



PENSION BOARD

THURSDAY, 5 JUNE 2025

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Ray Martin (Chair)
Zoe O'Sullivan, Trevor Redmond, Neil Simpson, Linda Hughes,
Councillor Andrew Wilson and Vacancy

A G E N D A

1. Minutes of the meeting held on 13 February 2025 *(Pages 3 - 18)*
2. Apologies for absence
3. Disclosure of interests
4. Urgent items
Notification of any items which the Chair considers urgent and proposes to take at the appropriate part of the agenda.
5. Pension Committee Agenda *(Pages 19 - 22)*
6. Pension Reform Agenda *(Pages 23 - 32)*
7. Governance Report *(Pages 33 - 70)*
8. Employer Engagement and Communications Report *(Pages 71 - 98)*
9. Pension Administration Report *(Pages 99 - 114)*
10. East Sussex Pension Fund Financial Outturn Report 2024/25 *(Pages 115 - 118)*
11. Internal Audit Report *(Pages 119 - 150)*
12. External Audit Plan for the East Sussex Pension Fund 2024/25 *(Pages 151 - 190)*
13. Pension Fund Risk Register *(Pages 191 - 202)*
14. Work Programme *(Pages 203 - 222)*
15. Any non-exempt items previously notified under agenda item 4
16. Exclusion of the public and press
To consider excluding the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

17. Governance Report - Exempt Information (*Pages 223 - 230*)
18. Pension Fund Breaches Log and Internal Dispute Resolution Procedure Case Report (*Pages 231 - 234*)
19. Employer Admissions and Cessations Report (*Pages 235 - 242*)
20. Any other exempt items previously notified under agenda item 4

PHILIP BAKER
Deputy Chief Executive
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28 May 2025

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PENSION BOARD

MINUTES of a meeting of the Pension Board held at Council Chamber, County Hall, Lewes on 13 February 2025.

PRESENT Board Members; Ray Martin (Chair) and Neil Simpson, Nigel Manvell and Cllr Andrew Wilson.

Susan Greenwood, Interim Head of Pensions
George Norval, Interim Deputy Head of Pensions
Ian Gutsell, Chief Finance Officer
Paul Punter, Head of Pensions Administration
Russell Wood, Pensions Manager: Investments and Accounting
Stephanie Fernando, Employer Engagement Officer
Paul Linfield, Pensions Communications Manager
Mariana Obetzanova, Pensions Training Coordinator
Dave Kellond, Compliance and Local Improvement Partner
Mya Kyne, Pensions Accountant
Danny Simpson, Principal Auditor
Georgina Seligmann, Governance and Democracy Manager
Cllr Paul Redstone
Cllr Gerard Fox
Cllr Nick Bennett

55. MINUTES OF THE MEETING OF 7 NOVEMBER 2024

55.1 The Board agreed the minutes of the previous meeting held on 7 November 2024 as a correct record.

56. APOLOGIES FOR ABSENCE

56.1 Apologies were received from Zoe O'Sullivan and Lynda Hughes.

56.2 Cllr Andrew Wilson was appointed as Vice-Chair for the meeting.

56.3 The Chair thanked Nigel Manvell for his tenure on the Pension Board.

57. DISCLOSURE OF INTERESTS

57.1 There were no disclosures of interest.

58. URGENT ITEMS

58.1 There were no urgent items.

59. PENSION COMMITTEE AGENDA

59.1 The Board considered a report containing the draft agenda for the Pension Committee meeting due to be held on 27 February 2025 and noted that:

- In addition to the reports seen by the Board, the Committee will receive an investment report.
- The Committee will have an additional update on the Joint Access Committee meeting of 12 February regarding the Pension Reform Agenda.

59.2 The Board RESOLVED to note the agenda.

60. PENSION REFORM AGENDA

60.1 The Board considered a report on the Pension Reform Agenda introduced by Susan Greenwood (SG) who drew the Board's attention to the following points:

- 1) Further to the announcement of a pensions' review in July 2024, the Chancellor announced in her Mansion House speech on 14th November 2024 that the government would launch a consultation to ensure that the LGPS was "Fit for the Future" with a view to accelerating pooling of assets by March 2026 and supporting the Chancellor's aims of accelerating growth and investment in the UK.
- 2) The consultation has thirty questions and is focussed on three key areas:
 - Reforming the LGPS asset pools: with a single model, whereby LGPS Administering Authorities (AAs) will delegate investment strategy implementation to the pool; Financial Conduct Authority (FCA) registration of pools;
 - Boosting LGPS investment in their localities and regions in the UK: by having a target allocation to local investment that supports local economic priorities; working with local authorities.
 - Strengthening the governance of both AAs and LGPS pools: building on the 2021 Good Governance review.
- 3) The Fund has prepared an extensive response to this lengthy consultation as set out in Appendix 2 of the report.
- 4) Officers have undertaken extensive work on this and the report sets out the key areas of governance reform and the assessments of where the Fund currently complies.
- 5) Changes will be required to strategies and policies however the detail of this is not yet known.
- 6) The Board discussed whether the governance arrangements for the Fund would change and officers confirmed that the scheme will still exist and that all the responsibilities for the administration of the Fund will remain but confirmed that the investment responsibilities will change.
- 7) These changes are not expected to impact on the valuation of the Fund this year.
- 8) The Board discussed potential risks to the Fund and noted that an independent assessment of the pools will be important and it is not yet clear on how the relationship

between the investment funds and the pools will work however the significant risk will be how the pool is directed to invest from central government.
36.1.

- 9) The Chair suggested that if the proposals went ahead as planned the roles of the Pension Board and Pension Committee would almost entirely overlap and, if that were the to be the case, the Officers might want to consider joint meetings going forward to avoid overlap and repetition.

60.2 The Board RESOLVED to note the report.

61. GOVERNANCE REPORT

61.1 The Board considered a report providing an update on various governance workstreams completed and changes affecting the LGPS and the ESPF introduced by Dave Kellond (DK) and drew the Board's attention to the following:

Legal and regulatory changes

- 1) The Education and Skills Funding Agency published a policy paper in November 2024 announcing that they will guarantee outstanding LGPS liabilities when a further education body closes, in line with the existing guarantee in place for academies. As a result, the Fund may consider whether the funding approach for the employers to whom the guarantee has now been extended should be revised.
- 2) This will strengthen the covenant in the Fund for those employers identified as being affected. The Fund will communicate with those employers and review the implications of these changes.
- 3) The Scheme Advisory Board recently sought an update to Counsel's opinion on fiduciary duty, having last done so in 2014.
- 4) In January the Scheme Advisory Board published the updated opinion of Nigel Giffin KC. This is intended as a review and update of the opinion given in 2014 and it considered financial and non-financial matters.
- 5) It is the intention that from April 2027 most unused pension funds and death benefits will be included within the value of a person's estate for Inheritance Tax purposes and pension scheme administrators will become liable for reporting and paying any Inheritance Tax due on pensions to HMRC. In the context of the Local Government Pension Scheme this will mean that any death grant payable would always fall within the estate of the deceased member for inheritance tax purposes, and as a result scheme administrators will be responsible for reporting and paying any inheritance tax due.
- 6) A consultation seeking views on the processes required to implement these changes closed on 22 January 2025. The response only addressed the process for implementing the changes, and not the issue of the change itself as that was not within the focus of the consultation.
- 7) The response provided to the consultation makes clear the view that accounting for and paying of inheritance tax, should be the responsibility of the personal representative and

not be that of the pension scheme administrator and the Funds responses appear to be consistent with that of the National Pension Officer Group and other LGPS funds.

Funding

- 8) The Fund Actuary has prepared the indicative quarterly funding update as at 31 December 2024, rolling forward assumptions from the valuation and reflecting actual experience since March 2022, included as Appendix 5. The indicative funding report shows the funding position increase from 120% in June 2024 to 122.4% in December 2024. This does however, represent a minor decrease from the position in March 2022 of 122.8%.

61.2 The Board RESOLVED to note the Governance report.

62. EMPLOYER ENGAGEMENT AND COMMUNICATIONS REPORT

62.1 The Board considered an update on employer engagement activities and communication tasks that directly affect the East Sussex Pension Fund introduced by Paul Linfield (LN) and Matt Hunt (MH); activities have included website improvements and branding revisions to written communications to members.

62.2 MH drew the Board's attention to the following:

- 1) From February 2024 until December 2024 there have been 34 late payments of contributions out of 1634 expected payments. The numbers were relatively constant until July when there was a slight uptick however officers do not consider this to be indicative of a wider trend.

62.3 PL drew the Board's attention to the following:

Training

- 2) The Employer Engagement team have commenced the 3-part member level training series and the first session was delivered virtually on 13 January 2025 with 106 attendees.
- 3) The courses were very well received with 42% of members felt their knowledge had significantly improved as a result of the courses. Officers will work through the feedback in order to adjust the courses as required.
- 4) Officers will follow up on the attendance rates with the Corporate Training team and will provide specific data on how much District and Borough members attended.

Member Survey

- 5) The Fund issued two member surveys in December and officers have begun the analysis of results and will put together a summary for members together with an action plan.
- 6) The results of the survey were very positive and a summary for members has been provided on the website along with actions such making communications in plain English and ensuring that content is aligned with what members want to see.

Website

- 7) The website continues to be updated with relevant and engaging information for members and employers. In early January 2025, an annual refresh/deletion/tweak to pages was undertaken. In addition all elements of the Employer Toolkit were checked and amended as appropriate to reflect current practices/updated links etc. The newly provided website analytics will be used to better target members.

Member self-service

- 8) 41% of active members are registered and 50% of pensioners are registered with the self-service. Officers will continue to promote this via employers and the next communications plan will consider ways to increase traffic to the site.

62.4 The Board RESOLVED to note the report.

63. PENSIONS ADMINISTRATION REPORT

63.1 The Board considered a report providing an update on matters relating to Pensions Administration activities and Paul Punter (PP) drew the Board's attention to the following points:

KPIs

- 1) The volume numbers of tasks received are extraordinarily high compared to the historical position and are unsustainable. 82% for Q4 so below what officers are aiming for however the table in Appendix 1 of the report demonstrates that performance has improved over the quarter as the workload has decreased through clearing the backlog which is encouraging. Further, death and retirement requests were processed on time which is key.
- 2) The Admin Working Group met on 02/12/24 and went through the October 24 Admin Performance in detail. Full explanations were provided about the cases with the longest number of days taken and where the average number of days were high. The attendees were appropriately reassured the data was accurate and being reported correctly and most importantly that the PAT were working tirelessly and effectively to clear the backlog and improve the reported team performance. The impact of uneven spikes in post received (like following the issue of ABS) were much better understood. November and December KPIs demonstrated a significant improvement and the Admin Working Group will look at the detail of this at their next meeting.
- 3) January saw further improvement however poorer numbers are anticipated in February and March due to the pressures on resources at BHCC and the mid-year bulk file from BHCC in addition to their officers catching up on their backlog of work which has generated new queries. The January file was run in February and overall went well which is very positive and indicates that the BHCC files can run in same way that other employers do.
- 4) The Chair congratulated the PAT on improving performance and, whilst not yet fully in line with targets indicated the Board's support and acknowledged the improved reporting.

Helpdesk

- 5) The Fund aims to achieve a gold standard service provision for the Pensions Helpdesk. The team is working effectively, and members of the Helpdesk are taking on more work from the administration team. The Chair appreciated that the work desk report was now down to one page and was pleased that the team had remained stable and was now able to take on more tasks.
- 6) Deferred benefits queries are often the tasks which take the longest to complete as tasks relating to death and retirement are prioritised and the numbers of tasks can change once the work has been analysed depending on the complexity of the work. A robot is in place now to do much of the work once the analysis is done which should accelerate the process.

Staff

- 7) Since the last meeting there has been one resignation and a staff member will be beginning maternity leave so some redeployment of staff required.

Projects

- 8) Pensions Dashboard: Officers continue to focus on getting the data ready using a Heywood Altair Insights dashboard report to identify gaps. Heywood are our Integrated Service Provider, and a project plan has been created, with a two-phase approach pencilled in. Phase one was completed in January. Reconciliation of data from the Fund and Prudential is ongoing to ensure it is consistent. All schemes must onboard by 31 October 2026, but the LGPS formal staging date is 31 October 2025. It is not yet known when the pension dashboards will go live to the public.
- 9) iConnect: Officers had targeted the last 10 employers (who had historically had data issues or been less engaging) to be onboarded by 31 March 2025. All have had their initial meetings and discussions about our specifications and requirements. University of Brighton is almost ready to be onboarded which represents good progress.

Pension software

- 10) A paper on the PAS tender was presented to the Pensions Committee on 21 November 2024 advising Officers had evaluated the LGPS Framework bid and were happy with the quality of the submission. Officers recommended that Heywood Limited would continue to provide a robust and comprehensive service to the Fund and further system enhancements should be taken on as part of a new contract. The Pensions Committee authorized the Chief Finance Officer to complete the appropriate due diligence to award the contract. The award was made on 23 January 2025. The contract will commence on 28 April 2026 for a five-year term, with an option to extend up to 26 April 2034.
- 11) There is no impact on the service from the delayed start of the contract as the agreement is with the existing provider.
- 12) Officers will provide an update on the progress of the overseas mortality checks at the next meeting.

63.2 The Board welcomed the detailed information and officers' commitment to remaining transparent and noted that the increases in work will result in a drop in the KPIs but this does not reflect a drop in performance as the hard work of PAT officers is recognised.

63.3 The Board RESOLVED to note the report.

64. EAST SUSSEX PENSION FUND QUARTERLY BUDGET MONITORING AND 2025/26 BUSINESS PLAN AND BUDGET

64.1 The Board considered the Quarterly Budget report presented by SG and noted the following points:

2024/25 Q3 Forecast Outturn as at 31 December 2024

- 1) The budget requirements for 2024/25 were set at £4.561m (£4.463m 2023/24 excluding manager fees) to support the Business Plan activities and administration of the Fund. The forecast outturn at the third quarter of 2024/25 is £4.314m (£4.400m last quarter), this is a slight decrease from the last projected position of £0.085m and reflects an underspend to the approved budget of £0.247m.
- 2) This decrease is mainly due to staffing costs as there were some new vacancies over the quarter and the pay award was lower than budgeted for which has also decreased the overhead charge as this is based on staff numbers.

The Business Plan and Budget

- 3) Total 2025/26 budget proposed is £4.645m (£4.561m 2024/25) to support the Business Plan activities and administration of the Fund. This represents an increase of £0.084m on the 2024/25 budget. There has been a full review of the costs for 2025/26 and the budget for individual lines have changed. The overall result was a budget which was slightly above the previous years.
- 4) The main movement has been the reprofiling of costs charged by ESCC which took place in the second quarter of 2024/25 between overheads, IT, systems licences costs and admin operational support. This provides a more accurate picture of the costs the Fund is incurring.
- 5) Staff costs have increased by £0.024m. This includes an estimate for a 2.5% pay award, in line with the ESCC budget methodology.
- 6) There is a reduction expected on investment advice of £0.062m due to the outcome of the procurement process being completed and certainty of costs is better known.
- 7) As this is a valuation year considerable work is expected from the Actuary during the year to conclude this activity and based on previous valuation years, officers are anticipating an additional £0.054m of spend this year.
- 8) There is also an anticipation that there will be a lot of work and costs associated with the outcome of the Government's "Fit for the Future" consultation. As the outcome is uncertain at the moment no explicit provision for this has been made in the budget but we have allowed for a potential increase in legal costs that could be associated with documentation reviews.
- 9) The Pension Committee will receive further details about costs at their next meeting as more details become known.

64.2 The Board RESOLVED to note:

- 1) the 2024/25 Q3 forecast financial outturn position; and
- 2) the Business Plan and Budget for 2025/26 set out in Appendix 1 of the report.

65. INTERNAL AUDIT REPORT

65.1 The Board considered the audit report presented by Danny Simpson (DS) and noted the following points:

- 1) The review of Financial Controls was completed as part of the Internal Audit Strategy and Plan for Pensions 2024/25 and provides assurance on the overall effectiveness of controls.
- 2) An opinion of Substantial Assurance over the controls in place was provided.

Annual strategy plan

- 3) 75 days of work planned for 2025/26 as per last year which was agreed in consultation with the chairs.
- 4) Officers will be reviewing the preparedness for the pooling reforms and ensuring that the required pace can be achieved. It was agreed that these pieces of work could be done in parallel towards the end of Q1 and into Q2 whilst noting that the full scope of what is required may not be fully known at Q1.
- 5) The administration of pension benefits will be audited as the volume of work is so significant is so high and it's the key role of the team.
- 6) Cyber security will be considered as part of the audits the team will undertake.

65.2 The Board RESOLVED to note the report.

66. PENSION FUND RISK REGISTER

66.1 The Board considered the risk register presented by George Norval (GN).

66.2 The Board considered the following risks:

- 1) Risk I5 - which focuses on the changes that will be required to Investment Pooling in relation to the "Fit for the Future" government consultation proposals. The risk here is around the government's proposals and/or the arrangements of ACCESS being insufficient for the needs of ESPF, which could cause a reduction in funding level among other negative impacts. Until the proposals are finalised, the risk score is high, although it is mitigated slightly to a moderate risk by ESPF continuing to engage with and shape the proposals.
- 2) Risk G1, key person risk, has also been reduced. The Fund now has in place an Acting Head of Pensions and has extended the contract of the Interim Deputy Head of Pensions, ensuring the continuation of service.

- 3) Risk G3, there is still one outstanding question from the Pension Committee meeting on 25 September 2024 regarding whether system back-ups were immutable and assessment of third-party provider backs up. The Fund are in liaison with Information Security team on the query about back-ups and will continue to assess the risk around Cyber Security. It is anticipated that the Information Security team will provide an update ahead of the Pension Committee meeting date.

Risk Register Workshop

- 4) Officers will be holding a Risk Register workshop towards the end of March via Teams. This will focus on reviewing the Risk Register and adding, removing or amending risks as is deemed necessary. Board members are encouraged to attend.

66.3 The Board RESOLVED to note the report.

67. WORK PROGRAMME

67.1 The Board considered the report on the work programme, introduced by SG who highlighted the following points:

- 1) This is a valuation year, and this is reflected in the work programme;
- 2) The June training will now focus on valuation training rather than member induction following the announcement of the postponement of the elections in May;
- 3) It was agreed that Business continuity will be reviewed and then either addressed in the workplan or within the risk register.

67.2 The Board RESOLVED to note the work programme.

68. EXCLUSION OF THE PUBLIC AND PRESS

68.1 The Board RESOLVED to exclude the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

69. AVC REVIEW PAPER

69.1 The Board considered the Exempt Additional Voluntary Contributions (AVC) report.

69.2 A summary of the discussion is set out in an Exempt minute.

69.3 The Board RESOLVED to note the report.

70. GOVERNANCE REPORT (EXEMPT)

70.1 The Board considered the Exempt Governance report.

70.2 A summary of the discussion is set out in an Exempt minute.

70.3 The Board RESOLVED to agree the recommendations set out in the Exempt minute.

71. EAST SUSSEX PENSION FUND BREACHES LOG

71.1 The Board considered a report providing an update on the Breaches Log and outstanding or new Internal Dispute Resolution Procedure (IDRP) cases.

71.2 A summary of the discussion is set out in an Exempt minute.

71.3 The Board RESOLVED to note the report.

72. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

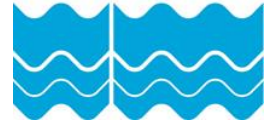
72.1 The Board considered a report providing an update on the latest admissions and cessations of employers within the Fund.

72.2 A summary of the discussion is set out in an Exempt minute.

72.3 The Board RESOLVED to note the report.

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PENSION COMMITTEE

THURSDAY, 19 JUNE 2025

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Gerard Fox (Chair)
Councillors Ian Hollidge, Paul Redstone, David Tutt and Georgia Taylor

A G E N D A

1. Minutes of the meeting of 27 February 2025
2. Apologies for absence
3. Disclosure of Interests
Disclosures by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
4. Urgent items
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda.
5. Pension Board Minutes
6. Pension Reform Agenda
7. Governance Report
8. Communication Strategy
9. Pensions Administration report
10. East Sussex Pension Fund Financial Outturn Report 2024/25
11. Internal Audit report
12. External Audit Plan for the East Sussex Pension Fund 2024/25
13. Annual Report of the Pension Board
14. Risk Register
15. Investment Report
16. Work programme
17. Any non-exempt items previously notified under agenda item 4

18. Exclusion of the public and press
To consider excluding the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).
19. Pension Reform Agenda - Exempt Information
20. Investment Report - Exempt Information
21. Governance Report - Exempt Information
22. Breaches Log
23. Employer Admissions and Cessations
24. Any other exempt items previously notified under agenda item 4

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11 June 2025

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PENSION COMMITTEE

SUMMARY OF THE MINUTES: 27 FEBRUARY 2025

All members of the Committee were present.

PENSION REFORM AGENDA

The Committee considered a report introduced by Susan Greenwood and resolved to note the further announcement from the Chancellor that the government would launch a consultation to ensure that the LGPS was 'Fit for the Future' with a view to accelerating pooling of assets by March 2026 and supporting the Chancellor's aims of accelerating growth and investment in the UK and to note the officers' extensive response to the consultation.

GOVERNANCE

The Committee considered a report introduced by Dave Kellond and resolved to note the legal and regulatory changes including the announcement from the Education and Skills Funding Agency noting the Fund may consider whether the funding approach for the employers to whom the guarantee has now been extended should be revised. The Committee also noted the intention to include unused pension funds and death benefits within the value of a person's estate for Inheritance Tax purposes. The Committee also noted the Fund Actuary had prepared the indicative quarterly funding update as at 31 December 2024 showing the position increase from June 2024 and decrease from March 2024.

PENSIONS ADMIN

The Committee considered a report introduced by Paul Punter and resolved to note the KPI position acknowledging work completed to reduce the backlog and the projects being undertaken especially around pension admin software.

QUARTERLY BUDGET MONITORING AND 2025/26 BUSINESS PLAN AND BUDGET

The Committee considered a report introduced by Russell Wood and resolved to note the Q3 forecast financial outturn position and approved the business plan and budget for 2025/26

INTERNAL AUDIT REPORT

The Committee considered report introduced by Danny Simpson and resolved to note the Pension Fund – Financial Controls Audit Report and approve the Internal Audit Strategy for Pensions and Annual Plan 2025/26. The Committee noted that the overall 2024/25 was given an opinion of substantial assurance and noted that officers will be reviewing preparedness for the pooling reforms in Q1 for 2025/26. The Committee also noted that training session on the Pensions Dashboards is planned for the Committee in September 2025.

RISK REGISTER

The Committee considered a report introduced by George Norval and noted the report after consideration of specific Risks I5 (Investment Pooling), G1 (Key Person Risk) and G3 (Cyber

Security). Committee Members were encouraged to attend a Risk Register workshop in March 2025.

INVESTMENT

The Committee considered a report introduced by Russell Wood and noted the Fund's scored against the Principals for Responsible Investment, the Stewardship report and considered and approved the strategic objectives set for Hymans Robertson under their new contract and the Counsel Opinion on implications of the current events in Gaza on the LGPS.

Iain Campbell from Hymans Robertson highlighted the valuation increase of the Fund since last reported noting the relative underperformance of the Fund's strategy to its agreed benchmark, CPI inflation for Q4, rises in gilt yields with anticipated higher bond issuance to fund tax cuts, fall of credit spreads, volatility of stocks, performance of investment managers against the board equity market and noted that Nest, have entered a binding agreement that will see Nest take a 10% ultimate ownership stake in IFM. It was agreed that Iain will provide further information about the red rating for Baillie Gifford.

WORK PROGRAM

The upcoming work program was noted. In particular the Committee noted that this year is a valuation year which is reflected in the Work Programme, the June 2025 training will now focus on valuation rather than induction following the postponement of elections and there will be income generation training and understanding the position of the Fund and managing cashflow. It was agreed that business continuity planning will be reviewed and either addressed in the workplan or the risk register.

EXEMPT ITEMS

A number of items were discussed under the Exempt part of the meeting which Board Members can have access to on request. These included the Exempt Additional Voluntary Contributions report, Breaches Log, Admissions and Cessations Report and additional exempt information on the Pension Reform Agenda Report, Investment Report and Governance Report.

Report to: Pension Board

Date of meeting: 5 June 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 Board is recommended to note this report.

1. Background

- 1.1 The report has been prepared to update Board 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 In July 2024, the Chancellor of the Exchequer, announced a pensions review to boost investment and tackle waste in the pensions system, stating that action will be taken to unleash the full investment might of the c£360bn Local Government Pension Scheme (LGPS) to make it an engine for growth and tackle the £2bn that is being spent on fees. The work announced, focusing on investments, was stated to be the first phase in reviewing the pensions landscape.
- 1.3 Following further liaison with LGPS funds, pools and officers, the Chancellor announced in her Mansion House speech on 14 November 2024 that the government would launch a consultation to ensure that the LGPS was "Fit for the Future" with a view to accelerating pooling of assets by March 2026 and supporting the Chancellor's aims of accelerating growth and investment in the UK.
- 1.4 The consultation had 30 questions and is focussed on 3 key areas:
 - Reforming the LGPS asset pools: with a single model Financial Conduct Authority (FCA) registration of pools, whereby LGPS Administering Authorities (AAs) will delegate investment strategy implementation to the pool;
 - Boosting LGPS investment in their localities and regions in the UK: by having a target allocation to local investment that supports local economic priorities; working with local authorities;
 - Strengthening the governance of both AAs and LGPS pools: building on the 2021 Good Governance review.

Both the Fund and the ACCESS Pool prepared an extensive and detailed response to the proposals which were presented to the Pension Committee at the February meeting.

2 Response from Government to ACCESS Pool Proposals

2.1 The current regulatory structure of ACCESS will not be permitted by government from March 2026. Government has advised that ACCESS (along with other similarly structured pools) must either restructure to become FCA regulated entities, merge with other Pools who are already FCA regulated or are becoming FCA regulated or disband.

2.2 Officers worked extensively with ACCESS and other ACCESS authorities to evaluate the options available to ACCESS and, thereby, the Fund. Taking no action is not an option as the government has clearly outlined that changes will be required.

2.3 Following an extensive option appraisal process the conclusion was that the most appropriate option for ACCESS was to “Build” the Pool to become compliant with the details outlined by the government in the ‘Fit for the Future’ consultation.

2.4 The ACCESS Support Unit (ASU), in conjunction with its advisors, submitted a detailed proposal to government outlining how it would comply with the requirements of the consultation in line with the end February 2025 deadline. Representatives from ACCESS subsequently met with civil servants and the Minister for Pensions across two 30-minute meetings to discuss the submission.

2.5 On 10 April 2025 both the ACCESS Pool and the Fund received a letter from Ministers advising that government did not support the proposal put forward by ACCESS. Details of the letter to the Fund can be found in Appendix 1. This is a disappointing result for both the Fund and the ACCESS Pool.

2.6 ACCESS subsequently responded to the letter from Ministers requesting further clarity in relation to the decision, particularly in relation to the consistency with regard to the decisions made in relation to other LGPS Pools. The response can be found in Appendix 2. As at the date of writing no further response has yet been received from government.

3 Moving Forward

3.1 The impact of the outcome for the Fund is currently unclear. Officers continue to work with the ASU to assess the options available to Fund as a member of the Pool as well as taking due consideration of the needs of the Fund from a stand-alone perspective.

3.2 Government has outlined that it wishes to meet with officers from the Fund at the end of June to receive an update on the work done to assess the likely direction of travel for the Fund with regard to pooling. A further written letter is required by the end of September 2025 formally setting out the Fund’s intentions.

3.3 Government has stated that timelines are flexible with regard to merger of funds or pools and does not anticipate it is possible to complete mergers by the March 2026 deadline.

4. Conclusion

4.1 The Board is recommended to note this report.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Susan Greenwood, Head of Pensions
Email: Susan.Greenwood@eastsussex.gov.uk



Administering Authorities
Access

9 April 2025

Dear Administering Authority,

LOCAL GOVERNMENT PENSION SCHEME (ENGLAND & WALES)

We are writing with regard to the Government's proposed reforms to the Local Government Pension Scheme in England and Wales (LGPS) and its approach to asset pooling as part of the Pensions Review. This letter is addressed to all Administering Authorities in the ACCESS pool.

In November, Government set out its proposed reforms in our *Fit for the Future* consultation with the aim of establishing a world-class LGPS made up of large pools of professionally managed capital, held to account by Authorities who have confidence in robust and transparent governance structures and who are delivering the best value to members and their communities. We want to see strong and resilient foundations for a scheme projected to reach £1tn by 2040 and have been clear that this is the moment for creative and collaborative proposals to that end.

Government wrote to each pool, asking for transition proposals setting out how they would seek to achieve the minimum standards proposed in the consultation by March 2026, focusing on the benefits of scale, long-term resilience, value for money and viability against the deadline, with considerations given to the opportunity for closer collaboration across the scheme and the merger of pools. We recognise how significant an undertaking this has been for each pool in a short space of time and are grateful for the spirit in which ACCESS has participated in this process. Your submission and engagement have formed a critical part of our assessment of the viability and strength of the proposals set out in the consultation. Government has considered the responses to the consultation and is currently preparing next steps, including our consultation response and the implementation of the reforms via legislation.

We have carefully reviewed the proposal submitted by the ACCESS pool and further considered the points made in our meeting with pool and Authority representatives. As we have made clear, we collectively have a duty to ensure every penny of members' hard-earned money is well invested, and that the full scope of benefits that can be derived from the LGPS's extraordinary scale are being harnessed and maximised. Analysis of the ACCESS proposal and further discussion at subsequent meetings has raised significant concerns as to whether the proposal is in the best interests of the scheme. We do not believe that the proposal put forward by the ACCESS pool meets the ambitious intent of the

consultation nor our ask to consider alternative approaches in the best interests of members, employers and local taxpayers.

The ACCESS proposal is to set up a new FCA-authorised company and to transition existing externally managed mandates across to it. The deliverability of this to the proposed timeline concerns us: it would involve setting up a new organisation and building significant new capacity, not least to manage the significant legacy assets. ACCESS's current costs are among the highest in the LGPS relative to other pools despite being one of the largest by assets under management, and while the proposal indicates some reduction in costs over time, this is still high for a pool of ACCESS's scale. We are also mindful that the ACCESS proposal continues to be heavily reliant on the use of external managers and consultants, despite internal management being a key benefit of scale, a driver of efficiency and readily available at existing pool companies.

ACCESS has set out the case against merger by primarily focusing on transition costs and other pools' recent performance on specific asset classes. On costs, ACCESS's assessment treats the host pool as a fixed offering in which ACCESS Authorities must participate. However, if another pool were to take on additional Administering Authorities, it should be clear that the new pool entity would act in the best interests of all Administering Authorities and review their joint structures accordingly. Therefore, it is highly likely not to be the case that up to 100% of ACCESS's existing portfolio, as the proposal suggests, would be subject to transition costs – a pool would work to ensure that costs are minimised by assessing both structures and taking beneficial features from both in forming a new partnership.

The proposal maintains that the current ACCESS model enables the appointment of best-in-market investment managers which may compare favourably to other pools on performance, and that the investment products offered by other pools do not justify the estimated transition costs. While it is right to consider performance, we see no reason why a merged pool could not continue to appoint the best managers where appropriate as well as develop internal capacity. Further, recent short-term performance, largely driven by global trends, is not a reliable measure of long-term effectiveness.

For these reasons, we have concluded that ACCESS's proposal does not meet the Government's vision for the future of the LGPS. Government is of the view that the best interests of the scheme are best met by ACCESS Authorities working with another LGPS pool to form a new partnership. We therefore invite your Authority to consider and identify which pool you wish to partner with going forward, taking into account the capabilities and capacity of each to take on additional partner Authorities. This is a decision for each Administering Authority to make – Government recognises that ACCESS Authorities may choose to partner with the same pool, or different pools and this is a decision each Authority will wish to take individually.

We would be grateful if you could please respond with an in-principle decision between yourselves and the pool you wish to work with by 30 September 2025. We recognise you and your new pool will require further time to work through the detail of the transition towards a new partnership. Our officials stand ready to convene and support discussions wherever helpful until new arrangements are in place. As you know, the government has formally invited unitary proposals from all councils in two-tier areas and their neighbouring authorities

to take part in local government reorganisation. You will wish to consider your decision on pooling alongside reorganisation as councils develop plans and decisions are made next year. You will be invited to a check-in discussion on your progress in June. We recognise that the March 2026 deadline may be more difficult for Authorities which move pools, and we will remain in discussion with affected Authorities and their new pool partners throughout this process.

This is not a decision we have taken lightly, and we appreciate that this assessment of the proposal may be different from your own and may not be the outcome you wanted. We are particularly mindful of the immediate impact this will have on yourself and your team - it is our strong desire to see the LGPS continue to benefit from the expertise and knowledge in your team going forward and expect other pools to be of a similar mind. The creation of one or more new partnerships may bring some short-term challenges, but we hope you will agree also brings great opportunity, not least establishing world-class investment management across the LGPS, protecting its long-term sustainability, and acting in the interests of members, employers and local taxpayers.



TORSTEN BELL MP

Minister for Pensions



JIM MCMAHON OBE MP

Minister for Local Government

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Torsten Bell MP, Minister for Pensions
Jim McMahon MP, Minister for Local Government & English Devolution

17 April 2025

Dear Ministers,

Thank you for your letter of Wednesday 9th April, which the ACCESS Authorities have now discussed collectively. Following those discussions they have asked me to raise a range of concerns and questions we share.

Whilst you will not be surprised to learn that we were disappointed to read the contents of your letter, it should be emphasised that this applies to your rationale as well as your intended outcome. We are left with the impression that the reasons given for the government's decision are based on assertions that are open to question or appear to lack supporting evidence.

In preparing its submission, the ACCESS pool undertook a significant range and depth of evidence-based work to support a detailed option appraisal in order to demonstrate how it will comply with the requirements of *LGPS: Fit for the Future*. The output was a 60+ page proposal, supported by all 11 ACCESS Authorities and submitted in accordance with the specified deadline. In response we were invited to two 30-minute meetings, one in person with yourselves, the other virtual with your civil servants.

We have a number of concerns about several aspects of your letter. These, along with our remarks and questions are detailed below.

1. "The deliverability of this [proposal to set up an FCA-authorised company] to the proposed timeline concerns us"

- Chapter 8 of our proposal detailed our implementation plan and demonstrates how we would meet the March 2026 deadline. It was developed in consultation with Alpha FMC, the consultants who have advised other pools who have built FCA regulated investment management companies
- On 24 March, Alpha's Joe Sproul was part of the ACCESS delegation who came to meet with you. Neither yourselves nor your civil servants chose to question him or any of us on this matter.
- We have reviewed the publicly available submission of Wales Pension Partnership and, materially, it is very similar to the proposal of ACCESS on this point.

/...

2. *“ACCESS’s current costs are among the highest in the LGPS relative to other pools”*

- We do not recognise this characterisation and would ask that you share your data source.
- The ACCESS submission highlighted the independent cost benchmarking undertaken by Dr Chris Sier, at ClearGlass which demonstrated that ACCESS made annual savings of £49mn on listed asset management fees, situating our pool at the 7th percentile in the ClearGlass universe (which comprises not just LGPS pools but the entire pensions universe including comparable private sector schemes and other asset owners).
- To ensure you are appropriately sighted on this key aspect, I would urge Ministers to talk directly to Dr Sier. With his ClearGlass colleagues he analysed, in detail, the costs associated with ACCESS and several other LGPS pools. His contact details are below, or we would be happy to facilitate a meeting:

Dr Chris Sier, CEO & co-Founder, ClearGlass Analytics
chris@clearglass.com Tel: 07976 887642

- The LAPF magazine published a complete investment management cost data set for the entire LGPS¹. This analysis of each Authority, grouped by their respective pool shows ACCESS Authorities with an aggregate total of 52bps - comparable costs to most other pools.

3. *“We are also mindful that the ACCESS proposal continues to be heavily reliant on the use of external managers and consultants, despite internal management being a key benefit of scale”.*

- ACCESS has a significant, but achievable, distance to travel to comply with the minimum standards of Fit for the Future and so we were realistic in our submission about what would be achievable by March 2026. Launching internal management capabilities in that time frame is simply not possible.
- Furthermore, the statement appears not to acknowledge two fundamentals:
 - that LGPS: Fit for Future does not require internal management as a “day 1” requirement as of March 2026; and
 - as set out within Chapters 2, 5 and 7, our proposal includes internal management is a business plan requirement for the company to consider and deliver by 31 March 2030.
- The ACCESS submission is wholly aligned with government requirements and timescales. All pools continue to use external management alongside any internal management capabilities, where this is beneficial, tapping into the global scale benefits (low cost and opportunity set) of third-party partners.

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¹ pp60-62 [LAPF Investments Magazine, Issue 02 - LAPF Investments](#)

4. *“It is highly likely not to be the case, that up to 100% of ACCESS’s existing portfolio, as the proposal suggests, would be subject to transition costs”.*

- In Minister McMahon’s and Minister Reynold’s letter of 2nd December 2024, it was acknowledged that transition costs would be significant in nature. Given the request to evaluate transition costs it was logical to assume that transition costs were properly understood but additional background information as well as further supporting evidence around costs was supplied in the email of Thursday 27th March. We would note:
 - it is market standard in the transition management industry to express pre and post transition costs as a percentage, in basis points (bps), of the total portfolio value of the legacy portfolio, i.e. 100% of the total AUM in the ACCESS ACS in a merger;
 - the basis points cost estimate was sourced from a range of data independently analysed by a market leading expert in this area. The supporting paper also explained why this was an appropriate approach to estimating what potential costs could be; and
 - in specie costs are included in the 36-bps cost range and we estimated these down to show a range of possible outcomes and so as not to risk overstating the costs.
- Your letter suggests *“a (merged) pool would work to ensure that costs are minimised by assessing both structures and taking beneficial features from both in forming a new partnership”*. This logic is flawed and not aligned to the legal and market-based principles that govern costs incurred by transitioning assets between different pooled vehicles. It also feels contrary to the fact that you have written to all ACCESS Authorities individually directing them to find a new pool, not to pursue a pool level merger.
- We remain concerned that Government has dismissed transition costs from its consideration. Having already navigated initial setup and transition costs in the establishment of the ACCESS ACS and pooling structures, the Government’s response, if implemented, would impose a further set of costs against the wishes of individual Administering Authorities. This is perceived as unfair. The Authorities have, perfectly rationally, all chosen to pursue a more cost-effective option, which they feel meets both the Government’s wishes, whilst at the same time representing the best value for their members.
- Your letter references a collective duty in relation to *“every penny of members’ hard-earned money”*. Whilst Government naturally has responsibility for the LGPS as a whole, you will appreciate that Administering Authorities only have a duty to their own fund and its members. As a consequence, in the event that Government continues with this course of action against the reasoned decisions by Administering Authorities with legal and fiduciary obligations to their own funds, questions around cost being indemnified are likely to arise.

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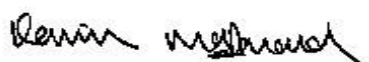
5. *“recent short term performance, largely driven by global trends, is not a reliable measure of long-term effectiveness”.*

- Where comparable data exists, ACCESS has considered long term investment management effectiveness of existing pool companies specifically, not short-term market volatility or global trends. This assertion suggests that Government has misunderstood our objective approach to the analysis.
- In chapter 5 of our proposal, we cite the performance track record supplied by LPPI and Borders to Coast around global equities, the largest asset allocation of each pool. ACCESS Authorities could not justify transferring assets to poorer performing investment managers’ products. We feel this would contravene our fiduciary duty to scheme members.

As your letter notes, the ACCESS pool has engaged fully and with an open mind in the Government’s consultation. This has been a detailed process, and one which has required all ACCESS Authorities to incur significant costs at government’s behest. ACCESS believes that our proposals fully meet the Government’s vision for the future of the LGPS.

We therefore find your direction to be confusing as it appears to be somewhat contradictory to the evidence we have provided. However, we are still keen to find a way forward which reconciles your *LGPS: Fit for the Future* ambition with our fiduciary constraints, and therefore, as a matter of urgency, we request further engagement with ministers and civil servants, in order to clarify the points raised above. Before considering our next steps, and to cover off any of our proposals which have been misunderstood, we would like the opportunity to explain more fully why we believe that our proposals do meet with the Government’s vision for the future of the LGPS and, more importantly, do not put us in conflict with our fiduciary duties.

Your sincerely,



Kevin McDonald
Director, ACCESS Support Unit
on behalf of the ACCESS Authorities

email: kevin.mcdonald@accesspool.co.uk

Report to: Pension Board

Date of meeting: 5 June 2025

By: Chief Finance Officer

Title: Governance Report

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

RECOMMENDATION:

The Pension Board is recommended to note this report

1 Background

1.1 This report is brought to the Pension Board to provide an update on the steps being taken to adopt good practice and ensure compliance with regulatory requirements for the East Sussex Pension Fund (the Fund or ESPF).

2 Legal and regulatory changes

2.1 A letter issued by Ministry of Housing, Communities and Local Government (MHCLG) on 10 March 2025 (Appendix 1), set out plans to consult on changes to the LGPS Regulations 2013, regarding the application of regulation 64A. This relates to mid-valuation cycle changes to employer contribution rates. The letter confirms the Government view of when the provisions of regulation 64A may be appropriately used; that being, in response to changes in an employer's liabilities or its ability to meet its obligations. Government makes clear it was not intended for use in order to manage surpluses or deficits.

2.2 At its meeting on 13 February 2025, the Board were informed that on 15 January 2025 the Scheme Advisory Board (SAB) published the updated opinion of Nigel Giffin KC, titled 'Local Government Pension Scheme: Investments and Non-Financial Considerations'. On 16 April 2025, the SAB Secretariat published a summary note of the opinion (Appendix 2). The summary note represents the views of the Secretariat based on their current understanding of the law and policy only. It should not be treated as a complete and authoritative statement of the law, and readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation quoted. For clarity, the summary has not been drafted nor endorsed by Nigel Giffin KC.

2.3 On 15 May 2025 Government launched a consultation titled '[Local Government Pension Scheme in England and Wales: Access and fairness](#)'. The consultation relates to a range of proposals including the gender pensions gap, forfeiture concerns, and opt out rates. The consultation will remain open for 12 weeks, closing on 7 August 2025. Officers will prepare a draft response to circulate with the Chair of the Pension Board and Pension Committee, allowing an opportunity for comment, prior to submitting a final response.

3 Pension Board Vacancy

3.1 Following Nigel Manvell's retirement from Brighton & Hove City Council, as required by the Constitution and terms of reference of the East Sussex Pension Board, his appointment as an employer representative on the Board also ceased.

3.2 The 'Local Government Pension Scheme (LGPS) Guidance on the creation and operation of Local Pension Boards in England and Wales' requires that all employers within a Fund must have equal opportunity to be nominated for the role of employer or member representative through an open and transparent process. All Fund employers were contacted in April 2025 and asked to provide expressions of interest to be considered for the vacant position. The Fund received only 2 expressions of interest by the deadline of 9 May 2025.

3.3 At the time of writing officers are in the process of inviting each of the 2 candidates to attend a meeting with the Pension Board Chair and officers. Following the meetings a recommendation will be made to the East Sussex County Council Governance Committee regarding who should be appointed and the length of their term. The Governance Committee is the body which has the authority to make appointments to the Pension Board.

4. Register of Interests

4.1 Consistent with the guidance provided within The Pensions Regulator General Code and the commitments made by the Pension Board at its meeting in June 2024, East Sussex Democratic Services are currently in the process of requesting Board members to complete a form as part of the annual review of their published register of interests. Board Members are also required to update their register of interests within 28 days of becoming aware of any change to their interests. Publication and regular review of Board Members' register of interests improves the transparency of the Pension Board and further illustrates good governance.

5 Pension Fund Policies and Statements

5.1 At the request of the Local Government Association Pensions Teams, Eversheds Sutherland conducted a general review of both the template full privacy notice and the template summary privacy notice. These templates are provided to administering authorities for use. The review made few significant changes, other than those added to take account of the McCloud remedy. Accordingly, the Fund has updated both the full privacy notice (Appendix 3) and the template summary privacy notice (Appendix 4) in use to reflect the amendments made. The Pension Committee will be recommended to approve their use at its meeting on 19 June 2025.

5.2 A revised version of the Fund's Governance and Compliance Statement was initially scheduled for approval by the Pension Committee in June 2025. However, in light of the significant upcoming changes, it has been deemed advisable to defer the approval to September 2025.

6 Interim Valuation Update

6.1 The Fund Actuary has prepared the indicative quarterly funding update as at 31 March 2025, rolling forward assumptions from the valuation and reflecting actual experience since March 2022, included as Appendix 5. The indicative funding report shows the funding position increase over the last quarter from 122.4% in December 2024 to 123.9% in March 2025. This represents a small increase in the funding position in March 2022 from 122.8% to 123.9%.

7 Pension Board Report to Pension Committee

7.1 The annual report of the Pension Board to Pension Committee is due at the Pension Committee meeting on 19 June 2025. Officers have liaised with the Chair of Pension Board to produce a draft report to be presented. Board members are asked to provide any comment they wish to make to the proposed report included as Appendix 6.

8 Conclusion

8.1 The Board is recommended to note this report.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Susan Greenwood, Head of Pensions
Email: Susan.Greenwood@eastsussex.gov.uk

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Michelle Warbis, Deputy Director for
the Local Government Pension
Scheme
Ministry of Housing, Communities
and Local Government
2 Marsham Street
London
SW1P 4DF

10 March 2025

The Administering Authorities of the
Local Government Pension Scheme in
England and Wales

To the LGPS Administering Authorities,

Regulation 64A of the LGPS Regulations 2013 sets out a process under which an administering authority may, on its own initiative or following a request from a scheme employer, obtain a revision of its rates and adjustments certificate (subject to conditions). As stewards of the LGPS, MHCLG monitors use of the Regulations and provides comment when it deems necessary.

The use of 64A as a tool for scheme employers to request a review of contribution rates (whether local authority or non-local authority employer) in the context of a fund surplus, is not in line with the original context and intention. Scheme Advisory Board (SAB)-issued [guidance](#) on 64A sets out the intended principles and best practice when applying the powers provided. 64A was intended to allow flexibility for administering authorities in managing employer contribution rates in response to changes in employers' liabilities (except those relating to changes in market conditions) or a change in the ability of the employer to meet its obligations (which typically does not apply to local authorities and other tax-backed employers – see relevant [Scheme Advisory Board Statement](#) from December 2023). It was not intended to allow administering authorities to modify contribution rates for scheme employers as a way to manage pension fund surpluses or deficits outside of the triennial valuation cycle.

At the 2025 triennial valuation (and at all triennial valuations), we expect actuaries to set funding strategies which reflect employers' funding positions. The Government Actuary's Department conducts analysis of the actuarial valuations of funds in line with Section 13 of the Public Service Pensions Act 2013. This review considers the process and outcomes when setting contribution rates, including whether rates are appropriate to deliver long term cost efficiency and solvency, which includes the utilisation of surpluses. MHCLG considers that revised contribution rates should not be applied to local authority employers in order to manage surpluses or deficits that have not yet been confirmed as part of the valuation process.

As it is clear that the intended and actual usage of 64A are not aligned, the Government intends to consult on changes to the Regulations as they apply to revision of contribution rates (including on the role of the Fund Actuary).

Yours sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Michelle Warbis
Deputy Director, Local Taxation and Local Government Pensions
Ministry of Housing, Communities and Local Government

SCHEME ADVISORY BOARD COMMENTARY ON THE UPDATED LEGAL OPINION FROM NIGEL GIFFIN KC DATED 13 JANUARY 2025

Introduction

1. The full updated legal opinion can be found on the [Legal Opinions and Summaries page](#) of the Board's website.
2. The advice is a substantial document at 36 pages in length and expands on the previous advice in several areas, for example:
 - In clarifying how the fiduciary duty owed to employers differs from that owed to scheme members (paragraph 19)
 - How far administering authorities are required to consider environmental, social and governance (ESG) factors in decision making, and state this within the Investment Strategy Statement (ISS) (paragraph 37)
 - A reminder of the need for administering authorities to apply the policies set out in their ISS when making investment decisions, and the need to keep the ISS up to date (paragraphs 43-44)
 - Some discussion of the implications for ESG policy where administering authorities have devolved the implementation of their investment strategy to pools, while confirming that they may not be able to delegate the strategy-setting duty itself to the pool company (paragraphs 46-51)
 - The requirements around consulting members and how their views can be considered when deciding how and which ESG factors are applied (paragraphs 38-42 and 56-62).
3. The Secretariat have been asked to produce the following note which summarises their understanding of the main content of the opinion.
4. It represents the views of the Secretariat based on their current understanding of the law and policy. It should not be treated as a complete and authoritative statement of the law, and readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation quoted. No responsibility whatsoever will be assumed by the Board or the Board Secretariat for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in this note.

Main conclusions

5. The main conclusions of the [previous opinion](#) are reaffirmed in the revised opinion:
 - (i) An administering authority, although not strictly a trustee, owes fiduciary duties both to scheme employers and to scheme members
 - (ii) Those duties are broadly similar to those that arise as a matter of public law.

- (iii) "ESG" issues or non-financial factors can be taken into account when making investment decisions, where to do so would not involve significant risk of financial detriment to the fund and where there is good reason to think that scheme members would support the decision.
 - (iv) An administering authority must not prefer its own particular interests to those of other scheme employers.
6. The updated advice takes account of:
- (i) The Law Commission report [Fiduciary Duties of Investment Intermediaries](#) (Law Com No 350, 2014)
 - (ii) the Supreme Court's [decision](#) in a challenge brought by the Palestine Solidarity Campaign against parts of the content of [investment guidance](#) issued by the Secretary of State ("the PSC case"),
- both of which reached similar conclusions to the initial advice.
7. The revised opinion also considers the LGPS Investment Regulations 2016 and the associated statutory guidance "Local Government Pension Scheme – Guidance on Preparing and Maintaining an Investment Strategy Statement". These were made after the previous opinion was issued.
8. The Supreme Court's conclusion in *PSC* held that the Secretary of State (SoS) was not entitled to use guidance to usurp the responsible investment role of the administering authority. The statutory power to give guidance could be used to address topics such as, for example, what factors the administering authority should take into account when formulating its policy but could not dictate the substantive conclusions which the authority should reach or prevent the authority from acting upon those conclusions.
9. However, after the *PSC* case was decided the Public Service Pensions Act 2013 has been amended to broaden the power of the SoS to make such scheme regulations as she considers appropriate in the area below (new text underlined below):
- "The administration and management of the scheme, including – (a) the giving of guidance or directions by the responsible authority [i.e. the Secretary of State, in the case of the LGPS] to the scheme manager [i.e. the administering authority] including guidance or directions on investment decisions which it is not proper for the scheme manager to make in light of UK foreign and defense policy".*
10. In the light of this amendment, it is very probable that the SoS could now lawfully issue new guidance to achieve the same effect as that challenged in *PSC*. However, in doing so she may need to change the Investment Regulations first.
11. As a fiduciary, the administering authority should not pursue its own views of what was or was not desirable or acceptable as an investment from an ESG perspective. It had to give effect to the wishes of scheme members about how

their pension funds should be invested, and consistent with a proper "pensions purpose".

12. As it was endorsed in *PSC*, the Law Commission approach to non-financial considerations can be regarded both as an authoritative statement of the general law and applicable to investment decisions made by LGPS administering authorities.
13. Lord Wilson said in *PSC* that LGPS funds represent "their [i.e. the members'] money". The money in an LGPS fund is not the members' money in a literal or legal sense. It is a fund held for the specific purpose of paying pension benefits to members and scheme employers also have a legitimate interest in the financial health of the fund, in particular, the contribution rates they are required to pay (or, on exit whether there is a surplus or a deficit). The views of scheme employers are relevant to the potential financial implications of ESG policies.
14. Central government has, via the Chancellor of the Exchequer's 2024 Mansion House speech, stated an intention to introduce a Pension Schemes Bill in 2025. The Bill could be a vehicle for amendments to primary legislation and could bring about such changes in administering authorities' investment duties as the government considers appropriate.
15. The [Fit for the Future consultation](#) proposes a new model of pooling from March 2026 (although one of the consultation questions invites comments on the viability of this timescale). The indicative timetable for pools to submit proposals for meeting the new requirements was by 1 March 2025.
16. The *PSC* judgment raises a considerable question as to whether it is currently lawful for pooling to be made mandatory. However, the government could mandate such requirements in the new Bill. Proposals in regulations could in principle be challenged if they were outside the powers conferred by the new legislation, or potentially on other public law grounds. However, until the detail of the Bill is known it is impossible to say whether there would be grounds for any such challenge.

What should administering authorities do about non-financial factors?

17. The revised opinion considers how far a clear dividing line can be drawn between financial and non-financial factors. It also provides advice on how an administering authority should apply the Law Commission criteria, what is meant by "significant risk of financial detriment" (the "financial criterion"), and by scheme member support (the "member support criterion"). It also looks at whether an administering authority is *obliged* to ask itself whether any, or any particular, non-financial factors should be considered
18. In his revised opinion, Nigel Giffin KC concludes that:
 - (i) An investment strategy ought to say something about ESG considerations, because the authority is required to state its policy on those matters. It could however state that the current policy is not to take any account of such considerations when making investment decisions. There are many other possibilities.

- (ii) All investment decisions should be consistent with the investment strategy for the time being in force. If the investment strategy has not identified how ESG will be considered, then it should not normally be taken into account without the strategy first being reviewed and amended.
 - (iii) When the authority comes to formulate or review its investment strategy (at least once every three years) it should give specific thought to what the policy on non-financial factors ought to be.
19. Funds should consult scheme members about the policy on the use of non-financial factors. That does not necessarily mean consulting all the individual members. Consultation could be directed to members generally or limited to representative bodies such as trade unions. It could be part of consultation on the overall investment strategy or done separately.
 20. In consulting, it would probably be helpful to consultees to be reminded of the existing policy and to explain the legal test for it being permissible to take account of such factors. Beyond that, some authorities might prefer simply to ask in an open-ended way for views on what the policy on using such factors should be; others might specifically canvass high level views on topical issues thought to be serious potential candidates for being made the subject of a policy; others might make specific proposals, and provide information about the reasons for them, or the authority's current assessment of their likely financial impact. Consultation could be conducted online.
 21. Employer interests are financial, so their views on the merits of a particular approach to non-financial factors are of only marginal significance, and an administering authority is not obliged to solicit such views.
 22. The triennial review of the investment strategy is a logical and convenient point at which to assess whether scheme member support exists for a particular policy. The authority must be open to reviewing the policy before the next 3-year deadline, but it will not normally be under any positive legal obligation to consider policy changes outside of its triennial cycle.
 23. Exceptional cases where it might be necessary to think in more detail about a request to review the policy early could include ones where a particular issue has only newly emerged as a significant concern, and/or where there is good evidence of a high level of member demand for action on a particular issue, or that the facts have changed very materially since the issue was last considered. Ultimately it is for the administering authority to judge whether early review of the investment strategy is appropriate.
 24. Although the function of making and reviewing the investment strategy is one that could in principle be delegated in the same way as other non-executive functions, not all the current investment pools would be permissible delegates (those structured as joint committees might be).
 25. If the Fit for the Future proposals are implemented, then the separation between formulation and implementation of the responsible investment strategy may

become a legal requirement. That will make the formulation of the strategy especially important.

26. The investment strategy might need, for example, to give a clear definition of the type of investments which are or are not to be made; where the policy is a negative one (i.e. not to invest in some specified category), whether it is calling for disinvestment from existing investments (and on what timescale, and within what parameters as to the disposal price).

Applying the financial criterion

27. When considering the “positive social impact” of an investment decision, the Law Commission report is clear that in making such decisions there cannot be a “risk of significant financial detriment” to the fund.
28. The “significant financial detriment” phrase seems to have been first used in this context by Sir Donald Nicholls V-C in *Harries v Church Commissioners for England* [1992] 1 WLR 1241. The underlying idea is that an administering authority ought not to be pursuing a policy which, for non-financial reasons, creates a realistic possibility of the fund suffering financial detriment which is material in the context of the fund’s size and nature. The likelihood of the financial disadvantage materialising, and its potential scale of impact if it does, are relevant to whether the policy is one which it is legitimate to adopt.
29. The advice emphasises that the administering authority does not balance the risk of significant financial detriment against the perceived strength of member support for a particular investment policy. Such risks should simply not be undertaken, on non-financial grounds, however much members might support it. It will normally be appropriate to obtain professional advice before an administering authority concludes that there is no such risk, although there may be particular cases where the absence of such risk is obvious.
30. Although there has been no ruling on precisely what level of perceived support is required, caselaw suggests that it would need to be something tantamount to consent given by the body of members as a whole. This would mean that there needed to be a very high proportion of members who would either positively support the reliance placed upon the non-financial factor in question, or at any rate have no objection to it. Administering authorities do not need to be convinced that there is no one amongst the membership who would object but if a non-financial factor is likely to be significantly controversial amongst members, then it would not be sufficient just to believe that a bare majority would support the decision.
31. Equally, if the vast majority of the scheme members simply had no opinion on a subject, one way or the other, then relying on that as a non-financial factor would seem to represent the administering authority (or the pension committee members) using the fund as a vehicle to advance their own personal views, which would not be a correct use of their fiduciary position.
32. An administering authority is not obliged to give effect to the widely held non-financial views of scheme members, even where they could. However, if it was

positively demonstrated that there was widespread support amongst members for a particular approach and that this was a particularly pressing concern amongst members and that there did not appear to be significant opposition to such a policy, the authority might need to ask itself specifically whether effect should be given to that concern, and to have at least some legitimate reason if it decided not to act upon it. The range of legitimate reasons might, however, be wide – they could include, for example, practical difficulties in formulating and implementing the precise policy to be followed.

33. The most obvious way to gauge member opinion is through the statutory consultation on the investment strategy. However, the views of trade unions, other employee representatives or Councillor understanding of scheme members' views may be relevant. Councillors are elected to represent their local communities and will no doubt have their own understanding of scheme members' opinions and their strength. It is a subtle distinction, but elected members need to be careful in doing so not to just give effect to their own views about what is morally or socially right.
34. Formulation of the investment strategy is, like most local authority functions, subject to the public sector equality duty. Administering authorities should therefore have regard e.g. to the need to protect community cohesion in appropriate cases.

The distinction between financial and non-financial factors

35. The Investment Guidance, and to an extent the caselaw, tend to assume that there is a sharp divide between financial and non-financial factors when it comes to decision-making. The revised opinion considers two specific areas where this distinction may not be so clearly drawn.
36. The opinion suggests that the targeting of economic growth, either in the local or the national economy is likely to represent a non-financial factor, so that the normal financial and member support criteria will need to be satisfied.
37. The climate crisis, on the other hand, may be considered a particular and pervasive systemic financial risk. It has the potential to cause economic disruption so profound that no pension scheme, whatever its specific investments, could hope to escape the adverse impact upon its ability to fund its commitments to pay benefits (or the cost in contributions of doing so). This view is clearly summarised in (for example) [*Climate scenario analysis: an illustration of potential long-term economic and financial market impacts*](#), produced by an Institute and Faculty of Actuaries (IFoA) working party in collaboration with Ortec Finance Ltd. Page 7 of the paper states:

“Climate change will almost certainly fundamentally impact how economies perform as a whole. It will affect macro-economic variables such as GDP growth, and in turn have significant influence over the resulting performance of asset classes and industry sectors. Since the risks associated with climate change are systemic in nature, they will affect all assets to some extent and so cannot be avoided completely through careful selection of investments.”

38. That means that action could be held to be financially motivated even if the intention was to encourage behavioural change by relevant undertakings, rather than to avoid the risk that specific assets will represent a poor investment.
39. The opinion suggests that in such circumstances, if a pension scheme believes that its divestment from fossil fuels would contribute towards encouraging the energy sector to leave such fuels in the ground, and that this will in turn contribute towards keeping climate change under control, then that could be regarded as promoting the long-term financial health of the pension fund, and not simply because of a political or moral belief that it is wrong to jeopardise the earth's environment.
40. Any decision to divest on such grounds as opposed to more conventional financial analysis would need to be properly reasoned and evidenced. The authority would also need to ask itself whether it could realistically influence how the undertakings in question behaved. It would also need to ask why divestment would be more effective than other measures, like stewardship or engagement. An authority may use its judgement about how it deals with "fossil fuel risk", subject to that judgement being a reasonable one in the public law sense.
41. Government guidance [Governance and reporting of climate change risk](#) (DWP, June 2021) already suggests that trustees' legal duty to consider financially material matters extends not just to the kinds of financial risks which might affect investments, but also to how action to address climate change "might contribute positively to anticipated returns or to reduced risk.". Similar arguments can be found in the climate risk guidance contained in CIPFA's [Managing Risk in the LGPS](#).
42. If an authority obtains advice from a suitably qualified advisor, and that advice contains no suggestion that the authority ought to think specifically about climate risk, then not having done so is unlikely to be a breach of the authority's public law duty of reasonableness (certainly if the authority has asked that the advice should cover any climate-related financial risks). On the other hand, an authority which is professionally advised that it should consider or act upon particular risks, yet fails to do so, is likely to be in a position of some difficulty if challenged.

March 2025

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FULL PRIVACY NOTICE

for the members and beneficiaries of the East Sussex Pension Fund

This privacy notice is for members and beneficiaries (referred to as “**you**”) of the East Sussex Pension Fund (the “**Fund**”). Those with a benefit due from paying Additional Voluntary Contributions (“**AVCs**”) should also have regard to the Privacy Notice of our AVC Provider, currently Prudential.

This Notice has been prepared by East Sussex County Council (the “**Administering Authority**”, or “**we**”) in its capacity as the administering authority of the Fund. This privacy notice describes how we collect and use personal data in accordance with data protection legislation

This privacy notice is also provided on the website of East Sussex Pension Fund and can be found using the following link:

[Privacy Notice \(eastsussexpensionfund.org\)](https://eastsussexpensionfund.org/Privacy-Notice)

It is important that you read this privacy notice together with any other privacy notice or fair processing policy we may provide on specific occasions when we are collecting or processing personal data about you so that you are fully aware of how and why we are using your data. This privacy notice replaces any general privacy notice we may have previously issued and supplements any other notices and privacy policies we issue that are specific to particular data collection / processing activities.

Why we are providing this notice to you

As the Administering Authority of the Fund we hold certain information about you and from which you can be identified (“**personal data**”) which we use to administer the Fund and to pay benefits from it. In line with data protection legislation, we are required to give you specified information about the personal data we hold about you, how we use it, your rights in relation to it and the safeguards that are in place to protect it. This notice is designed to give you that information.

The technical bit

The Administering Authority holds personal data about you in its capacity as data controller for the proper handling of all matters relating to the Fund, including its administration and management. This includes the need to process your data to contact you, to calculate, secure and pay your benefits, for statistical and financial modelling and for reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested), and to manage liabilities and administer the Fund generally. Further information about how we use your personal data is provided below.

The lawful basis for our use of your personal data will generally be one or more of the following:

- a) we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund; and/or
- b) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; and/or
- c) we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund; and/or

- d) because we need to process your personal data to meet our contractual obligations to you in relation to the Fund (for example, under an agreement that you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.

Please note that where we indicate that our processing of your personal data is necessary for us to comply with a legal obligation, or for us to take steps, at your request, to potentially enter into an employment contract with you, or to perform it, and you choose not to provide the relevant personal data to us, we may not be able to enter into or continue our contract with you.

What personal data we hold, and how we obtain it

The types of personal data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Financial Information relevant to any assessment of whether a fee charged for non-standard information can be waived.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.
- Information about any previous membership of other public service pension schemes and other LGPS administering authorities, including your date of leaving and whether the previous scheme /authority has assessed your eligibility for underpin protection (see “How we will use your information” below).

We obtain some of this personal data directly from you. We may also obtain data (for example, salary information) from your current or past employer(s) or companies that succeeded them in business, from a member of the Fund (where you are or could be a beneficiary of the Fund as a consequence of that person's membership of the Fund) and from a variety of other sources including public databases (such as the Register of Births, Deaths and Marriages), our advisers and government or regulatory bodies, including those in the list of organisations that we may share your personal data with set out below.

Where we obtain information concerning certain "special categories" of particularly sensitive data, such as health information, extra protections apply under the data protection legislation. We will only process your personal data falling within one of the special categories with your consent, unless we can lawfully process this data for another reason permitted by that legislation. You have the right to withdraw your consent to the processing at any time by notifying the Administering Authority in writing. However, if you do not give consent, or subsequently withdraw it, the Administering Authority may not be able to process the relevant information to make decisions based on it, including decisions regarding the payment of your benefits.

Where you have provided us with personal data about other individuals, such as family members, dependants or potential beneficiaries under the Fund, please ensure that those individuals are aware of the information contained within this notice.

How we will use your personal data

We will use this data to deal with all matters relating to the Fund, including its administration and management. This can include the processing of your personal data for all or any of the following purposes:

- To contact you.
- To assess eligibility for, calculate and provide you (and, if you are a member of the Fund, your beneficiaries upon your death) with benefits.
- To identify your potential or actual benefit options and, where relevant, implement those options.
- To allow alternative ways of delivering your benefits, for example, through the use of insurance products and transfers to or mergers with other pension arrangements.
- For statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested).
- To assess and, if appropriate, action a request you make to transfer your benefits out of the Fund.
- To comply with our legal and regulatory obligations as the administering authority of the Fund.
- To consider requests for a fee for providing information to which the claimant does not have an automatic right to be waived due to financial hardship.
- To address queries from members and other beneficiaries and to respond to any actual or potential disputes concerning the Fund.
- The management of the Fund's liabilities, including the entering into of insurance arrangements and selection of Fund investments.
- In connection with the sale, merger or corporate reorganisation of or transfer of a business by the employers that participate in the Fund and their group companies.
- To identify whether you qualify for underpin protection. For more information please see <https://www.lgpsmember.org/mccloud-remedy/>

Organisations that we may share your personal data with

From time to time we will share your personal data with advisers and service providers so that they can help us carry out our duties, rights and discretions in relation to the Fund. Some of those organisations will simply process your personal data on our behalf and in accordance with our instructions. Other organisations will be responsible to you directly for their use of personal data that we share with them. They are referred to as data controllers and we have highlighted them in the table below. The data controllers may be obliged under the data protection legislation to provide you with additional information regarding the personal data they hold about you and how and why they process that data. Further information may be provided to you in a separate notice or may be obtained from the advisers and service providers direct, for example via their websites.

Whenever one of our advisers or service providers acts as a joint controller with us in respect of your personal data, because we jointly determine the purposes and means of processing it, we will agree with them how we are each going to meet our respective and collective obligations under the data protection legislation. If you would like more information about how such an arrangement works please contact us using the contact details below

The organisations that we may share your personal data with may include the following advisers and service providers:

Data processors	Data controllers
<ul style="list-style-type: none"> • Administrator – (East Sussex County Council) • Tracing bureaus for mortality screening and locating members – (ITM Limited) • Overseas payments provider to transmit payments to scheme member with non-UK accounts – (currently HSBC) • Printing companies – (East Sussex County Council Postal Hub) • Pensions software provider – (currently Aquila Heywood) • Suppliers of IT, document production and distribution services (Orbis) • Legal adviser – (currently Eversheds Sutherland) • Scheme benefit consultants – (Hymans Robertson, Mercer, Aon, Barnett Waddingham) • External auditor – (currently Grant Thornton) • Internal auditor – (currently Orbis) 	<ul style="list-style-type: none"> • Additional Voluntary Contribution providers – (currently Prudential) • Fund Actuary – (currently Barnett Waddingham) • Insurance companies in connection with ill health benefits – (currently Legal and General) • LGPS National Insurance database – (South Yorkshire Pensions Authority) • The Pensions Ombudsman • Administering authorities of other LGPS funds (or their agents, such as third party administrators) where you have been a member of another LGPS fund and the information is needed to determine the benefits to which you or your dependants are entitled • Administrators of other public service pension schemes where you have been a member of another public service pension scheme and the information is needed to determine if you qualify for underpin protection • The Department for Work and Pensions • The Government Actuary's Department • The Cabinet Office – for the purposes of the National Fraud Initiative • HM Revenue and Customs • The Courts of England and Wales – for the purpose of processing pension sharing orders on divorce

Where we make Fund investments or seek to provide benefits for Fund members in other ways, such as through the use of insurance, then we may need to share personal data with providers of investments, insurers and other pension scheme operators. In each case we will only do this to the extent that we consider the information is reasonably required for these purposes.

From time to time we may provide some of your data to your employer and their relevant subsidiaries (and potential purchasers of their businesses) and advisers for the purposes of enabling your employer to understand its liabilities to the Scheme. Your employer would generally be a controller of the personal data shared with it in those circumstances. For example, where your employment is engaged in providing services subject to an outsourcing arrangement, the Administering Authority may provide information about your pension benefits to your employer and to potential bidders for that contract when it ends or is renewed.

Where requested or if we consider that it is reasonably required, we may also provide your data to government bodies and dispute resolution and law enforcement organisations, including those listed above, The Pensions Regulator, the Pensions Ombudsman and His Majesty's Revenue and Customs (HMRC). They may then use the data to carry out their legal functions.

The organisations referred to in the paragraphs above may use the personal data to perform their functions in relation to the Fund as well as for statistical and financial modelling (such as calculating expected average benefit costs and mortality rates) and planning, business administration and regulatory purposes. They may also pass the data to other third parties (for example, insurers may pass personal data to other insurance companies for the purpose of obtaining reinsurance), to the extent they consider the information is reasonably required for a legitimate purpose.

We do not use your personal data for marketing purposes and will not share this data with anyone for the purpose of marketing to you or any beneficiary. However, we may use your data to send surveys and other documents to you to help us improve the quality of service we provide.

Transferring information outside the UK

In some cases recipients of your personal data may be outside the UK. As such, your personal data may be transferred outside the UK to a jurisdiction that may not offer an adequate level of protection as is required by the UK Government. If this occurs, additional safeguards must be implemented with a view to protecting your personal data in accordance with applicable laws.

How long we keep your personal data

We will only keep your personal data for as long as we need to in order to fulfil the purpose(s) for which it was collected and for so long afterwards as we consider may be required to deal with any questions or complaints that we may receive about our administration of the Fund, unless we elect to retain your data for a longer period to comply with our legal and regulatory obligations. We keep your information for long enough to ensure that, if a query arises in the future about your benefits, we have enough information to deal with it where we have a legal obligation to do so. This information includes the data we need to identify a specific record. In practice, this means that your personal data will be retained for such a period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund until such a time that the Fund is satisfied that there is no benefit due to be paid and no person, estate, or organisation exists that may be able to claim a benefit is due to be paid. This is likely to be at least 75 years after a benefit ceases to be payable. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement.

Your rights

You have a right to access and obtain a copy of the personal data that the Administering Authority holds about you and to ask the Administering Authority to correct or complete your personal data if there are any errors or it is out of date or incomplete. In very limited circumstances, you may also have a right to ask the Administering Authority to restrict the processing of your personal data, or to transfer or (in extremely limited circumstances, such as where your personal data is no longer needed for the purpose for which it is being processed) erase your personal data. You should note that we are not obliged to erase your personal data if we need to process it for the purposes of administering the Fund.

In certain circumstances you have the right to object to the processing of your personal data; for example, you have the right to object to processing of your personal data which is based on the public interest or legitimate interests identified in the section above headed "The technical bit", or where processing is for direct marketing purposes.

You can obtain further information about your rights from the Information Commissioner's Office at www.ico.org.uk or via its telephone helpline (0303 123 1113).

If you wish to exercise any of these rights or have any queries or concerns regarding the processing of your personal data, please contact the Fund Administrator as indicated below. You also have the right to lodge a complaint in relation to this privacy notice or the Administering Authority's processing activities with the Information Commissioner's Office which you can do through the website above or their telephone helpline.

As explained in the section above headed "How we will use your personal data", one of the reasons we collect and hold your personal data is to administer your Fund benefits. If you do not provide the information we request, or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this may affect our ability to administer your benefits, including the payment of benefits from the Fund. In some cases it could mean the Administering Authority is unable to put your pension into payment or has to stop your pension (if already in payment).

Updates

We may update this notice periodically. Where we do this, we will inform members of the changes and the date on which the changes take effect.

Contacting us

Please contact the Fund for further information.

East Sussex Pension Fund - Pensions Administration
County Hall
Lewes
BN7 1UE
pensions@eastsussex.gov.uk

Data Protection Officer

You may also contact our data protection officer for further information.

Data Protection Officer
East Sussex County Council
County Hall
Lewes
BN7 1UE

To complain about the use of your information, please contact our [Customer Services Team](#) or our [Data Protection Officer](#).

[Further information on making a complaint.](#)

You can also contact the ICO for further information or to make a complaint:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire SK9 5AF

Phone: 0303 123 1113 (local rate) or 01625 545 745 if you prefer to use a national rate number

[Email ICO](#)

[Report a concern on the ICO website](#)

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PRIVACY NOTICE (SUMMARY)

for the members and beneficiaries of the East Sussex Pension Fund

This privacy notice explains how and for what purpose(s) East Sussex County Council (the **"Administering Authority"**, or **"we"**) uses personal data about members and beneficiaries (referred to as **"you"**) of East Sussex Pension Fund (the **"Fund"**). As the Administering Authority of the Fund we hold certain information about you and from which you can be identified (**"personal data"**) which we need to administer the Fund.

In this privacy notice, we have summarised some of the key ways in which we collect and use personal data in accordance with our requirements under data protection legislation. Further information can be found in the Full Privacy Notice at the following link:

[Privacy Notice \(eastsussexpensionfund.org\)](https://eastsussexpensionfund.org/Privacy-Notice)

It is important that you read this privacy notice together with any other privacy notice or fair processing policy we may provide on specific occasions when we are collecting or processing personal data about you so that you are fully aware of how and why we are using your data. This privacy notice replaces any general privacy notice we may have previously issued and supplements any other notices and privacy policies we issue that are specific to particular data collection / processing activities.

What personal data do we hold?

The types of data we hold and process will typically include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth and national insurance number.
- Information relating to your benefits in the Fund, including length of service or membership and salary.
- Other information in relation to your membership of the Fund or to enable the calculation or payment of benefits, for example bank account details.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.
- Information about any previous membership of other public service pension schemes and other LGPS administering authorities, including your date leaving and whether the previous scheme/authority assessed your eligibility for underpin protection.

We obtain some of this personal data directly from you. We may also obtain data from your employer (for example, salary information) and from other sources including public databases and the advisers and service providers that we may share your personal data which are listed in the Full Privacy Notice.

Where we obtain information concerning certain "special categories" of particularly sensitive data, such as health information, extra protections apply under the data protection legislation. We will only process your personal data falling within one of the special categories with your consent, unless we

can lawfully process this data for another reason permitted by that legislation. You have the right to withdraw your consent to the processing at any time by notifying the Administering Authority in writing¹. However, if you do not give consent, or subsequently withdraw it, the Administering Authority may not be able to process the relevant information to make decisions based on it, including decisions regarding the payment of your benefits.

What will we do with your personal data?

We will use this personal data to administer the Fund and to calculate and provide you (and, if you are a member of the Fund, your beneficiaries if you die) with benefits. We will also use this personal data for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested), and to comply with our legal obligations. For more details about the purposes for which we process your personal data, please see the Full Privacy Notice within 'Policies and Strategies' at [Forms and Publications | East Sussex Pension Fund](#).

From time to time we will share your personal data with third parties, including our contractors, advisors, government bodies and dispute resolution and law enforcement agencies and insurers in order to comply with our obligations under data protection legislation, and in connection with the provision of services that help us carry out our duties, rights and discretions in relation to the Fund. These organisations are listed in the Full Privacy Notice.

We may also process your personal data to assess and, if appropriate, action a request you make to transfer your benefits out of the Fund.

In some cases recipients of your personal data may be outside the UK. If this occurs, we will make sure that additional safeguards are in place to protect your data in accordance with applicable data protection laws. Please use the contact details below if you want more information in connection with this.

What is the lawful basis for our use of your personal data?

The lawful basis for our use of your personal data will generally be one or more of the following:

- a) we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund; and/or
- b) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; and/or
- c) we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund; and/or
- d) because we need to process your personal data to meet our contractual obligations in relation to the Fund (for example, under an agreement that you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.

Please note that where we indicate that our processing of your personal data is necessary for us to comply with a legal obligation, or for us to take steps, at your request, to potentially enter into an

employment contract with you, or to perform it, and you choose not to provide the relevant personal data to us, we may not be able to enter into or continue our contract with you.

How long will we hold your data?

We will only keep your personal data for as long as we need to in order to fulfil the purpose(s) for which it was collected and for so long afterwards as we consider may be required to deal with any questions or complaints that we may receive about our administration of the Fund, unless we elect to retain your data for a longer period to comply with our legal and regulatory obligations. We keep your information for long enough to ensure that, if a query arises in the future about your benefits, we have enough information to deal with it where we have a legal obligation to do so. This information includes the data we need to identify a specific record. In practice, this means that your personal data will be retained for such a period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund until such a time that the Fund is satisfied that there is no benefit due to be paid and no person, estate, or organisation exists that may be able to claim a benefit is due to be paid. This is likely to be at least 75 years after a benefit ceases to be payable. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement.

Your rights

You have a right to access and obtain a copy of the personal data that we hold about you and to ask us to correct or complete your personal data if there are any errors or it is out of date or incomplete. In very limited circumstances, you may also have a right to ask us to restrict the processing of your personal data or to transfer or (in extremely limited circumstances, such as where your personal data is no longer needed for the purpose for which it is being processed) erase your personal data. You should note that we are not obliged to erase your personal data if we need to process it for the purposes of administering the Fund.

In certain circumstances you have the right to object to the processing of your personal data; for example you have the right to object to processing of your personal data which is based on the public interest or legitimate interests identified in the section above headed "What is the legal basis for our use of your personal data?", or where the processing is for direct marketing purposes.

You can obtain further information about your rights from the Information Commissioner's Office at: www.ico.org.uk or via its telephone helpline (0303 123 1113).

If you wish to exercise any of these rights, please contact the Fund Administrator below. You also have the right to lodge a complaint in relation to this summary notice, the Full Privacy Notice or our processing activities with the Information Commissioner's Office, which you can do through the website above or their telephone helpline.

One of the reasons we collect and hold your personal data is to administer your benefits from the Fund. If you do not provide the information we request, or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this may affect our ability to administer your benefits, including the payment of benefits from the Fund. In some cases it could mean that we are unable to put your pension into payment or have to stop your pension (if already in payment).

Contacting us

Please contact the Fund for further information.

East Sussex Pension Fund - Pensions Administration
County Hall
Lewes
BN7 1UE
pensions@eastsussex.gov.uk

Data Protection Officer

You may also contact our data protection officer for further information.

Data Protection Officer
East Sussex County Council
County Hall
Lewes
BN7 1UE

To complain about the use of your information, please contact our [Customer Services Team](#) or our [Data Protection Officer](#).

[Further information on making a complaint.](#)

You can also contact the ICO for further information or to make a complaint:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire SK9 5AF

Phone: 0303 123 1113 (local rate) or 01625 545 745 if you prefer to use a national rate number
[Email ICO](#)

[Report a concern on the ICO website](#)

East Sussex Pension Fund

Funding update as at 31 March 2025

Background

This schedule is provided to East Sussex County Council as administering authority to the East Sussex Pension Fund (the Fund). Its purpose is to provide an approximate update on the funding position of the Fund as at 31 March 2025. The results in this schedule should be considered alongside the report on the valuation of the Fund as at 31 March 2022. This schedule has been generated from our online monitoring tool **Illuminate: LGPS Monitor**.

The results contained within this schedule are approximate. In particular, the results should not be used by the administering authority to make any significant decisions without our express permission. The schedule may be shared with other interested parties but it does not constitute advice to them. Barnett Waddingham LLP shall not accept liability should the schedule be relied upon for any purpose other than that stated above.

This advice is provided in our capacity as Fund Actuary. This schedule complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC). This is the only TAS that applies to this work.

The Fund participates in the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 (the Regulations). We have taken account of current LGPS Regulations (as amended) as at the date of this report.

Valuation method, process and assumptions

Roll-forward method

To assess the estimated funding position at 31 March 2025, the following calculations have been carried out:

- The value of the Fund's liabilities calculated for the funding valuation at 31 March 2022 have been rolled forward allowing for:
 - Changes in market conditions to 31 March 2025.
 - Cashflows paid to and from the Fund, as provided to 31 March 2025 by the administering authority (estimated thereafter).

- The value of the Fund's assets are based on the latest asset data provided by the administering authority to 31 March 2025, rolled forward and estimated where necessary.

In particular, no allowance for actual member experience since the last valuation has been made (for example, membership movements (e.g. retirements, leavers or deaths). If there have been significant changes to the membership (such as a large number of transfers or deaths) the results of a full valuation could be materially different from this estimate. The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and we are happy that the data is sufficient for the purposes of this advice.

We assess the funding position on a smoothed basis which is an estimate of the average position over a six month period spanning the reporting date. As the smoothing adjustment reflects average market conditions spanning a six month period straddling the reporting date, the smoothed figures are likely to change up until three months after the reporting date. The smoothed results are indicative of the underlying trend.

We also assess the funding position on an unsmoothed basis where assets are taken at market value and the financial assumptions are taken to be the spot rates at the reporting date (and no smoothing is applied).

Assumptions

The actual investment returns earned by the Fund will affect the value of the Fund's assets. The value of the Fund's liabilities, however, is dependent on the assumptions used to value the future benefits payable.

For the purpose of this update it is appropriate to use the method and assumptions consistent with those set by the Fund actuary for the purpose of the 31 March 2022 actuarial valuation, updated where necessary to reflect market conditions. Further details of the derivation of the financial and demographic assumptions can be found in the latest actuarial valuation report and the Funding Strategy Statement, both of which are available on the Fund's website.

A summary of the key financial assumptions used for this funding update are shown below, alongside the corresponding assumptions at the last triennial valuation date.

Key assumptions	31 March 2025	31 March 2022
CPI inflation	2.35% p.a.	2.88% p.a.
Salary increases	3.35% p.a. (CPI plus 1.00% p.a.)	3.88% p.a. (CPI plus 1.00% p.a.)
Discount rate	4.93% p.a. (CPI plus 2.58% p.a.)	4.60% p.a. (CPI plus 1.72% p.a.)

The discount rate assumption is set with reference to the Fund's long term investment strategy and therefore reflects the long term expected return on assets for the Fund and incorporates an explicit prudence allowance consistent with the method adopted for the 31 March 2022 valuation. In particular, the investment strategy in place at the previous actuarial valuation has been used to set the assumption.

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As we see, the real discount rate is more than at the 31 March 2022 valuation, decreasing the value of liabilities used for funding purposes

The ongoing demographic assumptions are as set out in the actuarial valuation report as at 31 March 2022 and the Funding Strategy Statement, both of which are available on the Fund's website.

The following table shows the equivalent unsmoothed financial assumptions at the same dates. These are provided for information, however, please note that the unsmoothed basis has no bearing on the calculation of the ongoing funding position or the contribution rates.

Key assumptions	31 March 2025	31 March 2022
CPI inflation	2.36% p.a.	3.02% p.a.
Salary increases	3.36% p.a. (CPI plus 1.00% p.a.)	4.02% p.a. (CPI plus 1.00% p.a.)
Discount rate	4.98% p.a. (CPI plus 2.62% p.a.)	4.63% p.a. (CPI plus 1.61% p.a.)

Results

The table below shows the approximate updated funding position of the Fund as at 31 March 2025. The results of the previous actuarial valuation are also shown for comparison. Charts showing the full funding level progression and an analysis of change since the last valuation date are included in the appendix to this schedule.

The ongoing assets for the purposes of this update are calculated as a six-month smoothed market value straddling the valuation date.

Ongoing results	31 March 2025	31 March 2022
Liabilities	£4.074bn	£3.760bn
Assets	£5.048bn	£4.619bn
Surplus / (Deficit)	£974m	£859m
Funding level	123.9%	122.8%

The Fund has a funding surplus of £974m at 31 March 2025 relating to a funding level of 123.9%. This compares to a funding surplus of £859m at 31 March 2022, relating to a funding level of 122.8%.

Final comments

There are many factors that affect the Fund's funding position and could lead to the Fund's funding objectives not being met within the timescales expected. Some of the key risks that could have a material impact on the Fund include longevity risk and financial risks (including inflation and investment risk). There is more detail on this contained within the Fund's Funding Strategy Statement and the latest actuarial valuation report.

The following points should be noted and are shown in the chart in Appendix 2:

Although these results are as at 31 March 2025 they do not incorporate the updated 2025 valuation assumptions, nor do they allow for any membership changes since 31 March 2022.

- Actual investment returns have been lower than assumed over the period (actual circa 6.3% vs 14.5% expected) from 31 March 2022 to 31 March 2025 (using known returns to 31 March 2025). This has resulted in an experience loss of £218m, decreasing the funding level by around 5.1%.
- The discount rate has increased from 4.6% p.a. at 31 March 2022 to 4.9% p.a. at 31 March 2025. This increased the funding level by around 6.4%.
- The long-term expectations for CPI inflation has reduced since the last valuation from 2.9% p.a. to 2.4% p.a. This was anticipated as the CPI inflation assumptions at 31 March 2022 allowed for the known and expected short-term higher inflation. The CPI assumptions of 2.9% p.a. over a 20-year period is broadly consistent with inflation of 10% in year 1, 6% in year 2 and 2.4% thereafter. This reduces the liabilities by around 11.9%.
- CPI increases have been awarded to the appropriate members at 31 March 2023 of 10.1%, 31 March 2024 of 6.7% and 31 March 2025 of 1.7%. This impact can be seen in the graph in Appendix 1. In aggregate the impact is materially higher than the long-term assumption adopted for the last valuation (but see point above) and so this has increased the liabilities and reduced the funding level by around 11.7%.

The funding position at future dates will be dependent on the investment performance of the Fund as well as future market conditions which determine the financial assumptions.

If you have any questions arising from this schedule, please contact the team in the usual way and we will be happy to help.

Barnett Waddingham LLP

Appendix 1 Funding level progression

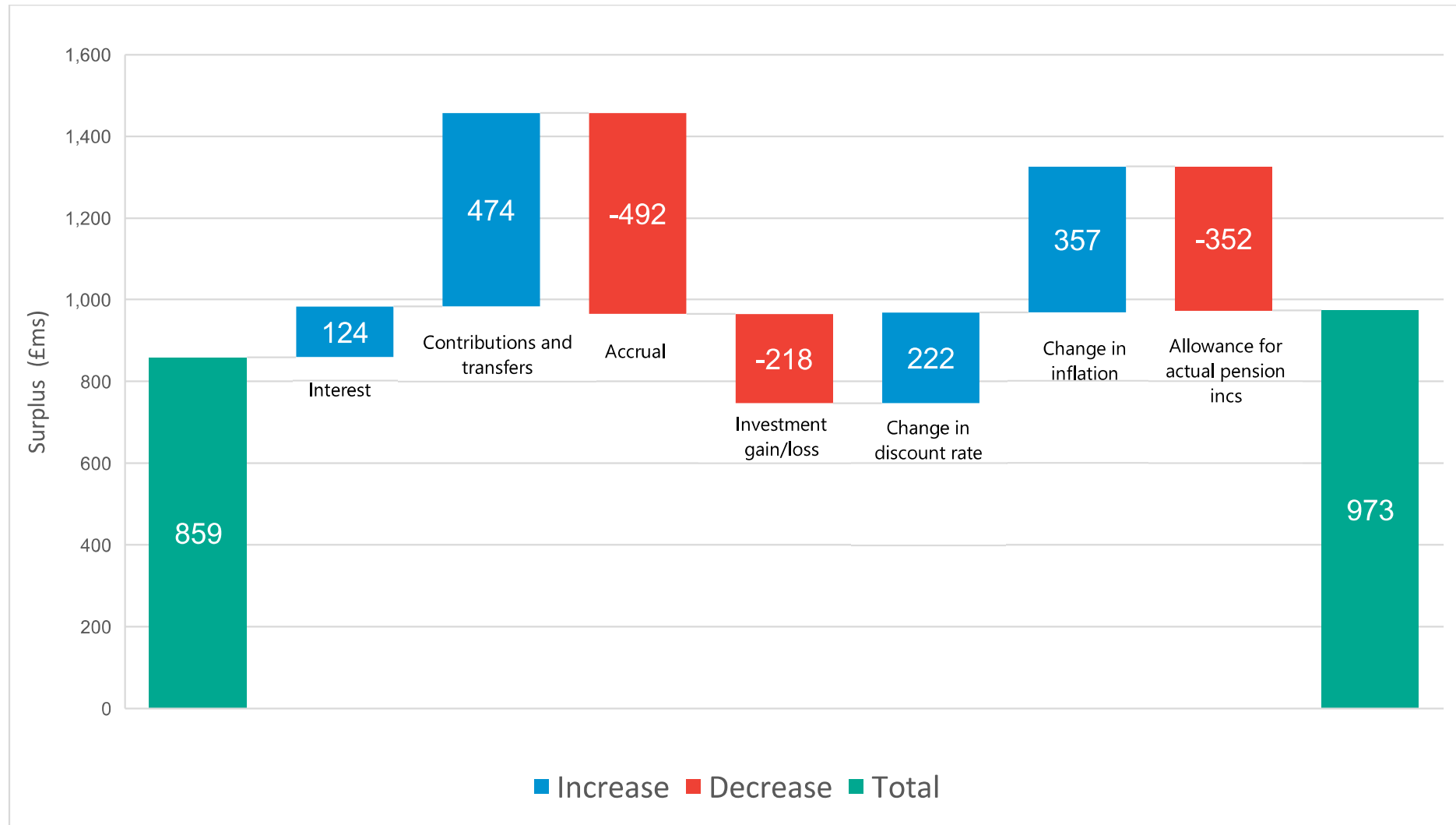
The chart below illustrates the approximate development of the Fund's ongoing funding levels from 31 March 2022 to 31 March 2025. As the smoothing adjustment reflects average market conditions spanning a six month period straddling the reporting date, the smoothed figures are likely to change up until three months after the reporting date.

The chart also illustrates the approximate development of the unsmoothed position over the same time period for comparison.



Appendix 2 Analysis of change

The chart below shows the analysis of the change in the ongoing funding position from 31 March 2022 to 31 March 2025.



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Appendix 6 – Draft Annual Report of the Pension Board

Report to:	Pension Committee
Date of meeting:	19 June 2025
By:	Chair of the East Sussex Pension Board
Title:	Report of Pension Board to Pension Committee
Purpose:	Report to Pension Committee, to understand work completed by the Pension Board

RECOMMENDATIONS: The Pension Committee is recommended to note the report covering the work completed in year by the Pension Board.

1. Background

1.1 This document outlines the actions taken by the Pension Board of the East Sussex Pension Fund (the Fund). It also details training undertaken by individual Pension Board members in the past 12 months to develop and maintain the required level of knowledge and understanding needed to fulfil their function of supporting the Administering Authority (also known as the Scheme Manager).

1.2 This document allows the Pension Committee to understand the work being done by the Pension Board to improve the operation of the Fund.

2. Membership and attendance

2.1 The membership of the Pension Board over the past year has been:

Employer Representatives:

- Councillor Andrew Wilson – Borough and District Councils (From July 2023)
- Nigel Manvell – Brighton and Hove City Council (Until March 2025)
- Linda Hughes – The Southfield Trust (From June 2024)

Member Representatives:

- Trevor Redmond – UNISON (From September 2023)
- Zoe O’Sullivan – Active/Deferred representative (From July 2023)
- Neil Simpson – Pensioners’ representative

Independent Chair

- Ray Martin

2.2 There have been some changes to the membership. Tim Oliver left his role at Brighton University and was replaced on the Pension Board by Linda Hughes from the Southfield trust in June 2024. Nigel Manvell left employment in March 2025 and subsequently left the Pension Board (replacement to be advised). Sian Kunnert resigned as Head of Pensions in December 2024 and has been replaced by Susan Greenwood. George Norval was appointed as interim deputy Head of Pensions in September 2024.

Attendance at Pension Board meetings:

	5 June 2024	11 September 2024	7 November 2024	13 February 2025
N. Manvell	N	Y	Y	Y
R. Martin	Y	Y	Y	Y
Z. O’Sullivan	Y	Y	Y	N
T. Redmond	N	Y	Y	Y
N. Simpson	Y	Y	Y	Y
A Wilson	Y	Y	Y	Y
L. Hughes		Y	Y	N
Cllr A. Wilson	Y	Y	Y	Y
Cllr G. Fox	Y			
Cllr P. Redstone			Y	
Cllr I. Hollidge	Y			
Cllr N, Bennett		Y		
	1 employer vacancy			

(Y = attended, N = did not attend)

3. Work of the Pension Board

3.1 Meetings are scheduled to be held prior to each Pension Committee meeting (no less than 2 weeks). Papers relating to administration, governance, policy, audit and communications are considered by the Board prior to final versions being presented at Committee for approval. This allows the Board to feed in on matters of governance and represent the views of Scheme members and Scheme employers prior to Committee approval.

3.2 Members of the Pension Board also act as observers at Joint Committee meetings of the ACCESS Investment Pool. The role of observer is on a rotating basis with each of the 11 Administering Authorities providing Pension Board observers in turn. This process is designed to support governance standards within the ACCESS Pool.

3.3 The Pension Board considers its work programme at each meeting:

- taking into account regular items
- what is planned for upcoming Pension Committee meetings, and
- are able to request areas of focus be added to the Board work plan.

4. Actions

4.1 The Board supported updates to the Fund’s risk register and requested further detail and review time to enhance scrutiny. A Risk Register workshop was held in March 2025.

4.2 The Board reviewed governance changes resulting from national pensions reform. They engaged with officers around any potential impact on the Fund’s operations, including pooling and local investment strategies.

4.3 Board members reviewed and endorsed key policy changes, including revised Privacy Notices, Exit Credit Policy wording, and participated in the Additional Voluntary Contributions (AVC) review process to improve member outcomes.

5. Training

5.1 In the past year the Pension Board, along with members of the Pension Committee, have been offered a range of training opportunities. In addition, reading material and relevant podcasts are provided.

5.2 Since the last report, Pension Board members have attended training events covering:

- Internal Audit and transfers in/out of the Pension Fund
- The role of the internal audit and measuring governance standards
- Additional pension contributions (APC) and additional voluntary contributions (AVC)

6. Year ahead

6.1 It is anticipated that the year ahead will see a consistent membership of the Pension Board (barring the vacancy detailed in 2.2 above).

6.2 The Fund will undergo a triennial valuation as of March 2025. Training and analysis will be a major focus of Pension Board activity.

6.3 The Pension Board will continue to provide oversight on regulatory change implementation, risk management, the valuation process, and administrative performance.

Ray Martin

Chair of East Sussex Pension Board

Contact Officer: Susan Greenwood, Head of Pensions

Email: Susan.Greenwood@EastSussex.gov.uk

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Report to: Pension Board

Date: 5 June 2025

By: Chief Finance Officer

Title: Employer Engagement and Communications Report

Purpose: This report provides an update on activities by the Employer Engagement team and on Fund Communications activities.

RECOMMENDATION:

The Pension Board is recommended to note the report.

- 1. Background**
- 1.1 This report is brought to the Pension Board to provide an update on employer engagement tasks that directly affect the East Sussex Pension Fund (the Fund) and Communications activity of the Fund.
- 1.2 Scheme Employers (scheduled and admitted bodies) must pay both employee and employer contributions to the Fund monthly, no later than 19 days of the following month in which the contributions were deducted from payroll. The contribution rates for members are set annually by the Local Government Pension Scheme (LGPS) and are based on salary bandings. The Employer contribution rate is set at the triennial valuation and recorded in the rates and adjustment certificate issued by the Funds actuary or set on admission to the Fund agreed by the Fund’s actuary.
- 1.3 The Fund has a Communications Strategy which defines the main methods of communication we provide for key stakeholders. This includes making the best use of technology where appropriate, to provide quicker and more efficient communications for the Fund's stakeholders. The Fund will ensure that communication methods are accessible to all.

2. Employer Engagement Activities

Employer Contributions

- 2.1 Employer contributions - The below table sets out the number of late payments received after 19 days have elapsed following contributions deducted from payroll between May 2024 and March 2025.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar*
Payments Due	148	149	148	146	151	151	151	152	156	156	157
Late Payment	2	3	5	3	2	5	4	4	2	5	0
Existing employers late			4	3	2	3	4	4	1	4	0
New employers late			1	0	0	2	0	0	0	0	0

*Due to the migration to Oracle and not being able access the suspense data, the late payments number for March is not finalised. For the payments which were able to be logged, the dates may not be accurate with migration.

From May 2024 until March 2025 there have been 33 late payments of contributions out of 1,665 expected payments.

The LGPS 31 forms have been edited to highlight the due dates for payment to prevent any confusion for employers.

January, February and March 2025

2.2 Regarding the late payments in January, February and March 2025:

- January – One employer was late due to issues with an external payroll provider. ESPF was already aware of the issues and on that basis the fine was waived.
- February – 4 employers were late, 3 being repeat offenders within a 12-month period and thus incurring a fine. The fourth had the fine waived since they could show that a cheque was posted well in advance of the deadline.

Scheme Member Training

2.3 The Employer Engagement team is currently repeating the 3-part member level training series (twice per session) in May 2025. This includes minor tweaks after the January series.

The booking levels are currently (as of 14 May)

1. Introduction to LGPS - 194
2. Your Pension MOT - 239
3. Preparing for Retirement - 196

Communications Update

3. Scheme Member training

- 3.1 The communications team continue to work closely with the Employer Engagement team in putting together a booking process, promotion via Scheme employers, scripts, YouTube videos and sending out and collating feedback.
- 3.2 All slide decks have been updated (to reflect 2025/26 limits and tweak content based on feedback from earlier sessions in January)
- 3.3 Once the events are over in May, further promotion via employers will take place for the events in October.

4. Communication Strategy refresh

- 4.1 The Communication Strategy outlines how the Fund will engage, educate, and fulfil the needs of its stakeholders including members and employers in line with Regulation 61 of the Local Government Pension Scheme (LGPS) Regulations 2013. The strategy must be officially reviewed every 3 years and updated. The updated version can be found in Appendix 1.
- 4.2 The main means of communication with key stakeholders are outlined in the Strategy. These include making the best use of technology where appropriate, to provide quicker, more efficient, cost-effective, accessible communications.
- 4.3 The 2025 Strategy makes it clear from the start what the aims and objectives of the Fund are and how those will be measured. The Fund is becoming a more digitally focussed entity, but this journey takes time. The Strategy therefore strikes the right balance between ambition and practicality. Any superfluous content has been removed resulting in 242 fewer lines of text compared to the 2022 version.

5. East Sussex Pension Fund main website

- 5.1 The website continues to be updated with relevant and engaging information for members and employers. Following the end of the tax year content that includes limits (member contribution rates for example), have been updated.
- 5.2 Brand new content has been drafted for members who are looking to increase their pension via Additional Pension Contributions or AVCs. This now provides a far more detailed summary of this subject - [Increase my pension | East Sussex Pension Fund](#)
- 5.3 Website analytics data are detailed in Appendix 2.

6. Employer support material

- 6.1 The communications team have produced new material to support employers and the Fund's own engagement team including:
- [Appointing a payroll provider guide](#)
 - [Employer Fact Card 25/26](#)
 - [Becoming an employer in the Fund](#)
 - A presentation to support employers going through redundancy exercises is now complete together with a fact sheet for employees - [Redundancy fact sheet](#)
 - [Transfer of your job to another employer](#)
 - Updated members' guides: 1. A brief guide to the LGPS, 2. Retirement Planning Guide, and 3. AVCs and the LGPS.
- 6.2 A set of presentations have been drafted covering the main processes and procedures employers have responsibility for under the LGPS. The Communications team will now collaborate with the Employer Engagement Team to refine content and work out a plan for promotion and delivery later in 2025.

7. Supporting end of tax year P60 and pension increase communications

- 7.1 Emails and letters were sent to support the issuing of the first payslip of the new tax year, pension increase and P60 notifications. Unless a pensioner had opted out of electronic communications, they were directed to the 'My Pension' website to pick up the documents.

8. 'My Pension' - member self-service website

- 8.1 An updated version of the member self-service website, 'My Pension' went live on the 17 July 2024. The launch of this updated functionality is helping transform the way members access and engage with vital pension information online. The Fund will continue to promote 'My Pension' through newsletters, the website and through employers.
- 8.2 Since the previous Board paper employers (50+ members) have written to offering personalised support in promoting 'My Pension'. Any employer with a take-up rate less than the average of the top 20 employers (48%) received an email alerting them to this fact and providing avenues of support.

Shown below (as of 30 April 2025) are current registration levels (excluding electronic opt outs):

Type of member	On Engage (number)	% registered for 'My Pensions'	Old MSS % registered
Contributing	9278	43.5	51
No longer contributing	7134	32.6	46
Pensioners	7190	56.8	50
Widow/dependant	521	33.1	19

9. Conclusion and reasons for recommendation

9.1 The Pension Board is recommended to note the updates provided in the report.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Susan Greenwood, Head of Pensions
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Communication Strategy

June 2025



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Introduction

The Communication Strategy outlines how the East Sussex Pension Fund (the Fund) will engage, educate, and fulfil the needs of its stakeholders including members and employers in line with [Regulation 61 of the Local Government Pension Scheme \(LGPS\) Regulations 2013](#). The Fund is committed to developing communication, which is relevant, engaging and easy to understand.

In consultation with Fund employers and members through their representatives on the Pension Board or other feedback mechanisms, this strategy will be reviewed every three years and updated as appropriate following each review.

East Sussex County Council (the administering authority) is responsible for the administration of the Fund, which is part of the LGPS. The Fund works with circa 150 Scheme employers to provide a valuable package of benefits to over 85,000 members. The Fund has identified a range of key stakeholders each with different communication needs.

The main means of communication with our key stakeholders are outlined in this statement, which includes making the best use of technology where appropriate, to provide quicker, more efficient, cost-effective communications. The Fund will ensure that communications are accessible to all.

The Fund will provide content designed to be relevant based on membership type. We will look to segment communications so that people only get information that's of interest to them. For example, communication needs will be different for prospective joiners, members paying in, members no longer paying in, pensioners and those nearing retirement. Where appropriate material will be produced according to life stage, by looking at areas such as career stage, age and retirement readiness.



Our Aims and Objectives

To ensure that we are communicating effectively and continue to enhance the service we offer, we have the following objectives.

Members

To promote the benefits of the LGPS, as a valuable part of the pay and rewards package of employees who are entitled to join the Scheme.

To provide sufficient information and options so members can make informed decisions about their benefits.

To establish where gaps in member knowledge and understanding exist so we can look to develop effective training and resources to address these.

To improve member access to their Local Government Pension Scheme records by promoting online use of our self-service website - 'My Pension'. This includes working towards members being able to carry out tasks online thereby making processes quicker, simpler and more secure and use of video content to explain use of features

Employers

Provide information which enables employers to carry out their duties effectively.

Work with employers to enable them to fulfil their responsibility to communicate and share information with members in relation to the Scheme.

To help employers respond to LGPS issues/consultations that affect them or their employees.

Applies to all

To ensure stakeholders are kept up to date with any changes in regulations and processes.

To communicate using plain English in a clear, concise, accessible manner.

To use the most appropriate means of communication, including greater use of technology where appropriate.

To provide a clear understanding to all stakeholders about what we will provide and what these methods set out to achieve.

To ensure that both members and employers have an awareness of the [investment strategy](#) and overall performance of the Investment Fund.

To enable communications to be evaluated and challenged and use the results to shape future communications.

East Sussex Pension Fund Communication Strategy

To ensure we meet any statutory obligations related to communications.

To treat information security with importance and in line with current data protection legislation along with the requirements of the Pensions Regulator.

To reduce queries and complaints because of improved communication.

To ensure all Fund officers understand the key messages and communication approach in order that they can correspond with stakeholders effectively.

The Fund will identify if there are any opportunities to segment the customer base (for example by age, membership status, size of pension etc.) and design communications to increase relevance and usefulness to drive member engagement (subject to cost analysis).

To ensure that all communications are accessible in order that all Scheme members and other stakeholders can access the Fund's services, online content, and communications equally.

To ensure that communications are cost effective: to help save resources, time and expenditure.

To ensure that all Pension Board and Pension Committee members are fully informed on pensions matters including investment, funding, audit, governance, administration and risk, to ensure they have sufficient knowledge to fulfil their duties and responsibilities.



Measurement of our communication objectives

The Fund will evaluate the effectiveness of our communication objectives via the measures below.

‘My Pension’ – member self-service website

Registration levels, feedback given to the administration team, online survey, number of cases processed through ‘My Pension’, analysis of usage of ‘My Pension’ features (promotion success).

Valuable benefit (LGPS) / sufficient information for decision making

Trying to improve satisfaction levels achieved in member, helpdesk and customer satisfaction surveys related to communication.

Feedback from communications issued to members and employers received through the administration team, helpdesk or employer engagement teams.

Website visits, including new visitors, document downloads, overall page views, key page views and success of key communications such as newsletters, annual benefit statements etc.

Review guides / support material / website to ensure members are armed with the tools required to make effective decisions.

Promote retirement planning tool and benefit calculators within ‘My Pension’ and ensure members have an awareness of external support mechanisms, such as MoneyHelper.

Clear, simple, plain English communication / communication support methods

Employer and member satisfaction levels from surveys conducted with both groups.

Feedback from the Pension Board and Pension Committee.

Monitor enquiries/engagement from stakeholders following key events and communications.

Ensure documents are checked for accessibility, make use of Microsoft Editor and tools like Hemingway.

Analyse results of regular external assessment of the Fund’s website (including documents) for accessibility.

Work with Joint communications Group to ensure mid-year active and deferred newsletter content is accredited by the Plain Language Commission.

Evidence of utilising communications produced nationally or in partnership with other administering authorities.

Evaluation of communication survey results to shape improvements

Undertaking a member satisfaction survey every two years, using results to identify areas to improve communications in future (look at trends from previous years).

Use Helpdesk and email signature survey results to aid communication improvements.

Compliments and complaints are recorded and trends analysed.

Investment awareness

Ensure that the investment section of the website has current information on investment strategy, responsible investment principles, stewardship, asset allocation and performance. This will include information on the Access Pool the Fund is part of (Government guidance states that LGPS Funds should work together to pool investments to reduce costs, while maintaining investment performance).

East Sussex Pension Fund 'Team' knowledge

To ensure all team members understand the key messages and approach in order that they can communicate with stakeholders effectively.

Communicate key Scheme changes via email and ensure regular attendance of pension and project meetings/training events where appropriate.

Ensure team members have personal development plans, regular performance management meetings and access to professional qualifications.

Conduct an annual assessment of officer's skills against CIPFA's Knowledge and Skills Framework and ensure gaps are rectified and improvement noted. All training is logged by the Funds training coordinator.



Member communication methods

Contacting the Fund

We have a dedicated Pensions Helpdesk. Telephone lines are open 9am to 4pm Monday to Friday (except bank holidays and between Christmas and the New Year). Phone number: 0300 200 1022 for general enquiries or 0300 200 1027 for 'My Pension' - member self-service website queries.

Email: pensions@eastsussex.gov.uk

Post: East Sussex Pension Fund, County Hall, St Anne's Crescent, Lewes, BN7 1UE

Newsletters – The Fund will promote newsletters via email which will direct members to our website to view content. The newsletter will cover current pension topics linked to the LGPS and the wider pensions industry. Further communications may be sent to members highlighting issues of importance, such as changes in Scheme regulation or operation as they arise.

Active members – two newsletters a year

Deferred and Pensioner members – one newsletter a year

Website

The Fund has its own website (<https://www.eastsussexpensionfund.org/>) which provides extensive information about the LGPS, guides, factsheets, forms and up to date news about the Fund's activities. The website will act as the bedrock and basis of the content of many of the Fund's other communication channels.

There are specific sections dedicated to different types of members.

[Joining the Scheme](#)

[Paying in](#)

[No longer paying in](#)

[Retirement](#)

[Pensioners](#)

The Fund is in the process of setting up a Digital Assistant on key pages of the website (likely launch in October 2025). This is designed to offer automated responses to key questions, together with links for further information.

In addition, members have access to the [LGPS website](#). This site is for members of the Local Government Pension Scheme (LGPS) in England and Wales and their families. Content includes easy to use tools and calculators, useful links, hints and tips, videos and other LGPS information.

The Fund offer Scheme guides for members which set out the conditions of membership and the main Scheme benefits that apply under the LGPS. The guides can be found on the main East Sussex Pension Fund website at www.eastsussexpensionfund.org/forms-and-publications/.

Annual Report and Accounts

The audited accounts of the Fund are prepared as of 31 March each year and published on our website, usually in early December. The report details the management and financial performance of the Pension Fund during the year.

Annual benefit statement

Annual benefit statements are provided to active and deferred members by 31st August each year. The statements are made available online via 'My Pension' the Fund's member self-service website or posted to members who have opted out of electronic communications.

Active members - Statements are provided which details a pension forecast to the member's normal pension age (assuming they continue to contribute to the LGPS), a pension breakdown of benefits accrued over the last Scheme year (to 31st March) and benefits payable on death.

Deferred members - Statements are provided which detail member's current deferred pension (to 31st March) and benefits payable on death.

'My Pension' - member self-service website

Members have online access (once registered) to their East Sussex Pension Fund records through 'My Pension' - a secure online self-service website. Substantial improvements were made in July 2024 including:

- Simple registration and log in.
- Enhanced security including multi-factor authentication, ensuring safe access to pension information.
- Updated look and design – making the site easier to understand and navigate around.
- Online annual benefit statements (**active and deferred members only**) – broken down into simpler chunks using visual aids to help members understand their pension benefits.
- View the latest estimated pension valuation (**active and deferred members only**).
- The ability to update personal details such as email address, home address, expression of wish nomination(s) and communication preferences.
- New retirement planner - which allows members to set retirement goals and identify whether they are on track to reach them (**active and deferred members only**).
- A range of benefit calculators.

Active members only - The deferred benefit calculator details estimated benefits if a member leaves the LGPS. The voluntary retirement calculator details benefits payable based on a specified retirement date (early, normal or late). There's also a death in service calculator.

Deferred members only – The deferred pension payment calculator details the benefits payable to members based on them taking retirement (early, normal or late). There is also a calculator which provides an illustration of death benefits payable.

- Online access to pay slips and P60s - Pensioners can view and print all pay slips* and P60s and access a calculator showing what their pension would be worth if they were to die whilst in receipt of a pension (**Pensioner members only**).

* Pensioners who have opted out of electronic communication will only receive pay slips in the post in March, April and May or when net pay changes by more than £5.

The Fund will be looking to implement further developments to 'My Pension' including allowing members to carry out administrative processes online, thereby making processes quicker, simpler and more secure.

Member training – active members only

East Sussex Pension Fund offer free online Local Government Pension Scheme training to contributing members. This is promoted via Scheme employers with courses run three times per year.

There are three courses available:

- 1) Introduction to the LGPS – this session covers the benefits of being in the LGPS.
- 2) Your Pension MOT – A course designed to help members keep up to date and engaged with their pension.
- 3) Preparing for retirement -This course will help members who are thinking ahead to retirement and want to know more about the process, how benefits are calculated and answers to key retirement questions.

Pension increase statements – pensioner members only

A letter is made available via 'My Pension' each year to all pensioners informing them of changes to their pensions in payment (pensions are adjusted each April in line with the cost of living). For pensioners who have opted out of electronic communications, this will be sent by post. The pension increase percentage is also posted on the pensioner page of our website.

Prospective member communication

The Fund works with Scheme employers to assist in the joining arrangements for the LGPS. We hold general information and literature for prospective pension Fund members on the ESPF website. There is a specific section dedicated to new joiners - [Joining the Scheme](#). Upon joining the Fund, members are sent a welcome letter confirming their membership in the LGPS. This includes links to a Scheme guide, details of how to access 'My Pension' – our member self-service website and encourages members to complete a nomination form and consider transferring in any pensions from elsewhere within a 12-month window..

Power of attorney/guardian of a child pensioner

The Fund will communicate with these people in the same way as it would with the member, as outlined already in this strategy, subject to receiving sufficient evidence of the arrangement or relationship.



Communication with Scheme Employers

To assist Scheme employers participating in the LGPS, the Fund has a range of communication materials and methods that aims to:

- increase their understanding of pension issues, and
- help them fulfil their responsibilities as Scheme employers.

Administration Strategy

The [Pension Administration strategy](#) sets out the quality and performance standards expected of the Fund as Administering Authority and Administrator and its Scheme Employers. This ensures that both the Administering Authority and the Scheme Employers are fully aware of their responsibilities under the LGPS and any consequences of non-compliance. The strategy helps support the delivery of a high-quality, timely and professional administration service.

This strategy document is updated at least every three years, considering changes made to the regulations and feedback from the Fund's Scheme employers. All the Fund's Scheme employers are consulted on the administrative strategy where revisions are made that are meaningful or significant to ensure they acknowledge their responsibilities.

Annual Report and Accounts

The audited accounts of the Fund are prepared as of 31 March each year and published on our website, usually in early December. The report details the management and financial performance of the Pension Fund during the year.

Designated employer contact(s)

The Fund will request each Scheme employer designate individuals to fulfill roles related to employer engagement with delegations where appropriate. For example, this includes providing a named payroll contact, HR contact and contacts for financial management/strategy. Employers do so by completing (and regularly updating) an 'Authorised signatories form'.

Employer forum

An annual forum for all Scheme employers to provide information and training on administration activity, investment performance, actuarial insights and any Scheme changes and current issues impacting the Fund and the LGPS. The Forum is either held online or face to face and provides employers with the opportunity to network with other employers and meet key Fund officers.

Employer newsletter

The Fund publishes a regular employer newsletter. It covers topical issues, technical information requiring employer attention and changes to regulations that impact on their duties and responsibilities. The newsletters are issued at least twice per year and are available on the employer section of our website.

Funding and investment

The Fund seek to provide and help employers understand the Funding Strategy Statement and Investment Strategy Statement including the performance of the Fund's Investment's (given its impact on employer contribution levels).

General Guidance and Assistance

The Pension Administration Team or Employer Engagement Team can be contacted during normal office hours and are on hand to answer any questions raised by Scheme employers. For example, we can support new employers with the admission process or provide guidance on how to onboard to i-Connect when changing payroll software provider. The Employer Engagement Team can arrange face to face or virtual meetings with employers on request.

Guides

The ESPF website has several guides available including LGPS31 Employer contribution guide, HR guide, outsourcing and admission agreements guide, payroll guide and i-Connect guides. LGPS31 forms will also be issued to the employer's payroll contact annually reflecting any change in rates as set out in the actuarial rates certificate.

Training

The Fund are happy to support both group and individual training sessions for employers. For example, training on how to submit end of year returns, i-connect support, the responsibilities of a new employer to the Fund and support in preparing policies such as Discretion Policies. The Fund can also provide training for members on request from employers.

Valuation Reports

A report issued every three years setting out the estimated assets and liabilities of the Fund as a whole, as well as setting out individual employer contribution rates for a three-year period commencing one year from the valuation date.

Website

There is an [employer page on the ESPF website](#) with the latest employer information, links to forms and guides, an employer toolkit, i-Connect support and employer newsletters.



Communication - The Pension Committee and Pension Board

The Pension Committee has delegated power (from East Sussex County Council) to review, administer and monitor the Fund. The Pension Board's role is one of providing assurance in the governance of the Fund and helping to ensure that the Fund complies with the code of practice issued by the Pension Regulator.

The Fund works closely with the Pension Committee and the Pension Board, and the core communication objective is to ensure that all Scheme members are fully informed on pensions matters including investment, funding, audit, governance, administration and risk. They have regular training to ensure they have sufficient knowledge to fulfil their duties and responsibilities. Following the Chancellor's Mansion House speech in November 2024 the Government published several documents relating to the Pensions Review including a consultation for the LGPS titled 'Fit for the future'. The stated aims of the consultation are 1) Reforming the LGPS asset pools by mandating certain minimum standards deemed necessary for an optimal and consistent model, 2) Boosting LGPS investment in their localities and regions in the UK, 3) Strengthening the governance of both LGPS Administering Authorities and LGPS pools. The Fund will ensure that the Pensions Committee are fully briefed on any changes and communications will be planned accordingly.

ESPF will provide elected members with information about the LGPS through online and face to face presentations delivered at meetings or through written reports. Both Board and Committee members will make a self-assessment of their knowledge and understanding through completion of an annual 'training needs analysis'. ESPF will provide or facilitate any training needs identified or requested and will log any training completed. We will also circulate news updates and other relevant information to enable them to make effective decisions on communications and offer support on key risks and responsibilities. Officers of the Fund will contribute to Committee and Board papers ahead of meetings. The agenda, reports and minutes of the meeting are available on the East Sussex County Council website.

Communication – Pension Fund staff

It's critical that Fund staff are kept up to date with important information on the LGPS, changes to policy and procedures within the Fund and the wider legislative and regulatory pensions industry. The Fund ensure that all staff have access to the relevant information and technical knowledge to enable them to perform their duties.

This is achieved via email, personal development plans, skills matrix, performance management meetings, internal meetings, access to professional qualifications, training events and access to our 3rd party administration supplier's training material and seminars.

Communication with other Key Stakeholders

ACCESS Pool - The Fund is a member of the ACCESS pool established by a group of 11 Councils, to invest assets on a pooled basis for the LGPS Funds administered by those Councils. It is important that ACCESS understands each Fund's investment strategy so that the pooled assets are invested in accordance with the investment strategies of the underlying Funds. Communication with ACCESS happens in several ways including directly at officer level and Joint Committee. The Pension Committee will receive regular updates on the activities of ACCESS and will also be responsible for deciding the assets to be invested through ACCESS. The Pension Board will receive regular updates on the governance activities of the pool and feed through views of the members and employers they represent. At the current time there is uncertainty what the outcome of the Fit for the Future consultation will mean for the Fund's future pooling arrangements

Actuary* - The Fund communicates with the Fund Actuary to discuss funding levels, employer contributions, accounting information for Scheme employers and the apportionment of the assets and calculation of the liabilities of the Fund.

AVC Provider - Additional Voluntary Contributions (AVC) are held and invested separately from the LGPS. The Fund's current AVC provider is Prudential Limited. Prudential provide communications directly to AVC members. Communication with the Fund include assurance that records are complete, accounting information, range of products available and service review discussions. Fund officers provide an annual assurance report to the Pensions Committee. There are two guides available to members. 1. [A guide to AVCs in the LGPS](#), and 2. [Prudential Fund Guide for Local Government AVC Scheme](#). The Prudential also offer a [website](#) for members with AVCs which allows them to view investment performance and make fund switches.

Financial advisers – The Fund will communicate with a member-appointed financial adviser subject to receiving the relevant authorisation. The Fund will not complete generic templates from financial advisers requesting member information.

Investment Managers & advisers* – The Fund regularly liaise with Investment Managers who invest on our behalf. We also appoint an Investment Consultant and independent investment Advisor who provide help and advice on the asset allocation and investment strategy of the Fund.

Local Government Association (LGA) - The LGA liaises with LGPS Funds, Scheme Advisory Board (SAB) and MHCLG to ensure that all LGPS regulations are administered correctly as per the Secretary of State's instructions.

Ministry of Housing, Communities and Local Government (MHCLG) - The Fund has regular contact with MHCLG as a responsible LGPS Fund, participating and responding to consultations, as required.

Scheme Advisory Board (SAB) - The national SAB was established following the Public Services Pensions Act 2013. It provides advice to the Fund and Local Pension Boards in relation to the effective and efficient administration and management of the Scheme and their funds. The Fund liaises with SAB as required.

The Pensions Regulator - The Pensions Regulator's remit has been extended to the Public Sector because of the Public Services Pensions Act 2013. The Fund liaises with the Regulator as required to ensure that it is compliant with the Pensions Regulator's Code of Practice.

Pensions Dashboard - Pension dashboards will be a free service allowing individuals to see all their pensions in one place, securely online, reconnecting people with their pensions. This includes all pensions at the savings or accumulation stage not yet in payment – including individual, workplace, private and public sector, defined benefit and defined contribution, as well as State Pensions. All pension schemes in the UK, including the LGPS need to connect to the dashboard ecosystem to provide pension members information in a secure way. The Fund will be connecting to the dashboard eco-system via an Internet Service Provider (Heywood).

Other - The Fund may also communicate with other stakeholders such as HMRC, Information Commissioner, National Insurance database, Tell us once service, Pensions Ombudsman, MoneyHelper, Ill health insurers.

*The Independent Adviser and Investment Adviser attend all Pension Committee meetings with the Fund Actuary attending meetings where subject matter dictates.

Communication with council taxpayers and members of the public

The Fund will rarely issue any proactive communication to either council taxpayers or members of the public. However, where the Fund is asked specific questions, receives freedom of information requests or has news which affects the wider community, reactive commentary will be provided. Any specific questions should be sent to pensionfundinvestments@eastsussex.gov.uk where a response will be provided within 30 working days.



Delivery of Communications

East Sussex County Council acts as the Scheme Manager and Administering Authority for the East Sussex Pension Fund. The Council has delegated all powers and duties in relation to Fund management to the Pension Committee, taking into consideration advice from the Pension Board. The Committee will seek to monitor the implementation of this Strategy on a regular basis. The day-to-day delivery of member communication and associated administration related communications and information governance is undertaken by the Fund's Communication Manager alongside our administration team (supported by other pension officers). The delivery of Scheme employer support (including payroll and data) is jointly provided by the administration team and Employer Engagement Team, with communication guidance from the Communications Manager.

Branding

Our brand tells people who we are and influences how they remember and relate to us. The Fund has a detailed set of branding guidelines it adheres to. The Fund has a distinctive identity which captures what people think about the Scheme - achieved by tone, language, visuals, and style of communication. The Fund expresses a modern and distinctive brand image that asserts a trusted, supportive professional authority which is open and accessible.

Accessibility

The Fund is committed to ensuring that all stakeholders can access services equally and knows that some individuals may require information to be provided in specific formats. While demand for alternative formats remains low, the Fund can issue documents in braille, large print, or audio format on request. For our websites we have made every reasonable effort to adhere to the Web Content Accessibility Guidelines WCAG 2.2 or AAA. Accessibility is an evolving requirement because technology and user needs constantly evolve, and the Fund will necessitate ongoing adjustments to ensure inclusivity. The Fund uses a tool called Silktide which helps ensure we perform in line with accessibility guidelines. Our external partners (from whom we source our websites) use Government approved tools such as AxeDev and WAVE to scan for any accessibility issues.

Complaints

We make every effort to get our communications right, so you do not have to complain. If you have a problem or question, please [contact us](#). We will seek to clarify any misunderstandings or put right any errors efficiently. If we cannot resolve your complaint informally and you are not satisfied, you have the right to make a complaint. The Fund will review your complaint under the Scheme's [Internal disputes resolutions procedure](#).

General Data Protection Regulations (GDPR)

GDPR came into force on 25 May 2018 and requires Privacy Notices to be published by the Fund, so we are transparent on how personal data is used. The Fund has both full and summary Privacy Notices which explain how the Pension Fund collects personal data, what that data is used for, with whom that data is shared and the rights of individuals regarding their data. For more information - <https://www.eastsussexpensionfund.org/about-the-scheme/gdpr/>

Key Risks

The key (potential) risks to the delivery of this Strategy are outlined below. The Head of Pensions along with other Officers will work with the Pension Committee and Pension Board to monitor these and other risks and consider how to respond to them.

Staffing

- Lack or reduction of skilled resources due to difficulty retaining and recruiting staff
- Risk of loss of key / senior staff resulting in lost knowledge and skills in the Pensions Team
- Staff absence due to sickness
- Significant increase in workloads causing strain on day-to-day service
- Failure to communicate with staff members in relation to Scheme changes
- Loss of Pension Committee/Pension Board member(s) causing delays to decision making

IT and Infrastructure

- Lack of adequate software or IT solutions – particularly in the digital communications area
- Inability to deliver a service to members due to system downtime or failure

Legislation and change in external markets/environment/employer

- Significant external factors, such as national change, impacting on workload
- A major change to the LGPS legislative environment
- Significant increase in the number of employing bodies causing strain on day-to-day delivery

Communication errors

- Issuing incorrect or inaccurate communications
- Failure to adequately maintain employer or member details leading to data issues
- Lack of clear communication to Scheme employers or Scheme members

Approval, Review and Consultation

This Communications Strategy was approved on 19 June 2025 by the East Sussex Pension Committee. It will be formally reviewed annually and updated at least every three years, or sooner if appropriate.

Further Information

If you require further information about this Communications Strategy, please contact:

Susan Greenwood, Head of Pensions or
East Sussex Pension Fund

Paul Linfield, Pension Communication Manager
East Sussex Pension Fund

Email: Susan.Greenwood@eastsussex.gov.uk

Email: Paul.Linfield@eastsussex.gov.uk

Appendix I – documentation type, usage and review

Document	Web	Print	Active	Deferred	Pensioner	Employer	Published	Reviewed
Administration strategy incl SLAs	✓	x	✓	✓	✓	✓	3-yearly	Annually
Annual Report and Accounts	✓	x	✓	✓	✓	✓	Annually	Annually
AVC guides	✓	x	✓	x	x	✓	Always available	Ongoing
Benefit statements	✓	✓*	✓	✓	x	x	Annually	Annually
Board and Pension Committee papers	✓	x	✓	✓	✓	✓	Quarterly	Quarterly
Communication Strategy	✓	x	✓	✓	✓	✓	Every 3 years*	Annually
Employer Forum	✓	x	x	x	x	✓	Annually	Annually
Funding strategy	✓	x	x	x	x	✓	Every 3 years	Every 3 years
Investment Strategy	✓	x	✓	✓	✓	✓	Annually	Ongoing
Literature	✓	x	✓	✓	✓	✓	Always available	Ongoing
Member self-service	✓	x	✓	✓	✓	x	Always available	Ongoing
Newsletters	✓	✓*	✓	✓	✓	✓	ER – twice a year / MBR – twice (active), once (def	Ongoing
Pay slips	✓	✓*	x	x	✓	x	March, April, May	Ongoing
P60s	✓	✓	x	x	✓	x	Annually	Annually
Pension increase letter	✓	✓	x	x	✓	x	Annually	Annually
Statement of Responsible Investment principles	✓	x	✓	✓	✓	✓	Annually	Ongoing
Scheme guide, HR guide, Payroll guide	✓	x	✓	✓	✓	✓	Always available	Ongoing (by LGPS)
Surveys	✓	x	✓	✓	✓	✓	Annually	Annually
Training	✓	x	✓	x	x	✓	3 times annually (active)**	Ongoing
Website	✓	x	✓	✓	✓	✓	Always available	Ongoing

*For members who have asked to be removed from electronic communications or on request only.

**Employer training on demand.

The Fund are happy to provide information above in a different format such as large print, Braille or in a different language if required.

Appendix 2 - Communication approval schedule

Document	Head of Admin	Investment Manager	Employer Engagement / Governance Manager	Communication Manager	Head of Pensions	Pension Committee	Section 151 Officer
Administration strategy*	✓	x	✓	✓	✓	Final approval	x
Annual Report and Accounts	x	✓	✓	✓	✓	Final approval	✓
Annual Benefit Statements	✓	x	✓	✓	✓	x	x
Breaches/privacy	x	x	✓	✓	x	Final approval	x
Communications Strategy	✓	✓	✓	✓	✓	Final approval	x
Employer Forum	✓	✓	✓	✓	✓	x	x
Funding strategy*	x	✓	✓	✓	✓	Final approval	✓
Investment related comm's	x	✓	✓	✓	✓	x	x
Investment Strategy incl Responsible investment	x	✓	✓	✓	✓	Final approval	✓
Literature / guides	✓ - based on content incl	✓ - based on content incl	✓ - based on content incl	✓ - based on content incl	✓ - based on content incl	x	x
Media enquiries	x	x	x	✓	✓	x	Final approval
My Pension communications	✓	x	✓	✓	✓	x	x
Newsletters	✓	X except if inv info incl	✓	✓	✓	x	x
P60 mailing	✓	x	x	✓	x	x	x
Pension increase letter	✓	x	x	✓	x	x	x
Survey	✓	X except if inv info incl	✓	✓	✓	x	x
Website	✓ -approval based on content type	✓ -approval based on content type	✓ -approval based on content type	✓ -approval based on content type	✓ -approval based on content type	x	x

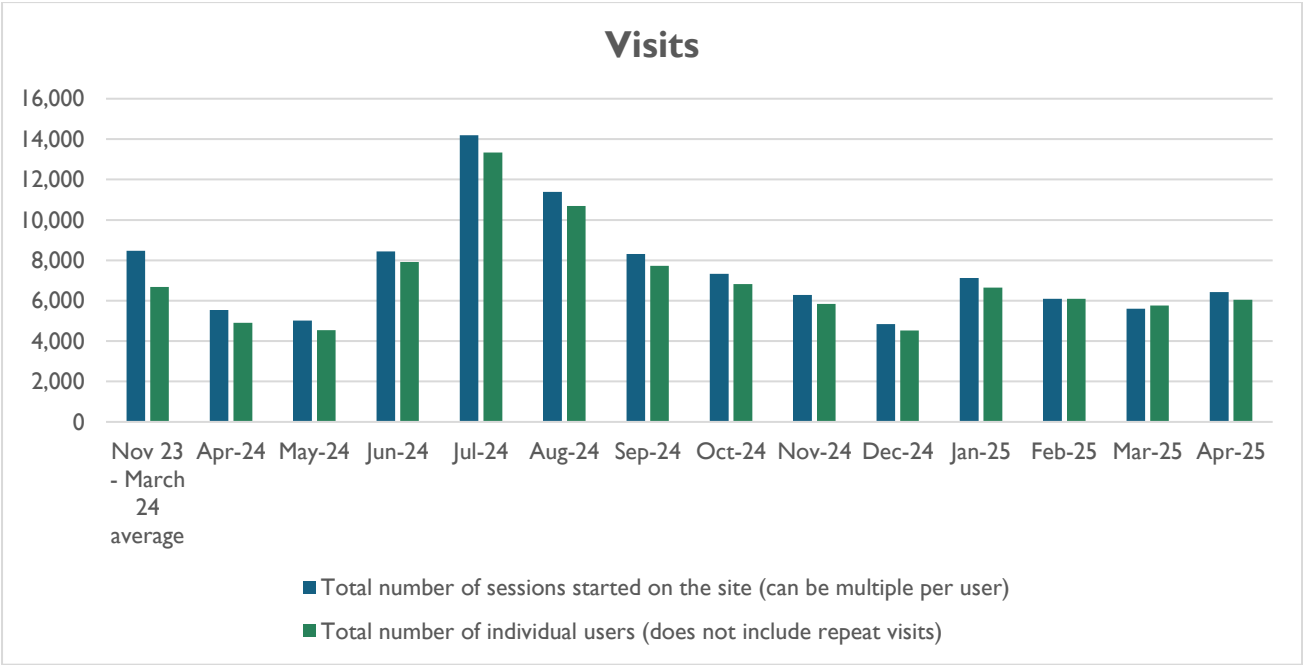
*Employers must be consulted.

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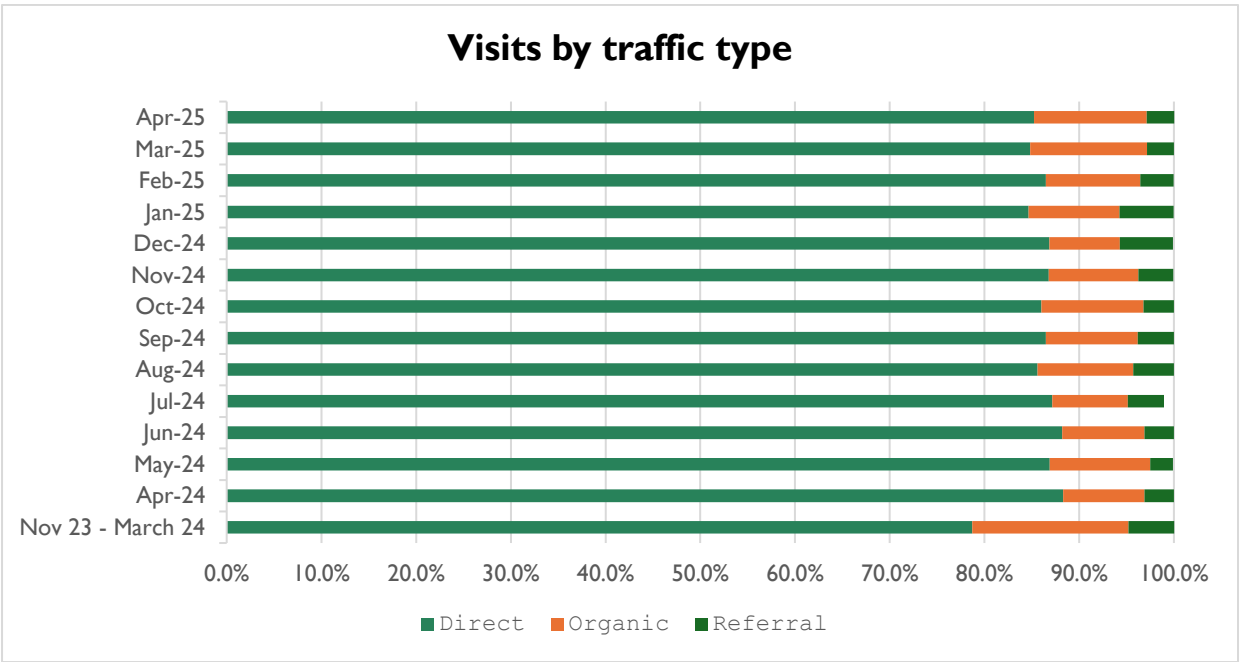


Appendix 2 – [East Sussex Pension Fund website](#)

Total number of visitors to the website

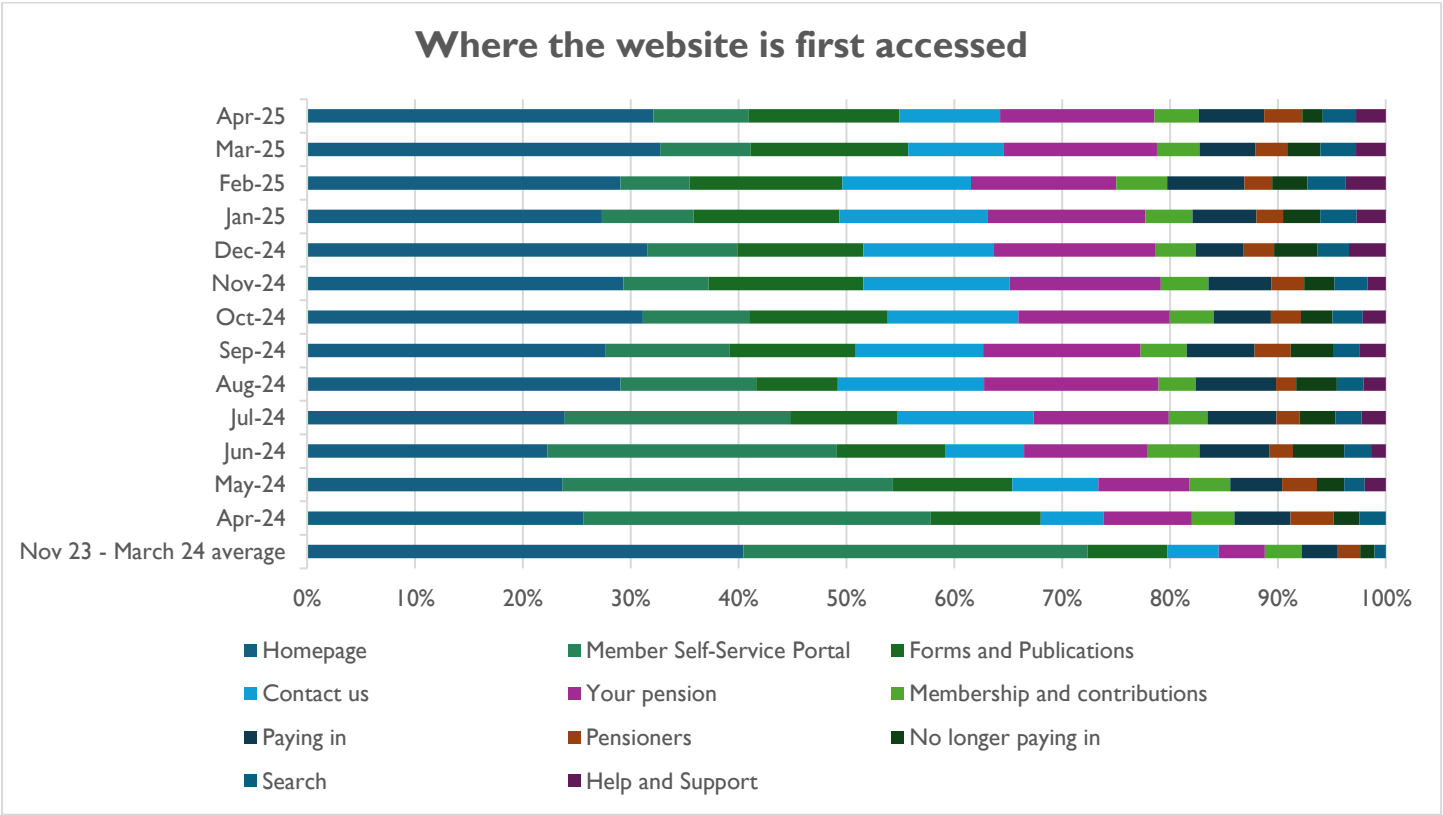


How do people reach the website

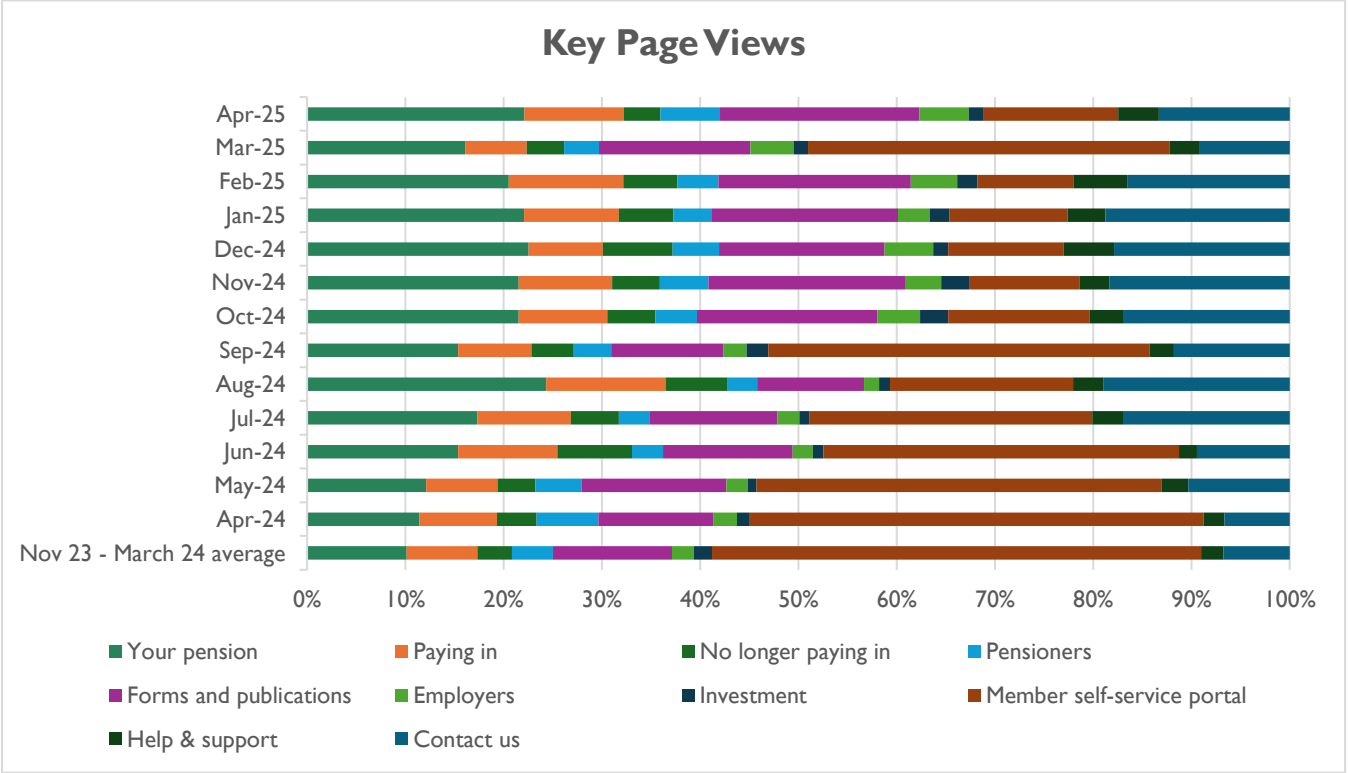


- Direct** Visited the site by typing the URL directly into their browser or clicked on links
- Organic** Visitors referred by an unpaid search engine listing, e.g. a Google.com search.
- Referral** The number of people who click external links to visit your site (for example employer intranet sites).

Where the website is first accessed

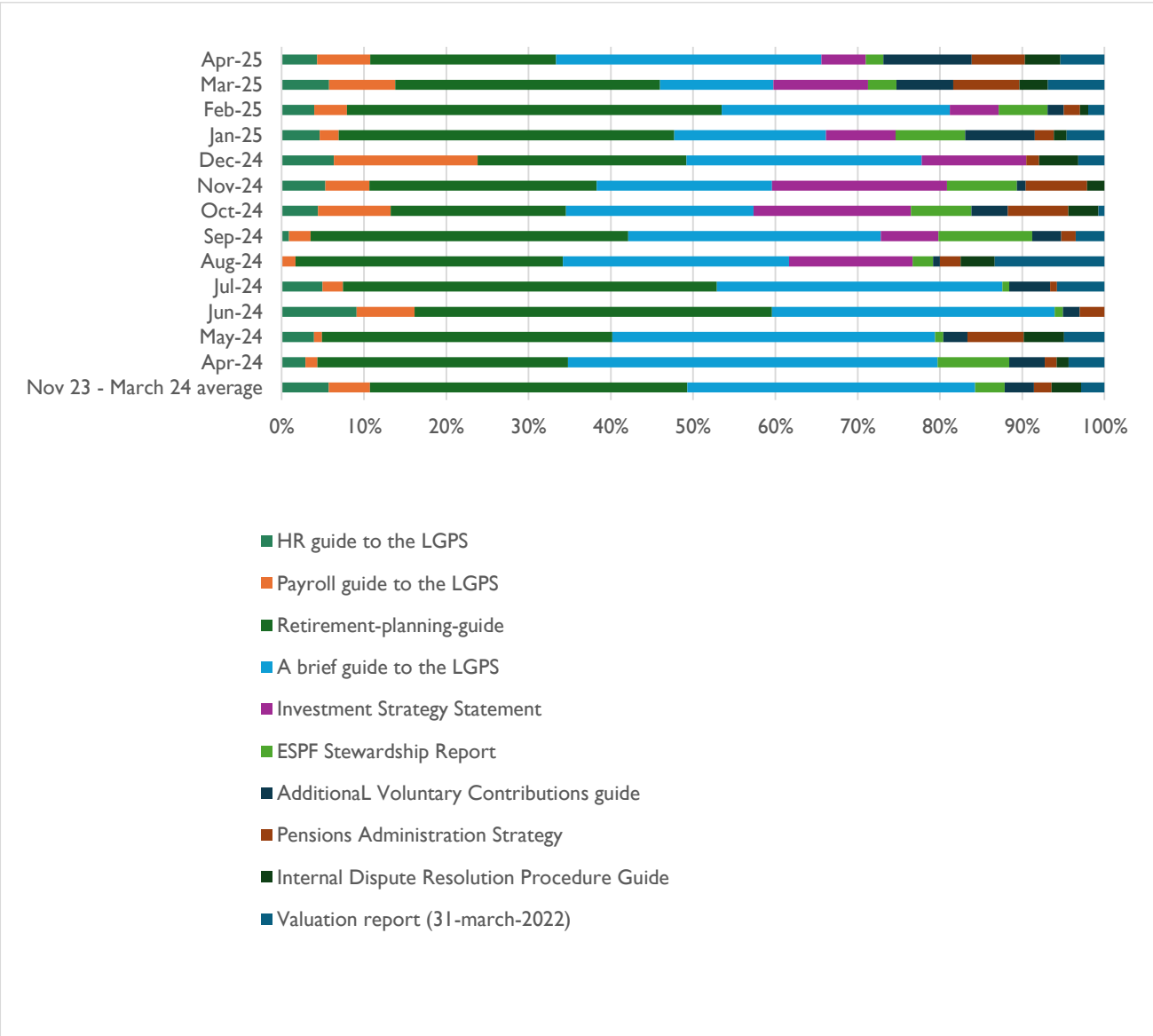


Key page views



Shown above is a graph which shows how a selection of key website pages are being used month on month.

Usage of key documents



The graph above concentrates on the main guides we promote via members and employers.

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Report to: Pension Board

Date of meeting: 5 June 2025

By: Chief Finance Officer

Title: Pension Administration - updates

Purpose: To provide an update to the Pension Board on matters relating to Pensions Administration activities.

RECOMMENDATION:

The Board is recommended to note the updates and make any comments for feedback to the Pension Committee.

1. Background

1.1 The in-house Pensions Administration Team (PAT) carries out the operational, day-to-day tasks on behalf of the members and employers of the East Sussex Pension Fund (the Fund, ESPF) and for the Administering Authority. They also lead on topical administration activities, projects and improvements that may have an impact on members of the Local Government Pension Scheme (LGPS).

2. Key Performance Indicators (KPI)

2.1 The Performance Reports for the months of January, February and March 2025 can be found at Appendices 1 to 3. The report now includes all tasks performed by the PAT and is reported directly from the Altair Insights system. A summary is included in the table below:

Month	o/s* at start	Post received	Post completed	Completed in SLA**	% within SLA	Outside SLA**	Total o/s* at end	Open tasks at end
Oct 24	2,549	2,347	2,518	2,015	80.0%	503	2,341	707
Nov 24	2,090	2,015	1,963	1,596	81.3%	367	2,080	423
Dec 24	1,919	1,541	1,522	1,360	89.4%	162	1,892	398
Q4, 24		5,903	6,003	4,971	82.8%	1,032		
Jan 25	1,719	3,126	2,279	2,078	91.2%	201	1,892	1,069
Feb 25	2,372	2,368	2,148	1,793	83.5%	355	2,557	1,034
Mar 25	2,283	2,364	2,355	1,977	83.9%	378	2,251	740
Q1, 25		7,858	6,782	5,848	86.2%	934		

*o/s = outstanding **SLA = Service Level Agreement

2.2 The main reasons for the increase in tasks include a move from reporting on just KPIs to reporting on all PAT tasks. In addition, fully utilising the i-Connect system results in many more

recalculations (both due to late payments of pay [overtime/holiday] and late pay awards) plus the Brighton & Hove City Council (BHCC) bulk data files.

2.3 On 27 March 2025 the Admin Working Group were provided with both a history of the average and longest day data for the period August 2024 to February 2025, and commentary about all cases that missed the SLA during December 2024. There remain some ongoing issues with PAT staff not setting up the 'reply due' and 'radio' buttons correctly. A further training session was provided on 13 March 2025 so further improvements are expected going forward.

2.4 To aid visibility of the work being undertaken by the PAT team, Appendix 4 provides a high-level view of performance achieved (as presented to Pension Board and Pension Committee) over several years. The volume of tasks received being reported have increased – 9,629 in 2022, 15,411 in 2023 and 23,898 in 2024.

2.5 The Fund aims to achieve a gold standard service provision for the Pensions Helpdesk and the results for January to March 2025 are included in Appendix 5. From April 2024 the Helpdesk has been delivered by an in-house team within PAT. Due to the transition into an in-house team the reportable information relating to service delivery has reduced. The roll out of the East Sussex County Council (ESCC) telephony upgrade was completed mid-May 2025. As a result, the helpdesk has access to call centre technology so from July 2025 will again review the Management I data available.

3. Pension Administration Staffing Update

3.1 There have been 2 resignations since the last meeting. An Apprentice left on 1 May 2025 and the temporary Administrator is leaving earlier than planned on 31 May 2025.

4. Projects update

McCloud remedy

4.1 The data collection aspect for the 140 active employers is complete and the data has been uploaded into the Altair test system. The final data validation has unearthed several new issues and errors, and these have been investigated and are not easily resolved. In the main bulk, solutions are not possible (examples are duplicate lines, overlapping and gaps in dates, American date formatting, concurrent combining cases). These are being corrected where possible, but some are likely to be excluded for now. Once resolved the data will be moved into the live system. The McCloud data (where loaded) will be accounted for in the 2025 Annual Benefit Statement (ABS).

4.2 The data for 37 non-active employers has been through the Heywood validation tool and is back with officers to manage and resolve the queries found. These changes will not be made by 2025 Annual Benefit Statement.

4.3 Heywood is working closely with the CLASS Group to prioritise the McCloud functionality, which could take up to 2 years to fully implement.

Pensions Dashboards

4.4 Heywood are the Fund's Integrated Service Provider, and a project plan has been created, with a 2-phase approach pencilled in:

Phase 1 – created the Integrated Service Providers (ISP) data console and data transfer tested. Additional testing of the "view" data completed and the "find" data being assessed in May 2025. In June we will be documenting the how to resolve a "partial" match procedure

Phase 2 – starting in August 2025 for 5 weeks to implement and onboard before 31 October 2025.

4.5 Officers are looking to create a new Prudential Additional Voluntary Contribution (AVC) data screen on Altair to hold the annual data that can be submitted to the ISP via a single source.

4.6 A training session for Pension Board and Pension Committee members has been arranged for 16 September 2025.

4.7 Onboarding date – all schemes must onboard by 31 October 2026, but it is not yet known when the pension dashboards will go live to the public.

i-Connect onboarding

4.8 Officers had targeted the last 10 employers (who had historically had data issues or been less engaging) to be onboarded ahead of the 2025 ABS. All have had their initial meetings, discussions about the Fund's specifications and requirements and new payroll extract files built. Officers are actively engaging with the employers and their payroll software providers to create and review tests files ready for onboarding:

Employer	No. of active members	Test File received	Project RAG Status
Aquinas Trust	41	29/10/24	onboarded
Bexhill College	97	25/07/24	Reviewed Feb file, awaiting March
Beacon Academy	77	04/03/25	Jan test file rec'd 30/03/25 – maybe EOY
Uplands	52	04/03/25	Jan test file rec'd 30/03/25 – maybe EOY
SABDEN	117	20/12/24	onboarded
Varndean College	97	05/11/24	End of Year return received
UoBAT	478	17/01/25	onboarded
Uni of Brighton	1,304	06/12/24	onboarded
Hailsham Academy	126	13/01/25	Received Mar 2025 file but Feb issues remain
DCAT	464		End of Year return received

4.9 There are a number of employers who changed their payroll software providers before 31 March 2025 where the new provider needs to be onboarded:

Employer	No. of active members	Date of change	Project RAG Status
TKAT		01/09/24	Onboarding call booked with Mar 2025 data
Gildredge House		01/02/25	Reviewed Feb file, awaiting March
Benfield Primary Sch		01/09/24	EOY return received – Strictly Education
Hangleton Prim Sch		01/09/24	EOY return received – Strictly Education
Robertsbridge		01/01/25	EOY return received – EPM for 12 months

4.10 There is one employer (Varndean School) with resourcing issues who have not uploaded files since September 2024. Officers are looking to jump to March 2025 (status **red**).

4.11 In addition, there are some potential employers yet to be admitted whose members' date of joining could be backdated before 1 April 2025.

BHCC i-Connect data collection

4.12 Officers are pleased to advise that the bulk i-Connect data file for the period June to December 2024 was successfully uploaded on 9 January 2025 with a small number of omitted members. The file produced an equally small number of errors and suppressions as well as

creating 1,056 i-Starter tasks and 1,091 i-Leaver tasks. The PAT will look to process the last 150 backlog of aggregation tasks in May and June 2025.

4.13 The BHCC payroll team have uploaded their March 2025 i-Connect data file in April 2025, effectively making the employer up-to-date and live. The Pensions Regulator have closed their case.

Pension increases as at 1 April 2025

4.14 Officers have completed the pension increase routine using the Consumer Price Index (CPI) figure of 1.7% (based on September 2024 inflation index).

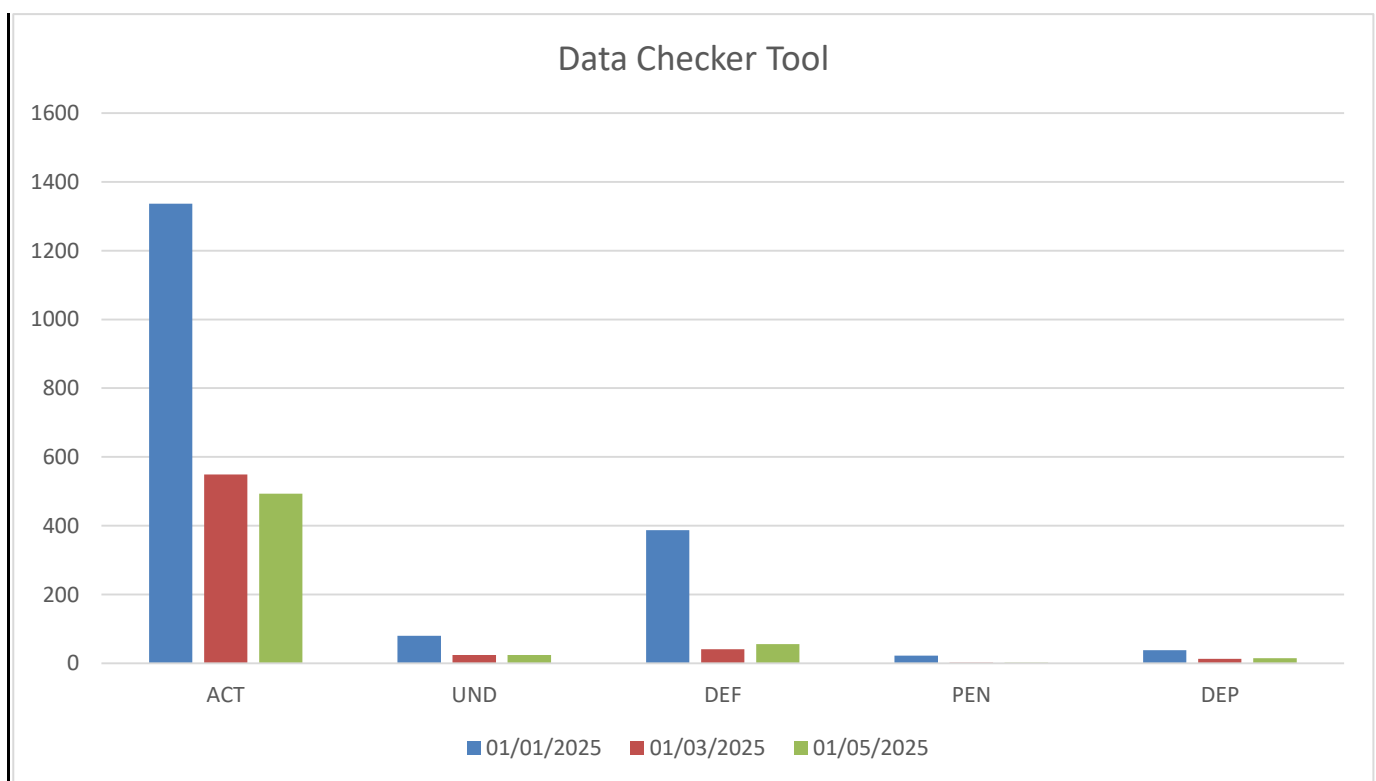
Pension Administration Software contract

4.15 The Pension Committee authorised the Chief Finance Officer to complete the appropriate due diligence to award the contract. The award was made on 23 January 2025 and the contract sealed by ESCC Legal team on 25 April 2025.

4.16 The contract will start on 28 April 2026 for a 5-year term, with an option to extend up to 26 April 2034.

Data Quality

4.17 Officers continue to monitor various data quality reports using Altair Insight reports. The current priority is the data quality for the 2025 Actuarial Valuation. Below is the table of Barnett Waddingham (BW) errors based on the 2024 data:



4.18 Officers aim to provide the final 2025 data to BW by July 2025.

5 Conclusion and reasons for recommendation.

5.1 The Pension Board is recommended to note the report and make any comments for feedback to the Pension Committee.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Paul Punter, Head of Pensions Administration
Email: paul.punter@eastsussex.gov.uk

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APPENDIX 1

East Sussex Pensions Administration - Member Experience / Performance Indicators

Jan-25

Activity	Items outstanding at start of period	Post received	Post completed	Completed within KPI	% Complete within KPI	Completed outside KPI	Average No. days taken	Longest No. days taken	Items outstanding at end of period	open tasks at end of period
Aggregation- Payment	114	507	238	149	62.60%	89	11.3	579	132	334
Aggregation- Quote	72	286	101	79	78.20%	22	11.2	165	90	225
APC/AVC's	27	53	53	52	98.10%	1	0.7	1	28	7
Deaths – initial letter acknowledging death of member	1	54	54	54	100.00%	0	0	N/A	1	0
Deaths- With Benefits	131	67	63	58	92.10%	5	3	19	141	20
Deaths-No Further Benefits	31	71	63	60	95.20%	3	2.8	3	33	13
Deferred Benefits	219	347	306	286	93.50%	20	7.9	360	230	95
Divorce Quotes	2	3	3	3	100.00%	0	1.3	N/A	2	1
Divorce - Proceeding	4	17	10	10	100.00%	0	4.8	N/A	4	6
General Enquiries	71	360	340	332	97.60%	8	1.2	22	73	33
Interfund in- Payment	115	95	63	63	100.00%	0	1.5	N/A	115	4
Interfund In- Quote	343	106	41	28	68.30%	13	12.2	66	378	82
Interfund Out- Payment	33	32	19	19	100.00%	0	4.2	N/A	37	23
Interfund Out- Quote	13	41	25	25	100.00%	0	4.5	N/A	18	17
Refunds- Frozen	86	236	164	155	94.50%	9	4.1	35	105	84
Refunds- Payment	9	63	61	60	98.40%	1	1.1	2	9	7
Retirements – letter notifying actual retirement benefits	16	223	179	166	92.70%	13	3.2	28	20	42
Retirements – letter notifying estimate of retirement benefits	9	208	206	206	100.00%	0	3.9	N/A	11	7
Retirements – process and pay pension benefits on time	227	243	208	200	96.20%	8	2.1	83	253	43
Transfer In- Payment	39	29	14	14	100.00%	0	0.9	N/A	38	0
Transfer In- Quote	114	19	19	10	52.60%	9	31	95	121	6
Transfer Out- Payment	15	10	7	7	100.00%	0	3	N/A	17	0
Transfer Out- Quote	26	48	32	32	100.00%	0	3.7	N/A	34	20
Trivial Commutation	2	8	10	10	100.00%	0	1.9	N/A	2	0
Grand Totals	1,719	3,126	2,279	2,078	91.2%	201			1,892	1,069

Priority 1
Priority 2
Priority 3
Priority 4
Priority 5

The Admin Strategy is a mixture of 90% or 95% KPI targets and these can vary within the task list

92%+
87%+
<87%

<1K
1k to 1.5k
>1.5k

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APPENDIX 2

East Sussex Pensions Administration - Member Experience / Performance Indicators

Feb-25

Activity	Items outstanding at start of period	Post received	Post completed	Completed within KPI	% Complete within KPI	Completed outside KPI	Average No. days taken	Longest No. days taken	Items outstanding at end of period	open tasks at end of period
Aggregation- Payment	340	194	277	125	45.10%	152	14.5	265	257	189
Aggregation- Quote	219	174	116	94	81.00%	22	9.5	107	277	243
APC/AVC's	24	8	11	10	90.90%	1	7.1	48	21	2
Deaths – initial letter acknowledging death of member	1	29	29	29	100.00%	0	0.1	n/a	1	0
Deaths- With Benefits	126	60	49	41	83.70%	8	3.3	13	137	16
Deaths-No Further Benefits	39	48	53	49	92.50%	4	3.4	20	34	11
Deferred Benefits	257	369	272	239	87.90%	33	7.9	179	354	174
Divorce Quotes	2	3	0	0		0		n/a	5	5
Divorce - Proceeding	11	15	22	22	100.00%	0	3.3	n/a	4	2
General Enquiries	84	267	266	265	99.60%	1	1.1	8	85	16
Interfund in- Payment	106	69	36	36	100.00%	0	1.3	n/a	118	4
Interfund In- Quote	365	76	37	22	59.50%	15	14.3	98	404	37
Interfund Out- Payment	39	20	19	18	94.70%	1	10.7	2	40	19
Interfund Out- Quote	21	34	31	30	96.80%	1	5.2	1	24	14
Refunds- Frozen	234	225	248	175	70.60%	73	12.9	648	211	143
Refunds- Payment	10	70	69	61	88.40%	8	1.7	3	11	5
Retirements – letter notifying actual retirement benefits	53	169	173	162	93.60%	11	3.7	17	49	34
Retirements – letter notifying estimate of retirement benefits	10	192	162	159	98.10%	3	4	5	40	38
Retirements – process and pay pension benefits on time	232	242	193	176	91.20%	17	2.2	15	281	61
Transfer In- Payment	46	27	17	17	100.00%	0	1.7	n/a	42	1
Transfer In- Quote	101	29	11	7	63.60%	4	13.8	44	119	8
Transfer Out- Payment	15	10	7	7	100.00%	0	3.9	n/a	18	0
Transfer Out- Quote	37	22	36	35	97.20%	1	4.5	4	23	10
Trivial Commutation	0	16	14	14	100.00%	0	2.4	n/a	2	2
Grand Totals	2,372	2,368	2,148	1,793	83.5%	355			2,557	1,034

Priority 1
Priority 2
Priority 3
Priority 4
Priority 5

The Admin Strategy is a mixture of 90% or 95% KPI targets and these can vary within the task list

92%+
87%+
<87%

<1K
1k to 1.5k
>1.5k

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APPENDIX 3
East Sussex Pensions Administration - Member Experience / Performance Indicators
Mar-25

Activity	Items outstanding at start of period	Post received	Post completed	Completed within KPI	% Complete within KPI	Completed outside KPI	Average No. days taken	Longest No. days taken	Items outstanding at end of period	open tasks at end of period
Aggregation- Payment	209	158	227	124	54.60%	103	18.3	54	140	69
Aggregation- Quote	228	162	177	147	83.10%	30	8.5	125	213	181
APC/AVC's	20	65	55	55	100.00%	0	0.7	n/a	30	2
Deaths – initial letter acknowledging death of member	1	29	29	29	100.00%	0	0	n/a	1	0
Deaths- With Benefits	134	53	57	50	87.70%	7	2.4	6	130	20
Deaths-No Further Benefits	34	39	50	39	78.00%	11	6	135	23	2
Deferred Benefits	314	399	381	328	86.10%	53	9.2	119	332	139
Divorce Quotes	5	1	2	2	100.00%	0	3	n/a	4	4
Divorce - Proceeding	3	16	15	15	100.00%	0	0.9	n/a	4	2
General Enquiries	79	240	222	219	98.60%	3	1.3	45	97	29
Interfund in- Payment	122	76	51	51	100.00%	0	0.7	n/a	118	4
Interfund In- Quote	363	49	35	25	71.40%	10	14.7	149	377	16
Interfund Out- Payment	36	22	26	23	88.50%	3	9.7	17	32	9
Interfund Out- Quote	18	40	32	31	96.90%	1	5.8	35	26	14
Refunds- Frozen	193	203	229	138	60.30%	91	16	103	167	98
Refunds- Payment	9	76	64	54	84.40%	10	2.2	4	21	17
Retirements – letter notifying actual retirement benefits	46	183	190	175	92.10%	15	3	5	39	22
Retirements – letter notifying estimate of retirement benefits	40	231	253	239	94.50%	14	4.5	2	18	16
Retirements – process and pay pension benefits on time	235	229	197	177	89.80%	20	2.6	29	267	56
Transfer In- Payment	42	23	15	15	100.00%	0	0.9	n/a	38	6
Transfer In- Quote	114	15	13	7	53.80%	6	22	68	116	11
Transfer Out- Payment	18	12	5	5	100.00%	0	2.6	n/a	25	4
Transfer Out- Quote	20	32	22	21	95.50%	1	4.8	12	30	18
Trivial Commutation	0	11	8	8	100.00%	0	1.8	n/a	3	1
Grand Totals	2,283	2,364	2,355	1,977	83.9%	378			2,251	740

Priority 1
Priority 2
Priority 3
Priority 4
Priority 5

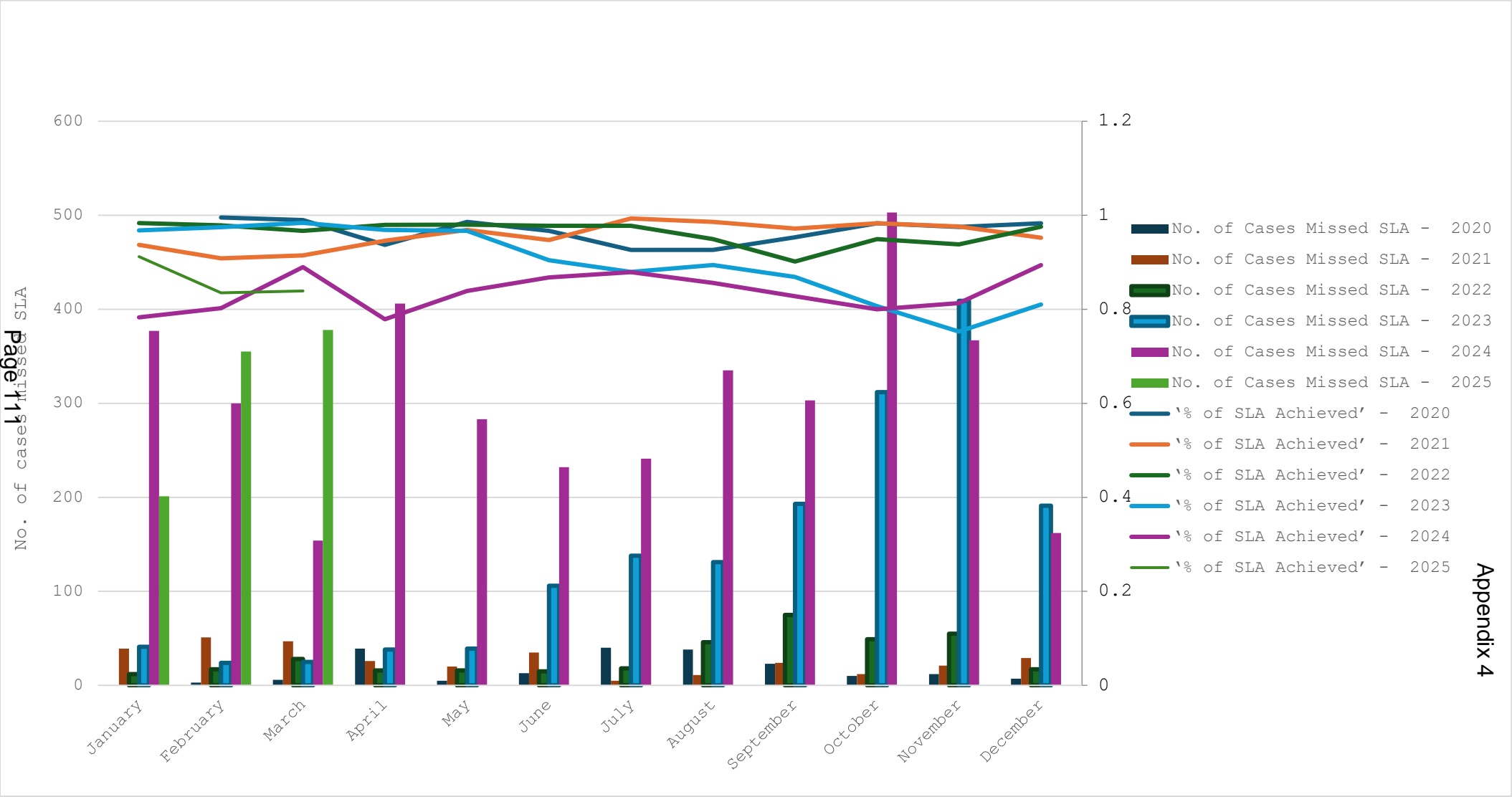
The Admin Strategy is a mixture of 90% or 95% KPI targets and these can vary within the task list

92%+	<1K
87%+	1k to 1.5k
<87%	>1.5k

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APPENDIX 4

East Sussex Pension Fund – Historical Overall Performance since February 2020



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Appendix 5

Helpdesk performance

Since 1st April 24 the Fund no longer have access to Achiever software so can no longer determine the Call Answer Time or the Abandoned Call Rate. Although members can still dial both the Main Helpline and Website Helpline numbers, they both feed into one Hunt Group resulting in no differentiation between call types.

On 17 May 25 new ESCC telephony project goes live - the helpdesk will be treated as a Contact Centre.

Combined Main & Website Helpline for ESPF

Service level	% enquires dealt with at 1 st point of contact	Email response time
GOLD TARGETS	85%	100% < 3 days
SILVER TARGETS	80%	75% < 3 days
BRONZE TARGETS	70%	75% < 10 days
BELOW BRONZE	<70%	<75% < 10 days
Period	% enquires dealt with at 1 st point of contact	Email response time
Jan 25	80%	100% < 3 Days
Feb 25	78%	100% < 3 Days
Mar 25	77%	100% < 3 Days

Monthly transaction volumes

Month	Telephone Calls	Email's Processed	Call Back's	Tasks	Total
Jan 25	1,166	1,561	33	283	3,043
Feb 25	1,009	1,371	19	369	2,768
Mar 25	908	1,261	0	435	2,604

Top five reasons for calls

Month	Activation keys to self-serve	Receipt of claim form	Claim form guidance	TV in request	Document / Form enquiry	Progress Update	Retirement projection	Leaver Forms
Jan 25	2 nd	4 th	3 rd			5 th	1 st	
Feb 25		3 rd	4 th	5 th	1 st	2 nd		
Mar 25		4 th	5 th		2 nd	3 rd		1 st

Telephone survey

Jan to Mar 2025	1 Star	2 Star	3 Star	4 Star	5 Star
1. How easy was it for you to contact the Pensions Helpdesk today?	3	3	8	35	272
2. How confident are you that your question was resolved or will be resolved in the relevant timelines?	15	5	23	52	226
3. Based on your recent experience how strongly would you recommend using the Helpdesk to a colleague?	6	6	15	46	252
4. How satisfied were you with your overall experience today?	8	8	15	41	251
5. How many times have you called the helpdesk about the request / issue?	Once = 274	Twice = 24	Three = 15	Four+ = 15	

Customer Thermometer (email feedback)

Month	Excellent	Good	OK	Poor
Jan 25	81%	13%	3%	3%
Feb 25	78%	6%	2%	14%
Mar 25	69%	27%	2%	2%

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Report to: Pension Board

Date of meeting: 5 June 2025

By: Chief Finance Officer

Title: East Sussex Pension Fund (ESPF) 2024/25 Outturn report

Purpose: This report provides the financial outturn of the ESPF for the 2024/25 financial year.

RECOMMENDATION:

The Pension Board is recommended to note the report.

1. Background

1.1 The East Sussex Pension Fund's (the Fund) business plan and budget sets out the direction of travel, objectives and targets to be achieved in the financial management for the administering authority to carry out its statutory duties in a structured way. The Pension Committee is charged with meeting the duties of the Council as administering authority in respect of the Fund.

1.2 At its meeting on the 22 February 2024 the Pension Committee agreed a budget of £4.561m to support the business plan for 2024/25. The budget estimates do not incorporate any provision for investment fees earned by the investment managers since there is limited scope for the Fund to influence these costs. This is due to the nature of the fees being based on factors outside the control of the Fund such as market movements, strategic asset allocation changes and ownership of mandates at pool level.

2. 2024/25 Outturn Position

2.1 The budget requirements for 2024/25 were set at **£4.561m** (£4.463m 2023/24 excluding manager fees) to support the Business Plan activities and administration of the Fund.

2.2 The final outturn position of 2024/25 is **£4.276m**, this is a decrease from the last projected position of £0.038m and also reflects an underspend against the approved budget of £0.325m. The 2024/25 outturn against budget line items is shown in the table below.

2.3 The underspend since the last reported position mostly relates to decrease in the improvement projects costs. In paragraph 2.4 to 2.9 more detail has been provided around the items that have resulted in this reduction.

2024/25 Outturn Report

2023/24 Outturn £000	Item	2024/25 Budget £000	2024/25 Actual Outturn £000	Previous Forecast Outturn £000	Variance to Previous Quarter £000
	Pension Fund Staff Costs				
1,958	Fund Officers	2,436	2,334	2,318	16
1,958	Sub Total	2,436	2,334	2,318	16
	Oversight and Governance Expenses				
365	Investment Advice	448	384	357	27
39	Actuarial Fund Work	51	71	53	18
118	Actuarial Employer Work	89	92	90	2
(119)	Employer reimbursement	(89)	(92)	(90)	(2)
38	Legal Fees	57	24	28	(4)
42	Governance consultancy costs	60	42	50	(8)
115	Audit	120	144	126	18
598	Sub Total	736	665	614	51
	Investment Expenses				
107	Custodian	100	102	101	1
107	Sub Total	100	102	101	1
	Administration Expenses				
489	IT Systems licenses costs and Hardware	487	524	529	(5)
315	Overheads	531	344	353	(9)
246	Admin operational support services	18	91	66	25
106	Improvement projects	87	92	165	(73)
61	Consultancy	20	30	40	(10)
60	Communications	37	7	33	(26)
26	Training	33	13	20	(7)
84	Subscriptions	80	83	79	4
53	Other Expenses	11	12	11	1
1,440	Sub Total	1,304	1,196	1,296	(100)
	Income				
(21)	Other Income	(15)	(21)	(15)	(6)
(21)	Sub Total	(15)	(21)	(15)	(6)
4,082	Total	4,561	4,276	4,314	(38)

2.4 The outturn for improvement projects was reduced in main due to the slippage of the Integrated Service Provider (ISP) Dashboard project that officers budgeted for in this year now not taking place until the next financial year. This is reflected by a saving of £73,000 since the last projected outturn and will be incorporated into forecast outturns for 2025/26.

2.5 The outturn for Communication costs was reduced as a planned activity that would have required sending physical documents to members was reconsidered and the decision to not take this forward was made, rendering this provision unnecessary. This is reflected by a reduction in costs of £26,000 since the last projected outturn.

2.6 The Admin Operational Costs have offset these reductions slightly as clarification has been provided around East Sussex County Council (ESCC) Charges for printing and posting increasing the cost of these services. This is reflected by an increased cost of £25,000 since the last projected outturn.

2.7 The Actuarial Fund work was slightly higher than the previous forecast due to additional work on cessations taking place, which is reflected by an increase in cost of £18,000 since the last projected outturn.

2.8 ACCESS costs for work in preparing the response to the Fit for the Future consultation increased the Investment Advice costs by £27,000 since the last projected outturn.

2.9 There were further low value movements across the remaining budget lines which together resulted in an additional £9,000 reduction to the reported outturn forecast.

3. Conclusion and reasons for recommendation

3.1 The Board is recommended to note the final 2024/25 outturn position.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Russell Wood, Pensions Manager: Investments and Accounting
Email: Russell.wood@eastsussex.gov.uk

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Report to: Pension Board

Date of meeting: 5 June 2025

By: Chief Internal Auditor

Title: Internal Audit Reports

Purpose: This report advises the Board of the outcomes of the following Pension Fund audits:

- The Administration of Pension Benefits;
- Compliance with Regulatory Requirements; and
- Investments and Accounting.

RECOMMENDATION:

The Board is recommended to note the Pension Fund audit reports (Appendices 1 - 3).

1. Background

1.1 The reviews of Pension Fund Administration of Pension Benefits; Compliance with Regulatory Requirements; and Investments and Accounting were completed as part of the Internal Audit Strategy for Pensions 2024/25 and provide assurance on the overall effectiveness of these systems' controls. These audits complete our work for 2024/25.

1.2 As a result of our work on the Administration of Pension Benefits, we were able to provide an opinion of **Substantial Assurance** over the controls in place.

1.3 As a result of our work on Compliance with Regulatory Requirements, we were able to provide an opinion of **Reasonable Assurance** over the controls in place.

1.4 As a result of our work on Investments and Accounting, we were able to provide an opinion of **Substantial Assurance** over the controls in place.

2. Conclusions and Reasons for Recommendation

2.1 The Pension Board is recommended to note the Internal Audit reports.

RUSSELL BANKS
Orbis Chief Internal Auditor

Contact Officer: Nigel Chilcott, Audit Manager
Tel No.: 07557 541803

Contact Officer: Danny Simpson, Principal Auditor
Tel No.: 07701 394826

BACKGROUND DOCUMENTS:
None

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Internal Audit Report

Pension Fund Investments and Accounting

Final

Assignment Lead: Sue Coleman, Principal Auditor

Assignment Manager: Danny Simpson, Principal Auditor

Prepared for: East Sussex County Council

Date: May 2025

Internal Audit Report – Pension Fund Investments and Accounting

Report Distribution List

Draft Report

Susan Greenwood, Head of Pensions

Russell Wood, Pensions Manager: Investments & Accounting

Final Report

Susan Greenwood, Head of Pensions

Russell Wood, Pensions Manager: Investments & Accounting

Ros Parker, Chief Operating Officer

Ian Gutsell, Chief Finance Officer

Pension Committee Members

Pension Board Members

This audit report is written for the officers named in the distribution list. If you would like to share it with anyone else, please consult the Chief Internal Auditor.

Chief Internal Auditor: Russell Banks, ☎ 07824 362739, ✉ Russell.Banks@eastsussex.gov.uk

Audit Manager: Nigel Chilcott, ☎ 07557 541803, ✉ nigel.chilcott@eastsussex.gov.uk

Anti-Fraud Hotline: ☎ 01273 481995, ✉ fraudhotline@eastsussex.gov.uk

1. Introduction

- 1.1. The East Sussex Pension Fund (ESPF) is part of the national Local Government Pension Scheme (LGPS). East Sussex County Council (ESCC) administers and manages the ESPF on behalf of 140 employers.
- 1.2. The governance of the ESPF is the responsibility of the East Sussex Pension Committee and the Pension Board supported by the Chief Finance Officer for ESCC.
- 1.3. The ESPF is a member of ACCESS, a collaboration of 11 LGPS Administering Authorities, which are working together to reduce investment costs and gain economies of scale.
- 1.4. As of 30 September 2024, East Sussex had a total of £3.0bn (59.6%) in ACCESS governed investments, £2.1bn across 7 ACS sub-funds and a further £0.6bn through the UBS passive arrangement along with £0.3bn in a pool aligned infrastructure investment.
- 1.5. This review is part of the agreed Internal Audit Plan for 2024/25.
- 1.6. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the detailed findings section of the report.

2. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
 - The Fund's assets are safeguarded and managed in accordance with regulatory requirements.
 - The performance of the Fund's investments meets its objectives.
 - Investment returns are received in full in a timely manner.
 - Implementation of previous actions.

3. Audit Opinion

- 3.1 **Substantial assurance** is provided in respect of Pension Fund Investments and Accounting 2024/25. This opinion means controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.

4. Basis of Opinion

- 4.1. We are able to give an opinion of **Substantial Assurance** because:
- 4.2. The ESCC Pension's Team comprises experienced officers, who are supported by investment consultants, to ensure that investment performance is monitored, that new investment opportunities are explored, and that appropriate due diligence takes place before making new investments. Investments are made and managed in accordance with regulatory requirements.
- 4.3. Robust processes are in place to ensure that assets are safeguarded, including through the receipt of external control assurance reports from fund managers.
- 4.4. The Fund's custodian, Northern Trust, ensures that all investment returns are received timeously and in full.
- 4.5. Regular reconciliations take place to provide assurance that transactions are accurately reflected in the general ledger and within a reasonable timeframe.
- 4.6. However, there are minor areas where controls could be strengthened further.
- 4.7. The documenting of accounting processes could offer more complete coverage to improve resilience in the event of the loss or absence of key officers.
- 4.8. Although the Pensions Team are in the process of creating a locally maintained spreadsheet to monitor the expanding receipt of cash investments, implementing this would create a consolidated record and provide improved transparency.

5. Action Summary

- 5.1. The table below summarises the actions that have been agreed together with the risk rating in the context of the area under review:

Risk	Definition	No	Ref
High	This is a major control weakness requiring attention.	0	
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.	0	
Low	This represents good practice; implementation is not fundamental to internal control.	2	1 & 2
Total number of agreed actions		2	

Internal Audit Report – Pension Fund Investments and Accounting

- 5.2. Full details of the audit findings and agreed actions are contained in the detailed findings section below.
- 5.3. As part of our quarterly progress reports to Audit Committee we seek written confirmation from the service that all high priority actions due for implementation are complete. The progress of all (low, medium and high priority) agreed actions will be re-assessed by Internal Audit at the next audit review. Periodically we may also carry out random sample checks of all priority actions.

6. Acknowledgement

- 6.1. We would like to thank all staff that provided assistance during the course of the audit.

Internal Audit Report – Pension Fund Investments and Accounting 2024/25

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
1	<p>Process Notes</p> <p>The last three audit reviews reported a finding (and agreed management action) to review, update and ensure that process notes exist for all key procedures.</p> <p>We acknowledge that progress has been made and that this is an ongoing task. The introduction of the new Council wide accounting system, Oracle, has impacted on fully implementing this action.</p> <p>However, we were provided with evidence to demonstrate that the Pensions Team capture and report on a list of key procedures for the accounts and the investment side. This includes the date they were last updated and responsible people assigned to these at their monthly team meetings. This indicates that there are outstanding documents that are either required to be written or are in need of review.</p>	Without fully documented processes, there is an increased risk of error and/or inconsistency in the absence of key personnel.	Low	<p>The quality of written key procedure notes has been improving along with the coverage across our activities.</p> <p>The expectations around the need to create and maintain good quality key procedures is communicated regularly to the team.</p> <p>We have developed a basic template to structure the key procedure documents in a consistent form.</p> <p>The team are currently going through the year-end processes and starting to understand the new financial system so updates to key procedures are being reassessed while we develop a working understanding of the new system and how to best utilise its functions.</p> <p>The intention is to have revised and developed all key procedure notes by the end of the year.</p>
Responsible Officer:		Russell Wood, Pensions Manager: Investments & Accounting	Target Implementation Date:	31 March 2026

Internal Audit Report – Pension Fund Investments and Accounting 2024/25

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
2	<p>Investment Income</p> <p>The Pension Committee has made the decision to switch from receiving income in the form of extra units, which are added to the existing holdings, to receiving cash income instead.</p> <p>Northern Trust and ESPF receive a distribution notice that gives details of the amount to be received and the expected date the income will be received. In 2024/25 there were 16 transactions and a total of £47.5m received.</p> <p>The Pensions Team intends to set up an internal spreadsheet to monitor the amount of cash due, date of receipt and corresponding journal entry to ensure the correct amount has been received and coded correctly within the ESCC accounting system. However, it has not yet been completed.</p>	Without a consolidated record of income due, there is an increased risk that investment income is not received and accounted for in full and in a timely manner.	Low	<p>As part of the work around managing the change in the way the investment income is received and recorded, the team has determined that a better system needs to be created to allow the monitoring of this activity to take place and improve reporting.</p> <p>The Fund has now been receiving this income in cash for most of the year and the way in which this is communicated and transacted and recoded is better understood.</p> <p>This information is informing how we create an internal spreadsheet to monitor the process and corresponding journal entry ensuring the Fund understands that all transactions have happened and are accounted correctly.</p>
Responsible Officer:		Russell Wood, Pensions Manager: Investments & Accounting	Target Implementation Date:	30 June 2025

Appendix A

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management's responsibilities for the application of sound business practices. We emphasise that it is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit Report

Pension Fund - Administration of Pension Benefits

Final

Assignment Lead: Steven Duly, Auditor
Assignment Manager: Danny Simpson, Principal Auditor
Prepared for: East Sussex County Council
Date: February 2025

Report Distribution List

Draft Report:

- Paul Punter, Head of Pensions Administration

Final Report:

As per the draft report circulation list, with the inclusion of:

- Susan Greenwood, Deputy Head of Pensions
- Ros Parker, Chief Operating Officer
- Ian Gutsell, Chief Finance Officer
- Pension Committee
- Pension Board

This audit report is written for the officers named in the distribution list. If you would like to share it with anyone else, please consult the Chief Internal Auditor.

Chief Internal Auditor: Russell Banks, ☎ 07824362739, ✉ russell.banks@eastsussex.gov.uk

Audit Manager: Nigel Chilcott, ☎ 07557541803, ✉ nigel.chilcott@eastsussex.gov.uk

Anti-Fraud Hotline: ☎ 01273 481995, ✉ FraudHotline@eastsussex.gov.uk

1. Introduction

- 1.1. The Council (East Sussex County Council) is the designated statutory administering authority of the East Sussex Pension Fund. The Council has statutory responsibility to administer and manage the fund in accordance with the Local Government Pension Scheme (LGPS) regulations.
- 1.2. The Council has delegated the responsibility for the management and responsibility of the Fund to the East Sussex Pension Committee, supported by the Pensions Board & Chief Finance Officer (S151 officer) for East Sussex County Council.
- 1.3. As of 31 March 2024, the Fund comprised 144 scheme employers, with 24,888 active employees, 35,240 deferred pensioners, and 25,288 pensioners.
- 1.4. The most recent actuarial valuation of the Fund was carried out in 2022. The valuation found that the funding level had improved from 107% in 2019 to 123% in 2022. The Fund's assets and liabilities were valued at £4,618m and £3,760m respectively, a surplus of £858m, compared with a funding surplus of £247m in 2019.
- 1.5. During the financial year 2023/24, the scheme made benefit payments of approximately £169.5m. A total of £166.1m was received by the fund by way of members' and employers' contributions and transfers in from other pension funds.
- 1.6. This audit tested the controls employed by management over the calculation and payment of pension benefits and transfers to and from the Pension Fund.
- 1.7. This review was part of the agreed Internal Audit Plan for 2024/25.
- 1.8. This report has been issued on an exception basis, whereby only weaknesses in the control environment have been highlighted within the detailed findings section of the report.

2. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
 - Data quality is sufficiently accurate to support transactions and reporting requirements.
 - The calculation of pension benefit entitlements is accurate.
 - Delivery of the pension administration service complies with statutory & regulatory requirements.

3. Audit Opinion

- 3.1. **Substantial Assurance is provided in respect of Pension Fund - Administration of Pension Benefits.** This opinion means that controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.

4. Basis of Opinion

- 4.1. Based on testing undertaken, we have been able to provide an opinion of **Substantial Assurance** over the controls in place. This is because:
- 4.2. Data validation is embedded throughout i-Connect, the Pension Fund's employer portal, and predominant method of employer data provision. In addition, data quality is monitored and forms part of the reporting requirements to The Pensions Regulator. The data accuracy levels reported at the time of the audit averaged 95%.
- 4.3. The service has implemented the use of robots to perform more straightforward tasks. Automation of these tasks reduces the potential for human error and releases staff capacity to perform more complex tasks.
- 4.4. Key processes are clearly defined and documented within process maps that accurately reflect the processes being defined.
- 4.5. Pension entitlements are processed accurately and are paid in a timely manner. The required supporting documentation is obtained and retained, with checks in place performed by a second officer to provide further assurance.
- 4.6. All agreed actions identified under the previous audit have been implemented in full.
- 4.7. Reporting of Key Performance Indicators (KPIs) to the Pension Board and Committee is accurate and transparent. Whilst performance is currently lower than KPI expected levels, this is largely attributable to a new, more stringent reporting methodology, that has increased transparency. Appropriate rationale is provided where expected performance levels have not been attained.
- 4.8. There were, however, some areas where controls could be strengthened.
- 4.9. The checklists utilised by the service for a range of transactions are not always completed in full to confirm they have received review and sign-off by an officer independent of the officer who processed the transaction.
- 4.10. Records of members' addresses are occasionally rendered inaccurate when they are over-written by incorrect information, received via i-Connect, from employers whose records are out of date.
- 4.11. Review of users' access to the administration software, Altair, is not sufficiently robust to facilitate removal of users' accounts in a timely manner.

5. Action Summary

- 5.1. The table below summarises the actions that have been agreed together with the risk rating in the context of the area under review:

Risk	Definition	No	Ref
High	This is a major control weakness requiring attention.	N/A	N/A
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.	N/A	N/A
Low	This represents good practice; implementation is not fundamental to internal control.	3	1 - 3
Total number of agreed actions		3	

- 5.2. Full details of the audit findings and agreed actions are contained in the detailed findings section below.
- 5.3. As part of our quarterly progress reports to Audit Committee, we seek written confirmation from the service that all high priority actions due for implementation are complete. The progress of all (low, medium and high priority) agreed actions will be re-assessed by Internal Audit at the next audit review. Periodically we may also carry out random sample checks of all priority actions.

6. Acknowledgement

- 6.1. We should like to thank all staff that provided assistance during the course of this audit.

Internal Audit Report – Pension Fund - Administration of Pension Benefits

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
1	<p>Changes of Address</p> <p>Members' changes of address can be notified by the member directly (by post, email or Member Self Service (MSS)), or via the records held by employers.</p> <p>A sample of members' changes of address was reviewed for accuracy, timeliness and to identify if Pension Administration Officers followed the correct process for the changes.</p> <p>The review identified cases where members had informed the Pension Fund Administration Team of a change of address, and this being updated accordingly, only for the new address to be overwritten by outdated records subsequently uploaded via i-Connect by employers, whose own records were out of date.</p>	Where the address held for a member is not accurate, there is an increased likelihood of inadequate delivery of service, and regulatory fine due to breaches of the General Data Protection Regulations (GDPR). There is also an increased risk of reputational damage and financial loss.	Low	<p>At the monthly PAT meeting on 13/03/25, the minutes will reflect that the internal audit findings were discussed with the Team. The Team will be reminded that any change of address by letter / email requires a wet signature and should be acknowledged.</p> <p>The i-Connect team will be asked to be vigilant at trying to spot change of address that are overwriting recently updated addresses. Any identified cases should be investigated further.</p>
Responsible Officer:		Paul Punter – Head of Pensions Administration	Target Implementation Date:	April 2025

Internal Audit Report – Pension Fund - Administration of Pension Benefits

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
2	<p>Altair Users' Access Review</p> <p>A review of users with access to Altair, identified a user who had retained access rights despite having left the Council's employment. The user's access was revoked during the audit, upon the Pensions Administration Team becoming aware.</p> <p>Whilst users' access is reviewed, this is not undertaken at set intervals throughout the year but can be seen to be performed on at least an annual basis.</p> <p>It was found that some users retain access, authorised appropriately, yet have been inactive in Altair for more than two years.</p>	Where users retain access when it is not appropriate, there is increased risk of unauthorised or fraudulent activity occurring. There is also an increased likelihood of reputational damage and financial loss resultant from fraud and regulatory fines, for breach of General Data Protection Regulations (GDPR).	Low	<p>Access for this former employee was removed immediately upon becoming aware. There are regular audits of Altair access to ensure we pick up unreported leavers.</p> <p>The point about users not actively using the Altair system for an extended period is a good observation. This will be addressed in the next Altair access review expected to happen in April 25.</p>
Responsible Officer:		Paul Punter – Head of Pensions Administration	Target Implementation Date:	May 2025

Internal Audit Report – Pension Fund - Administration of Pension Benefits

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
3	<p>Independent Reviews of Checklists</p> <p>Testing across a range of different processes identified two instances where the checklists, used to guide officers through the processing of transactions, had not been signed off by an officer independent of the officer processing the transactions.</p> <p>Testing identified that, in the instances where checklists were not fully completed, the processes had been followed correctly, with appropriate checks having taken place, despite the checklists not recording this.</p> <p>In a separate case, it was found that an independent officer's checks had taken place and were recorded, but that the checks had failed to identify that incorrect bank details had been input for a member.</p>	Where checklists do not record that independent checks have been completed, there is increased risk that the process has not been followed and an increased risk of fraud or error.	Low	<p>At the monthly PAT meeting on 13/03/25, the minutes will reflect that the internal audit findings were discussed with the Team. The Team will be reminded of the importance of all checklists being fully completed by both the doers and checkers.</p> <p>When approximately 25k tasks are processed there is an expectation of human error occasionally happening. In the case of the bank account issue, two numbers were transposed, the payment was returned and repaid correctly within a few days.</p>
Responsible Officer:		Paul Punter – Head of Pensions Administration	Target Implementation Date:	April 2025

Appendix A

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management's responsibilities for the application of sound business practices. We emphasise that it is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

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Internal Audit Report

Pension Fund Compliance with Regulatory Requirements

Final

Assignment Lead: Jodie Hadley, Principal Auditor

Assignment Manager: Danny Simpson, Principal Auditor

Prepared for: East Sussex County Council

Date: May 2025

Report Distribution List

Draft Report

Susan Greenwood, Head of Pensions
Russell Wood, Pensions Manager: Investments & Accounting
Dave Kellond, Compliance and Local Improvement Partner
Paul Punter, Head of Pensions Administration

Final Report

As per draft report, with the inclusion of:
Ros Parker, Chief Operating Officer
Ian Gutsell, Chief Finance Officer
Pension Committee
Pension Board

This audit report is written for the officers named in the distribution list. If you would like to share it with anyone else, please consult the Chief Internal Auditor.

Chief Internal Auditor: Russell Banks, ☎ 07824 362739, ✉ Russell.Banks@eastsussex.gov.uk
Audit Manager: Nigel Chilcott, ☎ 07557 541803, ✉ nigel.chilcott@eastsussex.gov.uk
Anti-Fraud Hotline: ☎ 01273 481995, ✉ fraudhotline@eastsussex.gov.uk

1. Introduction

- 1.1. East Sussex County Council (The Council) is the designated statutory administering authority of the East Sussex Pension Fund. The Council has a statutory responsibility to administer and manage the Fund in accordance with the rules of the Local Government Pension Scheme (LGPS), which are set out in the following regulations:
 - The Local Government Pension Scheme Regulations 2013;
 - The Local Government Pension Scheme Transitional Provisions, Savings and Amendment Regulations 2014; and
 - The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- 1.2. The governance of the Fund is the responsibility of the East Sussex Pension Committee supported by the Pension Board, the ESCC Chief Finance Officer and the Pension Fund officer team. The day-to-day administration of the Fund is provided by East Sussex County Council.
- 1.3. This review was part of the agreed Internal Audit Plan for 2024/25.
- 1.4. This report has been issued on an exception basis, whereby only weaknesses in the control environment have been highlighted within the detailed findings section.

2. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place and operating effectively in order to support the following objectives:
 - Scheme governance arrangements, including clear separation between the Council's and Fund's responsibilities, meet regulatory requirements.
 - Employers' responsibilities are fulfilled to ensure the Fund complies with regulatory requirements

3. Audit Opinion

- 3.1 **Reasonable assurance is provided in respect of Pension Fund Compliance with Regulatory Requirements 2024/25.** This opinion means most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.

4. Basis of Opinion

- 4.1. Based on the testing undertaken, we have been able to provide an opinion of **Reasonable Assurance** in relation to the controls in place surrounding Pension Fund Compliance because:
- 4.2. The Pension Fund and Council are financially separate, with independent bank accounts and no borrowing or lending taking place between the two organisations.
- 4.3. Both the Pension Board and Committee are regularly presented with the Complaints, Breaches and IDRP Log, and are able to comment on or raise challenge in relation to its content, as required.
- 4.4. There is an appointed Investment Manager in place with appropriate skills to provide the required advice, supporting the Fund to make appropriate investment decisions which will benefit members and the Fund as a whole.
- 4.5. Payments to Fund Managers are subject to robust checking and paid in a timely manner, where receipt of these from Fund Managers is timeous.
- 4.6. There are, however, areas where improvements are required to aid and ensure compliance with regulatory requirements, including:
- 4.7. There is no Service Level Agreement in place between The Fund and The Council, as the administering authority. It is anticipated that a draft agreement will be in place soon, however, there has been an extended period during which the Fund has operated without any defined or documented agreement.
- 4.8. Whilst there are a range of processes in place to improve and ensure the quality of data held by the Fund, these are not formally documented in a Data Assurance Plan to ensure they are regularly implemented in line with expectations.
- 4.9. Not all Pension Board members have up to date conflict of interest declarations published in line with the Pension Regulator's Code of Conduct for Board Members, increasing the risk of conflicts materialising to the detriment of the Fund. There are also a number of officers working within the Fund who do not have conflict of interest declarations in place, as required by the Council's Code of Conduct and Conflict of Interest Policy.
- 4.10. Although there are a wide range of training courses available for Board and Committee members, uptake of these varies significantly, with some members participating in many more than others. There are no mandatory training elements defined within policies, increasing the risk of decisions being made without appropriate knowledge or understanding.
- 4.11. Policies in place and published on the Fund's website contain contact details for the previous Head of Pensions who is no longer in post. This may delay responses should members or pensioners make contact using these details, increasing reputational risks and the escalation of complaints.

Internal Audit Report – Pension Fund Compliance with Regulatory Requirements

- 4.12. Whilst the Board and Committee have appropriate Terms of Reference within the Constitution, the versions contained within the Governance and Compliance Statement do not provide detail of the quorum for the Pension Committee which would aid transparency and clarity.

5. Action Summary

- 5.1. The table below summarises the actions that have been agreed together with the risk rating in the context of the area under review:

Risk	Definition	No	Ref
High	This is a major control weakness requiring attention.		
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.	5	1-5
Low	This represents good practice; implementation is not fundamental to internal control.	1	6
Total number of agreed actions		6	

- 5.2. Full details of the audit findings and agreed actions are contained in the detailed findings section below.
- 5.3. As part of our quarterly progress reports to Audit Committee we seek written confirmation from the service that all high priority actions due for implementation are complete. The progress of all (low, medium and high priority) agreed actions will be re-assessed by Internal Audit at the next audit review. Periodically we may also carry out random sample checks of all priority actions.

6. Acknowledgement

- 6.1. We would like to thank all staff that provided assistance during the course of the audit.

Internal Audit Report – Pension Fund Compliance with Regulatory Requirements

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
1	<p>Service Level Agreement</p> <p>As the administering authority, East Sussex County Council is responsible for a range of tasks including:</p> <ul style="list-style-type: none"> • The calculation and provision of pension projections and estimates; • Onboarding of new starters; • Handling, recording, and reporting of breaches, complaints, errors and omissions; • Production and publication of relevant communications; • Provision of quarterly and annual reports; and • Responding to general enquiries from scheme members and pensioners. <p>There is currently no Service Level Agreement in place between the Pension Fund and East Sussex County Council, to support the provision of these functions. Although the document is currently being worked on, with a draft expected soon, there has been an extended period during which the Fund has operated without any defined or documented agreement.</p>	Where the Fund is operating without an agreement in place with the administering authority, performance standards are not clearly defined and cannot be enforced, increasing the risk of non-compliance with regulatory requirements.	Medium	Work is in progress to establish this agreement. The Head of the Pension Fund is working with the Deputy S151 Officer to finalise this agreement.
Responsible Officer:		Susan Greenwood, Deputy Head of Pensions	Target Implementation Date:	30 September 2025

Internal Audit Report – Pension Fund Compliance with Regulatory Requirements

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
2	Documentation of Key Functions There is knowledge within the team that is not clearly documented in policy or procedure documents, including: <ul style="list-style-type: none"> No formally documented Data Assurance Plan or policy is in place to support the implementation of current data assurance processes. The Discretionary Functions Policy states that there is 'no policy' for 16(10) of the LGPS Regs 2013, in relation to the requirement for a satisfactory medical before the payment of additional or shared cost pension contributions. No additional supporting information about the threshold for requiring medical assessments or how the decision would be made in these instances has been provided. 	Where key functions undertaken by the team are not adequately and accurately documented, there is an increased risk of local practice and knowledge being lost, resulting in changes in service delivery, and increasing the risk of non-compliance.	Medium	A full review of governance is due to take place in Q4 of the 2025-26 financial year, which will include review of the policies and documentation detailed within this finding, amongst many other key governance processes.
Responsible Officer:		Susan Greenwood, Deputy Head of Pensions	Target Implementation Date:	30 April 2026

Internal Audit Report – Pension Fund Compliance with Regulatory Requirements

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
3	<p>Pension Board and Committee</p> <p>A wide range of training opportunities are available to members of both the Pension Board and Pension Committee in order to support the robust governance of the Pension Fund. Analysis of training records, however, identify that training is not always sufficiently well attended and there is no mandatory training that individuals must undertake in order to ensure a sufficient spread of skills across the Board and Committee.</p> <p>In addition, analysis also identified that not all members of the Pension Board have a published declaration of interest in place in line with the Pensions Regulator's Code of Conduct for Board Members.</p>	<p>Where declarations of interest are not clearly documented, there is an increased risk that personal or business conflicts may materialise to the detriment of the Fund or its members, or perception of such conflict may result in reputational damage.</p> <p>Where training courses are not mandated or well-attended, there is an increased risk that members of the Committee or Board are unable to exercise adequate oversight of the Fund.</p>	Medium	<p>We will continue to regularly remind members of the Pension Board and Committee of the availability of training and the need to ensure they are seeking and utilising available training.</p> <p>We will review training requirements for Members as part of the governance review later in the year.</p> <p>We will seek clarifications in relation to declarations of interest for Pension Board Members.</p>
Responsible Officer:		Mariana Obetzanova, Pensions Training Coordinator	Target Implementation Date:	31 December 2025

Internal Audit Report – Pension Fund Compliance with Regulatory Requirements

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
4	Pension Administration Strategy LGPS Regulation 59 (6) requires that, where an administering authority publishes its pension administration strategy, or if strategy is revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable. There is no evidence that the most recent iteration of the Pension Administration Strategy was shared with the Secretary of State, and no knowledge within the team as to whether this was completed.	Non-compliance with LGPS regulations increases the risk of regulatory penalty, resulting in financial loss and reputational damage to the Fund.	Medium	We will review this and if no evidence can be found we will submit the Pensions Administration Strategy to the Secretary of State.
Responsible Officer:		Paul Punter, Head of Pensions Administration	Target Implementation Date:	1 July 2025

Internal Audit Report – Pension Fund Compliance with Regulatory Requirements

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
5	Breach Reporting and Documentation The Fund hold a central log of breaches on which they record any breaches that have occurred and the action taken in relation to them; breach reports are then provided to the Pension Board and Committee on a regular basis. Detail provided in relation to the steps taken on breaches differs between these two documents, with the record provided to Board and Committee demonstrating that some breaches have been reported to TPR, whilst the log held by the team states that the same breaches haven't been reported, reducing clarity and increasing the risk of duplicate or non-reports, where these should be made.	Where the centrally held breaches log is not maintained appropriately, the risk of detail reported to Board and Committee being inaccurate is increased, and breaches may be subject to duplicate reports to the Pension Regulator where their reporting status is not clearly documented.	Medium	We have reviewed these two documents and have identified some discrepancies. This has now been addressed.
Responsible Officer:		Dave Kellond, Compliance and Local Improvement Partner	Target Implementation Date:	Implemented

Internal Audit Report – Pension Fund Compliance with Regulatory Requirements

Detailed Findings

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
6	<p>Internal Dispute Resolution Procedure</p> <p>The Internal Dispute Resolution Procedure (IDRP) provides members with a formal complaints mechanism if they are not satisfied with any decision affecting their pension benefits held within the scheme, or where a decision has not been made by their employer or the Administering Authority when it should have been.</p> <p>Due to the nature of this policy, it is important to ensure that the Pension Board and / or Committee are sighted on and approve its contents; there is currently no evidence that this has been undertaken for the most recent policy version.</p>	Where the IDRP has not been subject to review and approval by the Pension Board and / or Committee, there is an increased risk of this not being suitable or adhered to in full, increasing the risk of further complaints or regulatory penalty.	Low	We will look further into this to ascertain if any approval has been given and, if required, schedule a review by Committee.
Responsible Officer:		Dave Kellond, Compliance and Local Improvement Partner	Target Implementation Date:	1 July 2025

Appendix A

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
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Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management's responsibilities for the application of sound business practices. We emphasise that it is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Report to: Pension Board

Date of meeting: 5 June 2025

By: Chief Finance Officer

Title: External Audit Plan

Purpose: To provide information on the External Audit Plan for 2024/25

RECOMMENDATION:

The Pension Board is recommended to note this report.

1. Background

- 1.1 Grant Thornton (GT) as the External Auditor for the East Sussex Pension Fund (ESPF) have provided the external audit plan for the year 2024/25 (Appendix 1) which provides an overview of the planned scope and timing of the statutory audit of the ESPF Annual Report and accounts and identifies any significant risks.
- 1.2 The external audit plan was considered by the Audit Committee on 28 March 2025. It was not available for consideration and discussion at the February Pension Board meeting (22 February 2025) and Pension Committee meeting (27 February 2025).

2. Supporting Information

- 2.1 The External Audit Plan for 2024/25 identifies a number of risks that require audit consideration as they could potentially cause a material error in the financial statements. These are:
 - Management override of controls (journals, estimates and transactions);
 - Valuation of level 3 investments;
 - Valuation of level 2 investments;
 - Actuarial Present Value of Promised Retirement Benefits Disclosures – IAS26
 - Cash and Cash Equivalents
 - Benefits Payable
 - Contributions Receivable
 - Financial Instruments Disclosure
- 2.2 ESPF is working with GT to ensure that the audit is completed as close to the original 30 September 2025 deadline as possible.
- 2.3 Assessment of both the SAP and Altair systems will also be carried out from an IT controls perspective. The implementation of the new Oracle system took place following the end of the financial year under review.
- 2.4 The planned audit fees for 2024/25 are £101,515.

3. Conclusion

3.1 The Board is recommended to note this report.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Susan Greenwood, Head of Pensions
Email: Susan.Greenwood@eastsussex.gov.uk

The Audit Plan for East Sussex Pension Fund

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Year ending 31 March 2025

April 2025



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01 Key developments impacting our audit approach

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Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

- The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:
 - Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
 - Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
 - Setting the Code of Audit Practice;
 - Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
 - Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market.

We have also signed **83%** of our 2023/24 Audits, by the backstop date with the residual audits being unable to signed due to external factors. We will be keen to work with the Ministry of Housing, Communities and Local Government (MHCLG), with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach

National Context

Administration and Governance

The total membership of the LGPS was 6.7 million people. Of this number around one third are active employees who still contribute to the scheme. 71.1% (4.8 million) of all the members of the LGPS are covered by local authorities and other connected bodies, though local authorities and connected bodies represent only 16.5% of employers (with 3,478 employers). In total, there were 21,131 employers covered by the Local Government Pension Scheme at the end of March 2024.

In respect of administration and governance some key matters impacting 2024/25:

- The Pension Regulator’s (TPR) General Code of Practice came into effect on 28 March 2024. It replaces the Code of Practice 14 for public service pension schemes and brings together ten previous codes into one. The Code provides an opportunity for funds to review current practices but also presents challenges during what is already a busy time for the LGPS.
- The Pensions Dashboards Regulations 2022 set out in law the connection to the ecosystem and that maintenance of connection is a legal requirement, it also sets out that schemes must connect to the ecosystem by the ‘connection deadline’ 31 October 2026. To avoid placing undue strain on all parties facilitating connection, the Department for Work & Pensions (DWP) published guidance confirming that public service pension schemes should ‘connect by’ 31 October 2025.
 - The regulations implementing the McCloud remedy took effect from 1 October 2023. Statutory Guidance was published in June 2024 and pension funds have, for most members, the period up until a fund’s annual benefit statements for 2024/25 are issued to complete implementation i.e. by the end of August 2025.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

Local Context

Administration and Governance

- The Fund has continued to work through the processes for connecting to the Pensions Dashboard ecosystem and is on track to meet the October 2025 deadline.
- The Fund has continued to implement the McCloud remedy. No significant issues have been encountered.
- The Fund and Local Pension Board are reviewing the TPR’s General Code of Practice to identify if there are any gaps or improvements required in current arrangements.
- The Council and the Pension Fund have continued their diligent preparations for the implementation of the new Oracle system, anticipated to be operational from the start of the 2025/26 financial year.

Key developments impacting our audit approach (continued)

National and International Context	Local Context
<p data-bbox="107 372 384 396">Investments and Funding</p> <p data-bbox="107 418 1294 672">Triennial valuations for local government pension funds as at 31 March 2022 (the 2022 valuation) were published in March 2023. These valuations, provide updated information regarding the funding position of local government pension funds and set employer contribution rates for the period 2023/24 – 2025/26. In August 2024 the Government Actuary’s Department (GAD) published its Section 13 report analysing the outcomes of the valuations. GAD noted that funding levels have improved since 2019, however not all funds were in a surplus after the 2022 valuation, with 26 out of 87 being in deficit. In addition, there continues to be considerable variation between funds, with the highest funding level at 154% and the lowest funding level at 67%. This is a wider range than previously reported in the 2019 valuation. The average primary contribution rate to cover future benefit accruals has increased from 18.6% to 19.8% following the 2022 valuations.</p> <p data-bbox="107 689 1294 772">At the end of March 2024, the market value of LGPS funds was £391.5 billion, an increase of 9.0% compared to the end of March 2023. Total LGPS income in England and Wales in 2023-24 was £20.7 billion with expenditure of £17.1 billion.</p> <p data-bbox="107 789 1294 932">The Fund will be entering the 2025 valuation (as at 31 March 2025) process this calendar year. The valuation will set employer contribution rates for 1 April 2026 through to 31 March 2029. The national and international economic context continue to present challenges for pension funds with a consequential impact on the investments held by pension funds but investment performance and setting stable, affordable contributions for employers will be key factors.</p> <p data-bbox="107 949 1294 1175">In July 2024 the government launched a Pensions Review of workplace defined contribution pensions schemes and the Local Government Pension Scheme in England and Wales (LGPS). The focus of the review for the LGPS is to look at how tackling fragmentation and inefficiency can unlock the investment potential of the scheme, including through further consolidation. This review, Fit for the future, is being led by the Ministry of Housing, Communities and Local Government (MHCLG). Consultation on the Government’s proposals sought views in three key areas; reforming the LGPS asset pools, boosting LGPS investment in their localities and regions in the UK, and strengthening the governance of both LGPS AAs and LGPS pools. The consultation closed in January 2025 and outcomes from it are now awaited.</p> <p data-bbox="107 1192 1294 1246">In planning our audit, we have taken account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.</p>	<p data-bbox="1294 372 1584 396">Investments and Funding</p> <p data-bbox="1294 418 2443 561">For East Sussex Pension Fund, the 2022 triennial valuation was undertaken by Barnett Waddingham. The valuation reported that the funding level had increased from 107% to 123% and had excess assets amounting to £858m over liabilities, thus recording a surplus. The next triennial valuation will be performed as at March 2025. The results of this valuation are scheduled to be reported by the end of the year.</p> <ul data-bbox="1294 578 2443 818" style="list-style-type: none"><li data-bbox="1294 578 2443 718">• We expect requests to be received from employer body auditors to undertake work on the accuracy and completeness of the information provided to the actuary as part of the 2025 valuation process. If these are received then this will be additional work outside the normal course of our audit work and will be the subject of additional fees/fee variations. We will discuss the scope and timing of this work with the Fund should it arise.<li data-bbox="1294 735 2443 818">• There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk in relation to management override of controls.

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government and local government pension schemes. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Chief Finance Officer.
 - To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. We continued to be in discussions with your finance team to explore the most effective approach for ensuring close collaboration and conducting an efficient audit process.
 - We would like to offer a formal meeting with the Chair of Pension Committee and with the Chief Finance Officer twice yearly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to:
- meet informally with the Chair of your Audit Committee, to brief them on the status and progress of the audit work to date, and
 - In line with best practice, offer to meet in private with the full Audit Committee.
- We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit Committee updates.
 - We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.

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02 Introduction and Headlines

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Introduction and headlines



Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of East Sussex Pension Fund ('the Fund') for those charged with governance.

Respective responsibilities

- The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fund. We draw your attention to these documents in the links below.
- [Terms of Appointment from 2023/24 - PSAA](#)
- [Statement of responsibilities of auditors and audited bodies from 2023/24 audits - PSAA](#)

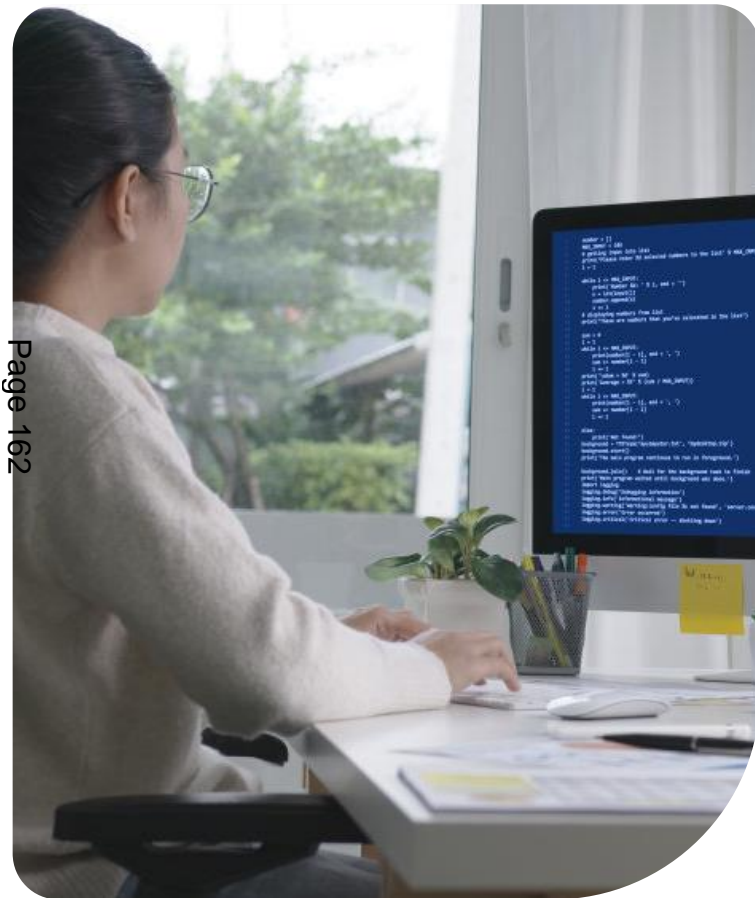
Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and we consider whether there are sufficient arrangements in place at the Fund.

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities. It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk based.

Introduction and headlines (continued)



Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of Level 3 investments

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £63.8m (PY £54.7m) for the Pension Fund, which equates to 1.3% of your gross investment assets as at 31 March 2024.

We have determined a lower specific planning materiality for the Fund Account of £14.6m (PY £13.3m), which equates to 10% of prior year gross expenditure on the fund account.

Clearly trivial has been set at £3.1m (PY £2.7m).

Audit logistics

Our interim visit took place between February to March 2025 and our final visit will take place from June to September 2025 (see page 27). We have also initiated advanced testing as outlined on the Page 25 (Interim testing). This proactive approach is aimed at reducing the pressure during the year-end fieldwork visit. Our key deliverables are this Audit Plan, Auditor's Report and our Audit Findings Report.

Our proposed fee for the audit is £101,515 (PY: £97,867) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

Our understanding is that the Fund's Custodian does not independently value the Pension Fund's (Level 2 & 3) Investments, meaning we are not able to triangulate valuations included in the financial statements to investment manager and custodian confirmations for these investments. As a result, we carry out further audit procedures to gain assurance over the valuations of these investments. For Level 2 investments that have quoted unit prices we will agree the values to published data. For those pooled investments that are not directly quoted we will obtain a breakdown of investments within the pooled fund and test the underlying assets to quoted prices. See page 15 for further details regarding our approach to auditing the valuation of Level 3 Investments.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we, as a Firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

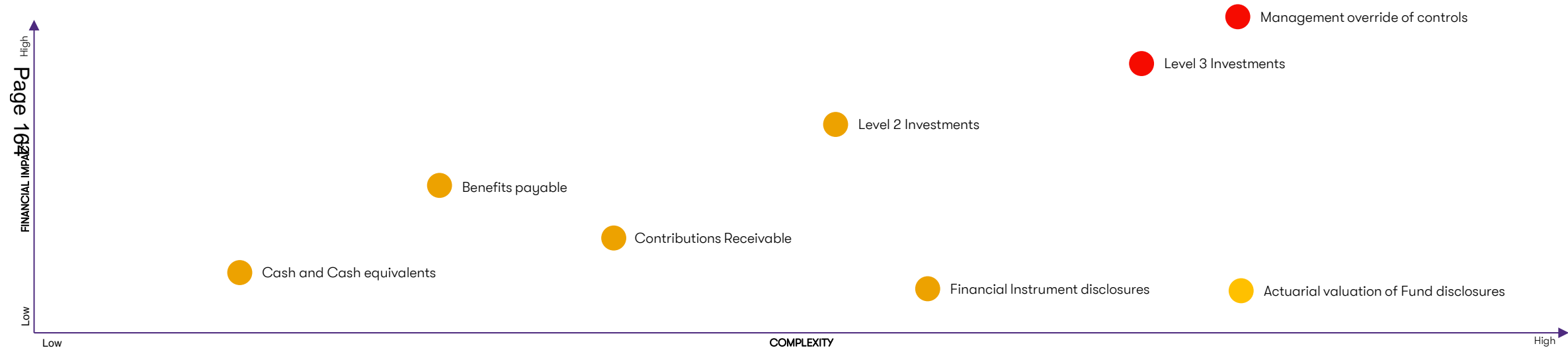
03 Overview of audit risks

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Overview of audit risks

We have prepared our Audit Plan to reflect any changes and developments that have occurred within the year. We have assessed any developments identified during our initial planning processes and, along with our prior knowledge and understanding of the Fund, have determined the audit risks over the following pages. These audit risks have been determined ahead of receipt of a first draft of the financial statements and so, should anything come to light that may change this risk assessment, we will highlight this within our Audit Findings Report issued at the end of the audit.

Where the assertions relating to a balance span two categories of risk the balance is shown below in the highest risk category.



Glossary		
<div></div>	Significant risk	A financial statement or assertion level risk that in the engagement team’s professional judgement requires special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.
<div></div>	Significant classes of transactions, account balances or disclosures	Significant classes of transactions, account balances, and disclosures, associated with risks of material misstatement but are not always significant risks
<div></div>	Material only	Material financial statement line items not associated with risks of material misstatement
<div></div>	Other audit risks	Other accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

04 Identified risks

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Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls Significant	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: <ul style="list-style-type: none">• evaluate the design and implementation effectiveness of management relevant controls over journals;• analyse the journals listing and determine the criteria for selecting high risk unusual journals;• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

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“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
<p>Valuation of Level 3 investments (PY £1,145 m)</p> <p>Significant</p> <p>Relevant Assertion(s) Valuation, Existence</p> <p>Applicable Assertion(s) Rights & Obligations, Presentation</p> <p>Planned level of control reliance None</p>	<p>The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error.</p>	<p>The Pension Fund values its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature level 3 investment valuation lack observable inputs. These valuation therefore represents a significant estimates by management in the financial statement due to the size of the numbers involved and the sensitivity of this estimates to changes in key assumptions.</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2025</p>	<p>We will:</p> <ul style="list-style-type: none"> Obtain understanding of management's processes for valuing Level 3 investments; Evaluate the design and implementation effectiveness of the associated relevant controls; Obtain and review the corresponding investment manager report as at 31 March 2025 comparing the balance with the Fund's financial statements; For a sample of Level 3 investments, test the valuation by obtaining and reviewing the audited accounts, (where available these are predominantly private equity and infrastructure funds) at the latest available date for individual investments and compare these to the fund manager reports and accounts stated valuations; Note that the latest audit accounts for the individual investments are often not at the balance sheet date and so are not a satisfactory comparable for the valuation. In these cases we will reconcile those values to the values at 31 March 2025 with reference to known movements in the intervening period (such as purchases and sales, and other cash movements on the fund) in order to arrive at an appropriate comparable to test against; Where no audited statements are available to test a sampled investment the audit team will devise alternative procedures to obtain an appropriate comparable to test the valuation. Review purchase and sale transactions of the investment near the reporting date where appropriate; Review the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts; Review the methods and assumptions applied by the Fund managers; Review management's classification of the assets; and Obtain and review investment manager service auditor report on design and operating effectiveness of internal controls where appropriate.
<p>Risk of Fraud in Revenue recognition (Rebutted)</p>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:</p> <ul style="list-style-type: none"> there is little incentive to manipulate revenue recognition; opportunities to manipulate revenue recognition are very limited; and the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	<p>We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>

Other risks identified

Other risks are, in the auditor's judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an 'other risk' is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
<p>Valuation of Level 2 Investments (PY £3,305 m)</p> <p>Significant class of transactions</p> <p>Relevant Assertion(s) Existence, Valuation</p> <p>Applicable Assertion(s) Rights & Obligations, Presentation</p> <p>Planned level of control reliance None</p>	<p>Level 2 investments do not carry the same level of inherent risks associated with level 3 investments, however there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly. As a result, the valuation of the Fund's Level 2 investments have been identified as 'other risk' of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Gain an understanding of the Fund's process for valuing Level 2 investments; • Review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; • Agree the valuation to the confirmation received from the investment manager; • Agree the valuation to the confirmation received from the custodian; • Review the reconciliation of information provided by the individual fund manager's custodian and the Pension Scheme's own records and seek explanations for variances; • Test a sample of the underlying investments to independent sources of pricing information; and • Obtain and review a service auditor's report on internal controls for the custodian; • Review management's classification in the fair value hierarchy for a sample of level 2 investments.
<p>Actuarial Present Value of Promised Retirement Benefits disclosure – IAS 26 (PY £4,916m)</p> <p>Significant class of transactions</p> <p>Relevant Assertion(s) Valuation</p> <p>Applicable Assertion(s) Presentation</p> <p>Planned level of control reliance None</p>	<p>The disclosure of the Fund's Actuarial Present Value of Promised Retirement Benefits is an accounting estimate (gross liability of £4,916m as at 31st March 2024) and is sensitive to changes in key assumptions. The Pension Fund engage the services of a qualified actuary to develop an IAS 26 compliant estimate of the disclosure. As a result, the disclosure of the Fund's Actuarial Present Value of Promised Retirement Benefits have been identified as 'other risk' of material misstatement. Note that the 2024/25 year is not a triennial valuation year. In the intervening years between triennial valuations the actuary applies roll forward assumptions to update the valuation of liabilities as opposed to a full revaluation based on detailed membership data. The roll forward method is simpler and the triennial valuation approach with roll forward assumptions in intervening years is recommended by CIPFA. We therefore do not regard this as a significant risk of material misstatement for the 2024/25 year.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Update our understanding of the processes put in place by management to ensure that the Fund's Actuarial Present Value of Promised Retirement Benefits is not materially misstated; • Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • Assess the competence, capabilities and objectivity of the actuary who carried out the Fund's valuation; • Assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; • Test the consistency of disclosures with the actuarial report from the actuary; • Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • Review whether the judgement made by management that the application of the roll forward method in the intervening year within the triennial valuation cycle remains appropriate, and consider whether we continue to have sufficient assurance from our cyclical triennial membership testing.

Other risks identified

Risk	Description	Planned audit procedures
<p>Cash and cash equivalents (PY £70m)</p> <p>Significant class of transactions</p> <p>Relevant Assertion(s) Completeness, Existence</p> <p>Applicable Assertion(s) Rights & Obligations, Presentation</p> <p>Planned level of control reliance None</p>	<p>The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the year-end balance for cash and cash equivalents reported on the Net Asset Statement.</p>	<p>We will:</p> <ul style="list-style-type: none"> Obtain direct confirmations for all bank accounts Obtain monthly bank reconciliations as at the year-end and for one month post year-end, and Where material, reconciling items will be tested to confirm clearance through the bank account after the year-end
<p>Benefits payable (PY £155m)</p> <p>Significant class of transactions</p> <p>Relevant Assertion(s) Completeness, Accuracy, Occurrence</p> <p>Applicable Assertion(s) Presentation</p> <p>Planned level of control reliance None</p>	<p>Pension benefits payable represents a significant percentage of the Fund's expenditure.</p>	<p>We will:</p> <ul style="list-style-type: none"> Evaluate the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness; Gain an understanding of the Fund's system for accounting for pension benefits expenditure and evaluate the design of the associated controls; Test a sample of lump sums and associated individual pensions in payment by reference to member files; and Test relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.
<p>Contributions receivable (PY £155m)</p> <p>Significant class of transactions</p> <p>Relevant Assertion(s) Completeness, Accuracy, Occurrence</p> <p>Applicable Assertion(s) Presentation</p> <p>Planned level of control reliance None</p>	<p>Contributions from employers and employees represents a significant percentage of the Fund's revenue.</p>	<p>We will:</p> <ul style="list-style-type: none"> Evaluate the Fund's accounting policy for recognition of contributions for appropriateness; Gain an understanding of the Fund's system for accounting for contribution income and evaluate the design effectiveness of the associated controls; Test a sample of contributions to source data to gain assurance over their accuracy and occurrence; and Test relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in member body payrolls and the number of contributing employees to ensure that any unusual trends are satisfactorily explained.

Other risks identified

Risk	Description	Planned audit procedures
Financial instrument disclosures <div>Significant class of transactions</div> Relevant Assertion(s) Accuracy, Completeness, Valuation, Presentation Applicable Assertion(s) None Planned level of control reliance None	Financial instrument and associated risk disclosures provide assisting users in understanding and evaluating: <ul style="list-style-type: none">The significance of financial instruments to the entity’s financial position and performance.The nature and extent of risks from financial instruments during, and at the close of, the reporting period.How the Fund manages these risks.	We will: <ul style="list-style-type: none">Update our understanding of the processes and controls put in place by management to prepare the financial instrument disclosuresDocument and evaluate the Fund’s accounting policies for appropriateness and consistencyEvaluate the instructions issued by management to their management expert/information provider for these disclosuresTest the consistency of disclosures with the actuarial report from the actuary;For all material financial instrument disclosures confirm they are disclosed in accordance with IFRS 7, measured in accordance with IFRS 9 and classified in accordance with CIPFA guidance on IFRS 9 Financial Instruments

Other matters

Other work

The Pension Fund is administered by East Sussex Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

We consider our other duties under legislation and the Code, as and when required, including:

- Giving electors the opportunity to raise questions about your 2024/25 financial statements, consider and decide upon any objections received in relation to the 2024/25 financial statements;
- Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
- Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
- Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

05 Our approach to materiality

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Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
01	Determination We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as shareholder expectations, industry developments, financial stability and reporting requirements for the financial statements	<ul style="list-style-type: none"> We determine planning materiality in order to: <ul style="list-style-type: none"> establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements assist in establishing the scope of our audit engagement and audit tests determine sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.
02	Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements	<ul style="list-style-type: none"> An item may be considered to be material by nature when it relates to instances where greater precision is required. Additionally, there may be items which we feel would benefit from a lower specific materiality for those account balances (e.g. the Fund Account). Details of lower specific materialities applied can be found on the next page.
03	Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process	<ul style="list-style-type: none"> We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
04	Matters we will report to the Audit Committee Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	<ul style="list-style-type: none"> We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Fund, we propose that an individual difference is clearly trivial if it is less than £3.1m (PY £2.7m). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Headline materiality for the Fund’s financial statements	63,800,000	<p>In determining materiality, we have considered the following key factors:</p> <ul style="list-style-type: none">- Business environment: the Pension Fund operates in a generally stable, regulated environment.- Other sensitivities – There has been no change in key stakeholders, and no other sensitivities have been identified that would require materiality to be reduced. <p>This benchmark is determined as a percentage of the Fund’s Net Assets, and headline materiality equates to 1.3% of the Gross Net Assets per the prior year audited financial statements. Note that our firm approach is that materiality for the PF financial statements as a whole should not exceed the admitted body auditor’s materiality once the share of assets is taken into account, we have therefore taken into account the materiality of the PF admitted bodies in determining materiality which has resulted in the value being end at 1.3%.</p>
Performance materiality	47,900,000	<p>We determine a lower performance materiality as an amount less than materiality for the financial statements as a whole (i.e., planning materiality) to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.</p> <p>In determining performance materiality the main considerations are our view and understanding of the pension fund control environment, whether there have been significant levels of errors in prior year audits. There is not a history of significant deficiencies or a high number of deficiencies in the control environment, and in prior years there have not been a large number or significant misstatements identified. Our performance materiality is therefore calculated at 75% of our headline materiality.</p>
Triviality	3,100,000	<p>We are obliged to report uncorrected omissions or misstatements other than those which are “clearly trivial” to those charged with governance. We have calculated our “clearly trivial” threshold as 5% of the headline materiality.</p>
Specific Materiality for Fund Account The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which headline materiality will be applied.	19,500,000	<p>This benchmark is determined as a percentage of the Fund’s expenditure, which has been determined as 10%.</p>
Fund account performance materiality	14,600,000	<p>Performance materiality is based on a percentage (75%) of the overall materiality of the fund account.</p> <p>The key considerations in determining this percentage are the same as those for our headline performance materiality.</p>

07 IT audit strategy

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IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
SAP	Financial reporting	<ul style="list-style-type: none">ITGC assessment (design, implementation)
Altair	Pensions Administration Data, Benefits Payable.	<ul style="list-style-type: none">ITGC assessment (design, implementation)

Both of these assessments are conducted by our IT audit team, and the team has identified certain deficiencies in the 22/23 and 23/24 reviews. These areas will be revisited to corroborate the actions taken by management since the recommendations were issued.

08 Interim audit work

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Interim Audit Work

Details of work conducted at interim:

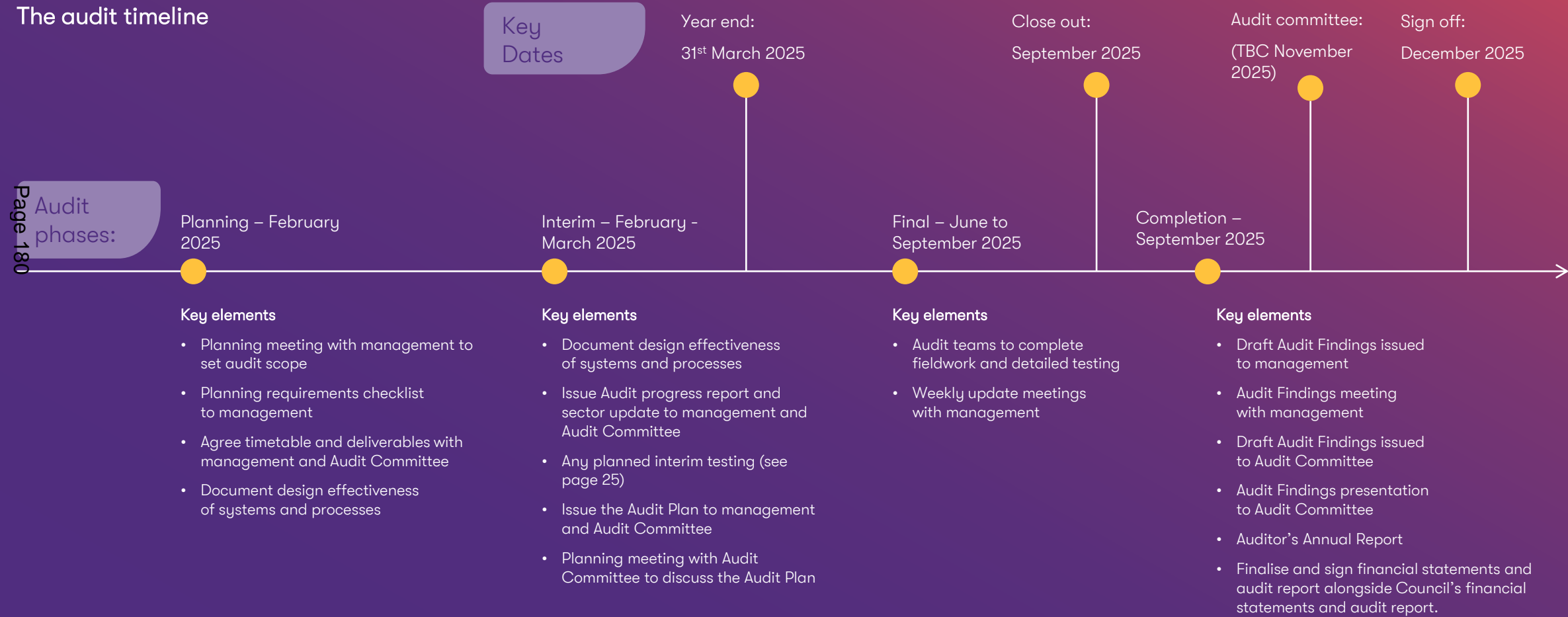
Description	Work commentary
Starter, Leavers and Changes in Circumstances	<p>We have:</p> <ul style="list-style-type: none">• Requested the Listings of Starters, Leavers and Changes in circumstances for 9 months• Selected and Sent a sample for testing based on interim data provided• Obtained assurance on the interim data based on evidences provided. <p>At the date of issuing this audit plan, this work is being completed and is still subject to senior engagement review. There are no matters identified to date which we need to bring to your attention.</p>
Contributions – Admitted, Scheduled and Administrating bodies	<p>We have:</p> <ul style="list-style-type: none">• Request the Listings of Contributions for Admitted, Scheduled and Administrating bodies for 9 months• Selected and Sent a sample for testing based on interim data provided• Obtained assurance on the interim data based on evidences provided. <p>At the date of issuing this audit plan, this work is being completed and is still subject to senior engagement review. There are no matters identified to date which we need to bring to your attention.</p>
Benefits payable	<p>We have:</p> <ul style="list-style-type: none">• Requested the Listings of Benefits payable and lump sums for 9 months• Selected and Sent a sample for testing based on interim data provided• Obtained assurance on the interim data based on evidences provided. <p>At the date of issuing this audit plan, this work is being completed and is still subject to senior engagement review. There are no matters identified to date which we need to bring to your attention.</p>

09 Logistics

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Logistics

The audit timeline



Our team and communications

Grant Thornton core team

Parris Williams

Key Audit Partner

- Key contact for Audit Committee, Chief Executive, and Chief Finance Officer
 - Oversees quality control, accounts opinions, and report authorization
 - Shares sector knowledge and experience, providing challenge and sharing best practices
- Ensures the audit is tailored to the client and maintains overall audit quality

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Pool of specialists and other technical specialists (eg IT audit)

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none">• Client Surveys	<ul style="list-style-type: none">• The Audit Plan• Audit Progress and Sector Update Reports• The Audit Findings Report• Auditor’s Annual Report	<ul style="list-style-type: none">• Audit planning meetings• Audit clearance meetings• Communication of issues log	<ul style="list-style-type: none">• Technical updates
Informal communications	<ul style="list-style-type: none">• Open channel for discussion		<ul style="list-style-type: none">• Communication of audit issues as they arise	<ul style="list-style-type: none">• Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

10 Fees and related matters

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Our fee estimate

Our estimate of the audit fees we will charge is set out in the table below, along with the fees billed in the prior year

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for East Sussex Pension fund to begin with effect from 2018/19. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2024/25 audit is £101,515.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Page 183
- Production of the final auditor’s annual report for the previous Audit Year (exception for new clients in 2023/24 only)
 - Production of the draft audit planning report to Audited Body
 - 50% of planned hours of an audit have been completed
 - 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Description	Audit Fee for 2023/24	Proposed fee for 2024/25
	(£)	(£)
East Sussex Pension Fund Audit	90,337	101,515
ISA 315	7,530	Included in scale fee
Total (Exc. VAT)	97,867	101,515

*Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Previous year

In 2023/24 the fee paid was £97,867.

11 Independence considerations

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Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, there are no matters that we are required to report.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund and the Administering Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund and the Administering Authority and investments in the Fund held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fund and Administering Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Fund and Administering Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fund's and the Administering Authority's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services

No other services provided by Grant Thornton were identified.

12 Communication of audit matters with those charged with governance

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Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Fund's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

13 Delivering audit quality

Delivering audit quality

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Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

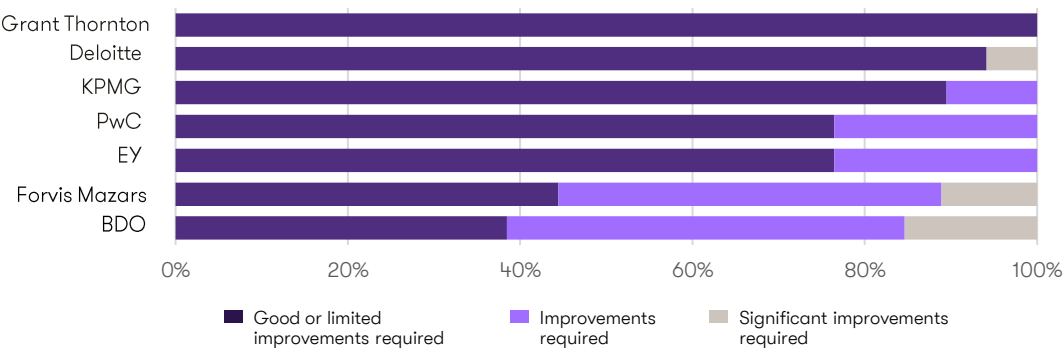
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection
(% of files awarded in each grading, in the most recent report for each firm)





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Report to: Pension Board

Date of meeting: 5 June 2025

By: Chief Finance Officer

Title: Pension Fund Risk Register

Purpose: To consider the Pension Fund Risk Register

RECOMMENDATION:

The Pension Board is recommended to review and note the Pension Fund Risk Register.

1 Background

1.1 Risk management is the practice of identifying, analysing and controlling in the most effective manner all threats to the achievement of the strategic objectives and operational activities of the Pension Fund. It is not a process for avoiding or eliminating risks. A certain level of risk is inevitable in achieving the Fund objectives, but it must be controlled.

1.2 Effective risk management is an essential part of any governance framework as it identifies risks and actions required to mitigate their potential impact. For a pension fund, those risks will come from a range of sources, including the funding position, Local Government Pension Scheme (LGPS) Pooling, General Data Protection Regulation (GDPR), investment performance, membership changes, benefits administration, costs, communications and financial systems. Good information is important to help ensure the complete and effective identification of significant risks and the ability to monitor those risks.

1.3 Since the last meeting of the Pension Board and Pension Committee, officers have continued to review the Risk Register to ensure all appropriate risks and mitigations have been identified. As noted below a detailed risk register workshop was undertaken in March and full review of the risk register was carried out at this point.

1.4 It is accepted that whilst mitigations are put in place for identified risks, it will not always be possible for all risk to be eliminated. In these cases, a level of risk is tolerated and kept under review.

2 Supporting Information

2.1 Supporting information is included at Appendix 1.

3 Changes to the Risk Register

3.1 Following the Risk Register Workshop held on 31 March 2025, which was attended by members of the Pension Board, several updates have now been incorporated in the Fund's Risk Register to reflect emerging risks, strengthen controls and improve overall clarity.

Key updates included:

- Typographical clean-up for consistency
- Clearer articulation of risk triggers
- Enhanced descriptions in the “Consequences” and “Controls” columns

3.2 While the full revised Risk Register is not published in this meeting pack, it remains available to Board members upon request.

4 Risk Register Workshop

4.1 As mentioned in section 3 above, the Pension Board attended a virtual workshop on 31 March 2025 to review and reinforce the Fund’s risk management approach. The session covered core pension risk principles, real-world LGPS examples, and a walkthrough of the updated Risk Register. Key improvements to the register include clearer risk triggers, refined consequences and controls, improved scoring consistency, and enhanced formatting.

4.2 Officers will shortly be exploring external advice in relation to business continuity planning (“BCP”) and cyber risk. A procurement exercise will be initiated, with a view to appointing a provider over the summer. Outputs will be used to support a joint officer and Pension Board/Pension Committee session, with learning incorporated into the Fund’s updated BCP, expected to be brought forward later in the year.

5 Conclusion

5.1 The Pension Board is recommended to review and note the Pension Fund Risk Register.

IAN GUTSELL
Chief Finance Officer

Contact Officer:
Email:

Susan Greenwood, Head of Pensions
Susan.Greenwood@eastsussex.gov.uk

Appendix 1

Summary Post Mitigation Risk scores

Reference Strategic Risk		Sep-23	Nov-23	Feb-24	Jun-24	Sep-24	Nov-24	Feb-25	Jun-25	Change from Sept 23
Employer										
E1	Contributions Funding Failure to collect contributions from employers in line with Funding strategy requirements and Rates and Adjustment Certificate	4	4	4	4	4	4	4	4	↔
E2	Employer data Employers fail to provide accurate and timely data to the PAT team	9	9	9	9	9	9	9	9	↔
E3	Employer Covenant Delay in employers agreeing Admission Agreement, risk of insufficient security	4	4	6	6	6	6	6	6	↔
Administration										
A1	Pensions service Delivery Inadequate delivery of Pensions Administration	6	6	6	6	6	6	6	6	↔
A2	Regulatory Change Risk that new benefit structures can not be set up correctly or in time	6	6	6	6	6	6	6	6	↔
A3	Production of Statutory member returns Risk of failure to produce ABS, annual allowance and event reports	6	6	6	6	4	4	4	4	↔
A5	Transfer Scams Failure to comply with CETV anti scam checks	2	2	2	2	2	2	2	2	↔
A7	MBOS Project Failure to deliver the new ERP system to effectively deliver for Pension Fund accounting and payroll requirements	6	6	6	6	6	6	6	6	↔
Governance										
G1	Key Person risk Risk of loss of key / senior staff resulting in lost knowledge and skills with in the Pensions Team	4	4	6	6	8	8	6	6	↔
G2	Committee / Board Member Lack of decision making caused by loss of Pension Committee/Pension Board members or insufficient knowledge and skills of members	9	6	6	6	6	6	6	6	↔
G3	Cyber Security Risk of Loss of data or systems breaches through cyber attacks	8	12	12	12	12	12	12	12	↔
G4	Governance and Compliance Inadequate governance arrangements and controls to discharge powers & duties	6	3	3	3	3	3	3	3	↔
G5	Data Breach Failure to comply with General Data Protection Regulations	4	4	4	4	4	4	4	4	↔
G6	Fraud Internal and External fraud risk	4	4	2	2	2	2	2	2	↔
Investment/Funding										
I1	Funding risk - poor investment returns Risk that investment strategy fails to result in performance required to meet the needs of the Funding strategy discount rate	4	4	4	4	4	4	4	4	↔
I3	Regulatory risk Failure to comply with regulations, legislation and guidance from an accounting and investment perspective	2	2	2	4	4	4	4	4	↔
I4	Investment Pooling Inability to comply with government direction on pooling, insufficient sub funds to implement investment strategy, poor management of the pool	12	9	9	9	9	9	9	9	↔
I5	Funding risk - higher inflation Risk of inflation leading to increased liabilities, lower asset returns and a funding gap	6	6	6	6	6	6	9	6	↓
I6	Environmental, Social and Governance Risk of ESG factors within Investment strategy, underlying holdings and implementations of investment decisions	4	4	6	6	6	6	6	6	↔
I7	Climate change Risk to assets and liabilities associated with Climate Change	4	4	6	6	6	6	6	6	↔
I8	Liquidity Insufficient cash to pay benefits as they fall due	4	4	4	4	4	4	6	4	↓
I9	Money Purchase Additional Voluntary Contributions Inadequate offering to Scheme Members	2	2	2	2	2	2	2	2	↔

Ref	Strategic Risks	Pre-mitigati on RAG	Risk Control / Response	Post-mitigati on RAG	Risk Owner
Employer Risk					
E1	Contributions Funding Failure to collect contributions from employers in line with Funding strategy requirements and Rates and Adjustment Certificate	9	<ul style="list-style-type: none"> •Monthly Employer contribution monitoring completed •Monitoring of late payments by Employer engagement team to address breaches for late payment, following an escalation process. Chasers are sent out during the lead up to the deadline to prompt employers providing information and payment on time •Contributions recorded in Finance system for each employer to track employer cashflows in line with actuarial requirements for Valuation and FRS17/IAS19 reporting requirements. Also enables ability to see trends in contributions collected •Pension Administration strategy refreshed in February 2023 clearly outlining ability to charge employers for late payment, late receipt of remittance advice or poor quality of data. Late payment charges are now being administered as a deterrent and to cover the impact on the Fund for late payment. •Implementation of i-Connect is improving the quality of contribution data received to better aid reconciliation of payments and drill into the accuracy of employers' contribution payments, however functionality is still being improved by the software provider •Regular reporting to Pensions Board on any late payment of contributions •Covenant review undertaken helps identify employers most likely to have financial difficulties. This will be renewed in 2025. •Triennial valuation process aims to stabilise contribution rates where possible and senior management involved in detailed discussions on funding assumptions. Triennial Valuation complete for 2022 and new rates set for April 2023 onwards. LGPS31 forms issued to all employers with new rates. •Guide to Employers on implications of Pensions on Outsourcing published and issued to all employers •Contribution deferral policy approved by Committee in June 2020 •Deferred debt and debt spreading policies approved in June 2023 •Employer engagement team are confirming the correct signatories for contribution submissions to ensure they are signed off at an appropriate management level •Regular communication with Employers through Employer engagement team •Cash Management covered by internal audit in 2022/23 and 2023/24 looking at contribution collection and cash management strategy with substantial assurance 	4	Head of Pensions
E2	Employer data Employers fail to provide accurate and timely data to the PAT team	12	<ul style="list-style-type: none"> •Pension Administration Strategy in place and last reviewed in 2023 •Employing authorities are contacted for outstanding/accurate information •User Guide and Training provided to Employers for outsourcing implications with LGPS •Regular communication and meeting with administration services regarding service updates and additional data, when required •Employer engagement team established from January 2021 to support employers and provide training where required •Issuance of a quarterly employer newsletter to support employers in their understanding of current pensions issues and activity for the Pension Fund •A data cleansing plan was completed in June 2020 lead by Hymans. The PAT look at Data Improvement as part of BAU and is a regular item on the Administration working group. Data is also cleansed where appropriate as part of other projects •i-Connect system limits employer ability to submit incorrect data. Data is received monthly rather than annually to allow for regular cleansing and discussion with employers •Meetings held between senior pensions Management team and employers where there are current or historic data concerns •As part of the lead into the 2022 triennial valuation data cleansing and challenge was conducted by the Actuary with PAT to ensure the integrity of data. Work will commence on data cleansing for both Dashboard and the 2025 triennial valuation. 	9	Head of Pensions

E3	Employer Covenant Delay in employers agreeing Admission Agreement, risk of insufficient security	8	<ul style="list-style-type: none"> •Full suite of admission agreements in place to ensure the Fund can provide comprehensive admission agreements at the outset of negotiations in line with the risk sharing arrangements agreed with the letting employer. New templates have been developed for pooling rate. Fixed rate template and Bond template in place. These templates are shared with the employers early in the process to speed up the agreeing of new admission agreements •Guide to outsourcing is publicly available and distributed to all employers. This guide directs employers of all the activities and considerations they need to take on any outsourcing arrangement with TUPE staff implications. New employers are given a copy as part of Admission Agreement process •Officers meet regularly to review status and movement on each in progress admission and an update is provided at team meetings monthly to ensure the admission is complete and effective at all stages •A data flow and process map is in place to ensure officers request and communicate all the required information in a timely manner and on execution of the agreements data is required in line with the Administration strategy •Admissions in progress are reported quarterly to Board and Committee to ensure awareness of status •Security obtained for new admissions in form of bond or a guarantee from an appropriate body which has the means to support the guarantee 	6	Head of Pensions
Administration					
A1	Pensions service Delivery The scheme is not administered correctly resulting in the wrong benefits being paid or benefits not being paid, including the result of poor data	9	<ul style="list-style-type: none"> •The PAT team is in-house provision and enables the management team to have complete control over service delivery •Annual internal audit report on the administration of pensions including regular reporting and monitoring of "red" recommendations to ensure the service is acting in line with best practice. The Fund has received reasonable assurance since bringing inhouse with no red recommendations. •Quarterly Reports to Pension Board and Committee on areas of work and KPIs •New service level KPI's now reportable within the Administration software •Awareness of the Pension Regulator Guidance by all team members, with training provided at team meetings or through provision of courses •Task workflow is managed by the Senior Pension Officers to all PAT staff and helpdesk add all tasks to the workflow system, to ensure all tasks completed as planned and to a high standard. PAT staff also add tasks as appropriate. •Checklists in place and all activity impacting members recorded on member records for other teams members to access •All tasks are peer reviewed. Constant monitoring / checking by team managers and senior officers for more junior staff members •In house risk logs covering projects •SAP / Altair reconciliation monthly to ensure pension payment records complete and correct •Most calculations automated to reduce manual error risk •Task management systems built into Altair to ensure activity is completed and monitored •Regular meetings with payroll, HR, ICT and PAT •Pensions Admin working group in place to discuss service delivery issues on a regular basis •Pensions Admin Team has skills matrix to identify training needs for particular processes 	6	Head of Pensions Administration
A2	Regulatory Change - Risk that new benefit structures can not be set up correctly or in time. - LTA replaced with max cash limits. - Introducing inheritance tax. - Change in minimum retirement age	9	<ul style="list-style-type: none"> •Projects and/or working groups in place to deal with current regulatorily benefit changes •Attendance at networks and officer groups to stay on top of upcoming changes in regulation •Reports to Pension Board and Committee to ensure knowledge is shared to decision makers •Oversight via Pension Admin Working Group 	6	Head of Pensions Administration

A3	Production of Statutory member returns Risk of failure to produce ABS, annual allowance and event reports	15	<ul style="list-style-type: none"> •Regular contact with employers to get data •Clear project plan with early communications and planning with milestones to ensure Statements created in time to allow time for distribution to staff •Less than 10 employers are now to be onboarded to i-Connect, thus ensuring better quality & speedy data including joiners/leavers. Annual Allowance data will continue for cases deemed in scope annually but with the limit increasing to £60k, those impacted are significantly reduced •Breaches policy in place and Breach reporting to Committee and Board quarterly to raise and consider breach reporting levels 	4	Head of Pensions Administration
A5	Transfer Scams Failure to comply with CETV anti scam checks	6	<ul style="list-style-type: none"> •Process in place for making checks required by law and/or recommended by TPR. Appropriate training to be identified and offered to staff to build understanding of risk and appropriate mitigations •Process mapping process has taken place to ensure transfers are fully documented with clear guidance to staff in carrying out this activity •Member informed of "red flags" identified •Scorpion campaign material provided to members seeking a CETV •Quality assurance checks ensure appropriate checks carried out •We are now reinstating deferred benefits for scammed cases 	2	Head of Pensions Administration
A7	Implementation of Oracle Failure to deliver the new ERP system to effectively deliver for Pension Fund accounting and payroll requirements	9	<ul style="list-style-type: none"> •Officers are part of the project roll out and involved in testing. Needs of the Pension Fund are therefore being considered •Officers produced process mapping for all functions within the existing finance system •A specific stream of planning has been identified in the project for the interface with Altair •S151 officer on the programme board and will make go/no go decision •Heywood's paid to produce a scheme specific payroll data output report for transfer to Oracle 	6	Head of Pensions
Governance					
G1	Key Person risk Risk of loss of key / senior staff resulting in lost knowledge and skills with in the Pensions Team	9	<ul style="list-style-type: none"> •Diversified staff / team •Attendance at pension officers' user groups to network and exchange information •Procedural notes which include new systems, section meetings / appraisals •Succession planning within team structure, building from within the team •Robust business continuity processes in place around key business processes, including a disaster recovery plan •Knowledge of all tasks shared by at least two team members within PAT and in addition can be covered by senior staff in all areas •Training requirements are set out in training strategy, job descriptions and reviewed prior to recruitment processes •Training officer post •Training strategy in place and regularly reviewed with training log where required •Recruitment project to fill to vacant positions coming to an end with nearly all posts now filled •Utilisation of apprenticeships allow for bring new staff into to train in advance of vacancies •Team responsibilities being reviewed to ensure appropriate coverage of workstreams •An interim has been appointed for 6 months to support the senior leadership team and the new Deputy Head of Pensions has now started (November 2024) 	6	Head of Pensions / Head of Pensions Administration
G2	Committee / Board Member Lack of decision making/functionality caused by loss of Pension Committee/Pension Board members or insufficient knowledge and skills of members	9	<ul style="list-style-type: none"> •Record kept of terms of Office •Pension Board terms of Office staggered •Vice Chairs in place to cover chair absence •Officers aware of election cycles and request for officers as a preference over elected members is communicated to employers •Robust Terms of reference in place that is clear and comprehensive •Training plans in place for new members to build knowledge to required levels 	6	Head of Pensions

G3	Cyber Security Risk of Loss of data or systems breaches through cyber attacks	16	<ul style="list-style-type: none"> • ICT defence - in-depth approach. • Utilising firewalls, passwords and ICT control procedures including system access and account deletion protocols. Network activity is monitored to identify security threats. • Email and content scanners • Using anti-malware which is regularly updated, together with other protective software • ICT performs penetration and security tests on regular basis • Encryption used on all data transfers • Service level agreement with termination clause • Regular reports SAS 70/AAF0106 • Industry leaders providing services to the fund with data protection and cyber defence systems • Risk assessment completed with all new contracts with data transfer and new associated systems including penetration testing at outset • Pensions Team specific BCP being finalised and rolled out • Information security report no material vulnerabilities. Recommendations to be implemented. • Cyber training is provided to all staff around techniques and methods used to launch cyber attacks • Officers undertook a war games training session with IT in August 2024 	12	Head of Pensions
G4	Governance and Compliance Inadequate governance arrangements and controls to discharge powers & duties	9	<ul style="list-style-type: none"> • Training strategy in place which covers Pension Committee, Pensions Board and officers • 75 days of internal audit commissioned for each calendar year with regular reporting from IA to committee and board, including areas Governance and Compliance • External auditor provides audit plan at planning stage for each financial year and this is discussed by Audit committee as well as Pension Committee and Board • Investment regulations require proper advice • Procurement processes in place to ensure quality within replacement advisers • Review carried out against TPR General Code requirements to identify any governance gaps • Specialist legal advisers and governance advisers to provide clear and accurate advice to the Fund on point of law or regulation • Publication of annual Governance and Compliance Statement explaining governance arrangements and reviewed and approved by Board / Committee • Training coordinator appointed. This officer liaises with chair of Pension Board and Committee to identify training needs • Working groups in place, with own terms of reference, which report findings to full Board and Committee • Governance of meetings supported by Democratic Services • Governance structures held within ESCC constitution • Conflict of interest policy in place 	3	Head of Pensions
G5	Data Breach Failure to comply with General Data Protection Regulations and Disclosure Regulations	9	<ul style="list-style-type: none"> • Contracts with external parties where there is a data role have clear terms and conditions as part of the data processing agreements • Data Impact assessment is carried out on all new tenders where data is involved • DPO is in place via ESCC • Privacy notice is on the website - the privacy statements have been refreshed each year • Memorandum of Understanding in place with employers within the fund • All staff are required to complete an information governance course on joining the Council and this is refreshed annually • Information governance Internal audit completed in Q4 2020/21 with a reasonable assurance level and all recommendations were completed • Pensions Manager for Governance and Compliance completed review on GDPR in Q4 2020/21 resulting in a newly designed webpage, new privacy notices and change to the retention period 	4	Head of Pensions
G6	Fraud Internal and External fraud risk	12	<ul style="list-style-type: none"> • Quarterly review of log in credentials • Senior officers have sight of bank account • Senior officers are signatories to bank account • Multiple sign off needed to make payment, with appropriate seniority levels • Mortality checks, Tell us once and NFI data • Contract in place with a third party to support with mortality and address training • Journals over £1m have to be signed off by Head of Pensions 	2	Head of Pensions

Investment/Funding					
I1	Funding risk - poor investment returns Risk that investment strategy fails to result in performance required to meet the needs of the Funding strategy discount rate	9	<ul style="list-style-type: none"> •Strategy is supported by expert Investment consultants. Challenge to Consultants through Independent Adviser •Triennial valuation ensures funding position is known and contribution rates are stabilised •Quarterly Performance monitoring, investment manager monitoring from consultants and Link for ACCESS sub funds. Officers have a rolling programme to meet and challenge investment managers •Annual Investment Strategy Review, with interim rebalancing •Quarterly Reporting to Pensions Committee, with decisions approved by committee, including Fund Manager performance •Training strategy in place to ensure officers and committee members have sufficient knowledge and skills to implement and change the investment strategy •Investment decisions are made in compliance with the ISS/FSS •All investment decisions made, based on proper advice •Diversified strategy to reduce correlation of manager volatility •Changes to investment strategy are discussed with the actuary to ensure anticipated implications on funding aligned •Revision of the Asset Liability Model to support a viable Strategic Asset Allocation for the new valuation 	4	Head of Pensions
I3	Regulatory risk Failure to comply with regulations, legislation and guidance from an accounting and investment perspective	9	<ul style="list-style-type: none"> •Pensions Officers are kept up to date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures •Pension Fund financial management and administration processes are maintained in accordance with the CIPFA Code of Practice, International Financial Reporting Standards (IFRS), and the ESSC Financial Regulations •Regular reconciliations are carried out between in-house records and those maintained by the custodian and investment managers •Internal Audits - carried out in line with the Pension Audit strategy •External Audit review the Pension Fund's accounts annually •Specialist legal advisers to provide clear and accurate advice to the Fund on point of law or regulation •Breaches policy in place to ensure breaches mapped and reported 	4	Head of Pensions
I4	Investment Pooling Inability to comply with government direction on pooling, insufficient sub funds to implement investment strategy, poor management of the pool	16	<ul style="list-style-type: none"> •ACCESS Support Unit team provide support to the pool •Operator contract provided by Waystone for assets held within the ACS. Operator novation imminent. •The ACCESS Contracts Manager will monitor Waystone's progress closely. •KPI's introduced within revised operator agreements •Consultants involved in analysing the creation of sub-funds and transitioning of assets into the pool, under a variety of scenarios •Opportunities to transfer securities in 'specie'. Reducing cost on transition •Transition manager in place to preserving asset values, managing risk and project managing the transition process to ensure that costs are monitored and controlled •Due Diligence completed by legal advisers to ensure no hidden costs or governance issues not known at time of decision to invest •S151, chair of pension committee and monitoring officer representation on respective committees, working groups or distributions to ensure ESPF involved in all decisions and concerns and questions can be raised early in processes •Regular meetings between officers and ACCESS pool with officers on a number of working groups to ensure involvement in decision making •ACCESS governance review completed •ACCESS have secured a stewardship consultant to support development in RI activities for the pool •Illiquid assets are in progress for pooling •Fund has responded to key government consultations to ensure its view is shared with policy makers on recommended future changes in pooling. 	9	Head of Pensions
I5	Investment Pooling Arrangements agreed via ACCESS do not meet the needs of East Sussex Pension Fund (in respect of Mansion House proposals)	12	<ul style="list-style-type: none"> Continued strong involvement in the work of the ACCESS Group at officer and at Fund Chairman level. Involvement in the procurement work and the Pool's governance work. Engagement with external advisers. Senior officers keeping up to date with legislation and proposals/ongoing consultation. 	9	Head of Pensions

16	Funding risk - higher inflation Risk of inflation leading to increased liabilities, lower asset returns and a funding gap	12	<ul style="list-style-type: none"> •Investment strategy include weighting to index linked gilts, infrastructure and real estate which are all inflation correlated to mitigate increases in liabilities from inflation •Potential to further increase infrastructure weightings •Fund monitor portfolio sensitivity to inflation via expert investment consultants •Triennial Valuation assumptions include local knowledge of the Administering authority on anticipated pay inflation •Flexibility in the DGF mandates to react to the market and adapt the investment portfolio •Quarterly monitoring of funding position helps identify risk early •2022 Triennial Valuation completed - inflation models used to estimate the average inflation across a 20 year time horizon, including consideration of the current high inflation environment. Index linked gilt triggers introduced to benefit from market opportunities which provide alignment with changing liabilities 	6	Head of Pensions
17	Environmental, Social and Governance Risk of ESG factors within Investment strategy not being properly considered affecting underlying holdings and implementations of investment decisions	8	<ul style="list-style-type: none"> •Statement of Responsible Investment Principles outline responsible investment beliefs, implementation of decisions and monitoring of ESG factors •ESG is in the heart of all investment decisions and not a separate function or workign group •The Fund has trimmed unconscious exposure to companies with poor ESG rating through removal of traditional index funds ensuring active managers have a strong conviction in the underlying companies including on ESG matters and less traditional passive indexes / smart beta funds have robust screening processes in place to ensure ESG principles are taken into account •Tracking of the portfolio as underweight in fossil fuel exposure to benchmarks •Production of annual reports on the carbon footprint of the Fund and review of managers from ESG perspective including transition pathway of underlying companies •Stewardship code submission approved in February 2024 for the 2022 reporting year •Membership of collaborative groups to help drive policy change •Officers challenge managers on their holdings with regard ESG issues and query voting decsions. •Annual ESG impact assessment for all managers, including improvement actions on ESG methodology, reporting or collaboration. •Engaging via managers and investor groups including LAPFF with companies and driving them forward to comply with key ESG concerns using the greater voice by combined investment power •ESG factors incorporated into all decision making 	6	Head of Pensions
18	Climate change Risk to assets and liabilities associated with Climate Change	12	<ul style="list-style-type: none"> •Statement of Responsible Investment Principles (SRIP) outlines investment beliefs including Climate Risk. The Fund take the SRIP into account for implementation of decisions and monitoring of investment managers, carbon emissions and climate risk to the Fund •Restructuring of the equity portfolio removed structural exposure to fossil fuel companies to avoid high risk companies from a climate perspective and minises stranded asst risk from direct holdings in underlying portfolios. •The Fund are able to exploit opportunities from the low energy transition by investing in climate impact funds and resource efficient companies •The Fund has trimmed unconscious exposure to companies with high Carbon emission, poor energy transition plans and or fossil fuel companies, through removal of traditional index funds •Member of Institutional Investors group on climate change (IIGCC), the Fund also expects its managers to be IIGCC members •The Fund carries out annual carbon foot printing to better understand the carbon exposure and energy transition plans within the portfolio. Additionally, the Fund carries out ESG impact assessment of all investment managers which includes a climate score. •Signatory to UN PRI •Report in line with the TCFD farmework •The Fund is investigating climate scenario modelling which will help better understand this risk and allow further consider approaches in tackling these risks •Where exposed to fossil fuels, the Fund uses its vote to drive engagement and improved practices. A number of Fund managers are Climate 100+ engagement partners, leading on this work with top emitting companies, while all managers are IIGCC members for collaborate weighting of AUM to influence action. Managers have escalation plans for when engagement is not effective which includes disinvesting from the high carbon or fossil fuel company. •Focus on Climate change through training to committee and officers •Focus on Climate Change in decision making and strategy changes •Limited impact to the Fund value from direct exposure to fossil fuel companies in the instance of carbon taxes, valuation falls or stranded assets due to the underweight, very low exposure to this sector and no structural allocation of these companies. 	6	Head of Pensions

I9	Liquidity Insufficient cash to pay benefits as they fall due	8	<ul style="list-style-type: none"> •Contributions monitored on monthly basis •Monitoring of members close to retirement •Daily cash position monitored •Distributing investments to ensure stream of income from investment activity •Income from investments is considered as a key risk in all investment strategy decisions and the income profile managed •Liaison between administration and investment team on cash requirements •Cash Management internal audit completed in Q3 2022/23 and will be picked up in the 2023/24 IA plan for further review •Cash Management strategy in place 	4	Head of Pensions
I10	Money purchase AVC Inadequate offering for the scheme members on cost, return and/or risk grounds	4	<ul style="list-style-type: none"> •A range of fund options provided, catering for different levels of member risk and return so they can design investment strategy for own circumstances •Continuing suitability of AVC offering is reviewed regularly •Implementation plan in place with regular monitoring and oversight. Escalation process agreed for any delays or operational issues arising during implementation 	2	Head of Pensions

Risk Register Risk Scores

The risk scores are calculated using the risk matrix below:

90-100%	This week	Very High	LIKELIHOOD	5	5	10	15	20
60-90%	This Month	High		4	4	8	12	16
40-60%	This year	Medium		3	3	6	9	12
10-40%	Next 5 years	Low		2	2	4	6	8
0-10%	Next 10 years	Very Low		1	1	2	3	4
				1	2	3	4	
				IMPACT				
				Negligible No noticeable impact	Minor Minor impact, Some degradation of service	Major Significant impact, disruption to core services	Critical Disastrous impact, Catastrophic failure	
				SERVICE DELIVERY	Handled within normal day-to-day routines.	Management action required to overcome short-term difficulties.	Key targets missed. Some services compromised.	Prolonged interruption to core service. Failure of key Strategic Project
				FINANCAL	Little loss anticipated.	Some costs incurred. Handled within management responsibilities.	Significant costs incurred. Service level budgets exceeded.	Severe costs incurred. Statutory intervention triggered.
				REPUTATION	Little or no publicity. Little staff comments.	Limited local publicity. Mainly within local government community. Causes staff concern.	Local media interest. Comment from external inspection agencies. Noticeable impact on public opinion.	National media interest seriously affecting public opinion

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Report to: Pension Board

Date of meeting: 5 June 2025

By: Chief Finance Officer

Title: Work Programme

Purpose: To note the Board and Committee work programme

RECOMMENDATIONS:

The Pension Board is recommended to:

- 1) note the work programme; and
 - 2) advise of training completed, not recorded in the training log.
-

1 Background & Supporting information

- 1.1 The work programme contains the proposed agenda items for future Pension Board and Pension Committee meetings over the next year and beyond. It is included on the agenda for each quarterly meeting.
- 1.2 The work programme also provides an update on other work going on outside the Board and Committee's main meetings, including working groups, upcoming training and a list of any information requested by the Board or Committee that is circulated via email.
- 1.3 This item also provides an opportunity for Board and Committee members to reflect on any training they have attended since the last meeting.

2 Conclusion and reasons for recommendations

- 2.1 The work programme sets out the Board and Committee's work both during formal meetings and outside of them. The Board is recommended to consider the updated work programme including regularity of agenda items to ensure effective governance of the Fund at the scheduled meetings and advise of training completed, not recorded in the training log.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Susan Greenwood, Head of Pension Fund

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Pension Board and Committee – Work Programme

Future Pension Board Agenda		
Item	Description	Author/Owner
Standing items (items that appear on each agenda)		
Pension Committee Update	A consideration of the draft agenda of the Pension Committee and summary minutes of the last Pension Committee meeting decisions.	Head of Pensions
Pension Reform Agenda	A report on progress of the Fund with regard to the reforms set out in the governments' "Fit for the Future" consultation with regard to asset pooling and consideration of the potential future impact of local democratic reforms on the Fund.	Head of Pensions
Governance Report	A report on governance issues affecting the fund, developments in the LGPS and regulatory environment, policy amendments and ACCESS pool updates	Deputy Head of Pensions
Employer Engagement and Communications Report	A report on Employer Engagement matters to note, Employer Contributions update and Communications from the Fund	Deputy Head of Pensions
Pensions Administration report	An update on the performance of the Pensions Administration Team covering KPI's and projects.	Head of Pensions Administration

Internal Audit reports	All internal audit reports on the Fund are reported to the Board	Head of Internal Audit
East Sussex Pension Fund (ESPF) Quarterly budget report	An update on the Funds budget. This is reported in Q2-4 only.	Pensions Manager – Investment and Accounting
East Sussex Pension Fund (ESPF) Risk Register	A report on the Funds Risk Register	Head of Pensions
Work programme	A report on the Board and Committee's work programme	Head of Pensions
East Sussex Pension Fund (ESPF) Breaches Log	A report on the Funds breaches log	Deputy Head of Pensions
Employer Admissions and Cessations	A report on the admission and cessation of employers to the Fund	Deputy Head of Pensions
5 June 2025		
External Audit Plan for the East Sussex Pension Fund 2024/25	Draft External Audit Plan for 2024/25 Pension Fund Financial Statements	Pensions Manager – Investment and Accounting
Communications Strategy	3 Year review of the Funds Communications Strategy	Communications Manager

Annual Report of the Pension Board	Annual report of the Pension Board to the Scheme manager outlining the work throughout the year	Head of Pensions with the Chair of the Board
Privacy Notice and Memorandum of Understanding	Annual review of Funds Privacy Notice (summary and full) and Memorandum of Understanding to check for any changes. This will be reported as a note in the governance report if no required changes.	Deputy Head of Pensions
11 September 2025		
Supplier Update	Update on supplier contracts and procurements	Head of Pensions
Governance and Compliance Statement	Annual Review of Governance and Compliance Statement	Deputy Head of Pensions
4 November 2025		
Independent Auditors Report on the Pension Fund Accounts 2024/25	A report on the External Audit findings of the Pension Fund financial Statements for 2024/25	Pensions Manager – Investment and Accounting
Pension Fund Annual Report and Accounts 2024/25	2024/25 Annual Report and Accounts for approval	Pensions Manager – Investment and Accounting
Employer Forum Agenda	Discussion on Pension Fund Employer Forum Agenda topics	Deputy Head of Pensions
2025 Actuarial Valuation and Funding Strategy Statement	Report from the Fund Actuary on the March 2022 triennial valuation process, methodology and assumptions with a draft Funding Strategy Statement for approval prior to consultation	Head of Pensions

Annual Training Plan	Report on Training completed in the year and training recommendations for the up-coming year	Deputy Head of Pensions
4 February 2026		
Business Plan and Budget 2026/27	Report to set the Budget for the Pension Fund for the Financial Year 2026/27 including the Business Plan with key deliverables for the year.	Head of Pensions
External Audit Plan for the East Sussex Pension Fund 2025/26	Draft External Audit Plan for 2025/26 Pension Fund Financial Statements	Pensions Manager – Investment and Accounting
2025 Valuation report and results and Final Funding Strategy Statement (FSS)	Final report and results from the Fund Actuary of the 31 March 2025 triennial valuation with the final FSS for approval post consultation.	Head of Pensions
Additional Funding Strategies	Triennial review of policies that support the FSS and funding position. This includes the Exit Credit Policy, Contribution Rate review Policy and Deferred Debt and Debt Spreading agreement policies.	Deputy Head of Pensions
TBC June 2026		
Governance and Compliance Statement	Annual Review of Governance and Compliance Statement	Deputy Head of Pensions
Communications Strategy	3 Year review of the Funds Communications Strategy	Communications Manager

Actions requested by the Pensions Board		
Subject Area	Detail	Status
Ill Health insurance review	The Board requested a review to be carried out on the Ill Health Insurance provision in place in terms of commercial arrangements.	Ongoing 2025
Risk Register Full review	The Board have requested for a meeting to walk through all risks on the risk register as detail is usually only discussed on changes to the register, although the register is provided in full at each meeting for questions.	Completed in March 2025
AVC – Default fund/ review of option	Further investigation into the best default option for AVC investors through the Prudential.	Report completed and presented in February 2025. Work to implement recommend changes ongoing.

Future Pension Committee Agenda		
Item	Description	Author
Standing items (items that appear on each agenda)		
Governance Report	A report on governance issues effecting the fund, developments in the LGPS and regulatory environment, policy amendments and ACCESS pool updates	Deputy Head of Pensions

Pension Reform Agenda	A report on progress of the Fund with regard to the reforms set out in the governments' "Fit for the Future" consultation with regard to asset pooling and consideration of the potential future impact of local democratic reforms on the Fund.	Head of Pensions
Pensions Administration report	An update on the performance of the Pensions Administration Team covering KPI's and projects.	Head of Pensions Administration
Internal Audit reports	Internal audit reports on the Fund and annual audit plan.	Head of Internal Audit
East Sussex Pension Fund (ESPF) Quarterly budget report	An update on the Funds budget - <i>reported Q2-4 only</i>	Pensions Manager – Investment and Accounting
East Sussex Pension Fund (ESPF) Risk Register	A report on the Funds Risk Register	Head of Pensions
Work programme	A report on the Board and Committee's work programme	Deputy Head of Pensions
Investment Report	A Quarterly performance report of the investment managers	Pensions Manager – Investment and Accounting and Investment Consultant
East Sussex Pension Fund (ESPF) Breaches Log	A report on the Funds breaches log – <i>reported only when a new breach is recognised, or status changed. Report goes quarterly to Board.</i>	Deputy Head of Pensions

Employer Admissions and Cessations	A report on the admission and cessation of employers to the Fund - <i>reported only when outstanding admissions or cessations.</i>	Deputy Head of Pensions
19 June 2025		
External Audit Plan for the East Sussex Pension Fund 2024/25	Draft External Audit Plan for 2024/25 Pension Fund Financial Statements	Pensions Manager – Investment and Accounting
Communications Strategy	3 Year review of the Funds Communications Strategy	Communications Manager
Annual Report of the Pension Board	Annual report of the Pension Board to the Scheme manager outlining the work throughout the year	Head of Pensions with the Chair of the Board
Privacy Notice and Memorandum of Understanding	Annual review of Funds Privacy Notice (summary and full) and Memorandum of Understanding to check for any changes. This will be reported as a note in the governance report if no required changes.	Deputy Head of Pensions
Income Generation	Review of income portfolio in anticipation of Fund's becoming cashflow negative in coming years	Pensions Manager – Investment and Accounting
24 July 2025 – Strategy training day		
25 September 2025		
Governance and Compliance Statement	Annual Review of Governance and Compliance Statement	Deputy Head of Pensions

External Audit Report for the East Sussex Pension Fund 2024/25	Draft External Audit Report for 2024/25 Pension Fund Financial Statements	Pensions Manager – Investment and Accounting
Carbon Footprinting	A report on the carbon footprint of the portfolio of ESPF including whether investments are in line with transition pathways.	Pensions Manager – Investment and Accounting
ESG Impact Assessment	Annual assessment by Investment consultants on the ESG standing of Investment managers with action plan	Pensions Manager – Investment and Accounting
Investment Strategy Statement	Review of the Investment Strategy Statement to take into account any revisions to the investment strategy. Review to include Statement of Investment Principles.	Pensions Manager – Investment and Accounting
Stewardship Reporting	Update on status for submitting annual submission to FRC for Stewardship activities for calendar year 2025	Pensions Manager – Investment and Accounting
Supplier Update	Update on supplier contracts and procurements	Head of Pensions
18 November 2025		
Independent Auditors Report on the Pension Fund Accounts 2024/25	A report on the External Audit findings of the Pension Fund financial Statements for 2024/25	Pensions Manager – Investment and Accounting
Pension Fund Annual Report and Accounts 2024/25	2024/25 Annual Report and Accounts for approval	Pensions Manager – Investment and Accounting

Employer Forum Agenda	Discussion on Pension Fund Employer Forum Agenda topics	Deputy Head of Pensions
2025 Actuarial Valuation and Funding Strategy Statement	Report from the Fund Actuary on the March 2025 triennial valuation process, methodology and assumptions with a draft Funding Strategy Statement for approval prior to consultation	Head of Pensions
Annual Training Plan	Report on Training completed in the year and training recommendations for the up-coming year	Deputy Head of Pensions
26 February 2026		
External Audit Plan for the East Sussex Pension Fund 2025/26	Draft External Audit Plan for 2025/6 Pension Fund Financial Statements	Pensions Manager – Investment and Accounting
2025 Valuation report and results and Final Funding Strategy Statement (FSS)	Final report and results from the Fund Actuary of the 31 March 2025 triennial valuation with the final FSS for approval post consultation.	Head of Pensions
Additional Funding Strategies	Triennial review of policies that support the FSS and funding position. This includes the Exit Credit Policy, Contribution Rate review Policy and Deferred Debt and Debt Spreading agreement policies.	Deputy Head of Pensions
Business Plan and Budget 2026/27	Report to set the Budget for the Pension Fund for the Financial Year 2026/27 including the Business Plan with key deliverables for the year.	Pensions Manager – Investment and Accounting

TBC June 2026		
Governance and Compliance Statement	Annual Review of Governance and Compliance Statement	Deputy Head of Pensions
Annual Report of the Pension Board	Annual report of the Pension Board to the Scheme manager outlining the work throughout the year	Head of Pensions with the Chair of the Board
Privacy Notice and Memorandum of Understanding	Annual review of Funds Privacy Notice (summary and full) and Memorandum of Understanding to check for any changes. This will be reported as a note in the governance report if no required changes.	Deputy Head of Pensions

Actions requested by the Committee		
Subject Area	Detail	Status
Training	<p>Requests were made, following the July 2023 investment workshop day for various training items</p> <p>The items still to arrange are</p> <ul style="list-style-type: none"> • How to invest in the energy transition. Eg electric storage/batteries, renewables, nuclear, hydrogen, EV's. What is cost and access to markets for these investments. • Cost benefit implications of de-risking the portfolio • Core responsibilities of Councillors in their role on the pension committee to ensure proper exercise of its responsibilities and powers. Readdressing the need for Governance framework role of the Committee and considering strategic investment change recommendations from expert advisers, rather than directing underlying investment holdings. 	In progress

Current working groups		
Title of working group	Detail and meetings since last Pensions Board and Committee meetings	Membership
Investment Implementation Working Group (IIWG)	<p>The Investment Working Group and ESG working group have been amalgamated, as agreed at Pensions Committee 21 September 2020.</p> <p>The IIWG has an advisory role to over oversee the implementation of decisions by the Pension Committee in relation to investment decisions and carry out detailed research and analysis for Pensions Committee.</p>	<p>William Bourne, Russell Wood, Susan Greenwood, James Sweeney, Representatives from Investment Consultant</p> <p>Cllr Fox or substitute committee member is invited to attend</p>
Administration Working Group	The Administration Working Group was set up in 2021 following the conclusion of the ABS and Data Improvement Working Group. The group discuss ongoing administration projects and areas of administration focus including McCloud implementation.	Cllr Fox, Ray Martin, Neil Simpson, Zoe O'Sullivan, Paul Punter, Susan Greenwood, Ian Gutsell

Training and Development – attendance at recent events			
Date	Topic	Committee	Board
21-Jan-25	Additional Pension Contributions (APC) and Additional Voluntary Contributions (AVC)	Cllrs Redstone Hollidge, Taylor	Neil, Andrew
30&31/01/2025	LGPS Governance Conference 2025 This event is for councillors and others who attend pension committees and local pension boards. The programme is designed to cover the key issues for the Local Government Pension Scheme (LGPS). The programme included sessions on: <ul style="list-style-type: none"> • Tomorrow's World - panel session • The administration challenge - panel session • Legal update • Funding strategy statement guidance • An update from MHCLG • Fund valuations - panel session • Pensions Adequacy • Being an effective pension committee or board member • Investment outlook 	Cllr Redstone	
12-Feb-25	Scheme Advisory Board Update What lies ahead in 2025 The panel looked at what 2025 is likely to hold for the LGPS – one significant element is the triennial valuation, so there was a focus on that, but the panel also discussed what comes next after the “Fit for the Future” consultation, particularly in the context of the new pensions minister’s appointment.		Neil
28-Feb-25	Local Government devolution and reorganisation During the webinar, experts covered: <ul style="list-style-type: none"> • What is devolution? • Expected timescales. • What does this mean for LGPS funds? • The interplay with the wider regulatory position. • A look at an industry case study. 	Cllrs Hollidge, Redstone	Zoe

29-Apr-25	<p>The Impact of Trump's Tariffs: What Pension Funds Need to Know. Analysis of the greatest financial fallout since the Covid-19 pandemic</p> <p>Donald Trump's extensive tariffs announced on "Liberation Day" have sent shockwaves through the markets, causing the FTSE 100 and S&P 500 to suffer their worst trading losses since the nation-wide lockdowns of 2020. What does that mean for pension schemes in the UK?</p> <p>In this Policy Insights Webinar, hear more about the impact these changes may have on the pensions industry, the issues arising for schemes and the questions you should be putting to your advisers.</p>	Cllr Taylor	
01-May-25	<p>LGPS Governance - is the current model fit for the future?</p> <p>With the LGPS under the spotlight like never before, we are delighted to host Neil Mason, Senior Officer at Surrey Pension Fund and Alison Murray, LGPS Governance lead at BW in discussing key governance themes, from setting a strategic plan, to the Fit for the Future governance proposals and their thoughts on whether the current governance model is fit for the future.</p>		Neil, Andrew
Training and Development – members registered to attend future events			

Training and Development – Future Training Offered to Pension Board	
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07-May-25	<p>Strengthening risk governance for sustainable success</p> <p>This webinar shared actionable strategies to improve resilience and risk reporting, with a 30-minute expert discussion followed by a 15-minute Q&A session. In today's world of rapid technological, societal, and geopolitical change, effective risk governance is more critical than ever. What was covered:</p> <ul style="list-style-type: none"> • Align strategy and risk management for greater resilience. • Identify and seize emerging opportunities faster. • Strengthen operational and financial performance. • Enhance risk reporting and board assurance. • Drive long-term sustainability and success
14-May-25	<p>Scheme Advisory Board Update</p> <p>A year in the life: 12th LGPS Scheme Annual Report</p>
20-May-25	<p>Public Sector – Cyber Webinar</p> <p>To help you find out more about the market, and protect organisations, Aon's webinar cyber broking and consulting specialists looked at how the market is changing and how public sector organisations can benefit from this.</p> <p>As well as finding out how the market and risks are evolving, everyone attending the webinar received additional market information and also some valuable risk management tools to help you mitigate cyber risk across organisations.</p>
21-May-25	<p>Navigating a dynamic pensions landscape - Conference</p> <p>The event offers a range of content with keynotes, case studies, fireside chats, and panels to keep you informed. Our specialised streams cover 'DB', 'DC', 'Admin & Data', and 'Governance & People'.</p> <p>Topics to be discussed:</p> <ul style="list-style-type: none"> • The future of UK pensions: An update from The Pensions Regulator • Making expectations a reality: Investing in the UK

	<ul style="list-style-type: none"> • Marathon journey: Preparing for longer term run-on • Pensions Prophets: The pensions review and beyond • The Grand Finale: Navigating geopolitical change.
9-13 Jun-25	<p>Cybersecurity</p> <p>The course is designed to equip pension professionals with the knowledge and skills needed to navigate the evolving landscape of cyber risk. Through five one-hour sessions, participants will gain a solid understanding of cyber threats, how to manage them effectively, and the legal and operational responsibilities involved. Each session includes interactive Q&A segments to reinforce learning and ensure practical understanding. Topics to be covered:</p> <ul style="list-style-type: none"> • Introducing cyber risk • Protecting your scheme • Dealing with an incident • Legal obligations <p>Incorporating cyber risk management into your scheme</p>

Training and Development – Future Training Offered to Pension Committee

01-May-25	<p>DB Forum - Shaping tomorrow's pensions landscape</p> <p>PLSA explained what's on the horizon for DB schemes in 2025 and beyond, before discussing the best use for surpluses in a group conversation. Plus, the Regulator was put on the spot on the DB Funding Code and other areas of interest in their popular Ask the Regulator segment.</p>
6-7 May 2025	<p>LGPS Pooling Symposium</p> <p>The Symposium analysed the evolution of LGPS Pooling and assess the progress made to date. What was covered: Implementing government policy for pooling assets – a pool perspective</p> <ul style="list-style-type: none"> • Local investment projects in practice • Investment trends and the impact on strategy • Strategy perspective - Fixed income; Equities; Property; Private markets; • Improving pool administration, communication & governance • Building local impact solutions across the private asset classes • Making effective strategic asset allocation decisions

	<ul style="list-style-type: none"> • Private debt
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3-Jun-25	Real estate and infrastructure debt: exploring the integration and impact of ESG The session will explore the evolving landscape of ESG into real estate debt and infrastructure debt. They will discuss the importance of obtaining meaningful data and engaging in dialogue with issuers to drive improvements on financially material risks. Additionally, the conversation will emphasise the importance of transparency in reporting ESG outcomes in these markets – in particular, how demonstrating where outcomes are occurring can pave the way for more intentional investments in the future.
4-Jun-25	Future of Investment Festival - For sustainable, forward-thinking investment professionals The Festival will showcase a variety of sustainable funds and solutions, with specialist fund managers sharing their investment processes, their insights into where investors should look for opportunities, their response to regulatory change, as well as how they are tackling sector challenges. It will also focus on how investors can sustainably take advantage of global megatrends such as the energy transition, societal change and digitalisation, including the rapid development of AI. In addition, the festival will explore how investment strategies are changing to meet investor demand and how major themes may play out in portfolios over the decades ahead.

10-Jun-25	Global Alpha Forum Baillie Gifford's investment team will discuss how lessons from the past can help navigate a changing world. They will provide their view on the themes that matter to investors, and their stock picks for the next decade.
9-13-Jun-25	Cybersecurity The course is designed to equip pension professionals with the knowledge and skills needed to navigate the evolving landscape of cyber risk. Through five one-hour sessions, participants will gain a solid understanding of cyber threats, how to manage them effectively, and the legal and operational responsibilities involved. Each session includes interactive Q&A segments to reinforce learning and ensure practical understanding. Topics to be covered: <ul style="list-style-type: none"> • Introducing cyber risk • Protecting your scheme • Dealing with an incident • Legal obligations • Incorporating cyber risk management into your scheme
12-Jun-25	Pensions asset allocation summit Presentations will address the importance of asset class returns for LGPS, corporate DB and DC schemes. The conference will be highly interactive, with free and frank exchanges of views, a focus on original and thought-provoking content, and with participants encouraged to engage and contribute proactively throughout.
12-Jun-25	Creating impact through public fixed income - Masterclass This asset class, describe how it has evolved and present their proprietary approach to investing and measuring impact in public fixed income markets. Learn about new and exciting developments in fixed income including how blended finance and other innovative approaches are catalysing financing into the GSS market.
16-18 June	Local Authority Conference - The LGPS: another year of challenge and change This year's programme addressed the latest practical and big picture challenges for the scheme. What was covered: <ul style="list-style-type: none"> • What to expect from the latest Government reforms and where they will take us in the future, with perspectives from Government, funds, pools and the Scheme Advisory Board. • How pensions dashboards could inspire a digital-first approach for funds and employers. • Why strong funding brings new challenges, and what to do about managing the effects of surpluses. The full programme included a variety of plenaries, streams, roundtables and social activities.
23-Jun-25	Climate innovation: investing in the net-zero economy

	<p>This masterclass will examine where climate innovation is taking root locally and internationally, and highlight the next wave of investable opportunities. These insights are especially relevant for asset owners navigating physical and transition risks while upholding their fiduciary duty to deliver long-term, sustainable value.</p>
30 Jun-1 Jul-25	<p>Strategic Investment Forum</p> <p>The LAPF Strategic Investment Forum is the leading investment conference and dinner for senior LGPS fund investment officers and their advisers. Some of the topics to be covered:</p> <ul style="list-style-type: none"> • Investment trends – global equities • Fixed income • Roundtable Discussions on: Pool mergers; Improving Pool/LGPS communication • Global infrastructure trends • LGPS post Mansion House <p>And more</p>
9-Jul-25	<p>Harnessing DB surpluses for a stronger pension future</p> <p>This evening event offer a collaborative forum for challenge, fresh insight and forward-thinking opportunity. It will examine how surplus assets can be mobilised, not just for scheme sustainability but for the broader benefit of pension members and society. Themes will include:</p> <ul style="list-style-type: none"> • Unlocking the potential of DB surpluses amid a shifting regulatory and economic landscape. • Practical pathways to align surplus deployment with improved DC outcomes. • Broader societal implications and the role of leadership in driving innovative solutions.

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