

Report to: Pension Board

Date of meeting: 12 February 2026

By: Chief Finance Officer

Title: Application for a Combined Pension Committee and Pension Board

Purpose: To advise and seek views from the Board on the proposal to request from the Secretary of State approval for the pursuit of a Combined Pension Committee and Pension Board

RECOMMENDATION:

The Pension Board is recommended to note the report and provide feedback on the proposal to merge the Pension Committee and Pension Board.

1. Background

1.1 It is a requirement under the Public Service Pension Scheme Act 2013 for local pension boards to be in place to assist administering authorities with the effective and efficient management and administration of the Scheme and compliance with the LGPS.

1.2 East Sussex County Council currently has a Pension Board which comprises 3 employer and 3 scheme member representatives, as well as a non-voting, independent chair. Its role is to assist the scheme manager in its management of the East Sussex Pension Fund (ESPF).

1.3 The responsibility for scheme management is delegated to the Pension Committee, which is a non-executive committee of East Sussex County Council, the administering authority of the ESPF. The Committee is responsible for arrangements for the investment, administration and management of the Fund. The Committee comprises 5 elected councillors.

1.4 The provisions contained in Regulation 106(2) of the Local Government Pension Scheme Regulations 2013 (LGPS) allow for, subject to Secretary of State approval, the establishment of a combined Pension Committee and Board.

1.5 The upcoming retirement of the Pension Board Chair later in 2026, along with the proposed changes to the scheme governance brought about under the 'Fit for the Future' consultation, including the requirement to move all Fund assets under the management of the Border to Coast Pensions Partnership Ltd pool (as described under agenda items 6 and 8) makes it an appropriate time to review more fundamentally the arrangements that are currently in place for the Pension Committee and Board, including providing consideration of whether to combine both.

1.6 The changes provide East Sussex County Council with the chance to enhance the robustness and efficiency of its overall pension governance.

2. Combined Pension Committee and Board

2.1 A combined Pension Committee and Board in practice would involve instead of the current provision of a Pension Committee with a focus on decision making, investment and administration and a Pension Board responsible for compliance and oversight, there would be one legally constituted body performing both sets of responsibilities. This combined body would make decisions on issues such as funding employer admissions, governance and administration. It would also scrutinise and oversee decisions and processes to maintain compliance with LGPS and pensions law. These arrangements would be supported by an investment sub-committee which would also be in place to oversee investment decisions and management.

2.2 The combined body would potentially comprise 15 members, including 8 County Councillors, 3 scheme member representatives, 3 employer representatives and a non-voting independent adviser. Members will be required to meet both LGPS Board and LGPS Committee training standards, maintain training logs and demonstrate ongoing knowledge under the Pension Regulator's requirements. These requirements will increase under the 'Fit for the Future' proposals.

2.3 The proposed amendments to the LGPS regulations allow for the preservation of the oversight function if Committee and Board are merged through:

- The inclusion of an independent adviser who adds external challenge.
- The statutory triennial governance reviews act as a check on the body.
- The inclusion of scheme member and employer representatives also provide an internal mechanism of challenge through the ensuring diverse scrutiny.

2.4 Under the Local Government Act 1972 Section 102(3) a committee that makes investment decisions becomes a finance committee and cannot legally include non-councillors. To allow a combined arrangement to legally exist under these criteria, an Investment Sub Committee composed only of elected councillors which holds all formal investment decision making powers would need to be established. This would ensure the combined body itself is not designated a finance committee, allowing non councillors to serve legally. The combined body would set investment strategy, principles, beliefs, scrutinise investment performance and review risks and policy. However, formal investment decisions would sit with the councillor only Investment Sub Committee.

2.5 There are a number of benefits that a joint Committee and Board will deliver including:

- Enhancing the efficiency and effectiveness of pension governance.
- Offering compelling management and oversight roles will help the Pension Fund attract top scheme and employer representatives to its combined Committee and Board.
- Promoting thorough comprehension of Pension Fund issues and facilitate decisions that adhere to regulatory standards, due to members of both the combined Committee and Board being introduced to every aspect of the Pension Fund's operations.
- Avoiding any duplication and confusion in roles between a separate Committee and Board, in light of new proposed amendments to the LGPS legislation.

- 2.6 The process of establishing a combined Committee and Board involves writing to the Secretary of State to obtain initial approval followed by requesting the approval Full Council to establish the body and approve the proposed Terms of Reference.
- 2.7 The implementation of the Combined Committee and Board structure has been successfully completed by Haringey Council and Hampshire County Council respectively and indicates that the Government is prepared to approve joint boards.

3 Potential Challenges

- 3.1 The process of scrutiny and review could be challenging. However, this can be mitigated through the new triennial governance reviews suggested in the LGPS amendments (2026). Additionally, the requirement for both an independent adviser on any pension committee and an LGPS Officer provide sources of scrutiny and review for the combined body.
- 3.2 To avoid conflicting with legislation surrounding committee membership and financial responsibility within a committee, an investment sub-committee will need to be established to allow for scheme employee and employer representatives to sit on the combined committee and board.
- 3.3 There are no set criteria to work towards of what will need to be met for a successful application.

4 Terms of Reference

- 4.1 Should the Secretary of State agree to a combined Committee and Board, the Terms of Reference would need to be agreed which incorporates both the responsibilities placed on the Pension Committee and the Pension Board.

5 Administrative Changes

- 5.1 In line with the proposed amendments, a designated Senior Officer will have oversight and accountability for a new Governance Strategy, Training Strategy and Conflict of Interest Policy that reflects the aims and terms of the combined committee and board.

6. Conclusion and Reasons for recommendations

- 6.1 Following the publication of the draft LGPS (Amendment) Regulations 2026 and the Government's clear direction of travel towards strengthened and streamlined governance arrangements, work has been undertaken to assess how these changes can best be implemented within the East Sussex Pension Fund. Reviews of different authorities' governance structures and of the regulatory amendments encourage a shift in pension governance. Previously, logistical challenges hindered combining the Pension Committee and Board, but recent regulatory changes have made this model more practical. Evidence

suggests that the combined approach can improve efficiency and effectiveness, making it an appealing governance option.

6.2 A single legally constituted body would offer clearer governance pathways, reduce duplication of work and improve operation efficiency by bringing oversight, scrutiny and strategic decision-making together. Importantly, the updated and existing regulations create a practical route for implementing such a structure while preserving appropriate checks and balances through independent advice, equal representation and cyclical governance reviews.

6.3 The Board is recommended to note the proposals and provide any feedback to be given the Pension Committee.

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