



PENSION BOARD

THURSDAY, 8 FEBRUARY 2018

10.00 am COMMITTEE ROOM - COUNTY HALL, LEWES

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

A G E N D A

- 1 Minutes (*Pages 3 - 10*)
- 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 11 - 32*)
- 6 Local Government Pension Scheme (LGPS) Pooling - ACCESS update (*Pages 33 - 40*)
- 7 External Audit Plan - East Sussex Pension Fund (*To Follow*)
- 8 Pension Fund Governance and Investments - Internal Audit Report (*Pages 41 - 52*)
- 9 Pensions Annual Benefit Statement update (*Pages 53 - 56*)
- 10 Preparing for General Data Protection Regulation Compliance (GDPR) (*Pages 57 - 60*)
- 11 Officers' Report - Business Operations (*Pages 61 - 82*)
- 12 Pensions Administration (*To Follow*)
- 13 Governance Policy and Compliance Statement (*Pages 83 - 126*)
- 14 Communications Policy Statement (*Pages 127 - 134*)
- 15 Reporting Breaches Policy (*Pages 135 - 152*)
- 16 East Sussex Pension Fund 2017/18 Budget monitoring and 2018/19 Budget report (*Pages 153 - 158*)
- 17 Risk Register (*Pages 159 - 170*)
- 18 Officers' Report - General Update (*Pages 171 - 174*)
 - Appointment of a new Scheme Member (Pensioner)
- 19 Pension Board Forward Plan 2017/18 (*Pages 175 - 204*)

20 Any other items previously notified under agenda item 4

PHILIP BAKER
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31 January 2018

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Agenda Item 1

PENSION BOARD

MINUTES of a meeting of the Pension Board held at County Hall, Lewes on 16 November 2017.

PRESENT Richard Harbord (Chair) Councillor Kevin Allen,
Angie Embury, Stephen Osborn and Bernadette Carlyle

ALSO PRESENT Ian Gutsell, Chief Finance Officer
Ola Owolabi, Head of Pensions
Brian Smith, Regional Operations Manager
Jason Bailey, Lead Pensions Manager
Wendy Neller, Pensions Strategy and Governance Manager
John Shepherd, Finance Manager (Pension Fund)
Harvey Winder, Democratic Services Officer
Steve Tidy, Strategic Procurement Manager

29 MINUTES

29.1 The Board agreed the minutes of the previous meeting.

30 APOLOGIES FOR ABSENCE

30.1 Apologies for absence were received from Sue McHugh (substitute: Stephen Osborn) and Cllr Brian Redman.

31 DISCLOSURE OF INTERESTS

31.1 The Chair declared a personal interest as a close relative of someone employed by UBS.

32 URGENT ITEMS

32.1 There were no urgent items.

33 PENSION COMMITTEE AGENDA

33.1. The Board considered the non-exempt items of the Pension Committee's agenda for its 27 November meeting.

Item 10: Market analysis of Pensions Administration System

33.2. Steve Tidy (ST), Strategic Procurement Manager, presented the Board with a market analysis of pension administration systems providers.

33.3. Jason Bailey (JB), Lead Pensions Manager, explained that since the market analysis of pension administration systems has been completed, two of the four customers of Capita's pension administration system were reviewing their options for future service provision

33.4. Bernadette Carlyle (BC), asked how the market analysis had determined customer satisfaction ratings for the four providers. ST, explained that the intelligence had been gathered

by searching for publicly available product reviews from either councils using the service, or from employees. These are often testimonies published by the providers themselves, who are less likely to publish negative reviews. Pension administration systems are a niche product so there are no independent customer satisfaction surveys carried out about them. ST added that during the procurement process Orbis will be entitled to engage directly with the customers of the bidding companies to establish more accurate product satisfaction levels.

33.5. The Chair asked for clarification about the next stage in the procurement process. ST said that the current contract with Heywood expires in August 2021, so the procurement process will need to begin by the 2nd Quarter of 2019. The contract also contains break points that could be triggered before then, although these will contain penalty clauses.

33.6. ST said that the tendering process will be fair and transparent. However, there is no pre-existing framework that can be used to speed it up. It is, therefore, proposed that there is a restricted tendering process that contains pre-qualification answers that are likely to exclude a number of potential bidders.

33.7. The Chair asked whether the procurement will include only the four companies identified in the market analysis. ST said that it cannot be ruled out beforehand that other companies might say they can provide the service. If this happens then their ability to provide the service will also be tested.

33.8. The Chair asked what weighting quality will be given in the procurement process. ST said that the weighting will be in favour of quality over price and the ratio used is generally 60:40 but this can be varied. The cost of ownership burdens to the local authority of the providers' bids will be established and included in the price, not just the upfront cost.

33.9. Cllr Kevin Allen (KA) asked for clarification about the effect ACCESS will have on the pension administration in East Sussex. Ola Owolabi (OO), Head of Accounts and Pensions, confirmed that ACCESS will not have an effect at this stage as the pooling initiatives only relate to pension investments, not pension administration. He conceded that this is the current position and it could change in future years if the Government decided otherwise.

33.10. The Chair said that it will be up to the Pension Committee to decide when to begin the tendering process between now and 2019. Stephen Osborn (SO) observed that there did not seem to be another provider that looked significantly better than Heywood, from the information presented in the report. ST said that pension administration is a stable and static niche market that is unlikely to have many new providers drop in to or existing providers drop out of the market.

33.11. The Board RESOLVED to note the report.

34 PROPOSALS FOR A VICE CHAIR OF THE PENSION BOARD

34.1 The Board considered a report about the proposals for a Vice Chair of the Pension Board.

34.2 The Board RESOLVED 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 will provide nominations for a Vice Chair for approval by Governance Committee;

3) agree that the scheme member representatives will provide nominations for a Vice Chair for approval by Governance Committee; and

4) agree that the employer representative will act as the Vice Chair for the 8 February 2018 Board meeting and that the role alternates on a meeting by meeting basis thereafter.

35 ANNUAL BENEFIT STATEMENT UPDATE

35.1. The Board considered a report providing an update on the Annual Benefit Statement.

35.2. JB explained that 480 of the employees who had yet received their statements were new employees of Brighton & Hove City Council (BHCC) who had joined in the previous year and who Orbis did not receive information about in time but this had since been resolved. The amount that they will have accrued will be minimal, but they will receive their statements shortly.

35.3. JB explained that there were 22,500 deferred members for whom a statement had been issued but there are more than 26,000 in existence, with the difference being those who moved without informing the East Sussex Pension Fund (ESPF) about their new address. This would have built up over 20 years or more as, until now, pro-active steps had only been taken to trace deferred members when their benefits were due for payment. Business Operations was now engaging a screening company to trace down the likely addresses of these deferred members as they are aware this is likely to be an area of future interest to the Pensions Regulator.

35.4. BC asked what will be done differently to ensure that the Annual Benefit Statement deadline will be achieved next year. JB said that a more robust plan is in place to meet next year's 31 August 2017 deadline. This includes publishing the Statements between May and the end of July in phases, which is possible because of the new online system; a more robust approach to be taken with employers who fail to make their submissions by the end of April; employers will be offered support to assist with producing their reports.

35.5. SO asked how the sent rate of 93% of statements compared to other local authorities. JB said that a large number of other pension funds had reported breaches of the statutory deadline and that the sent rate for East Sussex was similar to elsewhere.

35.6. The Board RESOLVED to:

1) note the report; and

2) request a report for the 8 February meeting on what lessons have been learned from the production of Annual Benefit Statements for 2017 and what will be done next year to meet the deadline in full.

36 LOCAL GOVERNMENT PENSION SCHEME (LGPS) POOLING - ACCESS UPDATE

36.1. The Board considered an update on the activities undertaken by the ACCESS group.

36.2. The Chair informed the Board that he had emailed the chairs of the other 11 pension boards in the ACCESS Group with the intention of agreeing what regular information the boards will request from ACCESS. This is to avoid placing excessive demands on ACCESS to produce different sets of data on an ad hoc basis for each board. He was of the understanding that the Pensions Regulator did not intend to mandate a pension board for Local Government Pension Scheme (LGPS) pooled groups, so it would be up to local authorities to develop their own arrangements.

36.3. The Chair asked for clarity about when ACCESS will be able to deliver the projected annual £30m savings. OO said that individual funds will begin to transfer liquid assets to the pooled fund from 1 April 2018. This process will take 2-3 years and the savings should be realised at the end of this process. OO added that the £5.2m annual saving from pooling passive funds to a single pool managed by UBS has reduced the management fees for passive investments for the ESPF from £1.2m to £600k.

36.4. OO said that the Operator has been shortlisted to three potential organisations. A decision will be made by the ACCESS Joint Governance Committee (JGC) on 13 December 2017 to select an Operator. The Pension Committee will consider the issue further at their 27 November meeting.

36.5. OO explained that only 1% of ESPF's assets are allocated to infrastructure and the Pension Committee will be asked to agree to the principal of increasing them to 4% to meet the aspirations of the ACCESS Group.

36.6. Angie Embury (AE) observed that the pooling groups had been set up in the first place to help fund national infrastructure. The Chair wondered whether pooled groups will be directed by government to invest in infrastructure, whether this would include affordable housing, and what effect this would have on return on investment.

36.7. OO explained that investment in specific infrastructure will not be straightforward as current infrastructure investments will take up to 15 years to mature before they can be moved elsewhere. The definition of infrastructure is also unclear, with LGPS defining it as utilities, roads etc. and not housing. Investment also needs to reduce a pension fund's deficit and the burden on its employer representatives; this may not be achieved investing in certain infrastructure.

36.8. AE asked whether there will be union representation on the JGC. OO said that there was not at the current time as the composition of the JGC includes a single representative of each of the 11 members who is nominated from the local authority's pension committee. The JGC is, however, due to consider the matter of its composition in the future. OO added that the JGC will be responsible primarily with the hiring and firing of investment managers but the rest of the functions will remain with local pension committees, who will be assisted by pension boards and will be able to influence the JGC. This means there will still be union representation to the decision making process for the ESPF.

36.9. The Chair observed that the ACCESS arrangements are likely to be tested once they are up and running, for example, how member organisations respond when investment managers' performance is below the expectations of some member LGPSs and above the expectations of others. He also expected employers may take a keen interest if lower returns start to impact their burden of contributions to their funds.

36.10. The Board RESOLVED to note the report.

37 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT (FROM 4 SEPTEMBER PENSION COMMITTEE)

37.1. The Board considered an update on the ESPF's stance on Environmental, Social and Governance (ESG) investments.

37.2. OO explained that the Pension Committee has been taking ESG issues very seriously. This included signing up to the UK Stewardship Code on responsible investment; discussions with an organisation True Cost about carbon exposure of ESPF's investments; investing 10% of

passive equity into UBS's carbon related investment tracker; and working with 71 other funds through the Local Authority Pension Fund Forum (LAPFF) to influence companies' behaviour. He added that elected members who are asked by campaign groups about divestment have been provided with a response that sets out the position of the ESPF.

37.3. AE observed that local authorities have a duty to reduce their carbon footprint, for example, by installing double glazing in their buildings, and it is important that this commitment is replicated through ESPF investments.

37.4. KA said that he applauded the Pension Committee for taking the subject seriously. He asked that future reports on ESG reflect that BHCC, Eastbourne Borough Council and Hastings Borough Council (who are all members of the ESPF) have all passed motions to divest from fossil fuel investments and that BHCC is sceptical about the influence shareholders can have on a company's behaviour.

37.5. The Chair wondered whether the considerable size of the eight pooled LGPSs would allow them to engage directly with companies to influence their behaviour, rather than through intermediaries. KA said that there also needs to be active divestment in fossil fuels not just directing companies' behaviour.

37.6. SO observed that the key message of the ESPF is to receive a return on investment for pensioners and employers in line with their fiduciary duty and that there was not a clear commitment to divestment if it affected these returns. AE said that the mood amongst in BHCC members appears to be in favour of divestment.

37.7. The Board RESOLVED to note the report.

38 ANNUAL REVIEW OF PENSION BOARD TRAINING PLANS

38.1 The Board considered a report about the training plan for board members.

38.2 The Board RESOLVED to:

- 1) note the report;
- 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.

39 GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION UPDATE

39.1. The Board considered a report providing an update on the progress of the Guaranteed Minimum Pension (GMP) Reconciliation Exercise.

39.2. JB explained that ITM has completed its project and identified 11,760 unreconciled deferred and pension aged ESPF members requiring further review. The next stage is to carry out a mini tender for a company to assess these 11,760 members and ITM have been asked to provide a cost for this exercise.

39.3. The Chair expressed concern that 11,760 was a high figure. JB said that a lot of the cases will be able to be resolved in bulk as they will relate to discrepancies between ESPF and HM Revenue & Customs (HMRC) records where people left their jobs and HMRC did not track their movement. The figure of 1,875 pensioners of post GMP age is expected to come down on review.

39.4. The Chair observed that it was difficult to get a feel for the benefits of this exercise for individual scheme members and the cost reconciliation will have on the ESPF.

39.5. The Chair asked whether the figure of 9,586 cases awaiting data from HMRC along with 88 other funds requesting similar information would make it very unlikely that HMRC will have cleared the backlog before its deadline of 31 December 2018. JB said that HMRC has committed more resources to dealing with the volume of data requests.

39.6. The Board RESOLVED to note the report.

40 OFFICERS' REPORT - BUSINESS OPERATIONS

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

40.2. The Chair asked how ESPF is performing against the national key performance indicators for pension administration. JB said that there were no definitive national indicators, though CIPFA used a set of indicators which were issued by the Local Government Association (LGA) a number of years ago.

40.3. JB explained that the feedback results of the staff survey were 70% positive out of 140 responses. He added the caveat that some of the complaints or negative responses were in areas outside of the Business Operations Team's control, for example, scheme members requesting that ESPF disinvest from fossil fuels. This survey was part of a wider Business Operations survey and next year would seek to target just pension administration issues rather than investment concerns.

40.4. JB said that it would be difficult to identify the potential numbers of partners eligible for survivor benefits under the ESPF scheme, following the Brewster court decision but they would produce a report of cases for internal investigation. AE asked whether there are legal issues determining whether someone was a surviving co-habiting partner. JB said that there are defined eligibility criteria including co-habitation for two years, financial interdependency and that the partner had been free to marry the deceased person. The difficulty now arises for the surviving partner in providing supporting documents as many will have been destroyed since the 2008-2014 time period. BC observed that this exercise would likely bring a lot of additional administrative costs.

40.5. The Board RESOLVED to:

- 1) note the report; and
- 2) request an update on the number of scheme members effected by the Brewster court decision and the cost it will have on the ESPF; and
- 3) request an example of how Business Operations key performance indicators is performing relative to the national key performance indicators.

41 OFFICERS' REPORT - GENERAL UPDATE

41.1 The Board considered a general update on pension issues.

41.2 OO clarified that the interview panel for the new employee representative Pension Board member will be the Section 151 Officer, the Chairs of the Pension Board and Committee, and himself.

41.3 The Board RESOLVED to note the report.

42 WORK PROGRAMME

42.1 The Board considered its work programme

42.2 The Board RESOLVED to note the report.

43 EXCLUSION OF THE PUBLIC AND PRESS

43.1 The Board RESOLVED to exclude 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).

44 PENSION COMMITTEE AGENDA

44.1 The Board considered the exempt items of the Pension Committee's agenda for its 27 November meeting.

44.2 The Board RESOLVED to note the report.

The meeting ended at 12.20 pm.

Richard Harbord
Chair

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Report to: Pension Board

Date of meeting: 8 February 2018

By: Chief Operating Officer

Title: Pension Committee Agenda

Purpose: To consider and comment on the draft agenda and reports of the 26 February Pension Committee meeting

RECOMMENDATION

The Board is recommended to consider and comment on the draft agenda and reports for the 26 February 2018 Pension Committee meeting.

1. Background

1.1 The draft agenda items for the 26 February 2018 Pension Committee are presented to the Pension Board for information. Where possible the relevant reports are also attached.

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

- Item 10 – ACCESS Operator Procurement

1.3 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 26 February 2018 Pension Committee meeting.

KEVIN FOSTER
Chief Operating Officer

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Background Documents
None

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PENSION COMMITTEE

MONDAY, 26 FEBRUARY 2018

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 Fund Performance - Longview Partners
- 8 Carbon Footprint Measurement - Trucost
- 9 Passive Investment Transition – UBS
- 10 Investment Strategy Statement
- 11 LGPS Pooling ACCESS Update
- 12 External Audit Plan - East Sussex Pension Fund
- 13 Communications Policy
- 14 Internal Audit - Pension Governance and Investments
- 15 East Sussex Pension Fund 2017/18 Budget monitoring and 2018/19 Budget report
- 16 Officers' Report - Business Operations
- 17 Officers' Report - General Update
- 18 Forward Plan
- 19 Any other items previously notified under agenda item 4

Exempt Item –

20 Pension Employers – update

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08 January 2018

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Report to: **Pension Committee**

Date: **26 February 2018**

By: **Chief Finance Officer**

Title of report: **Investment Strategy Statement (ISS)**

Purpose of report: **To inform the Committee of the review of the Fund's Investment Strategy Statement.**

RECOMMENDATION – The Committee is requested to approve the Investment Strategy Statement (ISS).

1. Background

1.1 The LGPS - Management & Investment of Funds remove many of the investment restrictions imposed on LGPS funds, and introduce a prudential framework for investment decision making, introduce a Power of Direction for the Secretary of State to intervene in the investment function of an Administering Authority if deemed necessary, and require all funds to publish a Investment Strategy Statement (ISS).

1.2 In order to comply with the regulations, administering authorities must take proper advice. They should also explain the extent to which the views of their Pension Board and other interested parties who they consider may have an interest will be taken into account when making an investment decision based on non-financial factors and must explain the extent to which non-financial factors will be taken into account in the selection, retention and realisation of investments.

2. Investment Strategy Statement (ISS)

2.1 The ISS outlines the East Sussex Pension Fund investment objectives. The primary long term objective is to achieve and maintain a funding level at, or close to 100% of the Fund's estimated liabilities; and within this, to endeavour to maintain low and stable employers' contribution rates.

2.2 All LGPS funds are required to prepare, maintain and publish an ISS. This document is designed to explain how the assets are managed to fund members, employers and any other interested parties, including factors that are taken into account in so doing. The latest ISS will be made available on the Council's website and a copy is attached at Appendix A. The attached ISS has been updated following the Committee resolution to –

- agree to maintain the current private equity allocation of 5.5% by continuing to commit to the Fund's current managers, HarbourVest and Adams Street, in 2018;
- agree to increase the target infrastructure allocation from 2% to 4% in the short term with a view to increasing this further post pooling; and
- agree to increase target private debt allocation from 1% to 3% - by committing in the short term to M&G's Debt Solutions Fund (DSF) and also additional commitments as required;
- agree to increase the allocation to Longview from the current level of 5% to 7% of the Fund.

2.3 In addition, the Fund to re-consider its participation in a Stock lending programme managed by its global custodian. The Fund participation in stock-lending arrangements is also required as part of the LGPS ACCESS pool sub-fund requirement, and to be able to benefit from future improved pool returns. The Committee will ensure that robust controls are in place to protect the security of the Fund's assets before entering into any stock lending arrangements.

3. Conclusion and reasons for recommendations

3.1 Under Regulation 7(6) and (7), the statements must be published, kept under review and revised from time to time and at least every three years.

IAN GUTSELL
Chief Finance Officer

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Local Member(s): All
Background Documents
None



Investment Strategy Statement

February 2018

Introduction and background

This is the Investment Strategy Statement (“ISS”) of the East Sussex Pension Fund (“the Fund”), which is administered by East Sussex County Council, (“the Administering Authority”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”).

The ISS has been prepared by the Pension Committee (“the Committee”) having taken advice from the Fund’s investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority. The ISS, which was approved by the Committee on 27 February 2017, is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.

The Committee seeks to invest in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund’s Funding Strategy Statement.

The suitability of particular investments and types of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund’s assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee’s views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund’s liabilities.

The Fund carries out an asset liability modelling exercise in conjunction with each actuarial valuation. A number of different contribution and investment strategies are modelled and the future evolution of the Fund considered under a wide range of different scenarios. The Committee consider the chances of achieving their long term funding target and also consider the level of downside risk in the various strategies by identifying the low funding levels which might emerge in the event of poor outcomes.

This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used).

In addition, the Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund’s level of funding and liability profile
- The level of expected risk
- Outlook for asset returns

The Committee also monitors the Fund’s actual allocation on a regular basis to ensure it does not notably deviate from the target allocation and has implemented a rebalancing policy Appendix A.

To help clearly define the strategic approach adopted by the Committee it has set out its investment beliefs Appendix B.

Investment of money in a wide variety of investments

Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered to ensure its suitability and diversification.

The Fund’s target investment strategy is set out below. The table also includes the maximum percentage of total Fund value that it will invest in these asset classes. In line with the Regulations, the authority’s investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

Table 1: Fund allocation

Asset class	Target allocation %	Maximum invested* %	Role within the Strategy
Listed equities	50.0	55.0	Growth Assets
Absolute Return	20.0	23.0	Growth Assets
Private Equity	5.5	7.5	Growth Assets
Property	10.0	13.0	Income Assets
Infrastructure	2.0	4.0	Income Assets
Private Debt	1.0	3.0	Income Assets
Index-Linked Gilts	5.0	6.0	Protection Assets
Fixed Interest Bonds	3.5	4.5	Protection Assets
Absolute Return Bonds	3.0	4.0	Protection Assets
Cash	0.0	2.0	Protection Assets
Total	100.0		

*The maximum invested figures are based on the rebalancing ranges agreed by the East Sussex Pension Committee within its rebalancing policy.

At the November 2017 meeting the committee agreed to maintain it’s target allocation of 2% to infrastructure and 1% to private debt with an ambition to increase these when appropriate investments arise to 4% and 3% respectively.

Restrictions on investment

The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Committee’s approach to setting its

investment strategy and assessing the suitability of different types of investment takes account of the various risks involved and a rebalancing policy is applied to maintain the asset split close to the agreed asset allocation target. Therefore it is not felt necessary to set additional restrictions on investments.

Managers

The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the passive funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

The approach to risk, including the ways in which risks are to be measured and managed

The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken.

The principal risks affecting the Fund are set out below. We also discuss the Fund's approach to managing these risks and the contingency plans that are in place:

Funding risks

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics – The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

The Committee measures and manages financial mismatch in two ways. As indicated above, the Committee has set a strategic asset allocation benchmark for the Fund. This benchmark was set taking into account asset liability modelling which focused on probability of success and level of downside risk. The results from the 2016 analysis highlighted that the Fund - utilising its current stabilisation parameters for contributions – has a sufficiently high probability of success without being too prudent (71%). The downside risk measure (31% average funding level in the 5% of worst outcomes) highlights the wide range of future outcomes under the current stabilisation parameters. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Committee also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Committee reviews the demographic assumptions of the Fund every three years as part of its triennial valuation to mitigate the risk that any changes to longevity and other factors would have on the Fund.

The Committee seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Asset risks

- Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk – The risk that the currency of the Fund’s assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Environmental, social and governance (“ESG”) – The risk that ESG related factors reduce the Fund’s ability to generate the long-term returns. The Fund believes that climate change poses material risks to the Fund but that it also presents positive investment opportunities.
- Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

The Committee measure and manage asset risks as follows.

The Fund’s strategic asset allocation benchmark invests in a diversified range of asset classes. The Committee has put in place rebalancing arrangements to ensure the Fund’s “actual allocation” does not deviate substantially from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund’s asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, as well as property, the Committee has recognised the need for access to liquidity in the short term.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Committee also assess the Fund’s currency risk during their risk analysis. Details of the Fund’s approach to managing ESG risks is set out later in this document.

The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager and having a large proportion of the Fund’s assets managed on a passive basis. The Committee assess the Fund’s managers’ performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

Other provider risk

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.
- Custody risk - The risk of losing economic rights to Fund assets, when held in custody or when being traded.

- Credit default - The possibility of default of a counterparty in meeting its obligations.
- **Stock Lending- The Fund will participate in a Stock lending programme managed by its global custodian. It will recall securities or stocks lent out as part of the programme as requested to exercise its voting rights when required. The Fund will participate in any stock-lending arrangements in the future as part of the LGPS ACCESS pool. The Committee will ensure that robust controls are in place to protect the security of the Fund's assets before entering into any stock lending arrangements. The manager(s) of pooled funds may undertake a certain amount of stock lending on behalf of unit-holders. Where a pooled fund engages in this activity the extent is fully disclosed by the manager (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool Operator).**

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

A separate schedule of risks that the Fund monitors is set out in the Fund's Funding Strategy Statement.

The approach to pooling investments, including the use of collective investment vehicles and shared services

The Fund is a participating scheme in the ACCESS Pool. The proposed structure and basis on which the ACCESS Pool will operate was set out in the July 2016 submission to Government.

Assets to be invested in the Pool

The Fund's intention is to invest its assets through the ACCESS Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. The key criteria for assessment of Pool solutions will be as follows:

1. That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund
2. That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

At the time of preparing this statement the Fund has elected not to invest the following assets via the ACCESS Pool:

Table 2 – Assets held outside the pool

Asset class	Manager	% of Fund assets	Benchmark	Reason for not investing via the ACCESS Pool
Private Equity	Harbourvest Partners / Adam Street Partners	5.5%	MSCI All Countries World	Existing illiquid asset programmes will run off at normal lifecycle to avoid crystallising exit costs and loss of illiquidity premium earned.
Infrastructure	M & G Infracapital / UBS Infrastructure	4.0%	GBP 3 Month LIBOR	Existing illiquid asset programmes will run off at normal lifecycle to avoid crystallising exit costs and loss of illiquidity premium earned.
Private Debt	M & G	3.0%	GBP 3 Month LIBOR	Existing illiquid asset programmes will run off at normal lifecycle to avoid crystallising exit costs and loss of illiquidity premium earned.
Operational cash	East Sussex County Council	0.0%	N/A	East Sussex Pension Fund needs to manage its cash flow to meet statutory liabilities, including monthly pension payroll payments, therefore, a reasonable level of operational cash will be required to maintain efficient administration of schemes and would be held outside the Pool.

Any assets not currently invested in the Pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. The next such review will take place no later than 2019.

Structure and governance of the ACCESS Pool

East Sussex is a member of the ACCESS pool along with the following 10 other pension funds:

Cambridgeshire	Kent
Essex	Norfolk
Hampshire	Northamptonshire
Hertfordshire	Suffolk
Isle of Wight	West Sussex

All eleven funds are committed to collaboratively working together to meet the criteria for pooling and have signed a Memorandum of Understanding to underpin their partnership. ACCESS is working to a project plan in order to create the appropriate means to pool investments. The first investments to be pooled in 2018 will be passively managed investments.

The ACCESS Funds have set out how they meet the pooling criteria, the pool's structure, governance arrangements and services to be shared in the submission made to the Government in July 2016, which is available on ACCESS's website <http://www.accesspool.org/>

How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

It is recognised that ESG factors can influence long term investment performance and the ability to achieve long term sustainable returns. The Committee consider the Fund's approach to responsible investment in two key areas:

- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors on its investments.
- **Stewardship and governance** – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

The Committee takes ESG matters very seriously and conducts a review of its policies in this area and its investment managers' approach to ESG.

At the present time the Committee does not take into account non-financial factors when selecting, retaining, or realising its investments.

To date, the Fund's approach to Social investments has largely been to delegate this to their underlying investment managers as part of their overall ESG duties.

The Fund does not hold any assets which it deems to be social investments.

The exercise of rights (including voting rights) attaching to investments

Voting rights

The Committee has delegated the exercise of voting rights to the investment manager(s) on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard, which is considered as part of the appointment of an investment manager process. The managers are strongly encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f).

Stewardship

The Committee understands that stewardship aims to promote the long term success of companies in such a way that the ultimate providers of capital also prosper. The Committee has formally agreed to adhere to the Stewardship Code as published by the Financial Reporting Council. A copy of the Fund’s statement of compliance with the Stewardship code can be found on the Fund’s website.

As part of its compliance with the Stewardship Code the Fund has adopted a set of Voting Intention Guidelines set out above. The Committee will publish an annual report of voting activity as part of the Fund’s annual report.

The Committee expects its investment managers to be signatories or comply with the Stewardship Code as published by the Financial Reporting Council. Asset manager signatories have been categorised in three tiers.

- **Tier 1** – Signatories provide a good quality and transparent description of their approach to stewardship and explanations of an alternative approach where necessary.
- **Tier 2** – Signatories meet many of the reporting expectations but report less transparently on their approach to stewardship or do not provide explanations where they depart from provisions of the Code.
- **Tier 3** – Significant reporting improvements need to be made to ensure the approach is more transparent. Signatories have not engaged with the process of improving their statements and their statements continue to be generic and provide no, or poor, explanations where they depart from provisions of the Code.

Investment Managers Stewardship Rating

Tier 1

- UBS Asset Management
- Newton Investment Management
- Ruffer LLP
- Schroder Investment Management Limited
- M & G Investment Management
- Longview Partners
- Northern Trust Global Investments

Tier 2

- None

Tier 3

- None

The Committee expects both the ACCESS Pool and any directly appointed fund managers to also comply with the Stewardship Code. In addition to the Fund’s views on the Stewardship Code, the Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

Appendices

Appendix A – Rebalancing Policy

Appendix B – Investment Beliefs

Appendix A



Rebalancing Policy

February 2018

Appendix A

Rebalancing Ranges

The following ranges have been agreed by the committee to set as points as to which rebalancing should take place.

Asset class	Strategic target (%)	Range
Listed Equities	50.0	+/-5
Private Equity	5.5	+/-2
Absolute Return	16.0	+/-3
Property	10.0	+/-3
Infrastructure	4.0	+/-2
Growth Assets	85.5	+/- 5
Absolute Return Bonds	3.0	+/-1
Fixed Interest Bonds	3.5	+/-1
Index-Linked Gilts	5.0	+/-1
Private Debt	3.0	+/-2
Cash	0.0	+/-2
Matching Assets	14.5	+/-5
Total	100.0	

Rebalancing for the Fund – General Rules

The following general rules will determine how a rebalancing process for the Fund will operate.

- **Rebalancing would apply only to equities, absolute return funds and bonds** - Due to the transaction costs and illiquidity associated with the other investments such as property, rebalancing for those asset classes will be considered on an annual/ad hoc basis;
- **Rebalancing would be monitored on a quarterly basis**
- **Each benchmark allocation would have a weighted tolerance range** – A tolerance range will be defined for growth and matching assets and each underlying mandate; these tolerance ranges will be used in determining when rebalancing will occur;
- **Cash holdings to be used for rebalancing.** Where possible any net investments or disinvestments should be used to manage allocations, for example, by investing any surplus cash into the most underweight asset class.

Appendix A

- **Rebalancing will occur at two levels; at the growth vs matching level, and at the mandate level –** The rebalancing process will determine if rebalancing is required between growth and matching assets, and separately if rebalancing is required between asset classes. However, it is more important to be willing to incur transaction costs if necessary to rebalance between bonds and equities, for example, than switching between managers with similar mandates (eg. Longview and L&G global equities).
- **Rebalancing transactions will aim to rebalance allocations outwith their tolerance ranges to the midpoint (at least) of the tolerance range –** The mid-point of the tolerance range is the mid-point between a benchmark allocation and its upper or lower tolerance limit. Assuming an asset class with a 60% allocation and a 54%-66% tolerance range, the upper mid-point would be the halfway point between 60-66% (i.e. 63%). The lower mid-point would be the halfway point between 54% and 60% (i.e. 57%). Analysis suggests that this is the best way of balancing the impact of transaction costs against returns.

The allocations to private equity and infrastructure (and to a lesser extent property) will vary with general market movements and are not easily altered, due to the illiquid nature of the asset classes. Therefore we do not anticipate any rebalancing being carried out in relation to the Fund's private equity or infrastructure investments.

Appendix B



Investment Beliefs

February 2018

Appendix B

Fund specific investment beliefs

The Pension Committee have prepared a set of investment beliefs based on their experience of the workings of the Fund and the nature of the underlying investments held. These are set out below:

Belief: Clear and well defined objectives are essential to achieve future success

The Committee is aware that there is a need to generate a sufficient level of return from the Fund's assets, while at the same time having a clear understanding of the potential risks and ensuring there is sufficient liquidity available to pay members' benefits as they fall due.

Belief: Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager or stock selection

The Committee understands that having the appropriate strategy in place is a key driver of the Fund's future success. As a result, priority is given to more strategic investment matters.

Belief: Funding and investment strategy are linked

The Committee understands that a number of funding related aspects feed into investment strategy decisions, including maturity, financial risk of the employer and level of required return. Given this, actuarial and investment matters, most notably setting investment strategy, are looked at in tandem by the Committee.

Belief: Long term investing provides opportunities for enhancing returns

The Committee believes that investors with long term time horizons are typically less constrained by liquidity requirements and able to better withstand periods of price volatility. As a long term investor, the Fund may choose to gain additional compensation by investing in assets that are illiquid (e.g. property, infrastructure and private equity) or may be subject to higher levels of volatility (a premium return is required for any such investments). Having this long-term focus also helps the Fund tolerate periods of active manager underperformance when the manager's investment style is out of favour with the market.

Belief: Equities are expected to generate superior long term returns

The Committee believes that, over the longer term, equities are expected to outperform other liquid assets, in particular government bonds. The Committee is therefore comfortable that the Fund maintains a significant allocation to equities in order to support the affordability of contributions.

Belief: Alternative asset class investments provide diversification

The Committee believes that diversification across asset classes can help reduce the volatility of the Fund's overall asset value and improve its risk-return characteristics. The Committee believes that investing across a range of asset classes (including, but not restricted to, equities, bonds, absolute return funds, infrastructure and property) will provide the Fund with diversification benefits.

Appendix B

Belief: Government bonds provide liquidity and a degree of liability matching

Government bonds have characteristics that are similar to the assumptions used in valuing pension liabilities e.g. sensitive to changes in interest rates and (for index-linked) to changes in market-implied inflation. This makes them a suitable asset for reducing the Fund's funding risks. In addition, this asset class has proven to be highly liquid at times of market stress, enabling it to be used for rebalancing and to help meet any outflows that may fall due. Given this, the Committee hold a proportion of the Fund's assets in this asset class.

Belief: Fees and costs matter

The Committee recognises that fees and costs reduce the Fund's investment returns. The Committee considers the fees and costs of its investment arrangements to ensure the Fund is getting value for money and to minimise, as far as possible, any cost leakages from its investment process.

Beliefs: Rebalancing can add value

Academic studies show that regular rebalancing can help add value over the long-term. As a result, the Fund has put in place agreed tolerance ranges for their liquid assets, with the intention that assets will be rebalanced, at least towards target, should these ranges be breached.

Belief: Active management can add value but is not guaranteed

The Committee recognises that certain asset classes can only be accessed via active management. The Committee also recognises that active managers may be able to generate higher returns for the Fund (net of fees), or similar returns but at lower volatility, than equivalent passive exposure. The Committee will aim to minimise excessive turnover in its active managers. By carefully selecting and monitoring active managers and recognising that periods of underperformance will arise, the Committee seeks to minimise the additional risk from active management, and continue to monitor active managers to ensure their mandates remain appropriate for the Fund.

Belief: Passive management has a role to play in the Fund's structure

The Committee recognises that passive management allows the Fund to access certain asset classes (e.g. equities) on a low cost basis and when combined with active management can help reduce the relative volatility of the Fund's performance.

Belief: Choice of benchmark index matters

The Committee recognises that, for each asset class, there is a range of benchmark indices that they could use. As a result, the Committee focus on the benchmark's underlying characteristics and consider how they may be appropriate for the Fund. Choice of benchmark is particularly relevant for passive mandates where the manager's job is to track the index as closely as possible.

Belief: Environmental, social and corporate governance ('ESG') issues can have a material impact on the long term performance of its investments

The Committee recognises that ESG issues can impact the Fund's returns and reputation. Given this, the Committee aims to be aware of, and monitor, financially material ESG-related risks and issues through the Fund's investment managers. The Committee commits to an ongoing development of its ESG policy to ensure it reflects latest industry developments and regulations.

Appendix B

Belief: Climate change presents a financial risk to the future investment returns from the Fund.

The Committee recognises that climate change issues can impact the Fund's returns and reputation. The impacts of climate change on the returns of the Fund in the future are unknown at this point but the Committee recognises that they need to allocate sufficient time and resource to monitor the possible risks and also identify any investment opportunities which may become available as a result. **The committee is aware that not all companies and sectors are affected in the same way by climate change**

Belief: Close engagement with - and challenge to - the investment managers will improve understanding of these risks.

The Committee believes that investors with long term time horizons are more exposed to certain risks and requires that its investment managers are aware of and consider these when making investments. It is acknowledged that investment managers carry out detailed research on the prospects for individual companies and industries and have access to company management. The Committee meets with investment managers at their regular meetings and has the opportunity to discuss relevant developments in detail. To challenge investments to ensure these are being followed and that all relevant risks have been considered.

Belief: Individual stock selection decisions will be delegated to active managers but the Fund will retain the right to sell holdings in exceptional circumstances.

The Committee believes that it is the role of its active managers to do the necessary due diligence on each individual stock selection they make. The Committee requires that its active managers provide on request the investment rationale for each investment that they have made. Where the Committee has determined through this engagement with the active manager that the risks posed by a stock outweighs the potential gain they will retain the right to instruct its active managers to sell those holdings. As a result, no restrictions are currently placed on the Fund's active investment managers.

Belief: The Fund will aim to collaborate with other investors where this is expected to have a positive impact

The Committee recognises that through active shareholder engagement it can get those companies it is invested in to improve their corporate behavior. Improvements made by these engagements lead to an increase in the long term value of the Fund's investments. The Committee believes that these can be maximized by collaborating with other like minded investors to increase the pressure for change and encourages improvements to be made.

Belief: The nature of the underlying benchmark is an important consideration, most notably for passive mandates.

The Committee understands that the underlying benchmark they set their investment managers will drive the behavior of the managers and the investment risks they will take. The Committee also recognises that for its passive mandates the manager will only buy the stocks within the benchmark they are tracking. The Committee is aware that to ensure it is investing in the way that meets the needs of the Fund it needs to ensure it provides suitable benchmarks for each investment mandate. Therefore, the choice of benchmark index by the Committee is very important, will continue to explore the potential for using low carbon indices.

Report to: **Pension Board**

Date: **8 February 2018**

By: **Chief Finance Officer**

Title of report: **Local Government Pension Scheme (LGPS) Pooling - ACCESS update**

Purpose of report: **This report provides Members with an update on the activities undertaken by the ACCESS Pool group.**

RECOMMENDATION –

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

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.

2. Governance

2.1 Kent County Council has been appointed as the initial host authority, on behalf of the ACCESS local authorities, and will undertake the secretariat function.

2.2 A report to the ACCESS Joint Committee meeting on 29th January 2018, which will be circulated to the ACCESS Local Pension Board Chairmen on the work associated with the ACCESS pooling arrangement, is attached as Appendix 1.

2.3 The Pension Committee's future role will be to agree and approve the investment strategy for the Fund. However, the PC 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 who 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.

3. Financial Implications

3.1 The costs incurred by the East Sussex Pension Fund up to the end of December 2017 was £70,000 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 note the content of this report and the progress on pooling since the last report.

IAN GUTSELL
Chief Finance Officer

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Local Member(s): All

Background Documents

None

**LOCAL PENSION BOARD
– ACCESS WORK
UPDATE**



Joint Governance Committee

Date: 29 January 2018

Report by: Officers Working Group

Subject:	ACCESS update for the Local Pension Board Chairmen
Purpose of the Report:	To provide an update to the Joint Committee on the work associated with the ACCESS pooling arrangement, which will be shared with the ACCESS Local Pension Board Chairmen.
Recommendations:	The Joint Committee is asked to note and agree that the ACCESS progress report be circulated to the ACCESS Local Pension Board Chairmen.
Enquiries to:	Name – Ola Owolabi Tel: (01273) 482017 Email: ola.owolabi@eastsussex.gov.uk

Reasons Why this Report is Not for Publication

This report is not for publication as it contains exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, being information relating to the financial or business affairs of any particular person (including the authority holding the information). Further, it is considered that, in all the circumstances, the public interest in maintaining this exemption outweighs the public interest in disclosing this information. While there may be a public interest in disclosing this information, namely that it would provide detailed information about ACCESS intentions for its investment management arrangements, it is felt that, on balance, this is outweighed by other factors in favour of maintaining the exemption, namely that these details are commercially sensitive.

1. Purpose.

- 1.1 To provide the Joint Committee with a briefing paper (this report) that will be circulated to the ACCESS Local Pension Board Chairmen on the work associated with the ACCESS pooling arrangement.

2. Background

- 2.1 In the summer 2015 budget the Chancellor announced the Government's intention to invite Administering Authorities to make proposals for pooling Local Government Pension Scheme (LGPS) investments. Following the Autumn Statement on 25 November 2015 the Ministry of Housing, Communities and Local Government (MHCLG) - formally know as DCLG published its criteria for pooling investments focusing on 4 elements:
 - a. Scale – it is the Government's desire that pools of assets are created with at least £25bn of assets per pool.
 - b. Strong Governance – authorities are charged with defining the mechanisms by which they can hold the pool to account.
 - c. Reduced costs – including estimated savings over the next 15 years.
 - d. Improved capacity to invest in infrastructure through pooling.
- 2.2 Subsequently the Government published revised LGPS Management and Investment of Funds Regulations that came into force on 1 November 2016. The Regulations include the power for the Secretary of State to direct a fund to change its investment strategy or direct that a fund's investment function is undertaken by another organisation if the Secretary of State determines that a fund is failing to act in accordance with guidance issued, including the guidance to pool investments according to the criteria above.
- 2.3 Following extensive work by the ACCESS Officer Working Group and its appointed technical advisors, Hymans Robertson, a joint submission was formulated in respect of the eleven ACCESS participating authorities.

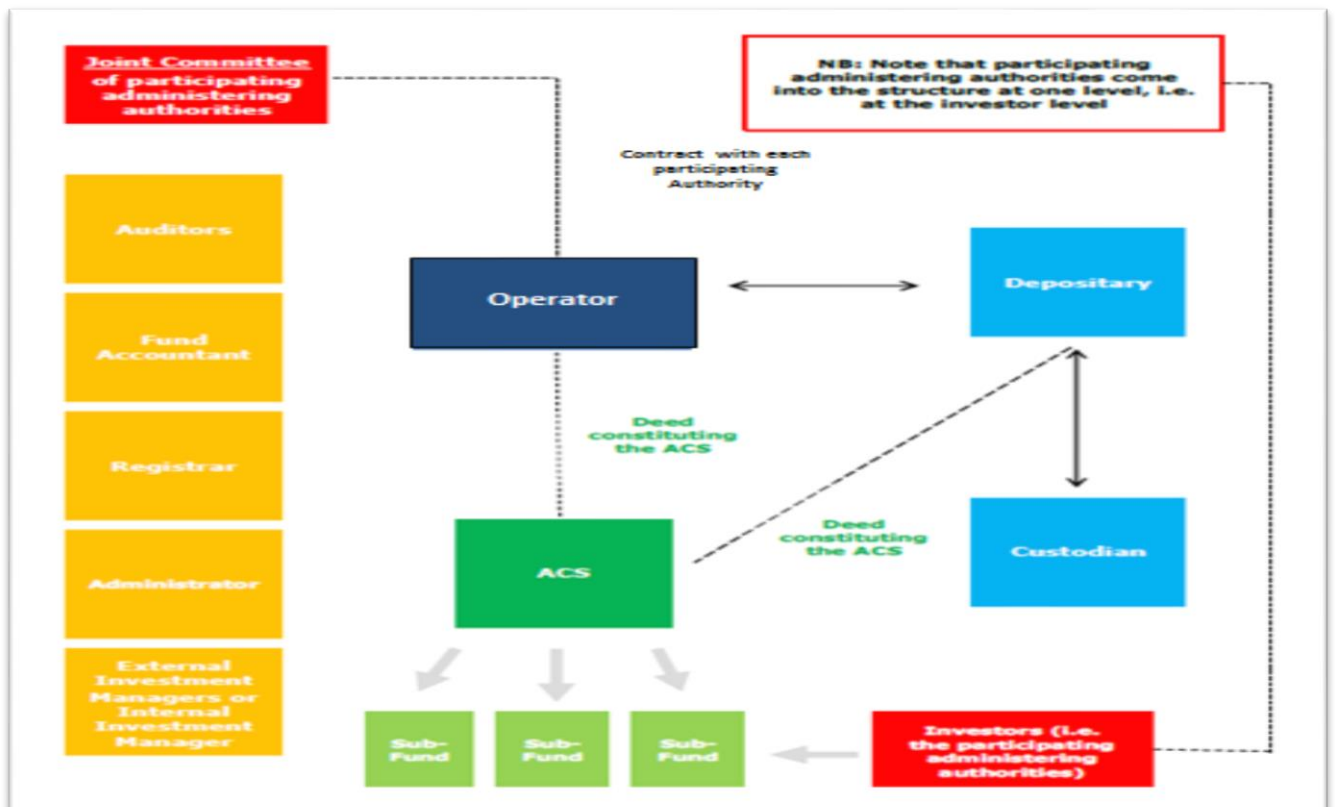
3. ACCESS Pool Objectives and Principles

- 3.1 The Pool is not a merger of the eleven funds, but each participating authority will retain its distinct identity and the administering authorities will remain responsible for complying with the LGPS Regulations and pension legislation in respect of their members. Annual Statements of Accounts and triennial Actuarial Valuations will still be prepared for each individual pension fund and each fund will determine its own funding and investment strategy.
- 3.2 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. The ACCESS Pool objectives are –
 - a. Enable participating authorities to execute their fiduciary responsibilities to Local Government Pension Scheme (LGPS) stakeholders, including scheme members and employers, as economically as possible.

- b. Provide a range of asset types necessary to enable those participating authorities to execute their locally decided investment strategies as far as possible.
- c. 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.

4 ACCESS Governance

- 4.1 The ACCESS Pool is not a legal entity. However a Joint Committee (JC), comprising of elected Pension Committee Chairmen from each administering authority and supported by the Officer Working Group has been established via an Inter Authority Agreement.
- 4.2 Kent County Council has been appointed as the initial host authority, on behalf of the ACCESS local authorities, and will undertake the secretariat function.
- 4.3 Whilst the Chairmen of the ACCESS Pension Fund Committees had previously met on a shadow basis, they have now formally met thrice as an established body on 31 July 2017, 2 October 2017, and 13 December 2017 respectively. Papers from previous and future ACCESS JC meetings papers can be found using the following link: <https://democracy.kent.gov.uk/mgOutsideBodyDetails.aspx?ID=898>
- 4.4 A Financial Conduct Authority (FCA) regulated Operator will provide the necessary infrastructure for establishing a pooling vehicle and to manage the Pool on behalf of the eleven funds. The diagram below illustrates the CIV Structure which has been adopted by the ACCESS pool -



- 4.5 The ACCESS pool has appointed an advisor to undertake a review of its current and proposed future governance arrangements to assist with definition of roles and responsibilities and to advise where there are overlaps and potential gaps, in accordance with accepted best governance practice.
- 4.6 The MHCLG have also requested an update on the status of the project and as such, ACCESS has completed the required 'questionnaire' providing a status update. A summary of the latest submitted MHCLG update is attached below as Appendix A.

5. Operator Procurement Progress

- 5.1 Some pools have chosen to "build" and own their own Operator Company and others have decided to "rent" using a third party provider. For ACCESS it was decided that the appropriate approach at the current time is to "rent". Although the rationale for the "build" or "rental" of an Operator is driven by each pool's circumstances, for example, the "build route" may be necessary for pools with in-house investment management capability. One of the key benefits of the solution adopted by ACCESS is that a third party service provider will perform the function of the Operator and they will then appoint the Depository, Custodian and other third party suppliers.
- 5.2 Following the conclusion of the evaluation phase of the procurement, the JC has considered the evaluation report and has approved the recommendation to appoint the bidder at its meeting on the 13 December 2017. This recommendation has been considered by the eleven ACCESS Administering Authorities and the final agreement is due to be completed in the next few weeks. .
- 5.3 ACCESS has taken advice on its sub-fund design and developed a draft plan for consolidation of a significant portion of participating authorities' liquid assets in the initial set of ACS sub-funds. This sub-fund proposal will allow the Operator to make rapid progress in preparing and submitting an application for authorisation of the ACCESS ACS and a set of "pilot and pipeline" sub-funds.

6. Passive Procurement

- 6.1 ACCESS Pool has completed a "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.

7. Recommendation

- 7.1 The Joint Committee is asked to note and agree that the ACCESS work/progress report be circulated to the ACCESS Local Pension Board Chairmen.

Appendix A

Local Government Pension Scheme Pooling Progress Report (October 2017)

In the July 2016 Submission ACCESS authorities wrote to March Jones MP highlighting a number of benefits resulting from their pooling proposals. The below provide an update on progress.

Eventual projected savings of £30m annually	ACCESS authorities remain confident that these savings can be delivered
Plans for a quick win of £4m per annum from consolidating passive mandates.	This estimate has been exceeded – with estimated savings of £5.2m from the successful procurement and appointment of UBS Global Asset Management.
Potential for greater savings 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 £40.6bn at 31 March 2017 , with the anticipated value of assets to be held under pool governance of £39bn. The ACCESS pool has maintained its position as one of the largest asset pools in the UK , and will be able to apply its leverage to achieve further benefits of scale.
A pool structure composed of an FCA authorised Collective Investment Vehicle (the Operator and ACS and other pooled investment vehicles to hold assets).	The ACCESS authorities are nearing the final stages of appointing a fully regulated Operator 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 Operator responsible for selecting and contracting with managers on behalf of the authorities participating in the pool.	The Operator will be wholly responsible for selecting and contracting with managers.
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 democratic accountability and exercising authority's fiduciary responsibilities.	An Inter Authority Agreement has been signed by all ACCESS authorities, which has formally established the Joint Committee structure.
Potential for an increase in UK and global infrastructure 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 fully engaged with the Cross Pool Infrastructure group and individual funds continue to invest in and allocate towards infrastructure investments as appropriate.

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Report to: **Pension Board**

Date: **8 February 2018**

By: **Chief Finance Officer**

Title of report: **Pension Fund Governance and Investments - Internal Audit Report**

Purpose of report: **This report provides the Board with the outcome of the Pension Fund Governance and investments audit.**

RECOMMENDATION -
The Board is recommended to note the report.

1. Background

1.1 The review of Pension Fund Governance and Investments has been completed as part of the agreed annual audit plan for 2017/18. The audit report aims to provide assurance on the overall effectiveness of the system's controls and identifies areas of concern or weakness where improvements can be made.

2. Supporting Information

2.1 The East Sussex County Council has a statutory responsibility to administer and manage the East Sussex Pension Fund ("ESPF") on behalf of all participating employers in East Sussex. The scheme provides retirement benefits for Council employees, employees of Brighton & Hove City Council, the five boroughs and district councils in East Sussex, together with various other scheduled and admitted bodies.

2.2 Responsibility for the overall direction of the Fund's investment policy lies with the Pension Committee. The Pension Board is there to assist the Scheme Manager in securing compliance and providing assurance in the governance of the scheme administration. Day to day management of the investments has been delegated to external fund managers, who report to the Pension Committee quarterly on their activities.

2.3 Based on the work completed as part of this review, the Internal Audit has assigned a **Reasonable Assurance** opinion in respect of Pension Governance and Investments. This opinion means that most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives. The attached 'Appendix 1' provides summary of the findings, potential risk implication, priority, and agreed action.

2.4 This is a combined audit for investments/governance and internal audit is able to give reasonable assurance that controls are operating effectively. The audit identified some areas for improvements as follows:

- a. There are ineffectual communication and collaborative working practices in place between key teams.
- b. For the third year in a row there have been delays in distributing annual benefit statements to scheme members. These delays represent a breach which was not reported to the pension regulator in a timely manner as outlined in the breaches policy.
- c. The Fund communication policy is scheduled need to be reviewed.

3. Conclusion and recommendations

3.1 The report has been written on an exception basis, whereby only control weaknesses have been reported, and the audit has been conducted in conformance with Public Sector Internal Audit Standards and internal quality assurance systems.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Ola Owolabi, Head of Pensions
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Email: Ola.Owolabi@eastsussex.gov.uk

Local Member(s): All



Internal Audit Report

Pension Governance and Investments

Final Report

Assignment Lead: Ben Constable, Senior Auditor
Assignment Manager: Nick Lee, Principal Auditor
Assignment Ref: A3-004-69
Prepared for: East Sussex County Council
Date: 26 January 2018

Report Distribution List

- Ola Owolabi, Head of Accounts & Pensions
- Wendy Neller, Pensions Strategy & Governance Manager
- John Sheppard, Finance Manager – Pension Fund
- Russell Wood, Principal Pensions Officer
- Ian Gutsell, Chief Finance Officer

This audit report is written for the officers named in the distribution list. If you would like to share it with anyone else, please consult the Chief Internal Auditor.

Name of Authority - Internal Audit Key Contact Information

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1. Introduction

- 1.1. East Sussex County Council (ESCC) has a statutory responsibility to administer and manage the East Sussex Pension Fund on behalf of all participating employers in East Sussex. The primary objective is to ensure assets held on behalf of the Fund are managed for the long term benefit of scheme members (in accordance with the rules of the scheme and the regulatory framework), maximising the Fund's growth whilst minimising investment risk.
- 1.2. An actuarial valuation was carried out by Hymans Robertson LLP valuing the Fund with assets of £2,771M and liabilities of £3,012M as at 31 March 2016, representing a funding level of 92%.
- 1.3. The Fund is made up of 127 employers with 23,567 employee members and 28,853 deferred members, as at March 2017.
- 1.4. As in previous years the audits for pension fund governance and investments have been combined.
- 1.5. The previous audit dated September 2016 gave an opinion of full assurance.
- 1.6. This audit is part of the agreed Internal Audit Plan for 2017/18.
- 1.7. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the main body of the report.

2. Scope

- 2.1. The scope of the audit was to ensure:
 - All entries relating to the Fund have been accurately recorded in the general ledger in a timely manner;
 - Monitoring arrangements over the pension fund and fund managers are suitable robust;
 - Contributions and investment returns are received in full in a timely manner;
 - Governance arrangements provide effective strategic oversight for the management and investment of the pension fund;
 - Risk management arrangements are suitable robust;
 - Stakeholders receive timely and accurate information;
 - The pension fund is administered in accordance with best practice and legislative requirements.

3. Audit opinion

- 3.1. **Reasonable Assurance** is provided in respect of Pension Governance and Investments. This opinion means that most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.

Internal Audit Report – Pension Governance and Investments

4. Basis of Opinion

- 4.1. We have been able to provide **Reasonable Assurance** over the controls surrounding the pension fund’s governance and investment arrangements, because:
- 4.2. There is a robust framework in place for managing the Fund’s investments, with regular monitoring and entries accurately recorded in the Council’s finance system, SAP.
- 4.3. There is an established Pension Committee with assigned responsibility for making arrangements for the investment, administration and management of the Fund.
- 4.4. There is an established Pension Board with assigned responsibility to ensure that the Fund is managed and administered effectively and efficiently and complies with the Code of Practice.
- 4.5. There is a strong framework for managing the performance of Fund managers with regular performance updates provided to the Pension Board and Committee.

However, some areas for improvement have been identified:

- 4.6. There are ineffectual communication and collaborative working practices in place between key teams.
- 4.7. For the third year in a row there have been delays in distributing annual benefit statements to scheme members. These delays represent a breach which was not reported to the pension regulator in a timely manner as outlined in the breaches policy.
- 4.8. The Fund communication policy is scheduled to be reviewed every February; this did not happen in 2017.

5. Action Summary

Risk Priority	Definition	No	Ref
High	Major control weakness requiring immediate implementation		
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources	2	1, 2
Low	Represents good practice but its implementation is not fundamental to internal control	1	3
Total number of agreed actions		3	

6. Acknowledgements

6.1. We would like to thank all staff that provided assistance during the course of this audit.

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	
1	<p>Collaborative Working</p> <p>Ensuring statutory obligations are fulfilled is a key feature of governance and for the 3rd year in a row the deadline for the production of Annual Benefit Statements has been missed, Business Operations has responsibility for this process.</p> <p>Like many key deliverables for the Pension Fund the distribution of Annual Benefit Statements requires the input of many of the Fund’s stakeholders. The lack of progress in meeting this statutory deadline highlights the need for better communication and collaborative working between key stakeholder groups, including improving the level of scrutiny over completion of key administrative tasks.</p>	<p>Without effective collaborative working there is a risk that statutory obligations are not met resulting in potential financial loss and reputation damage.</p>	Medium	<p>A Terms of Reference will be agreed setting out key principles and expected collaborative behaviour required to ensure effective governance and administration of the Pension Fund. This will be led by the Pension Fund’s Section 151 Officer and the Head of Accounts and Pensions, who will also receive regular reports concerning the delivery of key administrative tasks.</p>	
Responsible Officer:		Ian Gutsell (Chief Finance Officer)	Target Date:		31 st March 2018

Internal Audit Report – Pension Governance and Investments

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	
2	<p>Reporting Breaches</p> <p>The breaches policy states that all breaches should be reported to the pension regulator as soon as reasonably practicable and no later than one month after becoming aware of the breach or potential breach.</p> <p>Despite this policy being in place, the recent breach relating to the delay in issuing Annual Benefit Statements to scheme members was not reported to the pension regulator in a timely manner as stipulated in the policy.</p> <p>It is acknowledged that improved collaborative working (as per Action 1) should help prevent further breaches occurring.</p>	<p>There is a risk of financial penalty and reputational damage if breaches are not reported in a timely manner and in accordance with agreed policy.</p>	Medium	<p>All staff involved in pension fund administration will be reminded of the requirement to report any potential breaches to the pension regulator in a timely manner as instructed in the breaches policy.</p>	
Responsible Officer:		Ian Gutsell (Chief Finance Officer)	Target Date:		28 th February 2018

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Internal Audit Report – Pension Governance and Investments

Ref	Finding	Potential Risk Implication	Priority	Agreed Action
3	<p>Communication Policy</p> <p>A communication policy has been produced which promotes the importance of communication and how this will be managed between the various stakeholders.</p> <p>The policy is due to be reviewed annually and was included on the forward plan to be reviewed in February 2017; however this did not form part of the agenda and remains outstanding.</p>	There is a risk of reputational damage or loss of confidence if key stakeholders are not effectively communicated with.	Low	The Pension Fund communication policy will be reviewed, updated and presented to the Pension Board at their next meeting.
Responsible Officer:		Wendy Neller (Pension Strategy & Governance Manager)	Target Date:	31 st March 2017

Appendix A

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management's responsibilities for the application of sound business practices. We emphasise that it is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Report to: Pension Board

Date: 8 February 2018

By: Chief Operating Officer

Title: Pensions Annual Benefit Statement update

Purpose: Provide the Board with an update on the planned production of Annual Benefit Statements in 2018

RECOMMENDATION

The Board is recommended to consider and comment on the report

1 Introduction

1.1 This report has been prepared to inform the Board of the plan for the production of the 2018 Annual Benefit Statements (ABS's) to ensure the statutory deadline of 31 August 2018 is met. A high level production plan has been provided at **Appendix 1** which incorporates the lessons learnt from the 2017 exercise (see below). This production plan has previously been shared with the Pensions Regulator.

2 Active Members

2.1 **Appendix 1** sets out that the ABS's are scheduled to be delivered to scheme members over three phased production cycles – with the final production cycle being completed at the end of July, well in advance of the statutory deadline of 31 August 2018.

2.2 The Board may recall that ABS's were delivered online for the majority of scheme members in 2017 and this has proved a successful innovation with members having secure access to their statement 24/7. The online facility also provides scheme members with the ability to project “what if” scenarios using different retirement criteria. The aim is for 100% of statements for active members with a contact email address to be delivered online for 2018 – though members who wish to request a hard copy of the ABS will be able to do so.

2.3 The plan shown at Appendix 1 incorporates lessons learnt from the 2017 exercise as illustrated in the table below.

Issue Identified	Mitigation for 2018	Contingency
Some employers were late in submitting their End of Year (EOY) return to Business Operations in 2017 – the EOY return contains the key data required to produce the ABS.	More structured monitoring of the receipt of EOY returns will be carried out in 2018. Employers will be issued routine reminders and any returns not submitted by 31 May 2018 at the latest will be referred to the Governance and Strategy team to pursue compliance.	If any employer does not submit the EOY return by the dates requested their scheme members will be contacted individually to explain why it has not been possible to issue an ABS. It is hoped this scenario will not arise.
A small number of employers reported difficulties using the secure email system.	All employers will be requested to confirm receipt of the EOY template which will be issued via secure	Secure email must be used as this is the only approved method of secure data transfer but employers will

	email (Egress) to confirm they have successfully registered and this will be monitored	be offered individual support if they are experiencing any difficulties. Issues experienced in 2017 were identified as user error rather than any system faults.
The 2017 statements were issued in a very condensed period in August 2017.	The statements will be issued online in 2018 and delivery will be scheduled over three phases at the end of May, June and July.	There will be a 'sweep up' exercise carried out in August to identify any outstanding cases not completed in the 3 production cycles.

3 Deferred Members

3.1 The Board may recall that the statements to members in 2017 were issued two weeks late. This delay was primarily caused by the use of an external print provider without a fixed delivery date guaranteed in the contract.

3.2 As the issue of deferred member ABS's is not dependant on any EOY returns, the production of ABS's for 2018 has been brought forward within our business cycle to June 2018. In addition to the above, Business Operations has switched to an alternative print provider who offer a 48 hour production and posting process.

3.3 The combination of the earlier production date and the more responsive print provider should ensure that benefit statements will be issued well in advance of the statutory deadline of 31 August 2018.

3.4 As part of the 2017 exercise, deferred members were invited to register for the online portal to view their deferred member data. Members who have registered for the online portal will be contacted electronically to confirm that their deferred statement can be viewed online. As part of the 2018 exercise, members will be advised that the 2019 statements will only be available online (unless they specifically request a paper copy) and will be encouraged to register if they have not already done so.

3.4 As a separate exercise, Business Operations has recently carried out a screening exercise with a tracing agency to check the validity of the home addresses we hold for deferred members. Members for whom we hold no current address but for whom a possible forwarding address has been identified via the screening will be contacted and appropriate verification sought before records are updated. This exercise should increase the proportions of deferred members receiving an ABS.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Jason Bailey Tel. No. 020 8541 7473
Email: jason.bailey@surreycc.gov.uk

2018 Annual Benefit Statement Proposed Production Schedule

	February 2018	Mid March 2018	Early May 2018	End of May 2018	Mid June 2018	End of June 2018	Early July 2018	End of July 2018	Early August
End of Year (EOY) Return Submission from Employers	Issue EOY template to All Employers with accompanying guidance and offer of support. Deadline date of 30 April 2018 for submission of EOY return notified at that stage. Request to acknowledge receipt of requirements.	Reminder to Employers that EOY return required by 30 April 2018. Reiterate offer of support. Follow up any acknowledgements not received.	1 st reminder to employers that EOY return now overdue.	2 nd reminder to employers if required.	Personal contact from either Governance team/senior members of administration team with any employer with data still outstanding.		Determine any intervention action required with non-compliant employers		
Annual Benefit Statement Production – Active Members				1 st Phased Upload of ABS to online portal and notification to scheme members following processing of EOY returns received		2 nd Phased Upload of ABS to online portal and notification to scheme members		3 rd and Final Upload of ABS to online portal and issue of any paper statements to members specifically requesting this.	Sweep up exercise for any estimated statements required where EOY return not provided

2018 Annual Benefit Statement Proposed Production Schedule

<p align="center">Annual Benefit Statement Production – Deferred Members</p>		<p>Prepare and extract data for deferred member statements.</p>	<p>Deferred member statements produced and issued via external print provider in June (48 hour turnaround)</p>	
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Report to: **Pension Board**

Date: **8 February 2018**

By: **Chief Operating Officer**

Title of report: **Preparing for General Data Protection Regulation (GDPR)**

Purpose of report: **To outline progress in preparing for new data protection legislation**

RECOMMENDATION

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

1. Background

The General Date Protection Regulation (GDPR) is due to come into force in May 2018. This report summarises progress to date and highlights future areas of activity in Pensions Administration to ensure compliance with the new legislation.

2. Work-stream Summary

As this new legislation affects all aspects of East Sussex County Council, a County wide steering group, led by the Information Manager, has been established to plan and prepare using an action plan. This plan is also being used across the Orbis partnership and with other partner organisations such as Health and Sussex Police.

Appendix 1 provides an overview of progress as at November 2017.

3. UK Data Protection Bill

A Bill looking to replace the current Data Protection Act (1998) is currently being considered by Parliament. This Bill includes GDPR, specific derogations within GDPR and the Law Enforcement Directive. The ESCC GDPR Action Plan is being updated to ensure the Council is able to respond to the wider legislation (it is not currently clear when this legislation will come into force).

4. Pensions Administration activity

The action plan has a number of key workstreams which can be summarised below along with the current position and actions which directly affect Pensions Administration activity.

- 1. Maintain Records of Data Processing** = ESCC has an Information Asset Register (including Pensions data) that will be used for this purpose. A dedicated resource is being employed to update it and add relevant information required under GDPR.
- 2. Data Security Measures** = a systems gap analysis (including Pension Scheme systems and document storage) is being undertaken across ESCC. Risk assessment on Altair including the online portal is scheduled.
- 3. Update Service Provider Contracts** = Orbis Public Law and Orbis Procurement will introduce new procurement processes and contract terms and conditions. Existing contracts will be subject to variation – letters are being prepared and disseminated on behalf of ESCC.
- 4. Revise and Update Privacy Notices and Consider Whether Member Consent Is Required** = Privacy notices are to be updated. Pensions: consent will not be widely relied on - alternative legal conditions for processing have been identified. Where consent is used (in niche cases) explicit consent will be obtained and recorded.
- 5. Breach management process** = already in place.

6. **Privacy Impact Assessment (PIA)** = Pensions PIA in progress, currently identified areas of focus:

ACTION 1: Privacy Notice; Employer has to inform employee that they will be automatically enrolled. Then pensions team to send out notice - this is what we collect and why (link to pensions fund website). A general statement is being prepared by the Pensions Team. A link to this Notice will also be included in standard correspondence to existing members.

ACTION 2: Data storage limitation vs data minimisation - look at possible ways to filter records if required.

ACTION 3: Risk assessment on Altair is scheduled.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Heidi Judd, Information Manager 01273 482184

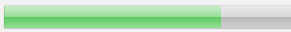
Privacy Impact Assessments (PIA)

Progress

- PIA Template and Guidance published on the intranet

Next Steps

- Align corporate Project and Change Management processes with PIA process



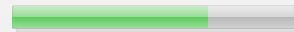
Privacy Notices (PN)

Progress

- Draft Privacy Notice guidance/graphics complete

Next Steps

- Privacy notice audit and creation of privacy notice register
- Generic and specific/tailored PNs to be published on ESCC Website



Lawful Processing

Progress

- Guidance on applicable conditions for processing personal data in progress
- Review of use of Consent condition

Next Steps

- Publish guidance on intranet



Information Asset Register (IAR)

Progress

- IAR Update - in progress

Next Steps

- Personally Identifiable Information (PII) Data Flow Mapping
- Ongoing maintenance and development plan



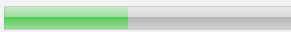
Data Subject Requests

Progress

- Rights review complete
- Guidance for customers – in progress

Next Steps

- Gap analysis – IT systems review: ability to meet Data Subject Rights
- Process change



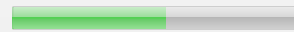
Procurement and Contracts

Progress

- New contract T&Cs
- Supplier due diligence guidance
- Contract variation letter templates

Next Steps

- Contract variations
- Procurement checklist



Policy/Governance Review

Progress

- Gap analysis – complete
- Policy update – in progress

Next Steps

- Decision log creation
- Process change



Breach Handling

Next Steps

- Review and update procedures (if required)
- 72 hour breach response – ‘rapid response team’



Communications Plan

Progress

- Communications plan and comms. team support in place
- High level cross-council awareness – intranet content and posters

Next Steps

- CMT Report and Member engagement
- Targeted departmental and specific service area communications
- Data Subject Rights - website



Report to: Pension Board

Date of meeting: 8 February 2018

By: Chief Operating Officer

Title: Officers' Report – Business Operations

Purpose: To provide an update on current administration themes in relation to the service provided to the Pension Fund by Orbis Business Operations

RECOMMENDATIONS

The Board is recommended to:

- 1) note the update provided; and
 - 2) comment on any aspect of pension administration which they wish to receive further information on.
-

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 alphabetical order and not perceived importance.

2 Key Performance Indicators

2.1 **Appendix 1** shows the monthly performance summary for the months of October to December 2017 inclusive.

2.2 At the last meeting, the Board requested further information on any national standards for which administration performance could be benchmarked. Business Operations advised that there was no nationally accepted performance measures as each fund decides on each own targets but indicated that information could be provided from other funds as a comparator.

2.3 Recent performance reporting information provided to Local Pension Boards has been obtained from other County Council funds and this information is shown as follows:-

Appendix 2 Essex County Council

Appendix 3 Hampshire County Council

Appendix 4 Kent County Council

Appendix 6 West Sussex County Council

2.4 The Board will note that there are differences in target performance levels as well as case load reporting between funds but that the performance targets for the East Sussex pension fund are broadly comparable with other County Council funds.

3 Procurement of Pensions Administration System

3.1 Following the presentation of the market analysis of pensions administration systems at the last Board meeting, the Board is asked to note that the Pension Committee at its meeting on 27 November 2017 resolved that a restricted tender process for the pension administration system should commence in January 2019 in order that a new contract is in place by the end of the current contract in April 2021.

4 GMP Reconciliation - update

4.1 The Board will recall that ITM was previously engaged to carry out an accelerated two month project in order to commence work on the reconciliation of Guaranteed Minimum Pensions

(GMPs) between the ESCC fund records and HMRC. The final report from ITM is provided at **Appendix 6** for reference.

4.2 Business Operations is currently working with the East Sussex procurement team and with potential external providers to run a mini-tender for the second phase of the GMP reconciliation work. This phase is a larger piece of work than the accelerated project and is intended to resolve all outstanding reconciliation queries prior to any decisions being made regarding rectification of pensions in payment.

4.3 Business Operations expects to be in a position to present the costing analysis and options to the Chair of the Pensions Committee and Pension Board at the end of February. Early indications are that the second phase project will require a five month project and providers are indicated that they have resources available to complete the work required.

Kevin Foster
Chief Operating Officer

Contact Officer: Jason Bailey Tel. No. 020 8541 7473
Email: jason.bailey@surreycc.gov.uk

East Sussex Pensions Administration - Key Performance Indicators 2017-18 Q3

	Activity	Measure	Impact	Target	OCT			NOV			DEC		
	Scheme members	Pensioners, Active & Deferred			73806			73888			73699		
	New starters set up				1175			351			64		
					Volume	Score	Commentary	Volume	Score	Commentary	Volume	Score	Commentary
1a	Death notification acknowledged, recorded and documentation sent	within 5 days	M	95%	9	100%		18	100%		4	100%	
1b	Award dependent benefits (Death Grants)	within 5 days	H	95%	6	100%		6	100%		10	100%	
2a	Retirement notification acknowledged, recorded and documentation sent	within 5 days	M	95%	90	97%		129	97%		68	97%	
2b	Payment of lump sum made	within 5 days	H	95%	123	97%		93	99%		83	95%	
3	Calculation of spouses benefits	within 5 days	M	90%	10	100%		7	100%		8	100%	
4a	Transfers In - Quote (Values)	within 10 days	L	90%	31	100%		45	100%		29	97%	
4b	Transfers In - Payments	within 10 days	L	90%	12	100%		21	100%		22	100%	
5a	Transfers Out - Quote	within 25 days	L	90%	43	93%		28	96%		26	96%	
5b	Transfers Out - Payments	within 25 days	L	90%	13	100%		17	100%		6	100%	
6a	Employer estimates provided	within 7 days	M	95%	23	96%		38	100%		22	91%	2 cases late (av.6 days)
6b	Employee projections provided	within 10 days	L	95%	44	93%	3 cases late (av. 7 days)	39	95%		16	94%	1 case 4 days late
7	Refunds	within 10 days	L	95%	37	97%		49	100%		46	100%	
8	Deferred benefit notifications	within 25 days	L	95%	170	100%		418	100%		340	100%	
9	Complaints received- Admin					1			0			0	
	Complaints received- Regulatory												
10	Employer survey satisfaction	Overall satisfaction (V Satisfied/satisfied)		90%									
11	Retiring Member survey satisfaction	Overall satisfaction (Excellent/good)		90%		82%	3 members not satisfied		100%			Results awaited	
12	Compliments received					10			5			6	

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4.1 (Annual) - Deliver a high quality, friendly and informative service

Measure Purpose: Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need

Scope: Communication and administration turnaround times, scheme member appeals, payment errors

Measure Owner: Jody Evans

Data lead: David Tucker/Joel Ellner/Daniel Chessell/Matt Mott

Status	Previous value	Current value	Previous status	Current status	Target	CIPFA Average
4.1.1 Letter detailing transfer in quote issued within 10 working days (188 cases) (208 in 2015/16)	86.5%	89.1%	A	A	95.0%	n/a
4.1.2 Letter detailing transfer out quote issued within 10 working days (765 cases) (671 in 2015/16)	87.9%	89.3%	A	A	95.0%	n/a
4.1.3 Letter detailing process of refund and payment made within 5 working days (1,106 cases) (890 in 2015/16)	95.5%	95.3%	G	G	95.0%	n/a
4.1.4 Letter notifying estimated retirement benefit amount within 10 working days (2,346 cases) (4,047 in 2015/16)	98.2%	98.1%	G	G	95.0%	n/a
4.1.5 Letter notifying actual retirement benefits and payment made of lump sum retirement grant within 5 working days (2,517 cases) (2,178 in 2015/16)	99.2%	99.3%	G	G	95.0%	n/a
4.1.6 Letter acknowledging death of active /deferred / pensioner member within 5 working days (1,106 cases) (1,266 in 2015/16)	99.7%	99.7%	G	G	95.0%	n/a
4.1.7 Letter notifying the amount of dependent's benefits within 5 working days (1,106 cases) (1,266 in 2015/16)	95.4%	96.2%	G	G	95.0%	n/a
4.1.8 Calculate and notify deferred benefits within 10 working days (2,436 cases) (4,327 in 2015/16)	85.2%	88.7%	A	A	95.0%	n/a
4.1.9 Annual benefit statements issued to active members of LGPS (Career Average) by 31 August.	100.0%	100.0%	G	G	100.0%	n/a
4.1.10 Annual benefit statements issued to deferred members by 30 June.	100.0%	100.0%	G	G	100.0%	n/a
4.1.11 New IDRPs appeals during the year (per one thousand members)	0.01	0.02	G	Gy	tbc	n/a
4.1.12 IDRPs appeals - number of lost cases	0.00	0.00	G	Gy	tbc	n/a

4.1.1 - 4.1.8 The Fund is aiming for a target of 95%. Above 95% = green, above 85% = amber, below 85% equals red.

4.1.9 Annual Benefit Statements were issued to all active members by 31 August 2017.

4.1.10 Deferred members statements were issued in June 2017.

4.1.11 & 4.1.12 The CIPFA benchmarking statistics no longer include IDRPs measures. Revised targets are under considerations

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3. Performance against Service Standards (KPIs)

3.1. The KPIs for Pensions evidence the continuing strong performance in 2017/18. The tables below show that service standards were met for 100% of casework in the key areas over the last six months.

Quarter 1 2017/18

Type of case	Time to Complete						Total	On target?
	0-5 days	6-10 days	11-15 days	16-20 days	20-40 days	40 days plus		
Retirement	261	71	67	2	0	0	401	100%
Deferred Retirement	106	124	118	6	0	0	354	100%
Estimate	480	103	235	47	0	0	865	100%
Deferred	372	823	648	58	55	0	1,956	100%
Transfer out	148	61	5	0	0	0	214	100%
Transfer In	74	29	15	2	0	0	120	100%
Divorce	28	50	20	1	0	0	99	100%
Refund	989	175	15	0	0	0	1,179	100%
Rejoinders	133	6	1	0	0	0	140	100%
Interfunds	34	6	1	0	0	0	41	100%
Death	162	26	9	8	0	0	205	100%
Grand Total							5,574	

Quarter 2 2017/18

Type of case	Time to Complete						Total	On target?
	0-5 days	6-10 days	11-15 days	16-20 days	20-40 days	40 days plus		
Retirement	177	92	28	1	0	0	298	100%
Deferred Retirement	88	144	56	1	0	0	289	100%
Estimate	386	100	153	48	0	0	687	100%
Deferred	180	340	563	454	343	0	1,880	100%
Transfer out	132	21	7	0	0	0	160	100%
Transfer In	76	15	16	5	0	0	112	100%
Divorce	45	59	8	2	0	0	114	100%
Refund	1,428	289	29	13	0	0	1,759	100%
Rejoinders	103	27	46	0	0	0	176	100%
Interfunds	57	21	3	0	0	0	81	100%
Death	113	40	12	6	3	0	174	
Grand Total							5,730	

3.2. In addition to the casework, annual benefit statements for 97.5% of members were produced by the statutory deadline of 31 August. The remaining 2.5% of members had an outstanding employer query at the deadline, and approximately 2% of these were subsequently identified as leavers and therefore not due a statement.

3.3. Pension savings statements were produced for all members who exceeded the HMRC annual allowance for 2016/17 by the statutory deadline of 6 October 2017. Following the identification of some errors and feedback on the content of the letters, improvements to the process have been identified and will be implemented for the 2017/18 statements.

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Tasks completed in key administration areas
Workload summary

Case Type	2013/14	2014/15	2015/16	2016/17	6 months to September 2017
Benefit calculation	1978	1928	1766	2238	1033
Correspondence	1467	3450	4719	5370	2625
Divorce case	312	293	385	381	184
Estimate calculation	2861	2541	2810	3145	1671
Deferred benefit	5244	2475	993*	1357*	786*
Transfer/Interfunds in	374	189	204	286	106
Transfer/Interfunds out	478	558	651	644	355
Dependants	364	323	377	410	242
Total	13,078	11,757	11,905	13,831	7002

*These represent the number of leavers that have been identified as deferred benefits and have been processed. It does not include members who have left the scheme where we have still to process the leaver

Achievements against Key Performance Indicators

Case Type	Target Time	13/14		14/15		15/16		16/17		6 months to September 2017	
		No	% in target	No	% in target	No	% in target	No	% in target	No	% in target
Calculation and payment of retirement benefit	20 days	1978	99%	1928	99%	1766	96%	2238	95%	1033	98%
Calculation and payment of dependant benefit	15 days	364	99%	323	87%	377	86%	410	95%	242	99%
Calculation and provision of benefit estimate	20 days	2861	98%	2541	63%	2810	62%	3145	67%	1671	65%
Reply to correspondence	15 days	1467	99%	3450	98%	4719	98%	5370	99%	2625	99%

NB. All target turnaround times commence when we have all the necessary documentation to complete the particular task.

Caseload Performance – Local Government Pensions Scheme

	Detail	Target %	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jly 17	Aug 17
Benefit Payments	Payments made to new pensioners within 10 working days of receipt of all information	97.00	95.3% 181/190	95.9% 141/147	96.6% 144/149	81.5% 110/135	81.0% 124/153	86.8% 132/152	95.4% 125/131	96.3% 26/27
Retirement Estimates	Estimates provided within 10 working days of receipt of all information	97.50	80.1% 141/176	81.0% 111/137	63.6% 168/264	61.9% 109/176	64.5% 151/234	66.7% 156/234	58% 119/205	82.7% 67/81
Deferred Benefits	Statements to deferred (members leaving eligible employment) 20 working days	97.5	50.6% 40/79	42.0% 21/50	39.3% 35/89	14.0% 48/342	9.9% 14/141	17.8% 32/180	60.7% 37/61	83.3% 5/6
Reworking by Actuary	Rejection by the actuary for higher than 1% inaccuracy*	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*This KPI is reported annually in October

Definition of KPIs

Benefit Payment

% of pension benefits, retirement benefits and death benefits paid accurately and in line with payment timelines, following appropriate authorisation.

1. Retirement Benefits – Lump Sum to be paid within 10 working days of receipt of all necessary paperwork to be able to make payment
2. Retirement Pension – To be sent to pensioner payroll for the next available pensioner payroll run

Retirement Estimates

Estimate to be provided within 10 working days of receipt of all necessary information required to produce estimate - % calculated accurately and within timescales.

Deferred Benefits

% Deferred Benefits upon Leaving – Letter informing member of their deferred pension rights to be issued within 20 working days of receipt of all necessary information required to produce calculation - % calculated accurately and within timescales.

Reworking By Actuary

% of data sets provided to the Pension Fund actuary which required reworking on rejection by the actuary for higher than 1% inaccuracy and / or inadequacy as a % of the total number of such data sets provided to the actuary.

Commentary

Performance has not achieved target for some months. A plan to clear the backlog was agreed with Capita and this is currently underway and the backlog is expected to clear by the end of December 2017.

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

Sarah Millson/Victoria Franklin
31 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:	31 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 Dependant Linking analysis and Deceased Members analysis have been completed, bringing the modular project to an end.</p> <p>ITM will liaise with the Orbis team to discuss and agree the next steps in the GMP reconciliation process.</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	Proposal made to HMRC	Awaiting data from client	Awaiting data from HMRC	Further review	N/A record
Active	14,479	406	313			161	1,527	2,478	5,077
Deferred Post GMP Age	582	81	46			6	139	696	36
Deferred Pre GMP Age	18,698	2,421	625	8		50	2,295	5,751	989
Pensioner Post GMP Age	2,714	3,810	4,001	2		63	1,483	1,875	171
Pensioner Pre GMP Age	562	529	144			6	73	554	10
Widow(er)	126	115	419			27	996	178	179
Unlinked dependant						180			71
Total on admin	37,161	7,362	5,548	10		493	6,513	11,532	6,533
Other admin (members with no liability)					2	14	85	3,436	39,190
HMRC only						13	2,988	36	13,268
Total reported cases	37,161	7,362	5,548	10	2	520	9,586	15,004	58,991
Baseline position	25,729	7,089	5,113				898	57,981	37,372

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.
- Proposal made to HMRC – queries raised with HMRC where we have provided information to show that the member has no further liability in the scheme and HMRC should accept the admin data.

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.

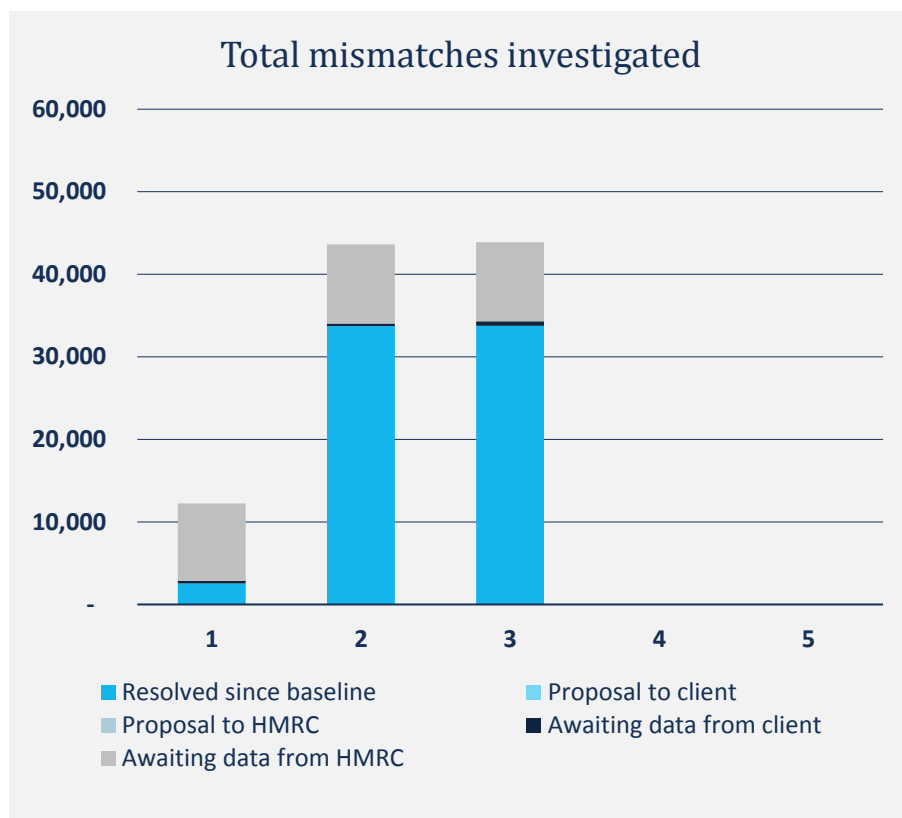
Out of Scope

- 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 'Dependant Linking' and 'Deceased Members' project actions have been processed and the batch of HMRC queries and file review spreadsheets makes up 17.18% 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	5 February 2018**
8	26	Deceased Members	2	27 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	Issued 26 October 2017
4	Dependant Linking	180	Issued 27 October 2017
5	Deceased Members	24	Issued 27 October 2017


Decisions required

Decision required	Members affected	Date raised
<p>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 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>5,548 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>	5,548	15/09/2017

Progress reporting

Project progress	
Planned last period and achieved	<ul style="list-style-type: none"> ▶ Dependant Linking ▶ Deceased Members
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	▶ ITM to arrange a follow up meeting or call to agree next steps
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			

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Report to: **Pension Board**

Date: **8 February 2018**

By: **Chief Finance Officer**

Title of report: **Governance Policy and Compliance Statement**

Purpose of report: **The Local Government Pension Scheme Regulations provides the statutory framework from which the Administering Authority is required to prepare a Fund Governance Statement. The regulations require that an Administering Authority after consultation with such persons as they consider appropriate, prepare, maintain and publish a written statement.**

RECOMMENDATIONS – The Pension Board is recommended to note –

- 1. the amendments to the Governance Policy Statement attached as Appendix 1;**
 - 2. the Compliance Statement to the Pension Regulator Code of Practice attached as Appendix 2.**
-

1. Introduction

1.1 The Local authority pension funds are required to publish and keep under review a Governance Compliance Statement. The Governance Compliance Statement of the East Sussex Pension Fund is comprised from the Compliance to Statutory Guidance Statement and a Governance Policy Statement. The Public Services Pensions Act 2013 (The Act) introduces a new framework for the governance and administration of public service pension schemes. The Act has a material impact on existing governance arrangements in the Local Government Pension Scheme (LGPS), which are enforced by changes to the LGPS regulations.

1.2 As a result of the Act, The Pensions Regulator has introduced codes of practice covering specific areas relating to public sector pension schemes. The changes to the LGPS regulations and introduction of the Pensions Regulator code of practice 14 and changes in the Scheme of Delegation require revisions to the existing East Sussex Pension Fund Governance Compliance Statement.

2. Regulatory Requirement of the Governance Compliance Statement

2.1 In order to further strengthen its governance structure the East Sussex Pension Fund Governance Compliance Statement is made up from two documents:

- The Compliance to Statutory Guidance Statement;
- The Governance Policy Statement.

2.2 The relevant regulation requiring this statement is Regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended). The Governance Compliance Statement must include the following information:

- The delegation arrangements (from the administering authority to a Committee and/or officers);
- The frequency of any meetings, terms of reference, structure and operational procedures of the delegation;
- Whether the Board/Committee includes representatives of employing authorities (including non LGPS employers) and members.

The Statement must include details of the terms, structure and operational procedures relating to the Local Pension Board.

3. The Compliance Statement to the Pensions Regulator Code of Practice 14

3.1 The Public Services Pensions Act 2013 introduces the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the Pensions Regulator. The Regulator is required to issue one or more codes of practice, covering specific matters relating to public service pension schemes. The codes of practice set out the legal requirements for public sector pension schemes in respect of those specific matters.

3.2 The Code of Practice number 14 (the Code) sets out practical guidance and standards of conduct and practice expected of those who exercise functions with regard to the governance and administration of public sector pension schemes. The Code consists of four parts:

- Governing the scheme
- Managing risks;
- Administration;
- Resolving issues.

3.3 Each of the four parts includes examples of what the administering authority must do, and a compliance statement to the Code is attached as Appendix 2 to this report.

4. Conclusion and reasons for recommendations

4.1 The Board is requested to note the amendments to the Governance Policy Statement and the Compliance Statement to the Pension Regulator Code of Practice, which will further strengthen the Pension Fund governance structure.

IAN GUTSELL
Chief Finance Officer

Contact Officers: Ola Owolabi, Head of Pensions, 01273 482017
ola.owolabi@eastsussex.gov.uk

Background Documents

The Pension Regulator Code of practice number14: Governance and Administration of Public Sector Pension Schemes

Appendices:

Appendix 1: Governance Policy Statement

Appendix 2: Compliance Statement to the Pension Regulators Code of Practice 14

EAST SUSSEX PENSION FUND

GOVERNANCE POLICY STATEMENT

January 2018

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Governance Policy Statement

Introduction

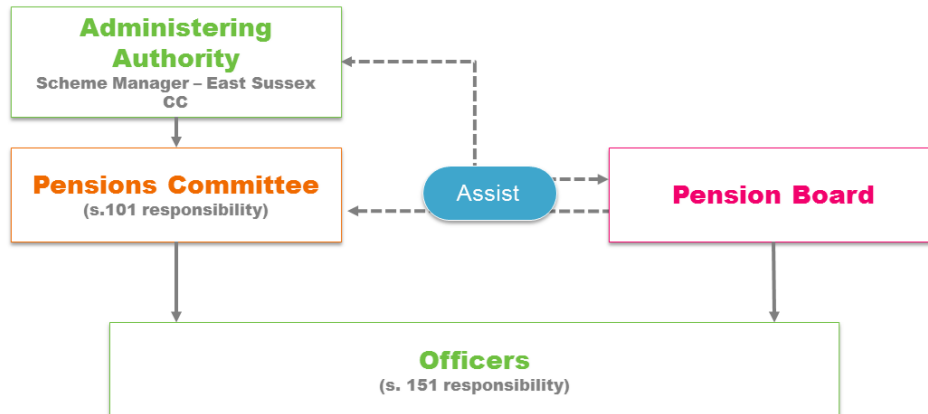
1. This is the Governance Policy Statement of the East Sussex Pension Fund, which is managed by East Sussex County Council (“The Council”), the Administering Authority (Scheme Manager) on behalf of all the relevant employer bodies in the Fund. All Local Government Pension Scheme (LGPS) Funds in England and Wales are required to publish, following such consultation as it considers appropriate, and keep under review a Governance Compliance Statement which must be revised following any material change in its delegation arrangements.
2. The Governance Compliance Statement of the East Sussex Pension Fund is comprised of the Compliance to Statutory Guidance Statement and a Governance Policy Statement. The Public Services Pensions Act 2013 (The Act) introduced a new framework for the governance and administration of public service pension schemes which is reflected in this Statement.
3. As Administering Authority, East Sussex County Council is the designated statutory body responsible for administering the East Sussex Pension Fund of behalf of the constituent Scheduled and Admitted Bodies in the relevant area. The Council may choose to delegate certain aspects of administering the Fund in accordance with the Local Government Act 1972 and its own constitution. However, even where powers are delegated the Council remains ultimately responsible for all aspects of the management of the Fund. The Local Government Pension Scheme Regulations specify that, in investing the Fund’s money, regard must be given to the need for diversification and for proper advice obtained at reasonable intervals.

Governance of East Sussex Pension Fund

4. East Sussex County Council operates a Cabinet style decision-making structure. Under the Constitution, the Pension Committee has the delegated authority to exercise the powers of the County Council in respect of the pensions of all employees of the Council (except teachers), including the approval of the pension fund admission agreements. It also has authority for the management of the pension fund. The pension fund governance focuses on:
 - The effectiveness of the Pension Fund Committee, the Local Pension Board (“Board”) and officers to where delegated function has been passed, including areas such as decision making processes, knowledge and competencies.
 - The establishment of policies and their implementation.
 - Clarity of areas of responsibility between officers and Pension Fund Committee/Board members.
 - The ability of the Pension Fund Committee/Board and officers to communicate clearly and regularly with all stakeholders.
 - The ability of the Pension Fund Committee/Board and officers to ask for the appropriate information and advice and to interpret that information in their supervision and monitoring of the Scheme in all areas.
 - The management of risks and internal controls to underpin the framework.

The overall responsibility for the governance of the Local Government Pension Scheme and for the approval of this document resides with the Pension Fund Committee.

The East Sussex Pension Fund



Responsibilities of the Pensions Committee

The following powers have been delegated to the Pension Committee

- (i) In accordance with the Local Government Pension Scheme Regulations and associated legislation, to exercise functions and responsibilities for dealing with the Pension Fund in conjunction with other bodies who contribute to the Fund.
- (ii) To exercise the powers and duties of the County Council in respect of:
 - the pensions of all employees of the Council (except teachers), including the approval of pension fund admission agreements; and management of the investment of the pension fund, receiving advice as appropriate from the Pension Board.
- (iii) To make arrangements for the investment, administration and management of the Pension Fund.
- (iv) To arrange for the appointment of investment managers and advisors.
- (v) To agree Policy Statements as required under the Local Government Pension Scheme regulations.
- (vi) To agree the Investment Strategy having regard to the advice of the Fund's Managers and the Pension Board.
- (vii) To set the Investment Policy and review the performance of the Pension Fund's external investment managers.
- (viii) To determine the fund management arrangements and to appoint fund managers and fund advisers.

(ix) To decide on the admission and cessation of bodies to the Pension Fund.

(x) To consider and agree actuarial variations.

(xi) To ensure that the Pension Fund administration is conducted in accordance with relevant legislation.

(xii) To appoint Additional Voluntary Contribution providers and to monitor their performance.

Membership of the Pension Committee

5. The County Council appoints five members to the Committee in accordance with political balance provisions. All members of the Committee have voting rights.
6. In relation to Pension Matters, the Committee consider directly all issues relating to pension administration, such as changes in benefit regulation, admission agreements, the Pension Fund Investments, etc.

Frequency of meetings of the Pension Committee.

7. The Pension Committee meets at least 4 times a year. The full terms of reference are publicly available as part of the County Council constitution.

Operational Procedures of the Pension Committee.

8. The Pension Fund Committee receives and reviews quarterly reports from all its Investment Fund Managers and the independent Investment Adviser, Hymans Robertson. The Committee is also advised by an additional Independent Advisor. In addition, the Committee is advised by the County Council's Chief Finance Officer (in their capacity as the Council's designated Treasurer). The Committee also receives an annual report from the Fund's independent performance measurement provider which reviews the long-term performance of the Fund and of each of the Investment Fund Managers in relation to their targets. The Committee also holds a separate Annual Strategy Meeting at which it reviews the overall investment strategy of the Fund

Responsibilities of the East Sussex Pension Board

9. To help to ensure that the East Sussex Pension Fund 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.
10. To provide assistance to East Sussex County Council as the Administering Authority and 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
11. The role of the Board will be oversight of these matters and not decision making.

12. To secure 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 performance information and the performance review timetable.
- Making representations and recommendations to the Pensions Committee as appropriate.
- Considering and responding to any government / Responsible Authority performance data request concerning the local fund.

Frequency of meetings of the East Sussex Pension Board.

13. The Pension Board meets at least 4 times a year. The full terms of reference are publicly available as part of the County Council constitution.

Operational Procedures of the Pension Board.

14. 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.

15. 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.

Membership of the Pension Board

16. In accordance with Regulation 107 of the LGPS Regulations 2013, a Local Pension Board must include an equal number of employer and member representatives with a minimum requirement of no less than four in total. In considering the size of the East Sussex Pension Board, the Council has taken into consideration number of factors including:

- The size of the Council's existing Pension Fund governing arrangement and decision making process.
- The number of scheme members, number and size of employers within the Fund and any collective arrangements in place for them to make decisions or provide input in relation to Fund matters;
- The direct and indirect cost of establishing and operating the Board.

17. Composition of the East Sussex Pension Board - The Pension Board shall consist of 7 members as follows:

- Employer representative x 3

- Scheme member representative x 3
- Independent Chair x 1

Responsibilities of the East Sussex CC Governance Committee

18. The following are pension related responsibilities delegated to the Governance Committee;
- To determine the selection process for appointment to the Pension Board.
 - To appoint to, and remove from, the Pension Board
 - To agree the level of remuneration for Pension Board Members.

Consultation with Employing Authorities

19. All employing bodies are kept informed of current pension issues, such as proposed changes in the regulations and their implications, by newsletter. They are encouraged to get in touch if they have questions.
20. In addition to these electronic briefings, the East Sussex Fund holds an annual employers forum to which all admitted bodies of the Fund are invited. This annual meeting covers both actuarial and investment issues and always contains a presentation from the Fund's Actuary. The District Councils receive feedback from their representatives on the Pension Board and are also briefed on pension matters bi-monthly by the Fund's Treasurer at meetings of the East Sussex Financial Officers Association. Update briefings to these meetings are also circulated by email to all other employers in the East Sussex Pension Fund.
21. All employees receive periodic newsletter update on pension issues, especially on any changes affecting benefits. These updates are shared with all employers.
22. More detail on the approach to communication is covered in the separate Pension Fund Communication Statement.

Contact Details

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Delegation of Functions

The following functions are delegated by the Administering Authority:

Scheme Administration

Governance Principles: Effective committee delegation; appropriate accountability; rigorous supervision and monitoring

Including, but not exclusively or limited to, record keeping, calculation of and payment of benefits, reconciliation and investment of contributions, preparation of annual accounts, and provision of membership data for actuarial valuation purposes.

The Administering Authority has responsibility for “Scheme Administrator” functions as required by HM Revenues and Customs (HMRC) under the Finance Act 2004.

Delegated to:

Pension Fund Committee (monitoring)

Chief Finance Officer (Pension Fund Governance and Investment implementation)

Funding

Governance Principles: Effective committee delegation; appropriate accountability; written plan policies

Including, but not exclusively or limited to, setting of the appropriate funding target for the Local Government Pension Scheme. The Chief Finance Officer shall be responsible for maintaining the Funding Strategy Statement (FSS). The Pension Fund Committee shall be responsible for approving the FSS.

Delegated to:

Pension Fund Committee (policy approval)

Chief Finance Officer (maintaining FSS and policy implementation)

Investment

Governance Principles: Effective committee delegation; appropriate accountability; written plan policies

Including, but not exclusively or limited to, setting of an appropriate investment strategy or strategies, selection of investment managers, setting of performance benchmarks and regular monitoring of performance. The Pension Fund Committee shall be responsible for maintaining the Statement of Investment Principles.

Delegated to:

Pension Fund Committee (strategy approval, manager selection, benchmarks, monitoring)

Chief Finance Officer (Pension Fund investment implementation)

Communications

Governance Principle: Effective information flow; written plan policies

Including setting of a communication strategy, issuing of benefit statements, annual newsletters, and annual report. The Pension Fund Committee shall be responsible for maintaining the Communications Policy.

Delegated to:

Pension Fund Committee (policy approval)

Chief Finance Officer (Pension Fund policy implementation)

Risk Management

Governance Principle: Effective committee delegation; appropriate accountability; written plan policies

Including the identification, evaluation and monitoring of risks inherent within the Local Government Pension Scheme. The Pension Fund Committee shall be responsible for approving the Risk Register. The Chief Finance Officer shall be responsible for maintaining the risk register.

Delegated to:

Pension Fund Committee (pension fund risk register approval)

Chief Finance Officer (maintaining the pension fund risk register)

Terms of Reference and Decision Making

Terms of Reference:

Governance Principle: Effective board delegation; written plan policies

The Pension Fund Committee Terms of Reference as approved by Full Council on 24 March 2015 are shown in **Appendix A** to this document.

Administration, Funding, Investment, Communications and Risk Management

In line with the Council's Constitution, the Pension Fund Committee shall oversee Pension Fund administration, funding, investment, communication, risk management and the overall governance process surrounding the Fund.

Structure of the Pension Fund Committee and representation:

Governance Principle: Effective committee delegation

The Pension Fund Committee shall be made up of:

5 County Councillors appointed by the Governance committee according to the political makeup of the council including the chairman. Decision making quorum of 3 members.

Decision Making:

Governance Principle: Effective committee delegation; rigorous supervision and monitoring

The Pension Fund Committee shall have full decision-making powers.

Each member of the Pension Fund Committee shall have full voting rights.

Operational Procedures

Frequency of Meetings:

Governance Principle: Effective board delegation; effective information flow

The Pension Fund Committee shall meet quarterly. The Pension Fund Committee shall receive full reports upon all necessary matters as decided by the Chief Finance Officer, and any matters requested by members of the Pension Fund Board. Provision exists for the calling of special meetings if circumstances demand.

Competencies, Knowledge and Understanding:

Governance Principle: Effective board delegation; appropriate accountability

Officers and Members of the Pension Fund Committee shall undertake training to ensure that they have the appropriate knowledge, understanding and competency to carry out the delegated function. It is recommended that such knowledge, understanding and competency are evaluated on an annual basis to identify any training or educational needs of the Officers and the Pension Fund Committee.

Reporting and Monitoring:

Governance Principle: Rigorous supervision and monitoring; effective information flow

i) Pension Board

The Pension Board is established by the administering authority to assist in securing compliance with the LGPS Regulations, any other legislation relating to the governance and administration of the scheme, and any requirements imposed by the Pensions Regulator.

The Pension Fund Committee shall:

- Provide the Pension Board with adequate resources to fulfil its role.
- Consider and respond to reports from the Pension Board within a reasonable period of time.

The Pension Board

The role of the Pension Board, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013, is to assist the Administering Authority:

- to secure compliance with:
 - i) The scheme regulations;
 - ii) any other legislation relating to the governance and administration of the LGPS Scheme and any connected scheme;
 - iii) any requirements imposed by the Pensions Regulator in relation to the LGPS Scheme.
- to ensure the effective and efficient governance and administration of the LGPS Scheme.

Terms, Structure and Operational Procedures

The Pension Board's Terms of Reference as approved by Full Council on 24 March 2015 are shown in **Appendix B** to this document.

Review of Governance Policy Statement

Responsibility for this document resides with the Chief Finance Officer and will be reviewed by no less frequently than annually. This document will be reviewed if there are any material changes in the administering authority's governance policy or if there are any changes in relevant legislation or regulation.

Pension Committee terms of reference and membership

1. In accordance with the Local Government Pension Scheme Regulations and associated legislation, to exercise functions and responsibilities for dealing with the Pension Fund in conjunction with other bodies who contribute to the Fund.
2. To exercise the powers and duties of the County Council in respect of:
 - the pensions of all employees of the Council (except teachers), including the approval of pension fund admission agreements; and
 - management of the investment of the pension fund, receiving advice as appropriate from the Pension Board.
3. To make arrangements for the investment, administration and management of the Pension Fund.
4. To arrange for the appointment of investment managers and advisors.
5. To agree Policy Statements as required under the Local Government Pension Scheme regulations.
6. To agree the Investment Strategy having regard to the advice of the Fund's Managers and the Pension Board.
7. To set the Investment Policy and review the performance of the Pension Fund's external investment managers.
8. To determine the fund management arrangements and to appoint fund managers and fund advisers.
9. To decide on the admission and cessation of bodies to the Pension Fund.
10. To consider and agree actuarial variations.
11. To ensure that the Pension Fund administration is conducted in accordance with relevant legislation.
12. To appoint Additional Voluntary Contribution providers and to monitor their performance.

Membership

Five members appointed in accordance with political balance provisions.

Constitution and terms of reference of the East Sussex Pension Board

1. Introduction

- 1.1 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.
- 1.2 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.
- 1.3 The terms of reference, membership of the Pension Board and any variations thereof are determined by the Scheme Manager, i.e. ESCC.

2. Objectives of the Pension Board

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 The role of the Board will be oversight of these matters and not decision making.

3. Management and operation of the Pension Board

- 3.1 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.

4. Membership - composition of the Pension Board

4.1 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**

4.2 The Pension Board shall be chaired by an Independent Chair.

5. Appointment of members of the Pension Board

5.1 The appointment process has been approved by the Governance committee

5.2 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.

6. Term of office

6.1 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.

- 6.2 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.
- 6.3 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.
- 6.4 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.

7. Independent Chair

- 7.1 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.
- 7.2 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.
- 7.3 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.

8. Support arrangements

- 8.1 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.

9. Expert advice and information

- 9.1 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.
- 9.2 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.

10. Knowledge and Skills

10.1 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 (i.e. being conversant with pension matters relating to their role).

10.2 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.

11. Minutes

11.1 The minutes and any consideration of the Pension Board shall be submitted to the Pension Committee.

12. Standards of Conduct

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

13. Access to the Public and Publication of Pension Board information

13.1 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.

13.2 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.

14. Expense reimbursement, remuneration and allowances

14.1 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.

15. Accountability

15.1 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.

- 15.2 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.

16. Decision Making Process

- 16.1 Employer representatives and scheme member representatives have voting rights albeit the Board is expected to operate on a consensus basis.
- 16.2 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.

17. Attendance and quorum

- 17.1 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.
- 17.2 Advisors and co-opted persons do not count towards the quorum.

18. Conflicts of Interest

- 18.1 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 Public 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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East Sussex Pension Fund

Governance compliance and the Pensions Regulator's code of practice

The role of the local pension board is to –

- Secure 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;
- Secure compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;
- Ensure any breach of duty is considered and followed under the scheme's procedure for reporting to the Pensions Regulator and to the Scheme Manager
- Assist in such other matters as the scheme regulations may specify.
- Assist the Scheme Manager (East Sussex County Council) to ensure the effective and efficient governance and administration of the scheme.

This statement sets out how the local pension board of the East Sussex Pension Fund is complying with these requirements and in particular the guidance from the Scheme Advisory Board and the Pensions Regulator.

Establishment of the local pension board

Requirement	Full Compliance	Position
Local pension board to be established by 1 April 2015	Local Pension Board terms of reference agreed and approved by the Council	The Local Pension Board terms of reference were agreed and approved at the full council meeting on the 2 December 2014. Amendments to the terms of reference were approved at the 24 March 2015 Full Council meeting after the final regulations for the pension board were released. These documents can be found on the East Sussex County Councils website https://democracy.eastsussex.gov.uk/ieListMeetings.aspx?CommitteeId=150 .
Expenses of the local pension board are part of the expenses of administration of the pension fund	Provision has been made in the accounting procedures to identify the costs incurred in the establishment and operational costs of the local pension board	<i>Appropriate code/gl has been identified with SAP (cc2160 & 20161) to enable proper accounting procedures, and to identify the costs incurred in the establishment and operational costs of the local pension board</i>
Local Pension Board to have equal number of scheme member representatives and employer representatives which is no fewer than 4 in total.	The terms of reference will provide for an equal number of scheme member representatives and employer representatives which is no less than 4 in total	The East Sussex Pension Board terms of reference have stipulated the number of scheme member and employer representatives at 7 in total. The Pension Board shall consist of 7 members as follows: <ul style="list-style-type: none"> • Employer representative x 3 • Scheme member representative x 3 • Independent Chair x 1

Requirement	Full Compliance	Position
Determine the manner and terms by which members of the local pension board are appointed.	The manner and terms by which members of the local pension board are clearly set out.	The manner and terms of appointment to the East Sussex Pension Board were agreed at the full council meeting on the 2 December 2014. Amendments to the manner and terms of appointment were approved at the 24 March 2015 Full Council meeting after the final regulations for the pension board were released. These documents can be found on the East Sussex County Councils website https://democracy.eastsussex.gov.uk/ieListMeetings.aspx?CommitteeId=150 .
The administering authority must be satisfied that persons appointed to the local pension board do not have a conflict of interest.	The administering authority will have a conflict of interest policy and procedure in order to identify and manage actual and potential conflicts of interest	Documented on the initial meeting papers all members were made aware of Conflicts of Interest on induction training. A register of interest has been compiled. This will be maintained by democratic services.
The administering authority must have regard to guidance issued by the Secretary of State	The administering authority will have knowledge and access of the LGPS Advisory Board website (http://www.lgpsboard.org) and regularly check for updates and alerts.	The officer(s) responsible for regularly checking the LGPS Advisory Board website and any other methods by which the Fund is kept informed of any guidance issued is the Head of Pensions and the Pensions Strategy and Governance Manager.

The Pensions Regulator's Code of Practice

Requirement	Full Compliance	Position
Governing the scheme		
<p>A member of the local pension board must be conversant with the scheme rules and any document recording policy about the administration of the scheme adopted by the administering authority</p>	<p>A training strategy has been adopted and a training plan drafted in which there is provision for informing local pension board members of the LGPS rules, regulations and the Fund's documents and recording policy.</p>	<p>The East Sussex Pension Board has undertaken an initial training session prior to their first meeting and completed a training needs questionnaire. This has formed the basis for the Training Strategy. At the beginning of each meeting they will receive additional training based on the East Sussex Pension Board's requirements. This will be reviewed on an ongoing basis.</p>
<p>A member of the local pension board must have knowledge and understanding of the law relating to pensions and other matters which are prescribed in the regulations</p>	<p>A training strategy has been adopted and a training plan drafted in which there is provision for informing local pension board members of the law relating to pensions and matters prescribed in regulations.</p>	<p>The East Sussex Pension Board has undertaken an initial training session prior to their first meeting and completed a training needs questionnaire. At the beginning of each meeting they will receive additional training based on the East Sussex Pension Board's requirements. This will be reviewed on an ongoing basis.</p>

Requirement	Full Compliance	Position
The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding	A training strategy has been adopted and a training plan drafted to establish the arrangements for local pension board members to acquire and retain knowledge and understanding.	The East Sussex Pension Board has undertaken an initial training session prior to their first meeting and completed a training needs questionnaire. At the beginning of each meeting they will receive additional training based on the East Sussex Pension Board's requirements. This will be reviewed on an ongoing basis.
The administering authority should designate a person to take responsibility for ensuring that a framework is developed and implemented.	A training strategy has been adopted that contains details of the person designated to take responsibility for ensuring that a framework is developed and implemented	The East Sussex Pension Board has undertaken an initial training session prior to their first meeting and completed a training needs questionnaire. At the beginning of each meeting they will receive additional training based on the East Sussex Pension Board's requirements. This will be reviewed on an ongoing basis. The officer responsible for the framework development and implementation is the Head of Pensions
Local pension board members should be familiar with the AVC options offered	Information of the AVC options are provided to the local pension board members	The AVC options provided to members of the scheme will be reviewed on a triennial basis by the East Sussex Pension Board as part of their rolling programme.

Requirement	Full Compliance	Position
The administering authority should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant.	An updated list of documents is maintained	A list of documents with which the East Sussex Pension Board are required to be conversant with is updated and maintained.
Local pension board members are aware of their personal responsibilities in terms of knowledge and understanding	Local pension board members are aware of their personal responsibilities in terms of knowledge and understanding	The East Sussex Pension Board members have a regular agenda item on training at each meeting and a framework has been developed to suit the needs of the Board, awareness of responsibilities was highlighted at the induction training. Responsible Officer: Pensions Strategy and Governance Manager.
Requirement	Full Compliance	Position
The administering authority should assist individual local pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and	A monitoring system / procedure should be contained in the training strategy and in place in order to assist the local pension board member to attain the level of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member	The East Sussex Pension Board has undertaken an initial training session prior to their first meeting and completed a training needs questionnaire. At the beginning of each meeting members receive additional training based on the East Sussex Pension Board's requirements. This is reviewed on an ongoing basis. The officer(s) responsible for the framework development and implementation is the Head of Pensions.

Requirement	Full Compliance	Position
duties as a pension board member		
The administering authority should maintain individual training plans for local pension board members	Individual training records are kept and maintained of the learning activities of the local pension board members.	The Democratic Services team at East Sussex County Council maintain a record of all training received by the East Sussex Pension Board members, these are made available to board members on an individual basis.
Requirement	Full Compliance	Position
Local pension board members should invest sufficient time in their learning and development alongside their other responsibilities.	There is provision in the individual training plans to monitor and record attendance at training events and whether sufficient time is being invested in learning and development.	The Democratic Services team at East Sussex County Council maintain a record of all training received by the East Sussex Pension Board members which is reported back to the board at least half yearly.
The Pensions Regulator has provided an e-learning programme to help meet the needs of local pension board members	Local pension board members are required to complete the Pensions Regulator's e-learning programme but this is not in isolation and is supplemented by specific LGPS and related Fund learning activities	Board members were made aware of the e-learning programme in the induction training and encouraged to register. Regular reviews of progress are carried out.

Requirement	Full Compliance	Position
Publishing information about schemes		
The administering authority must publish information about the local pension board and keep that information up to date	Provision is made on the Council website or Fund website that is available for all scheme members to view	East Sussex County Council has a section on its website dedicated to the East Sussex Pension Board and the East Sussex Pension Fund Website detailing the members of the board and documentation relating to the Board. This is maintained by the Pensions Strategy and Governance Manager and democratic services of the East Sussex County Council. <i>http://www.eastsussexpensionfund.org/east-sussex-pension-fund/about-us/local-pension-board/</i>
The published information must include who the members of the local pension board are, their representative role and the matters falling within the local pension boards responsibility	Full details of the local pension board members, their representative role, their employment and job title (where relevant), any other relevant position and their terms of reference are available on the website	Information available on the East Sussex County Council website and East Sussex Pension Fund website <i>http://www.eastsussexpensionfund.org/east-sussex-pension-fund/about-us/local-pension-board/</i> <i>http://www.eastsussex.gov.uk/jobs/workingateastsussexcountycouncil/pensions/financial/default.htm</i>
Requirement	Full Compliance	Position
The published information should include the local pension board appointment process	The appointment process will be published either as a separate piece of information or be contained within the terms of reference or as an appendix to the terms of reference	The appointment process was carried out by a selection process. After the advertisement for the role's we considered approaches from the Union's, employers and utilising the experience of former pension committee members <i>http://www.eastsussex.gov.uk/jobs/workingateastsussexcountycouncil/pensions/financial/default.htm</i>

Requirement	Full Compliance	Position
<p>The administering authority should publish information about the local pension board's business</p>	<p>All board papers, agendas and minutes of meetings are available on the Council website or Fund website for all scheme members to view</p>	<p>East Sussex County Council and East Sussex Pension Fund has a section on its website dedicated to the East Sussex Pension Board detailing the members of the board and documentation relating to the Board. This will be maintained by the democratic services of the East Sussex County Council and the Pensions Strategy and Governance Manager. The website can be found here https://democracy.eastsussex.gov.uk/mgCommitteeDetails.aspx?ID=374</p> <p>http://www.eastsussexpensionfund.org/east-sussex-pension-fund/about-us/local-pension-board/</p>
<p>The administering authority should consider any requests for additional information to be published to encourage scheme member engagement and promote a culture of transparency</p>	<p>There will be details on the Council website or Fund website informing scheme members who to contact if they wish to make any requests for further information to be published.</p> <p>There will be a procedure in place for determining what scheme member requests will be agreed and how the decision is communicated to the scheme member</p>	<p>The democratic services contact is named on the East Sussex Pension Board page and can be contacted by scheme members with requests for further information. This will then be brought to the attention of the board.</p>

Requirement	Full Compliance	Position
Managing Risks		
<p>The administering authority is required to have in place internal controls that include adequate systems, arrangements and procedures for the administration and management of the Fund</p>	<p>There are in place systems, arrangements and procedures to ensure that the scheme is being run in accordance with the scheme rules as set out in regulations. This will include a clear separation of duties, processes for escalation and decision making and documented procedures for assessing and managing risk, reviewing breaches of law and managing contributions to the scheme.</p>	<p>Responsible Officers:</p> <p>The Head of Pensions</p> <p>Pensions Strategy and Governance Manager</p> <p>Finance Manager (Pension Fund)</p> <p>There is a risk register in place which is regularly reviewed.</p> <p>The pensions administration is regularly audited by internal and external auditors.</p> <p>The pension's administration transactional services are within a shared service.</p>

Requirement	Full Compliance	Position
Administration		
<p>The administering authority must be able to demonstrate that they keep accurate, up to date and enduring records to be able to govern and administer the LGPS effectively</p>	<p>There is in place a reliable pension administration software system for the purpose of keeping accurate and up to date scheme member data.</p>	<p><i>Heywood who is part of aquilaheywood and is the current software provider in the provision of pension administration systems and its industry accepted. The East Sussex Pension Fund is utilising a PensionWeb system contracted with Civica to improve data accuracy from employers.</i></p>
<p>The administering authority must ensure that scheme member data across all membership categories specified in the Record Keeping Regulations is complete and accurate and the data is subject to regular data evaluation</p>	<p>There should be an annual review of data measured against the requirements of the Record Keeping Regulations and associated guidance from the Pensions Regulator. Where data gaps are identified, a data improvement plan should be put in place.</p>	<p>All correspondence advising scheme members of pension entitlements contain references to advise the Fund of any changes in their personal circumstances. There is a facility on the Fund website for scheme members to advise of changes in their personal circumstances. Scheme employers advise the Fund of changes to scheme member's circumstances in a variety of ways (e-mail, telephone, forms).</p>

Requirement	Full Compliance	Position
<p>The administering authority must keep specific data which will enable it to uniquely identify a scheme member and calculate pension benefits correctly</p>	<p>Scheme members have a unique identifier on the pension administration software system.</p>	<p>Scheme members are identified by NI number.</p> <p>The software system also allows identification by surname, National Insurance number and unique identifying codes.</p>
<p>The administering authority should require participating employers to provide them with timely and accurate data</p>	<p>Processes are established which facilitates the transmission of complete and accurate data.</p> <p>Employers are aware of the importance of accurate and timely submission of data and have access to expertise in order to resolve queries.</p>	<p>There is an established process in place for the timely and accurate data from employers.</p> <p>A pension administration strategy statement is in place.</p>

Requirement	Full Compliance	Position
<p>The administering authority should seek to ensure that employers understand the main events which require information about members to be communicated</p>	<p>Processes are in place for employers to inform the administering authority in the event there is an event affecting a scheme member, such as –</p> <ul style="list-style-type: none"> • Joins or leaves the scheme • Changes their rate of contributions • Changes their name, address or salary • Changes their membership status • Transfers employment between scheme employers • Strike days or breaks in service • 50/50 membership <p>(This list is not exhaustive)</p>	<p>There is an established process in place for the timely and accurate data from employers.</p> <p>A pension administration strategy statement is in place.</p> <p>Instances of late submission are considered on a case by case basis. Financial penalties are deemed to be the last resort failing resolution.</p>

Requirement	Full Compliance	Position
<p>The administering authority should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes</p>	<p>Processes are established which details the timely transmission of complete and accurate data</p>	<p>There is an established process in place for the timely and accurate data from employers.</p> <p>A pension administration strategy statement is in place.</p> <p>Instances of late submission are considered on a case by case basis. Financial penalties are deemed to be the last resort failing resolution.</p>
<p>The administering authority should be able to trace the flow of funds into and out of the scheme, reconcile these and keep records of transactions</p>	<p>There are audited processes in place that record transactions into and out of the Fund</p>	<p>The East Sussex Pension Fund has a separate bank account which all contributions and payments take place. These are recorded in the financial system (SAP) used by the fund. In addition to this, the fund uses a master custodian to safeguard its assets and to collect and pay all investment related income and expense. The processes used to record these transactions are audited each year as part of the work performed by the internal audit team.</p>

Requirement	Full Compliance	Position
<p>The administering authority must keep records of pension board meetings and discussions and records of decisions made other than at a local pension board meeting that is later ratified.</p>	<p>Records are available that show decisions made and discussions at local pension board meetings and those that take place outside and are later ratified at a local pension board meeting</p>	<p><i>Records of pension board meetings and records of decisions made are available on the East Sussex County Council website and the East Sussex Pension Fund Website.</i></p> <p>http://www.eastsussex.gov.uk/jobs/workingateastsussexcountycouncil/pensions/financial/default.htm</p>
<p>The administering authority should retain records for as long as they are needed and have in place an adequate system and process for record retention</p>	<p>A policy on document retention is in place that includes the retention of local pension board papers and documents</p>	<p>This is the responsibility of the democratic services officer. In line with East Sussex County Council retention policy.</p> <p>https://democracy.eastsussex.gov.uk/mgCommitteeDetails.aspx?ID=374</p>
<p>Where the administering authority has identified poor quality or missing data there should be a data improvement plan in place</p>	<p>A data improvement plan is in place which contains measures for the administering authority to monitor and a timeframe for attaining accurate data</p>	<p>A data improvement plan will be drafted where the need is identified, following assessment of common and Scheme specific data in line with Regulator's requirements.</p>
<p>The administering authority should reconcile member records with the</p>	<p>Scheme member records are reconciled with the relevant employers at least on an annual basis.</p> <p>Pension Administration software systems can identify</p>	<p>There is no formal procedure in place for reconciling scheme records with their relevant employers, however, contribution returns identify where scheme members have left or joined.</p>

Requirement	Full Compliance	Position
relevant employers and be able to identify those scheme members who are approaching retirement, those who are active members and those that are deferred members	scheme members approaching retirement, active members and deferred members.	The pensions administration software identifies scheme members approaching retirement, active members and deferred members.
The administering authority must ensure that processes created to manage scheme member data are compliant with the Data Protection Act 1998 and the General Data Protection Regulations (GDRP)	Data Protection Act and GDRP is complied with and all relevant persons are aware of their responsibilities	Awareness of data protection requirements are communicated to Fund Officer's through internal procedures. Committee members and Board members are advised in their own information packs and within their relevant papers.

Requirement	Full Compliance	Position
<p>The administering authority should be able to demonstrate that records are kept in accordance with other relevant legislation</p>	<p>Evidence that key requirements are set out where applicable under the following legislation –</p> <ul style="list-style-type: none"> Pensions Act 1995 and 2004 Pensions Act 2008 and the Employers' Duties (Registration and Compliance) Regulations 2010 Occupational Pension Schemes (Scheme Administration) Regulations 1996 Registered Pension Schemes (Provision of Information) Regulations 2006 Data Protection Act 1998 Freedom of Information Act 2000 	<p>Relevant pieces of legislation are complied with in relation to the Fund record keeping; this is verified by regular audits.</p>

Requirement	Full Compliance	Position
Maintaining Contributions		
<p>The administering authority should ensure there are effective policies and procedures in place to identify payment failures</p>	<p>All employers are aware of the payment deadlines</p> <p>Procedures and processes are in place to monitor the payment of contributions, record payments of contributions to the Fund, manage overdue contributions and identified payment failures are reported to a senior officer.</p>	<p>All new employers are made aware of their responsibilities to meet contribution payment deadlines at the outset. This could be by formal notification in a letter or contained in the admission agreement for those admitted bodies. Contribution payments are monitored on a monthly basis, where payment failures are identified the employer is contacted accordingly. Persistent failure is reported to the Pensions Strategy and Governance Manager.</p>
<p>Where the administering authority identify a payment failure they should follow a process to resolve issues quickly</p>	<p>A process is in place to –</p> <p>Investigate any apparent employer failure to pay contributions in accordance with the legal requirements</p> <p>Contact the employer promptly to alert them to a payment failure and seek a resolution.</p> <p>Enter dialogue to find the cause and circumstance for the payment failure</p> <p>Ask the employer to resolve the payment failure and take steps to avoid a future recurrence</p>	<p>The Pensions Strategy and Governance Manager will investigate any apparent employer failure to pay contributions in accordance with the legal requirements and then;</p> <p>Contact the employer promptly to alert them to a payment failure and seek a resolution.</p> <p>Enter dialogue to find the cause and circumstance for the payment failure</p> <p>Ask the employer to resolve the payment failure and take steps to avoid a future recurrence</p>

Requirement	Full Compliance	Position
<p>The administering authority should maintain a record of investigations and communications in relation to payment failures</p>	<p>Records are maintained of investigations and communications (and outcomes) in relation to payment failures</p>	<p>Details in relation to payment failures are kept in the relevant employer file.</p>
<p>The administering authority should review processes or develop a new process which is able to detect situations where fraud may be more likely to occur and where additional checks may be appropriate.</p>	<p>This will be identified on the fund's risk register</p> <p>A regular review of processes to detect fraud is undertaken</p>	<p>Areas of risk of fraud and where they are likely to occur are maintained in the Fund's risk register. The risk register itself is regularly reviewed.</p>
<p>The administering authority must report payment failures which are likely to be of material significance to the regulator.</p>	<p>Responsible officers are aware of the requirement and there is a procedure in place for reporting payment failures to the regulator in accordance with the code of practice</p>	<p>The Pensions Strategy and Governance Manager will report payment failures to the regulator after determining, on a case by case basis, the action to be taken is a last resort.</p>

Requirement	Full Compliance	Position
Providing Information to scheme members		
Scheme regulations require the administering authority to provide an annual benefit statement	<p>Annual benefit statements are issued to each active, deferred pensioner and pension credit member.</p> <p>Statements must be issued no later than 5 months after the end of the Scheme year to which it relates</p>	The Fund expects the Annual benefit statements to be issued in accordance with time limits set out in the LGPS regulations.
The administering authority must provide scheme members with basic scheme information	The fund will have in place a communication policy which contains details of what information is provided to scheme members and the communication media.	<p>East Sussex Pension Fund has a communication policy which sets out what information is provided to scheme members and how it is communicated.</p> <p>https://www.eastsussex.gov.uk/yourcouncil/pension-fund-policies/</p>
Disclosure regulations make provision for scheme members and others to receive information that is relevant to their pension rights and scheme entitlements	<p>The fund will have In place a communication policy that sets out how and when it will communicate with any of the following “relevant persons”</p> <p>Active members</p> <p>Deferred members</p> <p>Pensioner members</p> <p>Prospective members</p> <p>Spouses, civil partners of members or prospective members</p> <p>Other beneficiaries</p>	<p>East Sussex Pension Fund has a communication policy which sets out what information is provided to scheme members and how it is communicated.</p> <p>https://www.eastsussex.gov.uk/yourcouncil/pension-fund-policies/</p>

Requirement	Full Compliance	Position
	Recognised trade unions	
<p>The administering authority should attempt to make contact with their scheme members and where contact is not possible carry out a tracing exercise to locate scheme members.</p>	<p>A tracing service has been engaged to trace scheme members where contact details are considered incorrect</p>	<p>All attempts through various sources are used to trace or locate scheme members for example; DWP, NFI, Tracing Agency.</p>
<p>Requests for information should be acknowledged if information requested cannot be immediately provided.</p>	<p>A customer service standard is in place that requires a written response to be provided within a specified timescale and where that response cannot be provided that a letter of acknowledgement is sent with an indicative response time.</p>	<p>Correspondence is responded to in accordance with East Sussex County Council standards.</p>

Requirement	Full Compliance	Position
Resolving Disputes		
The administering authority has in place an Internal Dispute Resolution Procedure	<p>An Internal Dispute Resolution Procedure is in place in accordance with the LGPS regulations and it clearly states the procedure and process to apply for a dispute to be resolved including –</p> <ul style="list-style-type: none"> Who it applies to Who the adjudicator is (stage 1) Who to contact with a dispute The information that an applicant must include How the final decision is reached How the dispute can be escalated if dis-satisfied The appropriate timescales 	<p>There is an internal dispute resolution procedure in place in accordance with the LGPS regulations.</p> <p><i>https://www.eastsussex.gov.uk/yourcouncil/pensions/guides-and-leaflets/</i></p>

Requirement	Full Compliance	Position
<p>The administering authority should be satisfied that those responsible for reporting breaches of the law are made aware of their legal requirements and the Pensions Regulator's guidance</p>	<p>The following are made aware and understand their responsibility to report breaches to the Pensions Regulator –</p> <ul style="list-style-type: none"> Officers Members of the local pension board Any person involved in the administration of the LGPS Scheme employers participating in the fund Professional advisers Any person who is otherwise involved in advising the fund 	<p>A reporting breaches policy is in place. Once a breach or likely breach has been identified, regardless of whether it needs to be reported to the Regulator, the relevant Officer, in consultation with the Monitoring Officer must review the circumstances of the breach in order to understand why it occurred, the consequences of the breach and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary. All breaches must be recorded in the Council's breaches log and advised to both the Pension Board and Pensions Committee.</p> <p>Board members and other persons present were advised at the induction training day.</p>

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Report to: **Pension Board**

Date: **8 February 2018**

By: **Chief Finance Officer**

Title of report: **Revised Communications Policy Statement 2018/19**

Purpose of report: **This report provides the Board with an updated 2018/19 version of the East Sussex Pensions Communications Policy for consideration.**

RECOMMENDATION -

The Board is recommended to:

- 1) consider the Communications Policy Statement; and**
 - 2) propose any amendments it may wish to make to the Communication Policy Statement.**
-

1. Background

1.1 The Local Government Pension Scheme (Administration) Regulations requires administering authorities to prepare, publish and maintain a policy statement setting out its communication strategy for communicating with:

- Scheme Members
- Members' Representatives
- Prospective members
- Employers participating in the Fund

1.2 This report sets out the mechanisms used to meet the communication responsibilities, using the most appropriate communication methods for the audiences receiving the information. The policy requires an annual review to be carried out.

1.3 The document is attached as Appendix 1 to this report, and the Board Representatives are asked to consider this and propose any amendments they may wish to make to the attached communication policy statement, taking into consideration how the Board want the fund to ensure effective communication between the Fund, scheme members and participating employers.

2. Communications Policy Statement

2.1 The overarching aim of the attached document is to maximise membership of the scheme through incrementally improving information and support to all members of the scheme and prospective joiners.

3. Conclusion and recommendations

3.1 There is a legal requirement under the Local Government Pension Scheme Regulations for a policy and its best practice to be refreshed on a regular basis. The updated 2018/19 version of the East Sussex Pensions Communications Policy statement will be presented to the Committee for approval at its 26 February 2018 meeting.

IAN GUTSELL
Chief Finance Officer

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Communications Policy Statement East Sussex Pension Fund

1. The Communications Policy Statement covers the policy of East Sussex County Council in its role as the administering authority for the East Sussex Pension Fund as required under Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013. Communication is at the heart of everything East Sussex Pension Fund does and it is the key to us achieving our administrative objectives.
2. There is now a greater awareness of pensions amongst the public than ever before resulting in an increased demand for information and this demand means that as a LGPS Fund we need to continue to be proactive in providing and delivering clear and timely communications.
3. All local government pension schemes are required to publish a statement on the approach of the Pension Fund to communication with members, prospective members and employing authorities.
4. The East Sussex Pension Fund liaises with over 130 employers and over 70,000 members.

Day to Day Responsibilities

5. The officer responsibility for the East Sussex Pension Fund rests with the Chief Finance Officer for East Sussex County Council (with the exception of the employees' benefits service). The Chief Finance Officer and Officers of the Pension Fund, who are part of Orbis (which is the shared service between East Sussex County Council, Brighton and Hove City Council and Surrey County Council), report to the East Sussex Pension Fund Pension Committee and East Sussex Pension Fund Pension Board. The day to day responsibility for pension governance, strategies, investment management and communication with employers rests with the Head of Pensions, who reports directly to the Chief Finance Officer.
6. Business Operations undertake the day to day functions associated with the administration of the LGPS for employees, with the day to day responsibility resting with the Head of Business Operations, who reports to the Chief Operating Officer of East Sussex County Council (all of whom form part of Orbis)

Overview of the Approach to Communication.

7. The East Sussex Pension Fund communicates with a wide variety of stakeholders, each with slightly different needs.
8. The Pension Fund maintains a dedicated web-page on the County Council's website and in addition a dedicated member's website known as the East Sussex Pension Fund website (ESPF). Regular communications are issued by the East Sussex Pension Fund to both employers and members of the Fund via periodic newsletters, E-mail Alerts, meetings and statements. Newsletters are communicated

electronically to all employers who are encouraged to disseminate to all relevant staff.

9. The Pension Fund also accepts electronic communication, e.g. by email, as well as the more traditional telephone and paper-based communications.

10. In addition to regular electronic or paper based updates, there is an annual pension forum for all Employers in the scheme hosted by the Administering Authority.

11. A dedicated customer telephone number, to handle the majority of member queries, is maintained by the Business Operations - Orbis.

12. We recognise that individuals may have specific needs in relation to formats or language. We can, and do, respond to this on a request basis. Demand is not high enough, however, to incur the cost of automatically preparing and maintaining such alternative formats etc.

Communication with Deferred and Active Members.

13. The core communication objective is that all active members, within all relevant employer organisations, are kept up to date with any changes in scheme benefits, can access scheme advice and have an awareness of the overall performance of the Investment Fund.

14. This is achieved by the following:

- Dedicated web-page on the County Council's and East Sussex Pension Fund web-site;
- Regular electronic or paper-based newsletters. For other employer bodies, this is dispatched to a lead contact (usually within the HR and Payroll function) with a request that it is shared with all relevant staff;
- Online annual benefit statement
- Notification of a dedicated customer query telephone line maintained by the Business Operations – Orbis;
- Maintenance and availability of Scheme Booklet;
- Advice on request about such matters as estimated retirement benefits etc.

Communication with Pensioners

15. The core communication objective is to ensure that pensioners are aware of the general performance of the Pension Fund (recognising this will not impact on pensions in payment) and any specific factors that do affect pensions in payment (e.g. annual pensions increase).

16. This is achieved by the following:

- Notification of pension increase posted to the home address;

- Clear detail on customer query contact routes on payslips posted to the home address;
- Access to the websites;
- Access to periodic road shows (advertised in payslips posted to the home address).

Communication with Prospective Members

17. The core communication objective is to ensure that all employee joiners, to all employers in the East Sussex Pension Fund, are made aware of the benefits of becoming a member of the Local Government Pension Scheme – and are assisted in the subsequent joining arrangements.

18. This is achieved by the following:

- Joiner information via all relevant employers, made available to all employee joiners;
- Access to customer query contact details;
- Access to the dedicated web-page and sites;
- Receipt of all information and opportunities afforded to existing active members as set out above.

Communication with all Relevant Employer Organisations

19. The core policy communication objective is to ensure that all employers are aware of the performance of the Investment Fund (given its impact on employer contribution rates); any scheme changes impacting on the employer's HR or workforce planning; any key discretions to be exercised by the individual employer; advice on the future valuation outlook; and advice and agreement on key frequent and annual data and financial transaction flows between the administering authority and individual employers. All this is in addition to the general pensions awareness employers will wish to maintain as a 'good employer'.

20. This is achieved by the following:

- Employee newsletters shared with all employers;
- Specific communications on scheme changes for employers;
- Quarterly summary reports to employers on the Investment Fund through ESFOA;
- Annual general meeting with all employers dealing with investment performance, actuarial insights and any scheme changes;
- Routine sharing of employers discretions exercised by ESCC as a preformed to enable other employers to consider their own approach.
- Direct access to the Actuary to the fund if required;
- Periodic road shows/seminars with individual groups of employers;
- Specific employer guide, both paper based and maintained on the websites;
- Briefings for groups of senior managers as requested including sharing of key committee papers produced;
- Briefings and sharing of information with union representatives.

Communication with the Pension Committee and the Pension Board

21. The core communication objective is to ensure all elected members are aware of the benefits of joining the LGPS to ensure the nominated members, in their committee roles and members of the Pension Board, are kept up to date on key investment or scheme issues.
22. This is achieved by the following:
 - Providing relevant information on current issues at Pension Committee and Pension Board meetings.
 - Periodic electronic briefing notes for the Pensions Committee and Pension Board on key issues and shared with all employers to share with the elected members or equivalent;
 - Detailed periodic reports to the appropriate committee to agree, for example, official responses to consultation requests. Again, these are shared with all employees by employers to provide some pro forma guidance.
 - Detailed and dedicated training for all Members of both the Pension Committee and Pension Board.

Communication between the Local Pension Board, Scheme Members and Employers

23. The Local Pension Board was established in April 2015 to assist the Committee in securing compliance with the scheme regulations and the effective and efficient governance and administration of the LGPS. It is made up of 3 scheme members' representatives and 3 scheme employers' representatives along with a non-voting independent chairman.
24. Pension Fund officers will provide professional support to the Pension Board, ensuring regular communication with members and employers through –
 - Opportunity for members of the public to 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.
 - Up-to-date information will be posted on the East Sussex Pension Fund website with full terms of reference and policies of the Pension Board and how it operates.
 - Officers ensuring that draft reports on investment, governance and administration matters are available for consideration.

Communication with other Key Stakeholders

25. These vary from ESCC, as the Administering Authority, Pension Fund Actuary, the Inland Revenue, and Orbis. The needs are different. The Administering Authority takes upon itself the responsibility to ensure the most effective and efficient communication processes with these other stakeholders to ensure proper and necessary business is conducted efficiently and effectively. In addition, the Administering Authority will seek to ensure proper and professional response to media queries.

Communication with Council Tax Payers

26. The core communication objective is to ensure that the Council Tax Payer are aware of the pension cost issues as part of the whole range of cost and service dynamics that the Council has to deal with. This is a matter for each individual council.

27. For ESCC, this is achieved by ensuring the pensions cost issues are a transparent part of the Council's wider approach to Reconciling Policy, Performance and Resources.

Conclusions and Performance Management

28. ESCC, as Administering Authority, takes its responsibility on behalf of all employees and employers in the scheme very seriously. Communication is vital with all key stakeholders. This is not just to ensure relative needs are recognised and met but to ensure a continued high confidence in the administration of the scheme in East Sussex.

29. Each communication channel will have an obvious performance measure in terms of inputs (e.g. annual pensions meetings are held annually or telephone calls are answered within 30 seconds or post enquiries are responded to within seven days). Most importantly, it is necessary to assess the quality of the communication.

Key contacts

30. As follows:

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Report to: **Pension Board**

Date: **8 February 2018**

By: **Chief Finance Officer**

Title of report: **Reporting Breaches Policy**

Purpose of report: **To provide an update to the Board on Reporting Breaches Policy, this provides a framework for reporting breaches of the law applying to the management and administration of the Fund.**

RECOMMENDATION-

The Board is recommended to note the attached reporting breaches policy and the updated breaches log.

1. Background

1.1 Under the Pensions Act, there is a legal requirement on all Pension Committee Members, Pension Board Members, officers of the Fund, employers, and advisers to report any significant breaches of the law to the Pensions Regulator where they are likely to be of material significance. The Pensions Regulator Code of Practice no 14 (Governance and administration of public service pension schemes) states there should be a procedure in place within each Fund to identify and assess these breaches.

2. Supporting Information

2.1 The Reporting Breaches Policy (Appendix 1) has been updated, and the document sets out Reporting Breaches responsibilities and provides a framework for the Fund to identify, manage and where necessary report breaches of the law applying to the management and administration of the Fund.

2.2 Where a breach has been identified by the Fund's administration function, the administrators must alert the Monitoring Officer and Section 151 officer immediately. The administrators must produce a preliminary report setting out an assessment of the breach, and the monitoring officer will determine whether any breach or likely breach is materially significant, having regard to the guidance.

2.3 The Pension Committee and the Pension Board will need to take all necessary steps to consider breaches and if necessary, report to the Pensions Regulator. It is stressed that, as set out in the breaches policy, only material breaches are required to be reported to the Pensions Regulator.

2.4 The Committee and Board are required to monitor all breaches and ensure that adequate resources are allocated to managing and administering this process. Officers will effectively be responsible for the management and execution of this policy and for ensuring that training is conducted for all relevant officers, elected members, Members of the Committee and Pension Board.

2.5 The Fund maintains a log of all breaches of the law as applicable to the management and administration of the Fund. It is necessary that all incidents of breaches identified are recorded in the Fund's breaches log attached as Appendix 2. This log will be reviewed on an on-going basis to determine any trends in the breaches log that might indicate any serious failings or fraudulent behaviour on an ongoing basis.

2.6 The identification, management and reporting of breaches is important. It is a requirement of the Pensions Act 2004 and Pensions Regulator's Code of Practice; failure to report a breach without "reasonable excuse" is a civil offence that can result in civil penalties. Details of significant breaches will be published in the Fund's Annual Report.

3. Conclusion and recommendations

3.1 Where a breach has occurred and has been identified it should be recorded/logged, assessed and where necessary reported as soon as reasonably practicable. The Reporting Breaches Policy provides a framework to achieve this.

3.2 If any breach is considered significant or it is not clear as to whether it is significant, then it will be reported to Committee and the Pension Board to consider. The Monitoring officer will make the final determination as to whether it is materially significant having regard to the guidance set out in the Code and after consultation with the Council S151 Officer.

IAN GUTSELL
Chief Finance Officer

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Local Member(s): All
Background Documents
None



EAST SUSSEX PENSION FUND

REPORTING BREACHES POLICY

February 2017

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Policy for Reporting Breaches of the Law

1. Background

East Sussex Pension Fund (“the Fund”) has prepared this document in setting out its policy and procedures on identifying, managing and where necessary reporting breaches of the law as covered in paragraphs 241 to 275 of the Pensions Regulator’s Code of Practice no 14: Governance and administration of public service pension schemes (“the Code of Practice”).

This policy sets out the responsibility of elected members, officers of East Sussex County Council (“the Council”), officers involved in the administration of the Fund through any collaborative arrangement (“the administrators”) and the East Sussex Pension Fund local pension board in identifying, managing and where necessary reporting breaches of the law as they apply to the management and administration of the Fund. This policy does not cover the responsibility of other “reporters” (described later in this policy) in relation to their obligation to report breaches in accordance with the Code of Practice where they relate to the management and administration of the Fund. Where a breach of the law is identified all parties will take the necessary steps to consider the breach and report to the Regulator, rather than having the breach solely reported by any of the other “reporters”.

This policy will be reviewed and approved by the Council at least annually. The Council will monitor all breaches and will ensure that adequate resources are allocated to managing and administering this process.

The monitoring officer for the Council will be responsible for the management and execution of this breaches policy.

The section 151 officer will ensure that training on breaches of the law and this policy is conducted for all relevant officers and elected members, as well as members of the local pension board at induction and on an ongoing basis.

2. Overview

The identification, management and reporting of breaches is important. It is a requirement of the Code of Practice; failure to report a material breach is a civil offence that can result in civil penalties.

At the same time, in addition to identifying, rectifying and where necessary reporting a particular breach it provides an opportunity to learn from mistakes and review and improve processes in the areas where the breach occurred.

All staff involved in the administration and management of the Fund are expected, indeed required, to take a pro-active approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

The Council, as the scheme manager for the East Sussex Pension Fund, will maintain a log of all breaches of the law as applicable to the management and administration of the Fund.

The Council, administrators and the local pension board cannot rely on waiting for other reporters to report a breach where it has occurred. Where a breach has occurred and has been identified by the County Council, administrators or local pension board it should be recorded, assessed and where necessary reported as soon as reasonably practicable.

3. What is a breach of the law?

A breach of the law is “*an act of breaking or failing to observe a law, agreement, or code of conduct.*”. In the context of the Local Government Pension Scheme (“LGPS”) it can encompass many aspects of the management and administration of the scheme, including, for example, failure:

- to do anything required under the LGPS Regulations;
- to do anything required under overriding legislation, applicable statutory guidance or codes of practice;
- to maintain accurate records;
- to act on any fraudulent act or omission that is identified;
- of an employer to pay over member and employer contributions on time;
- to pay member benefits either accurately or in a timely manner;
- to issue annual benefit statements on time or non-compliance with the Regulator’s Code of Practice No 14.

4. Responsibilities in relation to breaches

Responsibility to report identified breaches of the law in relation to the Code of Practice falls on the following (known as “reporters”):

- Elected members and officers of the Council, as the Scheme Manager;
- Members of the local pension board;
- Individuals carrying out administration or management functions on behalf of the Fund where such individuals are not officers of the Council;
- Scheme employers;
- Professional advisers (including the Fund actuary, benefit consultant, investment advisers, legal advisers); and
- Third party providers (where so employed).

This policy applies only to elected members and officers of the Council, those carrying out administration or management functions and members of the local pension board. It is for the other reporters to ensure adequate procedures and policies are put in place in order to identify, assess and where necessary report breaches. Both the Council and the local pension board will take all necessary steps to consider the breach and report to the Regulator, rather than having the breach solely reported by any of the other “reporters”.

5. Requirement to report a breach of the Law

Breaches of the law which affect pension schemes should be considered for reporting to the Pensions Regulator.

The decision whether to report an identified breach depends on whether:

- there is reasonable cause to believe there has been a breach of the law;
- and if so, is the breach likely to be of material significance to the Regulator?

It is important to understand that not every breach that is identified needs to be reported to the Regulator. For example, where it can be demonstrated that appropriate action is being taken to rectify the breach, or the breach has occurred due to teething problems with new or revised systems or processes, it may not be necessary to report the incident to the Regulator. It is still necessary that all incidents of breaches identified are recorded in the Council's breaches log. This log will be reviewed on an on-going basis to determine any trends in the breaches log that might indicate any serious failings or fraudulent behaviour.

Where such failings or fraudulent behaviour are identified immediate action will be taken to agree and put in place a plan of action to rectify the matter and prevent such an occurrence in the future.

6. When is a breach required to be reported to the Regulator?

The Code of Practice requires that a breach should be notified to the Regulator as soon as is reasonably practicable once there is reasonable cause to believe that a breach has occurred and that it is of material significance to the Regulator. In any event, where a breach is considered to be of material significance it must be reported to the Regulator no later than one month after becoming aware of the breach or likely breach.

Where it is considered that a breach is of such significance that the Regulator is required to intervene as a matter of urgency (for example, serious fraud) the matter should be brought to the attention of the Regulator immediately (e.g. by calling them direct). A formal report should then be submitted to the Regulator, marked as "urgent" in order to draw the Regulator's attention to it.

7. Assessing "reasonable cause"

It is important that the Council, administrators or the local pension board are satisfied that a breach has actually occurred, rather than acting on a suspicion of such an event.

It will be necessary, therefore, for robust checks to be made by officers, administrators and elected members when acting on any suspicion of a breach having occurred. Where necessary this will involve taking legal advice from Legal Services (who may recommend specialist external legal advice if necessary) as well as other advisers (e.g. auditors or the Fund actuary, benefit consultant or investment advisers).

8. Deciding if a breach is "materially significant" and should be reported to the Regulator

The Regulator has produced a decision tree to assist schemes in identifying the severity of a breach and whether it should then be reported. When determining

materiality of any breach or likely breach the Council, administrators and local pension board will in all cases consider the following:

- cause – e.g. dishonesty, poor governance, incomplete or inaccurate information, acting or failing to act in contravention of the law;
- effect – does the nature of the breach lead to an increased likelihood of further material breaches. Is it likely to cause, for example; ineffective internal controls, lack of knowledge and understanding, inaccurate records, potential for further breaches occurring;
- reaction – e.g. taking prompt and effective action to resolve a breach, notifying scheme members where appropriate; and
- wider implications – e.g. where a breach has occurred due to lack of knowledge or poor systems and processes making it more likely that other breaches will emerge in the future.

The decision tree provides a “traffic light” system of categorising an identified breach:

Green – not caused by dishonesty, poor governance or a deliberate contravention of the law and its effect is not significant and a plan is in place to rectify the situation. In such cases the breach may not be reported to the Regulator, but should be recorded in the Council’s breaches log;

Amber – does not fall easily into either green or red and requires further investigation in order to determine what action to take. Consideration of other recorded breaches may also be relevant in determining the most appropriate course of action. The Council, administrators or local pension board will need to decide whether to informally alert the Regulator of the breach or likely breach, formally reporting the breach if it is subsequently decided to categorise the breach as red;

Red - caused by dishonesty, poor governance or a deliberate contravention of the law and having a significant impact, even where a plan is in place to rectify the situation. The Council, administrators or local pension board must report all such breaches to the Regulator in all cases;

It should be noted that failure to report a significant breach or likely breach is likely, in itself, to be a significant breach.

The Council and its administrators will use the Regulator’s decision tree as a means of identifying whether any breach is to be considered as materially significant and so reported to the Regulator.

Any failure of a scheme employer to pass over employee contributions that are considered to be of material significance must be reported to the Regulator immediately.

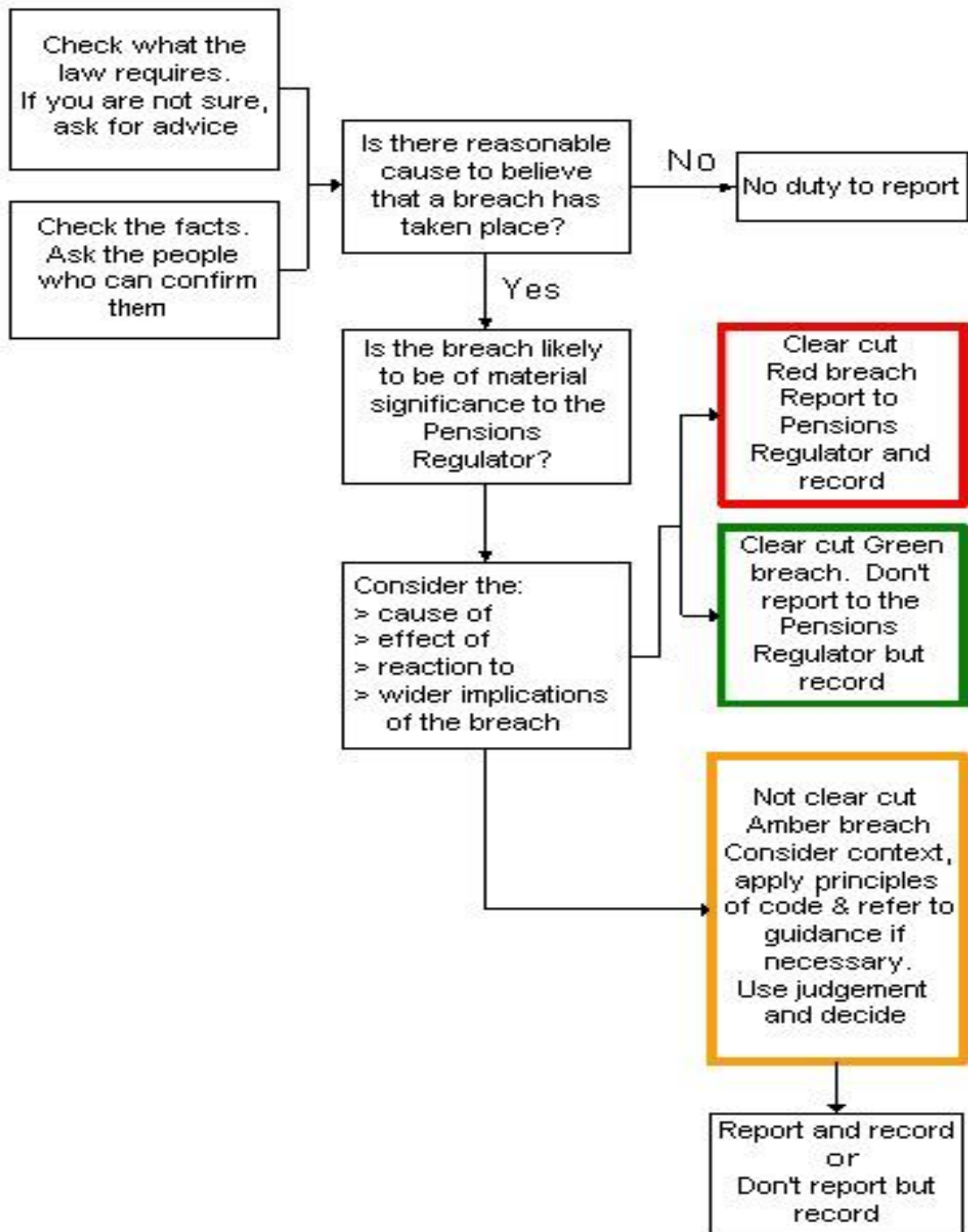
In order to determine whether failure to pay over employee contributions is materially significant or not the Council and its administrators will seek from the employer:

- the cause and circumstances of the payment failure
- what action the employer has taken as a result of the payment failure, and
- the wider implications or impact of the payment failure.

Where a payment plan is agreed with the employer to recover outstanding contributions and it is being adhered to or there are circumstances of infrequent one-off late payments or administrative failures the late payment will not be considered to be of material significance.

All incidences resulting from the unwillingness or inability of the employer to pay over the employee contributions, dishonesty, fraudulent behaviour or misuse of employee contributions, poor administrative procedures or the failure to pay over employee contributions within 90 days from the due date will be considered to be of material significance and reported to the Regulator.

Once a breach or likely breach has been identified, regardless of whether it needs to be reported to the Regulator, the relevant manager, in consultation with the monitoring officer must review the circumstances of the breach in order to understand why it occurred, the consequences of the breach and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary. All breaches must be recorded in the Council's breaches log.



9. Process for reporting breaches

All relevant officers, administrators and elected members of the Council and administrators, as well as all members of the local pension board have a responsibility to:

- identify and assess the severity of any breach or likely breach;
- report all breaches or likely breaches to the monitoring officer and section 151 officer;
- in conjunction with relevant colleagues agree a proposed course of action to rectify the breach and put in place measures to ensure the breach does not re-occur, obtaining appropriate legal or other advice where necessary;
- ensure that the appropriate corrective action has been taken to rectify the breach or likely breach and to prevent it from recurring; and
- co-operate with, and assist in, the reporting of breaches and likely breaches to the Pension Committee, local pension board and where necessary the Regulator.

10. Administration Function responsibilities

Where a breach has been identified by the Fund's administration function, the administrators must alert the monitoring officer and section 151 officer immediately. The administrators must produce a preliminary report setting out an assessment of the breach. The preliminary assessment must contain;

- the circumstances leading to the breach;
- the impact and scale of the breach, both financial and with regard to the impact of service on members;
- the steps that have been taken to rectify the breach; and
- a preliminary assessment, based on the Regulator's traffic light flowchart, of the materiality of the breach.

For the avoidance of doubt all breaches must be reported to the monitoring officer and section 151 officer in this way regardless of whether they are deemed material.

11. Responsibilities of the responsible officer

The Council's monitoring officer will be responsible for the management and execution of this breaches policy.

The monitoring officer will be responsible for reporting breaches and likely breaches. The section 151 officer will be responsible for logging any breaches or likely breaches as follows:

- record all identified breaches and likely breaches of which they are aware in the Council's breaches log;
- investigate the circumstances of all reported breaches and likely breaches;

- ensure, where necessary that an action plan is put in place and acted on to correct the identified breach and also ensure further breaches of a similar nature do not reoccur;
- report to the Pension Committee and local pension board:
 - all materially significant breaches or likely breaches that will require reporting to the Regulator as soon as practicable, but no later than one month after becoming aware of the breach or likely breach; and
 - all other breaches at least quarterly as part of the Committee cycle.
- report all materially significant breaches to the Regulator as soon as practicable but not later than one month after becoming aware of the breach.

The monitoring officer will determine whether any breach or likely breach is materially significant, having regard to the guidance set out in the Code of Practice and after consultation with parties they deem appropriate. Such parties might include the Head of Legal Services, the Pension Committee and local pension board.

If appropriate, the matter will be referred to an external party to obtain any necessary legal or other advice before deciding if the breach is considered to be of material significance to the Regulator. Where uncertainty exists as to the materiality of any identified breach the Council, administrators or local pension board will be required to informally notify the Regulator of the issue and the steps being taken to resolve the issue.

12. How should a breach be reported to the Regulator?

All materially significant breaches must be reported to the Regulator in writing. This can be via post or electronically. The Regulator encourages the use of its standard reporting facility via its Exchange on-line service.

The Council and its administrators will report all material breaches to the Regulator via Exchange.

13. How are records of breaches maintained?

All breaches and likely breaches identified are to be reported to the monitoring officer as soon as they are identified. The section 151 officer will log (see appendix 1) all breaches on the Council's breaches log, including the following information:

- date the breach or likely breach was identified;
- name of the scheme;
- name of the employer (where appropriate);
- any relevant dates;
- a description of the breach, its cause and effect, including the reasons it is, or is not, believed to be of material significance;
- whether the breach is considered to be red, amber or green.
- a description of the actions taken to rectify the breach;
- a brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future.

The monitoring officer will be responsible for ensuring the effective management and rectification of any breach identified, including submission of any report to the Regulator. Any documentation supporting the breach will also be retained.

14. Whistleblowing

It is a statutory duty to report breaches of the law. In rare cases this may involve a duty to whistleblow on the part of an employee of the Council, administrators or a member of the local pension board. The duty to report does not override any other duties a “reporter” may have, such as confidentiality. Any such duty is not breached by reporting to the Regulator. Given the statutory duty that exists, in exercising this breaches policy the Council will ensure it adheres to the requirements of the Employment Rights Act 1996 in protecting an employee making a whistleblowing disclosure to the Regulator.

The duty to report, however, does not override ‘legal privilege’, so certain oral and written communications between the Council or local pension board and a professional legal adviser do not have to be disclosed if they meet the principles of legal privilege.

15. Training

The section 151 officer will ensure that all relevant officers and elected members, as well as members of the local pension board receive appropriate training on this policy at the commencement of their employment or appointment to the local pension board as appropriate and on an ongoing basis.

The administrators will be responsible for ensuring that all staff responsible for the administration of the Fund receive appropriate training with regard to this policy and their obligations under it.

Appendix

Example 1

An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is contacted by officers from the administering authority, it immediately pays the moneys that are overdue, and it improves its procedures so that in future contributions are paid over on time. In this instance there has been a breach but members have not been adversely affected and the employer has put its house in order regarding future payments. The breach is therefore not material to the Regulator and need not be reported.

Example 2

The Fund's Local Pension Board (LPB) members have not completed the necessary training to build up their requisite knowledge and understanding. As the role of the LPB is to oversee the governance and administration of the Fund, this may result in board members not fulfilling their statutory role and appropriately scrutinising the standard of governance and administration of the scheme. Without suitable scrutiny other breaches of legal requirements by the Scheme manager may not be discovered. For these reasons the breach is likely to be material to the Regulator and should be reported.

Example 3

An employer is late in submitting its statutory year-end return of pay and contributions in respect of each of its active members and as such it is in breach. Despite repeated reminders it still does not supply its year-end return. Because the administering authority does not have the year-end data it is unable to supply, by 31 August, annual benefit statements to the employer's members. In this instance there has been a breach which is relevant to the Regulator, in part because of the employer's failures, in part because of the enforced breach by the administering authority, and also because members are being denied their annual benefits statements.

Example 4

An LGPS fund has not reviewed its Investment Strategy Statement (ISS) for over 3 years. This is a statutory requirement of the LGPS Investment Regulations 2016. As a consequence of retaining the out of date ISS, the Fund is investing in a way that is no longer appropriate to its existing situation. This is likely to be significant to the Regulator as it is a sign of poor scheme governance from the Fund, which may have wider implications and should be reported.

Example 5

A pension overpayment is discovered and thus the administering authority has failed to pay the right amounts to the right person at the right time. A breach has therefore occurred. The overpayment is however for a modest amount and the pensioner could not have known that (s)he was being overpaid. The overpayment is therefore waived. In this case there is no need to report the breach as it is not material.

Breaches Log

Date Identified	Pensions Administration or Employer (if applicable)	Relevant Dates	Description	Red, Amber or Green	Actions Taken	Long Term Effects	Open or Closed with Date	Reported to Committee Y/N + date	Reported to Board Y/N + date	Responsible Officer
September 2016	Pensions Admin	31 August 2016	The Annual Benefit statements for active ESCC members were sent out after the statutory deadline of 31 August 2016. (They were sent 13 September 2016)	Green	Annual statements will be online from 2017 and are expected to be available by 31 August 2017.	None	Closed (December 2016)	Y - 30 November 2016	Y – 3 November 2016	Graham Devenish, Jason Bailey
December 2016	Pensions Admin	15 December 2016	A file containing 5 members personal details was inadvertently sent to an internal Orbis mailbox and received by a number of internal staff. The file was not sent externally.	Green	A notice was sent immediately to all recipients on the internal list to delete the file. Information Governance were informed for completeness but have not required any further action to be taken. The mailbox has been deleted to minimise the risk of this human error recurring.	None	Closed	N	N	Graham Devenish

September 2017 Page 150	Pensions Admin	31 August 2017	The Annual Benefit statements for deferred ESCC members were sent out after the statutory deadline of 31 August 2017. (They were sent 11 September 2017)	Amber	Business Operations intends to produce statements for deferred members earlier in the financial year in 2018 (June) to avoid any risk of missing the statutory deadline.	None	Open – pending outcome of breach report	Y – 27 Nov 2017	Y – 7 Nov 2017	Jason Bailey
September 2017	Pensions Admin	31 August 2017	A proportion (7%) of active members did not receive their Annual Benefit statements by 31 August 2017 as a result of missing information from employers.	Amber	Business Operations will introduce a more rigorous monitoring and escalation process with employers for 2018 to ensure year end returns and associated queries are resolved well in advance of 31 August 2017	None	Open – pending outcome of breach report	Y – 27 Nov 2017	Y – 7 Nov 2017	Jason Bailey

Dec 2017	Pensions Admin	8 Dec 2017	A notification of deferred benefits statement was issued to the wrong member.	Green	Member has accepted written apology and destroyed statement issued in error. Team reminded of importance of checking enclosures. Information Governance notified.	None	Closed – Information Governance advised no further action required.	TBC	TBC	Jason Bailey
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Report to: **Pension Board**
 Date: **8 February 2018**
 By: **Chief Finance Officer**
 Title of report: **Pension Fund Budget Monitoring and 2018/19 Budget**
 Purpose of report: **This report 2017/18 Budget Monitoring and outlines the 2018/19 budget for the East Sussex Pension Fund.**

RECOMMENDATION

The Board is recommended to note the monitoring and revenue budget for 2018/19 attached as Appendix 1 to this report.

1. Background

1.1 Under the Local Government Pension Scheme (LGPS) Regulations, the Council is required to maintain a Pension Fund for its employees and other 'scheduled bodies' as defined in the Regulations. The Regulations also empower the Fund to admit employees of other 'defined' (e.g. other public bodies) bodies into the Fund.

1.2 The proposed 2018/19 budget for the Pension Fund has been put together to assist in the management of the Fund, and the Council will be able to perform its role as the administering authority in a structured way. The Pension Committee is charged with meeting the duties of the Council in respect of the Pension Fund. Therefore it is appropriate that the Committee formally adopts an annual budget to assist with the discharge of its duties.

1.3 The estimates do not incorporate any provision for investment fees earned by the alternative fund managers.

2. 2017/18 Budget Monitoring

2.1 In February 2017 the Pension Fund Committee agreed a budget in respect of the Pension Fund's investment and administration expenses for the 2017/18 financial year. Appendix 1 (below) provides analysis of the Pension Fund expenditure to date and the 2017/18 projected outturn.

Description	2017/18	2017/18	
	Budget	Projected	Change
	£000	Outturn	£000
		£000	£000
Pension Administration	1,110	1,075	(35)
Oversight and governance	660	729	69
Investment Management	8,850	7,388	(1,462)
Total	10,620	9,192	(1,428)

2.2 The projected underspend is mainly due to the renegotiated fee arrangements with our fund managers (i.e., including StateStreet, Newton), and a reduction of fees for our Private Equity managers (HarbourVest). Officers continue to have ongoing dialog with other fund managers in relation to our fee arrangements.

3. East Sussex Pension Fund (ESPF) Budget – 2018/19

3.1 The budget outlined in this report will assist the Council in monitoring expenditure of the Fund's revenue budget in accordance with its requirement to manage resources effectively. The detail ESPF budget for 2018/19 is attached as Appendix 2. A comparison of the 2017/18 budget with the 2018/19 budget is shown below:

Description	2017/18	2018/19	Change £000
	Budget £000	Budget £000	
Pension Administration	1,110	1,086	(24)
Oversight and governance	660	733	73
Investment Management (invoiced fees)	8,850	4,650	(4,200)
Total	10,620	6,469	(4,151)

Analysis of Budget Movement

3.2 Pension Administration - The slight decrease in pension admin budget between 2017/18 and 2018/19 is primarily due to efficiencies within the joint administration service. The budget for the on-going GMP reconciliation work is currently being determined, therefore, previous year budget has been assumed.

3.3 Oversight and governance – The changes in the oversight and governance budget is due to the resources set aside for commissioning work re the ongoing LGPS investment pooling initiative and an increase in legal cost in dealing with employers issues.

3.4 Investment Management - The Investment Strategy budget allows for potential fee reductions from current managers but it also reflects the increase in the value of the fund since 31 March 2017 due to the current market valuations. The budget reflects the renegotiated fee arrangements with our fund managers and the subsequent fee savings for the East Sussex Fund. However as a result of LGPS asset pooling, the way in which fees will be paid by the East Sussex Fund will change as a result of assets being transferred to the ACCESS pool. As an example, the fees invoiced by Newton will be deducted at source, against the value of units in the Newton portfolio, rather than being invoiced to the East Sussex Fund.

3.5 Since the setting of the 2017/18 £8.850m investment management fees budget, reductions have been negotiated with Newton, HarbourVest and State Street. The ACCESS Pool has awarded a contract for the combined passive mandate to UBS Asset Management (UK) Limited, which is expected to result in savings in the region of £600k for the East Sussex Fund.

4. Budget Monitoring

4.1 The budget will be monitored by officers with a quarterly report to the Pension Board throughout the year. Actual spend is detailed in the Annual Report and Accounts of the Pension Fund which are subject to external audit. As in previous years, the Pension Fund will participate in a number of national LGPS benchmarking exercises during the year, which will provide a useful cost comparator with other LGPS funds.

5. Conclusion and recommendations

5.1 Pension Fund expenditures on investment and administration will be charged to the Pension Fund. There is no direct charge to local authorities or other employer bodies for the costs detailed in this report.

IAN GUTSELL
Chief Finance Officer

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Appendix 1

2017/18 Pension Fund Revenue - Projected Outturn

Description	2017/18 Budget £000	2017/18 Projected outturn £000	Change £000	Narrative
Pension Administration				
Orbis Finance Support Services	40	50	10	Staff time in monitoring the administration of the Fund
Orbis Business Operations Support Services	970	925	(45)	Cost of the joint administration service, and reflects hosting the system by Business Operations
Guaranteed Minimum Pension	100	100	-	On-going GMP Reconciliation work
Administration total	1,110	1,075	(35)	
Oversight and governance costs				
Orbis Finance Support Services	200	258	58	Staff time spent on oversight and governance
Subscriptions	40	40	-	CIPFA Pension Network, LAPFF, Club Vita, LGPC etc.
Actuarial Fees	120	90	(30)	Outsource to contractors
Investment Consultancy	120	95	(25)	Outsource to contractors
Investment Pooling	100	110	10	Commissioning work for expert advice on investment pooling
External Audit Fee	29	23	(6)	External audit of the Annual Report
Internal Audit Fee	17	19	2	Control work performed by the Council's internal audit team
Legal Fees	10	60	50	Legal work commissioned for the fund
Performance Measurement Services	24	24	-	Investment performance monitoring service
Other Expenses	-	10	10	Conferences, travel, etc.
Specific Actuarial Work*	150	150	-	Work performed by the actuary on the behalf of specific employers which is recharged to them
Other Income	(150)	(150)	-	Recovery of work provided by the actuary
Oversight and governance total	660	729	69	
Investment Management				
Investment Manager Fees	8,850	7,388	(1,462)	Fees paid to the investment managers
Total	8,850	7,388	(1,462)	
Total PF Budget	10,620	9,192	(1,428)	

**Note – The fund occasional request specific work to be carried out the actuary on the behalf of specific employers, of which the full costs are recoverable from employers.*

Appendix 2

2018/19 Pension Fund Revenue Budget

Description	2017/18 Budget £000	2018/19 Budget £000	Change £000	Narrative
Pension Administration				
Orbis Finance Support Services	40	51	11	Staff time in monitoring the administration of the Fund
Orbis Business Operations Support Services	970	935	(35)	Cost of the joint administration service, and reflects hosting the system by Business Operations
Guaranteed Minimum Pension	100	100	-	GMP Reconciliation work
Administration total	1,110	1,086	(24)	
Oversight and governance costs				
Orbis Finance Support Services	200	263	63	Staff time spent on oversight and governance
Subscriptions	40	36	(4)	CIPFA Pension Network, LAPFF, Club Vita, LGPC etc.
Actuarial Fees	120	90	(30)	Outsource to contractors
Investment Consultancy	120	100	(20)	Outsource to contractors
Investment Pooling	100	120	20	Commissioning work for expert advice on investment pooling
External Audit Fee	29	26	(3)	External audit of the Annual Report
Internal Audit Fee	17	19	2	Control work performed by the Council's internal audit team
Legal Fees	10	45	35	Legal work commissioned for the fund
Performance Measurement Services	24	24	-	Investment performance monitoring service
Other Expense	-	10	10	Conferences, travel, etc.
Specific Actuarial Work*	150	150	-	Work performed by the actuary on the behalf of specific employers which is recharged to them
Other Income	(150)	(150)	-	Recovery of work provided by the actuary
Oversight and governance total	660	733	73	
Investment Management				
Investment Manager Fees	8,850	4,650	(4,200)	Fees paid to the investment managers and a reduction in passive mandate fees.
Investment Management Total	8,850	4,650	(4,200)	
Total PF Budget	10,620	6,464	(4,151)	

**Note – The fund occasional request specific work to be carried out the actuary on the behalf of specific employers, of which the full costs are recoverable from employers.*

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Report to: **Pension Board**

Date: **8 February 2018**

By: **Chief Finance Officer**

Title of report: **Pension Fund Risk Register**

Purpose of report: **To consider the Pension Fund Risk Register**

RECOMMENDATION

The Board is recommended to note the updated Pension Fund Risk Register

1. Background

1.1 Risk management is the practice of identifying, analysing and controlling in the most effective manner all threats to the achievement of the strategic objectives and operational activities of the Pension Fund. It is not a process for avoiding or eliminating risks. A certain level of risk is inevitable in achieving the Fund objectives, but it must be controlled.

1.2 Effective risk management is an essential part of any governance framework as it identifies risks and the actions required to mitigate their potential impact. For a pension fund, those risks will come from a range of sources, including the funding position, investment performance, membership changes, benefits administration, costs, communications and financial systems. Good information is important to help ensure the complete and effective identification of significant risks and the ability to monitor those risks.

2. Risk Register.

2.1 The updated Risk Register (Appendix 1) highlights key risks in relation to the East Sussex Pension Fund, the current processes in place to mitigate the risk, and the planned improvements in place to provide further assurance. This incorporates the risk register of both the Investments Team and Pension Governance and Strategy.

2.2 The attached risk register will be restructured in line with the Council's risk management format, and a new register will be presented to the Board at its next meeting.

3. Assessment of Risk

3.1 Risks are assessed in terms of the potential impact of the risk event should it occur, and in terms of the likelihood of it occurring. These are then combined to produce an overall risk score. In terms of investment, the Fund has a diversified portfolio of assets to mitigate against downturns in individual markets, but market events may lead to a fluctuation in the Fund value, which demonstrates that if the markets as a whole crash, then there is little that mitigating actions can do.

3.2 The East Sussex Pension Fund, risk profile (Appendix 1), has been updated and additional identified risks have been added to the register. No risks have been removed. As is normal, there have been changes to control measures across the risk portfolio. Additional added risks are –

- Operator Procurement – Investment manager selection
- Implementation – Contract Management (CM)
- Ineffectual communication and collaborative working practices in place between key teams.
- Reporting Breaches - For the third year in a row there have been delays in distributing annual benefit statements to scheme members.
- The Fund communication policy not up to date

3.3 In addition to the current mitigation in place, further actions are planned to provide a greater level of assurance, and the level of risk will be reviewed once these additional actions have been implemented.

3.5 Further risks are likely to arise from future decisions taken by the Pension Committee, and from changes in legislation and regulations. Where such new risks arise, they will be added to the risk register, assessed, and mitigation actions identified.

4. Conclusion and reasons for recommendations

4.1 Monitoring of the Risk Register is an important role for the Pension Board, and should the Board identify specific concerns requiring policy changes, then reports will be brought to the Pension Committee for approval.

IAN GUTSELL
Chief Finance Officer

Contact Officers: Ola Owolabi, Head of Pensions, 01273 482017
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Background Documents
None

Appendix 1

The risk scores are calculated using the risk matrix below:

LIKELIHOOD	4	Yellow	Red	Red	Red
	3	Yellow	Yellow	Red	Red
	2	Green	Yellow	Yellow	Red
	1	Green	Green	Yellow	Yellow
		1	2	3	4
IMPACT					

For the **likelihood**, there are four possible scores:

1 HARDLY EVER	2 POSSIBLE	3 PROBABLE	4 ALMOST CERTAIN
Has never happened No more than once in ten years Extremely unlikely to ever happen	Has happened a couple of times in last 10 years Has happened in last 3 years Could happen again in next year	Has happened numerous times in last 10 years Has happened in last year Is likely to happen again in next year	Has happened often in last 10 years Has happened more than once in last year Is expected to happen again in next year

For the **impact**, there are four possible scores, considered across four areas:

	1 NEGLIGIBLE (No noticeable Impact)	2 MINOR (Minor impact, Some degradation of non-core services)	3 MAJOR (Significant impact, Disruption to core services)	4 CRITICAL (Disastrous impact, Catastrophic failure)
SERVICE DELIVERY (Core business, Objectives, Targets)	Handled within normal day-to-day routines.	Management action required to overcome short-term difficulties.	Key targets missed. Some services compromised.	Prolonged interruption to core service. Failure of key Strategic project.
FINANCE (Funding streams, Financial loss, Cost)	Little loss anticipated.	Some costs incurred. Minor impact on budgets. Handled within management responsibilities.	Significant costs incurred. Re-jig of budgets required. Service level budgets exceeded.	Severe costs incurred. Budgetary impact on whole Council. Impact on other services. Statutory intervention triggered.
REPUTATION (Statutory duty, Publicity, Embarrassment)	Little or no publicity. Little staff comment.	Limited local publicity. Mainly within local government community. Causes staff concern.	Local media interest. Comment from external inspection agencies. Noticeable impact on public opinion.	National media interest seriously affecting public opinion
PEOPLE (Loss of life, Physical injury, Emotional distress)	No injuries or discomfort.	Minor injuries or discomfort. Feelings of unease.	Serious injuries. Traumatic / stressful experience. Exposure to dangerous conditions.	Loss of life Multiple casualties

East Sussex Pension Fund

RISK REGISTER

Risk areas covered

- 1 Pension Fund Governance & Strategy
- 2 Pensions Administration
- 3 Pension Investments

Service Objectives

- 1 Ensure there are enough assets to cover liabilities in the long term
- 2 To prepare the final accounts for the Pension Fund to the agreed timetable
- 3 To monitor the external managers to ensure they are acting within the Investment Management Agreement (IMA)
- 4 To work in partnership with Orbis Business Operations to ensure an effective and efficient Pensions Administration Service is provided
- 5 To ensure that there is sufficient liquidity available to pay drawdowns on the Funds commitments and pensions due
- 6 To comply with statutory deadlines

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ID	Linked to Objective	Risk Area	Description of Risk		Existing Controls	Score		Overall Risk Score
			Source (Lack of-... Failure to -...)	Consequences (Results in -... Leads to -...)		Likelihood	Impact	
1	4	1,2	Payments of pensions contributions <ul style="list-style-type: none"> ● Non-collection ● Miscoding ● Non-payment 	<ul style="list-style-type: none"> ● If not discovered it effects employers FRS17/IAS19 & Valuation, final accounts cash flow in pension fund ● Increase in investment risk taken to access higher returns 	<ul style="list-style-type: none"> ● Employer contribution monitoring ● Additional monitoring at specific times ● SAP / Altair quarterly reconciliation ● Improved employer contribution forms ● Annual year end checks 	2	3	6

2	4,6	2	Poor or inadequate delivery of Pensions Administration by service provider (Orbis -Business Operation), and achieving value for money	<ul style="list-style-type: none"> ● Members of the pension scheme not serviced ● Statutory deadlines not met ● Employers dissatisfied with service being provided + formal complaint ● Complaints by members against the administration (these can progress to the Pensions Ombudsman) ● Damaged reputation ● Financial loss to fund from poor decision making process 	<ul style="list-style-type: none"> ● Key Performance Indicators ● Internal Audit ● Reports to Pension Board / Committee ● Awareness of the Pension Regulator Guidance ● Follow procurement rules ● Decisions supported by fully costed business case 	2	3	6
3	2,3,4	1	Loss of key staff both Orbis Finance & Business Operations and loss of knowledge & skills	<ul style="list-style-type: none"> ● Inability to deliver service ● Damaged reputation ● Pensioners not paid 	<ul style="list-style-type: none"> ● Diversified staff / team ● Look at other authorities with best practices to ensure Orbis positions still desirable ● Attendance at pension officers user groups ● Procedural notes which includes new systems as and when required ● Section meetings / appraisals ● Succession planning 	2	2	4
4	4	2	Paying pension benefits incorrectly	<ul style="list-style-type: none"> ● Damaged reputation ● Financial loss ● Financial hardship to members 	<ul style="list-style-type: none"> ● Internal control through audit process ● Constant monitoring / checking ● In house risk logs ● SAP / Altair reconciliation ● Task management ● Vita cleansing 	2	3	6
5	3	3	Custodian bank (Northern Trust) goes bust	<ul style="list-style-type: none"> ● Inability to trade ● No reconciliation or accounting service ● Losses to cash account 	<ul style="list-style-type: none"> ● Service level agreement with termination clause ● Regular Meetings ● Regular reports SAS 70/AAF0106 ● Other Custodian options - review markets 	1	4	4

6	1,3	3	Poor investment performance from managers	<ul style="list-style-type: none"> ● Lower funding level ● Increase in employer contributions 	<ul style="list-style-type: none"> ● Performance measurement ● Managers report quarterly ● Reporting to pensions committee and board ● Diversification across managers ● Independent Advisor ● Investment consultant 	2	3	6
7	1,3,6	1,3	LGPS Investment Pooling	<ul style="list-style-type: none"> ● Mandated into inappropriate investments ● Lower funding level ● Damaged reputation ● Increase in employer contribution ● Increase in investment risk taken to access higher returns ● There can be size restrictions on certain investments ● Funds can be too big to fulfil their target allocation, ● Difficulty in switching in and out of the large position and possible delays in execution of investment decisions. 	<ul style="list-style-type: none"> ● Engagement in ACCESS asset pool group ● Reporting to Pensions Committee and Board ● Engagement with third party experts (e.g. Legal and Tax) ● Creation of a detail project plan 	2	3	6
8	1	1,3	Assets not enough to meet liabilities	<ul style="list-style-type: none"> ● Lower funding level ● Increase in employer contributions ● Increase in investment risk taken to access higher returns 	<ul style="list-style-type: none"> ● Valuation ● Annual Investment Strategy Review ● Daily monitoring of funding level ● Investment Advisors 	2	3	6
9	1	1	Required returns not met due to poor strategic allocation	<ul style="list-style-type: none"> ● Damaged reputation ● Increase in employer contribution ● Pay Pensions ● Increase in investment risk taken to access higher returns 	<ul style="list-style-type: none"> ● Investment Advisors ● Triennial review ● Performance monitoring ● Annual Investment Strategy Review ● Reporting to Pensions Committee and Board ● Compliance with the Statement of Investment Principles ● Compliance with the Funding Strategy Statement 	2	3	6

10	3	3	Non-compliance of external fund managers	<ul style="list-style-type: none"> ● Damaged reputation ● Financial loss 	<ul style="list-style-type: none"> ● FCA regulated ● Manager due diligence ● Investment Management Agreement ● Manager monitoring ● Report quarterly to Pension Committee ● Investment Advisors ● Additional managers meetings ● Termination clause 	2	2	4
11	1	2	Financial/Accounting regulations (e.g. CIPFA) not adhered to / legal guidelines not followed	<ul style="list-style-type: none"> ● ESCC may incur penalties ● Damaged reputation ● Qualified Annual Report 	<ul style="list-style-type: none"> ● Regulation of Fund Managers AAF 01/06 & SAS 70 & equivalents ● Contracts in place setting out parameters ● Internal staff are appropriately qualified and aware of policies and procedures ● Pension Fund managed in line with regulations ● Membership of CIPFA Pensions Network, NAPF, LAPFF etc. 	2	2	4
109	1,3	1,2,3	Fees and charges of investment managers, actuary and investment adviser are excessive and not proportionate.	<ul style="list-style-type: none"> ● Not achieving value for money ● Lower funding level ● Damaged reputation ● Increase in employer contribution ● Increase in investment risk taken to access higher returns 	<ul style="list-style-type: none"> ● Both at tender stage and throughout the contracts, charges which are value for money are sought and challenged when appropriate. ● Fees and charges are identified in the Annual Financial Statement and specifically highlighted for the Pension Fund Board/Committee to consider. 	2	2	4

13	3	1,2,3	Personal gain (internal or external) through: <ul style="list-style-type: none"> ● Personal dealing ● Fraud or misappropriation of funds ● Fraud risk not being managed ● Manipulating share price 	<ul style="list-style-type: none"> ● Financial loss ● Damaged reputation ● Lower funding level ● Increase in employer contribution ● Increase in investment risk taken to access higher returns 	<ul style="list-style-type: none"> ● Protocol regarding personal dealing ● Declaration of interests ● Investment Management ● Agreements with Fund Managers ● Vetting of new Fund Managers through tender process ● Access restricted regarding transfer of funds - authorised signatories required ● Regulation of Fund Managers ● Code of Conduct ● Separation of duties ● Internal & external audit ● Monthly reporting ● Reconciliation procedures 	1	3	3
14	2	1	Financial Statements of Pension Fund incorrect or late	<ul style="list-style-type: none"> ● Damaged reputation ● Qualified accounts 	<ul style="list-style-type: none"> ● Agreed timetable ● Externally audited ● Qualified and trained staff ● Closedown procedures ● Compliance with CIPFA code of Practice and IFRS 	2	3	6
15	1,2,3,4	1	Governance of the pension fund	<ul style="list-style-type: none"> ● Financial loss ● Damaged reputation ● Legal issues 	<ul style="list-style-type: none"> ● Governance compliance statement ● Pension Committee and Board reporting ● Monthly member letter ● Statement of Investment Principles ● Funding Strategy Statement ● Trained Committee members and officers 	1	3	3
16	4	1,2	Lack of Communication with employers	<ul style="list-style-type: none"> ● Damaged reputation ● Incorrect payments/receipts ● Maladministration 	<ul style="list-style-type: none"> ● Employer forum ● Annual employers meeting ● Pensions website ● Pension board representatives feedback 	2	2	4

17	1,5	1,3	Maturing Fund	<ul style="list-style-type: none"> ● Cash flow issues ● Increasing employer rates ● liquid investments 	<ul style="list-style-type: none"> ● Investment strategy ● Cash flow monitoring ● Discourage opt outs ● New scheme 50/50 option ● Communication 	2	2	4
18	3	3	Investment Manager goes bust	<ul style="list-style-type: none"> ● Inability to trade ● No reconciliation or accounting ● Losses to assets ● Increase in investment risk taken to access higher returns ● Increase in employer contributions 	<ul style="list-style-type: none"> ● Service level agreement with termination clause ● Regular Meetings ● Regular reports SAS 70/AAF0106 	1	4	4
19	1	1,3	Employers unable to pay increased contributions	<ul style="list-style-type: none"> ● Lower funding level ● Increase in employer contributions ● Employer forced to sell assets ● Employer forced into liquidation ● Increase in investment risk taken to access higher returns 	<ul style="list-style-type: none"> ● Valuation ● Regular communication with Employers ● Monthly monitoring of contribution payments ● Meetings with employers where there are concerns 	2	2	4
Page 168	4	2	Cyber Security of member data - personal employment and financial data	<ul style="list-style-type: none"> ● ESCC may incur penalties ● Damaged reputation ● Legal issues ● Members of the pension scheme exposed to financial loss ● Members of the pension scheme exposed to identity theft ● Members of the pension scheme data lost or compromised 	<ul style="list-style-type: none"> ● ICT defence-in-depth approach ● Utilising firewalls, ● Email and content scanners ● Using anti-malware. ● ICT performs penetration and security tests on regular basis 	1	4	4
21	1,3,5	3	Cyber Security of third party suppliers	<ul style="list-style-type: none"> ● Damaged reputation ● Financial loss ● Inability to trade ● Lower funding level ● Increase in employer contribution ● Increase in investment risk taken to access higher returns 	<ul style="list-style-type: none"> ● Service level agreement with termination clause ● Regular Meetings ● Regular reports SAS 70/AAF0106 ● Investment Advisors ● Global custodian 	1	4	4

22	4,6	1,2	Guaranteed Minimum Pension (GMP) reconciliation	<ul style="list-style-type: none"> Financial loss Members of pensions scheme exposed to financial loss Legal issues Inaccurate record keeping Damaged reputation 	<ul style="list-style-type: none"> Awareness of Pension Regulator Guidance Public Service Pensions Act 2013 Internal Audit Key performance indicators Task Management Reports to Pension Board and Committee 	2	3	6
23	1,3,6	1,3	ACCESS Decision making - Chairs do not agree on key decisions around asset pools/governance etc.	<ul style="list-style-type: none"> Damaged reputation Increase in investment risk taken to access higher returns Difficulty in switching in and out of the large position and possible delays in execution of investment decisions 	<ul style="list-style-type: none"> Robust drafting/review/sign off process, Regular meetings where funds can share thoughts. 	1	3	3
24	1,3,6	1,3	ACCESS - Failure to have ACS in place by government deadline of 31.03.2018 due to procurement timescales.	<ul style="list-style-type: none"> Mandated into inappropriate investments Damaged reputation Difficulty in switching in and out of the large position and possible delays in execution of investment decisions 	<ul style="list-style-type: none"> Active project management. Specification to be clear on timescale requirements. Supplier implementation plans to form part of tender evaluation process 	3	3	9
25	1,3,6	1,3	ACCESS - Challenge to procurement process from unsuccessful supplier.	<ul style="list-style-type: none"> Mandated into inappropriate investments Damaged reputation 	<ul style="list-style-type: none"> Procurement process lead by Kent County Council Procurement team. Input sought from Squire Patton Boggs (SPB) where necessary. 	2	3	6
25	1,3,6	1,3	Operator Procurement – Investment manager selection	The investment manager process, both the initial seeding and the ongoing management, has not yet been tested and it is uncertain how this will work in practice.	<ul style="list-style-type: none"> Advice will be sought from advisors on the process for input to choice of managers for the Operator in setting up the ACS. 	2	3	6

25	1,3,6	1,3	Implementation – Contract Management (CM)	There is a risk that if the ACCESS support functions are not set up promptly, specifically the CM lead role, then they will be unable to be intrinsically involved in the initial discussions with the Operator.	<ul style="list-style-type: none"> The CM function will be defined and recruited, interim measures to be put in place until full time role is recruited. Discussion on the interim arrangement options are ongoing 	2	3	6
25	1,3,6	1,3	Ineffectual communication and collaborative working practices in place between key teams.	Without effective collaborative working there is a risk that statutory obligations are not met resulting in potential financial loss and reputation damage	<ul style="list-style-type: none"> A Terms of Reference will be agreed setting out key principles and expected collaborative behaviour required to ensure effective governance and administration of the Pension Fund. Regular reports concerning the delivery of key administrative tasks. 	2	2	4
25	1,3,6	1,2	Reporting Breaches - For the third year in a row there have been delays in distributing annual benefit statements to scheme members.	<ul style="list-style-type: none"> These delays represent a breach which was not reported to the pension regulator in a timely manner as outlined in the breaches policy. There is a risk of financial penalty and reputational damage. 	All staff involved in pension fund administration will be reminded of the requirement to report any potential breaches to the pension regulator in a timely manner as instructed in the breaches policy.	2	2	4
25	1,3,6	1,3	The Fund communication policy not up to date	There is a risk of reputational damage or loss of confidence if key stakeholders are not effectively communicated with.	The Pension Fund communication policy will be reviewed, updated and presented to the Pension Board at the February meeting.	2	2	4

Report to: **Pension Board**

Date: **8 February 2018**

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.**

RECOMMENDATION – The Board is recommended to note the report.

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 invests any surplus cash with the Fund's custodian, Northern Trust. Over the past 5 years, the East Sussex fund has been broadly cash flow 'neutral'. The estimate 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 three projected outturn is a deficit of £2.4m, i.e., a variation from estimate of £7.0m, mainly due to movement in the transfer 'In & Out' of the fund. In 2017/18 we had a total of 108 transfers out with an average value of £30k with 8 transfers above £100k at a total of £1.8m. Up to December 2017 the fund has had 98 transfers out at an average value of £65k with 20 transfers above £100k and a total value of £4.8m. Table 1 below shows the cash projection to 31 December 2017.

PENSION FUND DEALINGS WITH MEMBERS AND EMPLOYERS	Original 2017/18 £m	Projected Outturn 2017/18 £m	Variance £m
Employees Contributions	28.4	28.8	0.4
Employers Contributions	82.2	81.6	(0.6)
Deficit Recovery	14.1	12.6	(1.5)
Transfers In	8.8	7.9	(0.9)
TOTAL INCOME	133.5	130.9	(2.6)
Pensions Benefits Paid	(103.3)	(103.9)	(0.6)
Pensions Lump Sum Paid	(20.1)	(20.1)	0.0
Administration expenses	(1.8)	(1.8)	0.0
Transfers Out (excluding College transfer)	(3.7)	(7.5)	(3.8)
TOTAL EXPENDITURE	(128.9)	(133.3)	(4.4)
SURPLUS CASH	4.6	(2.4)	(7.0)

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 II regime came into force on 3 January 2018. The new European Union rule, introduced in response to the financial crisis of 2007, regulates the provision of financial instruments to clients of financial service companies. East

Sussex Pension Fund has gone through the process and has successfully opted up to remain a professional client.

4.2 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 fund managers on Friday 22 September 2017 seeking election 'opt-up' to an elected Professional Client status,

5. Appointment of a new Member Replacement and Vice Chairs

5.1 As a result of an employee representative resignation from the Pension Board, Pensioners were contacted directly through letter, advertisement in local newspapers and the Council's website, seeking an expression of interest. The appointment of a new scheme member representative on the Board has now been completed.

5.2 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. Meetings of the Board cannot go ahead without the Chair or Vice Chair present, so there is a risk that a meeting of the Board would not be able to proceed if the Chair is unable to attend for any reason.

5.3 A Governance Committee report '*East Sussex Pension Board – Appointment of a Member Replacement and Vice Chairs*' is attached as Appendix 1. This report deals with the need to appoint a replacement for scheme member's representative on the Pensions Board and to agree the nominations for a scheme member vice chair and employer vice chair, i.e., the Scheme Member nomination as Angie Embury and the employer nomination as Councillor Brian Redman.

6. Pension Board Agenda – May 2018

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

- LGPS Pooling – ACCESS Pool Update;
- Discretionary policy statement;
- External Assurance Reports from Third Parties;
- Bulk Transfer, Cessations and Admission policies.

7. Conclusion and reasons for recommendations

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

Contact Officers: Ola Owolabi, Head of Pensions, 01273 482017
ola.owolabi@eastsussex.gov.uk

Report to: **Governance Committee**

Date: **23 January 2018**

By: **Chief Operating Officer**

Title of report: **East Sussex Pension Board – Appointment of a Member Replacement and Vice Chairs**

Purpose of report: **To agree the appointment of Pension Board member replacement in compliance with the arrangements for administering the Local Government Pension Scheme (LGPS) in East Sussex; and to agree the appointment of two vice chairs**

RECOMMENDATIONS – The Governance Committee is recommended to agree:

- 1) the appointment of the Pension Board member replacement as set out in the report; and**
- 2 the appointment of the two vice chairs as set out in the report.**
-

1. Background

1.1 This report deals with the need to appoint a replacement for scheme member's representative on the Pensions Board and to agree the nominations for a scheme member vice chair and employer vice chair. The Council has established the Pension Board in compliance with the Local Government Pension Scheme (LGPS) regulations.

2. Pension Board appointment – member replacement

2.1 The Council received a letter of resignation from a scheme member representative, who, due to ill-health will not be able to carry out the role as required by the Pension Board terms of reference. Pensioners were immediately contacted through letter, advertisement within the local newspapers, and on the Council's website, seeking an expression of interest as scheme member's representative on the East Sussex Pension Board.

2.2 Following careful consideration by the interview panel on Friday 8 December 2017 and the selection of a successful candidate, the current and revised Pension Board members are as follows:

	Representing	Organisation	Board Members	Revised Board Members
1	Employer	University of Brighton	Sue McHugh	Sue McHugh
2	Employer	Wealden District Council	Cllr. Brian Redman	Cllr. Brian Redman
3	Employer	Brighton & Hove C. C.	Cllr. Kevin Allen	Cllr. Kevin Allen
4	Scheme Members	UNISON	Angie Embury	Angie Embury
5	Scheme Members	GMB	Bernadette Carlyle	Bernadette Carlyle
6	Scheme Members	Pensioners representative	Tony Watson	Diana Pogson <i>~(replacing Tony Watson)</i>
7	Independent Chair	-	Richard Harbord	Richard Harbord

3. Vice Chair appointment

3.1 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. Meetings of the Board cannot go ahead without the Chair or Vice Chair present, so there is a risk that a meeting of the Board would not be able to proceed if the Chair is unable to attend for any reason.

3.2 The Board agreed at its 16 November 2017 in order to maintain the balance between scheme members and employer representation that a scheme member vice chair and an employer vice chair would be nominated from the existing Board members, and that the role of vice chair would alternate between scheme member and employer at each meeting.

3.3 The Scheme Member nomination is Angie Embury and the employer nomination is Councillor Brian Redman.

4. Conclusion and reasons for recommendations

4.1 The Committee is recommended to agree the appointment of a Pension Board member replacement as set out in para 2.2 above, and agree the appointment of the two vice chairs as set out in para 3.3 above.

KEVIN FOSTER

Chief Operating Officer

Contact Officers:

Ola Owolabi, Head of Accounts and Pensions, 01273 482017

ola.owolabi@eastsussex.gov.uk

Local Member(s): All

Background Documents - None

Report to: **Pension Board**

Date: **8 February 2018**

By: **Chief Finance Officer**

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

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

RECOMMENDATIONS – The Board is recommended to note the content of this report.

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 ‘*Pension Fund Governance, ESG, and the Fund Assets - Carbon Footprint Measurement*’ on 24 January 2018, the next joint training session is scheduled to take place on 21 March 2018. The proposed topics for the session will be on *Pension Administration - Understanding Best Practice and Interaction with HMRC*.

5. Conclusion and reasons for recommendations

5.1 The Board is requested to note the Pension Fund Board/Committee Forward Plan 2017/18.

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

January 2018

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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 Investment Strategy Statement (ISS)

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 were published and came into force on 1 November 2016. This requires the administering authority to have in place an Investment Strategy Statement (ISS), which replaces the current Statement of Investment Principles (SIP).

The ISS is a document that, under the new regulations, replaces and largely replicates, the previous SIP. Authorities are required to prepare and maintain an ISS which documents how the investment strategy for the Fund is determined and implemented. The ISS is required to cover a number of areas, specifically:

- The requirement to invest money across a wide range of investments.
- An assessment of the suitability of particular investments and investment types.
- The maximum percentage authorities deem should be allocated to different asset classes or types of investment, although limits on allocations to any asset class are not prescribed as is currently the case under the 2009 Regulations.
- The authority's attitude to risk, including the measurement and management of risk.
- The authority's approach to investment pooling.
- The authority's policy on social, environmental and corporate governance considerations.
- The authority's policy with regard to stewardship of assets, including the exercise of voting rights

The East Sussex Pension Committee has drawn up the Investment Strategy Statement (ISS) to comply with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the accompanying Guidance on Preparing and Maintaining an Investment Strategy Statement. The Fund consulted its Actuary and Independent Financial Adviser in preparing this statement, which was implemented from April 2017.

The ISS is subject to periodic review at least every three years and more frequently if there are any developments that impact significantly on the suitability of the ISS currently in place. Investment performance is monitored by the Committee on a quarterly basis and may be used to check whether actual results are in-line with those expected under the ISS.

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	August 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	Polices of the administering Authority <ul style="list-style-type: none"> · conflicts of interests · record-keeping/meeting attendance · data protection and freedom of information 	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 of 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"> • On site or off site • Using an Online Knowledge Portal or other e-training facilities • Attending courses, seminars and external events • Internally developed training days • Short sessions on topical issues or scheme-specific issues • Informal discussion and One to one • Shared training with other Funds or Frameworks • Regular updates from officers and/or advisors • A formal presentation 	<ul style="list-style-type: none"> • Desktop/work based training • Using an Online Knowledge Portal or other e-training facilities • Attending courses, seminars and external events • A workshop with participation • Short sessions on topical issues or scheme-specific issues • Informal discussion and One to one • Training for qualifications from recognised professional bodies (e.g. CIPFA, ACCA, etc.) • Internally developed sessions • Shared training with other Funds or Framework

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
GENERAL TRAINING								
General overview of LGPS - Induction <ul style="list-style-type: none"> Member's Role 	✓						1	Completed
Members individual needs on specific areas arising during the year <ul style="list-style-type: none"> Advisory Board e-learning 	✓	✓			✓	✓ ✓	1,3,4	As required – notify Head of Accounts and Pensions
Pre- committee meeting/agendas <ul style="list-style-type: none"> Specific investment Topics Services and providers Procurement process for 		✓ ✓ ✓	✓ ✓ ✓				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"> • Performance measurement • Accounts and audit regulations • Role of internal and external audit • Fund responsibilities/ policy • Pension Discretions • Safeguarding the Fund's Assets 		✓ ✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓					
Pension Fund Forum <ul style="list-style-type: none"> • Valuation Process • Knowledge of the valuation process and the need for a funding strategy • Implications for employers of ill health and outsourcing decisions • Importance of monitoring asset returns relative to liabilities 				✓			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
SPECIFIC ISSUES IDENTIFIED FROM MEMBERS SELF ASSESSMENTS								
General Pension Framework <ul style="list-style-type: none"> • LGPS discretions & policies • Implications of the Hutton Review 		✓	✓	✓	✓		1,6	
Pensions Legislation & Governance: <ul style="list-style-type: none"> • Roles of the Pension Regulator, Pension Advisory Service & Pension Ombudsman in relation to the scheme • Review of Myners principles and associated CIPFA & SOLACE guidance 		✓		✓			1,2,	
Pension Accounting & Auditing standards: <ul style="list-style-type: none"> • Accounts & Audit regulations and the legislative requirements 			✓				1,2	

East Sussex Pension Fund

	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"> • Current public procurement policy & procedures • UK & EU procurement legislation 				✓ ✓			3,5,6	
Investment Performance & Risk Management: <ul style="list-style-type: none"> • Monitoring asset returns relative to liabilities • Myners principles of performance management • Setting targets for committee and how to report against them 				✓ ✓ ✓	✓		3,5,6	Invite to be circulated to when relevant
Financial markets & products knowledge: <ul style="list-style-type: none"> • Refresh the importance of setting investment strategy • Limits placed by regulation on investment activities in 			✓	✓	✓		4 1 4	

	PROPOSED DELIVERY METHODS							COMPLETION TARGET DATE
	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)	
the LGPS <ul style="list-style-type: none"> Understanding of the operations of the fixed income manager Understanding of Alternative asset classes 				✓			4,5,6	
Pension Administration - <ul style="list-style-type: none"> Shared service 		✓	✓	✓			2,6	
Actuarial methods, standards and practices: <ul style="list-style-type: none"> Considerations in relation to outsourcings and bulk transfers Triennial Valuation refresher 		✓ ✓					1 6	
CHAIRMAN TRAINING								
<ul style="list-style-type: none"> Fund Benchmarking Stakeholder feedback Appreciation of changes to scheme rules 	✓ ✓				✓		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
EXTERNAL SEMINARS AND CONFERENCES								
NAPF Local Govt Conference <ul style="list-style-type: none"> • Refresher training • Keeping abreast of current development 					✓ ✓		1,3,4,5	
LGC Investment Conference <ul style="list-style-type: none"> • Fund Manager events and networking 					✓ ✓		1,2,3,4,5,6	

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Key

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

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

EAST SUSSEX PENSION BOARD – TRAINING LOG

Member/Representative Name:

Subject/Description of training	Date completed	Suggested Further Action?
Benefit Structure		
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	
Code of Practice		
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	
LGPS – Legislative and Governance context		
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	

<i>Member/Representative Name:</i>		
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	
Conflicts of interest		
Reporting breaches of the law	14 June 2016	
2016 Triennial Valuation refresher		
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	

Member/Representative Name:		
Subject/Description of training	Date completed	Suggested Further Action?
Longevity experience	18 July 2016	
TPR's Public Sector Online Toolkit (7 modules)		
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		
TPR Code of Practice no. 14		
Governing Your Scheme	26 September 2017	
Managing Risks	26 September 2017	
Administration	26 September 2017	
Resolving Issues	26 September 2017	
Pensions Legislation		
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	

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

Member/Representative Name:		
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		
Procurement and Relationship Management		
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	
Additional Training		
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
On-Line Training			
www.thepensionsregulator.gov.uk	Pension Education Portal	Pensions Regulator	Free on-line
http://www.lgpsregs.org/	LGPS Regulations and Guidance	LGPS Regulations and Guidance	Free on-line
http://www.lgps2014.org/	LGPS 2014 members website	LGPS 2014 website	Free on-line
www.local.gov.uk	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	26 January 2017	13 June 2017	26 September 2017	24 January 2018	21 March 2018
Topics	<ul style="list-style-type: none"> • LGPS discretions & policies • Safeguarding the Fund's Assets • Developing Investment Strategies Statement • Role of the Global Custodian – Northern Trust 	<ul style="list-style-type: none"> • Environmental, Social and Governance (ESG) Training Day 	<ul style="list-style-type: none"> • The role of the Board/Committee within the ACCESS LGPS Pool; • Updates from the Pension Fund Regulator. 	<ul style="list-style-type: none"> • Pension Fund Governance; • Fund Assets - Carbon Footprint Measurement; • Environmental, Social and Governance (ESG). 	<ul style="list-style-type: none"> • Pension Administration – • Understanding Best Practice and • Interaction with HMRC.

