

East Sussex Pension Fund

Governance compliance and the Pensions Regulator's code of practice

The role of the local pension board is to –

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

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

Establishment of the local pension board

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

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

The Pensions Regulator's Code of Practice

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

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

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

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

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

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

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

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

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

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

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

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

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

Requirement	Full Compliance	Position
The administering authority should be able to demonstrate that records are kept in accordance with other relevant legislation	<p>Evidence that key requirements are set out where applicable under the following legislation –</p> <p>Pensions Act 1995 and 2004 Pensions Act 2008 and the Employers' Duties (Registration and Compliance) Regulations 2010 Occupational Pension Schemes (Scheme Administration) Regulations 1996 Registered Pension Schemes (Provision of Information) Regulations 2006 Data Protection Act 1998 Freedom of Information Act 2000</p>	<p>Relevant pieces of legislation are complied with in relation to the Fund record keeping; this is verified by regular audits.</p>

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

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

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

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

Requirement	Full Compliance	Position
Resolving Disputes		
The administering authority has in place an Internal Dispute Resolution Procedure	<p>An Internal Dispute Resolution Procedure is in place in accordance with the LGPS regulations and it clearly states the procedure and process to apply for a dispute to be resolved including –</p> <p>Who it applies to</p> <p>Who the adjudicator is (stage 1)</p> <p>Who to contact with a dispute</p> <p>The information that an applicant must include</p> <p>How the final decision is reached</p> <p>How the dispute can be escalated if dis-satisfied</p> <p>The appropriate timescales</p>	<p>There is an internal dispute resolution procedure in place in accordance with the LGPS regulations.</p> <p>https://www.eastsussex.gov.uk/yourcouncil/pensions/guides-and-leaflets/</p>

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