



East Sussex Pension Fund

Local Government Pension Scheme (LGPS)

ESFOA Pensions Update

August 2018

East Sussex Pension Fund External Investments

Following local approval from all ACCESS Authorities, the FCA application for “The ACCESS Pool Authorised Contractual Scheme” and first sub-fund was submitted on 16 July. The FCA is expected to approve the application by August, with the fund launching in October.

The Pension Fund has used the opportunity created by the transition of its passive assets across to UBS to review its passive investments. Following this, the decision was made to move away from global funds into regional investments to remove the bias towards the US implicit in the global indexes. This has allowed the fund to also invest 5% of the Fund in the UBS Climate Aware Fund which looks to reward companies for being proactive in the move toward a lower carbon world.

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 July 2018
M&G	Bonds	Value	01/01/97	205.8
Ruffer	Multi Asset	Absolute Return	11/05/10	323.6
Newton	Multi Asset	Absolute Return	11/05/10	321.5
Schroders	Property	-	20/02/10	360.6
Longview	Global Equity	Neutral	19/04/13	270.8
UBS	Passive	Passive	12/01/18	1,840.1
Alternative * Investments	Various	-	Various	229.1
Northern Trust	Cash	-	01/09/02	67.2
Total				3,618.7

* Includes Infrastructure & Private Equity

Fund Value at 31 March 2018	Fund Value at 31 March 2017	Fund Value at 31 March 2016	Fund Value at 31 March 2015
£ 3,377.1m	£3,334.8m	£2,766.6m	£2,741.7m

Exit Credits – Tax Position

As we advised in the previous ESFOA update, following the introduction of the Local Government Pension Scheme (Amendment) Regulations 2018 the Regulations now provide for the payment of an exit credit to an exiting employer where, at the exit date, that employer's assets in the fund exceed the liabilities. The HMRC have recently made the pronouncement that there will be no tax charge on the payment and that there is no requirement for the scheme administrator of the pension scheme to report the payment to HMRC.

The Fund will be considering the amendments within the LGPS (Amendment) Regulations 2018 with the Fund actuary. All employers will be consulted regarding any potential changes to funding strategy and policy.

LGPS Amendment Regulations 2018 – communicating changes

An updated, more user friendly version of the document has been uploaded to our website and can be found [here](#).

We have also produced a member's newsletter which will be being circulated to members shortly. This newsletter covers a range of topics, one of which draws member's attention to the impact of the Amendment Regulations on the scheme.

The Pensions Regulator - Proactive engagement with LGPS funds planned for 2018 and 2019

The Pensions Regulator's (TPR) Corporate Plan for 2018-2021 includes three new Key Performance Indicators (KPIs) directly related to public service pension schemes. Following the publication of these new KPIs TPR has chosen the Local Government Pension Scheme as a cohort for proactive engagement throughout 2018 and 2019.

TPR has chosen Local Government schemes because, in their view, the results of the 2017 Governance & Administration Survey show that improvements in governance & administration standards have slowed when compared to other public service pension schemes.

Over the coming months, all LGPS scheme managers will receive written communications from TPR (and others involved with LGPS may also hear from TPR). These will cover governance & administration matters including:

- the main risk areas scheme managers should already be focusing on
- what TPR's expectations are
- how those responsible for managing and running schemes can identify and mitigate such risks

We will keep you posted with regards to any further developments.

Annual Benefit Statements

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. The TPR expects Funds to issue correct benefit statements ahead of this deadline.

Orbis Business Operations – pensions administration will be issuing these statements by the 31 August. Members where a valid email address is held should now have received a communication advising that they can register to the portal and access their statement. For all

other members of the Fund and for the ESFRS, this will be issued using the individual home postal addresses. Any queries regarding this exercise should be directed to myhelpdeskpensions@surreycc.gov.uk or please telephone the Orbis Business Operations Pensions Administration Team on Tel: 0300 200 1031

Employers Forum

This years' Employers Forum will be held on **Friday 23rd November 2018** at the Amex Stadium in Falmer. Preparations for the 2019 valuation of the Pension Fund will be among a number of key topics which will be discussed.

Pension Fund Accounts

The Pension Fund accounts for 2017-18 have now been finalised and signed off. A copy is currently being prepared to place on the Fund website.

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 May 2018, agenda items considered included; Draft Internal Audit Pension Fund Strategy and Internal Audit Reports, 2018 Annual Benefit Statement update, Pension Fund Breaches Log. The next meeting for the Pension Board will be held on the 10th September 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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