

PENSION BOARD

MINUTES of a meeting of the Pension Board held at Council Chamber, County Hall, Lewes on 5 June 2025.

PRESENT Ray Martin (Chair), Zoe O'Sullivan, Neil Simpson, Linda Hughes and Councillor Andrew Wilson

ALSO PRESENT

Ian Gutsell, Chief Finance Officer
Susan Greenwood, Head of Pensions
George Norval, Interim Deputy Head of Pensions
Paul Punter, Head of Pensions Administration
Russell Wood, Pensions Manager: Investments and Accounting
Paul Linfield, Pensions Communications Manager
Dave Kellond, Compliance and Local Improvement Partner
Danny Simpson, Principal Auditor
Matthew Hunt, Pensions Employer Engagement Officer
Sophie Webb, Governance and Democracy Manager
Councillor Gerard Fox
Councillor Ian Hollidge
Councillor Paul Redstone

1. MINUTES OF THE MEETING HELD ON 13 FEBRUARY 2025

1.1 The Board approved the minutes of the meeting held on 13 February 2025 as a correct record.

2. APOLOGIES FOR ABSENCE

2.1 Apologies for absence were received from Trevor Redmond.

2.2 It was noted that Neil Simpson was appointed as Vice Chair for the meeting.

3. DISCLOSURE OF INTERESTS

3.1 There were no disclosures of interest.

4. URGENT ITEMS

4.1 There were no urgent items.

5. REPORTS

5.1 Reports referred to in the minutes below are contained in the minute book.

6. PENSION COMMITTEE AGENDA

6.1 The Board considered the draft agenda for the Pension Committee meeting due to be held on 19 June 2025 together with a summary of the minutes of the previous Pension Committee meeting held on 27 February 2025.

6.2 The Board noted that:

- In addition to the reports considered by the Board, the Committee will receive an Investment Report.
- The Committee will consider additional exempt information regarding the Pension Reform Agenda in relation to challenges faced for the future of ACCESS and pooling.

6.3 The Board RESOLVED to note the Pension Committee agenda and summary of previous minutes.

7. PENSION REFORM AGENDA

7.1 The Board considered a report by the Chief Finance Officer introduced by Susan Greenwood, Head of Pension Fund.

7.2 The following points were highlighted to the Board:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) Government has requested that each member authority of the ACCESS pool looks to merge with another investment pool whose plans have been supported by government.
- 5) A formal response to the consultation was received following publication of the Pension Board agenda and will be broadly outlined as part of the exempt Governance Report later in the agenda.
- 6) Officers will report back to the Pension Board and Pension Committee in September setting out how the Fund will comply with requirements in relation to investment pooling and governance.
- 7) It is expected that a governance framework will be drafted for consideration by September 2025 to ensure compliance by March 2026.

7.3 The Board discussed the resources required to support the work to meet government's expectations and timelines and noted the approach in terms of the different workstreams to carry out evaluation at the pool level and at the Fund level.

7.4 The Board RESOLVED to note the report.

8. GOVERNANCE REPORT

8.1 The Board considered a report by the Chief Finance Officer introduced by Dave Kellond (DK), Compliance and Local Improvement Partner, together with exempt information contained in a later agenda item.

8.2 The following points were highlighted to the Board:

- 1) A letter issued by Ministry of Housing, Communities and Local Government (MHCLG) on 10 March 2025, addressing the issue of mid-valuation assessment of contribution rates in light of apparent surpluses.
- 2) Government makes clear it was not intended for use in order to manage surpluses or deficits and there will be a consultation that will follow later in the year.
- 3) The SAB Secretariat published a summary note of Nigel Giffin's opinion noting that the summary has not been drafted or endorsed by Nigel Giffin KC.
- 4) Government launched a consultation regarding Access and Fairness. The consultation relates to a range of proposals including survivor benefits, death benefits, gender pensions gap and opt-outs.
- 5) A draft response will be presented to the Pension Board and Pension Committee ahead of submission to government.
- 6) Following Nigel Manvell's retirement, there is now an employer representative vacancy on the Pension Board. Communications were sent to all Fund employers rather than targeted communications. Two expressions of interest have been submitted, and both will have an interview discussion on 30 June with a view to appointment by the Governance Committee in July ahead of the next Pension Board meeting.
- 7) Members of the Board will shortly receive an annual request to review their register of interests for publication.
- 8) An updated full privacy notice and summary privacy notice will be reported to Pension Committee to account for changes in respect to McCloud.
- 9) A revised version of the Fund's Governance and Compliance statement was due to be considered by the Pension Board and Pension Committee in June however in light of the significant upcoming changes, approval has been deferred to September 2025.

8.3 The Board discussed the Full Privacy Notice at Appendix 3 of the report and requested the notice be updated to reflect the following:

- 1) Clarification of the statement "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" be considered in terms of personal / anonymised data.

- 2) Clarification around the statement “If this occurs, additional safeguards must be implemented with a view to protecting your personal data in accordance with applicable laws” in terms of wording to relay what will happen rather than what must happen.

8.4 The Board RESOLVED to note the report.

9. EMPLOYER ENGAGEMENT AND COMMUNICATIONS REPORT

9.1 The Board considered a report by the Chief Finance Officer introduced by Matthew Hunt, Pensions Employer Engagement Officer and Paul Linfield, Pensions Communications Manager.

9.2 The following points were highlighted to the Board:

- 1) The March 2025 data as set out in the table at paragraph 2.1 of the report is not finalised due to the migration of data to Oracle.
- 2) There is an upward trend of employers in the Fund in terms of payments due.
- 3) From May 2024 until March 2025 there were 33 late payments of contributions out of 1,665 expected payments. Some of these were due to confusion of the dates therefore the issue is being addressed through rewriting the forms to make the dates clearer.
- 4) Booking levels of Scheme Member Training noting that the dropout rate on average was 25% for each session and 98% of attendee feedback said that they had learnt something from the session.
- 5) The revised communications strategy including proposed updates to reflect changes over the last 3 years such as the use of electronic systems, rebranding and training. The updated strategy sets out the gradual move to a digitally focused approach which fits with the available resources and budget.
- 6) Benchmarking has been undertaken with other local authority pension fund communications strategies when drafting the updated strategy for East Sussex.
- 7) The website continues to be updated with relevant and engaging information for members and employers including brand new content for members who are looking to increase their pension via Additional Pension Contributions or AVCs providing a far more detailed summary of this subject.
- 8) New material has also been produced to support employers and work continues on ‘My Pension’, the online self-service website for scheme members whereby 43.5% of contributing members have registered.
- 9) It is anticipated, registration with ‘My Pension’ will increase upon receipt of the Annual Benefit Statements which will require log-in to view.

9.3 The Board discussed the effect of Oracle implementation on reporting of late payments, the effectiveness of and response rate for the scheme member training sessions, the focus of the communications strategy in relation to those who are eligible but have opted out.

9.4 The Board requested that in light of new legislation regarding fairness, targeted communication is considered for those eligible but have opted out of being a scheme member and work is undertaken to achieve a greater understanding of the reasons why those who have opted out have chosen to do so. This work could also help identify any employers who have a significantly higher number of opt outs and therefore could benefit from more targeted communication.

9.5 The Board discussed the Heywood's Standard used for some Annual Benefit Statements nationally and how the communication of the Annual Benefit Statement can ensure clear and concise wording when presented to scheme members. It was noted that there are still challenges with McCloud in terms of the Annual Benefit Statements which will need to be resolved.

9.6 The Board RESOLVED to note the report.

10. PENSION ADMINISTRATION REPORT

10.1 The Board considered a report by the Chief Finance Officer introduced by Paul Punter, Head of Pensions Administration.

10.2 The following points were highlighted to the Board:

- 1) The performance for quarter 1 has improved slightly from quarter 4 however most tasks are rated red for the quarter which is likely due to the bulk upload from Brighton & Hove City Council in January which has taken a number of months to process.
- 2) The performance figures for April 2025 and forecast May 2025 show improvement to the figures shown within the report for quarter 1.
- 3) Turnover in staff within pension administration team has slowed the rate of recovery in terms of performance.
- 4) Resource allocated to i-Connect onboarding has seen recent change seeing a decrease in one member of staff from the i-Connect administration team.
- 5) The administration team are aware of potential spikes in workload which will be brought about by backdated pay awards meaning adjustment of annual benefit statements, work around McCloud and work following legislation updates.
- 6) 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.
- 7) More work is ongoing to combine data from McCloud with employer data to be able produce the Annual Benefit Statements. As this is a valuation year, data from McCloud will need to be sent to the actuaries as soon as possible.

10.3 The Board discussed the risk relating to turnover of pension administration staff and its potential inclusion on the Pension Risk Register. It was noted that should there be challenges to appoint to vacancies in the administration team arise, it would be considered for inclusion in the Risk Register however the Board were reassured that recruitment to administration vacancies continues to be successful.

10.4 The Board RESOLVED to note the updates within the report.

11. EAST SUSSEX PENSION FUND FINANCIAL OUTTURN REPORT 2024/25

11.1 The Board considered a report by the Chief Finance Officer introduced by Russell Wood, Pensions Manager: Investments and Accounting.

11.2 The following points were highlighted to the Board:

- 1) The final outturn position of 2024/25 is £4.3m which is a decrease from the last projected position of £38,000.
- 2) The outturn for improvement projects was reduced due to the slippage of the Integrated Service Provider (ISP) Dashboard project that officers budgeted for in 2024/25 now taking place in the 2025/26 financial year.
- 3) The outturn for Communication costs was reduced as a planned activity was not taken forward, rendering this provision unnecessary.
- 4) The Admin Operational Costs have offset these reductions slightly as clarification has been provided around East Sussex County Council Charges for printing and posting increasing the cost of these services.
- 5) The Actuarial Fund work was slightly higher than the previous forecast due to additional work on cessations taking place.
- 6) ACCESS costs for work in preparing the response to the Fit for the Future consultation increased the Investment Advice costs.

11.3 The Board discussed the charging framework for actuarial costs for cessations in terms of costs to the Employers' account or the Fund account.

11.4 The Board RESOLVED to note the report.

12. INTERNAL AUDIT REPORT

12.1 The Board considered a report by the Chief Internal Auditor introduced by Danny Simpson, Principal Auditor.

12.2 The following points were highlighted to the Board:

- 1) Substantial assurance opinion was provided for both Administration of Pension Benefits and Investments and Accounting.
- 2) Reasonable assurance opinion was provided for Compliance with Regulatory Requirements.

12.3 The Board discussed the Service Level Agreement between East Sussex County Council and the Fund to provide corporate services including internal audit services to the Fund and the importance of recognising the separate entities and the requirements of the Fund for East Sussex County Council as administering authority, to deliver those services.

12.4 The Board RESOLVED to note the Pension Fund audit reports as set out at Appendices 1 to 3 of the report.

13. EXTERNAL AUDIT PLAN FOR THE EAST SUSSEX PENSION FUND 2024/25

13.1 The Board considered a report by the Chief Finance Officer introduced by Ian Gutsell, the Chief Finance Officer.

13.2 The following points were highlighted to the Board:

- 1) The external audit of the Pension Fund is due to commence next week and has been reviewed by the County Council's Audit Committee.
- 2) The fees for the external audit have been through a national procurement exercise. The fees for the external audit of the East Sussex Pension Fund are £101,515.

13.3 The Board RESOLVED to note the report.

14. PENSION FUND RISK REGISTER

14.1 The Board considered a report by the Chief Finance Officer introduced by George Norval, Interim Deputy Head of Pensions.

14.2 The following points were highlighted to the Board:

- 1) A workshop was held on 31 March to review and reinforce the Fund's risk management approach. Updates from the workshop have been incorporated within the risk register including clearer risk triggers and consistency in terms of formatting.
- 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 Business Continuity Plan, expected to be brought forward later in the year.

14.3 The Board discussed the following points:

- 1) The risk rating for Risk I4 Investment Pooling and whether the recent changes to pooling will increase the risk rating within the risk register.
- 2) Concern around the developing Business Continuity Plan's robustness in the face of cyberattack and business disruption arising from other risks on the risk register.

14.4 The Board RESOLVED to note the Pension Fund Risk Register.

15. WORK PROGRAMME

15.1 The Board considered a report by the Chief Finance Officer introduced by Susan Greenwood, Head of Pensions.

15.2 The following points were highlighted to the Board:

- 1) The Governance and Compliance statement was originally due to be reviewed in June however will be deferred to September given the outcome of the Fit for the Future consultation.
- 2) The valuation timetable will be a busy period especially around changes to pooling.
- 3) Training opportunities available to Board members and the importance of training and development of members.

15.3 The Board RESOLVED to note the work programme.

16. EXCLUSION OF THE PUBLIC AND PRESS

16.1 It was RESOLVED to exclude the public and press for the remaining agenda items 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).

17. GOVERNANCE REPORT - EXEMPT INFORMATION

17.1 The Board considered a report by the Chief Finance Officer introduced by Susan Greenwood, Head of Pensions which contained exempt information in relation to an earlier item on the agenda regarding the Governance Report.

17.2 A summary of the discussion is set out in an exempt minute.

17.3 The Board RESOLVED to note the exempt information within the report.

18. PENSION FUND BREACHES LOG AND INTERNAL DISPUTE RESOLUTION PROCEDURE CASE REPORT

18.1 The Board considered an exempt report by the Chief Finance Officer introduced by Dave Kellond, Compliance and Local Improvement Partner regarding the Breaches Log and update on outstanding or new Internal Dispute Resolution Procedure (IDRP) cases.

18.2 A summary of the discussion is set out in an exempt minute.

18.3 The Board RESOLVED to note the report.

19. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

19.1 The Board considered an exempt report by the Chief Finance Officer introduced by Susan Greenwood, Head of Pensions regarding an update on the latest admission and cessations of employers within the Fund.

19.2 A summary of the discussion is set out in an exempt minute.

19.3 The Board RESOLVED to note the report.

(The meeting ended at 1.03 pm)

CHAIRMAN