

PENSION BOARD

MINUTES of a meeting of the Pension Board held at Committee Room, County Hall, Lewes on 12 February 2026.

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

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

Barry McKay, Partner and Head of Public Sector Consulting – Barnett Waddingham

Brendan O'Brien, Pensions Support Officer
Dillon Piggot, CIPFA Trainee / Apprentice
Joshua Baker, Pension Support Officer
Mariana Obetzanova, Pensions Training Coordinator
Michael Gillingham, CIPFA Accounts and Investments Apprentice
Mya Khine, Pensions Accountant

Councillor Nick Bennett, Lead Member for Resources and Climate Change, East Sussex County Council

57. MINUTES OF THE MEETING HELD ON 4 NOVEMBER 2025

57.1 The Board approved the minute of the meeting held on 4 November 2025 as a correct record.

58. APOLOGIES FOR ABSENCE

58.1 There were no apologies for absence.

59. DISCLOSURE OF INTERESTS

59.1 There were no disclosures of interests.

60. URGENT ITEMS

60.1 There were no urgent items.

61. REPORTS

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

62. PENSION COMMITTEE AGENDA AND SUMMARY OF PREVIOUS MINUTES

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

62.2 The report provided an opportunity for the Board to comment on the draft agenda for the Pension Committee meeting due to be held on 26 February 2026 together with a summary of the minutes of the previous Pension Committee meeting held on 18 November 2025.

62.3 The Board noted that in addition to the reports considered by the Pension Board, the Pension Committee will receive an Investment report and an exempt report in support of the Pension Reform item.

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

63. PENSION REFORM AGENDA

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

63.2 The following points were highlighted to the Board:

- 1) All final documentation in relation to joining Border to Coast Pensions Partnership has been issued, signed and executed ahead of the 1 April 2026 deadline.
- 2) Officers of the Fund continue to meet regularly with Border to Coast Pensions Partnership and other Funds moving from ACCESS.
- 3) Draft documentation has been received in relation to Border to Coast Pensions Partnership having power of attorney over the Fund's assets and the Fund receiving investment advice from Border to Coast Pensions Partnership and the document is currently being reviewed
- 4) A detailed Heads of Terms is close to being agreed between the ACCESS authorities in relation to the dissolution of ACCESS which will form the basis of the updated Inter Authority Agreement which is being drafted.
- 5) The Terms of Reference for the Pension Committee will need to be updated to reflect the new pooling arrangements.

63.3 The Board discussed the timeframe whereby East Sussex can attend the Joint Committee meetings for Border to Coast Pensions Partnership as an observer and as a member and how East Sussex is anticipated to be represented on the Joint Committee, working groups and boards.

63.4 The Board discussed what influence the Fund may have over the transition of assets and control of costs in relation to the transfer process which is likely to take approximately a year from 1 April 2026 to complete.

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

64. APPLICATION FOR A COMBINED PENSION COMMITTEE AND PENSION BOARD

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

64.2 The following points were highlighted to the Board:

- 1) Pension reforms have led to changes to pooling, investment and governance for Local Government Pension Funds which will result in Pension Committees having less investment decision-making functions on behalf of the Fund.
- 2) Having regard to the upcoming changes and the retirement of the Board's independent chair at the end of 2026, the Fund has explored the option of combining the Pension Board and Pension Committee together with the required independent adviser to form a larger single committee to provide oversight and governance of the Fund.
- 3) The proposal if supported by the Pension Board, Pension Committee and Administering Authority would require approval from the Secretary of State.

- 4) Hampshire and Haringey Councils operate a combined model following approval from the Secretary of State and have been a source of example in drafting the proposal for East Sussex.
- 5) A combined Pension Board and Committee would provide a more efficient governance process in a changing landscape where the scope of the Pension Board and Pension Committee will become more similar due to upcoming changes to legislation resulting from the 'Fit for the Future' consultation.

65.3 The Board discussed the potential timeframes between writing to the Secretary of State and a combined body being established and noted that the timing may be premature having regard to the unknowns in relation to the remit of the proposed Investment Sub-Committee of the combined body after the move to Border to Coast Pension Partnership and effect of Local Government Organisation. It was suggested that it may be beneficial to explore the option at the time of the required triennial independent governance review.

65.4 The Board discussed the proposed membership of the combined body and suggested that 15 members may be ineffective noting that guidance suggests committees are most effective when membership is between 8 and 12 members.

65.5 The Board RESOLVED to note the report and that feedback outlined in the minutes above will be provided to the Pension Committee.

65. TRIENNIAL VALUATION 2025 AND FUNDING STRATEGY STATEMENT

65.1 The Board considered a report by the Chief Finance Officer introduced by Susan Greenwood, Head of Pensions and Barry McKay, Partner and Head of Public Sector Consulting – Barnett Waddingham.

65.2 The following points were highlighted to the Board:

- 1) The 2025 valuation process is nearing its conclusion and a draft actuarial valuation report is due to be completed by the end of March 2026.
- 2) The Funding Strategy Statement has been adjusted to reflect feedback from employers and the Department for Education.
- 3) One employer challenged its contribution rate during the consultation stage of the valuation process and the Fund has provided a detailed written response.
- 4) The Valuation Report and Funding Strategy Statement is due to be considered by the Pension Committee on 26 February for approval.

65.3 The Board discussed wording within the Funding Strategy Statement relating to the guarantee for Local Government Pension Scheme liabilities provided by the Department for Education to clarify the position of whether the guarantee includes any admission bodies participating under a pass-through arrangement and relating to the approach for cessation valuations in terms of clarifying the transfer of liabilities for pensioners and deferred members.

65.2 The Board RESOLVED to:

- 1) note the draft 2025 Valuation report as set out at Appendix 1 of the report; and
- 2) note the revised Funding Strategy Statement as set out at Appendix 3 of the report.

66. GOVERNANCE REPORT

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

66.2 The following points were highlighted to the Board:

- 1) The Fund submitted its response to the Government's consultation on Access and Protections on 22 December 2025.
- 2) It is expected that the first Independent Governance Review (a requirement for administering authorities under The Local Government Pension Scheme (Amendment) Regulations 2026) in plenty of time before the deadline of 31 March 2028. The resulting report must be prepared and submitted to the Secretary of State and published by the Administering Authority.
- 3) Actions are being undertaken to address the requirements under Local Government Pension Scheme (Amendment) Regulations 2026 to publish a Governance Strategy, Training Strategy and Conflict of Interest Policy, appoint a Senior Officer, appoint an Independent Person to the Pension Committee and carry out an Independent Governance Review.
- 4) The draft Pension Administration Strategy was sent to scheme employers and other stakeholders for consultation, which ended on 16 January 2026. Responses were received and minor amendments to the strategy based on feedback have been incorporated into the final version which will be presented to the Pension Committee for approval on 26 February 2026.
- 5) Neil Simpson's term as a Scheme Member Representative on the Pension Board has been extended for a further 2 years until 28 February 2028.
- 6) 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.

66.3 The Board discussed how an independent adviser will be appointed to the Pension Committee.

66.4 The Board acknowledged the strengthened wording within the Pension Administration Strategy regarding i-Connect being the default system for employers and discussed whether charges could be applied to the remaining employers who have not onboarded with i-Connect to recuperate any additional administration costs incurred in relation to contributions being received outside of i-Connect.

66.5 The Board RESOLVED to:

- 1) note the legal and regulatory changes set out in the report; and
- 2) note the updates in relation to the Pension Administration Strategy, Pension Board membership and funding position.

67. EAST SUSSEX PENSION FUND QUARTERLY BUDGET REPORT

67.1 The Board considered a report by the Chief Finance Officer introduced by Russell Wood, Head of Pension Investments and Accounting.

67.2 The following points were highlighted to the Board:

- 1) The forecast outturn position at quarter 3 for the 2025/26 financial year has increased by £0.280m from the last projected position and reflects an overspend to the approved budget.
- 2) This increase is due to an increase in the investment advice line in relation to moving from ACCESS to Border to Coast Pensions Partnership Pool an increase in actuarial costs associated with the valuation and work in relation to ill health benefits and employer risk assessments.
- 3) A draft budget for the 2026/27 financial year incorporates costs associated with the governance arrangements involved in moving to Border to Coast Pensions Partnership and the outcome of the Government's Fit for the Future consultation.
- 4) The draft budget recognises re-procurement of the actuarial contract, the expected pay award which will increase staff costs and actuarial work expected in response to Local Government Reorganisation.

67.3 The Board discussed the increase to the Overheads line noting that costs associated with operational and administrative services provided by East Sussex County Council have increased to more accurately reflect the increased costs associated with overheads such as the postal service.

67.4 The Board discussed the potential changes to costs associated with investment advice as the Fund moves into the Border to Coast Pensions Partnership model and the potential increase to costs associated with training for Pension Board and Pension Committee members.

67.5 The Board RESOLVED to note the third quarter projected 2025/26 outturn position.

68. EMPLOYER ENGAGEMENT AND COMMUNICATIONS REPORT

68.1 The Board considered a report by the Chief Finance Officer introduced by Hayley Deeley, Employer Engagement Officer and Paul Linfield, Pension Communication Manager.

68.2 The following points were highlighted to the Board:

- 1) There were just 5 late payments of employer contributions between October and December 2025 and support is ongoing in terms of engagement with employers.
- 2) The employer engagement team have completed a number of projects such as submission of the pension regulator return and supporting the Employer Forum.
- 3) Scheme member training has completed for the 2025/26 year and sessions for the 2026/27 year have been scheduled in May and October 2026 incorporating feedback from the previous year's sessions.

68.3 The Board discussed potential opportunities to work collaboratively with other neighbouring Pension Funds in terms of communicating the benefits of the Local Government Pension Scheme to employers.

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

69. PENSION ADMINISTRATION - UPDATES

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

69.2 The following points were highlighted to the Board:

- 1) The Service Level Agreements for quarter 3 have improved to 95.8% and performance has shown a green every month since June 2025.
- 2) The majority of the Key Performance Indicators show as green however Transfer In and Out activity remains as red.
- 3) The Helpdesk Key Performance Indicators will need to be reviewed to reflect the different level of work expected of the Helpdesk staff as simple enquiries have decreased following the launch of 'My Pension' and are likely to continue to decrease following implementation of the Digital Assistant.
- 4) Further review of the Helpdesk data will be undertaken following the implementation of call-centre technology and transfer of the Helpdesk telephone number which is currently owned by Surrey County Council.
- 5) The Pension Administration Team is holding a number of vacancies and are either actively recruiting into the vacancy or monitoring activity to manage the vacancy.
- 6) Annual Benefit Statements for active and deferred members have now been issued to those who did not receive them in August following the application of the McCloud remedy and there are recalculations still required for non-active and requirements.
- 7) Pension Dashboards have gone live and work is ongoing in relation to Additional Voluntary Contributions and how data is pulling through from Prudential.
- 8) The number of existing employers yet to go live with i-Connect has decreased to 4 however there have been some challenges regarding changes to payroll software suppliers.

- 9) The mortality and address tracing service contract ceased in January 2026 and the service will be moving to Heywoods from April which will operate on a monthly basis to ensure data is accurate and up to date.

69.3 The Board discussed the challenges regarding transfer ins and outs and noted that manual updates in relation to the McCloud remedy have contributed to the performance of these tasks.

69.4 The Board discussed the types of tasks that the Helpdesk are receiving have changed over time noting that the method of measuring Helpdesk performance is likely to change to reflect the current work of the Helpdesk and further changes expected with the launch of the digital assistant which is expected to go live by the end of March 2026.

69.5 The Board RESOLVED to note the updates within the Pension Administration report.

70. INTERNAL AUDIT REPORTS AND STRATEGY FOR PENSIONS 2026/27

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

70.2 The following points were highlighted to the Board:

- 1) The three reports presented to the Board concluded the internal audit work for the Fund in the 2025/26 financial year.
- 2) Internal Audits on Pension Fund Investments and Administration of Pension Benefits were given an audit opinion of Substantial Assurance.
- 3) A review of the Preparedness for Pooling Reform was undertaken by internal audit and provided a positive position statement instead of a formal audit opinion due to there not being enough known information at the time of the audit activity.
- 4) There are 75 audit days proposed within the Council's Internal Audit Strategy for Pensions 2026/27.

70.3 The Board noted that receiving an audit position statement around pooling rather than a formal audit opinion highlights both how much is still unknown and the limited control environment the Fund has regarding the changes arising from pooling reform.

70.4 The Board acknowledged that the Fund has a robust internal control environment and officers of the Fund are engaging at all levels to ensure compliance with the pension reforms as they emerge.

70.5 The Board RESOLVED to:

- 1) note the Internal Audit reports as set out at Appendix 1 (Pension Fund Investments), Appendix 2 (The Administration of Pension Benefits) and Appendix 3 (Pension Fund - Preparedness for Pooling Reforms) of the report; and
- 2) note the Internal Audit Strategy for Pensions and Annual Plan 2026/27 as set out at Appendix 4 of the report.

71. PENSION FUND RISK REGISTER

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

71.2 The following points were highlighted to the Board:

- 1) A new risk has been added to the risk register, Risk G7 - Governance Compliance with the Requirements of the Fit for the Future Consultation.
- 2) Risk E2, Employer Data, Risk A2, Regulatory Change and Risk I3, Regulatory Risk have updated post-mitigation risk scores.
- 3) In relation to Risk G3, Cyber Risk, the Fund has provided its advisor, Mercer, with a copy of the Fund's Business Continuity Plan. Mercer are reviewing this document and will provide advice on any potential improvements, including cyber-risk specific comments.

71.3 The Board discussed the RAG (red, amber, green) ratings for each risk and whether the boundary between green and amber should be increased.

71.4 The Board discussed whether risks around Local Government Reorganisation should be included in the Pension Fund risk register and noted that while risks may emerge after the government announces which proposal for unitary authorities across Sussex has been approved, there is still too much unknown to include in the risk register at this stage of the process.

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

72. WORK PROGRAMME

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

72.2 The Board noted that the work programme will incorporate draft revised policies in compliance with the 'Fit for the Future' consultation outcomes.

72.3 The Board discussed the importance of attending regular training and requested that the Pensions Training Coordinator provides a training update to the Board at its next meeting.

72.4 The Board RESOLVED to note the work programme.

73. EXCLUSION OF THE PUBLIC AND PRESS

73.1 The Board 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.

74. GOVERNANCE REPORT - EXEMPT

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

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

74.3 The Board RESOLVED to note the report.

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

75.1 The Board considered a report by the Chief Finance Officer introduced by Dave Kellond, Head of Governance and Compliance.

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

75.3 The Board RESOLVED to note the report.

76. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

76.1 The Board considered a report by the Chief Finance Officer introduced by Dave Kellond, Head of Governance and Compliance.

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

76.3 The Board RESOLVED to note the report.

(The meeting ended at 12.35 pm)

CHAIRMAN