

Report to: Pension Board

Date of meeting: 9 February 2017

By: Interim Chief Finance Officer

Title: Officers' Report – General Update

Purpose: To provide a general update to the Pension Board on matters related to the East Sussex Pension Fund

RECOMMENDATIONS – The Board is recommended to consider and note the report

1. Background

1.1 This report provides an update on matters relating to the East Sussex Pension Fund (ESPF).

2. Supporting information

Cash Flow Forecast and Summary

2.1 The ESPF invests any surplus cash with the Fund's custodian, Northern Trust. Over the past 5 years, the ESPF 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 30 September 2016.

PENSION FUND DEALINGS WITH MEMBERS AND EMPLOYERS	Original 2016/17 £m	Projected Outturn 2016/17 £m	Variance £m
Employees Contributions	28.1	28.4	0.3
Employers Contributions	94.3	89.9	(4.4)
Deficit Recovery	5.2	5.1	(0.1)
Transfers In	4.0	7.7	3.7
TOTAL INCOME	131.6	131.1	(0.5)
Pensions Benefits Paid	(97.4)	(100.7)	(3.3)
Pensions Lump Sum Paid	(19.9)	(19.6)	0.3
Administration expenses	(2.1)	(2.1)	-
Transfers Out (excluding Probation transfer)	(5.1)	(3.9)	1.2
TOTAL EXPENDITURE	(124.5)	(126.3)	(1.8)
SURPLUS CASH	7.1	4.8	(2.3)

Local Government Pension Scheme pooling and Funds Collaboration

ACCESS Pool – Draft Inter Authority Agreement

2.2. The ACCESS funds have jointly commissioned the external legal firm Eversheds to provide assistance in drafting a legally binding Inter Authority Agreement ("IAA") for the pooling of investments. It is not intended that the ACCESS funds will sign an IAA until a decision is made on the form of the pool following the conclusion of negotiation with the Government.

2.3. The IAA will be based on the governing principles that were agreed by the ACCESS pension funds at the outset of their collaboration in February 2016, including:

- working collaboratively,
- all Councils having an equitable voice in governance,
- avoiding unnecessary complexity, and
- running economically and applying value-for-money considerations.

2.4. The most significant principles that will be reflected in the IAA are as follows:

- Governance
- Procurement
- Cost Sharing
- Withdrawal and termination
- Other Provisions
- Timescales

2.5. The Committee will agree recommendations to be made to the County Council at its next meeting, including that authority is delegated to the Chief Operating Officer, in consultation with the Chair of the Pension Committee, to agree the approach to pooling that East Sussex County Council will take, based upon the Government's responses to the options put forward by the ACCESS Pool and the views of the local authorities that make up the ACCESS Pool.

2.6. The Committee agree that in the event that Government responds to the ACCESS Pool's proposals before papers are published for the Council meeting on 21 March 2017, authority is delegated to the Chief Operating Officer, in consultation with the Chair of the Pension Committee, to vary the recommendations to the County Council to reflect the Government's response.

Pension Board Agenda – June 2017

2.7 The draft agenda for the June 2017 Pension Board meeting include the following:

- Key member and employer communications
- Discretionary policy statement
- External Assurance Reports from Third Parties
- Annual Report
- Bulk Transfer, Cessations and Admission policies
- Pension administration statement.

3. Conclusion and reasons for recommendations

3.1 The Board is recommended to note the general update regarding the Pension Fund activities.

PHIL HALL
Interim Chief Finance Officer

Contact Officers: Ola Owolabi, Head of Accounts and Pensions, 01273 482017
ola.owolabi@eastsussex.gov.uk

Background documents:

None