



PENSION BOARD

FRIDAY, 9 SEPTEMBER 2022

10.00 AM REMOTE MEETING VIA MICROSOFT TEAMS

++Please Note That This Meeting Will Be Taking Place Remotely via Teams++

MEMBERSHIP - Ray Martin (Chair)
Councillor Tom Druitt, Councillor Toby Illingworth, Stephen Osborn,
Niki Palermo, Neil Simpson 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 Committee Agenda (*Pages 17 - 20*)
6. Governance Report (*Pages 21 - 24*)
7. Employer Engagement and Contributions Report (*Pages 25 - 28*)
8. Communications Report (*Pages 29 - 30*)
9. Pensions Administration Report (*Pages 31 - 40*)
10. Internal Audit Report - Pension Fund Governance 2022/23 (*Pages 41 - 50*)
11. Pension Fund Risk Register (*Pages 51 - 58*)
12. Board Structure Report (*Pages 59 - 64*)
13. Work Programme (*Pages 65 - 78*)
14. Any other non-exempt items previously notified under agenda item 4
15. 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).
16. Covenant Report (*Pages 79 - 116*)

17. Pension Fund Breaches Log *(Pages 117 - 120)*
18. Employer Admissions and Cessations Report *(Pages 121 - 128)*
19. Any other exempt items previously notified under agenda item 4

PHILIP BAKER
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1 September 2022

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PENSION BOARD

MINUTES of a meeting of the Pension Board held at Council Chamber, County Hall, Lewes on 27 May 2022.

PRESENT Councillors Ray Martin (Chair), Councillor Tom Druitt,
Councillor Toby Illingworth, Stephen Osborn and Neil Simpson

ALSO PRESENT Ian Gutsell, Chief Finance Officer
Sian Kunert, Head of Pensions
Michael Burton, Pensions Manager - Governance and Compliance
Russell Wood, Pensions Manager: Investment and Accounting
Paul Punter, Head of Pensions Administration
Tim Hillman, Pensions Manager - Employer Engagement
Dave Kellond, Compliance and Local Improvement Partner
Danny Simpson, Principal Auditor
Paul Linfield, Pensions Communications Manager
Dillon Piggott, CIPFA Trainee / Apprentice
Mariana Obetzanova, Pensions Training Coordinator
Mya Khine, ESPF Accountant
Thea Synnestvedt, Governance and Democracy Officer
Harvey Winder, Policy and Scrutiny Officer

Sarah Hazlehurst, Lead Petitioner (for item 5)

1. MINUTES

1.1 The Board agreed the minutes of the previous meeting held on 10 February 2022 as a correct record.

2. APOLOGIES FOR ABSENCE

2.1 Apologies for absence were received for Lynda Walker and Niki Palermo.

3. DISCLOSURE OF INTERESTS

3.1 There were no disclosures of interests.

4. URGENT ITEMS

4.1 There were none.

5. REPRESENTATION ON THE PENSION COMMITTEE

5.1. The Board considered a report on the structure of the Pension Committee and comments on governance of the East Sussex Pension Fund (ESPF or the Fund).

5.2. Ian Gutsell (IG), the Chief Finance Officer presented the report and noted a report from Councillor Tom Druitt (TD) calling on East Sussex County Council to consider representation from Brighton and Hove City Council (B&HCC) on the Pension Committee and a petition received titled ““Stop investing Brighton & Hove’s pension fund in fossil fuels”.

5.3. Sarah Hazelhurst (SH) as the Lead Petitioner, spoke about the Pension Scheme investing in fossil fuels and the importance for institutions to act in response to the climate emergency. SH noted that when collecting signatures for the petition, the public were surprised to learn that there are no B&HCC elected members on the Pension Committee.

5.4. TD called on the Board to request a review of the governance arrangements of the ESPF, noting that the duty of the Board is to assist the scheme members and to consider whether the Pension Committee is taking decisions in line with the legal requirements of a scheme manager of a Local Government Pension Scheme (LGPS). TD expressed concerns around climate change and the effect on eco systems and biodiversity. TD emphasised the importance of not exceeding 1.5 degree global temperature increase which is predicted to occur in 2025 if greenhouse gas emissions continue to be produced at the current rate. As B&HCC and East Sussex County Council (ESCC) had declared a climate emergency, and because fossil fuels fuel global warming. TD said that B&HCC did not believe the Fund was fulfilling its fiduciary duty to its members. He argued that there was a need for B&HCC representation on the Pension Committee. as B&HCC fell outside the geographical area of East Sussex and so its residents did not currently have elected representation on the Pension Committee.

5.5. Councillor Toby Illingworth (TI) noted that the legislation clearly states who can sit on the Pension Committee and conversations around divestment should occur at the Pension Committee not the Pension Board, since Pension Board is not able to make financial decisions regarding the ESPF.

5.6. Neil Simpson (NS) noted that although the legislation states that only the administering authority (ESCC) can sit on the Pension Committee, there has been considerable reorganisation of local government at the time that B&HCC separated from ESCC. NS noted that this reorganisation has resulted in a lack of democratic representation for a substantial part of the fund membership who did not live in the East Sussex area. NS gave examples of other authorities who have co-opted representation on their Pension Committees who are not members of the administering authority, such as the West Midlands Pension Fund. He also suggested that the Pension Committee may not be a “finance committee” as set out in S.102 of

the Local Government Act 1972, as it is not making decisions on the financial affairs of the local authority or its area but of scheme members. NS asked if there is potential to review the governance of the Pension Committee in light of these factors.

5.7. IG noted that beneficiaries of the ESPF are worldwide and not just those living in East Sussex or Brighton and Hove. IG advised that ESCC as the administering authority supports all beneficiaries.

5.8. TI noted that if the Pension Committee allowed representation from B&HCC, this could open the possibility for co-opted members from many other locations requesting representation, as the Fund has members living across the country and abroad.

5.9. Sian Kunert (SK) said that there had been more than one legal opinion published that had concluded a pension committee is a finance committee and the Fund had also taken its own legal advice on the matter. SK noted that Pension Committees that do have co-opted members on the Committee in many of these cases will have an investment sub-committee comprising solely of administering authority members to make investment decisions in order to get around the restrictions of S.102 of the 1972 Act.

5.10. TD noted that beneficiaries who may now be living internationally or nationally outside of East Sussex or Brighton and Hove would all have once worked within East Sussex or Brighton and Hove, and therefore representation of both geographic areas should be considered for the appointment of Pension Committee. TD noted that since B&HCC is no longer part of ESCC, there is a democratic deficit giving rise to an asymmetry in representation on the Committee. TD questioned why the Pension Committee is subject to proportional representation regarding elected members from the administering authority and why the committee consists solely of elected members and not advisors or other co-opted members.

5.11. TI noted that residents of Brighton & Hove are already represented via B&HCC membership of the Pension Board, which has the role of assisting the Fund and ensuring it is fulfilling its obligations to employers and scheme members.

5.12. TD acknowledged that he represents B&HCC as an employer on the Pension Board however B&HCC has no representation on the Pension Committee where decisions on investments are made. TD asked whether consideration could be given to restructuring the Pension Committee similarly to local authorities who have co-opted members including councillors from other authorities on their Pension Committee.

5.13. TD argued that divestment from fossil fuels will directly impact companies selling fossil fuels by reducing the value of their share price and impacting their ability to raise capital.

5.14. The Chair noted that fossil fuel companies already have enough capital to invest in exploration of new oil and gas fields meaning that divestment from their stocks would have no impact on their capital reserves. This means divestment, or disengagement, will not encourage the fossil fuel companies to reduce their carbon footprint. Engagement with the companies has more impact on tackling climate change and engagement can only occur whilst the Fund is a shareholder.

5.15. The Chair noted that all Pension Board members share concerns regarding climate change, however, total divestment, which is in effect disengagement, will not be in the best interests of scheme members and will not influence fossil fuel companies to change their behaviours in response to the climate emergency. The Chair noted that at the recent Pensions and Lifetime Savings Association Investment Conference 2022, it was collectively agreed by the

delegates that engagement has more impact and influence over climate change than divestment.

5.16. TI urged the Board to read the revised stewardship codes containing examples of how engagement produces better results regarding Environmental, Social and Governance (ESG) responsibilities, particularly in emerging markets.

5.17. TD suggested that there are examples where engagement with fossil fuel companies has not been effective in changing their behaviour or strategy relating to climate change.

5.18. Stephen Osborne (SO) noted that whilst the Fund considers ESG factors in its investment decisions, the objective of the Fund is to maximise financial benefit for scheme members and employers have their own objectives to reach carbon net zero. SO asked if any work has been done to consider whether the Fund's investment strategy aligns with its employers' climate objectives.

5.19. SK explained that the Fund has increased communications including engaging with employers and members through the communication strategy of the Fund, which will be discussed in more detail at agenda item 13. It was noted that engagement has increased due to appointment of a new Communications Manager, more involvement through the Employers' Forum where there is an investment topic presented, newsletters and surveys. The goal of the Pension Fund is to generate return, however, climate change is an identified financial risk which is included in the risk register and influences decision making, the fund is reporting on this area and the Fund will need to set net zero target and plans in the coming work plans to meet TCFD requirements.

5.20. TD moved a motion to "Request that the Governance Committee review the governance arrangements of the Pension Committee, taking into account other examples". The motion was carried.

5.21. The Board RESOLVED to request that the Governance Committee review the governance arrangements of the Pension Committee, taking into account other examples.

6. PENSION COMMITTEE AGENDA

6.1 The Board considered a report containing the draft agenda for the Pension Committee meeting due to be held on 17 June 2022 and on the 20 July 2022.

6.2 The Board RESOLVED to note the report.

7. GOVERNANCE REPORT

7.1 The Board considered a report providing an update on various governance workstreams completed and changes affecting LGPS and the ESPF.

7.2 NS asked whether the dialogue with ACCESS Joint Committee regarding representation has been collective between East Sussex and other LGPSs. SK confirmed that other Boards

had fed into the ACCESS Joint Committee with similar concerns regarding their proposal for rotating representation and an amended motion was put forward however this was not successful. SK advised that Board member representatives will be able to attend meetings of ACCESS Joint Committee as observers following changes to the Inter Authority Agreement (IAA) to legally permit attendance.

7.3 SK said that two nominations for observers of the ACCESS Joint Committee are being sought and suggested one nominee be a Member representative. The Chair nominated himself and noted that two of the three Board member representatives not currently present at the Pension Board meeting would be given the opportunity to put themselves forward.

7.4 Michael Burton (MB) advised that a Vice Chair is to be appointed for the Pension Board from amongst the scheme member representatives. It was suggested the Board consult with absent Board Members Lynda Walker and Niki Palermo to ascertain interest in nomination for Vice Chair for consideration by the Governance Committee. NS advised that as he had just joined the Pension Board his preference would be for one of the other Member representatives to take on the position of Vice Chair.

7.5 TD questioned why Board members were listed under the section "Committee Membership and Representation" in the Governance Compliance Statement.

7.6 SK clarified the wording was from a standard template and that the Board is considered the "secondary committee structure" within the terminology.

7.7 The Board RESOLVED to:

- 1) Note the report and its appendices;
- 2) Request that officers seek a Vice Chair nomination via email from the two scheme member representatives who sent their apologies for the Board meeting;
- 3) Agree to nominate the Chair as an observer for the ACCESS Joint Committee; and
- 4) Request that officers seek a second ACCESS Joint Committee observer via email from the two scheme member representatives who sent their apologies for the Board meeting.

8. EMPLOYER ENGAGEMENT AND CONTRIBUTIONS REPORT

8.1 The Board considered a report providing updates on Employer Engagement activities and the collection of Employer contributions up to March 2022 which were due on 19 April 2022.

8.2 TD asked for an update regarding B&HCC and their data problems.

8.3 Tim Hillman (TH) advised that there have been some issues regarding data that has not come through from B&HCC yet and officers have liaised with B&HCC to reconcile the data the Pension Fund holds with data received by B&HCC payroll team to be able to upload data within the i-Connect system for the Annual Benefits Statements. Paul Punter (PP) noted that B&HCC were written to by the Fund last year and were reported to the Pensions Regulator the year before that, for the quality of the data provided to the Fund. PP advised there have been issues with new starter and leaver data, casual workers and people changing roles. PP advised that a

significant amount of data has now been received and B&HCC is looking to be moving into a more positive position from its previous poor position.

8.4 The Chair asked TD to feedback to B&HCC regarding their failure to meet their legal requirements to provide data to the Fund , acknowledging the efforts it has made to rectify issues to date.

8.5 TD advised that he will feedback and acknowledged that efforts have been made regarding the software interface and working with third party providers.

8.6 NS asked about i-Connect engagement and what opportunities there have been to engage with other employers.

8.7 The Chair advised that there is an engagement team which has been supported by the Board and extra budget has been allocated to improve engagement. SK noted that the engagement team have been tied up with i-Connect and have not had capacity to do outreach work with employers yet, since the resource shortages from bringing pension administration back in-house. The Chair noted that late payments have decreased which shows how communication with employers appears to be working well.

8.8 TI asked whether any particular employer was making regular late payments to the Fund.

8.9 TH confirmed that there has been one employer who has been warned and fined in the last six months due to late payments, however, the employer engagement team is in regular contact to ensure employers improve the timeliness of their payments.

8.10 The Board RESOLVED to note the report.

9. PENSIONS ADMINISTRATION REPORT

9.1 The Board considered a report providing an update on matters relating to Pensions Administration activities.

9.2 NS asked about the helpdesk call answering time target of 20 seconds, since it was not being achieved.

9.3 PP noted that the in-house administration service was brought in-house relatively recently with a step up in standard expectations of the helpdesk and was not yet meeting the target, which he said is very ambitious given the call answering time for many utility and telephone companies can be several minutes. Nevertheless, call answer times have seen improvement from minutes to seconds. PP agreed to share the answering times at the next meeting of the Pension Board.

9.3 TD noted that although most new pensions admin targets are more ambitious than old targets, for 6A and 6B, the new target is less ambitious and asked why this is the case.

9.4 PP advised that the targets were discussed at previous Board meetings and the new targets align better with industry averages. PP noted that it was agreed that targets would be

reviewed after 6 months and will therefore bring target proposals to the next Pension Board meeting.

9.5 The Board RESOLVED to:

1) note the report; and

2) note that call answering times and new target proposals will be included in the next Pension Administration Report.

10. INTERNAL AUDIT REPORTS

10.1 The Board considered two internal audit reports contained in appendices 1 and 2 of the report.

10.2 The Board RESOLVED to note the reports including:

- Pension Fund Investments 2021/22 (Appendix 1); and
- Pension Administration – People, Process and Systems 2021/22 (Appendix 2).

11. EAST SUSSEX PENSION FUND 2021/22 BUDGET QUARTERLY REPORT

11.1 The Board considered a report on the 2021/22 Financial Outturn.

11.2 TD asked for clarity regarding value for money of investment managers and the additional cost involved in bringing the Pensions Administration Team back in-house

11.3 Russell Wood (RW) noted that although it is difficult to establish cost regarding investment manager fees, there is a cost transparency initiative to establish a baseline for the Industry and more information can be brought to the next Board meeting. RW noted that it is difficult to compare costs of the new Pension Administration Team with the team within Orbis, as the charging mechanism was different, and the Team have been through a number of outsourcing providers in the preceding years. The Chair suggested that the current year should be considered the baseline for value for money of the function and that bringing administration in-house was not motivated by cost saving but by improved oversight and quality of service. SK clarified further that it is not easy to compare investment manager fees as they are paid as a percentage of the assets that they manage, which are subject to market fluctuations.

11.4 TD asked for more information on cost breakdown of investment manager fees at a future meeting.

11.5 SK advised that Board members will be able to see these figures in the accounts and annual report that will be considered at the next meeting of the Board. The Chair noted that until the cost transparency initiative has been undertaken, it will be difficult to observe the full picture regarding cost.

11.6 SO asked if the underspend in the staffing budget is due to ongoing recruitment of staff.

11.7 RW confirmed that the underspend is mostly due to in-sourcing of the Pension Administration Team and the ongoing work to recruit the right people to the roles. PP confirmed that there are currently between 8 and 10 vacancies within the team.

11.8 The Board RESOLVED to note the report.

12. EAST SUSSEX PENSION FUND RISK REGISTER

12.1 The Board considered a report on the updated risk register for the Fund. The Chair commented that this document was difficult to read and asked if the Officers could summarise it to make it easier for Board members to comprehend. IG suggested that a summary format that was used for Audit Committee when considering risk register items of the Council could also be used for the Pension Fund. SK agreed to investigate this possibility.

- 12.2 The Board RESOLVED to:
- 1) Endorse the removal of Risk A4 - Risk on Dissolution of Business Operations from Orbis to ESCC
 - 2) Endorse the removal of Risk A6 - Major Incident preventing staff access to office
 - 3) Endorse the increased risk rating of Risks I5 for Funding risk due to higher inflation and I10 - External Fraud
 - 4) Agree that there are no further risks to include on the risk register

13. COMMUNICATIONS REPORT

13.1 The Board considered a report providing updates on the 2022 Communications Strategy and activity since the previous meeting.

13.2 The Board RESOLVED to note the report.

14. TRAINING REPORT

14.1 The Board considered a report providing updates on the delivery of the annual training plan and change to the training strategy.

14.2 The Chair noted that he had tried the online training system and asked if it was going to be made available to all Board members.

14.3 PP confirmed that the system is available for all Board members and Pension Committee members and that the training co-ordinator would get in touch with Board members to ensure they could access.

14.4 The Board RESOLVED to note the report.

15. EXTERNAL AUDIT PLAN FOR THE EAST SUSSEX PENSION FUND 2021/22

15.1 The Board considered a report on the content of the East Sussex Pension Fund external audit plan for 2021/22.

15.2 The Board RESOLVED to note the report.

16. ANNUAL REPORT OF THE PENSION BOARD

16.1 The Board considered a report on the work completed by the Pension Board and the actions taken by the ESPF, including training undertaken in the past 12 months.

16.2 The Chair asked if there had been consideration of the request to increase the number of people on the Pension Board. SK confirmed that officers have been looking into the request and a report will be ready for the next Board meeting.

16.3 TD noted that the Communication Working Group has completed a lot of work and communications have improved. He asked if the work of the Communication Working Group could be included in the Annual Report of the Pension Board.

16.4 SK noted that she will work with the Chair to include something about the Communication Working Group in the final version of the Annual Report of the Pension Board. The Chair agreed this would be welcome.

16.5 The Board RESOLVED to note the report.

17. WORK PROGRAMME

17.1 The Board considered report on the combined Pension Board and Pension Committee work programme.

17.2 The Chair asked if any members of the Board have completed any training since the last meeting of the Board.

17.3 TD noted that he had completed some online training modules. SK asked that Board members communicate all training completed or events attended to Mariana Obetzanova so that it can be recorded as part of the statutory requirement.

17.4 SK noted that the accounts, audit report and covenant review report are due in September and there is work currently being undertaken regarding a good governance decision making matrix. SK noted that the draft funding strategy statement is due at the September Board meeting. SK noted that there may be a recommendation to treat academies under a pooled basis.

17.5 The Chair asked if a November date has been set for the Employer Forum.

17.6 TH confirmed that Thursday 24 November is a provisional date and asked the Chair to confirm availability for this date.

17.7 The Chair congratulated the Pensions Team for achieving LGPS Fund of the Year (assets over £2.5bn) at the recent Local Authority Pension Fund (LAPF) awards.

17.8 The Board RESOLVED to note the report.

18. EXCLUSION OF THE PUBLIC AND PRESS

18.1 The Board RESOLVED to exclude the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

19. PENSION FUND BREACHES LOG AND INTERNAL DISPUTE RESOLUTION PROCEDURE CASE REPORT

19.1 The Board considered a report providing an update on the Breaches Log and outstanding or new Internal Dispute Resolution Procedure (IDRP) cases.

19.2 A summary of the discussion is set out in an exempt minute.

19.3 The Board RESOLVED to agree actions which are set out in an exempt minute.

20. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

20.1 The Board considered a report on the latest admissions and cessations of employers within the Fund.

20.2 A summary of the discussion is set out in an exempt minute.

20.3 The Board RESOLVED to agree actions which are set out in an exempt minute.

The meeting ended at 1.00 pm.

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Report to: Pension Board

Date of meeting: 9th September 2022

By: Chief Finance Officer

Title: Pension Committee Agenda

Purpose: To consider and comment on the draft agenda of the next Pension Committee meeting

RECOMMENDATION

The Board is recommended to consider and comment on the draft agenda for the next Pension Committee meeting.

1. Background

1.1 The draft agenda for the next Pension Committee on 27th September meeting is presented to the Pension Board for information.

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

2. Conclusion and recommendation

2.1 The Board is recommended to consider and comment on the draft agenda for the next Pension Committee meeting.

IAN GUTSELL
Chief Finance Officer

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PENSION COMMITTEE

TUESDAY, 27 SEPTEMBER 2022

9.30 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Gerard Fox (Chair)
Councillors Ian Hollidge, Paul Redstone, David Tutt and Georgia Taylor

A G E N D A

1. Minutes
2. Apologies for absence
3. Disclosure of Interests
Disclosures by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
4. Urgent items
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda.
5. Pension Board Minutes
6. Governance Report
7. Pensions Administration report
8. Internal Audit reports
9. Risk Register
10. Investment Report
11. Work programme
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. Investment Report
15. Covenant Report

16. Actuarial Valuation - initial results and Funding Strategy Statement
17. Breaches Log
18. Employer Admissions and Cessations
19. Any other exempt items previously notified under agenda item 4

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19 September 2022

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Report to: Pension Board

Date of meeting: 9 September 2022

By: Chief Finance Officer

Title: Governance Report

Purpose: To provide an update on governance workstreams and changes effecting Local Government Pension Schemes and the East Sussex Pension Fund

RECOMMENDATIONS

The Pension Board is recommended to note this report

1 Background

1.1 This report is brought to the Pension Board to provide an update on the steps being taken to adopt good practice and ensure compliance with regulatory requirements for the East Sussex Pension Fund (the Fund or ESPF).

1.2 This report outlines changes to the Fund's policy for comment and noting.

2 Pension Board membership

2.1 In April 2023, the terms for three members of the Pension Board (Stephen Osborn, Lynda Walker and Niki Palermo) are due to come to an end and Officers will soon commence planning for the appointment process. Additionally, the Chair of the Pension Board's term also expires at the same point which will require a tender process to be completed.

2.2 District and Unitary council local elections in May 2023 may further impact on Pension Board membership during the year.

2.3 All members of the Pension Board who are coming towards the end of their terms will be asked to confirm with Officers whether they wish to be considered for re-appointment for a further 2 years. This is to help with the planning process and to allow steps to be taken to minimise the risk of vacancies arising that are not filled in time for the June 2023 meeting.

3 Changes in Legislation and Regulation

3.1 Since the last meeting of the Pension Board and Pension Committee more information has become available regarding the Pension Dashboard Project.

3.2 It has been announced that the Fund will now have until 30 September 2024 to meet its staging date. This allowance has been given to all Public Service Pension Schemes in order to give more time to take the McCloud remedy into consideration.

3.3 In July 2022 the Department for Work and Pensions (DWP) launched a consultation which suggested that Pension Schemes will be given 90 days' notice of when the Dashboard will be made available for use by the general public. A number of stakeholders have suggested the timeframe should be longer and Officers will update the Board once a final decision on this timeline is made by DWP. Officers are not concerned at this point about the Pension Dashboard Project.

4 Department for Levelling Up, Housing and Communities

4.1 The Rt Hon Greg Clark MP has been appointed as Secretary of State and Paul Scully MP has been appointed as the Minister of State in the Department. The Scheme Advisory Board has commented that the change in ministers and the election of a new Prime Minister may cause some delays in projects being run by the Department.

5 ACCESS

5.1 There were £35.2 billion of investments pooled within ACCESS at the end of March 2022, which equated to 59% of investments pooled across the participating authorities. This includes £23.9 billion in sub-funds and £11.2 billion in Pooled Passive investments. Of this, ESPF had £2.2 billion in active and £0.3 billion invested through the pool totalling 55% of Fund assets as pooled.

5.2 Following the decision at the Joint Committee (JC) on 7 March 2022, two observers from each Local Pension Board will be invited, on a rotational basis, to attend Joint Committee meetings as observers at least once each a year. The formal implementation of this change needs to be reflected in the signed Inter Authority Agreement (IAA) of all ACCESS funds, which is expected later in the year, so in the interim this will be introduced on an informal basis. The three authorities to be invited to the 12 September 2022 meeting are: Essex, Cambridgeshire and East Sussex. Ray Martin and Neil Simpson have been agreed as representatives for the Fund to attend as observers.

5.3 The ACCESS JC met on 6 June 2022, the agenda for the meeting is held in Appendix 1 to this report. The public report pack can be accessed via the Kent County Council website [Agenda for ACCESS Joint Committee on Monday, 6th June, 2022, 11.00 am](#)

5.4 At the June JC, the committee approved in principle the Responsible Investment Guidelines, these guidelines will be adopted and published following changes to the IAA.

5.5 Essex County Council Internal Audit team carried out an audit to investigate and assess whether the ACCESS Support Unit (ASU) is effectively fulfilling its responsibilities to the ACCESS pool and, by extension, give assurance that the Authority is fulfilling its responsibilities as Accountable Body for the ASU. The audit results were presented to the JC at the June meeting with an opinion of good assurance.

5.6 ACCESS have now revised the Governance manual which has been comprehensively updated and was approved by the S151 officer group. This manual is a working document and will continue to be updated.

6 Training

6.1 Pension Board and Committee members have been sent a copy of this year's knowledge self-assessment to complete. This will be used to inform the training plan for next year. It is of note that a recent internal audit identified that not all Board and Committee members completed the self-assessment last year resulting in a recommendation to the Fund, members of both the Board and Committee will be reminded of the requirements within the approved Training Strategy to comply with the knowledge and skills assessment and training requirements.

7 Conclusion

7.1 The Board is recommended to note this report.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Mike Burton, Pensions Manager Governance and Compliance
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AGENDA

ACCESS JOINT COMMITTEE

Monday, 6th June, 2022, at 11.00 am

Ask for: **Joel Cook**

**Bevin Hall, LGA Building, 18 Smith Square,
London, SW1P 3HZ**

Telephone **03000 416892**

Tea/Coffee will be available 15 minutes before the start of the meeting in the meeting room

Membership

Chair: Cllr Mark Kemp-Gee (Hampshire CC), **Vice-Chair: Cllr Susan Barker** (Essex CC), **Cllr Debbie Andre** (Isle of Wight), **Cllr Gerard Fox** (East Sussex CC), **Cllr Jeremy Hunt** (West Sussex CC), **Cllr Malcolm Longley** (West Northamptonshire), **Cllr Judy Oliver** (Norfolk CC), **Cllr Charlie Simkins** (Kent CC), **Cllr Karen Soons** (Suffolk CC), **Cllr Alison Whelan** (Cambridgeshire CC) and **Cllr Andrew Williams** (Hertfordshire CC)

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Apologies and Substitutes
2. Declaration of interests in items on the agenda
3. Chair's remarks
4. Minutes of the meeting held on 7 March 2022 (Pages 1 - 6)
5. Internal Audit of the ACCESS Support Unit (Pages 7 - 26)
6. Business Plan, Budget & Risk Management (Pages 27 - 46)

Motion to Exclude the Press and Public

That under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.

Exempt Items

(During these items the meeting is likely to NOT be open to the public)

- | | | |
|------------|--|-------------------|
| 7. | Exempt Minutes of the meeting held on 7 March 2022 | (Pages 47 - 52) |
| 8. | Responsible Investment Guidelines | (Pages 53 - 104) |
| 9. | Alternative Investments Implementation Advisor Procurement | (Pages 105 - 108) |
| 10. | Performance Report | (Pages 109 - 140) |
| 11. | Sub-fund Implementation | (Pages 141 - 152) |
| 12. | Contract and Supplier Relationship Management | (Pages 153 - 172) |
| 13. | Business As Usual Evaluation | (Pages 173 - 178) |

Joel Cook
Clerk to the Joint Committee
03000 416892

Wednesday, 25 May 2022

Report to: Pension Board

Date: 9 September 2022

By: Chief Finance Officer

Title: Employer Engagement Report

Purpose: This report updates the Board on Employer Engagement activities and the collection of Employer contributions up to June 2022 which were due on 19 July 2022.

RECOMMENDATION

The Pension Board is recommended to note the report

1. Background

1.1 This report is brought to the Pension Board to provide an update on employer engagement tasks that directly affect the East Sussex Pension Fund (ESPF or the Fund).

1.2 Scheme Employers (scheduled and admitted bodies) are required to pay both employee and employer contributions to the Fund monthly, no later than 19 days of the following month in which the contributions were deducted from payroll. The contribution rates for members is set out in the Local Government Pension Scheme (LGPS) Regulations. The Employer contribution rate is set at the triennial valuation and recorded in the rates and adjustment certificate issued by the Funds actuary or set on admission to the Fund agreed by the Funds actuary.

2. Supporting Information

i-Connect

2.1. The i-Connect project is continuing but has slowed in pace for larger employers due to the focus on the production of Annual Benefit Statements (ABS). Once the ABS project has been completed then the i-Connect role out for larger employers will increase, with the ambition to onboard all employers by the end of March 2023.

2.2. Although the larger employer onboarding has slowed in recent months, the roll out for smaller employers has continued and initial meetings and communications continue. This has really driven a good engagement with employers with the chance to meet and answer questions they may have on other topics.

2.3. The current numbers for the i-connect project:

Still to onboard	Initial enquiries ongoing	Started onboarding process	Onboarded
28	17	6	80

2.4. Larger scheme employers were planned for onboarding to i-Connect for year end to help with the production of ABS. Due to data issues and lack of resourcing from one of the larger

employers, onboarding on to i-Connect has not been possible for end of year. Onboarding of this employer is now postponed until September/October to allow us to focus and produce benefit statements for all other employers by the end of August 2022. Due to the inability of this employer onboarding or providing an end of year return, no active ABS statements will be produced for this employer by the deadline of 31st August 2022. This employer also runs payrolls for 3 other smaller employers, who have been onboarded to i-Connect, who will have active ABS produced.

2.5. With the large employers the Fund is required to carry out a lot of data cleansing and checks before we are able to go through the member matching and onboarding phase which creates a lot of work for the Engagement, Admin and Technical teams and means slower progress for onboarding employers using the file upload method. We have now recruited two new positions to the i-Connect team, due to start in September, which should help with onboarding and the monthly data file processing.

2.6. i-Connect files have been causing some administration process changes due to how i-Connect functions. One such issue has caused a spike in 'Next Day Transfer' task creation for the administration team. A few employers, due to the nature of how their payroll software runs, have caused a higher than normal volume of joiner and leaver tasks to be created. This did cause some confusion for employees of these employers. We have taken steps to reduce these issues by amending letters and the creation of one page help sheets, alongside some training at individual sites. We will continue to monitor this and are looking at administration processes to reduce the time taken to aggregate pension records.

2.7. The i-Connect project is continuing to cleanse employee data and has provided some real opportunities of engaging with employers on other matters. The Engagement team is aware that some employers may find the transition to i-Connect problematic with limits on time and technology. In these cases, the team has offered time and support to allow for a smooth transition alongside appropriate training. The team has begun visiting employers in person to carry out training and support.

Projects

2.8. The Team has been communicating with employers in reference to them providing the end of year salary data requirements. This data is required to allow for the preparation of ABS. The team have actively helped resolve employer queries on completing the data requests and sent reminders and chasers to employers in line with the ABS project plan.

2.9. The next 'Employer Forum' has been booked for the 24th November 2022 as an in person event. The invites for the event have been sent and the agenda will be finalised shortly. A large section of the Forum will be focusing on the Valuation and the new employer contribution rates for the next 3 year period.

2.10. The Engagement team has been trialling some training sessions with employers. The training provides information on the key topics of the LGPS and provides background information on pensions and employees choices on leaving. This training has been carried out virtually and at site. The feedback received directly or from survey responses has been very positive. More training sessions are confirmed for later in the year.

2.11. An ill health employer guide has now been produced and circulated to all employers, following a number of questions on this topic from scheme employers.

2.12. The Engagement Team is continuing to carry out a project to confirm all employers authorised signatories and contact information. This will allow us to check contribution forms are completed correctly and by an authorised officer and provide the team with a better breakdown of the relevant contacts we hold for employers and their team structures.

2.13. The McCloud data extracts have now been sent to all current employers. The deadline is 30 September 2022 for employers to check and return with any missing data. For some larger employers, this is a very large quantity of data for them to check and the Team is working with

these employers to offer help and guidance on completion. It may require these employers to be given an extension to the deadline.

Employer Contributions

3.1 The below table sets out the number of late payments, received after 19 days have elapsed following contributions deducted from payroll. Up to the June 2022.

Non-Cheque	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total payments due	115	115	117	117	117	118	119	121	122	123	123	125
Payments received late	3	9	8	2	3	1	2	3	0	5	5	4

Cheque	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total payments due	12	12	12	12	12	12	12	12	12	12	12	12
Payments received late	0	6	3	3	1	3	0	1	2	1	1	0

Overall	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total payments due	127	127	129	129	129	130	131	133	134	135	135	137
Payments received late	3	15	11	5	4	4	2	4	2	6	6	4

3.2 In the last 12-month period, there have been 66 late payments of contributions out of 1,576 expected payments (4%).

3.3 The Engagement Team has seen improvement from one employer that has had multiple late payments and received an administration charge. The Team has engaged with the employer and offered support and help where needed.

3.4 The Fund is not identifying further trends in these late payments or repeating late payments from the same employers. Reminders are sent to all employers throughout the month to try to reduce the number of late payments and forms. Any late payment results in a warning email alongside the offer of a phone call or Teams meeting to ascertain the reason for late payment and to correct this for the following month. If an employer is late again in a 12 month period then an administration charge is levied in line with the administration strategy.

4. Conclusion and reasons for recommendation

4.1 The Pension Board is recommended to note the updates provided in the report.

IAN GUTSELL
Chief Finance Officer

Contact Officer:
Email:

Tim Hillman, Pensions Manager Employer Engagement
Tim.Hillman@eastsussex.gov.uk

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Report to: Pension Board

Date: 9 September 2022

By: Chief Finance Officer

Title: Communications Report

Purpose: To inform the Board of communication activity delivered since the previous meeting

RECOMMENDATION

The Pension Board is recommended to note the report

1. Background

1.1 This report is brought to the Pension Board to provide an update on communication tasks that directly affect the East Sussex Pension Fund (ESPF or the Fund).

1.3 The Fund has a Communications Strategy which defines the main means of communication we provide for our key stakeholders. This includes making the best use of technology where appropriate, to provide quicker and more efficient communications for the Fund's stakeholders. The Fund will ensure that communication methods are accessible to all.

2. Newsletters

2.1. A pensioner newsletter was issued in mid-May 2022. This was designed in a new format and published online. It has had over 4,000 views since publication.

2.2 All newsletters now sit on the respective pages of website, promoted via web call outs/banners. Direct links to latest versions below.

Active: [Newsletter \(active members\) - April 2022 | East Sussex Pension Fund](#)

Pensioner: [Pensioner newsletter - April 2022 | East Sussex Pension Fund](#)

Employer: [Employer newsletter - June 2022 | East Sussex Pension Fund](#)

They are also available via the Forms and publications menu of the website.

3. Website

3.1 Work continues to refine the content and 'look and feel' of the website:

- Paying-in page – The page now includes Newsletters, Survey results, Guides (members asked for simple information in the survey results) and general information to support active members of the Fund.
- Pensioners page – similar enhancements to active members
- Member self-service – Following some negative feedback on registration and lost usernames/passwords, a new page to support members has been set up

- Investment – new versions of the [Q1/2022 Environmental, Social and Governance \(ESG\) statement](#) and [Statement on Israel and the Occupied Territories](#) have been uploaded
- The Communications strategy, Governance and Compliance Policy and Training Strategy are now live on the website

4. Surveys

4.1 Surveys for employers, active member and pensioners are now complete for 2022.

4.2 The active member survey ran from 12 April 2022 to 10 May 2022. The Fund has had over 1,000 members complete the survey. A [report](#) detailing the results together with Fund commentary/actions has now been published.

4.3 The pensioner survey ran from 17 May 2022 to 13 June 2022. The Fund has had over 2,300 pensioners complete the survey – a 25% response rate. A [report](#) detailing the results together with Fund commentary/actions has now been published.

5. New guides

5.1 As a result of feedback from the surveys about the lack of pensions knowledge, the Fund has produced and delivered two new guides for members. [Local Government Pension Scheme \(LGPS\) brief guide](#) and [Planning for retirement guide](#).

6. Supporting other Fund communications work

6.1 The Communications Manager continues to support other officers in other areas:

- implementing revised brand, simplifying content, and ensuring accessibility guidelines are adhered to;
- drafting template letters, data analysis and distribution of annual benefit statements;
- refreshing all employer and member forms for brand, accessibility and ensuring both paper and editable versions are available; and
- employer toolkit – works has begun to draft communications that will help support employers in the main key processes they are responsible for.

7. Conclusion

7.1 The Pension Board is recommended to note this report.

IAN GUTSELL
Chief Finance Officer

Contact Officer:
Email:

Tim Hillman, Pensions Manager Employer Engagement
Tim.Hillman@eastsussex.gov.uk

Report to: Pension Board

Date of meeting: 9 September 2022

By: Chief Finance Officer

Title: Pension Administration Report

Purpose: To provide an update to the Pension Board on matters relating to Pensions Administration activities.

RECOMMENDATION

The Board is recommended to note the updates and make any comments for feedback to the Pension Committee.

1. Background

1.1 The in-house Pensions Administration Team (PAT) 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. 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. Key Performance Indicators (KPI)

2.1 The Performance Report, for the period July 2021 to June 2022 can be found at **Appendix 1**. The PAT saw performance numbers during quarter two 2022, average at 97.91% volume completed (2,257) which were similar to the previous quarter of 97.62% (volume completed 2,358). The volume numbers are quite different from the same period 12 months ago – 95.40% (volume completed 1,788).

2.2 Following the Good Governance Review, the KPI targets were revised have been in place since October 2021, while earlier months are based on the old Orbis internal measurements.

2.3 The Orbis Pensions Helpdesk was introduced in November 2019 and their performance since April 2021 is shown in **Appendix 2**. Since the disaggregation of Orbis the Fund implemented a new gold standard service provision. The report now includes task volumes undertaken. The helpdesk introduced a short call survey from December 2021 and the results are included in the Appendix.

3. Pension Administration Staffing Update

3.1 Eight vacant roles were advertised in July 2022. Interviews have been undertaken and most positions filled with a couple being readvertised on 15 August for two further weeks. The last few job descriptions are being drafted. Four internal staff have been promoted, three remaining within the PAT business as usual team and one switching to the new i-Connect and data improvement team. Conditional offers have been made for three pension administrator positions and one apprentice.

4. Projects update

4.1 Data Improvement Project (DIP)

DIP is part of the Funds ongoing activity with the current focus on the following on three areas:

a) Continue to monitor and review cases in Status 2 (undecided leavers), Status 8 (awaiting entry) and Status 9 (frozen refunds).

b) Maintain the Pension Regulator (tPR) common and conditional data scores – on 15 August 2022, these were 96.3% and 93.5% respectively.

c) Working with Barnett Waddingham (BW) on the initial valuation data quality. Preliminary results shared with the Administration working group on 16 August 2022 were very encouraging. The BW tool assesses the data provided to ensure it is fit for purpose, that is complete, accurate and consistent with the last valuation. As Brighton and Hove City Council (BHCC) have not provided data for the current year the Fund have received a report for all employers and a comparator report for all employers excluding BHCC. The full report showed a data quality for valuation purposes as B+ (0.8% data issues), excluding BHCC the data quality was classed as an A (0.2%). When looking at an employer level 168 employers were A- or better only eight were a C or less.

4.2 GMP Rectification

The project has not been prioritised and the data extract including the April 2022 pension increases for the pensioner population has not been provided to Mercers in a timely manner. The result of the delay is that Mercers are unlikely to be able to implement any over or underpayments until after the April 2023 pension increases. Mercer need a six month plus lead in time to complete their findings when data is provided which needs to be during a window where pension increases are not carried out.

4.3 Annual Allowance (AA) historical review project

The project to correct the AA for the period 2014/15 to 2020/21 is now seeing some good progress. Completed and in progress cases can be seen below:

Current position	With Aon	With ESPF	With neither	Total
In process	9			9
Pay data outstanding from the employer		11		11
Pay data queried		22		22
Removed from exercise			149	149
Completed and returned			223	223
Grand Total	9	33	372	414

The completed and returned data is being bulk uploaded into the Altair system and final communications produced.

4.4 ITM – monthly pensioner mortality checks and address tracing exercise

The contract has been completed and the first set of mortality data was provided to ITM in late June 2022. The initial review looked back for any potential deaths since 2014. The results supplied has identified a relatively small number of potential deaths which are being investigated and a couple of pensions in payment suspended. The process going forward will identify just new deaths. The address tracing exercise will commence in October 2022 ensure the results are reviewed and implemented ahead of the 2023 Annual Benefit Statements (ABS) being released.

4.5 Annual Benefits Statements – 2022

This update is being written ahead of the 31 August 2022 statutory deadline for the project so we are not in a position to give any final statistics, but these should be available for the Pension Committee meeting on 27 September 2022. The high-level summary of the current position is:

- 23,140 deferred members (including Councilors) have had their ABS produced and communications sent.

- The i-Connect employers have had their Active members ABS produced and communications sent.
- The non-i-Connect employers were being run from 22 August and should be communicated by 26 August.
- One employer has not responded to the initial request for end of year data and that only impacts one member; this employer is now engaging with the Fund.
- All BHCC 8,000+ active members were excluded from the project as BHCC were unable to provide year end data for this exercise, due to ongoing data discrepancies which led to the i-Connect file not being onboarded. Resources to resolve these will be reallocated in September 2022 to support BHCC further in providing data with the plan for ABS produced in October for those effected members. More details on this can be found in the exempt breaches report.
- A couple of employers changed their payroll references during the year which has caused a significant amount of additional work and about 100 cases are still to be resolved.
- There will be a final sweep up run of both Active and Deferred members to pick up any late data changes.

4.6 i-Connect onboarding

During ABS season the focus and priority shifts so this project has slowed but continued with the current position on 16 August 2022 being as follows:

Still to onboard	Initial enquiries ongoing	Started onboarding process	Onboarded	Date
61	8	14	43	02/12/21
40	14	9	63	25/03/22
28	15	5	82*	16/08/22

* Note: includes new admissions and academy conversions.

4.7 Process Reviews

The PAT have now completed its first process review which was for Transfer Values out (covering both quotations and settlements) and incorporated the new scams regulation requirements. This included an update to the suite of letters and checklists. A training session on the new process was rolled-out to the team on 20 April 2022.

Work on the death (multiple tasks) processes is progressing well with both the “as is” and “to be” processes documented. The team now need to bring the letters/templates/checklists and system in line with the agreed changes.

In July work commenced on the leavers process (both deferred benefits and refunds) for “as is”. The overall project has a programme board and is closely linked to and interacts with the Finance Areas of Focus and Robotics projects.

5 Conclusion and reasons for recommendation

5.1 The Pension Board is recommended to note the report and make any comments for feedback to the Pension Committee.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Paul Punter, Head of Pensions Administration
Email: paul.punter@eastsussex.gov.uk

East Sussex Pensions Administration - Key Performance Indicators

Performance for the year Jan 21 to Dec 21 inclusive			
Total	Fails	% pass	
333	0	100.0	
170	1	99.4	
1,266	61	95.2	
1,435	26	98.2	
221	7	96.8	
393	43	89.1	
301	8	97.3	
629	20	96.8	
227	19	89.0	
218	8	96.3	
196	3	98.5	
515	5	99.0	
3,269	5	99.8	
9,173	206	97.8	

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Helpdesk performance

Introduced the call centre for ESPF in November 2019

ES Helpdesk service levels for helpdesk services – new measurement approach post April 21

KPI	A	B	C	D
	First time fix	Call answer time	Abandoned call rate	Email response time
Gold	85% of enquiries dealt with at first point of contact	75% of calls answered in 20 seconds	Less than 5% of calls abandoned	100% of emails answered within 3 working days
Silver	80% of enquiries dealt with at first point of contact	50% of calls answered in 20 seconds	Less than 10% of calls abandoned	75% of emails answered within 3 working days
Bronze	70% of enquiries dealt with at first point of contact	30% of calls answered in 20 seconds	Less than 15% of calls abandoned	75% of emails answered within 10 working days
Below Bronze	<70% of enquiries dealt with at first point of contact	<30% of calls answered in 20 seconds	>15% of calls abandoned	<75% of emails answered within 10 working days

Quarterly performance assessed against the scoring mechanism with rectification plan for underperformance including penalty clauses for sustained underperformance.

Main Helpline for ESPF

Period	First time fix	Call answer time	Abandoned call rate	Email response time
GOLD TARGETS	85%	75%	5%	100%
April 21	96%	53%	5%	100%
May 21	95%	44%	7%	100%
June 21	95%	56%	5%	100%
July 21	91%	43%	9%	100%
August 21	88%	31%	9%	100%
September 21	86%	23%	6%	100%
October 21	80%	37%	2%	100%
November 21	87%	36%	1%	100%
December 21	81%	36%	0%	100%
January 22	83%	39%	0%	100%
February 22	80%	39%	0%	100%
March 22	86%	37%	1%	100%
April 22	84%	28%	2%	100%
May 22	84%	21%	4%	100%
June 22	86%	19%	2%	100%

The “call answer time” SLA on the mainline is under investigation with BT since early June 22 and it is believed this has not been reporting correctly since September 2021. The SLA% has now been resolved, but the helpdesk are unable to go back and correct the SLA% from previous months but it was corrected mid-June, so the July report will show a true picture. Amanda Cutter looks at the report from Cisco daily now to ensure a problem like this does not reoccur/ unnoticed.

Website Helpline (all six Pension Funds until October 21 the ESPF only)

Period	First time fix	Call answer time	Abandoned call rate	Email response time
GOLD TARGETS	85%	75%	5%	100%
April 21	N/A	30%	18%	N/A
May 21	N/A	31%	15%	N/A
June 21	N/A	48%	10%	N/A
July 21	100%	39%	10%	100%
August 21	100%	49%	21%	100%
September 21	100%	67%	6%	100%
October 21	91%	64%	9%	100%
November 21	100%	63%	6%	100%
December 21	100%	76%	2%	100%
January 22	100%	84%	2%	100%
February 22	100%	78%	1%	100%
March 22	100%	76%	6%	100%
April 22	100%	74%	2%	100%
May 22	100%	68%	2%	100%
June 22	100%	47%	10%	100%

Monthly transaction volumes

Month	Telephone Calls*	Email's Processed	Call Back's	Total
April 21	1,080	287	13	1,380
May 21	855	475	11	1,341
June 21	807	944	15	1,766
July 21	929	1,795	13	2,737
August 21	936	1,329	5	2,270
September 21	858	1,470	8	2,336
October 21	767	1,241	16	2,024
November 21	815	1,206	0	2,021
December 21	513	968	4	1,485
January 22	777	1,175	19	1,971
February 22	797	1,377	17	2,191
March 22	819	1,293	17	2,129
April 22	898	1,114	24	2,036
May 22	911	1,335	25	2,271
June 22	801	1,017	21	1,839

* Includes any ESPF calls fielded on the old SCC line.

Top five reasons for calls

Reason	7/21	8/21	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22
Self Service Activation	1 st	1 st	1 st	3 rd			3 rd		4 th			1 st
Login issues	2 nd	2 nd	2 nd		1 st	4 th	4 th	2 nd	2 nd	1 st	3 rd	3 rd
Claim form guidance	3 rd	4 th	5 th	2 nd	4 th	2 nd	1 st	3 rd	1 st	2 nd	1 st	4 th
Option guidance – member	4 th	5 th						5 th		3 rd		5 th
Update Address	5 th		4 th	4 th	3 rd	3 rd		4 th		4 th	2 nd	2 nd
Leaver form received		3 rd	3 rd	1 st	2 nd	1 st	2 nd	1 st		5 th	4 th	
Progress check - Actual				5 th	5 th	5 th						
Progress check - Quote							5 th		5 th			
Document / Form enquiry									3 rd			
How can I opt-out											5 th	

We are initiating a possibility of using a Chatbot (robot) as an online support tool to help with FAQs.

Telephone survey

This is a new service starting in December 21.

Questions raised by email within 24hrs of call where a caller says they are willing to complete a short survey:

1. How easy was it for you to contact the Pensions Helpdesk today?
2. How confident are you that your question was resolved or will be resolved in the relevant timelines?
3. Based on your recent experience how strongly would you recommend using the Helpdesk to a colleague?
4. How satisfied were you with your overall experience today?

Question No.	1	2	3	4
Star Rating	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
December 21	0 0 0 4 23	1 1 0 5 20	1 0 1 4 21	0 2 1 2 21
January 22	0 0 0 10 49	4 0 0 7 48	0 1 2 5 51	2 1 1 4 51
February 22	0 0 1 1 25	0 0 0 2 25	0 0 0 2 25	0 0 0 2 25
March 22	0 0 2 8 29	1 1 3 8 26	0 2 1 3 33	1 1 1 6 30
April 22	0 0 0 6 39	0 0 1 6 38	0 0 2 6 37	0 0 0 6 39
May 22	0 0 0 7 44	0 1 1 5 44	0 0 1 6 44	0 1 2 2 46
June 22	1 1 5 8 39	0 2 6 11 35	0 2 5 5 42	0 2 5 7 40

Note: 5 Star is the highest and therefore best rating

An additional question was asked about how many times have your called in connection with your enquiry?

Month	First Call	Second Call	Third Call	Fourth or more
December 21	17	4	2	4
January 22	44	9	3	3
February 22	21	4	2	0
March 22	25	12	0	2
April 22	35	8	0	2
May 22	37	9	3	2
June 22	42	7	3	2

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Report to: Pension Board

Date of meeting: 9 September 2022

By: Chief Internal Auditor

Title: Internal Audit Report - Pension Fund Governance 2022/23

Purpose: This report advises the Board of the outcome of the attached audit.

RECOMMENDATIONS

The Board is recommended to note the Internal Audit report on Pension Fund Governance 2022/23.

1. Background

1.1 The review of Pension Fund Governance 2022/23 (Appendix 1) was completed as part of the Internal Audit Strategy for Pensions 2022/23 and provides assurance on the overall effectiveness of the system's controls. This is the first report of the 2022/23 audit plan.

1.2 As a result of our work on Pension Fund Governance 2022/23, Internal Audit was able to provide an opinion of **Substantial Assurance** over the controls in place, as the Team has in previous years, and this reflects the robustness of controls over the Fund's governance. The report contains a single, low risk, finding.

2. Conclusions and Reasons for Recommendation

2.1 The Pension Board is recommended to note the Internal Audit report.

RUSSELL BANKS

Orbis Chief Internal Auditor

Contact Officer: Nigel Chilcott, Audit Manager
Tel No.: 07557 541803

Contact Officer: Danny Simpson, Principal Auditor
Tel No.: 07701 394826

BACKGROUND DOCUMENTS:

None

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Internal Audit Report

Pension Fund Governance 2022/23

Final

Assignment Lead: Jodie Lulham, Principal Auditor
Assignment Manager: Danny Simpson, Principal Auditor
Prepared for: East Sussex County Council
Date: August 2022

Report Distribution List

Draft Report Distribution

Sian Kunert, Head of Pensions

Michael Burton, Pensions Manager – Governance and Compliance

Final Report Distribution

As per the draft report distribution list, with the inclusion of:

Ros Parker, Chief Operating Officer

Ian Gutsell, Chief Finance Officer

Pension Board

Pension Committee

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

East Sussex County Council - Internal Audit Key Contact Information

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1. Introduction

- 1.1. East Sussex County Council (ESCC) administers and manages the East Sussex Pension Fund (the Fund) on behalf of 132 employers.
- 1.2. The Fund is responsible for managing assets for the long-term benefit of scheme members in accordance with statutory regulations. Whilst, the Pension Committee is responsible for making arrangements for the administration and investment of the Fund, they receive advice as appropriate from the Pension Board, which is a statutory requirement to assist the Scheme Manager (ESCC) in securing compliance with all relevant pensions' law, regulations and directions. The administration of the Pension Fund is undertaken by East Sussex County Council.
- 1.3. This audit assessed the effectiveness of the Fund's governance arrangements and sought to provide assurance that strategic oversight, risk management, reporting and communication processes are in place to maximise the likelihood that the Fund's objectives are met.
- 1.4. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the main body of the report.

2. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
 - Governance arrangements are resilient and provide sufficient and effective oversight.
 - Risk management arrangements are robust.
 - Communication is efficient and effective.
 - Reporting arrangements ensure that poor performance is identified and corrected.

3. Audit Opinion

- 3.1. **Substantial Assurance is provided in respect of Pension Fund Governance 2022/23.** This opinion means that controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

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

4. Basis of Opinion

- 4.1. Based on the testing undertaken, we have been able to provide an opinion of **Substantial Assurance** over the controls in place because:
- 4.2. There is a Pension Board and a Pension Committee in place, with clearly defined membership and agreed terms of reference setting out their remit. The Board and Committee meet regularly, and minutes of meetings are published online.
- 4.3. There is a comprehensive risk management policy in place which is subject to regular review and contains sufficient detail in relation to the risk management process to be followed by Fund officers.
- 4.4. The Pension Board and Committee provide scrutiny over the risk register on a regular basis, ensuring that risks are subject to sufficient challenge.
- 4.5. The Communication Strategy is up to date and covers communication with members (active, deferred and pensioner), as well as scheme employers, the Pension Committee and Board, and other key stakeholders. The team are complying with the communication strategy and sharing information with stakeholders. There are regular opportunities for communication between the Fund and employers, with support provided where necessary.
- 4.6. Investment performance is regularly reported to the Pension Committee, and there are clear processes in place to take action, should an investment not be performing as expected.
- 4.7. There is a Breaches Policy in place, which contains clear protocols for the identification and reporting of breaches, which is shared with the Pension Board and Committee on a regular basis to ensure oversight.
- 4.8. The Governance Manual for the ACCESS Pool is now in place as a working copy and has been approved by the S151 Officers associated with the group.
- 4.9. However, we did identify that skills evaluations have not yet been completed by all members of the Pension Board and Committee, increasing the risk that potential training needs have not been identified, and opportunities for strengthening the effectiveness of the Board and Committee may be missed.

5. Action Summary

5.1. The table below summarises the actions that have been agreed together with the risk:

Risk	Definition	No	Ref
High	This is a major control weakness requiring attention.		
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.		
Low	This represents good practice; implementation is not fundamental to internal control.	1	1
Total number of agreed actions		1	

5.2. Full details of the audit findings and agreed actions are contained in the detailed findings section below.

5.3. As part of our quarterly progress reports to Audit Committee we track and report progress made in implementing all high priority actions agreed. Medium and low priority actions will be monitored and re-assessed by Internal Audit at the next audit review or through random sample checks.

6. Acknowledgement

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

Internal Audit Report – Pension Fund Governance 2022/23
Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action	
1	Skills Evaluations for Board and Committee Members Although it is acknowledged that there have been recent changes to the composition of the Pension Board and Committee, skills analyses have not been completed by all members of these groups, with only two out of seven Board members and four out of five Committee members having completed the evaluation at the time of testing.	Where all members of the Board and Committee have not undertaken a skills analysis, there is a risk that there any gaps in knowledge are not identified, resulting in reduced oversight and decision-making that is not fully informed.	Low	<p>A skills evaluation is conducted once a year and all members of both the Pension Board and Committee are asked to complete this in line with the approved Training policy, with officers chasing those members who have not completed. A training report is provided twice a year where officers advise Board and Committee of non-compliance to complete training requirements.</p> <p>The next evaluation is due to be launched in August and those not completing being actively chased. Officers do not have specific powers to compel Committee and Board members to complete the evaluation but will liaise with the Chairs to encourage completion. There will often be changes in membership across the Board and Committee and due to the specialist nature of Pensions the knowledge and skills analysis can only be completed after some time in post following induction training and exposure to the LGPS, hence this being an annual evaluation with the resulting training plan reported in November.</p>	
Responsible Officer:		Michael Burton, Pensions Manager – Governance and Compliance	Target Implementation Date:		31 October 2022

Appendix A

Audit Opinions and Definitions

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

Management Responsibilities

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

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

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

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Report to: Pension Board

Date of meeting: 9 September 2022

By: Chief Finance Officer

Title: Pension Fund Risk Register

Purpose: To consider the Pension Fund Risk Register

RECOMMENDATIONS: The Pension Board is recommended to review and note the 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.

1.3 Since the last meeting of the Pension Board and Pension Committee, officers have continued to review the Risk Register to ensure all appropriate risks and mitigations have been identified.

1.4 It is accepted that whilst mitigations are put in place for identified risks, it will not always be possible for all risk to be eliminated. In these cases, a level of risk is tolerated and kept under review.

2. Supporting Information

2.1 The Risk Register is included at **Appendix 1**.

3 Changes to the Risk Register

3.1 At the Pension Committee meeting in June 2022, the format of the Fund's risk register was discussed and it was agreed that officers would review to consider alignment with the new the format used by the ESCC Audit Committee, with the aim to improve readability whilst not losing important information required for effective oversight.

3.2 The revised format allows for an effective audit trail showing where risks previously identified have been removed from the register and when the risk rating changes over time. It is of note that where a risk remains but is no longer included on the risk register, this does not mean that no consideration will be given to that risk by Officers.

3.3 Officers have revised the risk scoring for risk A3, the Production of Statutory Returns. This is because the Fund has had significant challenges obtaining correct, usable data from some employers; most notably Brighton and Hove City Council (BHCC). Officers have spent a considerable amount of time working with the Employer to resolve the challenges being faced but are no longer able to do so in order to meet the Fund's obligations around providing information to members employed by other Employers that participate in the Fund. Active members employed by BHCC will not receive their Annual Benefit Statements by 31 August 2022 and any active members that should receive information about their Annual Allowance in October 2022 are also at risk of late delivery of the relevant documents.

3.4 Other minor changes have been made to update the mitigating actions.

4. Conclusion

4.1 The Pension Board is recommended to review and note the Pension Fund Risk Register.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Sian Kunert, Head of Pensions
Email: Sian.Kunert@EastSussex.gov.uk

Summary Post Mitigation Risk scores

Reference	Strategic Risk	Feb-22	Jun-22	Sep-22	
Employer					
E1	Contributions Funding Failure to collect contributions from employers in line with Funding strategy requirements and Rates and Adjustment Certificate	4	4	4	↔
E2	Employer data Employers fail to provide accurate and timely data to the PAT team	9	9	9	↔
E3	Employer Covenant Delay in employers agreeing Admission Agreement, risk of insufficient security	4	4	4	↔
Administration					
A1	Pensions service Delivery Inadequate delivery of Pensions Administration	6	6	6	↔
A2	Regulatory Change Risk that new benefit structures can not be set up correctly or in time	6	6	6	↔
A3	Production of Statutory member returns Risk of failure to produce ABS, annual allowance and event reports	6	6	10	↑
A5	Transfer Scams Failure to comply with CETV anti scam checks	2	2	2	↔
A7	MBOS Project Failure to deliver the new ERP system to effectively deliver for Pension Fund accounting and payroll requirements	3	3	3	↔
Governance					
G1	Key Person risk Risk of loss of key / senior staff resulting in lost knowledge and skills with in the Pensions Team	4	4	4	↔
G2	Committee / Board Member Lack of decision making caused by loss of Pension Committee/Pension Board members or insufficient knowledge and skills of members	6	6	6	↔
G3	Cyber Security Risk of Loss of data or systems breaches through cyber attacks	8	8	8	↔
G4	Governance and Compliance Inadequate governance arrangements and controls to discharge powers & duties	3	3	3	↔
G5	Data Breach Failure to comply with General Data Protection Regulations	4	4	4	↔
G6	Fraud Internal and External fraud risk	3	6	6	↔
Investment/Funding					
I1	Funding risk - poor investment returns Risk that investment strategy fails to result in performance required to meet the needs of the Funding strategy discount rate	4	4	4	↔
I2	Changes to International Trade The changing of Regulations and International Trading relationships along with the trading environment, impact on investments in affected businesses	4	4	4	↔
I3	Regulatory risk Failure to comply with regulations, legislation and guidance from an accounting and investment perspective	2	2	2	↔
I4	Investment Pooling Inability to comply with government direction on pooling, insufficient subfunds to implement investment strategy, poor management of the pool	6	6	6	↔
I5	Funding risk - higher inflation Risk of inflation leading to increased liabilities, lower asset returns and a funding gap	2	6	6	↔
I6	Environmental, Social and Governance Risk of EGS factors within Investment strategy, underlying holdings and implementations of investment decisions	4	4	4	↔
I7	Climate change Risk to assets and liabilities associated with Climate Change	4	4	4	↔
I8	Liquidity Insufficient cash to pay benefits as they fall due	4	4	4	↔

Ref	Strategic Risks	Pre-mitigation on RAG	Risk Control / Response	Post-mitigation on RAG	Risk Owner
Employer Risk					
E1	Contributions Funding Failure to collect contributions from employers in line with Funding strategy requirements and Rates and Adjustment Certificate	9	<ul style="list-style-type: none"> Monthly Employer contribution monitoring completed Monitoring of late payments by Employer engagement team to address breaches for late payment. Chasers are sent out during the lead up to the deadline to prompt employers providing information and payment on time Contributions recorded in Finance system by employer to track all employer cashflows in line with actuarial requirements for Valuation and FRS17/IAS19 reporting requirements. Also enables ability to see trends in contributions collected Administration strategy in place from January 2021 clearly outlining ability to charge employers for late payment, late receipt of remittance advice or poor quality of data. Late payment charges are now being administered as a deterrent and to cover the impact on the Fund for late payment Implementation of I-Connect is improving the quality of contribution data received to better aid reconciliation of payments and drill in the accuracy of employers' contribution payments, however functionality is still being improved by the software provided Report produced for Pensions Board meetings to highlight any late payment of contributions and Employer engagement actions from February 2021 Covenant review undertaken helps identify employers most likely to have financial difficulties. Engagement with those posing most risk is ongoing Triennial valuation process aims to stabilise contribution rates where possible and senior management involved in detailed discussions on funding assumptions Guide to Employers on implications to Pensions on Outsourcing polished and issued to all employers Contribution deferral policy approved by Committee in June 2020 Employer engagement team are confirming the correct signatories for contribution submissions to ensure they are signed off at an appropriate management level Regular communication with Employers through Employer engagement team 	4	Head of Pensions
E2	Employer data Employers fail to provide accurate and timely data to the PAT team	12	<ul style="list-style-type: none"> Administration Strategy approved in operation from January 2021 after consultation with employers Employing authorities are contacted for outstanding/accurate information User Guide and Training provided to Employers for outsourcing implications with LGPS Regular communication and meeting with administration services regarding service updates and additional data, when required Employer engagement team established from January 2021 to support employers and provide training where required Issuance of a quarterly employer newsletter to support employers in their understanding of current pensions issues and activity for the Pension Fund A data cleansing plan was completed in June 2020 lead by Hymans. The PAT look at Data Improvement as part of BAU and is a regular item on the Administration working group. Data is also cleansed where appropriate as part of other projects Introduction of I-Connect system will limit employer ability to submit incorrect data. Data is received monthly rather than annually to allow for regular cleansing and discussion with employers Meetings held between senior pensions Management team and employers where there are current or historic data concerns As part of the lead into the 2022 triennial valuation data cleansing and challenge is being conducted by the Actuary with PAT to ensure the integrity of data 	9	Head of Pensions
E3	Employer Covenant Delay in employers agreeing Admission Agreement, risk of insufficient security	6	<ul style="list-style-type: none"> Full suite of admission agreements in place to ensure the Fund can provide comprehensive admission agreements at the outset of negotiations in line with the risk sharing arrangements agreed with the letting employer. New templates have been developed for pooling rate. Fixed rate template and Bond template in place. These templates are shared with the employers early in the process to speed up the agreeing of new admission agreements The Fund will consider moving to a template portal which will automatically populate the variable data in the admission agreement ensuring no addition terms are changed and provides assurance from external legal term that the agreement is comprehensive and enforceable. However, the functionality is not yet sufficient to make the processes easier for letting employers and contractors Guide to outsourcing is publicly available and distributed to all employers with coverage in both Employer forum in November 2020 and 2021. This guide directs employers of all the activities and considerations they need to take on any outsourcing arrangement with TUPE staff implications Officers meet regularly to review status and movement on each in progress admission and an update is provided at team meetings monthly to ensure the admission is complete and effective at all stages A new data flow and process map has been written to ensure officers request and communicate all the required information in a timely manner and on execution of the agreements data is required in line with the Administration strategy Admissions in progress are reported quarterly to Board and Committee to ensure awareness of status 	4	Head of Pensions
Administration					
A1	Pensions service Delivery Inadequate delivery of Pensions Administration	9	<ul style="list-style-type: none"> The PAT team is an in-house provision since December 2020 and enables the management team to have complete control over service delivery Annual internal audit report on the administration of pensions including regular reporting and monitoring of "red" recommendations to ensure the service is acting in line with best practice. The Fund has received reasonable assurance since bring inhouse Quarterly Reports to Pension Board and Committee on areas of work and KPIs New service level KPI's now reportable within the Administration software Awareness of the Pension Regulator Guidance by all team members, with training provided at team meetings or through provision of courses Task workflow is managed by the Senior Pension Officers to all PAT staff and helpdesk add all tasks to the workflow system, to ensure all tasks completed as planned and to a high standard. PAT staff also add tasks as appropriate. Checklists in place and all activity impacting members recorded on member records for other teams members to access All tasks are peer reviewed. Constant monitoring / checking by team managers and senior officers for more junior staff members In house risk logs covering projects SAP / Altair reconciliation monthly to ensure pension payment records complete and correct Task management systems built into Altair to ensure activity is completed and monitored Pension meetings held monthly to include S151, COO, IT and Business Admin to ensure other ESCC services are working effectively to ensure the Pensions team can work effectively Pensions Admin working group in place to discuss service delivery issues on a regular basis 	6	Head of Pensions Administration
A2	Regulatory Change Risk that new benefit structures can not be set up correctly or in time	9	<ul style="list-style-type: none"> Projects and/or working groups in place to deal with current regulatory benefit changes Attendance at networks and officer groups to stay on top of upcoming changes in regulation Reports to Pension Board and Committee to ensure knowledge is shared to decision makers Oversight via Pension Admin Working Group 	6	Head of Pensions Administration
A3	Production of Statutory member returns Risk of failure to produce ABS, annual allowance and event reports	15	<ul style="list-style-type: none"> Regular contact with employers to get data Clear project plan with early communications and planning with milestones to ensure Statements created in time to allow time for distribution to staff Roll out of I-Connect for employer roll out as monthly interfaces system, to ease year end requirements and correct errors throughout the year. Currently many leavers are not being notified until year-end. This will also cleanse data relating to Annual Allowance Structure of Pensions team includes Employer Engagement team to support Pensions Administration Team with end of year returns liaising and supporting employers through the process Breaches policy in place and Breach reporting to Committee and Board quarterly to raise and consider breach reporting levels 	10	Head of Pensions Administration
A5	Transfer Scams Failure to comply with CETV anti scam checks	6	<ul style="list-style-type: none"> Process in place for making checks required by law and/or recommended by TPR. Appropriate training to be identified and offered to staff to build understanding of risk and appropriate mitigations Process mapping process has taken place to ensure transfers are fully documented with clear guidance to staff in carrying out this activity Member informed of "red flags" identified Scorpion campaign material provided to members seeking a CETV Quality assurance checks ensure appropriate checks carried out 	2	Head of Pensions Administration
A7	MBOS Project Failure to deliver the new ERP system to effectively deliver for Pension Fund accounting and payroll requirements	6	<ul style="list-style-type: none"> Officers are part of the project roll out and involved in testing. Needs of the Pension Fund are therefore being considered Officers produced process mapping for all functions within the existing finance system A specific stream of planning has been identified in the project for the interface with Altair S151 officer on the programme board Heywoods paid to produce a scheme specific payroll data output report for transfer to Oracle 	3	Head of Pensions
Governance					
G1	Key Person risk Risk of loss of key / senior staff resulting in lost knowledge and skills within the Pensions Team	12	<ul style="list-style-type: none"> Diversified staff / team Attendance at pension officers' user groups to network and exchange information Procedural notes which include new systems, section meetings / appraisals Succession planning within team structure, building from within the team 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 within PAT and in addition can be covered by senior staff in all areas Training requirements are set out in training strategy, job descriptions and reviewed annually with team members through the appraisal process Training officer post within team structure since 2021 Training strategy in place and regularly reviewed with training log where required Recruitment ongoing to provide cover for key people 	4	Head of Pensions / Head of Pensions Administration
G2	Committee / Board Member Lack of decision making caused by loss of Pension Committee/Pension Board members or insufficient knowledge and skills of members	9	<ul style="list-style-type: none"> Record kept of terms of Office Pension Board terms of Office staggered Deputy Chairs in place to cover chair absence Officers aware of election cycles Training plans in place for new members 	6	Head of Pensions

G3	Cyber Security Risk of Loss of data or systems breaches through cyber attacks	16	<ul style="list-style-type: none"> • ICT defence - in-depth approach. • Utilising firewalls, passwords and ICT control procedures including system access and account deletion protocols. Network activity is monitored to identify security threats. • Email and content scanners • Using anti-malware which is regularly updated, together with other protective software • ICT performs penetration and security tests on regular basis • Encryption used on all data transfers • Service level agreement with termination clause • Regular reports SAS 70/AA0106 • Industry leaders providing services to the fund with data protection and cyber defence systems • Risk assessment completed with all new contracts with data transfer and new associated systems including penetration testing at outset • Pensions Team specific BCP in development • Engagement with ICT to understand and receive reports on monitoring for successful cyber attacks. Cyber training is provided to 	8	Head of Pensions
G4	Governance and Compliance Inadequate governance arrangements and controls to discharge powers & duties	6	<ul style="list-style-type: none"> • Training strategy in place which covers Pension Committee, Pensions Board and officers • 100 days of internal audit commissioned for each calendar year with regular reporting from IA to committee and board, including Governance and Compliance areas • External auditor provides audit plan at planning stage for each financial year and this is discussed by Audit committee as well as Pension Committee and Board • Investment regulations require proper advice, procurement processes in place to ensure quality within replacement advisers • Review carried out against TPR COP14 requirements to identify any governance gaps • Specialist legal advisers and governance advisers to provide clear and accurate advice to the Fund on point of law or regulation • Publication of annual Governance and Compliance Statement explaining governance arrangements and reviewed and approved by Board / Committee • Training coordinator appointed. This officer liaises with chair of Pension Board and Committee to identify training needs 	3	Head of Pensions
G5	Data Breach Failure to comply with General Data Protection Regulations	9	<ul style="list-style-type: none"> • Contracts with external parties where there is a data role have clear terms and conditions as part of the data processing agreements • Data Impact assessment is carried out on all new tenders where data is involved • DPO is in place via ESSC • Privacy notice is on the website - the privacy statements have been refreshed in August 2021 and April 2022 • Memorandum of Understanding in place with employers within the fund • All staff are required to complete an information governance course on joining the Council and this is refreshed annually • Information governance Internal audit completed in Q4 2020/21 with a reasonable assurance level and all recommendations were completed • Pensions Manager for Governance and Compliance completed review on GDPR in Q4 2020/21 resulting in a newly designed webpage, new privacy notices and change to the retention period 	4	Head of Pensions
G6	Fraud Internal and External fraud risk	12	<ul style="list-style-type: none"> • Quarterly review of log in credentials • Senior officers have sight of bank account • Senior officers are signatories to bank account • Multiple sign off needed to make payment • Mortality checks, Tell us once and NFI data • Contract in place with a third party to support with mortality and address training 	6	Head of Pensions
Investment/Funding					
I1	Funding risk - poor investment returns Risk that investment strategy fails to result in performance required to meet the needs of the Funding strategy discount rate	9	<ul style="list-style-type: none"> • Strategy is supported by expert Investment consultants. Challenge to Consultants through Independent Adviser • Triennial valuation ensures funding position is known and contribution rates are stabilised • Quarterly Performance monitoring, investment manager monitoring from consultants and Link for ACCESS sub funds. Officers have a rolling programme to meet and challenge investment managers • Annual Investment Strategy Review, with interim rebalancing • Quarterly Reporting to Pensions Committee, with decisions approved by committee, including Fund Manager performance • Training strategy in place to ensure officers and committee members have sufficient knowledge and skills to implement and change the investment strategy • Investment decisions are made in compliance with the ISS/FSS • All investment decisions made, based on proper advice • Diversified strategy to reduce correlation of manager volatility • Changes to investment strategy are discussed with the actuary to ensure anticipated implications on funding aligned • Revision of the Asset Liability Model to support a viable Strategic Asset Allocation for the new valuation 	4	Head of Pensions
I2	Changes to International Trade The changing of Regulations and International Trading relationships along with the trading environment, impact on investments in affected businesses	9	<ul style="list-style-type: none"> • Diversification of the Fund's investments across the world • Regular monitoring of investment performance and reports on potentially problematic trends • Diversification of the Fund's investments across multiple asset classes • Currency Hedging requirements considered within the investment strategy • Officers receive regular briefing material on regulatory changes and attend training seminars and ensure any regulatory changes are implemented 	4	Head of Pensions
I3	Regulatory risk Failure to comply with regulations, legislation and guidance from an accounting and investment perspective	9	<ul style="list-style-type: none"> • 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 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 • Specialist legal advisers to provide clear and accurate advice to the Fund on point of law or regulation • Breaches policy in place to ensure breaches mapped and reported 	2	Head of Pensions
I4	Investment Pooling Inability to comply with government direction on pooling, insufficient subfunds to implement investment strategy, poor management of the pool	9	<ul style="list-style-type: none"> • ACCESS Support Unit team provide support to the pool • Operator contract provided by Link for assets held within the ACS • The ACCESS Contracts Manager will monitor Link's progress closely. If Link cannot resolve issues in a reasonable timeframe, then alternative options may be considered, e.g. Funds may continue to hold the sub fund outside the ACS • KPI's introduced within revised operator agreements • Consultants involved in analysing the creation of sub-funds and transitioning of our current assets into the pool, under a variety of scenarios • Opportunities to transfer securities in 'specie'. Reducing cost on transition • Transition manager in place to preserving asset values, managing risk and project managing the transition process to ensure that costs are monitored and controlled • Due Diligence completed by legal advisers to ensure no hidden costs or governance issues not known at time of decision to invest • ES151, chair of pension committee and monitoring officer representation on respective committees and working groups to ensure ESPF involved in all decisions and concerns and questions can be raised early in processes • Regular meetings between officers and ACCESS pool with officers on a number of working groups to ensure involvement in decision making 	6	Head of Pensions
I5	Funding risk - higher inflation Risk of inflation leading to increased liabilities, lower asset returns and a funding gap	12	<ul style="list-style-type: none"> • Investment strategy include weighting to index linked gilts, infrastructure and real estate which are all inflation correlated to mitigate increases in liabilities from inflation • Potential to further increase infrastructure weightings • Fund monitor portfolio sensitivity to inflation via expert investment consultants • Triennial Valuation assumptions include local knowledge of the Administering authority on anticipated pay inflation • Flexibility in the DGF mandates to react to the market and adapt the investment portfolio • Report received in Feb 22 on inflation possibilities with possible actions to take in the medium term. To be considered as part of the strategy review day • Quarterly monitoring of funding position helps identify risk early 	6	Head of Pensions
I6	Environmental, Social and Governance Risk of ESG factors within Investment strategy, underlying holdings and implementations of investment decisions	6	<ul style="list-style-type: none"> • Statement of Responsible Investment Principles outline investment beliefs within ESG, implementation of decisions and monitoring of ESG factors • Investment Working Group and ESG working group consolidated into a single group to ensure ESG is in the heart of all investment decisions • Trim unconscious exposure to companies with poor ESG rating through removal of traditional index funds ensuring active managers have a strong conviction in the underlying companies including on ESG matters and less traditional passive indexes / smart beta funds have robust screening processes in place to ensure ESG principles are taken into account • Tracking of the portfolio as underweight in fossil fuel exposure to benchmarks • Production of annual reports on the carbon footprint of the Fund and review of managers from ESG perspective including transition pathway of underlying companies • 2020 Stewardship code submission in process • Membership of collaborative groups to help drive policy change • Challenging managers on their holdings with regard ESG issues • Introduction of an ESG assessment for all managers reported in July 2021 including improvement actions for each manager on ESG methodology, reporting or collaboration. This will be updated and reported annually • Engaging via managers and investor groups including LAPFF with companies and driving them forward to comply with key ESG concerns using the greater voice by combined investment power 	4	Head of Pensions

17	Climate change Risk to assets and liabilities associated with Climate Change	12	<ul style="list-style-type: none"> •Statement of Responsible Investment Principles (SIRP) outlines investment beliefs including Climate Risk. The Fund take the SIRP into account for implementation of decisions and monitoring of investment managers, carbon emissions and climate risk to the Fund •Investment Working Group and ESG working group consolidated into a single group to ensure ESG is in the heart of all investment decisions •Restructuring of the equity portfolio removed structural exposure to fossil fuel companies to avoid high risk companies from ac climate perspective •The Fund are able to exploit opportunities from the low energy transition by investing in climate impact funds and resource efficient companies •The Fund has trimmed unconscious exposure to companies with high Carbon emission, poor energy transition plans and or fossil fuel companies, through removal of traditional index funds •Member of Institutional Investors group on climate change (IIGCC), the Fund also expects its managers to be IIGCC members •The Fund carries out annual carbon foot printing to better understand the carbon exposure and energy transition plans within the portfolio. Additionally, the Fund carries out ESG impact assessment of all investment managers which includes a climate score. •Signatory to UN PRI with first planned submission in 2023 (as no 2022 submission window) •Commitment to report TCFD's with a first attempt published in the 2021 Annual Report •The Fund has planned for climate scenario modelling which will help better understand this risk and allow further consider approaches in tackling these risks •Where exposed to fossil fuels, the Fund uses its vote to drive engagement and improved practices. A number of Fund managers are Climate 100+ engagement partners, leading on this work with top emitting companies, while all managers are IIGCC members for collaborate weighting of AUM to influence action •Focus on Climate change through training to committee and officers •Focus on Climate Change in decision making and strategy changes •Immaterial impact to the Fund value from direct exposure to fossil fuel companies in the instance of carbon taxes, valuation falls or stranded assets due to the underweight very low exposure to this sector. 	4	Head of Pensions
18	Liquidity Insufficient cash to pay benefits as they fall due	8	<ul style="list-style-type: none"> •Contributions monitored on monthly basis •Monitoring of members close to retirement •Daily cash position monitored •Distributing investments to ensure stream of income from investment activity •Income from investments is considered as a key risk in all investment strategy decisions and the income profile managed •Liaison between administration and investment team on cash requirements 	4	Head of Pensions

Risk Register Risk Scores

The risk scores are calculated using the risk matrix below:

90-100%	This week	Very High	LIKELIHOOD	5	5	10	15	20
60-90%	This Month	High		4	4	8	12	16
40-60%	This year	Medium		3	3	6	9	12
10-40%	Next 5 years	Low		2	2	4	6	8
0-10%	Next 10 years	Very Low		1	1	2	3	4
				1	2	3	4	
				IMPACT				
				Negligible No noticeable impact	Minor Minor impact, Some degradation of service	Major Significant impact, disruption to core services	Critical Disastrous impact, Catastrophic failure	
				SERVICE DELIVERY	Handled within normal day-to-day routines.	Management action required to overcome short-term difficulties.	Key targets missed. Some services compromised.	Prolonged interruption to core service. Failure of key Strategic Project
				FINANCIAL	Little loss anticipated.	Some costs incurred. Handled within management responsibilities.	Significant costs incurred. Service level budgets exceeded.	Severe costs incurred. Statutory intervention triggered.
REPUTATION	Little or no publicity.	Limited local publicity.	Local media interest.	National media interest seriously affecting public opinion				
	Little staff comments.	Mainly within local government community. Causes staff concern.	Comment from external inspection agencies. Noticeable impact on public opinion.					

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Report to: Pension Board

Date of meeting: 9 September 2022

By: Chief Finance Officer

Title: Local Pension Board Structure Report

Purpose: To provide information about Local Pension Board configuration

RECOMMENDATIONS

The Pension Board is recommended to note the report

1. Background

1.1 The Local Pension Board (Pension Board) was established by the 1 April 2015 under the provisions of section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended). Its role is to assist the Scheme Manager in the performance of its duties.

1.2 A Local Pension Board must include an equal number of scheme employer and scheme member representatives. There is a minimum requirement of no fewer than four members of the Local Pension Board in total.

1.3 Each scheme employer or scheme member representative will represent a significant range of employers or members. The Regulations do not preclude other members from being appointed to the Board for example an independent chairperson; however, no officer or councillor of an Administering Authority who is responsible for the discharge of any function under the LGPS may be a member of the Local Pension Board of that authority.

2. Current Configuration

2.1 The East Sussex Pension Fund's (the Fund, ESPF) Pension Board currently consists of seven members. There are three Scheme Member representatives, three Scheme Employer representatives and an independent chairperson.

2.2 Scheme Employer representatives are drawn from Brighton and Hove City Council as one of the largest two employers within the Fund; from the District and Borough Councils as mid-size employers and one from the wider employer base from an alternative sector and is currently filled by the University of Brighton.

2.3 Two Scheme Member representatives are drawn from the trade unions to represent the full range of members with more engagement with active and deferred member and the third is drawn from the Pensioner members. The trade union members provide a key role in communicating back to the membership of the Fund activity and collecting views of those they are representing.

2.4 The Scheme Member and Scheme Employer representatives have voting rights. The independent chairperson is a non-voting position.

2.5 The Chair of the Pension Board has expressed an interest in investigating the size of the Pension Board membership.

2.6 It is relevant to note, a large portion of the current Board member's terms are coming to an end in early 2023, which will result in a large recruitment exercise and, where relevant, an extension of existing members' terms. This will require officers to carry out a tender process for the independent chair and seek expressions of interest from the members and employers. In addition, this will require resources to bring any new members to a level of knowledge and skills in a relatively short period to be effective contributors to the Board meetings.

2.7 The Pension Board continues to work effectively with good representation and engagement of members. This paper looks at whether the size of the Pension Board is aligned with others across the LGPS and highlights both the opportunities and challenges associated with increasing the size of the Pension Board.

3. Size of other Pension Boards

3.1 Officers have looked at the number of people sitting on pension boards connected to 30 (35%) Funds in the LGPS. These Funds are of a variety of sizes and are spread across different geographical areas in England and Wales. This can be found in Appendix 1 to this report.

3.2 The most frequent size of Pension Board is 6 members with three Scheme Employer and three Scheme Member representatives with 60% of Funds adopting this size of Pension Board. The range over the sample Fund's is from 4 to 12 members.

3.3 It is of note that the funds with 10 or 12 members of the Pension Board are amongst the largest funds in the LGPS and more than double the size of ESPF.

3.4 The organisations that Scheme Employer representatives are drawn from are not consistently published. As a result, Officers are unable to provide detailed analysis on the range of employers directly covered by the representatives on the various Pension Boards.

4. Determining Pension Board Size

4.1. When determining the size of a Local Pension Board, the Scheme Advisory Board (SAB) suggests that Administering Authority's should consider the capacity of the Board to undertake its role in assisting the Administering Authority with the governance and administration of the scheme. To do this the Administering Authority should consider a number of factors including:

- the number of scheme members, the number and size of employers;
- the breadth and diversity of scheme members and employers,
- the assets within the Fund and any collective arrangements in place for them to make decisions or provide input in relation to Fund matters;
- the cost of establishing and operating the Board;
- the existence or proposal to form any other advisory groups; and
- the scope of the Board's remit and workplan.

4.2 Appendix 1 include details of Fund value, membership numbers and employer numbers of the sample County sized Pension Funds. Comparatively, the ESPF Pension Board structure is aligned with other LGPS Funds. It is of note that ESPF has a similar number of members but the lowest number of employers of all County Council sized Funds sampled (other than the Isle of Wight who are a fifth of the size of the Fund).

5. Impact of changing the size of the Pension Board

5.1 To increase the representation of either scheme employers or scheme members would require an equivalent increase in the other representatives. Scheme Member representatives of the existing Board structure represent the Active, Deferred and Pensioner members and the employers represent a range of employer sizes and sectors.

5.2 Currently, the Pension Board Scheme Employer representatives are from larger scheme employers. An expansion of the Pension Board could allow for consideration to be given to seeking representation of smaller employers within the Fund. Smaller employer representation could otherwise be achieved through new appointments to existing positions or through robust engagement of Board representatives with all employers within the Fund.

5.3 Increasing the number of representatives would allow the Pension Board to expand through a more diverse pool of people with an increased range of skills and knowledge. However, an increase in numbers on the Board could increase the complexity and effective management of the meetings. The extent to which this would be a challenge depends significantly on the people who would be appointed; however, all meetings would be expected to take longer to allow all Pension Board members to have the opportunity to contribute.

5.4 Regulation 107 of the Local Government Pension Scheme Regulations 2013 (amended), requires that the Administering Authority must ensure that any person appointed as a Scheme Employer or Scheme Member representative has the capacity to represent the employers or members of the Fund, so it is important to only appoint members who have the time to commit to attend meetings, undertake training and effectively represent scheme employers and scheme members. An individual's ability to properly represent the interests of those they are representing and channel information back effectively are also important in selecting members, as does the need to take account of the wide range of membership of the Fund to ensure all employers and members are represented.

5.5 Between October 2018 and July 2019, The Pensions Regulator carried out a review of governance issues across a range of funds in both the LGPS and LGPS Scotland. The review focussed on the key risks identified for LGPS Funds from the Regulator's perspective and included comments on the effective operation of the Pension Board. The Regulator found that not all Pension Boards had a fully engaged membership, recommending formal methods be put in place to deal with ineffective Pension Board members. Whilst care can be taken at the appointment stage to appoint an engaged person, increasing the size of the Pension Board also raises the risk of its members not engaging fully in meetings or participating in the required training.

5.6 Feedback from recent appointment exercises have acknowledged the significant training requirements of Pension Board members, and that this may not be completely clear during the appointment process as to the scale of knowledge required to be an effective Pension Board member and time required to get this knowledge.

5.7 It is unclear at this time if there would be interest from other employers to fill role if it were created but the most recent appointment of an employer representative revealed challenges around securing engagement from employers with the commitment required for training, review and consideration of materials and attendance at meetings and working groups.

6 Conclusions

6.1 With the exception of the largest funds, most Pension Boards consist of six members, excluding independent chairs. Comparing the Fund size and number of members and employers the current Board structure is consistent with the wider LGPS industry. The Pension Board has been functioning effectively over the past few years with a significant improvement in the Funds governance and implementation of a new communications working group. Increasing the size of

the Pension Board could allow for increased diversification of representation and views, however Increasing the size of the Pension Board is likely to lead to meetings becoming longer and more challenging to manage with the possibility of increasing the risk of reduced engagement and training uptake of members.

6.2 Following the review of a range of LGPS Pension Board structures, looking at the size of ESPF and the upcoming term ends of a number of the existing Board, officers recommend that the Pensions Board structure continues to consist of 6 members with an independent chair in line with revised Terms of Reference approved in 2020. Pension Board are recommended to note this report.

IAN GUTSELL
Chief Finance Officer

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Appendix 1

Name of Fund	Number of Employer representatives	Number of Member representatives	Fund type	Fund Value	Scheme Members (thousands)	Scheme Employers
ACCESS Funds						
Kent PF	4	4	County	£7.5bn	145	310
Hertfordshire	4	4	County	£5.9 bn	110	378
West Sussex PF	3	3	County	£5.4bn	81	207
East Sussex PF	3	3	County	£4.2bn	78	127
Suffolk	3	3	County	£3.4bn	70	324
West Northamptonshire	3	3	County	£3.1 bn	73	358
Isle of Wight PF	3	3	County	£0.7bn	17	32
County Funds						
Greater Manchester PF	5	5	County	£26.9bn	392	601
West Midlands PF	6	6	County	£18.9bn	335	743
Merseyside PF	4	4	County	£10.1bn	140	212
South Yorkshire PF	5	5	Pension Authority	£9.9bn	170	533
Nottinghamshire PF	4	4	County	£6.1bn	145	300
Avon PF	3	3	County	£5.3bn	125	464
Leicestershire PF	3	3	County	£5.2bn	98	283
Devon PF	4	4	County	£5.0bn	130	212
Teesside PF	3	3	County	£4.6bn	73	148
Worcestershire PF	3	3	County	£3.4bn	65	183
Dorset PF	4	4	County	£3.3bn	75	320
Wiltshire PF	3	3	County	£3.0bn	82	170

Bedfordshire PF	3	3	County	£2.8bn	74	207
Cornwall PF	3	3	County	£2.2bn	50	162
Shropshire PF	3	3	County	£2.2bn	50	204
London Boroughs						
Brent PF	3	3	London Borough			
Bromley PF	2	2	London Borough			
Hackney PF	2	2	London Borough			
Hillingdon PF	2	2	London Borough			
Southwark PF	3	3	London Borough			
Sutton PF	3	3	London Borough			
Welsh Funds						
Cardiff and Vale PF	3	3	Welsh			
Dyfed PF	3	3	Welsh			
Swansea PF	3	3	Welsh			

Report to: Pension Board

Date of meeting: 9 September 2022

By: Chief Finance Officer

Title: Work Programme

Purpose: To note the Board and Committee work programme

RECOMMENDATION

The Pension Board is recommended to note the work programme.

1 Background & Supporting information

1.1 The work programme contains the proposed agenda items for future Pension Board and Pension Committee meetings over the next year and beyond. It is included on the agenda for each Committee meeting.

1.2 The work programme also provides an update on other work going on outside the Board and Committee's main meetings, including working groups, upcoming training and a list of any information requested by the Board or Committee that is circulated via email.

1.3 This item also provides an opportunity for Members to reflect on any training they have attended since the last meeting.

1.4 Officers had anticipated bringing a paper on the triennial valuation including the draft Funding Strategy statement that will be circulated to all employers for consultation to this September meeting, however, due to the timing of the meeting and data transfer to the actuary following end of year returns this has not been possible. A report will be taken to Pension Committee later in the month and brought to Board at the next meeting.

2 Conclusion and reasons for recommendations

2.1 The work programme sets out the Board and Committee's work both during formal meetings and outside of them. The Board is recommended to consider and agree the updated work programme including consideration the regularity of agenda items to ensure effective governance of the Fund at the scheduled meetings.

IAN GUTSELL
Chief Finance Officer

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Pension Board and Committee – Work Programme

Future Pension Board Agenda		
Item	Description	Author
Standing items (items that appear on each agenda)		
Pension Committee Agenda	A consideration of the draft agenda of the Pension Committee.	Head of Pensions
Governance Report	A report on governance issues effecting the fund, developments in the LGPS, policy amendments and McCloud working group update	Pensions Manger – Governance and Compliance
Employer Engagement and Contributions Report	A report on Employer Engagement matters to note, Employer Contributions update, Communications from the Fund and Communications working group update	Pensions Manger – Employer Engagement
Pensions Administration report	An update on the performance of the Pensions Administration Team.	Head of Pensions Administration
Internal Audit reports	All internal audit reports on the ESPF are reported to the Board	Head of Internal Audit

East Sussex Pension Fund (ESPF) Quarterly budget report	An update on the ESPF's budget. This is reported in Q2-4 only.	Head of Pensions
East Sussex Pension Fund (ESPF) Risk Register	A report on the ESPF's Risk Register	Head of Pensions
Work programme	A report on the Board and Committee's work programme	Head of Pensions
East Sussex Pension Fund (ESPF) Breaches Log	A report on the ESPF breaches log	Head of Pensions
Employer Admissions and Cessations	A report on the admission and cessation of employers to the ESPF.	Head of Pensions
15 November 2022		
Independent Auditors Report on the Pension Fund Account and Annual Report and Accounts 2021/22	A report on the External Audit findings of the Pension Fund financial Statements and the complete 2021/22 Annual Report and Accounts.	Head of Pensions
Employer Forum Agenda	Discussion on Pension Fund Employer Forum Agenda topics	Pensions Manger – Employer Engagement
Good Governance Decision making matrix	Report to outline the revise the decision-making matrix for the Pension Fund, delegations and representations in line with SAB Good Governance project	Head of Pensions

2022 Actuarial Valuation and Funding Strategy Statement	Report from the Fund Actuary on the March 2022 triennial valuation process, methodology and assumptions with a draft Funding Strategy Statement for approval prior to consultation	Head of Pensions
Annual Training Plan	Report on Training completed in the year and training recommendations for the up-coming year	Head of Pensions
8 February 2023		
Business Plan and Budget 2023/24	Report to set the Budget for the Pension Fund for the Financial Year 2023/24 including the Business Plan with key deliverables for the year.	Head of Pensions
External Audit Plan for the East Sussex Pension Fund 2022/23	Draft External Audit Plan for 2021/22 Pension Fund Financial Statements	Head of Pensions
2022 Valuation report and results and Final Funding Strategy Statement (FSS)	Final report and results from the Fund Actuary of the 31 March 2022 triennial valuation with the final FSS for approval post consultation.	Head of Pensions
Additional Voluntary Contributions (AVC) Report	AVC update report on AVC offerings to members	Head of Pensions
2 June 2023 (TBC)		
Governance and Compliance Statement	Annual Review of Governance and Compliance Statement	Governance and Compliance Pensions Manager
Annual Report of the Pension Board	Annual report of the Pension Board to the Scheme manager outlining the work throughout the year	Head of Pensions with the Chair of the Board

Actions requested by the Pensions Board		
Subject Area	Detail	Status
Internal Audit reports	The Board requested that internal audit consider an audit of the common data sets provided to the Pensions Regulator	TBC
Scheme administration	The Board requested a report on potential recommendations from the Scheme Advisory Board (SAB) that the Scheme Manager role is removed from local authority control.	Ongoing discussions
Scheme administration	The Board requested a future report on how the ESPF KPIs for pension administration compare with those of other local government pension schemes.	To be provided when new KPI tool implemented
Decision making	To revise the decision-making matrix (including a RACI model) and to circulate it for information.	In progress

Future Pension Committee Agenda		
Item	Description	Author
Standing items (items that appear on each agenda)		
Governance Report	A report on governance issues effecting the fund, developments in the LGPS, approval of policy amendments and McCloud working group update	Pensions Manger – Governance and Compliance
Pensions Administration report	An update on the performance of the Pensions Administration Team.	Head of Pensions Administration
Internal Audit reports	Internal audit reports on the ESPF and annual audit plan.	Head of Internal Audit
East Sussex Pension Fund (ESPF) Quarterly budget report	An update on the ESPF's budget - <i>reported Q2-4 only</i>	Head of Pensions
East Sussex Pension Fund (ESPF) Risk Register	A report on the ESPF's Risk Register	Head of Pensions
Work programme	A report on the Board and Committee's work programme	Head of Pensions
Investment Report	A Quarterly performance report of the investment managers	Head of Pensions and Investment Consultant

East Sussex Pension Fund (ESPF) Breaches Log	A report on the ESPF breaches log – <i>reported only when a new breach is recognised, or status changed. Report goes quarterly to Board.</i>	Head of Pensions
Employer Admissions and Cessations	A report on the admission and cessation of employers to the ESPF - <i>reported only when outstanding admissions or cessations.</i>	Head of Pensions
27 September 2022		
Covenant Review Report	Report from PWC on the covenant review project	Head of Pensions
2022 Actuarial Valuation and Funding Strategy Statement	Report from the Fund Actuary on the March 2022 triennial valuation process, methodology and assumptions with a draft Funding Strategy Statement for approval prior to consultation	Head of Pensions
30 November 2022		
Independent Auditors Report on the Pension Fund Accounts 2021/22	A report on the External Audit findings of the Pension Fund financial Statements for 2021/22 including 2020/21 Annual Report and Accounts for approval	Head of Pensions
Employer Forum Agenda	Discussion on Pension Fund Employer Forum Agenda topics	Pensions Manger – Employer Engagement
Annual Training Plan	Report on Training completed in the year and training recommendations for the up-coming year	Head of Pensions
22 February 2023		
Business Plan and Budget 2023/24	Report to set the Budget for the Pension Fund for the Financial Year 2023/24 including the Business Plan with key deliverables for the year.	Head of Pensions

External Audit Plan for the East Sussex Pension Fund 2022/23	Draft External Audit Plan for 2021/22 Pension Fund Financial Statements	Head of Pensions
2022 Valuation report and results and Final Funding Strategy Statement (FSS)	Final report and results from the Fund Actuary of the 31 March 2022 triennial valuation with the final FSS for approval post consultation.	Head of Pensions
Additional Voluntary Contributions (AVC) Report	AVC update report on AVC offerings to members	Head of Pensions
15 June 2023 (TBC)		
Governance and Compliance Statement	Annual Review of Governance and Compliance Statement	Governance and Compliance Pensions Manager
Annual Report of the Pension Board	Annual report of the Pension Board to the Scheme manager outlining the work throughout the year	Head of Pensions with the Chair of the Board

Actions requested by the Committee		
Subject Area	Detail	Status

Current working groups		
Title of working group	Detail and meetings since last Pensions Board and Committee meetings	Membership
Investment Implementation Working Group (IIWG)	<p>The Investment Working Group and ESG working group have been amalgamated, as agreed at Pensions Committee 21 September 2020.</p> <p>The IIWG has an advisory role to over oversee the implementation of decisions by the Pension Committee in relation to investment decisions and carry out detailed research and analysis for Pensions Committee.</p> <p>Recent meetings</p> <ul style="list-style-type: none"> • 28 January 2022 • 15 March 2022 (catch up call on actions) • 29 April 2022 (workplan discussion) • 16 August 2022 (various topics) 	<p>William Bourne, Russell Wood, Sian Kunert, Representative from Investment Consultant</p> <p>Cllr Fox or substitute committee member is invited to attend</p>
Administration Working Group	<p>The Administration Working Group was set up in 2021 following the conclusion of the ABS and Data Improvement Working Group. The group discuss ongoing administration projects and areas of administration focus</p> <p>Recent meetings</p> <ul style="list-style-type: none"> • 5 July 2022 • 16 August 2022 <p>Scheduled</p> <ul style="list-style-type: none"> • 18 October 2022 • 15 December 2022 	<p>Cllr Fox, Ray Martin, Stephen Osborne, Neil Simpson (from August 2022) Paul Punter, Sian Kunert, Ian Gutsell</p>

McCloud Working Group	<p>The McCloud Working Group has been established to oversee the implementation of the McCloud ruling within a prescribed timeframe and addressing any gaps and barriers preventing progress and ultimately delivery of the project.</p> <p>A high-level impact assessment has been completed to identify those members of the scheme that will be affected by this ruling.</p> <p>The Group have acknowledged there are many data requests of employers and this project needs to be managed carefully with other demands on employers time.</p> <p>Recent meetings</p> <ul style="list-style-type: none"> • 12 January 2022 – supported by Hymans 	<p>Cllr Fox, Stephen Osborn, Lynda Walker, Paul Punter, Sian Kunert, Dave Kellond</p>
Communications Working Group	<p>The Communications Working Group was established by the Pensions Board in February 2021 to drive forward improvements in communications with stakeholders with support from employee and employer representatives.</p> <p>Recent meetings</p> <ul style="list-style-type: none"> • 28 February 2022 • 28 April 2022 • 9 June 2022 • <p>Scheduled meetings</p> <ul style="list-style-type: none"> • 14 September 2022 • 9 November 2022 	<p>Lynda Walker, Ray Martin, Cllr Druitt, Sian Kunert, Tim Hillman, Paul Linfield</p> <p>Note - All Board members invited to attend</p>

Training and Development - recent and future events

Invited:	Date	Topic	Committee	Board
O + C	20-21 Jan 22	LGPS Governance Conference 2022 - Bournemouth Scheme Advisory Board update • Divest now? • The scheme member's view • Valuation 2022 - a panel of experts • Cyber security and pension scams • McCloud judgment • Legal update • The Regulators • Investment outlook	Cllr Fox	
B + C + O	27-Jan-22	Valuation - Barnett Waddingham • Purpose and objectives of the valuation • Valuing the assets and liabilities - methodology and approach • Data - requirements and the importance of data quality • Assumptions - how these are determined and their impact on results • A look back at the 2019 funding position and what we might expect at 2022 • Hot topics impacting the valuation	Cllrs Fox, Hollidge, Hilton, Redstone	Ray Martin, Linda Walker, Niki Polermo, S. Osborn, Cllrs Illingworth, Druitt
B + C + O	28-Mar-22	Impact Investment - Pensions for Purpose • Introduction to Pensions for Purpose; • What is impact investing? Introducing the spectrum of capital; • Overview of the Impact Investing Principles for Pensions - Impact-Investing-Principles-for-Pensions.pdf (impactinvest.org.uk) - and why pension funds should consider impact when they invest, including setting net zero targets; • What impact investments look like across public and private markets; • Tools to help support impact investment implementation.	Cllrs Hilton, Fox	
B + C + O	28-Apr-22	Overview of the Local Government Pension Scheme. Designed especially for new members of LGPS Boards or Committees, and LGPS officers too. Also useful for anyone who wants to touch up their knowledge. They will also provide online networking opportunities. Topics: • The LGPS • Benefit Summary & Employee Costs • Employer Costs & Cost Caps • Governance		Neil Simpson

B + C + O	11-May-22	Climate Change and TCFD - Uni of Sussex & Izzy <ul style="list-style-type: none"> • Fundamental science of the earth's climate system • Observe the changing patterns in earth's climate (e.g. temperature, rainfall) • Why the earth's climate is changing and the evidence • How future climate is projected using global models under different scenarios • Predicted changes and impacts globally and for the UK under different scenarios TCFD <ul style="list-style-type: none"> • Introduction, objectives and Agenda • Climate change and financial stability • An introduction to the TCFD • Key Themes and topics • The TCFD Recommendations and examples of application • TNFD reporting • Practical next steps • Reflection and Summary 	Cllrs Taylor, Hollidge, Redstone	Ray Martin
B	18-May-22	CIPFA's Annual Conference for Pension Board Members		
C + O	25-26 May	<u>Investment conference</u> After the government's rallying cry to ignite an investment 'big bang', coupled with rising inflation and the continuing economic reverberations of the pandemic, how can pension investors adjust to the new environment, meet their responsibilities, and rise to the challenge? Join us to discuss climate-aware investing, value for money and the productive finance agenda. It's a changed world. What does it all add up to? Where is the next big risk?		
O + C + B	13-15 June	<u>PLSA Local Authority Conference</u> <ul style="list-style-type: none"> • Responsible Investment, including DLUHC's consultation on new reporting regulations. • Asset pooling in the LGPS – what should the pools be doing for the funds? • Results of the PLSA's own Local Authority research project. • How pensions dashboards will work in the LGPS, and how funds can get ready for them. 		
B	22-Jun	<u>Local Pension Board Members.</u> latest updates on governance and the LGPS from key industry players.: Scheme Advisory Board update; DLUHC update; tPR update; Triennial Valuations; Legal update		Neil Simpson

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