

PENSION BOARD

MINUTES of a meeting of the Pension Board held at Council Chamber, County Hall, Lewes on 11 September 2024.

PRESENT Board Members; Ray Martin (Chair), Zoe O'Sullivan, Neil Simpson, Lynda Hughes, Nigel Marvell and Cllr Andrew Wilson.

ALSO PRESENT Sian Kunert, Head of Pensions
Paul Punter, Head of Pensions Administration
Russell Wood, Pensions Manager: Investments and Accounting
Danny Simpson, Internal Audit
Stephanie Fernando, Employer Engagement Officer
Paul Linfield, Pensions Communications Manager
Mariana Obetzanova, Pensions Training Coordinator
Dave Kellond, Compliance and Local Improvement Partner
Georgina Seligmann, Governance and Democracy Manager
Cllr Bennett
Mya Khine, Accountant

19. MINUTES OF THE MEETING OF 5 JUNE 2024

19.1 The Board agreed the notes of the previous meeting held on 05 June 2024 as a correct record.

20. APOLOGIES FOR ABSENCE

20.1 It was noted that Trevor Redmond was not present for the meeting and no apology had been received.

20.2 Ray Martin (RM) welcomed Linda Hughes (LH), employer representative as a new member of the Board.

21. DISCLOSURE OF INTERESTS

21.1 There were no disclosures of interest.

22. URGENT ITEMS

22.1 There were no urgent items.

23. PENSION COMMITTEE AGENDA

23.1 The Board considered a report containing the draft agenda for the Pension Committee meeting due to be held on 25 September 2024 and noted that:

- In addition to the reports seen by the Board, the Committee will receive an investment report as well as a paper to provide information relating to a motion from Cllrs on proposals for divestment.
- Grant Thornton will present their Draft Audit report on the Pension Fund Financial Statements at the Pension Committee meeting

23.2 The Board RESOLVED to note the agenda.

24. GOVERNANCE REPORT

24.1 The Board considered a report providing an update on various governance workstreams completed and changes affecting the LGPS and the ESPF.

24.2 Sian Kunert (SK) drew the Board's attention to the following:

- 1) The Fund submitted a response to the letter from the Minister for Local Government in May. The Fund should respond to a subsequent call for evidence which has a deadline of 25 September 2024. Officers will draft a response. In addition to the call for evidence a request for information went to all pools with a short response time.
- 2) It is key that the effectiveness of the Fund and the benefits of the pool and how well it is working is highlighted in response to the risk any pensions reform review poses to the Fund.

24.3 NS highlighted that it is challenging to present factual data to provide an accurate picture of the current position of the fund. SK confirmed that the different funds work within the same framework but do have differing ways of working and reporting.

24.4 NS asked about the potential merits of the review. SK confirmed that officers welcome the review and the focus on the LGPS as it is a more affordable scheme for employers than many other public sector schemes and it is hoped there will be some positive outcomes as a result of the review.

24.5 AW asked if the ESPF had reviewed the opportunity costs that the Fund could be exposed to if it were required to put 100% of all assets through the Pool. SK confirmed that the Pool is doing a lot of work to bring on new products but does currently lack the full set of asset classes which the Fund wants to invest in. There are more products which are expected to be added for instance the private equity tender process is well under way and a private credit tender has gone out so progress is being made. The pool picks the manager however ESPF is part of the pool and it is a collaborative approach so the views and requirements of the Fund are considered in the specification of product offerings. When Storebrand is brought online then the liquid allocation outside of the pool will be less than 15%.

24.6 The Board considered the Conflict of Interest Policy and requested that officers make the following changes:

- 1) The first sentence of the second paragraph of the policy will be in bold to highlight the fiduciary obligations that Committee members have.
- 2) The potential conflict between political views and acting in the best interest of the Fund will be included in the list of examples of conflicts of interest
- 3) The potential conflict between public law and fiduciary duty and obligations to local taxpayers will be included in the list of examples of conflicts of interest

24.7 The Board RESOLVED to note the Governance report.

25. EMPLOYER ENGAGEMENT AND COMMUNICATIONS REPORT

25.1 The Board considered an update on employer engagement activities and communication tasks that directly affect the East Sussex Pension Fund introduced by Sian Kunert; activities have included website improvements and branding revisions to written communications to members.

25.2 SK drew the Board's attention to the following:

- 1) The Employer Forum will be running in November and will be a virtual event. Next year the event will be in person following the March 2025 valuation.
- 2) Employer contribution late payments have increased however this is due in part to the point in the month at which new admitted bodies joined the Fund and payroll deadlines. 3 of 5 late payments were related to this and the data will be separated out in future as new admissions are likely to be late.
- 3) Officers have worked with other Funds to produce consistent newsletters that have been ratified by the Plain English Campaign
- 4) Communications are increasingly digitalised for members including ABS information and the website continues to be updated.

25.3 The Board RESOLVED to note the report.

26. PENSIONS ADMINISTRATION REPORT

26.1 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 format of the Performance reports has changed in line with the discussion at the Pension Board and Pension Committee meetings in June 2024 where a draft of the new format was presented.

- 2) Two new columns will be added to future performance reports to show the average time taken, and the longest time taken in relation to tasks completed outside of the SLA time. These additional details will be included from August 2024.
- 3) It was discovered some members of the team had not been setting tasks to “reply due” correctly. Where the task is awaiting an external response (e.g. from a member or their adviser who need to say complete a form) the SLA clock should be paused. As a result of this finding and work carried out to resolve and ensure the system is being used correctly in the future the SLA performance could be understated and it is hoped that the data will show an improvement.
- 4) The PAT saw similar performance numbers during quarter one 2024, average at 82.50% (volume completed 4,651).

Helpdesk

- 5) Due to the transition into an inhouse team the reportable information relating to service delivery has reduced. The Fund can no longer determine the Call Answer Time or the Abandoned Call Rate. While members can still dial both the Main Helpline and Website Helpline numbers, they now both feed into a single Hunt Group so we can no longer differentiate between the call types. The roll out of the telephony upgrade is awaited.
- 6) A full team now in place with expanded duties now that many tasks have been digitalised.
- 7) Customer email feedback is now provided from the survey link available on each communication, officers would welcome mystery shopper feedback from Board members .

Projects

- 8) Annual Benefit Statements (ABS) have been issued with just over 99% for both active and deferred members achieved. BHCC statements totalled just under 7.5k and of these only 48 could not be completed. The University of Brighton is not on i-Connect however only 1 could not be completed.
- 9) i-Connect: only ten employers have not yet been onboarded and this will be an area of focus for officers. Only one large employer is included in this group.
- 10) McCloud: data relating to employers (except BHCC) with active members has gone through the Heywood’s data validation tool. All data received by Heywood’s will go into the test system and then officers can start to look at calculations. Some inactive employers have not been reached so the Fund is using the methodology set by the LGA to create any missing part time data gaps. PP confirmed that is unlikely that many members will require an adjustment.

Pensions Dashboard

- 11) Heywood Altair Insights dashboard report has been used to identify data gaps. Heywood have been appointed as the Integrated Service Provider and a project plan has been created, with a two phase approach proposed to conclude by 31 October 2025.

Mortality checks

- 12) There circa 600 overseas pensioners to check, with about two-thirds contacted by email and the remainder by post. Overseas pensioners are required to complete a form,

appropriately witnessed and returned within a few months. In late August 2024, chasers we issued to the outstanding 78 members which advised if the completed form is not returned by end of September their pensions will be suspended. As at 10 September 2024 the number outstanding was down to 46.

26.2 The Board agreed that the success of the ABS project meant that a report to the Regulator is not required this year and thanked officers for their hard work.

26.3 The Board RESOLVED to note the report.

27. INTERNAL AUDIT

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

- 1) The audit of the Pension Fund Investments and Accounting received an opinion of Substantial Assurance for the controls in place.
- 2) This audit concludes the work of 2023-24.

27.2 The Board RESOLVED to note the Pension Fund Investments and Accounting Audit report.

28. PENSION FUND RISK REGISTER

28.1 The Board considered the updated risk register presented by SK.

28.2 The Board considered the following risks:

- 1) Risk A3 – Production of Statutory member returns, has been reduced due to the improvements in ABS completion rates for 2023/24 due to the data being received from employers for the year in question in time for the team to produce returns leading to a lower risk level for likelihood.
- 2) Risk A7 has been renamed as Implementation of Oracle to reflect the status of the EPR system implementation. The risk is around the financial accounting and producing financial statements and the ability for ESCC to provide information through i-Connect resulting from a change of provider. There is not a risk to benefits as this is administered by the Heywood's Altair system.
- 3) Risk G1 – Key Person Risk has increased in likelihood due to recent team departures and the difficulty recruiting the newly created Deputy of Pensions following a review of the departmental team structure. This role is being actively recruited for, the market is lean and the nature of hybrid working means that candidates can access roles at higher

paygrades and are not restricted by location. An interim appointment is expected imminently.

28.3 Officers agreed to add details about data storage and back up to the mitigations set out against the Cyber risk.

28.4 The Board RESOLVED to note the report.

29. WORK PROGRAMME

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

- 1) The Triennial valuation is approaching which means information and reports will start to come through into the workplan going forward (March 25 is the valuation point). Data is provided annually so member data and movements can be verified more frequently and a report on data quality is expected soon. Training on the valuation process will happen as we get closer to the March 2025 valuation date.
- 2) Training attended included please let us know of anything you have missed.
- 3) Officers will look at the terminology used for grading knowledge in the self-assessment forms for Board and Committee members following feedback from ZO.
- 4) The Board will be informed of any legislative and regulatory changes through the Governance report.

29.2 The Board RESOLVED to note the work programme.

30. ANY OTHER NON-EXEMPT ITEMS PREVIOUSLY NOTIFIED UNDER AGENDA ITEM 4

30.1 There were no items.

31. EXCLUSION OF THE PUBLIC AND PRESS

31.1 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)

32. GOVERNANCE REPORT

32.1 The Board considered the Exempt Governance report.

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

32.2 The Board RESOLVED to note the report.

33. PENSION FUND BREACHES LOG

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

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

33.3 The Board RESOLVED to note the report.

34. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

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

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

34.3 The Board RESOLVED to note the report.

35. ANY OTHER EXEMPT ITEMS PREVIOUSLY NOTIFIED UNDER AGENDA ITEM 4

35.1 There were no urgent items.

(The meeting ended at 12.02)

Ray Martin, Chair