

County Buildings, Stafford  
DDI (01785) 276135  
Please ask for Simon Humble  
Email: [simon.humble@staffordshire.gov.uk](mailto:simon.humble@staffordshire.gov.uk)

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## **Pensions Committee**

Friday 30 September 2022  
**10:00**  
Oak Room, County Buildings, Stafford

John Tradewell  
Director of Corporate Services  
22 September 2022

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## **A G E N D A**

### **PART ONE**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the meeting held on 24 June 2022** (Pages 1 - 6)
4. **Minutes of the Pensions Panel held on 6 September 2022** (Pages 7 - 10)
5. **Staffordshire Pension Fund Investment Performance 2021/22** (Pages 11 - 34)  
Presentation from Portfolio Evaluation Limited
6. **Staffordshire Pension Fund Audit Plan 2021/22** (Pages 35 - 70)  
Report of the Deputy Chief Executive & Director for Corporate Services
7. **Staffordshire Pension Fund Conflicts of Interest Policy** (Pages 71 - 86)  
Report of the Deputy Chief Executive & Director for Corporate Services
8. **Exclusion of the Public**  
The Chairman to move:

'That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of schedule 12A of the Local Government Act 1972 indicated below'

## **PART TWO**

9. **Exempt minutes of the meeting held on 24 June 2022 - (Exemption paragraph 3)** (Pages 87 - 88)
10. **Exempt minutes of the Pensions Panel meeting held on 6 September 2022 - (Exemption paragraph 3)** (Pages 89 - 94)
11. **LGPS Regulations - Admission of New Employers to the Fund - (Exemption paragraph 3)** (Pages 95 - 98)  
  
Report of the Deputy Chief Executive & Director for Corporate Services
12. **Actuarial Valuation 2022 - (Exemption paragraph 3)**  
  
Report and Presentation from Hymans Robertson LLP
  - a) 2022 Valuation Results – Early Insights - (Exemption Paragraph 3) (Pages 99 - 100)
  - b) Actuarial Valuation 2022 - Initial Results Report - (Exemption Paragraph 3) (Pages 101 - 132)

### **Membership**

Allen (Co-Optee)	Bob Spencer
Philip Atkins, OBE	Mike Sutherland (Chair)
Nigel Caine (Co-Optee)	Stephen Sweeney
Mike Davies (Vice-Chair)	Samantha Thompson
Colin Greatorex	Michael Vaughan (Co-Optee)
Derrick Huckfield	Mike Wilcox
Phil, Jones (Co-Optee)	

### **Note for Members of the Press and Public**

#### **Filming of Meetings**

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#### **Recording by Press and Public**

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.



**Minutes of the Pensions Committee Meeting held on 24 June 2022**

Present: Mike Sutherland (Chairman)

<b>Attendance</b>	
Philip Atkins, OBE	Bob Spencer
Mike Davies (Vice-Chairman)	Samantha Thompson
Colin Greatorex	Mike Wilcox

**Also in attendance:** Rob Birch, Chantelle Denham and Simon Humble

**35. Apologies:** Nigel Caine, Derrick Huckfield, Phil, Jones and Stephen Sweeney

**36. Declarations of Interest**

There were no declarations of interest on this occasion.

**37. Minutes of the meeting held on 25 March 2022**

The Director for Corporate Services reminded the Committee that spaces were still available for the Local Government Association's Fundamentals Training for Pensions Committee and Local Pensions Board Members. Members of the Committee were asked to inform the Director for Corporate Services if they were interested in attending the meeting so spaces could be booked as soon as possible.

**RESOLVED** – That the minutes of the meeting of the Pensions Committee held on 25 March 2022 be confirmed and signed by the Chairman.

**38. Minutes of the Pensions Panel held on 8 June 2022**

**RESOLVED** – That the minutes of the meeting of the Pensions Panel held on 8 June 2022 be received.

**39. Appointment of Pensions Panel**

**RESOLVED** – That the following Members be appointed to serve on the Pensions Panel for the 2022/23 municipal year:

- Philip Atkins
- Mike Davies
- Colin Greatorex
- Mike Sutherland
- Stephen Sweeney

#### 40. Staffordshire Pension Fund Business Plan Outturn 2021/22

The Committee considered the final outturn position for the financial year 2021/22 together with a summary of the key achievements against the Business Plan, provided at Appendix 2 to the report.

Members attention was drawn to the continued high levels of service being provided throughout 2021/22 to scheme members and employers. Specific achievements during 2021/22 included:

##### (i) Pensions Administration Team

- Tendering for an Administration System provider, to incorporate an external hosting platform service, and testing and implementing the new system;
- Completing the long running Guaranteed Minimum Pensions (GMP) exercise with HMRC;
- Finalising the development of an Employer Covenant Monitoring Process and implementing regular funding reviews;
- Development of a series of regular / shorter virtual Employer Practitioner Workshop(s);
- Undertaking a Training Needs Analysis and producing a Training Plan for Pensions Committee and Local Pensions Board Members in 2022/23; and
- the Team have taken the Pensions Pledge and implemented the regulatory changes required in relation to Transfers.

##### (ii) Pensions Investment Team

- Developing a Pension Fund Climate Strategy and Climate Stewardship Plan;
- Developing investment reporting in line with the Task Force for Financial Disclosure (TCFD) requirements; and
- Reviewing the ongoing appropriateness of the Fund's Investment Strategy and Strategic Asset Allocation, ahead of the 2022 Actuarial Valuation & in line with the Pension Fund's new Climate Strategy.

The Committee heard that there had been two Staffordshire Internal Audit Service reviews across the Teams throughout the year. The Pensions Administration Audit maintained its 'substantial' assurance rating for the fourth year in a row; and the Pension Fund Investment Audit, focussing on Investment Performance Reporting, which tied in with similar themed Audits at LGPS Central, also received a 'substantial' assurance rating.

The Committee were presented with the Pensions Administration Team's Service Standards for 2021/22 and were informed that the Team had achieved a 90% performance target in 14 of the 15 published standards. As well as providing assurance that the necessary controls were in place, this re-affirmed the hard work and effort of the Teams, and their ongoing commitment to the Fund, despite the increasing complexities of delivering the service whilst working remotely.

Members were informed that there had been difficulty in recruiting experienced team members and focus continued to be on training and 'growing our own'. The increase in turnover had created a situation where the Fund would be recruiting to maintain current resource, as opposed to increasing it. To maintain Service Standards going forward

there would be a need for recruitment to continue at pace. The Team had also committed to explore other recruitment options, such as Apprenticeships. Members were reassured that focus would remain on delivering a service to the end user that was not sub-standard or in direct contravention of the Pensions Regulators Disclosure requirements.

Members heard that in 2021/22, the Fund's investment return was +12.2% versus its strategic benchmark return of +11.9%, an outperformance of +0.3%. The Fund's longer-term annualised performance numbers, at 31 March 2022, remained in excess of 8%, well ahead of the long-term investment return assumptions used by the Actuary in the triennial valuation.

The Pension Fund Budget and Costs were presented to the Committee. This largely focussed on:

- Administration Costs, where it was noted costs had increased due to the installation of a new system which was invaluable to the delivery of the service.
- Oversight and Governance Costs, where the only notable increase being in Actuarial fees, which reflected the work done in preparation for the 2022 Triennial Valuation; and
- Investment Management Costs which had increased by circa £1.0m since 2020/21 due to increases in active global equity and vacant property costs.

Members were informed that Staffordshire Pension Fund continued to take part in a benchmarking exercise with international company CEM Benchmarking. CEM benchmark 300+ global pension funds with total assets of £8.1 trillion to help institutional investors better understand their costs versus peers and the wider market. CEM grouped Staffordshire Pension Fund with 16 LGPS and international funds ranging in size from £3.7bn to £9.3bn (a median size of £6.2bn versus the Fund's total value of £6.1bn at that time). The Fund's costs of 51.1 basis points (or 0.511%) were 5.8bps (0.058%) above the benchmark of 45.3bps (0.453%). This was predominantly because of the way it invested in private markets, such as Private Equity which had been a strong performing asset for the Fund over the period and had delivered returns well above its benchmark return.

Cllr Sutherland welcomed the report and offered his congratulations to the Pensions Team on its delivery.

Cllr Greatorex noted that past performance had not always been great, but the current performance was pleasing. He was also pleased that the Climate Change Strategy had been developed, that officers continued to play a role in the development of the LGPS Central pool and that investment was doing well.

In response to a question from Cllr Wilcox relating to the missed target, it was confirmed that this target had been missed before, but that it had improved year-on-year over the past three years.

In response to a question from Cllr Wilcox relating to the issues with recruitment, it was confirmed that the starting point was at Grade 5 and whilst job progression was a real

possibility attracting people to work in Pensions was often difficult. Commitment would be made to explore other recruitment options, such as Apprenticeships.

In response to a question from Cllr Wilcox relating to the increase in 'Other' Investment Management Fees, it was explained that this was as a result of costs incurred in the year which were related to a historic court case, where the Fund, alongside numerous other LGPS Funds, is attempting to recover tax paid on dividends. .

In response to a question from Cllr Sutherland relating to how Income was generated, it was confirmed that there were three main sources of income. These included recharges to scheme members for e.g a Divorce quote, charges for transfer quotations and charges for the administration and distribution statutory accountancy reports for employers i.e IAS19 and FRS102.

**RESOLVED** - That the outturn position of the Staffordshire Pension Fund Business Plan for 2021/22 be approved.

#### **41. Staffordshire Pension Fund Risk Register and Risk Management Policy**

The Committee considered a report of the Director for Corporate Services on the Fund's Risk Register.

The Committee was informed that Risk management was good practice and central to the management of the Pension Fund, as reflected by the coverage of risk in several key documents, such as the Funding Strategy Statement and the Investment Strategy Statement.

The Committee was also informed that officers reviewed the risk register every quarter, focusing in on the detail of one of four key areas, (Governance, Funding, Administration and Investment), along with a review of any emerging risks. As part of the review, Members of the Local Pensions Board attend the review meetings and take an active role in the discussions. They had also begun to discuss the specific area under review each quarter at formal board meetings in an effort to widen the general understanding of each area. The Board's comments on the Risk Register and the review process were attached at Appendix 2 to the report.

It was also suggested that the Committee may wish to consider asking members of the Local Pensions Board to continue with their role in the ongoing review process.

The Committee were presented with a summary of the high-level risks associated with the objectives, attached at Appendix 3 of the report. This summarised the highest score of the detailed risks associated with each of the high-level risks and provided a summary of the controls and sources of assurance currently in place. This was intended to give the Committee an overview of the main risks the Pension Fund needed to consider and the controls in place to mitigate them.

The Committee were reminded that as part of the annual review, it was agreed that the Pensions Committee would review emerging risks to the Fund. It was important to recognise that some of the greatest risks faced by the Pension Fund arose from change.

Several transitional areas were reflected in Appendix 4 to the report, which provided more detail on the emerging risks perceived to be faced by the Pension Fund.

The Committee was informed that the Pension Regulator's Code of Practice recommended that a Pension Fund has a Risk Management Policy in place and that this was reviewed periodically. The risk management policy covered key areas such as:

- The Fund's attitudes to, and appetite for risk;
- Aims;
- Risk measurement and management; and
- Responsibility.

The updated Risk Management Policy for the Staffordshire Pension Fund was attached at Appendix 5 to the report and was submitted for approval.

**RESOLVED** – a) That the summary of the high-level risks and emerging risks from the current Staffordshire Pension Fund Risk Register, as presented in Appendices 3 and 4 respectively, be noted.

b) That the content and recommendations of the Local Pensions Board review of the Staffordshire Pension Fund Risk Register, attached at Appendix 2, and the continued involvement of the Pensions Board in the ongoing review, be noted.

c) That the Risk Management Policy of the Staffordshire Pension Fund, attached at Appendix 5, be approved.

#### **42. Exclusion of the Public**

**RESOLVED** – That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 indicated below.

#### **43. Exempt minutes of the meeting held on 25 March 2022**

Exemption Paragraph 3

#### **44. Exempt minutes of the Pensions Panel meeting held on 8 June**

Exemption Paragraph 3

#### **45. LGPS Regulations - Admission of New Employers to the Fund**

Exemption Paragraph 3

#### **46. LGPS Central Limited Company Update**

Exemption Paragraph 3

**Chairman**

**Minutes of the Pensions Panel Meeting held on 6 September 2022**

Present: Mike Sutherland (Chair)

<b>Attendance</b>	
Philip Atkins, OBE Mike Davies	Colin Greatorex

**Also in attendance:** Rob Birch, Corrina Bradley (Employer Representative), Campbell, Carolan Dobson and John Mayhew

**Apologies:** Stephen Sweeney

**Derek Davies**

The Chairman referred to the sad passing of Derek Davis, a past County Councillor of 35 years and long-standing member of the Pensions Panel. Panel members were asked to pay their respects by observing a minute silence.

**PART ONE**

**62. Declarations of Interest**

There were no declarations of interest made on this occasion.

**63. Minutes of meeting held on 8 June 2022**

**Resolved** – That the minutes of the Meeting of the Pensions Panel held on 8 June 2022 be confirmed and signed by the Chairman.

**64. Dates of Future Meetings**

- Tuesday 6 December 2022
- Tuesday 7 March 2023

All meetings scheduled to start at 9.30am at County Buildings, Stafford unless indicated otherwise.

**65. Pension Fund Performance and Portfolio of Investments as at 30 June 2022**

The Deputy Chief Executive & Director for Corporate Services submitted a summary of the performance of the Staffordshire Pension Fund, together with a portfolio of the Fund's investments, as at 30 June 2022.

The Panel was informed that the Fund had a market value of £6.3 billion at 30 June 2022, down slightly on the previous quarterly valuation. Over the quarter the Fund had returned -6.1%, which was an outperformance of 0.3% versus the Fund's Strategic Asset Allocation (SAA) benchmark return of -6.4%. The best performing asset class

relative to its benchmark was Private Equity. Property and Corporate Bonds were the main detractors from performance during the quarter.

The Panel were informed that, longer term, the Fund had outperformed its SAA benchmark return over a 3, 5 and 10-year period. Annualised returns over 10 years were 9.5% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.

**Resolved** – That the Pension Fund investment performance and the portfolio of investments for the quarter ended 30 June 2022 be noted.

## **66. Responsible Investment and Engagement (RI&E) Report Quarter 1 2022/23**

The Deputy Chief Executive & Director for Corporate Services submitted a summary of activity during the quarter by the Fund's investment managers, in fulfilment of their corporate governance and socially responsible investment obligations. This includes the Responsible Investment (RI) report, including the Climate Stewardship Plan for 2022/23, the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report and the LGPSC Quarterly Stewardship Update.

Panel members were informed that the Stewardship report to comply with the UK Stewardship Code of 2020 was currently being developed. The aim was to have this developed ready for approval at the Pensions Committee meeting in March 2023, so it could be formally submitted to the UK Stewardship Code for sign-off and approval.

The Director highlighted the Climate Change Roadmap as part of the Climate Change Strategy for which the Fund's carbon metrics would be remeasured at the end of September. It was anticipated that the decision to invest 10% of the Fund into the Legal and General Low Carbon Transition Fund (LCTF) would have a positive impact on the Fund's requirement to reduce its carbon footprint.

Panel members were presented with the updated Climate Stewardship Plan (CSP) attached to the report at Appendix 1. The CSP working document would be updated for engagement activity carried out throughout 2022/23 with progress reported quarterly. The Director informed the Panel that Officers were engaging with the Fund's Investment Managers independently to facilitate engagement that needed to be undertaken, not only on climate stewardship but also to understand more about other engagement themes that the managers might be looking at.

The Director highlighted some key engagement activities that had taken place in Q2. These included:

- Engagement with Shell by JPMorgan and LGPS Central as part of the Climate Action 100+ Group.
- Discussing working conditions of employees in Mexico and Co2 emissions with a technology company.
- An escalated engagement with cruise operator Carnival PLC, who pay many employees less than a living wage.

The Director also submitted the quarterly report of the Local Authority Pension Fund Forum (LAPFF) attached at Appendix 2 to the report. This report highlighted the work LAPFF does in engaging with organisations on behalf of its members. Examples of engagement from the last quarter included:

- The Human Rights initiative which involved a visit from the Chair of the LAPFF to communities affected by the Mariana and Brumadinho tailings dam collapses in Brazil.
- Meeting with BMW and Mercedes over their approach to decarbonising their vehicles.
- Joining a collaborative call with Nestle around plastic packaging.
- Meeting with the Chair of Severn Trent Water, who outlined their commitment to reducing pollution and the release of sewage into waterways.

Finally, the Panel received the LGPS Central Ltd Quarterly Stewardship Report Q1 2022 at Appendix 3 to the report. This report highlighted the work LGPS Central and its appointed voting and engagement partners do in engaging with organisations on behalf of the eight Partner Funds. The Director highlighted that LGPSC had recently developed a Modern Slavery Policy. As a result LGPSC had been directed to the SCC Modern Slavery Policy and had been asked to amend their policy slightly so that it included reference to the policies of the Partner Funds.

**Resolved** - That the content of the Responsible Investment (RI) report, including the Climate Stewardship Plan (Appendix 1), Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report (Appendix 2) and the LGPS Central Ltd Quarterly Stewardship Report (Appendix 3), be noted.

#### **67. Exclusion of the Public**

**Resolved** - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

The Panel then proceeded to consider reports on the following issues:

**68. Exempt Minutes of the Meeting held on 8 June 2022 (exemption paragraph 3)**

**69. Pension Fund Performance and Manager Monitoring for the quarter ended 30 June 2022 (exemption paragraph 3)**

**70. Strategic Asset Allocation Review and Monitoring (exemption paragraph 3)**

a) Economic and Market Value (exemption paragraph 3)

b) Review of Position as at 31 July 2022 (exemption paragraph 3)

**71. Pooled Investments (exemption paragraph 3)**

**Chairman**

**PENSIONS COMMITTEE – 30 SEPTEMBER 2022**

**Report of the Deputy Chief Executive & Director for Corporate Services**

**Staffordshire Pension Fund Investment Performance**

**Recommendation of the Chair**

1. That the Pensions Committee note the report at Appendix 2 and the presentation on such to be received from Portfolio Evaluation Limited.

**Background**

2. The Staffordshire Pension Fund employs Portfolio Evaluation Limited (PEL) to provide independent investment performance measurement services for the Fund's various investments. The performance metrics, which measure the percentage return of the Fund's various investments against an agreed range of benchmarks, are reported to the Pensions Panel each quarter.
3. Performance is reported at a Total Fund level, at an asset class level and at an individual investment manager level and attached at Appendix 2 is an investment performance overview for the period ending 30 June 2022 which includes the financial year ending 31 March 2022. This will help to give the Pensions Committee assurance over the work of the Pensions Panel in its role overseeing the investments of the Fund.
4. It is important to understand that whilst one Funds performance can be measured against its own set of benchmarks, a straightforward comparison of investment returns, and the associated costs, as publicly reported by different pension funds will never be meaningful. This is because there are several variables which also need to be considered, to obtain a like for like comparison. E.g Assets under management, strategic asset allocation, implementation style, benchmarks etc.

**John Tradewell**

**Deputy Chief Executive & Director for Corporate Services**

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Contact: Melanie Stokes / Tim Byford  
Telephone No. (01785) 276330 / 278196

## Appendix 1

**Equalities Implications:** There are no direct equalities implications.

**Legal Implications:** The legal implications are covered in the body of the report.

**Resources and Value for Money Implications:** There are no resources and value for money implications.

**Risk Implications:** Risk is inherent in investment and covered in the appendix to this report.

**Climate Change Implications:** There are no direct climate change implications arising from this report.

**Health Impact Assessment screening** – There are no health impact assessment implications arising from this report.

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**Portfolio Evaluation Ltd**  
**Staffordshire Pension Fund**  
**Investment Performance Overview Periods to June 2022**

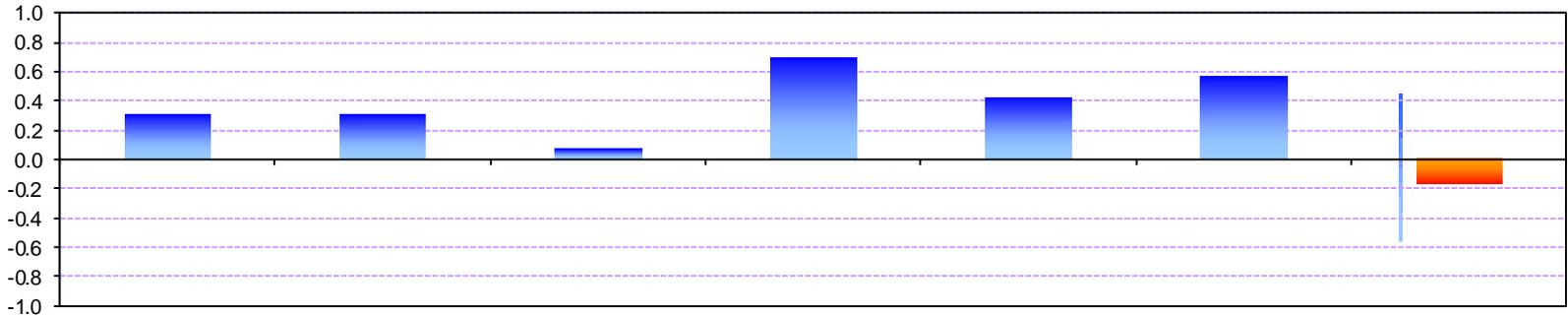
# Overview of Today

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- Market Review
  - Asset class results
  - Themes
  - Market trends and developments
  
- Evaluation of the Staffordshire Pension Fund results
  - Total Fund results (short and long term)
  - Attribution of 2021/22 results
  - Results focus on periods ended 30<sup>th</sup> June 2022

# Total Fund Results – Ending June 2022

## Excess Return Analysis (%)

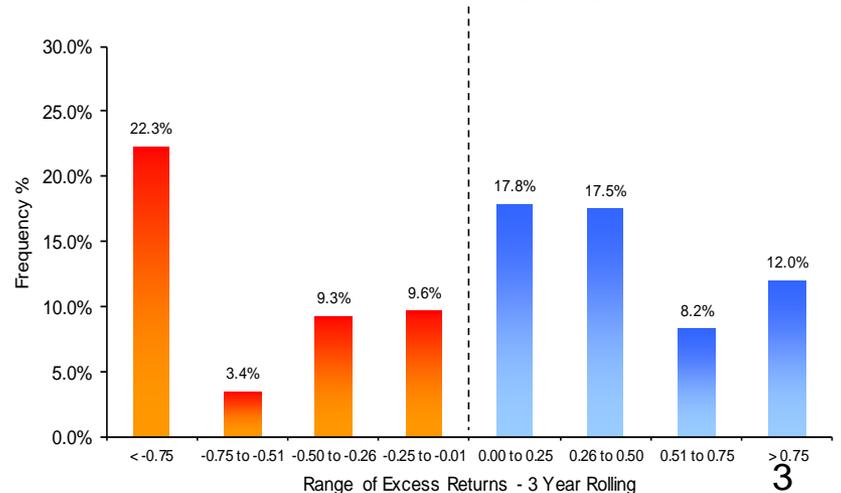


	QTR	Fin YTD	1 Yr	3 Yr	5 Yr	10Yr	Since Apr 95 (p.a.)
Excess Return	0.3	0.3	0.1	0.7	0.4	0.6	-0.2
Portfolio Return	-6.1	-6.1	-0.8	6.7	6.9	9.5	7.9
Benchmark Return	-6.4	-6.4	-0.9	6.0	6.5	8.9	8.0

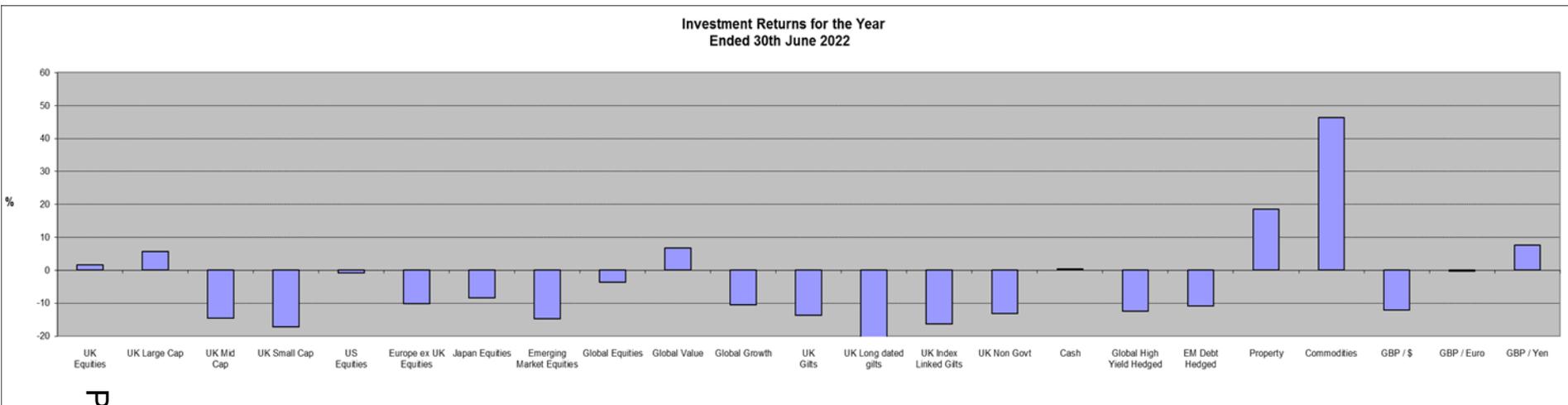
All returns for periods in excess of 1 year are annualised. The portfolio return is gross.

- The Fund outperformed the benchmark over the quarter and year.
- The Fund (and benchmark) had a negative return over the quarter and year.
- Medium and longer term returns in excess of cash, inflation and probably actuarial required return.
- Positive real returns generated by the Fund over all medium and long term time periods.
- Risk profile consistent with mixed asset class Fund.
- Active risk consistent with some active and passive management and asset allocation decisions.
- Volatility higher over 3 years. Reflects market volatility due to market fall that occurred because of COVID and subsequent market corrections.
- Active risk has remained stable.

## Excess Return Consistency Analysis



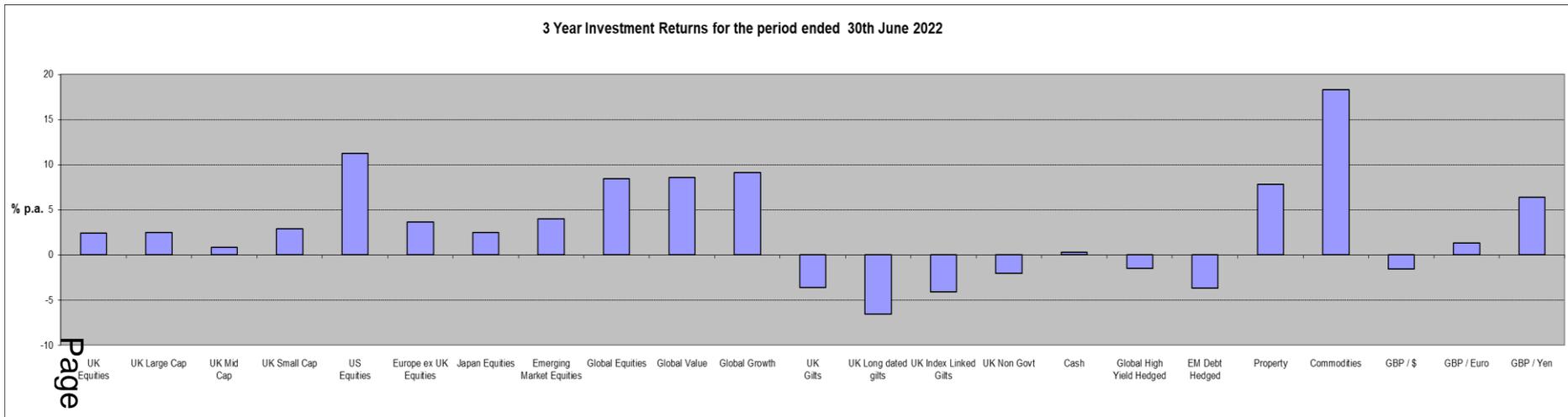
# Market Results – Year Ended June 2021



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- UK Equities performed well (relatively) over the year with large cap equities driven by the oil, mining, healthcare and banking sectors. US is also resilient.
- Emerging Market Equities were the lowest equity region in part due to the invasion of Russia and rising commodity prices.
- Commodity performance has been driven by Q1 2022, driven by sharply rising prices for energy and wheat following the Russia-Ukraine war.
- Value stocks have outperformed growth stocks, partly due to tech stocks stumbling.
- Current market environment:
  - Inflation – this is increasing throughout the world and is expected to persist until at least 2023.
  - Potential for Europe (and UK) to go into recession.
  - The Russia-Ukraine war will slow global growth and raise inflation as global growth risk is linked to the Russia energy supply disruption.
  - Climate change – more extreme weather causing global issues. The COP26 summit had hoped to establish a global road map towards being carbon neutral, however this is now on the back burner to deal with the cost of living crisis.
  - Supply chain issues – In particular because of increasing energy prices due to the war and European energy strategies. Food prices are increasing, particularly within the UK. Interest rates are rising globally.

# Market Results – Medium Term Periods to June 2022



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- All equities have performed positively with US Equities performing the highest.
- UK has had lower returns than many due to Brexit and the market structure.
- Commodities have performed significantly well, driven by Q1 2022 performance.
- Growth has outperformed value.
- UK property recovered from pandemic and performing well.
- Alternatives performing strongly.
- UK gilts underperformed over the 3 year period

# Client Trends

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- Fund activity;
  - Growth in investments within 'Alternative Asset Classes' including Infrastructure and Private Debt.
  - Investment in ESG strategies
  - Investment strategies under review due to actuarial reviews
    - Risk off strategies being considered.
  - A significant number of Funds redefining their strategies towards Growth assets, Income / Capital protection etc.
    - Clearer recognition of purpose of assets
  
- Local Government Pension Scheme Pooling
  - Transitions typically occurring in active strategies including equities and bonds
  - Wide range of proposed solutions
  
- Investment monitoring developments
  - Restructuring of funds significant

# Investment Management Developments at the Fund

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- Q2 2022: Drawdown occurred in Pantheon GIF IV. Investments into Harbourvest 2022 Global Fund, LGPS Central Core/Core Plus Infrastructure Fund, LGPS Central Infrastructure JP Morgan Fund in April 2022, though no drawdowns have occurred yet. Hedge fund disinvested.
- Q1 2022: Benchmark changes on 1st January 2022 for Private Debt Fund from LIBOR 1 Month +5% to SONIA +5%, and for Hedge Fund from LIBOR 3 Month to SONIA 3 Month. Total Fund and other composite benchmarks have been updated to reflect these changes.
- Q4 2021: Investment with Barings Private Debt Fund from 8th August 2021, and Equitix Fund VI from 20th August 2021. The returns for the investments into LGPSC Private Equity Primary Partnership 2021 LP, LGPSC Credit Partnership I LP (HR Fund Investments), LGPSC Credit Partnership II LP (LR Fund Investments), and Pantheon Global Infrastructure Fund IV will be included in future reports once the data is available. All of these are included on the Private Equity, Infrastructure, and Private Debt Manager Summary Page. Total LGPSC Private Equity Fund and Total LGPSC Private Debt Fund created.
- Q2 2021: Investment with Impax, 21st April 2021. Redeemed from Aberdeen Standard, 6th April 2021. Re-weighting of Total Fund Benchmark from 1st April 2021. The impact of the transition is included in Total Global Equity.

# Attribution to Total Fund Excess Return Analysis - Year Ending June 2022

	Total Fund	Total Equity	Total Equity ex PE	Total UK Eq	L&G UK Passive	Total Global Equity	Total Global Active Eq	JP Morgan	Longview	LGPSC Global	Total Global Sustainable Equity	Impax Sustainable	LGPSC Sustainable	L&G Global Passive	LGPSC Glb Factor Based	Private Equity	Property	Total Alt's	Hedge Fund	Infrastructure	Total Bonds	Corporate Bonds LGPSC	UK ILGIM	Private Debt	Cash / Others
<b>Total Fund Returns Summary (%)</b>																									
Excess Return	0.1	1.6	0.7	0.1	0.1	0.9	1.9	1.1	7.8	0.7	-0.4	-0.3		-0.1	0.5	12.6	-10.0	5.3	14.3	3.8	0.7	-1.7	0.0	6.8	-0.1
Portfolio Return	-0.8	-0.3	-2.2	1.8	1.8	-2.6	-2.0	-3.1	3.6	-2.9	-4.1	-4.1		-3.6	-0.4	30.5	13.5	13.2	14.8	15.6	-9.9	-15.7	-19.1	12.2	0.3
Benchmark Return	-0.9	-1.9	-3.0	1.6	1.6	-3.5	-3.9	-4.2	-4.2	-3.6	-3.7	-3.7		-3.6	-0.9	17.9	23.5	7.9	0.5	11.8	-10.6	-13.9	-19.1	5.3	0.3
<b>Total Fund Asset Allocation Summary (%)</b>																									
Portfolio Start	100.0	71.8	67.3	6.0	6.0	61.3	30.0	9.7	5.1	11.1	4.0	4.0	0.0	27.8	3.6	4.5	7.5	0.3	0.2	0.0	17.7	6.7	6.5	4.5	2.8
Portfolio End	100.0	71.6	66.2	6.2	6.2	60.0	30.0	9.6	5.4	11.1	3.9	3.9	0.0	26.4	3.7	5.4	8.8	0.4	0.0	0.4	16.7	6.5	5.4	4.7	2.4
Benchmark Start	100.0	68.0	64.5	6.5	6.5	58.0	29.0	8.0	5.0	10.0	6.0	4.0	2.0	24.0	5.0	3.5	10.0	3.0	1.0	2.0	18.0	6.5	6.5	5.0	1.0
Benchmark End	100.0	68.0	64.5	6.5	6.5	58.0	29.0	8.0	5.0	10.0	6.0	4.0	2.0	24.0	5.0	3.5	10.0	3.0	1.0	2.0	18.0	6.5	6.5	5.0	1.0
<b>Attribution to Total Fund Excess Return (%)</b>																									
Total Excess Return	0.1	1.1	0.4	0.0	0.0	0.5	0.6	0.1	0.4	0.0	0.0	0.0	0.1	-0.1	0.0	0.7	-1.1	-0.2	0.0	-0.2	0.2	-0.1	0.0	0.3	0.0
Asset Allocation	-0.6	0.1	-0.2	0.0	0.0	-0.1	-0.1	-0.1	0.0	0.0	0.1	0.0	0.1	-0.1	0.0	0.2	-0.5	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
Stock Selection	0.6	1.1	0.6	0.0	0.0	0.6	0.6	0.1	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.5	-0.6	0.0	0.0	0.0	0.2	-0.1	0.0	0.0	0.0

## Attribution to Total Fund Excess Return - Year Ended June 2022

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- The Fund has outperformed its benchmark for the year ended June 2022.
- Outperformance from the majority of managers and portfolios.
- The positives impacting the Fund were primarily
  - Private Equity outperformed
  - Equities excluding private equity outperformed
  - Alternatives had a high return
  - The active global equity mandates of
    - JPM – sector and stock selection
    - Longview – stock selection
    - LGPS Central – due to Harris due to their value style and stock selection
- The negative contributors were
  - Bonds had negative returns but outperformed the benchmark.
  - Infrastructure (now funding investments and a minor material impact on the Fund)
  - Property had a high return but underperformed due to being underweight and stock selection.

## Attribution to Total Fund Excess Return – 3 Years Ended June 2022

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- The Fund has outperformed its benchmark for the 3 years ended June 2022 by 0.7% per annum.
- Outperformance driven by Private Equities.
  - The strong return was also seen across many LGPS.
- Equities excluding property outperformed. JPM and LGPSC Global Equity were strong outperformers. Longview was flat.
- Alternative assets have underperformed but the investment program is new.
- Private debt would have made a minor contribution to the excess return of the Total Fund as it outperformed its benchmark.
- The primary negative contributor was property.
- Bonds were a negative contributor.
- Due to all the structural (for example Private Equities changed primary asset group) and Fund changes long term attribution is not available as it would be confusing to review.

# SCC Returns relative to PEL LGPS Universe Data Periods Ended March 2022

- Please note that the Fund has a higher equity weighting than the average LGPS Fund.
- Above average fund returns consistently
- Returns averages are below;

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Portfolio Evaluation Ltd LGPSC Universe March 2022				
Total Fund Investment Returns				
Return per annum	LGPSC Universe Average	LGPSC Universe Weighted Average	SCC Pension Fund	LGPSC Universe Volatility
1 Year	9.77	9.69	12.15	1.94
3 Years	8.25	8.17	10.3	0.86
5 years	7	6.86	8.36	0.6
10 years	8.88		9.92	
20 Years	7.39		7.79	

# PEL LGPS Universe Data Periods Ended March 2022

## Alternative Asset Classes

- Please note the wide dispersion of returns on Private Equity and Infrastructure portfolios.

Returns % per annum	Average	Std Dev
Private Equity 1 Year	42.3	16.9
Private Equity 3 Year	23.5	6.7
Infrastructure 1 Year	11.3	9.7
Infrastructure 3 Year	7.1	3.8
Private Debt 1 Year	9.7	2.5
Private Debt 3 Year	7.5	2.3

# Fund and Portfolio Summary - Period Ending June 2022

	Benchmark	Incep Date	Market Value (£m)	Market %	QTR			YTD			1 Year			3 Year			5 Year			10 Year			Since Incep		
					PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER
<b>Total Return Seeking inc Prv Debt</b>	<b>Multi Asset Class Index</b>	<b>Mar-19</b>	<b>5,416.6</b>	<b>85.6</b>	-5.2	-5.4	0.2	-5.2	-5.4	0.2	1.7	1.6	0.2	8.8	7.4	1.4							9.4	8.2	1.2
<b>Combined Equity Inc Private Equity</b>	<b>Multi Equity Asset Class Index</b>	<b>Mar-19</b>	<b>4,532.1</b>	<b>71.6</b>	-6.6	-7.5	0.9	-6.6	-7.5	0.9	-0.3	-1.9	1.6	8.7	7.2	1.6							9.5	8.3	1.2
<b>Combined Equity Ex Private Equity</b>	<b>Multi Equity Asset Class Index</b>	<b>Apr-08</b>	<b>4,192.3</b>	<b>66.2</b>	-7.5	-7.8	0.4	-7.5	-7.8	0.4	-2.2	-3.0	0.7	7.5	7.1	0.5	7.7	7.7	0.0	10.9	10.9	0.0	8.5	8.8	-0.3
<i>Total UK Equity</i>	<i>FTSE All Share Index</i>	<i>Apr-15</i>	<i>394.3</i>	<i>6.2</i>	<i>-5.0</i>	<i>-5.0</i>	<i>0.0</i>	<i>-5.0</i>	<i>-5.0</i>	<i>0.0</i>	<i>1.8</i>	<i>1.6</i>	<i>0.1</i>	<i>3.2</i>	<i>2.4</i>	<i>0.8</i>	<i>3.3</i>	<i>3.3</i>	<i>0.0</i>				<i>4.6</i>	<i>4.7</i>	<i>-0.2</i>
L&G UK Equity Fund	FTSE All Share Index	Dec-15	394.3	6.2	-5.0	-5.0	0.0	-5.0	-5.0	0.0	1.8	1.6	0.1	2.5	2.4	0.1	3.4	3.3	0.1				6.3	6.1	0.1
<i>Total Global Equity</i>	<i>SCC Global Equity</i>	<i>Dec-14</i>	<i>3,798.0</i>	<i>60.0</i>	<i>-7.7</i>	<i>-8.2</i>	<i>0.4</i>	<i>-7.7</i>	<i>-8.2</i>	<i>0.4</i>	<i>-2.6</i>	<i>-3.5</i>	<i>0.9</i>	<i>8.7</i>	<i>8.3</i>	<i>0.4</i>	<i>8.9</i>	<i>8.8</i>	<i>0.1</i>				<i>10.7</i>	<i>10.9</i>	<i>-0.2</i>
<i>Total Global Active Equity</i>	<i>SCC Global Active Equity</i>	<i>Mar-19</i>	<i>1,897.0</i>	<i>30.0</i>	<i>-7.4</i>	<i>-8.4</i>	<i>1.0</i>	<i>-7.4</i>	<i>-8.4</i>	<i>1.0</i>	<i>-2.0</i>	<i>-3.9</i>	<i>1.9</i>	<i>8.9</i>	<i>8.1</i>	<i>0.8</i>							<i>9.8</i>	<i>9.5</i>	<i>0.3</i>
JP Morgan Global Equity Fund	MSCI AC World Index Net	Dec-09	606.5	9.6	-7.9	-8.6	0.7	-7.9	-8.6	0.7	-3.1	-4.2	1.1	8.9	7.9	1.0	8.7	8.5	0.2	12.2	11.6	0.6	11.0	10.4	0.6
Longview Global Equity Fund	MSCI AC World Index Net	Dec-09	342.5	5.4	-4.8	-8.6	3.7	-4.8	-8.6	3.7	3.6	-4.2	7.8	7.9	7.9	0.1	9.1	8.5	0.6	15.0	11.6	3.4	14.1	10.4	3.7
LGPS Global Active Equity Fund	FTSE All World Index	Feb-19	700.8	11.1	-8.2	-8.3	0.1	-8.2	-8.3	0.1	-2.9	-3.6	0.7	9.4	8.4	0.9							10.4	9.8	0.6
<i>Total Global Sustainable Equity</i>	<i>SCC Global Sustainable Equity</i>	<i>Apr-21</i>	<i>247.2</i>	<i>3.9</i>	<i>-7.6</i>	<i>-8.4</i>	<i>0.8</i>	<i>-7.6</i>	<i>-8.4</i>	<i>0.8</i>	<i>-4.1</i>	<i>-3.7</i>	<i>-0.4</i>										<i>0.1</i>	<i>2.8</i>	<i>-2.7</i>
Impax Global Sustainable Equity Fund	MSCI All Country World Index	Apr-21	247.2	3.9	-7.6	-8.4	0.9	-7.6	-8.4	0.9	-4.1	-3.7	-0.3										0.1	0.2	-0.2
LGPS Sustainable Equity Fund	FTSE All World Index	Apr-21	N.A.	N.A.																					
L&G Global Equity Fund	FTSE All World Index	Dec-15	1,669.4	26.4	-8.3	-8.3	0.0	-8.3	-8.3	0.0	-3.6	-3.6	-0.1	8.4	8.4	-0.1	9.0	9.0	0.0				12.2	12.3	0.0
LGPS Glb Multi Factor Based Equity	SciBeta GL 6 Fact Equal Weight	Jan-21	231.6	3.7	-5.8	-5.9	0.1	-5.8	-5.9	0.1	-0.4	-0.9	0.5										5.6	5.3	0.3
Private Equity Fund	MSCI World Index +2.0% (lagged by 1 quarter)	Oct-14	339.8	5.4	5.3	-1.8	7.1	5.3	-1.8	7.1	30.5	17.9	12.6	28.0	7.2	20.8	21.9	4.3	17.7				21.8	2.7	19.0
<b>Colliers UK Property Fund</b>	<b>MSCI UK Monthly Property Index (GBP)</b>	<b>Oct-94</b>	<b>557.6</b>	<b>8.8</b>	<b>3.2</b>	<b>3.7</b>	<b>-0.5</b>	<b>3.2</b>	<b>3.7</b>	<b>-0.5</b>	<b>13.5</b>	<b>23.5</b>	<b>-10.0</b>	<b>6.7</b>	<b>9.5</b>	<b>-2.7</b>	<b>6.5</b>	<b>8.6</b>	<b>-2.1</b>	<b>9.1</b>	<b>9.5</b>	<b>-0.4</b>	<b>8.0</b>	<b>8.3</b>	<b>-0.3</b>
<b>Combined Alternative Assets</b>	<b>SCC Total Alternatives Index</b>	<b>Jul-11</b>	<b>27.2</b>	<b>0.4</b>	<b>9.0</b>	<b>2.9</b>	<b>6.1</b>	<b>9.0</b>	<b>2.9</b>	<b>6.1</b>	<b>13.2</b>	<b>7.9</b>	<b>5.3</b>	<b>3.3</b>	<b>4.2</b>	<b>-0.9</b>	<b>5.6</b>	<b>3.4</b>	<b>2.1</b>	<b>6.4</b>	<b>2.0</b>	<b>4.4</b>	<b>6.7</b>	<b>1.8</b>	<b>4.9</b>
Hedge Fund	SONIA 3 Month	Dec-14	1.8	0.0	4.7	0.3	4.4	4.7	0.3	4.4	14.8	0.5	14.3	4.8	0.4	4.4	4.2	0.5	3.7				2.8	0.5	2.3
Infrastructure Fund	UK CPI +3.5%	Feb-21	25.4	0.4	9.2	4.2	5.0	9.2	4.2	5.0	15.6	11.8	3.8										-4.4	11.1	-15.5
<b>Total Defensive exc Priv Debt</b>	<b>SCC Def Index ex Priv Debt</b>	<b>Mar-19</b>	<b>911.9</b>	<b>14.4</b>	<b>-11.5</b>	<b>-12.8</b>	<b>1.3</b>	<b>-11.5</b>	<b>-12.8</b>	<b>1.3</b>	<b>-13.6</b>	<b>-15.2</b>	<b>1.6</b>	<b>-2.4</b>	<b>-2.5</b>	<b>0.1</b>							<b>-1.8</b>	<b>-2.0</b>	<b>0.2</b>
<b>Total Bonds inc Private Debt</b>	<b>SCC Total Bonds</b>	<b>Mar-19</b>	<b>1,056.7</b>	<b>16.7</b>	<b>-10.0</b>	<b>-9.7</b>	<b>-0.3</b>	<b>-10.0</b>	<b>-9.7</b>	<b>-0.3</b>	<b>-9.9</b>	<b>-10.6</b>	<b>0.7</b>	<b>-0.5</b>	<b>-0.5</b>	<b>0.0</b>							<b>0.2</b>	<b>-0.1</b>	<b>0.3</b>
<b>Total Bonds Ex Private Debt</b>	<b>SCC Total Bonds ex PD</b>	<b>Dec-14</b>	<b>757.0</b>	<b>12.0</b>	<b>-14.6</b>	<b>-13.8</b>	<b>-0.9</b>	<b>-14.6</b>	<b>-13.8</b>	<b>-0.9</b>	<b>-17.4</b>	<b>-16.3</b>	<b>-1.0</b>	<b>-4.1</b>	<b>-2.8</b>	<b>-1.3</b>	<b>-0.9</b>	<b>-0.4</b>	<b>-0.4</b>				<b>1.3</b>	<b>1.4</b>	<b>-0.1</b>
LGPS Central Corporate Bond Fund	LGPS Client Specific	Mar-20	414.3	6.5	-9.1	-7.5	-1.6	-9.1	-7.5	-1.6	-15.7	-13.9	-1.7										-0.1	0.0	-0.1
L&G UK Index Linked Gilt Fund	FTSE Over 5 Years Index Linked Gilt Index	Feb-10	342.7	5.4	-19.8	-19.8	0.0	-19.8	-19.8	0.0	-19.1	-19.1	0.0	-4.7	-4.7	0.0	-0.7	-0.7	0.0	4.1	4.1	0.0	5.9	5.9	0.0
Private Debt Fund	SONIA +5%	Jun-16	299.7	4.7	2.1	1.4	0.7	2.1	1.4	0.7	12.2	5.3	6.8	10.0	5.3	4.7	9.0	5.4	3.6				8.4	5.4	3.0
Central Cash Fund	UK Cash	Dec-14	155.0	2.4	0.2	0.2	0.0	0.2	0.2	0.0	0.3	0.3	-0.1	0.3	0.3	0.0	0.2	0.4	-0.2				0.3	0.4	-0.1
<b>Total Fund Net</b>	<b>Multi Asset Class Index</b>	<b>Apr-17</b>	<b>6,328.5</b>	<b>100.0</b>	<b>-6.17</b>	<b>-6.44</b>	<b>0.27</b>	<b>-6.17</b>	<b>-6.44</b>	<b>0.27</b>	<b>-1.11</b>	<b>-0.88</b>	<b>-0.23</b>	<b>6.59</b>	<b>6.01</b>	<b>0.58</b>	<b>6.73</b>	<b>6.47</b>	<b>0.26</b>				<b>6.50</b>	<b>6.28</b>	<b>0.22</b>
<b>Total Fund</b>	<b>Multi Asset Class Index</b>	<b>Apr-95</b>	<b>6,328.5</b>	<b>100.0</b>	<b>-6.13</b>	<b>-6.44</b>	<b>0.30</b>	<b>-6.13</b>	<b>-6.44</b>	<b>0.30</b>	<b>-0.81</b>	<b>-0.88</b>	<b>0.07</b>	<b>6.70</b>	<b>6.01</b>	<b>0.70</b>	<b>6.89</b>	<b>6.47</b>	<b>0.42</b>	<b>9.47</b>	<b>8.90</b>	<b>0.57</b>	<b>7.87</b>	<b>8.04</b>	<b>-0.17</b>

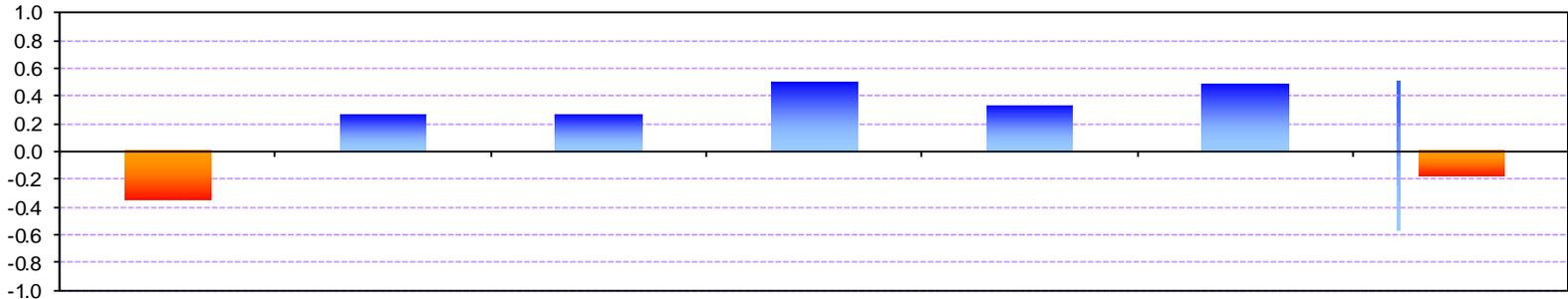
# Fund and Portfolio Summary (alternative assets ex property) - Period Ending June 2022

	Benchmark	Incep Date	Market Value (£m)	Market %	QTR			YTD			1 Year			3 Year			5 Year			10 Year			Since Incep		
					PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER
<b>Private Equity Fund</b>	<b>MSCI World Index +2.0% (lagged by 1 quarter)</b>	<b>Oct-14</b>	<b>339.8</b>	<b>5.4</b>	<b>5.3</b>	<b>-1.8</b>	<b>7.1</b>	<b>5.3</b>	<b>-1.8</b>	<b>7.1</b>	<b>30.5</b>	<b>17.9</b>	<b>12.6</b>	<b>28.0</b>	<b>7.2</b>	<b>20.8</b>	<b>21.9</b>	<b>4.3</b>	<b>17.7</b>				<b>21.8</b>	<b>2.7</b>	<b>19.0</b>
<i>LGPS Central Private Equity Fund</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Sep-19	6.7	0.1	1.2	-1.8	3.0	1.2	-1.8	3.0	39.7	17.9	21.8										13.9	7.9	6.1
<i>LGPS Central PE Primary Partnership 2018 LP</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Sep-19	6.7	0.1	1.2	-1.8	3.0	1.2	-1.8	3.0	39.7	17.9	21.8										13.9	7.9	6.1
<i>LGPS Central PE Primary Partnership 2021 LP</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Oct-21																							
<i>Lazard Private Equity Fund</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Apr-17	0.6	0.0	-34.2	-1.8	-32.4	-34.2	-1.8	-32.4	-43.8	17.9	-61.7	-12.3	7.2	-19.5	-7.6	4.3	-11.8				-7.5	4.1	-11.5
<i>Knightbridge Private Equity Fund</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Apr-17	38.6	0.6	-5.2	-1.8	-3.3	-5.2	-1.8	-3.3	35.3	17.9	17.4	36.6	7.2	29.4	26.6	4.3	22.3				25.5	4.1	21.5
<i>Partners Group Private Equity Fund</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Apr-17	37.3	0.6	-2.4	-1.8	-0.5	-2.4	-1.8	-0.5	20.6	17.9	2.8	24.6	7.2	17.4	18.7	4.3	14.5				17.9	4.1	13.8
<i>Capital Private Equity Fund</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Apr-17	29.4	0.5	22.6	-1.8	24.4	22.6	-1.8	24.4	49.3	17.9	31.4	18.4	7.2	11.2	15.7	4.3	11.4				16.4	4.1	12.4
<i>Harbourvest Private Equity Fund</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Apr-17	227.1	3.6	6.9	-1.8	8.7	6.9	-1.8	8.7	29.6	17.9	11.7	28.0	7.2	20.8	22.1	4.3	17.9				21.7	4.1	17.6
<i>Harbourvest 2022 Global Fund</i>	MSCI World Index +2.0% (lagged by 1 quarter)	Apr-22																							
<b>Infrastructure Fund</b>	<b>UK CPI +3.5%</b>	<b>Feb-21</b>	<b>25.4</b>	<b>0.4</b>	<b>9.2</b>	<b>4.2</b>	<b>5.0</b>	<b>9.2</b>	<b>4.2</b>	<b>5.0</b>	<b>15.6</b>	<b>11.8</b>	<b>3.8</b>										<b>-4.4</b>	<b>11.1</b>	<b>-15.5</b>
<i>BlackRock GRRP Fund III</i>	UK CPI +3.5%	Feb-21	5.1	0.1	2.8	4.2	-1.4	2.8	4.2	-1.4	19.7	11.8	8.0										-1.9	11.1	-13.0
<i>IFM Global Infrastructure Fund</i>	UK CPI +3.5%	Aug-21																							
<i>Equitix Fund VI</i>	UK CPI +3.5%	Aug-21	19.7	0.3	12.3	4.2	8.1	12.3	4.2	8.1													2.4	9.0	-6.6
<i>Pantheon GIF IV</i>	UK CPI +3.5%	Jan-22	0.6	0.0																			-20.7	0.9	-21.6
<i>LGPS Central Core/Core Plus Infrastructure Fund</i>	UK CPI +3.5%	Apr-22																							
<i>LGPS Central Infrastructure JP Morgan Fund</i>	UK CPI +3.5%	Apr-22																							
<b>Private Debt Fund</b>	<b>SONIA +5%</b>	<b>Jun-16</b>	<b>299.7</b>	<b>4.7</b>	<b>2.1</b>	<b>1.4</b>	<b>0.7</b>	<b>2.1</b>	<b>1.4</b>	<b>0.7</b>	<b>12.2</b>	<b>5.3</b>	<b>6.8</b>	<b>10.0</b>	<b>5.3</b>	<b>4.7</b>	<b>9.0</b>	<b>5.4</b>	<b>3.6</b>				<b>8.4</b>	<b>5.4</b>	<b>3.0</b>
<i>Hayfin Private Debt Fund</i>	SONIA +5%	Jan-17	104.6	1.7	2.0	1.4	0.6	2.0	1.4	0.6	8.1	5.3	2.8	9.8	5.3	4.5	8.3	5.4	2.9				9.8	5.4	4.4
<i>Highbridge Private Debt Fund</i>	SONIA +5%	Jan-17	90.7	1.4	2.8	1.4	1.3	2.8	1.4	1.3	17.0	5.3	11.6	10.8	5.3	5.5	9.6	5.4	4.1				10.6	5.4	5.2
<i>Alcentra Private Debt Fund</i>	SONIA +5%	Jan-17	83.5	1.3	0.5	1.4	-0.9	0.5	1.4	-0.9	11.6	5.3	6.3	9.4	5.3	4.1	9.0	5.4	3.6				8.5	5.4	3.0
<i>Barings Private Debt Fund</i>	SONIA +5%	Aug-21	14.2	0.2	1.95	1.42	0.52	1.95	1.42	0.52													4.95	3.80	1.14
<i>LGPS Central Credit Partnership Total Fund</i>	SONIA +5%	Jul-21	6.7	0.1	28.20	1.42	26.78	28.20	1.42	26.78													22.02	2.76	19.26
<i>LGPS Central Credit Partnership I LP (HR Fund Investments)</i>	SONIA +5%	Jul-21	5.1	0.1	39.02	1.42	37.59	39.02	1.42	37.59													31.00	2.76	28.23
<i>LGPS Central Credit Partnership II LP (LR Fund Investments)</i>	SONIA +5%	Nov-21	1.6	0.0	4.63	1.42	3.21	4.63	1.42	3.21													3.02	2.76	0.26

PF = Portfolio Return BM = Benchmark Return ER = Excess Return

# Total Fund Results – Ending March 2021

**Excess Return Analysis (%)**

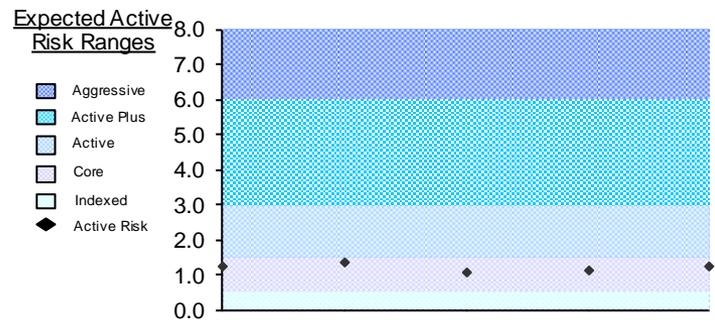


	QTR	Fin YTD	1 Yr	3 Yr	5 Yr	10Yr	Since Apr 95 (p.a.)
Excess Return	-0.3	0.3	0.3	0.5	0.3	0.5	-0.2
Portfolio Return	-1.6	12.2	12.2	10.3	8.4	9.9	8.2
Benchmark Return	-1.3	11.9	11.9	9.8	8.0	9.4	8.4

All returns for periods in excess of 1 year are annualised. The portfolio return is gross.

- The Fund underperformed the benchmark over the year.
- The Fund (and benchmark) had a positive return over the quarter and year.
- Medium and longer term returns in excess of cash, inflation and probably actuarial required return.
- Positive real returns generated by the Fund over all medium and long term time periods (except start date)
- Risk profile consistent with mixed asset class Fund.
- Active risk consistent with some active and passive management and asset allocation decisions.
- Volatility higher over medium term. Reflects market volatility due to market fall that occurred because of COVID and subsequent market corrections.
- Active risk has remained stable.

**Ex-Post Active Risk Analysis (%)**



	1 Yr	3 Yr	5 Yr	10 Yr	Apr 95
Active Risk	1.2	1.3	1.1	1.1	1.2
Portfolio Risk	6.3	9.8	8.6	7.6	7.7
Benchmark Risk	6.1	9.1	8.1	7.4	7.5

# Fund and Portfolio Summary - Period Ending March 2022

	Benchmark	Incep Date	Market Value (£m)	Market %	QTR			YTD			1 Year			3 Year			5 Year			10 Year			Since Incep		
					PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER
<b>Total Return Seeking inc Prv Debt</b>	<b>Multi Asset Class Index</b>	<b>Mar-19</b>	<b>5,739.4</b>	<b>84.1</b>	<b>-1.0</b>	<b>-0.5</b>	<b>-0.5</b>	<b>14.4</b>	<b>13.9</b>	<b>0.5</b>	<b>14.4</b>	<b>13.9</b>	<b>0.5</b>	<b>12.2</b>	<b>10.9</b>	<b>1.3</b>							<b>12.2</b>	<b>10.9</b>	<b>1.3</b>
<b>Combined Equity Inc Private Equity</b>	<b>Multi Equity Asset Class Index</b>	<b>Mar-19</b>	<b>4,858.2</b>	<b>71.2</b>	<b>-1.7</b>	<b>-1.6</b>	<b>-0.1</b>	<b>14.5</b>	<b>13.4</b>	<b>1.1</b>	<b>14.5</b>	<b>13.4</b>	<b>1.1</b>	<b>12.9</b>	<b>11.9</b>	<b>1.0</b>							<b>12.9</b>	<b>11.9</b>	<b>1.0</b>
<b>Combined Equity Ex Private Equity</b>	<b>Multi Equity Asset Class Index</b>	<b>Apr-08</b>	<b>4,534.0</b>	<b>66.5</b>	<b>-2.0</b>	<b>-2.1</b>	<b>0.2</b>	<b>13.0</b>	<b>12.7</b>	<b>0.3</b>	<b>13.0</b>	<b>12.7</b>	<b>0.3</b>	<b>12.2</b>	<b>12.1</b>	<b>0.1</b>	<b>9.6</b>	<b>9.6</b>	<b>0.0</b>	<b>11.4</b>	<b>11.4</b>	<b>0.0</b>	<b>9.3</b>	<b>9.6</b>	<b>-0.4</b>
<i>Total UK Equity</i>	<i>FTSE All Share Index</i>	<i>Apr-15</i>	<i>415.1</i>	<i>6.1</i>	<i>0.6</i>	<i>0.5</i>	<i>0.1</i>	<i>11.9</i>	<i>13.0</i>	<i>-1.1</i>	<i>11.9</i>	<i>13.0</i>	<i>-1.1</i>	<i>5.7</i>	<i>5.3</i>	<i>0.4</i>	<i>4.5</i>	<i>4.7</i>	<i>-0.2</i>				<i>5.5</i>	<i>5.7</i>	<i>-0.2</i>
L&G UK Equity Fund	FTSE All Share Index	Dec-15	415.1	6.1	0.6	0.5	0.1	13.2	13.0	0.1	13.2	13.0	0.1	5.4	5.3	0.1	4.8	4.7	0.1				7.4	7.2	0.1
<i>Total Global Equity</i>	<i>SCC Global Equity</i>	<i>Dec-14</i>	<i>4,118.9</i>	<i>60.4</i>	<i>-2.2</i>	<i>-2.4</i>	<i>0.2</i>	<i>13.2</i>	<i>12.6</i>	<i>0.6</i>	<i>13.2</i>	<i>12.6</i>	<i>0.6</i>	<i>13.7</i>	<i>13.7</i>	<i>0.0</i>	<i>10.8</i>	<i>10.8</i>	<i>0.0</i>				<i>12.3</i>	<i>12.6</i>	<i>-0.3</i>
<i>Total Global Active Equity</i>	<i>SCC Global Active Equity</i>	<i>Mar-19</i>	<i>2,052.5</i>	<i>30.1</i>	<i>-2.1</i>	<i>-2.5</i>	<i>0.5</i>	<i>13.3</i>	<i>12.6</i>	<i>0.6</i>	<i>13.3</i>	<i>12.6</i>	<i>0.6</i>	<i>13.5</i>	<i>13.6</i>	<i>0.0</i>							<i>13.5</i>	<i>13.6</i>	<i>0.0</i>
JP Morgan Global Equity Fund	MSCI AC World Index Net	Dec-09	660.4	9.7	-1.0	-2.6	1.7	12.4	12.4	0.0	12.4	12.4	0.0	13.7	13.4	0.3	10.7	10.5	0.2	12.6	12.1	0.5	12.0	11.4	0.6
Longview Global Equity Fund	MSCI AC World Index Net	Dec-09	359.9	5.3	0.9	-2.6	3.5	15.5	12.4	3.1	15.5	12.4	3.1	11.2	13.4	-2.1	10.5	10.5	0.0	15.4	12.1	3.2	14.9	11.4	3.5
LGPS Global Active Equity Fund	FTSE All World Index	Feb-19	763.2	11.2	-2.3	-2.4	0.1	13.0	12.8	0.3	13.0	12.8	0.3	14.8	13.9	0.9							14.4	13.7	0.6
<i>Total Global Sustainable Equity</i>	<i>SCC Global Sustainable Equity</i>	<i>Apr-21</i>	<i>269.1</i>	<i>3.9</i>	<i>-7.8</i>	<i>-2.5</i>	<i>-5.3</i>															<i>8.3</i>	<i>12.8</i>	<i>-4.5</i>	
Impax Global Sustainable Equity Fund	MSCI All Country World Index	Apr-21	269.1	3.9	-7.8	-2.5	-5.2															<i>8.3</i>	<i>9.5</i>	<i>-1.2</i>	
LGPS Sustainable Equity Fund	FTSE All World Index	Apr-21	N.A.	N.A.																					
L&G Global Equity Fund	FTSE All World Index	Dec-15	1,820.6	26.7	-2.4	-2.4	0.0	12.6	12.8	-0.1	12.6	12.8	-0.1	13.8	13.9	-0.1	11.0	11.0	0.0				14.3	14.3	0.0
LGPS Global Multi Factor Based Equity	SciBeta GL 6 Fact Equal Weight	Jan-21	245.8	3.6	-1.5	-1.6	0.2	12.2	11.8	0.3	12.2	11.8	0.3										12.3	12.0	0.3
Private Equity Fund	MSCI World Index +2.0% (lagged by 1 quarter)	Oct-14	324.2	4.8	1.4	7.8	-6.4	38.7	25.5	13.2	38.7	25.5	13.2	24.9	7.9	17.0	21.4	4.6	16.7				21.7	3.1	18.6
<b>Colliers UK Property Fund</b>	<b>MSCI UK Monthly Property Index (GBP)</b>	<b>Oct-94</b>	<b>547.0</b>	<b>8.0</b>	<b>3.4</b>	<b>5.4</b>	<b>-2.0</b>	<b>13.7</b>	<b>23.7</b>	<b>-10.0</b>	<b>13.7</b>	<b>23.7</b>	<b>-10.0</b>	<b>5.5</b>	<b>8.4</b>	<b>-2.9</b>	<b>6.3</b>	<b>8.4</b>	<b>-2.1</b>	<b>8.8</b>	<b>9.1</b>	<b>-0.3</b>	<b>8.0</b>	<b>8.2</b>	<b>-0.2</b>
<b>Combined Alternative Assets</b>	<b>SCC Total Alternatives Index</b>	<b>Jul-11</b>	<b>20.7</b>	<b>0.3</b>	<b>-6.1</b>	<b>1.6</b>	<b>-7.8</b>	<b>3.0</b>	<b>6.6</b>	<b>-3.7</b>	<b>3.0</b>	<b>6.6</b>	<b>-3.7</b>	<b>0.8</b>	<b>3.4</b>	<b>-2.6</b>	<b>3.8</b>	<b>2.9</b>	<b>0.9</b>	<b>5.5</b>	<b>1.7</b>	<b>3.8</b>	<b>6.0</b>	<b>1.6</b>	<b>4.4</b>
Hedge Fund	SONIA 3 Month	Dec-14	2.5	0.0	1.6	0.2	1.4	11.9	0.2	11.7	11.9	0.2	11.7	3.7	0.4	3.3	2.9	0.5	2.4				2.2	0.5	1.7
Infrastructure Fund	UK CPI+3.5%	Feb-21	18.2	0.3	-7.2	2.4	-9.6	-14.0	10.0	-24.0	-14.0	10.0	-24.0										-12.5	9.6	-22.0
<b>Total Defensive exc Priv Debt</b>	<b>SCC Def Index ex Priv Debt</b>	<b>Mar-19</b>	<b>1,081.1</b>	<b>15.9</b>	<b>-5.2</b>	<b>-6.1</b>	<b>0.9</b>	<b>0.7</b>	<b>0.1</b>	<b>0.6</b>	<b>0.7</b>	<b>0.1</b>	<b>0.6</b>	<b>2.2</b>	<b>2.4</b>	<b>-0.2</b>							<b>2.2</b>	<b>2.4</b>	<b>-0.2</b>
<b>Total Bonds inc Private Debt</b>	<b>SCC Total Bonds</b>	<b>Mar-19</b>	<b>1,142.2</b>	<b>16.7</b>	<b>-4.0</b>	<b>-4.4</b>	<b>0.4</b>	<b>3.2</b>	<b>1.5</b>	<b>1.6</b>	<b>3.2</b>	<b>1.5</b>	<b>1.6</b>	<b>3.8</b>	<b>3.4</b>	<b>0.4</b>							<b>3.8</b>	<b>3.4</b>	<b>0.4</b>
<b>Total Bonds Ex Private Debt</b>	<b>SCC Total Bonds ex PD</b>	<b>Dec-14</b>	<b>828.7</b>	<b>12.2</b>	<b>-6.7</b>	<b>-6.6</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.3</b>	<b>1.7</b>	<b>2.5</b>	<b>-0.8</b>	<b>2.1</b>	<b>2.3</b>	<b>-0.2</b>				<b>3.6</b>	<b>3.5</b>	<b>0.1</b>
LGPS Central Corporate Bond Fund	LGPS Client Specific	Mar-20	401.3	5.9	-7.0	-6.7	-0.2	-5.2	-4.9	-0.3	-5.2	-4.9	-0.3										4.7	3.9	0.8
L&G UK Index Linked Gilt Fund	FTSE Over 5 Years Index Linked Gilt Index	Feb-10	427.5	6.3	-6.4	-6.4	0.0	4.9	4.8	0.0	4.9	4.8	0.0	3.3	3.3	0.0	3.2	3.2	0.0	6.6	6.5	0.0	7.9	7.9	0.0
Private Debt Fund	SONIA +5%	Jun-16	313.5	4.6	3.7	1.3	2.4	13.7	5.1	8.5	13.7	5.1	8.5	10.7	5.3	5.4	8.1	5.4	2.7				8.4	5.4	3.0
Central Cash Fund	UK Cash	Dec-14	252.4	3.7	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.3	0.3	0.0	0.2	0.4	-0.2				0.2	0.4	-0.2
<b>Total Fund Net</b>	<b>Multi Asset Class Index</b>	<b>Apr-17</b>	<b>6,820.5</b>	<b>100.0</b>	<b>-1.77</b>	<b>-1.29</b>	<b>-0.48</b>	<b>11.68</b>	<b>11.88</b>	<b>-0.20</b>	<b>11.68</b>	<b>11.88</b>	<b>-0.20</b>	<b>10.17</b>	<b>9.79</b>	<b>0.38</b>	<b>8.20</b>	<b>8.04</b>	<b>0.17</b>				<b>8.20</b>	<b>8.04</b>	<b>0.17</b>
<b>Total Fund</b>	<b>Multi Asset Class Index</b>	<b>Apr-95</b>	<b>6,820.5</b>	<b>100.0</b>	<b>-1.64</b>	<b>-1.29</b>	<b>-0.35</b>	<b>12.15</b>	<b>11.88</b>	<b>0.27</b>	<b>12.15</b>	<b>11.88</b>	<b>0.27</b>	<b>10.30</b>	<b>9.79</b>	<b>0.50</b>	<b>8.36</b>	<b>8.04</b>	<b>0.33</b>	<b>9.92</b>	<b>9.43</b>	<b>0.49</b>	<b>8.20</b>	<b>8.38</b>	<b>-0.18</b>

PF = Portfolio Return BM = Benchmark Return ER = Excess Return

# Summary

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- The Fund, for periods ended June 2022, outperformed its benchmark over most periods.
- The Fund has outperformed the PE LGPS Information Service average return over the one, three, five year, ten and twenty year periods.
- The outperformance in 2021 / 2022 was due to primarily to the performance of the equity assets, most notably Private Equity and active Global Equities.
- The Fund continues to transition assets to LGPSC Central due to Pooling.
- Total risk remains low and active risk is at a level that is consistent with the structure of the Fund. Risk has increased over the year due to the impact of the pandemic.

# Appendix 1

## Introduction to Performance Measurement

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# Performance Evaluation – Purpose

- Performance measurement and evaluation should enhance:
  - Reporting and governance procedures
  - Monitoring and decision making function of Funds
  - Dialogue between clients, investment managers and consultants
  - Comply with the CFA Institute guidelines for Effective Investment Reporting
  
- Key question 1 - Has the Fund and the portfolios met their objectives?
  - What is the expected and realised investment return?
  - How much risk is there?
  - Have I been rewarded for the risk that has been taken?
  - How efficient is the manager?
  - Have I had value for money
  
- Key question 2 - Is the Fund and its portfolios being managed as expected?
  - What are the sources of my risk and return?
  - Are they consistent with the managers style and process?
  - Is there anything else influencing the portfolio (incidental bets)?
  - What is the cost?
  
- Key question 3 - Is the mix of managers in the Fund working efficiently ?

# The Pension Fund Management & the Role of Investment Performance Analysis

<b>Pension Fund Investment Review Process</b>		
<b>Process Step</b>	<b>Description</b>	<b>Performance Evaluation role</b>
Actuarial input / requirements	Liability based requirements including required return, risk profile, funding levels etc	Monitor risk and return relative to required return to meet liabilities
Investment objectives	Based on liability inputs and Trustee requirements (risk aversion etc), return, investment restrictions. This determines a long term return / risk profile for the Fund	Ensure the Fund and portfolios meet the required risk and return profile and any constraints / restrictions are met.
Investment strategy	Identifies the asset allocation across asset classes required to meet the investment objectives. This will define a broad market based investment benchmark that will track the investment strategy	Ensure the asset allocation tracks the investment strategy. Measures the risk return profile of the benchmark.
Investment structure	Identifies the type (e.g. pooled / segregated) of mandate, type of management (style / active / passive). Also identifies the amount of assets to be allocated. The sum of this should equal the investment strategy.	Ensures that the investment structure is being tracked and that the portfolios and Fund are being managed as expected.
Investment manager	The selected investment manager and their products required to meet the structure. Each portfolio has a role within the structure	Detailed analysis of portfolios ensures that objectives and constraints are being met and that the portfolios are doing as expected

# Investment Performance Analysis – Key Concepts 1

Investment Performance Analysis – Key Concepts		
Concept	Description	How measured
Benchmark	Provides a framework for both the structure and risk of portfolios and the expected return of Funds and portfolios. Are key as they articulate the investment strategy of the Fund	Typically benchmarks are market indices of a group of securities; these reflect the universe of securities available to a manager. Alternatively they can be based on a broad index such as RPI that reflects the risk return characteristics of an asset class.
Objective	The objective defines the performance, risk and management style of a portfolio / fund	This is measured by evaluating the portfolio and its characteristics relative to those of the benchmark
Return measurement	Primary measurement that identifies the growth in market value. Used to measure the growth in a portfolio or benchmark	We use the time weighted rate of return for portfolio measurement (as opposed to the money weighted return – also known as Internal Rate of Return) as this compensates for the impact of cashflow allowing for comparison with benchmarks. Typically the higher the return the better
Risk measurement (Total Risk)	Evaluates the volatility in the market value (cash adjusted) of a portfolio.	This can be calculated on an ex-post basis (uses the observed return series of a portfolio) or an ex-ante basis (which uses the current holdings of a portfolio is calculated using the historic returns and characteristics of securities) and is therefore considered a modelled risk number. These are expressed as an annualised 1 standard deviation number e.g. a portfolio risk of 10% indicates that the portfolio would have a return within 10% of that of cash two thirds of the time over a one year period.

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# Investment Performance Analysis – Key Concepts 2

Investment Performance Analysis – Key Concepts		
Concept	Description	How measured
Excess return	The return that is the difference between the portfolio and that of the benchmark. This can be positive or negative.	Is the return of a portfolio over a period of time minus the return of the benchmark (arithmetic basis) is the most common methodology. It can also be calculated geometrically (i.e. the portfolio return is divided by the benchmark return).
Active risk	This identifies the magnitude of the difference between the composition of a portfolio / fund and that of the benchmark / investment strategy. Typically the larger the active risk the greater the difference in the structure of the portfolio relative to the benchmark e.g. an index fund should have a low active risk.	Can be calculated ex post by measuring the volatility of the excess returns or calculated models. The results are expressed as an annualised standard deviation; for example an active risk of 2% results in our expecting the return of the portfolio to be within 2% of the return of the benchmark two thirds of the time.
Risk adjusted returns	A measure of efficiency as it identifies the return per unit of risk. Two are typically used, namely the Sharpe Ratio and Information Ratio. Typically the higher the ratio the more efficient the management.	The Information Ratio is calculated by dividing the excess return by the active risk and as such measures the efficiency of active management. The Sharpe Ratio is calculated by dividing the portfolio return minus the risk free rate (cash) by the volatility of the portfolio return.
% per annum	Investment returns in excess of one year are typically expressed as % per annum. This permits easier comprehension and comparison.	

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# Investment Performance Analysis – Key Concepts 3

Investment Performance Analysis – Key Concepts		
Concept	Description	How measured
Attribution	Permits us to evaluate the sources of a portfolio or fund return. Common sources evaluated are asset allocation (are the right markets / sectors/ styles being selected) and stock selection (does the manager chooses good performing stocks). Used to identify if a portfolio is generating returns from expected sources.	This can be quite complicated but is based on comparing weights allocated and returns from an asset class and comparing them to those of the benchmark.
Diversification	Measures the impact of investing in a range of securities, managers and / or asset classes. This is particularly relevant for analysing the efficiency from a risk perspective of the investment strategy of a Fund or portfolio. Also identifies if a portfolio has too many securities (over diversified).	Typically calculated via risk models
Investment style	Identifies the type of style e.g. index fund, active manager, small or large capitalisation stock bias, value or growth stock bias. Used to identify if a portfolio is generating returns from expected sources.	Calculated from numerous sources.

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**PENSIONS COMMITTEE – 30 SEPTEMBER 2022**

**Report of the Deputy Chief Executive & Director of Corporate Services  
and County Treasurer (S151)**

**Staffordshire Pension Fund Audit Plan 2021/22**

**Recommendation of the Chairman**

1. To note the external auditor's plan for the audit of the Staffordshire Pension Fund (the Fund) for the 2021/22 financial year.

**Background**

2. The audit will be undertaken by Ernst and Young (EY) who are also the County Council's auditors.
3. Whilst the Fund accounts are audited separately, they also form part of the County Council's audited accounts.
4. The document at Appendix 2, the Audit Plan, details how EY intend to carry out their responsibilities as auditors and is an assessment of the key issues which they believe will affect the audit.
5. Appendix 2 has also been reported to the County Council's Audit and Standards Committee, as part of the normal audit arrangements.
6. Although the Fund is audited as part of the County Council's accounts, EY will issue a separate opinion on the Fund and produce a Fund specific Audit Findings Report (ISA260). This will be reported to both the Pensions Committee and the Audit and Standards Committee in due course.

**Update on 2020/21 Accounts**

7. Despite EY having finalised the audit of the Fund's 2020/21 accounts and them being published on the Fund's website, the accounts cannot formally be signed off, and an Audit opinion issued, until such time that the County Council's accounts for 2020/21 are complete.
8. An issue has been raised via the National Audit Office's Local Government Technical Group in relation to the accounting treatment of infrastructure assets by Councils, when a major part/component has been replaced or decommissioned. This matter is currently under consideration by CIPFA, and consequently EY are unable to conclude the 2020/21 audit of the Council's accounts until this issue has been resolved and any required work from CIPFA's considerations addressed.

**John Tradewell**  
**Deputy Chief Executive &**  
**Director of Corporate Services**

**Rob Salmon**  
**County Treasurer (S151)**

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Contact: Melanie Stokes  
Assistant Director for Treasury & Pensions  
Telephone Number: (01785) 276330  
Background Documents: None

## **Appendix 1**

**Equalities implications:** There are no direct equalities implications arising from this report.

**Legal implications:** The legal implications are dealt with in the body of the report.

**Resource and value for money implications:** The costs of the audit are included in the Audit Plan.

**Risk implications:** The Audit Plan identifies a number of risk areas to be considered as part of the Audit and also seeks to identify any changes in risk.

**Climate change implications:** There are no direct climate change implications arising from this report.

**Health impact assessment screening:** There are no direct implications arising from this report.



Staffordshire Pension  
Fund  
Outline audit plan

Year ended 31 March 2022

September 2022

20 September 2022



Staffordshire County Council  
No 1 & 2 Staffordshire Place,  
Tipping Street,  
Stafford, ST16 2DH

Dear Audit and Standards Committee/Pensions Committee Members

Staffordshire Pension Fund – Outline audit plan

We are pleased to attach our Outline Audit Plan which sets out how we intend to carry out our responsibilities as the auditor of the Staffordshire Pension Fund (the 'Fund'). Its purpose is to provide the Audit & Standards Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This outline plan summarises our initial assessment of the key risks driving an effective audit for the Pension Fund, and outlines our planned audit strategy in response to them. We have yet to complete all our planning procedures and we will update the Committee if we identify any further risks during the year. This report is intended solely for the information and use of the Audit & Standards Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 20 September 2022 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Hassan Rohimun

Partner

For and on behalf of Ernst & Young LLP

# Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website ([www.PSAA.co.uk](http://www.PSAA.co.uk)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated April 2018)" issued by the PSAA sets out additional requirements with which auditors must comply, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit & Standards Committee and management of Staffordshire Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we can state to the Audit & Standards Committee, and management of Staffordshire Pension Fund, those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit & Standards Committee and management of Staffordshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third party without our prior written consent.



01

# Overview of our 2021/22 audit strategy



## Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide Audit and Standards Committee and Pensions Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

### Audit risks

Risk	Risk identified	Change from PY	Details
Misstatement due to Fraud or Error - Posting of investment journals	Fraud risk	No change in risk or focus	There is a risk that, due to fraud or error, investment journals posted into the general ledger are incorrect.
Investment Income and Assets - Investment Journals	Fraud risk	No change in risk or focus	Linking to the management override risk above we have identified the most likely area is to affect investment income and assets in the year, specifically through journal postings
Valuation of directly held properties	Significant	No change in risk or focus	The Fund has a significant portfolio of directly held property investments. The valuation of land and buildings is subject to a number of assumptions and judgements. A small movement in these assumptions could have a material impact on the financial statements.
Valuation of complex (level 3) investments	Significant	No change in risk or focus	The Fund holds a material value of complex (level 3) investments including directly held private debt and infrastructure investments which are not publicly quoted. Judgements are taken by the Investment Managers to value these investments. Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.

In addition to the above risk, there is an another area of audit focus.

Area of focus	Risk identified	Change from PY	Details
Going concern disclosure	Inherent	No change in risk or focus	The Fund will need to undertake a going concern assessment covering a period up to 12 months from the expected date of final authorisation. It will also need to make an appropriate disclosure in the financial statements. In addition, the revised auditing standard on going concern requires additional challenge from auditors on the assessment being made by management.

# Overview of our 2021/22 audit strategy

## Materiality

Planning materiality	Performance materiality	Audit differences
Our planning materiality represents 1% of the current year's net assets, consistent year on year.	Performance materiality represents 75% of planning materiality and is the top of our range, consistent year on year.	We will report all uncorrected misstatements relating to the primary statements greater than £3.4 million. We will communicate other misstatements to the extent that they merit the attention of the Committee.
£68.3 million	£51.2 million	£3.4 million

## Audit scope

This Outline Audit Plan covers the work that we plan to perform to provide you with audit opinion on whether the financial statements of Staffordshire Pension Fund give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and
- Management's views on all of the above.

This Outline Audit Plan covers the work that we plan to perform to provide you with audit opinion on whether the financial statements of Staffordshire Pension Fund are free from misstatement. By considering these inputs, our audit is focused on the areas that matter, and our feedback is more likely to be relevant to the Pension Fund.

In addition to the above, we also perform procedures in relation to the IAS 19 report for Staffordshire County Council. Our work specifically focuses on gaining assurance that the data submitted to the actuary agrees to the Pension Fund's systems.

# Overview of our 2021/22 audit strategy

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## Timeline

DLUHC have determined that the target date for the Fund to publish its draft accounts is 31 July 2022 and to publish its approved and audited accounts by 30 September.

In Section 05 we include a provisional timeline for the audit.

## Fees

Our planned fees include proposed increases which we consider necessary to deliver a code compliant audit. Any amendments to the scale fee will require PSAA approval. We include in Section 07 further details on the proposed fees.



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# 02 Audit risks



## Our response to Fraud risks

Risk of Management Override:  
Misstatements due to fraud or error

### What is the risk?

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

### What will we do?

In order to address this risk we will be:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Reviewing accounting estimates for evidence of management bias; and
- Evaluating the business rationale for significant unusual transactions.

Risk of Management Override:  
Year end investment journals

### What is the risk?

The Pension Fund posts year end manual journals in relation to the valuation of its investments and the recognition of investment income. There is a risk that, due to fraud or error, investment journals posted into the general ledger are incorrect, which could result in a misstatement of year-end investment value and/or investment income.

### What will we do?

Our approach will focus on testing the appropriateness of manual journal entries recorded in the general ledger related to investments and ensuring that:

- The amount is consistent with the fund manager/custodian report;
- Correct authorisations have been obtained;
- The transactions are in the normal course of business or, if they are outside of the normal course, the business rationale will be requested and assessed for reasonableness.

## Our response to significant risks

### Valuation of Complex (level 3) Investments

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#### What is the risk?

The Fund's investments include unquoted pooled investment vehicles and limited partnerships. Judgements are taken by the Investment Managers to value those investments whose prices are not publicly available. The material nature of Investments means that any error in judgement could result in a material valuation error.

Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.

As these investments are more complex to value, we have identified valuation of these investment (Level 3 investments) as a significant risk, as even a small movement in these assumptions could have a material impact on the financial statements.

Note that in prior year there was some delay in receiving information from the fund managers relating to the delayed signing of various fund audits. This is a recurring risk again for 2021/22. The pension fund team have also acknowledged this and are engaging with the fund managers to obtain the relevant information as soon as possible.

#### What will we do?

In order to address this risk we will be:

- Assessing the competence of management experts;
- Reviewing the basis of valuation for unquoted investments and assessing the appropriateness of the valuation methods used;
- Performing tests of valuation by obtaining the latest available audited accounts and agreeing the net asset value per the confirmation received to the audited accounts provided; and
- Performing analytical procedures and checking the valuation output for reasonableness against our own expectations.

## Our response to significant risks (Continued)

Valuation of directly held properties

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What is the risk?	What will we do?
<p>The Fund has a significant portfolio of directly held property investments.</p> <p>The valuation of land and buildings is subject to a number of assumptions and judgements. A small movement in these assumptions could have a material impact on the financial statements.</p>	<p>In order to address this risk we will:</p> <ul style="list-style-type: none"><li>• Assess the competence of management experts;</li><li>• Review the basis of valuation for properties and assessing the appropriateness of the valuation methods used; and</li><li>• Perform analytical procedures and checking the valuation output for reasonableness against our own expectations</li><li>• Consider what impact, if any, the introduction of IFRS16 Lease Accounting may have on the Funds' accounting and disclosures for directly held properties. We have noted that the IFRS 16 implementation was deferred to April 2022.</li></ul>

## Other area of audit focus

We have identified other area of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### Going concern disclosure

There is a presumption that the Fund will continue as a going concern for the foreseeable future. However, the Fund is required to carry out a going concern assessment that is proportionate to the risks it faces.

The Fund is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2021/22 accounts audit.

### What will we do?

We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Fund's going concern assessment and its disclosure in the accounts by:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- Reviewing the Fund's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.



03

# Audit materiality



## Materiality

### Materiality

For planning purposes, we have set planning materiality for 2021/22 at £68.3m. This represents 1% of the Pension Fund's current year draft account. We will reassess this throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

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Net assets  
£6,833m

Planning  
materiality  
£68.3m

Performance  
materiality  
£51.2m

Audit  
differences  
3.4m

We request that the Audit and Standards Committee and Pensions Committee confirm their understanding of, and agreement to, these materiality and reporting levels.

### Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at 75% of planning materiality (2020/21: 75%).

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the fund account and net asset statement. This was calculated as 5% of planning materiality, which is consistent year on year.

Other uncorrected misstatements, such as reclassifications and misstatements in the disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Committees, or are important from a qualitative perspective.



# 04

## Scope of our audit



# Scope of our audit

## Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Pension Fund's financial statements to the extent required by the relevant legislation and the requirements of the Code. We issue an audit report that covers:

### Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland). We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

### Procedures required by standards

- Addressing the risk of fraud and error; Significant disclosures included in the financial statements; Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and Auditor independence.

### Procedures required by the Code

• Reviewing, and reporting on as appropriate, other information published with the financial statements.

## Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2021/22 we plan to follow a substantive approach to the audit, as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

### Analytics:

We will use our analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Standards Committee and Pensions Committee.

### Internal audit:

We will meet regularly with the Head of Internal Audit, and review internal audit plans and the results of the team's work. We will reflect any findings in our audit plan, where they raise issues that could have an impact on the financial statements.



05

Audit team



# Audit team

Audit team structure:

Hassan Rohimun  
Lead Audit Partner

Sanchita Rai  
Senior Manager

Alicia Li  
Senior

EY Pensions  
(Pension Specialist)

EY Real Estate  
(Valuation Specialist)

# Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Management Specialists	EY Specialists
Valuation of Land and Buildings	Savills Limited	EY Real Estate
Pensions disclosure	Hymans Robertson LLP	EY Pension

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Pension Fund's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



# 06 Audit timeline





# Indicative Audit timeline

## Indicative timetable of communication and planned deliverables

### Indicative timeline

Below is an indicative timetable showing the key stages of the audit and the planned deliverables we have agreed to provide to you through the audit cycle in 2021/22. Please note that we will communicate any changes to this plan to officers and members as soon as we can. From time to time matters may arise that require immediate communication with the Audit and Standards Committee and we will discuss them with the Audit and Standards Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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Audit phase	Timetable	Committees Meetings timetable	Deliverables
Initial Planning: Risk assessment and setting of scopes and walkthrough of key systems and processes	July- August 2022		
Completion of initial planning	July -September 2022		
Reporting our conclusions on key judgements and estimates and confirmation of our independence	September 2022	Audit and Standards Committee/Pensions Committee meeting	Audit Planning Report
Interim audit testing and completion of walkthroughs	August - September 2022		
Year end audit Audit Completion procedures	August - October 2022		
Audit Results Report	December 2022	Audit and Standards Committee/Pensions Committee meeting	Audit Results Report



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07

Independence



# Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

## Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit/additional services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Hassan Rohimun, your audit engagement partner, and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Pension Fund. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Pension Fund. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Relationships, services and related threats and safeguards

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.  
There are no other threats at the date of this report.

## Other communications

### EY Transparency Report 2021

EY Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2021 and can be found here:

[https://www.ey.com/en\\_uk/about-us/transparency-report-2021](https://www.ey.com/en_uk/about-us/transparency-report-2021)



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Appendices



## Appendix A

### Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code, the financial reporting requirements set out in the Code of Practice on Local Fund Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2021/22	Final Fee 2020/21
	£	£
Scale Fee – Code work	22,050	22,050
Proposed increase to the scale fee due to changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	28,920	28,920
IAS 19 Assurance Work – annual approach (2)	10,000	9,500
Going concern and PBSE assessments and disclosures including EY consultations (3)	TBC	TBC
Additional work to obtain assurance over Level 3 investments (3)	2500 – 5000	TBC
Total indicative Pension Fund fee	TBC	TBC

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Pension Fund; and
- ▶ The Pension Fund has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Management in advance.

*All fees exclude VAT*

1. In our view the scale fee for the Staffordshire PF audit should be increased by £28,920, which we consider necessary to deliver a code compliant audit any amendments to the scale fee will require PSAA approval.
2. IAS19 work is annual work outside of the PSAA contract to provide assurance to the auditors of Staffordshire councils.
3. Proposed fees include our assessment of the additional work required to respond to identified risk, we will discuss details of the increases with the Management and any increases will be subject to PSAA approval.

## Appendix B

# Required communications with the Audit & Standards Committee

We have detailed the communications that we must provide to the Audit & Standards Committee.

### Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit & Standards Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Outline audit plan - September 2022
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Any significant difficulties encountered during the audit</li> <li>• Any significant matters arising from the audit which were discussed with management</li> <li>• Written representations we have requested</li> <li>• Expected modifications to the audit report</li> <li>• Any other matters significant to the oversight of the financial reporting process</li> </ul>	Audit results report - December 2022

## Required communications with the Audit & Standards Committee (continued)

Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report – December 2022
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Corrected misstatements that are significant</li> <li>• Material misstatements corrected by management</li> </ul>	Audit results report – December 2022
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Audit &amp; Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• A discussion of any other matters related to fraud</li> </ul>	Audit results report – December 2022
Subsequent events	<ul style="list-style-type: none"> <li>• Enquiries of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements</li> </ul>	Audit results report – December 2022

## Appendix B

# Required communications with the Audit & Standards Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> <li>• Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report – December 2022
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Outline audit plan – September 2022</p> <p>Audit results report – December 2022</p>

## Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
External confirmations	<ul style="list-style-type: none"> <li>• Management’s refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report – December 2022
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>• Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	Audit results report – December 2022
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report – December 2022

## Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report – December 2022	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – December 2022	
Auditors report	<ul style="list-style-type: none"> <li>Any circumstances identified that affect the form and content of our auditor’s report</li> </ul>	Audit results report – December 2022	
Fee Reporting	<ul style="list-style-type: none"> <li>Breakdown of fee information when the audit plan is agreed</li> <li>Breakdown of fee information at the completion of the audit</li> <li>Any non-audit work</li> </ul>	Audit results report – December 2022	
Value for Money	<ul style="list-style-type: none"> <li>Risks of significant weakness identified in planning work</li> <li>Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses.</li> </ul>	Audit results report – December 2022	

## Additional audit information

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

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- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit & Standards Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and Maintaining auditor independence.

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the locations at which we conduct audit procedures to support the opinion given on the financial statements; and the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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**PENSIONS COMMITTEE – 30 SEPTEMBER 2022**

**Report of the Deputy Chief Executive & Director of Corporate Services**

**STAFFORDSHIRE PENSION FUND  
CONFLICTS OF INTEREST POLICY**

**Recommendation of the Chair**

1. That the Pensions Committee approves the updated Conflicts of Interest Policy, attached as Appendix 2 and notes that there may be further changes required following recommendations arising from the Good Governance Project.

**Background**

2. The Local Government Pensions Scheme Regulations 2013 do not prescribe that an administering authority should have a specific Conflicts of Interest Policy and surprisingly, refer to conflicts of interest only in relation to the Local Pensions Board and Scheme Advisory Board. The Public Service Pensions Act 2013 also refers to conflicts of interest and defines such as:

*'In subsection (4)(a) "conflict of interest", 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 board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).'*

But again, makes no specific reference to the requirement for a Conflicts of Interest Policy.

3. The Staffordshire Pension Fund's Conflicts of Interest Policy was deemed to demonstrate best practice and was introduced as part of setting up the governance arrangements for the Staffordshire Local Pensions Board in 2015. The Policy was last reviewed in 2019 and committed to a review '...at least every three years, or sooner if conflict management arrangements, or other matters merit reconsideration..'
4. This 2022 version of the Policy (attached at Appendix 2) has been updated to reflect several minor procedural changes. However, as there have been no significant changes and the document is effectively used for internal control and compliance purposes, wider consultation is considered unnecessary.
5. This Policy will next be revised and republished following recommendations arising from the Good Governance Project, or any material change in policy, if sooner.

**John Tradewell**  
**Deputy Chief Executive & Director of Corporate Services**

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Contact: Melanie Stokes, Assistant Director for Treasury & Pensions  
Telephone No: (01785) 276330

Background Documents:  
Local Government Pensions Scheme Regulations 2013  
Public Service Pensions Act 2013

**Equalities implications:** There are no direct equality implications arising from this report.

**Legal implications:** The legal implications are covered in the body of the report.

**Resource and Value for money implications:** There are no direct resource and value for money implications arising from this report.

**Risk implications:** The legal implications are covered in the body of the report.

**Climate Change implications:** There are no direct climate change implications arising from this report.

**Health Impact Assessment screening:** There are no health impact assessment implications arising from this report.





# Staffordshire Pension Fund

# Conflicts of Interest

# Policy

September 2022



DRAFT

### 1.0 Introduction

Conflicts of interest have always existed for those with 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 or as an adviser to more than one LGPS administering authority. Furthermore, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role in managing or advising LGPS funds.

The Public Services Pensions Act 2013 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).”

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 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 how any such conflicts or potential conflicts are to be managed.

### 2.0 Purpose and Objectives

This is the Conflicts of Interest Policy of the Staffordshire Pension Fund, which is managed by Staffordshire County Council. The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Staffordshire Pension Fund, whether directly, or in an advisory capacity.

This Conflicts of Interest Policy is established to guide the Pensions Committee members, Pensions Panel members, Local Pension Board members, officers and advisers. Along with other constitutional documents, including various Codes of Conduct, 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.

Staffordshire Pension Fund’s objectives, as they relate to the governance of the Fund are:

- to meet the highest standards of Governance and demonstrate key principles of transparency and accountability in the management of the Fund through clear responsibilities and reporting;
- to have an appropriate Investment Strategy, which balances risk and reward and is consistent with the Funding Strategy Statement;
- to ensure that sufficient funds are available to meet the pension liabilities, as they fall due for payment;
- to ensure robust governance arrangements are in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies;
- to ensure the Fund is managed and its services delivered by those who have appropriate knowledge and expertise;
- to act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust, soundly based and do not unreasonably favour one group of stakeholders over another;

- to comply with the appropriate legislation and statutory guidance, and act in the spirit of other relevant guidelines and best practice guidance;
- to clearly articulate the Fund's objectives and how those objectives will be achieved through business planning, and continually measure and monitor success against those objectives; and
- to deliver an efficient and effective pensions and financial administration service, which provides excellent value for money.

The identification and management of potential and actual conflicts of interest is integral to Staffordshire Pension Fund achieving its governance objectives which are set out above.

### 3.0 To whom this Policy Applies

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.

This Conflicts of Interest Policy applies to:

- all members of the Pensions Committee and the Local Pensions Board, including scheme member and employer representatives, whether voting members or not;
- all employees of Staffordshire County Council involved in the management, administration and governance of the Fund; and
- all advisers and suppliers to the Fund, whether advising the Pension Board, Pensions Committee or Fund officers, in relation to their role in advising or supplying the Fund.

(N.B. For the avoidance of doubt, all references to the Pensions Committee are to be interpreted as also being references to the Pensions Panel).

The Monitoring Officer will monitor potential conflicts for less senior officers involved in the daily management of the Pension Fund and highlight this Policy to them as he or she considers appropriate.

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to Staffordshire Pension Fund in relation to Pension Fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians, and Additional Voluntary Contribution 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 Staffordshire Pension Fund 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 Staffordshire Pension Fund on any conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with Staffordshire Pension Fund 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.

### 4.0 Recognised Behavioural Principles

The Seven Principles of Public Life, otherwise known as the 'Nolan Principles' apply to anyone who works as a public office-holder delivering public services.

Many of the principles are integral to the successful implementation of this Policy. These principles are:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership

### 5.0 Staffordshire Pension Fund's Specific Requirements

#### Pensions Committee Members

In addition to the requirements of this Policy, Pensions Committee members and co-opted members are required to adhere to the Staffordshire County Council Members' Code of Conduct which includes requirements in relation to disclosable pecuniary interests.

#### Local Pensions Board Members

In addition to the requirements of this Policy, Local Pensions Board members are required to adhere to Part 8 of the Terms of Reference of the Local Pensions Board which includes declaring any interests that may lead to a conflict situation.

#### Employees

In addition to the requirements of this Policy, officers of Staffordshire County Council are required to adhere to the Staffordshire County Council Officers' Code of Conduct which includes requirements in relation to disclosable pecuniary interests.

#### 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 Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this policy.

#### Advisers and Suppliers

Staffordshire Pension Fund appoints its own advisers and suppliers. How conflicts of interest will be identified and managed should be addressed within its contractual agreements with those advisers and suppliers. In addition, the following requirements will apply:

- where Staffordshire Pension Fund's advisers are asked to give advice to the Council or other scheme Employer, or to scheme members or member representatives such as the Trades Unions, in relation to pension matters; or
- where, an adviser is also appointed to another Local Government Pension Fund, which is involved in a transaction involving Staffordshire Pension Fund and on which advice is required, that adviser can only continue to advise Staffordshire Pension Fund and another party where there is no conflict of interest in doing so; or

- where the Local Pensions Board decides to appoint an adviser, this can be the same person as is appointed to advise the Pensions Committee or Fund officers as long as there is no conflict of interest between the two roles.

### Conduct at Meetings

There may be circumstances where a representative of an Employer or a Scheme Member wishes to provide a specific point of view on behalf of an Employer (or group of Employers) or Member (or group of Members). Staffordshire Pension Fund requires that any individual wishing to speak from an Employer's or Member's viewpoint must state this clearly, e.g. at a Local Pensions Board or Pensions Committee meeting, and that this will be recorded in the minutes.

The above requirement does not apply to co-opted Members who have been specifically appointed to represent the views of Scheme Members and Scheme Employers in the Fund and / or Pension Recipients.

### 6.0 What is a Conflict or Potential Conflict and how will they be managed?

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.

Therefore, a conflict of interest may arise when an individual has a responsibility or duty in relation to the management of or advice for Staffordshire Pension Fund, 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 are included in [Appendix 2](#).

Staffordshire Pension Fund will encourage a culture of openness and transparency and will encourage individuals to be vigilant; have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest, and of how potential conflicts should be managed. Staffordshire Pension Fund will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on Pension Fund operations and good governance, should an actual conflict of interest materialise.

Ways in which conflicts of interest are managed are detailed in Staffordshire County Council's Code of Conduct for Members.

Provided that Staffordshire Pension Fund (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, it shall endeavour to avoid the need for an individual to have to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental that it cannot be effectively managed, or where a Local Pensions Board member has an actual conflict of interest as defined in the Public Service Pensions Act, the individual will be required to resign from the Committee, Board or appointment.

**Minor Gifts**

For the purposes of this Policy, gifts such as t-shirts, pens, trade show bags and other promotional items obtained at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event do not need to be declared. Officers and Members must declare personal gifts of more than £50 in accordance with Staffordshire County Council’s Code of Conduct.

**7.0 Responsibility**

Staffordshire Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Monitoring Officer is the designated individual for ensuring the procedure outlined below is adhered to.

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.

**8.0 Operational procedure for Officers, Pensions Committee members and Local Pensions Board members**

What is required	How this will be done
<p>Step 1 - Initial identification of interests which do or could give rise to a conflict.</p>	<p>On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest</p> <p>This information will be provided by each individual to the Monitoring Officer who will assess the extent to which any declarations are relevant to the individual's role in relation to the Staffordshire Pension Fund and collate them into the County Council's register of interest. Each individual is responsible for maintaining their register of interest on a continuous basis (see Step 3 below).</p>
<p>Step 2 - Ongoing notification and management of potential or actual conflicts of interest</p>	<p>At the commencement of any Pensions Committee, Local Pensions Board or other formal meeting where Pension Fund matters are to be discussed, the Chair will ask all those present who are covered by this Policy to declare any interests and potential conflicts. All interests declared will be detailed in the record of the meeting.</p> <p>Any individual who considers that they have a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chair and the Assistant Director for Treasury and Pensions prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chair, in consultation with the Monitoring Officer, will advise the conflicted individual whether they need to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting the individual must update their Register of Interest. Where it relates to the business of any meeting, the conflict must be recorded in the minutes of that meeting. In addition, the Chair of that meeting in consultation with</p>

	the Monitoring Officer will consider any necessary action to manage the potential or actual conflict.
Step 3 - Periodic review of potential and actual conflicts	At least once every 12 months, the Monitoring Officer will provide to all those to whom the above procedures apply a copy of the Register of conflicts of interests. All individuals will confirm in writing to the Monitoring Officer that the information held in relation to them is correct. If that is not the case, they will complete a new Declaration of Interest as per step 1 and the Register will be updated.

## 9.0 Operational procedures for Advisers

Although this Policy applies to all advisers, the operational procedures outlined in steps 1 and 3 above relating to completing ongoing declarations are not expected to apply to advisers. Instead all advisers 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 Assistant Director for Treasury and Pensions in relation to how they will manage actual or potential conflicts of interest relating to the provision of advice or services to Staffordshire County Council and Staffordshire Pension Fund; and
- notify the Assistant Director for Treasury and Pensions immediately should a potential or actual conflict of interest arise.

All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of conflicts of interest.

## 10.0 Monitoring and Reporting

Within 28 days of election or appointment to office, the County Council's Monitoring Officer requires Members to complete a Register of Disclosable Pecuniary Interests and notify him or her of Other Registerable Interests. These documents can be made available on request to the Monitoring Officer.

To identify whether the objectives of this Policy are being met, Staffordshire Pension Fund will review the County Council's Register of Interests and the minutes of Pensions Committee meetings on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

## 11.0 Key Risks

The key risks to the delivery of this Policy are outlined below, all of which could result in an actual conflict of interest arising and not being properly managed. The Pensions Committee, Local Pensions Board, the Monitoring Officer, and the Scheme Manager 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;
- failure to communicate the requirements of this Policy;
- absence of the individual allocated 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;

- failure by a Chair to take appropriate action when a conflict is highlighted at a meeting; and
- failure by a Local Pensions Board member to make a declaration of interest resulting in an actual conflict of interest.

### 12.0 Costs

All costs related to the operation and implementation of this Policy will be met directly by Staffordshire 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 they may have under this Policy.

### 13.0 Approval, Review and Consultation

This Conflicts of Interest Policy was approved by the Staffordshire Pensions Committee on the date on the front cover of the policy. It will be formally reviewed and updated 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 considered.

### 14.0 Further Information

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

 Melanie Stokes, Assistant Director for Treasury and Pensions, Staffordshire County Council, 1 Staffordshire Place, Tipping Street, Stafford, ST16 2DH

 [melanie.stokes@staffordshire.gov.uk](mailto:melanie.stokes@staffordshire.gov.uk)

 01785 276330

**If a copy of this information is needed in large print, Braille, another language or on cassette or disc, please contact Pension Services**

#### 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 LGPS, this is the administering authority) must be satisfied that a Local Pensions Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires Local Pensions Board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.

#### The Local Government Pension Scheme Regulations 2013

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act 2013 (as outlined above) to the LGPS, placing a duty on each 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 Pensions Boards. Further, regulation 110 provides that the national Scheme Advisory Board has a function of providing advice to administering authorities and Local Pensions Boards. This Conflicts of Interest Policy has been developed having regard to that advice and 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 Local Pensions 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 Pensions Board members are not being adhered to.

#### The Localism Act 2011

Chapter 7 of this Act requires Councillors to comply with the code of conduct of their local authority and that code of conduct must be consistent with the Seven Principles of Public Life (considered further below). In addition, the Act requires that the code of conduct must include provisions requiring the disclosure and registration of pecuniary interests and interests other than pecuniary interests.

### Examples of Potential Conflicts of Interest

- a) A member of the Pensions Committee is on the board of a Fund Manager that the Pensions Committee is considering appointing.
- b) An officer or member of a Pensions Committee accepting hospitality and/or gifts from a potential adviser or supplier could be perceived as a potential or actual conflict of interest; particularly where a procurement exercise relating to those services is imminent.
- c) An Employer representative on the Local Pensions Board is employed by a company to which Staffordshire County Council has outsourced its pension administration services and the Local Pensions Board is reviewing the standards of service provided by that company.
- d) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- e) A member representative, who is also a trade union representative, appointed to the Local Pensions 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 in the interests of all scheme members.
- f) An officer of the Fund or member of the Pensions Committee accepts a dinner invitation from a Fund Manager, who has submitted a bid as part of a tender process.
- g) An Employer representative has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Pensions Committee or Local Pensions 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 Pensions Committee or Local Pensions Board.



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of Part 1 of Schedule 12A  
of the Local Government Act 1972

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