



East Sussex Pension Fund

Local Government Pension Scheme (LGPS)

ESFOA Pensions Update

June 2017

East Sussex Pension Fund External Investments

The LGPS investment of assets pooling initiative has continued to dominate at both the national and local level. The 89 Administering Authorities have worked collaboratively with their Pool colleagues to continue work on creating these asset pools. The East Sussex Pension Fund is a leading participant within the ACCESS Pool, with the 10 other authorities who underpin the establishment of the Pool. The ACCESS Pool's collaboration is based on pooling investments via a Collective Investment Vehicle (CIV) that will be administered and maintained by a third party Operator. The total value of assets to be held within the Pool, once the transition is complete, will be in excess of £33bn. The procurement of an operator for a £30bn plus pool of assets is a complex issue and therefore the selection process and the related contract terms need to be carefully managed. The ACCESS Pool will be renting an Operator, which will be a fully Financial Conduct Authority (FCA) regulated Collective Investment Vehicle (CIV) to operate the Pool. Governance arrangements have been agreed by the 11 ACCESS Funds and are set out in the Inter Authority Agreement (IAA) which is being executed by each individual Authority (including East Sussex), in readiness for the Pool to be up and running from 1 April 2018. We will update you on future developments of the ACCESS Pool.

East Sussex Pension Fund – current structure

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

Manager	Mandate	Investment Style	Date Appointed	Value £m 30 April 2017
M&G	Bonds	Value	01/01/97	202.5
L & G	Passive	Passive	21/11/07	1,043.9
Ruffer	Multi Asset	Absolute Return	11/05/10	293.6
Newton	Multi Asset	Absolute Return	11/05/10	287.5
Schroders	Property	-	20/02/10	329.2
Longview	Global Equity	Neutral	19/04/13	228.0
State Street	Passive	Fundamental Indexation	06/08/13	641.1
Alternative * Investments	Various	-	Various	227.7
Northern Trust	Cash	-	01/09/02	55.1
Total				3,308.6

* Includes Infrastructure & Private Equity

Fund Value at 31 March 2017	Fund Value at 31 March 2016	Fund Value at 31 March 2015
£3,334.8m	£2,766.6m	£2,741.7m

Administration Strategy Statement

The Fund commenced a two week consultation with employers on the 16th June 2017 in regards to an Administration Strategy Statement. The Administration Strategy Statement is a statement that sets out a framework by way of outlining policies and performance standards.

If you have any comments as an Employer in the Fund, these will need to be received by the 30th June 2017 for consideration.

Scheme Advisory Board Survey

The Scheme Advisory Board (SAB) recently invited the chairs of LGPS pension committees and local pension boards to participate in a [survey](#) to assess the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of the local pension board.

Regulation 106 of the Local Government Pension Scheme Regulations 2013 required LGPS administering authorities to establish local pension boards by 1st April 2015 to assist them in the effective administration and governance of the scheme.

The Survey is intended to enable the Scheme Advisory Board to identify any areas of the legislation or related guidance affecting local pension boards that may need to be reviewed to ensure that the statutory requirements of the 2013 Regulations and [code of practice](#) issued by the Pensions Regulator are being met. Where appropriate, the Board may make recommendations to DCLG for any regulatory changes that are considered necessary.

The Pension Board and Pensions Committee together with East Sussex County Council as the administering authority will be responding independently to this survey.

Employer Contribution Rates

Employers are asked to remind their payroll departments / payroll providers to ensure employer contributions are paid at the correct rate, in a timely manner with an accompanying LGPS31 form. If there are any issues regarding this process please contact the Fund.

LGPC Bulletins & Circulars

There have been two LGPC bulletins issued since the last ESFOA update. The bulletins contained various pieces of information on a wide range of issues. Most of the information in the last two bulletins has been of a technical nature but of interest to Employers may be:

Employee Contribution Bands

The employee contribution bands were confirmed and the Fund communicated these bands to Employers in March, for reference they can be found on the LGPS national [website](#).

The Pensions Ombudsman Newsletter

The Pensions Ombudsman has published the first edition of a stakeholder newsletter which they plan on publishing on a quarterly basis going forward. [Issue 1](#) includes an introductory message from Anthony Arter, Pension Ombudsman and outlines the structure of the Ombudsman and their aims.

Annual Benefit Statements (ABS)

The Pensions Regulator Governance and Administration survey results have been published. Of note, the Regulator advised the following regarding Annual Benefit Statements;

- TPR recognise that the reasons for the failure to issue ABSs are complex but they expect schemes to have made 'significant progress' in meeting ABS statutory deadlines by now.
- TPR also note in this section *"We expect member outcomes, in particular the proportion of members who receive their statements on time, to improve dramatically. Our tolerance for schemes' shortcomings, particularly in the areas identified in this report, is reducing."*

Orbis Business Operations – Pensions intend to produce this year's ABS's for active LGPS members of the East Sussex Pension Fund **online** and by the statutory deadline of the 31st August 2017. For all other members (Deferred and Councillors) of the Fund and for the ESFRS we understand that this is likely to be issued to home postal addresses. Any queries regarding this exercise should be directed to ESCC.Pensions@sesharedservices.org.uk or please telephone the Business Operations - Pensions Administration Team on Tel: 01273 337450.

Pensions Board update

At the Pension Board meeting held on the 9 February 2017, agenda items considered included External Audit Plan for ESPF 2016/17 and Reporting Breaches policy. Joint Pension Board and Committee training took place at the latter part of January 2017, the training session included items on Safeguarding Assets, the Investment Strategy Statement (ISS) and Guaranteed Minimum Pension (GMP) reconciliation exercise. The next meeting for the Pension Board will be held on the 26th June 2017.

Full agenda and minutes of these meeting are available on ESPF website following the link: <https://www.eastsussex.gov.uk/jobs/benefits/pensions/download/>

Contact Details:

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

Wendy Neller

Pensions Strategy and Governance Manager

East Sussex County Council,

St Anne's Crescent, Lewes,

East Sussex BN7 1UE

Email: Pensions@eastsussex.gov.uk