

Report to: Pension Board

Date: 10 September 2018

By: Chief Finance Officer

Title of report: ACCESS Pool – Internal Audit Review

Purpose of report: This report provides the Board with the outcome of the ACCESS Pool Governance and Structure review report for consideration.

RECOMMENDATION -

The Board is recommended to note the Internal Audit report on the ACCESS Pool Governance and Structure.

1. Background

1.1 The Government's intention is to work with Local Government Pension Scheme (LGPS) administering authorities to ensure that pool investments significantly reduce costs while maintaining overall investment performance. One of the criteria is for each pool to have a strong governance and decision making. Therefore the governance structure for the pools should, at the local level, provide authorities with assurance that their investments are being managed appropriately by the pool in line with their stated investment strategy and in the long-term interests of their members. At the pool level, ensuring that risk is adequately assessed and managed, investment implementation decisions are made with a long-term view, and a culture of continuous improvement is adopted should be in place.

1.2 The LGPS Advisory Board recognises that it is for scheme managers within each pool to develop appropriate governance to assure all stakeholders of the transparent and effective implementation of strategy.

1.3 The audit aimed to provide assurance that governance arrangements for the new ACCESS Pension Pool are transparent and that the Council retains input to strategic decisions with regards to the East Sussex Pension Fund (ESPF), particularly in terms of the investment strategy, where different risk appetites across the pool may result in higher risk investments being made, and potential financial loss. This review is part of the agreed Internal Audit Plan for 2018/19.

2. Pension Fund ACCESS Pool 2018/19

2.1 East Sussex County Council (ESCC) has a statutory responsibility to administer and manage the ESPF on behalf of all participating employers in East Sussex. The primary objective is to ensure assets held on behalf of the Pension Fund are managed for the long term benefit of scheme members (in accordance with the rules of the scheme and the regulatory framework), maximising the Fund's growth while minimising investment risk.

2.2 The ESPF has chosen to pool funds with other 10 funds to create the ACCESS pool (a collaboration of central, eastern and southern shires). The ACCESS pool has assets of £41bn with the ESPF representing £3.4bn of these funds.

3. Conclusion and recommendations

3.1 Based on the testing carried out during the audit, the audit (attached as Appendix 1) has provided Substantial Assurance in respect of the Pension Fund ACCESS Pool. The opinion means that controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

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Background Documents:
None