

## **HM Treasury Consultation Responses**

Report by the Technical Hub Manager

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### Executive Summary

An Out of Committee decision was made in August 2021 in regard to the approval of the Fund's responses to the HM Treasury Consultations: Discount rate methodology; and Cost control mechanism. This paper outlines the process undertaken.

## **1. Purpose of the Report**

### **1.1 To provide the Board with:**

- the Fund's final response to the Discount rate methodology Consultation; and
- the Fund's final response to the Cost control mechanism Consultation.

## **2. Recommendations**

### **2.1 That the Board note:**

- the Out of Committee decision in August 2021 to approve the draft responses to the Discount rate methodology and Cost control mechanism Consultations;
- the Fund's final response to the Discount rate methodology Consultation;

- the Fund's final response to the Cost control mechanism Consultation;  
and
- to note the content of the report.

### **3. Background**

- 3.1 At the Essex Pension Fund Strategy Board (PSB) meeting held on 07 July 2021, the Board were made aware of two upcoming HM Treasury Consultations in regard to: Discount rate methodology; and Cost control mechanism.
- 3.2 The Board were advised that the Fund would review the Consultations, and if the Fund believe the Consultations warrant a response, the Out of Committee decision making process would need to be enacted over the Summer due to the 19 August 2021 deadline.

### **4. Consultation Responses**

- 4.1 The outcome of the review by Fund Officers, and in consultation with the Fund Actuary, resulted in the Fund drafting a response to the Consultations. The Fund's draft responses were provided to the Board via the Out of Committee process for their approval in August 2021.
- 4.2 Following agreement from the Board, Fund Officers submitted the final responses to the Discount rate methodology and Cost control mechanism Consultations on 17 August 2021 and are provided at Appendices A and B respectively.

### **5. Link to Essex Pension Fund Objectives**

- 5.1 Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation, and the Pensions Regulator's Codes of Practice.

### **6. Communication Implications**

- 6.1 The responses to the Consultations have been published on the Fund's website.

## **7. Risk Implications**

7.1 Regulatory risks impacting on Investments, Funding and Administration.

## **8. Background Papers**

8.1 Final response to Discount rate methodology Consultation – Appendix A.

8.2 Final response to Cost control mechanism Consultation – Appendix B.

8.3 Out of Committee, Essex Pension Fund response to Consultations, 11 August 2021.

8.4 HM Treasury Consultations, PSB 11b, 07 July 2021.