuations* (2008)

*CIPFA Pensions Panel: Weighing Up Risk Against Reward: An Introductory Guide to Asset-Liability Studies for Local Government Pension Funds* (2007)

*CIPFA Pensions Panel: Freedom of Information Act – Dealing with Requests for Information Relating to Local Authority Pension Funds* (2006)

## OTHER SOURCES

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*Code of Practice No. 14: Governance and Administration of Public Service Pension Schemes* (The Pensions Regulator, 2015)

*Compliance and Enforcement Policy for Public Service Pension Schemes* (The Pensions Regulator, 2015)

The Pensions Regulator also publishes a range of other helpful materials at [www.thepensionsregulator.gov.uk/public-service-schemes.aspx](http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx)

*Local Government Pension Scheme (LGPS) – Guidance on the Creation and Operation of Local Pension Boards in England and Wales* (Shadow Scheme Advisory Board, 2015)

## OTHER TRAINING AND SUPPORT

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The [CIPFA Pensions Network](#) provides a range of seminars built around the themes in the *Pensions Finance Knowledge and Skills Frameworks*.

The Pensions Regulator also has an online “Public Service toolkit” available at [www.thepensionsregulator.gov.uk/public-service-schemes.aspx](http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx)

# Annex A – Knowledge and Skills Responsibilities under the Pensions Regulator Code of Practice No 14

Where do knowledge and understanding responsibilities rest under the Code of Practice No 14?		Nature of requirement
Pension board member	Scheme manager	
<b>Legal requirements</b>		
Must be conversant with:		Statutory
<ul style="list-style-type: none"> <li>the rules of the scheme</li> <li>any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.</li> </ul>		
Must have knowledge and understanding of:		Statutory
<ul style="list-style-type: none"> <li>the law relating to pensions</li> <li>any other matters which are prescribed in regulations.</li> </ul>		
Should ensure that the degree of knowledge and understanding they possess is that appropriate for the purposes of enabling them to properly exercise the functions of a member of the pension board.		Statutory
<b>Practical guidance</b>		
	Should help pension board members meet their legal obligations.	Code of Practice (paragraph 37)
	Should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members.	Code of Practice (paragraph 38)

Where do knowledge and understanding responsibilities rest under the Code of Practice No 14?		Nature of requirement
Pension board member	Scheme manager	
	Should designate a person to take responsibility for ensuring that a framework for acquiring and retaining knowledge and skills is developed and implemented.	Code of Practice (paragraph 38)
<b>Areas of knowledge and understanding required</b>		
	Should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant. This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.	Code of Practice (paragraph 46)
<b>Degree of knowledge and understanding required</b>		
	Clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards should be set out in scheme documentation.	Code of practice (paragraph 47)
	Should assist individual pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.	Code of Practice (paragraph 48)
<b>Acquiring, reviewing and updating knowledge and understanding</b>		
Should invest sufficient time in their learning and development alongside their other responsibilities and duties.	Should provide pension board members with the relevant training and support that they require.	Code of Practice (paragraph 55)
Newly appointed pension board members should be aware that their responsibilities and duties as a pension board member begin from the date they take up their post.	Should offer pre-appointment training or arrange for mentoring by existing pension board members	Code of Practice (paragraph 56)



Where do knowledge and understanding responsibilities rest under the Code of Practice No 14?		Nature of requirement
Pension board member	Scheme manager	
Should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.		Code of Practice (paragraph 57)
Should use a personalised training plan to document training needs.		Code of Practice (paragraph 57)
Pension board members who take on new responsibilities will need to ensure that they gain appropriate knowledge and understanding relevant to carrying out those new responsibilities.		Code of Practice (paragraph 58)
	Learning programmes should: <ul style="list-style-type: none"> <li>■ cover the type and degree of knowledge and understanding required</li> <li>■ reflect the legal requirements</li> <li>■ be delivered within an appropriate timescale.</li> </ul>	Code of Practice (paragraph 58)
<b>Demonstrating knowledge and understanding</b>		
	Should keep appropriate records of the learning activities of individual pension board members and the board as a whole.	Code of Practice (paragraph 59)



# Annex B – Suggested Job Description and Role Profile for the Chair of a Pensions Board

## PURPOSE OF ROLE

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To lead the pensions board in assisting the scheme manager in complying with legislation relating to the governance and administration of the scheme and any requirements imposed by the Pensions Regulator in relation to the scheme; and to ensure the effective and efficient governance and administration of the scheme.

## PRINCIPAL RESPONSIBILITIES

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- Ensure the board delivers its purpose as set out in the board's terms of reference.
- Prepare for and attend the local pension board meetings, agree the meeting agendas and approve the minutes.
- Scrutinise local pension board papers, lead discussions and provide advice and guidance to the board.
- Ensure that meetings are productive and effective and that opportunity is provided for the views of all board members to be expressed and considered.
- Seek to reach consensus and ensure decisions are properly put to a vote.
- Liaise with the scheme manager on the requirements of the board, including training requirements, budgeting and meeting dates, and lead on resolving member performance issues.
- Write reports required by the scheme manager on the performance of the board and related matters.
- Act as the principal point of contact with the Pensions Regulator, the Scheme Advisory Board and the responsible authority (eg DCLG) in all matters related to the operation of the board.

## PERSON SPECIFICATION

Requirement	Essential	Desirable
1. Educational		Appropriate financial experience and training. Knowledge of pension funds and schemes. Demonstrable evidence of knowledge kept up-to-date.
2. Work experience	Chairing meetings, achieving effective outcomes. Experience of risk and performance frameworks.	Previously chaired a board or similar.
3. Abilities, intelligence and special aptitudes	Chairing skills. Influencing and consensus building. Listening skills. Able to assimilate complex information.	Mathematical/statistical literacy. Knowledge of public sector and local government finance.
4. Adjustment and social skills	Able to establish good working relationships with board members, councillors, officers and advisors. Able to direct discussions in politically sensitive environments. Able to command respect and demonstrate strong leadership. Able to achieve consensus when conflicting views arise. Able to challenge in a constructive manner. Assertive in pursuing the correct course of action. Able to work effectively with colleagues who may have different levels of experience and understanding.	Diplomacy and tact.
5. Motivation	Enthusiastic, not easily deterred and able to convey enthusiasm to others. Committed to the objectives of the pension scheme and fund(s).	
6. Equal opportunities	Understanding of and commitment to promoting equality of opportunity with an understanding of the pension context.	

# Annex C – LGPS Governance Regulations 2014

## **PART 3**

### **Governance**

#### **Delegation**

- 105.**—(1) *The Secretary of State may delegate any function under these Regulations.*
- (2) *An administering authority may delegate any function under these Regulations including this power to delegate.*

#### **Local pension boards: establishment**

**106.**—(1) *Each administering authority shall no later than 1st April 2015 establish a pension board (“a local pension board”) responsible for assisting it—*

- (a) *to secure compliance with—*
    - (i) *these Regulations,*
    - (ii) *any other legislation relating to the governance and administration of the Scheme and any connected scheme<sup>(a)</sup>, and*
    - (iii) *any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme; and*
  - (b) *to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.*
- (2) *Where the Scheme manager is a committee of a local authority the local pension board may be the same committee if approval in writing has been obtained from the Secretary of State.*
- (3) *Where the administration and management of a Scheme is wholly or mainly shared by two or more administering authorities, those administering authorities may establish a joint local pension board if approval in writing has been obtained from the Secretary of State.*
- (4) *Approval under paragraphs (2) or (3) may be given subject to such conditions as the Secretary of State thinks fit.*
- (5) *The Secretary of State may withdraw an approval if any conditions under paragraph (4) are not met or if in the opinion of the Secretary of State it is no longer appropriate for the approval to continue.*

(a) See section 4(6) of the Public Service Pensions Act 2013 for the definition of connected scheme.

- (6) *Subject to paragraph (7), an administering authority may determine the procedures applicable to a local pension board, including as to the establishment of sub-committees, formation of joint committees and payment of expenses.*
- (7) *Except where a local pension board is a committee approved under paragraph (2), no member of a local pension board shall have a right to vote on any question unless that member is an employer representative or a member representative<sup>(b)</sup>.*
- (8) *A local pension board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.*
- (9) *The expenses of a local pension board are to be regarded as part of the costs of administration of the fund held by the administering authority.*

### **Local pension boards: membership**

- 107.—**(1) *Subject to this regulation each administering authority shall determine—*
- (a) *the membership of the local pension board;*
  - (b) *the manner in which members of the local pension board may be appointed and removed;*
  - (c) *the terms of appointment of members of the local pension board.*
- (2) *An administering authority must appoint to the local pension board an equal number, which is no less than 4 in total, of employer representatives and member representatives and for these purposes the administering authority must be satisfied that—*
- (a) *a person to be appointed to the local pension board as an employer representative has the capacity to represent employers; and*
  - (b) *a person to be appointed to the local pension board as a member representative has the capacity to represent members.*
- (3) *Except where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board)—*
- (a) *no officer or elected member of an administering authority who is responsible for the discharge of any function under these Regulations (apart from any function relating to local pension boards or the Local Government Pension Scheme Advisory Board) may be a member of the local pension board of that authority; and*
  - (b) *any elected member of the administering authority who is a member of the local pension board must be appointed as either an employer representative or a member representative.*
- (4) *Where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board) the administering authority must designate an equal number which is no less than 4 in total of the members of that committee as employer representatives and member representatives and for these purposes the administering authority must be satisfied that—*
- (a) *a person to be designated as an employer representative has the capacity to represent employers; and*

(b) See section 5(6) of the Public Service Pensions Act 2013 for definitions of these terms.

- (b) *a person to be designated as a member representative has the capacity to represent members.*

***Local pension boards: conflict of interest***

- 108.**—(1) *Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest<sup>(a)</sup>.*
- (2) *An administering authority must be satisfied from time to time that none of the members of a local pension board has a conflict of interest.*
- (3) *A person who is to be appointed as a member of a local pension board by an administering authority must provide that authority with such information as the authority reasonably requires for the purposes of paragraph (1).*
- (4) *A person who is a member of a local pension board must provide the administering authority which made the appointment with such information as that authority reasonably requires for the purposes of paragraph (2).*

***Local pension boards: guidance***

**109.** *An administering authority must have regard to guidance issued by the Secretary of State in relation to local pension boards.*

*Source: The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015*

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(a) *See section 5(5) of the Public Service Pensions Act 2013 for the meaning of “conflict of interest”.*





# Annex D – Example of Competency Self-assessment Matrix

## Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
<b>1 – Pensions legislation</b>			
A general understanding of the pensions legislative framework in the UK.	1 2 3 4 5		
An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.	1 2 3 4 5		
An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	1 2 3 4 5		
A regularly updated appreciation of the latest changes to the scheme rules.	1 2 3 4 5		
<b>2 – Pensions governance</b>			
Knowledge of the role of the administering authority in relation to the LGPS.	1 2 3 4 5		
An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.	1 2 3 4 5		

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	1 2 3 4 5		
A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers.	1 2 3 4 5		
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.	1 2 3 4 5		
Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.	1 2 3 4 5		
A detailed knowledge of the duties and responsibilities of pension board members.	1 2 3 4 5		
Knowledge of the stakeholders of the pension fund and the nature of their interests.	1 2 3 4 5		
Knowledge of consultation, communication and involvement options relevant to the stakeholders.	1 2 3 4 5		
Knowledge of how pension fund management risk is monitored and managed.	1 2 3 4 5		
An understanding of how conflicts of interest are identified and managed.	1 2 3 4 5		
An understanding of how breaches in law are reported.	1 2 3 4 5		

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
<b>3 – Pensions administration</b>			
An understanding of best practice in pensions administration eg performance and cost measures.	1 2 3 4 5		
Understanding of the required and adopted scheme policies and procedures relating to:	1 2 3 4 5		
<ul style="list-style-type: none"> <li>member data maintenance and record-keeping processes</li> <li>internal dispute resolution</li> <li>contributions collection</li> <li>scheme communication and materials.</li> </ul>			
Knowledge of how discretionary powers operate.	1 2 3 4 5		
Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).	1 2 3 4 5		
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.	1 2 3 4 5		

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.			
1 2 3 4 5			
<b>4 – Pensions accounting and auditing standards</b>			
An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.	1 2 3 4 5		
An understanding of the role of both internal and external audit in the governance and assurance process.	1 2 3 4 5		
An understanding of the role played by third party assurance providers.	1 2 3 4 5		
<b>5 – Pensions services procurement and relationship management</b>			
An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.	1 2 3 4 5		

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
A general understanding of the main public procurement requirements of UK and EU legislation.	1 2 3 4 5		
An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.	1 2 3 4 5		
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.	1 2 3 4 5		
<b>6 – Investment performance and risk management</b>			
An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.	1 2 3 4 5		
An awareness of the Myners principles of performance management and the approach adopted by the administering authority.	1 2 3 4 5		
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	1 2 3 4 5		

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
<b>7 – Financial markets and products knowledge</b>			
An understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc).	1 2 3 4 5		
An understanding of the role of these asset classes in long-term pension fund investing.	1 2 3 4 5		
An understanding of the primary importance of the fund's statement of investment principles and of the investment strategy decision.	1 2 3 4 5		
A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.	1 2 3 4 5		
An understanding of the limits placed by regulation on the investment activities of local government pension funds.	1 2 3 4 5		
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.	1 2 3 4 5		

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
<b>8 – Actuarial methods, standards and practices</b>			
A general understanding of the role of the fund actuary.	1 2 3 4 5		
Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.	1 2 3 4 5		
An awareness of the importance of monitoring early and ill health retirement strain costs.	1 2 3 4 5		
A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.	1 2 3 4 5		
A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.	1 2 3 4 5		
A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.	1 2 3 4 5		







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CIPFA registered with the Charity Commissioners of England and Wales No 231060

**Report to:** Pension Board

**Date of meeting:** 16 November 2017

**By:** Chief Operating Officer

**Title:** Guaranteed Minimum Pension (GMP) Reconciliation Update

**Purpose:** To provide an update on the progress of the Guaranteed Minimum Pension (GMP) Reconciliation Exercise

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## **RECOMMENDATIONS**

**The Board is recommended to consider and note the update provided on the progress by ITM on the accelerated GMP project**

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### **1 Introduction**

1.1 The Board may recall the Pension Committee previously approved the engagement of an external data analyst, ITM, to carry out an accelerated two month project to commence work on the reconciliation of GMPs between the East Sussex County Council (ESCC) fund records and Her Majesty's Revenue & Customs (HMRC).

1.2 The purpose of the project is to:

- Allow the ESCC fund to make use of the latest smart technology and analytical tools available to ITM and their existing working relationship with the HMRC reconciliation team
- Ensure that a significant proportion of reconciliation queries are either resolved or placed in the HMRC workstream ahead of other funds due to commence work
- Allow Business Operations to commence file reviews on 'known' discrepancies (e.g. where HMRC have a GMP liability but ESCC has no record) whilst we await HMRC responses on other query types.

### **2 Project Update**

2.1 The project commenced in September and Appendix 1 shows the latest project update provided by ITM to demonstrate progress to date against the agreed criteria.

2.2 Although the update report is technical in nature, the summary confirms that 9,800 cases have been queried with HMRC. The current project status is reported as green and Business Operations will provide a verbal update to the Board if the final report is not available from ITM.

2.3 As expected, ITM has recently returned approximately 300 queries to Business Operations for individual file review as they could not be resolved by the use of analytical tools. These cases are currently being investigated and work is expected to take two months to complete.

2.4 Once the ITM project is complete, Business Operations will make a recommendation on next steps for the Pensions Board and Committee to consider to finalise the reconciliation before the HMRC GMP service closedown date of 31 December 2018.

**Kevin Foster**  
**Chief Operating Officer**

Contact Officer: Jason Bailey Tel. No. 020 8541 7473  
Email: [jason.bailey@surreycc.gov.uk](mailto:jason.bailey@surreycc.gov.uk)

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# *Project Update for the East Sussex County Council Pension Fund GMP Reconciliation*

Sarah Millson/Victoria Franklin  
13 October 2017



# East Sussex County Council Pension Fund/ GMP Stage 2 Reconciliation

1775

Project Manager (ITM & Client):	Sarah Millson/Victoria Franklin and Jason Bailey
Project Sponsor (ITM & Client):	Maurice Titley and Jason Bailey
Today's date:	20 October 2017
Overall RAG status:	Green
Project start date:	1 September 2017
Planned completion date:	31 October 2017
Estimated completion date:	31 October 2017
Predicted variance:	None currently foreseen

## Project commentary

RAG description	<p>The Internal Transfers analysis has been completed, as well as the Multiple HMRC Record Matching and Multiple Admin Record Matching project actions.</p> <p>HMRC have replied to a batch of the Error Code 5 queries raised in September. All cases in this batch were processed via their automated solution; the remainder will be dealt with by the HMRC clerical team by 13 January 2018. They have also provided the COCIS data.</p> <p>The next report will be produced on 27 October and will be issued by 31 October.</p>
Concerns to be resolved by the project	None at this time.

## Project dashboard

The chart below documents changes within the reconciliation categories since the production of the baseline. The baseline totals will continue to be displayed at the bottom of the chart so that there is visibility of progress being made.

Status	Reconciled			Proposal	Unreconciled			Out Of Scope
	No GMP liability	Exact match	Within tolerance	Proposal made to client	Awaiting data from client	Awaiting data from HMRC	Further review	N/A record**
Active	14,480	406	313		160	1,527	2,478	5,077
Deferred Post GMP Age	582	81	46		6	139	696	36
Deferred Pre GMP Age	18,703	2,421	625	8	43	2,295	5,753	989
Pensioner Post GMP Age	2,715	3,810	4,001	2	62	1,483	1,875	171
Pensioner Pre GMP Age	563	529	144		5	73	554	10
Widow(er)	124	114	406		27	996	153	179
Unlinked dependant							251	
<b>Total on admin</b>	<b>37,167</b>	<b>7,361</b>	<b>5,535</b>	<b>10</b>	<b>303</b>	<b>6,513</b>	<b>11,760</b>	<b>6,462</b>
Other admin (members with no liability)						85	3,468	39,215
HMRC only					13	2,988	36	13,268
<b>Total reported cases</b>	<b>37,167</b>	<b>7,361</b>	<b>5,535</b>	<b>10</b>	<b>316</b>	<b>9,586</b>	<b>15,264</b>	<b>58,945</b>
<b>Baseline position</b>	<b>25,729</b>	<b>7,089</b>	<b>5,113</b>			<b>898</b>	<b>57,981</b>	<b>37,372</b>

Notes to accompany the reconciliation status table:

### Reconciled

- No GMP liability – GMP is zero on both the administration and HMRC records.
- Exact match – GMP on the administration and HMRC records reconciles exactly.
- Within tolerance – the difference between the administration and HMRC GMP is less than the tolerance level set. Provisional tolerance is £2p.w.

### Proposals

- Proposal made to client – members where bulk analysis suggests that either the admin or HMRC data should be accepted and a decision from the client is required.

### Unreconciled

- Awaiting data from client – results of bulk analysis e.g. On Admin, not on HMRC where a review of member files is required to resolve a query that cannot be dealt with by the extraction of data from the administration extract.
- Await data from HMRC – this encompasses all queries raised with HMRC and the 'Error Code 5' members where full data still needs to be provided. ITM will automatically raise an HMRC query spreadsheet for the members identified as part of the baseline production as the project initiated by HMRC to supply corrected data is behind schedule.
- Further review – all members who will be dealt with as part of the population reconciliation e.g. improving the linking between the HMRC and admin membership. Once the population reconciliation concludes the remaining members in the category will form part of the GMP Value Reconciliation, where mismatches between the GMP amounts held by HMRC and Admin are investigated in more detail.

### Out of Scope

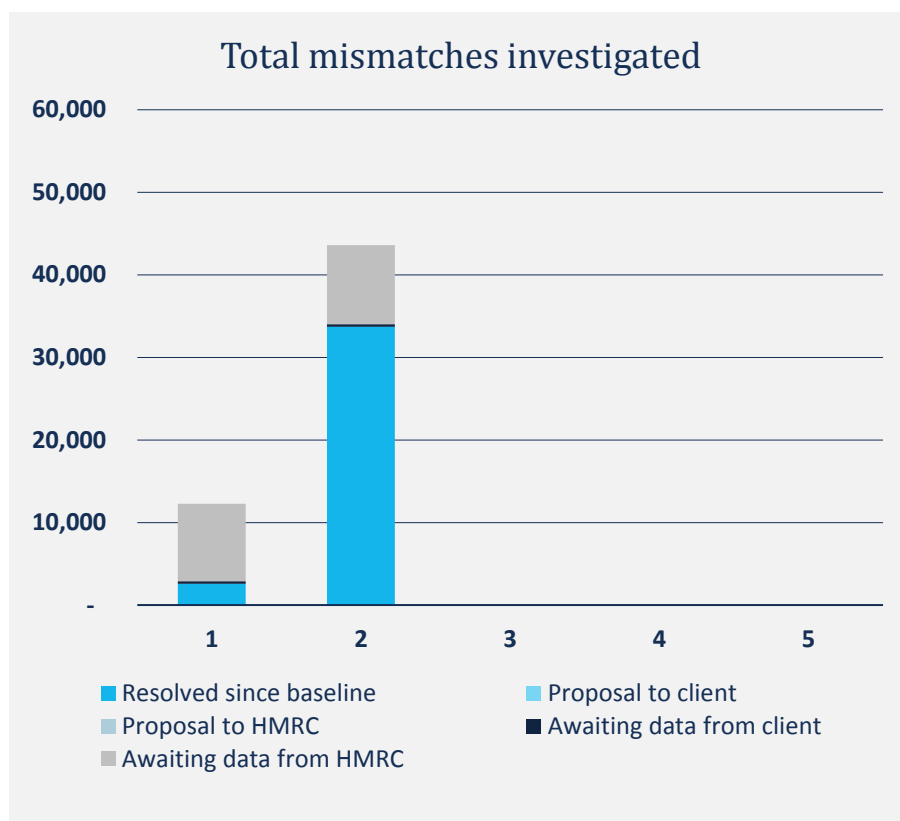
- Record Not Applicable – includes the following:
  - Members with no liability under the scheme and no corresponding record on the HMRC data (transfers out, refunds)
  - Members with pre 6 April 1978 service
  - Member with no liability status but another liability record is already linked to an HMRC record
  - Originally unlinked dependant records that are subsequently matched to a corresponding first life record
  - HMRC records initially not matched to admin that subsequently are
  - HMRC records that HMRC come to withdraw, e.g. original Error Code 5 cases that HMRC acknowledge have no surviving spouse

A summary is provided in relation to the following categories in the status column of the reconciliation table:

- Other Admin (members with no liability) – all members recorded on the admin data with a status of 'no liability' and no spouse in payment, e.g. refund, transfer out, full commutation, deceased with no widow(er) together with child pensioners and deceased dependants.
- HMRC only – cases where HMRC have a contracted-out liability recorded, but where no admin record was initially (or still) matched to it. Some of these members will be dealt with as we work through multiple record issues, with any outstanding cases being dealt with under the 'On HMRC, not on Admin' project action where a bulk query will be raised with HMRC asking for further information (e.g. employer details) to enable any further analysis to be carried out.



The 'Internal Transfers', 'Multiple HMRC Record Matching' and 'Multiple Admin Record Matching' project actions have been processed and the batch of HMRC queries and file review spreadsheets makes up 16.83% of the total discrepancies being investigated.



## HMRC queries (SRS)

### HMRC queries

Batch	HMRC Batch Ref	Topic	Number of queries	Queries Logged with HMRC	Expected reply date
1	11	Error Code 5 Queries – Not in Scheme	358	12 September 2017	13 October 2017* 13 January 2018**
2	12	Error Code 5 Queries – Was in Scheme	540	12 September 2017	13 October 2017* 13 January 2018**
3	15	COCIS Data Request	59,214	27 September 2017	
4	20	On Admin Not HMRC – Pass 1	5,955	2 October 2017	7 December 2017* 7 March 2018**
5	22	On HMRC Not Admin – Pass 1	44	2 October 2017	21 January 2018**
6	23	On HMRC Not Admin – Pass 1 - Automated	2,701	2 October 2017	29 December 2017* 2 April 2018**
7	25	Multiple HMRC Record Matching	212	20 October 2017	

\*date confirmed by HMRC for 'Automated responses'

\*\*date confirmed by HMRC for 'Clerical responses'

### HMRC query responses

Batch	HMRC Batch Ref	Topic	Number of queries raised	Number of queries replied to	Response received from HMRC
1 + 2	11 + 12	Error Code 5 Queries – Not in Scheme	898	825	10 October 2017
3	15	COCIS Data Request	59,214	59,213	12 October 2017

### File reviews

Batch	Topic	Number of queries	Status
1	On Admin Not HMRC – Pass 1	303	Issued 2 October 2017
2	On HMRC Not Admin – Pass 1	13	Issued 2 October 2017
3	Multiple Admin Record Matching	10	To be issued w/c 20 October 2017

### Decisions required


Decision required	Members affected	Date raised
In order to efficiently reconcile the GMP values it is recommended that a tolerance is set. If the difference between the HMRC GMP value and the administration GMP value is less than this tolerance then the HMRC GMP value should be accepted with no further review being required. A widely accepted industry standard for this tolerance is £2pw. This is assessed with	5,535	15/09/2017

Decision required	Members affected	Date raised
<p>the administration GMP values revalued to the same effective date as for the data provided by HMRC.</p> <p>The grounds to challenge the HMRC GMP record are limited, often requiring the production of payroll records for the period of GMP accrual (78/79 to 96/97) which in most circumstances is not possible. Acceptable challenges to the HMRC GMP values normally relate to differences in the GMP revaluation basis or rate and the omission of transferred-in GMP. In ITM's opinion the analysis and file review cost required to secure one successful challenge to HMRC for cases within the £2pw tolerance would exceed the likely impact on the pension payable arising from accepting the HMRC GMP.</p> <p>5,535 members currently have HMRC GMP values that do not exactly match the administration GMP value but fall within this £0.01pw to £2pw tolerance. This number is likely to change as further cases are reconciled against HMRC data during the course of the project.</p> <p>Whilst a decision is sought from the Trustee Board, ITM will progress the GMP reconciliation on the basis that this decision has been made with immediate effect</p>		

## Progress reporting

Project progress		
Planned last period and achieved	▶	Internal Transfers
	▶	Multiple HMRC Record Matching
	▶	Multiple Admin Record Matching
Not planned last period but achieved	▶	None for this period
Planned last period but not achieved	▶	None for this period
Reasons for exceptions	▶	No exceptions
Planning		
Task and milestones planned next period	▶	Dependant Linking
	▶	Deceased Members
Items added to the project plan	▶	None required

## Key risks and issues

Risk	RAG status	Mitigation	Status
HMRC response times are currently stated to be around six months.		ITM will monitor HMRC's performance how this change in service delay impact the GMP reconciliation.	Open

Issue	RAG status	Mitigation	Status
None			

**Report to:** Pension Board

**Date of meeting:** 16 November 2017

**By:** Chief Operating Officer

**Title:** Officers' Report – Business Operations

**Purpose:** Update on current administration themes in relation to the service provided to the Pension Fund by Orbis Business Operations

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## **RECOMMENDATIONS**

The Board is recommended to:

- 1) consider and note the update provided; and
  - 2) note the intention to engage with other local authority pension teams on the implications of the Brewster judgement
- 

## **1 Introduction**

1.1 Business Operations within Orbis have prepared this summary of topical administration areas that may be of interest to the Board. This report is provided for information and subjects are presented in in no particular order.

## **2 Key Performance Indicators**

2.1 Appendix 1 shows the monthly performance summary for the months of June to September 2017 inclusive.

2.2 The performance levels of the team and the levels of customer satisfaction (captured from survey feedback) over this four month period are generally high, though the Board are invited to comment on any areas of concern. It should be noted that performance was impacted in September by the high volumes of queries received from scheme members following the issue of the annual benefit statements. This peak of workloads will be mitigated in future years by the phasing of the production of statements now that Business Operations have moved to online provision of statements.

2.3 The Pension Committee had requested additional explanation in terms of the timescales for cases reported as late and this information has been included in the commentary in respect of August and September.

## **3 Customer Feedback**

3.1 The Board expressed an interest in the outcome of the survey that was sent to Business Operations customers earlier this year as part of the application for accreditation under the "Customer Service Excellence" award earlier this year. The Board may be aware that Business Operations was successful in gaining this accreditation.

3.2 An online survey was issued to customers who had contacted Business Operations via email in the six months prior to the survey being issued. In total 142 responses were received and the summary of responses is shown as Appendix 2. Whilst we are proud of our strong results in staff providing a polite and friendly service, clearly there are areas of improvement we will be focussing our improvement plan on. This includes focussing on our communications in respect of providing progress updates which is entirely in our control. Our ambition is for satisfaction ratings

to meet the importance ratings as determined by the customer. In cases where feedback references concerns related to non administrative responsibilities such as the nature of fund investments, we will work closely with the relevant parties to respond and improve the customer experience.

3.3 In addition to the survey responses, a total of 75 individual comments were received. Business Operations has established an action log detailing the handling of each individual comment and, for completeness, the full list of comments received as well as any follow up actions taken in response to the comments (where appropriate) have been extracted from the log and included as Appendix 3.

3.4 Business Operations intends to repeat the survey in 2018 to continue to monitor levels of customer satisfaction and identify if any of the actions taken in the light of feedback from the 2017 survey have had a positive impact.

#### **4 'Brewster' court decision**

4.1 The Board may be aware of a recent Court judgement in Northern Ireland where a member successfully challenged the requirement that a surviving co-habiting partner had to be nominated in order to qualify for survivor benefits. The LGPS has removed the requirement for a nomination from 1 April 2014 but the rules of the LGPS have not been amended to cover entitlements that may have arisen prior to that date.

4.2 The government has proposed that LGPS funds should accept the judgement in respect of any cases that may have arisen between 2008 and 2014 and award a backdated pension in the event that the qualifying criteria are met.

4.3 The government has further recommended that funds should take 'reasonable steps' to identify cases where an application for a survivor's pension was rejected for want of a nomination.

4.4 Business Operations is consulting with colleagues in our regional LGPS funds network to establish as consistent an approach as possible in terms of the resource time to be allocated to identifying any potential cases affected by this judgement.

#### **5 HMRC Annual Allowance**

5.1 In early October, Business Operations completed the annual exercise to notify scheme members if their pension growth in the financial year 2016/17 had exceeded the allowance of £40,000.

5.2 It is evident that, over time, the impact of the reduction in the annual allowance (from £50,000 to £40,000 from 2014/15) as well as the introduction of a tapered allowance for high earners is having a wider impact on LGPS members as the benefits of the facility to carry forward up to 3 years of unused allowances is progressively reducing.

5.3 The Board may wish to note that a total of approximately 60 Pension Savings statements were issued to scheme members with at least 8 known to be facing a tax charge (and this may increase). In previous years no more than 2-3 members had been directly affected.

**Kevin Foster**  
**Chief Operating Officer**

Contact Officer: Jason Bailey Tel. No. 020 8541 7473

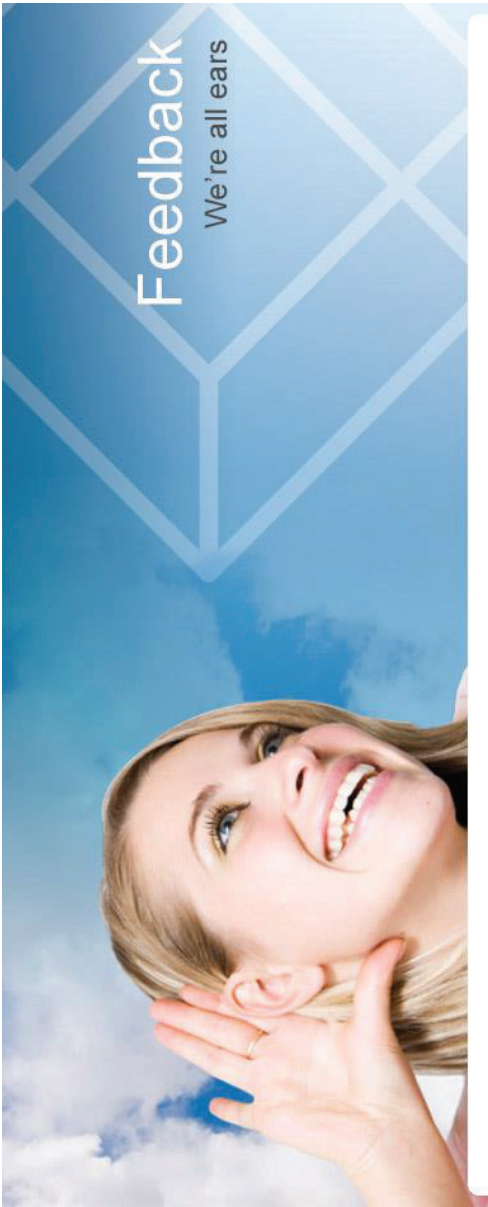
Email: [jason.bailey@surreycc.gov.uk](mailto:jason.bailey@surreycc.gov.uk)

## East Sussex Pensions Administration - Key Performance Indicators 2017-18

	Activity	Measure	Impact	Target	JUNE		JULY		AUGUST		SEPT		Commentary	
	Scheme members	Pensioners, Active & Deferred			71993		72384		72564		72852			
	New starters set up				249		95		348		369			
					Volume	Score	Volume	Score	Volume	Score	Volume	Score		
1a	Death notification acknowledged, recorded and documentation sent	within 5 days	M	95%	2	100%	14	100%	17	94%	9	100%		
1b	Award dependent benefits (Death Grants)	within 5 days	H	95%	11	95%	6	83%	5	100%	8	100%		
2a	Retirement notification acknowledged, recorded and documentation sent	within 5 days	M	95%	110	93%	125	97%	120	93%	108	85%	August - 12 cases late by average of 4 days Sept - 16 cases late by an average of 3 days	
2b	Payment of lump sum made	within 5 days	H	95%	102	94%	76	95%	122	93%	114	93%		August - 7 cases late by average of 2.5 days Sept - 7 cases late by an average of 2 days
3	Calculation of spouses benefits	within 5 days	M	90%	17	88%	8	100%	3	100%	1	100%		
4a	Transfers In - Quote (Values)	within 10 days	L	90%	53	98%	28	96%	44	100%	41	95%		
4b	Transfers In - Payments	within 10 days	L	90%	16	100%	22	95%	26	100%	17	94%		
5a	Transfers Out - Quote	within 25 days	L	90%	35	97%	24	96%	28	96%	29	100%		
5b	Transfers Out - Payments	within 25 days	L	90%	8	100%	4	100%	13	91%	8	100%		
6a	Employer estimates provided	within 7 days	M	95%	37	95%	70	94%	30	77%	12	100%	August - 7 cases late by average of 5 days	
6b	Employee projections provided	within 10 days	L	95%	73	86%	63	92%	63	90%	50	95%	August - 6 cases late by average of 3 days	
7	Refunds	within 10 days	L	95%	49	100%	31	100%	42	100%	35	100%		
8	Deferred benefit notifications	within 25 days	L	95%	148	98%	216	100%	128	100%	123	98%		
9	Complaints received- Admin				0		2		0		1			
	Complaints received- Regulatory													
10	Employer survey satisfaction	Overall satisfaction (V Satisfied/satisfied)		90%										
11	Retiring Member survey satisfaction	Overall satisfaction (Excellent/good)		90%	13	100%	16	100%	7	100%		Awaited		
12	Compliments received				2		1		8		5			

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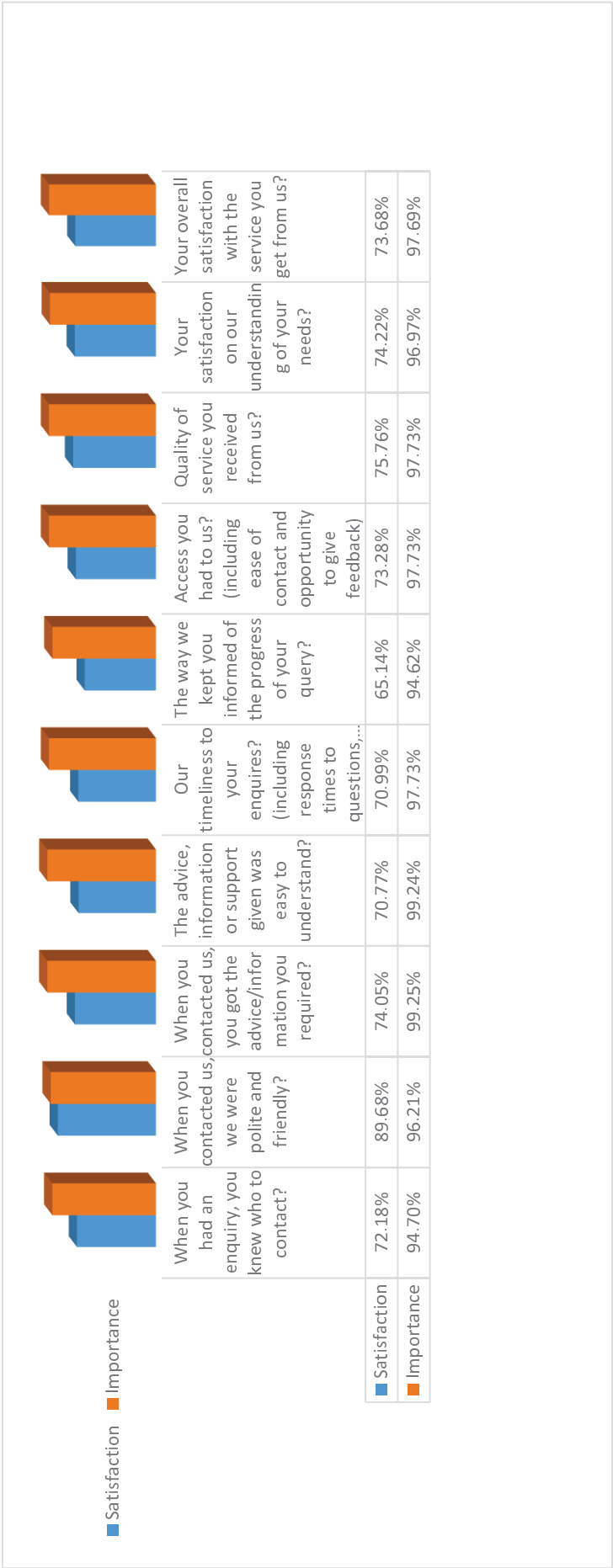




Business Operations – Lewes  
Customer Satisfaction Results 2017  
Pension Services

Total number of respondents 142

Overall satisfaction 74% Importance 98%



Report to: **Pension Board**

Date: **16 November 2017**

By: **Chief Finance Officer**

Title of report: **Officers' Report - General Update**

Purpose of report: **To provide a general update to the Pension Board on matters related to the Board activity**

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## RECOMMENDATION – The Board is recommended to note the update.

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### 1. Introduction

1.1 This report provides an update on matters relating to the Pension Board and Committee activities.

### 2. Report Overview

#### Cash Flow Forecast and Summary

2.1 The East Sussex Pension Fund (ESPF) invests any surplus cash with the Fund's custodian, Northern Trust. Over the past 5 years, the ESPF has been broadly cash flow 'neutral'. The projection for the fiscal year 2017/18 is that the fund will generate a surplus of £4.6m; the estimated cash flow position will be helped by higher employer pension contribution rates set at the last triennial valuation and payable since 1 April 2016. The current/quarter two projected outturn is a surplus of £2.4m, i.e., a variation from estimate of £2.2m, mainly due to movement in the transfer 'In & Out' of the fund. Table 1 below shows the cash projection to 30 September 2017.

#### **PENSION FUND DEALINGS WITH MEMBERS AND EMPLOYERS**

Employees Contributions

Employers Contributions

Deficit Recovery

Transfers In

#### **TOTAL INCOME**

Pensions Benefits Paid

Pensions Lump Sum Paid

Administration expenses

Transfers Out (excluding College transfer)

#### **TOTAL EXPENDITURE**

#### **SURPLUS CASH**

<b>Original 2017/18 £m</b>	<b>Projected Outturn 2017/18 £m</b>	<b>Variance £m</b>
28.4	29.8	1.4
82.2	83.0	0.8
14.1	13.7	(0.4)
8.8	8.2	(0.6)
<b>133.5</b>	<b>134.7</b>	<b>1.2</b>
(103.3)	(103.6)	(0.3)
(20.1)	(20.8)	(0.7)
(1.8)	(1.8)	0
(3.7)	(6.1)	(2.4)
<b>(128.9)</b>	<b>(132.3)</b>	<b>(3.4)</b>
<b>4.6</b>	<b>2.4</b>	<b>(2.2)</b>

### 3. National Development - updates

#### Local Government Pension Scheme pooling and Funds Collaboration

3.1. The ACCESS pool update has been provided through a separate report to this meeting.

### 4. Markets in Financial Instruments Directive (MiFID II)

4.1 The Markets in Financial Instruments Directive is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded. The Financial Conduct Authority (FCA) has issued its final policy statement setting out the rules for

implementation of the Markets in Financial Instruments Directive (MiFID II), effective from **3 January 2018**.

4.2 The election to professional status must be completed with all financial institutions prior to the change of status on 3 January 2018. Following the recommendation at the Pension Committee meeting on 4 September 2017, which agrees to approve delegated responsibility to the Chief Finance Officer in consultation with the Chair for the purposes of completing the applications, the ESPF submitted relevant documentations to our fund managers (i.e., ten individual Fund Managers, Northern Trust, and Hymans Robertson LLP) on Friday 22 September 2017 seeking election 'opt-up' to an elected Professional Client status.

## **5. Appointment of a new Scheme Member (Pensioner)**

5.1 As a result of an employee representative resignation from the Pension Board, there is a need to appoint a new scheme member representative on the Board. Pensioners have been contacted directly through letter, advertisement in local newspapers and on the council's website, seeking an expression of interest detailing how applicant will satisfy the requirement to represent pensioners as a Scheme Member Representative on the East Sussex Pension Board, and how applicant skills and experience will meet the challenges of the role. The scheme member representative selection processes are as follows –

<b>Pension Board Members – Appointment Process mapping</b>	
<b>Description</b>	<b>Date</b>
Letter to Pensioners (expression deadline of 10th November)	16 October 2017
Published within relevant newspapers, and ESPF website	16 October 2017
Closing date for applications	10 November 2017
Shortlisted candidates interview day	8 December 2017
Interview panel agrees appointment	8 December 2017
Appointment report - Governance Committee	23 January 2018
New Pension Board Member - induction	30 January 2018
<b>Pension Board meeting</b>	<b>8 February 2018</b>

5.2 The deadline for submission of an expression of interest with a supporting statement is 10 November 2017, and attached is a copy of the letter, role description, and advert (Appendices 1, 2, & 3).

## **6. Pension Board Agenda – 8 February 2018**

6.1 The draft agenda for the 8 February 2018 Pension Board meeting include the following

- Risk register
- Pension Committee Agenda
- LGPS Pooling – ACCESS Pool Update
- Policies of the administering Authority
  - conflicts of interests;
  - record-keeping/meeting attendance; and
  - data protection and freedom of information
- Communications policy statement.

## **7. Conclusion and reasons for recommendations**

7.1 The Board is recommended to note the general update regarding the Pension Fund activities.

**IAN GUTSELL**  
**Chief Finance Officer**

Contact Officers:

Ola Owolabi, Head of Pensions, 01273 482017  
[ola.owolabi@eastsussex.gov.uk](mailto:ola.owolabi@eastsussex.gov.uk)

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**Business Services  
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St. Anne's Crescent  
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East Sussex  
BN7 1UE



Telephone: 0345 6080 190  
Website: [www.eastsussex.gov.uk](http://www.eastsussex.gov.uk)

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.....  
.....

date

xx October 2017

when responding please contact

Ola Owolabi

direct line 01273 482017

our ref

your ref

Dear .....,

**Re: Appointment of a Scheme Member Representative**

There is a need to appoint a replacement for a scheme member representative on the East Sussex Pensions Board, and you are invited to submit an expression of interest detailing how you will satisfy the requirement to represent pensioners as a Scheme Member Representative on the East Sussex Pension Board, and how your skills and experience will meet the challenges of the role.

The Public Service Pensions Bill sets out governance requirements for the Local Government Pension Scheme (LGPS) introduced on 1 April 2015. The bill makes it a mandatory requirement to establish a Pension Board with responsibility for assisting the Scheme Manager (East Sussex County Council) in relation to securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme.

The County Council and the Governance Committee have previously agreed the structure and established the Pension Fund Board. The Pension Board is made up of 7 members as follows:

- a. Employer representative x 3;
- b. Scheme member representative x 3;
- c. Independent Chair x 1.

The role is to represent the interests of members within the Fund and as a full member of the Board; you will play an important part in the governance and administration of the Fund. It is therefore important that you fully demonstrate as far as possible how you think you will meet the key requirements of the scheme (pensioner) member representative on the local pension board. While a level of commitment is expected there will be full training and support provided.

This is a voluntary position and offers a great opportunity to contribute at the highest levels in the governance of the Pension Fund and to benefit from your work in helping to ensure that the Fund is well managed.

Additional information about the Pension Board, agenda, notes from previous meetings are available through the link below –

<https://democracy.eastsussex.gov.uk/mgCommitteeDetails.aspx?ID=374>

If interested, I will be grateful if you can provide me with a supporting statement that addresses the key requirements within the attached member's role description. It may be helpful to consider the following types of evidence when formulating your answers:

- How you will have the time to attend meetings;
- How you will give a commitment to attending training;
- How you will represent members of the pension scheme;
- Your commitment for the tenure of the role, i.e., 4 years.

It would be helpful to also detail any knowledge or understanding you have of public sector pension schemes and the Local Government Pension Scheme. This information should be contained in no more than two sides of A4, and can be sent through the post or using the Fund e-mail at [escppensionsmanager@eastsussex.gov.uk](mailto:escppensionsmanager@eastsussex.gov.uk). Applicants shortlisted for interview will be contacted after the closing date below.

Please note that the submission of your expression of interest with a supporting statement closes on **10 November 2017**.

Yours

**Ola Owolabi**  
**Head of Pensions**

Encl.

- Scheme Member Representative Role description



# **East Sussex Pension Fund**

## **Scheme Member Representative on the East Sussex Pension Board**

### **Role description**

#### **Summary**

The role of a representative on the East Sussex Pension Board is to represent the interests of the employers/members within the Fund and channel information back to those persons effectively.

The Representative's aim is to enable the East Sussex Pension Board to fulfil their responsibilities in respect of the governance of the East Sussex Pension Fund (the Fund) in accordance with the Public Service Pension Scheme Act 2013 (PSPA13), legislation governing the Local Government Pension Scheme (LGPS) and the Code of Practice issued by the Pension Regulator.

As a full member of the Board, you will play an important part in the governance and administration of the Fund. Scheme members, employers and East Sussex County Council, as the Administering Authority (known as the Scheme Manager under PSPA13) for the Fund, will benefit from the work you do in helping to ensure that the Fund is well managed.

#### **1. Main Responsibilities of the Representatives**

The Board's role is to work closely in partnership and assist the Scheme Manager in relation to the following matters:

- Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;
- Securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;
- Ensuring any breach of duty is considered and followed under the scheme's procedure for reporting to the Pensions Regulator and to the Scheme Manager;
- Such other matters as the scheme regulations may specify;
- Assisting the Chair to ensure the effective and efficient governance and administration of the scheme.

#### **2. Duties**

Representatives will be required to:

- Prepare for all meetings in advance, including reading all papers and minutes,
- Contribute to setting the agenda for meetings,
- Actively participate in meetings,
- Show respect to other Board members,
- Assist the Chair in the effective running of meetings
- Have due regard for members and employers when making decisions

#### **3. Conflicts of Interest**

East Sussex Pension Board members will be required to adhere to the County Councils Conflicts of Interest Policy. All conflicts of interest must be declared on appointment to the Board and if/when they occur.

#### **4. Training and Knowledge**

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board. East Sussex Pension Board members will be required to undertake a personal training needs analysis and to regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

Members are expected to attend training opportunities and maintain a wider interest in the subject, beyond formal intervention, in order to provide rigour and challenge to the Pension Panel.

Every member of the Pension Board must be conversant with:

- the rules of the scheme, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme

Every member of the Pension Board must have knowledge and understanding of:

- the law relating to pensions, and
- any other matters which are prescribed in regulations

Members of the Pension Board must meet key attendance and training requirements as detailed in the Terms of Reference of the Pension Board.

#### **5. Qualities expected of Representatives**

- Commitment to the role
- Integrity, vision and good/independent judgment
- A willingness to devote the necessary time and effort to their duties as Representatives
- Ability to help formulate recommendations
- Good communication skills
- Tact and diplomacy
- Willingness to speak one's mind and listen to the views of others
- Understanding of the legal responsibilities and liabilities of an East Sussex Pension Board member.

#### **6. Desirable experience and knowledge**

- Knowledge and experience of governance or management of work based pension schemes and the regulatory bodies involved
- Knowledge of the local government pension scheme
- An awareness of the practices and policies about the administration of the LGPS including -
  - Pension fund administration and governance
  - Pension fund investment management
  - Pension fund liability management
- Experience of committee/trustee work
- The law relating to pensions
- Any matters which are prescribed in regulations.

#### **7. Time Consideration**

The Board meets at least 4 times a year. In addition to meetings, contact electronically or by telephone may be necessary. The time commitment for a representative is expected to be 1 a day per month on average which will include training.

**Advert for publication on our website and County local newspapers**

## Looking for an opportunity to shape the delivery of pension services for the East Sussex Pension Fund?

East Sussex County Council (ESCC) as the 'Administering Authority' is looking for a pensioner with experience and enthusiasm to be part of the East Sussex Pension Fund's (ESPF) pension board and ensure the members' benefits are secure, paid on time and to the right people whilst acting in line with the legal framework surrounding pensions.

We are seeking nominations from scheme members (pensioners) who can bring experience and enthusiasm to this exciting representative role.

You will work closely with the officers responsible for the pension arrangements of the East Sussex Pension Fund to ensure the compliance with pensions legislation and requirements imposed by the Pensions Regulator. More importantly you will ensure the effective governance and administration of the Fund to ensure that members of the Pension Scheme receive the best attention and a modern pension service.

Want to know more? Details of the roles and responsibilities are available on the ESCC and the ESPF websites at [www.eastsussex.gov.uk](http://www.eastsussex.gov.uk) or [www.eastsussexpensionfund.org](http://www.eastsussexpensionfund.org)

If interested, please provide a supporting statement detailing the knowledge or understanding you have of public sector pension schemes and the Local Government Pension Scheme. This information should be contained in no more than two sides of A4, and can be provided using the Fund email at [esccpensionsmanager@eastsussex.gov.uk](mailto:esccpensionsmanager@eastsussex.gov.uk) Applicants shortlisted for interview will be contacted after the closing date below.

Please note that the deadline for submission of your expression of interest with a supporting statement is **10 November 2017**.

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Report to: **Pension Board**

Date: **16 November 2017**

By: **Chief Finance Officer**

Title of report: **Pension Board Forward Plan 2017/18**

Purpose of report: **The updated report sets out the forward plan of the Pension Board and Committee for 2017-18. The Plan includes key objectives for the Fund, training strategy/plan for the Fund and Member training log.**

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## **RECOMMENDATIONS – The Board is recommended to note the report.**

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### **1. Introduction**

1.1 The Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom recommends the forward plan set out formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making.

### **2. Report Overview**

2.1 This report contain an updated 2017/18 Forward Plan, which will assists members with the Fund Governance arrangement, so that the Council is able to perform its role as the administering authority in a structured way, and an updated training plan, with a summary of both external and internal training events that Members and Officers can undertake in 2017/18.

### **3. Pensions Regulator Training Toolkit**

3.1 The Pensions Regulator has provided an on-line training resource to assist those involved with the public sector pension schemes. This is accessed via a “Trustee Toolkit” link on its website. It provides a set of seven modules covering the key themes in the Code of Practice on governance and administration of public service schemes.

### **4. Joint Pension Board and Committee Training Session**

4.1 The topics to be covered are detailed within the Pension Board and Committee Forward/Training plan. Following the successful joint training session covering ‘The role of the Board/Committee within the ACCESS LGPS Pool; and Updates from the Pension Fund Regulator’ on 26 September 2017, the next joint training session is scheduled to take place on 24 January 2018. The proposed topics for the session will be on Pensions Governance.

### **5. Conclusion and reasons for recommendations**

5.1 The Board is recommended to note the report.

Contact Officers: Ola Owolabi, Head of Pensions, 01273 482017  
[ola.owolabi@eastsussex.gov.uk](mailto:ola.owolabi@eastsussex.gov.uk)

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## **EAST SUSSEX PENSION FUND**

### **PENSION COMMITTEE/BOARD FORWARD PLAN 2017-18**

**November 2017**

## **Contents**

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## Business Plan

### 1 Introduction

- 1.1 Under the Local Government Pension Scheme (LGPS) (Administration) Regulations 2013, the East Sussex County Council administers the Pension Fund for approximately 71,000 individuals employed by 130 different organisations. Underpinning everything we do is a commitment to putting our members first, demonstrating adherence to good practices in all areas of our business and controlling costs to ensure we provide outstanding value for money.
- 1.2 This Business Plan (BP) provides an overview of the Fund's key objectives for 2017/18. The key high level objectives of the fund are summarised as:
  - Optimise Fund returns consistent with a prudent level of risk
  - Ensure that there are sufficient resources available to meet the investment Fund's liabilities, and
  - Ensure the suitability of assets in relation to the needs of the Fund.
- 1.3 A bespoke training strategy and plan for this administration was added to the BP after agreement by Members at the Pension Committee in July.
- 1.4 The governance of the Fund is the responsibility of the Chief Finance Officer for the East Sussex County Council, the East Sussex Pension Committee, and the Pension Board. The day to day management of the Fund is delegated to Officers with specific responsibility delegated to the Head of Accounts and Pensions. He is supported in this role by the Pensions Strategy and Governance Manager, and the Finance Manager (Pension Fund Investment).
- 1.5 The Pensions Committee aims to ensure the maximising of investment returns over the long term within an acceptable level of risk. Performance is monitored by asset performance being compared with their strategic benchmarks. This includes reviewing the Fund Managers' quarterly performance reports and discussing their strategy and performance with the Fund Managers.

### 2. KEY DOCUMENTS TO BE CONSIDERED BY THE PENSION BOARD

- 2.1 There are a number of key policy and strategy documents (Appendix 1) which the Local Government Pension Scheme (LGPS) Regulations require to be kept under regular review. These are listed below:
- 2.2 **Annual Report**  
This report sets out the Pension Fund activities for the previous financial year. The Council is required to publish the report by December of each year to accompany an audited financial statement. Within the Annual Report are the following documents: Statement of Investment Principles, Funding Strategy Statement, Governance Compliance Statement, Communications Policy and Pension Fund accounts.

### 2.3 Funding Strategy Statement

This sets out the strategy for prudently meeting the Fund's future pension liabilities over the longer term, including the maintenance, as far as possible, of stable levels of employer contributions. It also identifies the key risks and controls facing the Fund and includes details of employer contribution rates following the Fund's triennial valuation.

### 2.4 Statement of Investment Principles (SIP)

This document identifies the investment responsibilities of the various parties involved. For example, Pension Committee, Pension Board Officers, Investment Managers, Custodian, and Investment Advisors. It also details the Fund's investment policies and asset allocation approach as well as its compliance with the six Myners' investment principles. These six principles cover:

- Effective Decision Making;
- Clear Objectives;
- Risk and Liabilities;
- Performance Assessment;
- Responsible Ownership; and
- Transparency and Reporting.

Investment strategy statement (ISS) - As part of revoking and replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, the new regulations propose to remove the schedule of limitations on investments. Instead authorities will be expected to take a prudential approach, demonstrating that they have given consideration to the suitability of different types of investment, have ensured an appropriately diverse portfolio of assets and have ensured an appropriate approach to managing risk. The new ISS was implemented from April 2017.

### 2.5 Communications Policy

This details how the Fund provides information and publicity about the Pension scheme to its existing members and their employers and methods of promoting the Pension scheme to prospective members and their employers. It also identifies the format, frequency and method of distributing such information or publicity.

### 2.6 Governance Compliance Statement

This is a written statement setting out the administering authority's compliance with good practice governance principles. These principles are grouped within eight categories and are listed within the statement. The Fund's compliance against each of these principles is also detailed, including evidence of compliance and, if appropriate, reasons if there is not full compliance.

### 2.7 Valuation Reports

The Fund's actuary reviews and amends employer contribution rates every 3 years. The last actuarial valuation was based on Fund membership as at 31 March 2016.

### 2.8 **Administration Strategy**

Sets out standards and guidelines agreed between employers and ESCC to make sure the LGPS runs smoothly. The strategy is reviewed every 12 months and employers are informed of any revisions, which they can also comment on.

### 2.9 **Employers' Discretions Policy**

Regulations allow the County Council as the administering authority to choose how or whether to apply certain discretions for administering the scheme and the Pension Fund.

### 2.10 **Myners Compliance Statement**

Sets out the extent to which the fund complies with best practice principles.

## 1. PENSION COMMITTEE – FORWARD/BUSINESS PLAN

PENSION COMMITTEE FORWARD/BUSINESS PLAN					
Date	November 2017	February 2018	May 2018	July 2018	September 2018
Item					
1	LGPS Pooling – ACCESS Pool Update	LGPS Pooling – ACCESS Pool Update	LGPS Pooling – ACCESS Pool Update	External Audit and Annual Report Approval	LGPS Pooling – ACCESS Pool Update
2	Asset Pooling – Passive Investment Procurement	Communications policy statement	Discretionary policy statement	Investment Strategy review day	Annual review of the Fund's ESG approach
3	ACCESS Operator Procurement	Reporting Breaches	External Assurance Reports from Third Parties		Review on the investment strategy and Manager benchmarking
4	Annual Benefit Statement - update/ GMP Reconciliation update	Investment Strategy Statement	Bulk, Transfer, Cessations and Admission policies		
5	Environmental, Social and Governance (ESG) – update				
6	Option appraisal of services offered by other administration system providers.	Pension Committee/Board Training Plan			
7.	East Sussex Pension Fund: Independent Advisor				

### Recurring items

Item	
1	Pension Board Minutes
2	Quarterly Performance Report - Hymans Robertson
3	Fund Performance – Fund Manager Presentation
4	Officers' Report - Business Operations
5	Officers' Report - General Update
6	Forward Plan

## 2. PENSION BOARD – FORWARD/BUSINESS PLAN

PENSION BOARD FORWARD/BUSINESS PLAN				
Date	November 2017	February 2018	May 2018	September 2018
Item				
1	Pension Committee Agenda	Pension Committee Agenda	Pension Committee Agenda	Pension Committee Agenda
2	LGPS Pooling – ACCESS Pool Update	LGPS Pooling – ACCESS Pool Update	LGPS Pooling – ACCESS Pool Update	LGPS Pooling – ACCESS Pool Update
3	Proposals for Vice Chair position	Policies of the administering Authority <ul style="list-style-type: none"> <li>· conflicts of interests</li> <li>· record-keeping/meeting attendance</li> <li>· data protection and freedom of information</li> </ul>	Annual Report	Third party contracts
4	ESG report considered by the Committee in September	Risk register		Review on fee arrangements
5	Meeting the Training Requirements - Board Members	Communications policy statement		
6	Annual Benefit Statement - update			
7	ESPF Customer Survey results			
8	GMP Reconciliation - update			

### Recurring items

Item	
1	Officers' Report - Business Operations
2	Officers' Report - General Update
3	Forward Plan

# **East Sussex Pension Fund (ESPF)**

## **Pension Board and Committee Training Strategy**

### **1. Introduction - Target audience**

#### **1.1 Pensions Committee:**

East Sussex County Council (Scheme Manager) operates a Pensions Committee (the “Pensions Committee”) for the purposes of facilitating the administration of the East Sussex Pension Fund, i.e. the Local Government Pension Scheme that it administers. Members of the Pensions Committee owe an independent fiduciary duty to the members and employer bodies in the Funds and the taxpayer. Such members are therefore required to carry out appropriate levels of training to ensure they have the requisite knowledge and understanding to properly perform their role.

#### **1.2 Pension Board:**

The Scheme Manager is also required to establish and maintain a Pension Board, for the purposes of assisting with the ongoing compliance of the Fund. The Pension Board is constituted under the provisions of the Local Government Pension Scheme (Governance) Regulations 2015 and the Public Service Pensions Act 2013. Members of the Pension Board should also receive the requisite training and development to enable them to properly perform their compliance role. This strategy sets out the requirements and practicalities for the training of members of both the Pensions Committee and the Pension Board. It also provides some further detail in relation to the attendance requirements for members of the Pension Board and in relation to the reimbursement of expenses.

The East Sussex Pension Funds’ objectives relating to knowledge and skills should be to:

- Ensure the pension fund is managed and its services delivered by Officers who have the appropriate knowledge and expertise;
- Ensure the pension fund is effectively governed and administered;
- Act with integrity and be accountable to its stakeholders for decisions, ensuring they are robust and are well based and regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Communities and Local Government are met.

To achieve these objectives:-

#### **1.3 The East Sussex Pension Fund’s Pension Committee** require an understanding of:

- Their responsibilities in exercising their delegated decision making power on behalf of East Sussex County Council as the Administering Authority of the East Sussex Pension Fund;
- The fundamental requirements relating to pension fund investments;
- The operation and administration of the pension fund;

- Controlling and monitoring the funding level; and
- Taking effective decisions on the management of the Fund.

**1.4 East Sussex Pension Fund's Local Pension Board members** must be conversant with-

- The LGPS Regulations and any other regulations governing the LGPS
- Any document recording policy about the administration of the Fund

And have knowledge and understanding of:

- The law relating to pensions; and
- Such other matters as may be prescribed

To achieve these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework (KSF) and Code of Practice to meet the skills set within that Framework. Attention will also be given to any guidance issued by the Scheme Advisory board, the Pensions Regulator and guidance issued by the Secretary of State. Ideally, targeted training will also be provided that is timely and directly relevant to the Committee's and Board's activities as set out in the Fund's business plan.

Board members will receive induction training to cover the role of the East Sussex Pension Fund, Pension Board and understand the duties and obligations for East Sussex County Council as the Administering Authority, including funding and investment matters.

Also those with decision making responsibility in relation to LGPS pension matters and Board members will also:

- Have their knowledge assessed;
- Receive appropriate training to fill any knowledge gaps identified; and
- Seek to maintain their knowledge.

### **1.5 The Knowledge and Skills Framework**

In an attempt to determine what constitutes the right skill set for a public sector pension finance professional the Chartered Institute of Public Finance and Accounting (CIPFA) has developed a technical knowledge and skills framework. This is intended as a tool for organisations to determine whether they have the right skill mix to meet their scheme financial management needs, and an assessment tool for individuals to measure their progress and plan their development.

The framework is designed so that elected members and officers can tailor it to their own particular circumstances. In total, there are six main areas of knowledge and skills that have been identified as the core technical requirements for those working in public sector pension finance or for Members responsible for the management of the Fund. These have been outlined in some detail in Appendix 1 and summarised below –

1. Pension Legislation & Governance Context
2. Pensions Accounting & Auditing Standards
3. Financial Services Procurement & Relationship Management
4. Investment Performance & Risk Management
5. Financial Markets & Products Knowledge
6. Actuarial Methods, Standards & Practices

### **1.6 Scheme Employers** now have a greater need –

- Of being kept up to date of their increased responsibilities as a result the introduction of the CARE Scheme in the LGPS and the timeliness of providing data and scheme member information
- Of appreciating some of the determinations being made by the Pensions Ombudsman that impact directly on their decisions concerning ill-health retirement cases
- To be aware of the importance of having written discretion policies in place
- Of their representation role on the East Sussex Pension Board.

### **1.7 Application of the training strategy**

This Training Strategy will set out how ESCC will provide training to representatives with a role on the Pension Committee, Pension Board members and Employers. Officers involved in the management and administration of the Fund will have their own sectional and personal training plans and career development objectives.

### **1.8 Purpose of training**

The purpose of training is to:

- Equip members with the necessary skills and knowledge to be competent in their role;
- Support effective and robust decision making;
- Ensure individuals understand their obligation to act, and to be seen to act with integrity;
- Ensure that members are appropriately skilled to support the fund in achieving its objectives.

### **1.9 Summary**

Officers will work in partnership with members to deliver a training strategy that will:

- Assist in meeting the East Sussex Pension Fund objectives;
- Support the East Sussex Pension Fund's business plans;
- Assist members in achieving delivery of effective governance and management;
- Equip members with appropriate knowledge and skills;
- Promote ongoing development of the decision makers within the East Sussex Pension Fund;
- Demonstrate compliance with the CIPFA Knowledge and Skills Framework;
- Demonstrate compliance with statutory requirements and associated guidance



## **2. Delivery of Training**

### **2.1 Training plans**

To be effective, training must be recognised as a continual process and centred on 3 key points

- The individual
- The general pensions environment
- Coping with change and hot topics

The basis of good training for a Fund is to have in place a training plan complemented by a training strategy or policy.

The training strategy supported by the plan will set out how, what and when training will be carried out.

Officers will with members conduct reviews of training, learning and development processes and identify gaps versus best practice.

### **2.2 Training resources**

Public bodies such as the Local Government Association (LGA) and Actuarial, Benefit Consultants and Investment Consultants have been carrying out training sessions for LGPS Funds for many years. This means there is a vast readily available library of material to cover many different topics and subjects and the appropriate expert to deliver it.

### **2.3 Appropriate Training**

As mentioned in 2.1 above it is best practice for a Fund to have in place a training strategy and training plan. This will help identify the Fund's objectives and indicate what information should be contained in the training material and presentation. For example, if the East Sussex Pension Fund records its aim for full compliance with the CIPFA Knowledge and Skills Framework (KSF) and Code of Practice to meet the skill set within the Framework, the content of training will meet the requirements of the KSF. This is particularly important if the East Sussex Pension Fund is monitoring the knowledge levels of Committee members or Board members, in which case the training must cover any measurement assessment being applied by the Fund in the monitoring knowledge levels.

### **2.4 Flexibility**

It is recognised that a rigid training plan can frustrate knowledge attainment if it does not adapt for a particular purpose, there is a change in pension's law or new responsibilities are required of board members. Learning programmes will therefore include some flexibility so they can deliver the appropriate level of detail required.

## 2.5 E-Learning

The Pensions Regulator has available an online e-learning programme for those involved in running public service pension schemes. This learning programme is aimed at all public service schemes and whilst participation is to be encouraged, taking this course alone is very unlikely to meet with knowledge and understanding requirements of LGPS local pension board members.

## 3. Training deliverables

### 3.1 Suitable Events

It is anticipated that at least 1 day's annual training will be arranged and provided by officers to address specific training requirements to meet the Committee's forward business plan, all members will be encouraged to attend this event.

A number of specialist courses are run by bodies such as the Local Government Employers and existing fund manager partners, officers can provide details of these courses. There are a number of suitable conferences run annually, officers will inform members of these conferences as details become available. Of particular relevance are the National Association of Pension Funds (NAPF) Local Authority Conference, usually held in May, the LGC Local Authority Conference, usually held in September, and the Local Authority Pension Fund Forum (LAPFF) annual conference, usually held in December.

### 3.2 Training methods

There are a number of methods and materials available to help officers prepare and equip members to perform their respective roles. Consideration will be given to various training resources available in delivering training to members of Committee, Board, and officers in order to achieve efficiencies. These may include but are not restricted to:-

For Pension Committee and Pension Board Members	For Officers
<ul style="list-style-type: none"> <li>• On site or off site</li> <li>• Using an Online Knowledge Portal or other e-training facilities</li> <li>• Attending courses, seminars and external events</li> <li>• Internally developed training days</li> <li>• Short sessions on topical issues or scheme-specific issues</li> <li>• Informal discussion and One to one</li> <li>• Shared training with other Funds or Frameworks</li> <li>• Regular updates from officers and/or advisors</li> <li>• A formal presentation</li> </ul>	<ul style="list-style-type: none"> <li>• Desktop/work based training</li> <li>• Using an Online Knowledge Portal or other e-training facilities</li> <li>• Attending courses, seminars and external events</li> <li>• A workshop with participation</li> <li>• Short sessions on topical issues or scheme-specific issues</li> <li>• Informal discussion and One to one</li> <li>• Training for qualifications from recognised professional bodies (e.g. CIPFA, ACCA, etc.)</li> <li>• Internally developed sessions</li> <li>• Shared training with other Funds or Framework</li> </ul>

### **3.3 Training material**

Officers will discuss with members the material they think is most appropriate for the training. Officers can provide hand outs and other associated material.

## **4. Monitoring and Reporting**

Each member of the Pensions Committee and Pension Board will inform the Scheme Manager of relevant training attended from time to time. A report will be submitted to the Pensions Committee annually highlighting the training and attendance of each member of the Pensions Committee and Pension Board.

Where the Scheme Manager has a concern that a member of the Pension Board is not complying with the requisite training or attendance requirements it may serve a notice on the Pension Board, requiring the Pension Board to take necessary action. The Pension Board shall be given reasonable opportunity to review the circumstances and, where appropriate, liaise with the Scheme Manager with a view to demonstrating that such member will be able to continue to properly perform the functions required of a member of the Pension Board.

This training strategy will be reviewed on an ongoing basis by the Scheme Manager, taking account of the result from any training needs evaluations and any emerging issues. The Committee/Board will be updated with events and training opportunities as and when they become available and relevant to on-going pension governance

## **5. Risk**

### **5.1 Risk Management**

The compliance and delivery of a training strategy is a risk in the event of-

- Frequent changes in membership of the Pension Committee or Pension Board
- Poor individual commitment
- Resources not being available
- Poor standards of training
- Inappropriate training plans

These risks will be monitored within the scope of the training strategy to be reported where appropriate.

## **6. Budget**

### **6.1 Cost**

A training budget will be agreed and costs fully scoped.

### **6.2 Reimbursement of expenses**

All direct costs and associated reasonable expenses for attendance of external courses and conferences will be met by the fund.

All reasonable expenses properly incurred by members of the Pensions Committee, and the Pension Board necessary for the performance of their roles will be met by the Funds, provided that the Scheme Manager's prior approval is sought before incurring any such expenses (other than routine costs associated with travelling to and from Pensions Board/Committee meetings) and appropriate receipts are sent to the Scheme Manager evidencing the expenses being claimed for.

### **7. Pensions Regulator Training Toolkit**

The Pensions Regulator has provided an on-line training resource to assist those involved with the public sector pension schemes. This is accessed via a "Trustee Toolkit" link on its website.

It provides a set of seven modules covering the key themes in the Code of Practice on governance and administration of public service schemes. Each module provides an option to complete an interactive tutorial online and an assessment to test knowledge. The modules are:

- Conflicts of interest
- Managing risk and internal controls
- Maintaining accurate member data
- Maintaining member contributions
- Providing information to members and others
- Resolving internal disputes
- Reporting breaches of the law.

The Regulator suggests that each module's tutorial should take no more than 30 minutes to complete. The modules will assist with meeting the minimum knowledge and understanding requirements in relation to the contents of the Code of Practice, but would not meet the knowledge and skills requirements in other areas such as Scheme regulations, the Fund's specific policies and the more general pension's legislation. Therefore, this toolkit should be used to supplement the existing training plans.

### Proposed Members Training Plan for 2017-2018

The proposed Training Plan for East Sussex Pension Fund Committee/Board Members incorporate the ideas, themes and preferences identified in the Self Assessment of Training Needs along with upcoming areas where the Board/Committee will require additional knowledge. The Plan aims to give an indication of the delivery method and target completion date for each area. On approval, officers will start to implement this programme, consulting with Members as appropriate concerning their availability regarding appropriate delivery methods.

	PROPOSED DELIVERY METHODS							
TRAINING NEED	One-to-One Briefing with an officer	Members' Briefing Notes	Short Seminars (before Committee meeting)	Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (e.g. Webcasts, Videos)	KSF area (s)	COMPLETION TARGET DATE
<b>GENERAL TRAINING</b>								
General overview of LGPS - Induction <ul style="list-style-type: none"> <li>Member's Role</li> </ul>	✓						1	Completed
Members individual needs on specific areas arising during the year <ul style="list-style-type: none"> <li>Advisory Board e-learning</li> </ul>	✓	✓			✓	✓ ✓	1,3,4	As required – notify Head of Accounts and Pensions
Pre- committee meeting/agendas <ul style="list-style-type: none"> <li>Specific investment Topics</li> <li>Services and providers</li> <li>Procurement process for</li> </ul>		✓ ✓ ✓	✓ ✓ ✓				2,3,4,5	

	PROPOSED DELIVERY METHODS							
TRAINING NEED	One-to-One Briefing with an officer	Members' Briefing Notes	Short Seminars (before Committee meeting)	Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (e.g. Webcasts, Videos)	KSF area (s)	COMPLETION TARGET DATE
services provided externally <ul style="list-style-type: none"> <li>• Performance measurement</li> <li>• Accounts and audit regulations</li> <li>• Role of internal and external audit</li> <li>• Fund responsibilities/ policy</li> <li>• Pension Discretions</li> <li>• Safeguarding the Fund's Assets</li> </ul>		✓ ✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓ ✓					
Pension Fund Forum <ul style="list-style-type: none"> <li>• Valuation Process</li> <li>• Knowledge of the valuation process and the need for a funding strategy</li> <li>• Implications for employers of ill health and outsourcing decisions</li> <li>• Importance of monitoring asset returns relative to liabilities</li> </ul>				✓			1,4,6	

	PROPOSED DELIVERY METHODS							
TRAINING NEED	One-to-One Briefing with an officer	Members' Briefing Notes	Short Seminars (before Committee meeting)	Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (e.g. Webcasts, Videos)	KSF area (s)	COMPLETION TARGET DATE
<b>SPECIFIC ISSUES IDENTIFIED FROM MEMBERS SELF ASSESSMENTS</b>								
General Pension Framework <ul style="list-style-type: none"> <li>LGPS discretions &amp; policies</li> <li>Implications of the Hutton Review</li> </ul>		✓	✓	✓	✓		1,6	
Pensions Legislation & Governance: <ul style="list-style-type: none"> <li>Roles of the Pension Regulator, Pension Advisory Service &amp; Pension Ombudsman in relation to the scheme</li> <li>Review of Myners principles and associated CIPFA &amp; SOLACE guidance</li> </ul>		✓		✓			1,2,	
Pension Accounting & Auditing standards: <ul style="list-style-type: none"> <li>Accounts &amp; Audit regulations and the legislative requirements</li> </ul>			✓				1,2	

	PROPOSED DELIVERY METHODS							
TRAINING NEED	One-to-One Briefing with an officer	Members' Briefing Notes	Short Seminars (before Committee meeting)	Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (e.g. Webcasts, Videos)	KSF area (s)	COMPLETION TARGET DATE
Financial Services procurement: <ul style="list-style-type: none"> <li>Current public procurement policy &amp; procedures</li> <li>UK &amp; EU procurement legislation</li> </ul>				✓ ✓			3,5,6	
Investment Performance & Risk Management: <ul style="list-style-type: none"> <li>Monitoring asset returns relative to liabilities</li> <li>Myners principles of performance management</li> <li>Setting targets for committee and how to report against them</li> </ul>				✓ ✓ ✓	✓		3,5,6	Invite to be circulated to when relevant
Financial markets & products knowledge: <ul style="list-style-type: none"> <li>Refresh the importance of setting investment strategy</li> <li>Limits placed by regulation on investment activities in</li> </ul>			✓	✓	✓		4 1 4	



	PROPOSED DELIVERY METHODS							
TRAINING NEED	One-to-One Briefing with an officer	Members' Briefing Notes	Short Seminars (before Committee meeting)	Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (e.g. Webcasts, Videos)	KSF area (s)	COMPLETION TARGET DATE
the LGPS <ul style="list-style-type: none"> <li>Understanding of the operations of the fixed income manager</li> <li>Understanding of Alternative asset classes</li> </ul>				✓			4,5,6	
Pension Administration - <ul style="list-style-type: none"> <li>Shared service</li> </ul>		✓	✓	✓			2,6	
Actuarial methods, standards and practices: <ul style="list-style-type: none"> <li>Considerations in relation to outsourcings and bulk transfers</li> <li>Triennial Valuation refresher</li> </ul>		✓ ✓					1 6	
<b>CHAIRMAN TRAINING</b>								
<ul style="list-style-type: none"> <li>Fund Benchmarking</li> <li>Stakeholder feedback</li> <li>Appreciation of changes to scheme rules</li> </ul>	✓ ✓				✓		2 4 1,5	

	PROPOSED DELIVERY METHODS							
TRAINING NEED	One-to-One Briefing with an officer	Members' Briefing Notes	Short Seminars (before Committee meeting)	Training Events (Internal & External Speakers)	External Conferences & Training Seminars	E-Learning (e.g. Webcasts, Videos)	KSF area (s)	COMPLETION TARGET DATE
<b>EXTERNAL SEMINARS AND CONFERENCES</b>								
NAPF Local Govt Conference <ul style="list-style-type: none"> <li>Refresher training</li> <li>Keeping abreast of current development</li> </ul>					✓ ✓		1,3,4,5	
LGC Investment Conference <ul style="list-style-type: none"> <li>Fund Manager events and networking</li> </ul>					✓ ✓		1,2,3,4,5,6	

**Key**

**The six areas covered within the CIPFA Knowledge and Skills Framework (KSF):**

- |   |             |
|---|-------------|
| 1. Pension Legislation & Governance Context                 | <b>KSF1</b> |
| 2. Pensions Accounting & Auditing Standards                 | <b>KSF2</b> |
| 3. Financial Services Procurement & Relationship Management | <b>KSF3</b> |
| 4. Investment Performance & Risk Management                 | <b>KSF4</b> |
| 5. Financial Markets & Products Knowledge                   | <b>KSF5</b> |
| 6. Actuarial Methods, Standards & Practices                 | <b>KSF6</b> |

## EAST SUSSEX PENSION BOARD – TRAINING LOG

<b>Member/Representative Name:</b> .....		
<b>Subject/Description of training</b>	<b>Date completed</b>	<b>Suggested Further Action?</b>
<b>Benefit Structure</b>		
Joining	22 February 2016	
Contributions	22 February 2016	
Benefits	22 February 2016	
Transfers	22 February 2016	
Retirement	22 February 2016	
Increasing benefits	22 February 2016	
<b>Code of Practice</b>		
About the code	22 February 2016	
Governing your scheme	22 February 2016	
Risk	22 February 2016	
Administration	22 February 2016	
Resolving issues	22 February 2016	
<b>LGPS – Legislative and Governance context</b>		
A recap on who does what in the LGPS focusing on the roles of;	14 June 2016	
The administering authority	14 June 2016	
The employers	14 June 2016	

<b>Member/Representative Name:</b> .....		
Subject/Description of training	Date completed	Suggested Further Action?
The Committee	14 June 2016	
The LPB	14 June 2016	
S151 officer	14 June 2016	
Conflicts of Interest and Reporting Requirements	14 June 2016	
Consideration of the Committee and Pension Board's responsibilities in the areas of;	14 June 2016	
<b>Conflicts of interest</b>		
Reporting breaches of the law	14 June 2016	
<b>2016 Triennial Valuation refresher</b>		
Funding principles and preparing for the 2016 valuation;	14 June 2016	
Valuation basics	14 June 2016	
Role of the PC & LPB	14 June 2016	
Purpose of the valuation / Funding Strategy Statement	18 July 2016	
2013 valuation overview	18 July 2016	
Whole fund and employer results	18 July 2016	
Contribution stability / Like for like results	18 July 2016	
Funding strategy	18 July 2016	
Employer risk / Employer specific funding objectives	18 July 2016	
Experience from 2013 to 2016	18 July 2016	
Markets (asset returns and yields)	18 July 2016	

<b>Member/Representative Name:</b> .....		
<b>Subject/Description of training</b>	<b>Date completed</b>	<b>Suggested Further Action?</b>
Longevity experience	18 July 2016	
<b>TPR's Public Sector Online Toolkit (7 modules)</b>		
Conflicts of Interest		
Managing Risk and Internal Control		
Maintaining Accurate Records		
Maintaining Member Contributions		
Providing Information to Members and Others		
Resolving Internal Disputes		
Reporting Breaches of the Law		
<b>TPR Code of Practice no. 14</b>		
Governing Your Scheme	26 September 2017	
Managing Risks	26 September 2017	
Administration	26 September 2017	
Resolving Issues	26 September 2017	
<b>Pensions Legislation</b>		
The Legislative Framework for Pensions in the UK	26 January 2017	
LGPS Regulations and Statutory Guidance	26 January 2017	
LGPS Discretions	26 January 2017	
Other Legislation	26 January 2017	

<b>Member/Representative Name:</b> .....		
<b>Subject/Description of training</b>	<b>Date completed</b>	<b>Suggested Further Action?</b>
<b>Pensions Governance</b>		
Understanding National and Local Governance Structure		
Knowledge of Pension Fund Stakeholders		
Knowledge of Pension Fund Stakeholder Consultation and Communication		
Governance Policies		
<b>Pension Administration</b>		
Understanding Best Practice		
Interaction with HMRC		
Additional Voluntary Contributions	3 November 2017	
The Role of the Scheme Employer		
Stewardship Report		
<b>Pensions Accounting and Auditing Standards</b>		
Understanding the Accounts and Audit Regulations		
The Role of Internal and External Audit		
Third Party Contracts		
<b>Investment Performance and Risk Management</b>		
Monitoring Assets and Assessing Long-Term Risk		
Myners Principles of Performance Management		
Awareness of Support Services		

<b>Member/Representative Name:</b> .....		
Subject/Description of training	Date completed	Suggested Further Action?
Understanding Risk and Return of Fund Assets	18 July 2016	
Understanding the Financial Markets	3 November 2017	
LGPS (Management and Investment of Funds) Regulations		
HMRC and Overseas Taxation		
<b>Procurement and Relationship Management</b>		
Public Procurement Policy and Procedures		
Brief Overview of UK and EU Procurement Legislation		
How the Pension Fund Monitors and Manages its Outsourced Providers	13 June 2017	
<b>Additional Training</b>		
LGPS discretions & policies	26 January 2017	
Safeguarding the Fund's Assets	26 January 2017	
Developing Investment Strategies Statement	26 January 2017	
Role of the Global Custodian – Northern Trust	26 January 2017	
Pensions legislative & Governance	26 October 2016	
Environmental, Social and Governance (ESG)	13 June 2017	
The role of the Board/Committee within the ACCESS LGPS Pool;	26 September 2017	
Updates from the Pension Fund Regulator.	26 September 2017	

AVAILABLE TRAINING AND CONFERENCES 2017 – 2018

Date	Conference/Event	Run By	Delegates/Cost
September 2017	Investment Summit	Local Government Chronicle (LGC)	TBC
October 2017	Annual Local Government Pension Investment Forum	Informal	TBC
24 October 2017	LAPFF Business meeting	Local Authority Pension Fund Forum (LAPFF)	Free
November 2017	Local Authority Forum	Pension and Lifetime Savings Association (PLSA)	Free
6, 7, 8 December 2017	LAPFF Annual Conference	Local Authority Pension Fund Forum (LAPFF)	Free
30 January 2018	LAPFF AGM And Business meeting	Local Authority Pension Fund Forum (LAPFF)	Free
<b>On-Line Training</b>			
<a href="http://www.thepensionsregulator.gov.uk">www.thepensionsregulator.gov.uk</a>	Pension Education Portal	Pensions Regulator	Free on-line
<a href="http://www.lgpsregs.org/">http://www.lgpsregs.org/</a>	LGPS Regulations and Guidance	LGPS Regulations and Guidance	Free on-line
<a href="http://www.lgps2014.org/">http://www.lgps2014.org/</a>	LGPS 2014 members website	LGPS 2014 website	Free on-line
<a href="http://www.local.gov.uk">www.local.gov.uk</a>	LGA website	Local Government Association	Free on-line



## Joint Pension Committee and Pension Board Training Session Members Training - Forward Plan

JOINT PENSION COMMITTEE AND PENSION BOARD - FORWARD PLAN					
Date	18 July 2016	26 October 2016	26 January 2017	13 June 2017	26 September 2017
Topics	<ul style="list-style-type: none"> <li>Valuation assumption setting</li> <li>Consistency of assumptions with investment beliefs</li> <li>2016 valuation early warning</li> <li>Valuation timetable and next steps</li> </ul>	<ul style="list-style-type: none"> <li>Triennial Valuations and Understanding Liabilities</li> <li>Roles of the Pension Regulator</li> <li>Pensions legislative &amp; Governance</li> </ul>	<ul style="list-style-type: none"> <li>LGPS discretions &amp; policies</li> <li>Safeguarding the Fund's Assets</li> <li>Developing Investment Strategies Statement</li> <li>Role of the Global Custodian – Northern Trust</li> </ul>	<ul style="list-style-type: none"> <li>Environmental, Social and Governance (ESG) Training Day</li> </ul>	<ul style="list-style-type: none"> <li>The role of the Board/Committee within the ACCESS LGPS Pool;</li> <li>Updates from the Pension Fund Regulator.</li> </ul>



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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