PENSION BOARD

MONDAY, 11 NOVEMBER 2019

10.00 AM COMMITTEE ROOM - COUNTY HALL, LEWES

MEMBERSHIP - Ray Martin (Chair)
Councillor Carmen Appich, Stephen Osborn, Diana Pogson, Niki Polermo and Lynda Walker

A G E N D A

1 Minutes *(Pages 3 - 16)*

2 Apologies for absence

3 Disclosure of interests

4 Urgent items
Notification of any items which the Chair considers urgent and proposes to take at the appropriate part of the agenda.

5 Pension Board - updates *(Pages 17 - 18)*

6 Pension Committee Agenda *(Pages 19 - 22)*

7 Environmental Social and Governance Update *(Pages 23 - 62)*

8 Data Improvement Programme and Annual Benefit Statement Working Group *(Pages 63 - 68)*

9 Pension Administration updates *(Pages 69 - 88)*

10 Pension Fund Risk Register *(Pages 89 - 102)*

11 Work programme *(Pages 103 - 140)*

12 Any other non-exempt items previously notified under agenda item 4

13 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).

14 Local Government Pension Scheme (LGPS) Pooling - ACCESS update *(Pages 141 - 176)*

15 Any other exempt items previously notified under agenda item 4

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1 November 2019

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PENSION BOARD

MINUTES of a meeting of the Pension Board held at County Hall, Lewes on 17 June 2019.

PRESENT	Ray Martin (Chair), Councillor Carmen Appich, Councillor Doug Oliver, Stephen Osborn, Diana Pogson, Niki Polermo and Lynda Walker
ALSO PRESENT	Kevin Foster, Chief Operating Officer Ian Gutsell, Chief Finance Officer Ola Owolabi, Head of Pensions Andrew Marson, Interim Lead Pensions Manager Danny Simpson, Principal Auditor Harvey Winder, Democratic Services Officer

1 MINUTES

1.1. The Board agreed the minutes as a correct record of the meeting held on 4 February 2019.

2 APOLOGIES FOR ABSENCE

2.1 There were no apologies for absence.

3 DISCLOSURE OF INTERESTS

3.1 There were no disclosures of interest.

4 URGENT ITEMS

4.1 The Chair requested confirmation from officers as to the length of terms of the Pension Board members.

4.2 Ian Gutsell (IG) confirmed that the employer representatives from Brighton & Hove City Council (Cllr Carmen Appich) and Rother District Council (Cllr Doug Oliver) had been appointed for two years; and the additional three new Board members (Stephen Osborn, Lynda Walker and Niki Palermo) had been appointed for four years each. Furthermore, Diana Pogson (Pensioners Rep) had already served a year of her four term so had three years left. IG explained that this would ensure a staggered process of appointments to the Board in future.

5 PENSION COMMITTEE AGENDA

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

5.2 The Board RESOLVED to note the report.

6 NOMINATION OF VICE CHAIRS

6.1 The Board considered a report seeking nominations for the Vice Chair positions on the Pension Board.

6.2 The Board RESOLVED to:

1) Nominate Diana Pogson as the employee Vice Chair
2) Nominate Stephen Osborn as the employer Vice Chair.

7 PENSION ADMINISTRATION UPDATES

7.1. The board considered a report providing an update on matters relating to Pension Administration activities.

7.2. Councillor Carmen Appich (CA) asked why JLT (Jardine Lloyd Thompson), who have recently merged with Mercer, had been chosen to conduct the Guaranteed Minimum Pension (GMP) Reconciliation process on behalf of the East Sussex Pension Fund (ESPF).

7.3. Kevin Foster (KF) explained that JLT had been commissioned by the Fund, following a procurement process, to provide the work on the basis that they had been deemed to be the best provider and had a track record of doing similar work for other pension authorities.

7.4. Lynda Walker (LW) asked why a reference scheme test had replaced the guaranteed minimum pension system in 1997, and whether the ESPF was in a good position relative to other Local Government Pension Schemes (LGPS) in regards to the GMP reconciliation process.

7.5. Andrew Marson (AM) explained that the original GMP system of requiring pension schemes contracted out of the State Second Pension Scheme (S2P) to provide a Guaranteed Minimum Pension for contracted out employees broadly similar to the pension amount an employee would have received if they had not been contracted out had proven very complex; so instead a reference scheme test was introduced to allow comparison whether a pension scheme's benefits were greater overall than the S2P benefits and if so it was permitted to contract out. This was felt to be a more straightforward approach. LGPS had easily passed the test and had remained contracted out. AM said that ESPF's GMP Reconciliation programme was making good progress in relation to others around the country.

7.6. The Chair explained that GMPs were calculated as weekly amounts and asked whether the discrepancy threshold of £2 meant a discrepancy of 4p a week of pension, which would amount to £2.08 over the course of the year or whether it would be 3p a week, which would mean £1.56 per year. AM said he would confirm how the figure of £2 is arrived at.

7.7. Diana Pogson (DP) asked when the process may be complete. AM said it depended on HM Revenue & Customs' (HMRC) own deadlines, which have continuously moved in the past. He said that the reconciliation and rectification process, i.e., resolution of over and under payments to scheme members, should be complete by 31 March 2020 based on current HMRC guidance.

7.8. The Chair asked whether the number of critical errors contained within the data held by ESPF is recorded and reported as a percentage, as is a requirement of pension schemes in the private sector.

7.9. AM explained that the quality of the data held by ESPF is periodically scored as a percentage and this will be run again in September after the Annual Benefit Statements have

gone out. He said that the quantity of errors has reduced considerably – with over 10,000 data items having been corrected – and the Fund has improvement the quality of its data in comparison to other LGPSs

7.10. LW asked how many employees there are in the one employer that has still not submitted its returns for the Annual Benefit Statement.

7.11. AM said that the employer had a single employee in the ESPF, who is also the Chief Executive of the company.

7.12. The Chair asked whether the ESPF had considered meeting regularly with payroll staff in employers to ensure they were aware of their obligations as members of the ESPF, including the provision of up-to-date data to the Fund.

7.13. IG said that the ESPF holds an Annual Employers' Forum and the Pension Regulator attended the most recent one to explain to the employers' their responsibilities around supplying data. He added that the Pension Board members were also in a good position to report back these responsibilities to the employers they represent. AM explained that there was a new team member joining the Pensions Administration Team (PAT) whose role is around engagement with and education of employers. He said the PAT realises that more work needs to be done engaging with employers, particularly as there are increasingly large numbers of them and the ESPF normally only contacts them formally on an annual basis and during the intervening period key contacts may leave, along with institutional knowledge of their obligations regarding the ESPF.

7.14. The Chair commented that maintaining this relationship with employers was key because the GMP issue arose as a result of a lack of contact with employers, who then gave different data to the administering authorities and HMRC that now no longer reconcile.

7.15. The Chair asked why, according to the Key Performance Indicators (KPIs), the PAT's performance dipped during April.

7.16. AM explained that the dip in performance was due to staff vacancies during that month. He said they had now been filled and figures for May were improving back towards normal levels. He added that whilst performance had slipped the cases that were overdue were only over by 1 to 2 days.

7.17. The Chair said it was worrying to see the Award for dependent benefits (Death Grants) target missed given the impact this can have on families who may be in immediate need of assistance. He also asked that the KPI summary include details of what the longest overdue cases were and the average response time, not just the number within target, as it can be difficult to see any improvements particularly when all targets are green.

7.18. Ola Owolabi (OO) said that the Board would have the opportunity in the future to review the KPIs as the pension administration system is re-procured.

7.19. LW asked how the KPIs were set.

7.20. AM explained that the KPIs have been set locally by ESPF and other LGPS will do the same. This means that there is variation in the KPIs, but an exercise could be undertaken to benchmark these measures against others to get a sense of the industry standard.

7.21. The Chair asked whether the allocated duration of a 'successful' completion of an activity listed in the KPIs, e.g., payment of lump sum made within 5 days, was for the entire activity or just the part the PAT was responsible for.

7.22. AM confirmed that these allocations were for the period of time the PAT was dealing with the case. Death cases, for example, would take a lot longer than 5 days and would involve other individuals, eg the member's family, dependents and the legal personal representatives of the deceased member.

7.23. The Chair asked whether the new pension administration system would be subject to a full procurement process.

7.24. Kevin Foster, (KF) confirmed that the contract with Heywood to provide a pension administration system would be ending in 2021. The procurement of the new software would be a meaningful one involving extensive research into the current market and how it has changed since 2016; the quality of the competition; and the performance of the current provider. AM added that preliminary engagement was ongoing with providers to compare the PAT's requirements with the capabilities of their systems.

7.25. The Board RESOLVED to:

1) Note the report; and

2) Request a future report on how the ESPF KPIs for pension administration compare with those of other local government pension schemes.

8 DRAFT EAST SUSSEX PENSION FUND INTERNAL AUDIT STRATEGY

8.1. The Board considered a report containing the draft ESPF Internal Audit Strategy, and Internal Audit reports on Pension Fund Governance and Investments and Pension Fund External Control Assurance.

8.2. LW asked how the East Sussex Internal Audit is not duplicating the work of other internal audit teams in the other 10 ACCESS local authorities in auditing externally managed investments held under the ACCESS pooling agreement.

8.3. Danny Simpson (DS) said that he will liaise with other internal audit officers to ensure that they are not duplicating work. OO added that an audit plan is being developed for ACCESS that will avoid duplication by enabling individual internal audit teams to use the assurance report of whichever internal auditor conducts the externally managed investment audit of ACCESS. He confirmed that these reports would comply with the Institute of Chartered Accountants' AAF 01/06 Assurance Reports so could be used by East Sussex County Council's Internal Audit team in lieu of its own assurance reports.

8.4. SO asked whether it was unusual to have two internal audit reports without any actions arising.

8.5. DS confirmed that it was unusual but external assurance – the subject of one of the reports – is usually straightforward to obtain substantial assurance for. The other four areas where internal audit seeks to provide assurance on (set out in 2.5 of the strategy) tend to be more complex. OO added that the substantial assurance of governance and investments was the result of several years of hard work in improving the governance arrangements of the ESPF.

8.6. The Chair asked whether Internal Audit proactively liaises with the external auditor, Grant Thornton, when seeking to provide assurance.

8.7. DS said that Internal Audit does not, but the external auditor may contact the team. IG added that the reliance of external auditors on seeking assurance from Internal Audit has

diminished over the years and they generally seek their own assurance, however, Grant Thornton – which is newly appointed – has contacted the Internal Audit team this year.

8.8. The Board RESOLVED to:

1) note the report; and

2) recommend the following changes to the draft Internal Audit Strategy:

- change 2.3b) to read “provide strong governance and decision making”;
- remove from 2.3c) reference to “improve value”; and
- amend 2.5 to read “Pensions administration – people, processes and systems”, given the need to have assurance that there are competent people in place to manage the process and systems.

9 DRAFT PENSION FUND ANNUAL REPORT - 2018/19

9.1. The Board considered a report seeking comment on the Draft Pension Fund Annual Report for 2018/19.

9.2. DP asked whether it was realistic to lower the forecast management expenses for 19/20 when outturn for 18/19 was higher than forecast.

9.3. OO explained that the increased costs for 18/19 included a number of one-offs that were not expected to be incurred again for 19/20, for example the additional costs under supplies and services due to the triennial valuation, GMP, etc.

9.4. SO asked why there is no forecast for fees deducted at source.

9.5. OO explained that these were very difficult to predict as they depended on the performance of the assets from which they were deducted, which vary in value depending on market conditions.

9.6. CA asked whether any of the increase in return on investments from £86m in 17/18 to £260m for 18/19 was the result of pooling investments in ACCESS.

9.7. OO confirmed that some of it would have been as with the capacity and potential to invest significant larger amounts collectively, there are more opportunities to benefit from economies of scale as a result of investing into specialist areas. The Chair added that increase is also due to the considerable increase in the markets, which had seen significant increases during the year. Due to the reliance of return on investment on the markets, the figure is likely to always be volatile.

9.8. SO asked why payments from the fund varied by £30m between 17/18 and 18/19.

9.9. OO said that this was due to employers moving in and out of the scheme at varying degrees of regularity. The Chair added that death benefits and transfers of employees can also result in significant changes to payments from year to year.

9.10. The Chair asked whether there was a simplified version of the Pension Fund Annual Report and recommended it be sent out with the Annual Benefit Statement as people are more likely to read it.

9.11. OO confirmed that a summary will be included within the pension fund newsletter. IG added that the first 10 pages of the accounts are already a summary statement and the remainder of what is included is governed by reporting requirements.

9.12. The Board RESOLVED to:

1) note the report; and
2) request that the following are included in the Pension Fund Annual Report - 2018/19:
    - an explanation for the increased outturn in expenses being caused by one-off expenditure.
    - An additional line underneath management expenses total to include the expenses total minus the fees deducted from source.
3) recommend that the newsletter summarising the Annual Report is dispatched alongside the Annual Benefit Statement.

10 UK STEWARDSHIP CODE

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

10.2. LW asked how the ESPF compared to comparative Funds in terms of its responsibilities as a shareholder.

10.3. OO estimated that of the 89 LGPS, ESPF would be in the top 25% in terms of the strength of its stewardship arrangements. He said ESPF is one of few funds that meets the reporting expectations for Tier 1 – Asset Owner allocation from the Financial Reporting Council (FRC).

10.4. The Chair asked whether the Fund subscribes to Local Authority Pension Fund Forum (LAPFF)

10.5. OO confirmed that the Fund is a member of LAPFF, and fund managers are recommended by ESPF to vote in accordance with LAPFF guidelines. The Fund receives a report at the end of year to see how fund managers voted. LAPFF also nominated ESPF for an Environmental, Social and Governance award.

11. The Board RESOLVED to note the report.

11 LOCAL GOVERNMENT PENSION SCHEME (LGPS) REGULATORY UPDATE

11.1. The Board considered a report on the current regulatory environment, and consultations that could impact the LGPS.

11.2. CA asked what the Section 151 officer's response was to the Good Governance Review.

11.3. IG said that the response had included a recommendation for the development of guidance for officers, including Section 151 Officer, and Members around conflict of interest and their roles within the pension board and pension committee, and the role of the administrating authority in relation to pension funds, rather than of structural changes to the arrangements.

11.4. CA asked whether other employers than East Sussex County Council should respond to the Good Governance review consultation.

11.5. IG said that it is open for all employers and that Board members should encourage the employers to do so. CA said she would raise it with her Section 151 Officer.

11.6. The Chair commented that it seemed odd that the valuations for LGPS were recommended to go from every three to every four years when the private sector funds were moving to annual valuations.

11.7. OO explained that the purpose of the Government's proposal was to align the LGPS scheme valuation with other public sector schemes and allows for outcomes of each valuation to be looked at in parallel, and for Government to make consistent decisions for the public sector as a whole. He said it was a considerable risk to the accuracy of the valuation, as it would increase the chance of receiving information on employers that was very out of date. There may be a need for the administering authority having the option to perform an interim valuation if circumstances require changes to contribution rates.

11.8. The Board RESOLVED to note the report.

12 GENERAL UPDATE

12.1. The Board considered a general update on matters relating to the Board activities.

12.2. The Board RESOLVED to:

1) note the report
2) request the inclusion of communications of the Board to employers as part of the item on Communications Policy Statement.

13 PENSION FUND - RISK REGISTER

13.1. The Board considered the ESPF's Risk Register.

13.2. CA asked whether the mitigations put in place were reducing the likelihood and impact of risks.

13.3. OO explained that the risk register only showed risks that had not turned green. There were many risks that had been reduced considerably through mitigations but they were deliberately excluded from the register to make it a more useful document. It was also the case that some risks, like not achieving the Annual Benefit Statement deadline, would remain with the same post mitigation score until the deadline has passed.

13.4. CA said that it seemed surprising to see so much risk given the substantial assurance provided by the internal audit reports.

13.5. IG explained that the risk register was designed to show a degree of openness and understanding on the part of the ESPF around the fact that, whilst the risks mat not occur, the Fund is aware of them and has taken steps to prepare for them. Risks such as cyber attacks will always be there and likely remain as red scored risks, but the mitigations demonstrate that the Fund recognises and is taking action against it as a possibility. DS said that Internal Audit recognises that some risks can never be fully mitigated against, so as long as there is evidence of an appropriate level of mitigation then Internal Audit will not raise any concerns.

13.6. DP asked why several risks did not reduce even after mitigations.

13.7. The Chair said this was probably because the scale for impact and likelihood were only from 1-3 so it may not always show a change unless it is fairly significant.

13.8. Councillor Gerard Fox (GF) said that paying pensions and making financial investments both pose a significant risk, so mitigations may only ever reduce the likelihood or impact of something happening by a small amount.

13.9. SO asked whether the Fund was investing in any management portfolios like those of Neil Woodford with a high portion of illiquid assets.

13.10. OO confirmed that the fund was not investing in any such illiquid funds, although the fund does as a long term investor aim to benefit from an illiquidity premium in appropriate long term assets such as property and private equity.

13.11. GF added that after many years of a low interest rates and continued bull markets investors are likely to be chasing higher risk assets in order to achieve a return on their investments like the Woodford fund and high yield bonds.

13.12. The Board RESOLVED to:

1) note the report;
2) request that the risk register shows whether a risk is increasing or decreasing over time.

14 WORK PROGRAMME

14.1 The Board considered its work programme.

14.2 The Board RESOLVED to note the report.

15 EXCLUSION OF THE PUBLIC AND PRESS

15.1 The Board RESOLVED to exclude the public and press.

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

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

16.2 The Board RESOLVED to note the report.

The meeting ended at 12.35 pm.

Ray Martin
Chair

Summary of Pension Board members' discussion

Monday 9 September 2019, 10.00am, County Hall, Lewes

Present:

Ray Martin, Chair of the Pension Board
Cllr Carmen Appich, Member of the Pension Board
Stephen Osborn, Member of the Pension Board
Lynda Walker, Member of the Pension Board
Ian Gutsell, Chief Finance Officer
Michelle King, Interim Head of Pensions
Andrew Marson, Interim Lead Pensions Manager
Danny Simpson, Principal Auditor
Harvey Winder, Democratic Services Officer

1.1. The Chair of the Pension Board noted that, due to the fact that three members of the Board had given their apologies (Diana Pogson, Cllr Doug Oliver and Niki Polermo), the meeting of the Pension Board scheduled for 10am on 9 September was inquorate and could not go ahead.

1.2. The Chair agreed to consider the reports of the Board meeting informally with officers and those members of the Pension Board present.

1.3. A summary of the discussion between members of the Pension Board and officers is set out below.

1.4. The members present thanked Ola Owolabi for his work as Head of Pensions and wished him good luck in his new role.

Attended Training Events - Members' feedback

1.5. Lynda Walker (LW) updated the members present on a training session she had attended in London. She had the opportunity whilst there to speak with the Minister for Pensions and Financial Inclusion about the proposed £95k cap on redundancy for public sector workers. She had also requested that the slides and information provided on the day was circulated to the Board.

1.6. Michelle King (MK), Interim Head of Pensions, advised that all investment managers run free training for pension board or committee members as a way of demonstrating they have good governance arrangements in place. If members would like to have specific training on specific asset classes, such as infrastructure or private equity, this can be arranged with the appropriate investment manager. Investment managers may also provide evidence of their Environmental, Social and Governance (ESG) policies and provide tours of assets that pension funds may have invested in.

1.7. Cllr Carmen Appich (CA) asked whether other councillors who are interested in understanding how LGPS investments work could receive training. Ian Gutsell (IG), Chief Finance Officer, said that officers would consider whether this would be possible.

Pension Committee Agenda

1.8. MK explained that there had been an 8-week delay in Hymans Robertson (the appointed Actuary) completing its triennial valuation. This was due to ongoing concerns with the accuracy of data held on East Sussex Pension Fund (ESPF) members. MK said she planned to provide Hymans with data that included broad, non-material assumptions about the scheme members based on national models of scheme member demographics to fill in the current gaps. She believed that this should be sufficient for the actuary to complete its valuation by the target date ahead of the Employers' Forum on 29 November.

1.9. Stephen Osborn (SO) asked whether the quality of data held by ESPF on its members was satisfactory and sufficient for the scheme administrator to fulfil its role. Andrew Marson (AM) said that Hymans had queried data submitted to them on several occasions and the Pension Admin Team (PAT) were working to reduce the number of data errors, however, the errors in the main stemmed from a number of legacy issues. MK said that she had worked for eight local authorities and legacy errors were present in all of them, so this was not an unusual situation. She said it was important to submit the data to the Actuary with the assumptions about membership included to avoid delays whilst the PAT continues the work of improving the data in the background.

1.10. LW asked what level of accuracy the data provided to the actuary would have. MK explained that the data provided would be at least 95% accurate, which is why it is felt that the actuary can make a reasonably accurate assumption about the value of the fund and what the associated contribution rates employers will need to make over the next three years will be. This was important as high contribution rates can be damaging to some of the small employers in the Fund.

1.11. LW asked what support the PAT had available to complete the task, given the Fund was healthy enough financially to be able to recruit additional staff. IG said that three staff have been recruited to the PAT to assist during this busy period of data management. AM added that the PAT had already cleaned up a lot of data, but the Fund contained a significant legacy of poor data. He said that an evaluation of the data cleanse required on Altair would be completed by October and this would help identify where to prioritise future efforts. MK added that the pension staff needed to perform the task were difficult to recruit due to the public sector pay scales compared to the current salaries paid for skilled pension administrators. LW suggested that late data fees could be levied on employers who fail to provide data on time that could then be used to fund additional resources for the PAT.

1.12. The Chair asked for confirmation whether employers would know their contribution rates by the 29 November. IG confirmed the employers would know their new contribution rates in advance of the Employers' Forum.

Pension Administration Updates

1.13. The Chair asked how employers provide data to the Fund for the Annual Benefit Statement (ABS). AM said that the majority provided it electronically on a spreadsheet, which was sometimes an output of their own payroll system. It was not always presented in a consistent manner, but the PAT can work with it. A small number of employers still send in data on paper, but this was rare. AM also explained that the PAT were looking at whether employers could supply data electronically on a monthly basis through an interface provided by Altair.

1.14. The Chair agreed that the PAT had worked hard to produce over 98% of the ABS and that a small number of employers appeared to be to blame for the failure to provide ABS to 100% of active Fund members. He commented that the question for the future was how to get them to provide more accurate data in a timely manner. The Chair observed that the Board members could perform an important role in influencing employers here and it was unfortunate that officers had not approached them earlier in the year to ask for assistance.

1.15. IG said that the Chair of the Pension Committee is keen for the fund to engage with employers more and for them to understand their responsibilities for providing timely and accurate data to the Fund and the consequences if they did not do so

1.16. The Chair noted that 90% of the late returns were from five employers and wondered whether in future more should be done to 'name and shame', but not necessarily in the first instance, those who fail to provide data, as they are not currently penalised in any way.

1.17. SO asked whether more could be done by senior officials in the employer organisations to ensure the deadlines were met. AM agreed that it would be worth exploring as it is not clear these duties around providing data on employees to the Fund were widely understood amongst those in the organisation who may be able to ensure they are prioritised. SO said he was happy to assist with ensuring the University of Brighton met the deadline. LW said that she could contact employees she knew in some of the employers, particularly the schools and colleges.

1.18. LW added that restructures in many of the employers in recent years would probably have affected their organisational knowledge of dealing with their responsibilities as Fund members.

1.19. SO suggested personal visits by the PAT to the worst offenders may also help, rather than rely on email communications.

1.20. AM said that the outstanding queries that led to the missing of the ABS target were those that could still not be resolved after PAT had tried for several months. The quality of the data submitted by the April deadline had been much poorer and the PAT had done much to improve it. SO said it would help to see details of the initial submissions from employers to know who to prioritise in future and where the issues are occurring.

1.21. Members of the Board commented that issuing 98% of ABS seemed like a pretty good result. The Chair said that the breach was classified as amber, and so it was unclear whether there was a duty to report it to the Pensions Regulator (tPR) or not. However, individual Board members could still do so even if the Board as a whole decided not to. He observed that the tPR would be unlikely to sanction the Fund, due to the small number of missed statements, as long as there was an action plan in place to issue the outstanding statements in a reasonable period. The Chair also suggested that any report to the tPR could explain that the breach was the result of employers failing to comply with the administering authority.

1.22. The Chair said that a further report in November will be provided to the Board containing the action plan for providing outstanding ABS and details of whether the 258 employees should have received an ABS; as well as whether the discrepancy between the number of Active members listed in the Funds' Statement of Accounts (23,646) and the number who were believed to be eligible for an ABS (21,574) meant that additional members had not received an ABS.

1.23. CA asked why there was a discrepancy between the two figures. MK explained that this was due to the different dates during the year that the two numbers were compiled, with the higher figure being compiled on 31 March and the ABS issued on 31 August. Not all of the 23k would have needed an ABS, as some would have been new starters who had not yet been with their employer for a year, and others would have either left or frozen their membership of the Fund between the two dates.

1.24. CA asked why an ABS is not produced for deferred members listed as 'gone away'. AM explained that this was because these were deferred members whose previous known address is known to be wrong. Sending an ABS to this address would be a breach of GDPR on the grounds of knowingly sending data to an incorrect address. He said an exercise is being conducted this month to compare the addresses of these 11,000 gone away members details with other databases that may reveal their current address. This was in addition to an ongoing process of trying to track down deferred members as they approach retirement age. He added that next year will be the final year a paper ABS is provided and over time the number of 'gone aways' would reduce as more people use the online ABS system.

1.25. The Chair clarified that there is no obligation to provide an ABS to deferred members and many pension schemes do not provide one for their deferred members, and others only do so every five years. In this sense, the Fund was offering an enhanced service to deferred members. He also believed that it was not a particular issue, as these people would seek out the ESPF once their pensions were due. Furthermore, their entitlement would only need to be adjusted for inflation and not for additional contributions.

1.26. CA asked whether many of the deferred members would have died. The Chair said it was unlikely as a deferred member's estate or family will usually get in contact, and it was much more likely these were members who have moved address and not informed PAT.

1.27. The Chair asked why there were a high number of employer estimates provided by the PAT during April and May. AM explained that these are requested in high numbers during restructures. The PAT will provide them, but it can have a knock-on effect on other services they provide.

1.28. LW asked whether there was an easier way of providing them. AM said that in the long-term employers will be able to do it online.

1.29. The Chair noted that the Guaranteed Minimum Pension (GMP) Reconciliation tolerance of a difference of £2 per week would mean the Government is allowing a discrepancy of a pension up to £104 per annum to remain which could have a value of up to £3,000 or so over the retirement of a member. AM said that this was the de facto tolerance rate in both public and private pension schemes, not just the LGPS.

Pension Fund Policies and Strategies - Governance Compliance Statement

1.30. The Board members suggested some changes to the Governance Compliance Statement, including a few grammar and spelling mistakes, as well as amending the ACCESS diagram on paragraph 31 to make it easier to understand by focussing on the ACCESS pool and not so much on outside organisations.

1.31. The Board members asked that the briefings from the bi-monthly meeting of the Fund's Treasurer and East Sussex Financial Officers Association be circulated to the Board.

1.32. The Board members also asked that, given that today's meeting was inquorate, a report to the Governance Committee should be made to reduce the quorum of the Board to three voting members including at least one employee or employer representative.

Pension Fund Policies and Strategies - Statement of Investment Beliefs

1.33. The Board members agreed that the belief relating to ESG issues seemed appropriate.

1.34. The Board members suggested for the Pension Committee to consider, in addition to a few grammar and spelling mistakes, some changes to the Statement of Investment Beliefs be made:

- Reflect under the belief "fees and costs matter" that indirect costs such as market impact can be significant and should also be considered
- Include under the belief "Passive Management has a role to play under the Fund's structure" include that for certain asset classes it is hard to find active managers who will outperform the market and that in these situations passive managers should be used.
- Add to the work programme of the Pension Committee the future meeting dates when carbon measurement report will be considered, to ensure that it is actively monitored.

Pension Fund Policies and Strategies – Communications Policy

1.35. The Board members agreed to postpone this discussion until the next meeting. They also recommended that the draft is worked on in consultation with the Chair prior to the next meeting and circulated to the Board for comment prior to the publication of the agenda.

Local Government Pension Scheme (LGPS) Regulatory Update

1.36. Board members supported the Fund's position on adding an interim actuarial valuation of the Fund in the event that triennial valuations are made every four years. They also agreed with the comments made to the Ministry of Housing, Communities and Local Government (MHCLG) consultation on the lack of risk sharing when employers in surplus opt to leave a LGPS, and the decision to put exit credits on hold until this is resolved.

1.37. LW asked whether there has been an update on the McCloud judgement. IG said that the Government has not been allowed to appeal the judgement, so the Scheme Advisory Board, Treasury and MHCLG are in discussions about what to do next. The impact had been to delay 210 of the 400 local authorities' final accounts due to uncertainty with their potential liabilities.

General update

1.38. MK explained that it was not clear why the outturn for pension employer and employee contributions had been so much higher, or why pensions lump sums paid were so much lower. Additional detail will be provided for future meetings if this trend continues. The Chair observed that as employer and employee figures had increased at the same ratio that it was likely it was because more staff were being employed than expected.

1.39. The following changes were made to the Board's agenda:

Addition of:

- A report on the ABS breach, including discussion of how the Board wishes to monitor the next ABS process
- A report on the Draft Communications Policy

Removal of:

- Cessation Policy (annual report)
- Pension Fund Policies – Discretionary Policy Statement
- Pensions Administration Strategy Statement (Annual Review)

The merger of the Funding Strategy Statement and Review of Triennial Valuation Process

The amendment of the Review Pension Administration processes and SLAs to only include benchmarking of KPIs within the Orbis cohort of pension funds.

Pension Fund Risk register

1.40. CA asked what the new risk on sub-fund implementation meant. MK explained that this related to ongoing discussions around creating sub-funds in ACCESS and whether Northern Trust, the custodian, would be able to transfer assets to sub-funds in a frictionless manner to avoid individual LGPS incurring transaction costs.

Work programme

1.41. Board members noted the work programme.

Local Government Pension Scheme (LGPS) Pooling - ACCESS update

1.42. The Board members noted the exempt LGPS ACCESS update.

Report to:	**Pension Board**
Date:	**11 November 2019**
By:	**Chief Finance Officer**
Title of report:	**Pension Board - updates**
Purpose of report:	**To provide a verbal update on recent Pension Fund related training attended.**

RECOMMENDATIONS -
The Board is recommended to:

1. **provide feedback on recent training events attended; and**
2. ***make* suggestions as to how future *training* programmes and Members attendance can be improved.**

---

1. Background

1.1 The Pension Committee and Pension Board agreed work programme complies with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Public Sector Pensions Finance Knowledge and Skills and the CIPFA Knowledge and Skills Framework for Elected Representatives and Non Executives in the Public Sector as the basis of its Training Policy and Programme.

1.2 There is also a separate Framework for local pension boards, which covers the training requirements set out by the Pensions Regulator's Code of Practice Number 14 on the Governance and Administration of Public Sector Pension Schemes.

2. Training Feedback

2.1 The Board agreed during the June meeting and in line with the work programme that a verbal update from members on learning and development training events would be shared at meetings. It was also agreed that training and development should be an ongoing process, not a one-off induction. Members are encouraged to provide feedback on training sessions attended, through sharing presentation slides by e-mail, etc.

2.2 Future training plan includes -

- Provision of offsite training events, which are to be delivered to the Committee and the Pension Board by professional organisations, investment managers, etc.
- Short training sessions may be included in the quarterly meetings.
- Induction and refresher sessions can be arranged, as required.
- Members may arrange a meeting with the Fund's Officers to discuss their individual training requirements, which may then be incorporated into work programme.

3. Conclusion and recommendations

3.1 The Board is recommended to note the verbal update regarding the Pension Fund training activities.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Michelle King, Interim Head of Pensions
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Report to: **Pension Board**

Date of meeting: **11 November 2019**

By: **Chief Finance Officer**

Title: **Pension Committee Agenda**

Purpose: **To consider the Pension Committee Agenda**

RECOMMENDATION

The Pension Board is recommended to note the Pension Committee Agenda for the 25th November 2019.

---

1. Background

1.1 The Pension Committee agenda for the 25th November 2019 is attached as appendix 1 for consideration by the Pension Board.

IAN GUTSELL
Chief Finance Officer

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Appendix 1

East Sussex County Council

PENSION COMMITTEE

MONDAY, 25 NOVEMBER 2019

10.00 AM COMMITTEE ROOM, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Gerard Fox (Chair)
Councillors David Tutt, Simon Elford, Nigel Enever, Trevor Webb

A G E N D A

1 Minutes

2 Apologies for absence

3 Disclosure of Interests

Disclosures by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.

4 Urgent items

Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda.

5 Pension Board minute

6 Quarterly Performance Report - Hymans Robertson

7 Fund Performance - Investment Manager Presentation: Longview Asset Managers

8 Environmental Social and Governance Update and Statement of Investment Beliefs

9 Competition and Market Authority Report on Engagement with Investment Consultants

10 Appointments of Advisers to the Pension Fund

11 Employers' Triennial Valuation Results

12 Pension Administration Report and Annual Benefit Statement Reconciliation Review

13 Employers Admission and Cessation Report

14 General Update and Work Plan

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 LGPS Pooling ACCESS Update

18 Any other exempt items previously notified under agenda item 4

PHILIP BAKER
Assistant Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE

25 November 2019

Contact Harvey Winder, Democratic Services Officer,
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Report to: **Pension Board**

Date of meeting: **11 November 2019**

By: **Chief Finance Officer**

Title: **Environmental, Social and Governance (ESG) Report**

Purpose: **To update the Pension Board on ESG Matters**

RECOMMENDATIONS: The Pension Board is recommended to:

1) note the Notice of Motion agreed by Full Council;

2) comment on the proposed specification for investment consultant advice on ESG investments; and

3) comment on the draft ESG Statement of the East Sussex Pension Fund.

---

1. Background

1.1 The publication in August 2019 of the Special Report by Intergovernmental Panel on Climate Change (IPCC) Desertification, Land Degradation, Sustainable Land Management, Food Security and Greenhouse Gas Fluxes in Terrestrial Ecosystems focused public attention on the significance of systematically removing financial support from companies where industrial practices diverge with the recommendations of the Special Report. In turn, this has focused a spotlight on institutional investors and in particular public sector pension funds to influence a critical mass of financial divestment. In stakeholder mapping, the Pension Committee has ordinarily recognised its legal obligations to its members, investing the Fund's assets in order to seek returns to provide pensions for members over the long term. However, some Council Tax Payers and other members of the public are demanding accountability, under the IPCC agenda, on how the Fund should be invested, particularly in regard to companies with Fossil Fuel exposure. This added complexity, for which these stakeholders perceive is an overriding priority, over and above, the priority to provide pensions for LGPS member, is a precarious and emotive subject.

1.2 There is also a requirement that contributions by employers are stable and affordable over time and divestment in the manner described above, may decrease returns, constrain diversification and increase employers' contributions over the long term. Generating sustainable long term investment returns is the Fund's primary objective, and these objectives have been developed into a set of investment beliefs to underpin the Fund's ethical investment framework. A number of these beliefs – set out below - apply specifically to the consideration of Environmental, Social and Governance (ESG) issues and Responsible Investment (RI) in its wider sense.

- *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.*

These beliefs are set out in the Fund's Investment Strategy Statement (ISS) and are currently under review by the Pension Committee.

1.3 As the fund continues to develop its response to ESG challenges, it has been necessary to prepare a draft ESG statement to communicate a consistent message to the increasing numbers of direct and indirect stakeholders to address questions and concerns about of the Fund's level of investment in fossil fuel companies and to demonstrate the Fund's commitment to working in accord with the provisions of the Paris Agreement. The draft ESG statement addresses these concerns and discusses engagement and divestment as mitigating measures to reduce fossil fuel exposure. The statement is attached at Appendix 2 and also exemplifies the Fund's commitment to responsible investment through voting and engagement with companies on the Fund's behalf by its investment managers.

2. Supporting Information

2.1 The Pension Committee has a fiduciary duty to ensure that long term ESG considerations including climate change are factored into decision-making. The consideration of ESG issues is relevant at all stages of the investment decision-making process; from the setting of objectives and beliefs, agreeing the high level investment strategy and detailed asset allocation; through to the appointment of investment managers and monitoring of their portfolios and engagement activities. The Fund and its Investment Managers are members of Climate Action 100+ and signatory to the Stewardship Code and the Principles of Responsible Investment.

2.2 In October 2019, the County Council received the following petition:

Divest the East Sussex Pension Fund from fossil fuels.

Investments in fossil fuels (oil, coal and gas) are damaging the balance of our climate and pose serious financial risks to investors, including many local pension holders.

Over 1,100 institutions, representing over $9.9 trillion in assets, have already committed to divest (i.e. move their money away) from fossil fuel companies.

We the undersigned call on East Sussex County Council to follow their lead and divest the East Sussex Pension Fund from its holdings in fossil fuel companies.

2.3 When submitted the petition contained 5,307 signatures. As the number of signatures exceeded 5,000 the Council's Petition Scheme allowed for the petition to be presented to, and debated by, the Full Council. The Chair of the Pension Committee was given five minutes to present his speech, the transcript for which is included at Appendix 1, addressing the concerns of the petition.

2.4 Following the debates a Motion was passed to:

1. recognise the concerns raised through the petition;

2. note that the East Sussex Pension Fund is already recognized as having a strong approach to socially and environmentally responsible investment with a below benchmark exposure to both carbon and fossil fuels; and

3. request that the Pension Committee asks its investment consultants to undertake a further investigation, with particular focus on the long term risks and opportunities to the Fund associated with climate change, and report back to the Committee on how, in the light of its need to fulfil its obligations to all pension scheme employers and members, it might further integrate ESG considerations including those relating to its approach to fossil fuel exposure, into its investment strategy.

2.5 Given the complexity of the scope of ESG, in the sense that ESG subject matter and therefore public interest is diverse and not solely confined to fossil fuel exposures, in addressing the motion, it is prudent to address ESG in a more holistic manner. Officers are therefore recommending to the Pension Committee that a specialist ESG advisor is retained to develop a richer picture on ESG matters, as opposed to a generalist approach held by most mainstream investment advisors. An outline specification is included at Appendix 3 and the Board's view is sought to inform the approach generally.

3. Conclusion and reasons for recommendations

3.1 The Pension Committee is considering a number of options to address climate change, however, the ESG debate is much wider than climate change alone. The key imperative is to invest in a manner which aligns the desire to mitigate ESG risks with the statutory obligation to meet pension obligations over the long term. At the end of June 2019, the fossil fuel exposure was £167.8 million or 4.5% of the total assets under management. It is anticipated that with the help of specialist ESG advisers, across a range of asset classes such as equities, bonds, and real estate, the Fund will be able to better articulate its returns and ESG risks over the long term.

IAN GUTSELL
Chief Finance Officer

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Briefing note from the Chair of the Pension Committee

As Chair of the Pension Committee, I welcome the opportunity to debate this important subject. This is a very complex and interwoven issue, which does not admit simple responses.

The primary responsibility of the Pension Committee is to manage its **£3.6bn of investments** to ensure that the **75,000 members** of the East Sussex Local Government Pension Scheme receive their defined benefits, which are laid out in statute.

Over the last **36 months** the Pension Committee has spent a significant amount of its time embedding a strong ESG approach to a point where the Fund is considered a leader in this area. I would like to take this opportunity to highlight the areas that demonstrate this commitment:

- Our principle **Investment Beliefs** document incorporates a **Responsible Investment Policy** and ensures that the Fund recognizes the **impact of climate change;**

- We work with our Managers to ensure that they develop appropriate processes for addressing ESG matters;

- Our Fund Manager's reflect our ESG investment beliefs through voting at shareholder meetings and engagement to promote transition;

- From our analysis, the Fund's direct exposure to **fossil fuels is in the region of 4%. This is primarily to oil and gas, with negligible exposure to coal.** We anticipate that **this exposure will fall over the next 12 months;**

- The Fund made a specific decision to invest in **the UBS Climate Aware Fund** and the Fund will make further such investments when opportunities are identified;

- We were one of the first local authority funds to carbon footprint our portfolio;

- The Fund was an early signatory to the **UK's Stewardship Code** and promoted this adoption with all of its Fund Managers;

- We are a **member of LAPFF** and in 2018 were **shortlisted for the LAPFF Investment Awards Best Approach to ESG/Impact Investing**;

- Within the **ACCESS pool**, we are the lead authority in raising the profile of ESG, and have presented to the Joint Committee of **11 LGPS Funds with around £48bn under management;**

- The Pension Board and Committee receive regular Fund Manager presentations and training on ESG.

These examples demonstrate how much has been achieved.

Few can quarrel with the Environmental Economist Herman Daly's assertion that the Economy is a wholly owned subsidiary of the Environment. Most would agree that key planetary boundaries are being challenged. Everyone must accept the need for greater focus on preserving our natural capital and properly valuing the ecosystem services that flow from it, enhancing the quality of our lives and supporting our economy. All can agree that the prospect of 9.5 billion people living and consuming on the planet, requiring 30% more energy by 2050, presents a set of challenges and at times difficult choices and tradeoffs which will require sustainability transitions empowered by carbon taxes, with massive investment and deployment in renewables. The Committee recognizes, continues to monitor and act upon these challenges and opportunities.

A Pension fund comprised of 133 employers and 75,000 members, all with inevitably different views on ESG issues, has to:

- **Balance** the views of all stakeholders;
- **Accept** that there is necessarily more than one relevant approach to ESG;
- **Evaluate** its approaches from multiple perspectives to guard against unforeseen or adverse outcomes;
- **Elevate its duty to provide pensions which are affordable** over all other factors;
- **Uncertainty, Risk, effective diversification, income generation and opportunity** sit at the heart of its challenges;
- **ESPF's approach to investment risks is holistic** (monitoring overall portfolio risks)**, rather than proscriptive** (back-seat driving what our appointed fund managers can do);
- Under the Committee and Pension Officer's stewardship the fund has grown in value from £2.8bn in 2016 to around £3.6bn today and **is better positioned to meet its pension obligations** than at the last triennial valuation.

In supporting the notice of motion, we welcome the opportunity to explore further how we steer a course through what are very complex issues.

eastsussex.gov.uk

East Sussex Pension Fund

Environmental, Social, and Governance Statement (including Climate Change)

October 2019

Executive summary

Responsible Investment ("RI") is a subject that the Fund's Pension Committee ("the Committee") take seriously. Environmental, social and governance factors are considered throughout the Committee's decision-making process, including their approach to provider and mandate selection.

This Statement sets out the Committee's RI approach, with a notable focus on the Fund's exposure to fossil fuels. The Statement's Sections are aligned to the Committee's approach to considering RI (we have also included a Background section and a glossary).

Background
The Committee has a legal requirement to invest the Fund's assets in order to seek returns and help it meet its legal obligations to provide pensions for members over the long term. There is also a requirement that contributions by employers are stable and affordable over time.

The Fund is a member of the ACCESS LGPS Pool. In investing the assets, the Committee has to comply with the statutory LGPS investment regulations, as well as relevant guidance issued by MHCLG.

Objectives, beliefs and policies
Generating sustainable long term investment returns is the Fund's primary objective. To provide a general framework for investment decision-making, the Pensions Committee has developed a set of investment beliefs. These beliefs are set out in the Fund's ISS and are reviewed by the Committee on a regular basis. A number of these beliefs apply specifically to the consideration of ESG issues and Responsible Investment in its wider sense.

The Fund prefers a philosophy of engagement, which it believes to be a more effective approach in addressing ESG concerns and driving long lasting change. To be effective, collaberation is best done in conjunction with other parties such as the ACCESS pool or the LAPFF (Local Authority Pension Fund Forum).

Investment strategy
The Fund invests its assets, with the help of its advisers, across a range of asset classes such as equities, bonds, and real estate. Asset allocation decision is expected to be the Fund's main driver of returns and risk over the long term. ESG factors are taken into account when considering the Fund's investment strategy.

Investment managers
The Fund uses both active and passively managed strategies, with the Committee seeking to achieve a balance between cost and return. Active and passive managers have a duty to act as responsible investors and are expected to act as good stewards for the companies they invest in or lend to.

All of the Fund's managers are required to report their engagement activity on a regular basis and exercise the voting rights in relation to the Fund's investments as far as practical.

Manager selection on the Fund's behalf is in the process of being transferred to the ACCESS pool. If the Fund wishes to influence manager selection in the future, it will typically need to co-operate with other pool members.

Monitoring and Reflection
Table 1 in this report shows that the Fund's actual fossil fuel exposure (at 30 June 2019) was £162.7 million or 4.3% of the total assets under management. The Fund's active equity manager has a policy of not investing in oil and gas stocks for investment reasons. There is £130.0 million of exposure from the Fund's passive strategies, some of which follow low carbon indices (see comment below), but all of which have some fossil fuel exposure. There is some additional exposure from other sources such as the two absolute return managers, corporate bonds, and private equity.

The Fund allocated some of the passively invested assets to a low carbon mandate in 2018, the UBS Climate Aware fund. This was a positive step, but, although within its tracking error, this passive mandate has underperformed its benchmark. As a consequence, the Fund is monitoring its progress and will consider raising exposure when it has greater confidence in the fund's capacity to perform.

The Fund continues to engage with fossil fuel companies, collaboratively with other investors, and is considering a search for an active sustainable mandate in the expectation of making some positive financial return from climate change.

We will continue to take Responsible Investment seriously and will keep our members updated on our progress.

Yours sincerely

Cllr Gerard Fox, Chair of the East Sussex Pension Fund

Section 1: Background

Fund overview

The East Sussex Pension Fund ("The Fund") exists to provide pension benefits to 74,000 members and their dependents on behalf of 133 employers. It has a legal requirement to invest its assets in order to seek returns to ensure that it can meet its legal obligations to provide pensions for members over the long term. There is also a requirement that contributions by employers are stable and affordable over time. The Fund is a member of the ACCESS LGPS Pool. In investing the assets, the Fund has to comply with the statutory LGPS investment regulations, as well as relevant guidance issued by MHCLG. In relation to the consideration of ESG issues, the Fund also has to be mindful of issues arising in relation to fiduciary duty as clarified in 2014 by the Law Commission and guidance from MHCLG on how the Fund should set out its policies in its Investment Strategy Statement (ISS). The Fund has also chosen to adhere to the Stewardship Code.

The Fund is cognisant that its members as primary stakeholders to the pension fund have views on environmental, social and governance ("ESG)"matters, and climate change in particular. This statement is therefore designed to explain how the Fund will seek to address these while meeting its primary purpose of providing pensions for its members in the long term.

Governance

The Pensions Committee, which has delegated responsibility for administering the Fund, has a fiduciary duty to ensure that long term ESG considerations including climate change are factored into decision-making. The consideration of ESG issues is relevant at all stages of the investment decision-making process; from the setting of objectives and beliefs, agreeing the high level investment strategy and detailed asset allocation, through to the appointment of investment managers and monitoring of their portfolios and engagement activities.

Climate change

The Fund understands the urgency of the need to address climate change following the release of the Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming in 2019[1]. This sets out the likely consequences of global warming of 1.5 degrees Celsius and the additional damage that global warming of 2 degrees Celsius could cause. Following the publication of this report there is understandable interest in what pension funds and other financial market participants are doing to uphold their responsibility to help reduce carbon emissions.

Section 2: Objectives, beliefs and policies

Objectives

Generating sustainable long term investment returns is essential for the Fund, and its asset allocation decisions are made in consultation with its advisers with that as its primary objective.

Beliefs

In order to provide a general framework for investment decision-making, the Pensions Committee has developed a set of investment beliefs. These are set out in the Fund's ISS and

[1] https://www.ipcc.ch/sr15/

are reviewed by the Committee on a regular basis. A number of these beliefs – set out below - apply specifically to the consideration of ESG issues and Responsible Investment (RI) in its wider sense.

- *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.*

In light of these beliefs, and given the legal, regulatory, and practical constraints noted above, the Committee with its advisers has considered a number of possible routes to reduce carbon exposure within the Fund, including divestment, engagement, the use of low carbon indices and allocating to actively managed 'sustainable' funds.

The Committee currently regards full divestment from fossil fuels as an inferior option, as it is only possible as a one-off action and is likely to have limited effect. When shares in the relevant companies are sold, the Fund loses its ability to influence the company to change its business model, and the new shareholders are likely to be less interested in putting pressure on the company.

Collaborations

The Fund prefers a philosophy of engagement, which it believes to be a more effective approach in addressing ESG concerns and driving long lasting change. To be effective, it is best done in conjunction with other parties such as the ACCESS pool or the LAPFF (Local Authority Pension Fund Forum). Participation in the pool will increase the Fund's ability to influence positive action among the companies it invests in and accelerate the transition to a sustainable pathway, but the need to bring other pool members along the journey will be paramount. The Fund is additionally a signatory through its membership of the LAPFF and its Active and Passive Manager's to [2]Climate Action 100+. The Fund believes that collaborative engagement creates a valuable opportunity to exert continued pressure on complanies to align their business models in order to make a successful transition to a low carbon economy.

To take one example, although renewable energy is growing at a considerable pace, it is not growing fast enough to overtake and replace the supply of world energy from coal, gas and oil. There are some cases in which it is difficult to substitute oil and gas for renewable energy. The Fund believes that engagement with them is the best way to persuade them to adapt their business models to be a positive force for change.

Some examples of the work of Climate Action 100+ include:

- ESPF investment manager Ruffer co-led the Climate Action 100+ working group engagement with Imperial Oil Limited, focused on the companies greenhouse gas emission reduction targets, forecasts of future oil demand and increasing disclosure stressing compliance with Task Force on Climate-related Financial Disclosures (TCFD)
- ExxonMobil: successful shareholders resolution to disclose short, medium and long term greenhouse gas targets that are aligned with the Paris Agreement. Additional disclosure on providing disclosure of the company's operations and products were part of this resolution.
- Gold Fields: enagaging on greenhouse gas emission reduction targets, tailings dams and using renewables instead of traditional sources of energy.
- Agreement with Glencore to cap coal production
- A management resolution by BP to align business strategy with Paris goals
- Agreement with Shell to reduce Scope 3 emissions intensity

There may be instances where companies refuse to address concerns on engagement, the Fund has instructed its managers to vote on its behalf on ESG matters. Voting can be an effective tool if companies do not respond to collaborative engagement.

[2] www.climateaction100.org

Section 3: Investment strategy
The Fund invests its assets with the help of its advisers across a range of asset classes, such as equities, bonds, and real estate. The asset allocation decision is the main driver of returns and risk to the Fund over the long term.

The Committee are considering a number of options in relation to the current strategy. One route, for the Fund to mitigate climate change, effects is to invest in sustainable actively managed strategies. This involves the Fund allocating to managers and strategies whose portfolios aim to benefit from climate change and can be expected to deliver superior returns in the long term. These might include both renewable energy and also companies developing products and processes to replace those which are responsible for carbon emissions. From the Fund's perspective investing in this way aligns the desire to mitigate climate change with its own imperative to generate financial returns. However, it should be noted that this is not necessarily a strategy of investing in the 'greenest' companies; it may be one of investing in rapidly improving ones.

The further route is to use low carbon indices. As noted below, given that the bulk of the Fund's fossil exposure lies in its passive investments, this is the Fund's chosen route in the short term. Low carbon indices involve using an index which aims to deliver similar returns to a standard index, but with lower allocation to carbon intensive companies. However, there are significant issues with the data used to construct these. The first is that the data provided by underlying companies to index providers is not all audited or certified, nor are there agreed international standards. This significantly compromises the reliability and comparability which the Fund (or index provider) can place on it.

Secondly, there are no internationally regulated definitions of what constitutes a low carbon fund,and inevitably different asset managers interpret them in widely different ways. Products may be marketed as being climate friendly or fossil free which have exposure to coal either directly or through the value chain of consitituent companies within the index. This points to a lack of harmonised globally accepted definitions of ESG and investment products that consistently align to these criteria.

To rectify these problems will require the concerted involvement of the major financial index providers and passive managers in order to create an auditable framework to measure in standardised terms the carbon output from a portfolio of assets. Without this transparency it is difficult to assess accurately the carbon intensity of an index and the Fund is unable to exercise its fiduciary duty where investment risks cannot be quantified or are not transparent.

Section 4: Investment managers
Manager selection on the Fund's behalf is in the process of being transferred to the ACCESS pool comprising eleven LGPS Funds. The Government has required all LGPS Funds in England and Wales to transfer implementation to one of eight pools in order to achieve economies of scale and reduce costs. If the Fund wishes to influence manager selection in the future, it will typically need to co-operate with other pool members, as it will no longer have the ability to make unilateral decisions.

The Fund currently uses managers of both active and passive strategies in its portfolio in order to balance considerations of cost and return. Both active and passive managers have a duty

to act as responsible investors and are expected to act as good stewards for the companies they invest in or lend to.

However, the decisions on how and how much to reduce carbon exposure lie with different parties: the manager in the case of active mandates, the index provider and the Fund (by choice of index) for passive mandates.

Active managers are able to act on their assessment of long term sustainability by using their judgment to invest in or divest from particular companies or assets. The Fund does not believe it has the resources to make a better judgement than its managers, and therefore does not try and over-ride them in anyway.

Passive managers, on the other hand, are invested in an underlying index chosen by the Fund, and have no discretion to deviate from it. The Fund is able, with advice from its advisers, to decide which index is used, and is actively considering greater use of low carbon indices. There are an increasing number of the latter available, but they tend to be significantly more expensive than traditional passive strategies, and are also dependent on carbon data from the underlying companies which is not certified or audited (discussed in more detail in the previous Section).

All of the Fund's managers are required to report on their engagement activity on a regular basis and exercise the voting rights in relation to the Fund's investments as far as practical. This will contine to be the case when assets are invested through the ACCESS pool.

Section 5: Monitoring and reflection

Table 1 below shows that the Fund's actual fossil fuel exposure (at 30 June 2019) was £167.8 million or 4.5% of the total assets under management. The Fund's active equity manager has a policy of not investing in oil and gas stocks for investment reasons. There is £138.1 million of exposure from a combination of passive strategies, some of which follow low carbon indices, but all of which have some fossil fuel exposure. There is some additional exposure from other sources such as the two absolute return managers, corporate bonds, and private equity.

As can be seen, passive equity strategies therefore account for the bulk of the Fund's carbon exposure, and are where the Fund can most easily reduce its carbon exposure. The option of using low carbon indices is therefore the Fund's chosen focus in the short-term.

However, as noted above, the data behind low-carbon indices cannot yet be considered reliable, and does not meet the standard of evidence-based appraisal, whereby the Fund could commit a major part of its investments to low carbon passive strategies. The lack of dependable data is an unquantifiable risk, and the Fund would not be carrying out its duties if it invested without fully understanding all the investment risks that it holds.

In practice the Fund allocated some of the passively invested assets to a low carbon mandate in 2018, the UBS Climate Aware Fund. This was a positive step, but, although within its tracking error, this passive mandate has underperformed its benchmark and has not been able to attract a signicant number of other investors, giving rise to modest concerns about liquidity. As a consequence, the Fund is monitoring its progress and will consider raising exposure when it has greater confidence in the fund's capacity to perform.

Fully transparent data on carbon exposure in the Fund's unquoted investments, such as private equity, is not generally available and suffers from the same problems as described above. The Fund's unquoted managers will always take sustainability, including carbon exposure, into account when making investments. The Fund has no option but to rely on their judgements, as it is not possible to divest from single assets within such strategies.

In summary, while the Fund is actively looking to reduce the carbon exposure from its passive investments, it will only do so when it is able to evaluate all the risks involved from partial or total exclusions. It continues actively to engage with fossil fuel companies collaboratively with other investors, and is considering a search for an active sustainable mandate in the expectation of making some positive financial return from climate change.

Table 1: Fund's Fossil Fuel exposure

	Actual Fossil Fuel Exposure (%)	Actual Fossil Fuel Exposure* (£m)	Benchmark Fossil Fuel Exposure (%)	Relative (%)	Management Style
UBS – North America	5.8	10.0	5.8	-	Passive
UBS – Europe (ex UK)	5.6	8.0	5.7	-0.1	Passive
UBS – Japan	5.4	1.0	5.4	-	Passive
UBS – Asia Pacific (ex Japan)	10.1	2.3	10.2	-0.1	Passive
UBS – Emerging Markets	10.6	4.8	10.9	-0.3	Passive
UBS – UK	17.5	49.4	17.4	0.1	Passive
UBS – RAFI	11.8	53.3	11.9	-0.1	Passive
UBS – Climate Aware	5.2	9.3	6.8	-1.6	Passive
Longview - Global Equity	0.0	0.0	5.2	-5.2	Active
Harbourvest - Private Equity	3.7	3.9	5.2	-1.5	Active
Adams Street - Private Equity	4.4	5.5	5.2	-0.8	Active
Newton - Absolute Return	0.6	2.7	-	-	Active
Ruffer - Absolute Return	1.9	7.8	-	-	Active
Schroders - Property	0.0	0.0	0.0	0.0	Active
UBS - Infrastructure	0.0	0.0	-	-	Active
Pantheon - Infrastructure	0.0	0.0	-	-	Active
M&G (InfraCapital) - Infrastructure	0.0	0.0	-	-	Active
M&G – Real Estate Debt	0.0	0.0	-	-	Active

	Actual Fossil Fuel Exposure (%)	Actual Fossil Fuel Exposure* (£m)	Benchmark Fossil Fuel Exposure (%)	Relative (%)	Management Style
M&G - UK Financing Fund	0.0	0.0	-	-	Active
M&G - Absolute Return Credit	2.8	7.2	-	-	Active
M&G - Corporate Bonds	1.8	167.8	10.6	-8.8	Active
UBS - Over 5 Year IL Gilt Fund	0.0	0.0	0.0	0.0	Passive
Cash	0.0	0.0	0.0	0.0	Active
Total Fund	**4.5**	**167.8**	-	-	-

Glossary

ACCESS – the LGPS pooling entity which the Fund has agreed to participate in as part of the Government's pooling requirements

Active management requires the appointed investment managers to select investments in those companies which are expected to produce the best risk-adjusted returns over time relative to the wider market. Managers are selected on the basis of their skill, experience and competence in delivering performance over and above the market return, and also for their ability to preserve capital particularly in periods of economic downturns.

Benchmark is a standard against which the performance of a investment manager can be measured. Generally, broad market and market-segment stock and bond indexes are used for this purpose.

Climate Action 100+ is a five year global initiative in which investors engage with the largest corporate greenhouse gas emitters to improve their governance and reduce their emissions. There are currently more than 370 investors representing $35 trillion of assets signed on to the initiative.

Divestment is the decision to sell all shares and/or bonds in a particular company or industry sector.

Engagement is the process of continued dialogue with a company and other relevant parties with the aim of influencing their behaviour in relation to ESG practice. This would also include the exercise of voting rights. The Fund engages through its investment managers who have all signed up to the Stewardship Code and the Principles of Responsible Investment.

Investment Strategy Statement is the statement of the Fund's investment strategy and provides transparency in relation to how Fund's investments are managed.

LAPFF Local Authority Pension Fund Forum, a grouping of 68 LGPS Funds who act in concert to engage with companies

Paris Agreement is an agreement within the United Nations Framework Convention on Climate Change (UNFCCC), dealing with greenhouse-gas-emissions mitigation, adaptation, and finance, signed in 2016. The agreement's language was negotiated by representatives of 196 state parties at the 21st Conference of the Parties of the UNFCCC in Le Bourget, near Paris, France, and adopted by consensus on 12 December 2015. As of March 2019, 195 UNFCCC members have signed the agreement, and 186 have become party to it**.**

Passive management requires the appointed investment manager to deliver a return in line with the specific market index determined by the client. Therefore, the manager will be obliged to hold all (or the vast majority) of the individual stocks represented in that index regardless of their views on the investment merits of the individual companies.

Responsible Investment is an approach to managing assets that sees investors include environmental, social and governance (ESG) factors in:

- their decisions about what to invest in;
- the role they play as owners and creditors.

It aims to combine better risk management with improved portfolio returns, and to reflect investor and beneficiary values in an investment strategy. It complements traditional financial analysis and portfolio construction techniques.

Tracking error is the difference between a portfolio's returns and the benchmark or index it was meant to track or outperform.

APPENDIX A

VOTING AND ENGAGEMENT BY MANAGER

LONGVIEW

VOTING

ESG related voting from 4th February 2019 to 30th September 2019

Number of Vote-able meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ DNV	With management	Against management
7	13	30.8%	69.2%	0.0%	69.2%	30.8%

ENGAGEMENT

Fidelity National Information Services – September 2018

On 27th September, Longview engaged in a conference call with Keith Hughes Independent Director, Chair of the Compensation Committee), Peter Gunnlaugsson (Senior Vice President, Investor Relations), Chip Keller (Senior Vice President, Deputy General Counsel and Corporate Secretary) and Gary Watts (Senior Vice President, Global Compensation and Benefits) from Fidelity National Information Services to discuss the company's executive compensation plan. The purpose of the call, which took place at the company's request, was to give shareholders the opportunity to comment on or question aspects of the most recent remuneration plan as the level of support from shareholders had dropped when compared against previous years. The company started with an overview of its corporate governance practices including diversity, independence and engagement of the board. They then described their compensation philosophy, stressing their intention to incentivise executives to maximise total shareholder performance. In the past year, executives also received a one-off bonus relating to the successful execution of the SunGard acquisition. This one-off bonus was only payable if cost-saving targets were met within a certain time frame.

Though Longview believes that the business is very well run and we have owned the company for a number of years, we took the opportunity to raise some issues that we have with their approach to executive compensation, some of which had already been addressed. We believe that:

1. Performance should have an appropriate criteria for judging relative performance
2. The peer group used for comparison should be better aligned with the company's primary line of business and;
3. Deal-by-deal pay-outs wrongly incentivise management as they are rewarded whilst shareholders take on the added risk.

On the latter point, we think that sensible corporate activity will lead to improved operating performance, such as EPS and cashflow per share per share, and thus be reflected in higher payouts under existing bonus schemes. Thus there is no need for additional bonus schemes and indeed these could result in management being paid twice for the same improved performance.

Lloyds – September 2018

We met with the CFO of Lloyds George Culmer and the Head of IR Douglas Radcliffe in September 2018. We questioned the CFO on why remediation charges persist at Lloyds and noted that Lloyds has a long history of taking so called 'exceptional' remediation charges that seem to reoccur every year. On average, over the past decade the cost of remediation has averaged 42% of underlying profit or 12% excluding the large charges Lloyds has taken for mis-selling payment protection insurance (PPI).

In 2018 Lloyds changed the reporting of exceptional items. Remediation costs (ex PPI costs) are now included in underlying profit and so are considered a recurring item. The CFO noted that the change in reporting mirrors a change in the way management thinks about the profitability and return of different banking products. He acknowledged that if you offset all the PPI fines against the non-interest income from PPI, the bank would probably never have made any profit. Management now thinks more carefully about the implications of new products and the regulatory risks. He admitted that the difficulty for Lloyds is changing rules where new standards can be applied retrospectively. One area example he gave was home equity release, a growing part of the market but one which Lloyds is not comfortable to participate in.

Given the tightening of regulation, remediation charges will always be a feature of the banking industry and as such are now included within underlying profit but Lloyds will work to ensure these are as low as possible.

Emerson Electric - December 2018

Towards the end of 2017, Emerson Electric launched a sizeable bid for competitor firm, Rockwell Automation, that Longview believed was not in the best interests of shareholders at the price offered. Longview wrote to the Chairman and CEO of Emerson outlining our opposition to the deal and stressed that it is management's responsibility to allocate capital in a manner that is value accretive to shareholders. In December 2018, Longview was pleased to see that Emerson returned to its previous strategy of making small bolt-on acquisitions; we believe this strategy is more likely to create value going forwards.

Continental – December 2018

Longview wrote to the Chairman of the Executive Board of Continental in December 2018 following comments from the company in September that seemingly contradicted its previous statement regarding a possible partial IPO of the company's Powertrain business. We expressed our concerns both over the potential disinvestment itself, and the quality of communication from company management.

In regard to improved communication, Longview requested that the company ceases to restrict access to its results conference calls and that pertinent information is not shared for the first time through non-standard means. The majority of large public companies host open conference calls and release news to the market by press release rather than through interviews with reporters or at industry conferences. Longview believes that Continental should also allow third parties to make transcripts of the results conference calls.

On the partial IPO of the Powertrain business, Longview believes that its valuation is currently depressed by the market due to uncertainty relating to the transition of engine technology from internal combustion to electric. Selling at a time when valuations are depressed is likely to

destroy value and we requested that Continental state its commitment to only execute a partial IPO of the business if the price is right and shareholder value can be preserved.
Longview received a response from the company noting our issues and advising that the decision to proceed with a partial IPO of the Powertrain business will depend on the prevailing market conditions.

ISS – December 2018

On 11th December 2018, Longview met with Jeff Gravenhorst, CEO, and Martin Kjaer Hansen, Investor Relations, from ISS following the company's 2018 Strategy Update where it announced its intention to disinvest from what it considers to be non-core business units. Longview supports divestitures when they are made at a reasonable price, but had concerns in this instance that the company would be keen to sell these business units at any price, potentially destroying shareholder value. We expressed these views and the company provided assurance that they will endeavour to optimise the value captured through the sale of these units. They added, however, that one of the main drivers for disposal is that many of these business divisions operate in regions where the risks are now deemed too high and that the company wishes to remove the distraction they pose in order to concentrate on their areas of strength. Some of the topics discussed included labour practices and inflation in emerging markets, and reputation risk. The company noted our comments.

Allergan plc – March 2019

In March 2019, at the company's request, Longview engaged in a discussion with Board members of Allergan regarding Chair independence. The role of Chair of the Board of Directors is currently held by the CEO, Brent Saunders, and Allergan is experiencing increasing pressure from investors to replace him with an independent candidate with immediate effect.

Though Allergan appreciates that general best practice is to have an independent Chair, the directors' view is that the company is in the midst of a strategic transformation that is vulnerable to distraction if Brent Saunders were to be abruptly removed from the position of Chair at this time. The priority for both management and the Board in the short-term is to focus on operational execution, and the directors argue that the most vocal investors regarding this issue are simply trying to facilitate a temporary boost to the stock price. They confirmed their willingness to commit to an independent chair in the future but stressed their belief that the consequences of doing so now would be negative for the business as it would be viewed internally and externally as a judgment on Brent Saunders' competence. They also highlighted that the Board has a number of independent directors who are able and willing to challenge management where necessary.

Longview noted the company's perspective but asserted our view that an independent Chair is best practice and that it is difficult from the outside to simply trust the impartiality of the Board. It seems to us as though this relatively minor issue has become entangled with a broader assessment of CEO performance and in particular, with wider issues of splitting up the company. We reiterated that our focus is on the long-term free cash flow performance of the business adding that we are not generally strong proponents of acquisitions or splitting up businesses. We indicated our support of separating the roles of Chair and CEO and

encouraged Allergan to find a way to achieve this without allowing it to augment into an indictment of Brent Saunders.

Continental – March 2019

In March 2019, Longview held a follow-up conference call with Chairman of the Supervisory Board, Professor Wolfgang Reitzle, further to the letter sent to the Chairman of the Executive Board in December 2018 outlining our concerns about the potential disinvestment of its Powertrain business and the quality of management's communication to shareholders.

In our letter, we expressed our view that the valuation of the Powertrain business is currently depressed by the market and that selling at this time would likely destroy shareholder value. We asked that Continental state its commitment to only execute a partial IPO of the business if the price is right and shareholder value can be preserved. We also requested that the company ceases to restrict access to its results conference calls and that pertinent information is not shared for the first time through non-standard means.

Whitbread – March 2019

In March, Longview met with Adam Crozier (Chairman), Chris Vaughan (General Counsel) and Matt Johnson (Investor Relations Director) from Whitbread to discuss governance-related matters.

Longview started the meeting with a discussion around remuneration: we like to see compensation linking back to operational metrics versus shareholder return. This was a perspective we raised with Whitbread prior to the sale of Costa.
In terms of management incentives, the company intends to create a new LTIP fitting of the new strategy for the long-term. The priority is to encourage management to make long-term decisions. The goal is to create a new plan through a phased approach and produce a rough draft by autumn. There is no need to rush prior to the Annual General Meeting and the Performance Share Plan was implemented 18 months ago.

Moving on to discuss board composition, Adam talked about adding corporate finance and hotel experience to the board. It is important to continue to evolve and achieve diversity of thought, not only in terms of gender/ethnic diversity. They are in the process of conducting an independent board review, which will be presented shortly. Adam asked for Longview's thoughts on the make-up of the board and we commented that independence of board executives is important, along with diversity in outlook. We also believe it is important to have overlapping tenure to ensure there are always checks and balances on executives.

At the end of the meeting Longview talked about the increasing focus on ESG by our clients and the challenge for investors in identifying the right metrics. Chris and Adam were visibly keen to talk about Whitbread's sustainability targets and on-going efforts. Specifically, they mentioned:

- Whitbread's focus on sustainability and being rooted in the community through their Force for Good programme – they plan to sharpen up disclosure of this further across the whole group and revisit targets
- The ecosystem of the hotels business, particularly with regard to water/CO2 footprint

- The importance of human rights - Whitbread ensures that the cotton in its supply chain is ethically and sustainably sourced
- The reputational impact of poor ESG practices

Henry Schein – May 2019

In May 2019, Longview's proxy voting provider, Glass Lewis, recommended a vote against the appointment of Dr Bradley Shears to the Board of Directors of Henry Schein having previously recommended a vote for the proposal. Dr Shears has been a director of the company since 2010 and has extensive experience in the healthcare sector and on boards of publically listed companies. On this basis, Glass Lewis has historically deemed Dr Shears to be an appropriate director for Henry Schein. However, on 1st May 2019, Glass Lewis changed its vote recommendation due to the fact that Dr Shears had not attended 75% of board or committee meetings in the prior fiscal year.

In response to the publication of Glass Lewis' Proxy Paper outlining its change in recommendation, Henry Schein provided a rebuttal noting the extenuating circumstances that led to Dr Shears missing the 75% attendance threshold. The company explained that Dr Shears was travelling in a remote location in a month where the company happened to have an unusually high number of committee meetings. This caused his attendance level to fall to 71.4% overall, which is anomalous in comparison to his usual 100% attendance record (with the exception of 2012 where he attended 91% of board and committee meetings).

Having reviewed the viewpoint of Glass Lewis and spoken with Henry Schein management, Longview made the decision that it would not be in clients' interests to vote against the election of Dr Shears and therefore instructed a vote for the proposal contrary to Glass Lewis' updated recommendation.

AON – June 2019

In June 2019, Longview was contacted by the Investor Relations team at AON requesting support for the company's amended Incentive Compensation Plan. The amended plan increases the number of shares available for management compensation by 5 million to a total of 8.8 million in order to incentivise continued operational excellence and to retain key members of staff.

An important consideration for Longview in evaluating remuneration structures is that the costs of the plan rise more slowly than operating income and EPS. To achieve this we expect the number of shares issued by a company to fall as the stock price rises to prevent excessive increases in the dollar cost of the plan. In 2015, Longview engaged with AON about this very issue after seeing the costs of their plan rise. We were pleased, therefore, to see that the company has addressed these concerns with the dollar cost of stock awards remaining approximately flat over recent years, helping to create operating leverage. Indeed, the company addressed this exact issue in its request to support the amended plan and we feel comfortable that the new compensation plan is appropriate. We informed the company that we would vote for the proposal in line with the recommendation of Glass Lewis, our proxy voting provider.

We did, however, reiterate to the company our past concerns regarding signing-on bonuses and highlighted our preference for the use of relative metrics in determining executive compensation. We will be watching to see whether the sign-on bonus program is restructured when the initial contracts expire in 2020.

Whitbread – June 2019

In June 2019, Longview met with Whitbread's Sustainability Team to discuss the company's responsible investing framework and its scope in relation to Environmental, Social and Governance matters. Longview reiterated that as a signatory to the UN-PRI and UK Stewardship Code, we are committed to engaging on the topic as appropriate. Below are some of the key points to emerge from our discussion:

Sustainability Framework

- Whitbread conducts a comprehensive materiality assessment on sustainability which informs their initiatives and areas of focus. These goals are encapsulated in their "Force for Good" programme, the conduit for their sustainability framework, which is centred around the three pillars of Opportunity, Community, and Responsibility.
- Whitbread does not silo their initiatives into traditional rigid lines of Environment, Social or Governance; their ESG footprint is instead a result of the implementation of the sustainability framework.
- Whitbread engages internal teams and external stakeholders to find out which issues are most important before they set clear targets under each sustainability commitment.
- Whitbread aims for an integrated approach with heads of businesses where an Executive Director is assigned responsibility for an initiative across the company

Going forward Whitbread are considering conducting an annual meeting to engage with investors on the topic of ESG. The company will also consider reporting on the evaluation process they undertake in advance of setting their sustainability initiatives, as well as publishing the results of these initiatives.

UBS

ENGAGEMENT	- UNDEFINED
VOTING	- UNDEFINED

Newton

VOTING

Voting record for the period 1 July 2018 to 30 June 2019

Number of Vote-able meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ DNV	With management	Against management
83	965	88.5%	9.5%	2.0%	89.1%	10.9%

ENGAGEMENT

Royal Dutch Shell Q2 2019

We took part in a group investor meeting with the remuneration committee chair who, ahead of the AGM, was seeking to answer investor concerns.

Remuneration

The chair flagged the CEO's significantly increased total remuneration package, which was mainly owing to the vesting of his 2016 long-term incentive award. The chair stressed that the CEO's base salary remains below peers and that, while the committee had considered the quantum of total pay, it had concluded that the company and CEO's performance merited the award. The chair also cited changes to the executive remuneration arrangements which would see a simplification of the structure and a reduction in the vesting levels for achieving 'on-target' performance.

Link to energy transition

Investors spent the majority of the meeting discussing the introduction of a performance metric into the long-term incentive plan which would link the company's role in the energy transition. In light of its long-term ambitions, the company has announced a commitment to set specific net carbon footprint (NCF) targets. Each year, it will set a mix of leading and lagging performance metrics over three and five-year performance periods starting from 2020, and will run to 2050. The first target is to reduce the NCF of its energy products by c.20% by 2035 and c.50% by 2050.

Owing to the potential long-term risks that climate change poses to the business, this is a change we have been encouraging for the last two years, and we were pleased that this absolute emissions measure will have a 10% weighting in the remuneration structure. However, concerns over commercial sensitivity means that specific growth or improvement targets have only been disclosed for energy products and not other parts of the 'New Energies' business.

Investors aired concerns over the levels of discretion the remuneration committee will have to set these future targets, as they may be qualitative and could provide reward with little explanation. We will continue to make efforts for greater clarity in this area.

Royal Dutch Shell

We attended the chair's annual meeting to ask questions about the board's ongoing areas of focus in terms of ESG. The focus continues to be on capital and costs; however, it is also very aware of, and is monitoring, global warming policy changes. Against this backdrop, the CEO said that having a licence to operate was more important than ever before.

Climate change

The chair talked positively about the ongoing Climate Action 100+ engagement and how it had transformed the company's relationship with investors. He believes that this work is cutting-edge and that the company's net carbon footprint is industry-leading. In relation to helping customers reduce their carbon emissions, the business is looking into selling carbon offsets at petrol pumps. Elsewhere, it is working with customers to reduce their fleet emissions. The chair also commented that 'tone from the top' and action on climate change is something that new joiners to the company have been asking for.

We asked how the company was thinking about employees that might be left behind, either because of climate-change policy, or automation to improve efficiencies. The company is focusing on helping develop employees who are at risk of leaving; however, the reality is that the business must remain competitive versus peers in terms of efficiency.

Plastics

The company was asked how it monitors changes in plastic demand. The business has run scenarios to see what the strategic impact could be; however, the chair did not seem concerned.

Corruption and bribery

The company continues being investigated for its alleged involvement in a bribery case where it is accused of knowingly allowing funds to be sent to Nigeria's former oil minister and former president. The board is focusing on ethics, and the top 300 executives in the company now have deep levels of corruption training in place.

Total

We met the head of corporate social responsibility, head of investor relations and the company secretary to discuss governance and the company's role in the energy transition.

Board composition

We queried succession planning for two long-standing non-executive directors and learnt that a new Senior Independent Director (SID) will be appointed next year.

Remuneration

The CEO's base salary and bonus potential will be unchanged. We questioned the efficacy of the health and safety metric within the bonus scheme, which has not reached maximum performance owing to high numbers of fatalities. Investigations are ongoing to understand the root causes of the deaths, but this is an area where we will continue to seek improvements. Positively, the company has introduced a remuneration performance metric that will help ensure the business is resilient in a low oil-price environment.

Energy transition

Regarding the company's role in the energy transition, executives were confident that it would be able to reduce its scope 1 and 2 emissions through energy efficiency, reducing flaring and other operational advances. The company is also particularly interested in increasing energy, but acknowledged that a very significant technology and energy policy is needed to achieve significant emission reductions. As direct energy is a lower-returns business than oil and gas production, we asked how the board analyses risks arising from investing in alternative power opportunities. The company reiterated its strong track record on capital allocation.

Overall, the company is alive to the risks from climate-change legislation and the energy transition. We applauded the company for its response to the Task Force on Climate-related Financial Disclosures and how it is ensuring its policy advocacy is aligned with the Paris Agreement. However, we still need to understand if the company's emission-reduction targets are in line with the Paris Agreement, and how decisions on low-carbon opportunities are made compared to oil and gas projects.

RUFFER

VOTING

Voting record for the period 1 July 2018 to 30 June 2019

Number of Vote-able meetings	Resolutions voted	Votes for	Votes against	Abstained/ Withheld/ DNV	With management	Against management
48	633	92.4%	5.7%	1.9%	93.7%	6.3%

ENGAGEMENT

Walt Disney – issues: remuneration, lobbying and cyber security Q1, 2019

Despite a majority of shareholders, including Ruffer, voting against the resolution to ratify executive officers' compensation in 2018, we felt the size of the award proposed in 2019 was still too large and the requirements were not stretching enough for us to support it. We engaged with the company and initially voted against the proposal, informing the company of our decision. A few days before the AGM, the company substantially reduced the planned increases in the CEO's compensation and made the requirements more onerous. Consequently, we decided to support the revised proposal as we felt the level was now justified given the significant contribution the CEO continues to make to the company.

We voted for two shareholder resolutions that management recommended voting against. The first asked for additional disclosure on both direct and indirect lobbying-related activities. This is an important issue given the effectiveness of trade associations in lobbying governments around the world and as this additional information would allow us to make a better informed investment decision, we supported the resolution. The second asked for an assessment to include cyber security and data privacy measures in the determination of executive remuneration. Given the increase in regulation globally in these areas, and the shift in the company's business model, we support this alignment. We informed the company before the AGM that we would be supporting these resolutions.

ExxonMobil - issues: environmental, governance – climate change Q2, 2019

An example of how we have continually assessed evolving ESG risks is in our analysis of ExxonMobil, which we bought in 2015. In the monthly Energy group meetings, and the ExxonMobil review meetings, considerations such as the transition to a low-carbon economy and projected oil demand in a number of scenarios were considered. This was discussed in relation to the company's capital expenditure plan. As a result, Ruffer has engaged with ExxonMobil with Climate Action 100+ which has included multiple engagements and voting decisions, including co-filing a shareholder resolution.

As background, Ruffer voted for a climate change related shareholder resolution at ExxonMobil co-filed by the New York State Common Retirement Fund and the Church

Commissioners for England. Although it failed to win the support of a majority of shareholders in 2016, a similar resolution was filed in 2017. The second resolution was successful, despite not receiving the backing of ExxonMobil's board. The resolution asked the company to report annually on how technological advancement and international climate change policies focussed on keeping temperatures well below 2 degrees Celsius will affect its business and investment plans. This resolution led to ExxonMobil producing its first Energy and Carbon Summary Report in 2018 which analysed scenarios that limit the increase in temperatures to 2 degrees Celsius, and has formed the basis for further engagement with the company. However, the company's disclosure on this issue did not go far enough so Ruffer was asked to participate in a Climate Action 100+ group meeting with ExxonMobil in Boston in November 2018 to discuss the core objectives of the initiative of improving governance, reducing emissions and increasing disclosure.

ExxonMobil were resistant to pressure to disclose targets to reduce its greenhouse gas emissions in line with the Paris Agreement, which caused the New York State Common Retirement Fund and the Church Commissioners for England, to file a shareholder resolution. The resolution asked ExxonMobil to disclose short, medium and long-term greenhouse gas targets that are aligned with the Paris Agreement. As both our responsible investment team and research analysts agreed with the importance of this additional disclosure, we co-filed this resolution in December 2018. However, ExxonMobil asked the SEC for, and was granted, 'no action relief' and so did not include the resolution on its 2019 ballot.

After escalating this case to our Chief Investment Officer, we decided to vote at the 2019 AGM against the reelection of all non-executive directors as we did not feel they appropriately represented shareholder concerns regarding climate change and the risks this poses for the company. In addition, we supported a shareholder resolution asking for an independent Chair of the Board as we believe that the company's unsatisfactory handling of the Climate Action 100+ shareholder proposal, including the decision to seek 'no-action' relief from the SEC, and slow progress of the engagement with Climate Action 100+ are intrinsically linked to poor governance and that this resolution is the best way for investors to call for change at the company. We also supported shareholder resolutions asking for a board committee to assess social and environmental issues and for additional disclosure of the company's lobbying activities. Prior to the AGM, we wrote to Neil Hansen, Company Secretary, to explain why we had voted in this way, so the company understood why we were both frustrated and concerned about their approach to climate change. Our stewardship activities are continuing and we will continue to monitor ESG risks and incorporate these into our analysis.

Schroders

VOTING

Not applicable as Schroders manage an Real Estate mandate for the East Sussex Pension Fund.

ENGAGEMENT

Sustainability Q2 2019

This time last year we sent all the Managers on our UK Investment Platform our newly created SRECaP bi-annual Sustainability Survey. Our analysis of the results placed each fund into one of the following Groups:

- Group 1: The fund has a comprehensive real estate policy that is made publically available, has resources dedicated to Environmental, Social and Governance (ESG) practices and a sustainability process that covers all aspects of investment management (i.e. buy, asset management, sell). Internal committee sign off is required on ESG issues with involvement from senior management.
- Group 2: The fund has no specific ESG policy although checks are in place as part of acquisition due diligence. The fund lacks a dedicated ESG resource.
- Group 3: No response.

The majority of our Partnership strategies fall into category 2. This quarter, we met with the advisers across our Partnership funds to discuss how we can improve their ESG practices and align them more closely with our Schroder Real Estate Sustainability approach with the aim that they achieve Group 1 status in our next survey.

We set several reporting objectives across the funds which we aim to achieve in three stages over the next twelve months. These are outlined in the table below:

Partnership Fund Reporting Objectives

Stage 1	Exploration	3-6 months

- All funds to have a written sustainability policy setting out landlord's responsibilities
- All new transactions to have comprehensive due diligence reporting
- EPC's to be updated periodically
- All future transaction to include the completion of the Schroder Real Estate Asset Impact and Sustainability Plan

Stage 2	Implementation	3-9 months

- Data collection of energy, water consumption, waste and introduction of key performance indicators
- Identify asset management opportunities where ESG improvements can be made

Stage 3	Disclosure & Transparency	9-12 months

- Add sustainability requirements to lease clauses
- All assets to have sustainability objectives within their business plans
- Completion of SRECaP bi-annual sustainability survey
- Progress from ESG reporting to include positive impact reporting

M&G

VOTING

Not applicable as M&G manage Fixed Income, Private Debt and Infrastructure mandates for the East Sussex Pension Fund.

ENGAGEMENT

Undefined

Pantheon

VOTING

Not applicable as Pantheon manage an Infrastructure mandate for the East Sussex Pension Fund.

ENGAGEMENT

Undefined

Adams Street

VOTING

Not applicable as Adams Street manage an Private Equity mandate for the East Sussex Pension Fund.

ENGAGEMENT

Undefined

HarbourVest

VOTING

Not applicable as HarbourVest manage an Private Equity mandate for the East Sussex Pension Fund.

ENGAGEMENT

Undefined

Specification for Investment Consultancy Advice on ESG Investments

1. Background

In order to maintain the momentum of its responsible approach to Environmental, Social & Governance (ESG) considerations consistent with the Paris Agreement and the Special Report of the IPCC (2019), and building on the substantial progress on ESG matters made over the last 36 months by the East Sussex Pension Committee.

Opportunity

The Pension Committee would like to undertake a further investigation, with particular focus on the long term risks and opportunities to the Fund associated with climate change.

The report back to the Committee should consider its position in light of its need to fulfil its obligations to all pension scheme employers and members, how it might further integrate ESG considerations including those relating to its approach to fossil fuel exposure into its investment strategy.

Response

East Sussex County Council are procuring the Services to meet the Requirements as a Call-Off under Lot 3 of the LGPS Investment Management Consultancy Services Framework.

Bidders are required to submit a document of no more than 1,500 words in order to be considered. CV's, diagrams and examples which have been requested as part of the response are in addition to the specified word count. Your response should include:

- Your proposed team detailing who will be responsible for delivering the individual elements of the work including their CVs;
- Your proposal to meet the Requirements outlined above including details ;
- Your fixed price
- Your rate card

2. Evaluation

Bidder responses will be evaluated under the following criteria:

Evaluation Criteria	Evaluation Detailed Criteria	Maximum Score	Weighting (%)
Quality	• The qualifications and experience of the Bidders proposed team and seniority of where they sit in the organisation (CV's, structure chart); and • The Bidders experience of advising large institutional investors on ESG investments;	5	40
Service Fit	• The Bidders understanding of the East Sussex Pension Fund and ESG (specifically Climate Change); • The Bidders understanding and experience of allocating to ESG investments; and	5	40
Price	• Fixed Price	100	20

3. Scoring Methodology

Quality & Service Fit

The Contractor's response to Quality and Service Fit criteria will be scored using the following 0-5 scoring matrix:

0	Wholly Unsatisfactory	No response or the whole response is irrelevant to all of the question and evaluation criteria.
1	Unsatisfactory	The response only covers a minor element of the question and evaluation criteria and lacks relevant evidence regarding competence, capacity and ability to successfully fulfil the requirements of the question.
2	Partially Acceptable	The response covers more than one element of the question and evaluation criteria but lacks relevant evidence regarding competence, capacity and ability to successfully fulfil the requirements of the question.
3	Acceptable	The response addresses most of the question and evaluation criteria but some areas contain limited relevant evidence regarding competence, capacity and ability to successfully fulfil the requirements of the question.
4	Very Good	The response fully addresses the question and evaluation criteria and provides relevant evidence regarding competence, capacity and ability to successfully fulfil the requirements of the question.
5	Outstanding	The response fully addresses the question and evaluation criteria and provides relevant evidence regarding competence, capacity and ability to successfully fulfil the requirements of the question and goes beyond expectations to offer an outstanding level of performance or an additional benefit which exceeds specified requirements.

Price

The Contractor's response to Price will be scored out of 100. The Contractor's score will be calculated using the CIPFA Price Evaluation methodology as described below:

- Eliminate any price which is found to be too low to be credible (after making enquires described in sub-paragraph 9.11a of the CIPFA Code of Practice) or too high to be acceptable (considerably higher than the norm);
- Calculate the mean (arithmetic average) for prices submitted;
- Half of the points available for the pricing element will be given to the mean (i.e. 2.5 of 5);
- For prices below the mean, add 2% of the total points (e.g. 0.1 of 5) for each 1% of the tender price below the mean; and
- For prices above the mean, deduct 2% of the total price points (e.g. 0.1 of 5) for each 1% of the price above the mean.

Clarifications

Contractors may be required to respond to clarification requests from East Sussex Pension Fund officers in relation to their response to the Requirements. Contractors may be required to response to clarifications in one or more of the following ways:

- As a written response to clarifications;
- By attending a clarification meeting with selected officers.

Report to: **Pension Board**

Date of meeting: **11 November 2019**

By: **Chief Finance Officer**

Title: **Data Improvement Programme and Annual Benefit Statement (ABS) Working Group**

Purpose: **To provide an overview of the Data Improvement Programme and ABS working group**

RECOMMENDATIONS: The Pension Board is recommended to:

1) note the commencement of the Data Improvement Programme which is delivering cleansing for employer common and specific data for the Scheme Manager, East Sussex Pension Fund (ESPF);

2) nominate members to the ABS Working Group; and

3) note the Communication Strategy Statement will be deferred for review by the Pension Board until March 2020, to align with the revised Pension Administration Strategy.

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1. Background

1.1 Given the increased focus of the Pension Board and Committee regarding day-to-day administration, together with the accuracy of member data and its impact on scheme liabilities the purpose of this report is to set out the steps to undertake a Data Improvement Programme which comprises a comprehensive review of scheme member data held by scheme employers, reconcile this with that held on our own records and ensure appropriate procedures are in place to support scheme employers for the future. The oversight and scrutiny of the Data Improvement Programme will be undertaken by a newly established Annual Benefit Statement (ABS) 2020 Working Group

1.2 The Pensions Regulator published a statutory code of practice ("code of practice 14") in relation to the governance and administration of public service pension schemes, including the Local Government Pension Scheme (LGPS). The legal requirements in respect of record keeping and in particular scheme member data are set out in paragraphs 122 to 130 of the code of practice. In addition to confirming the requirement to maintain member data in accordance with the Record Keeping Regulations (paragraphs 122 to 125) the code of practice 14 also sets out the scheme employer requirements to provide timely and accurate data, together with the requirement for schemes themselves to ensure scheme employers have a clear understanding of the main events requiring them to provide information (paragraphs 128 to 130).

1.3 The Pension Regulator's code of practice also makes it clear in paragraphs 138 to 142 that scheme member data should be regularly reviewed as well as reconciled with that held by scheme employers, and where poor data quality or missing data is identified a data improvement plan is put in place.

1.4 Paragraph 2(2) of the Local Government Pension Scheme Regulations 2013 ("the 2013 Regulations") defines the "scheme manager" for the purposes of the Public Service Pensions Act 2013 ("The 2013 Act") as the administering authority. East Sussex County Council is the administering authority for the purposes of the East Sussex Pension Fund (ESPF), as defined in paragraph 1 to schedule 3 of the 2013 Regulations. Paragraph 16 of the 2013 Act requires that the "scheme manager" must keep such records as may be specified in regulations. This requirement is set out in regulations 3 to 6 of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 ("the Record Keeping Regulations"), which includes specific information in respect of all active, deferred and pensioner members and where appropriate their beneficiaries.

1.5 Given the above, the ESPF has a duty to ensure accurate records are maintained in respect of its scheme members, as well as communicating all information in an accurate, timely and secure manner. In order to achieve this it is imperative that scheme employers are clear on their individual responsibilities and have the required support from the Pension Administrator in fulfilling their duties. The recent issues noted by the Pension Administration in delivering the 2019 Annual Benefit Statements has highlighted a number of concerns regarding scheme employer understanding of their responsibilities, as well as their ability to provide accurate and complete data in a timely manner. The Fund Actuary, Hymans Robertson, in undertaking of the Triennial Valuation as at 31 March 2019, similarly identified a high level of validation and critical data error points within scheme employer common and scheme specific data, which has highlighted the need to undertake a root and branch assessment and review of employer dimension.

2. Supporting Information

2.1 The Data Improvement Programme is the first step in a series of initiatives aimed at delivering improved performance of all aspects of the ESPF. The desired outcome of the programme is to achieve an early completion of the ABS 2020 bringing forward the deadline to 31 May 2020, three months ahead of the statutory deadline of 31 August 2020, to allow headroom to address residual employer matters or omissions; and to bring an ABS report to the Pension Board and Pension Committee on the ABS performance in June 2020. The programme formally ends at the 31 March at which point there is a formal handover from the Scheme Manager to the Orbis Pension Administration of cleansed data in accordance with statute.

2.2 This programme gateway seamlessly flows into The Orbis Service Improvement Plan which migrates the cleansed data into iConnect, provisionally from the 1st April to 30th June. Employer data will thereafter be submitted to the Administrator on a monthly basis improving service performance from annual returns to monthly returns, which is the industry standard practice.

2.2 This initial workstream, however, is focused on working in partnership with employers to embed a risk management approach in the discharge of their discretionary functions and includes a thorough revision of the communication strategy and administrative strategy to include particularly in relation to clarifying roles and responsibilities of the Scheme Manager, Pensions Administration Service and Employer and implementing the provisions under statute for fining employers where performance falls short of the statutory threshold. This is an ideal time to revise the administration strategy to reflect best practice and recent guidance from Chartered Institute of Public Finance and Accountancy (CIPFA) on the quality and performance standards expected of the Scheme Manager and its Scheme Employers.

2.3 Meaningful engagement with employers requires a marked improvement in how the Scheme Manager communicates to and engages with employers. This includes carrying out a baseline measurement of the current communication processes and monitoring the improvement of these processes with reports back to the working group. The communication strategy will clarify the roles and responsibilities for the Scheme Manager and the Pension Administration Service for communications to ensure messaging is consistent and appropriate. This also means that the Scheme Manager and the Pension Administration team will need develop better internal communication mechanisms to ensure a joined up and seamless approach to employers. This means that the Communication Strategy Statement is deferred for presentation to the Pension Board until March 2020, and this equally applies to the Pension Administration Strategy.

2.4 A further workstream is the development of a service level agreement between the Scheme Manager and Orbis Pensions Administration to reflect the revised aspirations for the Fund to codify best practice and guidance and review the performance assessment framework underpinning the key performance indicators. The ESPF breaches policy is also being updated within this theme to reflect best practice and changes in the Pension Regulator's guidance.

Scoping Workshop

2.5 The scoping workshop took place on the 22nd October 2019 attended by the Scheme Manager, Orbis Pension Administration Service, Actuary, Hymans Robertson, and Aon. The objectives of the workshop was to secure buy in and engagement from all stakeholders and form a

shared view of the design principles, key outcomes and programme timetable, all of which are underpinned by a high level work plan.

ABS 2020 Working Group

2.6 The ABS Working Group is responsible for the delivery of the Data Improvement Programme and for reporting to the Pension Board and Committee on the progress to achievement of objectives. The Pension Board represents Fund employers and employees. It is recommended that the Pension Board nominates at least one member to sit on the ABS Working Group to bring the perspective of employers and employees.

3. Conclusion and reasons for recommendations

3.1 The Data Improvement Programme has been implemented to improve the quality of ESPF employer data and support the readiness for migration to iConnect. The ESPF Pension Committee understands that effective and efficient data management is beneficial to all stakeholders of the pension fund ensuring it can fulfil its obligations under the regulations, lower its costs and demonstrate improved use of resources. Clean data will enable faster and more accurate measurement of pension fund liabilities and improve decision making and stewardship.

IAN GUTSELL
Chief Finance Officer

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APPENDIX 1

Annual Benefit Statement 2020 Working Group

Purpose of the Working Group

The Annual Benefit Statement Working Group (the Working Group) is the body responsible for driving the better use of data in the East Sussex Pension Fund (ESPF) and addressing any gaps and barriers preventing it.

The Working Group will:
● oversee, drive the delivery and receive project managers' reports of the ESPF Data Improvement Programme and ABS 2020 programme priorities;
● tackle the key cross-cutting employer related issues that continue to be a barrier to the effective use of data; and,
● agree a set of strategic priorities for the ESPF use of data in compliance with the Pension Regulator's (tPR's) guidance, Code of Practice no.14.

Timescales

This Working Group is operational from 1 November 2019 – 31 March 2020.

Strategic objectives for the Working Group

1. Take responsibility for strategic oversight of the ESPF Data Strategy to be underpinned by the following themes:
   - Improve data quality
   - Improve data accessibility
   - Increase data use and
   - Increase data capability and innovation, and improve public trust

2. Provide strategic oversight of tPR guidance which relates to data, shaping advice to the Pension Board and Committee on implementation.

3. To continue to oversee a small portfolio of projects to deliver data-enabled change and continue to learn and work through solutions to ongoing barriers.

Work Programme and immediate priorities for 2019 - 2020

The immediate priorities are:

1. The development of an overarching work Programme to deliver the Data Improvement Programme and the ABS 2020 Programme, to be reported to the Pension Board and Committee in June 2020;

2. To project manage the Data Improvement Programme to improve the accessibility, integrity and quality of common and specific data held by employers; and,

3. To project manage the early achievement of ABS 2020 and support and monitor the progress to achieving this priority with a particular focus on better employer engagement between scheme employers, scheme manager and the pension administration service.

Working Group membership and responsibilities

Chair
The Working Group will be Chaired by TBC, who will agree the agenda and review papers for each meeting with the Secretariat.

Members
Membership will comprise relevant officers. The Working Group membership is also open to members of the Pension Board, who will work with delivery partners to drive data-enabled change across scheme employers. The Working Group shall comprise X members.

Members should be responsible for:
- advising on setting the strategic direction, and providing appropriate governance, for the use of data across the scheme employers
- providing advice and mentorship on employer engagement or initiatives, as required and
- raising, and helping to resolve, cross-cutting challenges to advancing the data agenda

Representatives
Senior external representatives may also be invited by the Chair to provide expert advice and opinion on the ESPF data agenda and activities.

Secretariat
Led by the Scheme Manager, the Secretariat will support the Working Group and Chair to meet their purpose. The Secretariat will escalate issues to the Pension Board and Committee, which is ultimately responsible for the portfolio, if the objectives are unlikely to be achieved by the agreed timescales.

Meetings
Should be held monthly, usually lasting an hour and not more than ninety minutes.

Review of the Working Group
The Working Group and its terms of reference will be reviewed at the 1 April 2020, following the completion of the Data Improvement Programme, by the Secretariat, approved by the Chair of the Working Group and presented to Pension Board.

Strategic links with delivery partners

In order to deliver the benefits of the Working Groups priorities, and to make progress on challenges, Working Group members and the Secretariat will work with the following priority stakeholders:

1. The ESPF Actuary, Hymans Robertson, which supports the delivery of the Data Improvement Programme to deliver strategic data priorities and to improve and develop a strategy for raising data capability across ESPF employers, to be approved by the Pension Committee. Amongst other responsibilities, Hymans Robertson will act as a delivery arm of the ABS 2020 Working Group, helping to drive progress on specific activities under the themes of the work programme, escalating strategic blockers and enablers back to the Committee.
2. The Orbis Pension Administration Service which supports the delivery of the Data Improvement Programme and the ABS 2020 Programme to deliver strategic data priorities.
3. Technical partners, primarily but not exclusively Aon. These partners will contribute to the development of the Pension Administration Strategy, Pension Administration Service Level Agreement, Communication Strategy Statement and Employer Engagement Action Plan, Breaches Policy and will support specific projects and other activities under the work programme with relevant skills and resource according to capacity.

In delegating tasks and lending authority for action to these delivery partners, Working Group members remain accountable for progress and agree to monitor and unblock progress - escalating to the Pension Board Chair where necessary, and at quarterly Pension Board meetings as a last resort.

Contact

Annual Benefit Statements 2020 Working Group Secretariat: Michelle.King@eastsussex.gov.uk

Report to:	**Pension Board**
Date:	**11 November 2019**
By:	**Chief Operating Officer**
Title of report:	**Pension Administration update**
Purpose of report:	**To provide an update to the Pension Board on matters relating to Pensions Administration activities.**

RECOMMENDATION – The Board is recommended to note the update.

1. **Background**

1.1 The Pensions Administration Team (PAT) based within Orbis Business Services carries out the operational, day-to-day tasks on behalf of the members and employers of the East Sussex Pension Fund (ESPF) and for the Administering Authority (East Sussex County Council). They also lead on topical administration activities, projects and improvements that may have an impact on members of the Local Government Pension Scheme (LGPS).

2. Membership Movements

2.1 At the last Board meeting, the Chair asked for further explanation of the membership movements between end of Fund year at 31st March 2019 and the production date for the Annual Benefit Statements. A summary movements analysis is enclosed as **Appendix 4.** This report was run on 15th October 2019.

2.2 The report shows the membership numbers at 1 April 2018 and 31 March 2019.

2.3 The difference in the membership numbers between 31 March 2019 and the date ABS' were produced allows for:

- Retrospective new joiners notified as part of year end returns.
- New joiners after 31st March 2019 were excluded (not eligible until 2020).
- Members moved to unidentified leaver (status 2) as part of unresolved queries in year-end returns.
- Actual leavers after 31st March 2019 were removed (they get a leaver statement instead).
- Similar removals took place for other status movements away from active after 31st March 2019.

2.4 A move to monthly returns from employers with the introduction of IConnect – the digital platform for data submissions – will substantially improve the ability to report on up to date membership and reconciliation.

3. Annual Benefit Statements

3.1 The full and final run of Annual Benefit Statements took place on 28th August 2019.

3.2 A table summarising the membership population at the point of producing the statements, the numbers of statements produced and the number of statements that were unable to be produced can be found at **Appendix 5.**

3.3 For all Active online ABS, the members were notified using email. The 62 Active online opt outs were sent ABS in the post.

3.4 258 Active members did not receive an ABS by the statutory deadline due to a lack of data from the Scheme Employers, and 9,535 Deferred members did not receive an ABS by the statutory deadline due to the absence of a current address on their pension record. The Fund has

commissioned an address tracing exercise in order to improve the address data held on member records.

3.7 Deferred ABS were produced on paper. From this ABS and earlier notifications, we are now in a position to move Deferred ABS online for 2020 onwards. This means the population of deferred members who will have access to a statement will increase.

3.8 In addition to the above, there were 1,780 members recorded as Status 2 which means they have potentially left the scheme but the leaver data has not been received to enable the pensions administration team to process these records to the correct status. These members will not have received an active or deferred ABS in time for the statutory deadline.

4. Data Improvement Programme

4.1 The PAT is working closely with Fund Officers on the establishment of the Data Improvement Programme, incorporating data cleansing, membership reconciliation, administration service specification and Annual Benefit Statement 2020 planning. To that end, two workshops have taken place on 16th and 22nd October. More detail is provided in the report from the Interim Head of Pensions.

5. Guaranteed Minimum Pension (GMP)

5.1 As reported previously, Mercer, previously known as JLT, were contracted to manage the GMP reconciliation and liaise with HMRC to achieve an agreed position on membership and GMP amounts. Progress has continued well with the majority of queries matched, and progress to date is laid out in **Appendix 1**, along with the actions to take place over the next quarter by Mercer.

5.2 The effect of LGPS pensions not showing the correct amount of GMP for its members would mean that their pension might be incorrectly amended. This can result in underpayments and overpayments, at a member specific level. Stage 3 of the GMP Reconciliation Project, i.e., Rectification will amend LGPS pensions in line with the reconciled Stage 2 GMP information. This stage will also involve a significant member communication exercise planned to start during November onwards to explain the changes taking place. Please see **Appendix 1** for more detail.

6. System Review

6.1 The contract with Heywood for the pension administration system is ending in April 2021. Advice from Orbis Procurement team confirms a market procurement is required. A procurement exercise from preparation to decision is likely to take 8 months.

6.2 A Norfolk Framework for Pensions Software is planned to ready from April 2020. Officers have been heavily involved in the progress of this Framework and is considered to be a cost effective, low risk route for the procurement exercise. This route and 4.1 combined would create a decision point at December 2020.

6.3 A decision to change administration platform provider would then require a migration plan estimated to take 12 months. At a high level, this would mean a go live on the new platform from December 2021. Clearly this goes beyond the current contract term. As an interim measure, it is recommended that a modification to the current contract is pursued, extending the contract by 12 months from April 2021 to April 2022.

6.4 A decision to remain on the existing platform would mean a new contract from May 2021. As part of the recommended modification, it is proposed that a clause be included which allows the extension to be superseded by the new contract.

6.5 A timetable for procuring a new system is prepared and the Project Manager has started the system review of the market by gathering information on the available pension administration systems. This includes holding workshops with ESPF stakeholders during June to ensure the

system in use for the Pension Administration service continues to meet the necessary requirements for all members within the partnership. The consolidated report on the initial requirements and the series of workshops is attached as **Appendix 3**.

6.6 The Pensions Administration Service is moving forward with a digital transformation that will see an increase in the use of self-service for members and employers, plus more efficient processes within the administration service. Please see **Appendix 2** for more detail.

7. Key Performance Indicators

7.1 The overall performance in the period August to September has seen a slight drop from the previous period although performance is still of a high standard. There are some isolated cases where standards have temporarily dropped but there is confidence that this is not permanent and there has been no disadvantage to members. There have been no complaints received.

7.2 Out of the 133 retirements processed, only 2 were over the KPI measure of 5 working days, by an average of 1 day. Out of the 31 member estimates processed, 6 cases were over the KPI measure of 7 working days, by an average of 6 working days. Out of the 30 employer estimates processed, 4 cases were over the KPI measure of 10 working days, by an average of 9 working days.

7.3 Therefore, overall out of the total number of tasks of 522, only 12 tasks failed the KPI measure. These mainly relate to retirement estimates and an issue with these has been identified by the Team Leaders and addressed with the team so that there are no or limited future occurrences. The KPIs are attached as **Appendix 6**.

8. Staffing Update

8.1 One Pensions Administrator is leaving the team in October. Currently, there are 2 live Pension Administrator roles out for recruitment.

8.2 Close working with Brighton & Hove City Council has produced progress with resolution of a high volume of unidentified leaver queries (also known as Status 2s). This has generated an exceptional spike in leaver work received for this employer. Two temporary staff are being recruited to process these leavers at pace.

9. Reporting Breaches Log

9.1 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.

Kevin Foster
Chief Operating Officer

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Key to Appendix colour ratings:

Green – project is on track, no issues to report or note.
Amber – project has issues that are being managed, needs to be closely monitored
Red – serious issues, project is off track, recovery plan required.

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GMP Current Position

Highlight Report – GMP – Project Phase: In delivery

Date of Report:	15th October 2019	**Upcoming Milestones**		
Project Lead	Amy Wallace	**Item**	**Due** (* = estimated)	**Status**
Prepared by:	Chloe Painter	Mercers & Fund workshop	30th May	Complete
Project RAG Status	**Green**	Define reconciliation process	Oct / Nov	On schedule
Project Scope		Member rectification on admin system	Nov / Jan	On schedule
This project seeks to complete a GMP Reconciliation between the data held by the ESCC Fund and HMRC records from the point ITM (phase 1 contracted supplier) completed the initial bulk analysis and raised queries with HMRC. Phase 2 work will include Data gathering, member reconciliation and rectification work to be undertaken by the contracted supplier Mercer up until 100% completion.		Communicate with affected members	Nov / Jan	On schedule

Project Summary

Mercers have matched over 99% of membership for East Sussex. They will implement the decisions made on the stalemate cases, based on the recommendation stated in the decision log submitted.

The current situation with East Sussex is as follows:

99.99% of membership matched
64,008 queries resolved to achieve this
93.59% of GMP values matched
61,059 queries resolved to achieve this
4,363 queries remaining

HMRC will send the final cut of data between November and January to every scheme in the country, but they haven't given specific dates as to when each scheme will receive it. Mercer will collate the data and produce the report which will be sent to the Funds. Once the data/report has been sent decisions can be made by Funds on over and underpayments, records can be updated and members informed.

When Mercer receives the data from HMRC we will be in a position to clarify timelines for the reconciliation and next steps.

Mercers has also been working with HMRC to review all CEP payments to see if HMRC had allocated them correctly or whether they were still a liability held against the Fund. This has now been completed and an email was sent a couple of weeks ago to the Fund to confirm the current status and payment details.

Key Risks & Issues

Item	RAG	Detail	Action/Update

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System Review

Highlight Report – System Review – Project Phase: In discovery

Date of Report:	15th October 2019	**Upcoming Milestones**		
Project Lead	Mark Spiller	**Item**	**Due** (* = estimated)	**Status**
Prepared by:	Clare Chambers	Contract alignment	29th Nov	On Schedule
Project RAG Status	**Green**	Full review kick off	13th Jan	On Schedule
Project Scope				
Review the market and the available pension administration systems to ensure the system in use for the Orbis Pension Administration service continues to meet the necessary requirements for all members within the partnership.				

Project Summary

Having undertaken a detailed analysis and having now explored this further with SCC Procurement, the Pension Admin Service will need to undertake a full procurement process to explore all other system providers in the market.

The first step in this process will be to agree a short term extension with our current supplier Heywood to give the Project Team the sufficient time period to carry out this full review and tender process. Once this has been agreed, engagement with procurement will begin in full, along with other key services such as IMT to begin working on creating a full functional specification document.

Based on time frames, it is anticipated the full review will begin in January 2020.

Key Risks & Issues

Item	RAG	Detail	Action/Update

System Review: Discovery phase and workshop review

Scope

The Pension Service will undergo a full digital transformation which will include implementing digital platforms in support of automation, improved operational efficiency and position the service for continued growth.

The contract for the pension administration system, Altair, provided by Heywood, ends in April 2021 and we are required to explore the options available on the market to ensure the pension administration used by the Pension Service is fit for current and future service requirements.

Discovery phase

At this stage, internal and external stakeholders were consulted via a series of workshops, with both the administration teams and the funds, with the view to get an understanding of their system requirements, including what the current system is doing and not doing well and the future needs.

An initial market research has been conducted to get an overview of current market options, which included engaging with leading suppliers in pension administration systems for technical demonstrations. These engagement sessions provided a clear understanding of the viable options available in the market.

Workshop Outcomes

Throughout May and June workshops were held with the pension funds and admin teams to identify and outline the desired technical and practical system requirements for the pension administration system. These sets of workshops proved to be beneficial as they gave a clear and comprehensive overview of where the current system is working well, not meeting service requirements, and outlined the requirements of the future pension system. Highlighted in these workshops were the below requirements:

LGPS Calculations

- These must be correct. Historically Heywood have provided the best system in terms of calculation accuracy, however in recent years alternative system providers have improved their calculations and caught up with Heywood in this area.
- Altair does not calculate interest on pension arrears and this is a process done manually. The admin teams outlined the desire for the system to do this, to reduce manual intervention on calculations.

Report Writing

- Throughout all sessions with the administrations teams, it was highlighted that Altair's report functionality is complicated. The future system should have an improved and user friendly reporting functionality, including simple built in reports.

- The system should allow more than one report to be run concurrently, as currently only one report can be run at a time which is not efficient.

Employer portal

- The system should have a functional employer portal, in which employers can upload monthly returns, starters and leaver information, which would automatically update the system, and have the ability to run redundancy calculations. This would support the digital transformation of the service and reduce paper processes.

Members Self-Service

- As part of the vision for digital transformation, members will be encouraged to self-serve. The current member self-service portal allows for basic functionality, and to meet our digital service requirements there needs to be an improved members self-service with the future system.
- The member self-service portal should mirror the functionality of the employer portal, allowing members to upload documents such as birth or marriage certificates, update their own personal details, and run their own calculations.

Administration

- Auto task allocation
- Audit trails of changed made to member records
- Auto document generator
- User friendly
- Undo option
- RTI – Real time information to HMRC
- Ability to do the Pensions increase and the option to roll back the pensions increase, to allow for any errors in this process to be undone and resolved if necessary

The general consensus from these workshops was that the current system, while proficient in some aspects such as calculations, is also failing to meet a number of digital needs and as such the system requires development and improvement.

Movements Analysis

	01/04/2018	31/03/2019
Active	22,964	22,901
Deferred	29,741	30,492
Pensioner	19,560	20,441
Undecided Leaver	511	1,021
Frozen Refund	4,338	4,743

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Annual Benefit Statement Summary

	Population	Number of Statements Produced
Active Members	21,574	21,316
Deferred Members	30,247	20,712

Number of Statements NOT Produced
258
9,535

East Sussex Pensions Administration - Key Performance Indicators 2019

	Activity	Measure	Impact	Target	Apr-19		May-19		Jun-19		Jul-19		Aug-19		Sep-19	
	Scheme members	Pensioners, Active & Deferred			76247		76287		75647		75761		75619		75775	
	New starters set up				547		225		424		372		241		339	
					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%	9	100%	17	100%	9	100%	5	100%	11	100%	4	100%
1b	Award dependent benefits (Death Grants)	within 5 days	H	95%	7	72%	8	100%	6	100%	7	100%	9	100%	3	100%
2a	Retirement notification acknowledged, recorded and documentation sent	within 5 days	M	95%	100	94%	97	97%	86	98%	103	97%	84	96%	73	99%
2b	Payment of lump sum made	within 5 days	H	95%	131	100%	119	95%	94	100%	106	100%	122	96%	133	99%
3	Calculation of spouses benefits	within 5 days	M	90%	12	100%	15	100%	16	100%	15	100%	13	100%	11	100%
4a	Transfers In - Quote (Values)	within 10 days	L	90%	27	93%	28	100%	30	100%	39	100%	21	100%	14	93%
4b	Transfers In - Payments	within 10 days	L	90%	28	100%	10	100%	19	100%	18	100%	17	100%	15	94%
5a	Transfers Out - Quote	within 25 days	L	90%	21	95%	26	100%	27	97%	23	91%	25	100%	19	100%
5b	Transfers Out - Payments	within 25 days	L	90%	5	100%	11	100%	9	90%	9	100%	14	100%	14	94%
6a	Employer estimates provided	within 7 days	M	95%	41	83%	31	81%	32	97%	23	96%	48	91%	31	81%
6b	Employee projections provided	within 10 days	L	95%	50	98%	64	97%	35	91%	34	91%	27	97%	30	87%
7	Refunds	within 10 days	L	95%	35	100%	30	97%	45	96%	37	100%	45	100%	63	100%
8	Deferred benefit notifications	within 25 days	L	95%	164	99%	147	100%	197	100%	171	98%	92	100%	112	100%
	TOTAL TASKS COMPLETED				**630**		**603**		**605**		**590**		**528**		**522**	
9	Complaints received- Admin					2		1		0		0		0		0
	Complaints received- Regulatory															
10	Employer survey satisfaction	Overall satisfaction (V Satisfied/satisfied)		90%												
11	scheme member satisfaction rating (from 1 Click email feedback)				46	79%	26	85%	35	91%	56	98%	56	80%		
12	Retiring Member survey satisfaction	Overall satisfaction (Excellent/good)		90%												
13	Compliments received					1		1		2		0		1		0

OVERDUE CASES RED-AMBER APR MAY AUG SEPT

	Activity	Measure	Impact	Target	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
2a	Retirement notification acknowledged, recorded and documentation sent				6 Cases Overdue by avge of 1.5 days. Longest overdue by 4 days					
1b	Award dependent benefits (Death Grants)				2 Cases Overdue by avge of 1.5 days. Longest overdue by 2 days					
2b	Payment of lump sum made									2 CAESES OVERDUE BY AVERAGE OF 1 DAY.
3	Calculation of spouses benefits									
4a	Transfers In - Quote (Values)				2 Cases Overdue by avge of 10 days. Longest overdue by 10 days					
4b	Transfers In - Payments									
5b	Transfers Out - Payments									
6a	Employer estimates provided				7 Cases Overdue by avge of 2 days. Longest overdue by 5 days	6 cases over due, max days 4 days, average 2			5 cases late. 1 case by 3 days and the other 4 cases by 1 day	6 cases overdue by an average of 7 days

	Activity	Measure	Impact	Target	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
6b	Employee projections provided						3 cases overdue. Average of 6 days	7 cases overdue. Reply due not being utilised. 4 with sufficient narrative. 3 without.		4 cases overdue by an average of 9 days
8	Deferred benefit (DB5YE)								*71 100%*	*160 100%*

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Report to:	**Pension Board**
Date:	**11 November 2019**
By:	**Chief Finance Officer**
Title of report:	**Pension Fund Risk Register**
Purpose of report:	**To consider the Pension Fund Risk Register**

RECOMMENDATION

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

1. Background

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

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

2. Risk Register.

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

2.2 Since the Risk Register was last reported, there has been no increase in assessed post mitigation risks, whilst 3 items have seen a reduction in post mitigation risk to a green status: these are Item 15 Asset Transition Costs, Item 16 LGPS Investment Pooling and Item 17 Access Pool Governance – Resourcing.

3. Assessment of Risk

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

3.2 The East Sussex Pension Fund (ESPF), risk profile has been updated and in addition to the current mitigation in place, further actions are planned to provide a greater level of assurance, and the level of risk will be reviewed once these additional actions have been implemented.

3.3 Further risks are likely to arise from future decisions taken by the Pension Committee, ACCESS Joint Committee, and from changes in legislation and regulations.

Where such new risks arise, they will be added to the risk register, assessed, and mitigation actions identified.

4. Conclusion and reasons for recommendation

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

IAN GUTSELL
Chief Finance Officer

Contact Officers: Michelle King, Interim Head of Pensions, 01273 482017
Michelle.King@eastsussex.gov.uk

Background Documents
None

Appendix 1

The risk scores are calculated using the risk matrix below:

LIKELIHOOD					
	4				
	3				
	2				
	1				
		1	2	3	4
		IMPACT			

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

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

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

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

	1 NEGLIGIBLE (No noticeable Impact)	2 MINOR (Minor impact, Some degradation of non-core services)	3 MAJOR (Significant impact, Disruption to core services)	4 CRITICAL (Disastrous impact, Catastrophic failure)
PEOPLE (Loss of life, Physical injury, Emotional distress)	No injuries or discomfort.	Minor injuries or discomfort. Feelings of unease.	Serious injuries. Traumatic / stressful experience. Exposure to dangerous conditions.	Loss of life Multiple casualties

EAST SUSSEX PENSION FUND - RISK REGISTER

Reference	Risk	Pre Mitigation			Risk Control / Response	Post Mitigation				Risk Owner	Timescales
		Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	Change since last review		
Pensions Administration (Orbis -Business Operations)											
1	**Pension contributions:** ● Non-collection ● Miscoding ● Non-payment If not discovered results inaccurate: ●employer FRS17/IAS19 & Valuation calculations ● final accounts ● cash flow	3	3	9	● Employer contribution monitoring ● Additional monitoring at specific times ● SAP / Altair quarterly reconciliation ● Improved employer contribution forms ● Annual year end checks ● Pensions Web ● Fines imposed for late payment andType equation here. late receipt of remittance advice.	3	2	6	⟷	Interim Lead Pensions Manager	On-going
2	**Inadequate delivery of Pensions Administration by service provider** ● Members of the pension scheme not serviced ● Statutory deadlines not met ● Employers dissatisfied with service being provided + formal complaint ● Complaints by members against the administration (these can progress to the Pensions Ombudsman)	3	3	9	● Key Performance Indicators ● Internal Audit ● Reports to Pension Board / Committee ● Service Review meetings with business operations management ● Awareness of the Pension Regulator Guidance	3	2	6	⟷	Interim Lead Pensions Manager	On-going
3	**Loss of key/senior staff and knowledge/ skills** • Damaged reputation • Inability to deliver and failure to provide efficient pensions administration service; major	3	3	9	• Diversified staff / team • Attendance at pension officers user groups • Procedural notes which includes new systems, section meetings / appraisals • Succession planning	3	2	6	⟷	Interim Lead Pensions Manager	On-going

EAST SUSSEX PENSION FUND - RISK REGISTER

Reference	Risk	Pre Mitigation			Risk Control / Response	Post Mitigation				Risk Owner	Timescales
		Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	Change since last review		
	operational • Disruption and inability to provide a high quality pension service to members. • Concentration of knowledge in a small number of officers and risk of departure of key and senior staff. • The risk of losing key staff could lead to a breakdown in internal processes and service delivery, causing financial loss and potential risk to reputation.				• Robust business continuity processes in place around key business processes, including a disaster recovery plan. • Knowledge of all tasks shared by at least two team members and can in addition be covered by senior staff. • Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process.						
4	**Paying pension benefits incorrectly** ● Damaged reputation ● Financial loss ● Financial hardship to members	3	3	9	● Internal control through audit process ● Constant monitoring / checking ● In house risk logs ● SAP / Altair reconciliation ● Task management ● Vita cleansing	3	2	6	⟷	Interim Lead Pensions Manager	On-going
5	**Guaranteed Minimum Pension (GMP) reconciliation** • Financial loss • Members of pensions scheme exposed to financial loss • Legal issues • Inaccurate record keeping • Damaged reputation	3	3	9	• Awareness of Pension Regulator Guidance • Public Service Pensions Act 2013 • Internal Audit • Key performance indicators • Task Management • Reports to Pension Board and Committee	3	2	6	⟷	Interim Lead Pensions Manager	On-going

EAST SUSSEX PENSION FUND - RISK REGISTER

Reference	Risk	Pre Mitigation			Risk Control / Response	Post Mitigation				Risk Owner	Timescales
		Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	Change since last review		
6	**Failure to issue Annual Benefit statements 31st August** • Reputational risk and complaints • Fines and enforcement action by The Pension Regulator	3	3	9	• Project management approach • Regular contact with employers to get data. • Monthly interfacing to reduce workload at year end • Statements to employers in time to allow time for distribution to staff. • Considerations of employer take up of monthly interfaces system. Many leavers are not being notified until year-end.	3	2	6	⟷	Interim Lead Pensions Manager	On-going
7	**Data Cleansing – failure to provide timely and accurate member data.** • Risk of financial loss and damage to reputation. • Incorrect employers contribution calculations • Delays to triennial actuarial valuations process.	3	3	9	• Annual data cleansing carried out by pension administration to highlight gaps; • Administration Strategy in place; • Employing authorities are contacted for outstanding/accurate information; • Regular meeting with administration services re updates, when required. • A data cleansing plan is expected to be agreed with Business Operations. • Business Operation has been given authority to recruit 3 additional FTE for an initial period of 6 months to focus on data deficiencies.	3	2	6	⟷	Interim Lead Pensions Manager	TBA
Pensions Investment and Governance											

EAST SUSSEX PENSION FUND - RISK REGISTER

Reference	Risk	Pre Mitigation			Risk Control / Response	Post Mitigation				Risk Owner	Timescales
		Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	Change since last review		
8	**Required returns not met due to poor strategic allocation** ● Damaged reputation ● Increase in employer contribution ● Pay Pensions	4	2	8	● Investment Advisors ● Triennial review ● Performance monitoring ● Annual Investment Strategy Review ● Reporting to Pensions Committee and Board ● Compliance with the ISS ● Compliance with the Funding Strategy Statement	3	2	6	⟷	Head of Pensions	On-going
9	**Employers unable to pay increased contributions** ● Lower funding level ● Increase in employer contributions ● Employer forced to sell assets ● Employer forced into liquidation ● Increase in investment risk taken to access higher returns	2	3	6	● Valuation ● Regular communication with Employers ● Monthly monitoring of contribution payments ● Meetings with employers where there are concerns	2	3	6	⟷	Head of Pensions	On-going
10	**Cyber Security of member data - personal employment and financial data** ● ESCC may incur penalties ● Damaged reputation ● Legal issues ● Members of the pension scheme exposed to financial loss ● Members of the pension scheme exposed to identity theft ● Members of the pension scheme data lost or compromised	4	2	8	• ICT defence-in-depth approach • Utilising firewalls, • Email and content scanners • Using anti-malware. • ICT performs penetration and security tests on regular basis	3	2	6	⟷	Head of Pensions	On-going

EAST SUSSEX PENSION FUND - RISK REGISTER

Reference	Risk	Pre Mitigation			Risk Control / Response	Post Mitigation				Risk Owner	Timescales
		Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	Change since last review		
11	**Cyber Security of third party suppliers** ● Damaged reputation ● Financial loss ● Inability to trade ● Lower funding level ● Increase in employer contribution ● Increase in investment risk taken to access higher returns	4	2	8	● Service level agreement with termination clause ● Regular Meetings ● Regular reports SAS 70/AAF0106 ● Investment Advisors ● Global custodian	3	2	6	⟷	Head of Pensions	On-going
12	**The decision to leave the European Union results in significant economic instability and slowdown, and as a consequence lower investment returns, resulting in:** • Financial loss, and/or failure to meet return expectations. • Increased employer contribution costs. • Changes to the regulatory and legislative framework within which the Fund operates.	4	2	8	• Diversification of the Fund's investments across the world, including economies where the impact of "Brexit" is likely to be smaller. • The long-term nature of the Fund's liabilities provides some mitigation, as the impact of "Brexit" will reduce over time. • The Govt. is likely to ensure that much of current EU regulation is enshrined in UK law. • Officers receive regular briefing material on regulatory changes and attend training seminars and ensure any regulatory changes are implemented	3	2	6	⟷	Head of Pensions	On-going
13	**2019 Triennial actuarial valuation outcome** • An increase in liabilities that is higher than the previous actuarial valuation estimate. • The level of inflation and interest rates	3	3	9	• The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases. • The Committee receiving training on understanding liabilities	3	2	6	⟷	Head of Pensions	On-going

EAST SUSSEX PENSION FUND - RISK REGISTER

Reference	Risk	Pre Mitigation			Risk Control / Response	Post Mitigation				Risk Owner	Timescales
		Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	Change since last review		
	assumed in the valuation may be inaccurate leading to higher than expected liabilities. • Significant rises in employer contributions due to increases in liabilities or fall in assets.				• Hymans Robertson commission to produce an Asset Liabilities Model. • Life expectancy assumptions are reviewed at each valuation. • Reviewing of the each triennial valuation assumptions and challenge actuary as required. • Funding Strategy Statement and Investment Strategy Statement updated and approved, • Actuary attendance at Pension Fund Committee to cover triennial valuation issues and expectations • The Fund holding discussions with employers through the Pension Employers Forum. • Using actuary that makes significant possible assumptions and recommends appropriate recovery period and strategy; • Diversified Strategic Asset Allocation;						
14	**Accounting - Failure to comply with CIPFA new pension fund accounting regulations.** • Risk of the accounts being qualified by the auditors.	3	2	6	• Pensions Officers are kept up to date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures. • Pension Fund financial management and administration processes are maintained in accordance with the CIPFA Code of Practice, International	3	2	6	⟷	Head of Pensions	On-going

EAST SUSSEX PENSION FUND - RISK REGISTER

Reference	Risk	Pre Mitigation			Risk Control / Response	Post Mitigation				Risk Owner	Timescales
		Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	Change since last review		
					Financial Reporting Standards (IFRS), and the ESSC Financial Regulations. • Regular reconciliations are carried out between in-house records and those maintained by the custodian and investment managers. • Internal Audits - carried out in line with the Pension Audit strategy. • External Audit review the Pension Fund's accounts annually						
	LGPS Pooling - ACCESS Pool										
15	**Asset transition costs** • Asset transition costs are greater than forecast. • Failure to control operational risks and transaction costs during the transition process • An increase in the initial set-up costs forecast by the pooling proposal.	3	3	9	• Consultant has analysed the creation of sub-funds and transitioning of our current assets into the pool, under a variety of scenarios. • There may also be the opportunity to transfer securities in 'specie'. • A transition manager will be appointed, with the objective of preserving asset values, managing risk and project managing the transition process to ensure that costs are monitored and controlled.	2	2	4	↓	Head of Pensions	On-going
16	**LGPS Investment Pooling** • Lower funding level/Damaged reputation • Increase in employer contribution • Increase in investment risk taken to access higher returns • There can be size restrictions on certain	3	3	9	• Engagement in ACCESS asset pool group • Reporting to Pensions Committee and Board • Engagement with third party experts (e.g. Legal and Tax)	2	2	4	↓	Head of Pensions	On-going

EAST SUSSEX PENSION FUND - RISK REGISTER											
Reference	Risk	Pre Mitigation			Risk Control / Response	Post Mitigation				Risk Owner	Timescales
		Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score	Change since last review		
	investments.										
17	**ACCESS Pool Governance – Resourcing** • Establishment phase resource - a substantial amount of officer resource will be required to support the project plan work-streams / tasks etc. • Increased demand on officer time could result in delays if progress is slowed due to resource constraints or increased costs if there is a requirement to outsource.	4	2	8	• ACCESS Support Unit function to provide support. • Gap analysis to be undertaken to identify officer resource requirements. • Work-streams to be allocated Officer sub-groups to co-ordinate work. • Increasing the frequency of OWG meetings - fortnightly joint OWG / Link Steering Group meetings and fortnightly Link Project calls.	2	2	4	⬇	Head of Pensions	On-going

Risk Score Change Key –

⬇ = ***Reduced***

⟷ ***= No Change***

⬆ ***= Increased***

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Report to: **Pension Board**

Date of meeting: **11 November 2019**

By: **Chief Finance Officer**

Title: **Work Programme**

Purpose: **To provide the Forward Plan for Pension Board and Pension Committee**

RECOMMENDATIONS: The Board is recommended to note the work programme

---

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.

1.2 This document attached as appendix 1 is the Board's work programme, titled "East Sussex Pension Fund (ESPF) Pension Committee/Board Forward Plan 2019-20**"**, which will assist 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 2019/20.

2. Supporting Information

2.1 **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.

2.2 **Joint Pension Board and Committee Training Session** - the next joint training session is in relation to Sustainable 'Impact' investing and ESG investing to consider an update on legal requirements, industry developments, Fund managers' approaches and the Fund's Statement of Investment Beliefs. However, a date has not yet been agreed for this session.

3. Conclusion and reasons for recommendations

3.1 The Board is requested to note the work programme.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Michelle King, Interim Head of Pensions
Tel. No. 01273 482017
Email: Michelle.King@eastsussex.gov.uk

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Appendix 1

EAST SUSSEX PENSION FUND

PENSION COMMITTEE/BOARD FORWARD PLAN 2019-20

November 2019

Contents

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 75,000 individuals employed by 134 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 2019/20. 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

Descriptions	Meeting Dates					
	Monday 24 June 2019	Wednesday 10 July 2019	Monday 23 September 2019	Monday 25 November 2019	Monday 16 March 2020	Monday 22 June 2020
Chairman - Introductory Matters						
Welcome/Apologies, Disclosure of interests, Minutes of Previous Meeting,	Y	*Pension Fund Annual Investment Strategy Day*	Y	Y	Y	Y
Urgent business	Y		Y	Y	Y	Y
Pension Board Minutes	Y		Y	Y	Y	Y
Investment Consultant/Managers						
Quarterly Performance Report - Hymans Robertson	Y		Y	Y	Y	Y
Fund Performance – Fund Manager Presentation	Y		Y	Y	Y	Y
Pension Fund Key Policy Documents - Approval						
Cessation Policy (Annually)				Y	Y	Y
Pension Fund Policies – Discretionary Policy Statement,				Y		
Governance Compliance Statement (Annually)			Y			
Pensions Administration Strategy Statement (Annually)				Y		Y
Investment Strategy Statement			Y			
UK Stewardship Code Compliance (Annually)					Y	
Pension Fund Risk Register	Y		Y	Y	Y	Y
Communications Policy Statement			Y			
Funding Strategy Statement					Y	
Responsible Investment Statement				Y		
Customer Engagement Strategy			Y			
MiFID II annual review				Y		

Descriptions	Meeting Dates					
	Monday 24 June 2019	Wednesday 10 July 2019	Monday 23 September 2019	Monday 25 November 2019	Monday 16 March 2020	Monday 22 June 2020
Internal Audit - Pension Fund Strategy	Y					Y
Performance & Reporting						
Pension Fund Administration Service Quality of Service Report			Y		Y	
Data quality -update on data cleansing	Y		Y	Y	Y	Y
Draft Pension Fund Annual Report and Accounts	Y		Y			Y
GT - Auditor's Report under current International Auditing Standards.			Y			
Draft Response to the LGPS Consultations (when required)						
Internal Audit reports	Y			Y		Y
GMP reconciliation process	Y		Y	Y	Y	Y
CEM Report and other Fund benchmarking results	Y				Y	Y
Annual report of Pension Board activities					Y	
Breaches reported to Pension Fund Committee since last meeting	Y		Y	Y	Y	Y
2019 Annual Benefit Statement Exercise – update	Y		Y			Y
Arrangements for the pension administration service/SLA	Y					Y
Administration system procurement plan/update	Y		Y			Y
Pensions Scheme Advisory Board - Good Governance Consul.	Y					Y
Work Plan for next financial year	Y		Y	Y	Y	Y
Progress on workplan	Y		Y	Y	Y	Y
Annual Review of Member Training Records					Y	
Update on regulatory changes	Y		Y	Y	Y	Y
Administration Transformation Plan and progress updates			Y	Y	Y	Y
Pension Employers- Update (Part 2 Exempt Paper)	Y		Y	Y	Y	Y
Triennial Valuation Process/Outcome	Y		Y	Y	Y	Y

Descriptions	Meeting Dates					
	Monday 24 June 2019	Wednesday 10 July 2019	Monday 23 September 2019	Monday 25 November 2019	Monday 16 March 2020	Monday 22 June 2020
Financial Monitoring						
Annual Pension Fund Budget approval					Y	
Monitoring of the pension fund budget	Y		Y	Y	Y	Y
Pension Fund Cashflow/Contributions monitoring	Y		Y	Y	Y	Y
ACCESS LGPS Pooling (PART 2 - Exempt)						
High level scrutiny of AACEESS Pool (annually)					Y	
ACCESS Pool - update	Y		Y	Y	Y	Y
Advance Work Plan - Triennial review 2020/21 2021/22 Beyond	**2020/21**		**2021/22**	**2022/23**	**2023/24**	**2024/25**
Funding Strategy Statement				Y		
Actuarial Report	Y					Y
Communications Policy Statement				Y		
Monitor employer and administrating authority discretions						
Actuarial Valuation	Y			Y		Y
Investment Strategy Statement				Y		
Pensions Administration Statement						

2. PENSION BOARD – FORWARD/BUSINESS PLAN

East Sussex Pensions Board - Work Programme 2019/20					
Pensions Board Role - Pension Fund Overview	**Meeting Dates**				
Descriptions	**Monday 17 June 2019**	**Monday 9 September 2019**	**Monday 11 November 2019**	**Monday 2 March 2020**	**Monday 8 June 2020**
Introductory Matter					
Welcome/Apologies, Disclosure of interests, Minutes of Previous Meeting,	Y	Y	Y	Y	Y
Urgent business	Y	Y	Y	Y	Y
Pension Fund Committee Reports (previous meeting notes, etc.)	Y	Y	Y	Y	Y
Pension Board update for the Committee	Y	Y	Y	Y	Y
Board Governance					
Chair's report on the appraisal of the Pension Board and terms of reference		Y		Y	
Feedback from Board members on attendance at training events and Conferences	Y	Y	Y	Y	Y
Terms of reference for Board (Annual Review)				Y	
Annual report of Pension Board activities				Y	
Progress on workplan	Y	Y	Y	Y	Y
Annual Review of Member Training Records (incl. TpR Toolkit)				Y	
Key Policies and Strategy					
Cessation Policy (Annual Review)				Y	Y
Pension Fund Policies – Discretionary Policy Statement,				Y	
Governance Compliance Statement (Annual Review)		Y			
Pensions Administration Strategy Statement (Annual Review)				Y	Y
Investment Strategy Statement		Y			
UK Stewardship Code Compliance (Annual Review)	Y				Y
Communications Policy Statement		Y	Y		

East Sussex Pensions Board - Work Programme 2019/20					
Pensions Board Role - Pension Fund Overview	**Meeting Dates**				
Descriptions	**Monday 17 June 2019**	**Monday 9 September 2019**	**Monday 11 November 2019**	**Monday 2 March 2020**	**Monday 8 June 2020**
Funding Strategy Statement				Y	
Responsible Investment Statement		Y			
Work Plan for next financial year	Y	Y	Y	Y	Y
Administration					
Administration Performance Report (Annual Review)			Y		
Monitoring of KPIs for administration, complaints, etc.	Y	Y	Y	Y	Y
Pension Fund Administration Service Quality of Service Report		Y		Y	
Data quality -update on data cleansing	Y	Y	Y	Y	
Review GMP reconciliation process	Y	Y	Y	Y	
Customer Engagement Strategy		Y			
Annual Benefit Statement Exercise – update	Y	Y			Y
Arrangements for the pension administration service/SLA	Y				Y
Administration system procurement plan/update	Y	Y			Y
Administration Transformation Plan and progress updates			Y	Y	Y
Pensions Administration Performance/Update Report	Y	Y	Y	Y	Y
Annual review of Pension Data Security and Business Recovery				Y	
Communications					
Scrutiny of all annual documents and processes including communications to employers and members, to include:					
Formal reports and internal/external reports		Y			
Assistance with communication to employers and members as arising out of regulations and current issues.		Y			

East Sussex Pensions Board - Work Programme 2019/20					
Pensions Board Role - Pension Fund Overview	**Meeting Dates**				
Descriptions	**Monday 17 June 2019**	**Monday 9 September 2019**	**Monday 11 November 2019**	**Monday 2 March 2020**	**Monday 8 June 2020**
Results of regulator survey		Y			
Annual review of Pension Board activities/effectiveness				Y	
Fund Governance					
Draft Response to the LGPS Consultations (when required)					
Quarterly Internal Dispute Resolution Procedure (IDRP) Review				Y	
Pensions Regulator Code of Practice 14 - Review and update gap analysis				Y	
Pension Regulators KPI's			Y		
Breaches reported to Pension Board since last meeting	Y	Y	Y	Y	Y
Pensions Scheme Advisory Board - Good Governance Consul.	Y				Y
Update on regulatory changes	Y	Y	Y	Y	Y
Review of Investment Manager fee arrangements			Y		
Review of Triennial Valuation Process	Y	Y	Y	Y	
Review of Pension Fund Risk Register	Y	Y	Y	Y	Y
MiFID II annual review				Y	
Review Internal Audit - Pension Fund Strategy	Y				Y
Review CEM Report and other Fund benchmarking results	Y				Y
Review Pension Administration processes and SLAs		Y		Y	
Annual Pension Fund Budget				Y	
Monitoring/review the pension fund budget	Y	Y	Y	Y	Y
Pension Fund Cashflow/Contributions monitoring	Y	Y	Y	Y	Y
Funding Strategy Statement				Y	

East Sussex Pensions Board - Work Programme 2019/20					
Pensions Board Role - Pension Fund Overview	**Meeting Dates**				
Descriptions	**Monday 17 June 2019**	**Monday 9 September 2019**	**Monday 11 November 2019**	**Monday 2 March 2020**	**Monday 8 June 2020**
Actuarial Report	Y				Y
ABS 2020 Working Group and Data Improvement Programme			Y		
Communications Policy Statement			Y		
Monitor employer and administrating authority discretions					
Actuarial Valuation	Y			Y	Y
Investment Strategy Statement				Y	
Pensions Administration Statement				2023/24	
Finance & Audit					
Draft Pension Fund Annual Report and Accounts	Y				Y
GT Auditor's Report under current International Auditing Standards.		Y			
Internal Audit reports	Y		Y		Y
LGPS Pooling					
High level scrutiny of AACEESS Pool (annual review)				Y	
ACCESS Pool - update	Y	Y	Y	Y	Y

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.

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

2.2 Training resources

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

2.3 Appropriate Training

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

2.4 Flexibility

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

2.5 E-Learning

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

3. Training deliverables

3.1 Suitable Events

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

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

3.2 Training methods

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

For Pension Committee and Pension Board Members	For Officers
• 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	• 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 evens 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 2019-2020

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

	PROPOSED DELIVERY METHODS							
TRAINING NEED	**One-to-One Briefing with an officer**	**Members' Briefing Notes**	**Short Seminars (before Committee meeting)**	**Training Events (Internal & External Speakers)**	**External Conferences & Training Seminars**	**E-Learning (e.g. Webcasts, Videos)**	**KSF area (s)**	**COMPLETION TARGET DATE**
GENERAL TRAINING								
General overview of LGPS - Induction • Member's Role	✔						**1**	Completed
Members individual needs on specific areas arising during the year • Advisory Board e-learning	✔	✔			✔	✔ ✔	**1,3,4**	As required – notify Head of Accounts and Pensions
Pre- committee meeting/agendas • 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 • Role of internal and external audit • Fund responsibilities/ policy • Pension Discretions • Safeguarding the Fund's Assets		✔ ✔ ✔ ✔ ✔ ✔	✔ ✔ ✔ ✔ ✔ ✔					
Pension Fund Forum • 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 • LGPS discretions & policies • Implications of the Hutton Review		✔	✔	✔	✔		**1,6**	
Pensions Legislation & Governance: • 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: • Accounts & Audit regulations and the legislative requirements			✔				**1,2**	
Financial Services procurement: • 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: • Monitoring asset returns relative to liabilities • Myners principles of performance management • Setting targets for committee and how to report against them				✔ ✔ ✔	✔		**3,5,6**	Invite to be circulated to when relevant
Financial markets & products knowledge: • 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**
• 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		
Contributions		
Benefits		
Transfers		
Retirement		
Increasing benefits		
Code of Practice		
About the code		
Governing your scheme		
Risk		
Administration		
Resolving issues		
LGPS – Legislative and Governance context		
A recap on who does what in the LGPS focusing on the roles of;		
The administering authority		
The employers		
The Committee		
The LPB		

Member/Representative Name: ……..

Subject/Description of training	Date completed	Suggested Further Action?
S151 officer		
Conflicts of Interest and Reporting Requirements		
Consideration of the Committee and Pension Board's responsibilities in the areas of;		
Conflicts of interest		
Reporting breaches of the law		
2016 Triennial Valuation refresher		
Funding principles and preparing for the 2019 valuation;	25 September 2019	
Valuation basics		
Role of the PC & LPB	25 September 2019	
Purpose of the valuation / Funding Strategy Statement		
Whole fund and employer results		
Contribution stability / Like for like results		
Funding strategy		
Employer risk / Employer specific funding objectives		
Markets (asset returns and yields)		
Longevity experience		
TPR's Public Sector Online Toolkit (7 modules)		
Conflicts of Interest		**20 March 2019**
Managing Risk and Internal Control		
Maintaining Accurate Records		

Member/Representative Name: ……..		
Subject/Description of training	**Date completed**	**Suggested Further Action?**
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		
Managing Risks		
Administration		
Resolving Issues		
Pensions Legislation		
The Legislative Framework for Pensions in the UK		
LGPS Regulations and Statutory Guidance		
LGPS Discretions		
Other Legislation		

Member/Representative Name: ……		
Subject/Description of training	**Date completed**	**Suggested Further Action?**
Pensions Governance		
Understanding National and Local Governance Structure		
Knowledge of Pension Fund Stakeholders	25 September 2019	
Good Governance in the LGPS	25 September 2019	Presenter from LGA

Member/Representative Name: ……..

Subject/Description of training	Date completed	Suggested Further Action?
Knowledge of Pension Fund Stakeholder Consultation and Communication		
Governance Policies		
Pension Administration		
Understanding Best Practice		
Interaction with HMRC		
Additional Voluntary Contributions		
The Role of the Scheme Employer		
Stewardship Report		
Pensions Accounting and Auditing Standards		
Understanding the Accounts and Audit Regulations		
The Role of Internal and External Audit		
Third Party Contracts		
Investment Performance and Risk Management		
Monitoring Assets and Assessing Long-Term Risk		
Myners Principles of Performance Management		
Awareness of Support Services		
Understanding Risk and Return of Fund Assets		
Understanding the Financial Markets		
LGPS (Management and Investment of Funds) Regulations		
Procurement and Relationship Management		

Member/Representative Name: ……..

Subject/Description of training	**Date completed**	**Suggested Further Action?**
Public Procurement Policy and Procedures		
Brief Overview of UK and EU Procurement Legislation		
How the Pension Fund Monitors and Manages its Outsourced Providers		
Additional Training		
LGPS discretions & policies		
Safeguarding the Fund's Assets		
Developing Investment Strategies Statement		
Role of the Global Custodian – Northern Trust		
Pensions legislative & Governance		
Environmental, Social and Governance (ESG)		
The role of the Board/Committee within the ACCESS LGPS Pool;		
Updates from the Pension Fund Regulator.		
ACCESS Pool Governance - Pension Committee/Board Roles		
Pantheon Global Infrastructure		
Responsible Investment under the LGPS Pooling Agenda.		
Sustainable Investing/ESG		
Merits and Dangers of Index Funds		
ACCESS Pool Governance/Sub-fund structure		
ACCESS Pool – Operator (Link)		

AVAILABLE TRAINING AND CONFERENCES 2019 – 2020

Date	Conference/Event	Run By	Delegates/Cost
October 10	27th Annual Property & Infrastructure Investment Strategies for Pension Funds	SPS Conferences - Le Meridien Piccadilly London	Free
November 7	Current Investment Issues for Pension Funds	SPS Conferences - Le Meridien Piccadilly London	Free
November 14	ESG & Topical Investment Issues for Local Authority Pension Investors	SPS Conferences - Le Meridien Piccadilly London	Free
December 5	Private Equity (& Debt) Investors' Annual Seminar	SPS Conferences - Le Meridien Piccadilly London	Free
	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
	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

Date	Conference/Event	Run By	Delegates/Cost
http://www.lgps2014.org/	LGPS 2014 members website	LGPS 2014 website	Free on-line
www.local.gov.uk	LGA website	Local Government Association	Free on-line

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

JOINT PENSION COMMITTEE AND PENSION BOARD - FORWARD PLAN					
Date	**28 May 2019**	**25 September 2019**	**10 October 2018**	**23 January 2019**	**April 2019**
Topics	• Getting ready for 2019 triennial valuations • Good Governance in the LGPS	• Pension Fund Governance; • ACCESS Pool Governance/Sub-fund structure • Environmental, Social and Governance (ESG).	***'ESG Day'*** • Consider update on legal requirements, industry developments, Fund managers' approaches and Fund's policies, • UN Sustainable Development Goals, etc.	• Investment Performance and Risk Management • Pension Fund Governance; • Environmental, Social and Governance (ESG).	• Updates from the Pension Fund Regulator. • Fund Assets - Carbon Footprint Measurement;

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