

Report to: **Pension Committee**

Date: **23 September 2019**

By: **Interim Head of Pensions**

Title of report: **General Update and forward plan**

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

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**RECOMMENDATION – The Committee is recommended to note the report.**

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**1. Background**

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 2019/20 is that the fund will generate a surplus of £2.3m; the estimated cash flow position will be helped by employer pension contribution rates set at the last triennial valuation. The projected employer's contributions include a one-off payment of arrears/outstanding amount made to the Fund within the last quarter. Table 1 below shows the cash projection to 31 July 2019.

<b>PENSION FUND DEALINGS WITH MEMBERS AND EMPLOYERS</b>	<b>Original 2019/20 £m</b>	<b>Projected Outturn 2019/20 £m</b>	<b>Variance £m</b>
Employees Contributions	30.1	32.0	1.9
Employers Contributions	84.9	91.2	6.3
Deficit Recovery	20.4	18.4	(2.0)
Transfers In	6.2	6.5	0.3
<b>TOTAL INCOME</b>	<b>141.6</b>	<b>148.1</b>	<b>6.5</b>
Pensions Benefits Paid	(110.8)	(111.6)	(0.8)
Pensions Lump Sum Paid	(23.8)	(19.8)	4.0
Administration expenses	(1.6)	(1.6)	-
Transfers Out	(3.1)	(3.0)	0.1
<b>TOTAL EXPENDITURE</b>	<b>(139.3)</b>	<b>(136.0)</b>	<b>3.3</b>
<b>SURPLUS CASH</b>	<b>2.3</b>	<b>12.1</b>	<b>9.8</b>

**3. 2019 Employer Forum - reminder**

3.1 The East Sussex Pension Fund (ESPF) Employer Forum is scheduled for 29<sup>th</sup> November 2019 at the American Express Community Stadium, Falmer.

**4. Forward Plan**

4.1 The draft agendas for the November 2019 Pension Board and Pension Committee, and relevant sections of joint training, as extracted from the Forward Plan, is included below to assist Members with Fund Governance arrangements.

**5 Pension Board Agenda – 11 November 2019**

5.1 The draft agenda for the November 2019 Pension Board meeting will include the following-

- Pensions Regulator Code of Practice 14 - Review and update gap analysis
- Investment Strategy Statement
- Pension Administration – reports/updates
- Update on regulatory changes
- Review of Investment Manager fee arrangements
- Funding Strategy Statement
- Review of Triennial Valuation Process
- Review of Pension Fund Risk Register and Breaches Log
- Pension Administration Performance Benchmarking
- Annual Benefit Statement Reconciliation Review
- New Pension Administration Service Level Agreement
- LGPS Pooling – ACCESS Pool Update

## **6. Pension Committee Agenda – 25 November 2019**

6.1 The draft agenda for the November 2019 Pension Board meeting will include the following-

- Investment Strategy Statement
- Pension Administration Report & ABS Reconciliation
- Update on regulatory changes
- Funding Strategy Statement
- Review of Triennial Valuation Process and Outcome
- Annual Benefit Statement Reconciliation Review
- Pension Employers (Exempt item)
- LGPS Pooling – ACCESS Pool Update
- MIFID II Annual Review

## **7. Committee Training**

### **7.1. Joint Pension Board and Committee Training Session**

Following the successful joint training session covering 'Getting ready for 2019 triennial valuations and Good Governance in the LGPS' on 28 May 2019, the next joint training session is scheduled to take place on **10 October 2019**. The session will be an '**ESG Day**' to consider/provide an update on legal requirements, industry developments, Fund managers' approaches and Fund's policies and UN Sustainable Development Goals.

7.2 The Fund held a Strategy Day in July 2019 to review its approach to strategy and funding; the structure of the Funds' portfolio and ESG considerations; the impact of ACCESS pooling on the funds governance framework and the relative value of equity markets and regional discrepancies. No decisions were taken in relation to the strategy day however a report summarising the discussion is included as an exempt report of this agenda.

## **8. Conclusion and reasons for recommendation**

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

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