

Report to: Pension Board

Date of meeting: 5 June 2025

By: Chief Finance Officer

Title: Governance Report

Purpose: To provide an update on governance workstreams and changes affecting Local Government Pension Schemes and the East Sussex Pension Fund

RECOMMENDATION:

The Pension Board is recommended to note this report

1 Background

1.1 This report is brought to the Pension Board to provide an update on the steps being taken to adopt good practice and ensure compliance with regulatory requirements for the East Sussex Pension Fund (the Fund or ESPF).

2 Legal and regulatory changes

2.1 A letter issued by Ministry of Housing, Communities and Local Government (MHCLG) on 10 March 2025 (Appendix 1), set out plans to consult on changes to the LGPS Regulations 2013, regarding the application of regulation 64A. This relates to mid-valuation cycle changes to employer contribution rates. The letter confirms the Government view of when the provisions of regulation 64A may be appropriately used; that being, in response to changes in an employer's liabilities or its ability to meet its obligations. Government makes clear it was not intended for use in order to manage surpluses or deficits.

2.2 At its meeting on 13 February 2025, the Board were informed that on 15 January 2025 the Scheme Advisory Board (SAB) published the updated opinion of Nigel Giffin KC, titled 'Local Government Pension Scheme: Investments and Non-Financial Considerations'. On 16 April 2025, the SAB Secretariat published a summary note of the opinion (Appendix 2). The summary note represents the views of the Secretariat based on their current understanding of the law and policy only. It should not be treated as a complete and authoritative statement of the law, and readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation quoted. For clarity, the summary has not been drafted nor endorsed by Nigel Giffin KC.

2.3 On 15 May 2025 Government launched a consultation titled '[Local Government Pension Scheme in England and Wales: Access and fairness](#)'. The consultation relates to a range of proposals including the gender pensions gap, forfeiture concerns, and opt out rates. The consultation will remain open for 12 weeks, closing on 7 August 2025. Officers will prepare a draft response to circulate with the Chair of the Pension Board and Pension Committee, allowing an opportunity for comment, prior to submitting a final response.

3 Pension Board Vacancy

3.1 Following Nigel Manvell's retirement from Brighton & Hove City Council, as required by the Constitution and terms of reference of the East Sussex Pension Board, his appointment as an employer representative on the Board also ceased.

3.2 The 'Local Government Pension Scheme (LGPS) Guidance on the creation and operation of Local Pension Boards in England and Wales' requires that all employers within a Fund must have equal opportunity to be nominated for the role of employer or member representative through an open and transparent process. All Fund employers were contacted in April 2025 and asked to provide expressions of interest to be considered for the vacant position. The Fund received only 2 expressions of interest by the deadline of 9 May 2025.

3.3 At the time of writing officers are in the process of inviting each of the 2 candidates to attend a meeting with the Pension Board Chair and officers. Following the meetings a recommendation will be made to the East Sussex County Council Governance Committee regarding who should be appointed and the length of their term. The Governance Committee is the body which has the authority to make appointments to the Pension Board.

4. Register of Interests

4.1 Consistent with the guidance provided within The Pensions Regulator General Code and the commitments made by the Pension Board at its meeting in June 2024, East Sussex Democratic Services are currently in the process of requesting Board members to complete a form as part of the annual review of their published register of interests. Board Members are also required to update their register of interests within 28 days of becoming aware of any change to their interests. Publication and regular review of Board Members' register of interests improves the transparency of the Pension Board and further illustrates good governance.

5 Pension Fund Policies and Statements

5.1 At the request of the Local Government Association Pensions Teams, Eversheds Sutherland conducted a general review of both the template full privacy notice and the template summary privacy notice. These templates are provided to administering authorities for use. The review made few significant changes, other than those added to take account of the McCloud remedy. Accordingly, the Fund has updated both the full privacy notice (Appendix 3) and the template summary privacy notice (Appendix 4) in use to reflect the amendments made. The Pension Committee will be recommended to approve their use at its meeting on 19 June 2025.

5.2 A revised version of the Fund's Governance and Compliance Statement was initially scheduled for approval by the Pension Committee in June 2025. However, in light of the significant upcoming changes, it has been deemed advisable to defer the approval to September 2025.

6 Interim Valuation Update

6.1 The Fund Actuary has prepared the indicative quarterly funding update as at 31 March 2025, rolling forward assumptions from the valuation and reflecting actual experience since March 2022, included as Appendix 5. The indicative funding report shows the funding position increase over the last quarter from 122.4% in December 2024 to 123.9% in March 2025. This represents a small increase in the funding position in March 2022 from 122.8% to 123.9%.

7 Pension Board Report to Pension Committee

7.1 The annual report of the Pension Board to Pension Committee is due at the Pension Committee meeting on 19 June 2025. Officers have liaised with the Chair of Pension Board to produce a draft report to be presented. Board members are asked to provide any comment they wish to make to the proposed report included as Appendix 6.

8 Conclusion

8.1 The Board is recommended to note this report.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Susan Greenwood, Head of Pensions
Email: Susan.Greenwood@eastsussex.gov.uk