

PENSION COMMITTEE

MINUTES of a meeting of the Pension Committee held at Council Chamber, County Hall, Lewes on 25 September 2025.

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

ALSO PRESENT Ian Gutsell, Chief Finance Officer
Susan Greenwood, Head of Pensions
Paul Punter, Head of Pensions Administration
Danny Simpson, Principal Auditor
Russell Wood, Pensions Manager: Investments and Accounting
Sophie Webb, Governance and Democracy Manager

Iain Campbell, Head of LGPS Investment, Hymans Robertson
William Bourne, Independent Investment Adviser
David Moreton, Partner and Head of LGPS Investment - Barnett
Waddingham
Barry McKay, Partner and Head of Public Sector Consulting -
Barnett Waddingham
Karen Jamieson, Actuarial Consultant - Barnett Waddingham

Paul Linfield, Pensions Communications Manager
Mya Khine, Pensions Accountant
Julie Pelham, Pensions Administration Manager
Hayley Deeley, Employer Engagement Officer
Brendan O'Brien, Pensions Support Officer
Dillon Piggott, CIPFA Trainee / Apprentice
Harry Philip, CIPFA Accounts and Investments Apprentice

Ray Martin, Independent Chair of the Pension Board
Philippa Buckingham, Pension Board Employer Representative
Neil Simpson, Pension Board Scheme Member Representative
Councillor Andrew Wilson, Pension Board Employer Representative

Councillor Nick Bennett, Lead Member for Resources and Climate
Change

31. MINUTES OF THE LAST MEETING HELD ON 24 JULY 2025

31.1 The Committee RESOLVED to agree the minutes of the meeting held on 24 July 2025 as a correct record.

32. APOLOGIES FOR ABSENCE

32.1 There were no apologies for absence.

33. DISCLOSURE OF INTERESTS

33.1 There were no disclosures of interests.

34. URGENT ITEMS

34.1 There were no urgent items.

35. REPORTS

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

36. PENSION BOARD MINUTES

36.1 The Committee considered the minutes of the Pension Board meeting held on 11 September 2025.

36.2 The Committee RESOLVED to note the minutes of the Pension Board meeting held on 11 September 2025.

37. PENSION REFORM AGENDA

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

37.2 The following points were highlighted to the Committee:

- 1) Due diligence work was focussed on Border to Coast Pension Partnership following the July Pension Committee meeting.
- 2) The decision to focus due diligence on Border to Coast Pension Partnership was communicated to the Government, other pools and other Funds.
- 3) ACCESS will fragment following the confirmation that 7 Funds have expressed a preference for Border to Coast Pension Partnership and 4 Funds have expressed a preference for LGPS Central.
- 4) The due diligence has been undertaken by advisors Barnett Waddingham on behalf of East Sussex and West Sussex and is detailed in the exempt report later in the agenda.

37.3 The Committee RESOLVED to exclude the public and press from the meeting to consider agenda item 17 on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and that the public interest in withholding the exempt information outweighs the public interest in disclosing it.

37.4 The Committee considered the report at agenda item 17 which set out exempt information in support of the pension reform agenda report.

37.5 The meeting resumed public session following discussion and resolutions (see minute 47).

37.6 The Committee RESOLVED to:

- 1) note the updates in relation to next steps for the East Sussex Pension Fund in terms of pension fund pooling as set out in the report;
- 2) Agree to undertake further due diligence work in relation to the Fund joining the Border to Coast Pension Partnership Pool, prior to final decision to joining the Pool and transferring assets, as detailed in an exempt report later in the agenda; and
- 3) Delegate to the Chief Finance Officer, in consultation with the Monitoring Officer, authority to review the Governance arrangements necessary to facilitate any transfer of the Fund by April 2026.

38. GOVERNANCE REPORT

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

38.2 The following points were highlighted to the Committee:

- 1) Further guidance and detail are anticipated regarding governance changes required to comply with the Government's 'Fit for the Future' consultation and future regulations.
- 2) In consultation with the Pension Board and Pension Committee, officers have submitted the Fund's response to the Government's Access and Fairness consultation.
- 3) The Governance and Compliance statement at Appendix 2 of the report includes minor updates following review and comments from the Pension Board.

38.3 The Committee discussed the primary governance reforms including a requirement to take part in an independent governance review every 3 years and appointing an independent adviser (non-voting) to the Pension Committee and noted that the role of 'Senior LGPS Officer' is likely to be fulfilled by either the current Section 151 officer or Head of Pensions.

38.4 The Committee discussed the proposed changes to inheritance tax and how that may affect workload for the pension administration team.

38.5 The Committee RESOLVED to:

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

39. PENSION ADMINISTRATION - UPDATES

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

39.2 The following points were highlighted to the Committee:

- 1) The performance for quarter 2 showed an improvement from quarter 1 with June showing as the first green rated month and the July and August performance figures also showing improvement.

- 2) There will be an influx in administrative tasks following the backdated local government pay award which is likely to affect the performance of the administration team.
- 3) There are still some red and amber items in the June performance report at Appendix 3 of the report. These tasks mostly relate to transfers.
- 4) The Helpdesk performance has been affected by resourcing however is now rated gold and there has been progress in implementing a digital assistant.
- 5) The Annual Benefit Statements were run in August and a review of how the underpin had affected the statements was conducted looking at any underpin greater than £1,000 and greater than 20% change due to the underpin.
- 6) Annual Benefit Statements had to include the McCloud data which was broken down into 4 McCloud categories.
- 7) For active and deferred, 99.13% of Annual Benefit Statements were issued and the remaining will be issued over the next month.
- 8) McCloud Category 3 tells the member that they are in scope however they have not been assessed to determine if their pension is protected by the underpin. There are 400 active members and 233 deferred members in that position. The Pension Board resolved to report this detail as a breach to the Pensions Regulator.
- 9) Backdated calculations for deaths and retirements in scope regarding the underpin are being undertaken following training of the team and will be completed by the statutory deadline of 31 August 2026.
- 10) The Fund onboarded to the Pension Dashboards eco-system on 24 September 2025, well ahead of the LGPS statutory deadline of 31 October 2025. Work is ongoing with Barnett Waddingham to draft communications for all Additional Voluntary Contributions (AVC) investors to explain the forthcoming fund changes with effect from 31 October 2025.

39.3 The Committee discussed the 'chat bot' digital assistant and the expectations in terms of the support it can provide to members and its anticipated impact on the number of email and phone call enquiries that the Helpdesk receive and respond to.

39.4 The Committee commended the pensions administration team for the work on the Annual Benefit Statements to include the McCloud Remedy recognising the success in terms of issuing 99.13% of Annual Benefit Statements.

39.5 The Committee discussed the administration resource available to mitigate the impact of spikes in administrative tasks and noted that no additional resource is anticipated to be required.

39.6 The Committee RESOLVED to note the report.

40. COMMUNICATIONS REPORT

40.1 The Committee considered a report by the Chief Finance Officer.

40.2 The Committee RESOLVED to note the report.

41. INTERNAL AUDIT REPORT

41.1 The Committee considered a report by the Chief Internal Auditor introduced by Danny Simpson, Principal Auditor.

41.2 The following points were highlighted to the Committee:

- 1) Substantial assurance opinion was provided for Pension Fund Governance Arrangements.
- 2) Following a request from the Pension Board, the implementation date of the agreed action from the audit finding regarding Risk Appetite has been brought forward to 1 April 2026 from 31 August 2026.

41.3 The Committee requested that a session on risk appetite similar to the recent session on the risk register be considered for delivery to Pension Committee members in response to the audit finding regarding risk appetite for the Fund.

41.4 The Committee RESOLVED to note the Pension Fund Governance Arrangements audit report as set out in Appendix 1 of the report.

42. EXTERNAL AUDIT DRAFT AUDIT FINDINGS REPORT

42.1 The Committee considered a report by the Chief Finance Officer introduced by Ian Gutsell, the Chief Finance Officer.

42.2 The following points were highlighted to the Committee:

- 1) External Auditor's Grant Thornton LLP attended the Audit Committee meeting earlier in September to present the draft external audit findings on the East Sussex Pension Fund accounts.
- 2) There are no outstanding matters for modification of the audit opinion.

42.3 The Committee RESOLVED to note the draft External Auditor's report.

43. PENSION FUND RISK REGISTER

43.1 The Committee considered a report by the Chief Finance Officer.

43.2 The Committee RESOLVED to note the Pension Fund Risk Register.

44. INVESTMENT REPORT

44.1 The Committee considered a report by the Chief Finance Officer introduced by Russell Wood, Pensions Manager: Investments and Accounting and Iain Campbell, Head of Local Government Pension Scheme Investment (Hymans Robertson) together with exempt information set out in a later agenda item.

44.2 The following points were highlighted to the Committee:

- 1) There is uncertainty around the agency of the Pension Committee going forward in terms of pension reform.
- 2) There are projects currently being developed by ACCESS and Border to Coast Pension Partnership focussing on the changes that are required to be implemented.
- 3) The Fund continues to have below benchmark performance despite the positive absolute return over the quarter.

- 4) During the quarter, the Fund's asset value increased to give a Fund Value of over £5 billion.
- 5) Asset allocation remains overweight for growth and protection and underweight for income and actions are being undertaken to address this.
- 6) Over the last three years, despite volatility and uncertainty, global markets have produced a 13.2% return led by North America.
- 7) Higher energy and food prices have impacted the market in terms of inflation seeing a greater-than-expected rise.
- 8) The Bank of England cut interest rates over the last quarter and there has been volatility in UK government bond yields.
- 9) North America and the Technology sector were the areas driving returns during the quarter and equity markets are up approximately 9% this quarter.
- 10) Investment Manager WHEB Active Impact Equity underperformed their benchmark due to investment in pharmaceuticals and funding cuts to scientific research.

44.3 The Committee discussed the potential risks going forward noting possible complacency in the market and impacts of potential North American tariffs.

44.4 The Committee discussed the increase in gold prices and Fund's current investment in the gold market noting that it is generally seen a safe asset when there are challenging market conditions.

44.5 The Committee discussed the future of investment decision-making following the move to 100% pooling with a new pool and noted that there a review of the Fund's investments will need to be undertaken in light of pooling changes and the strategic position of the Fund.

44.6 The Committee requested that a report is considered at the November meeting of the Pension Committee in relation to the investment strategy statement following the publication of new pension regulations.

44.7 The Committee RESOLVED to:

- 1) note the report;
- 2) approve the amended asset allocation set out in paragraph 4.11 of the report; and
- 3) approve the Investment Strategy Statement as set out in Appendix 4 of the report.

45. WORK PROGRAMME

45.1 The Committee considered a report by the Chief Finance Officer.

45.2 The Committee RESOLVED to note the work programme.

46. EXCLUSION OF THE PUBLIC AND PRESS

46.1 The Committee RESOLVED to exclude the public and press from the meeting for the remaining agenda items on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and

that the public interest in withholding the exempt information outweighs the public interest in disclosing it.

47. PENSION REFORM AGENDA - EXEMPT INFORMATION

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

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

47.3 The Committee RESOLVED to agree the recommendations set out in the exempt report.

48. ACTUARIAL VALUATION REPORT

48.1 The Committee considered a report by the Chief Finance Officer introduced by Susan Greenwood, Head of Pensions, Barry McKay, Partner and Head of Public Sector Consulting – Barnett Waddingham and Karen Jamieson, Actuarial Consultant – Barnett Waddingham.

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

48.3 The Committee RESOLVED to agree the recommendations set out in the exempt report.

49. ILL-HEALTH BENEFITS

49.1 The Committee considered a report by the Chief Finance Officer introduced by Susan Greenwood, Head of Pensions, Karen Jamison, Actuarial Consultant – Barnett Waddingham and Barry McKay, Partner and Head of Public Sector Consulting – Barnett Waddingham.

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

49.3 The Committee RESOLVED to agree the recommendation set out in the exempt report.

50. INVESTMENT REPORT - EXEMPT INFORMATION

50.1 The Committee considered a report by the Chief Finance Officer introduced by Russell Wood, Pensions Manager: Investments and Accounting and Iain Campbell, Head of Local Government Pension Scheme Investment (Hymans Robertson) which contained exempt information in relation to an earlier item on the agenda.

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

50.3 The Committee RESOLVED to note the report.

51. GOVERNANCE REPORT - EXEMPT INFORMATION

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

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

51.3 The Committee RESOLVED to note the report.

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

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

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

52.3 The Committee RESOLVED to agree the recommendations set out in the exempt report.

53. EMPLOYER ADMISSIONS AND CESSATIONS

53.1 The Committee considered a report by the Chief Finance.

53.2 The Committee RESOLVED to agree the recommendations set out in the exempt report.

The meeting ended at 1.19 pm.

Councillor Gerard Fox (Chair)