

**Report to:** Pension Committee

**Date of meeting:** 24 September 2018

**By:** Chief Finance Officer

**Title:** Hymans Robertson Employer Asset Tracker

**Purpose:** To seek the Committee approval for procuring the Hymans Robertson Employer Asset Tracker (HEAT).

---

**RECOMMENDATIONS – The Committee is recommended to:**

- 1. approve the Hymans Robertson Employer Asset Tracker implementation;**
  - 2. approve the annual operating cost of £25,000.**
- 

**1. Background**

1.1 The Hymans Robertson Employer Asset Tracker (HEAT) provides an efficient way of accurately apportioning assets to individual employers. It allows for employer cash flows and investment returns achieved by the East Sussex Pension Fund (the Fund) in the same way as a bank account or investment fund operates. It is a simpler, pragmatic form of an unitisation process proportionate to the needs of Local Government Pension Scheme (LGPS) funds.

**2. Hymans Robertson Employer Asset Tracker (HEAT)**

2.1 The LGPS has changed and continues to change. The Administering Authority has more to do, often with less resource, such as:

- there is more reporting and more scrutiny on LGPS funds and the bar has been raised in relation to governance, auditability and transparency;
- there are lots more employers participating in the Fund that need information and advice;
- the characteristics of the employers are more diverse; and
- the benefits are becoming increasingly complicated to administer.

2.2 The requirements and responsibilities are more onerous and complicated and therefore there is a need for more robust processes and greater transparency for stakeholders. The current method for asset tracking is becoming increasingly limited.

2.3 Implementing the HEAT's asset tracking approach will benefit the Fund through assets being based on the Fund's ledger, which is still within control of the Council so there is significantly less reliance on third parties keeping data up to date and correct, and assets allocated to employers would be readily auditable and more accurately reflect the employer's assets through a reduction in the level of cross-subsidies across participating employers (and so reduce the risk of the potential challenge by employers). HEAT will improve record keeping, financial accounting, increased engagement from employers as the approach would be easier to understand and more transparent.

2.4 The associated cost for providing the HEAT system is approximately £2,500 per month (i.e., £25,000 pa). The Pension Board received a presentation (attached as Appendix 1) at its meeting on 10 September 2018 and agreed that the fee of £15 per employer per month for HEAT is not insignificant. The Pension Board resolved to note the report.

**3. Conclusion and reasons for recommendations**

3.1 The Committee is recommended to approve the procurement of the HEAT system at a cost of £25,000 per annum.

**IAN GUTSELL**

**Chief Finance Officer**

Contact Officer: Ola Owolabi, Head of Pensions

Tel. No. 01273 482017

Email: [Ola.Owolabi@eastsussex.gov.uk](mailto:Ola.Owolabi@eastsussex.gov.uk)

**BACKGROUND DOCUMENTS**

None