

Report to: Pension Committee

Date of meeting: 25 September 2025

By: Chief Finance Officer

Title: Pension Reform Agenda

Purpose: To provide an update on changes affecting Local Government Pension Schemes and the East Sussex Pension Fund

RECOMMENDATIONS:

The Pension Committee is recommended to:

- 1) note the updates in relation to next steps for the East Sussex Pension Fund in terms of pension fund pooling as set out in this report;**
 - 2) Agree to undertake further due diligence work in relation to the Fund joining the Border to Coast Pension Partnership Pool, prior to final decision to joining the Pool and transferring assets, as detailed in an exempt report later in the agenda; and**
 - 3) Delegate to the Chief Finance Officer, in consultation with the Monitoring Officer, authority to review the Governance arrangements necessary to facilitate any transfer of the Fund by April 2026.**
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1. Background

- 1.1 The report has been prepared to update the Pension Committee on the government's proposed changes to pension fund pooling, highlighting the key proposals and the Government's response to the proposal put forward by the ACCESS pool.
- 1.2 Officers have extensively covered the background to the 'Fit for the Future' consultation and the requirements the Fund must comply with by 31 March 2026. Full details can be found in [previous reports at agenda item 6](#).
- 1.3 On 29 May 2025 the Government published its response to its consultation on proposals relating to the management of the LGPS by English and Welsh Authorities (Local Government Pension Scheme (England and Wales): Fit for the Future).
- 1.4 The consultation response was followed by the publication of the Pension Schemes Bill which has a wide remit, including regulation making powers relating to minimum standards for asset pooling, requirements to participate in certain asset pools and requirements on asset pools to be investment management companies authorised by the Financial Conduct Authority. The Bill is subject to change until it becomes an Act of Parliament and the detail in the underlying regulations and statutory guidance in respect of the Pension Schemes Bill has not yet been published.
- 1.5 It is expected that the Pension Schemes Bill will receive Royal Assent in 2026 and consultation on the draft regulations is expected to follow however specific timeframes for publication of the regulations has not yet been confirmed. Notwithstanding this, the government expects all Authorities to have Shareholder Agreements in place by 31 March 2026 and for Local Government Pension Scheme (LGPS) asset pools to be responsible for the management of LGPS Authority assets from 1 April 2026.

- 1.6 Committee members will be aware that, following the decision by government not to support the proposal put forward by the ACCESS pool to comply with the requirements of the 'Fit for the Future' consultation, officers have been working extensively with advisors and officers from the West Sussex Pension Fund (recognising the impact of proposed devolution and new Mayoral Combined County Authority for Sussex and Brighton) to identify a new pooling partner for the Fund.

2 Indication of Preference to Join with Border to Coast Pension Partnership

- 2.1 Following extensive due diligence work carried out from April 2025 in conjunction with officers from the West Sussex Pension Fund and Barnett Waddingham (who acted as advisor to both East and West Sussex) a report was considered by the Pension Committee at its meeting on 24 July 2025. An evaluation of all the options available to the Fund with regard to investment pooling was presented to the Committee, who approved the Officers' recommendation that the Fund agree to focus all further due diligence on the Border to Coast Pension Partnership ("BCPP"). The Pension Committee of West Sussex County Council resolved to approve the same recommendation.
- 2.2 BCPP have been informed of the Fund's preference and are happy to welcome both East and West Sussex Pension Funds into the partnership, as are the current partner funds of BCPP.
- 2.3 Officers have also informed other pools of the preference expressed by the Fund as well as advising Government on 10 August 2025. Government have not provided any indications that are contrary to supporting the preference expressed.
- 2.4 A public statement was also released by BCPP on behalf of the Fund on 14 August 2025 and the Fund also provided internal and external communications to relevant stakeholders.
- 2.5 Officers have concluded further due diligence in conjunction with Barnett Waddingham and West Sussex Pension Fund, focusing solely on BCPP. The results of this work are detailed in an exempt report later in the agenda, however the work further supports the move to BCPP.

3 Dissolution of the ACCESS Partnership

- 3.1 East and West Sussex are part of a group of 7 ACCESS partner funds that have indicated a preference for moving to BCPP. The other partner funds expressing a preference for BCPP are Cambridgeshire, Essex, Hertfordshire, Kent and West Northamptonshire. Therefore, this group represents a majority of ACCESS partner funds both in terms of asset size and number of partner funds. Subject to formal agreement and completion of governance processes, officers for East and West Sussex will work with officers from these partner funds to collectively complete the necessary documentation to allow the funds to join BCPP as a shareholder by 31 March 2026.
- 3.2 The 4 remaining ACCESS partner funds – Norfolk, Hampshire, Isle of Wight and Suffolk have expressed a preference to join LGPS Central. Therefore, as a collective pool, ACCESS will now start to work towards its dissolution. Officers are working with officers from partner funds and the ACCESS Support Unit (ASU) to determine how best to move forward. This is a detailed and complex process to determine the most cost-effective way to dissolve the collective partnership both from a legal and regulatory and operational perspective.

4. Conclusion and Reasons for recommendations

4.1 Following the publication of the Pension Schemes Bill and the clear direction of travel set by Government, significant work has been undertaken to ensure that the ESPF is compliant with the anticipated changes in the law and Government expectation. With BCPP having been identified as the preferred fund and agreement to concentrate resources on focusing on undertaking the necessary due diligence work is ongoing including reviewing draft documentation.

4.2 A number of decisions will need to be made to agree to and give effect to the transfer of the fund to a new pool. A review of the necessary authority, permissions and agreements will be undertaken with a view to ensuring that appropriate arrangements are in place so that decisions are made safely and at the right time.

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