

PENSION BOARD

MINUTES of a meeting of the Pension Board held at Council Chamber, County Hall, Lewes on 11 September 2025.

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

ALSO PRESENT

Ian Gutsell, Chief Finance Officer
Susan Greenwood, Head of Pensions
Dave Kellond, Governance and Compliance Manager
Hayley Deeley, Employer Engagement Officer
Paul Linfield, Pensions Communications Manager
Paul Punter, Head of Pensions Administration
Danny Simpson, Principal Auditor
Sophie Webb, Governance and Democracy Manager

Councillor Gerard Fox
Councillor Paul Redstone

20. MINUTES OF THE MEETING HELD ON 5 JUNE 2025

20.1 The Board approved the minutes of the meeting held on 5 June 2025 as a correct record.

21. APOLOGIES FOR ABSENCE

21.1 There were no apologies for absence.

21.2 The Chair welcomed Philippa Buckingham as a newly appointed Employer Representative on the Pension Board.

22. DISCLOSURE OF INTERESTS

22.1 Philippa Buckingham declared an interest in item 16. The detail of this declaration has been withheld as it would reveal 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). She did not take part in the discussion for this item.

23. URGENT ITEMS

23.1 There were no urgent items.

24. REPORTS

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

25. PENSION COMMITTEE AGENDA AND SUMMARY OF PREVIOUS MINUTES

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

25.2 The report provided an opportunity for the Board to comment on the draft agenda for the Pension Committee meeting due to be held on 25 September 2025 together with a summary of the minutes of the previous Pension Committee meetings held on 19 June and 24 July 2025.

25.3 The Board noted that in addition to the reports considered by the Pension Board, the Pension Committee will receive an External Audit findings report, Investment report and Triennial Valuation report.

25.4 It was noted that 2 items on the Pension Committee agenda were not being presented to the Board for consideration. The Chair asked that wherever possible non-investment items to be considered at Pension Committee be presented to the Board at the preceding meeting.

25.5 The Board RESOLVED to note the draft agenda for the next Pension Committee meeting and the summary of the minutes for the previous Pension Committee meetings.

26. PENSION REFORM AGENDA

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

26.2 The following points were highlighted to the Board:

- 1) East Sussex Pension Fund officers have been working in conjunction with officers from West Sussex and Barnett Waddingham to assess the options available in terms of pooling.
- 2) The Pension Committee considered an options analysis undertaken by Barnett Waddingham who presented the options at a meeting on 24 July 2025 and resolved to focus all further due diligence on the Border to Coast LGPS asset pool.
- 3) Officers have subsequently carried out further due diligence along with West Sussex and Barnett Waddingham while communicating with key stakeholders about the focus on the Border to Coast asset pool.
- 4) In September, the Pension Committee will consider a report setting out the results of the due diligence work and recommendations around approvals to move forward with Border to Coast and leaving ACCESS.
- 5) The Pension Committee will consider a proposed updated Terms of Reference ahead of consideration of Full Council to approve. The proposed updates to the Pension Committee Terms of Reference will facilitate the Committee to take decisions in relation to pooling in the future.
- 6) ACCESS as a collective will disband following the announcement of 7 Funds within ACCESS expressing a preference for Border to Coast and the remaining 4 Funds expressing a preference for LGPS Central.
- 7) There is a focus on governance to ensure that the Fund is a member of an approved pool by 1 April 2026 while the organisation of assets and disbanding of ACCESS will likely take longer.

26.3 The Board discussed the 1 April 2026 deadline and what the expectations are in terms of what needs to be achieved ahead of that date and what is expected to be ongoing work following 1 April 2026.

26.4 The Board noted the collaborative work undertaken across the 7 Funds who have expressed a preference for Border to Coast in terms of legal processes.

26.5 The Board discussed the key objectives of the asset pool transfer process and how governance considerations are prioritised against being cost-effective.

26.6 The Board discussed the implication of consultancy contracts noting that investment advice will eventually be provided by asset pools noting that this transition will likely take years to establish fully.

26.7 The Board discussed ACCESS resource available to manage the transition noting the risk of key officer loss as the ACCESS pool is disbanded.

26.8 The Board noted that there is no definition of 'local' in terms of investment and how this term could be interpreted differently at the Fund level and asset pool level. It was noted that local investment' is not asset class and that local investment overlaps with other allocations such as infrastructure or property and Local Government Pension Scheme investment strategies are likely to include an allocation for 'local investment' in the range of 0 to 5%.

26.9 The Board RESOLVED to note the updates in relation to next steps for the East Sussex Pension Fund in terms of pension fund pooling as set out in the report.

27. GOVERNANCE REPORT

27.1 The Board considered a report by the Chief Finance Officer introduced by Dave Kellond, Governance and Compliance Manager, together with exempt information contained in a later agenda item.

27.2 The following points were highlighted to the Board:

- 1) Governance changes following the Government's 'Fit for Future' Consultation include appointment of a senior officer, policies and strategies which will need to be in place, training of Pension Committee members and requirement for an independent governance review every 3 years.
- 2) Following the submissions of Local Government Pension Scheme responses on the Government's consultation on inheritance tax provisions, there have been some significant changes including exclusion of death in service benefits from the value of an individual's estate for inheritance tax purposes.
- 3) The Fund's response to the Government's access and fairness consultation which relates to a number of changes to administrative processes.
- 4) The Governance and Compliance Statement has been reviewed and updated in light of recent legislative updates however a full review of the statement is expected to be undertaken following the release of new legislation around investment pooling reforms.

27.3 The Board discussed the expected timeframe for the laying of the new legislation regarding pension reforms.

27.4 The Board discussed the 'Conflict of Interest' section within the Governance and Compliance statement and noted the importance preventing conflicts of interest which are likely to prejudice a person's exercise of their duties as a member of the Pension Board or Pension Committee.

27.5 The Board RESOLVED to:

- 1) Note the legal and regulatory changes together as set out in the report; and
- 2) Note the updated Governance and Compliance Statement as set out in Appendix 2 of the report.

28. EMPLOYER ENGAGEMENT AND COMMUNICATIONS REPORT

28.1 The Board considered a report by the Chief Finance Officer introduced by Hayley Deeley, Employer Engagement Officer and Paul Linfield, Pensions Communications Manager.

28.2 The following points were highlighted to the Board:

- 1) In terms of employer contributions, there was only one late payment in the last quarter and new templates that have been sent to employers have had a positive impact on employer contributions.
- 2) The 3-part member training will be repeated in October 2025.
- 3) Work has been undertaken on the digital assistant to assist with commonly asked questions and the project has moved into User Acceptance Testing.
- 4) The employer forum agenda has been agreed for 2025.
- 5) The East Sussex Pension Fund website has been updated to improve security.
- 6) A communications plan around Border to Coast has been delivered.
- 7) Almost all Annual Benefit Statements for 2025 have been sent out before the Statutory deadline using 24 individual templates to reflect members' McCloud status.
- 8) Since Annual Benefit communications have been sent out, there have been 1,750 extra registrations on My Pensions resulting in around 51% of all eligible active members now being registered on the new self-service system.
- 9) A feedback mechanism will be implemented to gain member feedback regarding 'My Pension'.

28.3 The Board discussed how the East Sussex Pension Fund website compares to other Local Government Pension Scheme (LGPS) websites in terms of performance and whether a benchmarking exercise could be undertaken.

28.4 The Board discussed that while 51% of active members registered on 'My Pension' meets the figure registered on the previous system, it would be interesting to understand how that figure compares with other LGPS self-service websites noting the challenges in communicating with members who have opted out of online communication or not provided an email address.

28.5 The Board RESOLVED to note employer engagement and communications updates detailed in the report.

29. PENSION ADMINISTRATION - UPDATES

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

29.2 The following points were highlighted to the Board:

- 1) The performance for quarter 2 showed an improvement from quarter 1 with June showing as the first green rated month and the July and August performance figures also showing improvement.
- 2) There will be an influx in administrative tasks following the backdated local government pay award which is likely to affect the performance of the administration team.

- 3) There are no staff vacancies in the Pension Administration team.
- 4) The Helpdesk is due to be set up with a new call-centre technology.
- 5) After the communication of the Annual Benefit Statements, the Helpdesk saw an influx of enquiries and over 60 transfer requests were received within one day.
- 6) McCloud data needs to be loaded within the system this year and support from Heywood is ongoing regarding rectifying errors as data is loaded and reviewed.
- 7) At the end of July 2025 most of the McCloud data was loaded into the system and data was provided to actuaries for the valuation (excluding and including McCloud).
- 8) The McCloud underpin protection was turned on in August 2025 and had an impact of running through every record to try and create a McCloud underpin where one exists or where someone is eligible. Any change in status can no longer be done without McCloud where McCloud applies.
- 9) The Annual Benefit Statements were run in August and a review of how the underpin had affected the statements was conducted looking at any underpin greater than £1,000 and greater than 20% change due to the underpin.
- 10) Annual Benefit Statements had to include the McCloud data which was broken down into 4 McCloud categories.
- 11) For active and deferred, 99.13% of Annual Benefit Statements were issued and the remaining will be issued over the next month.
- 12) McCloud Category 3 tells the member that they are in scope however they have not been assessed to determine if their pension is protected by the underpin. There are 400 active members and 233 deferred members in that position and therefore has been logged as a breach.
- 13) Backdated calculations for deaths and retirements in scope regarding the underpin are being undertaken following training of the team and will be completed by the statutory deadline of 31 August 2026.
- 14) The Pension Dashboard is on track for the statutory deadline of 31 October 2025.
- 15) The Annual Allowance is on track to be completed by the end of October and there are only 8 employers the administration team are actively seeking data from.
- 16) With regard to the review of the AVC funds, the last member who was in the index-linked fund has self-selected to move the assets to equity fund meaning there are now no remaining assts in the index-linked fund.
- 17) Work is ongoing with Barnett Waddingham to draft communications for all Additional Voluntary Contributions (AVC) investors.

29.3 The Board discussed the benefit of Board Member, Philippa Buckingham attending the Admin Working Group bringing experience from working in Human Resources.

29.4 The Board discussed the communications for AVCs and emphasised the importance of engagement with employers in respect of awareness of AVC changes noting that communications will go out to everyone who is an AVC policy holder and those who still have money attached to an existing AVC along with information being provided on the website to all members.

29.5 The Board discussed the Transfer In- Quote activity as shown in Appendix 1 of the report and noted the challenges regarding the complexity of this activity, noting that a consultation will be launched in quarter 4 to look at changing the target around that activity and a review of the admin strategy will be taking place.

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

30. INTERNAL AUDIT REPORT

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

30.2 The following points were highlighted to the Board:

- 1) A substantial assurance opinion was provided for governance arrangements with just one low risk finding.
- 2) This opinion reflects the ongoing strengthening of governance arrangements over the previous 5 years.

30.3 The Board requested that the target implementation date of the action relating to risk appetite is amended to be sooner than 31 August 2026 considering pension reforms and the need to ensure a strong governance framework.

30.4 The Board RESOLVED to note the Pension Fund Governance Arrangements audit report as set out at Appendix 1 of the report.

31. PENSION FUND RISK REGISTER

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

31.2 The following points were highlighted to the Board:

- 1) The post-mitigation score has been increased for Risk A3 'Production of Statutory Member Returns' on the account of the added complication of displaying the McCloud remedy in Annual Benefit Statements.
- 2) The post-mitigation score has been increased for Risk G1 'Key Person Risk' to reflect that the loss of the Interim Deputy Head of Pensions whose fixed term contract ended in July 2025.
- 3) The risk control and response details have been expanded for Risk G3 'Cyber Security' following work carried out to improve the resilience of the Fund to cyber risks.
- 4) The preference expressed for the Fund to join Border to Coast Pension Partnership investment pool has been reflected in Risk I5 'Funding risk – higher inflation'.

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

32. WORK PROGRAMME

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

32.2 The following points were highlighted to the Board:

- 1) The Work Programme will need to be reviewed as part of the governance review process.
- 2) It is important for Board members to attend regular training and there are some members yet to complete the knowledge and skills questionnaire which was circulated and the TPR Toolkit certificate either for the first time or renewal of certification.

32.3 The Board noted the importance of completing the TPR Toolkit and that certification of Board members is reported.

32.4 The Board RESOLVED to note the work programme.

33. EXCLUSION OF THE PUBLIC AND PRESS

33.1 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).

34. GOVERNANCE REPORT - EXEMPT INFORMATION

34.1 The Board considered a report by the Chief Finance Officer introduced by Dave Kellond, Governance and Compliance Manager which contained exempt information in relation to an earlier item on the agenda.

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

34.3 The Board RESOLVED to note the exempt information with the report.

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

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

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

35.3 The Board RESOLVED to note the report.

36. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

36.1 The Board considered an exempt report by the Chief Finance Officer introduced by Dave Kellond, Governance and Compliance Manager regarding an update on the latest admission and cessations of employers within the Fund.

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

36.3 The Board RESOLVED to note the report.

(The meeting ended at 12.36 pm)

CHAIRMAN