

Report to: **Pension Board**

Date: **10 July 2015**

By: **Head of Accounts and Pensions**

Title: **Officers Report – General Update**

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

RECOMMENDATIONS – The Board is recommended to note the update.

1. Introduction

- 1.1 This report provides an update on matters relating to the Panel activities.

2. Report Overview

Business Operation

- 2.1 A report is attached from the Acting Head of Orbis Business Operations, covering pension administration activities, and would welcome input from the Board on specific areas of interest that they may wish to pursue in future.

Cash Flow Forecast and Summary

- 2.2 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'. However for the fiscal year 2014/15 the fund generated a surplus of £2.7m, the cash flow position has been helped by higher employer pension contribution rates set at the last triennial valuation and payable since 1 April 2014. In March 2014 £2m of this 'new money' generated was transferred from the East Sussex Pension Fund bank account to Northern Trust for investment. The projected cash flow forecast for 2015/16 is a surplus of £3.5m. Table 1 shows the cash movements to 31 March 2015 and the 2015/16 forecast.

PENSION FUND DEALINGS WITH MEMBERS AND EMPLOYERS

Employees Contributions	26.8	27.4	0.6
Employers Contributions	87.2	91.0	3.8
Transfers In	5.6	5.8	0.2
TOTAL INCOME	119.6	124.2	4.6
Pensions Benefits Paid	(112.0)	(115.1)	(3.1)
Administration expenses	(1.7)	(2.2)	(0.5)
Transfers Out (excluding Probation transfer)	(3.2)	(3.4)	(0.2)
TOTAL EXPENDITURE	(116.9)	(120.7)	(3.8)
SURPLUS CASH	2.7	3.5	0.8

	2014/15 £m	Forecast 2015/16 £m	Variance £m
Employees Contributions	26.8	27.4	0.6
Employers Contributions	87.2	91.0	3.8
Transfers In	5.6	5.8	0.2
TOTAL INCOME	119.6	124.2	4.6
Pensions Benefits Paid	(112.0)	(115.1)	(3.1)
Administration expenses	(1.7)	(2.2)	(0.5)
Transfers Out (excluding Probation transfer)	(3.2)	(3.4)	(0.2)
TOTAL EXPENDITURE	(116.9)	(120.7)	(3.8)
SURPLUS CASH	2.7	3.5	0.8

National Development/Shadow Board - updates

- 2.3 The LGPS Scheme Advisory Board (The Board) was established to advise the Secretary of State for Communities and Local Government on the development of the LGPS. The Board now is inviting proposals from interested parties to assist it in developing options with regard to the increased separation of *LGPS pension funds* and *their host authorities* for consideration prior to potentially making recommendations to the Secretary of State.

- 2.4 The Board will require the successful organisation to produce a comprehensive review and develop the following options –

1. Stronger role for Section 151 Officer within a distinct entity of the host authority
2. Joint Committee of two or more administering authorities
3. LGPS complete separation of the pension fund from the host authority

- 2.5 The Board expect the proposals from interested parties to be returned on Thursday 2nd July 2015, with a view to making a presentation to the 21st September Board meeting.

3. Pension Board Training - feedback and strategy

Self Assessment Returns

- 3.1 The results/feedback from the attendees at the Local Pension Board Induction training day were positive with comments that members were keen to know more about pension governance. Officers are currently collating the outcome of the completed self-assessment training need from Pension Board representatives.
- 3.2 The Self Assessment returns so far, highlight specific areas for individual Members where pension knowledge gaps exist. Hopefully, the proposed training plan will address these but where it doesn't, specific training can be targeted on an individual basis.

Proposed Members Training Plan for 2015-2017

- 3.3 The proposed Training Plan for East Sussex Pension Fund Committee/Board Members is contained within the Board Forward Plan document. This Plan incorporates the ideas, themes and preferences identified so far from the Self Assessment of Training Needs along with best practices/upcoming areas where the Committee/Board will require additional knowledge.
- 3.4 The Plan aims to give an indication of the delivery method, meeting the CIPFA Knowledge and Skills Framework (KSF), and target completion date for each area (to be determine). On approval, officers will start to implement this programme, consulting with Members as appropriate concerning their availability.
- 3.5 The KSF recommends a Members Training Plan should take a medium term view. Therefore, the new plan has been extended to cover the period from 2015-2017 to take Members past the 2016 Triennial Valuation.

4. PensionsWEB

- 4.1 The East Sussex Pension Fund is utilising a PensionsWEB system which is contracted with its actuarial and benefit consultants Hymans Robertson. It is a secure Employer portal designed to streamline information transfer and validation, with the capability of bulk loading of joiners, leavers and contribution files. It allows Employers to see the data held by the Fund in regards to its employees and as such allows employers to take ownership of resolving owned errors. The East Sussex Pension Fund has been working with Hymans Robertson over the last couple of months in implementing PensionsWEB and was launched on the 1 July 2015.

5. Conclusion and reasons for recommendations

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

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

Local Member(s): All