



East Sussex Pension Fund

Local Government Pension Scheme (LGPS)

ESFOA Pensions Update

April 2018

East Sussex Pension Fund External Investments

The ACCESS Pool has appointed Link Fund Solutions Ltd (“Link”) to provide pool Operator services. This appointment is the culmination of a procurement process involving each of the eleven ACCESS Funds and co-ordinated by procurement specialists at Kent County Council.

As ACCESS Operator, Link will be responsible for establishing and operating an Authorised Contractual Scheme (ACS) along with the creation of investment sub-funds, and the appointment of investment managers to those sub-funds. As at March 2017 the ACCESS Pool had combined assets in the region of £41bn, all of which are currently managed by third parties.

The transition of passive mandates across to UBS has now taken place moving over £10bn under the governance of the ACCESS Pool.

The Fund has also taken the opportunity to invest in a new infrastructure investment with Pantheon committing £42 million to their Global Infrastructure Fund III. The Fund is aiming to increase its exposure to infrastructure from 2% to 4% of the Fund over the next few years.

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 28 Feb 2018
M&G	Bonds	Value	01/01/97	205.8
Ruffer	Multi Asset	Absolute Return	11/05/10	321.1
Newton	Multi Asset	Absolute Return	11/05/10	308.2
Schroders	Property	-	20/02/10	350.6
Longview	Global Equity	Neutral	19/04/13	248.4
UBS	Passive	Passive	12/01/18	1,730.7
Alternative * Investments	Various	-	Various	199.5
Northern Trust	Cash	-	01/09/02	67.6
Total				3,431.9

* 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

Contribution bands for 2018/19

The Fund communicated to Employers at the end of February that the Office for National Statistics (ONS) announced that the Consumer Prices Index (CPI) rate of inflation for September 2017 was 3.0%. Government policy in recent years has been to base both pensions increase under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI for September of the previous year.

The LGA confirmed (subject to the Pensions Increase Order being laid before Parliament, which is expect shortly) and circulated a final draft of the contribution table for 2018/19, which was provided for your information and is set out again below:

Draft Contribution table 2018/19			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £22,000	5.8%	2.9%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.4%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.7%
9	£157,801 or more	12.5%	6.25%

Public service pensions indexation and CARE revaluation 2018

On 21 February 2018 in a written statement by the Chief Secretary to the Treasury to the House of Commons, it was confirmed that:

- Public Service pensions will be increased from 9 April 2018 by 3%, in line with the annual increase in CPI up to September 2017, except for those public service pensions that have been in payment for less than a year, which will receive a pro-rata increase.
- CARE accrual in the new public service pension schemes that increase in line with prices, will increase in line with the annual increase in CPI up to September 2017 by 3%, plus any increase to the index rate adjustment specified in scheme regulations on 1 April 2018.

Standard Lifetime Allowance

The Standard Lifetime Allowance has been increased for 2018/2019 from £1,000,000 to £1,030,000.

The Pensions Advisory Service dispute function moves to the Pensions Ombudsman

The Pensions Advisory Service's (TPAS) dispute resolution function is moving to The Pensions Ombudsman (TPO). The move includes the transfer of the TPAS dispute resolution team and volunteer network of over 350 advisers.

At present customers can approach both TPO and TPAS for help when dealing with a pension complaint. TPAS usually focussed on complaints before the pension scheme's internal dispute resolution procedure (IDRP) had been completed, whilst TPO typically deals with complaints that have been through IDRP.

We have been advised that this transfer of functions will simplify the customer journey. Customers will be able to access all pension dispute resolution, previously handled by two services, whether pre or post IDRP, in one place. Leading to a smoother customer journey and improved complaint handling. TPAS will continue to focus on providing pension information and guidance, and will become an integral part of the new Single Financial Guidance Body.

LGPS and General Data Protection Regulations (GDPR)

As you are aware GDPR provides for a new standard of data protection for individuals in the European Union and comes into force throughout the EU on 25 May 2018.

In bulletin 166 (January 2018) the LGA confirmed that the LGPC Secretariat, on behalf of LGPS administering authorities, commissioned Squire Patton Boggs to produce a template Memorandum of Understanding (MOU) document for administering authorities to issue to participating employers in their fund. The memorandum of understanding is now available and East Sussex County Council in its capacity as administering authority is currently working on a communication in respect of the MOU and will be sending this information to you shortly as an employer in the East Sussex Pension Fund.

Additionally, as confirmed in bulletin 166 the LGPC Secretariat, on behalf of LGPS administering authorities, commissioned Squire Patton Boggs to produce two template privacy notices for LGPS administering authorities to use /adapt. The short form (summary) privacy notice together with the full privacy notice are intended to enable administering authorities, in their capacity as data controller of personal data relating to the LGPS fund for which they are responsible, to satisfy their obligation under the General Data Protection Regulations ("GDPR") to inform affected individuals what personal data is held and how it used for the purposes of the pension fund. This will be communicated by Orbis Business Operations to members accordingly.

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.

Pensions Board update

At the Pension Board meeting held on the 8 February 2018, agenda items considered included; Preparing for GDPR, Pensions Annual Benefit Statement update, Pension Risk Register and the External Audit Plan. The next meeting for the Pension Board will be held on the 8th May 2018.

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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