



PENSION COMMITTEE

MONDAY, 26 NOVEMBER 2018

9.30 am COMMITTEE ROOM - COUNTY HALL, LEWES

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

A G E N D A

- 1 Minutes (*Pages 3 - 6*)
- 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 (*Pages 7 - 14*)
- 6 Quarterly Performance Report - Hymans Robertson (*Pages 15 - 30*)
 - Review of Private Market Investment
- 7 Fund Performance - M & G Bond (*Verbal Report*)
- 8 Responsible Investment Policy (*Pages 31 - 38*)
- 9 Financial Reporting Council - UK Stewardship Code (*Pages 39 - 46*)
- 10 Guaranteed Minimum Pension (GMP) Reconciliation Project (*Pages 47 - 52*)
- 11 Pensions Annual Benefit Statement update (*Pages 53 - 54*)
- 12 Officers' Report - Business Operations (*Pages 55 - 60*)
- 13 Officers' Report - General Update (*Pages 61 - 64*)
- 14 Forward Plan (*Pages 65 - 96*)
- 15 Any other non-exempt items previously notified under agenda item 4
- 16 Exclusion of the public and press
To consider excluding the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that

information).

- 17 Local Government Pension Scheme (LGPS) Pooling - ACCESS update (*Pages 97 - 132*)
- 18 Pension Employers- Update (*Pages 133 - 142*)
- 19 East Sussex Pension Fund: Independent Advisor (*Pages 143 - 146*)
- 20 Any other exempt items previously notified under agenda item 4

PHILIP BAKER
Assistant Chief Executive
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LEWES BN7 1UE

16 November 2018

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PENSION COMMITTEE

MINUTES of a meeting of the Pension Committee held at County Hall, Lewes on 24 September 2018.

PRESENT Councillors Richard Stogdon (Chair) Councillors Simon Elford, Gerard Fox and David Tutt

ALSO PRESENT Cllr David Elkin, Lead Member for Resources
Ian Gutsell, Chief Finance Officer
Ola Owolabi, Head of Accounts and Pensions
Wendy Neller, Pensions Strategy and Governance Manager
Brian Smith, Head of Business Operations
William Marshall, Hymans Robertson
Paul Potter, Hymans Robertson
William Bourne, Independent Adviser

24 MINUTES

24.1 The Committee agreed the minutes of the previous meeting as a correct record.

25 APOLOGIES FOR ABSENCE

25.1 Apologies for absence were received from Cllr Earl.

25.2 Cllr Fox was present for items 6, 8, 9 and 12.

26 DISCLOSURE OF INTERESTS

26.1 There were no disclosures of interest.

27 URGENT ITEMS

27.1 There were no urgent items.

28 PENSION BOARD MINUTES

28.1 The Committee considered the draft minutes of the Pension Board meeting held on 10 September.

28.2 The Committee RESOLVED to note the draft minutes.

29 QUARTERLY PERFORMANCE REPORT - HYMANS ROBERTSON

29.1 The Committee considered the Quarter 2 monitoring report by Hymans Robertson.

29.2 The Committee RESOLVED to note the report.

30 FUND PERFORMANCE - RUFFER LLP

30.1 The Committee received a presentation from the investment fund manager Ruffer LLP.

31 INVESTMENT STRATEGY STATEMENT (ISS)

31.1 The Committee considered a report on the Fund's Investment Strategy Statement.

31.2 The Committee RESOLVED to:

1) approve the Investment Strategy Statement;

2) approve to disinvest 10% of the fund from equities and switch the proceeds into the M&G Alpha Opportunities Fund (5%), the Newton Real Return Fund (2.5%) and Ruffer mandate (2.5%).

32 ANNUAL REVIEW OF THE FUND'S ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) APPROACH

32.1 The Committee considered an update on the Fund's Environmental, Social and Governance (ESG) approach towards investments.

32.2 The Committee welcomed the news that the East Sussex Pension Fund had been shortlisted for a Local Authority Pension Fund (LAPF) Investment Awards Best Approach to ESG/Impact Investing award, indicating that the Fund was more advanced than most other Local Government Pension Schemes in considering ESG factors such as commissioning an analyse of its carbon footprint; signing up to the UK Stewardship Code; and moving 5% of the Fund to the UBS Life Climate Aware World Equity Fund.

32.3 The Committee RESOLVED to note the report.

33 PENSIONS ANNUAL BENEFIT STATEMENT 2018 UPDATE

33.1 The Committee considered a report on the outcome of the Annual Benefit Statement 2018 exercise.

33.2 The Committee RESOLVED to:

1) note the report;

2) express regret that the statutory deadline for Annual Benefits Statements had been breached; and

3) request a report at the next meeting on the outcome of reporting the breach to the Pensions Regulator.

34 OFFICERS' REPORT - BUSINESS OPERATIONS

34.1 The Committee considered a report providing an update on pension administration services provided by Orbis Business Operations.

34.2 The Committee RESOLVED to:

1) note the report;

2) approve the approach and expenditure described in section 4 relating to data reporting to the Pensions Regulator; and

3) request that the JLT report on GMP reconciliation is circulated to Committee members.

35 HYMANS ROBERTSON EMPLOYER ASSET TRACKER

35.1 The Committee considered a report seeking approval to procure the Hymans Robertson Employer Asset Tracker (HEAT).

35.2 The Committee asked Hymans Robertson representatives to leave the room for the duration of the item.

35.3 The Committee RESOLVED to:

- 1) approve the Hymans Robertson Employer Asset Tracker implementation;
- 2) approve an annual operating cost of £25,000 subject to negotiation; and
- 3) request confirmation of the outcome of the negotiations via email.

36 OFFICERS' REPORT - GENERAL UPDATE

The Committee considered a general update on matters related to the Committee's activity.

The Committee RESOLVED to note the report.

37 FORWARD PLAN

37.1 The Committee considered its forward plan.

37.2 The Committee RESOLVED to note the report.

38 EXCLUSION OF THE PUBLIC AND PRESS

38.1 The Committee 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).

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

39.1 The Committee considered a report providing an update on the activities undertaken by the ACCESS pool group.

14.2 The Committee RESOLVED to:

- 1) note the report; and
- 2) approve the East Sussex Pension Fund participation in the launching of Phase 1 Tranche 2 of ACCESS Sub-fund investment mandate.

40 PENSION EMPLOYERS - UPDATE

40.1 The Committee considered a report providing an update on participating employer pension issues.

40.2 The Committee RESOLVED to note the report.

The meeting ended at 2.05 pm.

Councillor Richard Stogdon
Chair

PENSION BOARD

MINUTES of a meeting of the Pension Board held at County Hall, Lewes on 5 November 2018.

PRESENT Richard Harbord (Chair), Councillor Kevin Allen,
Angie Embury, Rezia Amin, Sue McHugh, Diana Pogson and
Councillor Brian Redman

ALSO PRESENT Councillor Richard Stogdon, Chair of Pension Committee
Ian Gutsell, Chief Finance Officer
Ola Owolabi, Head of Pensions
Wendy Neller, Pensions Strategy and Governance Manager
Brian Smith, Head of Business Operations
Michael Mann, Lead Pensions Manager
Danny Simpson, Principal Auditor
Russell Wood, Principal Pensions Officer
Harvey Winder, Democratic Services Officer

15 MINUTES

15.1 The minutes of the previous meeting were agreed as a correct record.

15.2 The Board thanked Brian Smith for his service over the past few years and welcomed Michael Mann as the new Lead Pensions Manager.

16 APOLOGIES FOR ABSENCE

16.1 There were no apologies for absence.

17 DISCLOSURE OF INTERESTS

17.1 There were no disclosures of interest.

18 URGENT ITEMS

18.1 There were no urgent items.

19 PENSION COMMITTEE AGENDA

19.1. The Board considered the draft agenda of the Pension Committee's next meeting.

19.2. Ola Owolabi (OO) explained that all of the reports being considered by the Committee were also being considered by the Board later on its agenda.

19.3. The Board RESOLVED to note the report.

20 RESPONSIBLE INVESTMENT POLICY

20.1. The Board considered a report on the proposed Responsible Investment Policy for the East Sussex Pension Fund (ESPF).

20.2. The Board agreed to discuss this item and item 7 at the same time due to the similarities of the issues in the reports.

20.3. The Board RESOLVED to endorse the Responsible Investment Policy.

21 FINANCIAL REPORTING COUNCIL - UK STEWARDSHIP CODE

21.1. The Board considered a report on the proposal to publish a statement regarding the Fund's compliance with the Financial Reporting Council's UK Stewardship Code.

21.2. Diana Pogson (DP) asked why the draft ESPF UK Stewardship Code Statement contained relatively few references to the ACCESS pool, of which ESPF is a member. OO explained that whilst ESPF is a member of ACCESS, stewardship codes apply only to individual Local Government Pension Schemes (LGPS) – as they are the legal administrative authorities – and not to ACCESS pool as a whole. He added that three of the 11 ACCESS pool members are planning to adopt a stewardship code, including the ESPF.

21.3. Angie Embury (AE) asked how ESPF can ensure that it is a responsible and engaged corporate owner, as is required in the stewardship code, if the rest of the ACCESS pool is not signed up to a similar code. OO explained that the decision regarding asset allocation remains with individual Funds and not with ACCESS. This means that whatever the ESPF agrees it wishes to invest in, it will be down to the ACCESS pool operator (in consultation with the ESPF) to find a suitable investment manager with whom the Fund can invest.

21.4. Councillor Kevin Allen (KA) welcomed the Responsible Investment Policy and in particular its core principle to “evaluate and manage carbon exposure in order to mitigate risks to the Fund from climate change”. He agreed that personal engagement as a shareholder may get companies such as Shell to deal with bad publicity around poor governance or one-off incidents, but expressed scepticism – which he expected others would share – whether it would have the effect of fundamentally moving the company away from its core business of fossil fuel extraction. OO said that the fund works collectively with the Local Authority Pension Fund Forum (LAPFF) to have an impact on certain companies. Councillor Richard Stogdon (RS) added that if pension funds did not engage companies through the LAPFF as shared holders then who would.

21.5. AE asked whether there is a requirement that the eight pooled funds, including ACCESS, reduce their carbon foot print. The Chair said that the approach to addressing carbon exposure is retained by the 89 individual funds and they may choose how to address the issue. OO added that it is a requirement under the Local Government Pension Scheme Regulations 2016, that the Pension Fund Investment Strategy Statement (ISS) include a policy on how social, environmental or corporate governance considerations are taken into account; in the selection, non-selection, retention and realisation of investments. .

21.6. Sue McHugh (SM) observed that it made sense for members of ACCESS to pool assets in order to achieve efficiencies. However, the more divergent individual funds were in their approach to ESG matters, the more sub-funds would need to be created and the less economies of scale would be realised. She said it would therefore be worth working towards having all 11 members of ACCESS adopting a responsible investment policy like the one ESPF

may adopt. OO said that ACCESS members have agreed common policies on other issues such as stock lending and in the long term will be working towards a common ESG policy.

21.7. The Chair observed that it was particularly vital that the Fund had strong policies around corporate governance as it plays a very important role in helping to choose wise investments, for example, there is a tendency for companies in some parts of the world with weak corporate governance to offer high returns to tempt investors and the Fund should have clear policies to avoid such high risk investments. He said that LAPFF could help to improve corporate governance by encouraging LGPS to vote on pay and remuneration.

21.8. The Board RESOLVED to endorse the adoption of the UK Stewardship Code Statement.

22 INTERNAL AUDIT REPORT - PENSION ADMINISTRATION

22.1. The Board considered a report on the outcome of Internal Audit's audit of Pension Fund Processes and Systems 2018/19.

22.2. The Chair said that the issue of Membership Data Cleansing is one that the Board has discussed before as being of high importance due to it being a requirement of the Pensions Regulator. He said it is of concern that it is an outstanding area for Business Operations to address.

22.3. The Chair asked why the annual schedule of tasks was not developed for 2018 despite requests from the council. He noted that the lack of a schedule did not look good in the context of the missed statutory deadlines for the annual benefits statements. Danny Simpson (DS) confirmed that Internal Audit expected to see the 2019 schedule in place by the start of the next calendar year.

22.4. The Chair recognised that the lack of an annual schedule may be a minor audit issue but was a major issue for the Pension Board given its role in assisting with the management of the pension administration. He also asked whether the annual schedule for 2019 would be developed by 31 December. Brian Smith (BS) said that he believed it would be.

22.5. BS clarified that the statutory deadline for data cleansing exercise for the purpose of the Triennial Valuation was March 2019 and this was different to the deadline set by Internal Audit of 31 December 2018.

22.6. AE asked whether Internal Audit's deadline for changes to the record keeping of common data items by 12 October had been met. BS confirmed that he would check, but that in any event the 6 November deadline for submitting the annual scheme return to the Pensions Regulator – which includes common data set data – had been met.

22.7. Ian Gutsell (IG) clarified that this report was signed off on 22 August and that, given its audit score, Internal Audit would not have gone back to review progress towards any of the target implementation dates – which usually only happens with 'three-star' agreed actions, or for a report with a 'no' or 'partial' assurance opinion.

22.8. The Board RESOLVED to:

1) note the report;

2) request a report by Business Operations providing an update on the progress against the Internal Audit agreed actions and implementation dates for Membership Data Cleansing, Record Keeping, the Annual Schedules and Annual Review of System Access.

23 GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION PROJECT UPDATE

23.1. The Board considered a report on the progress of the Guaranteed Minimum Pension (GMP) Reconciliation programme and a presentation from Steve Jones (SJ), Senior Manager, and Jane Garton (JG), Project Manager – Data Assurance Services, of JLT.

23.2. Michael Mann (MM) clarified that the contract for the final phase of GMP reconciliation was awarded to JLT in April but contracts were not signed until August. This was due to delays caused by General Data Protection Regulations (GDPR) issues around sharing sensitive data with third parties. JG acknowledged that JLT started the process late but is putting all available resources into resolving the queries, which comprised 12-15 staff who were working on weekends.

23.3. MM clarified that the 31 October deadline for submission of queries to HMRC was for queries that would be reviewed manually by an HMRC employee and that automatic queries would be accepted up to 21 December. MM advised that the actual number of over and underpayments of ESPF members' pensions and the total liability to the Fund would not be known until all queries had been processed by HMRC, which is unlikely to be before Quarter 1 of the 19/20 financial year.

23.4. The Chair said the four-month delay in agreeing the contract with JLT could prove costly and observed that other administering authorities had not suffered delays in commencing the final phase due to GDPR issues. The Chair said it was likely that HMRC would end up delaying responses to administering authorities due to the volume of work they are facing. This was not a concern for the Board, however, but the timely submission of all queries by 21 December was, especially given the concerns raised about the process over the past three years by the Board and Committee, and the delay in signing contracts with JLT until August. Cllr Brian Redman (BR) added that it was disappointing that the Board still did not know about the Fund's potential liabilities despite asking for them for 3 years.

23.5. JG explained that in order to remove a liability from the Fund's balance sheet where records do not match those held by HMRC, JLT must provide evidence to HMRC that an individual transferred out of the East Sussex pension scheme and moved on to a different scheme, e.g., that of a London Borough council. If evidence of this transfer cannot be provided by JLT then HMRC will not move the liability and it will remain with the ESPF, even if the ESPF records show the scheme member moved on. JLT will spend the remaining period from now and 21 December reviewing, matching and querying with HMRC either membership queries (where either HMRC has a record that the Fund should be holding GMP benefits and the fund doesn't, or HMRC doesn't have a record of GMP benefits that the fund is holding), or queries where both have a record of a GMP liability but the differences in the value of GMP between the records held by HMRC and the Fund are greater than the £2 tolerance level. The presentation quoted 18,383 outstanding queries with 8,926 having been submitted to HMRC by 31 October and 9,459 remaining to be investigated by JLT and submitted to HMRC before the deadline of 21 December. As at the time of the meeting the number had come down to 17,552.

23.6. SM asked whether the automated process could result in any controversial queries not being resolved by the end of the process. MM said that it would not be known if a query had failed the automatic process until the very end when JLT hears back from HMRC, but the automated process has been continuously improved over the past three years. Nevertheless, he expected that there will be a small cohort of cases that will not be resolved for each administering authority. HMRC is likely to need to consider whether dedicating clerical resource

to them, or administering authorities will need to decide whether to bear the cost of the liability of these individuals. JG added that some queries will not be submitted to HMRC by December as there will not be enough detail about the individual to do so. Administering authorities will need to make a decision whether to accept the liability for these individuals as well.

23.7. AE asked whether ESPF members are aware of the potential impact the process could have on their state pension. MM said that until the process is complete and all discrepancies are reconciled with HMRC it will not be clear who will be effected and by how much. This will determine what needs to be communicated to Members. DP said that most people do not realise the relationship between their public and private pension resulting from contracting out until they look at the HMRC website to see their eligibility for the full flat-rate state pension; she did not believe it worthwhile to confuse the situation until more is known. JG confirmed that HMRC has not done any advertising about potential liabilities. JLT will advise the Board about its own communications plans once it has a clear idea from HMRC about the extent of the Fund's liabilities in the new year.

23.8. The Board RESOLVED to:

- 1) note the report;
- 2) request that the report on GMP going to Pension Committee is circulated to the Board; and
- 3) request a further update following the end of the December deadline for submissions to HMRC.

24 ANNUAL BENEFIT STATEMENT BREACH

24.1. The Board considered a report providing a summary of the circumstances which led to a breach of the deadline for issuing Annual Benefit Statements (ABS).

24.2. KA asked why the breach of the deadline for issuing the ABS was being blamed on an individual member of the team. BS explained that management took responsibility for the plan which involved switching ABS production to East Sussex rather than Surrey, which left a single person to achieve the goal without sufficient supervision in place from Kingston. MM said that he believed that the issue would not happen in future years.

24.3. SM asked whether the breach of the ABS demonstrated to Internal Audit that there were issues with the control environment for the pension administration team. DS said that Internal Audit had not looked at the ABS internal control environment at the time of its recent audit of pension administration but this breach appeared to highlight control weakness. The Internal Audit team could update their strategy to do so in the future.

24.4. The Chair expressed concern that the ABS deadline was breached despite the concern the Board expressed earlier in the year and the reassurance that officers gave through monthly updates leading up to the 31 August deadline. He said that this meant that there was a gap in the credibility of what was being said during the year and the eventual outcome. He hoped that a breach would not occur again as many other administering authorities were able to avoid breaching the deadline, whereas the ESPF had done so now for the previous four years in a row.

24.5. The Chair asked whether officers planned to write to Gildredge House Free School to highlight its role in the breach of the ABS deadline and potential fine from the Pensions Regulator it could have incurred on the Fund.

24.6. OO said that the Pensions Regulator has confirmed that no fine or further action will be taken against the ESPF for the breach caused by Gildredge House.

24.7. The Board RESOLVED to note the report.

25 OFFICERS' REPORT - BUSINESS OPERATIONS

25.1. The Board considered a report providing an update on the services provided to the Fund by Orbis Business Operations.

25.2. The Chair commented that if it had not been for the ABS breach the Business Operations team would have not failed to meet all of its key performance indicators (KPIs) for September, which will have had a demonstrable effect on fund members.

25.3. The Chair suggested that given the complexity of Annual Allowance Statements that when they are sent to members they are accompanied by an explanatory document. BS agreed that this could be provided next year.

25.4. AE asked where the request for an employee presentation at Brighton & Hove City Council (BHCC) had come from and how invites had been disseminated to employees. BS said that he believed the request was made by the council's Human Resources Team and that it had been left to them to send invitations to employees. He added that he would send the details to Board members and inform them as a matter of course of future events.

25.5. The Board RESOLVED to:

1) note the report;

2) request that officers send invitations to Board Members to attend future employee presentations.

26 OFFICERS' REPORT - GENERAL UPDATE

26.1. The Board considered a general update on matters related to the Board's activity.

26.2. The Board RESOLVED to note the report.

27 PENSION FUND - RISK REGISTER

27.1. The Board considered a report providing an update on the Pension Fund's risk register.

27.2. DP asked why some post mitigation risk scores were higher than the pre-mitigation scores. OO said that the risk score calculations would be reviewed.

27.3. The Board RESOLVED to note the report.

28 FORWARD PLAN

28.1. The Board considered the latest version of its forward plan.

28.2. The Chair said that there should be another discussion either at a training event or board meeting about the Pension Administration KPIs.

28.3. BR asked how the Board can influence the pension fund administration process. RS confirmed that the Committee, as the scheme manager, considered the Board's minutes at each

meeting and he welcomed any recommendations that the Board may wish to make to the Committee.

28.4. AE agreed to check with Unison about rumours that the Pensions Regulator and Pensions Advisory Board was planning to recommend that the scheme manager role was removed from local authority control.

28.5. The Board RESOLVED to:

1) note the report;

2) request that information about how the administration of the pension scheme works is circulated to the Board.

29 EXCLUSION OF THE PUBLIC AND PRESS

29.1 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).

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

30.1 The Board considered a report providing an update on activities undertaken by the ACCESS pool.

30.2 The Board RESOLVED to note the report.

31 PENSION EMPLOYERS UPDATE

31.1 The Board considered a report providing an update on participating employer pension issues.

31.2 The Board RESOLVED to note the report.

The meeting ended at 12.35 pm.

Richard Harbord
Chair

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East Sussex Pension Fund

Q3 2018 Strategic and Performance Monitoring Report

Paul Potter, Partner
William Marshall, Partner
Ben Fox, Associate Consultant
Mark Tighe, Investment Analyst

Agenda Item 6

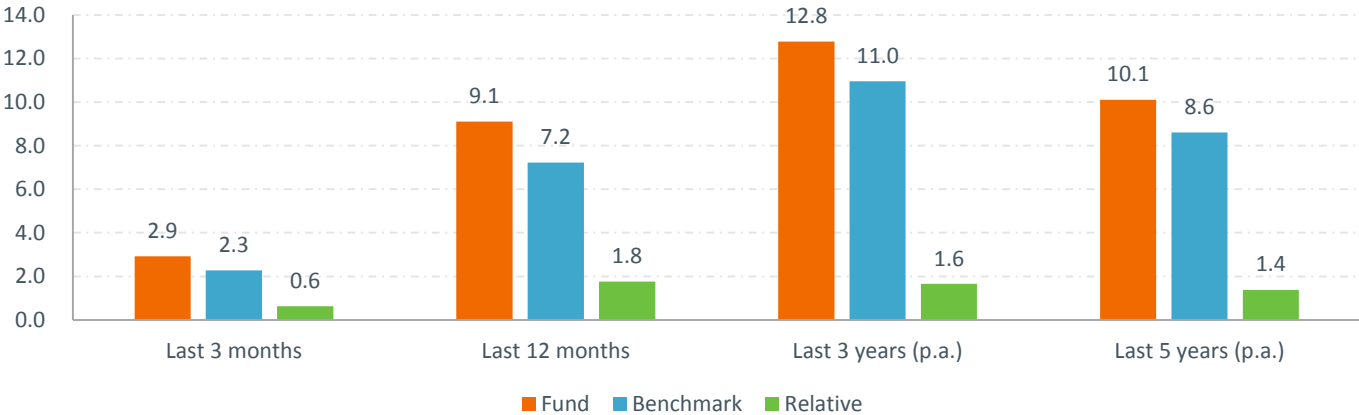
Executive Summary

- Total Fund return ahead of benchmark of the quarter.
- Top contributors to relative performance:
 - Longview
 - Newton

Key Actions

- At the September Committee meeting, the Committee agreed to sell 10% from equities and invest the proceeds into absolute return (5%) and absolute return credit (5%). This is expected to complete during Q4 2018.
- Decision on the funding of the 3% allocation to private debt due at the November Committee meeting.
- Infrastructure investments expected to draw down capital over the next 3-4 years.

Performance



Manager Rating Changes

There were no changes to any manager ratings over the quarter.

High Level Asset Allocation

"GrIP"	Actual	Benchmark*	Relative
Growth	76.1%	71.5%	4.6%
Income	11.1%	17.0%	-5.9%
Protection	10.9%	11.5%	-0.6%

*Benchmark allocation before de-risking implementation. This will be reflected next quarter with 5% less in Growth and 5% more in Protection.

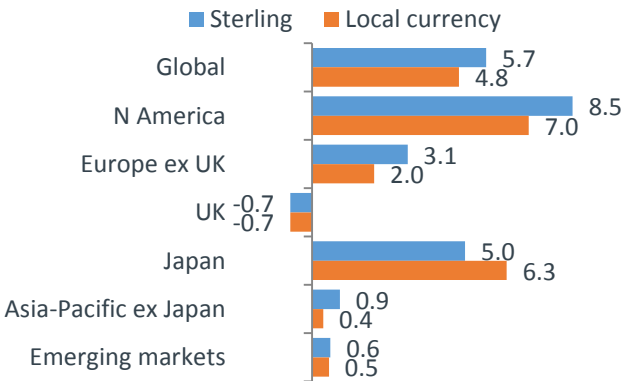
Market Returns

- Global equities continued their rise in Q3, setting new record levels ahead of the market downturn in October.
- North America was again the best regional performer.
- The UK was the worst, underperforming global averages across most sectors, which may indicate that Brexit concerns were to blame.
- Emerging markets also underperformed but indices did stabilise, following the falls in Q2.
- Value stocks continued to underperform growth, although this has reversed sharply over October.
- Oil prices rose again, as the US re-imposed sanctions on Iran, the Venezuelan economy imploded, and OPEC and Russia ignored US requests to increase output. Brent crude reached a 4-year high of \$82 a barrel in September.

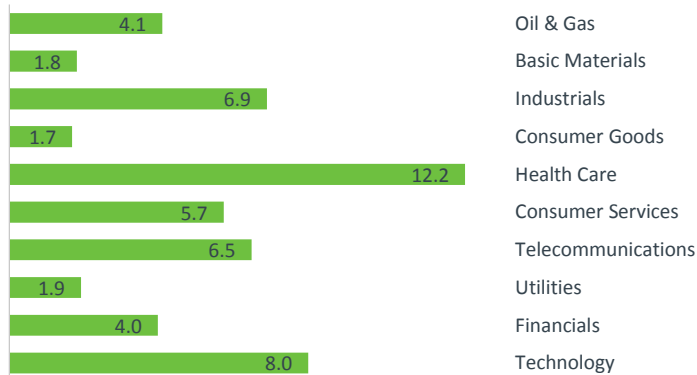
Historic returns for world markets



Regional equity returns



Global sector performance



Key actions agreed previously

- Implement equity disinvestment (10%) and invest the proceeds into absolute return (5%) and absolute return credit (5%)
- Absolute return mandates earmarked for future infrastructure and private debt capital calls

Asset Allocation

Manager	Value (£m)		Actual Proportion	Benchmark	Relative Weight	Rebalancing Range	Asset Class Views 30.9.18
	Q2 2018	Q3 2018					
UBS - Regional Equities	484.6	511.2	14.0%	11.0%	3.0%	45.0% - 55.0%	Neutral to Cautious
UBS - Fundamental Indexation	480.6	504.2	13.8%	15.0%	-1.2%		
UBS - UK Equity Fund	390.3	387.1	10.6%	10.5%	0.1%		
UBS - Climate Aware	164.2	174.4	4.8%	5.0%	-0.2%		
UBS - Global EM Equity Fund	70.8	71.1	1.9%	1.5%	0.4%		
Longview - Global Equity	256.8	278.8	7.6%	7.0%	0.6%	3.5% - 7.5%	Neutral to cautious
HarbourVest - Private Equity	93.9	98.4	2.7%	2.8%	-0.1%		
Adams Street - Private Equity	105.1	107.6	2.9%	2.8%	0.2%	17.0% - 23.0%	-
Newton - Absolute Return	315.7	322.1	8.8%	8.0%	0.8%		
Ruffer - Absolute Return	320.5	319.3	8.8%	8.0%	0.8%		
Total Growth	2682.5	2774.3	76.1%	71.5%	4.6%		-
Schroder - Property	367.5	371.3	10.2%	10.0%	0.2%	7.0% - 13.0%	Neutral to Cautious
UBS - Infrastructure	20.7	19.9	0.5%	1.0%	-0.5%	0.0% - 4.0%	Neutral to Attractive
Pantheon - Infrastructure	8.8	10.9	0.3%	2.0%	-1.7%		
M&G - Infrastructure Fund	0.0	0.0	0.0%	1.0%	-1.0%	0.0% - 2.0%	Neutral
M&G - Private Debt	0.0	0.0	0.0%	3.0%	-3.0%		
M&G - UK Financing Fund	1.0	1.0	0.0%	0.0%	0.0%		
Total Income	398.0	403.2	11.1%	17.0%	-5.9%		-
M&G - Absolute Return Credit	74.2	74.4	2.0%	2.5%	-0.5%	0.0% - 4.0%	Cautious
M&G - Corporate Bonds	131.6	130.6	3.6%	4.0%	-0.4%	2.5% - 4.5%	Cautious
UBS - Over 5 year IL Gilt Fund	193.8	191.2	5.2%	5.0%	0.2%	4.0% - 6.0%	Cautious to negative
Total Protection	399.5	396.2	10.9%	11.5%	-0.6%		-
Cash account	65.0	72.1	2.0%	0.0%	2.0%		-
Total Fund	3545.1	3645.8	100.0%	100.0%			

*Benchmark allocation before de-risking implementation. This will be reflected next quarter with 5% less in Growth and 5% more in Protection.

Manager performance – net of fees

- Benchmark performance of each mandate reflects the updated benchmarks agreed at the September Committee meeting.
- Total Fund is ahead of benchmark over all time periods
- UBS performed in line with their respective benchmarks
- Longview outperformed
- Newton and outperformed the LIBOR+2.5% benchmark while Ruffer lagged it
- Schroder outperformed their benchmark over the quarter
- M&G corporate bonds was slightly behind benchmark
- M&G Alpha Opportunities marginally underperformed the LIBOR+3% benchmark

	UBS - Regional Equities	UBS - Climate Aware	UBS - Global EM Equity	UBS - Fundamental Indexation	UBS - UK Equity	Longview - Global Equity	Newton - Absolute Return	Ruffer - Absolute Return	Schroder - Property	M&G UK Corporate	M&G Alpha Opps	UBS - 5Y ILG	Total Fund	
3 Months (%)	Absolute	5.5	6.2	0.4	4.9	-0.8	8.6	2.0	-0.2	1.8	-0.8	0.8	-1.4	2.9
	Benchmark	5.6	6.2	0.5	4.9	-0.8	5.6	0.8	0.8	1.6	-0.6	0.9	-1.4	2.3
	Relative	-	-	-	-	0.0	2.9	1.1	-1.0	0.2	-	-	-	0.6
12 Months (%)	Absolute	N/A	N/A	N/A	N/A	N/A	17.2	1.8	1.1	9.4	0.2	1.6	N/A	9.1
	Benchmark	N/A	N/A	N/A	N/A	N/A	12.9	3.0	3.0	8.9	-0.3	3.5	N/A	7.2
	Relative	-	-	-	-	-	3.8	-	-	0.5	0.5	-	-	1.8
3 Years (% p.a.)	Absolute	N/A	N/A	N/A	N/A	N/A	19.8	3.2	3.1	7.3	6.9	4.3	N/A	12.8
	Benchmark	N/A	N/A	N/A	N/A	N/A	19.2	2.9	2.9	7.1	5.6	3.4	N/A	11.0
	Relative	-	-	-	-	-	0.5	0.3	0.1	0.2	1.2	0.8	-	1.6
Since Inception (% p.a.)	Absolute	3.7	5.5	-6.1	8.0	0.4	17.3	3.7	4.1	8.6	7.6	4.2	2.6	
	Benchmark	3.7	5.5	-6.2	8.0	0.4	12.5	3.0	3.0	8.4	6.8	3.5	2.6	
	Relative	-	-	0.0	-	0.0	4.2	0.7	1.0	0.1	0.8	0.7	-	

We have estimated net returns based on each manager's expected fee levels. Total Fund performance was provided by WM until 31 March 2016, including private market returns. In Q2 2016, total Fund performance was calculated excluding private market investments. From Q3 2016 to Q3 2017 total Fund performance has been calculated using estimated valuations for private market investments. From Q4 2017 total Fund performance has been provided by Northern Trust. From Q4 2018, Northern Trust applied updated benchmarks across several of the Fund's managers, but this was not back-dated.

- No change to any manager ratings over the quarter
- We have recently developed Responsible Investment ratings for equity managers. UBS have been rated as ‘Good’ and Longview as ‘adequate’

Manager ratings

Manager/Mandate	Manager Rating	Change over quarter?
UBS Passive Equities	Preferred	No
Longview Active Equities	Preferred	No
HarbourVest Private Equity	Preferred	No
Adams Street Private Equity	Preferred	No
Newton Absolute Return	Suitable	No
Ruffer Absolute Return	Preferred	No
Schroders Property	Suitable	No
UBS Infrastructure	Preferred	No
InfraCapital Infrastructure	Positive	No
Pantheon Infrastructure	Preferred	No
M&G Alpha Opportunities	Preferred	No
M&G Corporate Bonds	Preferred	No
UBS Index Linked Gilts	Preferred	No

Preferred. One of our highest rated strategies within this asset class. **Positive.** We have a positive opinion on the strategy and believe it has a high possibility of reaching its objectives. But we believe there are superior strategies available. **Suitable.** We believe the strategy is suitable for pension scheme investors from a regulatory perspective, but we have no strong view on its forward-looking prospects. **Negative.** We have a negative outlook for the strategy relative to peers.

Responsible Investment manager ratings

Equity Manager	RI Rating	Change over quarter?
UBS Passive Equities	Good	No
Longview Active Equities	Adequate	No

Strong. Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good. Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate. Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak. Little to no evidence of good RI practices.

UBS Equities

- The UBS targets and rebalancing ranges shown are due to come into force once the de-risking exercise is completed
- UBS Climate Aware Fund totalled £736m at the end of September. The Committee has previously agreed to commit a further 5% of Fund assets (c£180m) to the Climate Aware Fund at a future date depending upon the size of the UBS' fund. An investment of £180m would equate to an overall holding of c40% of the fund.
- Benchmark: Various regional indices
- Objective: Match benchmark over all time periods
- UBS have successfully tracked underlying benchmarks to date

Equity Allocation

Region/Fund	Value	Allocation	Target	Rebalancing Range
UK	387.1	23.5%	21.0%	19% - 23%
North American	228.4	13.9%	12.5%	11% - 14%
Europe ex UK	207.2	12.6%	10.5%	9.5% - 11.5%
Japanese	40.1	2.4%	1.5%	1% - 2%
Pacific ex Japan	35.5	2.2%	1.5%	1% - 2%
Global EM	71.1	4.3%	3.0%	2.5% -3.5%
RAFI	504.2	30.6%	35.0%	31.5% - 38.5%
Climate Aware	174.4	10.6%	15.0%	13.5% - 16.5%
Total	1,648.0	100.0%	100.0%	

Fund Performance vs benchmark/target

	UK	Global EM	Climate Aware	RAFI	Europe ex UK	Japanese	North American	Pacific ex Japan
3 Months (%)	-0.8	0.4	6.2	4.9	3.3	5.0	8.5	0.9
Benchmark (%)	-0.8	0.5	6.2	4.9	3.2	5.0	8.5	0.9
Relative (%)	0.0	-0.1	0.0	0.0	0.1	0.0	0.0	0.0
Since Inception (%)	0.4	-6.1	5.5	8.0	1.1	2.4	7.2	-2.4
Benchmark (%)	0.4	-6.2	5.5	8.0	1.1	2.4	7.2	-2.4
Relative (%)	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0

- Benchmark: MSCI ACWI
- Objective: Outperform benchmark by 3% (gross) p.a. over rolling 3 year periods
- Performance ahead of benchmark over all time periods
- Performance also ahead in line with target over last 5 years
- Performance shown gross of fees
- Manager's style is tilted away from Value - beneficial over recent years

Newton Real Return Fund

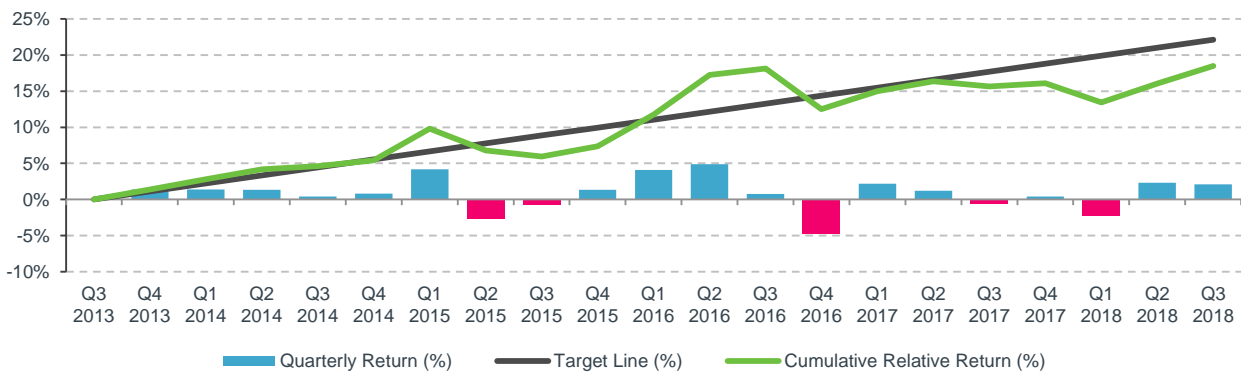
- Benchmark: 3-month LIBOR + 2.5% p.a.
- Objective: 3-month LIBOR + 4% p.a. (gross) over rolling 5 years
- Performance ahead of benchmark over longer time periods, but behind target
- Performance shown gross of fees

- Equity markets drove performance over the quarter
- Index-linked gilts and precious metals detracted

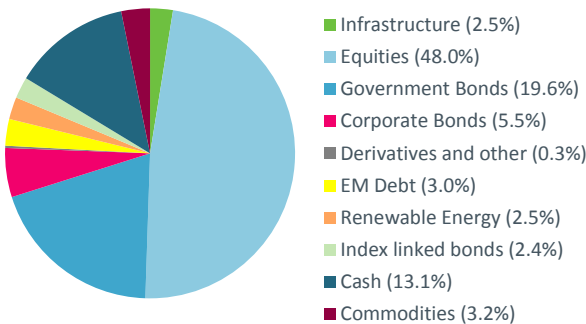
Fund performance vs benchmark/target

Period	Performance (%)	Benchmark (%)	Relative to Benchmark (%)	Target (%)	Relative to Target (%)
Last 3 months	2.1	0.8	1.3	1.2	0.9
Last 12 months	2.5	3.0	-0.5	4.5	-2.0
Last 3 years (p.a.)	3.8	2.9	0.9	4.4	-0.6
Last 5 years (p.a.)	3.5	2.9	0.5	4.4	-0.9

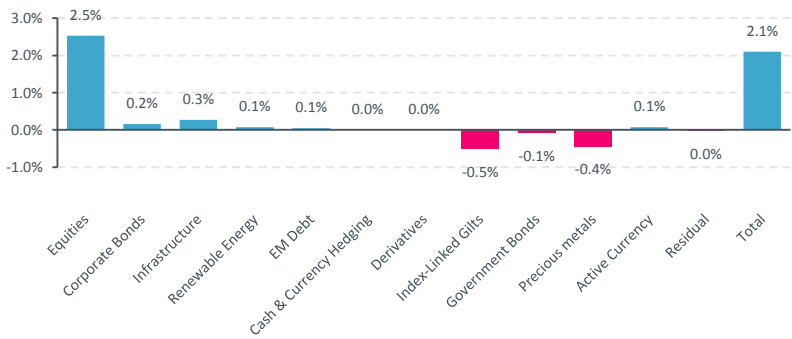
Historic Quarterly Performance



Asset allocation



Performance Attribution



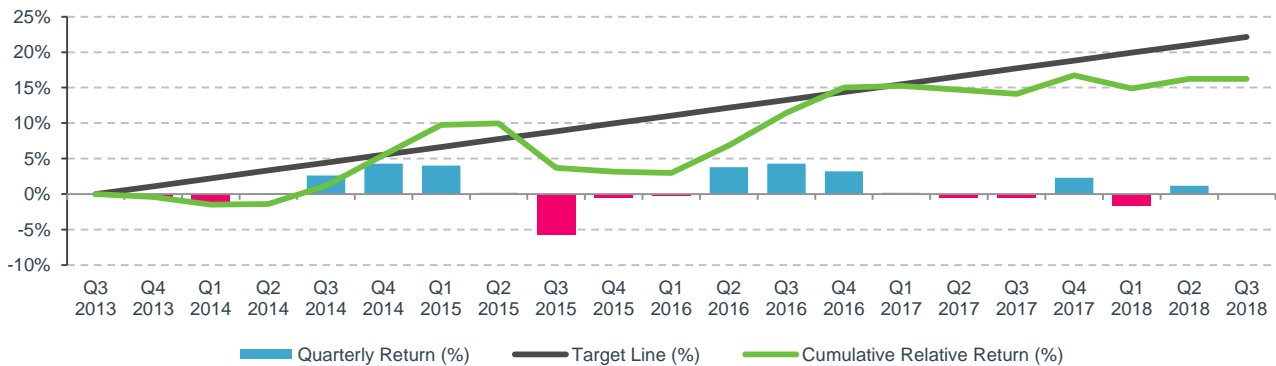
Ruffer Absolute Return

- Benchmark: 3-month LIBOR + 2.5%
- Objective: 3-month LIBOR + 4% p.a. (gross) over rolling 5 years
- Performance ahead of benchmark over longer time periods, but behind target
- Performance shown gross of fees
- Equity markets drove performance over the quarter
- Gold, multi-strategies, and options detracted

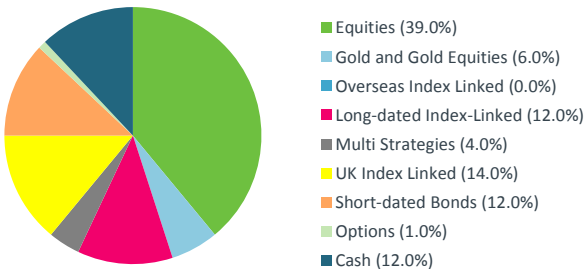
Fund performance vs benchmark/target

Period	Performance (%)	Benchmark (%)	Relative to Benchmark (%)	Target (%)	Relative to Target (%)
Last 3 months	-0.0	0.8	-0.8	1.2	-1.2
Last 12 months	1.9	3.0	-1.1	4.5	-2.5
Last 3 years (p.a.)	3.9	2.9	0.9	4.4	-0.5
Last 5 years (p.a.)	3.1	2.9	0.1	4.4	-1.3

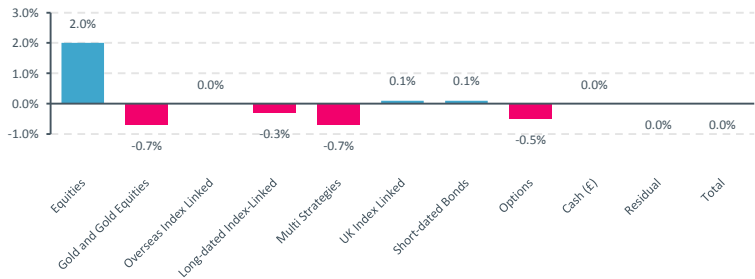
Historic quarterly performance



Sector Allocation



Performance Attribution



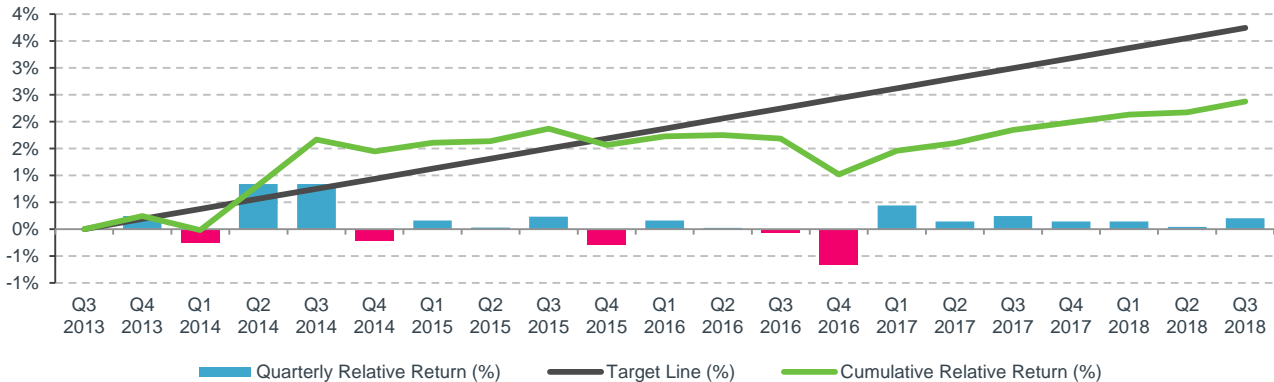
Schroders Property

- Benchmark: IPD All Balanced Funds
- Objective: Outperform benchmark by 0.75% p.a. (net) over rolling 3 years
- Performance ahead of benchmark over all time periods, but behind target
- Performance slightly behind target over last 5 years
- Performance shown net of fees

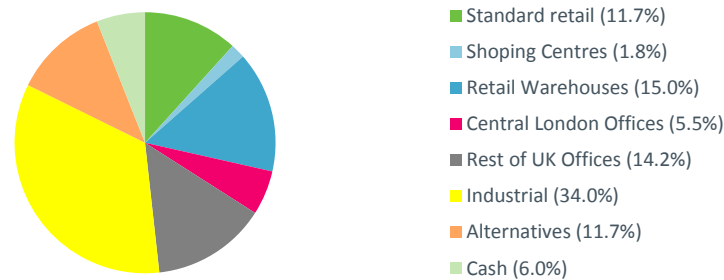
Fund performance vs benchmark/target

Period	Performance (%)	Benchmark (%)	Relative to Benchmark (%)	Target (%)	Relative to Target (%)
Last 3 months	1.8	1.6	0.2	1.8	0.0
Last 12 months	9.4	8.9	0.5	9.6	-0.2
Last 3 years (p.a.)	7.3	7.1	0.2	7.9	-0.5
Last 5 years (p.a.)	11.0	10.5	0.5	11.2	-0.2

Historic Quarterly Performance



Sector Allocation



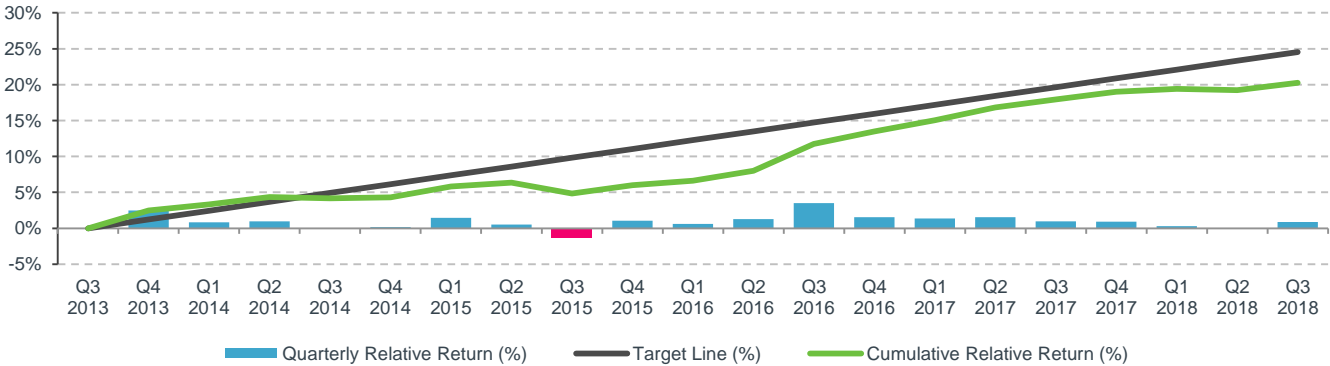
M&G Alpha Opportunities

- Benchmark: 3 Month Libor + 3%
- Objective: 3 Month Libor + 5% (gross)
- Performance ahead of benchmark over longer periods, but behind target
- Performance shown gross of fees

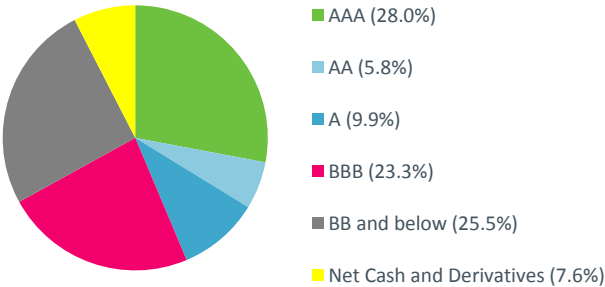
Fund performance vs benchmark/target

Period	Performance (%)	Benchmark (%)	Relative to Benchmark (%)	Target (%)	Relative to Target (%)
Last 3 months	0.9	0.9	-0.0	1.4	-0.5
Last 12 months	1.9	3.5	-1.5	5.5	-3.4
Last 3 years (p.a.)	4.7	3.4	1.2	5.4	-0.7
Last 5 years (p.a.)	3.8	3.4	0.3	5.4	-1.6

Historic Quarterly Performance



Credit Ratings



- Most of the fund has an underlying credit quality of investment grade (c75%)

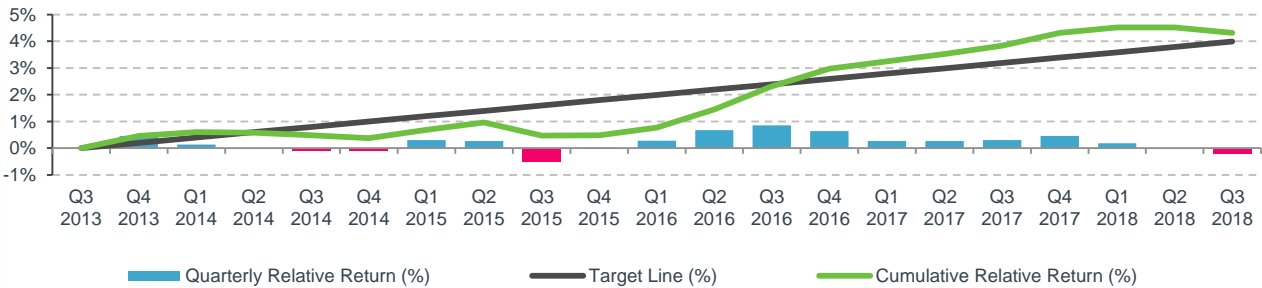
M&G Corporate Bonds

- Benchmark:
 - 50% iBoxx Non-Gilts Over 15Y
 - 50% iBoxx Non-Gilts
- Objective: Outperform benchmark by 0.8% p.a. (gross)
- Performance shown gross of fees
- Performance ahead of benchmark and target over longer time periods
- Average credit rating broadly in line with benchmark

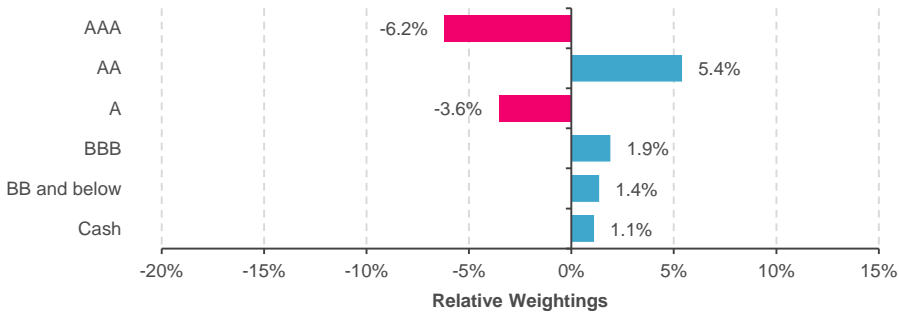
Fund performance vs benchmark/target

Period	Performance (%)	Benchmark (%)	Relative To Benchmark (%)	Target (%)	Relative To Target (%)
Last 3 months	-0.7	-0.6	-0.1	-0.4	-0.3
Last 12 months	0.5	-0.3	0.8	0.5	0.0
Last 3 years (p.a.)	7.3	5.6	1.6	6.4	0.8
Last 5 years (p.a.)	7.4	6.1	1.2	6.9	0.4

Historic Quarterly Performance



Credit rating allocation relative to benchmark



UBS Index-Linked Gilts

- Benchmark: FTSE Index-Linked Gilts Over 5 Years
- Objective: Match benchmark
- Performance broadly matched benchmark since inception
- Real yields rose over the quarter but remain low by historic standards

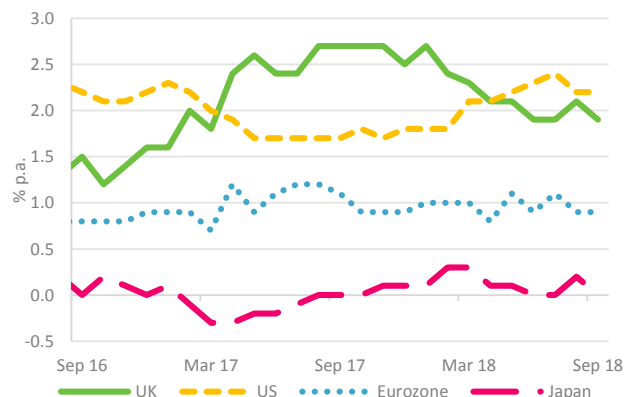
Fund performance vs benchmark/target

Period	Performance (%)	Benchmark (%)	Relative (%)
Last 3 months	-1.4	-1.4	-0.0
Since Inception	2.6	2.6	-0.0

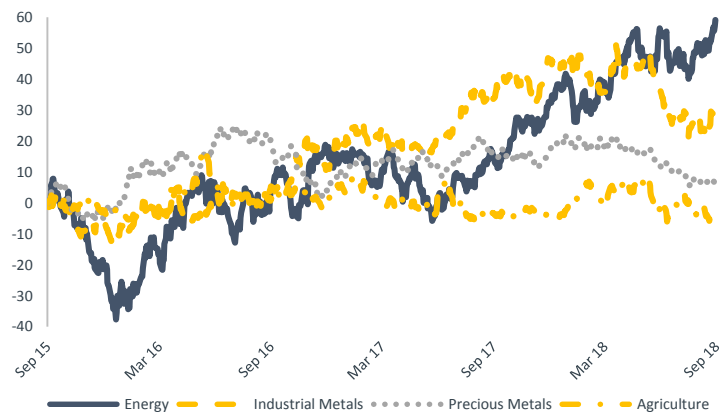
Market Returns

- Long-dated gilt yields rose over the quarter, matching similar moves in the US.
- The rise in index-linked gilt yields was a little less, perhaps reflecting August's inflation surprise and rising concerns about Brexit.
- Speculative grade credit markets outperformed investment grade over the quarter. Total returns were less impacted by rising underlying government yields, given the lower duration of the high yield market.
- The Fed's preferred measure of inflation rose above its 2% target. US interest rates were raised again in September, the third time this year and the eighth since 2015.

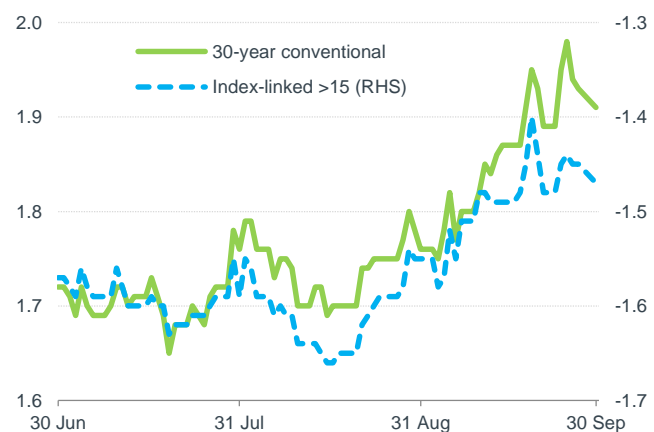
Annual CPI Inflation (% p.a.)



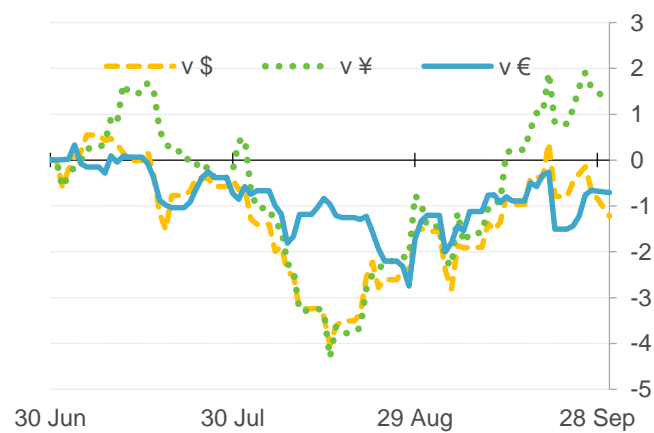
Commodity Prices



Gilt yields chart



Sterling trend chart (% change)



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Report to: Pension Committee

Date of meeting: 26 November 2018

By: Chief Finance Officer

Title: Responsible Investment Policy

Purpose: To consider the proposed Responsible Investment Policy before implementation.

RECOMMENDATION -

The Committee is recommended to approve the proposed Responsible Investment Policy included at Appendix 1 of this report.

1. Background

1.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require the Pension Fund Investment Strategy Statement (ISS) to include a policy on how environmental, social or corporate governance (ESG) considerations are taken into account; in the selection, non-selection, retention and realisation of investments.

1.2 The ISS set out how ESG considerations are taken into account in the selection, non-selection, retention and realisation of investments, and it is recognised that ESG factors can influence long term investment performance and the ability to achieve long term sustainable returns. The Committee considers the Fund's approach to responsible investment (RI) in two key areas:

- a) *Sustainable investment / ESG factors – considering the financial impact of ESG factors on its investments.*
- b) *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.*

1.3 Responsible investing issues can have a material impact on investment risk and return in the long term and therefore should be considered within the Fund's investment strategy. In addition, as an asset owner, the Fund has a duty to ensure it carries out its stewardship duties effectively.

1.4 The RI policy seeks to ensure the long term RI risks to which the Fund is exposed are fully incorporated into strategic and operational (i.e. the investment manager's) decision making, and that the Fund carries out its duties as a responsible investor. The proposed RI policy is appropriate, proportionate and achievable to implement within the Fund's resources and governance framework.

2. Proposed Responsible Investment Policy

2.1 The proposed Responsible Investment (RI) Policy is based on the framework that was debated at the Committee meetings and advice from both the Fund Independent and Investment Consultants. Care has been taken to ensure that the policy and actions required to implement it are appropriate, proportionate and achievable to implement within the Fund's resource and governance framework.

2.2 The policy set out the underlying beliefs on which the policy is based. It demonstrates how the Fund will implement these beliefs within its strategic and operational decision-making processes. It recognises that the Fund's integrated investment strategy will develop over time as the economic outlook and expected investment risks and returns vary, and therefore allows flexibility to manage RI issues within an evolving strategy, rather than be prescriptive. The

objective should not be for the strategy to reflect every RI investment approach, but to ensure RI risks and opportunities are integrated into the Fund's strategic investment.

2.3 The Fund's approach aims to ensure that consideration of ESG/RI factors is embedded in the investment process, utilising the various tools available to manage ESG risks and to harness opportunities presented by ESG factors. The Fund's core principles of responsible investment are:

- We will apply **long-term thinking** to deliver **long-term sustainable returns**.
- We will seek **sustainable returns** from **well-governed assets**.
- We will use an **evidence-based** long term investment appraisal to inform **decision-making** in the implementation of RI principles and consider the costs of RI decisions consistent with our fiduciary duties.
- We will evaluate and manage **carbon exposure in order to mitigate risks to the Fund from climate change**.

3. RI Policy Implementation

3.1 Once the responsible investment policy has been agreed, the Fund's ISS will be amended to reflect the beliefs and policy framework. Some elements of the policy that are not already in place can be implemented fairly quickly with little resource or cost implications, whereas others may require longer term structural changes to the investments structure. Because of this, the implementation timeframe for any agreed policy is over the medium term and as such the policy should be viewed as a roadmap for future activity rather than an immediate mandate for wholesale change.

3.2 A key risk to the Fund is that if the investments fail to generate the returns required to meet the Fund's future liabilities. This risk will be managed via the Asset Liability Model, which determines the appropriate risk adjusted return profile (or strategic benchmark) for the Fund. Responsible investing issues can have a material impact on investment risk and return in the long term and therefore should be considered within the ISS.

4. Conclusion and recommendations

4.1 The cornerstone of the Fund's policy on ethical investment – as set out in its ISS – is its interpretation of the Fund fiduciary duty and legal position regarding its duty towards ethical investment. This is an area in which further work will continue to be undertaken over the coming months.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Ola Owolabi, Head of Pensions
Tel. No. 01273 482017
Email: Ola.Owolabi@eastsussex.gov.uk

BACKGROUND DOCUMENTS

None



Responsible Investment Policy

November 2018

Responsible Investment Policy

Introduction and background

Regulation 7(2) (e) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires an administering authority to demonstrate that it considers any factors that are financially material to the performance of the Fund's investments, including social, environmental and corporate governance factors, depending on the time horizon over which their liabilities arise.

The East Sussex Pension Fund ("the Fund") is a long term responsible investor aiming to deliver a sustainable Pension Fund for all stakeholders. The Fund complies with and follows the principles of the UK Stewardship Code and working within the spirit of the United Nations Principles of Responsible Investment ("UNIPRI").

East Sussex County Council ("the Council") is the administering authority of the Fund and has a fiduciary duty to act in the best, long-term, interests of the Fund's employers and scheme members. The Fund believes that in order to fulfil this duty, it must have a clear policy on how it invests in a responsible manner.

Responsible Investment is a fundamental part of the Fund's overarching investment strategy as set out in its Investment Strategy Statement. That is, to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers, and minimising the long term cost of the scheme. The Fund believes that consideration of Environmental, Social and Corporate Governance ("ESG") factors are fundamental to this, particularly where they are likely to impact on the overarching investment objective.

The Fund's approach aims to ensure that consideration of ESG factors is embedded in the investment process, utilising the various tools available to manage ESG risks and to harness opportunities presented by ESG factors.

What is our policy on Responsible Investment?

The Fund's core principles of responsible investment are:

- a. We will apply **long-term thinking** to deliver **long-term sustainable returns**.
- b. We will seek **sustainable returns** from **well-governed assets**.
- c. We will use an **evidence-based** long term investment appraisal to inform **decision-making** in the implementation of RI principles and consider the costs of RI decisions consistent with our fiduciary duties.
- d. We will evaluate and manage **carbon exposure in order to mitigate risks to the Fund from climate change**.

What will we do to ensure that these core principles are met?

Core Principle	Associated Actions
<p>We will apply long-term thinking to deliver long-term sustainable returns</p>	<ul style="list-style-type: none"> • The Fund's long-term investment objectives will be detailed in its Investment Strategy Statement. • The Fund will set longer-term performance objectives for its investment managers. • The Fund will seek to ensure that its long term interests are aligned with that of its investment managers on all issues including on RI considerations. • Policies relating to RI will be considered at the Fund's annual investment strategy day as part of the Fund's long term investment planning process.
<p>We will seek sustainable returns from well-governed assets</p>	<ul style="list-style-type: none"> • The Fund will apply a robust approach to stewardship, linked to the Fund's belief that engagement can positively and effectively influence behaviours. • The Fund will engage with companies when we believe engagement will add value to the Fund or change corporate behaviour for the better. • The Fund is committed to compliance with the UK Stewardship Code and working within the spirit of the United Nations Principles of Responsible Investment ("UNIPRI"). • We will hold our investment managers to account to ensure compliance with this policy. • The Fund is committed to collective engagement through its membership of the Local Authority Pension Fund Forum (LAPFF), the ACCESS LGPS pool and other opportunities that arise from time to time. • The Fund will exercise its voting rights in all markets where practicable.
<p>We will use an evidence-based long term investment appraisal to inform decision-making in the implementation of RI principles and consider the costs of RI decisions consistent with our fiduciary duties.</p>	<ul style="list-style-type: none"> • The Fund will consider the potential financial impact of RI related issues on an ongoing basis (e.g. climate change or executive remuneration). • The Fund will consider the potential financial impact of investment opportunities that arise from RI related factors (e.g. investment in renewable energies or housing infrastructure). • The Fund will consider investment opportunities that have positive impacts and recognises that the changing external environment presents new opportunities i.e. Renewable energy and social impact investments.
<p>We will evaluate and manage carbon exposure in order to mitigate risks to the Fund from climate change</p>	<ul style="list-style-type: none"> • The Fund has identified climate change as a potential long-term financial risk. • The Fund will regularly review the tools and solutions available to assess and manage carbon exposure. • The Fund will review its carbon foot print annually both at the Fund and investment manager level. • The Fund will incorporate climate risk assessment as part of the annual investment strategy review (considering the Fund's investment strategy under a range of climate change scenarios, including a 2°C scenario). • The Fund will review the Fund's passive equity benchmarks and consider increasing the use of indices tilted towards low carbon.

How will we monitor our performance on Responsible Investment?

The Fund will ultimately be transparent and accountable in terms of its performance on Responsible Investment. This will be achieved through the following approach:

- The Fund will publish its Investment Strategy Statement on its website in line with the scheme regulations.
- Decisions relating to the setting of investment policy will be explained.
- The Fund will publish its RI policy on its website. We will review it on an ongoing basis, including consulting the Local Pension Board, at least every three years in line with the fund ISS.
- The Fund will monitor closely its appointed investment managers whom the Fund rely on to implement its RI policy.
- The Fund (through the Pension Board) will undertake an annual review of corporate governance, voting and engagement activity undertaken by the Fund and its underlying managers.
- The Fund will publish an annual summary of voting and engagement activity.
- The Fund will disclose the results of the Fund's equity carbon footprint.
- The Fund will ensure that its decision makers are properly trained and kept abreast of ESG issues in order to make informed decisions, including regular RI/UN Sustainable Development Goals training.
- The Fund will include RI as a standing item on Pensions Committee and the Pension Board agendas (with a view to reporting on manager performance in relation to RI investing and noting any hot topics / issues arising).
- The Fund will undertake a fundamental review of any specific RI issues considered by the Pension Committee to be of potentially material financial impact.
- The Fund actively considers RI capabilities and advice when selecting and monitoring its investment advisors.
- The Fund expects its investment advisors to proactively consider and integrate RI issues when providing investment advice to the Fund.
- The Fund will consider and respond to feedback from stakeholders in relation to issues of concern.

Responsible Investment and ACCESS LGPS

The implementation of the Fund's investment strategy will be undertaken by the ACCESS Pool. These are eleven funds committed to collaboratively working together to meet the criteria for pooling and have signed an Inter Authority Agreement to underpin their partnership. It is expected that the Fund's ability to invest in a responsible way will be enhanced through the ACCESS LGPS Pool due to the inherent benefits of scale and innovation that will result from the collaboration.

Engagement versus Exclusion

East Sussex Pension Fund has never sought to implement a policy that explicitly excludes certain types of investments, companies or sectors except where they are barred by UK law. The Fund believes that its influence as a shareholder is better deployed by engaging with companies, in order to influence behaviour and enhance shareholder value. The Fund believes that this influence would be lost through a divestment or screening approach. Ultimately the Fund will always retain the right to disinvest from certain companies or sectors in the event that all other approaches are unsuccessful and it is determined that the investment is no longer aligned with the interests of the Fund or that the issue poses a material financial risk. Under pooling it is likely that any such decision will need to be made in conjunction with other members of the ACCESS pool.

The Fund's approach to engagement recognises the importance of working in partnership to magnify the voice and maximise the influence of investors as owners. The Fund appreciates that to gain the attention of companies in addressing governance concerns; it needs to join with other investors sharing similar concerns. It does this primarily through:

- Membership of representative bodies including LAPFF;
- Membership of the Pensions and Lifetime Savings Association (PLSA);
- Giving support to shareholder resolutions where these reflect concerns which are shared and affect the Fund's interests;
- Joining wider lobbying activities when appropriate opportunities arise.

Exercise of Voting Rights

The Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds, and delegate's responsibility for voting to its appointed investment managers who are required to vote wherever the Fund has a voting interest. Wherever practicable, votes must be cast in accordance with the voting guidelines for investment managers of ACCESS ACS (Authorised Contractual Scheme).

The ACCESS Pool appointed operator, Link Fund Solutions Limited ("LFS") recognises that as the Manager of the ACCESS ACS, it has a responsibility as a shareholder, and to its investors the ACCESS funds, to promote good corporate governance and management in the companies in the ACS, which the Fund invests and it requires investment managers appointed to manage the Fund to exercise the voting rights attached to investments held in the Fund unless market circumstances make it impossible to do so. The document sets out guidelines to which LFS expects investment managers to have regard in the exercise of voting rights on behalf of the Fund however LFS recognises that in certain cases there may be good reasons not to follow the guidelines set out in this document and in those circumstances LFS expects its investment managers to exercise their discretion having regard to the long-term interests of the shareholders in the Fund and the principles of good corporate governance. LFS requires investment managers to report on voting activity monthly.

Where investment managers do not adopt the positions set out in these guidelines, it is required that they should provide a robust explanation of the position adopted. LFS also expects that investment managers will be signatories to and comply with the Financial Reporting Council's Stewardship Code (the Code) and United Nations Principles of Responsible Investment (UNPRI). If they have not signed up to either the Code or UNPRI they should be prepared to explain the reasons.

The Fund is committed to the UK Stewardship Code and has developed a statement of compliance for assessment by the Financial Reporting Council.

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Report to: Pension Committee

Date of meeting: 26 November 2018

By: Chief Finance Officer

Title: UK Stewardship Code

Purpose: To consider the proposal to publish a statement regarding the Fund's compliance with the Financial Reporting Council's UK Stewardship Code.

RECOMMENDATIONS – The Committee is requested to approve –

- 1. the proposed Pension Fund's Statement of Compliance with the UK Stewardship Code (Appendix 1);**
 - 2. the publication of the Fund Stewardship Code Compliance Statement;**
 - 3. that the Fund formally notifies the FRC of Code publication on the Council's website.**
-

1. Background

1.1 The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high-quality corporate governance and reporting. The FRC promotes high standards of corporate governance through the UK Corporate Governance Code, which sets out standards of good practice in relation to leadership and effectiveness, accountability and relations with Shareholders. The Pension Fund considers these best practice standards when exercising its voting rights.

1.2 The Government and regulators, such as the FRC, have put increasing pressure on companies to raise their standards of governance. As a consequence of the global financial crisis, the focus has moved to long term institutional investors, including pension funds, with a strong encouragement that they act as responsible and engaged corporate owners.

1.3 This report provides an update and in line with the previous Committee recommendations on the approaches to mitigate risks posed by climate change/engagement and to formulate a cost-effective Responsible Investment Policy.

2. Financial Reporting Council UK Stewardship Code

2.1 The UK Stewardship Code was first published in July 2010, revised in September 2012 and will be revised again in 2018 by the FRC and is designed to lay out the responsibilities of institutional investors as shareholders and provide guidance as to how these responsibilities might be met. Whilst it is aimed in the first instance at asset managers, particularly those regulated by the Financial Conduct Authority (FCA), pension fund trustees are strongly encouraged to report if and how, they have complied with the Code.

2.2 The Code is a set of best practice principles that are intended to set out both shareholder engagement with companies and the disclosure of such activity. It is intended that shareholders adhere to the principles with the same "comply or explain" approach used with the UK Corporate Governance Code for listed companies. The Principles of the Code is that institutional investors should:

- i. publicly disclose their policy on how they will discharge their stewardship responsibilities.
- ii. have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.

- iii. monitor their investee companies.
- iv. establish clear guidelines on when and how they will escalate their stewardship activities.
- v. be willing to act collectively with other investors where appropriate.
- vi. have a clear policy on voting and disclosure of voting activity.
- vii. report periodically on their stewardship and voting activities.

2.3 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require an administering authority of a Local Government Pension Scheme (LGPS) fund to include its policy on the exercise of the rights (including voting rights) attaching to investments in its Investment Strategy Statement (ISS). The Guidance on Preparing and Maintaining an Investment Strategy Statement from the Ministry of Housing, Communities and Local Government (MHCLG) includes a requirement for administering authorities to explain their policy on stewardship with reference to the Stewardship Code. Administering authorities are expected to become signatories to the Code and state how they implement the seven principles and guidance of the Code, which apply on a “comply or explain” basis.

2.4 Institutional investors are encouraged to publish their Statement of Compliance with the Code on their website and also within their Annual Report and Accounts. In addition, notification of compliance should be provided to the FRC.

3. Conclusion and recommendations

3.1 The Committee is recommended to support the FRC Stewardship Code and apply the Principles in the Code to the East Sussex Pension Fund’s investment activity. Although the Code is focused on the UK, the Fund seeks to apply the Principles of the Code to its non-UK investments subject to local practice and law.

IAN GUTSELL
Chief Finance Officer

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

BACKGROUND DOCUMENTS

None



UK Stewardship Code Statement

November 2018

Introduction

The East Sussex Pension Fund (the Fund) recognises that Environmental, Social and Corporate Governance ('ESG') issues can have a material impact on the long term performance of its investments. ESG issues can impact the Fund's returns and reputation. Given this, the Fund is committed to an ongoing development of its ESG policy to ensure it reflects latest industry developments and regulations.

The Fund's Investment Strategy Statement ("ISS") states that the investment objective of the Fund is to achieve a return on Fund assets which is sufficient, over the long-term, to meet the funding strategy objectives on an ongoing basis. One of the Fund's investment beliefs is that responsible investment can enhance long term investment performance.

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

The Stewardship Code aims to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders. The Fund defines the concept of stewardship in the same way as the Financial Reporting Council (FRC):

"Stewardship aims to promote the long-term success of companies in such a way that the ultimate providers of capital also prosper. For investors, stewardship is more than just voting. Activities may include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration. Engagement is purposeful dialogue with companies on these matters as well as on issues that are the immediate subject of votes at general meetings."

This Statement of Compliance describes the East Sussex Pension Fund approach to the seven principles of the Code and sets out our compliance with the code as follows –

How the East Sussex Pension Fund addresses the Stewardship Code principles

Principle 1 – Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

The East Sussex Pension Fund has a long-standing commitment to responsible share ownership. Stewardship is an integral part of share ownership and therefore of the investment code, and requires the same commitment from investment managers.

The Fund 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. All Managers are required to report on a quarterly basis to the Fund, including details of votes cast on corporate resolutions and company engagement for holdings in relevant portfolios. The Committee challenges managers to ensure these are being followed and that all relevant risks have been considered.

The practical application of the Fund's policy is achieved through a combination of activities including, but not limited to: dialogue and liaison with investment managers on key issues and through our membership of the Local Authority Pension Fund Forum (LAPFF). In addition to this Stewardship Code Statement, the Fund maintains an Investment Strategy Statement (ISS), which explains the Fund's investment beliefs in more detail.

The Committee believes that well managed companies provide long-term value creation and that the Fund's stakeholders will be beneficiaries of these companies as strong investment returns improve the Funds overall funding position, which keeps the pensions scheme affordable in terms of employer contribution rates.

The Fund has a responsibility to its membership to regularly engage with investment managers on their stewardship and it is expected to form part of their presentation(s) to the Fund.

Following the pooling of some of the Fund's assets into ACCESS Pool, the day-to-day stewardship responsibilities will pass to the Pool, with oversight by officers of the Fund and members of the Pensions Committee/Pension Board. The operator for the ACCESS Authorised Contractual Scheme (ACS) is a signatory to the UK Stewardship Code and its RI Framework sets out its approach to stewardship.

Principle 2 - Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed

The Fund encourages investment managers to have effective policies addressing potential conflicts of interest. In respect of conflicts of interest within the Fund, Pension Committee members are required to make declarations of interest prior to each quarterly meeting.

External managers are assessed on potential conflicts of interests and their written policies at the evaluation and appointment stage. Subsequent monitoring takes place by the Fund's investment consultant and independent advisor to protect the funds interests.

Principle 3 - Institutional investors should monitor their investee companies

Day-to-day responsibility for managing our equity holdings is delegated to our appointed fund managers. The Fund expects them to monitor companies, intervene where necessary, and report back regularly on activity undertaken.

The Fund has regular meetings with investment managers and will assess their effectiveness in their monitoring of investee companies as part of formal portfolio reviews either amongst fund officers or the Pension Committee. The Fund also receives quarterly reports from managers detailing their voting and engagement with companies, which are reported quarterly to the Pensions Committee.

As a member of LAPFF, the Fund also receives 'Alerts' relating to investee companies and participates in group engagement with companies.

Principle 4 - Institutional investors should establish clear guidelines on where and how they will escalate their stewardship activities

Responsibility for day-to-day interaction with companies is delegated to the Fund's investment managers, including the escalation of engagement when necessary. We expect fund managers to disclose their policies and procedures for escalation in their own Stewardship Code statement. However, the fund could escalate through LAPFF by supporting a shareholder resolution. The Fund's investment managers can escalate through engagement with the company management team, collaboration with other institutional shareholders, filing shareholder resolutions or ultimately selling the holding of company shares. Ultimately the investment manager will seek to add value to their clients through improved company share performance following such escalation.

The Fund also monitors and participates in class actions.

Principle 5 – Institutional investors should be willing to act collectively with other investors where appropriate

The Fund seeks to work collaboratively with like-minded institutional shareholders in order to maximise the influence that it can have on individual companies and would engage if it was felt that the fund and the wider Local Government Pension Scheme would benefit. This is achieved in a variety of ways including through our membership of the LAPFF and ad-hoc initiatives proposed by our investment managers or other advisors.

The Fund as a member of LAPFF intends to continue that relationship indefinitely. LAPFF engages with companies over environmental, social and governance issues on behalf of its members. The advantage of collective engagement is that there is greater leverage over the company due to the pooling of holdings. This will increase the individual power and influence of investors in order to push for change. Meetings may deal with company specific matters or broad industry concerns. Details of any collaborative engagement are brought to the attention of the Pensions Committee/Board through LAPFF newsletter/bulletin.

The majority of the Fund's assets will be under the ACCESS Pool governance. The 11 ACCESS Funds will be working together to reduce investment costs, increase investment capability and create a resource to access more asset classes. The Funds within the ACCESS Pool will also collaborate on RI activities through a unified RI Framework. ACCESS will engage with companies on a collaborative basis through LAPFF and the PRI, increasing further the Fund's collaborative activities.

The Fund's contact for any such issues is:

Ola Owolabi

Head of Pensions

Email: ola.owolabi@eastsussex.gov.uk

Principle 6 – Institutional investors should have a clear policy on voting and disclosure of voting activity

The Fund has delegated the exercise of voting rights to its 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.

The Fund expects the investment manager(s) to vote on all the shares they hold.

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.

The policy is reviewed at least annually by officers in order to take account of regulatory developments. In the event of any changes to the policy, a revised policy would be presented to the Pension Committee for discussion and approval.

Fund voting records can be found in our Annual Reports at:

https://www.eastsussex.gov.uk/media/11782/financial-report-and-accounts-2017_18.pdf

The Fund can take part in stock lending through its global custodian (Northern Trust). Stock can be recalled in the event of a company meeting if the investment manager wishes to vote.

Within segregated mandates, the fund has absolute discretion over whether stock lending is permitted. The Authority permits stock lending in their active mandates. The manager of pooled funds may undertake a certain

amount of stock lending on behalf of unitholders in the fund. If a pooled fund engages in this activity, the extent to which it does so is disclosed by the manager. The fund has no direct control over stock lending in pooled funds.

The ACCESS Pool operator has an RI Framework and voting guidelines for investment managers, which recognises that as the Manager of the ACCESS LGPS it has a responsibility as a shareholder, and to its investors the ACCESS funds, to promote good corporate governance and management in the companies in which the Fund invests and it requires investment managers appointed to manage the Fund to exercise the voting rights attached to investments held in the Fund unless market circumstances make it impossible to do so. The document sets out guidelines to which the operator expects investment managers to have regard in the exercise of voting rights on behalf of the Fund however operator recognises that in certain cases there may be good reasons not to follow the guidelines set out in the document and in those circumstances the operator expects its investment managers to exercise their discretion having regard to the long-term interests of the shareholders in the Fund and the principles of good corporate governance. The operator requires investment managers to report on voting activity monthly and will disclose on a vote-by-vote basis for all company resolutions through the ACCESS Joint Committee and ACCESS website.

The operator expects that investment managers will be signatories to and comply with the Financial Reporting Council's Stewardship Code (the Code) and United Nations Principles of Responsible Investment (UNPRI).

Principle 7 - Institutional investors should report periodically on their stewardship and voting activities.

The Fund reports annually on stewardship activity undertaken during the year in its report and accounts.

In the event of significant engagements through any given year the voting activity would be recorded in the fund's annual report.

External active managers do vote on behalf of the fund, however fund officers engage with the governance teams at the fund manager for discussions. Managers are required to report their stewardship activities to the Fund and to seek direction where required. As described above, each manager's approach is assessed by the Fund via each manager's written report, in monitoring meetings, and at Committee meetings. The Fund assesses the approaches taken by managers alongside each other and guidance provided by the LAPFF, for consistency and alignment of interests.

It is common practice for the Fund's managers to have their voting activities reviewed by the Committee.

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Report to: Pension Committee

Date of meeting: 26 November 2018

By: Chief Operating Officer

Title: Guaranteed Minimum Pension (GMP) Reconciliation Project

Purpose: To provide the Committee with an update on the GMP Reconciliation project

RECOMMENDATIONS

The Committee is recommended to consider and comment on the report

1. Background

1.1. This paper is an update to the Guaranteed Minimum Pension (GMP) Reconciliation Project Report provided to the Pension Board on 5th November (attached as appendix 1) and provides an update on the latest numbers to show project progress.

1.2. The 31st October regulatory deadline for submitting manual queries to HMRC was met, although further work is needed and is taking place to resolve both the outstanding membership queries and GMP amount discrepancies. Much of this will be resolved with HMRC through the well-established automated submission process through to the 21st December 2018. It is then anticipated further “toing and froing” will take place to agree a final position with HMRC up until the end of the 2018/19 tax year.

1.3. JLT our supplier has a 12 strong team working on this project across all the Orbis administered funds until 31st December 2018. JLT attended the Pension Board meeting on the 5th November and responded to a number of queries on the project raised by the Board.

2. Current Status

2.1 The table below gives an overview of the progress being made and the latest numbers since the Pension Board meeting.

Membership	Pension Board update at 30th October 2018	Latest position at 15th November 2018
GMP Population	68,009	68,009
Matched	56,310	59,953
Members still to be matched	11,699	8,056
Queries (NB: Please note one member above may have multiple queries)		
Total Number of Queries to be resolved	18,385	18,530
Queries with HMRC	8,926	9,160
Still to be resolved with JLT	9,459	9,370

3. Conclusion and reasons for recommendations

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

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Michael Mann

Telephone number: 07779 967758 | 01483 404748

Email: michaelmann@surreycc.gov.uk

Report to: Pension Board

Date: 5 November 2018

By: Chief Operating Officer

Title: Guaranteed Minimum Pension (GMP) Reconciliation Project update

Purpose: Provide the Board with an update on the progress of this important project

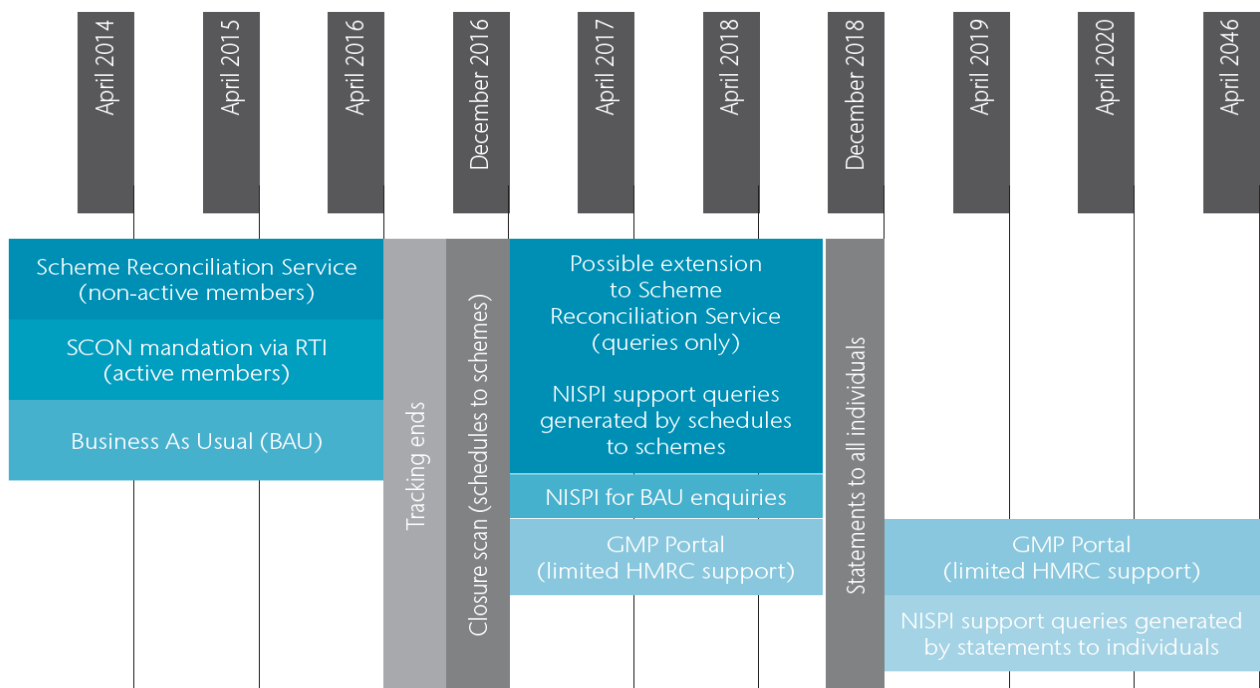
RECOMMENDATIONS

The Board is recommend to consider and comment on the report

1. Background

1.1. The abolition of contracting out for defined benefit (DB) schemes in April 2016 requires all pension schemes to reconcile their Guaranteed Minimum Pension (GMP) liabilities. A GMP reconciliation is a project to ensure that the GMP liability on the scheme records agrees with that held by HMRC. The GMP reconciliation involves comparing the scheme's GMPs information with that held by HMRC and investigating any discrepancies between the two sets of figures. The original end of contracting out timeline is shown below:-

Timeline: The ending of contracting out



2. Progress to Date

2.1. Phase 1 was completed as previously reported where 12,910 records were successfully reconciled following an accelerated project undertaken by data specialists ITM, with a further 6,513 cases referred back to HMRC.

2.2. Subsequent to phase 1 the Orbis Procurement and Business Operations teams completed a mini tender exercise and identified a preferred provider to deliver the remainder of the reconciliation exercise. Bids were received from four providers, JLT, ITM, KPMG and Equiniti, with JLT being appointed at a fixed price of £25,500 for the reconciliation exercise plus up to £15,000 to ensure an efficient and automated data exchange between the administration systems (Heywoods) and JLT. Worthy of note is that the contracted work required JLT ***“to deliver a complete reconciliation exercise to meet statutory deadlines.”***

2.3. Instruction was given to the winning bidder on 26th April that we wished to proceed, however, contracts were not signed until the 3rd August 2018 to enable the work to commence as a result of extended GDPR contractual negotiations. The indicative project milestones are set out below:-

No	Task	Start Date	End Date	Status
1	Initial Analysis - Phase 1	13/08/2018	20/09/2018	Completed
2	Bulk Analysis & HMRC Responses Analysis - Part 1	22/09/2018	05/10/2018	Completed
3	Bulk Analysis & HMRC Responses Analysis - Part 2	08/10/2018	12/10/2018	In Progress
4	Data Gathering	09/10/2018	30/10/2018	In Progress
5	Queries to HMRC - Round 1 for non-queried cases	08/10/2018	31/10/2018	In Progress
6	Queries to HMRC - Round 2 for data gathering cases	08/10/2018	31/10/2018	In Progress
7	Referrals to Client (Guidance or decision making)	30/10/2018	31/12/2018	Not yet started
8	Responses from HMRC Due back	01/11/2018	05/04/2019	Not yet started
9	Analysis of responses	01/11/2018	30/04/2019	Not yet started
10	Referrals to Client (Guidance or decision making)	18/01/2019	15/05/2019	Not yet started
11	Updates to Master Control of Decisions made	25/01/2019	20/05/2018	Not yet started
12	Final SRS Data Cut from HMRC Closedown output	01/06/2019	01/06/2019	Not yet confirmed by HMRC
13	Final Analysis of Scheme Data v's HMRC	10/06/2019	21/06/2019	Dependent on above
14	Rectification of Records	tbc	tbc	Dependant on above

2.4. The Board will note that it will be necessary for JLT to engage with the Pension Board and Committee outside of the normal cycle of meetings during November and December (previously October/ November) in order to secure decisions: Typically decisions will be required in the following areas:

- How to proceed with cases which cannot be resolved following the review of system data, external member files, and review with HMRC?
- When to pay cases where Contribution Equivalent Premium (CEP) payments can be made to extinguish any GMP liability discrepancies – for members with short service, and who are under GMP Age, it may be possible to clear the liability by payment of a CEP, if evidence of a previous CEP payment cannot be found?
- Whether to attempt to trace ‘Not on Admin’ members whose position cannot be resolved following a review of all records?
- How to deal with under or over payment calculations for Pensioners whose GMP values have changed. For example does the Fund want to look into all under and overpayments, does the Fund want to write off any overpayments or re-claim them from pensioners?

3. Current Status

3.1. Although the contract was signed later than hoped the automated submission to HMRC (NISPI) of the scheme data has commenced with the number of GMP discrepancies reducing. As at the 5th October 68,009 members have been identified as having a GMP to reconcile of which

51,075 have been matched at a scheme membership level with 16,934 needing further investigation.

3.2. Worthy of note is that HMRC are expecting a large number of queries to be registered with them from a wide range of schemes by the 31st October deadline set for queries to be with them. They as a consequence have allowed themselves a 3 to 4 month window in which to respond to those queries with further “toing and froing” issue resolution taking place through to April 2019.

3.3. JLT our supplier has a 12 strong team working on this project across all the Orbis administered funds until 31st December 2018 and we have been verbally reassured via conference calls on the 12th and 24th October of the progress being made and of the knowledge they have of GMPs and the positive relationship they have built up with HMRC.

3.4. At the time of writing this paper we anticipate a written progress update will be received from JLT on the 31st October for circulation to the Board that day that will reflect the latest position at the point of the HMRC deadline for submitting queries. Indeed, senior level verbal updates (see 3.3 above) with JLT have occurred in October to ensure good progress is being made and emphasising the importance of completing this work in line with statutory deadlines.

3.5. The financial implications of rectifying GMP liabilities is unknown at this point of time as the data gathering process and query resolution with HMRC is ongoing. It is anticipated that the financial implications will be better understood in Q1 2019 once HMRC have had a chance to responded to the queries raised with them up to the 31st October 2018 deadline.

3.6. As mentioned above JLT will require some decisions to be made by the scheme from the 30th October onwards on how to progress certain matters. We anticipate these questions will be presented in small batches with some notes on how other schemes have progressed similar issues/ queries.

3.7. In summary, the project is now being progressed by a knowledgeable team at JLT. As stated above we have emphasised the importance of this work to JLT, but realise they still have much to do between the time of writing this paper and the 31st October statutory deadline for submitting queries to HMRC. Indeed, we have offered to give as much support as they need to hit the significant 31st October deadline for submitting queries to HMRC.

4. Current Project Risks

4.1. The project team are cognisant of and managing the following project risks which should be noted:-

- A reliance on JLT to resource and conduct the exercise to statutory timescales under contract.
- Members may receive inaccurate GMP entitlement information from HMRC if the exercise is not completed on time.
- Some members may have been under or overpaid as a consequence of an incorrect GMP entitlement.
- Until the GMP reconciliation has been completed, there is a risk that the scheme is carrying GMP liabilities that have been transferred back to the State Pension Scheme, another provider or more worryingly, are not holding details of GMP liabilities that HMRC believe still sit with the scheme. Inaccurate GMPs can have an impact on overall scheme liabilities.
- Inaccurate GMPs can delay the use of automated calculations. Member events (retirement quotes etc.) can require GMP data to be confirmed with HMRC. This can delay the provision of information and settlement of benefits.
- It is anticipated that the Department of Work and Pensions (DWP) will publish legislation or guidance following the ending of contracting out, which will require schemes to equalise GMP benefits. It is important that these exercises are only undertaken using fully reconciled GMP data.

5. Next Steps

- 5.1. Obtain an up to date status report from JLT as at the 31st October at which time all queries need to have been submitted to HMRC. The status report will confirm exactly what has and has not been delivered for this major milestone.
- 5.2. Ensure we receive and actively manage the regular progress reports from JLT moving forward.
- 5.3. Be prepared and give guidance to JLT on GMP reconciliation matters that are not easily resolved or are at an impasse point with HMRC. We can prepare some principles in advance.
- 5.4. Have new internal administration resource dedicated to resolving issues as they arise and in partnership with JLT.
- 5.5. Review the JLT delivery plan as the reconciliation process using the latest HMRC processing dates will now continue through the first quarter of 2019 (see 2.3 above) rather than being completed by 31st December 2018 as originally planned.

Kevin Foster

Chief Operating Officer

Contact Officer: Michael Mann Telephone number 07779 967758 | 01483 404748

Email: michaelmann@surreycc.gov.uk

Report to: Pension Committee

Date: 26 November 2018

By: Chief Operating Officer

Title: Annual Benefit Statement breach

Purpose: Provide the Committee with a summary of the circumstances which led to a breach

RECOMMENDATIONS

The Committee is recommended to consider and comment on the report

1 Introduction

1.1 This report has been prepared to inform the Committee of the breach which occurred as a result of failing to produce and deliver all annual benefits statements prior to the statutory deadline of 31 August 2018.

2 Context

2.1 The East Sussex Pension Fund (ESPF) is required to produce an annual benefit statement before the 31st of August each year for all active and deferred members. As at 31 March 2018, the date the statement is based on, the number of active members in the scheme is 25,064 and there are 29,386 deferred members. The number of members who were due to receive an ABS but we failed to issue prior to the deadline was 1,288 – all active members.

2.2 With the exception of one employer, Gildredge Free School, the Administration team had successfully secured all employer returns this year in good time to enable the team to update records and produce the ABS in advance of the deadline.

Member statements were produced in late July for those able to access their statement online with paper statements issued w/c 20 August for the remaining.

3 Cause of breach, effect and rectification

3.1 Following the production, it was understood that all members had been issued with a statement.

3.2 On 29th August, the Administration became aware of an issue with a member who contacted the Governance team to query why they had not received their statement.

3.3 Upon review of this member record and the other staff of this employer, an error was identified in the processing of the record to the “complete” status where actions to correct queries or errors on the record were still outstanding. This meant such records were unable to have an Annual Benefit Statement (ABS) generated despite the complete status.

A member of the Administration team had failed to action corrections required, partly as a consequence of inexperience, partly due to the fact no reconciliation control is in place to relate the actual number of statements produced are in line with that expected.

3.4 Upon learning of the issue relating to the individual member not receiving their ABS, immediate action commenced to identify the cause and what needed to take place to rectify. Corrections were made to records affected across this employer and as a consequence ABS's were issued for the 56 members prior to the statutory deadline of 31 August.

3.5 Whilst this action successfully dealt with the known errors relating to this employer, further analysis across the Fund was required to understand if further member records were similarly affected. This analysis was completed on 6th September and it was identified that up to 2,500 active member records were also affected by this error.

3.6 An immediate programme of correction was undertaken which resulted in 3 team members being dedicated to resolve the records identified and correct where appropriate. During this exercise over 1,000 records were identified as un-notified leavers and as a consequence would be omitted from an ABS being issued, a not un-common status where employers fail to supply leaver forms to the Pension administration.

3.7 The total number of members affected was finalised at 1,288. All statements were issued by 20 September 2018.

4. Action taken

4.1 A breach report was issued and submitted to the Monitoring officer and Section 151 officer. Upon review of the report, it was instructed that a formal breach report would be submitted to the regulator which was completed on 16th October 2018.

4.2 The Pensions lead manager is carrying out a full review of the process of ABS planning, preparation and production and will include the following key actions in preparation for the annual exercise;

- Revised training for all team members involved in the employer return processing and completion.
- Introduction of controls to reconcile the number of statements due for production.
- Improved communications with employers and internal stakeholders.
- Internal audit commissioned by Chief Operating Officer.

Kevin Foster
Chief Operating Officer

Contact Officer: Brian Smith Tel. No. 07791 423476

Email: brian.smith@eastsussex.gov.uk

Report to: Pension Committee

Date of meeting: 26 November 2018

By: Chief Operating Officer

Title: Officers' Report – Business Operations

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

RECOMMENDATIONS

The Committee is recommended to consider and comment on the report

1 Introduction

1.1 Business Operations within Orbis have prepared this summary of topical administration activities, projects and improvements that may have an impact on members of the pensions scheme. This report is provided for information and the Committee is invited to comment.

2 Key Performance Indicators

2.1 **Appendix 1** shows the monthly performance summary for administration tasks for the 6 months leading to September 2018.

2.2 The performance in general has been positive with most key indicators met. September experienced a dip in performance in certain areas which was due to the exceptional workload as a result of Annual Benefit Statement (ABS) distribution and the subsequent query handling that inevitably occurs as a result from distributing c 45,000 statements. As referred to in the ABS breach report, there was also the requirement for resource to be utilised solely for record corrections identified which meant business as usual activities were somewhat negatively impacted. Furthermore, administration resource was also required to achieve the Annual Allowance exercise as described in section 4. It is expected that October results will show an improved performance.

3 Data cleanse plan

3.1 The Committee will recall that Officers provided an update previously with regards to a Data Cleanse due to be carried out in advance of the 2019 Funding Valuation. This project will commence in November and a high level plan can be found at **Appendix 2**.

3.2 The plan also includes a timeframe for the work being carried out by Heywoods for the Common and Conditional data scoring as required for tPR Administration and Governance survey.

3.3 Once the results of the both data cleanses are known, a more detailed plan will be drafted and shared with the Committee. This will include using the address tracing data analysis previously referred to as provided by specialist agency call credit.

4 Annual Allowance

4.1 The Committee may be aware of the requirement for the Administration to provide relevant scheme members with Pension Saving Statements on an annual basis. The deadline for this in 2018 was 6th October and we are pleased to report this statutory deadline was met with all 78 high earning members receiving their information prior to this date.

5 Resources & Training

5.1 We are pleased to advise that two new key appointments have been made to the Pensions Administration team.

5.2 Michael Mann joined as Pensions lead manager on 1st October and will take responsibility for the Administration of all Orbis Pension schemes, splitting his time between Lewes and Kingston. Michael will be formally introduced to the Committee at this meeting.

5.3 In the newly created role of Service Support and Development Manager, Tom Lewis will take on responsibility for much of the planning aspects of Pensions Administration as well as the development of processes, people and technology. Tom will be predominately based in the Kingston offices.

5.4 A development plan will be produced and shared with the Committee at a future meeting. A key focus area will be increased member and employer engagement with a focus on education of the LGPS. In response to a specific request, employee presentations have already been delivered as a pilot for Brighton and Hove City Council (BHCC) active scheme members which was delivered across a number of sites. These presentations were well received by attendees and BHCC HR who requested this to take place.

5.5 A further focus will be to explore the benefits of a new online training and education centre developed by Heywoods due to be launched in November 2018. This online tool will allow staff to undertake courses in their own time and at their own pace with a training plan able to be set and progress tracked by team leaders and managers.

Kevin Foster
Chief Operating Officer

Contact Officer: Brian Smith Tel. No. 07791 423476

Email: brian.smith@eastsussex.gov.uk

East Sussex Pensions Administration - Key Performance Indicators 2018_19

	Activity	Measure	Impact	Target	Apr-18		May-18		Jun-18		Jul-18		Aug-18		Sep-18	
	Scheme members	Pensioners, Active & Deferred			74232		74378		74788		76344		75052		75113	
	New starters set up				423		413		419		332		599		258	
					Volume	Score	Volume	Score	Volume	Score	Volume	Score	Volume	Score	Volume	Score
1a	Death notification acknowledged, recorded and documentation sent	within 5 days	M	95%	13	100%	12	100%	7	100%	13	100%	5	100%	8	100%
1b	Award dependent benefits (Death Grants)	within 5 days	H	95%	3	100%	11	100%	13	100%	12	100%	6	83%	6	83%
2a	Retirement notification acknowledged, recorded and documentation sent	within 5 days	M	95%	81	93%	143	99%	122	97%	127	99%	137	99%	126	88%
2b	Payment of lump sum made	within 5 days	H	95%	123	95%	91	98%	112	96%	109	99%	98	98%	138	96%
3	Calculation of spouses benefits	within 5 days	M	90%	13	92%	20	100%	15	93%	20	95%	8	100%	8	100%
4a	Transfers In - Quote (Values)	within 10 days	L	90%	27	100%	34	100%	13	100%	29	93%	21	100%	24	100%
4b	Transfers In - Payments	within 10 days	L	90%	21	100%	32	97%	17	94%	13	100%	19	95%	9	100%
5a	Transfers Out - Quote	within 25 days	L	90%	18	100%	37	97%	26	100%	15	100%	23	100%	16	94%
5b	Transfers Out - Payments	within 25 days	L	90%	9	100%	7	100%	5	100%	6	100%	6	100%	11	82%
6a	Employer estimates provided	within 7 days	M	95%	121	93%	41	100%	53	96%	26	96%	26	96%	22	77%
6b	Employee projections provided	within 10 days	L	95%	31	100%	49	100%	54	96%	41	95%	30	93%	33	85%
7	Refunds	within 10 days	L	95%	32	100%	49	98%	60	100%	38	97%	47	100%	49	100%
8	Deferred benefit notifications	within 25 days	L	95%	138	100%	168	98%	185	100%	196	100%	168	99%	166	100%
9	Complaints received- Admin					3		1		0		0		0		2
	Complaints received- Regulatory															
10	Employer survey satisfaction	Overall satisfaction (V Satisfied/satisfied)		90%												
11	Retiring Member survey satisfaction	Overall satisfaction (Excellent/good)		90%												
12	Compliments received					5		4		1		2		1		0

OVERDUE CASES RED-AMBER		APR	MAY	JUNE	JULY	AUGUST	SEPT
2a	Retirement notification acknowledged, recorded and documentation sent	6 Cases overdue by avge of 4 days. Longest overdue 8 days.					
1b	Award dependent benefits (Death Grants)					1 Case overdue by 1 day.	1 Case overdue by 1 day.
2a	Retirement notification acknowledged, recorded and documentation sent						15 Cases overdue by avge of 4 days. Longest overdue 7 days.
5b	Transfers Out - Payments						2 Cases overdue by avge of 2.5 days. Longest overdue 4 days.
6a	Employer estimates provided	9 Overdue by avge of 6 Days. Longest overdue 15 Days					5 Cases overdue by avge of 4 days. Longest overdue 9 days.
6b	Employee projections provided					2 Tasks over due by avg of 1.5 Days. Longest overdue 2 Days	5 Cases overdue by avge of 8 days. Longest overdue 24 days.

Annual Data Cleanse Schedule of Works

Annual Data Cleanse

Phase

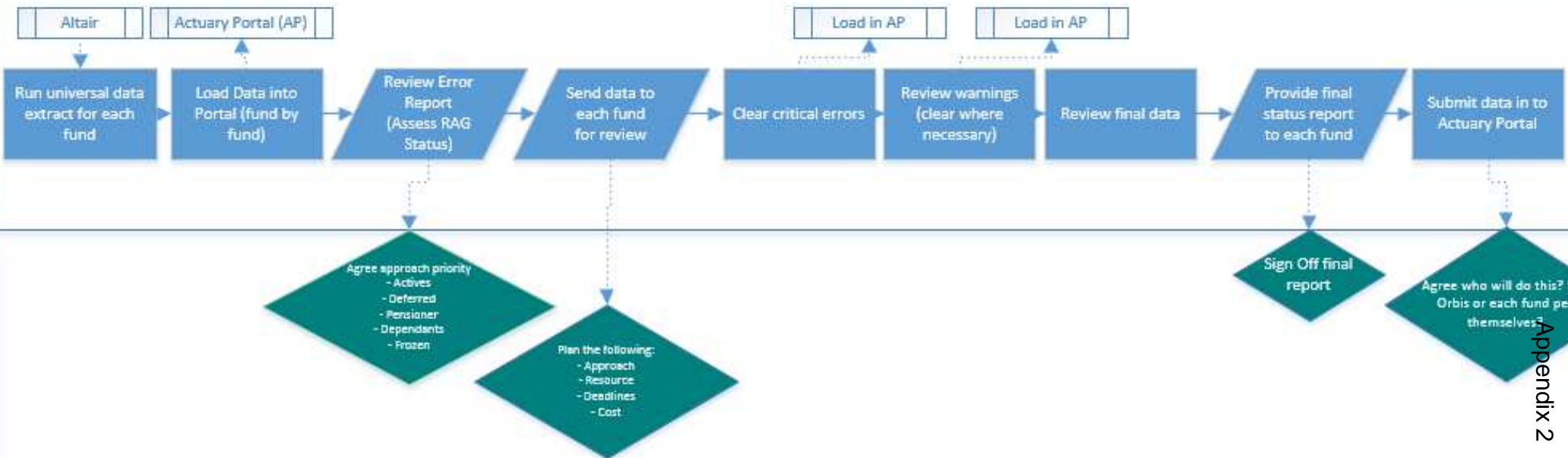
November 2018

March 2019

Data

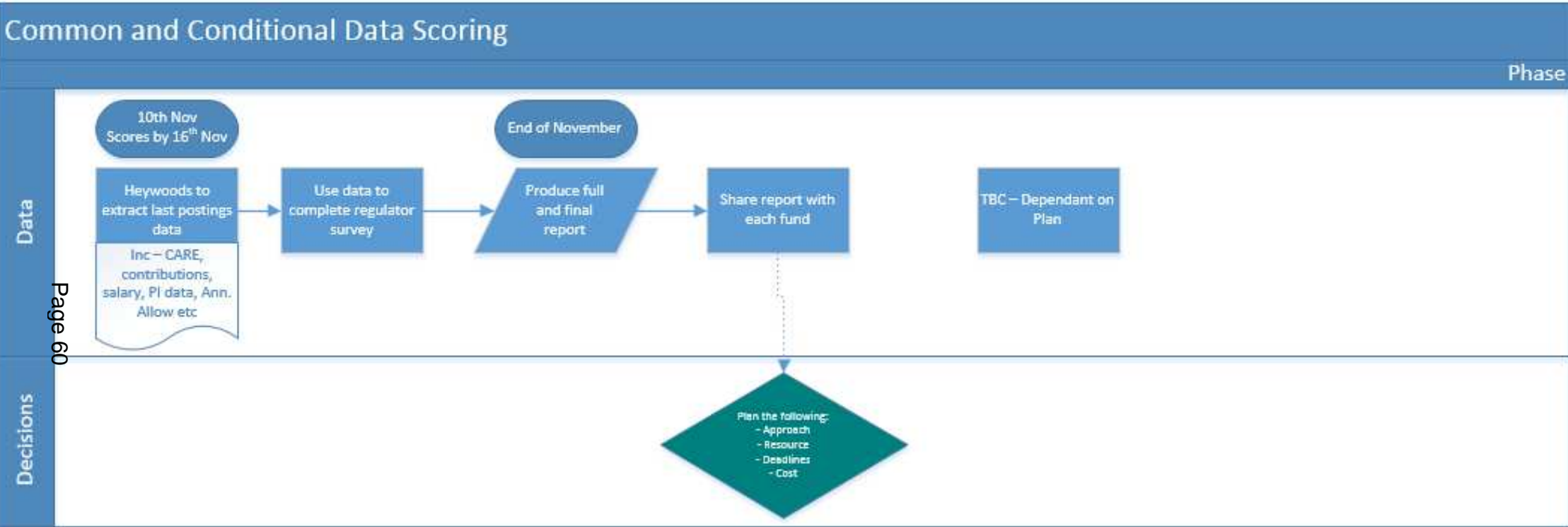
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Decisions



Appendix 2

Common and Conditional Data Scoring – Phase 1 Plan



Report to: **Pension Committee**

Date of meeting: **26 November 2018**

By: **Head of Pensions**

Title: **Officers' Report – General Update**

Purpose: **To provide a general update to the Pension Committee on matters related to the Committee activity.**

RECOMMENDATION – The Committee is recommended to note the report.

1. Background

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 6 years, the East Sussex fund has been broadly cash flow 'neutral'. The estimate for the fiscal year 2018/19 is that the fund will generate a surplus of £3.7m; the estimated cash flow position will be helped by higher employer pension contribution rates set at the last triennial valuation and payable since 1 April 2016. The current/quarter two projected outturn is a surplus of £3.8m, i.e., a variation from estimate of £0.1m. Table 1 below shows the cash projection to 30 September 2018.

PENSION FUND DEALINGS WITH MEMBERS AND EMPLOYERS

Employees Contributions
Employers Contributions
Deficit Recovery
Transfers In
TOTAL INCOME
Pensions Benefits Paid
Pensions Lump Sum Paid
Administration expenses
Transfers Out (excluding College transfer)
TOTAL EXPENDITURE
SURPLUS CASH

Original 2018/19 £m	Projected Outturn 2018/19 £m	Variance £m
29.3	30.2	0.9
82.6	87.4	4.8
17.6	15.6	(2.0)
7.4	6.2	(1.2)
136.9	139.4	2.5
(105.0)	(108.2)	(3.2)
(22.7)	(22.0)	0.7
(1.8)	(1.8)	0.0
(3.7)	(3.6)	0.1
(133.2)	(135.6)	(2.4)
3.7	3.8	0.1

3. National Development - updates

3.1. The ACCESS pool update has been provided through a separate report (Part 2) at this meeting.

4. Exit Credits

4.1 The LGPS (Amendment) Regulations 2018 amended the LGPS 2013 Regulations to provide for the payment of an exit credit to an exiting employer where, at the exit date, that employer's assets in the fund exceed the liabilities.

4.2 The introduction of exit credits has an immediate consequence for the way that the Fund manages employers through participation and at cessation. In order to prepare and comply with the regulation changes there are a range of factors the Fund needs to consider in terms of its funding strategies, policies, and communications with stakeholders. Under particular consideration will be on the Fund's current approach to admit new contractors. The Fund is currently drafting the changes to the Funding Strategy Statement (FSS), applicable policies and admission agreements to reflect this change.

5. Reporting Breaches Log

5.1 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, and the 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.

5.2 The updated breaches log (Appendix 1) has been updated with the following breaches –

- a. *Employer, Gildredge House failed to provide EOY return by 31/8/18 preventing ability to issue ABS.*
- b. *Some Active member annual benefit statements were not issued prior to the statutory deadline of 31/8/2018.*

5.3 These breaches have now been reported to the Pension Regulator (tPR) in compliance with the Fund Breaches Policy, and in consultation with the Monitoring Officer and the S151 Officer.

6. Pension Committee Agenda – 25 February 2019

6.1 The draft agenda for the February 2019 Pension Board meeting include the following

- LGPS Pooling – ACCESS Pool Update;
- Officers' Report - Business Operations;
- Officers' Report - General Update;
- Pension Committee/Board Training Plan;
- Administration system procurement plan/update;
- Communications policy statement;
- Reporting Breaches;
- Investment Strategy Statement;
- Separation of host authority and pension fund;
- East Sussex Pension Fund 2018/19 Budget monitoring and 2019/20 Budget;
- External Audit Plan - East Sussex Pension Fund.

7. Conclusion and reasons for recommendations

7.1 The Committee 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

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
6 th August 2018	Pensions Admin	Aug 18	Upon submission of a data sheet to the charity "give as you earn" to inform them of payments being made on behalf of scheme members, details of additional unrelated individuals were erroneously included in the spreadsheet. This monthly return included 61 people's details who pay for private healthcare through same pension sacrifice mechanism with name, payroll number and NI numbers and were copied in error into this sheet sent to the charity.		The charity was emailed explaining the error asking them to delete the previous email and a further email has been sent with the correct information. The charity has confirmed by email that all data has been deleted (email dated 16/08/18). Preventative action taken has been to implement a new checking process by a different team member prior to submission.	None	Closed	N	N	Brian Smith
31 Aug 2018	Employer	31 st August 2018	Employer, Gildredge House failed to provide EOY return by 31/8/18 preventing ability to issue ABS.		Gildredge House data received 30 August, and once queries were resolved was completed 6 September. ABS for all 40 members affected was produced on 20 th September. Employees written to on 29 th August informing them they will not receive an ABS until later in September.	None	Closed – Following the breaches report submission to the Pensions Regulator (PR) on the 16th October 2018. PR has responded and advised that no action will be taken against the Administering Authority.	Y – 24 Sep	Y – 10 Sep	Michael Mann
03 Sep 2018	Pensions Admin	31 st August 2018	Some Active member annual benefit statements ranging over a number of employers were not issued prior to the statutory deadline of 31/8/2018. Failure to complete validation on certain records was		Since identification was made, immediate and urgent action was taken to correct the affected records. This was completed on 20 th Sept and the 1,500 ABS's were produced on 21 st Sept by a mix of on line invitations to those members registered for self serve	None	Closed – Following the breaches report submission to the Pensions Regulator (PR) on the 16th October 2018. PR has responded and	Y – 24 Sep	Y – 10 Sep	Michael Mann

			identified after the deadline resulting in approx. 1,500 records being incomplete which meant these individuals ABS failed to be produced.		and by paper copies for the remainder.		advised that no action will be taken against the Administering Authority.			
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Report to:	Pension Committee
Date of meeting:	26 November 2018
By:	Chief Finance Officer
Title:	Pension Committee Forward Plan
Purpose:	The updated report sets out the Pension Fund Forward plan for 2018-19. The Plan includes key objectives for the Fund, training strategy/plan for the Fund and Member training log.

RECOMMENDATION – The Committee is recommended to note the report.

1. Background

1.1 The Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom recommend 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 2018/19 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 2018/19.

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, and the next joint training session is scheduled to take place on 22 January 2019. The proposed topics for the session will be on the *Knowledge of Pension Fund Stakeholders*, *Pension Fund Consultation and Communication*, *ACCESS Pool Governance*, etc.

4.2 Following the successful joint training session on 17 October 2018, covering ‘Pension Administration - Understanding Best Practice; Interaction with HMRC; ESG; Merits and Dangers of Index Funds’. Few pension administration best practice areas for the Board consideration include –

- Administration and Communication Strategies;
- Target turnaround times for associated Key Performance Indicators (KPIs);
- Style of communications - level of focus on electronic / on-line services;
- Consideration of in-house, shared service, and third party administration provider;
- Key costs - systems/drive for efficiencies;
- Focus on quality - following best practice;
- Approach to charging employers for poor performance;
- Workload and volume of activity;
- What do your scheme members and employers think;
- Approach for scoring conditional data and systems availability, etc.

5. Conclusion and reasons for recommendations

- 5.1 The Committee is requested to note the Pension Fund Board/Committee Forward Plan 2018/19.

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

EAST SUSSEX PENSION FUND

PENSION COMMITTEE/BOARD FORWARD PLAN 2018-19

November 2018

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Key documents to be considered	Page 3
Forward /Business Plan	Page 6
Pension Board/Committee Training Strategy	Page 10
Pension Board/Committee Training Plan	Page 17

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 73,000 individuals employed by 136 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 2018/19. 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.
- 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 Pensions. He is supported in this role by the Pensions Strategy and Governance Manager, and the Pensions Investment Manager.
- 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 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: Investment Strategy Statement, 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.

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	September 2018	November 2018	February 2019	May 2019	July 2019
Item					
1	LGPS Pooling – ACCESS Pool Update	LGPS Pooling – ACCESS Pool Update	LGPS Pooling – ACCESS Pool Update	LGPS Pooling – ACCESS Pool Update	External Audit and Annual Report Approval
2	Annual review of the Fund's ESG approach	Annual Benefit Statement	Communications policy statement	Discretionary policy statement	Investment Strategy review day
3	Review on the investment strategy and Manager benchmarking	East Sussex Pension Fund: Independent Advisor	Reporting Breaches	External Assurance Reports from Third Parties	
4	ABS/ GMP Reconciliation update/Data Cleansing – updates.	Responsible Investment Policy	Investment Strategy Statement	Cessations and Admission policies	
5		Financial Reporting Council - UK Stewardship Code	Pension Committee/Board Training Plan		
Page 72		GMP Reconciliation – update	Option appraisal admin system providers.		
			-East Sussex Pension Fund 2019/20 Budget; -- -External Audit Plan - East Sussex Pension Fund		

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
7	Pension Employers- Update

2. PENSION BOARD – FORWARD/BUSINESS PLAN

PENSION BOARD FORWARD/BUSINESS PLAN				
Date	September 2018	November 2018	February 2019	May 2019
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	Internal Audit Report - ACCESS Pool	Annual Benefit Statement	Policies of the administering Authority <ul style="list-style-type: none"> · conflicts of interests · record-keeping/meeting attendance; · data protection and freedom of information 	Pension Fund 2018/19 Annual Report
4	Review on fee arrangements	Responsible Investment Policy	ESPF Customer Survey results	Draft Internal Audit Pension Fund Strategy and Internal Audit Reports
5	Annual Benefit Statement - update/ GMP Reconciliation update/Data Cleansing	Financial Reporting Council - UK Stewardship Code	Communications policy statement	2019 Annual Benefit Statement Exercise – update
6		GMP Reconciliation – update	Meeting the Training Requirements - Board Members	Pension Fund Policies – Discretionary Policy Statement, Administration Strategy Statement, and Pension Fund Cessation Policy.

Recurring items

Item	
1	Officers' Report - Business Operations
2	Officers' Report - General Update
3	Forward Plan
4	Pension Fund – Risk Register

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 are summarised below –

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

1.6 Scheme Employers now have a greater need –

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

1.7 Application of the training strategy

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

1.8 Purpose of training

The purpose of training is to:

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

1.9 Summary

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

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

2. Delivery of Training

2.1 Training plans

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

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

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

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

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

2.2 Training resources

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

2.3 Appropriate Training

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

2.4 Flexibility

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

2.5 E-Learning

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

3. Training deliverables

3.1 Suitable Events

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

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

3.2 Training methods

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

For Pension Committee and Pension Board Members	For Officers
<ul style="list-style-type: none"> • 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 2018-2019

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 - Introduction <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 services provided externally Performance measurement Accounts and audit 		✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓				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
regulations <ul style="list-style-type: none"> • 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	
SPECIFIC ISSUES IDENTIFIED FROM MEMBERS SELF ASSESSMENTS								

	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 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	
Financial Services procurement: <ul style="list-style-type: none"> Current public procurement policy & procedures UK & EU procurement 				✓			3,5,6	

	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
legislation								
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 Page 84				✓ ✓ ✓	✓		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 the LGPS Understanding of the operations of the fixed income manager Understanding of Alternative asset classes 			✓	✓ ✓	✓		4 1 4 4,5,6	

	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
Pension Administration - • Shared service		✓	✓	✓			2,6	
Actuarial methods, standards and practices: • Considerations in relation to outsourcings and bulk transfers • Triennial Valuation refresher		✓ ✓					1 6	
CHAIRMAN TRAINING								
• Fund Benchmarking • Stakeholder feedback • Appreciation of changes to scheme rules	✓ ✓				✓		2 4 1,5	
EXTERNAL SEMINARS AND CONFERENCES								
NAPF Local Govt Conference • Refresher training • Keeping abreast of current development					✓ ✓		1,3,4,5	
LGC Investment Conference					✓		1,2,3,4,5,6	

	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
<ul style="list-style-type: none"> Fund Manager events and networking 					✓			

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 & 21st March 2018	
The administering authority	14 June 2016 & 21st March 2018	
The employers	14 June 2016 & 21st March 2018	
The Committee	14 June 2016 & 21st	

Member/Representative Name:		
Subject/Description of training	Date completed	Suggested Further Action?
	March 2018	
The LPB	14 June 2016 & 21st March 2018	
S151 officer	14 June 2016 & 21st March 2018	
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 & 21st March 2018	
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	21st March 2018	
Knowledge of Pension Fund Stakeholders		22 January 2019
Knowledge of Pension Fund Stakeholder Consultation and Communication		22 January 2019
Governance Policies	21st March 2018	
Pension Administration		
Understanding Best Practice	17 October 2018	
Interaction with HMRC	17 October 2018	
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		20 March 2019
The Role of Internal and External Audit		20 March 2019
Third Party Contracts		
Investment Performance and Risk Management		
Monitoring Assets and Assessing Long-Term Risk		
Myners Principles of Performance Management		
Awareness of Support Services		
Understanding Risk and Return of Fund Assets	18 July 2016	
Understanding the Financial Markets	3 November 2017	

Member/Representative Name:		
Subject/Description of training	Date completed	Suggested Further Action?
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	
ACCESS Pool Governance - Pension Committee/Board Roles	21 March 2018	
Pantheon Global Infrastructure	21 March 2018	
Responsible Investment under the LGPS Pooling Agenda.	21 March 2018	
Sustainable Investing/ESG	17 October 2018	
Merits and Dangers of Index Funds	17 October 2018	

AVAILABLE TRAINING AND CONFERENCES 2018 – 2019

Date	Conference/Event	Run By	Delegates/Cost
4 December 2018	LGPS Governance Training Fundamental – Day 3	Local Government Pensions Committee (LGPC) - LGA	£260
	Investment Summit	Local Government Chronicle (LGC)	TBC
	Annual Local Government Pension Investment Forum	Informal	TBC
	Local Authority Forum	Pension and Lifetime Savings Association (PLSA)	Free
	LAPFF Annual Conference	Local Authority Pension Fund Forum (LAPFF)	Free
Page 92	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

Date	Conference/Event	Run By	Delegates/Cost
www.local.gov.uk	LGA website	Local Government Association	Free on-line

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

East Sussex Pension Fund

Date	17 October 2018	22 January 2019	20 March 2019	12 June 2019	25 September 2019
Topics	<ul style="list-style-type: none"> Pension Administration – Understanding Best Practice and Interaction with HMRC. Merits and Dangers of Index Funds ESG 	<ul style="list-style-type: none"> Knowledge of Pension Fund Stakeholders Pension Fund Consultation and Communication ACCESS Pool Governance 	<ul style="list-style-type: none"> Pensions Accounting and Auditing Standards Understanding the Accounts and Audit Regulations The Role of Internal and External Audit 	<ul style="list-style-type: none"> Investment Performance and Risk Management Pension Fund Governance; Environmental, Social and Governance (ESG). 	<ul style="list-style-type: none"> Updates from the Pension Fund Regulator. Fund Assets - Carbon Footprint Measurement;

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