



PENSION BOARD

WEDNESDAY, 11 SEPTEMBER 2024

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Ray Martin (Chair)
Trevor Redmond, Zoe O'Sullivan, Neil Simpson, Councillor Andrew Wilson,
Nigel Manvell and Linda Hughes

AGENDA

1. Minutes of the meeting of 5 June 2024 *(Pages 3 - 14)*
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 15 - 18)*
6. Governance Report *(Pages 19 - 42)*
7. Employer Engagement and Communications Report *(Pages 43 - 44)*
8. Pensions Administration Report *(Pages 45 - 60)*
9. Internal Audit *(Pages 61 - 70)*
10. Pension Fund Risk Register *(Pages 71 - 82)*
11. Work Programme *(Pages 83 - 100)*
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. Governance Report *(Pages 101 - 110)*
15. Pension Fund Breaches Log *(Pages 111 - 114)*
16. Employer Admissions and Cessations Report *(Pages 115 - 122)*
17. Any other exempt items previously notified under agenda item 4

PHILIP BAKER
Deputy Chief Executive
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3 September 2024

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PENSION BOARD

MINUTES of a meeting of the Pension Board held at Council Chamber, County Hall, Lewes on 5 June 2024.

PRESENT Board Members; Ray Martin (Chair), Zoe O'Sullivan, Neil Simpson and Cllr Andrew Wilson.

ALSO PRESENT 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
Danny Simpson, Internal Audit
Stephanie Fernando, Employer Engagement Officer
Dave Kellond, Compliance and Local Improvement Partner
Georgina Seligmann, Governance and Democracy Manager
Cllr Ian Hollidge
Mya Khine, Accountant

1. MINUTES OF THE MEETING HELD ON 8 FEBRUARY 2024

1.1 The Board agreed the notes of the previous meeting held on 08 February 2024 as a correct record.

2. APOLOGIES FOR ABSENCE

2.1 Apologies were received for Nigel Manvell. It was noted that Trevor Redmond was not present for the meeting and no apology had been received.

3. DISCLOSURE OF INTERESTS

3.1 There were no disclosures of interest.

4. URGENT ITEMS

4.1 There were no urgent items.

5. PENSION COMMITTEE AGENDA

5.1 The Board considered a report containing the draft agenda for the Pension Committee meeting due to be held on 19 June 2024 and noted that:

- In addition to the reports seen by the Board, the Committee will receive an investment report, and will not receive the employer engagement and communications report.

5.2 The Board received a summary of the minutes of the Pension Committee meeting of 22 February 2024 and noted the following key areas that were debate at the Committee meeting relating to the Investment strategy which were:

- the Fund had completed its first assessment against the Principles of Responsible Investments (PRI) reporting framework and was awarded 4 out of 5 stars and score above average in all areas. An update on the CBRE mandate to deliver UK Property investments within the ACCESS pool was considered. The Funds new Multi Asset Credit mandate through the ACCESS pool managed by BlueBay is now live and the required Storebrand and Osmosis adjustments have now been implemented to rebalance the weighting between the two mandates.

5.3 The Board RESOLVED to note the agenda.

6. GOVERNANCE REPORT

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

6.2 Michael Burton (MB) drew the Board's attention to the following:

- 1) The Economic Activity of Public Bodies (Overseas Matters) Bill was not concluded in the Parliamentary wash up pre-election and would need to be restarted by the new government if this is to be taken forward.
- 2) The Fund received a letter from the Minister for Local Government dated 15 May 2024 requesting submission. It is unclear at this time if the Fund will be required to respond to the Minister since the general election announcement, but Officers will look to draft a response. It was noted the Scheme Advisory Board has offered a meeting with Fund officers and Fund chairs. An update will be provided to Pension Committee on 19 June.
- 3) As the Lifetime Allowance has been abolished; the Communications manager and wider team have been working to revise template letters and Fund documentation to reflect this.
- 4) Tim Oliver has left his role at Brighton University and has stepped down from the Pension Board. Officers are currently going through the process of seeking a new employer representative and a report will be taken to the Governance Committee

meeting of 25 June 2024 with a recommendation for a new member.

- 5) The annual report of the Pension Board to Pension Committee is due to be presented to the Pension Committee at their meeting on 19 June 2024. Officers have liaised with the Chair of Pension Board to produce a draft report to be presented and the Board were asked to comment if they wanted any amendments.
- 6) The Training Policy, Privacy Notices and Memorandum of Understanding were updated and presented, there were few changes proposed to the policies appended to the report reflecting the Fund is already compliant with regulations; it was agreed that the Privacy Notice should be considered as it was noted scheme employers and other pension funds were not included. Officers will discuss with the Data Protection team and if required will update to ensure it reflects all data processors.
- 7) An amendment has been made to the Fund's exit credit policy to reflect the way in which the Pension Committee consider its discretion in the retention of payment of a surplus. Where an admission was entered into pre-May 2018 the wording of the policy was felt to be too definitive whereas in practice this is one of many considerations the Pension Committee take into account when making their decision. It was agreed that the wording would be reviewed again to ensure it is not too assumptive of a particular outcome.

6.3 The Board confirmed there were content with the annual report.

6.4 NS asked whether there is a perception that schemes such as the LGPS are inefficient and what officers view were on this and whether it is possible to evaluate the effectiveness of Fund against other public sector schemes. SK confirmed that officers consider the East Sussex Pension Fund to have robust governance processes and that it is effective. A focus on costs usually relates to the investment management fees which do not exist in unfunded public sector schemes so it is very hard to draw comparisons between public sector funds.

6.5 The Board noted the strong position of the Fund.

6.6 The Board RESOLVED to:

- 1) note the Governance report; and
- 2) agree the report of the Board to the Pension Committee.

7. EMPLOYER ENGAGEMENT AND COMMUNICATIONS REPORT

7.1 The Board considered an update on employer engagement activities and communication tasks that directly affect the East Sussex Pension Fund introduced by Sian Kunert; activities have included website improvements and branding revisions to written communications to members.

7.2 SK drew the Board's attention to the following:

- 1) There were two late payments in February related to employers breaching the deadline for the first time within a 12-month period. Both payments have since been received. The

Fund have not yet been informed the reason for the lateness of these payments but issues not considered to be systemic or of concern.

- 2) All employers have had engagement on i-Connect although there have been delays with a couple of the larger employers; BHCC and Brighton University.
- 3) Communications activities have continued as scheduled.

7.3 RM asked for an update on the team resourcing. SK advised there have been two new staff appointments for the employer team. ZO noted roll out of the new training programme to employers had been postponed post the pilot with ESCC and asked if there were specific rollout timeframes planned. SK advise the new starters would be focusing on the training plan for employers once they have settled in, it was also noted that specific employer training requests had continued to be fulfilled including to payroll and HR teams and information has been provided where required. RM asked whether there was a significant impact on the delivery of services of the team following the recent staff changes. SK advised that over the past year a lot of the team's resource had been focused on i-Connect and now that most employers are onboarded the workload has reduced in this area and is more business as usual managing the uploaded files and data which has moved over to the Projects i-Connect team. The Engagement team will now be able on focus on wider engagement and support for the employers.

7.4 The Board RESOLVED to note the report.

8. PENSIONS ADMINISTRATION REPORT

8.1 The Board considered a report providing an update on matters relating to Pensions Administration activities and Paul Punter (PP) drew the Board's attention to the following points:

KPIs

- 1) There have been some improvements in the numbers since the last meeting, the team has benefitted from increased resource and some projects came to an end in March. On the KPI basis, excluding item 9 (aggregations/combining's) the average result for Jan to Mar 2024 was 96.57%.
- 2) The intention of the report and the appendices is to be as transparent as possible with additional appendices provided to the Board to demonstrate how much work is processed by the team and volumes of outstanding tasks; RM agreed to meet with PP to discuss the reporting requirements ahead of the next meeting.

Helpdesk

- 3) This has been a challenging period with the team moving in house and resources focused training the new starters and therefore a full year's breakdown of KPI information has been provided at this meeting. Performance has been back on track since May and officers will look to restyle and condense the KPI reporting to a single page going forwards.

Staff

- 4) Helpdesk is now appropriately resourced. PAT recently appointed a new apprentice and now have 3 apprentices. PAT is carrying one vacancy but content to allow new staff to bed in as the recent backlog has been cleared and the Fund has some new robots which will carry out lower level tasks, so staff will need to be trained accordingly as they will take on checking work.

Projects

- 5) GMP: reconciliation work is mostly completed with over 2000 pensioners in scope. Pensioners under the GMP age have had their records updated to show the new GMP and non-GMP split of pension in payment. Changes for pensioners over GMP age result in over and underpayments being materialised. Overpayments to date have been written off and pensioners were given three months' notice of the new lower payments being implemented in June. A small number of cases were held back for further investigation and will be adjusted in the next few weeks. The team have received five complaints as a result of the GMP rectification- these complaints have been responded to, however the Fund may receive further concerns when payments start to reduce. Mercers have largely completed their work on the project but may be required to redo some reconciliation work on a batch of 300 cases that were held back temporarily until the Fund can determine on a case by case basis whether the HMRC or Fund data is correct. Further work is outstanding for the deferred members but the more complex pensioners are mostly complete.
- 6) The Member Self-Service (MSS) project to improve functionality and increase security of the system is in progress with testing well underway. The Fund aims to pilot the service with ESCC staff on 27 June which should highlight any issues with the system not identified through testing before launching to all members on 17 July. It was noted that Trevor was invited to have an early look at the new system and carry out some testing as a Board member representative.
- 7) McCloud data returns have been submitted by all active scheme employers. With the exception of BHCC, the data has been validated by a Heywood tool and Officers have resolved all but 400 of the 4,200 queries raised. The remainder are with employers. Work has also been undertaken to collect data from employers with no active members. Data has been received from 60% of these and chasers for the remainder is ongoing. The Fund have had to postpone transfer requests for members in scope for McCloud as there is no Altair calculation functionality. The LGA has produced a template for McCloud non-Club cases and Officers are currently testing this.

8.2 The Board noted the good position of the Fund and thanked officers for their continued hard work.

8.3 The Board RESOLVED to note the report.

9. EAST SUSSEX PENSION FUND (ESPF) 2023/24 OUTTURN REPORT

9.1 The Board considered a report on the Quarter 4 Financial outturn of the East Sussex Pension Fund (ESPF) for the 2023/24 financial year, introduced by Russell Wood who drew the Board's attention to the following points:

- 1) The final outturn position of 2023/24 is £4.082m, this is a decrease from the last projected position of £0.297m and also reflects an underspend against the approved budget of £0.381m.
- 2) The underspend mostly relates to a reduction in overhead costs which are recharged from ESCC as some items had been accounted for twice, lower than expected IT systems costs due to negotiations in fees by paying costs for licenses upfront and lower inflation assumptions. The Fund received confirmation that it would receive a Local Audit Grant for the 2023/24 audit in February, which has resulted in the reduction

in Audit costs for the year by £8,000.

- 3) The budget requirements for 2023/24 were set at £4.463m (£4.269m 2022/23 excluding manager fees) to support the Business Plan activities and administration of the Fund.

9.2 The Board RESOLVED to note the FINAL 2023/24 outturn position.

10. INTERNAL AUDIT

10.1 The Board considered the audit report presented by Danny Simpson (DS) and noted the following points:

- 1) The audit of the Pension Fund Cash Management received an opinion of Substantial Assurance.
- 2) The audit of Administration of Pension Benefits received an opinion of Reasonable Assurance.
- 3) Neither audit resulted in any high or medium risks. It was noted that some minor risks in the administration of benefits to be inevitable due to the volume of work undertaken.
- 4) RM asked if the finding from a prior audit on approval of payment from the Pension Fund had been resolved. Officers confirmed that practices have been updated so that only pension fund officers can authorise payments.

10.2 The Board RESOLVED to note the:

- 1) Pension Fund Cash Management Audit report and;
- 2) Administration of Pension Benefits Audit report.

11. PENSION FUND RISK REGISTER

11.1 The Board considered the updated risk register presented by SK.

11.2 The Board considered the following risks:

- 1) Risk I3 – Regulatory Risk, has been increased due to the likelihood of additional investment regulation that is anticipated.

Items under review

- 2) Risk G3 – Cyber Security, is deemed the highest risk for the Council and Fund, as a result will continue to be closely monitored. Training has been provided to both Board and Committee members with further testing of internal policies and procedures being planned.
- 3) Risk I5 – High Inflation impact on Funding level, will be monitored closely ahead of next quarter due to the recent changes in inflation, however other factors to be tracked may

keep this risk at its current level..

- 4) Risk I8 – Liquidity, is being more closely monitored whilst the Fund transitions to a cashflow negative position from member activities with increases in benefits paid out following recent high inflation and the reduction in contribution rates following the last valuation. Work is being carried out to identify whether more income will be required from investments to bridge this gap or if the investment strategy is sufficient. The Pension Committee will receive further guidance on liquidity as part of their strategy day.
- 5) Risk I9 – Money Purchase Additional Voluntary Contributions is currently under active review by the Fund's advisors. Officers will be considering a number of points discussed at the February Committee and Board meetings on the suitability of the default investment option available, in order to identify any weaknesses in the current offering and ensure appropriate recommendations are made to ensure these are resolved. The risk register will be updated to reflect any findings or actions from this work. Following the work already carried out on this area, Barnett Waddingham will support the Fund work to ensure that the best AVC offering is available.

11.3 The Board RESOLVED to note the report.

12. WORK PROGRAMME

12.1 The Board considered the report on the work programme, introduced by SK, who highlighted the following points:

- 1) The Board will receive an update to the Conflict of Interest policy at the next scheduled meeting in addition to their usual reporting.
- 2) Following the discussion at the last meeting a dedicated session to review the risk register in detail will be scheduled.
- 3) Officers provided information about the set up of Ill Health Insurance in response to a query from NS; officers advised that the insurance was put in place in 2021 to avoid shocks to small employers and to offer stability to those employers for potential large payment requests relating to ill health. If claims experience is good the Fund receives a profit share rebate from Legal and General which goes back into the Fund allocated to the relevant employers. It was noted that the insurance will be reviewed and that Board members will receive a copy of the previous report laying out the reasons for its set up. Officers confirmed that costs related to Ill Health are less than 1% of the payroll and that all claims have been paid successfully.

12.2 The Board RESOLVED to note the work programme.

13. ANY OTHER NON-EXEMPT ITEMS PREVIOUSLY NOTIFIED UNDER AGENDA ITEM 4

13.1 There were no items.

14. EXCLUSION OF THE PUBLIC AND PRESS

14.1 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).

15. GOVERNANCE REPORT

15.1 The Board considered the Exempt Governance report.

15.2 A summary of the discussion is set out in an Exempt minute.

15.3 The Board RESOLVED to note the report.

16. PENSION FUND BREACHES LOG

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

16.2 A summary of the discussion is set out in an Exempt minute.

16.3 The Board RESOLVED to note the report.

17. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

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

17.2 A summary of the discussion is set out in an Exempt minute.

17.3 The Board RESOLVED to note the report.

18. ANY OTHER EXEMPT ITEMS PREVIOUSLY NOTIFIED UNDER AGENDA ITEM 4

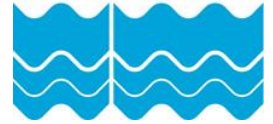
18.1 There were no urgent items.

(The meeting ended at 12.20)

Ray Martin, Chair

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PENSION COMMITTEE

WEDNESDAY, 25 SEPTEMBER 2024

10.00 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 of the meeting of 19 June 2024
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 (exempt)
15. Governance Report (exempt)

16. Breaches Log
17. Employer Admissions and Cessations
18. Any other exempt items previously notified under agenda item 4

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17 September 2024

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PENSION COMMITTEE

SUMMARY OF THE MINUTES: 19 JUNE 2024

All members of the Committee were present.

GOVERNANCE

The Committee considered a report introduced by Michael Burton and resolved to note the required Pension Board appointments, note that the Economic Activity of Public Bodies (Overseas Matters) Bill was not concluded in the Parliamentary wash up pre-election and would need to be restarted by the new government if this is to be taken forward but that in the interim the Fund will be providing a response to the Civil Service and the Minister for Pensions will review once appointed.

PENSION BOARD REPORT

The Committee received a report on the work of the Board over the last 12 months which the Board approved at their June meeting.

PENSIONS ADMIN

The Committee received a similar report to that presented at Board and noted the updates.

Q3 BUDGET MONITORING REPORT AND 24/25 BUSINESS PLAN AND BUDGET

The Committee received a similar report to that presented at Board and noted the update on the 2023/24 Quarter 4 Financial Outturn Position.

INTERNAL AUDIT REPORT

The Committee received a similar report to that presented at Board and noted the Pension Fund Cash Management and the Administration of Pension Benefits Audit reports.

RISK REGISTER

The Committee considered and noted a report. The risk there are increased pressures on LGPS funds to invest in specific areas which would make it very challenging to manage the asset allocation was discussed.

INVESTMENT

The Committee considered and noted an Investment Report from Officers and ISIO (Investment Advisers).

There was a positive absolute return over the quarter in Fund performance but underperformance against the multiple benchmarks for the period. Quarter one resulted in a strong set of returns for pension schemes which is reflected in the report data; yield values have risen over the quarter and bond prices have gone down. The UK performed well in equity markets whilst bond markets were mixed. The yield on UK corporate bonds are an important change this quarter to consider from a strategic perspective and the transition to multi asset credit will be considered in more detail in future meetings.

The Committee noted that ISIO met with Ruffer in response to the muted performance and are satisfied that team changes have not had a negative impact. It was agreed that ISIO would address concerns with Ruffer as the data now provides a good review opportunity. The Committee noted that the benchmarks are challenging and that the actual return figures are positive.

The Committee noted that ACCESS JC met on 10 June 2024 where the outturn report was presented which saw a slight overspend. It was also noted the ACCESS pool received good assurance on their Internal Audit which is the auditors highest rating.

WORK PROGRAM

The upcoming work program was noted.

EXEMPT ITEMS

A number of items were discussed under the Exempt part of the meeting which Board Members can have access to on request. These included the Funds allocation to Index Linked Gilts, information on the operator of the ACCESS Pool, additional exempt risks on the Risk Register, the Breaches Log and the Admissions and Cessations Report.

Report to: Pension Board

Date of meeting: 11 September 2024

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).

2 Legal and regulatory changes

2.1 The Fund received a letter from the Minister for Local Government dated 15 May 2024 requesting a two-page submission covering how the Fund will complete the process of asset pooling to deliver benefits of scale and how the Fund will ensure it is effectively run including governance and benefits of greater scale. Despite the change in Government, the Fund responded to the questions in the letter submitting its response to the new Ministry of Housing Communities and Local Government following advice from the Scheme Advisory Board that the responses would be useful to any minister in this position. A response was submitted prior to the deadline of 19 July 2024. A copy of the response from the Fund is available at **Appendix 1**.

2.2 In July 2024, the new Chancellor of the Exchequer, Rachel Reeves, announced a pensions' review to boost investment and tackle waste in the pensions system stating that action will be taken to unleash the full investment might of the £360bn LGPS to make it an engine for growth and tackle the £2bn that is being spent on fees. The work announced focusing on investments was stated to be the first phase in reviewing the pensions landscape.

2.3 In a [press release](#) issued on 20 July 2024 by the Government, it states

“The Local Government Pension Scheme (LGPS) in England and Wales is the seventh largest pension fund in the world, managing £360 billion worth of assets. Its value comes from the hard work and dedication of 6.6 million people in our public sector, mostly low-paid women, working to deliver our vital local services. Pooling this money would enable the funds to invest in a wider range of UK assets and the government will consider legislating to mandate pooling if insufficient progress is made by March 2025.”

This is a clear statement of direction that the LGPS must invest through the LGPS pools and do so as quickly as possible.

2.4 59.5 % of the Fund's total assets were pooled as at 31 March 2024 (78.3% of the Fund's listed assets). It is anticipated that 15.8% of the Fund listed assets will not be pooled by 31 March 2025. These assets are held in three small boutique funds that specialise in climate change, either as an impact manager or as listed infrastructure. Impact equity and listed Infrastructure are Strategic Asset allocations by the Pension Committee and there is currently no solution available on the pool platform that would replace these investments.

2.5 The press release goes onto say

“To cut down on fragmentation and waste in the LGPS, which spends around £2 billion each year on fees and costs and is split across 87 funds – an increase in fees of 70% since 2017, the Review will also consider the benefits of further consolidation.”

This statement highlights the concern over investment fees paid in the LGPS by the Government and potential uncertainty for the future structure of the LGPS and administering authorities in their current forms.

2.6 The ACCESS pool has already demonstrated significant cost savings to the underlying LGPS funds with costs savings of £28.5m p.a. In analysis conducted by ClearGlass it was established that the total ongoing charges were 4bps compared to the Benchmark Median of 7bps which equates to annual fees totalling £4.2m compared to the Benchmark Median annual charge of £7.6m for a comparable portfolio; and the resultant savings total £3.4m (3bps). More illiquid assets such as those being considered for increased investment by pension funds such as productive infrastructure assets and UK private equity assets are significantly higher costs than liquid mandates.

2.7 On 16 August 2024 the Government published the terms of reference for the pensions review. The Chancellor has appointed the Minister for Pensions to lead the review. The review will focus on defined contribution workplace schemes and the Local Government Pension Scheme. The review will also work closely with the Minister of State at MHCLG Jim McMahon to look at how tackling fragmentation and inefficiency can unlock the investment potential of the £360 billion Local Government Pension Scheme in England and Wales, which manages the savings of those working to deliver our vital local services, including through further consolidation. The first phase of the review will focus on developing policy in four areas including “Tackling fragmentation and inefficiency in the Local Government Pension Scheme through consolidation and improved governance”

3 Pension Board membership

3.1 Since the last meeting of the Pension Board, the Governance Committee resolved to appoint Linda Hughes as a new employer representative on the Pension Board for the period 25 June 2024 to 24 June 2028 at their meeting on 24 June 2024.

4 Pension Fund Policies

4.1 The Fund’s Conflict of Interest Policy is due for its three year review and is attached at **Appendix 2**. Changes to the Strategy include the addition of a reference to the potential conflict as Employer and Administering Authority and a new section on Investment conflicts. Where wording has been amended the text is highlighted in yellow.

5 Funding Update

5.1 The Fund Actuary has not yet produced the indicative quarterly funding update. A verbal update will be provided if this report is provided before the meeting date.

6 GAD Section 13

6.1 On 14 August 2024 the Government Actuary’s Department (GAD) issued a report under section 13 (s.13) Public Service Pensions Act 2013. This report relates to the 2022 Triennial Valuation.

6.2 GAD’s report is based on 4 objectives which are to determine:

- Compliance - If Fund Valuations are compliant with Scheme Regulations.
- Consistency - Whether Fund Valuations are inconsistent with those of other Funds.
- Solvency - If employer contributions are set at an appropriate level to ensure the solvency of the Pension Fund.

- Long term cost efficiency - Whether employer contributions are set at an appropriate level to ensure the long-term cost efficiency of the Scheme so far as it relates to the individual Fund.

6.3 In relation to Compliance GAD concluded that the aims of section 13 were achieved under the heading of Compliance in terms of valuation reporting. GAD were please to note improvements in the clarity of references to the assumptions on which Rates and Adjustment Certificates were based following the prior review.

6.4 In relation to Consistency GAD found that presentational consistency was evident in 2022 and dashboards aid understanding. The additional information provided following the 2019 review has helped with presentational consistency. However they found that there was no indication of significant improvement in evidential consistency since the 2019 review. They note that local variations may merit different approaches and assumptions but these lead to different outcomes such as ongoing contribution rates. GAD recognised significant improvement in the presentation of climate risk analysis as part of 2022 valuations and most Funds had followed the broad climate risk principles agreed between MHCLG, Fund Actuaries and GAD. GAD recommend the SAB engage with stakeholders to develop the principles and improve consistency across Funds for 2025.

6.5 In relation to Solvency GAD found funding levels have continued to improve on a local basis since 2019 with 106% funded LGPS in aggregate. This reduces current solvency concerns but future solvency risk is still an important consideration. GAD found that the growth of Fund assets relative to the size of the underlying local authorities mean that Funds in deficit will more likely trigger the GAD asset shock measure. No other solvency flags have been raised, however GAD recognise the competing pressures on employer budgets and sensitivity of funding levels to future experience including investment market conditions. GAD recommend Funds continue to review risks and respond to emerging issues and ensure they have appropriate governance arrangements in place.

6.6 In relation to long term cost efficiency GAD flagged two funds in relation to deficit recovery periods and were concerned with one fund that contribution rates were reducing while the deficit recover period was extended. GAD made a recommendation that the SAB consider the approach to surpluses in their review of the Funding Strategy Statement (FSS) guidance. GAD also carried out Asset Liability Modelling (ALM) to illustrate two different surplus sharing models which highlights the potential contribution volatility and funding risks even where a Fund may have a strong current funding position.

6.7 A summary report for ESPF is provided in the exempt section of this agenda. The report does not recognise any flags for concern. Under the SAB funding model GAD have calculated the funding position of the Fund to be 129.4% compared to the Fund's own actuarial funding level of 123%.

7 Conclusion

7.1 The Board is recommended to note this report.

IAN GUTSELL
Chief Finance Officer

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Local Government Pensions
Ministry of Housing, Communities
and Local Government

By Email

Date 19 July 2024

Dear Teresa Clay and Michelle Warbis,

Efficiencies in local government and management of the Local Government Pension Scheme (LGPS)

We welcome the opportunity to respond to the Efficiencies in local government and management of the Local Government Pension Scheme (LGPS) funds letter of the 15 May 2024 and have provided commentary against all the questions on behalf of the East Sussex Pension Fund.

The LGPS is in a unique position to deliver excellent value for money for its members, and deliver outstanding performance with a diversified asset strategy. This has been furthered by the establishment of asset pools, which have acted with a high degree of professionalism in delivering additional benefits to Authorities.

We would welcome an opportunity to participate in a discussion with the Government about the good practice in the management, governance and administration of the LGPS and where there may be opportunities for this to be improved.

How your Fund will complete the process of pension asset pooling to deliver the benefits of scale.

What proportion of assets have been pooled in your chosen LGPS pool?

59.5 % of total assets were pooled as at 31 March 2024 (78.3% of the Funds listed assets).

Is your fund on track to pool all listed assets by March 2025 and if not what are the barriers to this?

No, there is a third-party operator procurement taking place in 2024 which has paused the development of any new listed assets to be added to the ACCESS platform until the outcome is known.

We anticipate that of the 21.7% liquid assets currently invested outside the pool, 15.8% invested in 3 separate mandates will not be pooled by the 31 March 2025. These mandates are all small boutique funds that specialise in climate change, either as an impact manager or as listed infrastructure. Impact equity and listed Infrastructure are Strategic Asset allocations by the Pension Committee and there is currently no solution available on the pool platform that would replace these investments. The Fund will work with the pool to consider how these asset allocation decisions can be implemented at scale once the new third-party operator has been appointed.

The Fund is also working on transferring more illiquid assets to the pool and progress in this space is accelerating.

Is there scope for minimising waste and duplication by making use of your LGPS asset pool's services and expertise in reporting and development of the pensions investment strategy?

Reporting: We currently use our pools reporting and actively work with the pool to improve this where we can. There is still an opportunity for an LGPS asset pools to further support consistent, transparent reporting noting the increasing requirements being placed on the LGPS. The reporting from the asset pools will continue to evolve as they increase the investment options available, however some areas of reporting are subject to the release of long awaited statutory guidance such as on Climate reporting.

It is important for Funds to receive independent assessments of the Asset Pools performance to ensure we are getting the best service we can and to avoid potential conflicts of interest within pooling structures. Each Fund has a different context and range of considerations to take into account with its approach to investment including liquidity and cashflow requirements, risk appetite, maturity and covenant of employers, affordability and funding positions. These are unique to each Funds and not consistent within pools meaning there is little duplication and local oversight is required to ensure the ongoing sustainability of each Fund and affordable contribution rates for employers.

Development of investment Strategy: The Fund is required to seek proper advice on our Investment Strategy Statement the pool companies are not able to provide this as they do not have investments in all asset classes. They are not set up to provide advice around the

The Pools do not have all of the available information around the individual Funds liabilities or their Funding Strategy Statement nor do they have expertise in these aspects of a Fund, so are not able to advice how best to match the Fund's assets against liabilities or understand the covenant risk of employers.

What is your expenditure on pensions investment consultancy?

The Fund spent £116k or 0.002% of fund assets on proper advice from our investment consultants. We also spent £55k on specific ESG work to deal with the increasing challenge on Pension Funds to divest and £23k on an independent advisor to assist the Committee in challenging the assumptions from consultants.

Does your LGPS asset pool have an effective modern governance structure in place, which is able to deliver timely decisions and ensure proper oversight? If not, what steps are you taking to make your pools governance more effective?

The Governance structure allows for challenge at several levels from Joint committee, Section 151 officers and senior LGPS officers within the Funds. There are dedicated ACCESS officers which form the ACCESS support unit who are purely focused on the Pool. Along with this there is a third party operator who have a regulatory and depository oversight of their activities.

The ACCESS pool made the strategic choice to use an independent, third party FCA regulated ACS operator, third party Investment Manager for passive investments and a third party Implementation Adviser for non-listed assets. For all of these suppliers, ACCESS has the option to retest the market and re-procure at regular intervals.

In turn these strategic partners have delivered a full range of active listed sub-funds and passive mandates at a discount to market equating to 9bps along with the establishment of best in class offers across alternatives.

The ACCESS model avoids conflicts of concern to the FCA. For example, one role of the operator is due diligence and ongoing monitoring and oversight of investment managers appointed to the ACS sub-funds. Investment managers (in the private and public sectors) with in-house operator functions face conflicts in this regulatory function since the operator is responsible for the appointment and firing of investment managers for reasons of underperformance or other ongoing due diligence concerns. An independent operator using third party managers does not face these conflicts.

How you ensure your LGPS fund is efficiently run, including consideration of governance and the benefits of greater scale.

Does your LGPS fund have effective and skilled governance in place, which is able to hold officers, service providers and the pool to account on performance and efficiency?

Yes.

ESCC operates a Cabinet style decision-making structure. Under the Constitution, the Pension Committee has delegated authority to exercise the powers of the County Council in respect of all powers and duties in relation to its functions as the Scheme Manager and Administering Authority for the Fund.

The Fund governance focuses on:

- The effectiveness of the Pension Committee, the Local Pension Board (Pension Board) and Officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies.
- The establishment of policies and their implementation.
- Clarity of areas of responsibility between Officers and Pension Committee/Board members.
- The ability of the Pension Committee/Board and Officers to communicate clearly and regularly with all stakeholders.
- The ability of the Pension Committee/Board and Officers to ask for the appropriate information and advice and to interpret that information in their supervision and monitoring of the Scheme in all areas.
- The management of risks and internal controls to underpin the framework.

The Fund has implemented as far as it could the LGPS Scheme Advisory Board's 'Good Governance Project', however, we would reiterate previous requests that the Government puts into action the recommendations from the 'Good Governance Project' to develop a common standard on governance and evidence the effective relationships between pensions funds and asset pools with a focus on the type and quality of outcomes administering authorities should aim to achieve.

The Fund has proven its effective governance arrangements as reflected in winning the Governance Award at the LAPF investment awards in 2023 and also won the large LGPS fund of the year in 2021.

Would you be likely to achieve long-term savings and efficiencies if your LGPS fund became part of a larger fund through merger or creation of a larger pensions authority?

We do not consider that there are any material long-term savings that could be achieved from merging the East Sussex Pension Fund with another LGPS Fund or the creation of a larger pensions authority to include the Fund. There could be benefits around resilience for smaller Funds from merging as most LGPS Funds, however is unlikely to result in any cost savings and East Sussex is already substantial in size.

There would be complications around the governance and very high levels of risk involved with a merger. The maintaining of pensioner payrolls would be the main concern, particularly if the Funds merging were on different software suppliers. The challenge of moving hundreds of employers and their payroll providers over to the new Fund and the processes could be detrimental to the quality of member data. The administration costs of a merged Fund would not reduce as the volume of work to administer records and pay pensioners would remain, this would just move the staff resources from one location to another. The software costs will also remain as they are chargeable based on member numbers not a set cost to an organisation.

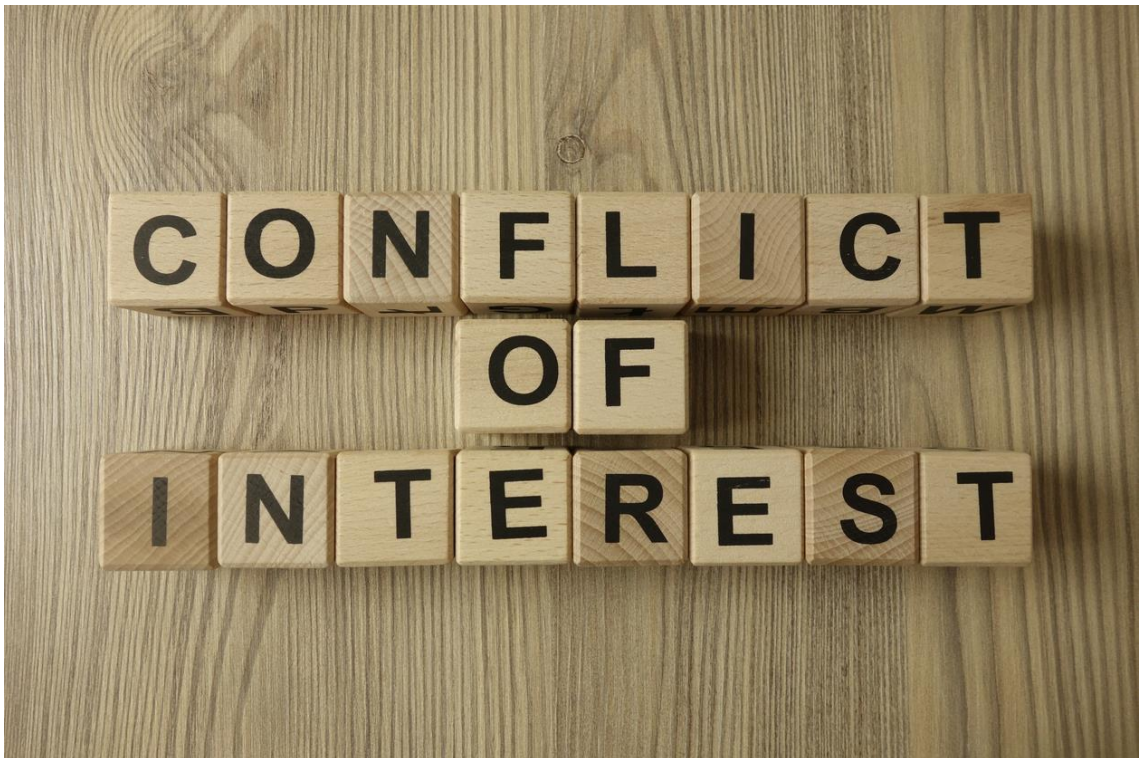
The ACCESS pool has already demonstrated significant cost savings to the underlying LGPS funds with costs savings of £28.5m p.a. In analysis conducted by ClearGlass it was established that the total ongoing charges were 4bps compared to the Benchmark Median of 7bps which equates to annual fees totalling

£4.2m compared to the Benchmark Median annual charge of £7.6m for a comparable portfolio; and the resultant savings total £3.4m (3bps).

Yours sincerely

Ian Gutsell
Chief Finance Officer
East Sussex Pension Fund
East Sussex County Council

Conflicts of Interest Policy



September 2024

Conflicts of Interest Policy

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Conflicts of Interest Policy – East Sussex Pension Fund

Introduction

The potential for conflicts of interest have always existed for those with Local Government Pension Scheme (LGPS) administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS, as an officer with responsibilities for or within a shared service or as an adviser to more than one LGPS administering authority. Further any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of East Sussex Pension Fund (the Fund) from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed.

This is the Conflicts of Interest Policy of the Fund, which is managed by East Sussex County Council (the Council) in its capacity as Administering Authority. The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Fund whether directly or in an advisory capacity, and seeks to ensure consistency with the Council's policies and codes.

This Conflicts of Interest Policy is established to guide the Pension Committee members, Pension Board members, officers and advisers. It aims to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

This conflict of interest policy also identifies areas of potential conflict that are specific to the LGPS that would be dealt with in the same manner as conflicts of interest under the Members' codes of conduct and Employees' codes of conduct.

In preparing this policy it is noted that it is not just actual or potential conflicts which pose a risk to the Fund. Where there is a perception that a conflict exists, even where it is not the case, this must be taken into account.

Conflicts of Interest Policy – East Sussex Pension Fund

Aims and Objectives

In relation to the governance of the Fund, the Administering Authority's objectives are to:

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Ensure the Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise
- Act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust and well based
- Understand and monitor risk
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Clearly articulate its objectives and how it intends to achieve those objectives through business planning, and continually measuring and monitoring success
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

The identification and management of potential and actual conflicts of interest is integral to the Council achieving its governance objectives as the administering authority of the Fund.

Conflicts of Interest Policy – East Sussex Pension Fund

To whom this Policy Applies

This Conflicts of Interest Policy applies to:

- all members of the Pension Committee and the Pension Board, including scheme member and employer representatives, whether voting members or not.
- all managers in the Council's Fund Management Team,
 - the Chief Finance Officer (Section 151 Officer),
 - the Chief Operating Officer, and
 - any other officer of East Sussex County Council who has responsibilities relating to the Fund, (from here on in collectively referred to as the officers for or of the Fund).
- all advisers and suppliers to the Fund, whether advising the Pension Board, Pension Committee or Fund officers.

The Head of Pensions will monitor potential conflicts for officers involved in the daily management of the Fund and highlight this Policy to them as they consider appropriate.

This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role and including responsibilities representing the Fund on other committees, groups and bodies.

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Council as the administering authority in relation to Fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, shared service partners, fund managers, lawyers, custodians and AVC providers. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Council rather than the firm as a whole.

In accepting any role covered by this Policy, those individuals agree that they must:

- acknowledge any potential conflict of interest they may have;
- be open with the Council and any other body on which they represent the Council, on any actual or potential conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with the Council how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

Conflicts of Interest Policy – East Sussex Pension Fund

Legislative and related context

The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance. These are considered further below.

The Public Service Pensions Act 2013

Section 5 of this Act requires that the scheme manager (in the case of the Fund, this is the Administering Authority) must be satisfied that a Pension Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires Pension Board members (or nominated members) to provide reasonable information to the Administering Authority for this purpose.

The Act defines a conflict of interest as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).”

Further, the Act requires that the Council as administering authority must have regard to any such guidance that the national LGPS Scheme Advisory Board may issue (see below).

The Local Government Pension Scheme Regulations 2013

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on the Council as administering authority to satisfy itself that Pension Board members do not have conflicts of interest on appointment or whilst they are members of the Board. It also requires those Pension Board members to provide reasonable information to the Administering Authority in this regard.

Regulation 109 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to local pension boards. Further, regulation 110 provides that the national LGPS Scheme Advisory Board has a function of providing advice to administering authorities and local pension boards. The LGPS Scheme Advisory Board issued guidance relating to the establishment of local pension boards, including a section on conflicts of interest. This Conflicts of Interest Policy has been developed having regard to that guidance.

The Pensions Act 2004

The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest.

Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator has issued such a code and this Conflicts of Interest Policy has been developed having regard to that code.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for local pension board members are not being adhered to.

Conflicts of Interest Policy – East Sussex Pension Fund

CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance

The CIPFA governance principles guidance states "*the establishment of investment pooling arrangements creates a range of additional roles that committee members, representatives, officers and advisors might have.*" It includes some examples of how conflicts of interest could arise in these new roles. It highlights the need for administering authorities to:

- update their conflicts policies to have regard to asset pooling;
- remind all those involved with the management of the fund of the policy requirements and the potential for conflicts to arise in respect of asset pooling responsibilities; and
- ensure declarations are updated appropriately.

This Conflicts of Interest Policy has been updated to take account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance.

Localism Act 2011

Chapter 7 of the Localism Act 2011 requires local authorities to produce a code of conduct for members. All members and co-opted members of the Pension Committee are required to register and declare 'disclosable pecuniary interests' and abide by the Council's Code of Conduct for Members. That Code contains provisions relating to Code Interests and Disclosable Pecuniary Interests, their disclosure and limitations on members' participation where they have any such interest.

The Seven Principles of Standards in Public Life

Sometimes known as the 'Nolan Principles', the seven principles of public life apply to anyone who holds public office. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service
- local government
- the police
- the courts and probation services
- non-departmental public bodies
- health, education, social and care services

The principles also apply to all those in other sectors that deliver public services. Many of the principles are integral to the successful implementation of this Policy.

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Conflicts of Interest Policy – East Sussex Pension Fund

Advisers' Professional Standards

Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries. Any protocol or other document entered into between an adviser and the Council in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

Administering Authority Requirements

Pension Committee Members

Committee Elected Members and co-opted members of East Sussex County Council are required to adhere to the [Council's Members' Code of Conduct](#) which, in Part 2 and 3, includes requirements in relation to the disclosure and management of personal and prejudicial interests.

Pension Board Members

Pension Board members are required under (xxi) of the Board's terms of reference to adhere to the Members' Code of Conduct which, in Part 2 and 3, includes requirements in relation to the disclosure and management of personal and prejudicial interests.

Officers

Officers of the Council are required to adhere to the Council's [Code of Conduct and Conflict of Interest Policy for Employees](#) which includes requirements in relation to the disclosure and management of all potential conflicts of interests that may impact on their work or that of the Council.

Advisers and suppliers

Advisers and suppliers to the Fund are required to sign up to the [Orbis Supplier Code of Conduct](#) as part of the tendering process for all East Sussex County Council services **where the contract is not entered into through a Purchase Order. This Code of Conduct is published on the County Council's website. Even where the Code of Conduct is not expressly included, contracts will cover conflicts of interest.** Suppliers are required to declare any conflicts of interest when quoting or submitting a tender for any contract. The terms of contracts for all advisers and suppliers of the Fund will also include specific requirements around conflicts of interest deemed necessary for this specialised type of service.

Conduct at Meetings

There may be circumstances where a representative of employers or members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). The Administering Authority requires that any individual wishing to speak from an employer's or member's viewpoint must state this clearly, e.g. at a Pension Board or Pensions Committee meeting, and that this will be recorded in the minutes.

Conflicts of Interest Policy – East Sussex Pension Fund

What is a Conflict or Potential Conflict of interest and how will they be managed?

General conflicts of interest

The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions.

Conflicts of interest for Pension Board and Pension Committee members

Conflict of interests as they apply to Pension Board and Pension Committee members are defined in the Members' Code of Conduct.

As well as the definition in the Code of Conduct, paragraph xxxvi of the terms of reference of the Pension Board states a conflict of interest is defined in the Public Service Pensions Act 2013 as: "in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the Pension Board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."

Conflicts of interest for Officers

The Council's Code of Conduct and Conflict of Interest Policy for Employees and defines personal interests in Section 8: Personal interests. Officers are also required to declare any outside commitments under Section 7 of the Code.

Conflicts of interest for advisers and suppliers

The terms of contracts for all advisers and suppliers of the Fund will specify what constitutes a conflict of interest and how it will be managed.

There may be circumstances where these advisers are asked to give advice to scheme employers, or even to scheme members or member representatives such as the Trades Unions, in relation to pension matters. Similarly, an adviser may also be appointed to another administering authority which is involved in a transaction involving the Fund and on which advice is required or to a supplier or organisation providing services to the Fund. An adviser can only continue to advise the Council and another party where there is no conflict of interest in doing so.

An adviser appointed to advise the Pension Committee or Pension Board, or Fund Officers can be the same person as there is no conflict of interest between the multiple responsibilities.

Conflicts of Interest Policy – East Sussex Pension Fund

Areas of potential conflict that are specific to the LGPS

These are areas of potential conflict that the Scheme Advisory Board identifies as specific to the LGPS. They apply to Pension Committee and Pension Board Members, as well as officers, advisers and suppliers and are to be managed in the same way as other conflicts of interest under the relevant policy:

- Any commercial relationships between the administering authority or host authority and other employers in the fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to pension fund operations.
- Contributions setting for the administering authority and other employers.
- Cross charging for services or shared resourcing between the administering authority and the fund.
- Dual role of the administering authority as owner and client of a pool.
- Local investment decisions.
- How the Fund appropriately responds to Council decisions or national policies on global issues such as climate change.
- How the Fund responds to public pressure or activism and lobbying.
- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or finance cabinet should be disclosed.

Members of the Pension Board or Pension Committee would need to consider whether they have a personal interest and whether that is prejudicial or pecuniary under the **Members' Code of Conduct**.

Officers would need to consider whether any of the above conflicts of interest apply to Section 7 or Section 8 of the **Code of Conduct and Conflict of Interest Policy for Employees**.

Advisers and suppliers to the Fund also need to consider whether any of the above conflicts of interest apply to the conflict of interest policy in their contract with the Administering Authority.

Therefore, a conflict of interest may arise when an individual:

- has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS Fund administered by the Administering Authority, and
- at the same time has:
 - a separate personal interest (financial or otherwise) or
 - another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

Some examples of potential conflicts of interest relating to the areas of conflict specific to the LGPS are included in Appendix I.

East Sussex County Council, as Administering Authority, will encourage a culture of openness and

Conflicts of Interest Policy – East Sussex Pension Fund

transparency and will encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest.

East Sussex County Council will evaluate the nature of any interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance were an actual conflict of interest to materialise.

It is noted that the Council acts both as the Administering Authority and as an Employer within the Fund. So it is possible this could give rise to potential conflicts. Where this is the case, such conflicts should be declared and where a person is acting under the remit of the Employer, rather than the Fund, this must be made clear. Where there is a dispute or negotiation between the Employer and Fund the same person cannot represent both sides. Should the person be representing the Council as Employer, they must not take any action which may cause, or be seen to cause, influence to be had on the decision making of the Fund.

Gifts and Hospitality

The Members' Code of Conduct sets gifts and hospitality with worth estimated at over £50 as a personal interest under section 8 (3) (a) (iii).

Section 5 of the Code of Conduct and Conflict of Interest Policy for Employees forbids officers from the acceptance of any gifts other than those set out in 5.6. Section 6 sets out that officers should exercise caution in offering and accepting hospitality.

The suppliers code of conduct requires advisers and suppliers to maintain a gifts and hospitality register (relating to Council contracts) that is available on review.

Perceived conflicts of interest

A perceived conflict of interest occurs when it appears that a conflict of interest may exist, even if that is not the case. For example, a committee member might be in a sports team that plays against opponents connected to a third party provider that goes on to tender to provide a service to the Fund; creating a perception that a social connection may have swayed the decision making process.

In this example there is a reputational risk that a decision maker may have been unduly influenced even though they may not have been aware of the situation and it was not relevant to the decision being made.

Where individuals are aware of a perceived conflict this must be declared. Where no conflict exists, this decision can be documented to mitigate the reputational risk.

Managing conflicts of interest

Managing conflicts of interest for members of the Pension Board and Pension Committee

Section 9 of the Members' Code of Conduct sets out the requirements around Members disclosing an interest at a meeting of the authority at which any matter relating to the business is considered, including circumstances where they do not have to disclose an interest. Each agenda of the Pension Board and Pension Committee includes an agenda item seeking declarations of interest from members for all matters for discussion on the agenda.

Conflicts of Interest Policy – East Sussex Pension Fund

Section 12 of the Members' Code of Conduct sets out the effect of prejudicial interests on participation at a meeting, including circumstances where they must withdraw from a meeting and where they may continue to attend a meeting but only for the purposes of making representations. Section 15 sets out dispensations to these restrictions. A Member declaring a personal, non-prejudicial interest would not be expected to take any action.

Section 13 of the Members' Code of Conduct deals with the requirement for Members to register in the register of members' interests all personal interests and personal interests that are also disclosable pecuniary interests.

Section 14 sets out the steps taken where a Member considers that the information relating to any of their personal interests is sensitive information, and the authority's Monitoring Officer agrees. Section 14 (3) states that "sensitive information" means information, the details of which, if disclosed, could lead to you or a person connected with you being subject to violence or intimidation.

Section xxxix of the Pension Board terms of reference requires Members of the Pension Board to provide, as and when requested by the Scheme Manager, such information as the Scheme Manager requires to identify all potential conflicts of interest and ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest at appointment or whilst a member of the Pension Board.

Managing conflicts of interest for officers

The [Code of Conduct and Conflict of Interest Policy for Employees](#) requires that all potential conflicts of interest must be declared before the activity commences or the issue arises. If an individual's circumstances change, it is their responsibility to immediately inform their manager and make a new declaration.

Annually, all staff will be reminded of the need to declare potential conflicts of interest and required to complete an annual form, including where a NIL return has been made in the previous declaration.

Managing conflicts of interest for advisers and suppliers.

In addition to the [Orbis Supplier Code of Conduct](#), the contract between the adviser and supplier and the Administering Authority will specify how conflicts of interest are managed. This will include all of the advisers and suppliers to the East Sussex Pension Fund being expected to have their own policies on how conflicts of interest will be managed in their relationships with their clients, and these should have been shared with, East Sussex County Council.

All advisers and suppliers must:

- be provided with a copy of this Policy on appointment and whenever it is updated
- adhere to the principles of this Policy
- provide, on request, information to the Head of Pensions in relation to how they will manage and monitor actual or potential conflicts of interest relating to the provision of advice or services to the Council
- notify the Head of Pensions immediately should a potential or actual conflict of interest arise

Conflicts of Interest Policy – East Sussex Pension Fund

Investment conflicts

The Fund's Investment Strategy Statement, which is published on the Fund's website, cross references this policy. With respect to Stewardship, it is possible that actual or perceived conflicts of interest may arise through the normal course of business in relation to the execution of the Fund's Stewardship activity. The more it engages with managers and investee companies, vote at AGMs, vote on shareholder resolutions and engage or communicate with policy makers and governments in jurisdictions within which it invests, the greater the potential for conflicts of interest or the perception of them to arise. These conflicts relate to potential tensions between the Fund's fiduciary duties as asset owners on behalf of its members, its role as a public sector pensions service provider, the responsibility of East Sussex County Council as Administering authority and individual political or personal views of the Pension Committee members or officer team.

The Fund's primary responsibility is to act in the interests of its beneficiaries, who are the members of the scheme on whose behalf we invest their pension contributions. As a Stewardship Code signatory, the Fund is aligned and report against the 12 stewardship principles with the aim to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders. The day-to-day delivery of the voting and engagement activity is delegated to the Investment Managers.

Where the investment is made through the ACCESS pool the Investment Managers will follow the ACCESS voting guidelines. From time to time the Fund responds to consultations from the UK government and UK regulators in relation to corporate governance and stewardship activity. This is part of the Fund's active stewardship priorities in supporting the efficient functioning of markets and promoting higher standards of corporate governance, reporting and transparency.

Engagements and representations will be in line with Fund policies and major consultation responses will be approved at the Committee level. The Fund will only partake in open letters to governments where these are researched and lead by the Fund's collaborative partners where there is no political bias or conflict from the wider political pressure on the County Council as Administering Authority. There will be instances where the interests of the Fund's scheme employers, scheme members and wider County Council beliefs will diverge, in these instances when exercising our stewardship responsibilities only the interests the Fund's beneficiaries will be taken into account in line with the Fund's fiduciary duties and under advice from its consultants or advisers.

Conflicts of Interest Policy – East Sussex Pension Fund

Reporting conflicts of interest

Pension Committee Members

Section 13 of the Members' Code of Conduct requires Members and co-optees of East Sussex County Council to complete a registration of interests form within 28 days of election or appointment to officer (where that is later) containing details of personal and pecuniary interests.

A copy of the register of interest form is available on the Administering Authority's website and available to view on request.

Member Services officers will send an annual reminder to Members to review their registration of interests.

Any declarations of interest made at a Committee meeting will be recorded in the minutes.

Pension Board Members

Pension Board members are required under (xxi) of the Board's terms of reference to adhere to the Members' Code of Conduct.

Section 13 of the Members' Code of Conduct requires Members and co-optees of East Sussex County Council to complete a registration of interests form within 28 days of election or appointment to officer (where that is later) containing details of personal and pecuniary interests.

A copy of the register of interest form is available to view on request.

Member Services officers will send an annual reminder to Board Members to review their registration of interests.

Any declarations of interest made at a Board meeting will be recorded in the minutes.

Officers

Annually, all staff will be reminded of the need to declare potential conflicts of interest and required to complete an annual form, including where a NIL return has been made in the previous declaration.

The officers line manager/Assistant Director assess any declared conflicts and approve the declaration.

Responsibility

The Council as the scheme administering authority manager for the Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Head of Pensions is the designated individual for ensuring the procedure outlined above is carried out.

However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties, to declare and register interests and seek advice and to withdraw from meetings if they are not complying.

Conflicts of Interest Policy – East Sussex Pension Fund

Key Risks

The key risks to the delivery of this Policy are outlined below. All of these could result in an actual conflict of interest arising and not being properly managed. The Head of Pensions will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters
- Insufficient training or failure to communicate the requirements of this Policy or the relevant codes of conduct referred to in this policy
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy
- A decision by an individual to disregard advice and be subject to formal action under the Localism Act 2011.

Costs

All costs related to the operation and implementation of this Policy will be met directly by East Sussex Pension Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

Approval, Review and Consultation

This Conflicts of Interest Policy was approved on **25 September 2024** by the East Sussex Pension Committee. It will be formally reviewed and updated by the Committee at least every three years or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

Further Information

If you require further information about anything in or related to this Conflicts of Interest Policy, please contact:

Sian Kunert
Head of Pensions, East Sussex County Council
E-mail - sian.kunert@eastsussex.gov.uk

Examples of situations where a conflict of interest may arise

| | |
|----|--|
| a) | An employer representative on the Pensions Board may be required to consider a policy or covenant change which could result in an increase in employer costs by the employer he or she represents. |
| b) | A member of the Pension Committee is on the board of an Investment Manager that the Committee is considering appointing. |
| c) | A Pensions Committee or Pensions Board member is a beneficiary of the East Sussex Pension fund and a discussion item as a result of legislative change could affect members benefits. |
| d) | An officer of the Pension Fund also has responsibilities within the administering authority or relating to a shared service initiative which provides services to the Fund, and which has objectives which are not fully aligned to that of the Fund. |
| e) | An employer representative on the Pension Board is employed by a company to which the Council has outsourced its pension administration services and the Pension Board is reviewing the standards of service provided by that company. |
| f) | The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative. |
| g) | The Pension Fund is considering alternative supply of services currently provided by the Administering Authority. The Chief Finance Officer, who has responsibility for the Council budget, is expected to approve the report to go to the Pension Committee which, if agreed would result in a material reduction in the recharges to the Council from the Fund. |
| h) | Officers are asked to provide a report to the Pension Board or Pension Committee on whether the administration services should be outsourced which, if it were to happen could result in a change of employer or job insecurity for the officers. |
| i) | An employer representative appointed to the Pension Board to represent employers generally could be conflicted if he or she only serves to act in the interests of their own authority/organisation, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the Pension Board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than all scheme members. |
| j) | A Fund adviser is party to the development of a strategy which could result in additional work for his or her firm, for example, selection of new investment managers, providing assistance with monitoring the covenant of employers or where they are also advisers to the ACCESS Pool. |
| k) | An employer or employee representative has access to information by virtue of his or her employment, which could influence or inform the considerations of the Pension Board. He or she has to consider whether to share this information in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pension Board. |
| l) | An officer of the Fund or member of the Pension Committee accepts a dinner invitation or gift from an Investment Manager who has submitted a bid as part of a tender process. |

Report to: Pension Board

Date: 11 September 2024

By: Chief Finance Officer

Title: Employer Engagement and Communications Report

Purpose: This report provides an update on activities by the Employer Engagement team and on Fund Communications activities.

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 (the Fund) and Communications activity of 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 are set annually by the LGPS and are based on salary bandings. 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 Fund's actuary.

1.3 The Fund has a Communications Strategy which defines the main methods 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. Employer Contributions

2.1 The below table sets out the number of late payments, received after 19 days have elapsed following contributions deducted from payroll. Up to July 24.

| Overall | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul |
|-------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Total Payments Due | 143 | 142 | 142 | 149 | 150 | 149 | 137 | 148 | 148 | 149 | 148 |
| Payments Received Late | 2 | 1 | 1 | 2 | 0 | 2 | 3 | 3 | 2 | 3 | 5 |

2.2 In the last 12-month period, there have been 24 late payments of contributions out of 1,605 expected payments.

2.3 The same employer failed to submit forms and payment for June and July, this was due to a change in personnel. The Employer Engagement team contacted the employer as training needs were required and both forms and payments have been received.

2.4 Three of the late employers in July were new admissions resulting in the increase in late payments. The fifth late payment was from a town council who incurred an administration fee following the 2nd late payment in a rolling 12-month period. The Engagement team have made direct contact and provided guidance to the employers.

3 Communications

3.1 Deferred member newsletter – The annual deferred member newsletter was issued in June 2024. This edition reminded members about forthcoming changes to member self-service, provided a number of key questions and answers for members who had left the Fund, gave information of

rejoining the LGPS, nominations and a host of other topics aimed at keeping members informed. This newsletter was written in conjunction with the joint Communications working Group (a number of funds who share best communication practices) and was approved by the Plan English Campaign. See link – [Deferred member newsletter - June 2024 | East Sussex Pension Fund.](#)

3.2 Active member newsletter – The second active newsletter of the year was issued to members in June 2024. This edition reminded members about cost of living increases, forthcoming changes to member self-service, reminder of the benefits provided by the LGPS, nominations and a host of other topics aimed at keeping members informed. This newsletter was also written in conjunction with the joint Communications working Group and was approved by the Plan English Campaign. See link - [Newsletter \(active members\) - June 2024 | East Sussex Pension Fund.](#)

3.3 Website – The website continues to be updated with relevant and engaging information for members and employers. The Fund is reviewing improved website analytics data. The main website and MSS portal will be updated to ensure the latest accessibility guidelines are embedded by October 2024. The Fund have now taken the analytics software in-house so are starting to analyse website statistics in order to track trends. The ESPF website will have a new back end installed in late September 2024 which will result in improved performance, enhanced security, an improved content management experience and easier upgrades and maintenance.

3.4 New version of member self-service: My Pension – A lot of recent communications effort has been in testing and configuring the new system with appropriate wording and branding specific to the Fund. A pilot was run within ESCC prior to a full Scheme roll out. The system went live on the 17th of July 2024 for all Fund members. The launch of this updated functionality will help transform the way members access and engage with vital pension information online. The platform has been built to empower members and give them back control of their pension information. Created with the user in mind, it offers intuitive navigation and a range of easy tools. Every member of the Fund (excluding those who had opted out of electronic communications) was either emailed or sent a letter promoting the new version with a link to a webpage with details of how to register. [Here is a link to the 'My Pension' promotional page.](#) The website highlights some of the reasons why 'My Pension' will help members engage better with their pension.

3.5 Annual Benefit Statements (ABS) – Communication this year relating to ABS was complicated somewhat due to the need to repeat instructions for registering for member self-service alongside the general 'your statement is ready' wordings. For the first time members can access an 'on screen' annual benefit statement broken down into simple sections with use of graphics to highlight benefits accrued. This will be our default option from 2025, meaning we no longer have to produce a 'word/pdf' version (except for members who have specifically requested postal only correspondence), with the desire to move to video ABS in the future.

3.6 Tax changes - Before 6 April 2024, the lifetime allowance limited the total amount of pension benefits a person could have before they paid extra tax. The lifetime allowance has now been replaced by the two lump sum limits, the Lump Sum Allowance and Lump Sum and Death Benefit Allowance. The Communications Manager worked alongside the Governance and Administration teams to update documentation including letters to reflect the changes.

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: Sian Kunert, Head of Pensions
Email: Sian.Kunert@eastsussex.gov.uk

Agenda Item 8

Report to: Pension Board
Date of meeting: 11 September 2024
By: Chief Finance Officer
Title: Pension Administration - updates
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 (the 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 Reports for the months of April, May and June 2024 can be found at **Appendix 1 to 3**. The report now includes all tasks performed by the PAT and is reported directly from the Altair Insights system. A summary is included in the table below:

| Month | o/s at start | Post received | Post completed | Completed in SLA | % within SLA | Outside SLA | Total o/s at end | Open tasks at end |
|--------|--------------|---------------|----------------|------------------|--------------|-------------|------------------|-------------------|
| Apr 24 | 2,100 | 1,790 | 1,828 | 1,422 | 77.8% | 406 | 2,042 | 580 |
| May 24 | 1,846 | 2,021 | 1,755 | 1,472 | 83.9% | 283 | 2,082 | 556 |
| Jun 24 | 1,905 | 1,857 | 1,763 | 1,531 | 86.8% | 232 | 1,975 | 345 |
| Q2, 24 | | 5,668 | 5,346 | 4,425 | 82.8% | 921 | | |

The format of the Performance reports has changed in line with the discussion at the Pension Board and Pension Committee meetings in June 2024 where a draft of the new format was presented. To understand the reports held in the appendices the following should be noted

- The number of tasks at the end of month does not match the opening tasks in the following month due to tasks that have been deleted.
- Two new columns will be added to future performance reports to show the average time taken, and the longest time taken in relation to tasks completed outside of the SLA time. These additional details will be included from August 2024.
- Whilst creating the new reports it was discovered some members of the team had not been setting tasks to “reply due” correctly. Where the task is awaiting an external response (e.g. from a member or their adviser who need to say complete a form) the SLA clock should be paused. The team requested Heywood to correct the reply due setting in bulk. 496 tasks were found and corrected. The team have also been shown how to set the radio button correctly when changing tasks to reply due. As a result of this finding and work carried out to resolve and ensure the system is being used correctly in the future the SLA performance could be understated and cases outside of the SLA have not been investigated.

- The PAT saw similar performance numbers during quarter one 2024, average at 82.50% (volume completed 4,651).

Looking forwards the summary July 2024 performance numbers are shown in the table below. July numbers continued to be impacted by the “reply due” radio button issue.

| Month | o/s at start | Post received | Post completed | Completed in SLA | % within SLA | Outside SLA | Total o/s at end | Open tasks at end |
|--------|--------------|---------------|----------------|------------------|--------------|-------------|------------------|-------------------|
| Jul 24 | 1,810 | 2,612 | 1,984 | 1,743 | 87.9% | 241 | 2,404 | 882 |

To aid visibility of the work being undertaken by the PAT team **Appendix 4** provides a high-level view of performance achieved (as presented) over a number of years.

2.2 The Fund aims to achieve a gold standard service provision for the Pensions Helpdesk and the results are included in **Appendix 5**. From April 2024 the Helpdesk has been delivered by an in-house team within PAT. Due to the transition into an inhouse team the reportable information relating to service delivery has reduced. The Fund can no longer determine the Call Answer Time or the Abandoned Call Rate. While members can still dial both the Main Helpline and Website Helpline numbers, they now both feed into a single Hunt Group so we can no longer differentiate between the call types. The roll out of the telephony upgrade is awaited.

3. Projects update

3.1 Annual Benefit Statements (ABS)- 2024

The table below shows the position relating to the number of ABS produced at the 31 August 2024 statutory deadline. There was a significant improvement on prior years.

| Year / Status | No. produced | Success % |
|---------------|--------------|-----------|
| 2024 Active | 23,770 | 99.24% |
| 2023 Active | 22,609 | 95.90% |
| 2024 Deferred | 34,541 | 99.99% |
| 2023 Deferred | 31,808 | 99.76% |

3.2 McCloud remedy

The data collection aspect for the 140 active employers is almost complete and therefore all except BHCC (234 queries with employer) are with Heywood to load into the test system. The data for the 37 non-active employers is being collated on a single spreadsheet for the Heywood validation tool to test in September.

3.3 Member Self Service (MSS)

MSS is a portal used by members to help members keep track of their ESPF pension. Members can view ABS, update personal info, update nomination forms, and use a range of benefit projectors. The portal is being replaced with a version with improved functionality and much more secure. After a successful pilot with ESCC members in June 2024 the new portal was rolled out to all scheme members in July 2024. All members have received a letter or email requesting them to register for the new portal.

3.4 Pensions Dashboards

Officers continue to focus on getting the data ready using a Heywood Altair Insights dashboard report to identify gaps. Heywood are our Integrated Service Provider and a project plan has been created, with a two phase approach penciled in:

Phase 1 – starting in November 2024 for 10 weeks to build and test.

Phase 2 – starting in August 2025 for 5 weeks to implement and onboard.

Onboarding date – all schemes must onboard by 31 October 2026 but the LGPS formal staging date is 31 October 2025. It is not yet known when the pension dashboards will go live to the public.

The project plan, testing matrix and ABS templates for actives, deferreds and Councillors have been prepared.

3.5 Overseas Mortality checks

Officers undertake monthly mortality checks via a third party (ITM) for UK based pensioners which alerts the PAT to any unnotified deaths so that they can be processed in a timely manner to avoid overpayments.

ESPF is also obliged to participate in the National Fraud Initiative (NFI) mortality checks which are undertaken biannually for all pensioners.

Officers undertake regular paper exercise for our circa 600 overseas pensioners to check their wellbeing and the most recent exercise commenced in June 2024, with about two-thirds contacted by email and the remainder by post. Overseas pensioners are required to complete a form, appropriately witnessed and returned within a few months.

In late August 2024, chasers we issued to the outstanding 78 members which advised if the completed form is not returned by end of September their pensions will be suspended.

4. **Conclusion and reasons for recommendation.**

4.1 The Pension Board is asked 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

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APPENDIX 1

East Sussex Pensions Administration - Member Experience / Performance Indicators

Apr-24

| Activity | Items outstanding at start of period | Post received | Post completed | Completed within KPI | % Complete within KPI | Completed outside KPI | Items outstanding at end of period | open tasks at end of period |
|--|--------------------------------------|---------------|----------------|----------------------|-----------------------|-----------------------|------------------------------------|-----------------------------|
| Aggregation- Payment | 146 | 179 | 213 | 125 | 58.7% | 88 | 112 | 60 |
| Aggregation- Quote | 309 | 111 | 172 | 30 | 17.4% | 142 | 248 | 233 |
| APC/AVC's | 18 | 44 | 37 | 37 | 100.0% | 0 | 25 | 6 |
| Deaths – initial letter acknowledging death of member | 5 | 27 | 28 | 28 | 100.0% | 0 | 4 | 0 |
| Deaths- With Benefits | 123 | 56 | 53 | 38 | 71.7% | 15 | 126 | 10 |
| Deaths-No Further Benefits | 44 | 52 | 54 | 37 | 68.5% | 17 | 42 | 9 |
| Deferred Benefits | 244 | 141 | 161 | 142 | 88.2% | 19 | 224 | 55 |
| Divorce Quotes | 5 | 17 | 19 | 19 | 100.0% | 0 | 3 | 3 |
| Divorce - Proceeding | 108 | 251 | 260 | 237 | 91.2% | 23 | 99 | 34 |
| General Enquiries | 57 | 72 | 44 | 44 | 100.0% | 0 | 70 | 9 |
| Interfund in- Payment | 344 | 62 | 32 | 8 | 25.0% | 24 | 374 | 19 |
| Interfund In- Quote | 23 | 23 | 21 | 20 | 95.2% | 1 | 25 | 6 |
| Interfund Out- Payment | 33 | 33 | 27 | 19 | 70.4% | 8 | 39 | 10 |
| Interfund Out- Quote | 83 | 97 | 105 | 96 | 91.4% | 9 | 75 | 12 |
| Refunds- Frozen | 23 | 56 | 55 | 49 | 89.1% | 6 | 24 | 7 |
| Refunds- Payment | 48 | 147 | 155 | 130 | 83.9% | 25 | 40 | 24 |
| Retirements – letter notifying actual retirement benefits | 15 | 177 | 172 | 170 | 98.8% | 2 | 20 | 13 |
| Retirements – letter notifying estimate of retirement benefits | 267 | 162 | 171 | 158 | 92.4% | 13 | 258 | 27 |
| Retirements – process and pay pension benefits on time | 49 | 20 | 11 | 11 | 100.0% | 0 | 53 | 6 |
| Transfer In- Payment | 116 | 20 | 11 | 2 | 18.2% | 9 | 125 | 15 |
| Transfer In- Quote | 15 | 8 | 4 | 3 | 75.0% | 1 | 19 | 6 |
| Transfer Out- Payment | 25 | 32 | 21 | 17 | 81.0% | 4 | 36 | 15 |
| Transfer Out- Quote | 0 | 3 | 2 | 2 | 100.0% | 0 | 1 | 1 |
| Trivial Commutation | 2,100 | 1,790 | 1,828 | 1,422 | 77.8% | 406 | 2,042 | 580 |

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|------------|
| Priority 1 |
| Priority 2 |
| Priority 3 |
| Priority 4 |
| Priority 5 |

The Admin Strategy is a mixture of 90% or 95% KPI targets and these can vary within the task list

| | |
|------|------------|
| 92%+ | <1K |
| 87%+ | 1k to 1.5k |
| <87% | >1.5k |

Appendix 1

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APPENDIX 2

East Sussex Pensions Administration - Member Experience / Performance Indicators

May-24

| Activity | Items outstanding at start of period | Post received | Post completed | Completed within KPI | % Complete within KPI | Completed outside KPI | Items outstanding at end of period | open tasks at end of period |
|--|--------------------------------------|---------------|----------------|----------------------|-----------------------|-----------------------|------------------------------------|-----------------------------|
| Aggregation- Payment | 103 | 129 | 139 | 88 | 63.3% | 51 | 93 | 39 |
| Aggregation- Quote | 204 | 118 | 139 | 26 | 18.7% | 113 | 183 | 171 |
| APC/AVC's | 24 | 34 | 30 | 29 | 96.7% | 1 | 28 | 7 |
| Deaths – initial letter acknowledging death of member | 3 | 25 | 25 | 24 | 96.0% | 1 | 3 | 0 |
| Deaths- With Benefits | 124 | 60 | 52 | 43 | 82.7% | 9 | 132 | 8 |
| Deaths-No Further Benefits | 42 | 31 | 39 | 36 | 92.3% | 3 | 34 | 7 |
| Deferred Benefits | 209 | 130 | 103 | 85 | 82.5% | 18 | 236 | 53 |
| Divorce Quotes | 3 | 11 | 13 | 13 | 100.0% | 0 | 1 | 0 |
| Divorce - Proceeding | 92 | 216 | 213 | 209 | 98.1% | 4 | 95 | 27 |
| General Enquiries | 75 | 64 | 38 | 38 | 100.0% | 0 | 81 | 5 |
| Interfund in- Payment | 342 | 45 | 14 | 11 | 78.6% | 3 | 373 | 18 |
| Interfund In- Quote | 25 | 121 | 28 | 27 | 96.4% | 1 | 118 | 80 |
| Interfund Out- Payment | 35 | 40 | 33 | 27 | 81.8% | 6 | 42 | 13 |
| Interfund Out- Quote | 67 | 92 | 71 | 65 | 91.5% | 6 | 88 | 19 |
| Refunds- Frozen | 22 | 263 | 227 | 211 | 93.0% | 16 | 58 | 29 |
| Refunds- Payment | 37 | 134 | 136 | 116 | 85.3% | 20 | 35 | 20 |
| Retirements – letter notifying actual retirement benefits | 17 | 217 | 215 | 214 | 99.5% | 1 | 19 | 10 |
| Retirements – letter notifying estimate of retirement benefits | 203 | 203 | 172 | 157 | 91.3% | 15 | 234 | 24 |
| Retirements – process and pay pension benefits on time | 53 | 21 | 15 | 13 | 86.7% | 2 | 49 | 2 |
| Transfer In- Payment | 119 | 26 | 11 | 2 | 18.2% | 9 | 134 | 17 |
| Transfer In- Quote | 16 | 3 | 5 | 4 | 80.0% | 1 | 14 | 1 |
| Transfer Out- Payment | 30 | 34 | 33 | 30 | 90.9% | 3 | 31 | 6 |
| Transfer Out- Quote | 1 | 4 | 4 | 4 | 100.0% | 0 | 1 | 0 |
| Trivial Commutation | 1,846 | 2,021 | 1,755 | 1,472 | 83.9% | 283 | 2,082 | 556 |

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|------------|
| Priority 1 |
| Priority 2 |
| Priority 3 |
| Priority 4 |
| Priority 5 |

The Admin Strategy is a mixture of 90% or 95% KPI targets and these can vary within the task list

| | |
|------|------------|
| 92%+ | <1K |
| 87%+ | 1k to 1.5k |
| <87% | >1.5k |

Appendix 2

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APPENDIX 3

East Sussex Pensions Administration - Member Experience / Performance Indicators

Jun-24

| Activity | Items outstanding at start of period | Post received | Post completed | Completed within KPI | % Complete within KPI | Completed outside KPI | Items outstanding at end of period | open tasks at end of period |
|--|--------------------------------------|---------------|----------------|----------------------|-----------------------|-----------------------|------------------------------------|-----------------------------|
| Aggregation- Payment | 87 | 184 | 142 | 101 | 71.1% | 41 | 129 | 67 |
| Aggregation- Quote | 107 | 120 | 110 | 69 | 62.7% | 41 | 117 | 99 |
| APC/AVC's | 28 | 22 | 20 | 19 | 95.0% | 1 | 30 | 5 |
| Deaths – initial letter acknowledging death of member | 3 | 24 | 23 | 23 | 100.0% | 0 | 4 | 0 |
| Deaths- With Benefits | 129 | 57 | 44 | 32 | 72.7% | 12 | 142 | 6 |
| Deaths-No Further Benefits | 32 | 35 | 34 | 23 | 67.6% | 11 | 33 | 4 |
| Deferred Benefits | 230 | 118 | 153 | 140 | 91.5% | 13 | 195 | 6 |
| Divorce Quotes | 1 | 8 | 5 | 5 | 100.0% | 0 | 4 | 0 |
| Divorce - Proceeding | 90 | 236 | 217 | 208 | 95.9% | 9 | 109 | 10 |
| General Enquiries | 84 | 56 | 28 | 28 | 100.0% | 0 | 98 | 1 |
| Interfund in- Payment | 346 | 38 | 35 | 15 | 42.9% | 20 | 349 | 7 |
| Interfund In- Quote | 115 | 90 | 92 | 83 | 90.2% | 9 | 113 | 69 |
| Interfund Out- Payment | 36 | 45 | 30 | 29 | 96.7% | 1 | 51 | 17 |
| Interfund Out- Quote | 91 | 91 | 105 | 90 | 85.7% | 15 | 77 | 8 |
| Refunds- Frozen | 55 | 128 | 161 | 141 | 87.6% | 20 | 22 | 6 |
| Refunds- Payment | 31 | 131 | 131 | 123 | 93.9% | 8 | 31 | 7 |
| Retirements – letter notifying actual retirement benefits | 18 | 189 | 192 | 191 | 99.5% | 1 | 15 | 4 |
| Retirements – letter notifying estimate of retirement benefits | 213 | 171 | 158 | 143 | 90.5% | 15 | 226 | 13 |
| Retirements – process and pay pension benefits on time | 47 | 30 | 16 | 15 | 93.8% | 1 | 51 | 0 |
| Transfer In- Payment | 123 | 29 | 12 | 3 | 25.0% | 9 | 140 | 10 |
| Transfer In- Quote | 11 | 2 | 4 | 4 | 100.0% | 0 | 9 | 3 |
| Transfer Out- Payment | 27 | 45 | 42 | 37 | 88.1% | 5 | 30 | 3 |
| Transfer Out- Quote | 1 | 8 | 9 | 9 | 100.0% | 0 | 0 | 0 |
| Trivial Commutation | 1,905 | 1,857 | 1,763 | 1,531 | 86.8% | 232 | 1,975 | 345 |

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|------------|
| Priority 1 |
| Priority 2 |
| Priority 3 |
| Priority 4 |
| Priority 5 |

The Admin Strategy is a mixture of 90% or 95% KPI targets and these can vary within the task list

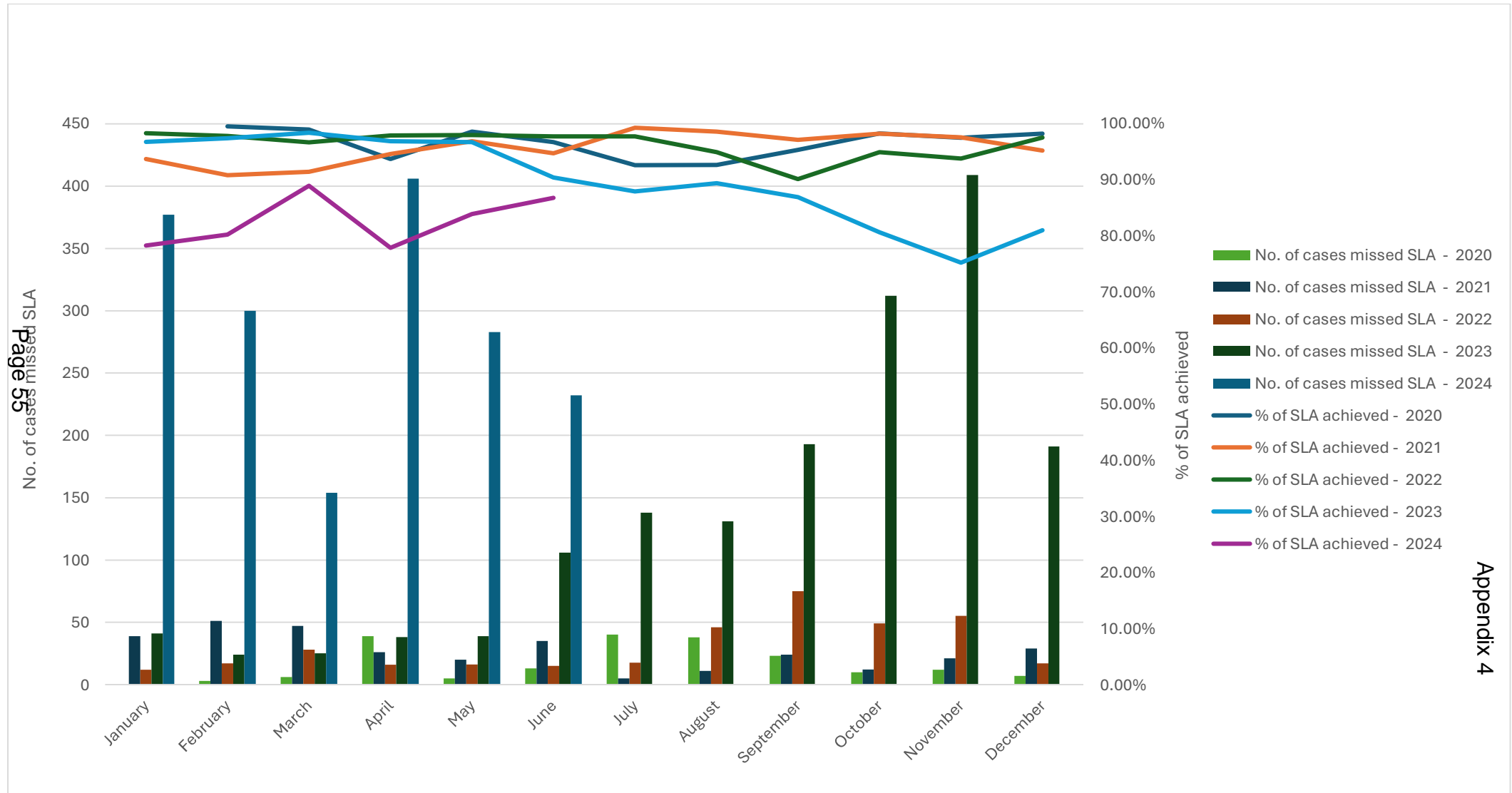
| | |
|------|------------|
| 92%+ | <1K |
| 87%+ | 1k to 1.5k |
| <87% | >1.5k |

Appendix 3

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APPENDIX 4

East Sussex Pension Fund – Historical Overall Performance since February 2020



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Appendix 5 Helpdesk performance for last 12 months

| 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 - penalty clauses no longer apply since in-house from 1st April 24.

Main Helpline for ESPF

| Period | First time fix | Call answer time | Abandoned call rate | Email response time |
|---------------------|----------------|------------------|---------------------|---------------------|
| GOLD TARGETS | 85% | 75% | 5% | 100% |
| July 23 | 87% | 93% | 0% | 100% < 3 days |
| August 23 | 89% | 92% | 0% | 100% < 3 days |
| September 23 | 85% | 93% | 1% | 100% < 3 days |
| October 23 | 85% | 91% | 1% | 100% < 3 days |
| November 23 | 92% | 76% | 1% | 75% < 3 days |
| December 23 | 89% | 85% | 1% | 75% < 10 days |
| January 24 | 90% | 67% | 4% | 75% < 10 days |
| February 24 | 87% | 73% | 2% | 75% < 10 days |
| March 24 | 90% | 73% | 3% | 75% < 3 days |
| April 24 | 85% | | | 75% < 3 days |
| May 24 | 85% | | | 75% < 3 days |
| June 24 | 83% | | | 100% < 3 Days |

Note: In Nov 23 the pensioner mailing about online comms becoming a default creating a significant spike in both calls and written comms. In Dec 23 one team member retired and another moved to bank support.

Since 1st April 24 we can no longer determine the Call Answer Time or the Abandoned Call Rate. Although members can still dial both the Main Helpline and Website Helpline numbers, they both feed into one Hunt Group so we can no longer differentiate between the call types.

Website Helpline

| Period | First time fix | Call answer time | Abandoned call rate | Email response time |
|---------------------|----------------|------------------|---------------------|---------------------|
| GOLD TARGETS | 85% | 75% | 5% | 100% |
| July 23 | 100% | 72% | 2% | 100% |
| August 23 | 100% | 79% | 3% | 100% |
| September 23 | 100% | 78% | 2% | 100% |
| October 23 | 85% | 70% | 2% | 100% |
| November 23 | 92% | 49% | 10% | 75% < 3 days |
| December 23 | 89% | 60% | 4% | 75% < 10 days |
| January 24 | 90% | 49% | 9% | 75% < 10 days |
| February 24 | 92% | 53% | 7% | 75% < 10 days |
| March 24 | 93% | 60% | 5% | 75% < 3 days |
| April 24 onwards | N/A | | | |

Since 1st of April, we no longer have access to the Achiever software, we have a new way to record the media type, category and sub category of each call, email, task and callback that we handle.

Monthly transaction volumes

| Month | Telephone Calls | Email's Processed | Call Back's | Tasks | Total |
|--------------|-----------------|-------------------|-------------|-------|-------|
| July 23 | 969 | 1,352 | 9 | | 2,330 |
| August 23 | 1,027 | 2,005 | 15 | | 3,047 |
| September 23 | 819 | 1,486 | 17 | | 2,322 |
| October 23 | 915 | 1,470 | 12 | | 2,397 |
| November 23 | 1,882 | 1,827 | 10 | | 3,719 |
| December 23 | 875 | 1,165 | 2 | | 2,042 |
| January 24 | 1,893 | 1,024 | 11 | | 2,928 |
| February 24 | 1,567 | 1,115 | 7 | | 2,689 |
| March 24 | 1,455 | 850 | 10 | | 2,315 |
| April 24 | 865 | 1,343 | 151 | | 2,359 |
| May 24 | 1,006 | 1,638 | 150 | | 2,794 |
| June 24 | 794 | 1,474 | 54 | 1 | 2,323 |

Top five reasons for calls

| Month | Self Service Activation | Login issues | Claim form guidance | Leaver form received | Document or Form enquiry | TV out request | Refund | Other |
|--------|-------------------------|-----------------|---------------------|----------------------|--------------------------|-----------------|-----------------|-------------------|
| Jul 23 | | 3 rd | 1 st | 2 nd | 4 th | | | 5 th |
| Aug 23 | 1 st | 2 nd | 4 th | | 5 th | | | 3 rd |
| Sep 23 | 2 nd | 1 st | 4 th | | 3 rd | | | 5 th |
| Oct 23 | 5 th | 1 st | 4 th | | 2 nd | | | 3 rd |
| Nov 23 | 2 nd | 3 rd | 5 th | | 4 th | | | 1 st * |
| Dec 23 | 2 nd | 3 rd | 5 th | | 4 th | | | 1 st * |
| Jan 24 | 2 nd | 3 rd | 4 th | | 5 th | | | 1 st * |
| Feb 24 | 3 rd | 2 nd | 5 th | 4 th | | | | 1 st * |
| Mar 24 | | 2 nd | 3 rd | 4 th | 5 th | | | 1 st |
| Apr 24 | | 1 st | 3 rd | 4 th | 2 nd | | | 5 th |
| May 24 | | 1 st | 4 th | | | 2 nd | 3 rd | 5 th |
| Jun 24 | | 1 st | 4 th | | 3 rd | 2 nd | | 5 th |

* pensioner opt-out of online comms (received approx. 10k requests)

Telephone survey

| Quarter 1, 2024 | 1 Star | 2 Star | 3 Star | 4 Star | 5 Star |
|---|--------|--------|--------|--------|--------|
| 1. How easy was it for you to contact the Pensions Helpdesk today? | 3 | 8 | 33 | 87 | 520 |
| 2. How confident are you that your question was resolved or will be resolved in the relevant timelines? | 8 | 17 | 22 | 99 | 505 |

| | | | | | |
|--|---------------|---------------|---------------|---------------|-----|
| 3. Based on your recent experience how strongly would you recommend using the Helpdesk to a colleague? | 6 | 9 | 34 | 79 | 523 |
| 4. How satisfied were you with your overall experience today? | 11 | 19 | 36 | 74 | 511 |
| 5. How many times have you called the helpdesk about the request / issue? | Once = 503 | Twice = 85 | Three = 42 | Four+ = 21 | |

| Quarter 2, 2024 | 1 Star | 2 Star | 3 Star | 4 Star | 5 Star |
|---|---------------|---------------|---------------|---------------|---------------|
| 1. How easy was it for you to contact the Pensions Helpdesk today? | 2 | 8 | 13 | 48 | 231 |
| 2. How confident are you that your question was resolved or will be resolved in the relevant timelines? | 20 | 15 | 23 | 55 | 190 |
| 3. Based on your recent experience how strongly would you recommend using the Helpdesk to a colleague? | 13 | 13 | 24 | 49 | 206 |
| 4. How satisfied were you with your overall experience today? | 13 | 16 | 28 | 36 | 213 |
| 5. How many times have you called the helpdesk about the request / issue? | Once = 222 | Twice = 50 | Three = 20 | Four+ = 16 | |

Customer Thermometer (email feedback)

| Month | Excellent | Good | Below Average | Poor |
|----------|-----------|------|---------------|------|
| April 24 | 18 | 10 | 1 | 3 |
| May 24 | * | * | * | * |
| June 24 | 32 | 6 | 9 | 2 |
| July 24 | 60 | 8 | 7 | 10 |

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Report to: Pension Board

Date of meeting: 11 September 2024

By: Chief Internal Auditor

Title: Internal Audit Report

Purpose: This report advises the Board of the outcomes of the Pension Fund Investments and Accounting audit.

RECOMMENDATIONS

The Board is recommended to note the Pension Fund Investments and Accounting audit report (Appendix 1).

1. Background

1.1 The review of Pension Fund Investments and Accounting was completed as part of the Internal Audit Strategy for Pensions 2023/24 and provides assurance on the overall effectiveness of the system's controls. This is the final audit for 2023/24.

1.2 As a result of our work, we were able to provide an opinion of **Substantial Assurance** over the controls in place.

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 Investments and Accounting

Final

Assignment Lead: Andy Hudson, Senior Auditor
Assignment Manager: Danny Simpson, Principal Auditor
Prepared for: East Sussex County Council
Date: June 2024

Internal Audit Report – Pension Fund Investments and Accounting

Report Distribution List

Draft Report

Sian Kunert, Head of Pensions

Russell Wood, Pensions Manager: Investments and Accounting

Final Report

Sian Kunert, Head of Pensions

Russell Wood, Pensions Manager: Investments and Accounting

Ros Parker, Chief Operating Officer

Ian Gutsell, Chief Finance Officer

Pension Committee

Pension Board

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.

Chief Internal Auditor: Russell Banks, ☎ 07824362739, ✉ russell.banks@eastsussex.gov.uk

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Internal Audit Report – Pension Fund Investments and Accounting

1. Introduction

- 1.1. East Sussex County Council (ESCC) administers and manages the East Sussex Pension Fund (the Fund) on behalf of 140 employers.
- 1.2. The Fund is responsible for managing assets for the long-term benefit of scheme members in accordance with statutory regulations.
- 1.3. The Fund is a member of ACCESS, a collaboration of 11 LGPS Administering Authorities, which are working together to reduce investment costs and gain economies of scale. As at 31 December 2023, ACCESS had a total value of £62.4bn, of which £39.4bn is pooled. The ESPF has assets of £4.7bn, of which £2.8bn (60%) is pooled whilst £1.9bn (40%) is not pooled.
- 1.4. As part of this audit, we reviewed the arrangements to manage investments, including pooling arrangements, and the internal controls of external fund managers.
- 1.5. This review was part of the agreed Internal Audit Plan for 2023/24.
- 1.6. This report has been issued on an exception basis, whereby only weaknesses in the control environment have been highlighted within the detailed findings section 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:
 - Stewardship of the Fund's assets, including the governance around investment decisions, ensures that assets are safeguarded and managed effectively, and in accordance with regulatory requirements.
 - The performance of the Fund's investments meets its objectives.
 - Investment income is received in full in a timely manner.
 - Accounting of the Pension Fund is accurate resulting in an unqualified opinion by the external auditor on the Fund's annual accounts.

3. Audit Opinion

- 3.1. **Substantial Assurance** is provided in respect of **Pension Fund Investments and Accounting**. 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. We have been able to provide an opinion of Substantial Assurance because:
- 4.2. There are robust processes in place to ensure that investments are effectively monitored and align with the expectations of the Fund as set out in the Investment Strategy Statement and the Funding Strategy Statement. The Pension Committee is reviewing quarterly reports from professional investment advisors and the Chief Finance Officer.
- 4.3. Investment decisions are based on appropriate guidance from the investment advisors and are made within the terms of the framework set by the Pension Committee.
- 4.4. Due diligence is undertaken prior to the engagement of new investment managers and investments are formally approved by the Pension Committee.
- 4.5. All recent external assurance reports have received an unqualified opinion with no significant control weaknesses identified.
- 4.6. Investment income is monitored by the Fund's custodian, Northern Trust, to ensure that it is received promptly and in full. The Fund is in the process of changing how it receives income from its investments, moving from receiving income in the form of extra units, which are added to the existing holdings, to receiving cash income instead.
- 4.7. The roles and responsibilities of all parties involved in the investment process are clearly documented and communicated. The link operator, Link Fund Solutions Ltd, was purchased by Waystone Management (UK) Ltd last year and the contract/operator agreement with the Fund was transferred to Waystone by a Deed of Novation dated 31 July 2023.
- 4.8. Appropriate checks are carried out to ensure that payments are made in accordance with contractual obligations.
- 4.9. Reconciliations are undertaken periodically to ensure that funds are recorded and accounted for correctly in the general ledger. However, journals were not always posted promptly in SAP, which means that the accounting record may not accurately reflect the Fund's position at the end of each quarter.
- 4.10. Progress in documenting the team's processes has been made with the introduction of new procedure logs. However, this is an ongoing project with key areas still to be completed. Without complete procedures, there is a risk of inconsistency and loss of knowledge if experienced officers leave the team.

Internal Audit Report – Pension Fund Investments and Accounting

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. | 2 | 1 & 2 |
| Total number of agreed actions | | 2 | |

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 seek written confirmation from the service that all high priority actions due for implementation are complete. The progress of all (low, medium and high priority) agreed actions will be re-assessed by Internal Audit at the next audit review. Periodically we may also carry out random sample checks of all priority actions.

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 Investments and Accounting
Detailed Findings**

Page 68

| Ref | Finding | Potential Risk Implication | Risk | Agreed Action |
|-----------------------------|---|--|------------------------------------|--|
| 1 | <p>Posting of Investment Journals</p> <p>Our review of the accounting process for the investment funds found that journals are not always being posted promptly to bring the SAP balances in line with the investment transactions recorded by the Custodian.</p> <p>The investment journals for Quarter 1 (ending 30 June 2023) and Quarter 2 (ending 30 September 2023) were both posted on 31 January 2024.</p> | <p>Without the timely processing of journals, investment balances in the accounting record (SAP) may not be correctly stated at the end of each quarter.</p> | Low | <p>The Northern Trust records are the primary records for all investment activity for the Fund. The journal to SAP is done to make reporting easier. This is primarily done for the production of the accounts. The Fund accepts that the process of updating this information more regularly allows the Fund to identify any potential misallocations earlier and reduce the work at year end.</p> <p>To improve the transparency of this during the year, the accounts team will be including within their regular team meetings a table of regular tasks. This will provide a regular check as to the progress of items to ensure the timely posting of the investment journal.</p> |
| Responsible Officer: | | Russell Wood | Target Implementation Date: | 31 July 2024 |

**Internal Audit Report – Pension Fund Investments and Accounting
Detailed Findings**

| Ref | Finding | Potential Risk Implication | Risk | Agreed Action |
|-----------------------------|--|---|------------------------------------|---|
| 2 | <p>Process Notes</p> <p>The last two audit reports contained a management action to document the key accounting and control processes.</p> <p>The team has introduced procedure logs for key areas including investments. These remain works in progress, with one completed, two partially completed and four that require fully updating. Their logs will include version control.</p> <p>The Pensions Manager, Investments and Accounting, is monitoring the progress of this work at the team's monthly meetings.</p> | Without fully documented processes, there is an increased risk of error and/or inconsistency with the absence of key personnel. | Low | The process notes are going to be added to the agenda of the team workshop meetings. They will all be listed out with the date they were last updated. This will ensure that all the key procedures are identified and being reviewed. This will also enable the identification of any gaps that will need to be filled. This will be reviewed at each meeting to ensure that these have been updated and reviewed over the year. |
| Responsible Officer: | | Russell Wood | Target Implementation Date: | 31 July 2024 |

Appendix A

Audit Opinions and Definitions

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

Management Responsibilities

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

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

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

Report to: Pension Board

Date of meeting: 11 September 2024

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 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 Risk A3 – Production of Statutory member returns, has been reduced due to the improvements in ABS completion rates for 2023/24 due to the data being received from employers for the year in question in time for the team to produce returns leading to a lower risk level for likelihood.

3.2 Risk A7 has been renamed as Implementation of Oracle to reflect the status of the EPR system implementation.

3.3 Risk G1 – Key Person Risk has increased in likelihood due to recent team departures and the difficulty recruiting the newly created Deputy of Pensions following a review of the departmental team structure. Risk will be mitigated by plans to appoint an interim and Board and Committee will be kept up to date.

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 | Sep-23 | Nov-23 | Feb-24 | Jun-24 | Sep-24 | Change from June |
|---------------------------|--|--------|--------|--------|--------|--------|------------------|
| Employer | | | | | | | |
| E1 | Contributions Funding Failure to collect contributions from employers in line with Funding strategy requirements and Rates and Adjustment Certificate | 4 | 4 | 4 | 4 | 4 | ↔ |
| E2 | Employer data Employers fail to provide accurate and timely data to the PAT team | 9 | 9 | 9 | 9 | 9 | ↔ |
| E3 | Employer Covenant Delay in employers agreeing Admission Agreement, risk of insufficient security | 4 | 4 | 6 | 6 | 6 | ↔ |
| Administration | | | | | | | |
| A1 | Pensions service Delivery Inadequate delivery of Pensions Administration | 6 | 6 | 6 | 6 | 6 | ↔ |
| A2 | Regulatory Change Risk that new benefit structures can not be set up correctly or in time | 6 | 6 | 6 | 6 | 6 | ↔ |
| A3 | Production of Statutory member returns Risk of failure to produce ABS, annual allowance and event reports | 6 | 6 | 6 | 6 | 4 | ↓ |
| A5 | Transfer Scams Failure to comply with CETV anti scam checks | 2 | 2 | 2 | 2 | 2 | ↔ |
| A7 | MBOS Project Failure to deliver the new ERP system to effectively deliver for Pension Fund accounting and payroll requirements | 6 | 6 | 6 | 6 | 6 | ↔ |
| 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 | 6 | 6 | 8 | ↑ |
| 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 | 6 | 6 | 6 | 6 | ↔ |
| G3 | Cyber Security Risk of Loss of data or systems breaches through cyber attacks | 8 | 12 | 12 | 12 | 12 | ↔ |
| G4 | Governance and Compliance Inadequate governance arrangements and controls to discharge powers & duties | 6 | 3 | 3 | 3 | 3 | ↔ |
| G5 | Data Breach Failure to comply with General Data Protection Regulations | 4 | 4 | 4 | 4 | 4 | ↔ |
| G6 | Fraud Internal and External fraud risk | 4 | 4 | 2 | 2 | 2 | ↔ |
| 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 | 4 | 4 | ↔ |
| I3 | Regulatory risk Failure to comply with regulations, legislation and guidance from an accounting and investment perspective | 2 | 2 | 2 | 4 | 4 | ↔ |
| I4 | Investment Pooling Inability to comply with government direction on pooling, insufficient sub funds to implement investment strategy, poor management of the pool | 12 | 9 | 9 | 9 | 9 | ↔ |
| I5 | Funding risk - higher inflation Risk of inflation leading to increased liabilities, lower asset returns and a funding gap | 6 | 6 | 6 | 6 | 6 | ↔ |
| I6 | Environmental, Social and Governance Risk of ESG factors within Investment strategy, underlying holdings and implementations of investment decisions | 4 | 4 | 6 | 6 | 6 | ↔ |
| I7 | Climate change Risk to assets and liabilities associated with Climate Change | 4 | 4 | 6 | 6 | 6 | ↔ |
| I8 | Liquidity Insufficient cash to pay benefits as they fall due | 4 | 4 | 4 | 4 | 4 | ↔ |
| I9 | Money Purchase Additional Voluntary Contributions Inadequate offering to Scheme Members | 2 | 2 | 2 | 2 | 2 | ↔ |

| Ref | Strategic Risks | Pre-mitigati on RAG | Risk Control / Response | Post-mitigati 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 for each employer to track employer cashflows in line with actuarial requirements for Valuation and FRS17/IAS19 reporting requirements. Also enables ability to see trends in contributions collected •Pension 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. This strategy was refreshed in February 2023 •Implementation of i-Connect is improving the quality of contribution data received to better aid reconciliation of payments and drill into the accuracy of employers' contribution payments, however functionality is still being improved by the software provider •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. Triennial Valuation complete for 2022 and new rates set for April 2023 onwards. LGPS31 forms issued to all employers with new rates. •Guide to Employers on implications of Pensions on Outsourcing published and issued to all employers •Contribution deferral policy approved by Committee in June 2020 •Deferred debt and debt spreading policies approved in June 2023 •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 •Cash Management covered by internal audit in 2022/23 and 2023/24 looking at contribution collection and cash management strategy with substantial assurance | 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"> •Pension Administration Strategy approved in operation from January 2021 and refreshed in February 2023 with consultation with employers April 2023 •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 •i-Connect system limits 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 was conducted by the Actuary with PAT to ensure the integrity of data. Work will commence on data cleansing for both Dashboard and the 2025 triennial valuation. | 9 | Head of Pensions |

| | | | | | |
|-----------------------|--|---|--|---|---------------------------------|
| E3 | Employer Covenant Delay in employers agreeing Admission Agreement, risk of insufficient security | 8 | <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 •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. New employers are given a copy as part of Admission Agreement process •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 data flow and process map is in place 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 •Security obtained for new admissions in form of bond or a guarantee from an appropriate body which has the means to support the guarantee | 6 | Head of Pensions |
| Administration | | | | | |
| A1 | Pensions service Delivery The scheme is not administered correctly resulting in the wrong benefits being paid or benefits not being paid, including the result of poor data | 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 *Most calculations automated to reduce manual error risk •Task management systems built into Altair to ensure activity is completed and monitored •Regular meetings with payroll, HR, ICT and PAT •Pensions Admin working group in place to discuss service delivery issues on a regular basis •Pensions Admin Team has skills matrix to identify training needs for particular processes | 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 | 4 | 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 | Implementation of Oracle Failure to deliver the new ERP system to effectively deliver for Pension Fund accounting and payroll requirements | 9 | <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 and will make go/no go decision •Heywood's paid to produce a scheme specific payroll data output report for transfer to Oracle | 6 | Head of Pensions |
| Governance | | | | | |
| G1 | Key Person risk Risk of loss of key / senior staff resulting in lost knowledge and skills with in 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 prior to recruitment processes •Training officer post within team structure since 2021 •Training strategy in place and regularly reviewed with training log where required •Recruitment project to fill to vacant positions coming to an end with nearly all posts now filled •Utilisation of apprenticeships allow for bring new staff into to train in advance of vacancies •Team responsibilities being reviewed to ensure appropriate coverage of workstreams •Officers are working to bring in an interim to fill a senior leadership gap to keep the impact of not recruiting to post minimal | 8 | Head of Pensions / Head of Pensions Administration |
| G2 | Committee / Board Member Lack of decision making/functionality 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 •Vice Chairs in place to cover chair absence •Officers aware of election cycles and request for officers as a preference over elected members is communicated to employers •Robust Terms of reference in place that is clear and comprehensive •Training plans in place for new members to build knowledge to required levels | 6 | Head of Pensions |

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|----|---|----|---|----|------------------|
| 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/AAF0106 • 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 being finalised and rolled out • Information security report no material vulnerabilities. Recommendations to be implemented. • Cyber training is provided to all staff around techniques and methods used to launch cyber attacks • Officers undertook a war games training session with IT in August 2024 | 12 | Head of Pensions |
| G4 | Governance and Compliance Inadequate governance arrangements and controls to discharge powers & duties | 9 | <ul style="list-style-type: none"> • Training strategy in place which covers Pension Committee, Pensions Board and officers • 75 days of internal audit commissioned for each calendar year with regular reporting from IA to committee and board, including areas Governance and Compliance • 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 General Code 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 • Working groups in place, with own terms of reference, which report findings to full Board and Committee • Governance of meetings supported by Democratic Services • Governance structures held within ESCC constitution • Conflict of interest policy in place | 3 | Head of Pensions |
| G5 | Data Breach Failure to comply with General Data Protection Regulations and Disclosure 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 ESCC • Privacy notice is on the website - the privacy statements have been refreshed each year • 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, with appropriate seniority levels • Mortality checks, Tell us once and NFI data • Contract in place with a third party to support with mortality and address training • Journals over £1m have to be signed off by Head of Pensions | 2 | 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 |
| 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 | 4 | Head of Pensions |
| I4 | Investment Pooling Inability to comply with government direction on pooling, insufficient sub funds to implement investment strategy, poor management of the pool | 16 | <ul style="list-style-type: none"> •ACCESS Support Unit team provide support to the pool •Operator contract provided by Waystone for assets held within the ACS. Operator novation imminent. •The ACCESS Contracts Manager will monitor Waystone's progress closely. •KPI's introduced within revised operator agreements •Consultants involved in analysing the creation of sub-funds and transitioning of 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 •S151, chair of pension committee and monitoring officer representation on respective committees, working groups or distributions 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 •ACCESS governance review completed •ACCESS have secured a stewardship consultant to support development in RI activities for the pool •Illiquid assets are in progress for pooling •Fund has responded to key government consultations to ensure its view is shared with policy makers on recommended future changes in pooling. | 9 | Head of Pensions |

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|----|--|--|---|------------------|
| 15 | 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 •2022 Triennial Valuation completed - inflation models used to estimate the average inflation across a 20 year time horizon, including consideration of the current high inflation environment. Index linked gilt triggers introduced to benefit from market opportunities which provide alignment with changing liabilities | 6 | Head of Pensions |
| 16 | Environmental, Social and Governance Risk of ESG factors within Investment strategy not being properly considered affecting underlying holdings and implementations of investment decisions | 8 <ul style="list-style-type: none"> •Statement of Responsible Investment Principles outline responsible investment beliefs, implementation of decisions and monitoring of ESG factors •ESG is in the heart of all investment decisions and not a separate function or working group •The Fund has trimmed 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 •Stewardship code submission approved in February 2024 for the 2022 reporting year •Membership of collaborative groups to help drive policy change •Officers challenge managers on their holdings with regard ESG issues and query voting decisions. •Annual ESG impact assessment for all managers, including improvement actions on ESG methodology, reporting or collaboration. •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 •ESG factors incorporated into all decision making | 6 | 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 (SRIP) outlines investment beliefs including Climate Risk. The Fund take the SRIP into account for implementation of decisions and monitoring of investment managers, carbon emissions and climate risk to the Fund •Restructuring of the equity portfolio removed structural exposure to fossil fuel companies to avoid high risk companies from a climate perspective and minimises stranded asset risk from direct holdings in underlying portfolios. •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 footprinting 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 •Report in line with the TCFD framework •The Fund is investigating 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. Managers have escalation plans for when engagement is not effective which includes disinvesting from the high carbon or fossil fuel company. •Focus on Climate change through training to committee and officers •Focus on Climate Change in decision making and strategy changes •Limited 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 and no structural allocation of these companies. | 6 | Head of Pensions |

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|----|--|---|---|---|------------------|
| 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 •Cash Management internal audit completed in Q3 2022/23 and will be picked up in the 2023/24 IA plan for further review •Cash Management strategy in place | 4 | Head of Pensions |
| 19 | Money purchase AVC Inadequate offering for the scheme members on cost, return and/or risk grounds | 4 | <ul style="list-style-type: none"> •A range of fund options provided, catering for different levels of member risk and return so they can design investment strategy for own circumstances •Continuing suitability of AVC offering is reviewed regularly | 2 | 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 | |
| FINANCAL | | | | 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. Little staff comments. | Limited local publicity. Mainly within local government community. Causes staff concern. | Local media interest. Comment from external inspection agencies. Noticeable impact on public opinion. | National media interest seriously affecting public opinion | |

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Report to: Pension Board

Date of meeting: 11 September 2024

By: Chief Finance Officer

Title: Work Programme

Purpose: To note the Board and Committee work programme

RECOMMENDATIONS

The Pension Board is recommended to:

- 1) note the work programme; and
 - 2) advise of training completed, not recorded in the training log
-

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 quarterly 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 Board and Committee members to reflect on any training they have attended since the last 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 Pension Board is recommended to consider the updated work programme including regularity of agenda items to ensure effective governance of the Fund at the scheduled meetings; advise of training completed, not recorded in the training log.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Sian Kunert, Head of Pensions

Email: Sian.Kunert@EastSussex.gov.uk

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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 Update | A consideration of the draft agenda of the Pension Committee and summary minutes of the last Pension Committee meeting decisions. | Head of Pensions |
| Governance Report | A report on governance issues effecting the fund, developments in the LGPS and regulatory environment, policy amendments and ACCESS pool updates | Pensions Manager – Governance and Compliance |
| Employer Engagement and Communications Report | A report on Employer Engagement matters to note, Employer Contributions update and Communications from the Fund | Pensions Manager – Employer Engagement |
| Pensions Administration report | An update on the performance of the Pensions Administration Team covering KPI's and projects. | Head of Pensions Administration |
| Internal Audit reports | All internal audit reports on the Fund are reported to the Board | Head of Internal Audit |

| | | |
|--|--|--|
| East Sussex Pension Fund (ESPF) Quarterly budget report | An update on the Funds budget. This is reported in Q2-4 only. | Pensions Manager – Investment and Accounting |
| East Sussex Pension Fund (ESPF) Risk Register | A report on the Funds 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 Funds breaches log | Pensions Manager – Governance and Compliance |
| Employer Admissions and Cessations | A report on the admission and cessation of employers to the Fund | Head of Pensions |
| 7 November 2024 | | |
| Independent Auditors Report on the Pension Fund Accounts 2023/24 | A report on the External Audit findings of the Pension Fund financial Statements for 2023/24 | Head of Pensions |
| Pension Fund Annual Report and Accounts 2023/24 | 2023/24 Annual Report and Accounts for approval | Head of Pensions |
| Employer Forum Agenda | Discussion on Pension Fund Employer Forum Agenda topics | Pensions Manager – Employer Engagement |
| Annual Training Plan | Report on Training completed in the year and training recommendations for the up-coming year | Governance and Compliance Pensions Manager |

| 13 February 2025 | | |
|--|---|--|
| External Audit Plan for the East Sussex Pension Fund 2024/25 | Draft External Audit Plan for 2024/25 Pension Fund Financial Statements | Pensions Manager – Investment and Accounting |
| Business Plan and Budget 2024/25 | Report to set the Budget for the Pension Fund for the Financial Year 2024/25 including the Business Plan with key deliverables for the year. | Pensions Manager – Investment and Accounting |
| 5 June 2025 | | |
| 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 |
| Privacy Notice and Memorandum of Understanding | Annual review of Funds Privacy Notice (summary and full) and Memorandum of Understanding to check for any changes. This will be reported as a note in the governance report if no required changes. | Governance and Compliance Pensions Manager |
| 11 September 2025 | | |
| Supplier Update | Update on supplier contracts and procurements | Head of Pensions |

Actions requested by the Pensions Board

| Subject Area | Detail | Status |
|-----------------------------|--|------------------------|
| Ill Health insurance review | The Board requested a review to be carried out on the Ill Health Insurance provision in place in terms of commercial arrangements. | TBC |
| Risk Register Full review | The Board have requested for a meeting to walk through all risks on the risk register as detail is usually only discussed on changes to the register, although the register is provided in full at each meeting for questions. | Meeting to be arranged |
| AVC – Default fund | Further investigation into the best default option for AVC investors through the Pru. | TBC |

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 and regulatory environment, policy amendments and ACCESS pool updates | Pensions Manager – Governance and Compliance |
| Pensions Administration report | An update on the performance of the Pensions Administration Team covering KPI's and projects. | Head of Pensions Administration |
| Internal Audit reports | Internal audit reports on the Fund and annual audit plan. | Head of Internal Audit |

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| East Sussex Pension Fund (ESPF) Quarterly budget report | An update on the Funds budget - <i>reported Q2-4 only</i> | Pensions Manager – Investment and Accounting |
| East Sussex Pension Fund (ESPF) Risk Register | A report on the Funds 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 Funds 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 Fund - <i>reported only when outstanding admissions or cessations.</i> | Head of Pensions |
| 25 September 2024 | | |
| External Audit Report for the East Sussex Pension Fund 2023/24 | Draft External Audit Report for 2023/24 Pension Fund Financial Statements | Pensions Manager – Investment and Accounting |
| Carbon Footprinting | A report on the carbon footprint of the portfolio of ESPF including whether investments are in line with transition pathways. | Head of Pensions |
| ESG Impact Assessment | Annual assessment by Investment consultants on the ESG standing of Investment managers with action plan | Head of Pensions |

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| Investment Strategy Statement | Review of the Investment Strategy Statement to take into account any revisions to the investment strategy. Review to include Statement of Investment Principles. | Head of Pensions |
| Stewardship Code submission for 2023 | Update on status for submitting second annual submission to FRC for Stewardship activities for calendar year 2023 | Head of Pensions |
| Conflict of Interest Policy | Three-year review of the Conflict of Interest Policy | Governance and Compliance Pensions Manager |
| Supplier Update | Update on supplier contracts and procurements | Head of Pensions |
| 21 November 2024 | | |
| Independent Auditors Report on the Pension Fund Accounts 2023/24 | A report on the External Audit findings of the Pension Fund financial Statements for 2023/24 | Head of Pensions |
| Pension Fund Annual Report and Accounts 2023/24 | 2023/24 Annual Report and Accounts for approval | Head of Pensions |
| Employer Forum Agenda | Discussion on Pension Fund Employer Forum Agenda topics | Pensions Manager – Employer Engagement |
| Annual Training Plan | Report on Training completed in the year and training recommendations for the up-coming year | Governance and Compliance Pensions Manager |
| 27 February 2025 | | |

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|--|---|--|
| External Audit Plan for the East Sussex Pension Fund 2024/25 | Draft External Audit Plan for 2024/25 Pension Fund Financial Statements | Pensions Manager – Investment and Accounting |
| Business Plan and Budget 2024/25 | Report to set the Budget for the Pension Fund for the Financial Year 2024/25 including the Business Plan with key deliverables for the year. | Pensions Manager – Investment and Accounting |
| 24 June 2025 | | |
| 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 |
| Privacy Notice and Memorandum of Understanding | Annual review of Funds Privacy Notice (summary and full) and Memorandum of Understanding to check for any changes. This will be reported as a note in the governance report if no required changes. | Governance and Compliance Pensions Manager |
| 24 July 2025 – Strategy training day | | |
| 25 September 2025 | | |
| External Audit Report for the East Sussex Pension Fund 2024/25 | Draft External Audit Report for 2024/25 Pension Fund Financial Statements | Pensions Manager – Investment and Accounting |
| Carbon Footprinting | A report on the carbon footprint of the portfolio of ESPF including whether investments are in line with transition pathways. | Head of Pensions |
| ESG Impact Assessment | Annual assessment by Investment consultants on the ESG standing of Investment managers with action plan | Head of Pensions |

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|-------------------------------|---|------------------|
| Investment Strategy Statement | Review of the Investment Strategy Statement to take into account any revisions to the investment strategy. Review to include Statement of Investment Principles. | Head of Pensions |
| Stewardship Reporting | Update on status for submitting annual submission to FRC for Stewardship activities for calendar year 2024 | Head of Pensions |
| Supplier Update | Update on supplier contracts and procurements | Head of Pensions |

Actions requested by the Committee

| Subject Area | Detail | Status |
|--------------|--|-------------|
| Training | <p>Requests were made, following the July 2023 investment workshop day for various training items</p> <p>The items still to arrange are</p> <ul style="list-style-type: none"> • How to invest in the energy transition. Eg electric storage/batteries, renewables, nuclear, hydrogen, EV's. What is cost and access to markets for these investments. • How does LGPS investment strategy evolve over time, what is rebalancing, when is it done, what are the timelines associated with setting investment strategies, what are the impacts of pooling on strategy implementation • Cost benefit implications of de-risking the portfolio • Core responsibilities of Councillors in their role on the pension committee to ensure proper exercise of its responsibilities and powers. Readdressing the need for Governance framework role of the Committee and considering | In progress |

| | | |
|---|--|----------------|
| | strategic investment change recommendations from expert advisers, rather than directing underlying investment holdings. | |
| Proposals raised on divestment in September | Three sets of proposals on divestment within investment strategy tabled in September Committee meeting. Officers to collate data to understand exposure to areas of divestment proposed and provide a cover note to aid understanding of proposals | September 2024 |

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>William Bourne, Russell Wood, Sian Kunert, James Sweeney, Representatives 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 including McCloud implementation.</p> | <p>Cllr Fox, Ray Martin, Neil Simpson, Zoe O'Sullivan, Paul Punter, Sian Kunert, Ian Gutsell</p> |

Training and Development – attendance at recent events

| Date | Topic | Committee | Board |
|---------|---|----------------------------------|----------------------------|
| 8 May | <p>General Code of Practice and LGPS & Tax</p> <p>General Code:</p> <ul style="list-style-type: none"> • What is the General Code • Steps already taken to prepare for General Code • Next steps <p>LGPS & Tax</p> <ul style="list-style-type: none"> • The tax relief available through membership of the LGPS • Taxable payments to members from the scheme • Extension and removal of taxes on members | Cllrs Redstone, Hollidge, Taylor | Zoe O'S, Trevor R. |
| 14 May | <p>Cyber and TPR requirements, so what now?</p> <ul style="list-style-type: none"> • Aon's webinar discussed latest TPR cyber guidance, General Code cyber module and action needed | Cllrs Swansborough, Taylor | Neil S, Trevor R, Nigel M. |
| 16 May | <p>Pensions Management in an Effective System of Governance (ESoG) nutshell</p> <p>This webinar asked how the ESoG has changed the role of a Pensions Manager / Scheme Secretary and will look at some early scheme governance reviews and gap analysis results. Explored were the issues governing bodies might need to address, such as succession planning, key person risk and the role of the Pensions Manager / Scheme Secretary in the Risk Management function.</p> <ul style="list-style-type: none"> • How does the ESoG change the role of a Pensions Manager? • To what extent is the Pensions Manager / Scheme Secretary part of the Governing Body and where are the gaps? • How can Trustee 'prevent' the conflict of using an in-house Pensions Manager as a leader for the Risk Management Function? • Addressing the Risks of Lack of Succession Planning in Pension Schemes • Early ESoG scheme analysis results | Cllr Swansborough | |
| 21 May | <p>Addressing the challenges and risk exposures resulting from fossil fuel divestment</p> <p>In this short session, Osmosis seek to address some of the challenges investors face in the energy divestment. Head of Quantitative Research, Dr Tom Steffen, examined the financial and concentration risks of exclusion, the inadvertent exclusion of transitional companies, and the need to address the demand side of fossil fuel use across the broader economy as well as target the supply.</p> | Cllr Taylor | |
| 11 June | <p>Pension Cyber Risk</p> <p>Aon experts:</p> <ul style="list-style-type: none"> • Discussed lessons learned from recent cyber incidents and how schemes can be as prepared as possible to navigate an incident • Explained the steps your scheme should be taking to comply with TPR's 2023 cyber principles and fulfil the new General Code requirements | Cllr Redstone | |

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|---------|---|-------------|---------|
| | <ul style="list-style-type: none"> Explored the recent developments in the cyber insurance market for pension schemes | | |
| 12 June | <p>Climate models and investing: what's the issue?</p> <p>With talk of climate change all around us – stoked recently by the news that March was the tenth month in a row with global record-breaking temperatures - the webinar will look to outline the role climate has to play in the world of investments. In the 30-minute webinar will be examined:</p> <ul style="list-style-type: none"> the issues surrounding current climate modelling; the concerns of asset owners and asset managers, including pension schemes; and how such models can be made more decision-useful for investors, allowing for strategic investment decisions to be made. | Cllr Taylor | |
| 26 June | <p>Waystone Investor Day</p> <p>During this in person event, you had the opportunity to:</p> <ul style="list-style-type: none"> Hear news from the Operator. Meet and network with ACCESS colleagues from across the Pool. Listen to and participate in short breakout sessions with Investment Managers across the ACCESS platform. Meet the Investment Managers working for the Pool. All current Investment Managers will be attending, including managers who are in the process of launching funds on the ACCESS platform. Attend networking sessions. | Cllr Taylor | |
| 23 July | <p>New ministers. New policies? - What the new Government means for pensions</p> <p>To be discussed what the PLSA is doing to influence the new administration on vital issues such as Pensions and Growth, auto-enrolment reform, DB regulation and better DC pensions.</p> | | Zoe O'S |
| 4 Sept | <p>Scheme Advisory Board Update - webinar</p> <p>Speaker: Joanne Donnelly Board Secretary Local Government Pension Scheme Advisory Board</p> | | Neil S |

Training and Development – Upcoming Training Offered to Pension Board

| September | Topic |
|---|---|
| <p>4 Sept</p> <p>Organiser: LGPS-Live</p> <p>Location: Online</p> <p>Time: 15:30 – 16:30</p> <p>Cost: Free</p> | <p><u>Scheme Advisory Board Update</u></p> <p>Speaker: Joanne Donnelly</p> <p>Board Secretary</p> <p>Local Government Pension Scheme Advisory Board</p> |
| <p>13 Sept</p> <p>Organiser: ESPF / JPM / Stafford</p> <p>Location: Online</p> <p>Time: 15:00 – 16:30</p> <p>Cost: Free</p> | <p>Natural Capital - training to ESPF from JPM, Stafford - (In-House training)</p> <ul style="list-style-type: none"> • Our newly appointed investment managers to the ACCESS pool (JPM and Stafford) to introduce the topic of Natural Capital. The managers will provide an overview of their specific offering for the pool also. |
| <p>Looking ahead</p> <p>15-17 Oct</p> <p>Organisation: PLSA</p> <p>Location: Liverpool</p> <p>Cost: Free</p> | <p><u>PLSA Annual Conference – At the forefront of Pensions</u></p> <p>The event will provide:</p> <p>Comprehensive industry insights: Gain valuable insights from a wide range of industry experts discussing everything that matters in pensions: member communications, new regulation, politics, the economy and innovation.</p> <p>Networking opportunities: Connect with a diverse group of professionals including scheme CEOs, pension fund managers, consultants, policymakers, trustees and service providers.</p> |

Policy and regulatory updates: Stay up-to-date with the latest regulatory changes and policy developments that impact pension funds.

Innovative solutions and trends: Learn about the latest innovations, hot topics and trends in pensions. Discover new tools, technologies, and approaches to get the most for pension scheme members.

Influence and advocacy: Participate in discussions that shape the future of the pensions industry and advocate for changes that benefit members and stakeholders.

Training and Development – Upcoming Training Offered to Pension Committee

| September | Topic |
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| <p>12 Sept</p> <p>Organiser: Pensions for Purpose with AXA IM</p> <p>Location: Online</p> <p>Time: 10:00 – 11:00</p> <p>Cost: Free</p> | <p><u>Integrating biodiversity and net zero into investment portfolios</u></p> <p>Top ESG trends for UK pensions 2024 Will be explored:</p> <ul style="list-style-type: none"> • Concrete ways to integrate net-zero targets in fixed income and equity portfolios. • The challenges pension schemes will face in reaching these targets. • Why biodiversity should be considered as part of net-zero investing. |
| <p>12 Sept</p> <p>Organiser: ESPF / Dr Lazenby from the University of Sussex</p> <p>Location: Online</p> <p>Time: 15:00 – 16:00</p> | <p>Climate Change: Science and Evidence (In-House training)</p> <ul style="list-style-type: none"> • This will be an updated session on previous presentation with added focus on water securities. <i>More details to follow.</i> |

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| Cost: £400 for all | |
| 13 Sept Organiser: ESPF / JPM / Stafford Location: Online Time: 15:00 – 16:30 Cost: Free | Natural Capital - training to ESPF from JPM, Stafford - (In-House training) Our newly appointed investment managers to the ACCESS pool (JPM and Stafford) to introduce the topic of Natural Capital. The managers will provide an overview of their specific offering for the pool also. |
| 17 Sept Organiser: Pensions for Purpose Location: Online Time: 10:00-11:15 Cost: Free | <u>The future of place-based and productive growth investment by pension schemes</u> To be discussed the following questions: <ul style="list-style-type: none"> • Which place-based and productive growth investments have been successful? • How do we scale up investment in productive finance from DB, DC and LGPS? • How can the new government support the pension industry to invest in the UK's renewal of assets? • How can blending public and private finance solve the problem? • • How can the pension industry best influence the policy debate with government and regulators? |
| 17-19 Sept Organiser: DG Publishing Location: Coch Lomond Cost: Free | <u>DB Strategic Investment Forum</u> The forum will discuss the drivers of change that will affect the future landscape of DB investment in the public and private sectors. Specifically we'll be diving into: <ul style="list-style-type: none"> • The macroeconomic and political backdrop - with a newly formed government this will be one not to miss! • The drive to consolidate - looking at both LGPS pooling and wider collaboration along with private sector consolidation options. |

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| | <ul style="list-style-type: none"> • Latest investment innovations - aiming to deliver great investment performance for schemes, while delivering impact for people, society and the planet. • Full Agenda Here |
| <p>19 September</p> <p>Organiser: PensionsAge</p> <p>Location: London</p> <p>Time: 09:00 – 16:00</p> <p>Cost: Free</p> | <p>Pensions Age Autumn Conference 2024</p> <p>Some of the issues to be addressed:</p> <p>It's no secret that the UK pensions sector continues to face its fair share of challenges, but there are also opportunities on the horizon, as the landscape experiences a potential period of unprecedented change - pensions dashboards are one step closer; DB surpluses are forcing schemes and employers to consider a wider range of end-game options, while the buyout market continues to boom; value for money continues to run like a red line through all aspects of pensions management and design; while Mansion House reforms and talk of a potential pot for life threaten to shake up the UK pensions landscape altogether.</p> <p>Full Agenda TBC</p> |
| Looking ahead | |
| <p>15-17 Oct</p> <p>Organisation: PLSA</p> <p>Location: Liverpool</p> <p>Cost: Free</p> | <p>PLSA Annual Conference – At the forefront of Pensions</p> <p>The event will provide:</p> <p>Comprehensive industry insights: Gain valuable insights from a wide range of industry experts discussing everything that matters in pensions: member communications, new regulation, politics, the economy and innovation.</p> <p>Networking opportunities: Connect with a diverse group of professionals including scheme CEOs, pension fund managers, consultants, policymakers, trustees and service providers.</p> |

19 Nov

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[Investment Conference 2024: Foundations for Future](#)

The new Labour government has pledged to undertake a review of the pensions system and it remains to be seen whether this signals a sea change in legislation, or a continuation of the reforms made under the previous Conservative government. However, Labour has highlighted that it will consider the further steps needed to increase investment in UK markets in pursuit of the holy grail of economic growth.

DB surpluses have continued to climb and reach new records whilst DC schemes have increasingly taken advantage of initiatives aimed at increasing investment into more illiquid assets in private markets.

With all these developments it is now critical for trustees to understand how to best position their schemes to take advantage of the changing market conditions and pension funding in order to secure long term benefits for members.

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

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