

Report to: **Pension Committee**

Date: **27 November 2017**

By: **Chief Finance Officer**

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

Purpose of report: **To provide a general update to the Pension Committee on matters related to the Committee activities.**

RECOMMENDATION – The Committee 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 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 estimate 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	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 has submitted relevant documentations to our fund managers on Friday 22 September 2017 seeking election 'opt-up' to an elected Professional Client status, (i.e., ten individual Fund Managers, Northern Trust, and Hymans Robertson LLP).

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

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 Committee Agenda – February 2018

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

- LGPS Pooling – ACCESS Pool Update;
- Communications policy statement.
- Reporting Breaches
- Investment Strategy Statement
- Pension Committee/Board Training Plan

6. Conclusion and reasons for recommendations

6.1 The Committee is recommended to note the general update regarding the Pension Fund activities.

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Background documents: none