2017/18 Pension Fund Annual Report Appendices

Appendix I - Pension Committee Functions

Purpose

To be responsible for all matters relating to the Council's Pension Fund operated by the London Borough of Sutton on behalf of all participating employees.

Function

The function of the Pension Committee is:

1. To decide upon the investment policy and strategy of the Fund and arrangements for compliance with all other requirements of government statutes and regulations concerning the Local Government Pension Scheme.
2. To receive and consider regular reports from each pension fund manager on investment strategy, performance, transactions and other related matters concerning their element of the Council's portfolio.
3. To consider the performance of fund managers in relation to:
   - the Council's performance targets for the managers;
   - issues concerning the liabilities and assets of the Fund.
4. To appoint managers for the Fund and professional advisers to the Committee, as required.
5. To consider actuarial valuation reports from the actuary and agree recommendations concerning implications on the Pension Fund, including investment strategy and funding arrangements.
6. To agree arrangements for the administration of the Pension Fund including communication with Fund members.
7. To consider and decide upon any other relevant matter relating to the Council's Pension Fund.

Appendix II - Pension Board Functions

The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. In particular to assist the Administering Authority to:

1. Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
2. to ensure the effective and efficient governance and administration of the Scheme.

Function

The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:

1. Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.

2. Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.

3. Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.

4. Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.

5. Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.

6. Monitor complaints and performance on the administration and governance of the scheme.

7. Assist with the application of the Internal Dispute Resolution Process.

8. Review the complete and proper exercise of Pensions Ombudsman cases.
9. Review the implementation of revised policies and procedures following changes to the Scheme.
10. Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
11. Review the complete and proper exercise of employer and administering authority discretions.
12. Review the outcome of internal and external audit reports.
13. Review draft accounts and Fund annual report.
14. Review the compliance of particular cases, projects or process on request of the Committee.
15. Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate.

The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:

1. Assist with the development of improved customer services.
2. Monitor performance of administration, governance and investments against key performance targets and indicators.
3. Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
4. Monitor investment costs including custodian and transaction costs.
5. Monitor internal and external audit reports.
6. Review the risk register as it relates to the scheme manager function of the authority.
7. Assist with the development of improved management, administration and governance structures and policies.
8. Review the outcome of actuarial reporting and valuations.

9. Assist in the development and monitoring of process improvements on request of Committee.
10. Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.
11. Any other area within the statement of purpose (i.e. ensuring effective and efficient governance of the scheme) the Board deems appropriate.

In support of its core functions the Board may make a request for information to the Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.

In support of its core functions the Board may make recommendations to the Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

Appendix III - Governance Compliance Statement

1. Summary

Regulation 55(1) of the Local Government Pension Scheme Regulations 2013 (SI2014-1146) requires the Administering Authority (Sutton Council) to maintain a statement, which assesses the pension fund governance arrangements against guidance from the Secretary of State, and to make revisions to the statement following a material change in the arrangements. Part 1 of this statement relates to the arrangements for pension fund administration. Part 2 relates to the arrangements for the new Local Pension Board, a stand-alone body. By producing such as statement (shown below) the Administering Authority is compliant with the legislation from the Secretary of State, however the statement does show that there are two areas where best practice is not met. These areas relate to the inclusion of scheme representatives on the Pension Fund Committee.

Part 1: Pension fund administration

2. Delegation to the pension committee

Guidance:	Assessment:
2.1 The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Compliant - This is discharged through a formal decision-making committee, the Pension Committee.
2.2 Representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Non Compliant - Under the best practice guidance issued by DCLG, scheme member representatives may be included as members of the Pension Committee. There are currently no scheme representatives on the Pension Committee. However scheme representatives are included within the Pension Board.
2.3 Where a secondary committee or panel has been established the structure ensures effective communication across both levels.	Not applicable as there is currently no secondary committee or panel.
2.4 Where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Not applicable as there is currently no secondary committee or panel.

3. Committee membership and representation

Guidance:	Assessment:
3.1 All key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include employing authorities, scheme members, independent professional observers, and expert advisors.	Non Compliant - See comments under 2.2 above. All key stakeholders are represented on the Pension Board.
3.2 Where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	Compliant - All members are treated equally regarding access to papers, meetings and training. They are given full opportunity and encouragement to contribute to the decision making process.

3.3 Committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Compliant - Members receive induction training and further training to enable them to fulfil their roles and responsibilities. An annual training plan ensures that any knowledge and skill gaps are filled.
3.4 At the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Compliant - Members receive briefings and training including the need to declare at the start of any meeting any financial or pecuniary interest related to specific matters on the agenda.

4. Voting

Guidance:	Assessment:
4.1 The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant - The policy on voting rights is clear and transparent. All elected members on the Pension Committee have equal voting rights. All member or employer representatives on the Pension Board have equal voting rights.

5. Training / facility time / expenses

Guidance:	Assessment:
5.1 In relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Compliant - The Committee and the Board have adopted the CIPFA Knowledge and Skills Framework and an annual training plan for each body exists. Members have equal access to training and reimbursement of expenses to enable them to fulfil their roles and responsibilities.
5.2 That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Compliant - As above.

6. Meetings (frequency/ quorum)

Guidance:	Assessment:
6.1 An administering authority's main committee or committees meet at least quarterly.	Compliant - The Pension Fund Committee meet with a quorum at quarterly intervals as required by its terms of reference.

6.2 An administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Not applicable as there is currently no secondary committee or panel.
6.3 An administering authority who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Compliant - All key stakeholders are represented on the Pension Board.

7. Access

Guidance:	Assessment:
7.1 Subject to any rules in the Council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Compliant - All members have equal access to papers, documents and advice.

8. Scope

Guidance:	Assessment:
8.1 Administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant - Under the Pension Committee's terms of reference it can consider any matter relevant to the Pension Fund. Wider scheme issues are evident in policy statements.

9. Publicity

Guidance:	Assessment:
9.1 Administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Compliant - The Governance Policy and Communications Policy are published on the Council's web site along with details of planned meetings of the Pension Committee that are open to stakeholders.

Part 2: Arrangements for the local pension board

10. Functions of the board

Guidance:	Assessment:
10.1 The terms should set out the function of the Board i.e. to assist the Administering Authority to secure compliance and ensure the effective and efficient governance and administration of the LGPS.	Compliant - This is clearly set out in the Pension Board Terms of Reference (Appendix II to the Annual Report).

11. Membership

Guidance:	Assessment:
11.1. The terms should include the number of each category of Board member (including other representatives), the appointment and selection process, term of office and procedures for termination of office.	Compliant - The Pension Board consists of 7 members and is constituted as follows: · 3 Scheme employer representatives · 3 scheme member representatives · 1 Independent member selected by the Administering Authority Person specifications and job descriptions exist for each role. Vacancies are publicised. Officers from the Administering Authority assess each candidate's statement against the Person Specification and form a shortlist of suitable candidates. If there are more than 3 suitable candidates for each vacancy then a ballot will be held. Representatives serve for a fixed two year term which can be extended subject to re-nomination. Termination occurs automatically at the expiry of a term. Other than ceasing to be eligible a Board member may only be removed from office during a term by the unanimous agreement of all of the other Board members. The removal of the independent member requires the consent of the Scheme Manager.

12. Code of conduct

Guidance:	Assessment:
12.1. The terms should refer to the requirement for the Local Pension Board to have a code of conduct for its members and that members of the Board should abide by the code.	Compliant - Board members are subject to the code of conduct for Board members.

13. Voting rights

Guidance:	Assessment:
13.1. The terms should: set out that employer and member representatives of the Board have equal voting rights; indicate where the chair is from either the employer or member representatives whether the chair has a casting vote; and note that other members do not have voting rights on the Board.	Compliant - The Board consists of 6 voting members, as follows: 3 Member Representatives; and 3 Employer Representatives. There is an equal number of Member and Employer Representatives and 1 independent Chair who is not entitled to vote. Other members do not have voting rights on the Board.

14. Conflict of interests

Guidance:	Assessment:
14.1. The terms should refer to the requirement for the Board to always act within the terms of reference. The Local Pension Board should have a conflicts policy for its members and that members should abide by the policy and provide information that the Administering Authority may reasonably require from time to time to ensure that members do not have a conflict of interest.	Compliant – The term provide the purpose, scope and administrative procedures for the Board and requires the Board at all times to act in a reasonable manner in the conduct of its purpose and abide by the conflicts policy and code of conduct. All members of the Board must declare on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

15. Appointment of a chair / vice-chair

Guidance:	Assessment:
15.1. The terms should specify whether the Board is to have a chair and/or vice-chair and if so specify the roles, including administrative and leadership responsibilities, and how they are appointed.	Compliant – The terms cover the appointment of an independent chair and a vice chair and their responsibilities.

16. Role of advisors

Guidance:	Assessment:
16.1. The terms should set out the role of professional advisers, or other advisors to the Board and the process for their appointment and agreeing their fees. In addition the process for the Board accessing existing advisors to the Administering Authority should also be set out.	Compliant - The Board may be supported through the appointment of advisers and can consult with such advisers to the Board and on such terms as it shall see fit within the budget for the Board that is met from the Fund. The Chair is required to notify the Administering Authority of any proposed use of the existing advisors to the Pensions Committee or of the intention to consult with other advisers.

17. Role of officers

Guidance:	Assessment:
17.1. The terms should set out the role of officers of the Administering Authority to the Board, for example in the provision of secretariat services to the Board or providing pension fund information to the Board.	Compliant – The role of officers is to provide support to the Board. This includes support finance, pension administration and secretarial support.

18. Administration of meetings including data protection

Guidance:	Assessment:
18.1. The terms should include the notice period of Board meetings, the circulation of papers in advance of meetings, the decision making process, recording minutes of meetings, a procedure for dealing with urgent items of business and the publication of information.	Compliant – The Board meets as a minimum 3 times each year. The chair of the Board with the consent of the Board membership may call additional meetings. The agenda notice and supporting papers must be issued at least 5 clear working days in advance of a meeting except in the case of matters of urgency. Any urgent items of business must be agreed by the Chair and be of such matter that cannot wait until the next ordinary meeting. The Board seeks to reach consensus and decisions are put to a vote when it cannot be reached. Draft minutes of each meeting must be circulated to all Board members within 10 working days after the meeting. Draft minutes will are then subject to formal agreement by the Board at their next meeting. The minutes may, with the agreement of the Board, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

19. Quorum

Guidance:	Assessment:
19.1. The terms should specify a quorum for meetings and in particular whether the quorum should include a minimum number of employer and member representatives.	Compliant - A meeting is only quorate when at least one employer member representative, one employer representatives and the Independent Chair are present. Substitute members are included within the quorum. A meeting that becomes inquorate may continue but any decisions will be non-binding.

20. Attendance requirements

Guidance:	Assessment:
20.1. The terms should specify the requirements for attending meetings and the consequences of continued failure to attend Board meetings.	Compliant - Representatives should endeavour to attend all meetings and are required to attend at least 2 out of 3 meetings each year. Board membership may be terminated prior to the end of the term of office due to a Board member no longer being able to demonstrate to their capacity to attend and prepare for meetings or to participate in required training.

21. Role of substitutes

Guidance:	Assessment:
21.1. The terms should specify whether members are allowed to send substitutes to meetings where they are unable to attend themselves. Training requirements should also be considered where substitutes are permitted.	Compliant - Substitutes can be appointed by Member representatives. Where appointed, substitutes should be named and must undertake the same training as full members. Substitutes are allowed to attend on behalf of absent representatives if sufficient notice is given.

22. Creation of working groups / sub-committees

Guidance:	Assessment:
22.1. The terms should specify whether the Board has the power to set up working groups or sub-committees.	Compliant - The Board may establish sub-committees.

23. Allowances / expenses

Guidance:	Assessment:
23.1. The terms should specify the policy in relation to the payment of allowances and expenses to Board members.	Compliant - An annual allowance is paid to the Independent Chair, in line with the Administering Authority's policy on allowances. The Administering Authority does not pay allowances for Board members. Expenses are paid to Board members in line with the Administering Authority's policy on expenses.

24. <u>Budget</u>

Guidance:	Assessment:
24.1. The terms should set out a process for the Board to have access to a budget for specified purposes	Compliant - The Board is to be provided with adequate resources to fulfil its role set out in the terms. The budget is met from the Fund and determined by The Strategic Director – Resources.

25. <u>Knowledge and Understanding</u>

Guidance:	Assessment:
25.1. The terms should refer to the requirement for the Board to have a policy and framework to meet the knowledge and understanding requirements of the 2004 Act.	Compliant - The Board has adopted the CIPFA Knowledge and Skills Framework and has an annual training plan for the Board.

26. Reporting

Guidance:	Assessment:
26.1. The terms should include arrangements for the reporting of information to the Administering Authority including direct reporting arrangements where the Board has material concern. In addition the methods used to communicate to scheme members and employers should be included.	Compliant - The Board is required to report its requests, recommendations or concerns to the Pension Committee. The Board should report any concerns over a decision made by the Pension Committee to the Committee subject to the agreement of at least 50% of voting Board members provided that all voting members are present. If not all voting members are present then the agreement should be of all voting members who are present, where the meeting remains quorate. Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach. The appropriate internal route for escalation is to the Monitoring Officer and / or the Section 151 Officer. The Board may report concerns to the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation. Board members are also subject to the requirements to report breaches of law under the Act and the Code [and the whistleblowing provisions set out in the Administering Authority's whistle blowing policy]. Where the Board is not satisfied with the response received it may request that a notice of its concern be placed on the website and in the Fund's annual report. Board agendas and minutes and training and attendance logs may be published using the following means: on the Fund’s website, as part of the Fund's own annual report; as part of the Governance Compliance Statement.

Appendix IV - Investment Strategy Statement

Introduction and background

This is the Investment Strategy Statement (“ISS”) of the London Borough of Sutton Pension Fund (“the Fund”), which is administered by Sutton Council, (“the Administering Authority”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”).

The ISS has been prepared by the Fund’s Pension Committee (“the Committee”) having taken advice from the Fund’s investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Committee on 20 March 2017, is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.

The Committee seeks to invest in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund’s Funding Strategy Statement.

The suitability of particular investments and types of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

In order to meet this primary objective the Committee aims to:

- Maximise the returns from investments whilst keeping risk within acceptable levels
- Contribute towards achieving and maintaining a future funding level of 100%
- Enable employer contribution rates to be kept as stable as possible

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee’s views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

It is intended that the Fund's investment strategy will be reviewed at least every three years following actuarial valuations of the Fund.

In addition, the Committee monitors its investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation. Actual against target allocation for each of the main asset classes is recorded within the quarterly performance monitoring report. Any planned rebalancing activity is reported and discussed at committee.

Fund Investment Beliefs
The investment beliefs of the Fund are set out in Appendix A. These beliefs underpin the investment strategy taken by the Fund.

Investment of money in a wide variety of investments

Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered to ensure its suitability and diversification.

The Fund's target investment strategy is set out below. The table also includes the maximum percentage of total Fund value that it will invest in these asset classes. In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007".

Table 1: Fund allocation

Asset Class	**Target Allocation %**
UK Equities	13
Overseas Equities	42
Total Equities	**55**
Property	10
Absolute Return	15
Bonds	15
Infrastructure	5
Total	**100**

As part of the 31 March 2016 actuarial valuation the Fund Actuary has assumed a discount rate and therefore required rate of return on the Fund assets of 5.2% p.a. This includes an allowance for prudence. The Committee believes that the current investment strategy will generate returns in excess of the required return while taking an appropriate degree of risk and tests the ability of the strategy to meet the Fund's objectives as part of the strategy review process.

Managers

The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the passive funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

The approach to risk, including the ways in which risks are to be measured and managed

The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken. One of the Committee's overarching beliefs is to only to take as much investment risk as is necessary.

The principal risks affecting the Fund are set out below, we also discuss the Fund's approach to managing these risks and the contingency plans that are in place:

Funding risks
Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.

Changing demographics –The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits.
Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

The Committee measures and manages financial mismatch in two ways. As indicated above, the Committee has set a strategic asset allocation benchmark for the Fund. This benchmark was set taking into account asset liability modelling which focused on probability of success and level of downside risk. The Committee is currently in the process of carrying out a strategic review following the completion of the 2016 actuarial valuation which will consider the probability of achieving the Fund's objectives and the level of risk being taken within the strategy. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Committee also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Committee seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Asset risks
Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.

Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.

Currency risk – The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).

Environmental, social and governance ("ESG") – The risk that ESG related factors reduce the Fund's ability to generate the long-term returns.

Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

The Committee measure and manage asset risks as follows.

The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes. The Committee has put in place rebalancing arrangements to ensure the Fund's "actual allocation" does not deviate substantially from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, as well as property, the Committee has recognised the need for access to liquidity in the short term.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Committee also assess the Fund's currency risk during their risk analysis. Details of the Fund's approach to managing ESG risks is set out later in this document.

The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager, using a range of approaches for equity investment and having a proportion of the Scheme's assets managed on a passive basis. The Committee assess the Fund's managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

Other provider risk
Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.

Custody risk - The risk of losing economic rights to Fund assets, when held in custody or when being traded.

Credit default - The possibility of default of a counterparty in meeting its obligations.

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

The approach to pooling investments, including the use of collective investment vehicles and shared services

The Fund is a participating scheme in the London Collective Investment Vehicle (CIV) Pool. The proposed structure and basis on which the London CIV Pool will operate was set out in the July 2016 submission to Government.

Assets to be invested in the Pool
The Fund's intention is to invest its assets through the London CIV Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. They key criteria for assessment of Pool solutions will be as follows:

1. That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund
2. That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

At the time of preparing this statement the Fund has already invested the following assets via the London CIV Pool:

Asset Class	Manager	% of Fund Assets	Benchmark & Performance Objective
Absolute Return	Baillie Gifford	7.3	Benchmark: 3 month LIBOR + 3% Performance Objective: 3% above benchmark over rolling 3 year period (gross of fees)
Absolute Return	Pyrford	7.1	Benchmark: 3 month LIBOR + 3% Performance Objective: 3% above benchmark over rolling 3 year period (gross of fees)

The fund holds 12% or £68m of its assets in life funds and intends to retain these outside of the London CIV in accordance with government guidance on the retention of life funds outside pools for the time being. The Fund agrees for the London CIV to monitor the passive funds as part of the broader pool. Plans are also in place for a transfer of the Newton Global Equities mandate into the London CIV.

At the time of preparing this statement the Fund holds the following mandates outside of the London CIV.

Opportunities for investing in these asset classes through the CIV will be reviewed as and when opportunities arise.

Asset Class	**Manager**	**% of Fund Assets**	**Benchmark & Performance Objective**	**Reason for not investing via the London CIV Pool**
Global Equities	Harding Loevner	15.7	Benchmark: MSCI All Countries World NDR Index Performance objective: 3% above benchmark over rolling 3 year period (gross of fees)	No other global equity managers available
Global Equities	Schroder	15.9	Benchmark: MSCI All Countries World NDR Index Performance objective: 3% above benchmark over rolling 3 year period (gross of fees)	No other global equity managers available
Bonds	M&G (Alpha Fund)	8	Benchmark: 3 Month LIBOR + 3% Performance objective: 3 Month LIBOR + 3 to 5 %	No bond managers on London CIV panel
Bonds	M&G (Index Linked)	8	Benchmark: FTSE A British Government Over 5 Years Index-Linked Performance objective: 0.75% above benchmark over rolling 3 years period (gross of fees)	No bond managers on London CIV panel
Property	Blackrock	3.7	Benchmark: IPD UK All Pooled Property Funds Index Performance objective: To outperform the benchmark	
Property	Aviva	2	Benchmark: IPD UK All Pooled Property Funds Index Performance objective: To outperform the benchmark	No property managers on London CIV panel
Property	Invesco	0.4	Performance objective: Unleveraged return of 8-9%	No property managers on London CIV panel

The fund holds £16.7m or 2.8% of the fund in illiquid assets and these will remain outside of the London CIV pool. The cost of exiting these strategies early would have a negative financial impact on the Fund. These will be held as legacy assets until such time as they mature and proceeds re-invest through the pool assuming it has appropriate strategies available or until the Fund changes asset allocation and makes a decision to disinvest

Structure and governance of the London CIV Pool
The July 2016 submission to Government of the London CIV Pool provided a statement addressing the structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured. As the Pool develops and the structure and governance of the Pool are fully established the Fund will include this information in future iterations of the ISS.

How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

The Fund is committed to being a long term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills. In addition the Pensions Committee undertakes training on a regular basis and this will include on training and information sessions on matters of social, environmental and corporate governance.

The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

The Fund expects its external investment managers (and specifically the London Collective Investment Vehicle through which the Fund will increasingly invest) to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund such as corporate governance and environmental factors. The Fund expects its fund managers to integrate material ESG factors within its investment analysis and decision making.

Effective monitoring and identification of these issues can enable engagement with boards and management of investee companies to seek resolution of potential problems at an early stage. Where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, the Fund expects its investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.

The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

The Fund will invest on the basis of financial risk and return having considered a full range of factors contributing to the financial risk including social, environment and governance factors to the extent these directly or indirectly impact on financial risk and return.

The exercise of rights (including voting rights) attaching to investments
Voting rights

The Fund recognises the importance of its role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Fund recognises that ultimately this protects the financial interests of the Fund and its ultimate beneficiaries. The Fund has a commitment to actively exercising the ownership rights attached to its investments reflecting the Fund's conviction that responsible asset owners should maintain oversight of the companies in which it ultimately invests recognising that the companies' activities impact upon not only their customers and clients, but more widely upon their employees and other stakeholders and also wider society.

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard. The managers are strongly encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f).

Stewardship
The Committee has formally agreed to adhere to the Stewardship Code as published by the Financial Reporting Council. The Committee expects both the London CIV Pool and any directly appointed fund managers to also comply with the Stewardship Code and this is monitored on an annual basis.

As part of its compliance with the Stewardship Code the Fund has adopted a set of Voting Intention Guidelines. The current guidelines can be found on the Fund's website. The Committee publishes an annual report of voting activity as part of the Fund's annual report. In addition to the Fund's compliance with the Stewardship Code, the Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

Appendix V - Funding Strategy Statement

Introduction

This is the Funding Strategy Statement for the London Borough of Sutton Pension Fund. It has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and describes the London Borough of Sutton's strategy, in its capacity as administering authority, for the funding of the London Borough of Sutton Pension Fund (the Fund). The Fund Actuary, Barnett Waddingham LLP, has been consulted on the contents of this Statement. This statement should be read in conjunction with the Fund's Investment Strategy Statement (ISS)/Statement of Investment Principles (SIP) and has been prepared with regard to the guidance issued by CIPFA.

Purpose of the Funding Strategy Statement

The purpose of this Funding Strategy Statement is to:

- Establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities are best met going forward;
- Support the desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in Regulation 62(5) of the Regulations;
- Ensure that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the fund are met; and
- Take a prudent longer-term view of funding those liabilities.

Aims and purposes of the Fund

The aims of the Fund are to:

- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due;
- Enable primary contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to all relevant parties (such as the taxpayers, scheduled,

resolution and admitted bodies), while achieving and maintaining fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the fund and employers, and the risk appetite of the administering authority and employers alike; and
- Seek returns on investment within reasonable risk parameters.

The purposes of the Fund are to:
- Pay pensions, lump sums and other benefits provided under the Regulations;
- Meet the costs associated in administering the Fund; and
- Receive contributions, transfer values and investment income.

Funding objectives
Contributions are paid to the Fund by Scheme members and the employing bodies to provide for the benefits which will become payable to Scheme members when they fall due.

The funding objectives are to:
- Ensure that pension benefits can be met as and when they fall due over the lifetime of the Fund;
- Ensure the solvency of the Fund;
- Set levels of employer contribution to target a 100% funding level over an appropriate time period and using appropriate actuarial assumptions;
- Build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective.

Key parties
The key parties involved in the funding process and their responsibilities are as follows:

The administering authority
The administering authority for the Fund is London Borough of Sutton. The main responsibilities of the administering authority are to:
- Operate the Fund;
- Collect employee and employer contributions, investment income and other amounts due to the Fund as stipulated in the Regulations;
- Invest the Fund’s assets; Pay the benefits due to Scheme members as stipulated in the Regulations;
- Ensure that cash is available to meet liabilities as and when they fall due; Take measures as set out in the Regulations to safeguard the Fund against the consequences of employer default;

- Manage the actuarial valuation process in conjunction with the Fund Actuary; Prepare and maintain this FSS and also the ISS/SIP after consultation with other interested parties;
- Monitor all aspects of the Fund's performance;
- Effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and Scheme Employer; and
- Enable the Local Pension Board to review the valuation process as they see fit.

Scheme employers
In addition to the administering authority, a number of other Scheme employers, including admission bodies, participate in the Fund.

The responsibilities of each Scheme employer that participates in the Fund, including the administering authority, are to:

- Collect employee contributions and pay these together with their own employer contributions as certified by the Fund Actuary to the administering authority within the statutory timescales;
- Notify the administering authority of any new Scheme members and any other membership changes promptly;
- Develop a policy on certain discretions and exercise those discretions as permitted under the Regulations;
- Meet the costs of any augmentations or other additional costs in accordance with agreed policies and procedures; and
- Pay any exit payments due on ceasing participation on the Fund.

Fund actuary
The Fund Actuary for the Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency after agreeing assumptions with the administering authority and having regard to the FSS and the Regulations;
- Prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory added years costs, etc;
- Provide advice and valuations on the exiting of employers from the Fund;
- Provide advice to the administering authority on bonds or other forms of security against the financial effect on the Fund of employer default;

- Assist the administering authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the Regulations;
- Ensure that the administering authority is aware of any professional guidance or other professional requirements which may be of relevance to his or her role in advising the Fund; and
- Advise on other actuarial matters affecting the financial position of the Fund.

Funding strategy
The factors affecting the Fund's finances are constantly changing, so it is necessary for its financial position and the contributions payable to be reviewed from time to time by means of an actuarial valuation to check that the funding objectives are being met.

The most recent actuarial valuation of the Fund was carried out as at 31 March 2016. A summary of the methods and assumptions adopted is set out in the sections below.

The actuarial valuation involves a projection of future cashflows to and from the Fund. The main purpose of the valuation is to determine the level of employers' contributions that should be paid to ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund.

Funding method
The key objective in determining employer's contribution rates is to establish a funding target and then set levels of employer contribution to meet that target over an agreed period.

The funding target is to have sufficient assets in the Fund to meet the accrued liabilities for each employer in the Fund. The funding target may, however, depend on certain employer circumstances and in particular, whether an employer is an "open" employer – one which allows new recruits access to the Fund, or a "closed" employer which no longer permits new staff access to the Fund. The expected period of participation by an employer in the Fund may also affect the chosen funding target.

For open employers, the actuarial funding method that is adopted is known as the Projected Unit Funding Method which considers separately the benefits in respect of service completed before the valuation date ("past service") and benefits in respect of service expected to be completed after the valuation date (“future service”). This approach focuses on:

- The past service funding level of the Fund. This is the ratio of accumulated assets to liabilities in respect of past service. It makes allowance for future increases to members’ pay for pensions in payment. A funding level in excess of 100% indicates a surplus of assets over liabilities; while a funding level of less than 100% indicates a deficit; and
- The future service funding rate (also referred to as primary rate as defined in Regulation 62(5) of the Regulations) which is the level of contributions required from the individual employers which, in combination with employee contributions is expected to support the cost of benefits accruing in future.

The key feature of this method is that, in assessing the future service cost, the primary contribution rate represents the cost of one year’s benefit accrual.

For closed employers, the funding method adopted is known as the Attained Age Method. The key difference between this method and the Projected Unit Method is that the Attained Age Method assesses the average cost of the benefits that will accrue over a specific period, such as the length of a contract or the remaining expected working lifetime of active members.

Valuation assumptions and funding model
In completing the actuarial valuation it is necessary to formulate assumptions about the factors affecting the Fund's future finances such as inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover etc.

The assumptions adopted at the valuation can therefore be considered as:

- The statistical assumptions which are essentially estimates of the likelihood of benefits and contributions being paid, and
- The financial assumptions which will determine the estimates of the amount of benefits and contributions payable and their current or present value.

Future price inflation
The base assumption in any valuation is the future level of price inflation over a period commensurate with the duration of the liabilities. This is derived by considering the average difference in yields over the appropriate period from conventional and index linked gilts during the six months straddling the valuation date to provide an estimate of future price inflation as measured by the Retail Price Index (RPI). The RPI assumption adopted as at 31 March 2016 was 3.3% p.a.

Future pay inflation
As some of the benefits are linked to pay levels at retirement, it is necessary to make an assumption as to future levels of pay inflation. Historically, there has been a close link between price and pay inflation with pay increases exceeding price inflation in the longer term. The long-term pay increase assumption adopted as at 31 March 2016 was CPI plus 1.5%, with a short-term assumption in line with CPI for the period to 31 March 2020. An allowance has also been made for promotional increases.

Future pension increases
Pension increases are linked to changes in the level of the Consumer Price Index (CPI). Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. A deduction of 0.9% p.a. is therefore made to the RPI assumption to derive the CPI assumption. The CPI assumption adopted as at 31 March 2016 was 2.4% p.a.

Future investment returns/discount rate
To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to and from the Fund to present day values.

The discount rate that is adopted will depend on the funding target adopted for each Scheme employer.

For open employers, the discount rate that is applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the underlying investment strategy by considering average market yields in the six months straddling the valuation date. The discount rate so determined may be referred to as the “ongoing” discount rate. The discount rate adopted for the 31 March 2016 valuation was 5.2% p.a.

For closed employers, an adjustment may be made to the discount rate in relation to the remaining liabilities, once all active members are assumed to have retired if at that time (the projected “termination date”), the employer becomes an exiting employer under Regulation 64.
The Fund Actuary will incorporate such an adjustment after consultation with the administering authority.

The adjustment to the discount rate for closed employers may be set to a higher funding target at the projected termination date, so that there are sufficient assets to fund the remaining liabilities on a “minimum risk” rather than on an ongoing basis if the Fund do not believe that there is another Scheme employer to take on the responsibility of the liabilities after the employer has exited the Fund. The aim is to minimise the risk of deficits arising after the termination date.

Asset valuation
For the purposes of the valuation, the asset value used is the market value of the accumulated Fund at the valuation date adjusted to reflect average market conditions during the six months straddling the valuation date.

Statistical assumptions
The statistical assumptions incorporated into the valuation, such as future mortality rates, are based on national statistics. These are adjusted as appropriate to reflect the individual circumstances of the Fund and/or individual employers.

Further details of all of the assumptions adopted are included in the latest actuarial valuation report.

2016 triennial valuation results
As calculated at the last triennial valuation at 31 March 2016, the Fund was 80% funded, corresponding to a deficit of £129m.

The primary rate required to cover the employer cost of future benefit accrual was 17.2% of payroll p.a.

Deficit recovery/surplus amortisation periods
Whilst one of the funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue, it is recognised that at any particular point in time, the value of the accumulated assets will be different to the value of accrued liabilities, depending on how the actual experience of the Fund differs to the actuarial assumptions. Accordingly the Fund will normally either be in surplus or in deficit.

Where the actuarial valuation discloses a significant surplus or deficit then the levels of required employers’ contributions will include an adjustment to either amortise the surplus or fund the deficit over a period of years.

The recovery periods adopted for the employers in the Fund for the 2016 valuation varied by employer but was not to exceed 19 years. The period that is adopted for any particular employer will depend on:

- The significance of the surplus or deficit relative to that employer's liabilities; The covenant of the individual employer and any limited period of participation in the Fund;
- The remaining contract length of an employer in the Fund (if applicable); and
- The implications in terms of stability of future levels of employers' contribution.

Pooling of individual employers

The policy of the Fund is that each individual employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly, contribution rates are set for individual employers to reflect their own particular circumstances.

However, certain groups of individual employers are pooled for the purposes of determining contribution rates to recognise the responsibility of particular historic liabilities.

Cessation valuations

When an employer exits the Scheme and becomes an exiting employer, the Fund Actuary will be asked to make a termination assessment. Any deficit in the Fund in respect of the employer will be due to the Fund as an exit payment, unless it is agreed by the administering authority and the other parties involved that the assets and liabilities relating to the employer will transfer within the Fund to another participating employer.

In assessing the financial position on termination, the Fund Actuary may adopt a discount rate based on gilt yields and adopt different assumptions to those used at the previous valuation in order to protect the other employers in the Fund from having to fund any future deficits which may arise from the liabilities that will remain in the Fund.

Links with the Investment Strategy Statement (ISS)/Statement of Investment Principles (SIP)

The main link between the Funding Strategy Statement (FSS) and the ISS/SIP relates to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the underlying investment strategy as set out in the ISS/SIP.

As explained above, the ongoing discount rate that is adopted in the actuarial valuation is derived by considering the expected return from the underlying investment strategy. This ensures consistency between the funding strategy and investment strategy.

Risks and counter-measures
Whilst the funding strategy attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of employer contributions, it is recognised that there are risks that may impact on the funding strategy and hence the ability of the strategy to meet the funding objectives.

The major risks to the funding strategy are financial, although there are other external factors including demographic risks, regulatory risks and governance risks.

Financial risks
The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors, including market returns being less than expected and/or the fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets.

The valuation results are most sensitive to the real discount rate. Broadly speaking an increase/decrease of 0.5% p.a. in the real discount rate will decrease/increase the valuation of the liabilities by 10%, and decrease/increase the required employer contribution by around 2.5% of payroll.

However, the Pension Fund Committee regularly monitors the investment returns achieved by the fund managers and receives advice from the independent advisers and officers on investment strategy.

The Committee may also seek advice from the Fund Actuary on valuation related matters.

In addition, the Fund Actuary provides funding updates between valuations to check whether the funding strategy continues to meet the funding objectives.

Demographic risks
Allowance is made in the funding strategy via the actuarial assumptions for a continuing improvement in life expectancy. However, the main demographic risk to the funding strategy is that it might underestimate the continuing improvement in longevity. For example, an increase of one year to life expectancy of all members in the Fund will reduce the funding level by approximately 1%.

The actual mortality of pensioners in the Fund is monitored by the Fund Actuary at each actuarial valuation and assumptions are kept under review.

The liabilities of the Fund can also increase by more than has been planned as a result of early retirements.

However, the administering authority monitors the incidence of early retirements; and procedures are in place that require individual employers to pay additional amounts into the Fund to meet any additional costs arising from early retirements.

Regulatory risks

The benefits provided by the Scheme and employee contribution levels are set out in Regulations determined by central Government. The tax status of the invested assets is also determined by the Government. Regulatory risk also apply to overseas investments.

The funding strategy is therefore exposed to the risks of changes in the Regulations governing the Scheme and changes to the tax regime which may affect the cost to individual employers participating in the Scheme.

However, the administering authority participates in any consultation process of any proposed changes in Regulations and seeks advice from the Fund Actuary on the financial implications of any proposed changes.

Governance

Many different employers participate in the Fund. Accordingly, it is recognised that a number of employer specific events could impact on the funding strategy including:

- Structural changes in an individual employer's membership;
- An individual employer deciding to close the Scheme to new employees; and
- An employer ceasing to exist without having fully funded their pension liabilities.

However, the administering authority monitors the position of employers participating in the Fund, particularly those which may be susceptible to the events outlined, and takes advice from the Fund Actuary when required.

In addition, the administering authority keeps in close touch with all individual employers participating in the Fund to ensure that, as administering authority, it has the most up to date information available on individual employer situations. It also keeps individual employers briefed on funding and related issues.

Monitoring and review

This FSS is reviewed formally, in consultation with the key parties, at least every three years to tie in with the triennial actuarial valuation process.

The administering authority also monitors the financial position of the Fund between actuarial valuations and may review the FSS more frequently if necessary.

Appendix VI -Communications Policy

The Regulations require each administering authority in England and Wales to prepare, maintain and publish a written statement setting out their policy concerning communications with members and employing authorities (including non-scheme employers).

The policy must cover communications with:

* Members
* Representatives of members
* Prospective members and
* Employing authorities.

In particular the policy on:

* The provision of information & publicity about the Scheme
* The format, frequency & method of distributing such information or publicity
* The promotion of the Scheme to prospective members and their employing authorities

The Policy Statement is attached at Annex 1.

Policy Statement **ANNEX 1**

The provision of information and publicity about the Scheme	The format, frequency and method of distributing such information or publicity

Members and Representatives of members	
1. Pension Updates / bulletins are produced whenever a change is made to the regulations / where members may need to make an election regarding their entitlement.	Electronic document. Produced as and when required by change in Regulations etc. Distributed via e-mail cascade (via Group HR Managers / employers) and via “Pensions” area of the Borough (& Schools) intranet. Item included in “insight”
2. Annual Benefit Statements (ABS) / letter including any recent or anticipated changes to the LGPS.	System generated printed statements show benefits accrued / estimated at 65 / Death in service, Nomination & Service History. Issued annually for year to previous 31 March. Marked “Private & Confidential” and posted to member home address

3. The "Pensions" area on the Borough (& School) intranet AND "Staff Pensions" on the LB Sutton website	Scheme information / Guide, recent updates (bulletins) and LINKS to the national LGPS site. Updates as necessary – change in Regulations etc. Newsletters / e-mail cascade point to intranet updates. As above also including all required forms for download, completion & sending to Sutton Pension Services for action.
4. Sutton Pension Services (SPS) are available to assist members with their enquiries.	Available as required or by appointment during normal office hours. Will assist members with their enquiries in person, by phone or respond to written (letter / email) requests. In all communications contact numbers / email addresses are provided so members can easily contact SPS if guidance is required.
5. Presentations to (groups of) staff / Scheme members.	Presentation supported by appropriate printed / electronic information. As required.
6. Presentations are made at Pre-retirement courses.	Presentation supported by appropriate printed / electronic information. As required.

7. Pension Drop in Days (surgeries)	Held annually to coincide with the issue of Annual Benefit Statements (ABS) & pension update. Members / prospective members can meet SPS staff to discuss details of their ABS, receive further illustrations, information and printed documentation (FAQ etc)
8. Pension Fund Annual Meeting –	Held in July each year Review the Pension Fund Annual Report & Accounts, the work of the Pension Committee & Pension Fund investment performance. Invited speaker presentation on a current related topic.

The provision of information and publicity about the Scheme	**The format, frequency and method of distributing such information or publicity**
Employing authorities	
9. New starters with the Borough (and other scheme employers) are sent an “Employee Guide to the LGPS” with their offer of employment. Note “opt out” forms can only be obtained from Sutton Pension Services or from LB Sutton Website under Staff Pensions	Printed copy Can be downloaded for completion and sent to SPS or employer as appropriate, for action

10. The LGPS Employer Guide and instructions on "Employer" responsibilities.	Electronic / printed versions are available. Revised versions provided as necessary – change in Regulations etc. If necessary, meet with new employer to ensure understanding.
11. LGA Pensions Committee Circulars / Guides	Electronic / printed versions are available – circulated as received Video presentation on major changes – copy made available to employers / members
12. CLG Regulation amendments / drafts / consultations	Electronic / printed versions are available – circulated as received. Any response to draft / consultations copied back to borough

Scheme promotion to prospective members / employing authority
Prospective members: New starters with the Borough (and other scheme employers) receive an "Employee Guide to the LGPS" (with option forms etc) with their offer of employment. Sutton Pension Services (SPS) staff available to assist prospective members with their enquiries in person, by phone or to respond to written or email requests. SPS will make presentations to staff as necessary Can obtain further information from the National LGPS web site at www.lgps.org.uk at the Sutton Staff Pensions web page or national LGPS site at www.lgps2014.org;

Employing authority:

The LGPS Employer Guide and instructions on “Employer” responsibilities are provided by SPS.

* Electronic / printed versions are available.
* Revised versions provided as necessary – change in Regulations etc.
* If necessary, meet with new employer to ensure understanding.