



East Sussex Pension Fund

Local Government Pension Scheme (LGPS)

ESFOA Pensions Update

October 2017

East Sussex Pension Fund External Investments

The work on the LGPS Investment Pooling Collaboration to set up the ACCESS Pool is coming to fruition. The ACCESS (A Collaboration of Central Eastern and Southern Shires) Pool, which is made up of eleven LGPS Shire County Administering Authorities, has consolidated its £11bn passive equity mandates. Following competition, the ACCESS Funds have awarded a contract for their combined passive mandate to UBS Asset Management (UK) Ltd. Funds expect to transfer assets by March 2018 which means that the passive funds currently held by the East Sussex Fund in portfolios with Legal & General and State Street will all be transferred to UBS, well in advance of the Government's April 2018 target.

In September 2017, the East Sussex Fund transferred £28.5m cash to the West Sussex Pension Fund, in respect of a bulk transfer due to an employer merger. .

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 Sept 2017
M&G	Bonds	Value	01/01/97	204.0
L & G	Passive	Passive	21/11/07	1,069.0
Ruffer	Multi Asset	Absolute Return	11/05/10	289.1
Newton	Multi Asset	Absolute Return	11/05/10	287.7
Schroders	Property	-	20/02/10	336.9
Longview	Global Equity	Neutral	19/04/13	238.2
State Street	Passive	Fundamental Indexation	06/08/13	669.8
Alternative * Investments	Various	-	Various	214.8
Northern Trust	Cash	-	01/09/02	52.3
Total				3,361.8

* 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

Update on Exit payment

Following the update on exit payment reform provided in earlier ESFOA communications, we have had confirmation that a fresh consultation on draft regulations governing the exit payment cap and exit payment recovery (i.e. the £95k cap on exit payments; clawback of payments following re-employment to the public sector within 12 months for those earning £80k or above and other associated reforms) is due to take place within the next month or so. This would potentially mean an implementation for both reforms in the first half of 2018, subject to sufficient parliamentary time being found.

There is no further update on the third part of the Government's programme of public sector exit payment reforms, further reform, on which a DCLG consultation is still awaited.

Government publish response to scams consultation

The Government have [published their response](#) to the pension scams consultation that took place in late 2016 and early 2017.

The response confirms that the Government plan to proceed with all three of the measures they consulted upon to tackle pensions scams and notes that respondents to the consultation were, in the vast majority of cases, also supportive of the proposed measures.

Automatic Enrolment - Transitional Delay

Employers who used transitional delay will be aware that the end of the transitional period was 30 September 2017. We encourage employers to review the [transitional delay guidance](#) on TPR's website and to note the implications of the 12 month opt out exception for transitional delay.

Letter from DCLG on Brewster cases

On 17th August, a letter from DCLG was circulated to LGPS funds in England and Wales regarding the implications of the Brewster judgment for the scheme in England and Wales.

In the Brewster judgment the Supreme Court found that the requirement of the LGPS in Northern Ireland for members to have completed a nomination form for a cohabiting partner to be entitled to payment of survivors pension constituted unlawful discrimination and was a breach of the European Convention on Human Rights (ECHR).

The LGPS in England and Wales previously included a similar requirement, meaning that:

- where a member had active membership in the 2008 Scheme,
- that member died on or after 1 April 2008 and prior to 1 April 2014,
- at the time of their death, the member was in a relationship where their partner would have met the definition of a 'nominated cohabiting partner' under regulation 25 of the LGPS (Benefits, Membership and Contributions) Regulations 2007), but
- no nomination had been made,

no survivor's pension would have been payable to that partner.

Whilst making clear that it is for LGPS funds in England and Wales to determine their approach in respect of claims arising from the Brewster case, the letter states that it would, in DCLG's view, be 'reasonable' for funds to rely on the judgment as well as section 3 of the Human Rights Act 1998 to not require that a survivor partner must have been nominated to have been eligible for an LGPS survivor's pensions in the circumstances set out above.

The East Sussex Pension Fund is currently considering what actions to take, if any, as a result of the Supreme Court judgement and the letter from DCLG and will be noted for discussion at the forthcoming East Sussex Pension Fund Pension Board meeting.

The Pensions Regulator (TPR)

TPR launched a [new campaign](#), called 21st Century Trusteeship. Raising standards of governance and administration, is part of their commitment to support schemes by being clearer and more directive. It outlines how stakeholders involved in running schemes can take action to meet expected administration and governance standards and what action the TPR can take if they do not improve.

LGPS Contracted-out Reconciliation Survey and GMP

On 30 August 2017, at the request of HM Treasury, the Secretariat surveyed all LGPS funds to determine the overall current position with regard to the contracted-out (GMP) reconciliation exercise, 67 funds out of the 89 LGPS have responded with Funds such as the East Sussex Pension Fund in the process of completing.

From the information provided to date, representing 4.4 million members (active, deferred and pensioner members), it would appear that approximately 1.9 million records have been reconciled leaving a known 2.2 million records that have yet to be reconciled.

The LGA have advised that they have received a number of queries from LGPS Funds concerning how to approach pensioner over payments discovered during the contracted-out reconciliation exercise accordingly, the LGPC Secretariat has prepared and communicated an 'information note' to assist administering authorities in determining what action to take following the discovery of an over-payment of pension during the course of the contracted-out reconciliation exercise. This is only one of many considerations and decisions that will be required by the Fund.

Orbis Business Operations – Pensions are providing updates to the Pension Board and Pensions Committee to their progress on the reconciliation of GMPs between the HMRC record and the East Sussex Pension Fund and understand that a report will be made available shortly in respect of current status.

Annual Benefit Statements

As advised in the last ESFOA update, Annual benefit Statements must be issued to members both active and deferred by 31st August. Production of annual benefit statements is a legal requirement for Funds, and they help members plan and make key decisions about their retirement.

Orbis Business Operations – pensions administration have and are continuing to issue these statements for members of the Fund. Any queries or ongoing issues regarding this exercise should be directed to ESCC.Pensions@sesharedservices.org.uk or please telephone the Orbis Business Operations Pensions Administration Team on Tel: 01273 337450.

We are aware that some employers have experienced some problems in relation to this exercise, again any issues regarding this exercise, please direct these to the above contact details.

LGPC Bulletins & Circulars

The latest LGPC [Circular](#) and [Bulletin](#) contain information on a wide range of issues, some of which has been covered within this update.

2017 Annual Pension Forum

The Annual Employer Forum for the East Sussex Pension Fund is on the 3rd November 2017 at County Hall, Lewes. A communication in this regard has been sent to all employers of the Fund and asks that Employers book a place by 27th October 2017 confirming attendance. This will be an opportunity for employers to meet with both the Pension Board and Pensions Committee members and representatives and is an excellent occasion for all those who deal with the East Sussex Pension Fund to gain a deeper understanding of challenges facing the Fund. Employers can book a free place on [Eventbrite](#). If you have any queries please email escpcpensionsmanager@eastsussex.gov.uk

Pensions Board update

There have been no Pension Board meetings since the last ESFOA update. A Pension Committee meeting took place on the 4th September 2017, agenda items considered included – Local Government Pension Scheme Pooling – ACCESS update, Quarterly Performance Report and Petition relating to divest East Sussex Pension Fund from Fossil Fuels. The next meeting for the Pension Board will be held on the 7th November 2017 and Pension Committee on the 27th November 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:

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