

Report to: Pension Board

Date of meeting: 4 August 2016

By: Chief Finance Officer

Title: Officers' Report – General Update

Purpose: To provide a general update to Members of the Pension Board on matters related to the Board activity.

RECOMMENDATION

The Board is recommended to note the report

1. Introduction

1.1 This report provides an update on matters relating to the Pension Board and Committee activities.

2. Report Overview

Cash Flow Forecast and Summary

2.1 The East Sussex Pension Fund invests any surplus cash with the Fund's custodian, Northern Trust. Over the past 5 years, the East Sussex fund has been broadly cash flow 'neutral'. The projection for the fiscal year 2016/17 is that the fund will generate a surplus of £7.1m; the estimated cash flow position will be helped by higher employer pension contribution rates set at the last triennial valuation and payable since 1 April 2015. Table 1 below shows the cash projection to 31 June 2016.

PENSION FUND DEALINGS WITH MEMBERS AND EMPLOYERS	Original 2016/17 £m	Projected Outturn 2016/17 £m	Variance £m
Employees Contributions	28.1	28.8	0.7
Employers Contributions	94.3	94.8	0.5
Deficit Recovery	5.2	5.2	-
Transfers In	4.0	5.2	1.2
TOTAL INCOME	131.6	134.0	2.4
Pensions Benefits Paid	(97.4)	(100.00)	(2.6)
Pensions Lump Sum Paid	(19.9)	(19.9)	-
Administration expenses	(2.1)	(2.1)	-
Transfers Out (excluding Probation transfer)	(5.1)	(4.2)	0.9
TOTAL EXPENDITURE	(124.5)	(126.2)	(1.7)
SURPLUS CASH	7.1	7.8	0.7

3. National Development - updates

Local Government Pension Scheme pooling and Funds Collaboration

3.1 The Committee at its meeting on 31st May 2016 considered the LGPS Investment Pooling report and authorises the Chief Operating Officer, in consultation with Chairman of the Pensions

Committee, to submit the refined detailed response from the East Sussex Pension Fund and ACCESS Pool on the Government's consultation and pooling requirements. .

3.2 The Chairs of the LGPS committees of the administering authorities who have joined forces to establish the ACCESS pool, met on Monday 27th June to consider the ACCESS submission (Appendix 1) on pooling proposals to government, which was submitted to the Government on 15th July 2016.

3.3 Going forward, the ACCESS authorities will continue to place as much emphasis on delivering performance as delivering savings. Our work to date has identified material issues that government can help with. These include:

- Discussions with the FCA to avoid inappropriate regulatory capital requirements; and
- Minimising any tax charges on transfer of assets to pools – as our submission evidences, excessive transition costs could wipe out many years of savings and are one of the biggest risks affecting the pay-back period for our proposals.

3.4 The attached (Appendices 2 & 3) communications have been put together by the LGA in relation to employer and scheme member enquires about how pooling might affect them.

4. 2016 Employer Forum

4.1 The East Sussex Pension Fund (ESPF) Employer Forum is scheduled for 18th November 2016 at the County Hall. The draft itinerary is attached as Appendix 4.

6. Pension Board Agenda – November 2016

6.1 The draft agenda for the November 2016 Pension Board meeting include the following-

- Internal dispute resolution procedure
- Internal Control Register
- Risk register
- CIPFA Benchmarking

7. Conclusion and reasons for recommendations

7.1 The Board is requested to note the general update regarding the Pension Fund activities.

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Background Documents:
None