East Sussex Pension Fund

ANNUAL REPORT AND ACCOUNTS

2024-2025

www.eastsussexpensionfund.org

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Welcome from Chair of Pension Committee

Welcome to the East Sussex Pension Fund Annual Report for 2024/25

As Chair of the East Sussex Pension Fund (the Fund) Pension Committee, I have the pleasure in introducing the Fund's Annual Report and Accounts for 2024/25. The accounts focus on the financial activity in the year to 31 March 2025. The membership of the Fund on 31 March 2025 was 86,784 people (24,964 active, 26,762 pensioners and 35,057 deferred) and there were 149 schemes employers. This was a year in which the government launched its 'Fit for the Future' consultation, a wide- and far-ranging consultation focussed on further consolidation of pooling, governance and local investment. The consultation has potentially far-reaching implications for the Fund that are still being worked through and will result in the Fund changing its investment pooling arrangements. Further details on this important consultation are set out below.

It has been yet another turbulent year in terms of global markets with geopolitical uncertainty continuing and impacting markets, but the Fund has been robust and provided a strong service to our scheme members and employers.

In July 2024, the new Chancellor of the Exchequer Rachel Reeves, 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 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.

Following further liaison with LGPS funds, pools and officers 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. The consultation 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.

Both the Fund and the ACCESS (A Collaboration of Central, Eastern and Southern Shires) investment pool, of which the Fund is a member, responded to the consultation. As at the date of writing it is unclear what the outcome of the consultation will mean for the Fund as the ACCESS response to the consultation was not supported by government. The consultation had resulted in a period of uncertainty and upheaval for the LGPS as a whole.

The Fund, together with the 10 other partner LGPS Funds that invest in the ACCESS Pool have worked extensively to develop the offering by the ACCESS Pool both in relation to investment options and the governance and responsible investment arrangements within the Pool. Due to the impact of the "Fit for the Future" Consultation a number of ongoing workstreams have been paused. By the end of 2045/25 the ACCESS Pool has grown to £49.3bn invested within pooled arrangements. This equates to 74% of partner fund assets being pooled. £30.4bn was invested on the ACCESS authorised contractual scheme (ACS) platform; £12.5bn managed via the ACCESS passive manager; 2.7bn invested in pool governed infrastructure mandates; and 3.7bn in pooled Real Estate.

The Fund continues to have a strong focus on ensuring effective governance, and will work to ensure any changes as recommended by the 'Fit for the Future' consultation are implemented in a timely and robust manner. The Fund has also continued to roll out a number of robots to automate some of its Pensions Administration processes, to free up time of officers to work on more complicated tasks.

This year had yet again witnessed continuing volatility in the global economy, particularly in the early part of 2025. Global stock markets reached record levels at 31 March 2025 but significant reversals followed the accounting year end driven by the uncertainty generated from the threat of US tariffs. As of March 2025 the UK's inflation rate decreased to 2.6% following substantial increases in previous years. Pension increases for the year were 1.7% down from 6.7% and 10.1% in the preceding two years.

The Pension Committee continued the implementation of some changes to the Investment strategy in the year, reallocating the uncommitted strategy allocation from inflation linked property to index-linked gilts in order to reduce risk in the portfolio. The Fund increased its allocation to indexed-linked gilts over the year by 3% as previously agreed trigger levels were reached allowing the Fund to benefit from the high bond yields.

The investment return for the year to 31 March 2025 was a positive 7.9%, however when compared to the benchmark, this was an underperformance of 4.4%. This was in part due to our investment managers being underweight the seven large US technology companies (the Magnificent Seven) that have performed very strongly over the period. Instead, investment has been focused on sustainable and impact growth Funds.

Global markets in 2024/25 were characterized by continued uncertainty, largely due to geopolitical tensions and fast evolving monetary policies. Global economic growth was more modest than in previous post pandemic years at just over 3%. Europe, China, and Emerging Market economies generally maintained their momentum, and the United States continued its trend of being the driving force behind global growth.

The trend towards economic isolationism continued (this would be exacerbated in April 2025 with liberation Day in the United States) with countries keen to derisk supply chains by reducing their dependency on certain countries and regions which in turn led to a slowing of trade growth. Political developments continued to be at the forefront of investors' minds, both internationally and domestically, with the continued rise of populism potentially set to affect financial stability.

Global Equity markets saw mixed performance, with the US markets continuing to show signs of strong growth. Global Bond markets experienced a period of heightened volatility, while Private Equity markets demonstrated an increase in activity from the previous year.

Following the aggressive interest rate rises of 2022/23, the period saw a global decline of reported inflation figures. Both the World Bank and International monetary Fund predict that this trend will continue, with many central banks (including the Federal Reserve, European Central Bank and the Bank of England) reacting by lowering interest rates.

The Fund has become cashflow negative from the scheme member activities; this is in part due to the slight contribution reductions for many of the scheme employers following the strong funding position of the valuation, and also the high inflation uplift given to all pensions in payment at the start of the year. The Fund continues to generate sufficient cashflow from its investments and member activities. The Committee will focus on income over future years, when considering strategy, to ensure we continue to have sufficient income in the long term to pay pensions.

Despite all of this, the Fund is well diversified, very well-funded and has defensive elements to its investment strategy. The Fund's strategy and risk management processes continue to help us to make sure we can keep paying our members pensions now and into the future.

2025 is a valuation year and the Fund's next triennial valuation will be assessed as at 31st March 2025. The scheme actuary regularly tracks the movement of this funding position and on 31 March 2025 the expected the funding level is estimated be approximately 123%. The Fund continues to be in a very strong position when comparing assets to liabilities.

As a global long-term investor, the Pensions Committee continues to recognise that climate change presents significant long-term risks to the value and security of pension scheme investments, and climate opportunities and responsible investment are a significant factor driving returns. The Fund has continued its journey of responsible investment, and more specifically with its focus on climate change risk. We have a detailed Statement of Responsible Investment Principles (SRIP) which sets out the Fund's beliefs on responsible investment and environmental, social and governance risks and how it manages those risks and commitments through investment decision making and implementation.

As a Fund, we are keen advocates for active stewardship and report on engagement activity quarterly, evidencing voting and engagement, covering both our own and our managers activities. The Fund was successful in retaining its FRC Stewardship Code signatory status in the year, meeting the industry's strictest requirements.

The Pension Committee and Pension Board continue to work tirelessly to transform the East Sussex Pension Fund landscape. We are having to do this against a backdrop of uncertainty and a significant amount of extra work generated by the 'Fit for the Future' consultation. I would like to take this opportunity to express my thanks for all the support and input provided by Committee and Board members and officers. I look forward to continuing to work with members and officers in the new financial year as the Fund seeks to meet the challenges of a period of extensive change for the Fund and the LGPS as a whole.

In presenting the Annual Report, I hope you find it helpful in understanding the Fund.

Councillor Gerard Fox

Chairman of the East Sussex Pension Fund Pension Committee

Welcome from Chair of Pension Board

As the independent Chair of East Sussex Pension Fund's Pension Board, I am delighted to share the highlights of the Board's successes and how it has overcome challenges in the previous financial year.

I am pleased to report that that the membership of the Board has been much continued to be stable over the most recent accounting period. The new members of the Pension Board have adapted well to the role and continue to make positive impacts to the stewardship of the Fund.

The Board went into the 2024/25 financial year with a target to improve its oversight of investment decision making by the Pension Committee. Whilst such decisions lie wholly within the remit of the Pension Committee, the governance of these decisions is subject to oversight from the Board. I am happy to say that, after working closely with Officers, the Pension Board has been able to achieve this goal and improved its understanding of the factors influencing decision-making to ensure the Committee's fiduciary duty to act in best interests of members is complied with.

The year ahead

Membership of the Pension Board is expected to be relatively stable over the year, with one retirement resulting in a vacancy that needs to be filled. Continued commitment to training and development remains key and we will continue to actively encourage members to take part in the training available to them.

Governance and oversight of LGPS pension funds is likely to be an evolving arena over the coming year as we wait for the government's response to the 'Fit for the Future' consultation. Board will work with Officers and Committee members to ensure that the Fund's governance and oversight is managed in line with expectations that arise from consultation and also pay due regard to the requirements of The Pension's Regulator's code that as it applies to the LGPS.

Cyber risk and business continuity planning will also be a focus for the Board this year and Board members will work with officers to ensure this important aspect of risk management for the Fund is reviewed.

As a Board we will recognise the significant work that lies ahead both in relation to the potential governance reforms outlined above and the potential impact of the pooling arrangements of the Fund's assets.

Ray Martin

Chair of Local Pension Board

Introduction to the LGPS

Local Government Pension Scheme

The LGPS is a statutory scheme, established by an Act of Parliament, the Superannuation Act 1972 and since April 2014 the Public Service Pensions Act 2013. The Local Government Pension Scheme Regulations 2013 came into force on 1 April 2014. Membership of the LGPS is open to all employees of local authorities except teachers, fire fighters and police, who have their own separate schemes. It is also open to employees of other employers specified within the legislation.

The LGPS is a registered public service pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 meaning that members receive tax relief on contributions. The Scheme complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995, and the Pensions Act 2004.

The LGPS is one of the largest pension schemes in the UK. It is a defined benefit pension scheme, meaning members' pensions are based on their salary and how long they pay into the Scheme. LGPS pensions are not affected by how well investments perform, instead the LGPS provides a secure and guaranteed income every year when members stop working.

The LGPS is administered locally by 86 local pension funds in England and Wales. East Sussex County Council (ESCC) has a statutory responsibility as "Administering Authority" to administer and manage the East Sussex Pension Fund (the Fund) on behalf of all the participating employers in East Sussex, and in turn the past and present contributing members, and their dependents. All duties in administering and managing the Pension Fund have been delegated to the East Sussex Pension Committee supported by the East Sussex Pension Board.

The Fund is required to:

- collect employer and employee contributions, investment income and other amounts due as stipulated in LGPS Regulations
- pay the relevant entitlements as stipulated in LGPS Regulations
- invest surplus monies in accordance with the LGPS Regulations
- ensure that cash is available to meet liabilities as and when they fall due
- take measures as set out in the regulations to safeguard the Fund against the consequences of employer default
- carry out a triennial valuation process in consultation with the fund actuary
- prepare and maintain a Funding Strategy Statement and Investment Strategy Statement
- monitor all aspects of the Fund's performance and funding
- take environmental, governance and social factors into account within its investment strategy
- Pool the Fund's invested assets as directed by government

Overall Fund Management

Scheme Management and Advisers

Responsibility for the East Sussex Pension Fund is delegated to the County Council's Pension Committee members with support from the East Sussex Pension Board. The Pension Board comprises representatives from the Fund's employers and members with an Independent Chairman. The Pension Committee receives advice from the County Council's Chief Finance Officer, Actuary, Investment Consultants, and an independent Investment Advisor.

Name of Fund support	Company/individuals
Pension Committee Members - East Sussex County Councillors	Gerard Fox (Chairman) – Conservative Ian Hollidge – Conservative Paul Redstone – Conservative David Tutt – Liberal Democrats Georgia Taylor – Green Party
Pension Board Members - pensionboard@eastsussex.gov.uk	**Independent Chairman** Ray Martin **Employer representatives** Councillor Bharti Gajjar – Brighton & Hove City Council (July 2023 – January 2024) Nigel Manvell – Brighton & Hove City Council (From February 2024) Councillor Andrew Wilson – Borough and District Councils (From July 2023) Tim Oliver – University of Brighton **Member representatives** Lynda Walker **–** Unison (until May 2023) Trevor Redmond – Unison (From September 2023) Zoe O'Sullivan – Active/Deferred representative (From July 2023) Neil Simpson **–** Pensioners' representative
Scheme administrator	East Sussex County Council - Pensions@eastsussex.gov.uk
Bankers to the Fund	NatWest Bank
Auditor	Grant Thornton UK LLP – London https://www.grantthornton.co.uk/
Pension Fund officers - esccpensionsmanager@eastsussex.gov.uk	**Chief Finance Officer (S151 officer)**: Ian Gutsell **Head of Pensions**: Sian Kunert **Head of Pensions Administration**: Paul Punter **Pension Manager: Investments and accounting**: Russell Wood
Actuary	Barnet Waddingham - 163 West George Street, Glasgow, G2 2JJ

Name of Fund support	Company/individuals
Legal Advisors	Appointed from National LGPS Framework for Legal Services
Investment Consultant	ISIO, 110 George Street, New Town, Edinburgh, EH2 4LH https://www.isio.com/
Independent Adviser	William Bourne https://www.linchpin-advisory.com/
Asset Pool	ACCESS Pool – https://www.accesspool.org/
Asset Pool Operator	Waystone
Investment Managers	Adams Street Partners, https://www.adamsstreetpartners.com/ Atlas, https://www.atlasinfrastructure.com/ Baillie Gifford*, https://www.bailliegifford.com/en/uk/individual-investors/ Harvourvest, https://www.harbourvest.com/ IFM Investors, https://www.ifminvestors.com/en-gb/ Longview Partners*, https://www.longview-partners.com/ M&G**, https://www.mandg.com/ Newton*, https://www.newtonim.com/uk-institutional/ Pantheon, https://www.pantheoninfrastructure.com/ Ruffer*, https://www.ruffer.co.uk/en/ Schroders, https://www.schroders.com/en-gb/uk/institutional/ Storebrand, https://www.storebrand.no/en/ UBS, https://www.ubs.com/uk/en.html Wellington, https://www.wellington.com/en WHEB https://www.whebgroup.com/
Custodian	Northern Trust
AVC Provider	Prudential https://www.mandg.com/pru/customer/en-gb

* Appointed through the ACCESS Pool operator. ** Bond mandates appointed through ACCESS. Other mandates directly appointed.

Bodies to which the fund is member, subscriber or signatory

Pensions and Lifetime Savings Association (PLSA)
Local Authorities Pension Fund Forum (LAPFF)
CIPFA Pensions Network
Club Vita
Local Government Association (LGA)
Local Government Pension Scheme National Framework:

- Passive Investments,
- Legal Services,
- Actuarial Benefits and, Governance

- Investment Management Consultancy Services
- Stewardship Advisory Services
- Pensions Administration Software

Principles for Responsible Investing (PRI)
Institutional Investors Group on Climate Change (IIGCC)
Pensions for Purpose
Financial Reporting Council (FRC) Stewardship Code 2020
Scheme Advisory Board (SAB)
UK Sustainable Investment and Finance Association (UKSIF)

Risk management

Risk management is the process of identifying risks, evaluating their likelihood and potential impact, and determining the most effective methods of controlling or responding to them. The Fund has an active risk management programme in place, which is subject to periodic review. The Fund's approach is to manage risk rather than eliminate it entirely.

Integrating risk management into governance practices

Risk management is an ongoing process for the Pension Fund and goes to the heart its operation. Senior Officers meet regularly to discuss the ongoing risks to the Fund, include both those reported and not reported on the formal risk register. All officers are encouraged to raise concerns they may have about potential risks and which they identify as part of their day-to-day work.

The risk register is considered at each Pension Board and Pension Committee meeting with Officers explaining the changes to the risk landscape along with identifying areas where it is suspected change may occur in the future, such as events which are believed likely to have a future inflationary impact.
In the first quarter of 2025, the Local Pension Board held a dedicated risk workshop to undertake a "deep dive" review of the Fund's risk register. This exercise enabled a thorough examination of key risks, controls, and mitigation strategies, and served as a forum for collective challenge and discussion.

Following the workshop, a number of updates and refinements were made to the risk register, reflecting the outcomes and recommendations of the session. These changes were subsequently incorporated into the Fund's governance documentation.

This proactive approach demonstrates the Local Pension Board's strong commitment to effective risk management and illustrates the Fund's alignment with recognised best practice in governance.

The governance practices of the Fund, along with other topics, have further oversight through a program of both internal and external audits. The Fund is also subject to a wide-ranging external audit each year, with this service being provided by Grant Thornton.

Identification of risk

All Officers, together with members of the Pension Board, Pension Committee, and advisers, have a role to play in the identification of risks to the Fund. The Fund has a policy in place detailing what is expected of these stakeholders and how risks should be raised to ensure they are given appropriate consideration.

Those risks that are materially likely and/or impactful on the running of the Fund are included in the risk register. This document tracks:

- The risks;
- how likely they are;

- how much of an impact the risk would have on crystallisation;
- mitigations in place; and
- the effect of the mitigations on the risk.

The risk register is discussed at each Pension Board and Committee meeting. Members of both the Pension Board and Pension Committee are empowered to challenge Officers on the risks identified and to discuss additional risks they believe should be included in the risk register. Officers continuously review the register's effectiveness to ensure risks, and connected mitigations, are easy to understand and track.

The Fund also continues to track its "exempt risks". This covers risks which inherently revolve around confidential information that cannot be disclosed in a public domain. This allows the Pension Board, Pension Committee and Officers to have open discussions about the risks which may impact the Fund without the risk of breaching duties of confidentiality or releasing commercially sensitive information.

The Fund has a risk management policy in place with governs how risks can be identified and escalated. This encourages staff at all levels to raise both potential and crystallised risks they believe may affect the Fund's work.

Risk mitigation

The key risks to the Fund, as at July 2025, are:

- Cyber Security
- Employer data
- Investment Pooling

Cyber Security

The Fund takes cyber security and information security incredibly seriously. All new Officers are required to undertake training on these topics before they are granted full access to computer systems. Officers are also engaged with internal, mandatory training in the areas of cyber and BCP.

Officers are engaging with external advisers to review the Fund's cyber security and resilience capabilities. This review will include an assessment of existing controls and vulnerabilities, as well as recommendations for enhancement.

In parallel, external input will also be sought to inform and strengthen the Fund's Business Continuity Plan, ensuring alignment with industry standards and emerging risks.

This work is scheduled to commence in Q3/Q4 2025 and forms part of the Fund's broader commitment to operational resilience and robust risk management.

Employer data

The Fund is unable to correctly administers pensions if the data provided to it by Employers is inaccurate or significantly late. The ongoing work to enrol all Employers on the i-Connect system provides additional checks on the accuracy of information being provided by issuing prompts when an Employer seeks to upload data which varies from that provided in the past.

The Fund has an Employer Engagement Team which works closely with the organisations that participate in the Fund. This helps employers to understand their responsibilities and to cleanse the data they provide to the Fund. To ease the flow of data, employers are being onboarded to a system which allows for the provision of member data on a monthly basis with built in tolerances to help identify potential errors.

Employer data is also covered by the Fund's Pension Administration Strategy. This document details the relationship between the Fund and participating Employers, setting clear expectations for the provision of accurate and timely data.

Investment pooling

The East Sussex Pension Fund is part of the ACCESS Investment Pool, which was going through a significant procurement exercise at the end of the Financial Year. Fund Officers have been heavily involved in in this process to ensure the Fund is properly represented in discussions and risks to the management of the Fund are mitigated.

At the end of the Financial Year, the Government was looking at the future of pooling and how it expected investments to be made by funds within the Local Government Pension Scheme. This work is anticipated to continue after the General Election in 2024 and Officers closely monitor guidance, consultations and press releases by the Government on this topic.

Investment risk

Along with other key risks, investment risks are included on the Fund's risk register. Investment risk is not treated as a single risk, but multiple risks and are of significant importance.

The Fund has identified 8 risks which relate to investments and assets of the Fund. Of these, 4 risks are specifically around the risks of investment, these are:

- Poor investment returns;
- changes to international trade affecting liquidity of assets;
- investment pooling; and
- inflation.

Each of these risks is listed individually on the risk register with its own scoring and mitigations. This is alongside risks relating to climate change, ESG, regulatory change in the investment landscape, liquidity and fraud.

Mitigations for the 4 risks identified include:

- Ensuring appropriate training is made available to officers and Pension Committee Members;
- obtaining support from an advisor who is independent of the Investment Consultant;
- engaging closely with the ACCESS Pool to ensure the Fund's interests are protected;
- diversification of assets; and

• a capacity to rebalance portfolios between the annual formal review of the investment strategy.

Shared services

Officers are aware of both the risk and opportunities presented by sharing some key services with the wider Local Authority.

In terms of Business Continuity, the Fund is represented on the appropriate working group to ensure it has sight of issues being addressed across the Council and has a voice to ensure its interests are not neglected.

The Fund also seeks to take full advantage of the upside of sharing services. An example of this is access to the Council's Information Security and IT Teams. This means the Fund has access to a high level of specialist expertise to an extent which would be unaffordable as a standalone organisation.

Reviewing our processes

The Fund is committed to ensuring it has appropriate controls in place. As such, the Fund commissions an external audit of its practices to help identify any areas where improvements can be made. Additionally, the Fund commissions a wide range of internal audits, some of which cover risk management. This year the Fund commissioned 75 days of internal audit, although not all will just focus on risk management.

An external audit is undertaken each year, with the Fund currently using Grant Thornton as its Auditor.

Governance and Training

Pension Committee

East Sussex County Council (Administering Authority / Scheme Manager) operates a Pension Committee for the purposes of facilitating the administration of the East Sussex Pension Fund, i.e., the Local Government Pension Scheme that it administers. Members of the Pension Committee owe an independent fiduciary duty to the beneficiaries of the Pension Fund. The Pension Committee Members are therefore expected to carry out appropriate levels of training to ensure they have the requisite knowledge and understanding to properly perform their role. The Terms of Reference are sited on the East Sussex County Council website at https://democracy.eastsussex.gov.uk/documents/s55587/Final%20Table%205%20Other%20Committees%20and%20Panels.pdf

Pension Board

The Scheme Manager is required to establish and maintain a Pension Board, for the purposes of assisting with its duties. The Pension Board is constituted under the provisions of the Local Government Pension Scheme (Governance) Regulations 2015 and the Public Service Pensions Act 2013. Members of the Pension Board should also receive the requisite training and development to enable them to properly perform their compliance role, as required by legislation. The Terms of Reference are sited on the East Sussex County Council website at https://democracy.eastsussex.gov.uk/documents/s55587/Final%20Table%205%20Other%20Committees%20and%20Panels.pdf

ACCESS Pool Joint Committee

The ACCESS Pool operates a Joint Committee which has been set up through an Inter Authority Agreement (IAA) which was formalised and executed by each Individual Authority between May and June 2017 and came into effect on the 31 July 2017 at the first formal Joint Committee meeting. The role of the ACCESS Joint Committee, which has one representative from each participating Fund, is to:

- Ensure pool delivers value for money;
- Appointment and termination of the Operator;
- Ensures pool meets needs of individual funds e.g. sub-funds the operator must provide to support individual fund strategies;
- Set pool level policies e.g. sharing of costs;
- Monitor Operator performance against KPIs; and
- Monitor investment performance

Since 2022, two representatives from underlying Pension Boards from the 11 LGPS Funds attend Joint Committee meetings as observers in rotation. This is to increase transparency.

Committee membership and attendance

During the year ended 31 March 2025 there were 4 meetings of the Pension Committee, 4 meetings of the Pension Board along with the annual Employers' Forum.

Member attendance at committee meetings during 2024/25:

2024/25 - Pension Committee Members

East Sussex County Councillors	Nos. of meetings attended
Councillor Gerard Fox (Chairman)	4/4
Councillor Georgia Taylor	4/4
Councillor David Tutt	4/4
Councillor Georgia Taylor	4/4
Councillor David Tutt	4/4

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2024/25 - Pension Board Members

Board Members	Nos. of meetings attended
Nigel Manvell – Brighton & Hove City Council	3/4
Zoe O'Sullivan - Active & Deferred	3/4
Trevor Redmond – Active and Deferred	2/4
Neil Simpson – Pensioner	4/4
Councillor Andrew Wilson – Borough and District Councils Councillor	4/4
Linda Hughes – The Southfield Trust	3/3

2024/25 - Member attendance at ACCESS Pool joint committee meetings

2024/25 Joint Committee Members	Nos. of meetings attended
Councillor Gerard Fox	3/4

During 2024/25 the Pension Board saw a change in its makeup, with the following people being appointed and resigning:

- Nigel Manvell – appointed January 2024 February 2025
- Linda Hughes – resigned June 2024

The Knowledge and Skills Framework

The Fund's objectives relating to knowledge and understanding are to:

- Ensure the Fund is appropriately managed and those individuals responsible for its management and administration have the appropriate knowledge and expertise;
- Ensures that there is the appropriate level of internal challenge and scrutiny on decisions and performance of the Fund;
- Ensure the effective governance and administration of the Fund; and
- Ensure decisions taken are robust and based on regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board (SAB) and the Secretary of State for Housing, Communities and Local Government.

CIPFA/Solace Knowledge and Skills Framework – Pension Fund Committees

Although there is currently no statutory requirement for knowledge and understanding for members of the Pension Committee, it is the Fund's opinion that members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board. The SAB's 'good governance' project signals a much stronger requirement on Pension Committee members knowledge and understanding.

The CIPFA framework, that was introduced in 2010, covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pensions accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

Under each of the above headings the Framework sets out the knowledge required by those individuals responsible for Fund's management and decision making.

CIPFA Technical Knowledge and Skills Framework – Local Pension Boards

CIPFA extended the Knowledge and Skills Framework in 2015 to specifically include Pension Board members, albeit there is an overlap with the original Framework.

The 2015 Framework identifies the following areas as being key to the understanding of local pension board members:

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge; and
- Actuarial methods, standards and practices.

Members of the Pension Board and Pension Committee, together with senior Officers within the Fund, complete a review of their knowledge measured against the areas recommended by both CIPFA and The Pensions Regulator each year. The results of this exercise are used to develop the training programme for the year ahead.

Links to The Scheme Advisory Board's Good Governance project

In February 2019 the Scheme Advisory Board commissioned Hymans Robertson to consider options for enhancing LGPS governance arrangements to ensure that the Scheme is ready for the challenges ahead and at the same time retains local democratic accountability. Following extensive consultation and engagement with the LGPS community, the SAB has published 3 reports. The most recent report, published in February 2021, includes recommendations on the following areas:

- Conflicts of Interest – Funds will be expected to produce and publish a policy covering actual, potential, and perceived conflicts of interest;
- Representation – Funds will produce and publish a policy on the representation of members and employers, explaining how voting rights work;
- Knowledge and Understanding – Highlighting that key individual should have the knowledge and understanding to fulfil their functions, including the s.151 Officer;
- Service delivery – This covers publishing details of decision makers' roles and responsibilities, publishing an administration strategy, reporting on performance, and including the Committee in business planning, and;
- Compliance and Improvement – Undergoing a biannual Independent Governance review.

The findings of the Good Governance Review have yet to be formally adopted in statutory form, however, the Administering Authority recognises the principles behind the recommendations and seeks to embed them into the culture of the East Sussex Pension Fund.

The Pensions Regulator's E-learning toolkit

The Pensions Regulator has developed an online toolkit to help those running public service schemes understand the governance and administration requirements set out in its Code of Practice 14 - Governance and administration of public service pension schemes, which was in place until March 2024. Compliance with the, new, General Code will be expected for the forthcoming financial year.

The toolkit covers seven short modules, which are: Conflicts of Interests; Managing Risk and Internal Controls; Maintaining Accurate Member Data; Maintaining Member Contributions; Providing Information to Members and Others; Resolving Internal Disputes; Reporting Breaches of the Law.

The modules of the Regulator's toolkit are by their very nature generic, having to cater for all public service pension schemes. While they give a minimum appreciation of the knowledge and understanding requirements set out in the Code of Practice, they do not cater for the specific requirements of the individual public service schemes.

As a result, the Regulator's toolkit does not cover knowledge and skills requirements in areas such as Scheme regulations, the Fund's specific policies and the more general pensions legislation. The Trustee Toolkit, a separate aid produced by the Pensions Regulator, includes a module on scams.

Whilst the Trustee Toolkit is designed for Trustees of private occupational pension schemes, some aspects of it have value for those connected to public service pension schemes. An example of a module which is relevant to the Fund is the one focused on transfer-out legislation and scams, which Pension Board and Pension Committee members have been asked to take along with appropriate officers.

The Pension Committee under the constitution of East Sussex County Council, has the responsibility "To make arrangements for the investment, administration and management of the Pension Fund".

Members of the Committee must, therefore, have an understanding of all aspects of running the Fund and how to exercise their delegated powers effectively.

Members of the Pension Committee require an understanding of:

- Their responsibilities as delegated under the constitution of East Sussex County Council as the administering authority for the Fund;
- The requirements relating to pension fund investments;
- The management and administration of the Fund;
- Controlling and monitoring the funding level; and
- Effective governance and decision making in relation to the management and administration of the Fund.

There also exists a specific requirement under MiFID II, that those making investment decisions, must be able to demonstrate that they have the capacity to be treated as professional investors.

Expectations on Pension Committee Members

The role of Pension Committee member is an important one and there are certain expectations on those undertaking the role. These include:

- A commitment to attend and participate in training events and to adhere to the principles of the Training Strategy;
- The ability to use acquired knowledge to participate in meetings and to ask questions constructively of the information provided by officers, advisers, and others;
- Judge the information provided in a fair and open-minded way that avoids pre-determining outcomes; and
- Operate within the terms of reference for the Pension Committee and the elected member code of conduct.

Local Pension Board

Under the constitution, the Local Pension Board is required to provide assistance to East Sussex County Council as the LGPS Scheme Manager in securing compliance with:

- LGPS Regulations and any other legislation relating to the governance and administration of the LGPS;
- Requirements imposed in relation to the LGPS by The Pensions Regulator;
- The agreed investment strategy; and
- Any other matters as the LGPS regulations may specify.

The role of the Local Pension Board is to provide assistance to the administering authority to ensure that the Fund is well run and complies with its legal responsibilities and best practice. The Local Pension Board does not replace the administering authority or make decisions which are the responsibility of the administering authority.

Local Pension Board members must be conversant with:

- The relevant LGPS Regulations and any other regulations governing the LGPS;
- Guidance issued by The Pensions Regulator and other competent authorities, relevant to the LGPS;
- Any policy or strategy documents as regards the management and administration of the Fund; and
- The law relating to pensions and such other matters as may be prescribed.

Training attended by Pension Board and Pension Committee

In the financial year 2024/25 members of both the Pension Board and Pension Committee attended a range of training sessions. These were a mix of sessions led by Officers, in-house events led by one of the Fund's advisors and external training events. All Board and Committee members are also provided with a list of articles and podcasts each month that have a training benefit. The time spent at formal sessions, which excludes personal development such as online toolkits, is listed below.

Pension Committee

East Sussex County Councillors	Hours of training events attended
Councillor Gerard Fox (Chairman)	1.5
Councillor Ian Hollidge	5
Councillor Paul Redstone	18.5
Councillor Georgia Taylor	22.45
Councillor David Tutt	2.5

Pension Board

Board Members	Hours of training events attended
Ray Martin (Chair)	2.5
Councillor Bharti Gajjar - Brighton & Hove City Council[1]	-
Nigel Manvell – Brighton & Hove City Council[2]	1
Tim Oliver - Educational Bodies	-
Zoe O'Sullivan - Active & Deferred	8
Trevor Redmond – Active and Deferred	10
Neil Simpson – Pensioner	6
Lynda Walker - Active & Deferred[3]	16.5
Councillor Andrew Wilson – Borough and District Councils	3

Work undertaken by the Pension Board and Pension Committee

In financial year 2024/25 the Pension Board heard, and provided input for, reports on a variety of topics covering the governance and administration of the Fund. This included discussion of the risk register, which is a standing item on the agenda of both the Pension Board and Pension Committee.

The Pension Board also sought additional information from Officers, which is now provided at each meeting on the approach taken by the Pension Committee to taking financial decisions. Whilst the taking financial decisions is within the remit of the Pension Committee, the Board has oversight of investment governance and this further consideration has improved its ability to offer effective challenge to decision making, where appropriate. A report covering the financial year by the Chair of the Pension Board can be found at

1 In post for 4 months, including induction period

2 In post for 2 months by end of financial year and going through induction

3 In post for 2 months before resigning

https://democracy.eastsussex.gov.uk/documents/s59460/7.%20Report%20of%20the%20Pension%20Board%202024.pdf.

The Pension Committee has standing items as part of its meeting covering updates on various aspects of governance, administration and investments. Additionally, it has reviewed Fund policies that have been in place for a period of three years to ensure they are fit for purpose and continue to comply with best practice. It has also worked to make changes to the asset allocations in place and made changes to the delegated authority of the Chief Finance Officer to improve the ability of the Fund to react swiftly to both investment upside and downside developments.

Conflicts of interest

In order to preserve the integrity of the Pension Fund there is a regular review of interests Officers, Pension Board members and Pension Committee members have outside of the Fund. All Officers are required to make a declaration of interests at least annually and Pension Board and Committee members are also asked about this as part of each meeting.

The Fund has a Conflicts of Interest policy which covers the expectations around this in more detail. It is available from the Fund website (https://www.eastsussexpensionfund.org/media/wzaic35a/conflicts-of-interest-policy-2021-east-sussex-pension-fund.pdf)

Key officers

The following roles made up the senior Officer Group in Financial Year 2024/25:

- Chief Finance Officer
- Head of Pensions
- Head of Pensions Administration
- Pensions Manager – Governance and Compliance
- Pensions Manager – Employer Engagement
- Pensions Manager – Investments and Accounting

lgps | Local Government Pension Scheme

Financial Performance

Overview of the fund's financial performance, Income, expenditure, and cash flows

Analytical Review

The following tables provide a brief review of the major movements in the Fund Account and the Net Assets Statement for the financial year. More detail is provided in the Investment Policy and Performance report from page 29.

	2023/24 £000	2024/25 £000
Fund Account		
Net (Contributions)/withdrawals	3,352	6,610
Management Expenses	26,278	29,588
Return on Investments	(383,440)	(92,378)
Net Increase in Fund	**(353,810)**	**(56,180)**

	2023/24 £000	2024/25 £000
Net Asset Statement		
Bonds	234,909	357,460
Equities	395,972	412,833
Pooled Funds	4,215,384	4,091,566
Cash	70,293	111,311
Other	(1.310)	1,525
Total Investment Assets	**4,915,248**	**4,974,695**
Non-Investment Assets	17,111	13,844
Net assets of the fund available to fund benefits at the year end.	**4,932,359**	**4,988,539**

Analysis of pension contributions

The table below shows the number of primary pension contributions received late in the financial year 2024/25.

Month	Payments Due	Payments Received Late
April	**148**	**1**
May	**148**	**2**
June	**149**	**3**
July	**148**	**5**
August	**146**	**3**
September	**151**	**2**
October	**151**	**5**
November	**151**	**4**
December	**151**	**4**
January	**155**	**1**
February	**155**	**4**
March	**156**	**0**

No interest was charged on any of the late payments.

Forecasts

The following tables show the forecasts and outturn for the Fund Account and the Net Asset Statement.

Fund Account	2023/24	2023/24	2024/25	2024/25	2025/26
	Forecast	**Actual**	**Forecast**	**Actual**	**Forecast**
	£000	**£000**	**£000**	**£000**	**£000**
Contributions	(161,929)	(166,107)	(186,884)	(186,882)	(208,000)
Payments	166,328	169,459	197,188	193,492	227,300
Administration expenses	3,696	3,377	3,725	3,504	3,800
Oversight and governance costs	689	598	736	665	700
Investment expenses:					
Management Fees	28,352	22,303	23,187	25,419	26,800
Net investment income	(76,300)	(68,794)	(71,200)	(84,105)	(90,100)
Change in market value	(177,000)	(314,646)	(194,900)	(8,273)	(233,000)
Net increase in the Fund	**(216,064)**	**(353,810)**	**(228,149)**	**(56,180)**	**(272,500)**

Contributions and payments are based on amounts provided by the actuary used the strategy of the Fund; the administration and investment management expenses are based on current budgets; and the net investment income and change in market value are based on the long-term forecast returns for each asset class.

Net Asset Statement	2023/24	2023/24	2024/25	2024/25	2024/25
	Forecast	Actual	Forecast	Actual	Forecast
Equities	2,115,800	2,185,980	2,295,300	2,145,269	2,270,700
Bond	515,200	696,549	707,000	848,485	901,800
Property	336,100	321,613	329,300	314,095	322,100
Alternatives	875,200	823,502	877,000	806,037	824,800
Cash	45,600	70,293	55,500	111,311	148,100
Other	848,500	817,311	848,700	749,498	777,000
Total Investment Assets	**4,736,700**	**4,915,248**	**5,112,800**	**4,974,695**	**5,244,500**

The forecasts for total investment assets are based on the underlying assets within the pooled funds multiplied by the historic long-term returns for each asset class used. Net contributions, less administration and investment management expenses and oversight and governance costs, are added to the Cash figure to reflect new money into the Fund. The forecasts do not take into account potential additions or disposals of investments within these asset classes during the period as potential changes are not known with any degree of certainty.

Management Expenses - Forecast

	2023/24	2023/24	2024/25	2024/25	2025/26
	Forecast	**Actual**	**Forecast**	**Actual**	**Forecast**
	£000	**£000**	**£000**	**£000**	**£000**
Pension Fund Staff Costs					
ESCC Recharge	2,023	1,958	2,436	2,334	2,460
Staff costs total	**2,023**	**1,958**	**2,436**	**2,334**	**2,460**
Administration Costs					
ESCC Support Services	475	315	531	344	348
Supplies and Services	1,179	1,125	773	851	994
Income		(21)	(15)	(21)	(5)
Administration total	**1,654**	**1,419**	**1,289**	**1,174**	**1337**
Oversight and governance costs					
ESCC Support Services	37	37	37	37	37
Supplies and Services	652	562	699	628	705
Third Party Payments	81	118	89	92	92
Other Income	(81)	(119)	(89)	(92)	(92)
Oversight and governance total	**689**	**598**	**736**	**665**	**742**
Investment Management (excluding manager fees)					
Custodian	97	107	100	102	106
Investment Management Total	**97**	**107**	**100**	**102**	**106**
Monitored Management Expenses Total	**4,463**	**4,082**	**4,561**	**4,275**	**4,645**
Investment Management Not Monitored*					
Management Fees	28,352	22,196	23,087	25,313	26,800
Investment Management not monitored Total	**28,352**	**22,196**	**23,087**	**25,313**	**26,800**
Management Expenses Total	**32,815**	**26,278**	**27,648**	**29,588**	**31,445**

* The decision was taken that investment management fees would no longer be monitored through the budget monitoring process in 2023/24. This was due to large fluctuations in manager fees due to market

movements would obscure the smaller fluctuations on lines where management were able to influence the spend. This also obscured the value within the accounts as this did not include the fees which are deducted at the individual portfolio level rather than being paid directly by the Pension Fund. This change was brought in to provide better accountability and oversight of the cost associated with running the Fund.

Pension overpayments

When an overpayment of pension benefits has been identified the recovery of this debt needs to be pursued. The detail of the debt is collated, and an invoice is raised to the relevant party for payment. The Fund follows the East Sussex County Councils procedure for recovering income which has escalation points set if the debt remains unpaid with the final stage this is passed on to the East Sussex legal team to pursue.

The table below shows the pension overpayments and recoveries for the past 5 years:

Year	Value	Overpaid Pensioners	Recoveries	Write Off	Outstanding
2023/24	Number	43	38	2	3
	Value £000	51	32	1	17
2022/23	Number	69	51	13	5
	Value £000	50	30	18	2
2021/22	Number	42	26	13	3
	Value £000	32	22	7	3
2020/21	Number	19	4	0	15
	Value £000	9	1	0	8
2019/20	Number	10	8	0	2
	Value £000	6	4	0	2
2018/19	Number	30	21	1	8
	Value £000	70	59	6	5

Mortality screening of the active pensioners was introduced for each month in 2020, however, as part of the Orbis dissolution the Pension Fund were required to reprocure the mortality screening service, which meant mortality screening was not completed between April 2021 and June 2022. Therefore, the number of overpaid pensions has increased over the past two years, but this should reduce going forward.

East Sussex Pension Fund - Accounts 2024/25

Fund Account, Net Assets Statement and Notes to the accounts

Introduction

The Local Government Pension Scheme (LGPS) is a statutory pension scheme, whose rules are governed by Parliament in accordance with the Public Services Pensions Act 2013. The rules of the scheme are provided in the Local Government Pension Scheme Regulations and provide the statutory basis within which the Scheme can operate.

Although a national pension scheme, mainly set up for the benefit of local government employees, the LGPS is administered locally. The LGPS is open to all non-teaching employees of the County, District and Borough Councils and Unitary Authorities in East Sussex, as well as Further Education Colleges, Academies, Town and Parish Councils and a small number of charitable organisations who have applied to be treated as "admission bodies". In addition, the LGPS allows employees of private contractors to participate in the Scheme where they are providing a service or assets in connection with the functions of a scheme employer, in accordance with the specific requirements of the LGPS Regulations. The scheme is not open to teachers or fire fighters, as these groups of employees have separate pension schemes.

Currently within the East Sussex Pension Fund there are 149 participating employers. A full list of participating employers is given at note 29.

More information on the Fund can be found on its website Homepage | East Sussex Pension Fund.

Administering Authority Responsibilities

East Sussex County Council has a statutory responsibility to administer and manage the East Sussex Pension Fund (the Fund) on behalf of all the participating employers of the Fund in East Sussex, and in turn the past and present contributing members, and their dependents.

The Fund receives contributions from both employees and employers, as well as income from its investments, these elements then meet the cost of paying benefits of the pension scheme. As part of its responsibilities as the administering authority the County Council is responsible for setting the funding and investment strategies and reviewing the performance of the Fund's external investment managers and advisers. The administration and management of the Pension Fund has been delegated to the East Sussex Pension Committee supported by the East Sussex Pension Board.

The Fund has the day-to-day functions of managing the governance of the Fund and administration functions under its sovereign control. The main services provided by the Fund include governance and compliance, investment, accounting, maintenance of scheme members' records, calculation and payment of pension benefits, transfers of pension rights, calculation of annual pension increases and the provision of information and communications to scheme members, scheme employers and other stakeholders.

The Fund increased its governance arrangements following a good governance review resulting in a change to terms of reference, delegations, policies and team structure with all decision-making residing with the Pension Committee. The Fund ensures that all the participating employers within the Fund are aware of their own responsibilities through its administration strategy, as well as any changes to the provisions of the Scheme that may be introduced though an employer engagement team, communications and an annual employer forum.

A major responsibility of the administering authority is to undertake a valuation of the Pension Fund's assets and liabilities (triennial valuation). The main purpose of this exercise is to assess the size of the Fund's current and future liabilities against the size of assets, and then set the employer contribution to the Fund for each participating employer for the following three-year period. The most recent actuarial valuation of the Fund was carried out at 31 March 2022 and the next triennial valuation will be on the 31 March 2025 with new contribution rates set then.

Asset Pools

The East Sussex Pension Fund has joined with 10 other Local Government Pension Schemes (LGPS) Administering Authorities to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The other members of the ACCESS Pool are:

1. Cambridgeshire	5. Norfolk	8. Hertfordshire
2. Kent	6. Essex	9. Suffolk
3. Hampshire	7. West Northamptonshire	10. Isle of Wight
4. West Sussex		

At the 31 March 2025 collectively, the pool has assets of £66.7 billion (of which 74% has been pooled) serving approximately 3,500 employers with over 1.2 million members.

The ACCESS Pool is not a legal entity in itself, but is governed by the Inter Authority Agreement signed by each Administering Authority established in 2017. The Inter Authority Agreement sets out the terms of reference and constitution of ACCESS.

The formal decision-making body within the ACCESS Pool is the ACCESS Joint Committee. The Joint Committee has been appointed by the 11 Administering Authorities under s102 of the Local Government Act 1972, with delegated authority from the Full Council of each Administering Authority to exercise specific functions in relation to the Pooling of Pension Fund assets.

Following the November 2024 Mansion House speech the government published a consultation entitled "Local Government Pension Scheme: Fit for the Future". This discussed further in the note 6. Events after the balance sheet date.

The Joint Committee is responsible for ongoing contract management and budget management for the Pool and is supported by the Section 151 Officers Group, Officer Working Group and the ACCESS Support Unit. More information on the ACCESS pool can be found on their website https://www.accesspool.org/.

Fund account, net assets statement and notes

Fund Account

2023/24 £000	2023/24 £000		Notes	2024/25 £000	2024/25 £000
		Dealings with members, employers and others directly involved in the fund			
		Contributions	7		
(115,497)		From Employers		(121,570)	
(39,521)		From Members		(43,424)	
	(155,018)				(164,994)
	(11,089)	Transfers in from other pension funds	8		(21,888)
	(166,107)				**(186,882)**
	155,608	Benefits	9		177,514
	13,851	Payments to and on account of leavers	10		15,978
	169,459				**193,492**
	3,352	**Net (additions)/withdrawals from dealings with members**			**6,610**
	26,278	Management expenses	11		29,588
	29,630	**Net (additions)/withdrawals including fund management expenses**			**36,198**
		Returns on investments			
	(68,871)	Investment income	12		(84,215)
	77	Taxes on income	13a		110
	(314,646)	Profit and losses on disposal of investments and changes in the value of investments	14a		(8,273)
	(383,440)	**Net return on investments**			**(92,378)**
	(353,810)	**Net (increase)/decrease in net assets available for benefits during the year**			**(56,180)**
	(4,578,549)	**Opening net assets of the scheme**			**(4,932,359)**
	(4,932,359)	**Closing net assets of the scheme**			**(4,988,539)**

Net Assets Statement for the year ended 31 March 2025

31 March 2024 £000		Notes	31 March 2025 £000
4,846,304	Investment assets	14	4,861,860
1,333	Other Investment balances	21	2,016
(2,682)	Investment liabilities	22	(492)
70,293	Cash deposits	14	111,311
4,915,248	**Total net investments**		**4,974,695**
20,194	Current assets	21	16,643
(3,083)	Current liabilities	22	(2,799)
4,932,359	**Net assets of the fund available to fund benefits at the year end.**		**4,988,539**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

Treasurers Certificate

I certify that the accounts of the East Sussex Pension Fund provide a true and fair view of the Pension Fund at 31 March 2025 and of the movements for the year then ended.

Ian Gutsell

Chief Finance Officer (Section 151 Officer)

Business Services Department

Date to be confirmed

Notes to the East Sussex Pension Fund Accounts for the year ended 31 March 2024

1: Description of Fund

The East Sussex Pension Fund ("the Fund") is part of the Local Government Pension Scheme and is administered by East Sussex County Council ("the Scheme Manager"). The County Council is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, references should be made to the East Sussex Pension Fund Annual Report 2024/25 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and The Local Government Pension Scheme (LGPS) Regulations.

General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

a) The Local Government Pension Scheme Regulations 2013 (as amended)

b) The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)

c) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme administered by East Sussex County Council to provide pensions and other benefits for pensionable employees of East Sussex County Council, Brighton and Hove City Council, the district and borough councils in East Sussex County and a range of other scheduled and admitted bodies within the county area.

The Fund is also empowered to admit the employees of certain other bodies, town and parish councils, educational establishments, contractors providing services transferred from scheduled bodies and community interest bodies. The Fund does not provide pensions for teachers, for whom separate arrangements exist. Uniformed police and fire staff are also subject to separate pension arrangements.

The Council has delegated its pension functions to the East Sussex Pension Committee. Responsibility for the administration and financial management of the Fund has been delegated to the Chief Finance Officer along with the Head of Pensions.

The Scheme Manager is also required to establish and maintain a Pension Board, for the purposes of assisting with the administration and ongoing compliance of the Fund. The role of the Board is to assist the East Sussex Pension Fund in complying with all the legislative requirements making sure the scheme is being effectively and efficiently governed and managed.

Independent investment managers have been appointed to manage the investments of the Fund. The Fund also invests in liquid investments such as equities and bonds as well as illiquid investments such as private equity, infrastructure, and private debt. The Committee oversees the management of these investments and the Fund and its advisers meet regularly with the investment managers to monitor their performance against agreed benchmarks. The Pension Committee take proper advice from specialist advisers when making investment decisions.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Employees are auto enrolled into the scheme every three years and on appointment.

Organisations participating in the East Sussex Pension Fund include:

a) Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund

b) Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable, and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 149 employer organisations within East Sussex Pension Fund including the County Council itself, and 86,784 members as detailed below:

East Sussex Pension Fund	31 March 2024	31 March 2025
Number of employers with active members	**144**	**149**
Number of employees		
County Council	8,003	7,889
Other employers	16,885	17,076
Total	**24,888**	**24,965**
Number of pensioners		
County Council	10,898	11,472
Other employers	14,390	15,290
Total	**25,288**	**26,762**
Deferred pensioners		
County Council	14,288	13,973
Other employers	20,952	21,084
Total	**35,240**	**35,057**
Total number of members in pension scheme	**85,416**	**86,784**

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employee contributions are matched by employers' contributions, which are set, based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Currently, employer contribution rates range from 0% to 45.9% of pensionable pay.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme (CARE), whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the East Sussex Pension Fund Website www.eastsussexpensionfund.org

2: Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year and its position at year-end as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 which is based upon International Financial Reporting Standards (IFRS) as amended for UK public sector. The accounts have been prepared on a going concern basis. The accounts have been prepared on a going concern basis which management believes to be right as the latest valuation provided by our actuary has set the Funding level at 123% contributions rates were set for 3 years, the fund strategy statement is being followed and we are collecting contributions in line with these. We have £5.0bn in assets that are generating investment returns in line with expectations and the benefits continue to be covered from contributions and investment income.

Accounting standards issued but not yet adopted - Under the Code of Practice on Local Authority

Accounting standards issued but not yet adopted - Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the code), the Fund is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued on or before 1 January 2022 but not yet adopted by the Code.

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements are:

a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible noninvestment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

d) It is likely there will be limited application of items a) and b), although authorities will need to consider their individual circumstances in case either of these standards apply.

There were no amendments for 2024/25 for the accounts of the Pension Fund.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits.

The code gives administering authorities the option to disclose this information in the net asset statement, in the notes to the accounts or appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 20.

The Pension Fund publishes a number of statutory documents, including an Investment Strategy Statement, a Funding Strategy Statement, Governance and Compliance Policy Statement and Communications Strategy Statement. Copies can be obtained by contacting the Council's Pensions team or alternatively are available from https://www.eastsussexpensionfund.org/

The Fund invest a large portion of its investment assets through the ACCESS (A Collaboration of Central, Eastern and Southern Shires) LGPS Pool. There is no specific accounting policy for the Pool. The ACCESS Pool is not a legal entity in itself, but is governed by an Inter Authority Agreement signed by each Administering Authority.

The formal decision-making body within the ACCESS Pool is the ACCESS Joint Committee, which has let the management of the asset pool to Waystone Management (UK) Ltd, appointed to provide a pooled operator service and is FCA regulated. There is no direct investment in the third party, only a contractual arrangement to provide services, so there is no investment balance to carry forward in the net asset statement.

3. Summary of significant accounting policies

Fund account – revenue recognition

1. **Contribution income**

Normal contributions are accounted for on an accruals basis as follows:

Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes, which rise according to pensionable pay.

Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body.

Additional employers' contributions in respect early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Ill-health insurance policy some employers have opted into an ill-health insurance policy administered by the Fund on their behalf. Contributions calculated by the actuary include an allowance for ill-health claims this allowance is used to pay for the policy and a reduction in contributions based on the premium and membership of the employer is made. Within the policy a profit-sharing mechanism has been included which is based on the claims made. An assessment will be taken if any profit share will be appropriate and an accrual is made on the likely share of the profits the employers are entitled to.

2. **Transfers to and from other schemes**

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 8).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

3. **Investment income**

a) Interest income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

b) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

c) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

d) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

4. **Benefits payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

5. **Taxation**

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

6. **Management expenses**

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

a) Administrative expenses

All staff costs relating to the pensions administration team are charged direct to the Fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the Fund.

b) Oversight and governance costs

All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund

c) Investment management expenses

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 11A and grossed up to increase the change in value of investments.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Where an investment manager's fee has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2024/25, £0.43m of fees is based on such estimates (2023/24: £1.2m).

Net assets statement

7. Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset.

Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

8. Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

9. Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in the change in market value. The value of futures contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin. The future value of forward currency contracts is based on the market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contracts were matched at the year end with an equal and opposite contract.

10. Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

11. Financial liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. The fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised costs are carried at amortised cost i.e., the amount carried in the net asset statement are the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accrual's basis.

12. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 26 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 20).

13. Additional voluntary contributions

East Sussex Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

14. Contingent assets and contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

4. Critical judgements in applying accounting policies

Pension Fund liability

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The assumptions underpinning the triennial valuation are agreed locally with the actuary and are summarised in note 19. In accordance with IAS26 the Fund is also required to disclose on an annual basis the actuarial present value of promised retirement benefits in note 20. The actuarial methodology used in triennial valuations is different from that used in IAS26 calculations, therefore they will produce different liability values at a common valuation date. The liability estimates in notes 19 and 20 are subject to significant variances based on changes to the underlying assumptions and actual future experience related to the development of pension liabilities."

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions are made to take into account historical experience, current trends and other relevant factors. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 20)	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. As a result of Coronavirus pandemic there is an increase in the uncertainty around the mortality provisions within the Fund, however it is too early to assess this figure at the current time so has not been included in our calculations. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	**The effects on the net pension liability of changes in individual assumptions can be measured. For instance, for the 2022 Valuation the actuary advised that:** 1. A 0.1% decrease in the discount rate assumption would result in an increase in the pension liability by approximately **£63.0m (2%).** 2. A 0.1% increase in CPI Inflation would increase the value of liabilities by approximately **£58.0 million (2%).** 3. A 0.25% Increase in mortality rates would result in an increase in the pension liability by approximately **£29.0m (1%).** 4. A 0.5% Increase in Salary Assumption would result in an increase in the pension liability by approximately **£36.0m (1%)**

Private equity	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2015). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £359 million. There is a risk that this investment may be under or overstated in the accounts depending on use of estimates applied in the valuation models by the fund managers. The sensitivity of this figure is discussed further in Note 16 and Note 18.
Infrastructure	Infrastructure investments are valued at fair value in accordance with industry guidelines, based on the Fund manager valuations as at the end of the reporting period. These investments are not publicly, listed and as such there is a degree of estimation involved in the valuation.	The total infrastructure investments in the financial statements are **£423.3 million**. There is a risk that this investment may be under or overstated in the accounts depending on use of estimates applied in the valuation models by the investment managers. The sensitivity of this figure is discussed further in Note 16 and Note 18.
Pooled Property	Pooled Property investments are valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. Pooled property funds have derived underlying assets that have been valued by independent external valuers on a fair value basis in accordance with industry guidelines.	The total Pooled Property investments in the financial statements are £314.9 million. There is a risk that this investment may be under or overstated in the accounts depending on use of estimates applied in the valuation models by the investment managers. The sensitivity of this figure is discussed further in Note 16 and Note 18.
Climate Risk	Climate risk is the potential for adverse consequences for human or ecological systems, recognising the diversity of values and objectives associated with such systems. In the context of climate change, risks can arise from potential impacts of climate change as well as human responses to climate change. The outcomes of these risks is unknown and as such there is a degree of estimation involved in the valuation of companies.	The total net investment assets of the Fund are **£4,975.0 million.** There is a risk that the investments may be over or understated in the accounts depending on the assumptions around policy responses to climate change in the valuation of investments. The impact would be across the whole Fund but not necessary equally across asset classes. We consider that there is a price risk – sensitivity of £672M which is discussed further in Note 16 and Note 18.

6. Events after the balance sheet date

In November 2024 the Chancellor made a speech at Mansion House following this the government published a consultation entitled "Local Government Pension Scheme: Fit for the Future". As part of this the ACCESS Pool was requested to provide a proposal to Government on how it would meet the requirements set out in consultation at the end of February 2025. The Pensions Minister Torsten Bell and Local Government Minister Jim McMahon wrote to all ACCESS Authorities on 9 April 2025 in response to the ACCESS Pool's proposal. This letter indicated that Government did not support ACCESS's February proposal and invited each ACCESS Authority to identify which pool they wish to partner with going forward. This will require the East Sussex Pension Fund to consider its pooling arrangements during 2025 and work to move its assets across to a new LGPS pool provider. Currently the financial impact of this cannot currently be made or estimated.

7. Contributions Receivable

	2023/24 £000	2024/25 £000
By category		
Employee's contributions	39,521	43,424
Employer's contributions		
Normal contributions	114,257	120,825
Deficit recovery contributions	357	277
Augmentation contributions	883	3,737
Employers in surplus (exit credits paid)	-	(3,269)
Total	**155,018**	**164,994**
By authority		
Scheduled bodies	101,458	110,568
Admitted bodies	3,217	3,099
Administrative Authority	50,343	54,596
Employers in surplus (exit credits paid)	-	(3,269)
Total	**155,018**	**164,994**

The contribution includes the exit credit payments of 5 scheme employers which had ceased before end of 31 March 2025 where an exit credit payment were made in 2024/25. The total of the exit payments for the 5 employers totalled £3.3m.

8. Transfers in from other pension funds

	2023/24 £000	2024/25 £000
Group transfers	-	-
Individual transfers	11,089	21,888
Total	**11,089**	**21,888**

9. Benefits payable

	2023/24 £000	2024/25 £000
By category		
Pensions	131,847	144,512
Commutation and lump sum retirement benefits	20,305	29,087
Lump sum death benefits	3,456	3,915
Total	**155,608**	**177,514**
By authority		
Scheduled bodies	93,156	106,990
Admitted bodies	4,890	5,556
Administrative Authority	57,562	64,968
Total	**155,608**	**177,514**

10. Payments to and on account of leavers

	2023/24 £000	2024/25 £000
Refunds to members leaving service	408	780
Group transfers	(137)	-
Individual transfers	13,580	15,198
Total	**13,851**	**15,978**

11. Management expenses

	2023/24 £000	2024/25 £000
Administrative costs	3,377	3,504
Investment management expenses	22,303	25,419
Oversight and governance costs	598	665
Total	**26,278**	**29,588**

11a) Investment management expenses – 2024/25

2024/25	Total £000	Management Fees £000	Performance Related Fees £000	Transaction costs* £000
Bonds	**17**	17	-	-
Equities	**659**	659	-	-
Pooled investments				
Fixed Income	**2,211**	2,146	-	65
Equity	**5,965**	5,436	-	529
Diversified growth funds	**5,086**	4,552	-	534
Pooled property investments	**1,431**	1,431	-	0
Private equity / infrastructure	**9,948**	8,555	1,381	12
	25,317	**22,796**	**1,381**	**1,140**
Custody	**102**			
Total	**25,419**			

*In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within pooled investments.

2023/24	Total £000	Management Fees £000	Performance Related Fees £000	Transaction costs* £000
Bonds	**85**	85	-	-
Equities	**500**	500	-	-
Pooled investments				
Fixed Income	**1,972**	1,935	-	37
Equity	**7,110**	6,513	-	597
Diversified growth funds	**4,769**	4,465	-	304
Pooled property investments	**1,586**	1,560	-	26
Private equity / infrastructure	**6,174**	6,695	(521)	-
	22,196	**21,753**	**(521)**	**964**
Custody	**107**			
Total	**22,303**			

*In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within pooled investments.

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are grossed up.

During the year, the Pension Fund incurred management fees which were deducted at source for 2024/25 of £5.2m (£4.0m in 2023/24) on its private equity investments, fees of £4.7m (£1.7m in 2023/24) on its infrastructure investments, fees of £10.4m (£9.2m in 2024/25) on investments in the ACCESS Pool and fees of £5.0m (£4.2m in 2024/25) on other mandates. These fees are deducted at the individual portfolio level rather than being paid directly by the Pension Fund.

12. Investment income

	2023/24 £000	2024/25 £000
Income from equities	5,561	7,496
Private equity/Infrastructure income	1,958	2,554
Pooled property investments	11,801	14,686
Pooled investments - unit trusts and other managed funds	47,288	56,805
Interest on cash deposits	2,263	2,674
Total	**68,871**	**84,215**

13. Other fund account disclosures

13a) Taxes on income

	2023/24 £000	2024/25 £000
Withholding tax – equities	(77)	(110)
Total	**(77)**	**(110)**

13b) External audit costs

	2023/24 £000	2024/25 £000
Payable in respect of external audit for 2021/22	-	17
Payable in respect of external audit for 2022/23	-	4
Payable in respect of external audit for 2023/24	98	-
Payable in respect of external audit for 2024/25		102
Payable in respect of other services	-	5
Total	**98**	**128**
Grant	(11)	(15)
Total	**87**	**113**

14. Investments

	2023/24 £000	2024/25 £000
Investment assets		
Bonds	234,909	357,460
Equities	395,972	412,834
Pooled Investments		
Fixed Income	496,738	519,444
Equity	1,790,008	1,732,436
Diversified growth funds	818,621	747,974
Pooled property investments	321,613	314,095
Private equity/infrastructure	788,404	777,616
Derivative contracts:		
Futures	39	1
	4,846,304	**4,861,860**
Cash deposits with Custodian	70,293	111,311
Other Investment balances (Note 21)	1,333	2,016
Total investment assets	**4,917,930**	**4,975,187**
Investment Liabilities (Note 22)	(2,682)	(472)
Derivative contracts:		
Futures	-	(20)
Total Investment Liabilities	**(2,682)**	**(492)**
Net investment assets	**4,915,248**	**4,974,695**

14a) Reconciliation of movements in investments and derivatives

	Market value 1 April 2024 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31 March 2025 £000
Bonds	**234,909**	152,000	-	(29,449)	**357,460**
Equities	**395,972**	118,486	(111,907)	10,283	**412,834**
Pooled investments	**3,105,367**	194,821	(284,561)	(15,773)	**2,999,854**
Pooled property investments	**321,613**	5,363	(23,478)	10,597	**314,095**
Private equity/infrastructure	**788,404**	30,525	(73,323)	32,010	**777,616**
	4,846,265	**501,195**	**(493,269)**	**7,668**	**4,861,859**
Derivative contracts					
■ Futures	**39**	1,732	(1,771)	(19)	**(19)**
■ Forward currency contracts	**-**	-	-	-	**-**
	4,846,304	**502,927**	**(495,040)**	**7,649**	**4,861,840**
Other investment balances:					
■ Cash deposits	**70,293**			624	**111,311**
■ Other Investment Balances	**1,333**				**2,016**
■ Investment Liabilities	**(2,682)**				**(472)**
Net investment assets	**4,915,248**			**8,273**	**4,974,695**

	Market value 1 April 2023 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31 March 2024 £000
Bonds	**93,755**	136,000	-	5,154	**234,909**
Equities	**235,630**	128,422	(122,241)	154,161	**395,972**
Pooled investments	**3,068,652**	198,413	(317,250)	155,552	**3,105,367**
Pooled property investments	**328,542**	24,612	(21,112)	(10,429)	**321,613**
Private equity/infrastructure	**778,754**	40,004	(39,896)	9,542	**788,404**
	4,505,333	**527,451**	**(500,499)**	**313,980**	**4,846,265**
Derivative contracts					
■ Futures	**53**	812	(1,323)	497	**39**
■ Forward currency contracts	**-**	-	-	-	**-**
	4,505,386	**528,263**	**(501,822)**	**314,477**	**4,846,304**
Other investment balances:					
■ Cash deposits	**54,418**			169	**70,293**
■ Other Investment Balances	**1,062**				**1,333**
■ Investment Liabilities	**(1,061)**				**(2,682)**
Net investment assets	**4,559,805**			**314,646**	**4,915,248**

14b) Investments analysed by fund manager

	Market value 31 March 2024 £000	Market value 31 March 2024 %	Market value 31 March 2025 £000	Market value 31 March 2025 %
Investments in the ACCESS Pool				
ACCESS - Alpha Opportunities (M&G)	330,522	6.7%	195,138	3.9%
ACCESS - Absolute Return (Ruffer)	450,410	9.2%	455,167	9.1%
ACCESS - Corporate Debt (M&G)	131,119	2.7%	124,462	2.5%
ACCESS - Global Alpha (Baillie Gifford)	217,275	4.4%	213,485	4.3%
ACCESS - Global Equity (Longview)	521,637	10.6%	510,196	10.3%
ACCESS - Global Infrastructure (IFM)	246,864	5.0%	267,901	5.4%
ACCESS - Passive Index Linked (UBS)	234,918	4.8%	357,452	7.2%
ACCESS - Passive Osmosis (UBS)*	397,602	8.1%	415,406	8.4%
ACCESS - Real Estate Fund (CBRE)*	-	-	338,685	6.8%
ACCESS - Real Return (Newton)	368,211	7.5%	292,812	5.9%
ACCESS – Total Return Credit (RBC Blue Bay)	-	-	171,429	3.4%
	2,898,558	**59.0%**	**3,342,133**	**67.2%**
Investments held directly by the Fund				
Adams Street Partners*	189,505	3.9%	174,134	3.5%
Atlas Infrastructure	99,922	2.0%	104,380	2.1%
East Sussex Pension Fund Cash	52,172	1.1%	76,814	1.5%
Harbourvest Partners*	181,573	3.7%	185,473	3.7%
M&G	35,098	0.7%	28,419	0.6%
Pantheon	87,045	1.8%	77,297	1.6%
Infracapital	49,369	1.0%	42,836	0.9%
Schroders *	336,032	6.8%	3,495	0.1%
Storebrand	465,360	9.5%	450,317	9.1%
UBS Infrastructure	35,389	0.7%	35,337	0.7%
Wellington Management	247,275	5.0%	253,400	5.0%
Wheb	237,950	4.8%	200,660	4.0%
	2,016,690	**41.0%**	**1,632,562**	**32.8%**
	4,915,248	**100.0%**	**4,974,695**	**100.0%**

* These mandates is where the investment manager oversees the East Sussex Pension Fund's investments in a range of underlying investments these are not a single investments into an investment fund.

The following investments represent more than 5% of the investment assets of the scheme

Security	Market Value 31 March 2024 £000	% of total fund	Market value 31 March 2025 £000	% of total fund
WS ACCESS Global Equity Fund	521,637	10.6%	510,196	10.3%
AMX UCITS CCF - Storebrand - Global ESG Plus	465,360	9.5%	450,317	9.1%
WS ACCESS Absolute Return Fund	450,410	9.2%	455,167	9.1%
UBS Life UK Over 5 Year Index-Linked Tracker Fund	234,918	4.8%	357,452	7.2%
WS ACCESS Real Return Fund	368,211	7.5%	292,812	5.9%
IFM Global Infrastructure	246,864	5.0%	267,901	5.4%
Wellington Global Impact Fund	247,275	5.0%	253,400	5.0%

14c) Stock lending

The East Sussex Pension Fund has not operated a direct stock lending programme since 13 October 2008 but stock lending may occur in some of our pooled vehicles the fund is in invested in.

15. Analysis of derivatives

Objectives and policies for holding derivatives

Derivatives can be used to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives maybe used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the various investment managers.

1. Futures

The Fund's objective is to decrease risk in the portfolio by entering into futures positions to match assets that are already held in the portfolio without disturbing the underlying assets.

Type	Expires	Economic Exposure £000	Market Value 31 March 2024 £000	Economic Exposure £000	Market Value 31 March 2025 £000
Assets					
UK Equity Futures	Less than one year	240	10	-	-
Overseas Equity Futures	Less than one year	1,239	29	138	1
Total assets			**39**		**1**
Liabilities					
UK Equity Futures	Less than one year	-	-	257	(2)
Overseas Equity Futures	Less than one year	-	-	2,145	(18)
Total liabilities			**-**		**(20)**
Net futures			**39**		**(19)**

2. Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. The Fund can participate in forward currency contracts in order to reduce the volatility associated with fluctuating currency rates.

No forward foreign currency investments were held at the 31 March 25 (Nil 31 March 24)

3. Options

The Fund wants to benefit from the potentially greater returns available from investing in equities but wishes to minimise the risk of loss of value through adverse equity price movements. The Fund buys equity option contracts that protect it from falls in value in the main markets in which the scheme invests.

No options investments were held at the 31 March 25 (Nil 31 March 24)

16. Fair value – basis of valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques, which represent the highest and best price available at the reporting date

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market-quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not Required	Not Required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not Required	Not Required
Futures and options in UK bonds	Level 1	Published exchange prices at the year-end	Not Required	Not Required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not Required	Not Required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not Required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not Required
Overseas bond options	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not Required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled investments – Equity, Fixed Income and Diversified Growth Funds	Level 2	Values are not published on exchanges and are determined by the investment manager or responsible entity at prescribed valuation points. Closing bid price where bid and offer prices are published Closing single price where single price published	The valuation is undertaken by the investment manager or responsible entity and advised as a unit or security price. Observable inputs are used. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.	Not Required
Pooled investments – Property Funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published Investments in unlisted property funds are valued at the net asset value (NAV). The underlying real estate assets values have been derived by independent valuers on a fair value basis.	Pricing includes situations where there is little market activity, a net asset value calculations are used, a single price has been advised by the fund manager, underlying assets have been valued by independent external valuers on a fair value basis.	Valuations could be affected by the frequency of the independent valuations between the funds.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Unquoted equity – Private Equity / Infrastructure	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	Observable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines. Valuation techniques utilised includes management's cashflow projections, estimates of growth expectations and profitability, profit margin expectations and adjustments to current prices for similar assets Valuations are audited as at 31 December, and the valuations as at 31 March reflect cash flow transactions since 31 December.	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequential potential impact on the closing value of investments held at 31 March 2025 and 31 March 2024.

Asset Type	Assessed valuation range (+/-)	Values at 31 March 2025 £000	Value on increase £000	Value on decrease £000
Pooled Investment (1)	9%	**28,419**	**30,977**	**25,861**
Pooled property investments (2)	15.2%	**314,095**	**361,837**	**266,353**
Private Equity/Infrastructure (3)	20%	**777,616**	**933,139**	**622,093**
Total		**1,120,130**	**1,325,953**	**914,307**

Asset Type	Assessed valuation range (+/-)	Values at 31 March 2024 £000	Value on increase £000	Value on decrease £000
Pooled Investment (1)	9%	35,096	38,255	31,937
Pooled property investments (2)	13%	321,612	363,422	279,802
Private Equity/Infrastructure (3)	24%	788,408	977,626	599,190
Total		**1,145,116**	**1,379,303**	**910,929**

1. All movements in the assessed valuation range derive from changes in the net asset value of the underlying real estate debt assets, the range in the potential movement of 9% is caused by how this value is measured.

2. All movements in the assessed valuation range derive from changes in the net asset value of the underlying real estate assets, the range in the potential movement of 15% is caused by how this value is measured.

3. All movements in the assessed valuation range derive from changes in the underlying profitability of component companies, the range in the potential movement of 25% is caused by how this profitability is measured.

16a) Fair value hierarchy

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2025

	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With Significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss	**414,851**	**3,328,895**	**1,120,130**	**4,863,876**
Non-financial assets at fair value through profit and loss	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit and loss	**(20)**	**(472)**	**-**	**(492)**
Net investment assets	**414,831**	**3,328,423**	**1,120,130**	**4,863,384**

Values at 31 March 2024

	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With Significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss	397,345	3,305,176	1,145,116	**4,847,637**
Non-financial assets at fair value through profit and loss	-	-	-	**-**
Financial liabilities at fair value through profit and loss	(39)	(2,643)	-	**(2,682)**
Net investment assets	**397,306**	**3,302,533**	**1,145,116**	**4,844,955**

16b) Transfers between levels 1 and 2

During 2024/25 and 2023/24 the fund has transferred no financial assets between levels 1 and 2.

16c) Reconciliation of fair value measurements within level 3

Period 2024/25 (values in £000)

	Market value 1 April 2024	Transfers into Level 3	Transfers out of Level 3	Purchases during the year	Sales during the year	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31 March 2025
Pooled investments	**35,096**	-	-	-	(9,112)	2,435	-	28,419
Pooled property investments	**321,612**	-	-	5,363	(23,478)	(40,580)	51,178	314,095
Private Equity/Infrastructure	**788,408**	-	-	30,525	(73,323)	4,863	27,143	777,616
Total	**1,145,116**	**-**	**-**	**35,888**	**(105,913)**	**(33,282)**	**78,321**	**1,120,130**

*Reconciliation to Change in market value during the year in Note 14a

Level	Unrealised gains/(losses)	Realised gains/(losses)	Change in market value during the year
1 and 2	(118,044)	81,278	**(36,766)**
3	(33,282)	78,321	**45,039**
Total	**(151,326)**	**159,599**	**8,273**

Period 2023/24 (values in £000)

	Market value 1 April 2023	Transfers into Level 3	Transfers out of Level 3	Purchases during the year	Sales during the year	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31 March 2024
Pooled investments	**43,035**	-	-	173	(10,791)	2,679	-	**35,096**
Pooled property investments	**328,541**	-	-	24,612	(21,112)	(17,109)	6,680	**321,612**
Private Equity/Infrastructure	**778,754**	-	-	40,004	(37,919)	(7,804)	15,373	**788,408**
Total	**1,150,330**	**-**	**-**	**64,789**	**(69,822)**	**(22,234)**	**22,053**	**1,145,116**

*Reconciliation to Change in market value during the year in Note 14a

Level	Unrealised gains/(losses)	Realised gains/(losses)	Change in market value during the year
1 and 2	406,039	(91,212)	314,827
3	(22,234)	22,053	(181)
Total	**383,805**	**(69,159)**	**314,646**

17. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (including cash) by category and net assets statement heading. No financial assets were reclassified during the accounting period. The Pension Fund believe that the assets and liabilities held at amortised cost have no material difference to the fair value of the assets and liabilities.

31 March 2024				31 March 2025		
Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000		Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
			Financial Assets			
234,909	-	-	Bonds	357,460	-	-
395,972	-	-	Equities	**412,834**	**-**	-
3,105,367	-	-	Pooled investments	**2,999,854**	**-**	-
321,613	-	-	Pooled property investments	**314,095**	**-**	-
788,404	-	-	Private equity/infrastructure	**777,616**	**-**	-
39	-	-	Derivative contracts	**1**	**-**	-
-	70,293	-	Cash	**-**	**111,311**	-
-	5,031	-	Cash held by ESCC*	**-**	**2,134**	-
1,333	-	-	Other investment balances	**2,016**	**-**	-
-	15,163	-	Debtors *	**-**	**1,115**	-
4,847,637	**90,487**	**-**	**Total Financial Assets**	**4,863,876**	**114,560**	**-**
			Financial liabilities			
-	-	-	Derivative contracts	(20)	-	-
(2,682)	-	-	Other investment balances	(472)	-	-
-	-	(3,072)	Creditors	-	-	(2,055)
(2,682)	**-**	**(3,072)**	**Total Financial Liabilities**	**(492)**	-	**(2,055)**
4,844,955	**90,487**	**(3,072)**	**Total Financial Instruments**	**4,863,384**	**114,560**	**(2,055)**

*Reconciliation to Current Assets Note 21

	2023/24	2024/25 £000
Cash held by ESCC	5,031	2,134
Contributions	13,068	13,394
Debtors	5,031	1,115
Current Assets	**20,194**	**16,643**

Reconciliation to Current Liabilities Note 22

	2023/24	2024/25 £000
Pension Payments	(549)	(744)
Professional Fees	(15)	(15)
Administration Recharge	(328)	(8)
Sundry Creditors	(2,191)	(2,032)
Current Assets	**(3,083)**	**(2,799)**

17a) Net gains and losses on financial instruments

	31 March 2024 £000	31 March 2025 £000
Financial assets		
Fair value through profit and loss	314,645	7,654
Amortised cost – realised gains on derecognition of assets	-	
Amortised cost – unrealised gains	1	606
Financial liabilities		
Fair value through profit and loss	-	13
Amortised cost – realised gains on derecognition of assets	-	-
Amortised cost – unrealised gains	-	-
Total	**314,646**	**8,273**

18. Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e., promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the forecast cash flows. The Pension Committee also recognises climate change risk as a financial risk to the investments of the Fund. The Fund manages these investment risks as part of its overall risk management program.

Responsibility for the Fund's risk management strategy rests with the Pension Committee. Risk management policies are established to identify and analyse the risks faced by the Fund's pensions operations. Policies are reviewed regularly to reflect changes in activity and in the market conditions.

Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

1. the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels

2. specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses form shares sold short is unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the fund to ensure it is within limits specified in the Fund's investment strategy.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2024/25 reporting period:

Asset Type	Potential Market Movements (+/-)
Index Linked	7.8%
Other Bonds	6.6%
UK Equities	18.0%
Global Equities	18.0%
Absolute Return	2.7%
Pooled Property Investments	15.2%
Private Equity	26.6%
Infrastructure Funds	14.5%

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets.

The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows.

Asset Type	Values at 31 March 2025 £000	Value on increase £000	Value on decrease £000
Index Linked	357,460	385,342	329,578
Other Bonds	519,444	553,727	485,161
UK Equities	15,240	17,983	12,497
Global Equities	2,130,030	2,513,435	1,746,625
Absolute Return	747,974	768,168	727,778
Pooled Property Investments	314,095	361,837	266,353
Private Equity	354,245	448,474	260,016
Infrastructure Funds	423,371	484,760	361,982
Net Derivative Assets*	1	(338)	340
Total assets available to pay benefits	**4,861,860**	**5,533,388**	**4,190,330**

*Movement on net derivative assets is based on the underlying economic exposure of the derivative instrument.

Asset Type	Values at 31 March 2024 £000	Value on increase £000	Value on decrease £000
Index Linked	234,909	261,924	207,894
Other Bonds	496,738	530,516	462,960
UK Equities	14,789	17,821	11,757
Global Equities	2,171,190	2,627,140	1,715,240
Absolute Return	818,621	920,949	716,293
Pooled Property Investments	321,613	363,423	279,803
Private Equity	616,601	776,917	456,285
Infrastructure Funds	171,804	197,575	146,033
Net Derivative Assets*	39	(347)	425
Total assets available to pay benefits	**4,846,304**	**5,696,918**	**3,996,690**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Fund and its investment advisors in accordance with the risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as of 31 March 2025 and 31 March 2024 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100-basis point (bps) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment adviser has advised that this is consistent with an annual one standard deviation move in interest rates, where interest rates are determined by the prices of fixed interest UK government bonds. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 bps change in interest rates:

Asset type	Carrying amount as at 31 March 2025 £000	Increased Value £000	Decreased Value £000
Cash and cash equivalents	111,311	111,311	111,311
Cash balances	2,134	2,134	2,134
Fixed interest securities	519,444	524,638	514,250
Index linked securities	357,460	361,035	353,885
Total change in assets available	**990,349**	**999,118**	**981,580**

*note that a 1% increase in interest rate negatively affects the value of fixed income and Index linked securities, and vice-versa

Asset type	Carrying amount as at 31 March 2024 £000	Increased Value £000	Decreased Value £000
Cash and cash equivalents	70,293	70,293	70,293
Cash balances	5,031	5,031	5,031
Fixed interest securities	496,738	501,705	491,771
Index linked securities	234,909	234,909	234,909
Total change in assets available	**806,971**	**811,938**	**802,004**

Income Source	Interest receivable 2024/25 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits/cash and cash equivalents	2,674	3,808	1,540
Fixed interest securities	15,517	15,517	15,517
Index linked securities	-	-	-
Total change in assets available	**18,191**	**19,325**	**17,057**

Income Source	Interest receivable 2023/24 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits/cash and cash equivalents	2,263	3,016	1,510
Fixed interest securities	15,705	15,705	15,705
Index linked securities	-	2,349	(2,349)
Total change in assets available	**17,968**	**21,070**	**14,866**

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect the interest income received on those balances.

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in pound sterling. Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure - asset type	Values at 31 March 2025 £000	Potential Market movement £000	Value on increase £000	Value on decrease £000
Overseas quoted securities	397,594	39,759	437,353	357,835
Overseas unit trusts	3,263,576	326,358	3,589,934	2,937,218
Total change in assets available	**3,661,170**	**366,117**	**4,027,287**	**3,295,053**

Currency exposure - asset type	Values at 31 March 2024 £000	Potential Market movement £000	Value on increase £000	Value on decrease £000
Overseas quoted securities	381,184	37,356	418,540	343,828
Overseas unit trusts	3,397,030	332,909	3,729,939	3,064,121
Total change in assets available	**3,778,214**	**370,265**	**4,148,479**	**3,407,949**

Climate Change risk

Current asset pricing may not take into account the emerging climate risk to the underlying holdings, markets may be over or underestimating the value of the assets and could lead to future price volatility. Climate change will affect economic growth and there is uncertainty in the economic outlook due to climate change which could lead to lower returns on equities or risk to future discounted cash flows. High carbon emitters are more exposed to risks from climate change particularly from a transition risk perspective. The Fund mitigates this climate change market risk through diversification and the selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund's investment strategy. In addition, the Fund is underweighted in high carbon emitting stocks such as fossil fuel companies and carries out carbon foot printing of the Fund's investments and asset managers and the Fund through its collaborative partners engage with corporate management of the underling holdings to ensure companies are responsibly managing their climate change risks. The Fund's Taskforce for Climate Related Financial Disclosure (TCFD) report is included in the Annual Report.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high-quality counterparties, brokers and financial institutions minimise credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipts that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

The Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits in recent years.

Summary	Asset value as at 31 March 2024 £000	Asset value as at 31 March 2025 £000
Overseas Treasury bills	15,336	-
Variation Margin	**-**	225
NT custody cash accounts	54,958	111,086
Total overseas assets	**70,294**	**111,311**

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that there are adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its cash holdings and has access to an overdraft facility for short-term cash needs. This facility is only used to meet timing differences on pension payments. As these borrowings are of a limited short-term nature, the Fund's exposure to liquidity risk is considered negligible.

All financial liabilities at 31 March 2025 are due within one year.

Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

19. Funding arrangements

Introduction

The last full triennial valuation of the Fund was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The market value of the Fund's assets as at 31 March 2022 was £4.69bn.
- The Fund had a funding level of 123% i.e., the value of assets for valuation purposes was 123% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a surplus of £859m.

Contribution rates

The employer contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these falls due.
- plus, an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 20.2% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition, each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

Assumptions

The key assumptions used to value the liabilities at 31 March 2022 are summarised below:

Assumptions	Assumptions used for the 2022 valuation
Financial assumptions	
Market date	31 March 2022
CPI inflation	2.9% p.a.
Long-term salary increases	3.9% p.a.
Discount rate	4.6% p.a.
Demographic assumptions	
Post-retirement mortality	
Base tables	Based on Club Vita analysis
Projection model	CMI 2021
Long-term rate of improvement	1.25% p.a.
Smoothing parameter	7.0
Initial addition to improvements	
Males	0% p.a.
Females	0% p.a.
2020/21 weighting parameter	5%

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2022 valuation report.

Updated position since the 2022 valuation

Assets

Investment returns on the Fund's assets over the three years to 31 March 2025 have been lower than assumed at the previous actuarial valuation, but have been positive. The Fund also has had a positive cash flow over the period, and so the market value of assets at 31 March 2025 has increased since the formal valuation.

Liabilities

Inflation over the three years to 31 March 2025 has been higher than the long-term average assumed at the 2022 valuation. However, this has been largely offset by changes in financial assumptions underlying the valuation funding model and future expectations of inflation and investment returns. The value of liabilities has overall increased mainly due to interest accruing on those liabilities and due to further accrual of members' benefits over the period.

20. Actuarial present value of promised retirement benefits

The figures below have been prepared by the Fund's actuary, only for the purposes of providing the information required by IAS 26 (Accounting and Reporting by Retirement Benefit Plans). They are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation. In calculating the net liability, the actuary adopted methods and assumptions that are consistent with IAS 19. In conducting the 2022 actuarial valuation referred to in note 19, the Actuary has taken into account the investment policy when determining the assumptions to be used.

Employer membership statistics

The table below summarises the membership data at 31 March 2022

Member data summary

	Number	Salaries/Pensions £000	Average age
Actives	24,672	500,451	47
Deferred pensioners	39,993	48,986	51
Pensioners	23,183	116,050	72

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2025 is calculated to be -1.78% based on the Fund asset statements and Fund cashflows as set out in the Data section preceding this section.

The estimated asset allocation for the Fund is as follows (noting that due to rounding they may not total 100%):

Asset breakdown	31 Mar 2024 £000	31 Mar 2024 %	31 Mar 2025 £000	31 Mar 2025 %
Equities	3,375,056	69%	3,248,343	65%
Bonds	731,646	15%	876,903	18%
Property	740,347	15%	737,596	15%
Cash	69,379	1%	127,401	3%
Total	**4,916,428**	**100%**	**4,990,243**	**101%**

Demographic assumptions

Mortality assumption

The key demographic assumption is the mortality assumption and there are two main steps in setting this assumption:

- Making a current assumption of members' mortality (the base mortality); and
- Projecting these current mortality rates into the future, allowing for further potential improvements in mortality. Future members' mortality is almost impossible to predict and therefore there is a lot of judgment involved and we naturally have to refine our view on this over time.

Base table mortality

The base table mortality assumptions adopted for the Funds' latest triennial funding valuations were best estimate assumptions and we will therefore be using the same assumptions as standard for accounting.
For employers participating in an English or Welsh LGPS fund, the last actuarial valuation was at 31 March 2022.
For England and Wales, the next triennial valuation date is as at the accounting date, 31 March 2025. The results of the 2025 valuation will not be finalised at the time of preparing reports, nor assumptions agreed with the relevant LGPS fund. An update to base mortality tables will follow next year as part of 31 March 2026 reporting

Future improvements to mortality

To project future improvements in mortality, we use a model prepared by the Continuous Mortality Investigation Bureau (CMI). The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.
The CMI have released the 2023 version of their model and so we intend to further update our mortality assumptions to use the 2023 core model as standard for all employers. This represents a change from the last accounting date when the 2022 version of the model was used for most employers. The latest version of the core model places no weight on the exceptional mortality experienced during 2020 and 2021 as a result of the Covid pandemic, but places some reliance on mortality data that has been observed since. Specifically, a weighting of 15% is applied to mortality in the 2022 and 2023 years' data. The impact of updating the model is expected to be a slight reduction in life expectancies for all employers, largely reflecting the heavier than average mortality that was experienced during 2022 and 2023.
The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	31 Mar 2024	31 Mar 2025
Males – retiring today	20.9	20.9
Females – retiring today	23.8	23.9
Males – retiring in 20 years	21.9	21.9
Females – retiring in 20 years	25.4	25.4

Results and disclosures

We estimate that the net asset as at 31 March 2025 is assets of £1,282.517

The results of our calculations for the year ended 31 March 2025 are set out below. The figures presented in this report are prepared only for the purposes of FRS102. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

Statement of financial position as at 31 March 2025

Net pension asset in the statement of financial position as at	31-Mar-23 £000	31-Mar-24 £000	31-Mar-25 £000
Present value of defined benefit obligation *	(4,042,513)	(4,153,325)	(3,707,726)
Fair value of Fund assets (bid value)	4,560,502	4,916,428	4,990,243
Net Assets in balance sheet	**517,989**	**763,103**	**1,282,517**

* The present value of the defined benefit obligation consists of £3,677,277,000 in respect of vested obligation and £30,449,000 in respect of non-vested obligation.

Asset and benefit obligation reconciliation for the year to 31 March 2025

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	31-Mar-24 £000	31-Mar-25 £000
Opening defined benefit obligation	**(4,042,513)**	**(4,153,325)**
Current service cost	(108,881)	(111,033)
Interest cost	(191,204)	(200,358)
Change in financial assumptions	36,157	604,366
Change in demographic assumptions	46,447	10,377
Experience loss/(gain) on defined benefit obligation	(12,789)	11,876
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	158,371	173,829
Past service costs, including curtailments	(1,203)	(3,737)
Contributions by Scheme participants	(37,710)	(39,721)
Unfunded pension payments	-	-
Closing defined benefit obligation	**(4,153,325)**	**(3,707,726)**

Reconciliation of opening & closing balances of the fair value of Fund assets	31-Mar-24 £000	31-Mar-25 £000
Opening fair value of Fund assets	**4,560,502**	**4,916,428**
Interest on assets	218,797	240,672
Return on assets less interest	145,535	(153,029)
Other actuarial gains/(losses)	-	-
Administration expenses	(3,906)	(4,220)
Contributions by employer including unfunded	116,161	124,500
Contributions by Scheme participants	37,710	39,721
Estimated benefits paid plus unfunded net of transfers in	(158,371)	(173,829)
Settlement prices received / (paid)	-	-
Closing Fair value of Fund assets	**4,916,428**	**4,990,243**

The total return on the Fund's assets for the year to 31 March 2025 is a gain of £393,701,000 (2024 gain of £364,332,000).

Sensitivity Analysis

	31 March 2025 £000 Present value of total obligation = £3,707,726	
Sensitivity to	+0.1%	-0.1%
Discount rate	3,653,533	3,763,247
Long term salary increase	3,710,886	3,704,588
Pension increases and deferred revaluation	3,761,615	3,655,109
Sensitivity to	+1 Year	- 1 Year
Life expectancy assumptions	3,843,289	3,577,506

The information in the above note is all from the Fund Actuary - **Barnett Waddingham.**

21. Current Assets

	31 March 2024 £000	31 March 2025 £000
Other Investment Balances		
Sales inc Currency	-	-
Investment Income Due	826	1,268
Other Investment Assets	-	19
Recoverable Taxes	507	729
Total	**1,333**	**2,016**

	31 March 2024 £000	31 March 2025 £000
Current Assets		
Contributions receivable from employers and employees	13,068	13,394
Sundry Debtors	2,095	1,115
Cash	5,031	2,134
Total	**20,194**	**16,643**

22. Current liabilities

	31 March 2024 £000	31 March 2025 £000
Investment Liabilities		
Purchases including currency	(1,460)	(42)
Derivative Contracts Futures	-	(20)
Variation Margin	(39)	-
Managers Fees	(1,183)	(430)
Total	**(2,682)**	**(492)**

	31 March 2024 £000	31 March 2025 £000
Current Liabilities		
Pension Payments (inc Lump Sums)	(549)	(744)
Cash	-	-
Professional Fees	(15)	(15)
Administration Recharge	(328)	(8)
Sundry Creditors	(2,191)	(2,032)
Total	**(3,083)**	**(2,799)**

23. Additional voluntary contributions

	Market value 31 March 2024 £000	Market value 31 March 2025 £000
Prudential	19,229	19,986

The Pension Fund Scheme provides an Additional Voluntary Contribution (AVC) facility for scheme members. Some members of the pension scheme paid voluntary contributions and transfers in of £4.2m (£3.0m 2023/24) to Prudential to buy extra pension benefits when they retire. £4.4m was disinvested from the AVC provider in 2024/25 (£2.050m 2023/24). Contributions and benefits to scheme members are made directly between the scheme member and the AVC provider. The AVC funds are not, therefore, included in the Pension Fund Accounts.

24. Agency Services

The East Sussex Pension Fund pays discretionary awards to former employees on behalf of some employers in the Fund. The amounts paid are provided as a service and are fully reclaimed from the employer bodies. The sums are disclosed below.

	2023/24 £000	2024/25 £000
East Sussex County Council	4,891	5,024
Brighton & Hove City Council	2,127	2,164
Eastbourne Borough Council	286	290
Magistrates	208	211
Wealden District Council	180	175
Hastings Borough Council	172	175
Rother District Council	106	108
Lewes District Council	64	63
University of Brighton	26	25
South-East Water	21	14
Westminster (used to be LPFA)	21	21
Mid-Sussex District Council	18	21
East Sussex Fire Authority	12	8
London Borough of Camden	8	8
London Borough of Southwark	7	7
The Eastbourne Academy	7	7
West Midlands Pension Fund	5	6
West Sussex County Council	5	6
Torfaen Borough Council	4	4
Sussex University	4	2
Varndean College	2	2
London Borough of Ealing	2	2
East Sussex College Group	1	1
Plumpton College	1	1
Optivo	1	1
Total	**8,179**	**8,346**

25. Related party transactions

East Sussex County Council

The East Sussex Pension Fund is administered by East Sussex County Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

Each member of the Pension Committee is required to declare their interests at each meeting. The Treasurer of the Pension Fund, and Members of the County Council and the Pension Committee have no material transactions with the Pension Fund.

The Council incurred costs in administering the Fund and charged £2.9m to the Fund in 2024/25 (£2.5m in 2023/24).

The Council's contribution to the Fund was £53.0m in 2024/25 (£49.4m in 2023/24). All amounts due to the Fund were paid in the year. At 31 March 2025 the Pension Fund bank account held £3.6m in cash (£6.9m at 31 March 2024). The average throughout the year was £8.1m (£9.6m in 2023/24).

Key management personnel

The Pension Committee and Chief Finance Officer of East Sussex County Council hold the key positions in the financial management of the East Sussex Pension Fund. Their remuneration is set out below:

	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Short-term benefits	37	38	37
Post-employment benefits	6	6	6
Total	**43**	**44**	**43**

The amount disclosed represents an assumed 22% of the Chief Finance Officer's remuneration devoted to the Fund

26. Contingent liabilities and contractual commitments

1. Outstanding capital commitments (investments) at 31 March 2025 totalled £168.3m (31 March 2024: £202.6m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing, typically over a period of between four and six years from the date of each original commitment.

At, 31 March 2025, the unfunded commitment was £98.9m for private equity, £28.9m for infrastructure and £40.6m for private debt. The commitments are paid over the investment timeframe of the underlying partnerships.

As these partnerships mature, they are due to distribute capital back to investors. Commitments are made in US Dollars, Euros, or Sterling and the figures presented here are based on relevant Sterling exchange rates as at 31 March 2025.

2. Exit Payments

There were 2 scheme employers which ceased by the end of 31 March 2025 where an exit credit may need to be paid out.

The Fund needs to obtain final information from the employers and then obtain final cessation reports from the Fund Actuary to ascertain if an exit payment or credit is due relating to these employers. The Fund has to then estimate the maximum potential exit credit based on the indicative cessation date. The Pension Committee will be required to make any decision as to the payment of any exit credit in line with the Fund's exit credit policy, considering representations from the relevant employers and associated risk sharing arrangements. The two exit payment amounts that are currently unknown to the fund.

3. GMP Reconciliation Project

The Guaranteed Minimum Pension (GMP) Reconciliation project was split into number stages for Local Government Pension Schemes (LGPS). The Fund has completed the discovery and GMP reconciliation phases, which reviewed data inconsistencies, raised issues with HMRC and agreed outcomes.

GMP elements of LGPS pension where State Pension Age is prior to 6 April 2016 has not increased in respect of the period 6 April 1978 to 5 April 1988. While the Post 1988 GMP element in respect of the period 6 April 1988 to 5 April 1997 might be increased up to a maximum of 3% p.a. The Government increase the State Pension for the member fully on the Pre 1988 GMP element and for Post 1988 GMP element has only increased if CPI is above 3% p.a.

The effect of LGPS pensions not showing the correct amount of GMP for its members would mean that their pension might be increased incorrectly. This can result in underpayments and overpayments, at a member specific level. The correction of any discrepancies found in the rectification is known as GMP rectification.

For pensioners below GMP age and non-pensioners the impact is more of record keeping and a matter of changing their Altair records to show the correct split of benefit between GMP and non-GMP without changing the actual overall benefit accrued to date. There were 780 records requiring an adjustment to match the HMRC records and these were corrected in April 2025.

There were circa 2k pensioners in scope for rectification but less than 300 impacted by over and underpayments (with a few exceptions held back for further investigation) were written to on 27 March 2024. It was agreed that underpayments would be settled immediately for 38 cases, whereas overpayments to date were written-off. In addition, for the 246 overpayment cases, they were given three months' notice of the reduction in pension so these were effective from their June 2024 payments. There remains circa 300 ongoing GMP reconciliation and rectification queries for pensioners and questions with the third-party specialist (Mercer {Aptia}) to resolve which will likely lead to further cases have their records changed and possibly a few pensioners with over or underpayments being implemented later in 2025. It is anticipated the vast majority of changes in liabilities will be small.

4. Virgin Media Case

The Fund Officers/Committee are aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case. There is a potential for the outcome of the case to have an impact on UK pension schemes. The case specifically affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

As a result, there may be a further liability to the East Sussex Pension Fund for Local Government Pension Scheme benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation).

In these circumstances the S37 certificates should be held by the Government Actuary's Department (GAD) as the LGPS Scheme Actuary. HM Treasury have started reviewing the records of all public sector pension schemes and is assessing the implications of this case. It is not possible at present to estimate the potential impact, if any, on the Local Government Pension Scheme or the Fund and consequently on the defined benefit obligation in the financial statements.

27. Contingent assets

1. Employer bonds/guarantees

There are 8 admitted body employers in the Fund that hold insurance bonds to guard against the possibility of them being unable to meet their pension obligations. 3 of these bonds have expired in the financial year 24-25. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default.

In addition to these bonds, pension's obligations in respect of 14 other admitted bodies are covered by:

2 guarantees by Academies participating in the Fund.
9 guarantees by local authorities participating in the Fund.
1 guarantee by Parent company sub-contracting to one part of the company, hence being guarantor for itself.
1 deposit held by East Sussex County Council.
1 Subsumption Agreement

28. Impairment losses

During 2024/25, the fund has not recognised any impairment losses.

29. East Sussex Pension Fund – Active Participating Employers

	23/24 Payroll %	23/24 Amount £000	24/25 Payroll %	24/25 Amount £000	25/26 Payroll %	25/26 Amount £000
Scheduled Bodies - Major Authorities						
Brighton and Hove City Council	19.8	-	19.8	-	19.8	-
East Sussex County Council	19.7	-	19.7	-	19.7	-
East Sussex Fire and Rescue Service	18.7	-	18.7	-	18.7	-
Eastbourne Borough Council	17.9	-	17.9	-	17.9	-
Hastings Borough Council	22.1	-	22.1	-	22.1	-
Lewes District Council	22.1	-	22.1	-	22.1	-
Rother District Council	24.1	-	24.1	-	24.1	-
University of Brighton	17.2	-	17.2	-	17.2	-
Wealden District Council	21.0	-	21.0	-	21.0	-
Other Scheduled Bodies						
Arlington Parish Council	20.1	-	20.1	-	20.1	-
Battle Town Council	20.1	-	20.1	-	20.1	-
Beckley Parish Council	-	-	20.1	-	20.1	-
Berwick Parish Council	20.1	-	20.1	-	20.1	-
Bexhill on Sea Town Council	20.1	-	20.1	-	20.1	-
Buxted Parish Council	20.1	-	20.1	-	20.1	-
Camber Parish council	20.1	-	20.1	-	20.1	-
Chailey Parish Council	20.1	-	20.1	-	20.1	-
Chiddingly Parish Council	20.1	-	20.1	-	20.1	-
Conservators of Ashdown Forest	20.1	-	20.1	-	20.1	-
Crowborough Town Council	20.1	-	20.1	-	20.1	-
Danehill Parish Council	20.1	-	20.1	-	20.1	-
Ditchling Parish Council	20.1	-	20.1	-	20.1	-
East Dean & Friston Parish Council	20.1	-	20.1	-	20.1	-
Ewhurst Parish Council	20.1	-	20.1	-	20.1	-
Fletching Parish Council	20.1	-	20.1	-	20.1	-
Firle Parish Council	20.1	-	20.1	-	20.1	-
Forest Row Parish Council	20.1	-	20.1	-	20.1	-
Frant Parish Council	20.1	-	20.1	-	20.1	-
Hadlow Down Parish Council	20.1	-	20.1	-	20.1	-
Hailsham Town Council	20.1	-	20.1	-	20.1	-
Hartfield Parish Council	20.1	-	20.1	-	20.1	-
Heathfield & Waldron Parish Council	20.1	-	20.1	-	20.1	-
Herstmonceux Parish Council	20.1	-	20.1	-	20.1	-
Hurst Green Parish Council	20.1	-	20.1	-	20.1	-
Icklesham Parish Council	20.1	-	20.1	-	20.1	-
Isfield Parish Council	20.1	-	20.1	-	20.1	-
Kingston Parish Council	20.1	-	20.1	-	20.1	-
Lewes Town Council	20.1	-	20.1	-	20.1	-
Maresfield Parish Council	20.1	-	20.1	-	20.1	-
Newhaven Town Council	20.1	-	20.1	-	20.1	-
Newick Parish Council	20.1	-	20.1	-	20.1	-
Peacehaven Town Council	20.1	-	20.1	-	20.1	-
Pett Parish Council	20.1	-	20.1	-	20.1	-
Plumpton Parish Council	20.1	-	20.1	-	20.1	-

	23/24 Payroll %	23/24 Amount £000	24/25 Payroll %	24/25 Amount £000	25/26 Payroll %	25/26 Amount £000
Rodmell Parish Council	-	-	20.1	-	20.1	-
Rye Town Council	20.1	-	20.1	-	20.1	-
Salehurst & Robertsbridge Parish Council	20.1	-	20.1	-	20.1	-
Seaford Town Council	20.1	-	20.1	-	20.1	-
Telscombe Town Council	20.1	-	20.1	-	20.1	-
Uckfield Town Council	20.1	-	20.1	-	20.1	-
Wartling Parish Council	20.1	-	20.1	-	20.1	-
Willingdon and Jevington Parish Council	20.1	-	20.1	-	20.1	-
Wivelsfield Parish Council	20.1	-	20.1	-	20.1	-
Academy Schools						
Annecy Catholic Primary Academy	13.4	-	14.4	-	15.4	-
Aquinas Trust	19.0	-	18.9	-	18.9	-
ARK Schools Hastings	18.9	-	18.9	-	18.9	-
Aurora Academies Trust	18.9	-	18.9	-	18.9	-
Beacon Academy	21.0	-	20.0	-	19.0	-
Beckmead Ropemakers Academy	17.3	-	18.3	-	18.9	-
Benfield Primary School	-	-	18.9	-	18.9	-
Bexhill Academy	20.9	-	19.9	-	18.9	-
Bilingual Primary School	15.6	-	16.6	-	17.6	-
Breakwater Academy	19.8	-	19.8	-	19.8	-
Burfield Academy (Hailsham Primary)	19.8	-	19.8	-	19.8	-
Cavendish Academy	18.9	-	18.9	-	18.9	-
Chantry Community Primary	18.9	-	18.9	-	18.9	-
Chyngton School	20.0	-	19.0	-	18.9	-
Diocese of Chichester Academy Trust	22.4	-	21.4	-	20.4	-
Ditchling CE Primary	20.4	-	19.4	-	18.9	-
Eastbourne Academy	19.2	-	18.9	-	18.9	-
Falmer (Brighton Aldridge Community Academy)	18.9	-	18.9	-	18.9	-
Flagship School	21.3	-	20.3	-	19.3	-
Gildredge House Free School	18.9	-	18.9	-	18.9	-
Glyne Gap Academy	19.4	-	18.9	-	18.9	-
Hailsham Academy	18.9	-	18.9	-	18.9	-
Hangleton Primary School	-	-	18.9	-	18.9	-
Hawkes Farm Academy	19.8	-	19.8	-	19.8	-
High Cliff Academy	19.8	-	19.8	-	19.8	-
Hollington Primary	18.9	-	18.9	-	18.9	-
Jarvis Brook Academy	14.5	-	15.5	-	16.5	-
King's Church of England Free School	16.2	-	17.2	-	18.2	-
Langney Primary Academy	13.4	-	14.4	-	15.4	-
Little Common School	18.9	-	18.9	-	18.9	-
Ore Village Academy	18.5	-	18.9	-	18.9	-
Mouslecoombe Primary School	26.2	-	25.2	-	24.2	-
Newick CE School	18.9	-	18.9	-	18.9	-
Ninfield CE Primary School	18.9	-	18.9	-	18.9	-
Parkland Infant Academy	14.8	-	15.8	-	16.8	-
Parkland Junior Academy	14.4	-	15.4	-	16.4	-
Peacehaven Academy	13.5	-	14.5	-	15.5	-
Peacehaven Heights	19.8	-	19.8	-	19.8	-

	23/24 Payroll %	23/24 Amount £000	24/25 Payroll %	24/25 Amount £000	25/26 Payroll %	25/26 Amount £000
Pebsham Academy	18.9	-	18.9	-	18.9	-
Phoenix Academy	19.8	-	19.8	-	19.8	-
Portslade Aldridge Community Academy	19.9	-	18.9	-	18.9	-
King's Academy Ringmer	18.9	-	18.9	-	18.9	-
Ringmer Primary	-	-	18.9	-	18.9	-
Robertsbridge Community College	-	-	18.9	-	18.9	
Roseland Infants	23.9	-	22.9	-	21.9	-
SABDEN Multi Academy Trust	19.6	-	18.9	-	18.9	-
Saxon Shore Academy	21.7	-	20.7	-	19.7	-
Seaford Academy	19.1	-	18.9	-	18.9	-
Seahaven Academy	19.5	-	18.9	-	18.9	-
Shinewater Primary Academy	14.5	-	15.5	-	16.5	-
Sir Henry Fermor Academy	14.8	-	15.8	-	16.8	-
Stafford Junior	24.7	-	23.7	-	22.7	-
St Andrew's School	18.9	-	18.9	-	18.9	-
The Haven School	18.9	-	18.9	-	18.9	-
The South Downs Learning Trust	12.2	-	13.2	-	14.2	-
The Southfield Trust	14.4	-	15.4	-	16.4	-
Telscombe Cliffs	19.8	-	19.8	-	19.8	-
Tollgate School	18.9	-	18.9	-	18.9	-
Torfield & Saxon Mount Academy Trust	20.6	-	19.6	-	18.9	-
University of Brighton Academies Trust	18.9	-	18.9	-	18.9	-
Uplands Community College	20.4	-	19.4	-	18.9	-
West Blatchington Primary	18.9	-	18.9	-	18.9	-
White House Academy	19.8	-	19.8	-	19.8	-
Colleges						
Bexhill College	21.2	-	21.2	-	21.2	-
Brighton, Hove & Sussex Sixth Form College	19.8	-	19.8	-	19.8	-
East Sussex College Group	20.7	-	20.7	-	20.7	-
Plumpton College	18.9	-	18.9	-	18.9	-
Varndean Sixth Form College	19.8	-	19.8	-	19.8	-
Admission Bodies						
Balfour Beatty	28.5	-	28.5	-	28.5	-
BHCC - Wealden Leisure Ltd	27.7	-	27.7	-	27.7	-
Biffa Muncipal Ltd	27.8	-	26.8	-	25.8	-
Brighton and Hove Housing Trust	31.4	-	31.4	-	31.4	-
Brighton Dome & Festival Limited (Music & Arts Service)	4.3	-	4.3	-	4.3	-
Care Outlook Ltd	-	-	-	-	-	-
Care Quality Commission	44.8	-	44.8	-	44.8	-
Churchills Lot 1	-	-	16.8	-	16.8	-
Churchills Lot 2 (Cleaners)	-	-	22.4	-	22.4	-
Cucina Restaurants Ltd	24.3	-	24.3	-	24.3	-
Cucina (The Turing House)	-	-	26.4	-	26.4	-
De La Warr Pavilion Charitable Trust	2.9	-	2.9	-	2.9	-
East Sussex Energy, Infrastructure & Development Ltd (ESEIDL)	28.2	-	27.2	-	26.2	-

	23/24 Payroll %	23/24 Amount £000	24/25 Payroll %	24/25 Amount £000	25/26 Payroll %	25/26 Amount £000
EBC – Towner	22.1	-	22.1	-	22.1	-
Grace Eyre	-	-	-	-	-	-
Idverde	33.1	-	33.5	-	33.5	-
Just Ask Estates	-	-	-	-	-	-
Lodestar Cleaning Contracts Ltd	25.1	-	25.1	-	25.1	-
Southern Housing	45.9	111	45.9	115	45.9	120
Royal Pavilion & Museums Trust	17.8	-	17.8	-	17.8	-
SB Coaching Ltd	-	-	13.2	-	14.2	-
Sussex IFCA Insure Fisheries and Conversation Authority	20.1	-	20.1	-	20.1	-
Telent Technology Services Ltd	20.8	-	20.8	-	20.8	-
Wave Leisure Trust Ltd	7.1	-	7.1	-	7.1	-
Wave Leisure Trust Ltd - EBC	22.4	-	22.4	-	22.4	-
WDC - Wealden Leisure Ltd	26.1	-	26.1	-	26.1	-
WSP Ltd	-	-	28.5	-	28.5	-
Wealden Leisure Ltd - Portslade Sports Centre	-	-	-	-	-	-

30. Investment Performance

The Fund uses an independent Investment performance measurement service, provided by Pensions & Investment Research Consultants Ltd (PIRC), which measures the performance of the Fund compared with 62 other local authority pension funds. *These numbers are based on the latest available sample of 42*. Pension Fund investment is long-term, so as well as showing the annual performance of the Fund, comparison to peers over longer periods is also detailed below.

Performance relative to the Fund's strategic benchmark

	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)
Fund	1.0	2.0	7.5	6.3
Benchmark	5.4	5.4	9.0	6.7
Relative*	(4.4)	(3.3)	(1.6)	(0.4)

Investment performance relative to peer group

	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)
Fund	1.0	2.0	7.5	6.3
Local Authority Average	3.6	3.6	8.3	6.7
Relative*	(2.5)	(1.5)	(0.7)	(0.3)

The Fund underperformed the (weighted) average local authority Fund over the year by 2.5% (1.2% 2023/24), ranking the East Sussex Fund in the 93rd percentile (72nd 2023/24) in the local authority universe. Over the three years the Fund underperformed by 1.5 % (0.1% 2023/24) and was placed in the 88th percentile (44th percentile in 2023/24). Over five years the Fund underperformed by 0.7% (0.2% in 2023/24) and was placed in the 73rd percentile (61st percentile 2022/23).

Over ten years, the fund underperformed by 0.3% (0.1% outperformance 2023/24) and was placed in the 65th percentile (36th percentile 2023/24).

*Relative performance is calculated on a geometric basis as follows:

((1 + Fund Performance) / (1 + Benchmark Performance)) - 1

As opposed to the simpler arithmetic method, the geometric method makes it possible to directly compare long-term relative performance with shorter-term relative performance.

Investments and Funding

Investment Strategy Statement Implementation

Overview

The Fund's strategic asset allocation remained unchanged over the 2024/25 financial year, at 40% global equities, 5.5% private equity, 17% diversified growth, 10.5% public credit, 5% private credit, 11% infrastructure, 7% real estate, and 4% index-linked gilts. This strategic benchmark remains consistent with the strategy outlined in the Investment Strategy Statement approved at the September 2023 Committee meeting.

During the reporting period, Hymans Robertson LLP were appointed as the Fund's investment advisors, effective from 1 February 2025. As part of the appointment, a review of the investment strategy would be undertaken alongside the actuarial valuation, effective from reporting year end. The aim of the review is to assess whether the current investment strategy remains suitable considering the Government's 'Fit for the Future' consultation, as well as changes in the funding position, contribution rates, and market outlook.

> The Committee take consideration of Environmental, Social, and Governance (ESG) and climate related issues when considering the Fund's investment strategy. The Fund's fossil fuel exposure is estimated on a quarterly basis, with this estimated as 1.26%* of total Fund assets as at 31 March 2025.

Asset Allocation

Growth: The Fund maintains a significant allocation to growth assets, primarily through listed equities and private equity. These investments are expected to drive long-term returns, though are typically the most volatile. To help manage this risk, the equity portfolio is diversified across geographies and investment styles to achieve a balanced growth exposure. The private equity allocation complements the public equities markets by offering a higher return potential in exchange for reduced liquidity and longer investment horizons, supporting the Fund's long-term growth objectives.

Income: The Fund invests across a range of income-generating assets to support a more stable return profile and generate income. This includes infrastructure, diversified growth strategies, public and private credit, and real estate. Infrastructure offers inflation-linked, contractual income streams and diversified return exposure. Credit investments further contribute to diversification and liquidity, while diversified growth strategies and real estate provide additional sources of return that are less directly linked to public equity markets.

Protection: The Fund' allocation to index-linked gilts provides explicit inflation protection, plays a key role in dampening volatility and aligning the portfolio with the Fund's long-term liabilities, helping to provide greater certainty around funding outcomes.

Investment Managers

The Fund employs a number of investment managers across the various mandates, with differing approaches or styles, as well as sectoral and geographic focus, and benchmarks. This is in order to ensure sufficient diversification, limiting downside risk during periods of market volatility. The Fund's investment manager structure is broadly as follows:

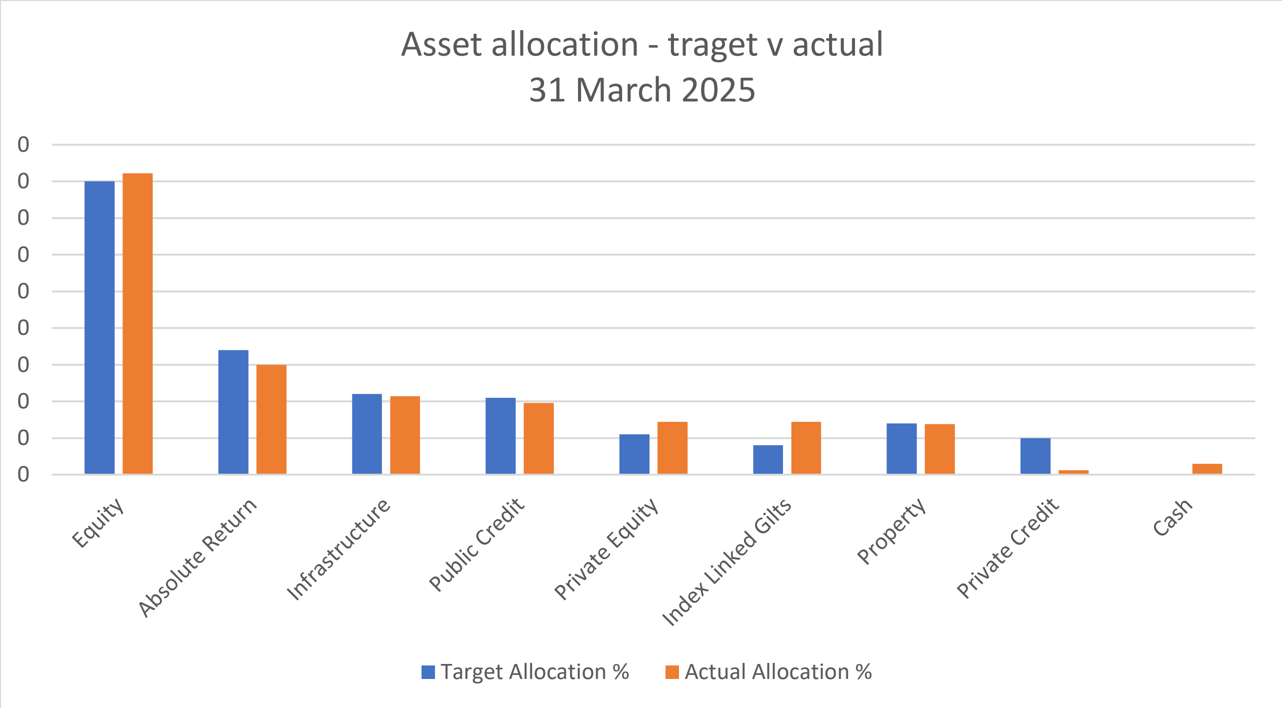
- The Fund's equity allocation remains weighted in favour of actively managed strategies, reflecting the Committee's preference for active management and an ESG focus, with the listed equity holdings broadly split 62.5/37.5 in terms of active and passive, as at 31 March 2025. The active sleeve is split across global equity mandates with Longview and Baillie Gifford, as well as impact equity strategies managed by Wellington and WHEB. The passive, or systematic, sleeve is split between two ESG systematic/smart beta strategies, one with Storebrand, and the other with Osmosis (implemented by UBS).
- Private equity mandates are split between Adams Street and HarbourVest.
- Absolute return mandates are held with Newton and Ruffer and allow managers to flexibly alter allocations to a variety of underlying asset classes based on specific market conditions.
- The 'fund of funds' property mandate was previously held with Schroders. Following a procurement exercise conducted by ACCESS, this property holding was transferred to a CBRE Real Estate fund on the Access Pool, over the past year.
- Corporate bonds, absolute return credit and commercial real estate debt mandates are managed by M&G, while the Fund's passive index-linked gilts mandate is held with UBS. Over 2024, the Fund added an additional public credit mandate managed by BlueBay.
- The Fund's infrastructure holdings are split between M&G, UBS, Pantheon (all unlisted) ATLAS (listed) and most IFM (unlisted), who adopt varying styles and focus areas.

The Fund has the following objectives for its investment managers:

- Each (active) manager delivers on its objective, net of fees.
- Each mandate adds a layer of diversification and offers different qualities to the Fund, through varying approaches and focus areas (geographic and sectoral).
- Consider all financial and non-financial risks and considerations including Environmental, Social and Governance (ESG) factors (including but not limited to climate change).

Ultimately the Fund seeks to deliver an appropriate level of return, relative to the risk taken.

Note: *M&G Infrastructure ICP II and III fossil fuel data as at year end 2024.


Asset allocation - traget v actual
31 March 2025
0
0
0
0
0
0
0
0
0
0
Equity
Absolute Return
Infrastructure
Public Credit
Private Equity
Index Linked Gilts
Property
Private Credit
Cash
Target Allocation %
Actual Allocation %

Independent adviser's report

East Sussex Pension Fund – Independent Advisor's Report 2025

The Fund receives formal advice on investment matters from its actuarial and investment consultants. My role as an Independent Advisor is to act as a separate source of advice and expertise to Officers and Committee members. Our collective objective is to invest the Fund's assets to pay members' pensions in full and on time. In writing this report, I can also provide stakeholders with some independent assurance that the Fund is being appropriately and properly managed.

I will start my report with investments. The year terminated with a sharp deterioration in market conditions, as the U.S.A imposed sweeping tariffs on other countries, starting what looks like a global tariff war. If pursued, this would be unequivocally negative for both economic growth and markets, as well as being inflationary. It is so damaging to all parties that it is more a question of when rather than whether it is reversed, but the timing may well be too late to avoid serious detriment to global trade and prosperity.

A further threat to the valuation of the Fund's assets comes from higher bond yields, although they are the one outcome capable of stopping Trump in his tracks. At Fund level, there will be a negative impact on the valuation of longer duration assets such as private equity, infrastructure and real estate. Against this background, the Fund must brace itself for volatile markets and weaker returns from its investments.

The Fund's diversified portfolio of assets provides some protection against market turmoil, and the valuation of liabilities will also have fallen. The funding level at the March 2025 valuation will therefore probably be not too far below the 123% assessed in March 2022. I remind readers again that it stood at 81% when my role as Independent Advisor commenced in 2014.

The Fund is also gradually turning cash negative as the number of active members declines and pension payments exceed contributions. Officers are therefore modelling future cashflow over the short and longer term to ensure that there is sufficient income from our investments to meet any shortfall and ensure pensions are indeed paid on time.

The biggest challenge facing the Fund at the time of writing is the Government's rejection of the plan by ACCESS (the pool which the Fund is a shareholder in alongside ten other funds) to set up a new entity to meet the new pooling requirements. The Fund is expected, either separately or jointly with other ACCESS members, to join one of the six pools which have been given the go-ahead. While this is unlikely to affect investment returns greatly, it will certainly lead to disruption and significantly higher costs. While the Scheme Manager will continue to be responsible for administration, its investment role will under these proposals be limited to setting the high level asset allocation.

The Government is also putting pressure on all pension funds to invest in the U.K. While this may be laudable from society's perspective, the Fund's only purpose is to pay its members' pensions on time. Part of my role is to ensure that political or other agendas are not allowed to distract it from this objective. I am far from convinced that these changes will be to the benefit of members or employers, and the higher costs are likely to lead to higher contributions. In the worst case, the cost cap mechanism may result in their impacting members' benefits too.

Another challenge comes from Sussex' designation as one of the seven priority areas to become unitary authorities. East Sussex County Council, the current Scheme Manager, will cease to exist, and its functions will be taken over by another body. At the time of writing, there is no clarity on who that will be.

Administration is as important a function as investment management is in ensuring that pensions are paid in full and on time. My comments are the same as last year's: the pressures on the Fund's team from regulatory and other Government initiatives continue to increase, and there is a national shortage of experienced pension administrators. Against this background, the Administration team continue to provide a good and cost-effective service.

My final duty in this report is to provide some assurance as to the overall arrangements for the Fund. From a financial perspective the funding level is healthy, though the recent market falls are a reminder how quickly that can change. This is one reason why the actuarial adviser to the Fund rightly takes a conservative approach to setting contributions.

I can assure readers that the Fund's internal governance processes and structures are of a good standard and that it is sufficiently resourced both on the investment and the administration side. Although investment returns may decrease, it is important to remember that the Fund has a long horizon, and market fluctuations are inevitable. In common with many LGPS funds, the highest risks today undoubtedly lie in the potential for disruption from Government interference and regulatory change.

William Bourne
Independent Advisor
14th April 2025

Funding strategy statement implementation

The Funding Strategy Statement (FSS) focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers or pools of employers pay for their own liabilities. The FSS is prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013, CIPFA guidance and in collaboration with the Fund's actuary in place at the time of the last triennial valuation Barnett Waddingham, after consultation with the Fund's employers and investment adviser.

The FSS sets out how the Administering Authority has balanced the conflicting aims of:

- affordability of employer contributions,
- transparency of processes,
- stability of employers' contributions, and
- prudence in the funding basis.

The FSS is a summary of the Fund's approach to funding its liabilities, and this includes reference to the Fund's other policies; it is not an exhaustive statement of policy on all issues. The FSS forms part of a framework of which includes:

- the LGPS Regulations;
- the Rates and Adjustments Certificate (confirming employer contribution rates for the next three years);
- actuarial factors for valuing individual transfers, early retirement costs and costs of buying added service; and
- the Fund's Investment Strategy Statement

The Funding Strategy Statement was updated to reflect funding principles agreed for the 2022 actuarial valuation and was approved in March 2023. The funding principles apply to employer contributions payable from 1 April 2024 to 31 March 2025.

The approach used to set asset allocations for new bodies, to calculate the bond requirements for admitted bodies and to determine any cessation debts payable by exiting employers are calculated in line with the Funding Strategy Statement. The Fund monitors the change in the funding position at a whole Fund level on a regular basis. The next review of the Funding Strategy Statement will take place over the 2025/26 year as part of the 2025 valuation exercise.

The latest version of the Funding Strategy Statement is available on the Fund's website: https://www.eastsussexpensionfund.org/forms-and-publications/

Investment administration and custodianship

The Fund uses the services of a specialist custodian bank (Northern Trust) to safeguard its assets to prevent them from being stolen or lost. The custodian can hold stocks, bonds, or other assets in electronic or physical form on behalf of the Fund.

The custodian bank however does more than provide asset protection. They are also an asset servicing business ensuing that the investment administration of the Fund is in order. The services encompass a much broader range of data, operations, Banking & Markets, and decision-support functions. The spectrum of asset servicing products they offer ranges from fundamental core custody and accounting services to more advanced data and fund servicing offerings, as outlined at a high-level below.

The responsibilities of the Custodian are:

Core Custody Services

- Sub-custody
- Safekeeping
- Trade Settlement
- Income Collection
- Corporate Actions
- Tax Reclaims, including document completion for clients (including the UK)
- Proxy Voting
- Class Action Recoveries

Value Added and Reporting Services

- Investment Accounting (asset valuation)
- Performance Measurement
- Quarterly Office of National Statistics (ONS) Reporting
- Client Services
- On-line client portal system administration and user maintenance and training
- Provision of Service Level Agreement (SLA) and Key Performance Indicators (KPI)
- Markets Services
- Cash Management
- Foreign Exchange services
- Transition (Onboarding and Exit Management)

OPTIONAL SERVICES INCLUDING BUT NOT LIMITED TO:

Added Value Services

- Annual Financial Accounting (Chartered Industry of Public Finance and Accounting (CIPFA) Compliant)
- Over-the-Counter (OTC) pricing and settlement – Swap booking, valuation, lifecycle event management
- Collateral management service and European Market Infrastructure Regulation (EMIR) reporting
- Unitisation
- Master Record Keeping (Consolidated reporting for different legal entities)
- Cash account netting for same currency and entity
- Provision of bespoke Service Level Agreement (SLA) and Key Performance Indicators (KPI)

Alternative Asset Servicing

- Alternative Funds, for example:
    - Pooled Funds
    - Real Estate Funds
    - Private Equity Funds
    - Infrastructure Funds

    - Hedge Funds
- Direct Holdings, for example:
    - Direct Private Debt
    - Loan Servicing
    - Direct Private Equity (limited partnership (LP))
    - Private Equity Administration / Capital Call services

Reporting and Analytics
- Environmental, Social and Governance (ESG) Services and Reporting – Pre and Post-trade reporting
- Risk Analytics
- Compliance Monitoring
- Look through to pooled fund holdings

Investment Managers

The Fund employs a number of investment managers across the various mandates, with differing approaches or styles, as well as sectoral and geographic focus, and benchmarks. This is in order to ensure sufficient diversification, limiting downside risk during periods of market volatility. The Fund's investment manager structure is broadly as follows:

- The Fund's listed equity investments are weighted in favour of active management strategies, reflecting the Committee's preference for active management and including an ESG focus, with the equity holdings broadly split 62.5/37.5 in terms of active and passive. The active sleeve is split across global equity mandates with Longview and Baillie Gifford, as well as impact equity strategies managed by Wellington and WHEB. The passive sleeve is split between two ESG systematic/smart beta strategies, one with Storebrand, and the other with UBS tracking an index provided by Osmosis.
- Absolute return mandates are held with Newton and Ruffer and allow managers to flexibly alter allocations to a variety of underlying asset classes based on specific market conditions.
- The Fund's property mandate is held with CBRE the property manager appointed by ACCESS (formerly this sat outside the pool with Schroders), within a transition mandate to sell down the Fund's previous 'fund of funds' approach. The intention is to invest this into a direct property pooled solution.
- Corporate bonds, absolute return credit and commercial real estate debt mandates are managed by M&G, while the Fund's passive index-linked gilts mandate is held with UBS. With an additional multi asset credit mandate managed by BlueBay.
- The Fund's infrastructure holdings are split between M&G, UBS, Pantheon (all closed ended unlisted), ATLAS (listed) and IFM (Open ended unlisted), who adopt varying styles and focus areas.
- Private equity mandates are split between Adams Street and HarbourVest in fund of fund products to provide diversification of area and style.

The Fund has the following objectives for its investment managers:

- Each (active) manager delivers on its objective, net of fees.

- Each mandate adds a layer of diversification and offers different qualities to the Fund, through varying approaches and focus areas (geographic and sectoral).
- Consider all financial and non-financial risks and considerations including Environmental, Social and Governance (ESG) factors (including but not limited to climate change).

Ultimately the Fund seeks to deliver an appropriate level of return, relative to the risk taken.

Investment Allocations pooled and un-pooled

Mandate	Q1 2024 (£m)	Actual (%)	Target (%)	Q1 2025 (£m)	Actual (%)	Target (%)
Pooled Investments						
ACS Funds						
ACCESS - Global Equity (Longview)	521.6	10.6%	10.0%	510.2	11.0%	10.0%
ACCESS - Global Alpha (Ballie Gifford)	217.3	4.4%	5.0%	213.5	4.6%	5.0%
ACCESS - Absolute Return (Ruffer)	450.4	9.2%	10.0%	455.2	9.7%	10.0%
ACCESS - Real Return (Newton)	368.2	7.5%	7.0%	292.8	6.3%	3.0%
ACCESS - Sterling Corporate Bond (M&G)	131.1	2.7%	3.5%	124.5	2.7%	3.5%
ACCESS - Alpha Opportunities (M&G)	330.5	6.7%	7.0%	195.1	4.2%	3.5%
ACCESS - Total Return Credit (RBC Bluebay)	-	-	-	171.4	3.7%	3.5%
Total Link ACS Funds	**2,019.1**	**41.1%**	**42.5%**	**1,962.7**	**42.2%**	**38.5%**
Pool Aligned						
ACCESS – Passive over 5yr Index Linked Gilts (UBS)	234.9	4.8%	4.0%	357.5	7.2%	4.0%
ACCESS - Passive Osmosis Resource Efficient Core Equity Index (UBS)	397.6	8.1%	7.5%	415.4	8.4%	7.5%
ACCESS - Infrastructure (IFM)	246.9	5.0%	5.0%	267.9	5.4%	5.0%
ACCESS - Real Estate (CBRE)	-	-	-	338.7	6.8%	7.0%
Total Pool Aligned	**879.4**	**17.9%**	**16.5%**	**1,379.5**	**27.8%**	**23.5%**
Total Pooled Investments	**2,898.5**	**59.0%**	**59.0%**	**3,342.2**	**67.2%**	**66.0%**
Non-Pooled Investments						
Equities (passive):						
Storebrand - Global ESG Plus	465.3	9.5%	7.5%	450.3	9.7%	7.5%
Equities (active):						
Wellington - Global Impact	247.3	5.0%	5.0%	253.4	5.4%	5.0%
WHEB- Sustainability	238.0	4.8%	5.0%	200.7	4.3%	5.0%
Total Equities	**950.6**	**19.3%**	**17.5%**	**904.4**	**19.4%**	**17.5%**
Other Investments:						
Schroders - Property	336.0	6.8%	7.0%	3.5	0.1%	-
M&G - Infrastructure	49.4	1.0%	1.0%	42.8	0.9%	1.0%
Pantheon - Infrastructure	87.0	1.8%	2.0%	77.3	1.7%	2.0%
UBS - Infrastructure	35.4	0.7%	1.0%	35.3	0.8%	1.0%
Atlas - Infrastructure	99.9	2.0%	2.0%	104.4	2.3%	2.0%
Adams Street - Private Equity	189.5	3.9%	2.8%	174.1	3.8%	2.8%
HarbourVest - Private Equity	181.6	3.7%	2.7%	185.5	4.0%	2.7%
M&G Real Estate Debt VI	35.1	0.7%	5.0%	28.4	0.6%	5.0%
Cash account	52.2	1.1%	-	76.8	1.7%	-
Total Other Investments	**1,066.1**	**21.7%**	**23.5%**	**728.1**	**15.9%**	**16.5%**
Total Non-Pooled Investments	**2,016.7**	**41.0%**	**41.0%**	**1,632.5**	**35.3%**	**34.0%**
Total	**4,915.2**	**100.0%**	**100.0%**	**4,974.7**	**100.0%**	**100.0%**

Management expenses

In the course of its activities the Pension Fund incurs fees and costs incurred by third parties which affect overall investment returns of the Fund. The main component of these costs is management fees derived from the value of assets under management. There are also performance fees (paid when investments perform above a threshold) and transaction fees (these are the costs incurred when buying and selling investments) that impact on the investment returns.

With all investments there are decisions to be made around the risk appetite of the investor. Different assets have different risks associated with them and this drives the amount of return that the Fund expects of the investment. The amount of return that the investment makes drives the amount that a manager can charge for their services. A passive equity manager of a £500m portfolio that is only looking to replicate an index return will charge a low fee say £0.3m whereas an active manager trying to out-perform the index by 4%, will charge a higher fee say £3m. The active manager is looking to add an addition £20m in value of the assets for a cost of £2.7m for the investor this would be a positive gain of £17.3m.

To understand the different types of fees charged by managers the Fund requests that all its managers sign up the Scheme Advisory Board's Code of Transparency. The Fund uses the data provided by fund managers via the Code templates to determine the fees that have been charged for the year and adjusts the accounts accordingly.

2024/25	Assets Under Management £m	1 year performance	Fees and Costs £m	Fee Per AUM
Equity	2043.5	0.14%	6.6	0.32%
Fixed Income	876.9	-1.12%	2.2	0.25%
Diversified growth funds	748.0	2.17%	5.1	0.68%
Pooled property investments	342.2	-0.38%	1.4	0.41%
Private Equity/Infrastructure	887.3	3.52%	10.0	1.13%
			25.3	
Custody			0.1	
Total			**25.4**	

2023/24	Assets Under Management £m	1 year performance	Fees and Costs £m	Fee Per AUM
Equity	2,087.1	17.2%	7.6	0.36%
Fixed Income	731.6	4.9%	2.0	0.27%
Diversified growth funds	818.6	0.3%	4.8	0.59%
Pooled property investments	336.0	0.5%	1.6	0.48%
Private Equity/Infrastructure	889.7	0.9%	6.2	0.70%
			22.2	
Custody			0.1	
Total			**22.3**	

Asset Tables

£m Asset values as at 31 March 2025	Pooled	Under pool management	Not Pooled	Total
Equities (including convertible shares)	723.7	415.4	904.4	**2,043.5**
Bonds	491.0	357.5	-	**848.5**
Property	-	338.7	3.5	**342.2**
Hedge funds	-	-	-	**-**
Diversified Growth Funds (including multi-asset funds)	748.0	-	-	**748.0**
Private equity	-	-	359.6	**359.6**
Private debt	-	-	28.4	**28.4**
Infrastructure	-	267.9	259.8	**527.7**
Derivatives	-	-	-	**-**
Cash and net current assets	-	-	76.8	**76.8**
Other	-	-	-	**-**
Total	**1,962.7**	**1,379.5**	**1,632.5**	**4,974.7**

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not Pooled	Total
Equities (including convertible shares)	738.9	397.6	950.6	**2,087.1**
Bonds	461.6	234.9	-	**696.5**
Property	-	-	336.0	**336.0**
Hedge funds	-	-	-	**-**
Diversified Growth Funds (including multi-asset funds)	818.6	-	-	**818.6**
Private equity	-	-	371.1	**371.1**
Private debt	-	-	35.1	**35.1**
Infrastructure	-	246.9	271.7	**518.6**

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not Pooled	Total
Derivatives	-	-	-	**-**
Cash and net current assets	-	-	52.2	**52.2**
Other	-	-	-	**-**
Total	**2,019.1**	**879.4**	**2,016.7**	**4,915.2**

UK Investment

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not Pooled	Total
UK Listed Equities	289.9	15.2	15.7*	**320.8**
UK Government Bonds	131.1	-	-	**131.1**
UK Infrastructure	-	30.3	130.2	**160.5**
UK Private Equity	-	-	36.3	**36.3**
Total	**420.9**	**45.5**	**182.3**	**648.8**

Leveling up

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not Pooled	Total
UK Leveling up	**11.9**	**77.4**	**38.1***	**127.4**

*Two non-pooled managers have not yet provided data

Investment Performance –

Actual and benchmark performance for each of the Fund's mandates is provided in the table below, over 12 months 3 years and 5 years[1]. Results are considered by the Pension Committee on a quarterly basis and the Fund members on an annual basis as part of this report.

Mandate	1 year fund %	1 year benchmark %	Relative* %	3 year fund % (p.a)	3 year benchmark % (p.a)	Relative* %	5 year fund % (p.a)	5 year benchmark % (p.a)	Relative* %
Pooled Investments									
ACCESS - Global Equity (Longview)	(1.82)	4.76	(6.58)	7.02	8.30	(1.27)	13.74	15.20	(1.46)
ACCESS - Global Alpha (Ballie Gifford)	(1.28)	4.87	(6.15)	2.81	7.62	(4.82)	(1.82)	7.13	(8.95)
ACCESS - Absolute Return (Ruffer)	2.43	7.34	(4.91)	(1.16)	6.72	(7.88)	4.96	5.14	(0.18)
ACCESS - Real Return (Newton)	1.77	7.34	(5.57)	1.97	6.72	(4.75)	4.96	5.14	(0.17)
ACCESS - Sterling Corporate Bond (M&G)	(0.88)	(1.51)	0.63	(4.42)	(4.64)	0.22	(2.06)	(2.63)	0.56
ACCESS - Alpha Opportunities (M&G)	8.56	7.84	0.72	7.50	7.23	0.28	8.26	5.64	2.63
ACCESS – Passive over 5yr Index Linked Gilts (UBS)	(10.47)	(10.44)	(0.03)	(16.64)	(16.58)	(0.06)	(9.03)	(8.99)	(0.04)
ACCESS - Passive Osmosis Resource Efficient Core Equity Index (UBS)	4.40	4.76	(0.36)	8.36	8.30	0.07	9.66	9.92	(0.25)
ACCESS - Infrastructure (IFM)	8.52	4.63	3.89	7.27	5.23	2.04	-	-	-
ACCESS - Total Return Credit (RBC Bluebay)	5.71	7.48	(1.76)	-	-	-	-	-	-
ACCESS Real Estate (CBRE)	(0.38)	3.95	(4.33)	-	-	-	-	-	-
Non-Pooled Investments									
Storebrand - Global ESG Plus	3.14	4.76	(1.62)	6.87	8.30	(1.43)	8.90	10.58	(1.68)

Mandate	1 year fund %	1 year benchmark %	Relative* %	3 year fund % (p.a)	3 year benchmark % (p.a)	Relative* %	5 year fund % (p.a)	5 year benchmark % (p.a)	Relative* %
Wellington - Global Impact	2.16	4.87	(2.70)	2.07	7.62	(5.55)	3.75	9.17	(5.42)
WHEB- Sustainability	(16.06)	4.76	(20.82)	(4.90)	8.30	(13.20)	(2.42)	10.43	(12.85)
M&G - Infrastructure	(3.86)	4.63	(8.49)	(4.65)	7.24	(11.89)	0.51	6.68	(6.18)
Pantheon - Infrastructure	1.57	4.63	(3.06)	10.71	7.24	3.47	10.34	6.68	3.65
UBS - Infrastructure	(4.95)	4.63	(9.58)	2.45	7.24	(4.79)	(1.48)	6.68	(8.16)
Atlas - Infrastructure	4.46	13.41	(8.95)	2.84	4.01	(1.17)	6.54	7.53	(0.99)
Adams Street - Private Equity	0.67	6.23	(5.56)	(3.25)	9.13	(12.38)	14.00	15.79	(1.79)
HarbourVest - Private Equity	2.58	6.23	(3.66)	1.41	9.13	(7.71)	14.71	15.79	(1.08)
M&G Real Estate Debt VI	7.76	8.84	(1.08)	5.29	8.23	(2.94)	4.62	6.64	(2.02)
Cash account	4.46	4.91	(0.45)	6.27	4.09	2.17	4.36	2.47	1.89
Total	1.00	5.48	(4.48)	2.08	5.47	(3.39)	7.52	9.10	(1.58)

*Relative performance is calculated on a geometric basis as opposed to the simpler arithmetic method the geometric method makes it possible to directly compare long-term relative performance with shorter-term relative performance.
1 Since inception figures used where full data for a period is not available.

Responsible Investment (RI) is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and to generate sustainable, long-term returns (according to Principles for Responsible Investment (PRI)). Stewardship is the responsible allocation and management of capital across the institutional investment community to create sustainable value for beneficiaries, the economy and society.

The Financial Stability Board created the Taskforce on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information in 2015. The Fund support the TFCD recommendations, to provide a framework to communicate the steps the Fund is taking to manage climate related risks, and committed to reporting under TCFD in its Statement of Responsible Investment Principles.

The Ministry of Housing Communities and Local Government (MHCLG) ran a consultation in November 2020 on Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks. The purpose of this consultation was to seeks views on proposals to LGPS administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the TCFD. The details in the consultation have provided some insight into the requirements of climate reporting by LGPS Funds.

This Climate Report reflects the reporting requirements against the TCFD Framework taking into account the details included in the MHGLC consultation. Where the Fund has gaps in reportable data, this is highlighted in the sections, with a plan on how this will be progressed in future years reporting.

TCFD is structured around four thematic areas of Governance, Strategy, Risk Management and metrics and targets. This report follows this structure.

Governance

The East Sussex Pension Fund is part of the Local Government Pension Scheme (LGPS). The purpose of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefits basis. East Sussex County Council (ESCC) is the administering authority for the Fund. Under the Council's Constitution the Pension Committee has delegated authority to exercise the powers in respect of the management of the Fund. The Fund is neither owned nor controlled by ESCC, Fund assets are earmarked for pension payments and ringfenced from 'Council Money'. There are around 149 employers and more than 86,000 members, whose pension payments are funded by through employer and member contributions and investment returns. The Pension Committee (the Committee), comprising elected councillors, is responsible for Fund oversight and policy setting.

The Committee are responsible for agreeing the Investment Strategy Statement, climate change strategies, the responsible investment of the Fund, and report on these activities.
The Pension Committee receive assistance in performing these functions via:

- Pension Board – help with effective governance and ensuring compliance with the regulatory requirements.
- Chief Finance Officer – Scheme administration, including governance and investment implementation.
- Head of Pensions – ensuring Committee decisions are implemented.
- Investment Consultants – provide expert investment advice in line with regulatory requirement for proper advice. This is an FCA regulated firm.
- Independent Advisor – provides challenge to the Investment recommendations and supports the Committee in understanding of Investment activities.
- Fund Actuary – to provide information to the Fund on its solvency position and how climate change and other investment risks can impact the liabilities of the Fund.
- ESG Data advisers – to provide an analysis of carbon footprint of the liquid portfolio holdings.

The Committee has focused a substantial amount of time to develop its understanding and response to the ESG impacts that it is facing. This work has driven the Fund into codifying its beliefs in this area. The Fund believe that RI supports the purpose of the LGPS, and that climate risk does pose a material financial risk to the Fund. Responsible investment is therefore a substantial factor driving returns alongside other investment considerations.

Responsible Investment Beliefs

The following beliefs underpin the Fund's Responsible Investment principles and policies:

- ESG factors, including climate risk, can present material financial risks to asset values and returns.
- Implementation of effective RI policies can reduce risk and has potential to enhance returns.
- Engagement with investment managers ("IMs") and investee companies can be effective in protecting and enhancing the long-term value of investments.
- Collaboration with other asset owners and IMs will help improve the effectiveness of engagement.
- Effective oversight of RI requires monitoring of ESG and CR metrics and the actions of IMs and investee companies.
- RI is aligned with ESPF's fiduciary responsibilities in the management and oversight of ESPF's investments.
- ESG opportunities may be found in Impact Funds investing in companies whose profits are derived from providing solutions to some of the World's more serious environmental, sustainability and social challenges e.g. cleaner products and processes, renewable energy, health, nutrition, sustainable agriculture, shelter, clean water and sanitation etc.
- Resource efficient companies can drive increased returns for the benefit of the scheme members and stability of contribution rates for Scheme Employers, as resource efficiency reduces dependency on natural resources resulting in reduced input costs and less dependence on volatile commodity prices.

As the committee believes that RI and climate risk is a driving factor in the value of the Fund's assets and long-term return expectations in line with the Fund's Investment Strategy Statement and Funding Strategy Statement to keep the Fund in surplus, the Committee set out a Statement of Responsible Investment Principles (SRIP) which is published within the Fund's Investment Strategy Statement (ISS) and is available on the Fund website
https://www.eastsussexpensionfund.org/forms-and-publications/

The SRIP explains the Fund's approach to the oversight and monitoring of the Fund's investment activities from a Responsible Investment (RI) and Stewardship perspective. Including how it uses its RI beliefs to guide its investment decisions and the principles that it follows.

The Principles that are set out in detail within the SRIP are aligned to the six PRI principles, as the Fund is a PRI signatory:

Principle 1	We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2	We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4	We will promote acceptance and implementation of the principles within the investment industry.
Principle 5	We will work together to enhance our effectiveness in implementing the principles.
Principle 6	We will each report on our activities and progress towards implementing the principles.

The Fund are committed to review the weakest mandates based on the carbon data, metrics and analysis and determine what action will be taken in engagement with investment managers.

The engagement priorities for the Fund are -

Environmental

1. Climate change –emission reporting and reduction, sector transition pathways and investment in renewable energy and technical solutions
2. Enhancing biodiversity, regeneration and protection of forests and conservation of oceans and marine resources
3. Sustainable consumption and production. Preventing pollution and waste including plastic waste and promoting circular economy
4. Agriculture, food security and Food Waste

Social

1. Human rights including forced labour, companies operating in conflict zones and destruction to communities
2. Promoting gender equality and social inclusion
3. Inclusive and equitable education
4. Water security and access to sanitation
5. Eradicate poverty and hunger

Governance

1. Executive pay or dividend linked to sustainable and growth performance
2. Business / Company leadership with experts on boards
3. Company board focus on providing products, goods or a service through effective and sustainable corporate governance
4. Diversity of boards, workforce and policies
5. Anti-bribery and corruption

ESG factors and climate risk are taken into account by the Investment Working group to ensure all investment decisions have ESG and climate risk embedded at the outset, rather than a secondary consideration. The Committee believes that well managed companies provide long-term value creation and that the Fund's beneficiaries will benefit from strong investment returns and improve the Fund's overall funding position, which keeps the pensions scheme affordable in terms of employer contribution rates. Performance of all investment are monitored and reported quarterly.

Investment Managers are expected to report on performance, engagement and voting activity quarterly to the Fund and its advisers. The Fund then consider

- How managers have integrated ESG in their investment activities
- How managers have exercised the Fund's voting rights and to explain where there is deviation from voting guidelines or voting alerts from the LAPFF.
- What engagement activities have been completed in the quarter.

The Fund carry out meetings with investment managers in addition to the ongoing review and engagement that the investment consultant carried out for the fund to ensure the managers are complying with the requirements on them set by the Fund and ability of the manager to invest in the best interest of the Fund beneficiaries. During direct manager meetings with the Fund discussions take place on voting and engagement, rational of specific holdings to understand physical and transition risk as well as transparency of the Fund's exposure to carbon emissions and other ESG data sets.

The Fund report the stewardship activity of the investment managers and that of the Fund in a quarterly ESG report and an annual stewardship report and is a signatory to the FRC Stewardship Code since 2022, a copy of the report can be seen on the Funds website at https://www.eastsussexpensionfund.org/about-the-scheme/investment/.

In addition, the Fund publish an implementation statement within its annual report to show how its approved RI beliefs have been embedded within the Fund's investment activities.

All of the Fund's investment managers are assessed in relation to ESG issues through an ESG and climate impact assessment report on an annual basis by the Fund's investment consultant with an action plan set out for each manager which will be updated annually as part of the review.

The Fund invests through investment managers who carry out detailed research on the prospects for individual companies and industries and have access to company management. On selection of an investment manager the Fund ensure the manager is aligned with the same stewardship beliefs as the Fund with a detailed set of evaluation criteria for ESG and Stewardship.

The Committee review and discuss its risk register quarterly where climate risk is a separately identified risk in addition to ESG risk, with mitigations through the Fund's climate strategy.

Knowledge and skills of officers and the Committee are integral to the governance and effective oversight of climate risk within the Fund. Training opportunities are provided to Committee Members and Fund officers to ensure decision makers and those that implement and monitor investment activity understand how their stewardship responsibilities can be implemented, understanding risks and responsibilities. Training for the Fund is laid out in the Fund's training strategy which is reviewed every two years. The Fund has a training and investment strategy review day embedded into the annual meeting plan in addition to Committee meetings. New Committee members are given an induction programme to help develop knowledge understanding of all their responsibilities and training links and details are provided at least monthly by the Fund's designated training officer. Training is picked up at all Pension Committee and Pension Board meetings through the work plan and a report on training is covered twice a year.

A priority for the Fund is to ensure investments can withstand climate risks, including both transition and physical climate risks, and to invest for the future with confidence. As a result of this the Fund has conducted carbon foot printing. In addition, the Fund reviews the exposure to specific Fossil Fuel companies engaging with the investment managers where these positions are held to understand the engagement activities with those companies and the rational for positioning those companies in the portfolio. Whilst acknowledging that Fossil Fuel companies have intense carbon emissions, the Fund believe they have a part to play in the energy transition pathway; also recognising that emissions can be intense in other sectors, and climate change risks effects all sectors and geographical regions. To ensure that the Fund's managers are considering this monitoring of engagement activities and voting is done throughout the year. On top of this the Fund has partnered with other groups to push engagement on these topics with individual companies via its collaboration partners. The Fund plan on carrying out climate scenario analysis of various warming scenarios in the future to further understand the climate risks of the investment strategy.

The Committee is subject to fiduciary duties with respect to investment matters. As a result, the Fund must only use its power to invest the assets for investment purposes, to generate the best realistic return over the long-term, given the need to control for risks, to enable benefits to be paid to members when due. Investment decisions must be taken prudently, with a reasonable level of skill and care, and on the basis of proper advice, acting in the members' best (financial) interests.

A holistic whole portfolio approach to overall climate risks has been taken by the Fund which is backed up by its of ESG beliefs, ESG themes and Statement of Responsible Investment Principles. As well as mitigating risks through the changes to the investment strategy the Fund has also identified that there are also many investment opportunities to be found from new technology and solutions to climate change. In addition, the Fund recognises companies that effectively manage resources including Carbon, Water and Waste and have strong ESG approaches are often well managed high performing companies.

Strategy

The Fund has recognised that Climate risk is a financial risk to the Fund, both through its investments and impacts to liabilities and funding position. The investment risks identified to date around the climate impacts on the Fund have been around the structure of the Fund's investments, namely the use of passive investments and the transition from a fossil fuel based global economy to a carbon free economy. The Fund made significant changes in the structure of its investment strategy through 2021 and 2022, to remove any unconscious exposure to climate risk inherent within its large traditional market capital based passive equity investments.

The Fund's strategic analysis of its climate risk also identified that the Fund could benefit from increasing its exposure to sustainable investments designed to benefit from or contribute to the transition from a fossil fuel economy to a carbon free economy.

This work helps to solidify the Fund's belief that ESG opportunities may be found in impact funds investing in companies whose profits are derived from providing solutions to some of the World's more serious environmental, sustainability, demographic, and social challenges e.g., cleaner products and processes, renewable energy, health, nutrition, sustainable agriculture, shelter, clean water, and sanitation etc. Where successful, such companies would be expected to exhibit above average long-term growth characteristics.

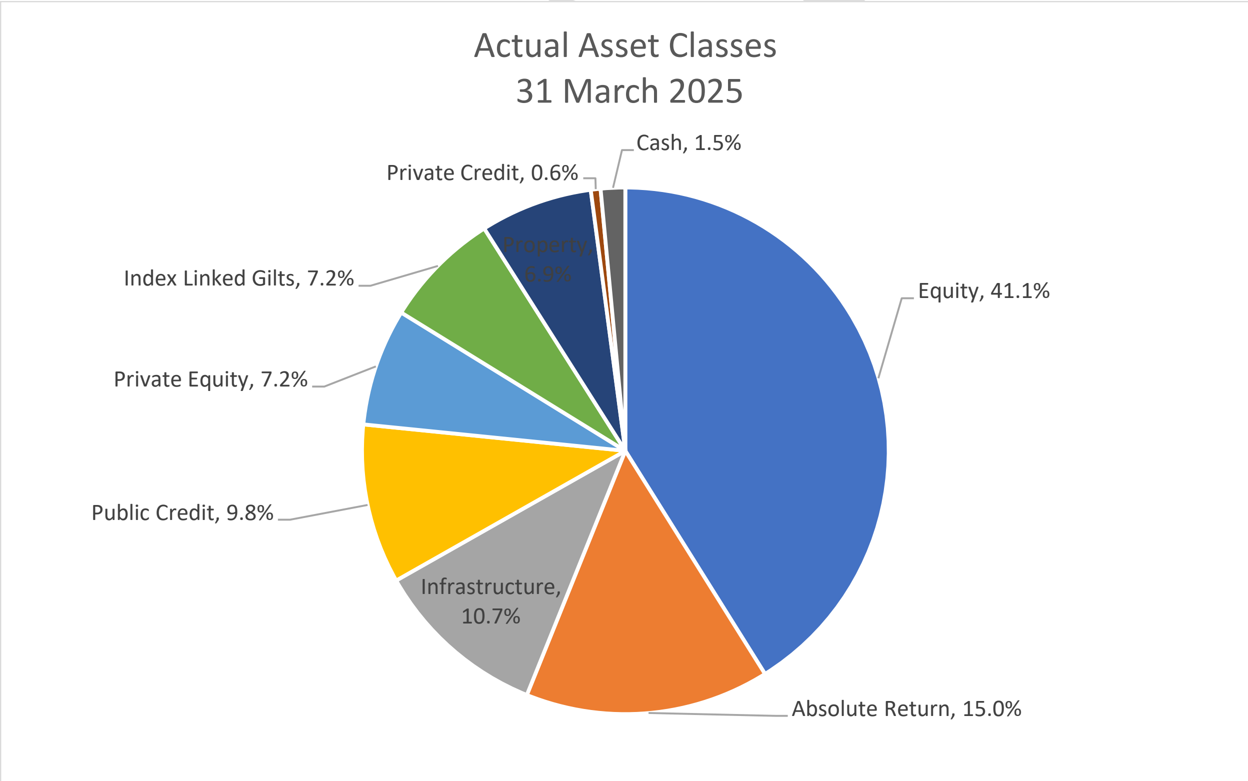
The Fund does not directly invest in any specific company; instead, it invests through a combination of holdings in passive index funds and in pooled funds through active investment managers who take considered choices over the underlying companies it invests in with a looking at the financial resilience and return possibilities as well as the ESG credentials of a company.

Climate risk

The Fund's investment strategy crosses a wide range of types of investment each of which will have different climate risks. Climate risk to the fund is through both physical risk and transition risk.

Type of risk	Description
Physical Risk	More frequent or severe weather events – flooding, storms, droughts, wildfires, chronic heatwaves, sea level rise
Transition Risk	Changes to less polluting greener economy – loss of asset value in hard to abate industries or as a result of policy constraints on activities of a business, increased costs of business supply chains, loss of access to materials, regulatory tax penalties

The Fund's investment strategy showing the types of assets is shown in the chart below.

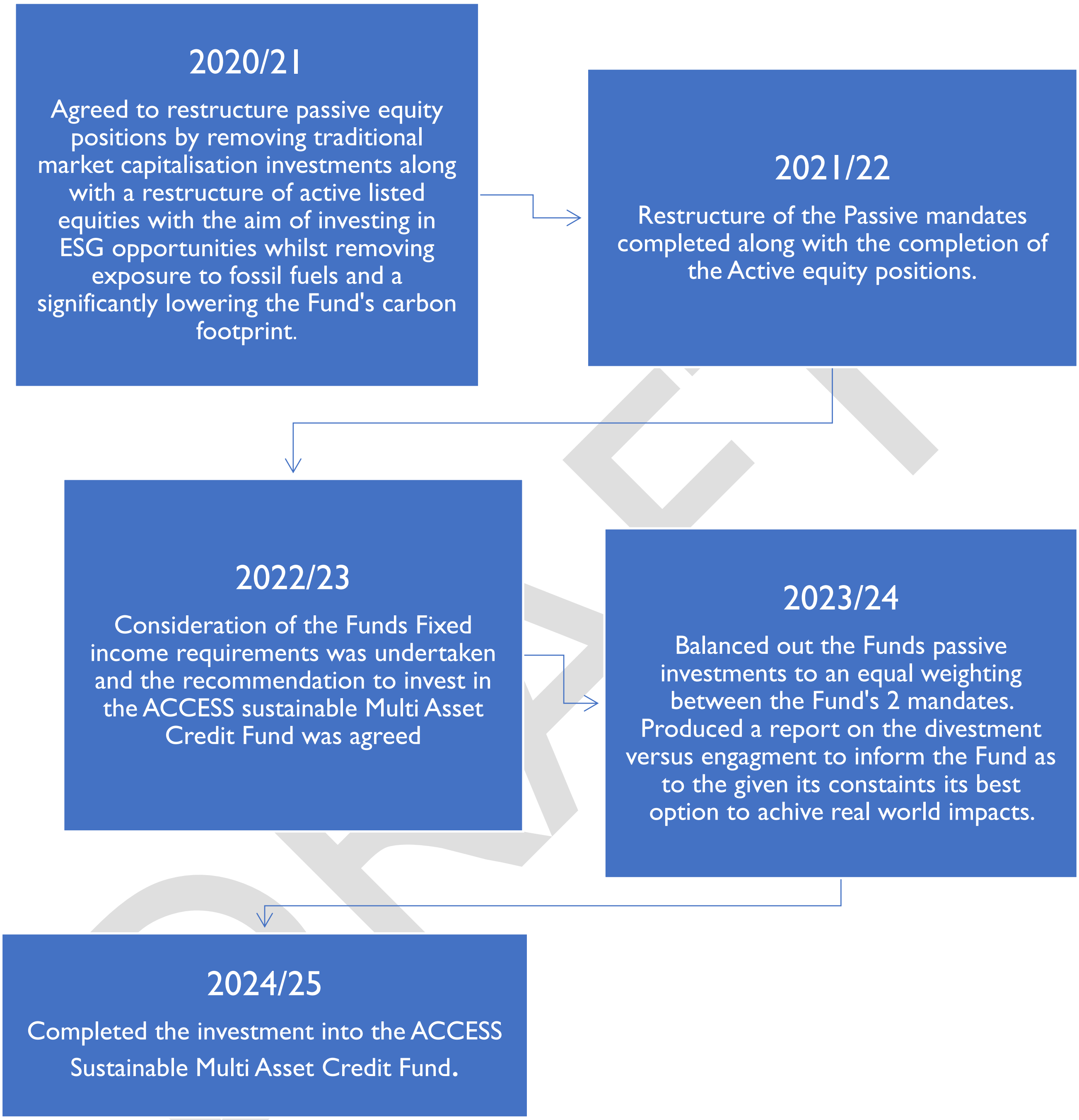


Climate risk can impact on all these asset types. For example, in the property allocation there may be physical risk with buildings in areas that may have an increased chance of flooding with extreme rainfall or sea level rises; or transition risks through the cost of retrofitting buildings with heat pumps or hydrogen boilers to replace gas heating systems. Or for example, a port within an Infrastructure portfolio would be affected by atmospheric and marine hazards leading to operational shutdowns and subsequent financial losses. A global equities portfolio for example could include shares in an agricultural company, a technology company or even an energy provider. Each company would face different climate risks; either to their physical geographical location, to supply chain costs and failures or regulatory or policy risk imposing penalties or restrictions to operations.

As a result of the wide-reaching climate risks, the Fund takes a holistic view of its investments rather than focusing on a single company sector and focuses on the quality and ability of the investment manager teams who carry out the detailed research for selection of the underlying companies in the portfolio. To do this the Fund undergo due diligence on the selection of a manager; meet and communicate with managers throughout the year to discuss company holdings, decisions, performance, and team structures; carry out annual carbon foot printing which also considers companies energy transition plans; carry out an annual ESG assessment of all investment managers within the portfolio. The 2022 triennial valuation has taken into account climate risk in order to understand the potential risks to the liabilities of the Fund.

The Committee believe that there is an inevitability that the transition from a fossil fuel to a carbon free economy will occur. As a consequence, where traditional market capitalisation indexes, which are designed to succeed if the old fossil fuel economy persists, are carrying an inherent unintended bias to fossil fuels. This also results in a opportunity to access and provide capital to those companies that are looking to enable and benefit from the transition from fossil fuels and this was regarded as a priority for the Fund.

To address these risks and opportunities the Fund has undertaken several strategic changes over the past 5 years. The below diagram sets out the main activities the Fund has undertaken over the past 5 years:



The Fund consider engagement with companies to align their businesses to aspects such as corporate governance standards, ensure best practice in labour force polices or alignment with the Paris agreement on climate related emissions. A list of the Fund's collaborative engagement partners is listed further below, and the Fund publishes reports on engagements and voting each quarter on its website.

Climate opportunities

The Fund has a belief that there are also climate opportunities available to invest in which will benefit and drive the energy transition. For example, companies which improve resource efficiency in relation to energy usage, water and waste management can lead to cost savings and competitive advantages and result in better run business. Where companies are making investment into innovation in technology not only will this assist with the energy transition it will provide further transmissible benefits, such as with the development of electric vehicles will also improve air quality in towns and cities. The advances in LED technology not only reduces the energy for lighting but also don't contain harmful metals such as lead or mercury and the manufacturing process is a lot cleaner than with other bulbs. Other opportunities can include investment in renewable energy sources such as solar, wind, biofuels as to meet global reduction targets energy generation source needs to move to clean energy sources and away from burning of fossil fuels.

The Fund has taken substantial measures to better align itself with the challenges of climate change and the energy transition and is considered one of the leaders in this space in its actions. These actions include investing 25% of the equity funds, or £454.1m, in Impact Managers who select companies whose core products or services achieve a positive impact on the environment or socially, or those companies that provide solutions to sustainability challenges. In addition, the Fund removed traditional passive index equity exposure (where there is unconscious exposure to a company) moving £450.3m of this to a fossil-free smart beta equity strategy that aims for long-term alignment with the Paris Agreement goals and exhibits lower carbon risk with climate solutions and higher ESG scores than the world index. With £415.4m invested into a resource efficient index that focuses on companies that more effectively manage carbon, water and waste while excluding fossil fuel companies. The Fund has also invested £213.5m into an active equity manger looking at investing into Paris aligned companies. The Fund has made an investment of £171.4m into a multi-asset credit sustainable mandate this will look to achieve a total return from investments in higher yielding fixed income asset classes through active security selection, asset allocation and capital preservation techniques, combined with environmental, social and governance (ESG) criteria. The product will exclude issuers who are exposure to a range of activities including controversial weapons, thermal coal and fossil fuels.

Future actions

The Fund will consider how the impact of the governments fit for the future consultation and pension schemes bill will provide opportunities to improve the responsible investment activities of the Fund with its new pooling partner.

The Fund will continue to develop its understanding of climate risk and opportunity within its investment portfolio in line with the Funds new LGPS Pool. Consider Climate Scenario stress tests to layer up our understanding of climate risk and allow us to assess our investment strategy against these. Whilst bearing in mind that scenario testing also depends on the quality of the underlying data, and this is still evolving.

The Fund will continue to review its investment strategy statement and statement on responsible investment principles. This will ensure that the Fund is keeping these up to date with best practice and improving practices.

Maintain stewardship code signatory status by producing a 2024 stewardship report. Provide the PRI the with the information required in their return to identify and improve weaknesses in our practices and policies and ensure we are considering where we diverge from others with our activities.

The Fund will continue to use engagement as our primary tool to our climate strategy, via membership of PRI, LAPFF, a seat on IIGCC Corporate Programme Advisory Group. The Fund also encourages all its managers to be members of these organisations. The Fund utilise the Transition Pathway Initiative data and third party ESG reports to focus the engagement with managers. Along with this there will be an annual review of the ESG credentials of our managers to strengthen the understanding of their processes and ensuring these align with the Fund.

Risk management

Risk management is the process of identifying risks, evaluating their likelihood and potential impact, and determining the most effective methods of controlling or responding to them. The Fund's general approach is to manage risk rather than eliminate it entirely.

The Fund has a detailed Risk Management process in place which is documented in the Fund's Risk Management Policy. A Risk Register is reported to Pension Committee and Pension Board quarterly for review and consideration, identifying the risk and the mitigations in place.

As part of the risk register the Pension Fund have specifically recognised Climate risk and details the risk and mitigations in place to manage this in the quarterly report. The identified aspects of climate risk are outlined below including mitigations in place. Once climate scenario modelling has been completed by the Fund the risks will be updated with any additional findings.

Possible trigger of climate risk on the Fund

- Uncertainty in energy transition impacts and timing
- Risk of stranded assets where invested in fossil fuel companies
- Lack of reliable carbon measurement data for investment pooled funds and or underlying holdings of those pooled funds.
- Risk of natural disasters on underlying investments
- Risk of changes in oil prices leading to underperformance from low exposure to the sector
- Increased capital costs of underlying investment companies to transition to greener energy solutions or lower carbon emitting supply chain models and production methods
- Fines or penalties incurred by underlying holdings by company or sector
- Increased global temperature and or erratic climate events causing devastation to underlying holdings
- Social consequence on members welfare and longevity within the fund
- Breach of law in taking political action over fiduciary duties

Possible consequences of climate risk on the Fund

- Unconscious exposure to high carbon emitters
- Reputation issues around how the Fund is progressing the move to a decarbonised global economy.
- Volatile investment returns
- Reputational risk where Climate risks, reporting, mitigations and strategies are not aligned with member views or poorly communicated
- Loss of income to the Fund from missed opportunities in oil price rally to accommodate the infrastructure to enable to the world to comply with the energy transition
- Loss of market value
- Major ecological disaster in the UK could lead to increased mortality quicker than anticipated within the funding models impacting on cash outflows and increased workloads for lump sum payments.
- Possible increase to ill health retirement cases leading to a change in cash flows and possible enhancements beyond those anticipated
- Loss of investment returns / underperformance from absence of Fossil fuel companies in equity mandates in oil price raise

Mitigations the Fund has put in place to try to reduce impact of the climate risk

- Statement of Responsible Investment Principles (SIRP) 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
- Investment Working Group and ESG working group consolidated into a single group to ensure ESG is in the heart of all investment decisions
- Restructuring of the equity portfolio removed structural exposure to fossil fuel companies to avoid high risk companies from a climate perspective
- 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
- Commitment to report TCFD's with a first attempt published in the 2021 Annual Report
- The Fund has planned for 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
- Immaterial 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.

Metrics and targets

Carbon Footprinting Exercise 2024/25

The Fund has used a third-party provider, Northern Trust, to undertake analysis of the Fund's carbon footprint (i.e., the measure of the Fund's 'share' of the volume of Green House Gas equivalent (GHGe) emissions generated by the Fund's investee companies) as at 31st March 2025.

This covers almost 61% of assets under management at an investment manager level within the Fund's total asset value as at 31st March 2025. 100% of the Fund's listed equities, 100% of absolute return and 15% of the fixed income were included. Certain assets (some fixed interest, infrastructure, private equity, derivatives and cash balances) were not, due to a lack of reportable GHG emissions data associated with them.

Northern Trust's approach to carbon footprinting uses estimates to generate data where none is reported and uses data disclosed by the Fund's investee companies where it is reported.

Liquid Asset Classes included in Carbon Footprinting

Listed Global Equity – 41.1% of Fund Assets
The Fund have six listed equity managers, four active and two index based making up 41.1% of the portfolio as at 31 March 2025. All Six portfolios are included in the metrics information within the Northern Trust's carbon footprinting report and all mandates exclude fossil fuel companies. All managers have strong engagement and stewardship approaches and are members of the PRI, IIGCC and are Stewardship code signatories.

Absolute/Real Return – 15.0% of Fund Assets
The Fund have two Absolute / Real Return managers, which make up 15.0% of the portfolio as at 31 March 2025. These madates are unrestricted as to what the managers can invest in as they provide a defensive response for the Fund's portfolio in the time of market volitility and uncertainty. These

manadates are in place to preserve capital. Both managers have strong engagment and stewardship approaches and are both members of the Net Zero Asset Managers Initiative and climate action 100+ as engagement leads.

Listed Infrastructure –2.1% of Fund Assets

The Fund has one listed infrastructure manager, Atlas, which is covered by the carbon footprinting analysis making up 2.1% of Fund assets. The manager is a member of IIGCC, NetZero Asset Managers Initiative, PRI and a Stewardship code signatory.

Fixed Income – 2.5% of Fund Assets

The Fund have four fixed income portfolios two managed by M&G and one by Bluebay, invested through the ACCESS LGPS pool and one passive index linked gilts mandate managed by UBS as an ACCESS pool aligned investment these combined are 17.0% of the Funds' assets. Only our M&G corporate bond mandate is included in the Northern Trust report representing 2.5% of our Fixed income investments, Northern Trust were not able to get enough relevant information for the other three mandates.

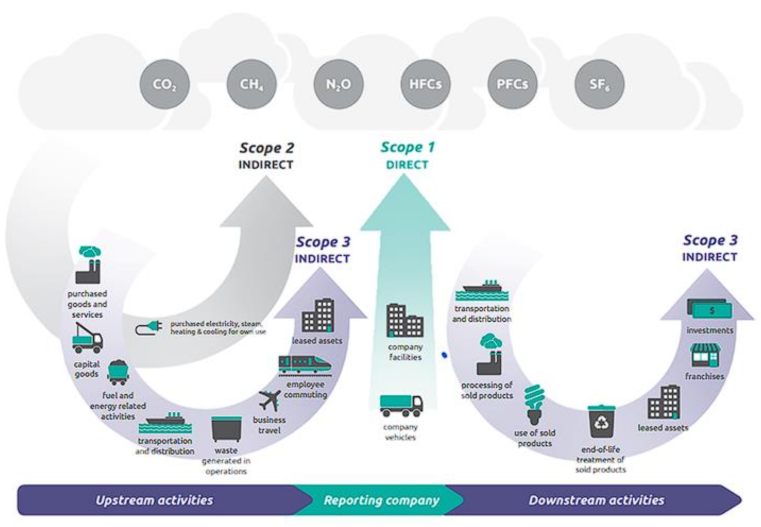
GHG Emissions

In line with the previous year, Northern Trust sought to provide the Fund with any 'Scope 3' GHG disclosure information available, in addition to Scope 1 and Scope 2. The different types of disclosures are defined as follows:

Categorization	Description
Scope 1	GHG emissions from owned or controlled sources
Scope 2 (Location-based)	GHG emissions of indirect emissions from the generation of purchased energy.
Scope 3	All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions

More information on the components included in each Scope is set out in the graphic below:

GHG Emissions - Scope 1, 2 and 3



Scope 1	▪ Fuel combustion ▪ Company vehicles ▪ Company facilities ▪ Fugitive emissions (emissions from unintentional or intentional release of GHGs to the atmosphere)
Scope 2	▪ Purchased electricity, heat and steam
Scope 3	▪ Purchased goods and services ▪ Business travel ▪ Employee commuting ▪ Waste disposal ▪ Use of sold products ▪ Transportation and distribution (up- and downstream) ▪ Investments ▪ Leased assets and franchises

Source: Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Carbon Footprinting Analysis Results - Summary

The high level results of the carbon footprinting exercise are shown below:

31 March 2025

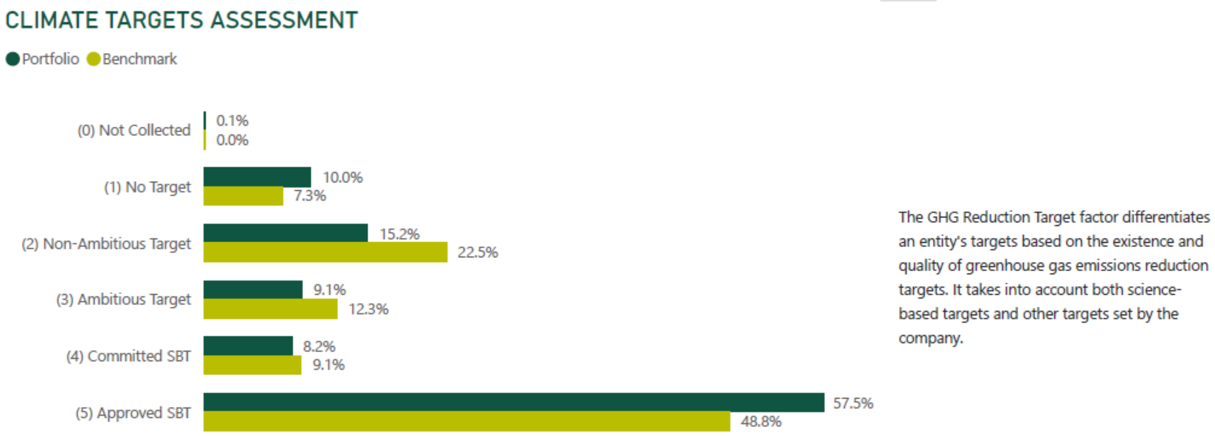
Metric	Results		Comments
Total Carbon Emissions (tCO2e)	Scope 1 & 2	67,854.8	The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2e.
	Scope 1, 2 & 3	813,542.3	
Carbon Footprint (tCO2e) / GBP Invested	Scope 1 & 2	28.3	Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tons CO2e / millions invested.
	Scope 1, 2 & 3	339.7	
Carbon Intensity (tCO2e) / GBP Revenue	Scope 1 & 2	90.2	This metric combines the total emissions / millions invested approach with a similar logic to determine an investor's share of revenue and subsequently dividing one by the other. By linking to revenue, the metric aims at describing the greenhouse gas efficiency of the underlying companies.
	Scope 1, 2 & 3	1,081.6	
Weighted Average Carbon Intensity (tCO2e) / GBP Revenue	Scope 1 & 2	72.4	Portfolio's exposure to carbon-intensive companies, expressed in tons CO2e / millions of revenue.
	Scope 1, 2 & 3	969.4	

31 March 2024

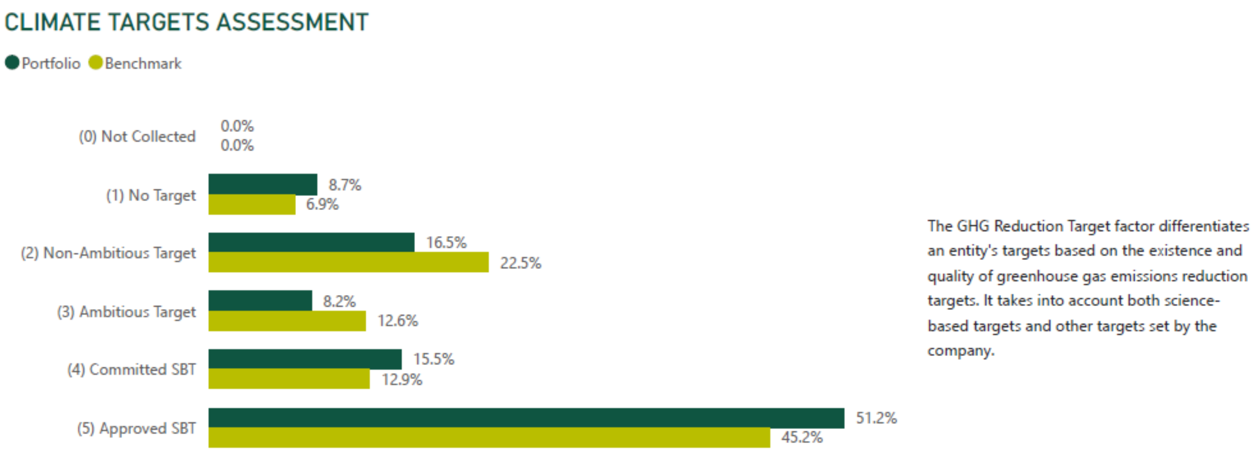
Metric	Results		Comments
Total Carbon Emissions (tCO2e)	Scope 1 & 2	72,371.50	The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2e.
	Scope 1, 2 & 3	1,044,166.80	
Carbon Footprint (tCO2e) / GBP Invested	Scope 1 & 2	41.1	Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tons CO2e / millions invested.
	Scope 1, 2 & 3	593.4	

Carbon Intensity (tCO2e) / GBP Revenue	Scope 1 & 2	97.30	This metric combines the total emissions / millions invested approach with a similar logic to determine an investor's share of revenue and subsequently dividing one by the other. By linking to revenue, the metric aims at describing the greenhouse gas efficiency of the underlying companies.
	Scope 1, 2 & 3	1,403.30	
Weighted Average Carbon Intensity (tCO2e) / GBP Revenue	Scope 1 & 2	81.60	Portfolio's exposure to carbon-intensive companies, expressed in tons CO2e / millions of revenue.
	Scope 1, 2 & 3	1,131.60	

31 March 2025



31 March 2024



The key takeaways are that:

1) Where disclosures were made, the Fund's investee companies emitted 67,854.8 (72,371.5 March 24) tCO_2e

2) The Fund's share of the GHG emissions made by its investee companies is 28.3 (41.1 March 24) tCO_2e / GBP Invested;

3) Over 57% of the Fund's investee companies have Greenhouse gas reduction targets that have approved science based targets.

Absolute Emissions

The following table shows the total carbon emissions for the Fund and for each investment manager mandate included in the scope of work:

31 March 25

Manager	Value £m	Scope 1	Scope 2	Scope 1 & 2	Scope 3	Scope 1,2 & 3
All	3,020.4	53,539.0	14,315.8	67,854.8	745,687.5	813,542.3
Equity						
Ballie Gifford	213.5	3,208.2	661.0	3,869.2	52,779.0	56,648.2
Longview	510.2	1,301.4	1,188.8	2,490.2	36,354.7	38,844.9
Osmosis	415.4	3,430.3	1,697.2	5,127.5	131,421.7	136,549.2
Storebrand	450.3	3,913.3	2,226.0	6,139.3	188,575.9	194,715.2
Wellington	253.4	2,678.5	1,322.9	4,001.4	91,820.9	95,822.3
WHEB	200.7	3,069.1	2,164.8	5,233.9	56,512.3	61,746.2
Fixed Income						
M&G Corporate Bonds	124.5	1,254.9	358.8	1,613.7	23,129.0	24,742.7
Absolute return						
Newton	292.8	2,179.9	617.1	2,797.1	43,914.3	46,711.3
Ruffer	455.2	21,969.9	2,526.7	24,496.5	97,053.6	121,550.1
Listed Infrastructure						
Atlas	104.4	10,533.5	1,552.5	12,086.0	24,126.1	36,212.1

31 March 24

Manager	Value £m	Scope 1	Scope 2	Scope 1 & 2	Scope 3	Scope 1,2 & 3
All	2,889.4	58,906.2	13,465.3	72,371.5	971,795.3	1,044,166.8
Equity						
Ballie Gifford	217.3	6,454.7	1,155.1	7,609.8	91,016.6	98,626.4
Longview	521.6	1,926.3	1,508.4	3,434.7	80,870.1	84,304.7
Osmosis	397.6	4,378.9	2,119.0	6,497.9	128,314.8	134,812.7
Storebrand	465.3	4,665.4	2,983.4	7,648.8	238,767.2	246,416.0
WHEB	238.0	1,422.3	761.0	2,183.4	169,984.6	172,168.0

Fixed Income						
M&G Corporate Bonds	131.1	2,300.5	590.3	2,890.8	29,151.7	32,042.5
Absolute return						
Newton	368.2	7,759.8	1,366.3	9,126.2	125,877.7	135,003.9
Ruffer	450.4	10,496.8	814.6	11,311.4	78,357.3	89,668.7
Listed Infrastructure						
Atlas	99.9	19,501.4	2,167.1	21,668.5	29,455.3	51,123.8

The figures shown above reflect the actual disclosures made by the Fund's investee companies that Northern Trust were able to identify and collect. The table reflects the actual GHG emissions disclosure position as far as they could determine, and the total amount of GHG emissions is clearly connected to the size of the portfolio, in terms of the number of companies held. This explains why the figures for, say, Osmosis are larger than the figures for WHEB.

It is encouraging that despite a larger amount of assets being included in the March 25 analysis the total absolute emissions of our mandates have gone down to 67,854.8 tCO2e for scope 1&2 (72,371.5 tCO2e March 2024) and 813,542.3 tCO2e for scope 1,2 & 3 (1,044,166.8 tCO_2e March 2024).

Carbon Footprint

The following table shows the total carbon footprint for the Fund and for each investment manager mandate included in the scope of work. This is defined as the total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tons CO2e / millions invested:

31 March 25

Manager	Value £m	Scope 1	Scope 2	Scope 1 & 2	Scope 3	Scope 1,2 & 3
All	3,020.4	22.4	6.0	28.3	311.4	339.7
Equity						
Ballie Gifford	213.5	15.6	3.2	18.8	256.7	275.5
Longview	510.2	2.6	2.3	4.9	71.8	76.7
Osmosis	415.4	8.3	4.1	12.4	318.4	330.8
Storebrand	450.3	8.7	5.0	13.7	421.2	434.9
Wellington	253.4	10.9	5.4	16.3	373.4	389.7
WHEB	200.7	15.9	11.2	27.1	292.3	319.4
Fixed Income						
M&G Corporate Bonds	124.5	28.7	8.2	36.9	528.5	565.4
Absolute return						
Newton	292.8	15.5	4.4	19.8	311.3	331.2
Ruffer	455.2	200.0	23.0	223.0	883.6	1,106.7
Listed Infrastructure						
Atlas	104.4	119.5	17.6	137.1	273.8	410.9

31 March 24

Manager	Value £m	Scope 1	Scope 2	Scope 1 & 2	Scope 3	Scope 1,2 &3
All	2,889.4	33.5	7.7	41.1	552.2	593.4
Equity						
Ballie Gifford	217.3	35.6	6.4	42	501.9	543.9
Longview	521.6	4.9	3.8	8.7	205.9	214.6
Osmosis	397.6	14.8	7.2	21.9	433.2	455.2
Storebrand	465.3	13.1	8.4	21.5	671.3	692.8
WHEB	238.0	7.7	4.1	11.8	915	926
Fixed Income						
M&G Corporate Bonds	131.1	52.2	13.4	65.6	661.7	727.3
Absolute return						
Newton	368.2	51.1	9	60.1	828.7	888.8
Ruffer	450.4	168.5	13.1	181.6	1,257.80	1,439.30
Listed Infrastructure						
Atlas	99.9	217.3	24.2	241.5	328.3	569.7

The Fund's current carbon footprint - i.e., its 'share' of the emissions made by its investee companies - equates to 28.3 (41.1 in March 24) tonnes of CO2e emissions. This is a significant reduction from the position in March 24.

Emissions Intensity

The following table shows the carbon intensity of the Fund and for each investment manager mandate included in the scope of work:

31 March 2025

Manager	Value £m	Scope 1	Scope 2	Scope 1&2	Scope 3	Scope 1,2 &3
All	3,020.4	71.2	19.0	90.2	991.4	1,081.6
Equity						
Ballie Gifford	213.5	64.5	13.3	77.7	1,060.4	1,138.1
Longview	510.2	8.8	8.0	16.7	244.5	261.3
Osmosis	415.4	24.3	12.0	36.3	930.4	966.8
Storebrand	450.3	26.1	14.8	41.0	1,257.9	1,298.8
Wellington	253.4	35.8	17.7	53.5	1,226.9	1,280.4

WHEB	200.7	59.1	41.7	100.9	1,089.0	1,189.9
Fixed Income						
M&G Corporate Bonds	124.5	69.9	20.0	89.9	1,288.5	1,378.4
Absolute return						
Newton	292.8	73.6	20.8	94.4	1,481.7	1,576.1
Ruffer	455.2	326.4	37.5	363.9	1,441.9	1,805.9
Listed Infrastructure						
Atlas	104.4	503.2	74.2	577.3	1,152.5	1,729.8

31 March 2024

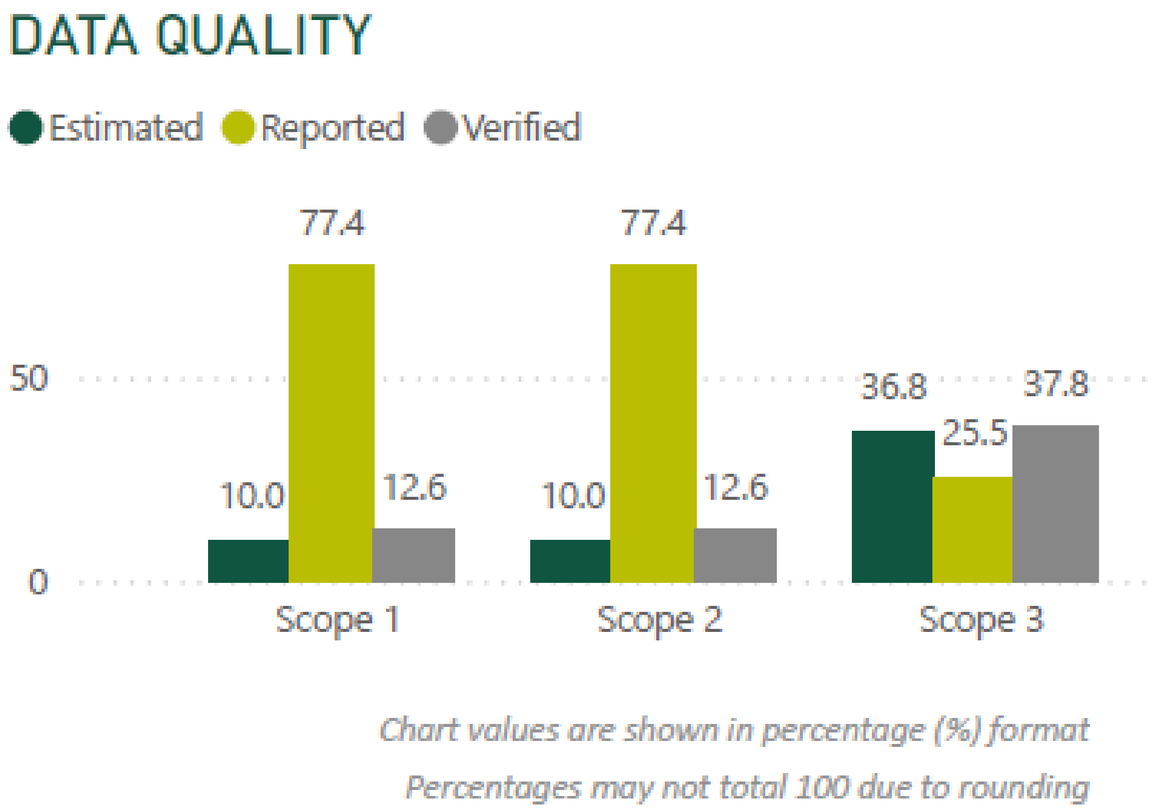
Manager	Value £m	Scope 1	Scope 2	Scope 1&2	Scope 3	Scope 1,2 &3
All	2,889.4	79.2	18.1	97.3	1306.0	1403.3
Equity						
Ballie Gifford	217.3	104.8	18.8	123.6	1478.0	1601.5
Longview	521.6	11.2	8.8	20.0	470.7	490.6
Osmosis	397.6	33.8	16.3	50.1	989.1	1039.2
Storebrand	465.3	29.8	19.1	48.9	1525.6	1574.4
WHEB	238.0	25.0	13.4	38.3	2985.2	3023.6
Fixed Income						
M&G Corporate Bonds	131.1	102.1	26.2	128.3	1294.3	1422.6
Absolute return						
Newton	368.2	152.5	26.9	179.3	2473.7	2653.0
Ruffer	450.4	156.2	12.1	168.3	1166.1	1334.4
Listed Infrastructure						
Atlas	99.9	725.2	80.6	805.8	1095.4	1901.2

The Fund's current carbon intensity - i.e., its 'share' of the emissions made by its investee companies - equates to c. 90.2 (97.3 in March 24) tonnes of CO_2e emissions.

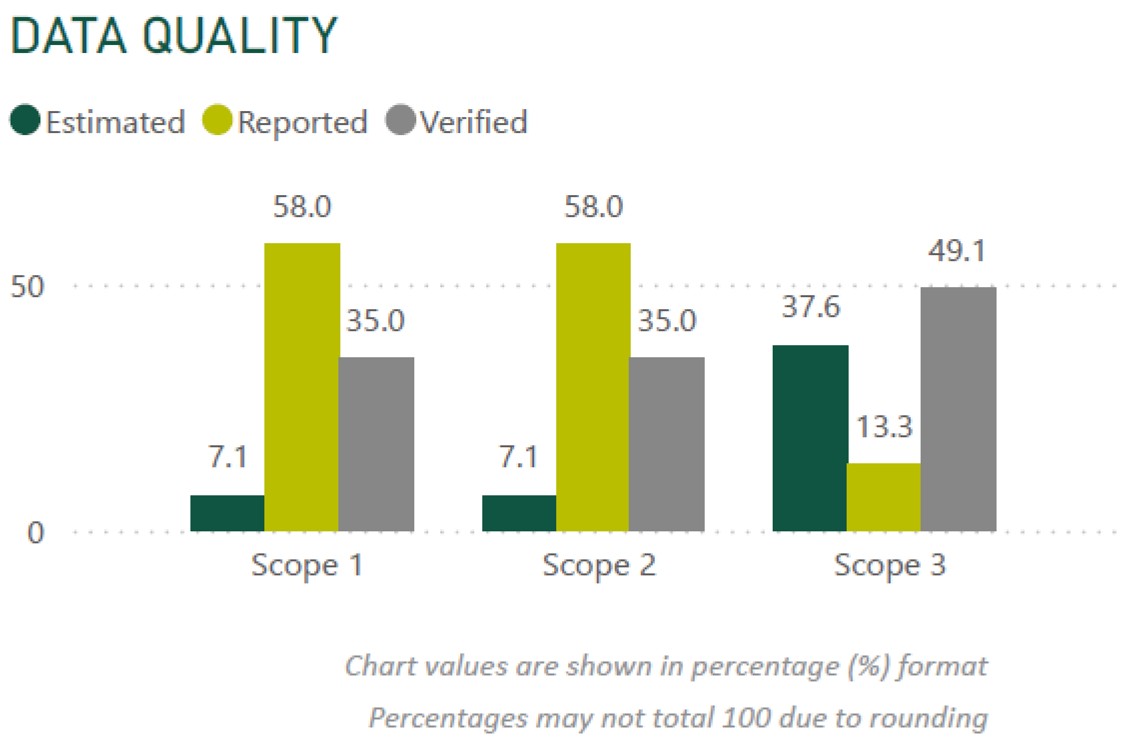
Data Quality

The following table shows Northern Trust's assessment of the quality of the GHG emissions disclosures made by the Fund's investee companies:

31 March 2025



31 March 24



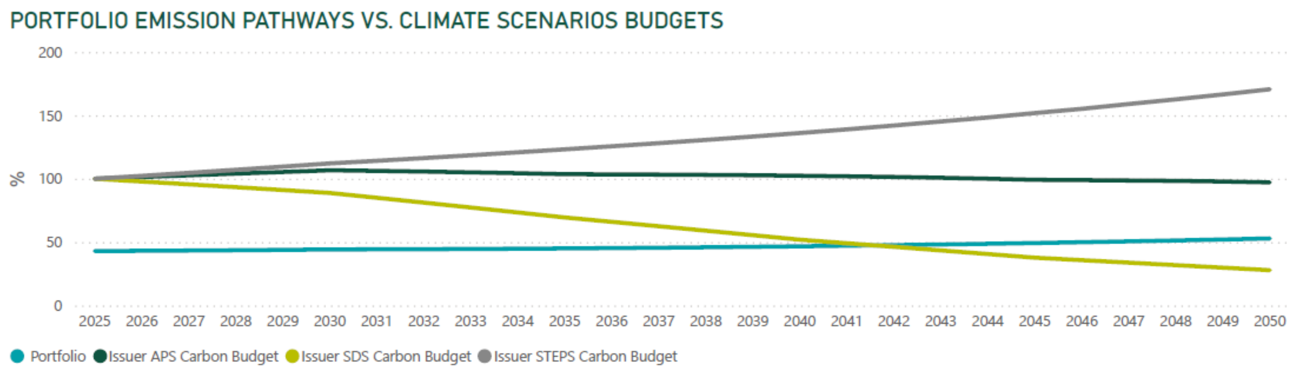
The results show that there has been a significant drop in the verified data that is being reported by companies falling to 12.6% from 35.0% in 2024. There is also an increase in the percentage of companies not reporting now at 10.0% compared to 7.1% in 2024. This means that there has been a weakening of carbon data.

CLIMATE SCENARIO ALIGNMENT

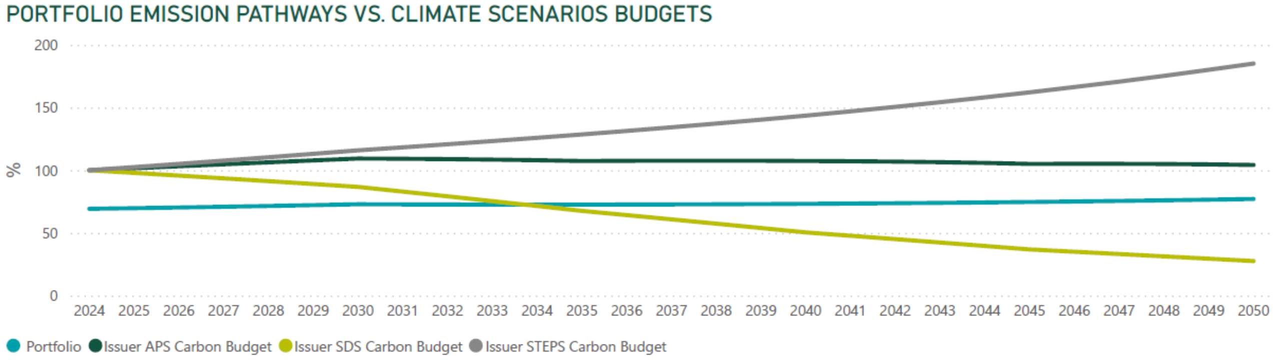
The scenario alignment analysis compares current and future portfolio greenhouse gas emissions with the carbon budgets for the International Energy Agency (IEA) Sustainable Development Scenario (SDS), Stated Policies Scenario (STEPS) and the Announced Pledges Scenario (APS).

Performance is shown as the percentage of assigned budget used by the portfolio.

31 March 2025



31 March 2024



The ISS ESG portfolio temperature score is calculated by comparing the portfolio owned projected emissions in 2050 with the available owned carbon budgets for SDS, STEPS and CPS. The score is an interpolation between the two nearest scenario temperature thresholds based on the respective overshoot. The temperature score has a range between 1.5 and 6.

Portfolio Temperature Score was 1.9 (2.3 in March 24) Degrees

Liquid Asset Classes excluded in Carbon Footprinting

Fixed Income – 14.5% of Fund Assets

The Fund have three fixed income portfolios one managed by M&G and one managed by Bluebay and invested through the ACCESS LGPS pool and one passive index linked gilts mandate managed by UBS as an ACCESS pool aligned investment. Northern Trust were not able to get enough relevant information for these investments.

M&G have provided the following information for the Alpha Opportunities Fund

31 March 2025	Scope 1 and 2 emissions (CO_2e tonnes)	Scope 3 emissions (CO_2e tonnes)	Total Emissions (scope 1,2 &3)
Emissions Reported	133,786	1,283,821	**1,417,607**

BlueBay have provided the following information for the Total Return Credit Fund.

31 March 2025	Scope 1 and 2 emissions (CO_2e tonnes)	Scope 3 emissions (CO_2e tonnes)	Total Emissions (scope 1,2 &3)
Emissions Reported	36,025	231,079	**259,819**

The passive index linked gilts mandate comprising 4.8% of the Fund this is not covered by the carbon footprinting analysis. As these are United Kingdom government bonds there is not currently an agreed way to consider the carbon footprint of these investments.

Illiquid Asset Classes

Outside of the Northern Trust carbon footprinting the Fund have tried to obtain information directly from the investment managers as to their cabon emissions and footprint. Illiquid assets constitute 23.6% of the Fund's portfolio. The following information has been obtained by asset class. The Fund will engage with managers over the next year to aim for increased exposure and more detailled metrics for futrure reporting.

Private Equity – 7.2% of Fund Assets

The Fund have two private equity managers, which make up 7.2% of the portfolio as at 31 March 2025. Neither of these managers have published any metrics under TCFD however both are members of the Initiative Climat International (iCI) which is a General Partner led initiative to collaborate on risk analysis tools to aid private equity action on climate change. Members of iCI commit to recognising the risks and opportunities that climate change presents to their investments, contribute to the Paris Agreement's objectives, and actively engage with portfolio companies to reduce their greenhouse gas emissions. Members work collaboratively across a variety of working groups to implement their commitments.

In addition to this, one of the private equity funds, currently weighted at 3.7% of the portfolio, has aligned its climate strategy with TCFD. As part of the Metrics and Targets commitment, they have partnered with a carbon accounting platform to produce fund-level reporting on greenhouse gas emissions data, using proxy data based on industry average. As part of their commitment to continue to improve data quality within reporting, the manager has joined the ESG Data Convergence Initiative (EDCI), hosted by ILPA, which seeks to standardize ESG metrics and provide a means of comparative reporting and benchmarking on ESG for private markets.

One of the Fund's Private Equity funds, which is currently 3.5% of the portfolio value has been able to provide a Weighted Average Carbon Intensity (WACI) of the portfolio as an Emissions Intensity metric as at 31/03/2025.

Company Scope 1 + Scope 2 (tCO2e/USDmn)	56.55
Company Direct + First Tier (tCO2e/USDmn)	54.60

1. The MSCI ACWI Wtd Avg Carbon Intensity (t CO2e/$M Sales) as of June 28, 2024, was 796. This includes Scope 1, 2 and 3. MSCI no longer publicly reports Scope 1 & 2 data for its benchmarks. The comparable WACI Scope 1, 2 and 3 figure for the East Sussex portfolio at the end of Q2 2024 was 502 t CO2e/$M Sales.
2. Direct and First Tier Indirect (which includes some elements of Scope 3), suitable for benchmarking against the S&P Global LargeMidCap which was 200 as of June 28, 2024.
3. This data is calculated based on estimation factors (in tCO2e/mUSD revenue) at the The Global Industry Classification Standard (GICS) Sub-industry level, provided by S&P Global Trucost.

Property – 6.8% of Fund Assets

CBRE, the Fund's property investment manager comment that they future-proof investments and operations, and understand the need to focus on climate mitigation and adaptation as essential components of risk mitigation and value creation. They seek to address climate risks and enhance investment return opportunities by focusing on delivering net zero greenhouse gas (GHG) performance and physical resilience. They seek to align their CBRE IM corporate operations with those of their parent organization, CBRE Group, Inc. (CBRE), and its commitment to reach net zero GHG emissions across the value chain by 2040, which follows the Science Based Targets initiative (SBTi). CBRE Investment Management has a Net Zero by 2050 target for select direct and indirect private real estate and infrastructure investments.

During the onboarding of the portfolio CBRE have begun the collection of data and metrics from the underlying investments and managers. For the period as at end 31st December 2024, this exercise is based on the real estate sectors GRESB initiative. Data was released at the beginning of October to participants, and is now being assessed and analysed by our Indirect Regional Investment Teams, prior to subsequent report. Based on the data available to them at the start of October 2025 (GRESB 2024, reporting year 2023 data), we are able to run a partial portfolio analysis to facilitate the Fund's reporting requirements. CBRE IM Indirect only report absolute emissions using actual data and do not recommend undertaking extrapolation or estimation, without clarity on the methodology previously applied and potential variations to this.

As such we have classified all of the data in this analysis as actual emissions, based on data reported by underlying managers following the GRESB methodology. For the purposes of the Fund's disclosure and TCFD related reporting of indirect investments, the emissions should be treated as Scope 3 Category 15 – financed emissions.

2024	Coverage of portfolio	Scope 1&2 emissions (carbon tonnes)	Scope 3 emissions (carbon tonnes)	Total Emissions (scope 1,2 &3)	Carbon tonnes per £m
Actual Emissions Reported	29.40%	215.64	625.32	840.96	7.39
Emissions Estimated & Actual	n/a	n/a	n/a	n/a	n/a

Infrastructure – 8.9% of Fund Assets

The Fund have four Infrastructure managers which comprise 8.9% of Fund assets at 31 March 2025. One of the infrastructure managers (IFM) comprising 5.4% of the portfolio have reported the following:

	Total scope 1 emissions [ktCO2e]	Total scope 2 emissions [ktCO2e]	Scope 3 emissions [ktCO2e]	Portfolio net attributable emissions [ktCO2e]
Total Portfolio	**17,053**	**2,674**	**165,137**	**3,100**

Another manager (UBS) which comprises 0.7% of the portfolio has provided the following table:

2024	Scope 1 emissions (CO2e tonnes)	Scope 2 emissions (CO2e tonnes)	Scope 3 emissions (CO2e tonnes)	Total Emissions (scope 1,2 &3)
Emissions Reported for Fund 3	**1,181.27**	**4,577.05**	**204,422.95**	**210,181.27**

A third manager (M&G Infracapital) comprising 1.0% of the portfolio has provided the following table:

2024 Emissions Reported (Fund Level)	Scope 1 emissions (CO2e tonnes)	Scope 2 emissions (CO2e tonnes)	Scope 3 emissions (CO2e tonnes)	Total Emissions (scope 1,2 &3)
Infracapital Partners III	257,970	2,599	66,260	326,830
Infracapital Greenfield Partners II	2,030	3,683	266,858	272,571
Total Emissions Reported	**260,000**	**6,282**	**333,119**	**599,401**

The last manager (Pantheon) comprising 1.8% of the portfolio has provided the following data.

	Scope	Value	Actual	Proxy	Total
Emissions(tCO2e)	Scope 1 and 2	19,869	87%	13%	**100%**
	Scope 3	22,798	76%	24%	**100%**
	Total	**42,667**	**87%**	**13%**	**100%**
Carbon Footprint2(tCO2e/$m invested)	Scope 1 and 2	10	87%	13%	**100%**
	Scope 3	12	76%	24%	**100%**
	Total	**22**	**87%**	**13%**	**100%**
WACI3(tCO2e/$m revenue)	Scope 1 and 2	899	91%	5%	**96%**
	Scope 3	1,645	76%	20%	**96%**
	Total	**2,543**	**91%**	**5%**	**96%**

Private Credit – 0.6% of Fund Assets

The Fund have one Private Credit manager which comprises 0.7% of Fund assets at 31 March 2024. There is no carbon emission data currently available for this investment.

RI implementation Statement for 2024/25

Below we show how the Fund has implemented the RI policies it set itself in the ISS.

Commitment	Progress	Further Action
To continue to measure and report on carbon-equivalent emissions throughout the equity portfolios	The Fund has undertaken an analysis of the Equity and Fixed Income investments with a third-party provider for the fifth year bringing in a new provider to give information that will be more aligned to the anticipated LGPS Carbon reporting requirements.	Develop further understanding of the different metrics. Review the Carbon-equivalent emission provider market. Work with Investment managers of other asset classes to improve asset class coverage.
To continue our work with IIGCC and Climate Action 100+	The Fund has been an active participant in the IIGCC corporate program with the Chair of the Pension Committee sitting on the IIGCC Corporate Programme Advisory Group. The Fund attends training items and research webinars provided by IIGCC.	The Fund is looking for more options within IIGCC to support further development and implementation of IIGCC research into the Fund's strategy.
To continue to research and support the deployment of new impact capital into projects set to benefit from the transition to a low carbon economy	75% of the Fund's equity mandates have been invested into specific climate conscious investments. With 10% of the Fund's total portfolio with active managers into impact managers, 5% actively managed in Paris Aligned portfolio, 7.5% into climate risk passive product and 7.5% into a resource efficiency weighted index. The Fund has moved a further 3.5% of Fund assets into a sustainable multi asset credit fund in Q1 of 2024/25 financial year.	The Fund will continue to assess the alignment of the remaining equity position to ensure it is invested in a compatible way to our RI policies. The Fund will review the characteristics of the equity investments to ensure these mandates are investing inline with the investment rationale of the Fund. The Fund will continue evaluating the fixed income options to ensure that where we are able to identify sustainable investment practices. Working with ACCESS to develop a suitable passive like equity offering and promote

Commitment	Progress	Further Action
		suitable solutions within the Pool.
To assess the carbon intensity of all assets (using estimates if necessary) by the end-2022 reporting cycle, supported by external managers and GPs	The Fund has to date only considered the carbon intensity of the liquid holdings, around 70% of the Fund assets, through a third-party foot printing provider. The Fund receives Carbon foot printing information from its property manager and part of its Private Equity portfolio. The Fund is working with managers and other advisors in how to calculate this for the remainder of the alternative space.	The Fund is liaising with its external managers of the harder to measure assets and request that all managers' report in line with TCFD reporting requirements. Awaiting the outcome of the government's consultation on the TCFD reporting for the LGPS and looking to report in line with this. Working with other LGPS Funds, ACCESS, Fund managers, custodian and other third parties to provide more information and determine how they will be getting the required information.
Using data from the Transition Pathway Initiative (TPI), to engage alongside our collaborative partners to encourage companies to adopt business models and strategies that are in line with the aims of the Paris agreements.	The Carbon reporting provided by Northen Trust will be used to support our challenge to managers where this highlights companies which are reporting high emissions and have poor quality transition plans. The Fund will request explanations from managers regarding these companies along with running them through the TPI to understand their view. The Fund also reviews companies that are classified by the Investment manager as a Fossil Fuel company and will run these through the TPI data this analysis is used by the fund during meetings with the Fund managers.	The Fund continues to work on improving its information on its underlying holdings with the aim to get quarterly information to further analyse on different criteria including TPI analysis.

Commitment	Progress	Further Action
Implement processes that adhere to Taskforce for Climate-related Financial Disclosures (TCFD) recommendations on mandatory reporting and governance requirements related to climate risk as they are expected to apply to the LGPS.	The Fund is incorporating as much of aspects of the TCFD guidance for private pensions schemes into its Annual Report. This is building on the report provided last year, allowing the Fund to identify and enhance the report year on year and provide readers with better understanding of emissions and climate strategy. Along with this the Fund has received 4 years of ESG assessments of its investment Managers from its conducted by its investment consultant. We continue to engage with our investment managers over their own reporting and are encouraging them to report in line with TCFD where they are not already doing. We undertake carbon foot printing of the Fund. We have been producing a quarterly engagement reports detailing the work the Fund has been undertaking. The Fund responded to the consultation on the TCFD reporting in the LGPS and is a supporter of this being implemented.	The Fund is awaiting the outcome to the consultation on the TCFD reporting in the LGPS and is a supporter of this being implemented. The Fund will look to implement the guidance once this is published and continue to develop its reporting. The Fund will continue to work with Third parties to develop and implement enhancements to its current reporting. Including PRI and UK Stewardship reporting. The Fund will investigate how climate scenario analysis can help define its climate strategy and how this can be implemented.
To report annually in accordance with TCFD recommendations.	The Fund provide a TCFD section within its Annual Report covering all elements where sufficient data is held and identifying areas which are not yet complete. There is currently no guidance for LGPS Funds on TCFD reporting.	We are awaiting the response to the consultation from DLUHC on TCFD reporting and when the regulations are set out and there is clarity on the final requirements, the Fund will implement a fully compliant report within the guidelines set out for the LGPS.

Commitment	Progress	Further Action
Signatory to the United Nations Principles for Responsible Investment (PRI)	The Fund has signed up to the PRI and has provided its first set of information to the PRI for assessment. The Fund received the results of the assessment and received at least 4 stars in each category.	During Q3 2024 the Fund will prepare and submit the necessary information to maintain our signatory status to the PRI. We anticipate receiving our second assessment report in Q4 2024 and look forward to improving our responsible investment activities based on the findings.
Encourage the Fund's investment managers to provide transparency by reporting relevant and accessible ESG-related information. This includes their commitments to and alignment with the UK Stewardship Code 2020, the TCFD, the PRI and GRESB, where appropriate.	The Fund have been requesting quarterly information from the managers on engagement and voting and have been publishing a quarterly report detailing our monitoring of the managers. Alongside this the Fund also provide information on the managers engagements and commitments such as to which organisations they are signatories. The Fund receive an impact assessment of the Fund managers from its Investment Consultant annually to ensure that they are stewards our assets in line with their policies and our expectations. As part of our engagement with managers is to request that they consider signing up to UK Stewardship Code 2020, IIGCC, TCFD, the PRI and GRESB. ACCESS has been doing a lot of work within the RI space and has revised it guidelines we continue to work with ACCESS to develop the report framework around the RI guidelines.	We will be maintaining the engagement and voting information capture and are working to improve the information that is published as part of our engagement report. Look to improve communication with stakeholders of the Fund. The Fund continues to monitor the investments managers through carbon foot printing and ESG reviews by our investment consultant. The Fund is committed to working with ACCESS to improve the RI function within the pool and provide better reporting. Ensuring that the Fund's managers sign up to relevant commitments with TCFD and UK stewardship code 2020 being priorities.
Working collaboratively to increase the reach, efficiency,	ACCESS has set up a RI working group to build upon	We shall be looking to continue to explore

Commitment	Progress	Further Action
and effectiveness of RI. We work with a host of like-minded partner funds, service providers and related organisations striving to attain best practice in the industry and to improve industry standards.	the RI guidelines of which we are an active member. The Fund was a founding sponsor for the current active National LGPS Framework Stewardship framework. We have been engaged with IIGCC and have signed up to some of the initiatives coming from this collaboration. The Fund is an active participant in the LAPFF Executive Committee.	opportunities with ACCESS to improve the RI opportunities. Increase the involvement in collaborative RI initiatives and look to be signatories to shareholder resolutions where appropriate.
Report annually in accordance with the UK Stewardship Code requirements, and we are committed to adhering with the requirements of the new UK Stewardship Code 2020.	The Fund submits its annual Stewardship Report to the FRC in October and has maintained its signatory status.	Work to improve the submission to the FRC in 2024 to maintain signatory status and improve our processes based on the outcomes of the previous report.

Collaboration

There are limits to the influence that we achieve as a single investor and the resources we can reasonably commit. We recognise that progress can be best achieved on ESG issues through collaboration with other investors and organisations. We are an active member and supporter of several Global and Industry ESG Initiatives

PRI Principles for Responsible Investment https://www.unpri.org/

Principles for Responsible Investment (PRI). We have been a signatory to the PRI since 2020 and are working on our first submission on how we implement the six Principles of Responsible Investment into our everyday work to be good stewards of capital, which has been submitted for 2024. PRI is an important partner, providing excellent guidance on responsible investment and we work closely with them on the future direction of the organisation

IIGCC Institutional Investors Group on Climate Change https://www.iigcc.org

Institutional Investors Group on Climate Change (IIGCC) has the collective weight of over €51 trillion from over 350 members and is leading the way on a global stage for investors to help realise a low carbon future. IIGCC helps shape sustainable finance policy and regulation for key sectors of the economy and supports members in adopting active ownership and better integrated climate risks and opportunities into investment processes. The Fund's Pension Committee Chair is currently a representative on the IIGCC Corporate Programme Advisory Group. The corporate programme focuses on supporting investors to engage with companies to align portfolios with the goal of net zero by 2050. In addition to the Fund's own membership of IIGCC, the Fund asks its managers to also be members providing a double lock on engagement.

[LAPFF | The leading voice for local authority pension funds across the UK (lapfforum.org)]

As a member of LAPFF the Fund works together with the majority of LGPS funds and pools across the UK, through the forum, to promote high corporate governance standards to protect the long-term value of local authority pensions. With member fund assets exceeding £350bn, the forum engages with companies and regulators to deliver reforms advancing corporate responsibility and responsible investment. In October 2021 the Fund's Head of Pensions was appointed to the executive committee as an LAPFF Officer Member.

[Home | Pensions For Purpose]

Pensions For Purpose is a bridge between asset managers, pension funds and advisers, to encourage the flow of capital towards impact investment. Pensions For Purpose provide high quality expertise and training to Funds on ESG issues. The Fund joined as an affiliate member in September 2021.

[Home | Financial reporting council]

The Financial reporting council sets UK Accounting, Audit and Actuarial standards. The fund has committed to report under the FRC's Stewardship code, pledging to manage capital in a way that creates long term value and leads to sustainable benefits for the economy, the environment and society. The Fund's has submitted its report form the past 2 years and have been accepted as a signatory.

[Home | Task Force on Climate-Related Financial Disclosures]

The TCFD was set up to develop recommendations on the types of information that companies should disclose to support its stakeholders in appropriately assessing and pricing risks related to climate change. The fund has committed to report under the TCFD initiative.

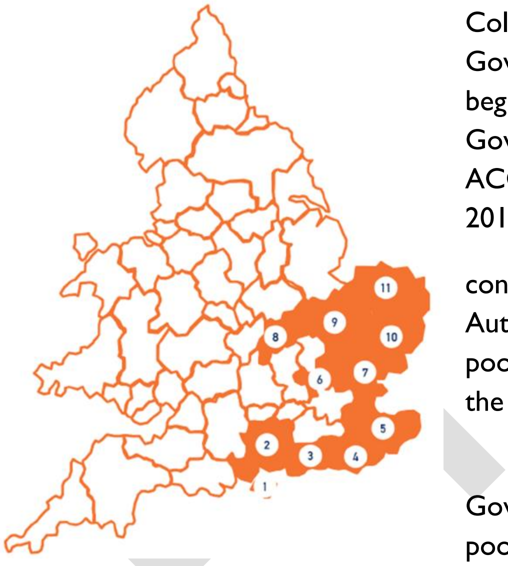
[UKSIF – UK Sustainable Investment and Finance Association]

The UK Sustainable Investment and Finance Association is a membership organisation for those in the finance industry committed to growing sustainable and responsible finance in the UK. By creating the space for networking and showcasing good practice across the sector, UKSIF bring together the broad community to highlight success and create connections. UKSIF has a long track record of successfully influencing government policy, giving a strong voice to members to push forward the need for a sustainable future delivered in a way that works for the industry, positions the UK as the world leader, and creates opportunities for innovation.

Pooling

Background

The pooling landscape that first started to take shape in 2016 did not specify a particular model. ACCESS (A Collaboration of Central, Eastern and Southern Shires) 11 Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government's agenda for pooling LGPS investments. The first ACCESS Inter Authority Agreement was signed in late June 2017.



The pool structure ACCESS chose to create continued the market sourced approach the ACCESS Authorities have always adopted, and although some other pools took different pathways, ACCESS were not alone in the model adopted.

2024/25 has been dominated by the Government's Pension Review and the implications for LGPS pools. Following last September's Call for Evidence, the Consultation entitled LGPS: Fit for the future was launched after the Chancellor's November Mansion House speech. This developed original Government thinking and consolidated the notion of "one model" for all pools.

Against a March 2026 deadline for pools to be built around an FCA regulated investment management company, options included merger and, for those with models such as ACCESS, building an FCA company.

In order to comply with the expectations of LGPS Fit for the future ACCESS launched Project Castle initiating an intense period of dialogue, engagement and analysis. The result was a detailed assessment of options culminating in a submission to Ministers in late February, setting out the rationale for why the most effective course of action for our pool was to build our own FCA investment management company.

As will be widely known, shortly after the end of 2024/25, in early April, ACCESS was extremely disappointed when Ministers indicated that they had chosen not to support ACCESS's proposal. The Joint Committee, ACCESS Authorities and the ACCESS Support Unit continue to work through the implications of that decision.

In response to this the ESPF confirmed a preferred pooling partner as Border to Coast Pensions Partnership. Established as a regulated asset manager in 2018, they are one of the largest LGPS pools in the UK. Their purpose is to make a difference for the LGPS by providing cost-effective, innovative, and responsible investment opportunities that deliver returns over the long-term. The ESPF will work towards becoming a shareholder in Border to Coast Pensions Partnership by the 31 March 2026.

Current arrangement

ACCESS is made up of 11 Local Government Pension Schemes (LGPS) Administering Authorities:

1. Isle of Wight
2. Hampshire
3. West Sussex
4. East Sussex

5. Kent
6. Hertfordshire
7. Essex
8. West Northamptonshire
9. Cambridgeshire
10. Suffolk
11. Norfolk

Collectively the pool has assets of £66.7 billion (of which 74% £49.3bn has been pooled) serving over 3,500 employers with over 1.2 million members.

The ACCESS Administering Authorities are committed to working together to optimise benefits and efficiencies on behalf of their individual and collective stakeholders, operating with a clear set of objectives and principles that drives the decision-making process.
The following strategic objectives are in place:

1. Enable participating authorities to execute their fiduciary responsibilities to the Local Government Pension Scheme (LGPS) stakeholders, including scheme members and employers, as economically as possible.
2. Provide a range of asset types necessary to enable those participating authorities to execute their locally decided investment strategies as far as possible.
3. Enable participating authorities to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision-making and control.

In order to achieve these objectives, the Councils have established a set of governing principles implicit within these is the democratic accountability and fiduciary duty of the Councils as Administering Authorities. The governing principles are summarised below:

- Collaboration
- Objective evidence-based decisions
- Professionalism
- No unnecessary complexity
- Value for money
- Risk management
- Equitable voice in governance
- Equitable cost sharing
- Evolution and innovation

Governance

Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as does all decision making on their individual Fund's asset allocation and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

The Joint Committee (JC) has been appointed by the eleven Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The JC's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool-aligned asset providers (for passive asset management), to the Administering Authorities. The Joint Committee also reviews ongoing performance.

The Section 151 Officers of ACCESS Authorities provide advice to the Joint Committee in response to its decisions to ensure appropriate resourcing and support is available to implement the decisions and to run the ACCESS Pool.

The Joint Committee is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

The Officer Working Group consists of officers with specialist LGPS skills, identified by each of the Administering Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management and supplier relationship, administration and technical support services.

A business plan is developed and submitted for consideration by the JC ahead of the start of each year, prior to being recommended to each of the ACCESS Authorities.

The business plan includes milestones across listed assets (both active and passive), non-listed assets and governance. The JC also determines an annual budget to support the activities within the business plan.

The ASU has responsibility to manage this development and implementation of the business plan, within budget, whilst assessing and managing the risks for the pool. A central feature of ACCESS is the engagement of each of the eleven Authorities, and therefore the support and facilitation of stakeholder groups is key to the work of the ASU. The governance structure of the Pool ensures that dialogue with, and input from, Local Government Pension Scheme (LGPS) subject matter experts from each Authority, is gathered through the Officer Working Group (OWG) and various subgroups.

In turn, this enables the s151 Officer Group to form the recommendations that are ultimately considered by the JC. It has long been recognised that considerable expertise exists within the LGPS officer community. The full time ASU staff are therefore supplemented by part-time Technical Leads whose work for ACCESS is part of the Pool's costs.

The Operator

Appointed in 2018 Waystone (formally Link Fund Solutions Ltd) provide the pooled operator service, establishing, overseeing and operating an Authorised Contractual Scheme (ACS) for the sole use of ACCESS Authorities. Waystone are also responsible for establishing the creation of a range of investment sub-funds for active listed assets and the appointment of the investment managers to those sub-funds. This is designed to enable Administering Authorities to execute their asset allocation strategies.

Pool Aligned Assets

UBS were appointed following a joint procurement in 2017, and act as the ACCESS Authorities' investment manager for passive assets. JP Morgan and IFM were approved in 2024 to provide open ended infrastructure investments to the Pool. Aviva were appointed in 2024 to provide long lease real estate investments and CBRE have been appointed to provide UK and Global Property investments.

Progress

ACCESS submitted its pooling proposal to Government in July 2016 with detailed plans for establishing and moving assets into the pool. Included in the proposal was an indicative timeline of when assets will be pooled, and ACCESS has continued to make excellent progress against the principal milestone of having £30.6 billion assets pooled and estimated savings of £21.0 million by March 2027 exceeding the assets pooled by £18.7 billion and the savings by £14 million.

As at 31 March 2025, 74% of assets have been pooled:

Pooled Assets

As at 31 March 2025, ACCESS has pooled the following assets:

Asset Class	£ billion
Global Equity Funds	16.6
UK Equity Funds	1.6
Emerging Markets Equity Funds	1.2
Fixed Income	10.1
Diversified Growth	0.9
Passive investments	12.5
Infrastructure	2.1
Real Estate	3.7
Timberland	0.6
Total Pooled Investments	49.3

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme.

The investment return on active listed assets annualised over 5 years was 11.8% against benchmark returns of 11.2% and outperformance of 0.6% annualised over 5 years.

Financial Management Expected v Actual Costs and Savings

The table below summarises the financial position for 2024/25 along with the cumulative position since the commencement of ACCESS activity in early 2016.

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2024/25 saw a slight overspend, primarily due to higher than anticipated costs of external advice and additional work required in response to the governments Fit for the Future consultation and new pooling requirements.

	2024-2025	2024-2025	2016-2025	2016-2025
	Actual In Year £'000	**Budget In Year £'000**	**Actual Cumulative to date £'000**	**Budget Cumulative to date £'000**
Set Up Costs	-	-	1,824	1,400
Transition Costs	-	-	3,338	6,907
Ongoing Operational Costs	1,617	1,314	8,517	10,568

Operator & Depository Costs	5,791	6,082	28,183	32,791
Total Costs	**7,408**	**7,396**	**41,862**	**51,666**
Pool Fee Savings	(35,394)	(21,400)	(165,133)	(106,850)
Net (Savings Realised)/Costs	**(27,986)**	**(14,004)**	**(123,271)**	**(55,184)**

Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Waystone as pool operator.

The 2024/25 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the MHCLG submission whilst delivering an enhanced level of savings ahead of the timeline contained in the original proposal.

Administration

Service Delivery

During 2023/24, East Sussex County Council as Administering Authority for the East Sussex Pension Fund undertook the day-to-day pensions administration via its in-house pensions team.

The Pensions Administration team were responsible for:

- administering the LGPS on behalf of the ESPF scheme employers in accordance with relevant legislation and Pension Committee decisions
- calculation of actual pensions and lump sums for retiring members of the LGPS and provision of retirement estimates
- maintenance of the Pensions Administration database and provision of annual benefit statements for active and deferred members
- creation of new starters records, including transfers in where appropriate
- administration and calculations relating to leavers
- payment of pensions, increases thereon and other entitlements

Communication with members is, where possible, via the Member Self Service cloud-based website (My Pensions Portal). This includes Annual Benefit Statements, member newsletters, beneficiary nominations, updating personal details and carry out benefit calculations. The My Pensions Portal was upgraded and re-launched in July 2024 with a new look, design and branding, with more graphics to help understanding. New features include simpler log-in, improved security (two stage authentication), new retirement planner, ABS broken down into easier chunks, access for pensioners to printable payslips and P60's. All members were written to asking them to register to access the new portal.

Employers have been either using or introduced to the i-Connect cloud-based portal through which they can upload their monthly payroll salary and contribution data directly into the Pensions Administration database. As at 31 March 2005 only ten Employers were still too onboard to i-Connect. Employers' newsletters were also provided.

The Fund website www.eastsussexpensionfund.org provides scheme members and employers access to up-to-date information on both the LGPS and the Fund.

Administration of the Fund is a standing agenda item at the quarterly Pension Board and Committee meetings to ensure the service is managed and governed well. Administration and helpdesk performance, staffing and projects are reviewed and discussed at each meeting.

With effect from 1 September 2023 most of the Fund printing and postage services were transferred to the ESCC Post Hub. The remainder (mainly pensioner payroll related) were migrated on 1 September 2024.

From 1 April 2024 the support for the pensioner payroll and pensions helpdesk (including TUPE staff) were also bought in-house.

The Fund proactively continues to focus on data quality in preparation for the Pensions Dashboards and appointed Heywood Limited as its Integrated Service Provider.

The Annual Allowance (AA) limit increased from £40k to £60k for 2023/24 so fewer members were expected to be impacted. All the necessary calculations were completed in September 2024, with ten cases over the AA limit and only one where tax was due.

Efforts continue with the robotics programme to integrate wider automation within pension administration to carry out straight-forward repetitive tasks/actions. In November 2024 a robot called Drusillas went live. This robot processes the refund of member pension contributions. The checking stage of each case continues to be authorized by a pensions Officer. ESPF currently have five live robots saving about 5,000 hours of work a year, creating circa £150k of financial savings.

The Digital Assistant is a Chatbot designed to sit on the ESPF website and answer FAQ. The project is well underway, and Officers are working with an external provider ICS.AI who have created a draft set of 298 questions and answers. These will be reviewed in the Summer of 2025 and then the Digital Assistant can be integrated on some key pages of the website by the end of 2025.

Following an evaluated the LGPS Framework bids and completion of the appropriate due diligence the Pension Administration Software contract was awarded by the Pensions Committee to Heywood Limited. The contract will commence on 28 April 2026 for a five-year term, with an option to extend up to 26 April 2034.

Administration Performance

Historically, the Pension Board and Pension Committee have reviewed performance of completed tasks against a relatively small number of Key Performance Indicators. The Pension Administration Team workflow management system deals with more than a hundred different tasks. Following a discussion with the Pension Board and Pension Committee, to be fully open and transparent, from April 2024 a new report was created within Altair Insights to disclose performance against all the tasks undertaken. The new format provided wider and more detailed management information including what tasks were received, what was completed, what remained outstanding (and clarifying how many of these could be actively worked upon). In August 2024, the monthly reporting was expanded to show, for each task, the average time taken, and the longest time taken in relation to tasks completed outside of the Service Level Agreement.

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
Apr 24	2,100	1,790	1,828	1,422	77.8%	406	2,042	580
May 24	1,846	2,021	1,755	1,472	83.9%	283	2,082	556
Jun 24	1,905	1,857	1,763	1,531	86.8%	232	1,975	345
Jul 24	1,810	2,612	1,984	1,743	87.9%	241	2,404	882
Aug 24	2,215	3,024	2,326	1,991	85.6%	335	2,891	1,253
Sep 24	2,059	2,040	1,761	1,458	82.8%	303	2,904	1,252
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
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

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

Number of complaints

Scheme year	Number
2021/22	47
2022/23	46
2023/24	33
2024/25	35

The Pension Administration Team record any inkling of a complaint or where there is a possible maladministration with a financial consequence for the Fund.

Financial indicators of administrative efficiency

The table below shows management expenses by members. The benchmark used is the average fund costs from the local government pension scheme funds account return (SF3).

Investment management expenses	ESPF Unit costs per member 2023/24	ESPF Unit costs per member 2024/25	Benchmark unit costs 2023/24
Excluded	£46.5	£48.0	£43.6
Included	£307.6	£340.9	£315.0

Key staffing indicators

During 2024/25, staffing numbers within the Pensions Administration area (including the helpdesk team) increased from 26 FTE to 32 FTE. The team was carrying 2 vacancies.

This provides the Fund with a staff (32) to fund member (85,536) ratio of 1:2,673

With average reportable KPI cases (24,202) per member of staff (32) ratio of 1:756.31

Membership

During 2024/25 the number of "Active" contributing members within the Pension Fund increased by 0.31% from 24,888 to 24,965. In summary, the number of members contributing to the Scheme is:

	Number of members 2023/24	Number of members 2024/25
East Sussex County Council	8,003	7,889
Brighton & Hove City Council	7,564	7,484
Academies	3,998	4,437
Colleges	2,703	2,656
Other	2,620	2,499
Total	**24,888**	**24,965**

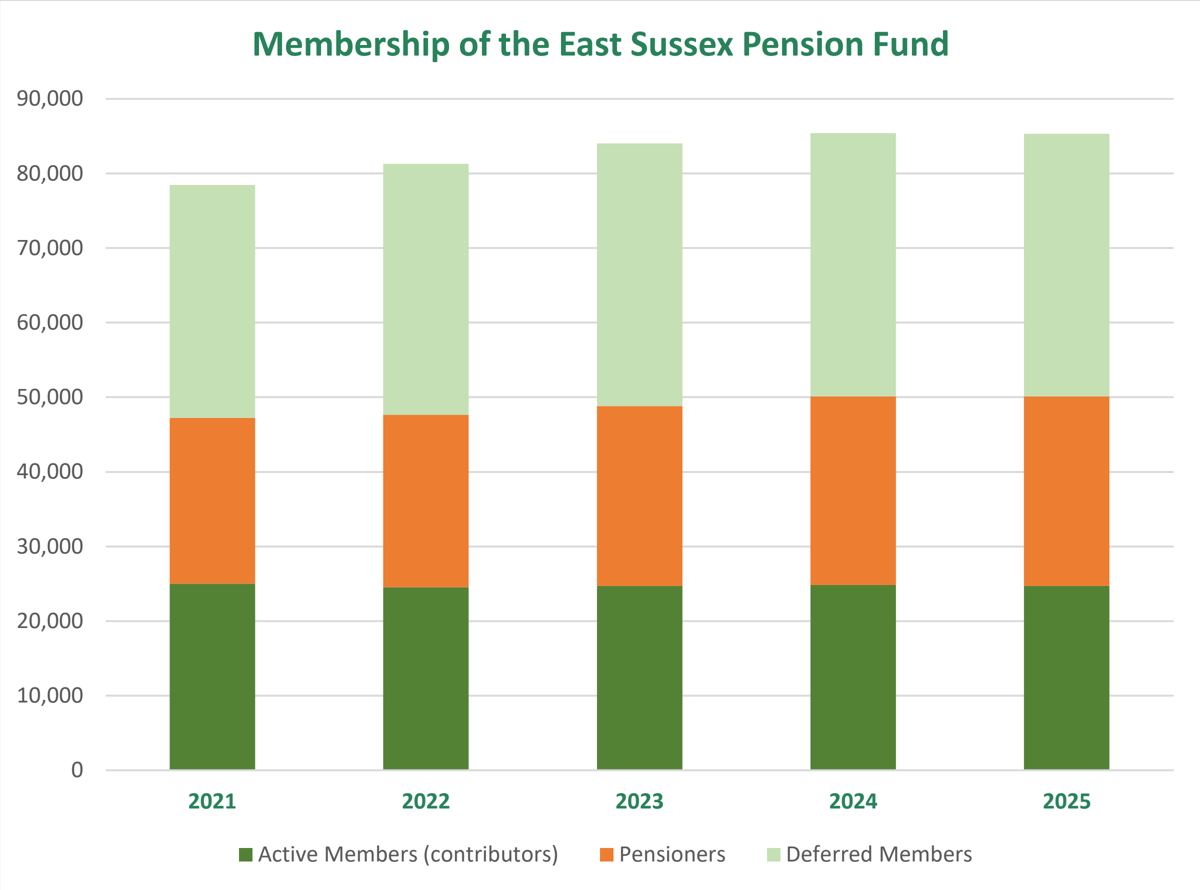
The number of pensioners in receipt of payments from the Fund increased from 25,288 to 26,762

(or 5.83%).

The following table and bar chart provide a summary of contributing members, pensioners in payment and deferred pensioners over the last five years:

	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Active Members (contributors)	25,002	24,514	24,691	24,888	**24,965**
Pensioners (inc dependents)	22,230	23,131	24,124	25,288	**26,762**
Deferred Members	31,234	33,646	35,213	35,240	**35,057**
Total	**78,466**	**81,291**	**84,028**	**85,416**	**86,784**

Under the Local Government Pension Scheme (LGPS) (Administration) Regulations 2013, the East Sussex County Council administers the Pension Fund for approximately 86,000 individuals employed by 150 different organisations. Underpinning everything we do is a commitment to putting our members first, demonstrating adherence to good practices in all areas of our business and controlling costs to ensure we provide outstanding value for money.



New pensioners by pensioner type

Pensioner type	Number
Normal Retirements	**946**
Redundancies	**119**
Ill Health	**43**
Employee's Choice of Early Pension	**687**
Total New Pensioners	**1,795**

2024 Annual Benefit Statement

The ABS statutory deadline was 31 August 2024 and the results of statements issued for eligible members were as follows:

Member category	2022	2023	2024
Actives	96.70%*	95.90%	**99.24%**
Deferred	99.79%	99.72%	**99.99%**

* Figure excluded BHCC, for whom no ABS were produced before the deadline.

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Administration key performance indicators

Table A - Total number of casework

Ref	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 31 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members						
A2	New dependent member benefits						
A3	Deferred member retirements						
A4	Active member retirements						
A5	Deferred benefits						
A6	Transfers in (including interfunds in, club transfers)						
A7	Transfers out (including interfunds out, club transfers)						
A8	Refunds						
A9	Divorce quotations issued						
A10	Actual divorce cases						
A11	Member estimates requested by either scheme member or employer						
A12	New joiner notifications						
A13	Aggregation cases						
A14	Optants out received after 3 months membership						

Table B - Time taken to process casework

Ref	Casework KPI	Suggested fund target *	% completed within fund target in year	% completed in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days		
B2	Communication issued confirming the amount of dependents pension	10 days		
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15 days		
B4	Communication issued to active member with pension and lump sum options (quotation)	15 days		
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days		
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days		
B7	Payment of lump sum (both actives and deferreds)	15 days		
B8	Communication issued with deferred benefit options	30 days		
B9	Communication issued to scheme member with completion of transfer in	15 days		
B10	Communication issued to scheme member with completion of transfer out	15 days		
B11	Payment of refund	10 days		
B12	Divorce quotation	45 days		
B13	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	15 days		
B14	Communication issued to new starters	40 days		
B15	Member estimates requested by scheme member and employer	15 days		

***Days in this column are a suggested fund target for completion and not the statutory timescale.**

Table C - Communications and engagement

Ref	Engagement with online portals	Percentage as at 31 March
C1	% of active members registered	42.65% *
C2	% of deferred member registered	32.24% *
C3	% of pensioner and survivor members	49.03% *
C4	% total of all scheme members registered for self-service	40.35% *
C5	Number of registered users by age	
C6	% of all registered users that have logged onto the service in the last 12 months	100%

*Excluding members who have specifically opted out of electronic communication

Ref	Communication	Number
C7	Total number of telephone calls received in year	
C8	Total number of email and online channel queries received	6
C9	Number of scheme member events held in year (total of in-person and online)	1
C10	Number of employer engagement events held in year (in-person and online)	1
C11	Number of active members who received a one-to-one (in-person and online)	
C12	Number of times a communication (i.e newsletter) issued to:	
	a) Active members	2
	b) Deferred members	1
	c) Pensioners	1

Table D - Resources

Ref	Resources as at 31 March	Number / %
D1	Total number of all administration staff (FTE)	
D2	Average service length of all administration staff	
D3	Staff vacancy rate as %	
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	
D5	Ratio of administration staff (excluding management) to total number of scheme members	

Table E - Data Quality

Ref	Annual benefit statements	%
E1	Percentage of annual benefit statements issued as at 31 August	

Please provide a short commentary below if the score above is less than 100%

Ref	Data category	Score
E3	Common data score	
E4	Scheme specific data score	
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	
E6	Percentage of active, deferred and pensioner members with an email address held on file	

Ref	Employer performance	Score
E7	Percentage of employers set up to make monthly data submissions	
E8	Percentage of employers who submitted monthly data on time during the reporting year	
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	
E6	Percentage of active, deferred and pensioner members with an email address held on file	

Employers

The East Sussex Pension Fund was established in 1974 to cover the future pension entitlement of all eligible employees of the County Council and former District Councils. The Fund excludes provision for teachers, police officers and fire fighters, for whom separate arrangements exist. A number of other bodies also participate in the Scheme. These include Parish and Town Councils, Further Education Colleges, Academy Schools, Police and Fire Authorities (non-uniformed staff only) and Admitted Bodies. Admitted Bodies are those which are able to apply for membership of the Scheme under the Regulations. If the Pension Fund Committee agrees to the application, an Admission Agreement is drawn up admitting the body into the Scheme.

Note 29 to the accounts provide a list of all organisations currently contributing to the Fund. It includes their contribution rates, expressed as a percentage of employees' pensionable pay, and additional annual payments for those participating bodies which would otherwise have a shortfall in contributions by the end of the recovery period.

Below is a summary of the number of employers in the fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some deferred members and pensioners).

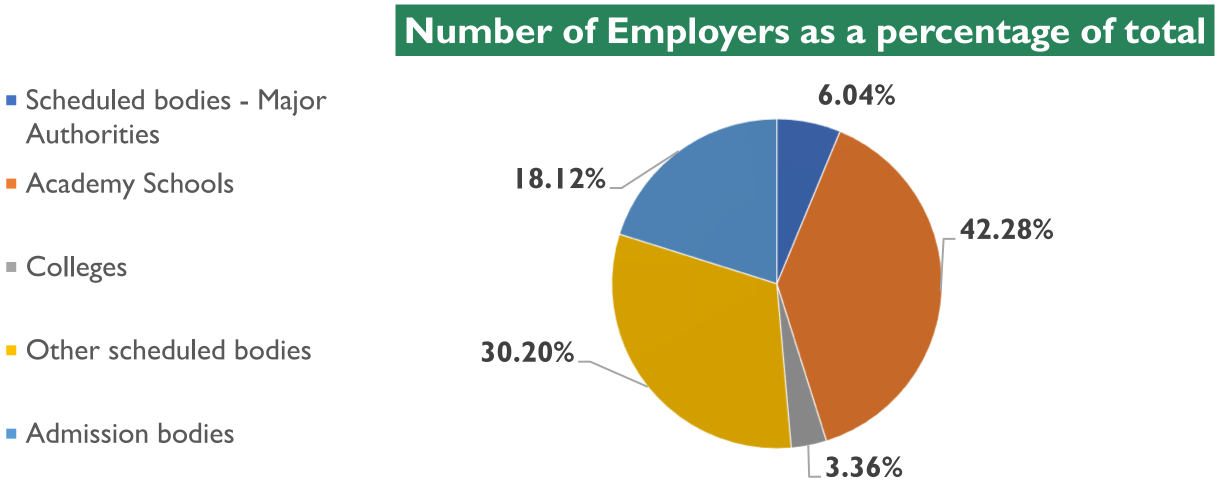
	Active	Ceased	Total
Scheduled body	122	16	138
Admitted body	27	57	84
Total	**149**	**73**	**222**

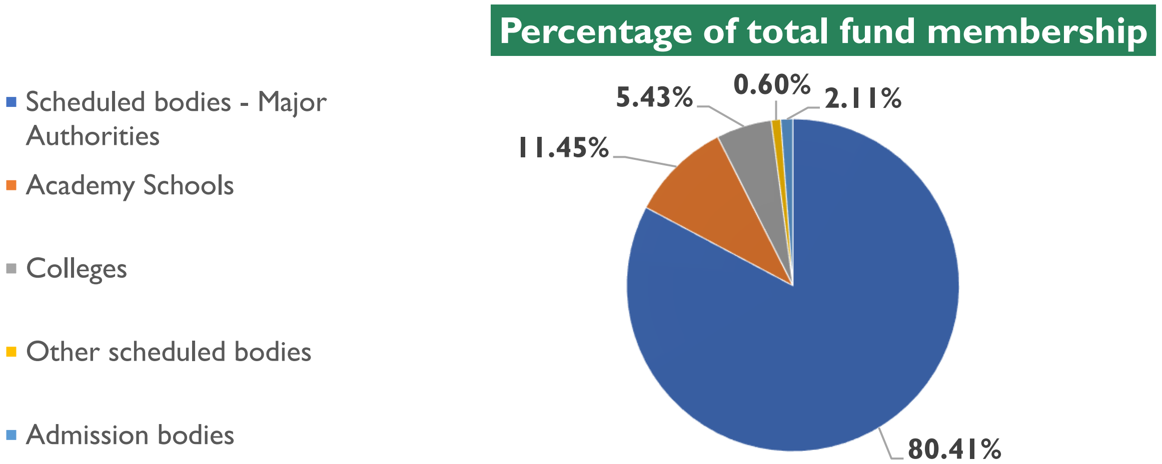
Employer statistics by Employer type

Employer Type	Number of Employers as a percentage of total	Percentage of total fund membership	Number of Employers in Group
Scheduled Bodies – Major Authorities	6.04%	80.41%	9
Academy Schools	42.28%	11.45%	63
Colleges	3.36%	5.43%	5
Other Scheduled Bodies	30.20%	0.60%	45
Admission Bodies	18.12%	2.11%	27

Note - all percentages have been rounded to the nearest one decimal place

The Local Government Pension Scheme Regulation 59(1) of the (Administration) Regulations 2013 covers





the requirement for an administering authority to prepare a written statement of policies as it considers appropriate in the form of a Pensions Administration Strategy. The East Sussex Pension Fund Pensions Administration Strategy is kept under review and revised to reflect changes to LGPS regulations and Fund policies.

The Pensions Administration Strategy document sets out a framework by way of outlining the policies and performance standards to be achieved when providing a cost-effective inclusive and high-quality pensions administration service.

In particular it sets out:

- The roles and responsibilities of both the Fund and the employers within the Fund;
- The level of service the Fund and employers will provide to each other; and
- The performance measures used to evaluate the level of service.

This administration strategy statement will be reviewed in line with each valuation cycle. All scheme employers will be consulted before any changes are made to this document. The latest version of the administration strategy statement will always be available on the ESCC website.

Employers are able to contact the Pension Fund directly depending on the type of request. The Employer Engagement Team will deal with employers directly on day-to-day questions and queries. The Pensions Administration team will deal with any employee requests that come via the employer. The employers have been informed of direct contact details for all requests and questions to the Fund.

The Local Government Pension Scheme (LGPS) regulations require employers who participate in the LGPS to draw up and publish a discretions policy and to keep it under review. Discretions are powers that enable employers to choose how to apply the scheme in respect of certain provisions. All new employer admissions to the Scheme will complete a discretions policy on joining and discretion policies will be reviewed every 3 years in line with each valuation cycle.

All new admissions to the LGPS will be provided with a guide to outsourcing and admissions. This guide will provide information to all new potential admissions to the Fund and will lay out the necessary process that will need to be adhered to before admissions can be undertaken. All new admissions will be sent the relevant legal agreements and documentation that will require signing before proceeding.

Any employer with a potential TUPE or outsourcing must contact the employer engagement team where support and advice will be provided on the necessary steps that will need to be undertaken. Relevant information, timings and paperwork will need to be completed before any TUPE/outsourcing can commence. Employers will be provided a direct contact throughout the whole project to answer questions and provide support.

A reminder is sent to all employers annually to provide details of the employer's responsibilities and obligations to the Fund. The admin strategy also provides details for employers of their responsibilities.

Employers have a responsibility that they must meet as part of the East Sussex Pension Fund. The table below provides details on monthly/annual deadlines that must be met.

Employer deadlines

Employer Responsibility	Deadline
Complete and submit LGPS31 forms (contribution forms)	18th day of the month following that to which the payment relates
Payment of correct contributions	19th day of the month following that to which the payment relates
Provide end of year data requirements	By 30th April following the year end (unless already onboarded to i-Connect)

If the above deadlines are not met, then warnings are issued. If an employer breaches the above deadlines on more than one occasion in a 12-month period, then administration charges can be levied. Employer contribution amounts are provided to all employers at the Employer's Forum following the valuation. A reminder of the new rates is also annually sent to employers in March. The new amounts are sent in March in preparation for the new rates to be applicable from the April contribution payment.

Communications Policy

The Communication Strategy sets out how the East Sussex Pension Fund will engage, educate, and fulfil the needs of its stakeholders including members and employers. This is in line with Regulation 61 of the Local Government Pension Scheme (LGPS) Regulations 2013.

The Fund uses a range of methods for members and employers to provide key information.

Newsletters

The Fund will advertise newsletters via email which will direct members/employers to the website. Newsletter articles can be viewed on the website itself, or a downloadable pdf is available as an alternative. The newsletter will cover current pension topics linked to the LGPS and the wider pensions industry, along with important messages. Further information may be sent on an ad-hoc basis highlighting issues of importance, such as changes in scheme regulation or operation as they arise.

Active members

Two newsletters a year. These are typically issued around mid-year and the end of each year. The mid-year version is produced in conjunction with several other LGPS Funds and is Plain English accredited.

Deferred members – one newsletter, typically issued mid-year in conjunction with other Funds.

Pensioners – one newsletter, typically produced Q4 of each year.

Employers – three newsletters were issued in 2024/25 and made available on the 'employer' page of our website.

Website

The Fund has its own website (https://www.eastsussexpensionfund.org/) which provides extensive information and guides about the LGPS, factsheets, forms and up to date news about the Fund's activities and achievements. This should be members main source of scheme information. There are specific sections dedicated to different types of members.

- Joining the scheme
- No longer paying in
- Paying in
- Pensioners

There is a page dedicated to retirement.

Employers also have their own dedicated page within the website.

The Fund produce a range of guides/fact sheets for both members and employers to aid understanding of the pension scheme. These are available online within an extensive forms and publications library.

In addition, members have access to the national LGPS website. This site is for members of the Local Government Pension Scheme (LGPS) in England and Wales and their families.

Please note that we use electronic communication as our primary means of contacting members, but they do have the right to opt out and receive statutory information by post.

'My Pension' - member self-service website

Members have online access (once registered) to their current LGPS pension record held by East Sussex Pension Fund. In July 2024 we launched an upgraded, improved site designed to help members keep up to date with their pension.

'My Pension' offers:

- Simple registration and login – no need to remember usernames, security questions, members just login with their email address and password.
- Updated look and design – making the site easier to understand and move around.
- Online annual benefit statements – broken down into simpler chunks to help members understand what pension benefits they have.
- Retirement planning tool - this allows members to set retirement goals and identify whether they are on track to reach them.
- Benefit calculators - members can see an estimate of their benefits if they leave the Scheme or wish to consider voluntary retirement.

'My Pension' also offers the ability to update personal details, nominations for death benefits and more. The updated version of 'My Pension' transforms the way members access and engage with vital pension information online.

The new website was promoted on the website, via both email and post and through employers (on the premise they would share information with employees). A landing page was set up to aid registration, common questions and answers, video demonstrations etc.

Annual benefit statements

Annual Benefit Statements are provided to active and deferred members (by the 31st of August each year) which detail members' pension accrued to date (in the latest Scheme year) and a projection to their Normal Retirement Age (actives only). The statements are made available online via 'My Pension' or posted to members who have opted out of electronic communications (where addresses are known).

Member training

For the first time in 2025 the Fund provided virtual training for contributing Fund members.

Name of course	What does the course cover?
Introduction to the Local Government Pension Scheme	Whether you are new to the Scheme or been a member for a while, this session covers the benefits of being in the LGPS.
Your Pension MOT	A course designed to help you keep up to date and engaged with your pension, with lots of handy tips thrown in.

Name of course	What does the course cover?
Preparing for retirement	This course will help if you are thinking ahead to retirement and want to know more about the process, how your benefits are calculated and answers to key retirement questions.

The feedback from those who have attended the sessions was extremely positive.

Employer training

The Employer Engagement team provide support and in-person training for employers on request. The Fund also make employers aware of courses/online training available through the Local Government Association and any other information produced in the industry that may be useful to LGPS employers.

In November each year, the Fund hold a Forum The day is a fantastic opportunity for employers to learn more about the how the Fund is run, understand their responsibilities as an employer, and meet the team responsible for supporting them. The Fund also produce an employer toolkit, designed to support employers in the main processes and procedures they are responsible for under the Local Government Pension Scheme.

Pensioners / dependants

Annual Pension Increase statements are sent to all pensioners informing them of the percentage rate their pension will increase by and their revised pension payment for the next tax year. The Fund publish the increase rate on the ‘Pensioner’ website page as soon as it is known.

Pensioners are also issued with payment advice slips in March, April, and May.

P60 notifications are issued annually (usually in April or May) and provide members with a breakdown of the payments they have received over the last financial year. P60s and payslips are provided by default online via our member self-service website or issued in the post for others.

Prospective Members - Employer engagement

The Fund works with scheme employers to help them in the joining arrangements for the LGPS. The Fund will also ensure that the benefits available are highlighted regularly to employers through mention in conversations, newsletters, and the employer forum. In addition, there is a bespoke ‘joining the Scheme’ page available on our website.

Internal Dispute Resolution Procedure

The LGPS is required by statute to make arrangements for the formal resolution of any disagreements on matters in relation to the Scheme that may arise between the administrators of the Scheme and the active, deferred and pensioner members or their beneficiaries or representatives.

Where complaints cannot be resolved informally, there is access to a two-stage dispute resolution procedure. The first stage of this process is for the complainant to ask the Adjudicator appointed by the Fund to consider the matter under dispute. If the complainant is not satisfied with the response they can ask for a further review of the decision, along with any new evidence they might provide. The person responsible for reviewing stage two complaints is the ESCC Assistant Chief Executive. Ultimately the complainant has the right to refer their complaint to The Pension Ombudsman and seek assistance from the Money and Pensions Service. The following table summarises the number of disputes made through the Fund's Internal Dispute Resolution Procedure at each stage of appeal:

Dispute category – First stage	Number in 2024/25
First Stage	4
Upheld	1
Declined	3
Ongoing	0

Dispute category – Second Stage	Number in 2024/25
New at Second Stage	**0**
Upheld – outcome change	**0**
Upheld – no outcome change	**0**
Declined	**0**
Ongoing	**0**

This table reflects the position for the 2024/25 financial year and is not the current position. Not all complaints resolved in this timeframe were raised in the same financial year and the numbers quoted include complaints raised in 2023/24 but were not resolved in the same financial year.

Actuarial report

East Sussex County Council Pension Fund

Actuary's statement as at 31 March 2025

Barnett Waddingham LLP

29 November 2025

Introduction

The last full triennial valuation of the East Sussex Pension Fund (the Fund) was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The smoothed value of the Fund's assets for funding purposes as at 31 March 2022 was £4.619m.
- The Fund had a funding level of 122.8% i.e. the value of assets for funding purposes was 122.8% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a surplus of £858m.

Contribution rates

The employer contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 20.2% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition, each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.
Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

Assumptions

The key assumptions used to value the liabilities at 31 March 2022 are summarised below:

The key assumptions used to value the liabilities at 31 March 2022 are summarised below	Assumptions used for the 2019 valuation
Financial assumptions	
Market date	**31 March 2022**
CPI inflation	**2.9% p.a.**
Long-term salary increases	**3.9% p.a.**
Discount rate	**4.6% p.a.**
Demographic assumptions	
Post-retirement mortality	
Base tables	**Based on Club Vita analysis**
Projection model	**CMI 2021**
Long-term rate of improvement	**1.25% p.a.**
Smoothing parameter	**7.0**
Initial addition to improvements	**0.5% p.a.**
2020/21 weighting parameter	**5%**

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2022 valuation report.

Updated position since the 2022 valuation

Assets

Investment returns on the Scheme's assets over the year to 31 March 2025 have been strong, estimated at 8% p.a. The Fund also has a positive cash flow, and so the market value of assets at 31 March 2025 has increased since the formal valuation.

Liabilities

Inflation over the three years to 31 March 2025 has been higher than the long-term average assumed at the 2022 valuation. However, this has been largely offset by changes in financial assumptions underlying the valuation funding model and future expectations of inflation and investment returns. The value of liabilities has overall increased mainly due to interest accruing on those liabilities and due to further accrual of members' benefits over the period.

Overall position

The 2025 valuation of the Fund is now underway, and the results will not be finalised until 31 March 2026. However, early indications suggest that the funding level will be relatively similar compared to what it was at the last formal valuation in 2022.

The 2025 valuation of the Fund will set revised contributions for all employers due over the period from 1 April 2026 to 31 March 2029.

Barry McKay FFA / Partner, Barnett Waddingham LLP

External Audit Opinion

Independent auditor's report to the members of East Sussex County Council on the pension fund financial statements of East Sussex pension fund

To follow

To follow

To follow

To follow

To follow

Additional Information

Freedom of information requests

In the financial year 2024/25 the Fund received 17 Freedom of Information requests covering 6 topics.

The topics covered were:

- 1 request relating to ESCC;
- 1 request relating to pensions in payment and the amount of pensions at various sizes (£50,000, £100,000);
- 1 request related to climate risk/modelling
- 1 request related to the percentage of pension payouts compared to the income the fund generates.
- 1 request concerning transfer out cases (main scheme and AVCs).
- 12 requests were about Fund investments

All the Freedom of Information requests received were responded within the required timeframe.

The Fund also received 13 other requests for personal information. Of these, 9 were received from representatives of members or former members of the Fund and the remaining 4 were received by the Financial Services Compensation Scheme.

10 of these requests had been responded to by the end of the financial year, with one request withdrawn. Of the outstanding requests, one has since been resolved with the other request not being fulfilled as the person raising the request did not verify their identity to show they are entitled to the data.

The statement of compliance with the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills

CIPFA Knowledge and Skills Framework – Pension Fund Committees

There is a developing expectation from central Government and The Pensions Regulator that members of Pension Committees should have the same level of knowledge and understanding as Pension Board members. The Fund holds the same view and the Pension Committee has committed to attending appropriate training in line with the SAB's 'good governance' project signals a much stronger requirement on Pension Committee members knowledge and understanding.

The CIPFA framework, introduced in 2010, covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context.
- Pension accounting and auditing standards.
- Financial services procurement and relationship development.
- Investment performance and risk management.
- Financial markets and products knowledge.
- Actuarial methods, standards and practice.

Under each of the above headings the Framework sets out the knowledge required by those individuals responsible for Fund's management and decision making.

CIPFA Technical Knowledge and Skills Framework – Local Pension Boards

CIPFA extended the Knowledge and Skills Framework in 2015 to specifically include Pension Board members, albeit there is an overlap with the original Framework. The 2015 Framework identifies the following areas as being key to the understanding of local pension board members:

- Pensions Legislation.
- Public Sector Pensions Governance.
- Pensions Administration.
- Pensions Accounting and Auditing Standards.
- Pensions Services Procurement and Relationship Management.
- Investment Performance and Risk Management.
- Financial markets and product knowledge.
- Actuarial methods, standards and practices.

Evidence to demonstrate compliance with the Knowledge Code of Practice

The Fund invites the Pension Board, the Pension Committee and key Officers to complete a self-assessment of their knowledge and understanding of pension matters. This self-assessment is based on the guidance provided by CIPFA and The Pensions Regulator. The completed questionnaires are used by Officers to assess the training needs of both the Board and Committee as a whole and individual members and records are kept on file.

The role played by Internal Audit in providing assurance and managing risk, and a summary of assurance activity undertaken during the year

The role of Internal Audit in relation to the East Sussex Pension Fund is to provide assurance on the Fund's governance, risk management and internal controls. An annual Internal Audit Strategy and Plan is developed, following discussions with the Fund's management and the chairs of the Committee and Board. The plan is prioritised around the key risks to the Fund and, following scrutiny by the Board, is approved by the Committee, incorporating any changes they may require, prior to the beginning of the year.

The plan is delivered during the year, providing an audit opinion on each of the areas identified for review. Our reports highlight any areas where controls could be strengthened and include management actions to address them. We present our reports to both the Board and the Committee and give members the chance to raise any questions they may have.

In 2024/25, we provided assurance in the following areas:

- Compliance with regulatory requirements
- The administration of pension benefits
- Investments and accounting
- Financial controls

Appendix 1 Pensions administration strategy

Appendix 2. Funding strategy statement

Appendix 3. Investment strategy statement

Appendix 4. Communications Strategy statement

Appendix 5. Governance and Compliance policy statement