



East Sussex Pension Fund

Local Government Pension Scheme (LGPS)

ESFOA Pensions Update

October 2018

East Sussex Pension Fund External Investments

ACCESS received approval for “The ACCESS Pool Authorised Contractual Scheme (ACS)” in August and work is continuing to launch the first sub-fund by the end of October. The first ACS sub-fund will be for £1.1bn of assets it is estimated that this sub fund will result in an estimated annual saving of £2.3m through investment manager fee reductions and tax efficiencies. The Operator is currently negotiating terms with Investment Managers to launch a further series of sub-funds between December 2018 to April 2019

The Pension Committee has taken the decision to remove some of risk from its investments which has been made available by the recent positive growth of the Fund. To achieve this goal the committee will be moving 10% of the total value of the Pension Fund out of its equity investments and into its bond and absolute return mandates.

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 September 2018
M&G	Bonds	Value	01/01/97	204.5
Ruffer	Multi Asset	Absolute Return	11/05/10	320.2
Newton	Multi Asset	Absolute Return	11/05/10	322.1
Schroders	Property	-	20/02/10	362.2
Longview	Global Equity	Neutral	19/04/13	279.0
UBS	Passive	Passive	12/01/18	1,841.0
Alternative * Investments	Various	-	Various	237.9
Northern Trust	Cash	-	01/09/02	72.1
Total				3,639.0

* 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

Analysis of the LGPS Academy Sector

GAD has now published the work commissioned by MHCLG and DfE to review the treatment of academies within the Local Government Pension Scheme. In particular, GAD was asked to gather evidence on the variation in treatment of academies within and across different LGPS Funds. Data from the most recently completed valuations as at 31 March 2016 was obtained for this purpose.

A copy of the report can be found [here](#) for those interested.

The Pension Regulator (tPR) 2018 Scheme Return

Administering Authorities are currently busy completing tPR annual statutory 2018 scheme return which is due by no later than the 6th November 2018. The return this year will for the first time include a data scoring section on record keeping and measuring data.

The Scheme Advisory Board (SAB) have informed administering authorities that despite there being general support and agreement for a standardised basis for scoring data for the purposes of the forthcoming scheme return; it has not been feasible or cost effective for the first year. Administering Authorities have been advised to adopt their own local approach for scoring the 2017/18 data and in doing so to liaise with their software provider and scheme actuary to meet the tPR survey requirements.

SAB have advised that they intend to re-engage with administering authorities later this year, to re-open discussions about formulating a standardised basis for scoring data for 2018/19 and beyond.

FCA and TPR launch new ScamSmart campaign

TPR have announced that, in conjunction with the FCA they have launched a new ScamSmart TV advertising campaign to raise awareness of pension fraud and the most common tactics used by scammers.

LGPS (Amendment) Regulations 2018

The LGPS (Amendment) Regulations 2018 amended the LGPS 2013 Regulations to 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 introduction of exit credits has an immediate consequence for the way that the Fund manages employers through participation and at cessation. In order to prepare and comply with the regulation changes there are a range of factors the Fund needs to consider in terms of its funding strategies, policies, and communications with stakeholders. Under particular consideration will be on the Fund's current approach to admit new contractors. The Fund is currently drafting the changes to the Funding Strategy Statement (FSS), applicable policies and admission agreements to reflect this change.

GAD Section 13 report

The Ministry of Housing, Communities and Local Government (MHCLG) finally released the [Section 13 report](#) carried out by the GAD which reviews all the 2016 local funding valuations against four criteria.

The report revalued all 91 individual Funds on a like for like basis. The East Sussex Pension Fund was 108.8% funded on the revalued basis, ranking 10th out of the 91 Funds.

The report highlights:

- total assets for the Local Government Pension Scheme have grown from £180 billion to £217 billion
- aggregate funding level has improved from 79% to 85%, due in part to better than expected returns on assets and strong returns have continued
- total employer contributions received were £6.9 billion per annum on average of which circa £2 billion per annum were deficit recovery payments

Proposed CIPFA changes and impact on local authority LGPS accounting

As you may be aware, CIPFA are currently consulting on changes to the code of practice on local authority accounting for 2019/2020.

One of the proposed changes being set out in the consultation relates to the IAS19 reports, this will impact on the information presented in the accounting reports you commission with the Fund.

Our actuaries, Hymans Robertson, have responded to the consultation with their views on the changes. If you would like more information, CIPFA's consultation can be found [here](#).

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.

If you have not registered yet and would like to, you can register on [Eventbrite](#).

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 10 September 2018, agenda items considered included; Internal Audit Report – ACCESS Pool, 2018 Annual Benefit Statement Report. The next meeting for the Pension Board will be held on the 5th November 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:

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