

Report to: **Pension Board**

Date: **16 November 2017**

By: **Chief Finance Officer**

Title of report: **Officers' Report - General Update**

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

RECOMMENDATION – The Board is recommended to note the update.

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 (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 2017/18 is that the fund will generate a surplus of £4.6m; 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 2016. The current/quarter two projected outturn is a surplus of £2.4m, i.e., a variation from estimate of £2.2m, mainly due to movement in the transfer 'In & Out' of the fund. Table 1 below shows the cash projection to 30 September 2017.

PENSION FUND DEALINGS WITH MEMBERS AND EMPLOYERS

Employees Contributions

Employers Contributions

Deficit Recovery

Transfers In

TOTAL INCOME

Pensions Benefits Paid

Pensions Lump Sum Paid

Administration expenses

Transfers Out (excluding College transfer)

TOTAL EXPENDITURE

SURPLUS CASH

	Original 2017/18 £m	Projected Outturn 2017/18 £m	Variance £m
Employees Contributions	28.4	29.8	1.4
Employers Contributions	82.2	83.0	0.8
Deficit Recovery	14.1	13.7	(0.4)
Transfers In	8.8	8.2	(0.6)
TOTAL INCOME	133.5	134.7	1.2
Pensions Benefits Paid	(103.3)	(103.6)	(0.3)
Pensions Lump Sum Paid	(20.1)	(20.8)	(0.7)
Administration expenses	(1.8)	(1.8)	0
Transfers Out (excluding College transfer)	(3.7)	(6.1)	(2.4)
TOTAL EXPENDITURE	(128.9)	(132.3)	(3.4)
SURPLUS CASH	4.6	2.4	(2.2)

3. National Development - updates

Local Government Pension Scheme pooling and Funds Collaboration

3.1. The ACCESS pool update has been provided through a separate report to this meeting.

4. Markets in Financial Instruments Directive (MiFID II)

4.1 The Markets in Financial Instruments Directive is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded. The Financial Conduct Authority (FCA) has issued its final policy statement setting out the rules for

implementation of the Markets in Financial Instruments Directive (MiFID II), effective from **3 January 2018**.

4.2 The election to professional status must be completed with all financial institutions prior to the change of status on 3 January 2018. Following the recommendation at the Pension Committee meeting on 4 September 2017, which agrees to approve delegated responsibility to the Chief Finance Officer in consultation with the Chair for the purposes of completing the applications, the ESPF submitted relevant documentations to our fund managers (i.e., ten individual Fund Managers, Northern Trust, and Hymans Robertson LLP) on Friday 22 September 2017 seeking election 'opt-up' to an elected Professional Client status.

5. Appointment of a new Scheme Member (Pensioner)

5.1 As a result of an employee representative resignation from the Pension Board, there is a need to appoint a new scheme member representative on the Board. Pensioners have been contacted directly through letter, advertisement in local newspapers and on the council's website, seeking an expression of interest detailing how applicant will satisfy the requirement to represent pensioners as a Scheme Member Representative on the East Sussex Pension Board, and how applicant skills and experience will meet the challenges of the role. The scheme member representative selection processes are as follows –

Pension Board Members – Appointment Process mapping	
Description	Date
Letter to Pensioners (expression deadline of 10th November)	16 October 2017
Published within relevant newspapers, and ESPF website	16 October 2017
Closing date for applications	10 November 2017
Shortlisted candidates interview day	8 December 2017
Interview panel agrees appointment	8 December 2017
Appointment report - Governance Committee	23 January 2018
New Pension Board Member - induction	30 January 2018
Pension Board meeting	8 February 2018

5.2 The deadline for submission of an expression of interest with a supporting statement is 10 November 2017, and attached is a copy of the letter, role description, and advert (Appendices 1, 2, & 3).

6. Pension Board Agenda – 8 February 2018

6.1 The draft agenda for the 8 February 2018 Pension Board meeting include the following

- Risk register
- Pension Committee Agenda
- LGPS Pooling – ACCESS Pool Update
- Policies of the administering Authority
 - conflicts of interests;
 - record-keeping/meeting attendance; and
 - data protection and freedom of information
- Communications policy statement.

7. Conclusion and reasons for recommendations

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

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