



East Sussex Pension Fund

Local Government Pension Scheme (LGPS)

ESFOA Pensions Update

August 2016

East Sussex Pension Fund External Investments

On the 15 July 2016 the administering authorities who have joined forces to establish the ACCESS pool submitted their pooling proposals to government as required following guidance on pooling published in November 2015. Highlights of the ACCESS proposals include:

- Eventual projected savings of £30m annually.
- Plans for a quick win of £4m per annum from consolidating passive mandates.
- A pool structure composed of an FCA authorised Collective Investment Vehicle.
- A significant shift in governance arrangements with the Operator responsible for appointing and contracting with managers
- Preserving appropriate local decision making (including strategic asset allocation) – ensuring democratic accountability and exercising authority's fiduciary responsibilities.

The table below sets out a portfolio summary of each fund manager:

Manager	Mandate	Investment Style	Date Appointed	Value £m 30 June 2016
M&G	Bonds	Value	01/01/97	187.6
L & G	Passive	Passive	21/11/07	887.7
Ruffer	Multi Asset	Absolute Return	11/05/10	249.4
Newton	Multi Asset	Absolute Return	11/05/10	264.5
Schroders	Property	-	20/02/10	324.1
Longview	Global Equity	Neutral	19/04/13	193.3
State Street	Passive	Fundamental Indexation	06/08/13	524.7
Alternative * Investments	Various	-	Various	239.9
Northern Trust	Cash	-	01/09/02	57.6
Total				2,928.8

* Includes Infrastructure & Private Equity

Fund Value at 31 March 2016	Fund Value at 31 March 2015	Fund Value at 31 March 2014
£2,766.6m	£2,741.7m	£2,476.3m

2016 Valuation

Work continues to be undertaken on the 2016 Valuation by the Fund and its administration. The administration team are continuing to work through the year end return data provided by Employers.

Employer Satisfaction Survey

The East Sussex Pension Fund on the 28th July 2016 invited Pension Fund employers to participate in an Employer Satisfaction Survey, focused in the main on the service provided to employers by the East Sussex Pension Fund - Pensions Governance team. We are pleased to advise that employers responded to the survey covering 85% of the Fund membership and to inform that these responses were positive. Please see below by way of a snapshot some of the results; -

97% of respondents were either satisfied or very satisfied with the content of the Employer Newsletters and Information Emails from the Pensions Governance team to employers.

80% of respondents were either satisfied or very satisfied with the content of the ESFOA updates, 20% of responses were neutral with no negative responses received.

100% of respondents were either satisfied or very satisfied with the support and advice they received from the Pensions Governance team where they had commissioned a piece of work.

If you would like any further information on the survey results, please email;

ESCCPensionsManager@eastsussex.gov.uk

Update on exit payment reforms

The introduction of the Government's policy which will require high earners (earning £80,000 or more) who leave employment in the public sector with an exit payment to repay the exit payment, or a proportion of it, if they return to public sector employment within 12 months, has been delayed.

The intention had been to implement the legislation in July 2016 to take effect in autumn this year. However, Parliament has gone into recess without the appropriate legislation being made. It remains the goal of the Government to implement the proposals in autumn. However, this will depend on how quickly the legislation can be made following the return of Parliament on 5 September.

The Government has also stated that it intends to implement the public sector £95,000 exit payments cap legislation in autumn. Until the legislation is made the Fund cannot be definitive as to when it will come into force but we will inform you as soon as the position is finalised.

LGPC Bulletins & Circulars

There have been three LGPC bulletins issued since the last ESFOA meeting. These bulletins contained various pieces of information on a wide range of issues but those that may be of interest to employers are –

- **Consultation on amendment regulations**

On Friday 27th May, DCLG commenced a consultation on draft amendment regulations for the LGPS in England and Wales. Amongst other amendments, the consultation covers Fair Deal and changes to AVC provisions in light of the recent Freedom and Choice reforms.

The consultation is available at Gov.uk and closed on 20th August 2016.

- **Consultation on college insolvency regime**

The Government launched a consultation which ran from the 6th July 2016 to 5th August 2016 to develop an insolvency regime for further education employers in England (including sixth form colleges). Many of these employers hold significant liabilities in the LGPS.

Information on this consultation is available at Gov.uk

- **New Pensions Minister**

In the Government reshuffle that took place after Theresa May became Prime Minister, the Pensions Minister Ros Altmann left her post. The Conservative MP for Watford, Richard Harrington, has been appointed Parliamentary Under Secretary of State with responsibility for the pensions brief in Baroness Altmann's place.

The Minister for Local Government, Marcus Jones MP, remains in post at DCLG and retains responsibility for the LGPS in England and Wales.

- **Pension Ombudsman's 2015/2016 annual report**

The Pensions Ombudsman Service has published its 2015/16 annual report and accounts. The report shows that in the year to March 2016, the Ombudsman handled around 5,000 enquires, an increase of 18% on the previous year. The Ombudsman is also resolving more queries informally, with 63% resolved in this way during 2015/16, and only 44% resolved in this way the prior year.

- **The Local Government Pension Scheme Advisory Board (SAB)**

The Local Government Pension Scheme Advisory Board (SAB) met on 1 August 2016. The Board, as you may recall, is a statutory body established to advise the Minister who is responsible for the Scheme and to oversee and support the development of the administration and performance of the eighty-nine funds.

The Board considered and agreed its proposed terms of reference. These will now be sent to the Minister for approval. The Minister will also receive the Board's suggested budget (£384,375) and work plan for 2016/17. The budget will be submitted along with a suggestion that the Board's secretariat, through an additional post, provide support to the DCLG. The purpose of the post would be to ensure the Board's recommendations are given the degree of consideration and research necessary for the effective development of the Scheme.

East Sussex Pension Fund – Employer Forum

The East Sussex Pension Fund (ESPF) Employer Forum is scheduled for 18th November 2016 at County Hall, Lewes. Further communications on the forum will be issued shortly.

Pensions Board update

At the Pension Board meeting held on the 4 August 2016, agenda items considered included a progress report on the 2016 triennial valuation, review of fund managers fee arrangements and proposed new KPIs for pension administration. The full agenda and minutes of this meeting are available on ESPF website using through the link below.

We will keep you updated in respect of the pension board future activities accordingly.

In the meantime if you require further information you can visit the East Sussex County Council Website: <https://www.eastsussex.gov.uk/jobs/benefits/pensions/download/>

Contact Details

Any queries concerning the contents of this ESFOA update should be directed to:

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