

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives:

Councillor Richard Smith MVO, representing Suffolk County Council

Ian Blofield, representing all Borough, District, Town and Parish Councils

Thomas Jarrett, representing all other employers in the Fund

Scheme Member Representatives:

Richard Blackwell, representing Pensioners

Kay Davidson, representing Active Members

Peter Frost, representing the Unions

Date: Wednesday, 4 March 2026

Venue: Rose Mead Room
Endeavour House
8 Russell Road
Ipswich
Suffolk
IP1 2BX

Time: 11:00 am

Business to be taken in public:

1. **Apologies for Absence**

To note and record any apologies for absence.

2. **Declarations of Interest and Dispensations**

To receive any declarations of interests, and the nature of that interest, in respect of any matter to be considered at this meeting.

3. **Minutes of the Previous Meeting**

Pages 5-12

To approve as a correct record, the minutes of the meeting held on 10 December 2026.

4. **Pensions Administration Performance**

Pages 13-16

To receive a report summarising the compliments, complaints and administration performance of the Fund.

5. **Actuarial Valuation Update**

Pages 17-112

To review the outcome of the Actuarial Valuation of the Fund as at 31 March 2025.

6. **McCloud Implementation**

Pages 113-116

To receive a report on progress with implementing the McCloud remedy for the Fund.

7. **Forward Work Programme**

Pages 117-119

To consider whether there are any matters which the Board would wish to have included in its Forward Work Programme.

Business to be taken in private:

8. **Exclusion of the Press and Public**

The Committee is invited to consider whether the public (including the press) should be excluded from the meeting during consideration of agenda item 9 to 11 pursuant to Section 100(A) of the Local Government Act 1972 (as amended) on the grounds that:

- a) they involve the likely disclosure of exempt information as detailed in paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Parts 1 to 3 of Schedule 12A, as amended, of the Local Government Act 1972 (as amended); and
- b) that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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|-----|--|-------------------------|
| 9. | Exempt Minutes of the Previous Meeting | Exempt Pages
121-122 |
| | To approve as a correct record, the exempt minutes of the meeting held on 10 December 2025. | |
| 10. | LGPS Fit for the Future Update | Exempt Pages
123-140 |
| | To receive a report on progress towards meeting the requirements of LGPS Fit for the Future. | |
| 11. | Cybersecurity | Exempt Pages
141-196 |
| | To receive a report on the cyber security measures which apply to the Suffolk Pension Fund. | |

Date of next scheduled meeting: Tuesday, 28 July 2026 at 11:00 am

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2. Use the stairs, NOT the lifts.
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Nicola Beach
Chief Executive

Minutes of the Suffolk Pension Board Meeting held on Wednesday 10 December 2025 at 10:45 am in the Rose Mead Room, Endeavour House, Ipswich.

Present: Councillor Richard Smith MVO (Chairman) (representing Suffolk County Council), Richard Blackwell (representing Pensioners), Ian Blofield (representing all Borough, District, Town and Parish Councils), Kay Davidson (representing Active Members), Peter Frost (representing the Unions), and Thomas Jarrett (representing all other employers in the Fund – attended remotely).

Supporting officers present: Rebekah Butcher (Democratic Services Officer), Stuart Potter (Pensions Operations Manager), Sharon Tan (Lead Accountant, Pensions), and Tracey Woods (Head of Pensions).

32. Apologies for Absence

There were no apologies for absence.

33. Declarations of Interest and Dispensations

Cllr Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Ian Blofield and Peter Frost declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

34. Minutes of the Previous Meeting

The minutes of the meeting held on 17 October 2025 were confirmed as a correct record and signed by the Chairman.

After hearing Agenda Item 3, the Chairman altered the order of the agenda; the minutes reflect the amended order.

35. Exclusion of the Press and Public

Decision: The Committee agreed that the public (including the press) should be excluded from the meeting during the consideration of Agenda Item 12 on the grounds that:

- a) it involves the likely disclosure of exempt information by virtue of paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Parts 1 to 3 of Schedule 12A (as amended) of the Local Government Act 1972 (as amended); and

- b) in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

36. LGPS Fit for the Future Update

At Agenda Item 12, the Board received a report which set out the work that had been progressed since the Suffolk Pension Fund decided to become a shareholder in the Local Government Pension Scheme (LGPS) Central Pool.

The report was introduced by Tracey Woods (Head of Pensions), and members were given the opportunity to ask questions.

Thomas Jarrett joined the meeting via Microsoft Teams at 10:58 am.

Decision: The Board noted:

- a) the work that had been undertaken to become a shareholder in the LGPS Central Investment Pool.
- b) progress made to date to ensure the Suffolk Pension Fund would be compliant with new pooling legislation by March 2026.

Reason for decision: The Suffolk Pension Fund had been working towards meeting the Governments requirements under LGPS: Fit for the Future by 31 March 2026. The most significant change was to move to a new investment pool.

Alternative options: There were none considered.

Declarations of interest: Cllr Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Ian Blofield and Peter Frost declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

Following the conclusion of Agenda Item 12, the Board returned to public session.

37. Pensions Administration Performance

At Agenda Item 4, the Board received a report which provided an update on the performance of the Pensions Administration Team. The report included details of compliments and complaints received, as well as information on the timeliness of contribution payments from employers in the Fund.

The report was introduced by Stuart Potter (Pensions Operations Manager) and Sharon Tan (Lead Accountant, Pensions). Members were given the opportunity to ask questions.

Decision: The Board considered the information provided and noted the report, confirming that no further action was required at this time.

Reason for decision: The purpose of the report was to provide the Board with regular updates on the performance of the Pensions Administration Team, including statutory requirements and Service Level Agreements.

Members sought clarification on the timetable for implementing iConnect and whether there were concerns regarding employer readiness. It was reported that there were no issues with the Fund accommodating the changes, but progress depended on employers developing the necessary reports. Work had restarted with Suffolk County Council and the remaining district councils who used Oracle Fusion, and a recent update from Officers confirmed that reports had been simplified to improve functionality. This was seen by the Board as positive progress, although some situations remained that the system could not manage. Members noted that other employers had successfully implemented Fusion, and efforts continued to work with them and support those outstanding.

Schools Choice was identified as a major area of focus. A test file had been received for one academy, and testing was underway before rolling out to schools in bulk. Members were advised that once these employers were onboard, the remaining cases would have minimal impact. The Board noted that Schools Choice was keen to move forward and recognised the benefits of the system.

The Board also discussed the Pensions Dashboard and noted that its effectiveness depended on employers providing accurate data. While the dashboard could act as an incentive to move to i-Connect, its implementation date had been delayed, with the latest estimate being 2027. A demonstration of the dashboard was scheduled with Officers for later in the day. Members acknowledged that the most persuasive argument for employers was the time-saving benefit.

Questions were raised regarding undecided leavers, with concern expressed about the backlog. Officers explained that while the number had reduced significantly from around 14,000, new cases continued to arise each month. Members were assured that priority was given to urgent cases, particularly those near or beyond retirement age, and these had been addressed. Remaining cases involved individuals still in employment and not at detriment but work to clear the list continued.

Members thanked officers for the report and noted that service level agreement performance figures were strong.

Alternative options: There were none considered.

Declarations of interest: Cllr Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Ian Blofield and Peter Frost declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

38. LGPS Scheme Improvements (Access and Protections) Consultation response

At Agenda Item 5, the Board received a report covering the Government's LGPS Scheme Improvements (Access and Protections) consultation following on from the Access and Fairness consultation which launched earlier this year.

The report was introduced by Sharon Tan (Lead Accountant, Pensions), and members were given the opportunity to ask questions.

Decision: The Board considered and agreed the consultation response from the Suffolk Pension Fund.

Reason for decision: The Pension Board represented stakeholders in the Fund.

The Board had received a briefing session on the consultation prior to the meeting, and no further concerns were raised.

Alternative options: There were none considered.

Declarations of interest: Cllr Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Ian Blofield and Peter Frost declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

39. McCloud Update

At Agenda Item 6, the Board received a report which provided an update on the progress of implementing the McCloud Remedy for the Fund in line with the legislation that came into force on 1 October 2023.

The report was introduced by Tracey Woods (Head of Pensions) and members were given the opportunity to ask questions.

Decision: The Board noted the work that had been in progress to apply the remedy for impacted members.

Reason for decision: The Pension Board represented members and stakeholders in the Fund who were affected by the McCloud remedy.

Members noted that the Fund remained on target to meet the 31 August 2026 implementation deadline. It was reported that approximately 18,700 members were affected by the remedy, out of a total membership of around 75,000, including pensioners, with approximately 23,000 active members. Officers advised that while the number affected was significant, the financial impact for most individuals would be very small, often only a few pounds.

The Board discussed the importance of clear communication. Where recalculations resulted in a change to benefits already in payment, affected members would be notified. For those whose benefits were unchanged, no specific communication was required. It was noted that annual benefit

statements for the following year would need to be presented in an understandable format.

Members acknowledged that individuals within ten years of retirement were already protected and that differences were likely to be minimal, but every penny was considered important. The Board thanked officers for the update.

Alternative options: There were none considered.

Declarations of interest: Cllr Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Ian Blofield and Peter Frost declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

40. Gender Pension Gap Analysis

At Agenda Item 7, the Board received a report which presented the first gender pensions gap analysis for the Suffolk Pension Fund.

The report was introduced by Tracey Woods (Head of Pensions) and members were given the opportunity to ask questions.

Decision: The Board:

- a) noted the gender pensions gap analysis for the Suffolk Pension Fund and the actions being taken to reduce the gap.
- b) requested that Officers review and advise, via an Information Bulletin, whether reporting on the gender pension gap should be brought back on an annual basis rather than every three years.

Reason for decision: The Suffolk Pension Board represented employers and members in the Fund.

Members noted the analysis of the gender pension gap and discussed factors contributing to disparities, including the impact of economic pressures leading to increased opt-outs from the Local Government Pension Scheme (LGPS), particularly affecting single parents. It was acknowledged that while auto-enrolment had been successful nationally, affordability remained a challenge. Officers highlighted measures in place to mitigate the gap, such as promoting the 50/50 scheme and protections during periods of unpaid leave, though these continued to be difficult to communicate effectively.

Concerns were raised about public perceptions of “gold-plated” pensions and whether proposed measures, such as additional employer contributions during maternity leave, might exacerbate these views. Members emphasised the importance of improving understanding amongst employees, particularly during times of crisis when pension decisions might be overlooked.

The Board discussed how to monitor progress in narrowing the gender pension gap. It was suggested that reporting should occur at least every three years as part of the valuation process, with consideration given to annual reporting.

Members agreed that ongoing assessment was important and requested that officers provide their view on the most appropriate reporting frequency. This reflected the Fund's commitment to understanding the causes of the gap and ensuring all possible steps would be taken to reduce it.

Questions were raised about whether gender analysis was undertaken for members who opt out of the scheme. Officers confirmed that employers hold opt-out data and were not currently required to report it, although Government was exploring ways to improve reporting.

Alternative options: There were none considered.

Declarations of interest: Cllr Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Ian Blofield and Peter Frost declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

41. Pension Board Risk Register

At Agenda Item 8, the Board carried out its review of its Risk Register, considering how the risk control measures had been implemented against the risks.

The report was introduced by Sharon Tan (Lead Accountant, Pensions), and members were given the opportunity to ask questions.

Decision: The Board:

- a) reviewed and approved the Pension Board Risk Register as published.
- b) requested Officers to prepare an updated paper on cyber risk scenario testing for the March 2026 meeting.
- c) requested that the Pension Fund Committee be informed of its concerns regarding cyber and artificial intelligence (AI) threats, and that the forthcoming paper would be available to the Committee if desired.

Reason for decision: Risk management was a key responsibility of those charged with Pension Fund governance, with a duty to identify the range of risks that could affect the long-term sustainability of the Fund.

The effective management of risk was also covered within the CIPFA Knowledge and Skills Framework, which recognised the importance of understanding the risks that could impact the Pension Fund and the steps that could be taken to mitigate them.

Members noted that the Pension Fund Committee had considered the Board's previous request to review the risk of stranded assets arising from a fall in fossil fuel demand. The Committee confirmed that this risk was covered under risk SPF06, which addressed the potential impact of climate change on fund assets. It was acknowledged that risks were grouped together in the register to ensure it

remained manageable, with responsibility for certain risks delegated to investment managers.

At the request of a member, it was recorded that he disagreed with the Committee's approach. The member expressed the view that the risk of stranded assets should be recognised as a distinct financial risk, not solely as a climate change risk, and that a disorderly withdrawal from fossil fuel investments for any reason could have a significant financial impact on the Fund.

The Board discussed the importance of cyber security, noting the volume of sensitive personal data held by the Fund. Officers confirmed that regular cyber monitoring was undertaken, with no recent incidents reported on pension-specific systems. Heywood provided regular cyber monitoring reports, and a meeting was scheduled with the Council's business continuity lead to further develop the Fund's cyber response plan.

It was agreed that a paper on scenario testing for cyber risk, last undertaken several years ago, should be updated and brought to the Board at the March meeting, reflecting changes in custodians and the evolving threat landscape, including advances in AI and computing.

Members also discussed the potential risks associated with artificial intelligence, including data bias, unregistered AI tools, and AI-assisted cyber-attacks. It was suggested that consideration be given to whether AI should be included as a separate risk on the register.

Observations were made regarding risks associated with ACCESS governance and transition, as well as the future inclusion of LGPS Central governance risks once the Fund becomes a shareholder from 1 April. It was noted that until the Fund moved to LGPS Central, the risk could not be monitored.

Alternative options: There were none considered.

Declarations of interest: Cllr Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Ian Blofield and Peter Frost declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

42. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 9.

43. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 10.

Decision: The Board approved its Forward Work Programme as published, with the inclusion of the following items:

- a) requested that Officers review and advise, via an Information Bulletin, whether reporting on the gender pension gap should be brought back on an annual basis rather than every three years (Minute 40).
- b) requested Officers to prepare an updated paper on cyber risk scenario testing for the March meeting (Minute 41).

Reason for decision: The Board wished to ensure its forward work programme was updated to reflect new priorities and changing circumstances.

The meeting closed at 12:01 pm.

Chairman

Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	4 March 2026
Lead Councillor(s):	Councillor Richard Smith MVO
Director:	Nicola Beach, Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Stuart Potter, Pensions Operations Manager Telephone: 01473 260295 Email: Stuart.potter@suffolk.gov.uk

Brief summary of the item to be considered

1. This report provides the Pension Board with an update on the performance of the Pensions Administration Team. This report also includes details of compliments and complaints as requested by the Board.

Action recommended

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| 2. To consider the information provided and determine any further action. |
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Reason for recommendation

3. To provide the Board with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements.

Alternative options

4. There are no alternative options.

Main body of report

Introduction

5. This report covers staff performance and team achievements since the previous Board meeting on 10 December 2025.

Service Level Agreements

6. The Service Level Agreements for the 'key' processes from November 2025 to January 2026 are shown below:
 - a) Provision of a transfer quote to scheme members within 10 days of the receipt of the estimated value and all necessary information – Total cases **133**, percentage completed in SLA **96%**
 - b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **128**, percentage completed in SLA **97%**

- c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **447**, percentage completed in SLA **99%**
- d) Retirement lump sums will be paid within 10 working days of receipt of all necessary information after retirement – Total cases **328**, percentage completed in SLA **99%**
- e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **47**, percentage completed in SLA **100%**
- f) Outstanding monies owed in respect of a deceased pension, and any death grant, will be paid within 10 working days of receipt of all information – Total cases **88**, percentage completed in SLA **100%**

System updates

- 7. I-Connect is continuing to be tested and rolled out to employers, with 62% of all employers now sending monthly data. This equates to 43% of all active members. Work on getting Oracle Fusion employers loading reports is progressing well. Schools Choice, who provide payroll services to the majority of maintained schools and a number of academies in Suffolk, have now started to roll out the use of the system.
- 8. The number of members signing up to the member self-service system 'Engage' continues to increase and currently stands at 14,850.

Undecided leavers

- 9. There are currently 6,100 undecided leavers to process, a decrease of 700 from the previous report.

Newsletters

- 10. The winter edition of the active member newsletter was issued in February 2026. This edition included the new employee contribution rates that will be applicable from 1 April 2026 and information on employer contribution changes and highlighting that a reduction in rates doesn't affect a members personal account. There was also a brief update on McCloud, a reminder to sign up to Engage and to keep their death benefit nomination up to date, information on being aware of pension scams and an article from the Active member representative on the Pensions Board.

Access and Fairness Consultation

- 11. The Ministry of Housing, Communities and Local Government has published a response to the Access and Fairness consultation (previously covered during the training session before the July 2025 Board meeting). It has been confirmed that the regulation changes will be implemented in two phases. The phase one changes will take effect from 1 April 2026 and cover the priority changes where discrimination currently exists in relation to survivor benefits, death grants and unpaid absences. Phase two changes covering opt out reporting and forfeiture rule changes will be implemented later in 2026. Gender pension gap reporting is being included in 2025 valuation reports under phase one but full reporting won't be included until the 2028 valuation.

Survey

12. The Pensions Regulator PSPS Governance and Administration Survey 2025-26 has been completed by the deadline set. This survey asked questions on the Pension Board, administration and record keeping, annual benefit statements, breach reporting, improvements to governance and administration and the general code of practice.

Compliments and Complaints

13. During this reporting period there have been two compliments above and beyond the usual thanks received for the service provided.
14. The first compliment was made by a member who had been helped to access Engage by a pensions apprentice (who is now a permanent member of the team). The compliment stated *'Thank you so much for your help with this. I was surprised to see you are an apprentice - you came across so confident and assured on the phone and I could tell you are already very knowledgeable. You will progress very quickly to a fully fledged pensions advisor, and I wish you all the best in your career. Thanks again for your assistance.'*
15. The second compliment was from a member who had received a letter from a member of the team confirming their pension entitlement. The compliment stated *'Just wanted to thank you for the attached letter confirming my pension. Your team have been so prompt and helpful I really appreciate it.'*
16. During this period the pension team have also received two complaints. The first of these was from a member who was unhappy with delays in receiving his pension payments following a redundancy. The team had been awaiting information from the members employer however following the complaint, the team were able to speak with the employer and obtain the missing information quickly and the pension was processed and put into payment without further delay.
17. The second complaint was from a deferred member who had wanted to transfer their pension out of the LGPS. The complaint arose as a deferred member is not able to transfer their pension if they are within a year of their normal pension age. This member left the scheme under the 1997 regulations, and had a retirement age of 65, however due to the 85-year rule had met their normal pension age earlier. The team had informed the member they were therefore unable to transfer their pension which led to the complaint. When reviewing the case, the regulations stipulate the normal pension age is 65, and this doesn't get modified by the earlier date. As a result, the member was able to transfer his pension, and he was satisfied with the outcome of his complaint. Team procedures have been updated to ensure the right answer is given first time if the same situation arises in the future.
18. There were no new IDRPs raised. With relation to the ongoing tier 2 complaint raised regarding an ill-health pension, this has been delayed due to the Stage 2 decision maker awaiting responses from the member in relation to questions they have asked. The Board will be updated when this has progressed.

Contribution payments

19. The administration strategy requires contributions from employers to be received by the Pension Fund within 5 working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received during 2025/26 quarter 2 and 3:

	2025/26 Quarter 2			2025/26 Quarter 3		
	Employer	Contributions		Employer	Contributions	
	%	£'m	%	%	£'m	%
On Time	85.3	38.081	98.3	91.3	38.135	99.0
Up to 1 week late	4.7	0.144	0.4	4.0	0.365	0.9
Over 1 week late	10.0	0.514	1.3	4.7	0.045	0.1
Total		38.739			38.543	

Sources of further information

No other documents have been relied on to a material extent in preparing this report.

Suffolk Pension Board

Report Title:	Actuarial Valuation Update
Meeting Date:	4 March 2026
Lead Councillor(s):	Councillor Richard Smith MVO
Director:	Nicola Beach, Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Tracey Woods, Head of Pensions Tel: 01473 265639 Email: Tracey.Woods@suffolk.gov.uk

Brief summary of the item to be considered

- This report sets out the Funding Strategy Statement for the Suffolk Pension Fund and the Valuation Report which includes the proposed contribution rates for all employers in the Fund for the next three financial years.

Action recommended

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| <ol style="list-style-type: none"> The Board is recommended: <ol style="list-style-type: none"> To note the Funding Strategy Statement for the Pension Fund set out in Appendix 1. To note the contribution rates for the employers in the Fund (set out in Valuation Report in Appendix 2). |
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Reason for recommendation

- To provide the Board with an update on the process for agreeing employer contribution rates for the next three years.

Alternative options

- There are no alternative options.

Who will be affected by this decision

- All employers in the Pension Fund.

Main body of report

Background

- The Board, at its October meeting, received a copy of the results of the triennial valuation of the Fund completed by the Fund's Actuary, Hymans Robertson LLP. This showed that the actuarial position for the Pension Fund at 31 March 2025 was a funding level of 151%, compared with the level of 107% at the last full

actuarial valuation at March 2022. This represents a surplus in the fund of £1,518 million, an increase from the funding surplus of £235 million at March 2022.

7. The Board also reviewed the draft Funding Strategy Statement. This was part of the formal consultation process on the statement and draft contribution rates for all employers in the Fund for the following three financial years.

Funding Strategy Statement for the Suffolk Pension Fund

8. The Funding Strategy Statement (FSS) sets out how the Suffolk Pension Fund plans to meet its pension liabilities, ensure contributions are sufficient and stable and maintain long-term financial sustainability.
9. The Suffolk Pension Fund's FSS focuses on the following key goals:
 - a) Take a prudent long-term view to ensure solvency, meaning sufficient assets exist to pay all future benefits.
 - b) Use a balanced investment strategy to reduce long-term employer cash contributions and meet cost-efficiency requirements.
 - c) Maintain stability of employer contribution rates wherever reasonable.
 - d) Reflect the diverse characteristics of employers, setting contributions transparently according to their specific risk profiles.
 - e) Manage employer default risk by adopting prudent funding measures.
10. These aims ensure the Fund can pay pensions as they fall due while managing volatility and maintaining fairness across employers.
11. **Appendix 1** sets out the Funding Strategy Statement for the Pension Fund.
12. The Committee was asked to approve the Funding Strategy Statement for the Pension Fund at its meeting on 26 February 2026.
13. The Board is asked to note the Funding Strategy Statement for the Pension Fund.

Employer contribution rates

14. A draft copy of the Actuary's rates and adjustments certificate is included in the Valuation Report, attached in **Appendix 2**. This sets out the contribution rates for the employers in the Fund for the next three years commencing 1 April 2026.
15. The contribution rate that is determined for each of the fund employers is composed of two parts:
 - a) The primary rate (future service rate), which is the contribution rate (expressed as a percentage of pensionable pay) which is required to meet the cost of the pension rights being built up by ongoing membership of the Fund.
 - b) The secondary rate (past service rate) is an adjustment to their contribution rate and is calculated to ensure the employer is on track to meet the liabilities of all their membership. This rate is expressed as an additional contribution if the employer's funding level is in deficit or a reduction if they are in surplus.
16. At an individual employer level, the improvement in the fund's valuation has seen no increase to employers contribution rates, with the majority receiving a reduction. The Board is asked to note the contribution rates for all employers in the Fund for the next three financial years.

Consultation

17. The Funding Strategy Statement was agreed by the Pension Fund Committee on 17 September 2025 and alongside the draft contribution rates were circulated for consultation with the employers in the Fund and the Department for Education on 10 October 2025, closing on 31 December 2025.
18. Hymans Robertson hosted an engagement portal to collate responses to the consultation, and a reminder email was circulated which also permitted email responses. Most employers who responded to the consultation on the Funding Strategy Statement reported it was a helpful document containing sufficient detail and they had enough time to prepare a response. A summary of the responses is attached as **Appendix 3**.
19. As part of the consultation a small number of employers requested a consideration of their draft contribution rates. A meeting was held with each and their representations were discussed with Hymans Robertson and incorporated into the rates attached at the end of the Valuation Report attached as **Appendix 2**.
20. The Committee was asked to endorse the contribution rates for the Employers in the Fund set by Hymans Robertson for inclusion in the Rates and Adjustment Certificate at its meeting on 26 February 2026.

Conclusion

21. The Triennial valuation of the Fund showed that the actuarial position for the Pension Fund at 31 March 2025 was a funding level of 151%, compared with the level of 107% at the last full actuarial valuation at March 2022. This represented a change in surplus from £235m to £1,518m.
22. At an individual employer level, the improvement in the fund's valuation has seen no increase to employers contribution rates, with the majority receiving a reduction.
23. A consultation on the Funding Strategy Statement and draft contribution rates was held between 10 October and 31 December 2025. A small number of employers made representations on their draft contribution rates which have been considered by Hymans Robertson and incorporated into the Rates and Adjustments certificate attached to the Valuation Report.

Sources of further information

No other documents have been relied on to a material extent in preparing this report.

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Suffolk Pension Fund
Funding Strategy Statement
April 2026

Effective date	1 April 2026
Previous valuation date	31 March 2025
Date approved	
Next review	March 2029
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Suffolk Pension Fund – Funding Strategy Statement

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1 Purpose of the Suffolk Pension Fund and the Funding Strategy Statement

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Ministry for Housing, Communities and Local Government (MHCLG) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a clear and transparent fund-specific strategy identifying how employers' pension liabilities are best met going forward*
- *support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013*
- *ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund are met.*
- *explain how the fund balances the interests of different employers.*
- *explain how the fund deals with conflicts of interest and references other policies/strategies*

You can find more information about the LGPS at www.lgpsmember.org and about the regulatory framework in [Appendix A](#).

This document sets out the FSS for Suffolk Pension Fund (the Fund). If you have any queries about the FSS, contact Tracey.Woods@suffolk.gov.uk or Sharon.Tan@suffolk.gov.uk.

The Suffolk Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Suffolk County Council, known as the administering authority. The Suffolk Pension Fund is part of the Local Government Pension Scheme (LGPS). The administering authority runs the Fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in [Appendix B](#).

Suffolk County Council worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 1 April 2026, and is expected to remain in force until 31 March 2029 at the latest, unless an interim review is carried out prior to then. [LGPS Regulations](#) (specifically Regulation 62) require an actuarial valuation to be carried out every three years, under which contribution rates for all participating employers are set for the following three years. This FSS sets out the assumptions and methodology underpinning the 2025 actuarial valuation actuarial exercise

1.1 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

The Fund engages with employers when developing funding strategy in a way which balances the risk appetite of stakeholders. The funding strategy therefore reflects the specific characteristics of its fund employers and its own investment strategy.

1.2 Who is the FSS for?

The FSS is mainly for employers participating in the Fund, because it sets out how money will be collected from them to meet the Fund's obligations to pay members' benefits.

Different types of employers participate in the Fund:

Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including councils and employers such as academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Resolution bodies (otherwise known Designating employers)

Employers such as town and parish councils can join the LGPS through a resolution. If a resolution is passed, the Fund can't refuse entry. The employer then decides which employees can join the scheme.

Admission bodies

Other employers can join through an admission agreement. The Fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services such as cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

The Scheme Advisory Board refer to three different tiers of employers which may participate in the LGPS, specifically:

- Tier 1 – Local Authorities (including contractors participating in the LGPS with Local Authority backing)
- Tier 2 – Academy Trusts and Further Education Institutions (Colleges).
- Tier 3 – Standalone employers with no local or national taxpayer backing. Include universities, housing associations and charities.

1.3 How often is the Funding Strategy Statement reviewed?

The FSS is reviewed in detail at least every three years ahead of the triennial actuarial valuation and an annual check is carried out in the intervening years.

Any amendments will be consulted on and approved by the Pensions Committee.

Amendments to the FSS may be made due to the following circumstances:

- material changes to the scheme benefit structure (e.g. HM Treasury-led)
- on the advice of the fund actuary
- significant changes to investment strategy or if there has been significant market volatility which impacts the FSS or goes beyond FSS expectation
- if there have been significant changes to the fund membership and/or fund maturity profile

- if there have been significant or notable changes to the number, type, or individual circumstances of any of the employing authorities to such an extent that they impact on the funding strategy (e.g. exit/restructuring/failure) which could materially impact cashflow and/or maturity profile and/or covenant)
- if there has been a material change in the affordability of contributions and/or employer(s) financial covenant strength which has an impact on the FSS.
- recommendations from MHCLG/GAD.

In undertaking such reviews, the administering authority should consider:

- looking at experience in relation to long-term funding assumptions (in terms of both investment income and forecast contributions income) and consequences of actions taken by employers (e.g. pay awards and early retirements)
- the implications for the funding strategy and, if significant, determine what action should be taken to review the FSS
- the implications arising from the funding strategy for meeting the liabilities of individual employers and any amendments required to the ISS
- consulting with individual employers specifically impacted by any changes as an integral part of the monitoring and review process

A review won't necessarily lead to rates changes for individual employers but could impact admissions, terminations, approach to managing risk and employer risk assessment.

1.4 Links to Administration Strategy

The fund maintains an Administration Strategy Statement which outlines the responsibilities, standards and procedures for employers and the fund. A copy of this can be found [here](#).

Adherence with the requirements of the Administration Strategy Statement is crucial and failure to do so may have a material effect on the value of an employer's liabilities and its contribution rate requirements

1.5 Actuarial valuation report

The actuarial valuation report sets out 1) the actuary's assessment of the past service funding position, and 2) the contributions required to ensure full funding by the end of the time horizon. The Rates and Adjustments certificate shows the contribution rates payable by each employer (which may be expressed as a percentage of payroll and/or monetary amounts).

PART A – Key Funding Principles

2 How does the Fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contribution rates are determined by a mandatory actuarial valuation exercise, and are made up of the following elements:

- **the primary contribution rate** – contributions payable towards funding future benefits accruing
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The primary rate also includes an allowance for the Fund's expenses, calculated at each formal valuation.

The Fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in [Appendix E](#).

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the Fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This takes into account the maturing profile of the membership when setting employer contribution rates.

The approach taken by the fund actuary helps the fund meet the aim of maintaining as stable a primary employer contribution rate as possible.

2.2 The contribution rate calculation

Table 1: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled bodies			CABs and designating employers		TABs
Sub-type	Councils, Police	Academies, Colleges	Other Scheduled Bodies	Open to new entrants	Closed to new entrants	Without pass-through arrangements
SAB Tier	Tier 1	Tier 2	Tier 3	Tier 3	Tier 3	Tier 1 or 2
Funding target*	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Ongoing
Minimum likelihood of success	85%	85%	85%	85%	85%	85%
Maximum time horizon	20 years	20 years	20 years	15 years	15 years	15 years
Primary rate approach**	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon, expressed as a percentage of pensionable pay					
Secondary rate	% of payroll	% of payroll	% of payroll	% of payroll	Monetary amount	% of payroll
Stabilised contribution rate?	Yes	Yes	No	No	No	No
Treatment of surplus (assessed at valuation date)	Covered by stabilisation arrangement		Total contribution rate must be set at least at the primary rate. However, reductions may be permitted by the administering authority subject to additional consideration of the low-risk exit basis position			
Phasing of contribution changes	Covered by stabilisation arrangement		3 years	3 years	3 years	3 years

* The past service funding position is that assessed as at the triennial funding valuation date, using the triennial funding valuation assumptions and based on full individual membership data and actual assets. See [Appendix E](#) for further information on funding base.

** The Primary Rate for the whole fund is the weighted average by payroll of the individual employers' primary rates

Employers participating in the Fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting employer, subject to Administering Authority approval. See [Appendix H](#) for further details.

The fund manages funding risks as part of the wider risk management framework, as documented in the fund's risk register. The funding-specific risks identified and managed by the fund are set out in [Appendix D](#) – Risks and Controls.

2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. The Fund adopts a stabilised approach to setting contributions for long-term tax raising employers, which aims to keep contribution variations within a pre-determined range from year-to-year. Stabilisation criteria and limits are reviewed during each triennial valuation process.

In light of both sustained past service funding position improvements and increased market volatility and economic uncertainty, the administering authority believes a stabilised approach remains a prudent long-term strategy and the robustness of this approach was once again tested by extensive asset liability modelling (ALM) carried out by the Fund actuary at the 31 March 2025 funding valuation.

In recognition of local government reorganisation within Suffolk, contribution rates have been aligned for county, district and borough councils by 1 April 2028.

Table 2: stabilisation approach (from 1 April 2026)

Type of employer	Councils, Police, Academies, Colleges
Maximum contribution increase per year	+1% of pay
Maximum contribution decrease per year	-1% of pay

The administering authority may exercise discretion over the phasing of annual contribution rate increases or decreases subject to a maximum increase/decrease of 3% of pay over the 3-year inter-valuation period.

2.4 How does the funding strategy link to the investment strategy?

The funding strategy sets out how money will be collected from employers to meet the Fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the Fund's investment strategy in its Investment Strategy Statement (ISS) [here](#).

The funding and investment strategies are closely linked. The Fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the Fund won't be able to pay benefits, so higher contributions would be required from employers.

The investment strategy is set considering the Fund's long-term funding requirements and its investment risk appetite. The fund's current strategic investment strategy is summarised in the table, with full details available set out in the ISS.

Asset class	Allocation
Equities	42.5%
Bonds	28.0%
Alternatives	29.0%
Cash	0.5%

2.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see [Appendix A](#))

2.6 Reviewing contributions between valuations

The Fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The Fund's policy is available in [Appendix F](#). The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

2.7 What is pooling for funding and contribution rate purposes?

A single contribution rate is payable by all employers in the pool and individual funding positions are not tracked.

All schools within a single multi-academy trust are pooled for funding and contribution rate purposes.

2.8 What is pooling for contribution rate purposes only?

A single contribution rate is payable by all employers in the pool and individual funding positions are tracked, by the Fund actuary.

Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes, pooling across a group of employers minimises this.

As individual funding positions are tracked, some employers may be better funded or more poorly funded than the pool average. In this type of pooling arrangement, employers do not target full funding at exit. If an employer leaves the Fund, the cessation valuation is based on their own funding position rather than the pool average.

CABs that are closed to new entrants aren't usually allowed to enter a pool. TABs are usually also ineligible for pooling (with other TABs).

The current contribution rate pools are:

- **Town and Parish Councils** – the fund operates a contribution rate pool for Town and Parish Councils (MATs), where a single contribution rate is payable by each employer in the pool and individual funding positions are tracked.
- **TABs** – where pass-through is in place, the admission body will be pooled with the letting authority.

2.9 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things such as a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The fund may, at its absolute discretion, permit the prepayment of employer contributions in specific circumstances.

2.10 Non cash funding

The Fund will not accept any form of non-cash assets in lieu of contributions.

2.11 Managing surpluses and deficits

The funding strategy is designed to ensure that all employers are at least fully funded on a prudent basis at the end of their own specific time horizon. The uncertain and volatile nature of pension scheme funding means that it is likely there will be times when employers are in surplus and times when employers are in deficit. The funding strategy recognises this by 1) including sufficient prudence to manage the effect of this over the time horizon, and 2) making changes to employer contribution rates to ensure the funding strategy objectives are met.

Fluctuations in funding positions are inevitable over the time horizon, due to market movements and changing asset values, which could lead to deficits or surplus from time to time, and changes in employer contribution rates.

3 What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers may be asked to pay additional contributions called strain payments. The Fund's policy is that any additional contributions are payable immediately.

3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer must pay a funding strain, which may be a large sum.

For some larger employers, the Fund will monitor an ill-health budget based on the assumptions from the most recent valuation. When the budget is used up, additional contributions will be requested. Details are included in each admission agreement.

To mitigate this risk, employers may choose to use external insurance made available by the Fund.

The Fund's policy is detailed in [Appendix G](#).

4 How does the Fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The Fund adopts a cashflow approach to track individual employer assets.

The Fund uses Hymans Robertson's Employer Asset Tracker (HEAT) system to track employer assets monthly. Each employer's assets from the previous month end are added to monthly cashflows paid in/out and investment returns to give a new month-end asset value.

If an employee moves from one employer to another within the Fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when a new academy is formed or an outsourced contract begins, the Fund actuary will calculate assets linked to the value of the liabilities transferring (see Section 2).

4.2 How are employer liabilities calculated?

The Fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in [Appendix E](#), the Fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Benefits are valued in line with the regulations in force at the time of the valuation, with an exception relating to the McCloud ruling. The benefits of members likely to be affected by the McCloud ruling have instead been valued in line with the expected regulations, reflecting an underpin as directed by DLUHC

Each employer's liabilities reflect the pension fund experience of their own employees and ex-employees.

4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer is in deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liability value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See Section 2 for further information on rates.

PART B – Employer Events

5 What happens when an employer joins the Fund?

5.1 When can an employer join the Fund

Employers can join the Fund if they are a new scheduled body or a new admission body. New designated employers may also join the Fund if they pass a designation to do so.

On joining, the Fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer, the existence of any guarantee, and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.3 below.

5.2 New academies

Academies converting from local authority status

For an academy converting from local authority status, only active members of the former local authority school transfer to the new academy.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the Fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. The council's estimated funding level will be based on market conditions on the day before conversion.

New academies joining the Fund will fall into one of the below categories:

1. be a single academy trust (a "SAT"); or
2. one of multiple academies within the Fund who are part of a multi-academy trust (a "MAT"); or
3. a standalone employer where they are the only academy within the Fund who are a part of a MAT (and the other academies in the MAT do not participate within the Suffolk Pension Fund).

If the academy joins an existing MAT in the Fund (i.e. 2 above), the assessed assets and liabilities are added to the MAT funding pool and the academy will pay the MAT contribution rate. This approach represents full risk-sharing of past and future service costs.

If the new academy is a SAT or standalone employer (i.e. 1 or 3 above), then the actuary will need to calculate the contribution rate to be paid on conversion.

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT.

Newly set up academies (including free schools and studio schools)

Free schools do not transfer active members from a converting school but must allow new active members to transfer in any eligible service.

Newly set up academies (including free schools and studio schools) will fall into one of the below categories:

- the academy joins an existing MAT in the Fund, becomes part of the MAT funding pool and will pay the MAT contribution rate.
- if the academy is sponsored by another employer within the Fund, it becomes part of the sponsoring employer's funding pool and will pay the sponsoring employer's contribution rate.
- if the academy is standalone, the academy will pay the in-force Suffolk County Council contribution rate. The academy rate will then be re-assessed as part of the next triennial funding valuation exercise, alongside all other Fund employers.

The Fund's academy policy can be found [here](#).

5.3 New admission bodies as a result of outsourcing services

New admission bodies usually join the Fund because an existing employer (usually a scheduled body such as a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating Fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

Liabilities for transferring active members will be calculated by the Fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

There is flexibility for outsourcing employers when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

The Fund's policy is to administer any new admission bodies under a pass-through arrangement. The Fund's policy on pass through is detailed in [Appendix H](#).

Where an academy is the letting employer, the admission body is set up as a pass-through arrangement which is closed to new members. This is to ensure that the 'Department for Education (DfE) Academy Trust LGPS Guarantee policy' can apply to the outsourcing.

5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the Fund, eg set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the Fund. These are usually town and parish councils. Contribution rates will be set using the same approach as other designated employers in the Fund.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the Fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the Fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

Where an academy is the letting employer, the Fund will expect academies to ensure and confirm that the outsourcing complies with the requirements set out in the DfE Academy Trust LGPS Guarantee policy before permitting an admission body in the Fund. Where this requirement is met, no additional risk assessment or security will typically be required for the admitted body as the pension liabilities will be covered by the DfE Academy Guarantee.

Where the admission body does not meet the requirements of the DfE Academy Trust LGPS Guarantee policy, the Fund will review each case individually to decide if the admission body must provide security before being admitted to the Fund. In these cases, the Fund will typically require the academy to evidence that they have sought and received permission from the Education and Skills Funding Agency to act as a guarantor.

6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the Fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the Fund, or the value of the liabilities of the transferring members, whichever is lower
- the Fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the Fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

7 What happens when an employer leaves the Fund?

7.1 What is a cessation event?

Triggers for considering cessation from the Fund are:

- the last active member stops participation in the Fund
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the Fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

The administering authority, at its discretion, can defer triggering a cessation for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time.

If no DDA exists, the administering authority will instruct the Fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the employer leaves the Fund.

7.2 What happens on cessation?

The administering authority must protect the interests of the remaining Fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in [Appendix E](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis.
- (b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is a guarantor of last resort, this will have no effect on the cessation valuation. If this isn't the case, cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the Fund.
- (c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms. This is known as 'subsumption' of the assets and liabilities.

If the Fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other Fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The Fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense and are deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and fund.

The cessation policy is in [Appendix I](#).

7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much (if any) will be paid back to the employer based on:

- the surplus amount
- any representations (such as risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The exit credit policy is covered in the cessation policy in [Appendix I](#).

7.4 What happens if there is a deficit?

If the cessation valuation shows the exiting employer has less assets than liabilities, then there is a deficit – an exit debt, full payment will be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement (DSA)
- if an exiting employer enters into a deferred debt agreement, it stays in the Fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy is covered in the cessation policy in [Appendix I](#).

7.5 What if an employer has no active members?

When employers leave the Fund because their last active members have left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the Fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers will be required to contribute to the remaining benefits. The Fund actuary will portion the liabilities on a pro-rata basis based on each employer's share of overall liabilities at each formal valuation, or
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The Fund actuary will apportion the remaining assets to the other fund employers based on each employer's share of overall liabilities at each formal valuation.

8 What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a Section 13 report. The report includes advice on whether the following terms are achieved:

- Compliance
- Consistency
- Solvency
- Long term cost efficiency

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

- (a) employers collectively can increase their contributions, or the Fund can realise contingencies to target a 100% funding level; or
- (b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit. To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for Fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the Fund's actuarial bases don't offer straightforward comparisons. Standard information about the fund's approach to solvency of the pension fund and long-term cost efficiency will be provided in a uniform dashboard format in the valuation report to facilitate comparisons between funds.

Appendices

Appendix A – The regulatory framework

A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Ministry for Housing, Communities and Local Government (MHCLG) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a clear and transparent fund-specific strategy identifying how employers' pension liabilities are best met going forward*
- *support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013*
- *ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund are met.*
- *explain how the fund balances the interests of different employers.*
- *explain how the fund deals with conflicts of interest and references other policies/strategies*

To prepare this FSS, the administering authority has used guidance jointly prepared by the Scheme Advisory Board (SAB), MHCLG, and by the Chartered Institute of Public Finance and Accountancy (CIPFA) dated January 2025.

The fund has a fiduciary duty to scheme members and obligations to employers to administer the scheme competently to keep employer contributions at an affordable level. The funding strategy statement sets out how the fund meets these responsibilities

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with “*persons the authority considers appropriate*”. This should include ‘*meaningful dialogue... with council tax raising authorities and representatives of other participating employers*’.

In practice, for the Fund, the consultation process for this FSS was as follows:

- a) A draft version of the FSS was issued to all participating employers and the Local Pensions Board in October 2025 for comment;
- b) Comments were requested by 31 December 2025;
- c) Following the end of the consultation period the FSS was updated where required and then published, in February 2026.

The fund also shared the draft FSS with the Department for Education.

A3 How is the FSS published?

The FSS is made available through the following routes:

- published on the Suffolk Pension Fund website, at www.suffolkpensionfund.org

- adding the FSS to the agenda of pension fund annual employer meetings
- copies made freely available on request.

A4 How does the FSS fit into the overall Fund documentation?

The FSS is a summary of the Fund's approach to funding liabilities. It isn't exhaustive – the Fund publishes other statements such as the Investment Strategy Statement, Governance Strategy and Communications Strategy. The Fund's annual report and accounts also includes up-to-date Fund information.

You can see all fund documentation at www.suffolkpensionfund.org

Appendix B – Roles and responsibilities

B1 The administering authority is required to:

- 1 operate a pension fund
- 2 collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in LGPS Regulations
- 3 have an escalation policy in situations where employers fail to meet their obligations
- 4 pay from the pension fund the relevant entitlements as stipulated in LGPS Regulations
- 5 invest surplus monies in accordance with the relevant regulations
- 6 ensure that cash is available to meet liabilities as and when they fall due
- 7 ensure benefits paid to members are accurate and undertake timely and appropriate action to rectify any inaccurate benefit payments take measures as set out in the regulations to safeguard the fund against the consequences of employer default
- 8 take measures as set out in the regulations to safeguard the fund against the consequences of employer default
- 9 manage the valuation process in consultation with the fund's actuary
- 10 prepare and maintain an FSS and associated funding policies and SIP/ISS, after proper consultation with interested parties
- 11 monitor all aspects of the fund's performance and funding, and amend the FSS/ISS accordingly
- 12 establish a policy around exit payments and payment of exit credits/debits in relation to employer exits
- 13 effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and scheme employer
- 14 enable the local pension board to review the valuation and FSS review process and as set out in their terms of reference
- 15 support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice

B2 Individual employers are required to:

- 1 ensure staff who are eligible are contractually enrolled and deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations),
- 2 provide the fund with accurate data and understand that the quality of the data provided to the Fund will directly impact on the assessment of their liabilities and their contributions. In particular, any deficiencies in their data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality
- 3 pay all ongoing contributions, including employer contributions determined by the actuary and set out in the rates and adjustments certificate, promptly by the due date
- 4 develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework

- 5 make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain
- 6 notify the administering authority promptly of all changes to active membership that affect future funding
- 7 pay any exit payments on ceasing participation in the fund timely provide the fund with accurate data and understand that the quality of the data provided to the fund will directly impact on the assessment of their liabilities and their contributions. In particular, any inaccuracies in data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality.

B3 The Fund actuary should:

- 1 prepare valuations including the setting of employers' contribution rates at a level to ensure fund solvency and long-term cost efficiency based on the assumptions set by the administering authority and having regard to the FSS and the LGPS Regulations
- 2 provide advice so the fund can set the necessary assumptions for the valuation
- 3 prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory added years costs, etc
- 4 provide advice and valuations to the fund so that it can make decisions on the exit of employers from the fund
- 5 provide advice to the fund on bonds or other forms of security against the financial effect on the fund of employer default
- 6 assist the fund in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations
- 7 ensure that the fund is aware of any professional guidance or other professional requirements that may be relevant in the role of advising the fund.
- 8 identify to the fund and manage any potential conflicts of interest that may arise in the delivery the contractual arrangements to the fund and other clients.

B4 Local Pension Boards (LPB):

Local Pension Boards have responsibility to assist the administering authority to secure compliance with the LGPS regulations, other legislation relating to the governance and administration of the LGPS, any requirements imposed by the Regulator in relation to the LGPS, and to ensure the effective and efficient governance and administration of the LGPS. It will be for each fund to determine the input into the development of the FSS (as appropriate within fund's own governance arrangements) however this may include:

- 1 Assist with the development and review the FSS
- 2 Review the compliance of scheme employers with their duties under the FSS, regulations and other relevant legislation
- 3 Assist with the development of and review communications in relation to the FSS.

B5 Employer guarantors

- 1 Department for Education - To pay cessation debts in the case of academy cessations (where the obligations are not being transferred to another MAT) and to consider using intervention powers if an academy is deemed to be in breach of the regulations.
- 2 Other bodies with a financial interest (outsourcing employers)

3 Any other Guarantor

B6 Other parties:

- 1 internal and external investment advisers ensure the Investment Strategy Statement (ISS) is consistent with the Funding Strategy Statement
- 2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of Fund assets in line with the ISS
- 3 auditors comply with standards, ensure Fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements
- 4 governance advisers may be asked to advise the administering authority on processes and working methods
- 5 internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
- 6 the Ministry for Housing, Communities and Local Government, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

Appendix C – Glossary

Actuarial certificates

A statement of the contributions payable by the employer (see also rates and adjustments certificate). The effective date is 12 months after the completion of the valuation.

Actuarial valuation

An investigation by an actuary, appointed by an Administering Authority into the costs of the scheme and the ability of the fund managed by that authority to meet its liabilities. This assesses the funding level and recommended employer contribution rates based on estimating the cost of pensions both in payment and those yet to be paid and comparing this to the value of the assets held in the Fund. Valuations take place every three years (triennial).

Administering Authority (referred to as ‘the fund’)

A body listed in Part 1 of Schedule 3 of the regulations who maintains a fund within the LGPS and a body with a statutory duty to manage and administer the LGPS and maintain a pension fund (the fund). Usually, but not restricted to being, a local authority.

Admission agreement

A written agreement which provides for a body to participate in the LGPS as a scheme employer.

Assumptions

Forecasts of future experience which impact the costs of the scheme. For example, pay growth, longevity of pensioners, inflation, and investment returns.

Code of Practice

The Pensions Regulator’s General Code of Practice.

Debt spreading arrangement

The ability to spread an exit payment over a period of time.

Deferred debt agreement

An agreement for an employer to continue to participate in the LGPS without any contributing scheme members.

Employer covenant

The extent of the employer’s legal obligation and financial ability to support its pension scheme now and in the future.

Funding level

The funding level is the value of assets compares with the liabilities. It can be expressed as a ratio of the assets and liabilities (known as the funding level) or as the difference between the assets and liabilities (referred to as a surplus or deficit).

Fund valuation date

The effective date of the triennial fund valuation.

Guarantee / guarantor

A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the fund can consider the employer's covenant to be as strong as its guarantor's.

Local Pension Board

The board established to assist the Administering Authority as the Scheme Manager for each Fund.

Non-statutory guidance

Guidance which although it confers no statutory obligation on the parties named, they should nevertheless have regard to its contents.

Notifiable events

Events which the employer should make the Administering Authority aware of.

Past service liabilities

The cost of pensions already built up or in payment.

Pension committee

A committee or sub-committee to which an administering authority has delegated its pension function.

Pensions Administration Strategy

A statement of the duties and responsibilities of scheme employers and Administering Authorities to ensure the effective management of the scheme.

Primary and secondary employer contributions

Primary employer contributions meet the future costs of the scheme and Secondary employer contributions meet the costs already built up (adjusted to reflect the experience of each scheme employer). Contributions will therefore vary across scheme employers within a Fund.

Rates and adjustments certificate

A statement of the contributions payable by each scheme employer (see actuarial certificates).

Scheme Manager

A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each Fund has a Scheme Manager which is the Administering Authority.

Appendix D – Risks and controls

D1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The role of the local pension board is set out in the Suffolk County Council's Constitution, board terms of reference available [Part 1 Articles of the Constitution \(suffolk.gov.uk\)](http://suffolk.gov.uk)

Details of the key fund-specific risks and controls are below.

Financial risks

Risk	Control
Fund assets don't deliver the anticipated returns that underpin the valuation of liabilities and contribution rates over the long-term.	<p>Anticipate long-term returns on a prudent basis to reduce risk of under-performing.</p> <p>Use specialist advice to invest and diversify assets across asset classes, geographies, managers, etc.</p> <p>Analyse progress at three-year valuations for all employers.</p> <p>Roll forward whole Fund liabilities between valuations.</p>
Inappropriate long-term investment strategy.	<p>Consider overall investment strategy options as part of the funding strategy. Use asset liability modelling to measure outcomes and choose the option that provides the best balance.</p> <p>Operate various strategies to meet the needs of a diverse employer group.</p>
Active investment manager under-performs relative to benchmark.	Use quarterly investment monitoring to analyse market performance and active managers, relative to index benchmark.
Pay and price inflation is significantly more than anticipated.	<p>Focus valuation on real returns on assets, net of price and pay increases.</p> <p>Use inter-valuation monitoring to give early warning.</p> <p>Invest in bonds.</p> <p>Employers to be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</p>
Increased employer's contribution rate affects service delivery and admission/scheduled bodies.	Agree an explicit stabilisation mechanism, with other measures to limit sudden increases in contributions.

Risk

Control

Orphaned employers create added Fund costs.

Seek a cessation debt (or security/guarantor).

Spread added costs among employers.

Demographic risks

Risk

Control

Pensioners live longer, increasing Fund costs.

Set mortality assumptions with allowances for future increases in life expectancy.

Use the Fund actuary's experience and access to over 50 LGPS funds to identify changes in life expectancy that might affect the longevity assumptions early.

As the Fund matures, the proportion of actively contributing employees declines relative to retired employees.

Monitor at each valuation, consider seeking monetary amounts rather than % of pay.

Consider alternative investment strategies.

Deteriorating patterns of early retirements

Charge employers the extra cost of non ill-health retirements following each individual decision.

Monitor employer ill-health retirement experience, with optional insurance.

Reductions in payroll cause insufficient deficit recovery payments.

Buy-out employers in the stabilisation mechanism to permit contribution increases.

Review contributions between valuations. This may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.

Regulatory risks

Risk

Control

Changes to national pension requirements or HMRC rules.

Consider all Government consultation papers and comment where appropriate.

Monitor progress on the McCloud court case and consider an interim valuation or other action once more information is known.

Build preferred solutions into valuations as required.

Time, cost or reputational risks associated with any DLUHC intervention triggered by the Section 13 analysis

Take advice from the actuary and consider the proposed valuation approach, relative to anticipated Section 13 analysis.

Changes to employer participation in LGPS funds leads to impacts on funding or investment strategies.

Consider all Government consultation papers and comment where appropriate.

Take advice from the Fund actuary and amend strategy.

Governance risks

Risk

Control

The administering authority is not aware of employer membership changes, for example a large fall in employee members, large number of retirements, or is not advised that an employer is closed to new entrants.

The administering authority develops a close relationship with employing bodies and communicates required standards.

The actuary may revise the rates and adjustments certificate to increase an employer's contributions between valuations

Deficit contributions may be expressed as monetary amounts.

Actuarial or investment advice is not sought, heeded, or proves to be insufficient in some way

The administering authority maintains close contact with its advisers.

Advice is delivered through formal meetings and recorded appropriately.

Actuarial advice is subject to professional requirements such as peer review.

The administering authority fails to commission the actuary to carry out a termination valuation for an admission body leaving the Fund.

CABs' memberships are monitored and steps are taken if active membership decreases.

An employer ceases to exist with insufficient funding or bonds.

It's normally too late to manage this risk if left to the time of departure. This risk is mitigated by:

Seeking a funding guarantee from another scheme employer, or external body.

Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.

Vetting prospective employers before admission.

Requiring a bond to protect the Fund, where permitted.

Requiring a guarantor for new CABs.

Regularly reviewing bond or guarantor arrangements.

Reviewing contributions well ahead of cessation.

Risk

An employer ceases to exist, so an exit credit is payable.

Control

The administering authority regularly monitors admission bodies coming up to cessation.

The administering authority invests in liquid assets so that exit credits can be paid.

D2 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Local Authorities, Police, Fire	Tax-raising or government-backed, no individual assessment required	n/a
Colleges	Government-backed, covered by DfE guarantee in event of failure	Check that DfE guarantee continues, after regular scheduled DfE review
Universities	No change since 2022 valuation	Regular ongoing dialogue
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Admission bodies (CABs)	No change since 2022 valuation	Regular ongoing dialogue
Admission bodies (TABs)	No change since 2022 valuation	Regular ongoing dialogue
Designating employers	No change since 2022 valuation	Regular ongoing dialogue

Any change in covenant over the inter-valuation period may lead to a contribution rate review

D3 Climate risk and TCFD reporting

The Fund has considered climate-related risks when setting the funding strategy.

The Fund has carried out climate scenario analysis incorporating both stress testing, and narrative-based scenario analysis for the local authority employers at the 2025 valuation. The narrative approach explores the complex and interrelated risks associated with climate change by defining a specific extreme, downside risk (in this instance a food shock) and constructing narratives around potential policy and market responses, noting these may be sub-optimal. This approach allows consideration to be given to the impact of sudden, severe downside risks in the short term, the interdependencies that arise and potential immediate actions. Coupling this approach with stress testing (to better understand the impact of possible climate scenarios) has allowed the Fund to assess a range of outcomes that may arise, and assess the resilience of the Fund under these scenarios.

The results show that:

1. When considering climate scenario stress tests, the Fund appears to be generally resilient to different climate scenarios, with generally modest impacts versus the base case modelled

- The results of the downside, narrative analysis suggest that the Fund is likely to be resilient in the face of some severe downside risk events (in comparison to the base case), but not all.

Climate scenario analysis helps assess risks and tests the resilience of current and long-term strategies under various scenarios. This helps to identify vulnerabilities across both assets and liabilities. Identification of these vulnerabilities can inform risk management processes (see figure 1), helping the Fund ensure appropriate controls and mitigations are in place. Scenario analysis therefore supports informed decision making, and may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

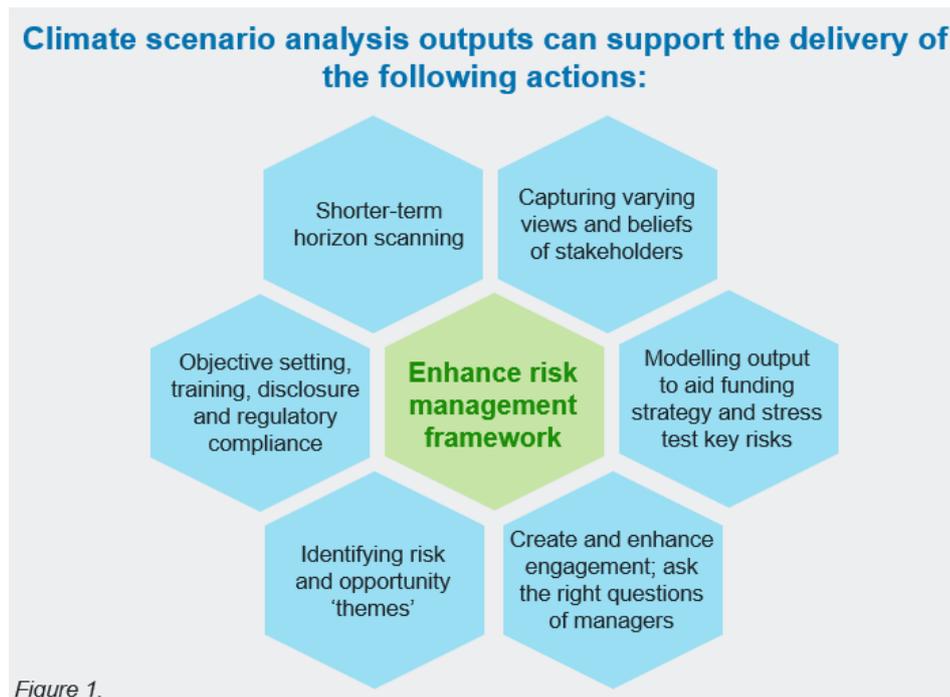


Figure 1.

This climate analysis was not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the local authority employers make up the vast majority of the fund’s assets and liabilities, applying the climate analysis to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The Fund’s Responsible Investment beliefs are included in its Investment Strategy Statement.

Appendix E – Actuarial assumptions

The Fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the Funding Strategy Statement.

E1 What are actuarial assumptions?

Actuarial assumptions are required to value the fund's liabilities because:

- There is uncertainty regarding both the timing and amount of the future benefit payments (the actual cost can't be known until the final payment is made). Therefore to estimate the cost of benefits earned to date and in the future, assumptions need to be made about the timing and amount of these future benefit payments
- The assets allowed to an employer today are a known figure. However, the future investment return earned on those assets and future cashflows into the fund are uncertain. An assumption is needed about what those future investment returns will be

There are two types of actuarial assumptions that are needed to perform an actuarial valuation: **financial assumptions** determine the expected amount of future benefit payments and the expected investment return on the assets held to meet those benefits, whilst **demographic assumptions** relate primarily to the expected timing of future benefit payments (i.e. when they are made and for how long).

All actuarial assumptions are set as best estimates of future experience with the exception of the discount rate assumption which is deliberately prudent to meet the regulatory requirement for a 'prudent' valuation.

Any change in the assumptions will affect the value that is placed on future benefit payments ('liabilities'), but different assumptions don't affect the actual benefits the fund will pay in future.

E2 What funding bases are operated by the Fund?

A *funding basis* is the set of actuarial assumptions used to value an employer's (past and future service) liabilities. The fund operates two funding bases for funding valuations: the *ongoing participation basis* and the *low-risk exit basis*. All actuarial assumptions are the same for both funding bases with the exception of the discount rate – see further details below.

E3 What financial assumptions are used by the fund?

Discount rate

The discount rate assumption is the average annual rate of future investment return assumed to be earned on an employer's assets from a given valuation date.

The fund uses a risk-based approach to setting the discount rate which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions') and the Fund's investment strategy.

The discount rate is determined by the *prudence level*. Specifically, the discount rate is calculated to be:

The average annual level of future investment return that can be achieved on the Fund's assets over a 20 year period with a x% likelihood.

The prudence level is the likelihood. The prudence levels used by the fund are as follows:

Funding basis	Prudence level
Ongoing participation	85%
Low-risk exit	95%

CPI inflation

The CPI inflation assumption is the average annual rate of future Consumer Price Index (CPI) inflation assumed to be observed from a given valuation date. This assumption is required because LGPS benefit increases (in deferment and in payment) and revaluation of CARE benefits are in line with CPI.

The fund uses a risk-based approach to setting the CPI inflation assumption which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions').

The CPI inflation assumption is calculated to be:

The average annual level of future CPI inflation that will be observed over a 20 year period with a 50% likelihood

Salary growth

The salary growth assumption is linked to the CPI inflation assumption via a fixed margin. The salary increases assumption is 1.0% above the CPI inflation assumption plus a promotional salary scale.

E4 Further detail on the calculation of financial assumptions

The discount rate and CPI inflation assumptions are calculated using a risk-based method. To assess the likelihood associated with a given level of investment return or a given level of future inflation, the fund actuary uses Hymans Robertson's propriety economic scenario generator; the *Economic Scenario Service (or ESS)*. The model uses statistical distributions to project a range of 5,000 different possible outcomes for the future behaviour of different asset classes and wider economic variables, such as inflation.

The table below shows the calibration of the model as at 31 March 2025 for some sample asset classes and economic variables. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years. Yields and inflation refer to the simulated yields at that time horizon.

Table: Summary of assumptions underlying the ESS, 31 March 2025

Time period	Percentile	Annualised total returns											Inflation/Yields			
		Cash	Global Equities (hedged)	Global Equities (unhedged)	EM equities (unhedged)	UK Equity	UK corporate bonds (BBB-rated average)	UK corporate bonds (A-rated average)	UK corporate bonds (BB-rated average)	Property	Private Equity	Private Lending	Infrastructure equity	Inflation (CPI)	17-year real yield (CPI)	17-year yield
5 Years	16 th	3.5%	0.3%	-0.2%	-3.2%	0.1%	3.8%	4.0%	3.8%	0.2%	-2.5%	4.5%	1.1%	1.2%	1.5%	4.8%
	50 th	4.3%	8.7%	8.5%	8.5%	8.2%	5.5%	5.2%	6.0%	6.8%	10.0%	8.2%	8.1%	2.8%	2.4%	5.8%
	84 th	5.1%	17.0%	17.1%	20.9%	16.4%	6.6%	6.1%	7.4%	14.1%	22.8%	11.4%	15.5%	4.3%	3.3%	7.1%
10 Years	16 th	3.6%	2.8%	2.5%	0.2%	2.5%	4.9%	4.8%	4.9%	2.3%	1.2%	6.4%	3.1%	0.8%	0.8%	3.9%
	50 th	4.6%	8.9%	8.7%	8.8%	8.6%	6.1%	5.8%	6.5%	7.3%	10.2%	8.8%	8.4%	2.5%	2.1%	5.3%
	84 th	5.8%	14.9%	15.0%	17.5%	14.6%	7.1%	6.7%	7.8%	12.7%	19.6%	10.9%	13.8%	4.1%	3.3%	7.1%
20 Years	16 th	3.1%	4.3%	3.9%	2.2%	3.8%	4.8%	4.6%	5.1%	3.5%	3.4%	7.0%	4.2%	0.7%	-0.5%	1.6%
	50 th	4.5%	8.7%	8.6%	8.5%	8.4%	6.1%	5.8%	6.5%	7.3%	9.9%	8.8%	8.3%	2.3%	1.3%	3.6%
	84 th	6.3%	13.3%	13.4%	15.1%	12.9%	7.6%	7.2%	8.1%	11.3%	17.0%	10.7%	12.4%	3.9%	3.0%	6.2%
Volatility (1 yr)		0.3%	17.8%	18.4%	24.3%	16.3%	3.7%	3.2%	4.7%	15.2%	26.6%	9.3%	14.5%	1.4%	-	-

The ESS model is recalibrated monthly. The fund actuary uses the most recent calibration of the model (prior to the valuation date) to set financial assumptions for each funding valuation.

E5 What demographic assumptions were used?

The Fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2024 version of the continuous mortality investigation (CMI) tables published by the actuarial profession. The starting point has been adjusted by +0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% p.a. applies.

Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 65 this is assumed to be 55% for males and 54% for females. The dependant of a male member is assumed to be 3.4 years younger than him and the dependent of a female member is assumed to be 2.3 years older than her.
Commutation	60% of maximum tax-free cash
50:50 option	0% of existing members will opt to change schemes

Males

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	323.45	548.78	0.00	0.00	0.00	0.00
25	117	0.17	213.65	362.49	0.00	0.00	0.00	0.00
30	131	0.20	151.59	257.16	0.00	0.00	0.00	0.00
35	144	0.24	118.44	200.90	0.10	0.07	0.02	0.01
40	151	0.41	95.36	161.69	0.16	0.12	0.03	0.02
45	159	0.68	89.57	151.85	0.35	0.27	0.07	0.05
50	167	1.09	73.83	125.03	0.90	0.68	0.23	0.17
55	173	1.70	58.14	98.51	3.54	2.65	0.51	0.38
60	174	3.06	51.82	87.76	6.23	4.67	0.44	0.33
65	174	5.10	31.81	53.87	11.83	8.87	0.00	0.00

Females

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.10	281.94	373.90	0.00	0.00	0.00	0.00
25	117	0.10	189.71	251.55	0.10	0.07	0.02	0.01
30	131	0.14	159.02	210.83	0.13	0.10	0.03	0.02
35	144	0.24	137.25	181.90	0.26	0.19	0.05	0.04
40	151	0.38	114.23	151.34	0.39	0.29	0.08	0.06
45	159	0.62	106.60	141.21	0.52	0.39	0.10	0.08
50	167	0.90	89.87	118.92	0.97	0.73	0.24	0.18
55	173	1.19	67.06	88.83	3.59	2.69	0.52	0.39
60	174	1.52	54.04	71.50	5.71	4.28	0.54	0.40
65	174	1.95	25.76	34.07	10.26	7.69	0.00	0.00

Appendix F – Contribution reviews

Under the LGPS Regulations the Fund may amend contribution rates between valuations where there has been “significant change” to the liabilities or covenant of an employer. The Fund would consider the following circumstances as a potential trigger for review:

- in the opinion of an administering authority there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner than anticipated at the last valuation;
- an employer is approaching exit from the scheme within the next two years and before completion of the next valuation;
- an employer agrees to pay increased contributions to meet the cost of an award of additional pension, under [Regulation 31\(3\) of the Regulations](#);
- there are changes to the benefit structure set out in the LGPS Regulations including the outcomes of the McCloud case and cost sharing mechanisms (if permitted in Regulation at that time) which have not been allowed for at the last valuation;
- it appears likely to the administering authority that the amount of the liabilities arising or likely to arise for an employer or employers has changed significantly since the last valuation;
- it appears likely to the administering authority that there has been a significant change in the ability of an employer or employers to meet their obligations (i.e. a material change in employer covenant);
- it appears to the administering authority that the membership of the employer has changed materially due to events such as bulk transfers, significant reductions to payroll or large-scale restructuring; or
- where an employer has failed to pay contributions or has not arranged appropriate security as required by the administering authority.

The administering authority will also consider a request from any employer to review contributions where the employer has undertaken to meet the costs of that review and sets out the reasoning for the review (which would be expected to fall into one of the above categories, such as a belief that their covenant has changed materially or they are going through a significant restructuring impacting their membership). The employer would be expected to provide evidence to back up its request for a review e.g. report and accounts, financial forecasts and budgets. The administering authority will endeavour to complete any review within 3 months of request subject to receipt of satisfactory evidence, and will monitor any change in an employer’s circumstances on a regular basis following any change in contribution rate and may require further information from the employer to support this monitoring process.

Except in circumstances such as an employer nearing cessation, the administering authority will not consider market volatility or changes to asset values as a basis for a change in contributions outside a formal valuation.

It should be noted that any review may require increased contributions. The administering authority may need to consult other fund employers e.g. where they act as guarantor, as part of a review.

Appendix G – Ill-health risk management

The Fund recognises ill health early retirement costs can have a significant impact on an employer's funding and contribution rate, which could ultimately jeopardise their continued operation.

Each employer may elect to use external insurance which has been made available by the Fund. The Fund communicates this external insurance option regularly to all employers including new employers.

If an employer provides satisfactory evidence to the administering authority of putting in place an external insurance policy covering ill health early retirement strains, then:

- the employer's contribution rate to the Fund each year is reduced by the amount of that year's insurance premium rate, and
- there is no need for monitoring of ill health allowances versus experience.

When an active member retires on ill health early retirement the claim amount will be paid directly from the insurer to the insured employer. This amount should then be paid to the Fund to allow the employer's asset share to be credited.

The employer must keep the administering authority notified of any changes in the insurance policy's coverage or premium terms, or if the policy is ceased.

Appendix H – Pass-through and risk sharing

Employers which “outsource” have flexibility in the way that they can deal with the pension risk potentially taken on by the contractor. If the contractor does not take on the risk (the traditional approach), then there are different approaches that may be adopted.

- i) **Fixed contribution rate agreed** - under this option the contractor pays a fixed contribution rate throughout its participation in the Fund and on cessation does not pay any deficit or receive an exit credit. In other words, the pension risks “pass-through” to the letting employer.
- ii) **Pooling** - under this option the contractor is pooled with the letting employer. In this case, the contractor pays the same rate as the letting employer, which may be under a stabilisation approach.

The Administering Authority’s preferred approach is that a new TAB will participate in the Fund via a fixed contribution rate arrangement with the letting employer*. The certified employer contribution rate will be set equal to the fixed contribution rate agreed between the letting authority and the contractor. The fixed rate that will be paid is at the discretion of the letting authority and contractor subject to a minimum of the letting authority’s primary rate on the contract start date. Upon cessation the contractor’s assets and liabilities will transfer back to the letting authority with no crystallisation of any deficit or surplus.

The Administering Authority is, however, willing to administer either of the above two options – it will be important that the approach is clearly documented in the Admission Agreement and/or any transfer agreement.

Any risk sharing agreement should ensure that some element of risk transfers to the contractor where it relates to their decisions and it is unfair to burden the letting employer with that risk. For example, the contractor should typically be responsible for pension costs that arise from:

- above average pay increases, including the effect in respect of service prior to contract commencement even if the letting employer takes on responsibility for the latter under (ii) above; and
- redundancy and early retirement decisions.

** Catering and cleaning contracts are often outsourced by academies. The Fund expects academies to set up such contracts as pass-through arrangements which are closed to new members, and to confirm that the outsourcing complies with the requirements set out in the ‘DfE Academy Trust LGPS Guarantee policy’. This confirmation should be sent to the Fund ahead of the academy entering into an agreement with the contractor. If confirmation is not provided, the Fund may ask for security to be provided as a condition of admission.*

Appendix I – Cessation policy

On cessation, the Administering Authority will instruct the Fund Actuary to carry out a cessation valuation to determine whether there is any deficit or surplus. The administering authority reserves the right to put in place a Deferred Debt Agreement (as described in [Regulation 64 \(7A\)](#)). This is covered in further detail below.

Where there is a debt, payment of this amount in full would normally be sought from the admission body. The Fund's normal policy is that this cessation debt is paid in full as a single lump sum. However, subject to actuarial, covenant, legal and any other advice as necessary, in line with the Regulations and when in the best interests of all parties, the Fund may agree for this payment to be spread over an agreed period. Repayments may be subject to an interest charge and any spreading would always be discussed in advance and agreed with the employer. Such agreement would only be permitted at the Fund's discretion, where the employer can demonstrate that payment of the debt in a single immediate lump sum could be shown to be materially detrimental to its normal operations. In cases where payment is spread, the Fund reserves the right to require that the ceasing employer provides some form of security (such as a charge over assets, bond indemnity or guarantee) relating to the unpaid amount of debt at any given time. The length of any spreading period will depend on the employer's financial circumstances and on the strength of any security provided, and ordinarily would not exceed 5 years. The Fund will confirm the spreading period, annual repayments including any interest, and any other costs (e.g. actuarial or legal) payable by the employer prior to the repayments starting. The Fund will monitor the employer's circumstances regularly during the spreading period and may request updated financial information that could trigger a review of the arrangement and repayments. The Fund will endeavour to accommodate any such spreading arrangement or review within 3 months of receipt of the relevant evidence from the employer.

In the rare event that the Fund is not able to recover the required payment in full and there is no guarantor, then the unpaid amounts fall to be shared amongst all of the other employers in the Fund. If material, this will require an immediate revision to the Rates and Adjustments Certificate affecting other employers in the Fund. If not, it will be reflected in the contribution rates set at the next formal valuation following the cessation date.

Where there is a surplus, the administering authority will determine the amount of exit credit to be paid in accordance with the Regulations. In making this determination, the administering authority will consider the extent of any surplus, the proportion of surplus arising as a result of the admission's body's employer contributions, any representations (such as risk sharing agreements - please see Appendix H) and any employer providing a guarantee to the admission body.

Deferred Debt Agreement (DDA)

As an alternative, where the ceasing admission body is continuing in business, the Administering Authority may enter into a written agreement with the admission body to defer its obligations to make an exit payment and continue to make Secondary contributions (a 'Deferred Debt Agreement' as described in [Regulation 64 \(7A\)](#)).

The admission body must meet all requirements of Scheme employers and pay the Secondary rate of contributions as determined by the Fund actuary until the termination of the DDA. Any such agreement would always be discussed in advance with the admission body, whether at its request or not. The Fund will endeavour to accommodate any agreement within 3 months of receipt of all relevant evidence from the employer as outlined below.

The administering authority will consider DDA's in the following circumstances:

- The admission body requests the Fund to consider a DDA;
- The admission body is expected to have a deficit when the cessation valuation is carried out;

- The admission body is expected to be a going concern; and
- The covenant of the admission body is considered sufficient by the administering authority. Evidence may be required from the admission body to back this up e.g. report and accounts, financial forecasts and budgets.

The administering authority will normally require:

- Security to be put in place covering the admission body's deficit on its cessation basis;
- Regular monitoring of the contribution requirements and security requirements;
- All costs of the arrangement to be met by the admission body, such as the cost of actuarial or legal advice to the Fund, ongoing monitoring of the arrangement and correspondence on any ongoing contribution and security requirements. Estimates of these would be notified to the admission body.

A DDA will normally terminate on the first date on which one of the following events occurs:

- the admission body enrolls new active Fund members;
- the period specified, or as varied, under the DDA elapses;
- the take-over, amalgamation, insolvency, winding up or liquidation of the admission body;
- the administering authority serves a notice on the admission body that the administering authority is reasonably satisfied that the admission body's ability to meet the contributions payable under the DDA has weakened materially or is likely to weaken materially in the next 12 months;
- the Fund actuary assesses that the admission body has paid sufficient secondary contributions to cover all (or almost all) of the exit payment due if the employer becomes an exiting employer on the calculation date (i.e. the admission body is now largely fully funded on its cessation basis); or
- the admission body requests early termination of the agreement and settles the exit payment in full as calculated by the Fund actuary on the calculation date (i.e. the admission body pays its outstanding cessation debt on its cessation basis).

On the termination of a DDA, the admission body will become an exiting employer.

Suffolk Pension Fund

Report on the actuarial valuation as at 31 March 2025

February 2026

Craig Alexander FFA C.Act

Richard Warden FFA C.Act

Fellows of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP

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Executive summary

1. Executive summary

We have been commissioned by Suffolk County Council (“the Administering Authority”) to carry out a valuation of the Suffolk Pension Fund (“the Fund”) as at 31 March 2025. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report is a summary of the valuation.

Contribution rates

The contribution rates for individual employers set at the 31 March 2025 valuation can be found in the Rates and Adjustments certificate. Table 1 shows the combined individual employer rates, compared to the last valuation in 2022.

	31 March 2025		31 March 2022	
Primary rate	23.0% of pay		20.0% of pay	
	2026/27	-8.2%	2023/24	1.4%
Secondary rate	2027/28	-5.9%	2024/25	1.1%
	2028/29	-6.0%	2025/26	1.0%

Table 1: Combined employer contribution rates compared with previous valuation

Total contribution rates have reduced primarily due to higher assumed future returns at 2025.

Funding position

At 31 March 2025, the funding position on the Fund’s assumptions has improved from the last valuation at 31 March 2022. Table 2 shows the reported funding position, compared to the last valuation in 2022.

Valuation Date	31 March 2025	31 March 2022
Assets (£m)	4,471	3,756
Liabilities (£m)	2,952	3,522
Surplus / (Deficit) (£m)	1,518	235
Funding Level	151%	107%

Table 2: Reported funding position compared with previous valuation

The improvement in funding level is due to strong investment returns earned by the Fund’s assets in the intervalation period and, on the liability side, higher assumed future investment returns at 2025.

Comparison with other LGPS funds

The funding position and contribution rates are based on assumptions about future factors such as investment returns, inflation and life expectancy. As these are uncertain, different assumptions are used by each LGPS fund to reflect their own views, circumstances and strategic objectives. These differences (amongst other factors, including crucially the previous funding level and employer affordability and long-term contribution stability) will lead to differences in funding positions and contribution rates across the LGPS. To support comparison, LGPS funds are required to report a funding position on a consistent set of assumptions (called the “SAB funding level”). The Fund’s SAB funding level at 31 March 2025 is 132%. **SAB assumptions are to allow comparison only and are not intended to be appropriate for funding or setting contribution rates. As such, this result has no impact on the Fund’s funding strategy or employer contribution rates.**

Valuation approach



2. Valuation approach

2.1 Valuation purpose

The triennial actuarial valuation is an important part of the Fund’s risk management framework. Its main purpose is to ensure the Fund continues to have a funding strategy that is likely to achieve the objectives set out in the Funding Strategy Statement.

This report contains the valuation’s two key outcomes:

- Employer contribution rates for the period 1 April 2026 to 31 March 2029
- The funding position of the whole Fund at 31 March 2025.

Further information on the process, methodology and strategy has been communicated to relevant stakeholders throughout the valuation. There is also further information publicly available in the Funding Strategy Statement and [Hymans Robertson’s LGPS 2025 valuation toolkit](#).

2.2 Setting employer contribution rates

Employer contributions need to be set at a level which ensures the Fund has a reasonable likelihood of having enough money to pay members’ benefits. Identifying the amount of benefits that may be paid is complex, as benefits earned today may not be paid until 50+ years has passed. Over that period, there is significant uncertainty over factors which affect the cost of benefits e.g. inflation and investment returns. These uncertainties are considered within the risk-based approach to setting employer contribution rates. This approach is built around three key funding decisions.

Key funding decisions

- **Decision 1:** What is the target funding level (how much money the Fund aims to hold) and funding basis (the set of actuarial assumptions used to value the past service and future service liabilities)?
- **Decision 2:** What is the funding time horizon (the time given to employers to meet the target funding level)?
- **Decision 3:** What is the likelihood of success (how likely it is that employers will meet the target funding level at the end of the funding time horizon)?

The funding decisions will vary between employers within the Fund and are documented in the Funding Strategy Statement.

Risk-based approach

Asset-liability modelling is used to project each employer’s assets and benefit payments into the future under 5,000 different economic simulations. The resulting 5,000 projections of the employer’s assets and benefits are used to quantify the likelihood of success.

The simulations are generated using Hymans Robertson’s Economic Scenario Service (ESS). Further information on this can be found in [Appendix 2](#).

Contribution rates are then set for each employer which achieves each employer’s minimum likelihood of meeting their target funding level on their funding basis at the end of their funding time horizon.

2.3 Measuring the funding position

The funding position is measured as at the valuation date. While it is limited in providing insight into the future health of the Fund, it is a useful high-level summary statistic. A market-related approach is taken to calculate both the assets and the liabilities to ensure they are consistent with one another:

- The market value of the Fund’s assets at the valuation date has been used.
- The liabilities have been valued using assumptions based on market indicators at the valuation date (these are detailed in [Appendix 2](#)).

Calculating the liabilities

The liabilities are the value of all future payments to members based on all benefits earned up to, or in payment at, the valuation date, expressed in today’s money. Chart 1 shows the annual split of projected benefit payments for all members in the Fund at the valuation date.

The projections are based on the membership data provided for the valuation ([Appendix 1](#)), the assumptions ([Appendix 2](#)) and our understanding of the LGPS benefit structure as at 31 March 2025 (details at www.lgpsregs.org). There are currently sources of uncertainty and potential change related to the LGPS benefit structure and [Appendix 2](#) sets out how these have been considered.

The “spike” in year 2 reflects the anticipated retirement of a tranche of active and deferred members who are currently older than their assumed retirement age, whilst the “dip” around year 20 reflects the planned increase in State Pension Age to 68.

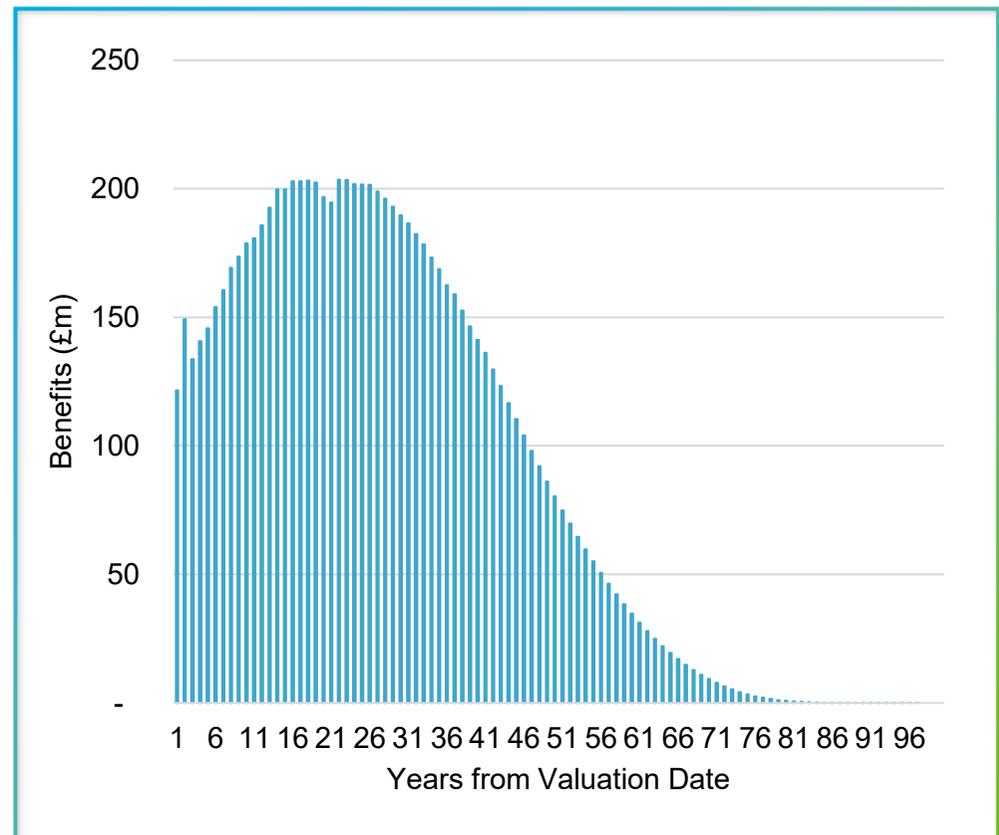


Chart 1: Projected benefit payments for all service earned up to 31 March 2025

To express the future payments in today’s money, each projected payment is discounted back to the valuation date in line with an assumed rate of future investment return (known as the ‘discount rate’).

Valuation results



3. Valuation results

3.1 Employer contribution rates

The primary objective of the funding strategy is to set employer contribution rates that will enable it to have enough assets to pay members' benefits as they fall due. A secondary objective is to ensure the rates are as stable and affordable as possible. The risk-based approach detailed earlier is used to meet these objectives.

The employer contribution rate is made up of two components:

- **Primary rate:** the level of contributions sufficient to fund benefits that will be accrued in the future.
- **Secondary rate:** the difference between the primary rate and the total contribution rate. This may be in respect of costs associated with accrued benefits or adjustments to achieve the Fund's stability and affordability objectives.

Table 3 shows the combined individual employer contribution rates to be paid into the Fund over the period 1 April 2026 to 31 March 2029. There is also a comparison with the contributions set at the last valuation in 2022.

	31 March 2025		31 March 2022	
Primary rate	23.0% of pay		20.0% of pay	
Secondary rate	2026/27	-8.2%	2023/24	1.4%
	2027/28	-5.9%	2024/25	1.1%
	2028/29	-6.0%	2025/26	1.0%

Table 3: Combined employer contribution rates compared with previous valuation

The primary rate includes an allowance of 0.5% of pensionable pay for the Fund's administration and governance expenses (0.5% of pay at the last valuation).

Employees pay contributions to the Fund in addition to these rates. The employee contribution rates are set by the LGPS Regulations.

Employer total contribution rates (ie Primary plus Secondary) have reduced primarily due to higher assumed future investment returns at 2025 compared to 2022. Each employer has a contribution rate which is appropriate to their circumstances, and these can be found in the Rates & Adjustments Certificate ([Appendix 8](#)).

3.2 Funding position as at 31 March 2025

Table 4 sets out the assets and liabilities at the valuation date. The results at the 2022 valuation are shown for comparison.

The funding position provides a high-level snapshot as at 31 March 2025, but there are limitations:

- The liabilities are very sensitive to the choice of assumptions about the future
- The market value of assets held by the Fund will change daily.

Employer contribution rates are not set using the reported funding position above. The contribution rates take into consideration how assets and liabilities will evolve over time in different economic scenarios. They also reflect each employer’s funding profile and covenant.

The funding position and contribution rates are based on assumptions about future factors such as investment returns, inflation and life expectancy. As these are uncertain, different assumptions are used by each LGPS fund to reflect their own views, circumstances and strategic objectives. These differences (amongst other factors, including crucially the previous funding level and employer affordability and long-term contribution stability) will lead to differences in funding positions and contribution rates across the LGPS. To support comparison, LGPS funds are required to report a funding position on a consistent set of assumptions (called the “SAB funding level”). The Fund’s SAB funding level at 31 March 2025 is 132%. **SAB assumptions are to allow comparison only and are not intended to be appropriate for funding or setting contribution rates. As such, this result has no impact on the Fund’s funding strategy or employer contribution rates.**

Valuation date		31 March 2025	31 March 2022
Assets		4,471	3,756
Liabilities	Actives (£m)	921	1,213
	Deferreds (£m)	567	809
	Pensioners (£m)	1,465	1,500
Surplus / (Deficit) (£m)		1,518	235
Funding Level		151%	107%

Table 4: Single reported funding position compared with the previous valuation

The improvement in funding level is primarily due to higher assumed future investment returns at 2025. Chart 2 on the next page provides further information on what’s caused the funding position to change since 2022.

3.3 Other funding metrics

The future investment return required to be 100% funded at this valuation is 2.8% p.a. which has decreased from the previous valuation (3.3% p.a.). This means, at 31 March 2025, the Fund needed to earn 2.8% p.a. to have enough money to meet accrued benefits at that date. The estimated likelihood of the Fund’s investment strategy achieving the required return is greater than 95% at 31 March 2025 (83% at 2022).

Changes since the last valuation – funding position

The factors that have caused the funding position to change since the last valuation are split between:

- actual experience being different from expectations at the last valuation (**known events**)
- changes in assumptions about the future (**future expectations**).

Chart 2 details these factors and their magnitude.

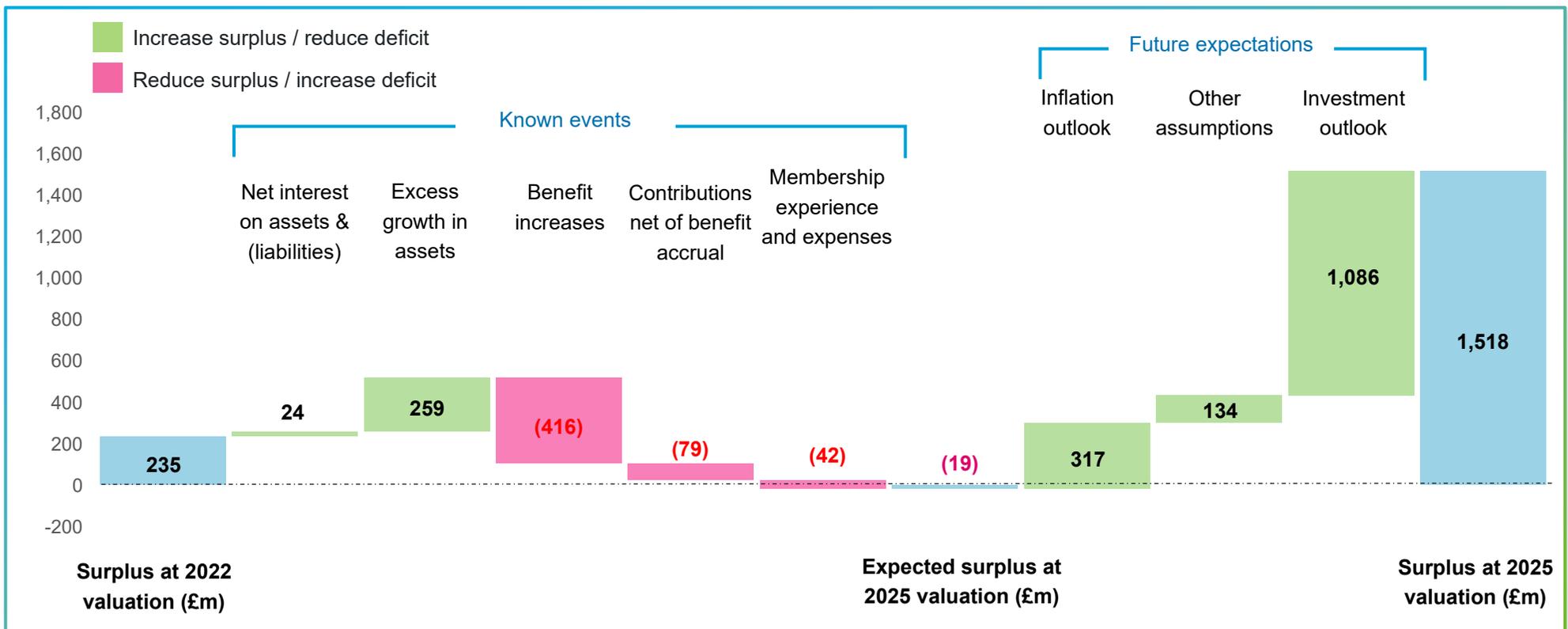


Chart 2: Change in funding position since last valuation

Risks and sensitivities

4. Risks and sensitivities

4.1 Background

If all future experience is in line with expectations and there are no changes in the financial or demographic environment, it's projected that the funding level at the next valuation (31 March 2028) will be around 150%.

However, the funding position, and the Fund's funding strategy, are sensitive to various sources of risks. These funding risks broadly fall into categories of economic, demographic, regulatory and other.

Identifying and specifying these risks, including analysis of their potential impact, is an important part of the risk management cycle.

4.2 Economic risks

Impact of known events

The main economic risks are in relation to investment returns, benefit increases (ie Consumer Price Index inflation) and salary increases.

For all three sources of risk, the table below details the actual experience since the last valuation compared to 2022 expectations, and the impact on funding.

Source	Expected	Actual	Funding impact
Investment returns	3.7% p.a.	5.8% p.a.	+£283m
Benefit increases	2.7% p.a.	6.1% p.a.	-£416m
Salary increases	3.7% p.a.	6.6% p.a.	-£45m

Table 5: Impact of known economic events since 2022

Impact of changes in future outcomes

The results in this report are based on a set of assumptions about the future outcomes for these economic risks. If the future differs from the assumptions used at this valuation, the Fund's liabilities may be higher (or lower) than the current estimate.

Investment returns: Chart 3 below shows how the funding level at 31 March 2025 changes depending on the level of assumed future investment returns. Each point on the line denotes the estimated likelihood of achieving the level of future return at the valuation date. This indicates that the best estimate (return with an estimated 50% likelihood) funding level at 31 March 2025 is 229%. The Fund’s assumption at this valuation is summarised in [Appendix 2](#) and is illustrated by the solid blue diamond.

- **Benefit increases:** if future inflation was 0.1% pa higher than assumed at this valuation, then the funding level would reduce by c2% (with a c£41m fall in the surplus).
- **Salary increases:** if salary increases were 0.5% pa higher than assumed at this valuation then the funding level would reduce by c1% (with a c£17m fall in the surplus).

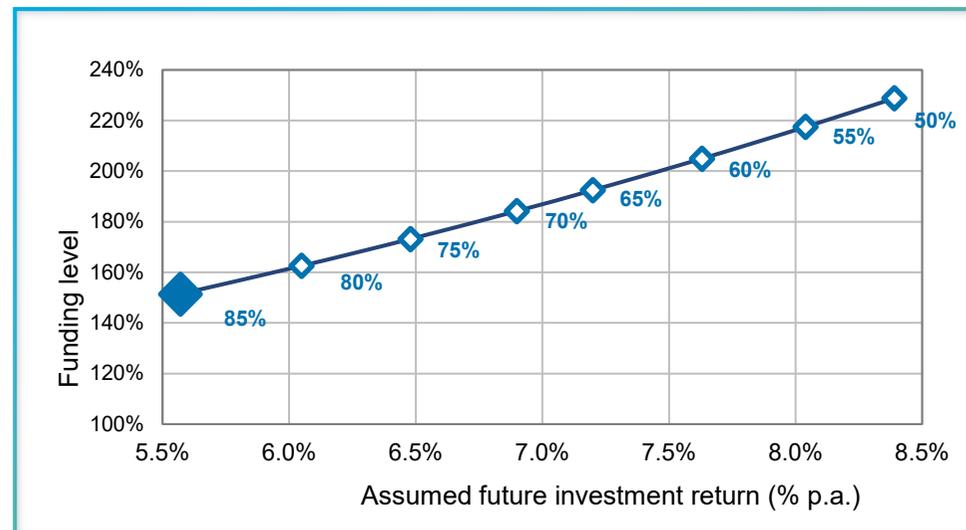


Chart 3: Impact of future return assumption on funding level

Prudence within assumptions

Reflecting the sharp change in the economic environment since the last valuation in 2022, the Fund has made allowance for higher assumed future investment returns (compared to the 2022 valuation). However, there is also increased uncertainty within the wider environment due to ongoing geo-political tensions and financial market volatility, alongside additional uncertainty about future long-term UK inflation levels and global financial markets. Therefore, the Fund has increased the level of prudence within funding strategies and contribution rates at the 2025 valuation*. The overall outcome of higher assumed future investment returns, even when combined with higher prudence is, on average, a reduction in employer total contribution rates (ie Primary plus Secondary) at the 2025 valuation.

The Fund believes this approach balances the key objectives of **affordability** and **stability** of employer contribution rates, whilst ensuring the Fund is **solvent** over the long-term.

- **Affordability:** the Fund has taken into account, and given credit for, higher expected future investment returns which reduces the cost to employers of providing LGPS benefits (all other things being equal).
- **Stability:** if the Fund doesn’t achieve the higher level of assumed returns, or future returns expectations reduce, then it doesn’t necessarily mean immediate increases in employer contribution rates in the future. Prudence levels will remain under review and part of the Fund’s wider governance and risk management framework and, given different economic or funding conditions, it may be appropriate to reduce prudence at future valuations to support the Fund’s longer-term aims of stable (and affordable) contributions for employers.

* Prudence levels are set out in the Fund’s Funding Strategy Statement and the governance audit trail of these key decisions is documented in [Appendix 3](#).

4.3 Demographic risks

Impact of known events

The main demographic risk is in relation to life expectancy. The Fund's mortality experience between the 2022 and 2025 valuations has resulted in the following impact on the funding position, as shown in Table 6.

Mortality experience	
Actual amount of annual pension ceased	£7.4m
Expected amount of annual pension ceased	£8.4m
Difference	£1m
Impact on liabilities	(£9.7m)

Table 6: Impact of member mortality experience since 2022

Impact of changes in future outcomes

The results in this report are based on an assumption that in the long-term, the rate of mortality reduces at a rate of 1.5% p.a. If this rate of reduction turned out to be stronger (1.75% p.a. instead of 1.5% p.a.), then members would live longer than expected. In this scenario, the funding level would fall by c1% (with a c£14m fall in the surplus).

4.4 Other risks

Regulatory

Changes in central government legislation may affect the future cost of the LGPS. For example, the cost to rectify the McCloud discrimination is estimated to be an increase in liabilities of £9m at this valuation. [Appendix 2](#) sets out potential regulatory changes which may impact future pension costs.

Climate change

Climate change has the potential to make extreme outcomes more likely which could in turn have a significant impact on the funding position. The Fund has carried out separate modelling to assess the potential impact of extreme outcomes on longer term funding. Further details on this are presented in [Appendix 4](#).

Post-valuation events

The results in this report are as at 31 March 2025. Since this date, asset performance has been positive and the funding position is likely to have improved as a result. However, short-term volatility in the funding position is to be expected due to the Fund's growth-orientated investment strategy. Given that the Fund aims to set long-term, stable funding strategies and contribution rates, and experience since 31 March 2025 is not abnormal, no allowance has been made for post-valuation events in setting employer contribution rates or the funding position at this valuation.

The Fund will continue to monitor the environment in which it participates to understand and manage the impact of any changes.

Final comments

5. Final comments

The Fund's valuation operates within a broader framework, and this document should be considered alongside the following:

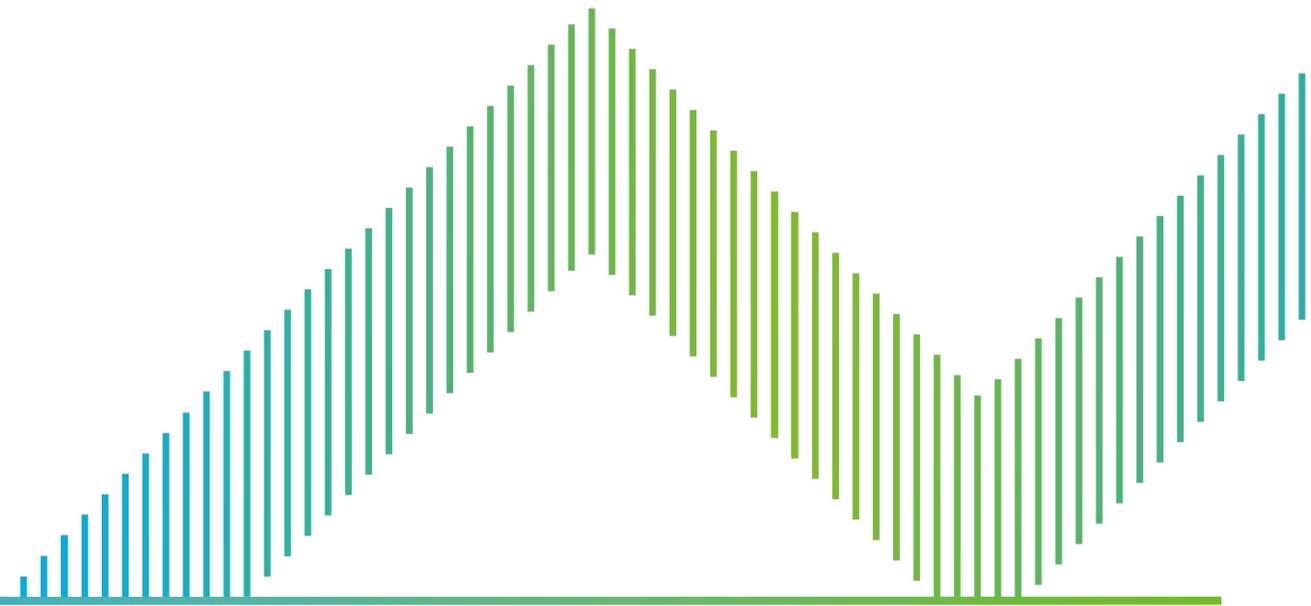
- The Funding Strategy Statement which (in particular) highlights how different employers in different circumstances have their contributions calculated.
- The Investment Strategy Statement, which sets out the investment strategy for the Fund.
- The Fund's risk register.
- The general governance of the Fund, including meetings of the Pensions Committee and Local Pensions Board, decisions delegated to officers, the Fund's business plan, etc.

Throughout the valuation, relevant stakeholders in the Fund have been engaged, consulted and communicated with as appropriate. Details of the governance process followed during the valuation are set out in [Appendix 3](#).

Under the LGPS regulations, the next formal valuation of the Fund is due to be carried out as at 31 March 2028 where contribution rates payable from 1 April 2029 will be set.

Agenda Item 5, Appendix 2

Suffolk Pension Fund | Hymans Robertson LLP



February 26
For and on behalf of Hymans Robertson

Craig Alexander FFA C.Act

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Appendices

[Suffolk Pension Fund](#)

[Appendices](#)

Appendix 1: Data

Appendix 2: Assumptions

Appendix 3: Governance audit trail

Appendix 4: Climate change scenario analysis

Appendix 5: Section 13 dashboard

Appendix 6: Reliances & limitations

Appendix 7: Glossary

Appendix 8: Rates and Adjustments Certificate

Appendix 9: Gender pensions gap

Appendix 1: Data

Membership data

The membership data used for the purposes of this valuation was provided by the Administering Authority on 30/06/2025.

A summary of the membership data used for this valuation is set out in Table 7, alongside corresponding data from the previous valuation for comparison. The membership numbers in the table relate to the total number of records.

The results of this valuation are dependent on the quality of the underlying data used. We have relied on information supplied by the Administering Authority as being accurate. We have carried out a series of reasonableness validation checks on the supplied membership data and compared against the Fund's (unaudited) accounts to confirm its suitability for the purposes of this valuation.

More information on how we verify the quality of the data used in the valuation has been shared with the Administering Authority in our report 'Data Report for the 2025 Valuation'.

Whole Fund Membership Data	This Valuation 31 March 2025	Last Valuation 31 March 2022
Employee members		
Number	23,336	22,133
Total actual pay (£000)	520,840	401,016
Total accrued pension (£000)	87,653	64,083
Average age (liability weighted)	54.0	51.9
Deferred pensioners (including undecideds)		
Number	32,037	32,185
Total accrued pension (£000)	50,010	39,685
Average age (liability weighted)	54.0	51.5
Pensioners and dependants		
Number	21,281	18,489
Total pensions in payment (£000)	115,855	89,664
Average age (liability weighted)	70.3	69.3

Table 7: Membership data summary

Investment strategy

A summary of the investment strategy allocation used to derive the future assumed investment return is set out in Table 8.

This strategy was confirmed by the Administering Authority in November 2024 as appropriate for the purposes of the valuation.

Asset data

To check the membership data and derive employer asset values, we have used asset and accounting data and employer-level cash flow data provided by the Fund

Asset class	Allocation
UK Equity	5.0%
Global Equities (hedged)	7.0%
Global Equities (unhedged)	27.0%
EM equities (unhedged)	1.5%
UK corporate bonds (BBB-rated average)	8.0%
UK corporate bonds (A-rated average)	12.0%
UK corporate bonds (BB-rated average)	8.0%
Infrastructure equity	10.0%
Property	12.0%
Private lending	5.0%
Private equity	4.0%
Cash	0.5%
Total	100.0%

Table 8: Investment strategy allocation used for the calculation of employer contribution rates.

Appendix 2: Assumptions

To set and agree assumptions for the valuation, the Fund carried out an in-depth analysis and review in February 2025 with the methodology and prudence levels agreed by the Pensions Committee on 19 March 2025. The final set of assumptions was agreed with the Fund on 31 July 2025.

Summary of assumptions

	31 March 2025	31 March 2022
Financial assumptions		
Discount rate	5.6% p.a. (85% likelihood of success)	3.7% p.a. (80% likelihood of success)
Benefit increases (CPI inflation)	2.3% p.a.	2.7% p.a.
Salary increases	3.3% p.a.	3.7% p.a.
Demographic assumptions		
Baseline longevity	VitaCurves	VitaCurves
Longevity future improvements	CMI2024 model with core parameterisation except Initial addition = 0.25% (Male & Female) Long-term rate of improvement = 1.5% p.a.	CMI 2021 model Initial addition, A = 0.25% (both Male and Female) Smoothing factor, Sk = 7.0 Long-term rate of improvement = 1.5% p.a.
Commutation	60% of maximum under HMRC limits	55% of maximum under HMRC limits
50:50 scheme	0% of members elect to change scheme	0.7% of members
Retirement age	Earliest age at which members can retire with unreduced benefits	
Family statistics	Varying proportion have dependant at death Dependant of a male is 3.4 years younger than him Dependant of a female is 2.3 years older than her	Varying proportion have dependant at death Dependant of a male is 3 years younger than him Dependant of a female is 3 years older than her

Table 9: Summary of assumptions

Deriving future investment return likelihoods

To derive the distribution of future investment returns and obtain associated estimated likelihoods, we use the Fund's long-term investment strategy and our Economic Scenario Service (ESS) model. The ESS uses statistical models to generate a future distribution of year-on-year returns for each asset class, eg UK equities. The ESS reflects correlations between asset classes and wider economic variables (eg inflation). In the short-term (first few years), the models are fitted with current financial market expectations. Over the longer-term, models are built around our views of fundamental economic parameters, for example equity risk premium, credit-spreads and long-term inflation. Table 10 sets out the individual asset class return distribution of the ESS model at 31 March 2025.

Time period	Percentile	Annualised total returns										Inflation /Yields				
		Cash	Global Equities (hedged)	Global Equities (unhedged)	EM equities (unhedged)	UK Equity	UK corporate bonds (BBB-rated average)	UK corporate bonds (A-rated average)	UK corporate bonds (BB-rated average)	Property	Private Equity	Private Lending	Infrastructure equity	Inflation (CPI)	17 year real yield (CPI)	17 year yield
5 years	16 th	3.5%	0.3%	-0.2%	-3.2%	0.1%	3.8%	4.0%	3.8%	0.2%	-2.5%	4.5%	1.1%	1.2%	1.5%	4.8%
	50 th	4.3%	8.7%	8.5%	8.5%	8.2%	5.5%	5.2%	6.0%	6.8%	10.0%	8.2%	8.1%	2.8%	2.4%	5.8%
	84 th	5.1%	17.0%	17.1%	20.9%	16.4%	6.6%	6.1%	7.4%	14.1%	22.8%	11.4%	15.5%	4.3%	3.3%	7.1%
10 years	16 th	3.6%	2.8%	2.5%	0.2%	2.5%	4.9%	4.8%	4.9%	2.3%	1.2%	6.4%	3.1%	0.8%	0.8%	3.9%
	50 th	4.6%	8.9%	8.7%	8.8%	8.6%	6.1%	5.8%	6.5%	7.3%	10.2%	8.8%	8.4%	2.5%	2.1%	5.3%
	84 th	5.8%	14.9%	15.0%	17.5%	14.6%	7.1%	6.7%	7.8%	12.7%	19.6%	10.9%	13.8%	4.1%	3.3%	7.1%
20 years	16 th	3.1%	4.3%	3.9%	2.2%	3.8%	4.8%	4.6%	5.1%	3.5%	3.4%	7.0%	4.2%	0.7%	-0.5%	1.6%
	50 th	4.5%	8.7%	8.6%	8.5%	8.4%	6.1%	5.8%	6.5%	7.3%	9.9%	8.8%	8.3%	2.3%	1.3%	3.6%
	84 th	6.3%	13.3%	13.4%	15.1%	12.9%	7.6%	7.2%	8.1%	11.3%	17.0%	10.7%	12.4%	3.9%	3.0%	6.2%
Volatility (1 yr)		0.3%	17.8%	18.4%	24.3%	16.3%	3.7%	3.2%	4.7%	15.2%	26.6%	9.3%	14.5%	1.4%	-	-

Table 10: ESS individual asset class return distributions at 31 March 2025

Demographic assumptions

The tables below set out sample rates for demographic assumptions at 5-year age intervals. All figures are incidence rates per 1,000 members except salary scale. FT and PT denote full-time and part-time active membership respectively.

Males

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		II I Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	323.45	548.78	0.00	0.00	0.00	0.00
25	117	0.17	213.65	362.49	0.00	0.00	0.00	0.00
30	131	0.20	151.59	257.16	0.00	0.00	0.00	0.00
35	144	0.24	118.44	200.90	0.10	0.07	0.02	0.01
40	151	0.41	95.36	161.69	0.16	0.12	0.03	0.02
45	159	0.68	89.57	151.85	0.35	0.27	0.07	0.05
50	167	1.09	73.83	125.03	0.90	0.68	0.23	0.17
55	173	1.70	58.14	98.51	3.54	2.65	0.51	0.38
60	174	3.06	51.82	87.76	6.23	4.67	0.44	0.33
65	174	5.10	31.81	53.87	11.83	8.87	0.00	0.00

Table 11: Sample rates for demographic assumptions – Males

Females

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		II I Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.10	281.94	373.90	0.00	0.00	0.00	0.00
25	117	0.10	189.71	251.55	0.10	0.07	0.02	0.01
30	131	0.14	159.02	210.83	0.13	0.10	0.03	0.02
35	144	0.24	137.25	181.90	0.26	0.19	0.05	0.04
40	151	0.38	114.23	151.34	0.39	0.29	0.08	0.06
45	159	0.62	106.60	141.21	0.52	0.39	0.10	0.08
50	167	0.90	89.87	118.92	0.97	0.73	0.24	0.18
55	173	1.19	67.06	88.83	3.59	2.69	0.52	0.39
60	174	1.52	54.04	71.50	5.71	4.28	0.54	0.40
65	174	1.95	25.76	34.07	10.26	7.69	0.00	0.00

Table 12: Sample rates for demographic assumptions - Females

Average life expectancies

Based on the longevity assumptions used for the 2025 valuation, Table 13 details the average life expectancy for the Fund's membership.

Average life expectancy	31 March 2025	31 March 2022
Male pensioner	21.9 years	22.0 years
Male non-pensioner	22.6 years	22.7 years
Female pensioner	24.6 years	24.6 years
Female non-pensioner	25.9 years	26.2 years

Table 13: Average life expectancies

The average life expectancies are from the age of 65. They assume that pensioners are aged 65 at the respective valuation date and non-pensioners are aged 45.

Benefit structure

Results are based on our understanding of the benefit structure of the LGPS in England and Wales on 31 March 2025 – see www.lgpsregs.org. However, there are areas of uncertainty and potential change.

- **McCloud:** in line with the 2022 valuation, we have made an allowance for the cost of these potential improvements, including McCloud data (where available). Further detail on the assumption is available on request.
- **Cost sharing mechanism:** we have assumed that there will be no changes required to the LGPS benefit structure due to this mechanism.
- **Guaranteed Minimum Pension equalisation and revaluation:** in line with the 2022 valuation, we have assumed that all increases on GMP for members with a State Pension Age after 5 April 2016 will be funded by the Fund.
- **Virgin Media case:** we have made no allowance for any impact that the Virgin Media case may have on the LGPS benefit structure.
- **Other benefit changes:** there may be benefit changes due to the current “Access and Fairness” consultation. We have not made any allowance for any changes to the benefit structure proposed in this consultation as we would not expect them to be material if implemented.
- **Local Government re-organisation:** there may be a change in administering authority and participating employers due to Local-Government re-organisation. Consideration has been given to this potential transition when setting contribution rates for councils, however, final proposals for re-organisation are still under consideration.

Appendix 3: Governance audit trail

The triennial actuarial valuation is a significant exercise carried out by the Fund. This report is a summary of the main outputs from the triennial actuarial valuation. The outputs are the result of funding strategy analysis, discussions and Fund decisions throughout the valuation process. A high-level audit trail of the key funding strategy decisions is set out below.

Funding strategy

The **actuarial assumptions** were reviewed by the Fund in March 2025, supported by analytics and other information from the Fund Actuary. The assumptions methodology and prudence levels were agreed by the Fund at the Pensions Committee meeting on 19 March 2025. The final assumptions to reflect 31 March 2025 market conditions were agreed with the Fund on 31 July 2025.

The funding strategy parameters, which feed into the setting of employer contribution rates, were considered in stages.

- **Local authorities and academies:** review carried out in the first half of 2025, including consideration of funding target, funding time horizon, likelihood of success, contribution stability mechanism and interaction with the Fund's investment strategy. The outcomes were discussed at subsequent Pensions Committee meetings.
- **Academies:** a full in-depth review of the funding strategy for academy schools was carried out in June 2025. The outcomes of this review were discussed at the July 2025 Pensions Committee meeting.
- **Other employers:** the funding strategy for the remaining employers in the Fund was reviewed by the Fund's Officers in September 2025. The outcomes

of this review were discussed at the September 2025 Pensions Committee meeting. Other aspects of the funding strategy, including the approach to cessation valuations, exit credits, bulk transfers and new employers, were also reviewed as part of this exercise.

The outcomes of these decisions were collated and documented in an updated copy of the Funding Strategy Statement. The draft FSS was discussed at the September 2025 Pensions Committee meeting. The final version of the FSS is effective from 1 April 2026.

Stakeholder engagement

In addition, the Fund has engaged with employers and the Local Pensions Board throughout the valuation exercise. A summary of the engagement is detailed below.

- **Employer forums:** the employers' forum on 10 December 2024 discussed the key themes of the 2025 valuation and further information on the results was presented to employers at a session on 14 October 2025.
- **Employer results:** a results schedule setting out their 2025 valuation funding position and contribution rate was issued to relevant employers in October 2025. Employers were then offered the opportunity to engage with the Fund to discuss their results.
- **Funding Strategy Statement consultation:** an updated version of the FSS was issued to employers in October 2025 with the opportunity to feedback comments or ask questions to the Fund by 31 December 2025.

Appendix 4: Climate change scenario analysis

Climate change is now widely regarded as one of the main sources of risk for pension funds, with potential implications for future **inflation, investment returns** and **longevity**. LGPS funds, given their long-term horizons, may face greater exposure to climate risks – and many stakeholders are asking what more can be done to understand the possible impact of these risks.

We have used two sets of scenario analysis to test the resilience of the funding strategy under potential climate-related risks.

Scenario analysis helps assess risks and tests the resilience of current and long-term strategies under various scenarios. This helps to identify vulnerabilities across both assets and liabilities.

Identification of these vulnerabilities can inform risk management processes helping to ensure that appropriate controls and mitigations are in place. Scenario analysis can therefore also support informed decision making, as well as ensuring compliance with regulations, including TCFD.

Scenario approach 1 – Stress testing

We take our usual 5000 simulations to see how an LGPS fund could evolve over 20 years. We then consider how quickly the world responds to climate risk in three scenarios (broadly speaking now, later or even later), with the simple assumption that in every case the response leads to intense disruption and a period of heightened market volatility. The scenarios are not explicitly designed to be “good” or “bad”, and we tend to see a modest impact on high level risk metrics.

Scenario approach 2 – Narrative driven

The new, narrative analysis complements the stress tests by imagining a specific climate-related trigger event and considering how that plays out under three different pathways.

We take a specific, extreme, downside risk event (in this instance a shock to the planet’s food supply) that could occur in the coming years. We then map out distinctive potential reactions to the event, considering things like market changes and policy responses and how these may evolve differently over time. This results in three distinct pathways.

Challenges and limitations

When interpreting the results, users should be aware of the following challenges and limitations in addition to the usual limitations of asset-liability modelling:

- All the modelling results are ultimately based on the original 5,000 projections from our core model, so we are implicitly assuming that markets continue to function and that the assumed correlations, risk premia, volatilities etc are still valid.
- Neither set of climate scenarios is intended to be exhaustive, and other outcomes beyond what the scenarios cover are of course possible

Full details and results are included in the 2025 Narrative Climate Scenario Analysis Output Report dated May 2025, and further detail on the scenario methodology is included in the [2025 valuation toolkit](#).

Climate scenario stress test analysis – output summary

Below we set out the quantitative outputs from the ‘stressed’ climate scenarios. These reflect how the Fund may be impacted over the coming years should the world’s response to climate change reflect one of our three qualitative scenario descriptions. The base case reflects the market having already priced in climate change, but not any one specific climate scenario.

Modelling results at 20-year time horizon				
Metric	Base case	Green revolution	Delayed transition	Head in the sand
Likelihood of success	91%	92%	88%	90%
Worst 5% of outcomes	64%	67%	59%	62%

Table 14: Summary modelling results in the base case and stress test scenarios

Overall, the impact on likelihood of success is modest over the 20-year horizon, suggesting that the level of prudence in the funding strategy has not been drastically underestimated due to climate risk. There is generally a greater impact on downside risk which is to be expected given that higher volatility will lead to a broader range of outcomes and this means that the worst outcomes get even worse.

The stress test scenarios are designed to test the entire range of funding outcomes. The above impact on downside risk suggests that the extremes merit further, dedicated investigation, particularly as climate change has the potential to make “extreme” outcomes more likely.

The narrative-driven scenario approach was introduced at the 2025 valuation to complement the stress tests by digging further into potential downside risks.

Narrative-driven scenario analysis – output summary

The chart below shows the likelihood of success in each of the three narrative scenarios. All of them begin with the same initial shock, and then the results diverge based on different imagined responses.

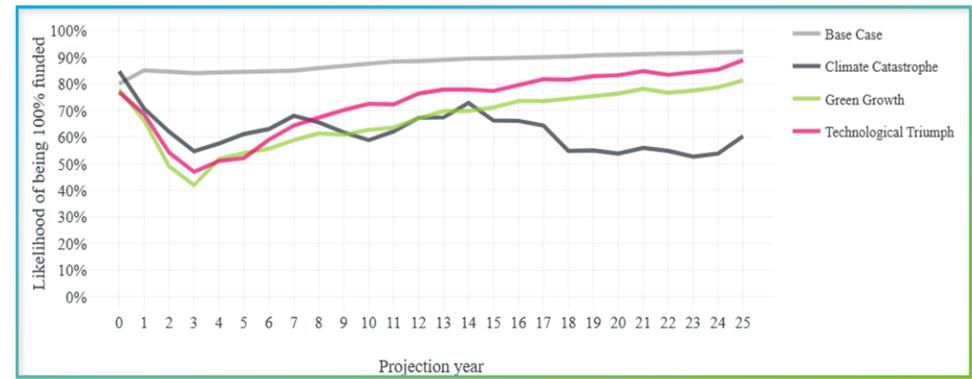


Chart 4: Likelihood of success in the base case and narrative-driven scenarios

Over medium time horizons of 5-10 years, we see improvement in the likelihood of success under each of the three scenarios, although all remain below both the base case and the level of success that is required by the Fund. Over longer time horizons of 10+ years we begin to see a divergence in the likelihood of success, with rapid response and technology investment supporting regrowth under the Green Growth and Technological Triumph pathways, but delayed action under Climate Catastrophe, instead leading to prolonged economic and social disruption and a likelihood of success below the Fund’s desired threshold.

There is therefore a plausible downside scenario prompted by a climate-related event that would put the Fund’s funding strategy at risk.

Appendix 5: Section 13 dashboard

Metric	Unit	2025 valuation
2025 funding position – local funding basis		
Funding level (assets/liabilities)	%	151%
Funding level (change since previous valuation)	%	45% increase
Asset value used at the valuation	£m	4,471
Value of liabilities (including McCloud liability)	£m	2,952
Surplus (deficit)	£m	1,518
Discount rate – past service	% p.a.	5.6%
Discount rate – future service	% p.a.	Past service and future service are consistently valued with the same underlying assumptions, methodologies and models regarding future expected levels of inflation, interest rates and investment returns.
Assumed pension increase (CPI)	% p.a.	2.3%
Method of derivation of discount rate, plus any changes since previous valuation		There is an 85% likelihood that the Fund's assets will return at least 5.6% p.a. over the 20 years following the 2025 valuation date. This is the same methodology used for the 2022 valuation but with a higher likelihood (80% at 2022).

Metric	Unit	2025 valuation
Assumed life expectancy at age 65		
Life expectancy for current pensioners – men age 65	years	21.9
Life expectancy for current pensioners – women age 65	years	24.6
Life expectancy for future pensioners – men age 45	years	22.6
Life expectancy for future pensioners – women age 45	years	25.9
Past service funding position – SAB basis (for comparison purposes only)		
Market value of assets	£m	4,471
Value of liabilities	£m	3,394
Funding level on SAB basis (assets/liabilities)	%	132%
Funding level on SAB basis (change since last valuation)	%	1% increase

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Metric	Unit	2025 valuation	2022 valuation
Contribution rates payable			
Primary contribution rate	% of pay	23.0%	20.0%
Secondary contribution rate (cash amounts in each year)			
Secondary contribution rate - 1 st year of rates and adjustments certificate	£m	(45.359)	5.831
Secondary contribution rate - 2 nd year of rates and adjustments certificate	£m	(33.680)	4.956
Secondary contribution rate - 3 rd year of rates and adjustments certificate	£m	(35.686)	4.513
Giving total expected contributions			
Total expected contributions - 1 st year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	82.525	92.126
Total expected contributions - 2 nd year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	98.499	94.476
Total expected contributions - 3 rd year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	100.855	97.378
Assumed payroll (cash amounts in each year)			
Total assumed payroll - 1 st year of rates and adjustments certificate	£m	555.971	431.549
Total assumed payroll - 2 nd year of rates and adjustments certificate	£m	574.446	447.676
Total assumed payroll - 3 rd year of rates and adjustments certificate	£m	593.534	464.406
3 year average total employer contribution rate	% of pay	16.3%	21.2%
Average employee contribution	% of pay	6.3%	6.6%
Employee contribution rate (£ figure based on assumed payroll of £556m)	£m p.a.	34.9	28.3

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Metric	Unit	2025 valuation	2022 valuation
Deficit recovery and surplus spreading plan			
Latest deficit recovery period end date, where this methodology is used by the fund's actuarial advisor	Year	Methodology not used	Methodology not used
Earliest surplus spreading period end date, where this methodology is used by the fund's actuarial advisor	Year	Methodology not used	Methodology not used
The time horizon end date, where this methodology is used by the fund's actuarial advisor	Year	2045	2042
The funding plan's likelihood of success, where this methodology is used by the fund's actuarial advisor	%	85%	80%
Surplus Methodology		Explicit contribution stabilisation mechanism for major employers	Explicit contribution stabilisation mechanism for major employers
Surplus methodology & parameters explanation (including changes since previous valuation)		Employer contributions are limited to increase/decrease at most by 1% of pay pa to support long-term stability. However, in recognition of local government reorganisation within Suffolk, contribution rates have been aligned for county, district and borough councils by 1 April 2028.	Employer contributions are limited to increase/decrease at most by 1% of pay pa to support long-term stability.
Additional information			
Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	%	0%	0%

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Percentage of total liabilities that are in respect of Tier 3 employers	%	4.6%	10.4%
Included climate change analysis/comments in the 2025 valuation report		Yes	Yes
Gender pension gap statistic - Fund active mean CARE pension GPG	%	TBC	N/A
Gender pension gap statistic - Fund active mean combined Final Salary and CARE pension GPG	%	TBC	N/A
Gender pension gap statistic - Fund pensioner mean pension GPG	%	TBC	N/A

Appendix 6: Reliances & limitations

We have been commissioned by Suffolk County Council ('the Administering Authority') to carry out a full actuarial valuation of Suffolk Pension Fund ('the Fund') at 31 March 2025, as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 ('the Regulations').

This report is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of summarising the main outcomes of the 2025 actuarial valuation. It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.

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This summary report is the culmination of other communications in relation to the valuation, in particular our:

- [2025 valuation toolkit](#) which sets out the methodology used when reviewing funding plans
- papers dated 20 February 2025 and 31 July 2025 which discuss the valuation assumptions
- papers on contribution rate modelling and climate risk analysis, dated May 2025 which discuss the contribution, funding and investment strategy for the Fund's stabilised employers

- initial results report dated 26 August 2025 which outlines the whole Fund results and inter-valuation experience
- data report dated **tb** which summarises the data used for the valuation, the approach to ensuring it is fit for purpose and any adjustments made to it during the course of the valuation

The totality of our advice complies with the Regulations as they relate to actuarial valuations.

We have also prepared the valuation with regard to the Funding Strategy Statement which details the approach taken by the Fund to fund the current and future benefits due to members.

The following Technical Actuarial Standards apply to this advice and have been complied with where material and to a proportionate degree. They are:

- **TAS100** – Principles for technical actuarial work
- **TAS300** – Pensions

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Appendix 7: Glossary

➤ **50:50 option**

An option for LGPS members to pay half employee contributions and earn half the retirement benefit (pre-retirement protection benefits are unreduced).

➤ **Asset-liability modelling**

An approach to modelling and understanding risk for a pension fund. The assets and liabilities are projected forwards into the future under many different future scenarios of inflation, investment returns and interest rates. The future scenarios are then analysed to understand the risk associated with a particular combination of contribution rates and investment strategy. Different combinations of contribution rates and/or investment strategies may be tested.

➤ **Baseline longevity**

The rates of death (by age and sex) in a given group of people based on current observed data.

➤ **VitaCurves**

The assumptions used for baseline longevity. These assumptions are provided by Club Vita, a firm of longevity experts we partner with for longevity analysis. They combine data from thousands of pension schemes and use it to create detailed longevity assumptions at member-level, as well as insight on general longevity trends and future improvements.

➤ **Commutation**

The option for members to exchange part of their annual pension for a one-off lump sum at retirement. In the LGPS, every £1 of pension exchanged gives the member £12 of lump sum. The amounts that members commute is heavily influenced by tax rules which set an upper limit on how much lump sum can be taken tax-free.

➤ **CPI inflation**

The annual rate of change of the Consumer Prices Index (CPI). The CPI is the UK government's preferred measure of inflation and is the measure used to increase LGPS (and all other public sector pension scheme) benefits each year.

➤ **Deferred pensioner**

A former employee who has left employment (or opted out of the pension fund) but is not yet in receipt of their benefits from the fund.

➤ **Demographic assumptions**

Assumptions concerned with member and employer choices rather than macroeconomic or financial factors. For example, retirement age or promotional salary scales. Demographic assumptions typically determine the timing of benefit payments.

➤ **Discount rate**

A number used to place a single value on a stream of future payments, allowing for expected future investment returns.

➤ **Employee (or active) members**

Members who are currently employed by employers who participate in the Fund and are paying contributions into the Fund.

➤ **ESS**

Economic Scenario Service - Hymans Robertson's proprietary economic scenario generator used to create thousands of simulations of future inflation, asset class returns and interest rates.

➤ Funding position

The extent to which the assets held by the Fund at 31 March 2025 cover the accrued benefits ie the liabilities.

The two measures of the funding position are:

- the funding level - the ratio of assets to liabilities; and
- the funding surplus/deficit - the difference between the asset and liabilities values.

➤ Inflation

Prices tend to increase over time, which is called inflation. Inflation is measured in different ways, using a different 'basket' of goods and mathematical formulas.

➤ Liabilities

An employer's liability value is the single value at a given point in time of all the benefit payments expected to be made in future to all members. Benefit payments are projected using demographic and financial assumptions and the liability is calculated using a discount rate.

➤ Longevity improvements

An assumption about how rates of death will change in future. Typically, we assume that death rates will fall and life expectancies will improve over time, continuing the long-running trend.

➤ Pensioner

A former employee who is in receipt of their benefits from the fund. This category includes eligible dependants of the former employee.

➤ Primary rate

The estimated cost of future benefits, expressed in percentage of pay terms. The primary rate will include an allowance to cover the Fund's expenses.

➤ Prudence

To be prudent means to err on the side of caution in the overall set of assumptions. We build prudence into the choice of discount rate by choosing an assumption with a prudence level of more than 50%. All other assumptions aim to be best estimate.

➤ Prudence level

A percentage indicating the likelihood that the assumed rate of investment return will be achieved in practice, based on the ESS model.

The higher the prudence level, the more prudent the assumed rate of investment return.

➤ Secondary rate

An adjustment to the primary rate, generally to reflect costs associated with benefits that have already been earned up to the valuation date. This may be expressed as a percentage of pay and/or monetary amount.

➤ Withdrawal

Refers to members leaving the scheme before retirement. These members retain an entitlement to an LGPS pension when they retire but are no longer earning new benefits.

Appendix 8: Rates and Adjustments Certificate

In accordance with Regulation 62 of the Regulations, we have assessed the contributions that should be paid into the Fund by participating employers for the period 1 April 2026 to 31 March 2029 to maintain the solvency of the Fund.

The method and assumptions used to calculate the contributions set out in this Rates and Adjustments Certificate are detailed in the Funding Strategy Statement dated April 2026 and in [Appendix 2](#) of the report on the 2025 actuarial valuation dated tbc. These assumptions underpin our estimate of the number of members who will become entitled to a payment of pensions under the provisions of the LGPS and the amount of liabilities arising in respect of such members.

Table 15 sets out the combined individual employer primary and secondary contribution rates for the period 1 April 2026 to 31 March 2029. The primary rate is the payroll weighted average of the underlying individual employer primary rates and the secondary rate is the total of the underlying individual employer secondary rates, calculated in accordance with the LGPS regulations and CIPFA guidance. The secondary rate has been shown both as a percentage of the projected pensionable pay and the equivalent monetary amount.

Primary rate	23.0% of pay	
Secondary rate	% of payroll	Equivalent monetary amount
2026/27	-8.2%	(45,359,000)
2027/28	-5.9%	(33,680,000)
2028/29	-6.0%	(35,686,000)

Table 15: Combined individual employer rates from 1 April 2026 to 31 March 2029

The required minimum contribution rates for each employer in the Fund are set out in the remainder of this certificate.

Craig Alexander FFA C. Act Richard Warden FFA C. Act

09 February 2026

For and on behalf of Hymans Robertson LLP

Agenda Item 5, Appendix 2

Suffolk Pension Fund | Hymans Robertson LLP

Employer codes	Employer name	Primary rate (% of pay)	Secondary rate (% of pay)			Total contributions (Primary rate plus secondary rate)			
			2026 /27	2027/28	2028/29	2026/27	2027/28	2028/29	
Scheduled and Resolution Bodies									
	Suffolk County Council	23.0%	-13.0%	-6.6%	-6.6%	10.0%	16.4%	16.4%	
	East Suffolk Council	22.8%	-6.4%	-6.4%	-6.4%	16.4%	16.4%	16.4%	
	West Suffolk Council	22.6%	-6.2%	-6.2%	-6.2%	16.4%	16.4%	16.4%	
	Ipswich Borough Council	22.5%	-6.1%	-6.1%	-6.1%	16.4%	16.4%	16.4%	
5	Mid Suffolk District Council	22.7%	-6.3%	-6.3%	-6.3%	16.4%	16.4%	16.4%	
7	Babergh District Council	22.5%	-6.1%	-6.1%	-6.1%	16.4%	16.4%	16.4%	
Town and Parish Councils									
	Town and Parish Councils	23.1%	-6.1%	-6.1%	-6.1%	17.0%	17.0%	17.0%	
	Police	22.9%	-6.5%	-6.5%	-6.5%	16.4%	16.4%	16.4%	
141	Association of Inshore Fisheries and Conservation Authorities	21.8%	-2.8%	-2.8%	-2.8%	19.0%	19.0%	19.0%	
Academies									
	Academy Transformation Trust	23.2%	-3.0%	-4.0%	-5.0%	20.2%	19.2%	18.2%	
	Active Learning Trust	23.3%	-3.8%	-3.8%	-3.8%	19.5%	19.5%	19.5%	
	All Saints MAT	23.7%	-1.9%	-2.9%	-3.9%	21.8%	20.8%	19.8%	
	Anglian Learning	23.4%	-4.4%	-5.4%	-6.4%	19.0%	18.0%	17.0%	
	ASSET Education	23.4%	-3.4%	-3.4%	-3.4%	20.0%	20.0%	20.0%	
	Children's Endeavour Trust	23.4%	-3.3%	-4.3%	-4.4%	20.1%	19.1%	19.0%	
	Clarion Academy Trust	23.5%	-4.1%	-4.1%	-4.1%	19.4%	19.4%	19.4%	
	Consortium Trust	23.3%	-4.3%	-4.3%	-4.3%	19.0%	19.0%	19.0%	
	East Anglian Schools Trust	23.5%	-4.3%	-5.3%	-6.3%	19.2%	18.2%	17.2%	
	Eastern Education Group Trust	22.8%	-3.1%	-4.1%	-4.2%	19.7%	18.7%	18.6%	

Agenda Item 5, Appendix 2

Suffolk Pension Fund | Hymans Robertson LLP

Employer codes	Employer name	Primary rate (% of pay)	Secondary rate (% of pay)			Total contributions (Primary rate plus secondary rate)			
			2026 /27	2027/28	2028/29	2026/27	2027/28	2028/29	
	Eastern Multi Academy Trust	23.2%	-3.0%	-4.0%	-5.0%	20.2%	19.2%	18.2%	
	Eko Trust	23.6%	-2.9%	-2.9%	-2.9%	20.7%	20.7%	20.7%	
	Elveden Schools Trust	23.5%	-2.9%	-2.9%	-2.9%	20.6%	20.6%	20.6%	
	Evolution Academy Trust	23.6%	-4.2%	-4.2%	-4.2%	19.4%	19.4%	19.4%	
	Hartismere Family of Schools	23.2%	-1.7%	-2.7%	-3.7%	21.5%	20.5%	19.5%	
	Heart of Suffolk Education Trust	23.5%	-3.8%	-4.8%	-5.8%	19.7%	18.7%	17.7%	
	Inspiration Trust	23.3%	-4.1%	-5.1%	-6.1%	19.2%	18.2%	17.2%	
	Kessingland Church of England Primary Academy	23.5%	-4.0%	-4.0%	-4.0%	19.5%	19.5%	19.5%	
	Kingfisher Schools Trust	23.2%	-3.4%	-4.4%	-5.3%	19.8%	18.8%	17.9%	
	Ormiston Academies Trust	23.3%	-4.0%	-5.0%	-5.5%	19.3%	18.3%	17.8%	
	Orwell Multi Academy Trust	23.2%	-4.5%	-5.2%	-5.2%	18.7%	18.0%	18.0%	
	Our Lady of Walsingham MAT	23.5%	-4.3%	-5.3%	-6.3%	19.2%	18.2%	17.2%	
	Oxlip Learning Partnership	23.2%	-2.9%	-3.9%	-4.9%	20.3%	19.3%	18.3%	
	Paradigm Trust	22.6%	-4.6%	-5.6%	-6.6%	18.0%	17.0%	16.0%	
	Penrose Learning Trust	23.4%	-3.2%	-4.2%	-5.2%	20.2%	19.2%	18.2%	
	Raedwald Trust	23.1%	-4.2%	-5.2%	-6.2%	18.9%	17.9%	16.9%	
	REAch2 Multi-Academy Trust	23.5%	-3.6%	-4.1%	-4.1%	19.9%	19.4%	19.4%	
	Sapientia Trust	23.3%	-3.9%	-4.9%	-5.9%	19.4%	18.4%	17.4%	
	St John the Baptist Multi Academy Trust	23.7%	-3.2%	-4.2%	-5.2%	20.5%	19.5%	18.5%	
	St. Edmundsbury and Ipswich Diocesan Trust	23.6%	-3.3%	-4.3%	-5.3%	20.3%	19.3%	18.3%	
	The Ashley School	23.3%	-4.5%	-5.5%	-5.8%	18.8%	17.8%	17.5%	

Agenda Item 5, Appendix 2

Suffolk Pension Fund | Hymans Robertson LLP

Employer codes	Employer name	Primary rate (% of pay)	Secondary rate (% of pay)			Total contributions (Primary rate plus secondary rate)			
			2026 /27	2027/28	2028/29	2026/27	2027/28	2028/29	
	The Tilian Partnership	23.6%	-4.4%	-5.4%	-6.4%	19.2%	18.2%	17.2%	
	The Wastre Education Trust	23.7%	-2.9%	-2.9%	-2.9%	20.8%	20.8%	20.8%	
	Unity Schools Partnership	23.3%	-4.0%	-4.0%	-4.0%	19.3%	19.3%	19.3%	
107	Forest Academy	23.2%	-3.6%	-4.1%	-4.1%	19.6%	19.1%	19.1%	
112	Thomas Mills School	23.7%	-3.0%	-4.0%	-5.0%	20.7%	19.7%	18.7%	
131	St Mary's Church of England Academy	23.3%	-4.6%	-5.6%	-6.6%	18.7%	17.7%	16.7%	
345	Olive Alternative Provision Academy Suffolk	23.0%	-4.2%	-5.1%	-5.1%	18.8%	17.9%	17.9%	
362	St Christophers Church of England Primary School	23.4%	-4.1%	-5.1%	-6.1%	19.3%	18.3%	17.3%	
Colleges									
	East Coast College	23.2%	-4.6%	-5.6%	-6.6%	18.6%	17.6%	16.6%	
53	Suffolk College	23.0%	-4.6%	-5.6%	-6.6%	18.4%	17.4%	16.4%	
55	West Suffolk College	22.8%	-4.5%	-5.5%	-6.5%	18.3%	17.3%	16.3%	
108	Lowestoft 6th Form College	23.2%	-5.1%	-6.1%	-7.1%	18.1%	17.1%	16.1%	
Admitted Bodies									
76	University of Suffolk	24.5%	0.0%	0.0%	0.0%	24.5%	24.5%	24.5%	
137	Leading Lives	25.0%	-9.9%	-9.9%	-9.9%	15.1%	15.1%	15.1%	
142	Realise Futures	24.8%	-9.7%	-9.7%	-9.7%	15.1%	15.1%	15.1%	
153	Concertus	22.4%	-7.3%	-7.3%	-7.3%	15.1%	15.1%	15.1%	
322	Thorpe Woodlands A.C.T	25.7%	-7.4%	-7.4%	-7.4%	18.3%	18.3%	18.3%	
324	Verse	27.7%	-10.4%	-10.4%	-10.4%	17.3%	17.3%	17.3%	

Agenda Item 5, Appendix 2

Suffolk Pension Fund | Hymans Robertson LLP

Employer codes	Employer name	Primary rate (% of pay)	Secondary rate (% of pay)			Total contributions (Primary rate plus secondary rate)			
			2026 /27	2027/28	2028/29	2026/27	2027/28	2028/29	
594	M Group Highways	26.0%	-4.6%	-4.6%	-4.6%	21.4%	21.4%	21.4%	
	Vertas	25.3%	-1.6%	-1.6%	-1.6%	23.7%	23.7%	23.7%	
	IPSERV Employers Limited	22.7%	-6.3%	-6.3%	-6.3%	16.4%	16.4%	16.4%	
	Places for People	25.5%	-9.1%	-9.1%	-9.1%	16.4%	16.4%	16.4%	
69	Abbeycroft Leisure	21.2%	-4.8%	-4.8%	-4.8%	16.4%	16.4%	16.4%	
70	Sports and Leisure Management Ltd	23.6%	-7.2%	-7.2%	-7.2%	16.4%	16.4%	16.4%	
79	Anglia Community Leisure	22.3%	-5.9%	-5.9%	-5.9%	16.4%	16.4%	16.4%	
526	Everyone Active (Waterlane and Waveney)	22.6%	-6.2%	-6.2%	-6.2%	16.4%	16.4%	16.4%	
60	The Partnership in Care Ltd	28.7%	-18.7%	-18.7%	-18.7%	10.0%	10.0%	10.0%	
102	Housing 21	26.4%	-16.4%	-16.4%	-16.4%	10.0%	10.0%	10.0%	
446	Orwell Housing	24.3%	-14.3%	-14.3%	-14.3%	10.0%	10.0%	10.0%	
	Care Quality Commission	26.0%	-16.1%	-16.1%	-16.1%	10.0%	10.0%	10.0%	
Employers joining post 31 March 2025									
629	GLIL Libraries	23.0%	-7.9%	-7.9%	-7.9%	15.1%	15.1%	15.1%	

Notes to the Rates & Adjustments Certificate

- Contributions expressed as a percentage of payroll should be paid into the Fund at a frequency in accordance with the requirements of the Regulations.
- Further sums should be paid to the Fund to meet the costs of any early retirements and/or augmentations using methods and factors issued by us from time to time or as otherwise agreed.
- Payments may be required to be made to the Fund by employers to meet the capital costs of any ill-health retirements that exceed those allowed for within our assumptions.
- Any new employers or admission bodies joining the Fund should be referred to the Fund Actuary to assess the required level of contribution. Depending on the number of transferring members the ceding employer's rate may also need to be reviewed.
- Any employer who ceases to participate in the Fund should be referred to the Fund Actuary in accordance with Regulation 64 of the LGPS regulations.
- The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by the Fund Actuary.

Appendix 9: Gender pensions gap

TO BE CONFIRMED

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Draft Funding Strategy Statement Consultation Summary

This paper is addressed to Suffolk County Council, in its capacity as Administering Authority of the Suffolk Pension Fund (“the Fund”). It has been prepared for the purpose of providing a summary of the consultation on the Fund’s draft Funding Strategy Statement (“the FSS”) which forms part of the stakeholder engagement at the 2025 triennial funding valuation (“the valuation”).

This paper has not been prepared for use for any other purpose and should not be so used. The paper should not be disclosed to any third party except as required by law or regulatory obligation or with our prior written consent. We accept no liability where the paper is used by or disclosed to a third party unless we have expressly accepted such liability in writing. Where this is permitted, the paper may only be released or otherwise disclosed in a complete form which fully discloses our advice and the basis on which it is given.

Funding Strategy Statement (FSS)

Under LGPS Regulations, all funds have a statutory obligation to produce an FSS. It is a key document for the Fund, in two ways:

- 1 *The inputs it requires:* the Fund’s officers and Pensions Committee need to go through a process to be satisfied that the Fund is managing funding risks and will be collecting an appropriate level of contributions from all employers in the Fund. The FSS provides a helpful framework for organising this process and covering all the necessary areas.
- 2 *The outputs it gives:* the finalised FSS itself should be a clear and transparent reference point for the Fund’s stakeholders, to set out how the Fund manages funding risks and provide proof that the contribution arrangements are solidly derived, fair and consistent. It will also help in any future discussions with employers, perhaps where an approach is queried or questions are raised.

The FSS is prepared in collaboration with the Fund Actuary and forms an integral part of the framework within which to carry out the triennial valuation to set employer contributions. The FSS also outlines how the funding strategy fits in with the investment strategy.

The current FSS was approved by the Pensions Committee at the 2022 valuation and is published on the Fund’s website [here](#).

2025 FSS review

In January 2025, updated [guidance](#) for preparing and maintain a FSS was published by the Ministry of Housing, Communities and Local Government (“MHCLG”), the Scheme Advisory Board’s (“SAB”s’) Compliance and Reporting Committee and the Chartered Institute of Public Finance and Accountancy (“CIPFA”). The updated guidance replaces 2016 guidance produced by CIPFA.

The FSS and policy documents at the 2022 valuation were broadly in line with the new FSS guidance requirements and therefore no fundamental changes have been made to the structure or content of the FSS as part of this review for the 2025 valuation. However, a full review of the Fund’s FSS has been carried out, with small changes made to ensure the document is fully compliant with the updated FSS guidance and key principles document.

The Fund has also reviewed its policies and funding strategy at the 2025 valuation, and the most significant changes include:

1. Review of funding assumptions

The Fund Actuary has reviewed the funding assumptions as part of the 2025 valuation. These have been updated to reflect emerging experience and market conditions as at 31 March 2025. All assumptions are 'best estimate' except for the discount rate assumption which includes a margin of prudence required by the LGPS Regulations.

The Fund Actuary models 5,000 simulations of possible future economic outcomes to set robust funding plans at whole fund level and for each individual employer. At the 2025 valuation, the Fund has adopted a prudence level of 85% (previously 80% at the 2022 valuation) for 'ongoing' funding to reflect the increased uncertainty and volatility in markets, and this change was agreed by Pensions Committee in July 2025. This means that the Fund assumes a level of investment return (discount rate) that is achieved in 85% of the simulations of the future. The Fund believes this strikes an appropriate balance between managing longer-term risk and shorter-term affordability for employers in the current environment.

2. Review of contribution rate calculations

Section 2 of the draft FSS sets out the approach to setting employer contribution rates. The approach is largely unchanged from 2022, with the following exception:

- Minimum likelihood of success (in Table 1) - updated to 85% to align with the agreed prudence level at 2025.

3. Review of additional policy documents

To help employers navigate the FSS, the Fund has specific policies in the following areas

- Academies policy (new for 2025)
- Cessation policy
- Contribution reviews policy
- Ill-health risk management policy
- Pass-through and risk sharing policy

The fund developed a new academy funding policy and consulted with schools, academies and MATs on this in July 2025. Each of the other policies listed above are appendices to the FSS and have been reviewed at 2025 to reflect the new guidance and any technical or regulatory changes; however the content of each policy remains largely unchanged from 2022.

Employers are particularly encouraged to read the policies that may impact their participation in the Fund (eg academies should read the academies policy).

The Fund's FSS and the Academies policy are included on the Fund's [website](#).

2025 FSS consultation

The draft FSS and policies were agreed by Pension Committee in September 2025 and put out for consultation from 10 October 2025. The consultation went out to all Fund employers and wider stakeholders such as the Department for Education (“DfE”).

The recently updated FSS guidance sets out best practice principles that funds should follow and encourages funds to consider the effectiveness of the of the FSS consultation. To help meet these expectations, the Fund has actively sought out engagement from all stakeholders using an employer engagement portal hosted by the Fund Actuary. Employers have been encouraged to provide feedback on the consultation process, the FSS accessibility, and to provide any further questions or comments on the content within the draft FSS.

From the responses received via the engagement portal, most employers found the FSS to be helpful and with sufficient detail and time to prepare a response (see appendix for a summary of responses to this accessibility survey). The Fund has engaged with employers (and other stakeholders) where specific comments (and questions) on the content of the Fund’s FSS have been raised (see appendix for a summary of these questions and the Fund’s responses).

Next steps

The FSS consultation period closed on 31 December 2025.

All comments received during the consultation are considered by Fund Officers before preparing the final 2025 valuation FSS (which will then take effect from 1 April 2026). The final FSS provides the framework (until the next review date), for all employers participating in the Fund including new employers joining and employers exiting the Fund over this period.

The next full review of the FSS is due to take place as part of the 2028 formal funding valuation, however ad-hoc revisions to the FSS and policies are possible, with any material changes needing formal approval by Pension Committee.

For and on behalf of Hymans Robertson LLP

Appendix 1 – Survey on the FSS accessibility and consultation process

The Fund shared the draft FSS with all employers and requested that they all access an Employer Engagement Portal (hosted by the Fund Actuary) to share their views on the FSS, ensuring the fund has facilitated and can document an effective FSS consultation.

At the time of writing, 57% of the employers who were issued employer results (and invited to respond to the consultation) have responded via the Portal. The Fund views this as a very successful response rate and is a significant increase in employer engagement from previous valuations.

Employers were surveyed on the accessibility of the FSS document and the consultation process to ensure this has been effective (or otherwise). A summary of these responses is below:

Chart 1: Employer responses via the portal

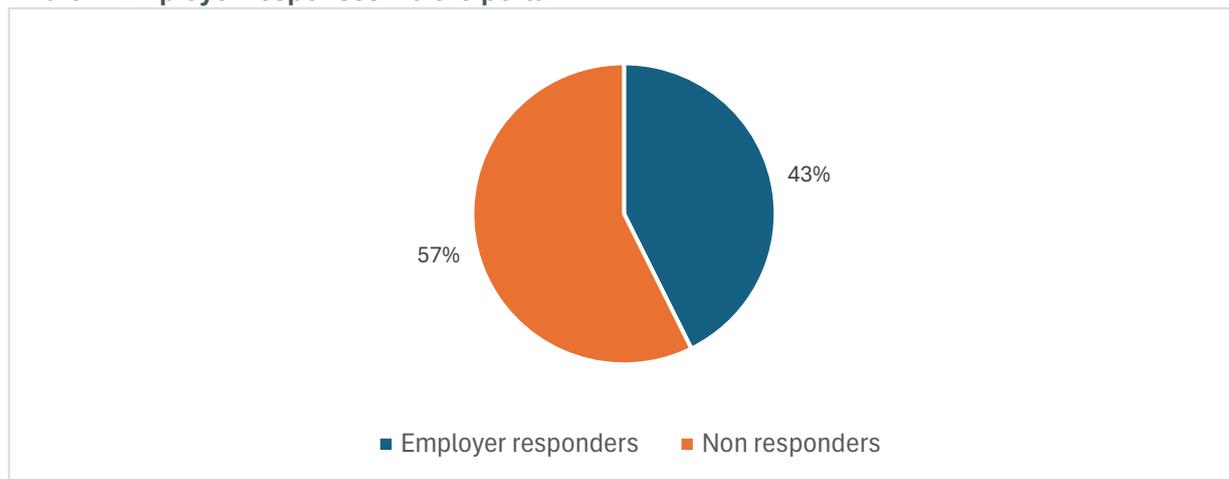


Chart 2: The FSS is clear and concise, it uses plain English and avoids acronyms, where possible

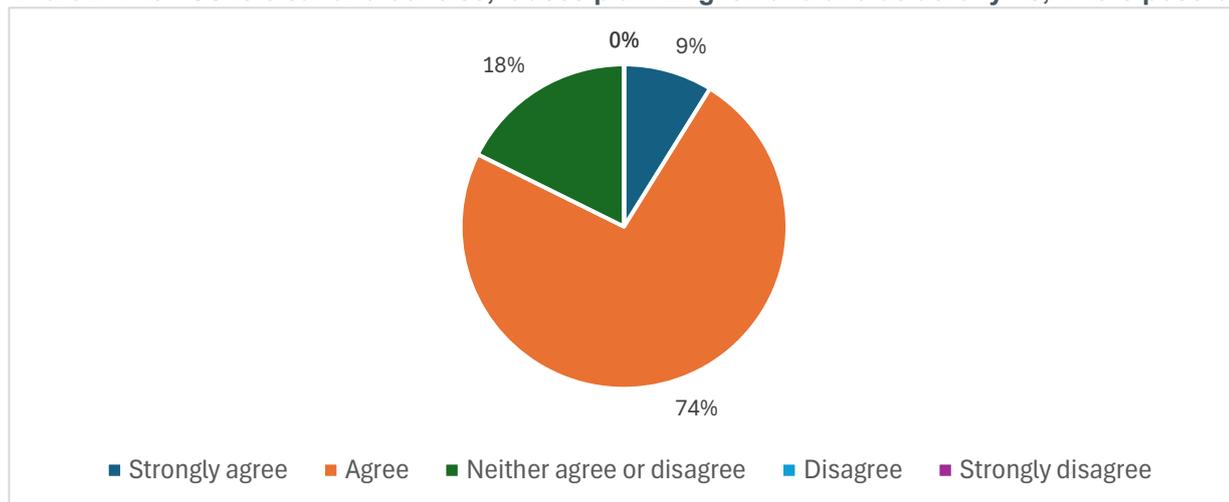


Chart 3: The FSS is informative and I have sufficient time to prepare a response within the FSS consultation period

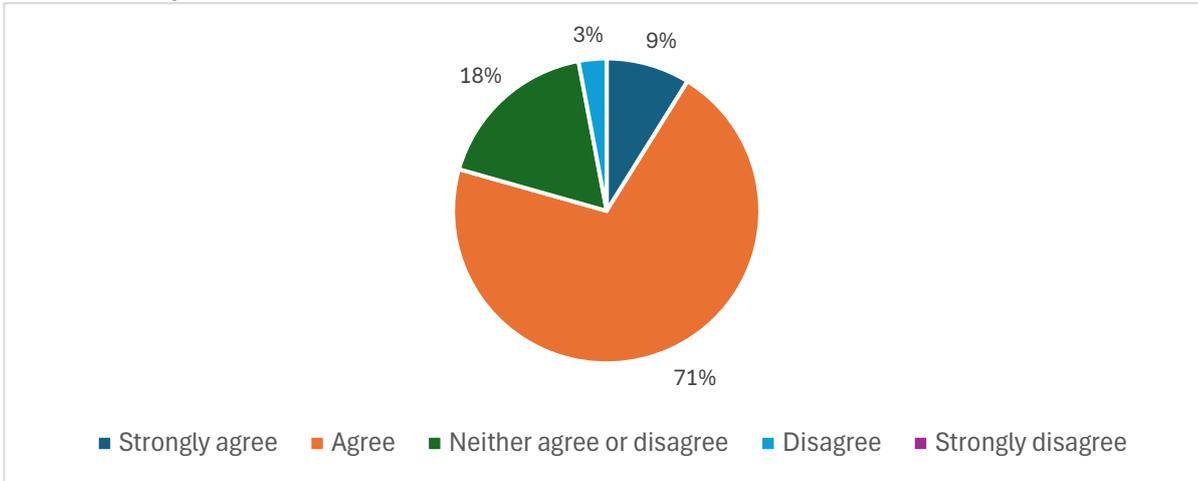


Chart 4: I have been provided with sufficient detail about the policies adopted within or alongside the FSS, such as policies on employer exits

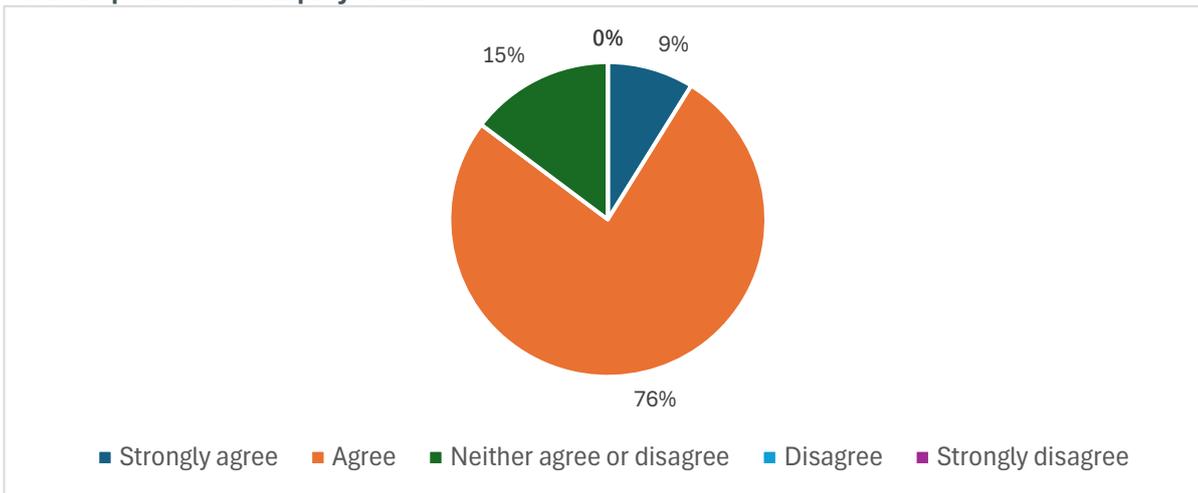
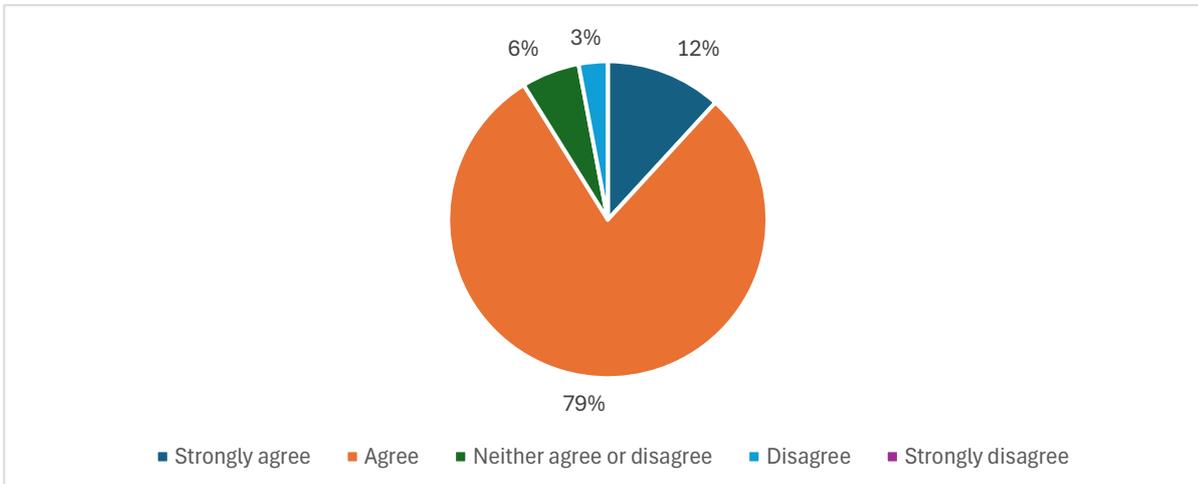


Chart 5: I understand what the next steps in the process will be and how the outcome of the consultation will be communicated



Appendix 2 – Employer questions and comments on the FSS

Within the Employer Engagement Portal, employers were asked to provide any specific questions or comments on the draft FSS. From the employers who responded, there was a significant number of positive comments – noting that the information has been helpful and that employers are satisfied with the process and the outcomes.

Where employers provided questions or challenges, these broadly fell into the following categories:

- **Contribution strategy, prudence and surplus management:** how the fund has calculated employer contribution rates and how the fund is managing employer surpluses via contribution rates (and policies).
- **Policies:** questions on specific funding policies, either contained within the core FSS document or the additional policy documents.
- **Other funding factors:** other questions or comments on valuation outcomes, not specifically related to aspects of the FSS.

A summary of these questions / comments and the Fund's responses to these are below.

Contribution strategy, prudence and surplus management **Minimum likelihood of success ('prudence')**

Question / comment: *The fund has increased prudence. What is the rationale?*

Response: Regulations set out a requirement for actuaries (and funds) to set prudent assumptions for valuing pension benefits to support the aims of solvency, stability and to ultimately protect member benefits. 'Prudence' is not clearly defined anywhere in the Regulations or supporting guidance, however it is generally accepted that funds should aim to strike a balance of not being too prudent or imprudent. This typically leads to prudence levels falling somewhere between 70% and 85% across the LGPS. The level of prudence adopted at any point in time reflects several factors, including each fund's risk appetite and the prevailing funding and economic environment.

It is the Fund's view that there are increased uncertainties around inflation, future investment returns and wider risks such as climate at the 2025 valuation. Given the wider economic environment, coupled with the current funding position, the Fund has taken the view to increase prudence to 85% (from 80% in 2022) to support longer-term stability and cost efficiency.

The level of prudence adopted at any point in time reflects several factors, including each fund's risk appetite and the prevailing funding and economic environment. Based on these factors, the Fund has taken the view to use a prudence of 85% at the 2025 valuation (noting this change is not specific to academies but applies to all Fund employers including local authorities and colleges).

The level of prudence has been approved by the pension committee as part of the over-arching governance of the valuation process and will remain under review at future valuations. In the future, given different economic or funding conditions, it may be appropriate to reduce prudence to continue to support the Fund's aims of affordable, stable contributions for employers.

Stabilisation mechanism

Question / comment: *Stability is not a legal requirement of the Regulations. Why does the Fund apply this?*

Response: The Fund strongly believes that stabilisation of total contribution rates is appropriate for the funding of its long-term employers. It reduces contribution volatility, supports long-term planning for employers and is consistent with the Fund's broader risk management objectives.

Note the stabilisation mechanism is being temporarily breached (by the application of greater than normally permitted contribution reductions) at this valuation only for district and borough councils as a result of upcoming LGR within the county of Suffolk.

Surplus management

Question / comment: *How will employer contribution rates be managed if the continued stabilisation mechanisms create significant overfunding over the next three years, and what provisions are there for reviewing these rates under such circumstances*

Response: The stabilisation mechanism which is applied to contribution rate strategy is based on our aim to reduce contribution volatility and support long-term budgetary certainty for employers. We believe this aligns with the needs of academies and their sponsoring bodies given their secure position in the Fund as long-term participants.

As part of each formal triennial valuation exercise, the long-term funding strategy for the Fund is reviewed. This includes consideration of whether the current contribution stability mechanism remains appropriate based on results from Asset Liability Modelling. Regard is given to the cost of future benefit accrual.

However, the Fund believes that it is important to consider the full 20-year modelling period and therefore, inter-generational fairness. If significantly lower rates are paid now, and surplus used by year 20, thereafter the contribution rate may need to fund future benefit accrual at a likely higher rate. Materially increasing or decreasing rates at subsequent valuations may benefit/cost future generations of taxpayers at the cost/expense of the current generation.

Contribution levels

Question / comment: *The Fund's proposed funding approach could result in employer's paying contributions that are materially higher than necessary.*

Response: We do not believe the contribution rates are materially higher than necessary and we believe they adequately reflect the funding environment and market conditions as set out in prudence and stability mechanism responses.

Policies

Early retirement strains

Question / comment: *Employers should be allowed to offset the current strong funding position against any future early retirement strain costs (which are currently required to be paid in full when they occur, regardless of the current funding position).*

Response: The Fund will not consider offsetting early retirement strains against the funding position as this is an employer choice and such an action could create moral hazard.

However, where there is an early retirement strain on ill health grounds, the Fund may consider whether this can be offset against any funding surplus in certain circumstances.

Asset allocation for converting academies

Question / comment: *initial funding levels of academies upon conversion are capped at 100% (even when the local authority is in significant surplus). The academy has contributed towards this surplus (as an LEA school) and should benefit in full. In the past, when local authorities were in deficit, academies took on a share of this deficit on conversion.*

Response: On conversion from LEA status, assets of no more than the fully funded (100%) value of the transferring liabilities are transferred to the Academy/MAT. This is on an “ongoing basis”.

When the local authority is in surplus, this ensures that any surplus in respect of the transferring liabilities is retained by the local authority. This is appropriate because the local authority is responsible for meeting the deferred and pensioners obligations of former staff of the transferring school. This provides protection to the local authority from adverse market conditions that may arise and worsen the funding position (specifically, in respect of the legacy deferred and pensioner obligations).

This is a common approach applied across the LGPS, and it is in line with principles that generally apply when determining asset shares in other situations.

If it were possible to identify the deferred and pensioners obligations of each converting LEA school, we could allow for the transfer of these liabilities to the Academy/MAT, and any surplus could also transfer (as the local authority wouldn't be on risk for any shortfall emerging in respect of these legacy liabilities).

Other funding factors

Pre-payment of contributions

Question / comment: *the funding position of employers has likely improved significantly since the valuation date due to market movements, and this should be reflected in the contribution rates.*

Response: No Fund employers have pre-paid contributions historically and therefore there is no active policy in force.

In general, the Fund is amenable to an employer pre-paying positive secondary contribution rate amounts. However, the Fund would not encourage an employer pre-paying primary rate contributions due to the additional administrative work i.e. the requirement for annual (and triennial) checks once annual payroll is known to ensure the amounts are at least at the minimum level and the added investment considerations required. However, the Fund is willing to discuss the possibility of contribution prepayment options and terms for the period 1 April 2026 to 31 March 2029 if this is something an employer wishes to discuss further.

Suffolk Pension Board

Report Title:	McCloud Implementation
Meeting Date:	4 March 2026
Lead Councillor(s):	Councillor Richard Smith MVO
Director:	Nicola Beach, Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
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Brief summary of the item to be considered

1. This report provides the Board with an update on the progress of implementing the McCloud Remedy for the Fund in line with the legislation that came into force on 1 October 2023.

<p>2. The Board is asked to note the work that is in progress to apply the remedy for impacted members.</p>

Reason for recommendation

3. The Pension Board represents members and stakeholders in the Fund who are affected by the McCloud remedy.

Alternative options

4. There are no alternative options.

Main body of report

Background

5. When the LGPS changed from being a final salary scheme to a Career Average Revalued Earnings (CARE) scheme on 1 April 2014 protections were put in place for older scheme members. These underpin protections were brought in to ensure that older scheme members who were approaching retirement wouldn't be negatively impacted by the changes. The pension that these members built up in the CARE scheme between 1 April 2014 and 31 March 2022 (or their final salary normal pension age, if earlier) was compared to the pension they would have accrued in the final salary scheme if it hadn't closed, and if the final salary pension would have been higher, their CARE pensions were enhanced.

6. Following legal challenges, the underpin protection was expanded to include younger scheme members. This is known as the McCloud Remedy and was implemented legislatively for the LGPS through the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 ('the

2023 Regulations'), which came into force on 1 October 2023 but apply retrospectively. Following this, Statutory Guidance was issued to support administering authorities in the implementation of the LGPS McCloud remedy.

7. Government defined a 'McCloud Implementation Phase' (MIP), the period during which they expect the McCloud remedy to be implemented. Following this, McCloud is expected to be fully implemented and business as usual. The Pension Fund Committee decided in July 2025 that the period for implementing the McCloud remedy should be extended from 31 August 2025 to 31 August 2026 for all impacted members in the fund.

The McCloud Remedy Impact

8. The McCloud remedy may affect any member of the fund who:
 - i) was paying into the LGPS, or another public sector pension scheme, on or before 31 March 2012
 - ii) was also paying into the LGPS during the underpin period (between 1 April 2014 and the earlier of their final salary normal retirement age and 31 March 2022), or
 - iii) does not have a disqualifying break (i.e. gap in service of 5 years or more where they were not in the LGPS or another public sector pension scheme).
9. The statutory guidance prioritises these into groups as set out below:
 - a) Group 1: New cases/calculations where final benefit entitlements are being calculated from 1 October 2023.
 - b) Group 2: Previously processed cases where:
 - i) There are ongoing payments
 - ii) There have been payments, but no ongoing payments
 - iii) There have not yet been payments, but final underpin amounts can be calculated.
 - c) Group 3: Active members not yet retiring

Implementation Progress

10. The team have continued to validate the list of member records in scope by evaluating the individual records in more detail. There are 17,809 member records in scope, which includes 2,284 member records that were covered by the original underpin as their benefits also need to be reviewed under the new rules.
11. In order to complete this work as efficiently as possible the implementation plan focuses on:
 - a) Using bulk calculations and processes as much as possible, minimising the need for individual calculations which take longer. Individual calculations are still likely to be needed for more complex cases.
 - b) Piecing together seven years of payroll history data that employers were asked to provide to ensure it is as complete as possible and calculations are accurate and fair for members.

- c) Loading data provided by employers that is needed to undertake calculations. This enables use of bulk calculations and avoids the team having to look it up on a case-by-case basis whilst undertaking individual calculations.
12. The statutory guidance set out that Group 1 cases, where benefits were being calculated after the legislation was implemented, were the highest priority to avoid more retrospective calculations being required. However, the approach being taken by the Fund means that Groups 1 and 2, covering previously processed cases, will be happening at the same time.
 13. For an underpin calculation to be undertaken on all in scope records, either individually or in bulk, it is necessary to create additional screens on the member record. These have now been created for over 75% of records in scope with the remainder requiring an update to the record before the additional screen can be created.
 14. The payroll data that has been provided by employers has been matched to records and gaps in data in have been identified. It has been established that the fund has been provided with over 80% of the required data. This can now be loaded onto records so that accurate underpin calculations can be completed. The load of data is initially focussed on those records where an underpin amount is expected and once complete the team will be able to undertake individual calculations as new final benefit cases are received. The team are already processing cases where members are transferring benefits from another fund in line with McCloud.
 15. The fund is contacting those employers that have not provided everything that is required. They are being sent lists of member records where data is required so that the exercise can be undertaken as efficiently as possible.
 16. Letters are being updated to inform members that the impact of McCloud has been included in their benefits calculation. Where a retrospective calculation is undertaken which results in the member being entitled to higher benefits, they will be sent a letter to inform them of the adjustment being made. It will be confirmed via the newsletter when all retrospective calculations have been completed.
 17. All active and deferred members will receive details of the impact of McCloud on their benefits when they receive an Annual Benefit Statement in August 2026. They make up half of the in-scope records. The updates to their records are taking place alongside the other in scope members so it is expected that the impact of the underpin calculation will be visible to them on Engage before the Annual Benefit Statements are produced. If this is the case information on this will be available on Engage and they will be informed via the newsletter.

Conclusion

18. The work to the implement the McCloud remedy is progressing well alongside business-as-usual activities. It is expected that the 31 August 2026 deadline for completing the implementation will be met.

Sources of further information

No other documents have been relied on to a material extent in preparing this report.

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Suffolk Pension Board Forward Work Programme

Purpose

The purpose of this forward work programme is to support the Pension Board in promoting and strengthening corporate governance across the Council.

Terms of reference

The terms of reference of the Suffolk Pension Board are:

- a) to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS
- b) to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator
- c) to secure the effective and efficient governance and administration of the LGPS for the Suffolk Pension Fund
- d) in such other matters as the LGPS regulations may specify
- e) to provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
Tuesday 28 July 2026	Added 10 December 2025	Complaints, Compliments and Administration Performance	To receive a report on the administration performance of the fund, including complaints and compliments.	Written Report
	Added 10 December 2025	Government Pension Review	To update on meeting the requirements of the Government Pension Review	Written Report
	Added 10 December 2025	Annual Investment Performance Review	To receive a report on the investment performance of the Pension Fund for 2025/26	Written Report
	Added 10 December 2025	Internal Audit	To receive a report on the internal audit of the Pension Fund during 2025/26	Written Report
	Added 10 December 2025	Board Training Programme	To consider the Board's training programme for the next 12 months	Written Report
	Added 10 December 2025	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
Thursday 15 October 2026	Added 4 March 2026	Complaints, Compliments and Administration Performance	To receive a report on the administration performance of the fund, including complaints and compliments.	Written Report
	Added 4 March 2026	Annual Report and Accounts	To receive the Annual Reports & Accounts for 2025-26	Written Report
	Added 4 March 2026	Pension Board Risk Register	To review the Pension Board Risk Register	Written Report

Note: Additions and amendments to previous Forward Agenda are marked in bold.

If you have any questions or queries, please contact Tracey Woods. Email: tracey.woods@suffolk.gov.uk, Telephone: 01473 265639.

Revised: February 2026

Items for consideration/scheduling: