

## Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

### Scheme Employer Representatives:

Councillor Richard Rout, representing Suffolk County Council.

John Chance, representing all Borough, District, Town and Parish Councils.

Thomas Jarrett, representing all other employers in the Fund.

### Scheme Member Representatives:

Pauline Bacon, representing the Unions.

David Rowe, representing Active Members.

Eric Prince, representing Pensioners.

**Date:** Monday, 19 July 2021

**Venue:** This meeting will be a remote meeting and therefore will not take place in a physical location.

The live broadcast will be available to [watch online](#) whilst the Board is sitting in public session.

**Time:** 2:00 pm

## **Business to be taken in public:**

1. **Election of Chairman and Vice Chairman**  
The Committee is invited to elect a Chairman and Vice Chairman for the 2021/22 municipal year.
2. **Apologies for Absence**  
To note and record any apologies for absence.
3. **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.
4. **Minutes of the Previous Meeting** Pages 5-10  
To approve as a correct record, the minutes of the meeting held on 12 March 2021.
5. **Investment Performance** Pages 11-41  
To receive a report on the investment performance of the Fund from HSBC, the Fund's investment performance monitoring provider.
6. **Pensions Administration Performance** Pages 43-46  
To receive a report summarising the compliments, complaints and administration performance of the Fund.
7. **Management Expenses** Pages 47-54  
To consider the management expenses of the Fund for 2021/22.
8. **ACCESS Pool Update** Pages 55-57  
To receive an update on the ACCESS pool and the progress of pooling assets.
9. **Pension Board Training Plan** Pages 59-72  
To consider the Board's training programme for the coming year.
10. **Information Bulletin** Pages 73-78  
To receive an information bulletin on some recent developments that will be of interest to the Board.

11. **Risk Register** Pages 79-88

To review the Pension Board Risk Register.

12. **Forward Work Programme** Pages 89-91

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

**Date of next scheduled meeting:** Friday, 1 October 2021 at 11:00 am

## Access to Meetings

Suffolk County Council is committed to open government. The proceedings of this meeting are open to the public, apart from any confidential or exempt items which may have to be considered in the absence of the press and public.

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Telephone: 01473 264371;

Email: [committee.services@suffolk.gov.uk](mailto:committee.services@suffolk.gov.uk); or by writing to:

Democratic Services, Suffolk County Council, Endeavour House, 8 Russell Road, Ipswich, Suffolk IP1 2BX.

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[www.suffolk.gov.uk/council-and-democracy/the-council-and-its-committees/apply-to-take-part-in-a-public-meeting#filming](http://www.suffolk.gov.uk/council-and-democracy/the-council-and-its-committees/apply-to-take-part-in-a-public-meeting#filming).

**Nicola Beach**  
**Chief Executive**

Minutes of the Suffolk Pension Board Meeting held remotely on Friday 12 March 2021 at 11:00 am.

Present: Councillor Gordon Jones (Chairman) (representing Suffolk County Council), John Chance (representing all Borough, District, Town and Parish Councils), Thomas Jarrett (representing all other employers in the Fund), Eric Prince (representing Pensioners) and Suzanne Williams (representing the Unions).

Supporting officers present: Rebekah Butcher (Democratic Services Officer), Susan Cassedy (Democratic Services Officer), Paul Finbow (Senior Pensions Specialist), Stuart Potter (Pensions Operations Manager) and Sharon Tan (Pensions Technical Specialist).

#### **10. Apologies for Absence**

Apologies for absence were received from David Rowe (representing Active Members).

#### **11. Declarations of Interest and Dispensations**

Eric Prince and Suzanne Williams declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

John Chance and Thomas Jarrett declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

*Before progressing with the agenda, Councillor Gordon Jones paid tribute to Suzanne Williams whose term of office on the Board was coming to an end, with this being her last meeting. He thanked her for all the work she had achieved on behalf of the Board, and her representatives, and wished her the best for the future.*

*Councillors Jones also confirmed that this was his last meeting as he would not be standing for re-election in May 2021. Eric Prince expressed his gratefulness to the Chairman on behalf of the Board, remarking on his calm and sympathetic approach to chairing the meetings, recognising how quickly he had to learn, which Members appreciated. He referred to Councillor Jones' tenure at SCC, having served two terms and being a member of the Cabinet for seven years. The Board wished him the best for the future.*

#### **12. Minutes of the Previous Meeting**

The minutes of the meeting held on 11 December 2020 were confirmed as a correct record and would be signed by the Chairman.

### **13. Pensions Administration Performance**

At Agenda Item 4, the Board received a report which provided an update on the performance of the Pensions Administration Team, details of any compliments and complaints received and the receipt of contribution payments.

The Pensions Operations Manager introduced the report.

In response to a question from a Member, the Pensions Operations Manager confirmed that an undecided leaver was a person who had left the Fund but was not old enough to take their pension. The backlog in this area had been there for a number of years, however, a resource was now in place to tackle the backlog and avoid it in the future.

The Chairman complimented the Pensions Administration Team on the continued high-level of performance, whilst working from home which he said had been a challenge and he was grateful for their efforts. The Chairman also thanked officers and employers on the timeliness of the collection of contribution payments, recognising the challenges they faced during the pandemic over the past year.

**Decision:** The Board noted the report.

**Reason for decision:** The Board was interested in being provided with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Suzanne Williams declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

John Chance and Thomas Jarrett declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

**Dispensations:** There were none granted.

### **14. McCloud and Exit Cap Update**

At Agenda Item 5, the Board received a report which provided an update on the work associated with the McCloud ruling and the Exit Payments Regulations.

The Pensions Operations Manager introduced the report.

In response to a question from a Member, it was confirmed that should the Government revisit this in the future, as it had indicated, it would affect all funded public service pension schemes, not just the LGPS.

**Decision:** The Board noted the report.

**Reason for decision:** The Board was interested in being kept up to date on the work required for the McCloud remedy, the actions undertaken so far and information on the exit payments regulations cap.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Suzanne Williams declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

John Chance and Thomas Jarrett declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

**Dispensations:** There were none granted.

## **15. ACCESS Update**

At Agenda Item 6, the Board received an update from the Head of Pensions in relation to the ACCESS pool.

A summary update paper was provided at pages 17-19 of the agenda pack detailing the points considered at the ACCESS Joint Committee's meeting held on 13 January 2021. The Joint Committee had also met on Monday 8 March 2021.

The Board was informed that during November and December, ACCESS had created more sub-funds, which had increased the funds in ACCESS to just over £20 billion of pooled assets. Including the passive investments with UBS, ACCESS' pooling increased to £31 billion worth of assets. This was out of £55 billion in total, equating to 56% of ACCESS' total assets being managed through the pool. Members heard that Suffolk currently had 41% of its assets in the pool, and a further 19% was related to two mandates that were due to transfer in the next few months.

Members were advised that the insurance required under the operator agreement with Link presented some issues. Insurance cover was currently provided for up to £22 billion worth of assets, which was due to renew in April. Link had discussed with ACCESS its ability to renew and extend this cover from April and ACCESS were working with its insurance advisors, Locktons, as to what other possibilities there might be and whether there was any need for a change in the operator agreement. ACCESS was very close to the £22 billion limit now, and it was making it difficult for further sub-funds to be launched.

The Board also heard that the ACCESS Support Officer post had been appointed to and they were due to start next month. The Client Manager post would be advertised in the next few weeks, and this post was being put in place to ensure that ACCESS was delivering what the 11 funds required.

Another area of improvement that ACCESS was working on was its Communications plans. Engine MHP had been appointed to assist with this and they were also looking to develop the ACCESS website.

Members were also informed that ACCESS would be reviewing the governance manual and decision matrix documents that were set up to aid the ACCESS Support Unit (ASU) and the Joint Committee to make appropriate decisions.

A review had also taken place of the appropriateness of ACCESS using the rental model for operator services.

A Member asked whether the insurance advisors had indicated whether the additional cover was available, and at an acceptable price. The Head of Pensions confirmed that the advisors had concluded that it was getting more difficult at any price to get the additional cover. He said that Locktons were considering alternatives in the way the insurance requirements of the operator agreement could be met.

**Decision:** The Board noted the update.

**Reason for decision:** The Board was interested in being kept up to date with the progress of the ACCESS pool.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Suzanne Williams declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

John Chance and Thomas Jarrett declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

**Dispensations:** There were none granted.

## **16. Communications Strategy**

At Agenda Item 7, the Board received a revised copy of the Fund's Communications Strategy, which was recently reviewed and approved by the Suffolk Pension Fund Committee.

The report was introduced by the Technical Pensions Specialist.

**Decision:** The Board noted the revised Communications Strategy as set out at Appendix 1 of the report.

**Reason for decision:** The Board was aware that the Fund must maintain and publish an up-to-date Communication Strategy, to set out the expectations and performance standards expected of Suffolk County Council in its role as administering authority and the employers who participated in the Fund.

The Pension Board in its role as representing both Scheme members and Employers in the Fund, was interested in the Fund's Communications.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Suzanne Williams declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

John Chance and Thomas Jarrett declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

**Dispensations:** There were none granted.

## **17. Information Bulletin**

The Board noted the Information Bulletin at Agenda Item 8.

## **18. Risk Register**

At Agenda Item 9, the Board received a report which set out the Risk Register for the Pension Board as approved on 2 October 2020 and how the risk control measures had been implemented against the risks.

The Technical Pensions Specialist introduced the report.

**Decision:** The Board:

- a) noted the implementation of the risk control measures at Appendix 1.
- b) approved the Pension Board Risk Register as set out at Appendix 4.



- c) agreed to add a new risk in relation to the ACCESS pool. The wording would be proposed by officers and included as an agenda item at the Boards next meeting.
- d) wished to review the Risk Ratings associated with the Boards identified risks at its next meeting.

**Reason for decision:**

- a-b) The Board considered that 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 an area which was covered within the CIPFA Knowledge and Skills framework which recognised the importance of understanding the risks that could have an impact on the Pension Fund and what steps could be taken to mitigate such risks.

- c) In noting that the Pension Fund Committee had ACCESS included on its Risk Register at SPF24, the Board considered it important that a strategic risk should also be included on its own Risk Register. This was to ensure it reflected the changes seen in ACCESS since its inception, and especially now that billions of pounds were being managed by the pool. Members considered that it related to the Boards role in overall policy and strategy of the Fund, and ensuring it worked well. Members were also aware that all of Suffolk's funding would eventually be managed by ACCESS.
- d) The Board considered that some of the risk scores, such as SPB02, could possibly be downgraded from 'unlikely' to 'rare'. Members recognised the excellent work achieved by the Pensions Administration Team through its service level agreements scores and questioned whether a medium risk rating was necessary in view of some of the more recent significant risks that had been included.

**Alternative options:** There were none considered.

**Declarations of interest:** Eric Prince and Suzanne Williams declared a non-pecuniary interest by virtue of the fact they were each in receipt of a local government pension.

John Chance and Thomas Jarrett declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

**Dispensations:** There were none granted.

## **19. Forward Work Programme**

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

**Decision:** The Committee:

- a) agreed its Forward Work Programme as published with the following amendments:
  - i) to include an item for the Risk Register at its 19 July meeting.
  - ii) to schedule a review of the Policies of the Suffolk Pension Fund at either the September or December 2021 meetings of the Board.

**Reason for decision:**

- a) The Forward Work Programme was the responsibility of the Board under its Terms of Reference.
  - i) The Board wished to review the new risk in relation to ACCESS and review the risk ratings as confirmed at Minute 18.
  - ii) Members were aware that the timing of the review was dependent on when the Committee had approved the Fund's policies.

*The meeting closed at 11:57 am.*

Chairman

## Suffolk Pension Board

<b>Report Title:</b>	Investment Performance
<b>Meeting Date:</b>	19 July 2021
<b>Lead Councillor(s):</b>	Councillor Richard Rout
<b>Director:</b>	Chris Bally, Deputy Chief Executive
<b>Assistant Director or Head of Service:</b>	Louise Aynsley, Chief Financial Officer (S151 Officer)
<b>Author:</b>	Paul Finbow, Head of Pensions, Telephone: 01473 265288 Email: paul.finbow@suffolk.gov.uk

### Brief summary of report

1. This report provides a summary of the performance of the Suffolk Pension Fund for the 2020-21 financial year and performance against other local authority pension funds.
2. The total size of the Fund as at 31 March 2021 was £3.390bn, an increase of around £582m from the previous financial year.
3. The annual return of 20.6%, was ahead of the Fund's specific benchmark by 1.9%. The outperformance comes from stock selection decisions.
4. Compared with other local authority funds, the Suffolk lower weighting to equities and higher waiting to alternatives resulted in a lower return than the average return of 22.7% calculated by PIRC.
5. The Fund's absolute return over a rolling three-year period is 6.8%, below the benchmark by 0.4%. Compared to other local authority funds, the Suffolk Fund underperformed the local authority average by 0.8% per annum across the three years.

### Action recommended

- |  |
|--|
| 6. The Board is asked to note the performance of the Fund. |
|--|

### Reason for recommendation

7. The Board receives an annual update on the investment performance of the Fund.

### Alternative options

8. There are no alternative options.

## **Main body of report**

9. The performance of the Pension Fund has been analysed by HSBC and measured against market index returns and the Fund's benchmark. The performance analysis is attached as **Appendix 1**.
10. The Pension Fund also subscribes to the Local Authority Pension Performance Analytics service offered by Pensions & Investment Research Consultants (PIRC). **Appendix 2** shows the Suffolk Fund performance against the overall performance of 62 Local Authority Funds whose data is collected by PIRC.

## **Conclusion**

11. The Board is asked to note the performance of the Fund.

### **Sources of further information**

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



# Suffolk Pension Fund

## Performance Analysis to 31 March 2021

Date: June 2021





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Suffolk Pension Fund Performance Analysis - Fund Structure and Benchmark

Fund Structure and Benchmark

Structure	% Weight	Strategic Benchmark
<b>Total Assets</b>	<b>100.0</b>	<b>Total Composite</b>
<b>Total Equities</b>	<b>42.0</b>	Composite
<i>UK Equities</i>	<i>13.0</i>	<i>FTSE All Share</i>
<i>Overseas Equities</i>	<i>29.0</i>	<i>Composite</i>
<i>Emerging Markets</i>	<i>1.0</i>	<i>FTSE Emerging Markets</i>
<i>Global Markets</i>	<i>28.0</i>	<i>FTSE AW Developed/RAFI Portfolio Return/MSCI AW</i>
<b>Total Bonds &amp; Index Linked</b>	<b>26.0</b>	Composite
<i>Global Bonds</i>	<i>22.0</i>	<i>GBP 3 Month LIBOR+2% p.a.</i>
<i>Index Linked</i>	<i>4.0</i>	<i>FTSE Government Index Linked &gt; 5 Years</i>
<b>Total Cash</b>	<b>0.5</b>	GBP 3 Month LIBOR
<b>Property</b>	<b>10.0</b>	MSCI All Balanced Funds Index
<b>Private Equity</b>	<b>4.0</b>	FTSE World
<b>Infrastructure</b>	<b>9.0</b>	8% p.a.
<b>Absolute Return</b>	<b>6.0</b>	GBP 3 Month LIBOR+5% p.a.
<b>Illiquid Debt</b>	<b>2.0</b>	8% p.a.
<b>Timber</b>	<b>0.5</b>	8% p.a.

\* Benchmark and % Weights as per end of reporting period: 31/03/2021

Suffolk Pension Fund Performance Analysis - Market Results

Market Data Returns for 12 months ending: 31/03/2021



Comments:

All markets provided positive returns over the 12 months to end March 2021.

Equities as a whole offered the highest available returns in GBP terms, especially Overseas Equities and Private Equities.

Note: All market returns are unhedged and reported in GBP.

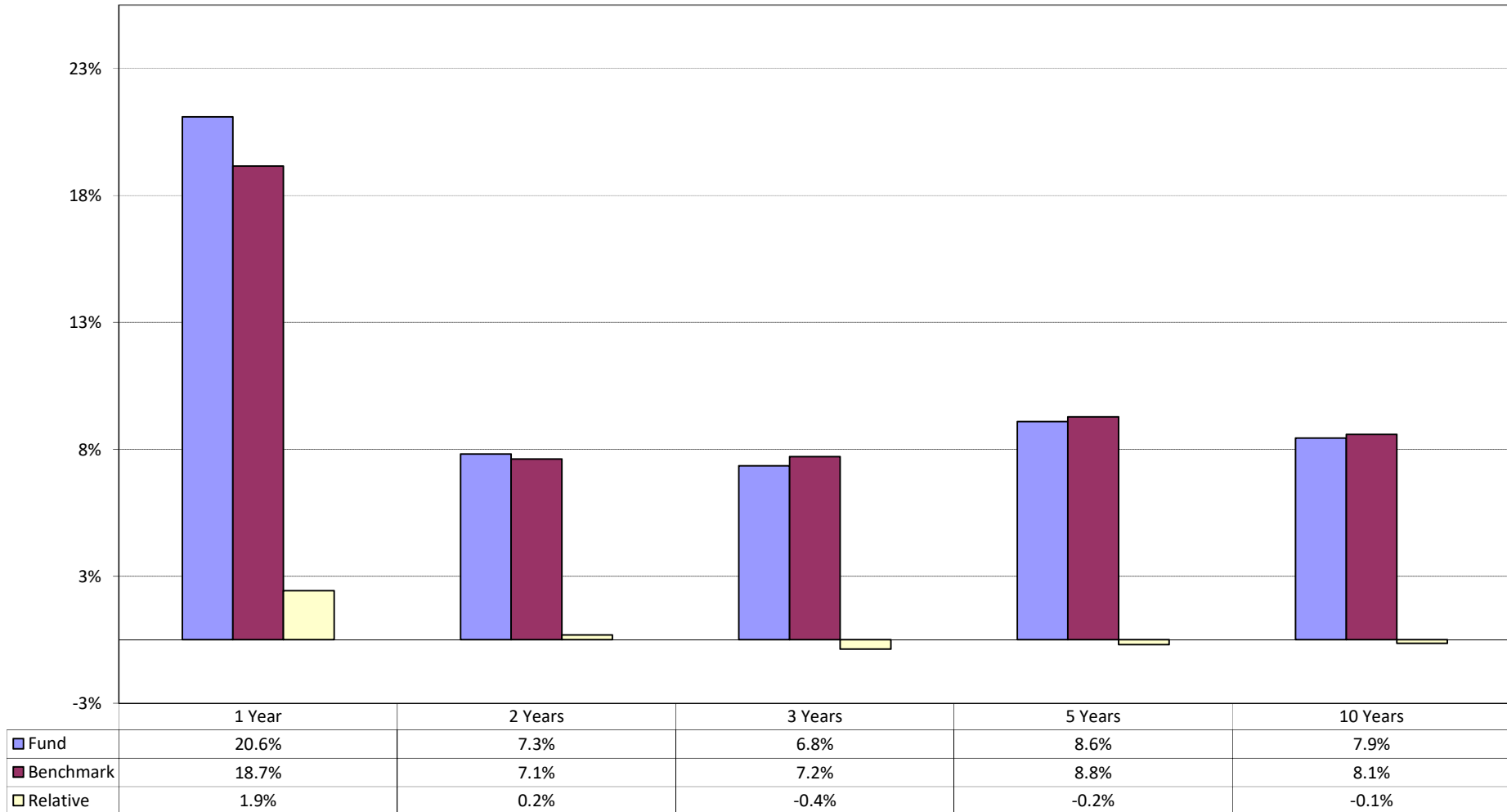
RAFI AW not reflected above as benchmarked against own return.



Suffolk Pension Fund Performance Analysis - Summary to Date

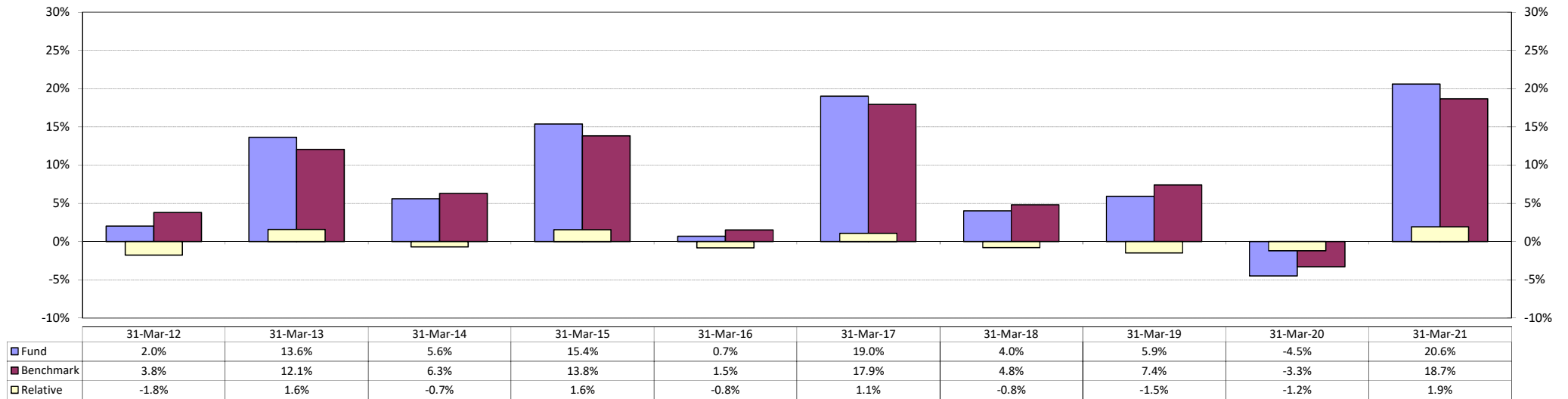
Annualised Returns - Total Fund

- Periods ending 31 March 2021



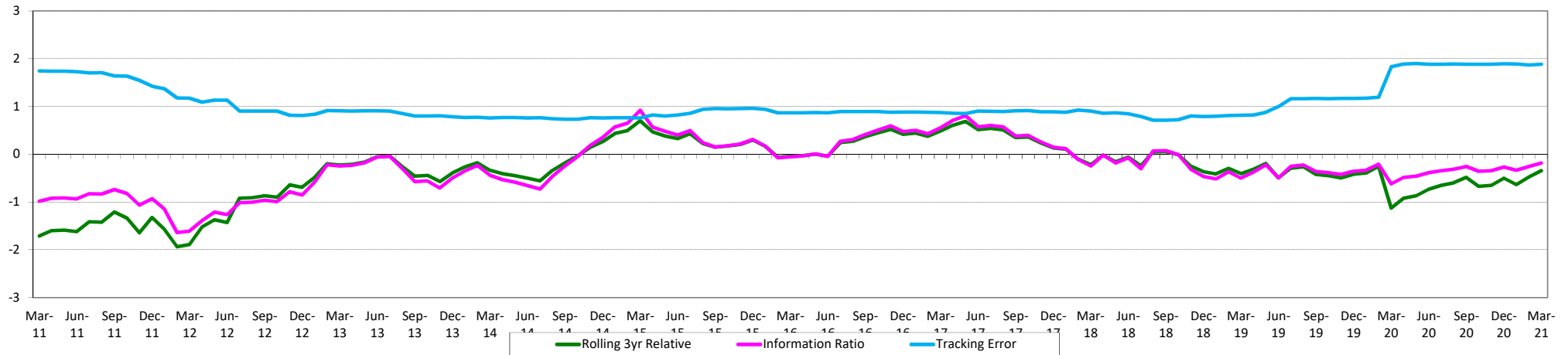
Suffolk Pension Fund Performance Analysis - Fiscal Summary and Risk

Historic Annual Returns - Total Fund, Fiscal Year Results



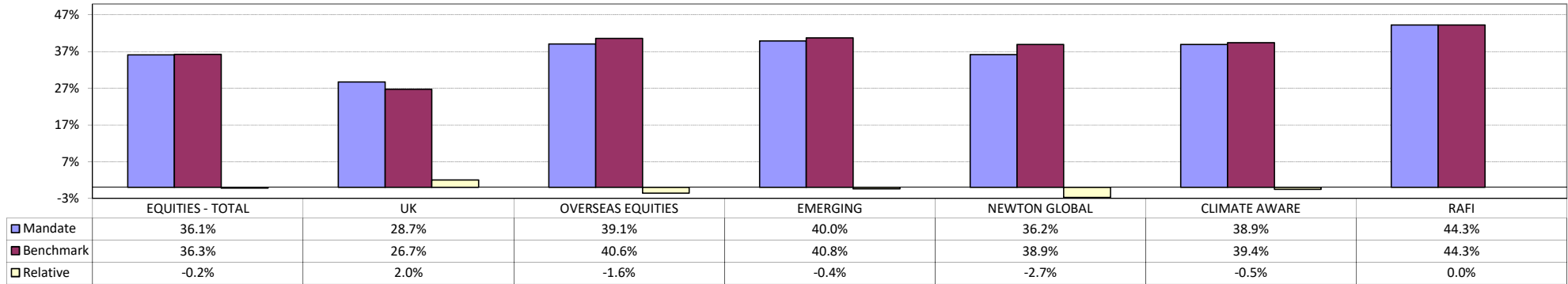
3 Year Annualised Rolling Returns - Total Fund, Relative Return

- Each plot represents the results for the 3 year period to that month, so this shows the gradual change in the relative return over time.
- The green line shows the rolling relative return (fund vs benchmark difference); the pink line shows the Information Ratio, or risk adjusted relative return for the same time period (risk measured by standard deviation).
- The blue line shows the Tracking Error, measured by the standard deviation (variability) of the three year relative returns. It is a measure of how closely the fund tracks the benchmark month on month.



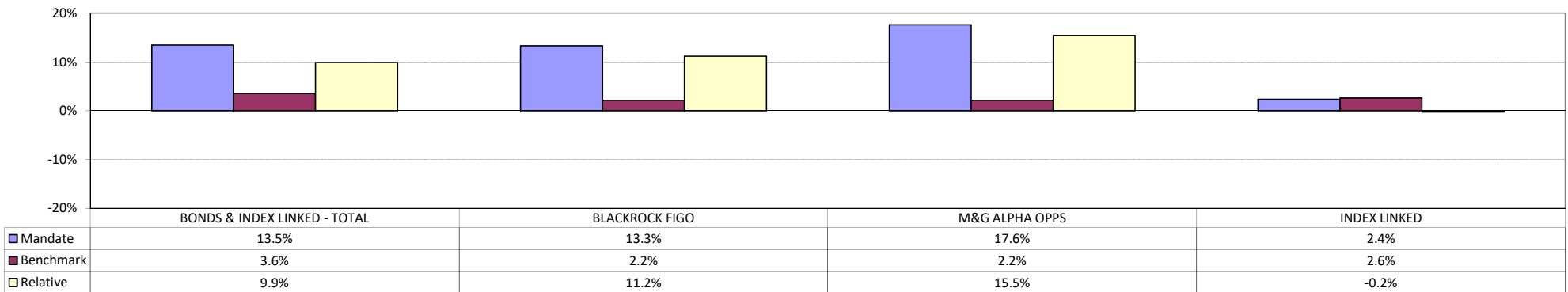
Suffolk Pension Fund Performance Analysis - Mandate Returns

Equities - 12 month returns

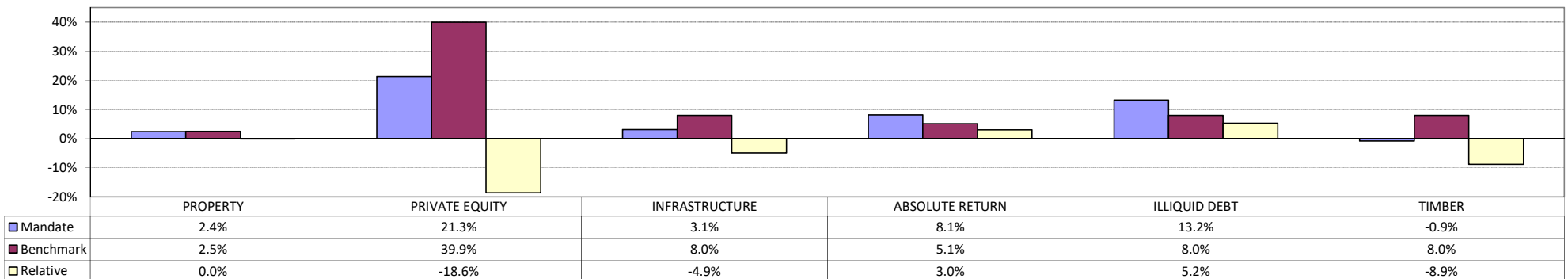


Inception: Aug 2019

Bonds & Index Linked - 12 month returns

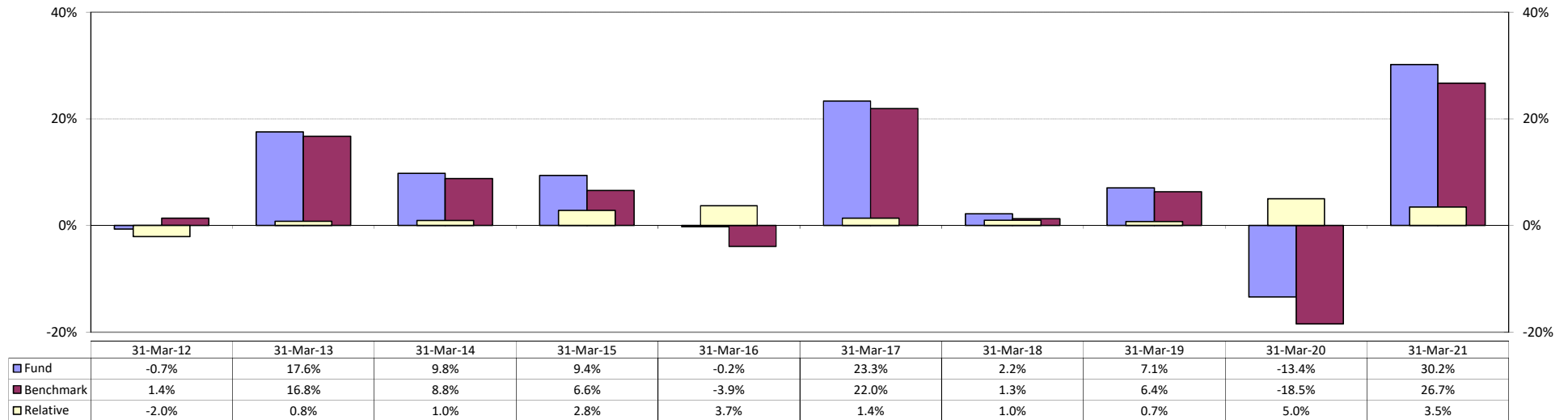


Alternatives & Property - 12 month returns



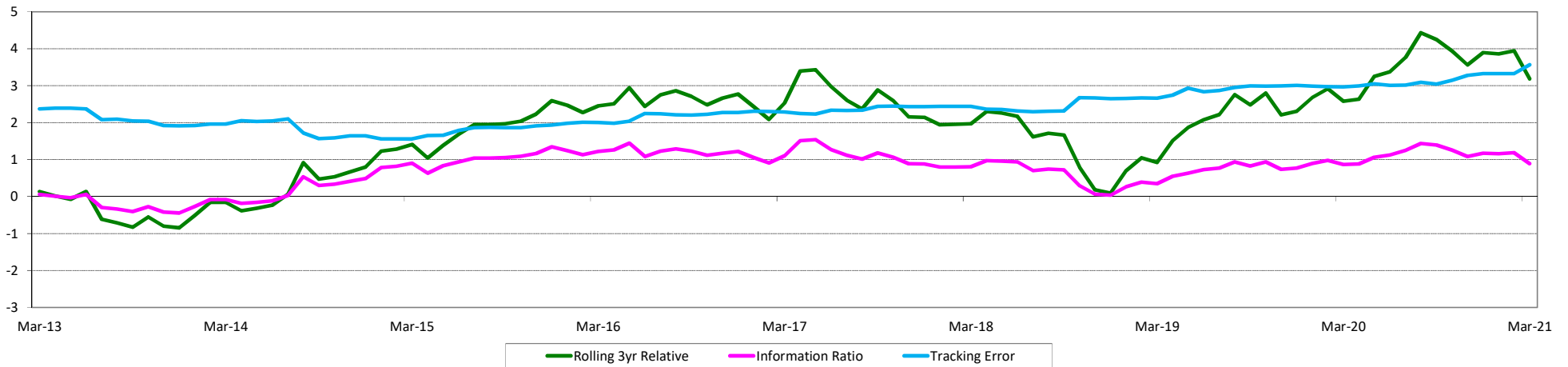
Suffolk Pension Fund Performance Analysis - Manager Summary

Historic Annual Returns - BlackRock Equities, Fiscal Year Results



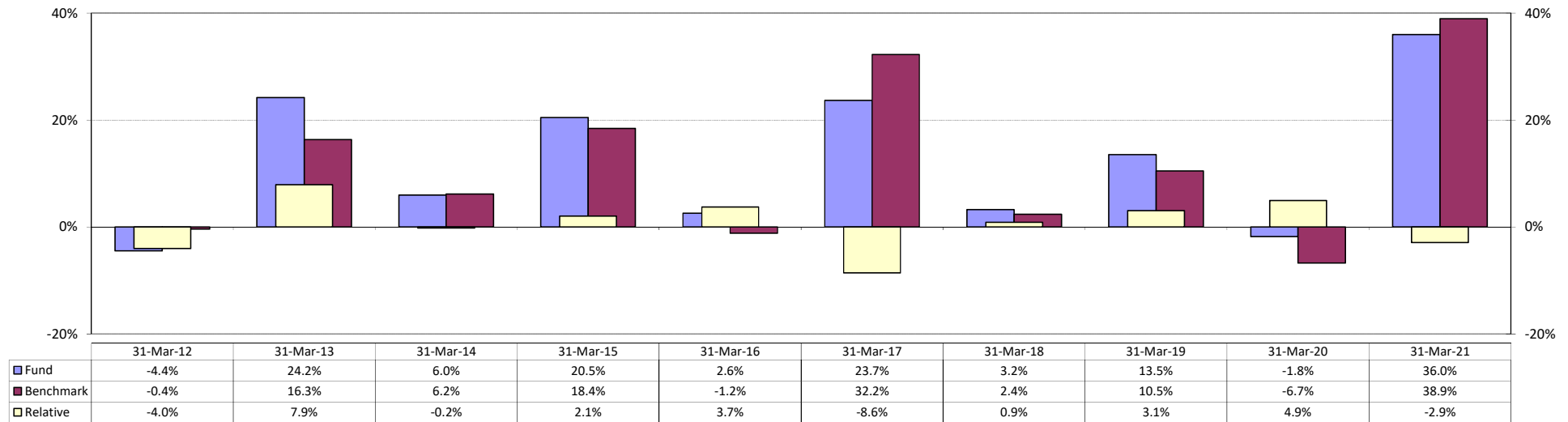
3 Year Annualised Rolling Returns - BlackRock Equities, Relative Return

- Each plot represents the results for the 3 year period to that month, so this shows the gradual change in the relative return over time.
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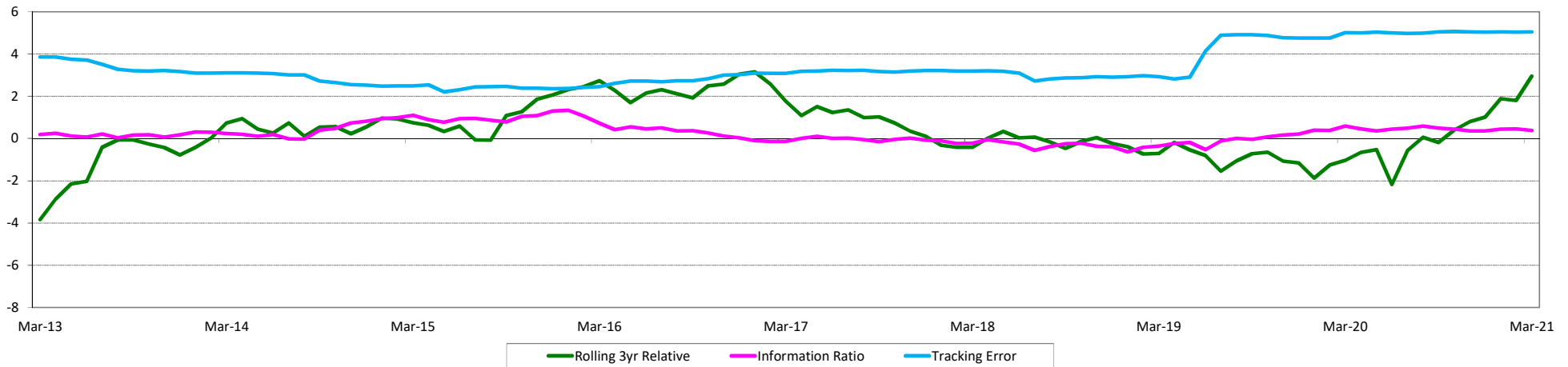
Suffolk Pension Fund Performance Analysis - Manager Summary

Historic Annual Returns - Newton, Fiscal Year Results



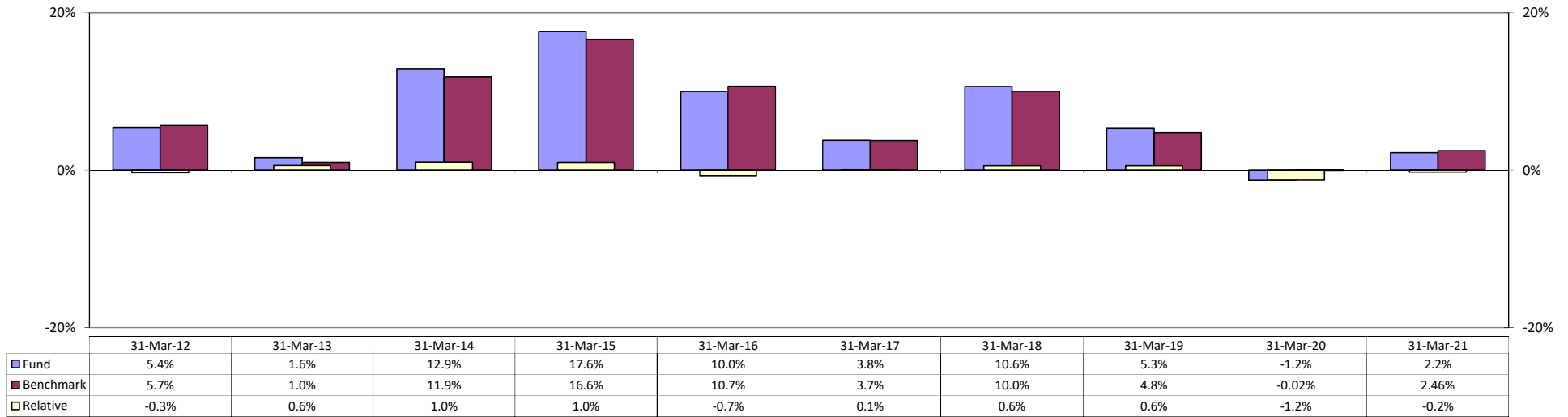
3 Year Annualised Rolling Returns - Newton, Relative Return

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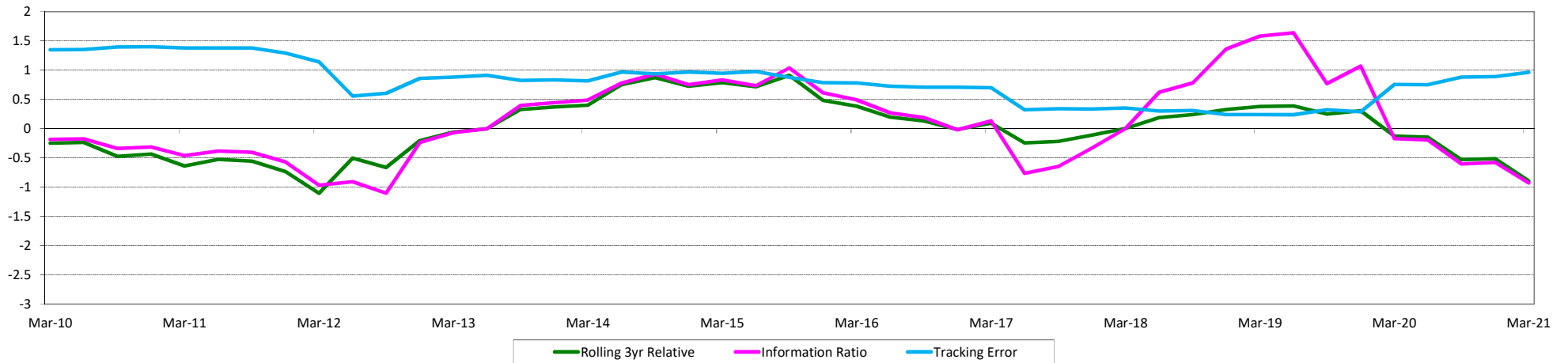
Suffolk Pension Fund Performance Analysis - Manager Summary

Historic Annual Returns - Schroders, Fiscal Year Results



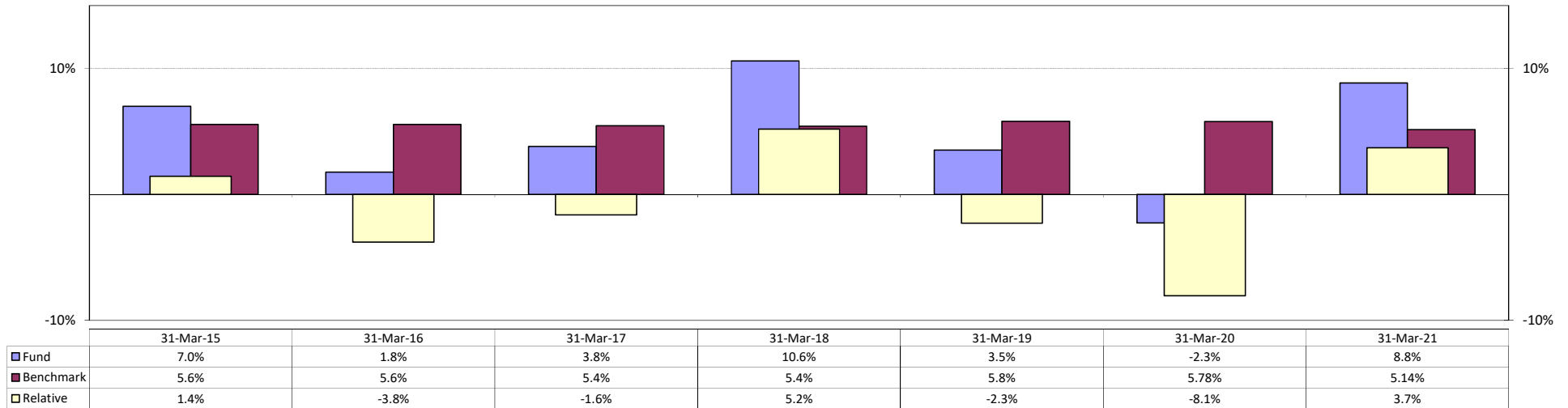
3 Year Annualised Rolling Returns - Schroders, Relative Return

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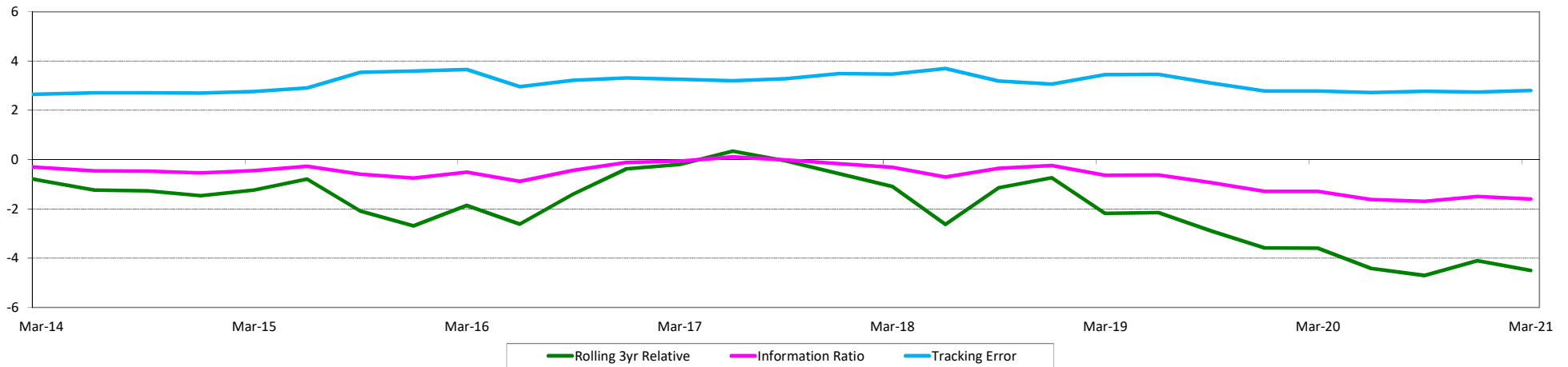
Suffolk Pension Fund Performance Analysis - Manager Summary

Historic Annual Returns - Pyrford Fiscal Year Results



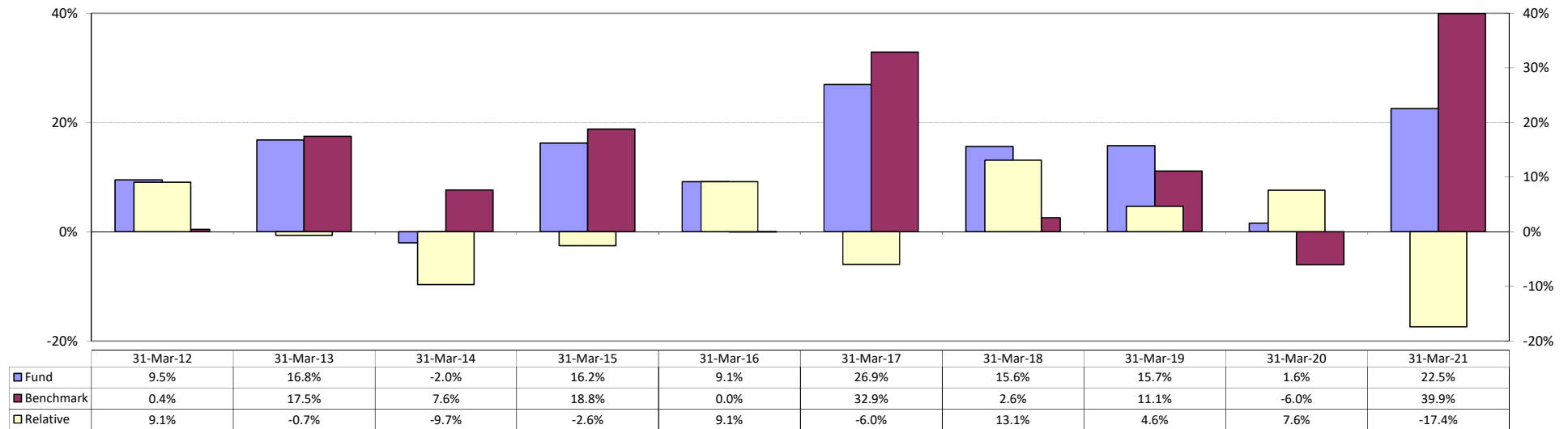
3 Year Annualised Rolling Returns - Pyrford, Relative Return

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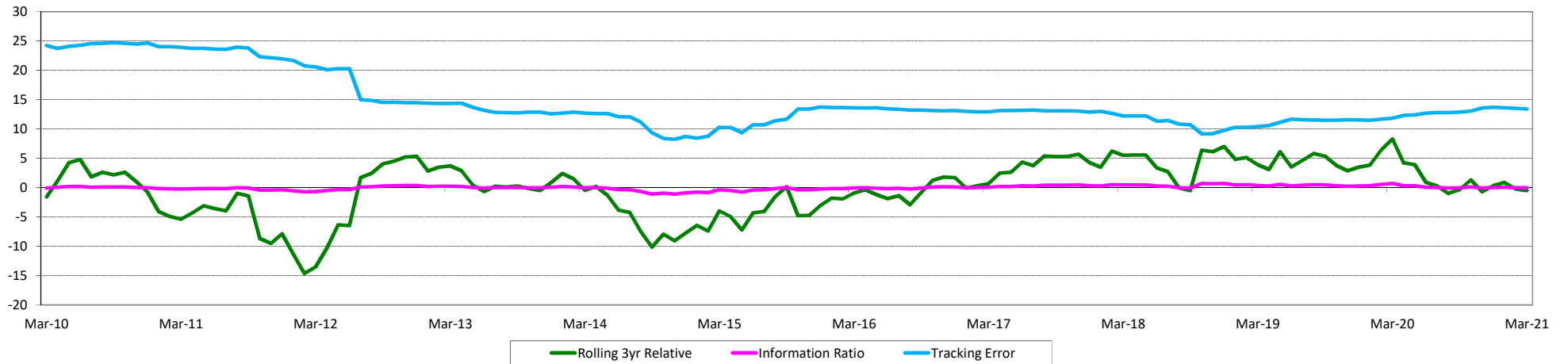
Suffolk Pension Fund Performance Analysis - Manager Summary

Historic Annual Returns - Private Equity, Fiscal Year Results



3 Year Annualised Rolling Returns - Private Equity, Relative Return

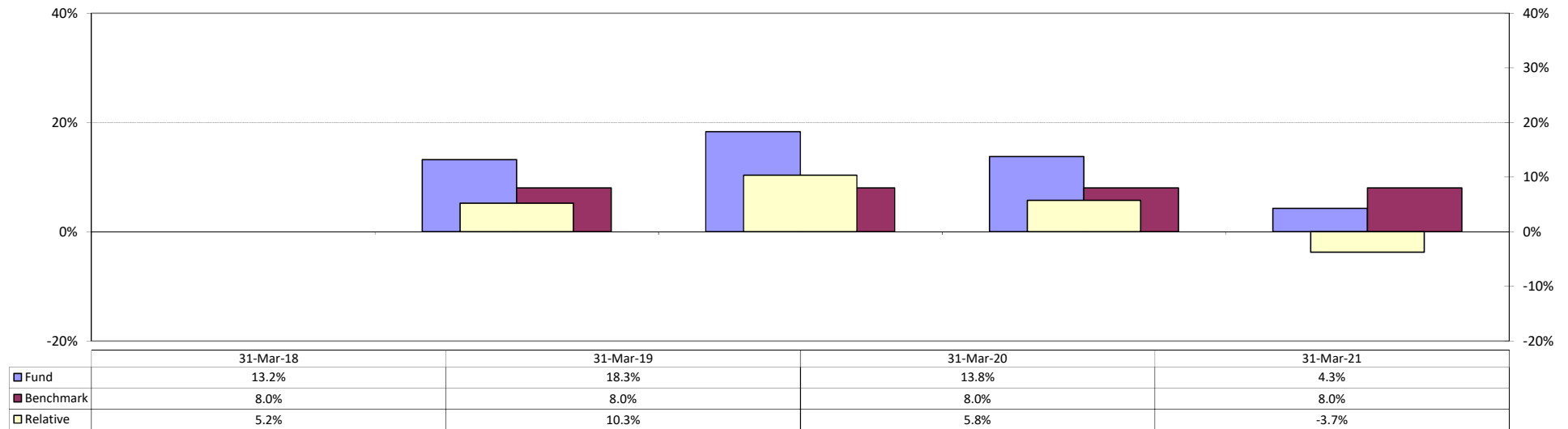
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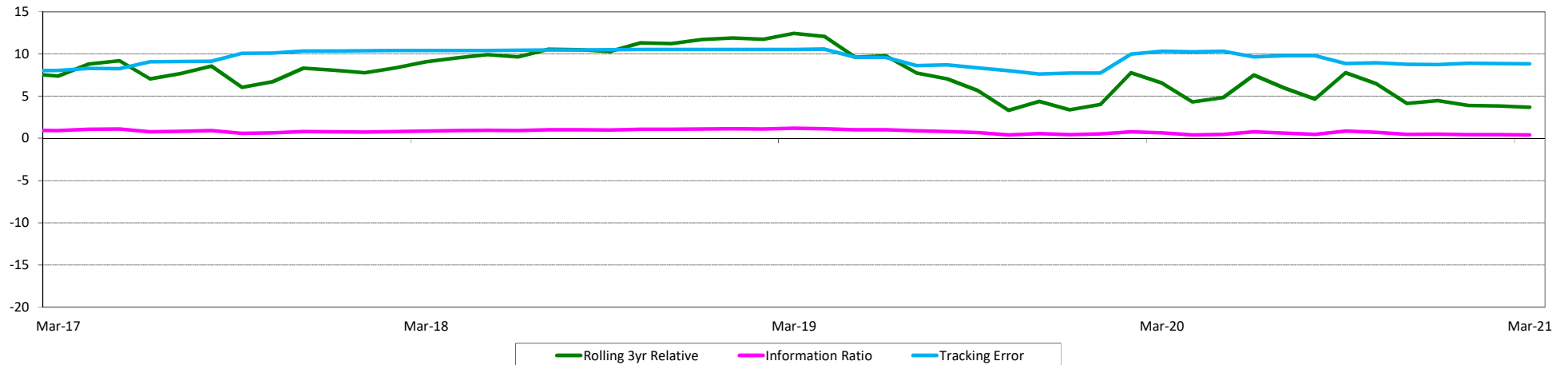
Suffolk Pension Fund Performance Analysis - Manager Summary

Historic Annual Returns - Infrastructure, Fiscal Year Results



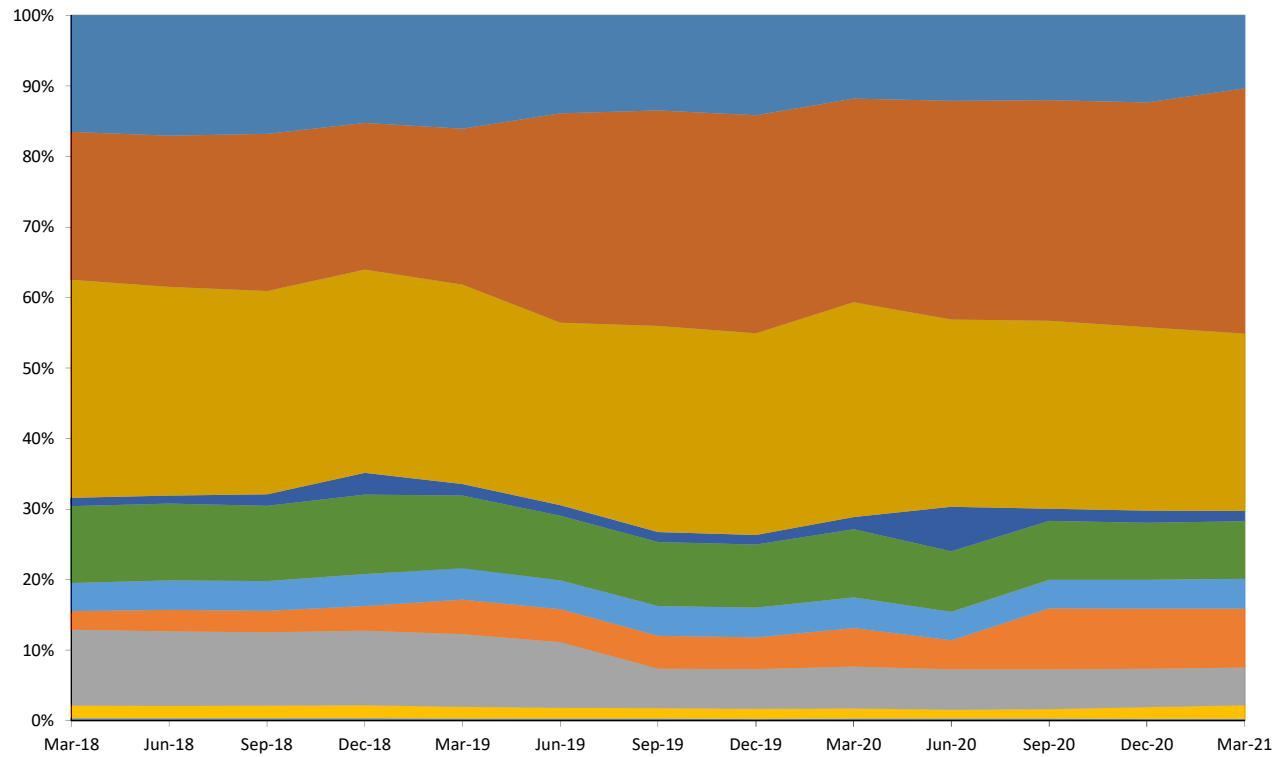
3 Year Annualised Rolling Returns - Infrastructure, Relative Return

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Suffolk Pension Fund Performance Analysis - 3 Year Allocation

Strategic Asset Allocation, 3 Year Progression:



Asset Class:

Asset Class	Start	End
Equities - UK	15.2%	10.3%
Equities - Overseas	27.1%	34.8%
Bonds & Index Linked	28.5%	25.1%
Cash	1.1%	1.5%
Property	10.1%	8.2%
Private Equity	3.7%	4.2%
Infrastructure	2.5%	8.3%
Absolute Return	9.9%	5.3%
Illiquid Debt	1.7%	2.0%
Timber	0.3%	0.2%

Comments:

- Over the 3 year time-frame, the Fund's exposure to Equities has increased, up from 42.3% to 45%
- Overseas equities experienced the largest rise in allocation up 7.7% to 34.8%
- Bonds as an asset class decreased from 28.5 to 25.1% over the same period
- Alternatives saw an increase of 2.1% to 20.1%, primarily driven by increased allocation for Private Equity and Infrastructure
- Allocation to Property has decreased slightly by 1.9% to 8.2%

Asset Class Grouping:

Asset Class Grouping	Start	End
Equities	34.5%	45.1%
Bonds	28.5%	25.1%
Property	10.1%	8.2%
Alternatives	18.0%	20.1%
Cash	1.1%	1.5%

Suffolk Pension Fund Performance Analysis - Long Term Manager Returns

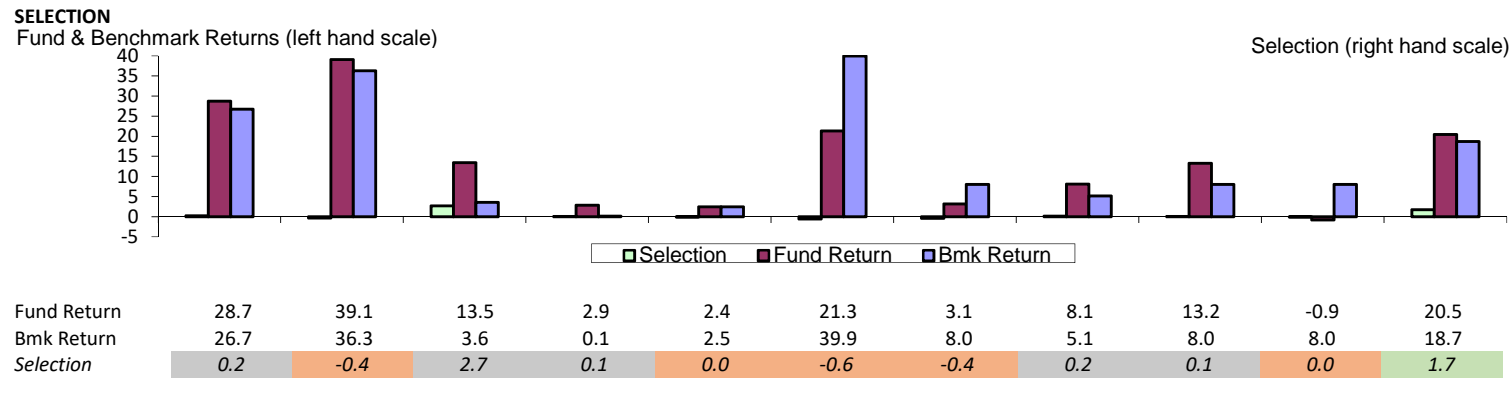
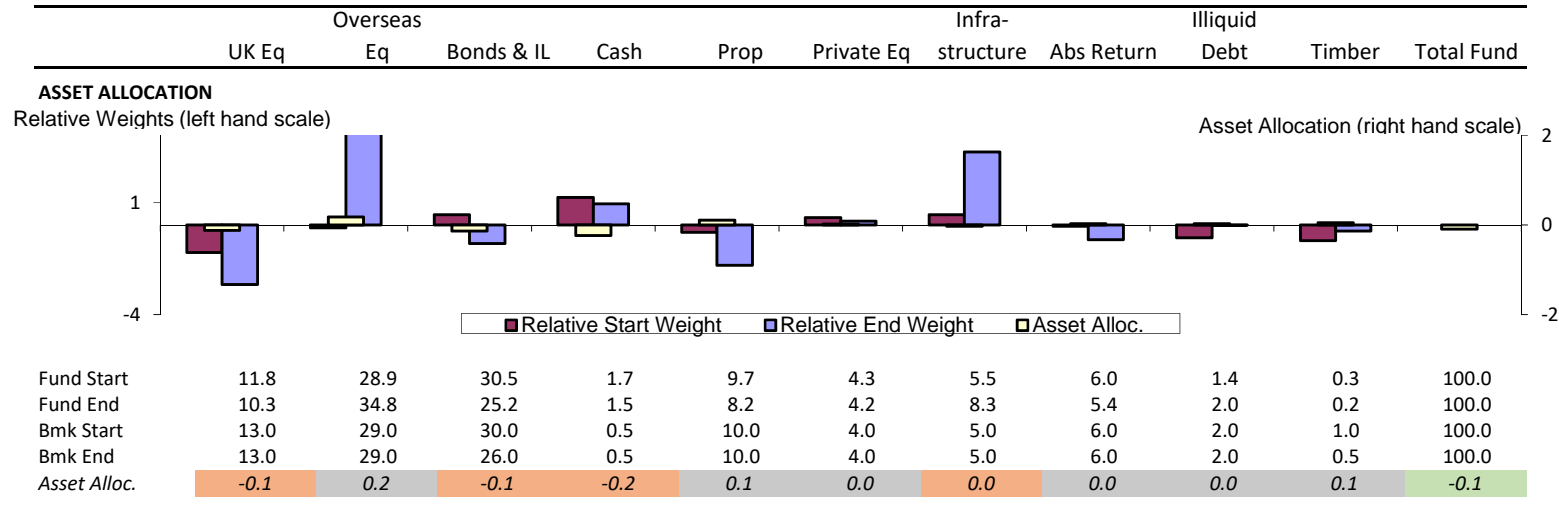
Manager Returns - Long Term Results

Mandate	One Year			Three Years			Five Years			
	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative	
<b>Suffolk Pension Fund</b>	20.6%	18.7%	1.9%	6.9%	7.2%	-0.4%	8.6%	8.8%	-0.2%	
BlackRock Equities	Equities	30.2%	26.7%	3.5%	6.5%	3.2%	3.3%	8.8%	6.3%	2.5%
BlackRock Fixed Income	Bonds	13.3%	2.2%	11.2%	3.3%	4.1%	-0.7%	3.6%	4.6%	-1.1%
Brookfield	Timber	-0.9%	8.0%	-8.9%	7.0%	8.0%	-1.0%	10.0%	8.0%	2.0%
J.P. Morgan	Infrastructure	-1.2%	8.0%	-9.2%	-	-	-	-	-	-
KKR	Infrastructure	-23.1%	8.0%	-31.1%	22.2%	8.0%	14.2%	23.7%	8.0%	15.7%
M&G	Bonds/Infrastructure	14.5%	3.5%	10.9%	3.6%	12.7%	-9.1%	5.0%	5.4%	-0.4%
- Alpha Opportunities		17.6%	2.1%	15.5%	14.9%	26.0%	-11.0%	27.1%	5.2%	21.9%
- Illiquid Debt		10.0%	8.0%	2.0%	-2.7%	8.0%	-10.7%	22.1%	8.0%	14.1%
- Infrastructure		-3.0%	8.0%	-11.0%	4.9%	8.0%	-3.1%	26.7%	8.0%	18.7%
Newton	Equities	36.0%	38.9%	-2.9%	14.9%	12.7%	2.2%	14.1%	14.1%	0.0%
Partners Group	Infrastructure/Multi Asset	18.2%	8.0%	10.2%	12.2%	8.0%	4.2%	13.5%	8.0%	5.5%
Pyrford	Absolute Return	8.8%	5.1%	3.7%	3.3%	5.6%	-2.3%	3.2%	5.5%	-2.3%
Schroders	Property	2.2%	2.5%	-0.2%	2.1%	2.4%	-0.3%	4.1%	4.2%	-0.1%
UBS	Multi Asset	31.4%	31.7%	-0.3%	8.4%	8.9%	-0.5%	-	-	-
Private Equity - Total	Private Equity	22.5%	39.9%	-17.4%	12.5%	13.5%	-0.9%	15.9%	14.8%	1.1%
Pantheon	Private Equity	24.8%	39.9%	-15.2%	12.8%	13.5%	-0.7%	15.6%	14.8%	0.8%
Wilshire	Private Equity	6.8%	39.9%	-33.2%	13.7%	13.5%	0.2%	17.9%	14.8%	3.1%
Internally Managed Cash	Cash	0.5%	0.1%	0.3%	1.2%	0.6%	0.6%	0.9%	0.5%	0.4%

Suffolk Pension Fund Performance Analysis - Latest Year Attribution

Latest Year Attribution

20.5% 1.8% 18.7% Benchmark Return  
 -0.1% 1.6% Selection  
 Relative Performance attributable to





# Suffolk Pension Fund Performance to March 2021

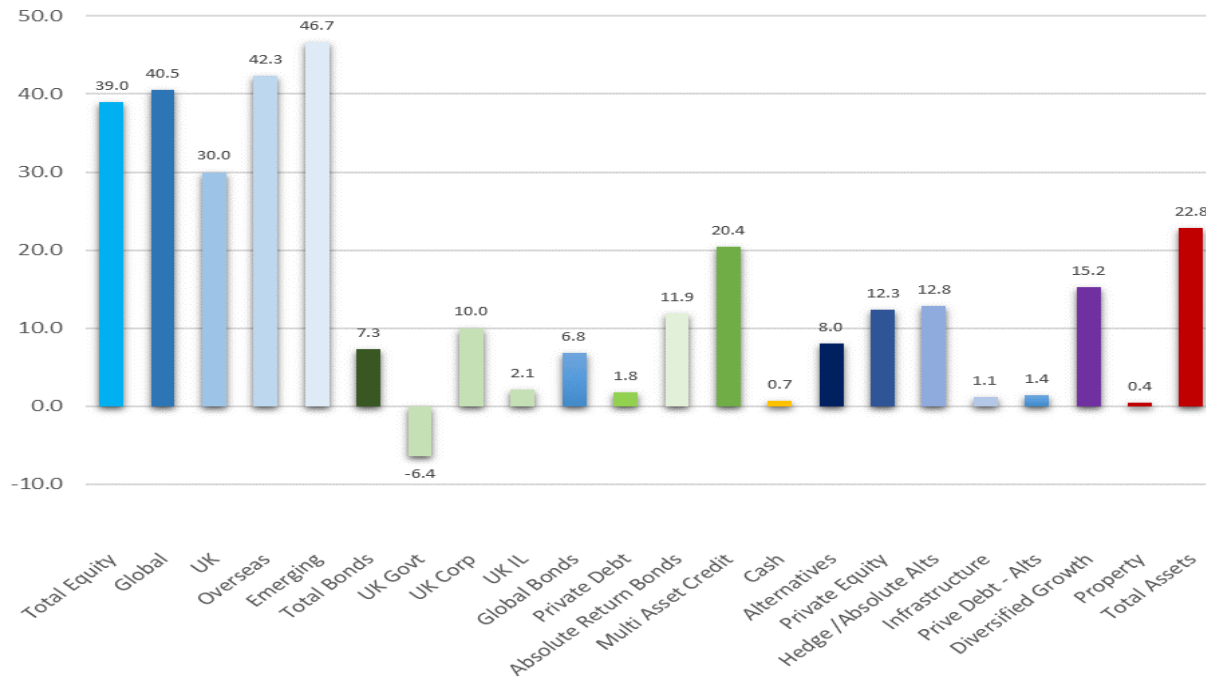
Contents

Section 1                      Pages 3-6  
Universe Performance

Section 2                      Pages 7-12  
Fund Performance Tables

# 2020/21 What a Year .....

## Latest Year Returns



- After the sharp fall in global markets in the Quarter to March 2020, returns bounced back almost immediately despite the ongoing challenges of the COVID pandemic which has been larger and longer lasting than predicted.
- Funds returned an average of 22.8% for the year, but the range of results was far wider than usual.
- Performance was dominated by extremely strong equity returns, enhanced for many by active manager outperformance.
- Defensive assets performed more modestly with property being the most disappointing of the major assets, only just delivering a positive result

# Asset Allocation Impacted by Equity Strength

## Latest Year Asset Allocation

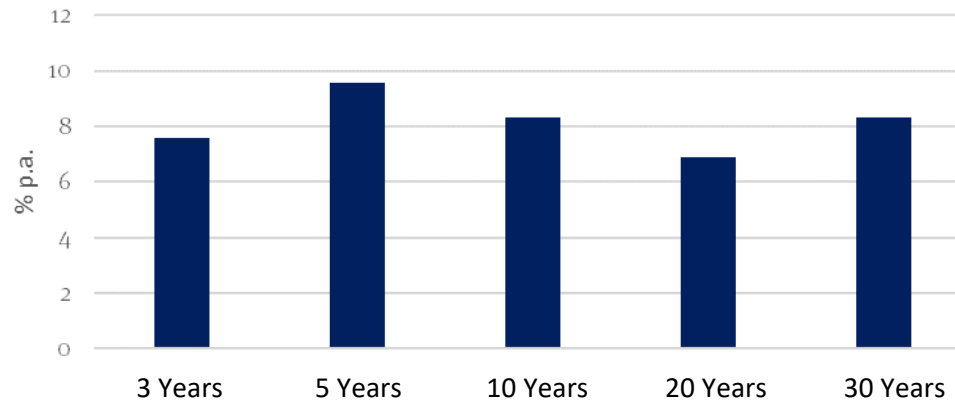
% Allocation	End March		Change
	2020	2021	
<b>Equities</b>	<b>51</b>	<b>56</b>	<b>5</b>
<i>UK</i>	10	10	0
<i>Overseas</i>	41	46	5
<b>Bonds</b>	<b>21</b>	<b>17</b>	<b>-4</b>
<i>UK</i>	11	7	-4
<i>Global</i>	2	2	0
<i>Absolute Return</i>	6	5	-1
<i>Multi Asset Credit</i>	2	3	1
<i>Private Debt</i>	0	1	1
<b>Cash</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>Alternatives</b>	<b>12</b>	<b>14</b>	<b>2</b>
<i>Private Equity</i>	6	7	1
<i>Infrastructure</i>	3	5	2
<i>Absolute Return</i>	3	2	-1
<i>Private Debt</i>	0	1	1
<b>Diversified Growth</b>	<b>4</b>	<b>2</b>	<b>-2</b>
<b>Property</b>	<b>10</b>	<b>8</b>	<b>-2</b>

- Most of the change to allocations at this level came about through relative market movements.
- Funds have not rebalanced following the strong equity returns over the year.
- Within Equities there was a significant switch into 'planet aware' investments.
- Elsewhere there was further diversification into multi asset credit, private debt and alternative income strategies.



# Longer Term Results Back in Line

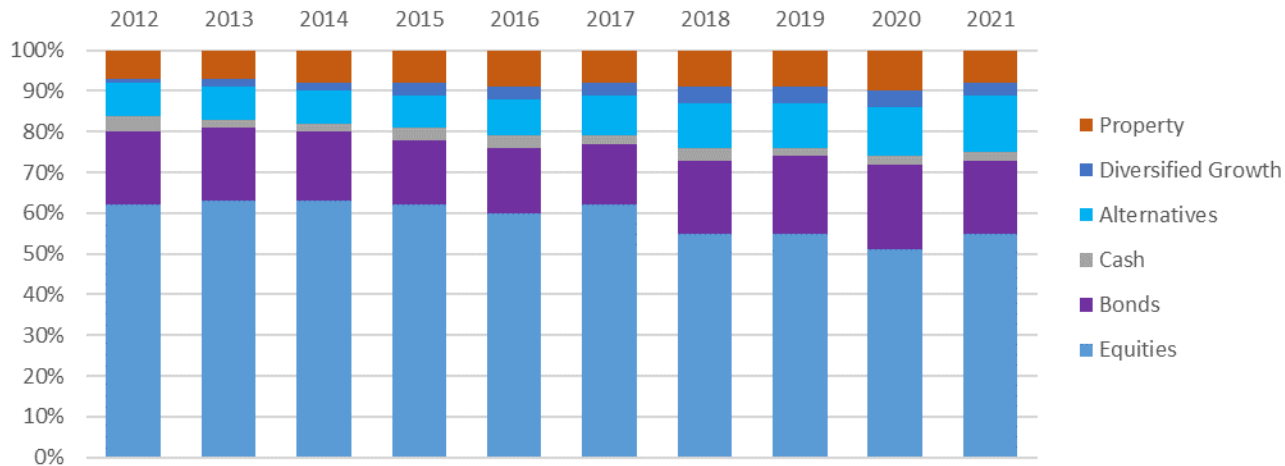
Long Term Asset Returns (% p.a.)



	3 Years	5 Years	10 Years	20 Years	30 Years
<b>Total</b>	<b>7.6</b>	<b>9.5</b>	<b>8.3</b>	<b>6.9</b>	<b>8.3</b>
Equity	10.0	12.3	9.7	7.5	9.0
Bonds	3.9	4.9	5.7	5.8	7.3
Cash	0.5	0.3	0.8	2.3	3.8
Diversified Growth	3.6	4.0			
Alternatives	8.1	9.2	8.3	6.2	
Property	2.5	4.5	6.9	6.5	7.7

- Long term performance of the LGPS remains extremely strong.
- The average funds delivered a positive return in all but six of the last 30 years and delivered an annualised performance of over 8% p.a.
- Equities have driven the performance.
- Alternatives have performed strongly due in a large part to the excellent returns from private equity.

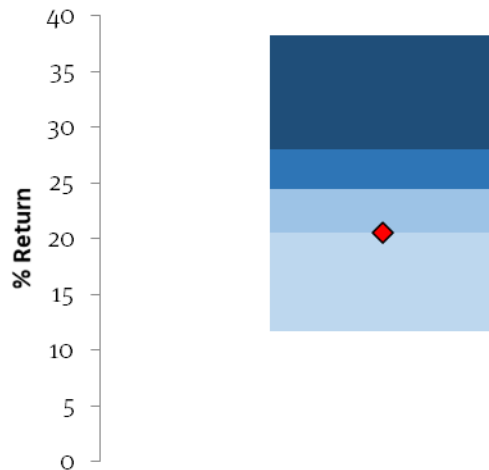
# Equities Continue to Dominate Fund Structures



- Equities remain the largest allocation within most fund's assets. Over 80% of this allocation is now invested overseas.
- The Bond exposure has remained steady but, within that the allocation has changed greatly as funds have moved from a principally UK index based approach towards more global, diversified absolute return strategies.
- Alternatives have increased over the decade. Private equity makes up a half of this allocation with infrastructure becoming an ever larger component of the average fund.

# Fund Performance

**Fund Performance Within Universe Range of Results**

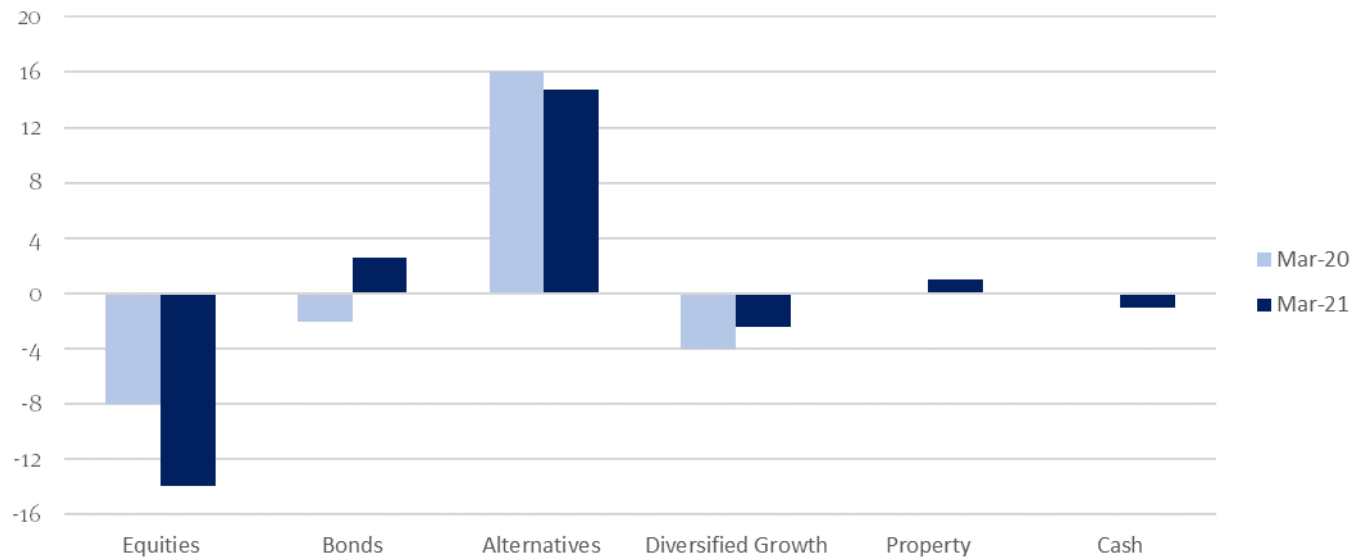


The figure shows the Fund return within the range of results achieved by the LGPS Universe in the latest year. The returns are divided into quarters (quartiles) and the fund is shown as a red diamond.

- The range of results was much wider in the latest year than is usually seen. This is mainly due to the large differences between asset classes.
- Funds with a higher equity allocation have outperformed their peers.
- In the latest year the Fund return of 20.5% was well behind of the average of 22.7%.
- This ranked in the 76th percentile.

# Fund Asset Allocation

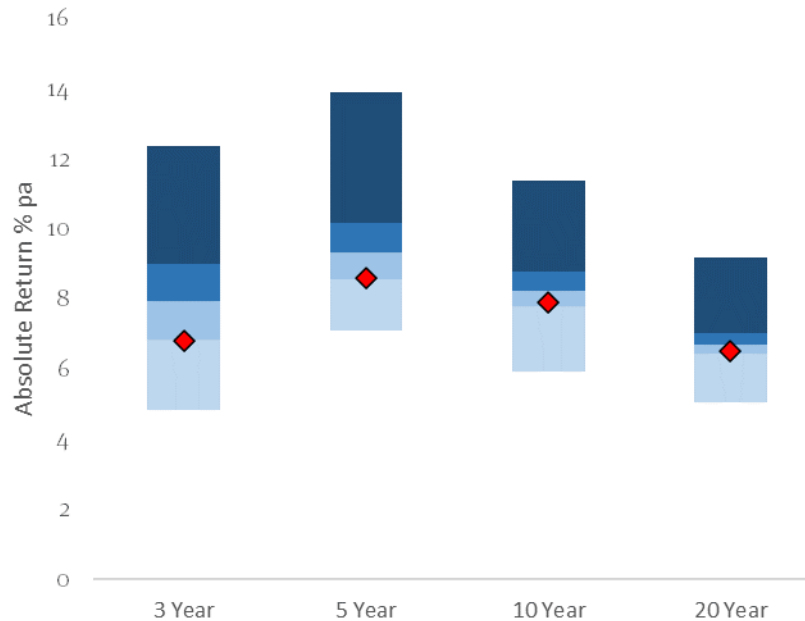
Asset Allocation Relative to Universe Average



- The Fund is structured quite differently from the average.
- The key difference is the relatively high exposure to alternatives and lower exposure to equities.
- This allocation delivered a return well behind average this year.
- The performance was further impacted by below average equity results.

# Fund Longer Term Performance

Longer Term Returns and Rankings

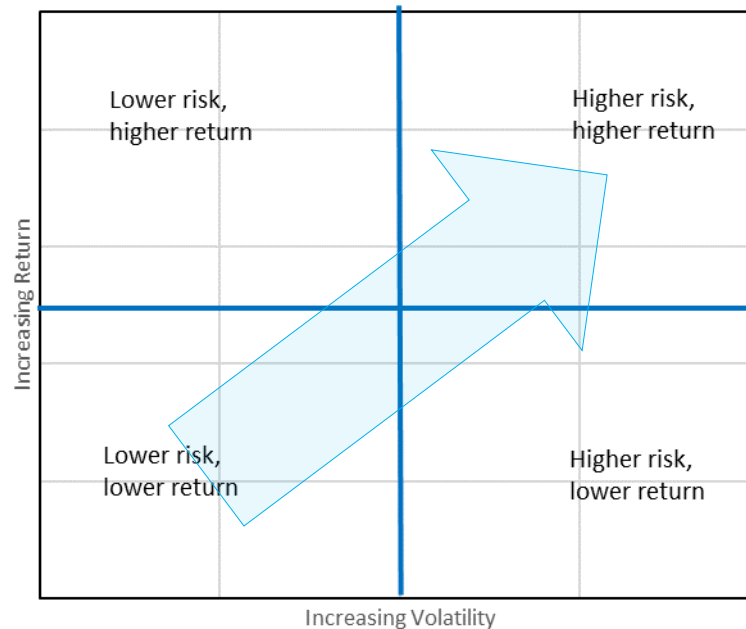


- The latest year has had a marked impact on the longer term results and the Fund is now below the average over all periods.

**Fund**  
 Universe Average  
 Ranking

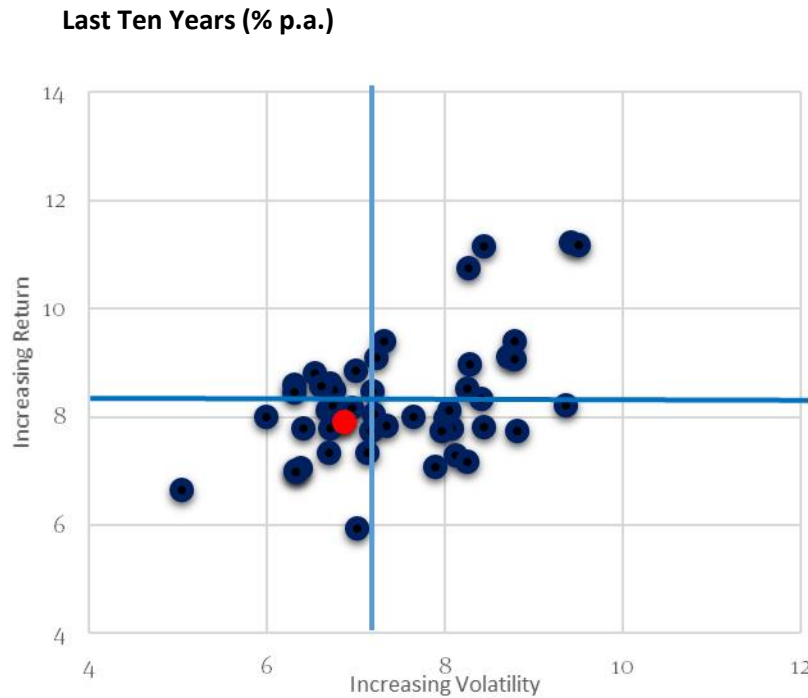
<b>6.8</b>	<b>8.6</b>	<b>7.9</b>	<b>6.5</b>
7.6	9.5	8.3	6.9
(76)	(79)	(66)	(69)

# Risk and Reward



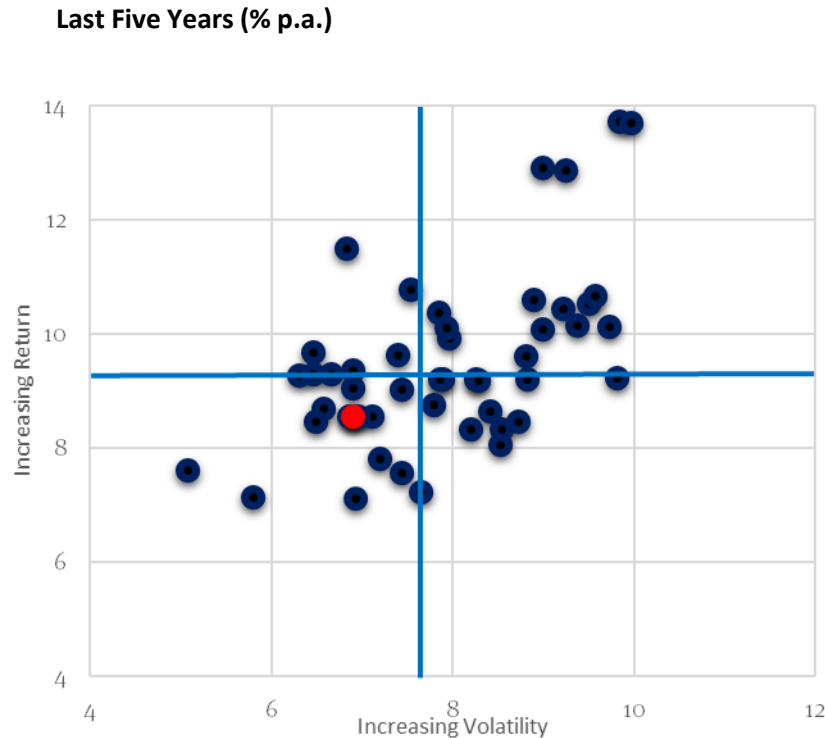
- Within investments there is always a trade-off between risk and return. Normally the higher a return that is being looked for the more volatility the Fund must expect.
- In periods to March 2020 this relationship was not visible. However, the strong results from equities in the latest year has seen it re-emerge.
- On the following pages there is a visible link between risk and return

# Fund Risk and Return – Ten Years



- Over the last ten years, the Fund has experienced lower than average volatility but delivered lower than average results.

# Fund Risk And Return – Five Years



- In the last five years volatility remains below average while the return continues to be behind average, ranking lower quartile.



This report is intended solely for the use of the participating funds. Whilst individual fund returns and rankings may be used, the report in its entirety should not be copied or distributed beyond these funds.

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## Suffolk Pension Board

<b>Report Title:</b>	Pensions Administration Performance
<b>Meeting Date:</b>	19 July 2021
<b>Lead Councillor(s):</b>	Councillor Richard Rout
<b>Director:</b>	Chris Bally, Deputy Chief Executive
<b>Assistant Director or Head of Service:</b>	Louise Aynsley, Head of Finance (S151 Officer)
<b>Author:</b>	Stuart Potter, Pensions Operations Manager Telephone:01473 260296 Email: Stuart.potter@suffolk.gov.uk

### Brief summary of report

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

- |   |
|---|
| 2. To consider the information provided and determine any further action. |
|---|

### 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

#### Administration

5. This report covers staff performance and team achievements since the previous Board meeting on 12 March 2021.
6. The Service Level Agreements for our 'key' processes from February through to May 2021 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 **107** percentage completed in SLA **99%**
  - b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **186**, percentage completed in SLA **97%**

- c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **571**, 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 **378**, percentage completed in SLA **100%**
  - e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **62**, 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 **128** percentage completed in SLA **99%**
7. Further to the paper in the previous board meeting on the McCloud project, Luke Hall MP, Minister of State for Regional Growth and Local Government, issued a statement on 13 May 2021 stating the implementation of the remedy would be delayed for the LGPS until April 2023, when new regulations will be put in place.
  8. During April 2021 2 new staff members had been appointed on fixed term contracts for 12 months, following Pension Fund Committee approval to provide the team with additional support to complete the McCloud work.
  9. In addition to the business-as-usual work, the backlog team have continued to work through a significant number of undecided leaver cases during this reporting period, clearing around 1000 further undecided leavers. The team will continue with the momentum in this area over the coming months, using the additional resource initially recruited to tackle the McCloud project to progress this as much as possible, and provide resource to the remedial work linked to this legislation in relation to the Fire Pension schemes.
  10. The internal audit process was completed on schedule with a report issued on 13 April 2021. The report gave a rating of reasonable assurance and found there are sound control arrangements in place which allows the fund to operate effectively despite the high volume of transactions and regulations surrounding the activities of the fund.
  11. The report identified that the Pensions team continued to provide an effective service in difficult circumstances and stated ‘While the expectation could be that transactions processed experienced a higher error rate during this year, or that controls were weakened as they changed in response to the ‘work from home’ directive, this has not been reflected in the audit testing....overall a good level of assurance can be gained that the pension function has continued to administer the Suffolk Pension Fund effectively despite the challenges’.
  12. There were a few findings as is to be expected, and these were related to an incorrect calculation due to number of days in a month. While this should have been spotted a formula has also been added to a spreadsheet to avoid this scenario from happening again. Another of the findings were in relation to a couple of transfer cases that had not been progressed or completed fully. A new Senior Officer had been appointed in this area to oversee and manage these cases, and training provided to other team members, to ensure this is not an ongoing issue.

13. The other findings were that a payment spreadsheet had been copied over, which was an issue caused by our early home working processes. This spreadsheet was protected as soon as we were aware of the issue so the problem cannot be repeated. Additionally, a discrepancy was identified in a figure used to calculate retirement figures, so a reminder was issued to the team to ensure the person doing, and checking, takes care to ensure we are using the information provided by the employer.
14. In the acknowledgement section of the report, audit thanked all pension officers who assisted with the audit and concluded with 'despite a challenging year, and the audit review conducted remotely/virtually, the Pension Team have maintained a high level of professionalism and co-operation throughout'.
15. The I-connect contract was signed in March 2021 and 2 Academy Trusts were onboarded with data from April. The County Council are next (a report is expected soon from the payroll team to test), along with other employers that use the Council's payroll service before this is rolled out to all employers. This is being introduced gradually to ensure that employers are supported through the change and to allow the opportunity to ensure that everything works as expected, and for us to incorporate tweaks if needed along the way. This system will enable employers to send us monthly data returns, rather than annual returns ensuring the data we hold is accurate and up to date.
16. The end of year annual data collection exercise is progressing well. Employers are set a deadline of submission of their data by 21 April and most employers met this deadline. Data is continued to be worked on and annual benefit statements will then be produced and placed on Member Self Service by the statutory 31 August 2021 deadline.
17. During this period there have been 9 compliments. 8 of these compliments were thanks for our helpful and understanding and included feedback such as 'You lot are amazing', 'thank you for your considerate attention' and 'you've been the most helpful people we have dealt with in this situation'.
18. The final compliment was from a member whose wife had passed away thanking us for our service and help. The compliment stated, 'Your whole team were incredibly professional and sympathetic dealing with my claim and always happy to help whenever I made contact with them, which was quite often'. It is a great support to myself and my two boys to now have the security of pension payments'.
19. During this period there has been one complaint received. This complaint was from a member who had experienced delays in transferring their benefits in from another pension fund. A Senior Officer spoke with the member and contacted the other fund requesting this money urgently, and kept the member informed on an agreed timescale until the transfer was completed.
20. During this reporting period there have been no new IDRPs cases to report.
21. A previous IDRPs case, in relation to a member who was unhappy with employer decisions regarding ill-health retirement, was taken to the Pensions Ombudsman by the member. The Ombudsman have considered the case, made their adjudication and the complaint was not upheld.
22. This report will be ongoing in all future Board meetings and will be developed in accordance with the requirements of the Board.

## Contribution payments

23. The administration strategy requires contributions from employers to be received by the Pension Fund within five working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received during 2020/21 quarter 3 and 4:

	Quarter 3			Quarter 4		
	Employer	Contributions		Employer	Contributions	
	%	£'m	%	%	£'m	%
On Time	91%	32.149	98.6	87%	27.598	93.0
Up to 1 week late	3%	0.381	1.2	8%	1.167	4.0
Over 1 week late	6%	0.080	0.2	5%	0.865	3.0
<b>Total</b>		<b>32.610</b>			<b>29.630</b>	

### Sources of further information

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

## Suffolk Pension Board

<b>Report Title:</b>	Management Expenses
<b>Meeting Date:</b>	19 July 2021
<b>Lead Councillor(s):</b>	Councillor Richard Rout
<b>Director:</b>	Chris Bally, Deputy Chief Executive
<b>Assistant Director or Head of Service:</b>	Louise Aynsley, Chief Financial Officer (S151 Officer)
<b>Author:</b>	Paul Finbow, Head of Pensions, Telephone: 01473 265288, Email: paul.finbow@suffolk.gov.uk

### Brief summary of report

1. This report sets out the proposed management expenses for the Pension Fund as presented to the Pension Fund Committee at its meeting on 22 March 2021.

### Action recommended

- |  |
|--|
| 2. To consider the information provided in the report. |
|--|

### Reason for recommendation

3. The costs incurred by the Pension Fund in managing the Fund are related to administration, investment management and governance costs. Some of the costs are incurred by Suffolk County Council as administering authority of the Pension Fund.
4. The Pension Board is required to ensure effective and efficient governance of the Suffolk Pension Fund.

### Alternative options

5. There are no alternative options.

### Main body of report

#### Pension Fund Committee

6. This report sets out the proposed administration expenses for 2021/22 and estimated administration, investment management and governance costs for 2020/21 for the Pension Fund as presented to the Pension Fund Committee at its meeting on 22 March 2021. This is attached as **Appendix 1**.

### Conclusion

7. The Board is asked to consider the information provided in the report.

**Sources of further information**

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



## Suffolk Pension Fund Committee

<b>Report Title:</b>	Administration Expenses 2021/22
<b>Meeting Date:</b>	22 March 2021
<b>Lead Councillor(s):</b>	Councillor Karen Soons
<b>Local Councillor(s):</b>	All Councillors
<b>Director:</b>	Chris Bally, Deputy Chief Executive
<b>Assistant Director or Head of Service:</b>	Louise Aynsley, Chief Financial Officer (S151 Officer)
<b>Author:</b>	Paul Finbow, Head of Pensions, Tel. 01473 265288

### Brief summary of report

1. This report sets out the proposed management expenses for the Pension Fund.

### Action recommended

2. The Committee is asked to approve the administration budget.

### Reason for recommendation

3. The costs incurred by the Pension Fund in managing the Fund are related to administration, investment management, and governance costs. Some of the costs are incurred by Suffolk County Council as administering authority of the Pension Fund.

### Alternative options

4. There are no alternative options.

### Who will be affected by this decision?

5. The employers of the Fund will be affected if the costs incurred in managing the Fund's activities are not appropriately managed.

### Main body of report

#### Administration Expenses

6. Administrative expenses (shown overleaf) consist of costs relating to activities the pension administration team perform to administer pensions and provide members with scheme and benefit entitlement information.
7. The Heywood administration software system supports the pensions administration team to fulfil the complex requirements around administering the scheme, such as calculating pension benefits and producing the annual benefit statements. The system holds every pension members' record and history. Ongoing charges are incurred for maintenance of the system and licenses to use it.

## Agenda Item 7, Appendix 1

	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>
<b>Administration Expenses</b>	<b>2019-20</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
SCC Admin Costs	895	887	960	900	1,075
Heywood System	275	238	275	300	310
Payroll Implementation	195	195			
I-Connect Implementation			30	30	30
Other Expenses	50	38	50	60	60
<b>Total Admin Costs</b>	<b>1,415</b>	<b>1,358</b>	<b>1,315</b>	<b>1,290</b>	<b>1,475</b>

8. The administrative function is a multifaceted service, having to manage increasing numbers of employers, members and manage new regulatory requirements. The Pension Fund needs to invest in the appropriate technological platforms available to assist in effectively managing the administration of the Fund to a high standard and to have appropriately skilled staff to implement new procedures and processes.
9. The I-Connect implementation was delayed due to Covid-19 however the launch is imminent, and the rollout will be completed in 2021/22.
10. An additional Pensions Officer was taken on in August 2020 to assist in the increased workload, caused not only by increased numbers of scheme members but also more scheme member engagement and to increase team capacity to progress work where SLA targets do not currently exist.
11. The underspend in the staffing budget during 2020/21 occurred due to staffing vacancies which have now been filled.
12. Detailed analysis of the administration work required to complete the McCloud remedy has been completed. An additional three staff with a fixed term contract of a year have been approved to assist the team complete this work in 2021/22.

### **Governance and oversight costs**

13. Oversight and governance expenses (shown below) are costs relating to the 'over seeing' of the fund such as actuarial costs, internal and external audit costs and the costs of independent advisers to the Fund. Costs associated with the operation and support of the Pension Fund Committee, the Pension Board and costs associated with reporting (such as committee reports, annual reports and accounts) are also included.
14. ACCESS asset pooling costs represents ongoing costs, these are incurred for advice and guidance on technical issues and associated costs in running the ACCESS Support Unit. These costs are shared equally by the eleven funds which are members of the ACCESS pool.
15. The difference in actuarial costs between the years is due to the additional fees incurred with the triennial valuation exercise, additional costs will be incurred for 2021/22 to allow for the planning of the next triennial valuation exercise.

## Agenda Item 7, Appendix 1

16. Other costs increase is mainly due to the proposed increase in external audit costs of £54,000 for 2019/20 and £50,000 for 2021/22. These costs have been put forward by Ernst & Young to cover supplementary work completed during the auditing of the accounts due to additional regulatory and investment risk since the contract was awarded.

	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Governance and oversight costs</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Suffolk County Council costs	153	155	163
Investment Advice	114	106	100
Actuarial costs	178	73	100
Pension Fund Committee	7	8	9
Pension Board	3	4	5
Asset Pooling	73	86	113
Other costs	89	160	150
<b>Total Governance and Oversight Costs</b>	<b>617</b>	<b>592</b>	<b>590</b>

### Investment Management Expenses

17. Investment management expenses are costs related to the management of the fund's assets including directly invoiced fees from investments managers and indirect fees payable to fund managers which are deducted from the fund assets. The fees charged by the custodian, HSBC, are also included.
- a) In the Pension Fund accounts, (as per CIPFA guidance), only the fees and expenses that the Fund has a contractual liability for are included, this means that only the management fee charged by Link for overseeing the sub-funds that Suffolk are invested in are shown. The additional underlying fees and expenses paid to the investment manager that Link has a contractual agreement with, are disclosed in the Annual Report. These costs have however been disclosed in the table overleaf.
  - b) Additional underlying costs for all the mandates will become available by the end of June 2021 which will be disclosed in the Annual Report but are not currently available for this report.

## Agenda Item 7, Appendix 1

	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Investment Management Expenses</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Blackrock	3,297	3,293	1,740
Brookfield	75	72	70
Inhouse	1	1	1
JP Morgan	249	965	1,100
KKR	1,685	113	240
Link – Blackrock	-	-	550
Link - Newton	924	1,137	1,200
M&G	2,046	1,976	2,150
Newton	158	-	-
Pantheon	1,742	1,281	1,250
Partners	1,226	748	1,000
Pyrford	668	689	650
Schroders	393	328	500
UBS	288	329	375
Wilshire	239	171	150
Winton	292	-	-
<b>Total Managers Expenses</b>	<b>13,283</b>	<b>11,103</b>	<b>10,976</b>
<b>Other Costs</b>			
Operator costs	110	118	350
Custodian	43	43	50
Transaction Costs	210	210	200
<b>Total Other Costs</b>	<b>363</b>	<b>371</b>	<b>600</b>
<b>Total Investment Management Expenses</b>	<b>13,646</b>	<b>11,474</b>	<b>11,576</b>

Notes:

- i) The decrease in the Blackrock fees can be attributed to the transfer of the Blackrock UK Equity Fund into the ACCESS pool on an ad valorem basis and the cessation of performance fees.
- ii) Partners costs will be higher in 2021-22 due to the new investment in the Partners MAC VI Fund this will be funded from the Pyrford mandate.
- iii) JP Morgan costs have increased due to the additional \$180 million commitment being invested from June 2020.
- iv) The operator investment costs will be incurred as a percentage of the value of the assets of the sub-funds that Suffolk invests in, as they are set up by the operator and the assets are transferred.

### Performance Fees

18. Included in the Investment management expenses overleaf for some of the investments are an element of performance fee (below), these can be based on the net asset value breaching the high watermark (highest valuation of the investment) or the returns exceeding a prescribed target.

## Agenda Item 7, Appendix 1

	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Performance Fees</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Blackrock	1,226	1,885	-
KKR	1,574	-	-
M&G	-35	-	-
Pantheon	716	-	-
<b>Total Performance Fees</b>	<b>3,481</b>	<b>1,885</b>	<b>-</b>

Notes:

- i) The fee for Blackrock UK Equity becomes an ad valorem fee once the mandate transfers into the Link sub-fund and performance fees will not be payable. The fees in the table above relate to performance up to the end of December 2020.
- ii) Performance fees may be payable on some of the alternative asset classes such as the KKR and Partners infrastructure mandates but this is difficult to quantify until the whole of the investment has been realised.

### Total costs

19. The costs incurred by the Pension Fund in managing the Fund relate to administration costs, governance and oversight costs and investment costs which are set out in the table below.

	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Management Expenses</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Administration Costs	1.358	1.290	1.475
Governance and Oversight Costs	0.617	0.592	0.590
Investment Costs	13.646	11.474	11.576
<b>Total Management Expenses</b>	<b>15.621</b>	<b>13.356</b>	<b>13.641</b>
Scheme Assets (£m)	2,808	3,300	3,500
<b>Invest Costs as % of assets</b>	<b>0.56</b>	<b>0.40</b>	<b>0.39</b>
Scheme Membership	67,780	70,000	71,000
<b>Admin Costs per scheme member (£)</b>	<b>20.04</b>	<b>18.42</b>	<b>20.81</b>

20. The comparative national figures for management expenses in 2019-20 are published in the SF3 statistical return by the Ministry of Housing, Communities and Local Government (MHCLG) who calculate the unit costs for local authority pension funds based on the submissions by the English and Welsh administering authorities.
21. There are five funds which have a similar asset size to the Suffolk Pension Fund, the main figures have been set out below. In addition, the average of the LGPS as a whole and the average of the Pension Funds in the ACCESS Pool have been included for comparison purposes.

## Agenda Item 7, Appendix 1

Fund	Scheme Assets	No. of Emp	Members	Admin Costs	Gov Costs	Invest Costs	Total Costs
	£'bn			£'000	£'000	£'000	£'000
Fund A	2.902	351	75,127	2,203	733	13,538	16,474
Fund B	3.014	197	85,765	3,415	916	14,673	19,004
Fund C	2.713	317	73,383	1538	502	11,969	14,009
Fund D	2.785	127	57,492	1,124	983	13,482	15,589
Fund E	2.727	100	61,120	1,281	1,046	8,176	10,503
Suffolk	2.808	316	67,780	1,358	617	12,722	14,697
<b>Average</b>	<b>2.824</b>	<b>235</b>	<b>70,111</b>	<b>1,820</b>	<b>800</b>	<b>12,427</b>	<b>15,046</b>
LGPS Average	3.168	216	70,441	1,655	860	14,772	17,287
ACCESS Ave.	4.024	368	99,150	2,059	1,005	20,168	23,232

22. These funds have been benchmarked below. It should be noted there has been long standing discrepancies between funds on how indirect management investment expenses are reported and as the figures used in the SF3 have not been verified, it is not known how comparable the figures are with those reported by Suffolk.

Fund	Admin cost per Member	Invest Costs	Total Costs
	£	%	%
Fund A	29.32	0.47	0.57
Fund B	39.82	0.49	0.63
Fund C	20.96	0.44	0.52
Fund D	19.55	0.48	0.56
Fund E	20.96	0.30	0.39
Suffolk	20.04	0.45	0.52
<b>Average</b>	<b>25.96</b>	<b>0.44</b>	<b>0.53</b>
LGPS Average	23.49	0.47	0.55
ACCESS Ave.	20.77	0.50	0.58

23. The Suffolk Pension Fund in general has lower than average costs within the LGPS as a whole and within a peer group of similar asset sized funds.

### Sources of further information

- a) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2009 No.3093).
- b) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2017 edition.

SUMMARY UPDATE  
ACCESS Joint Committee (JC):  
Informal Briefing 25 June 2021



All eleven ACCESS Authorities were represented. The key matters considered are described below.

Item	Details
Chairman's remarks	<p>Cllr Kemp-Gee drew attention to the fact this was an informal briefing and as such no formal decisions would be made. The next formal Joint Committee meeting scheduled for 6 September.</p> <p>The Chairman welcomed returning Members and the four new Members following elections in May 2021, Cllr Chris Jarman (IOW), Cllr Alison Whelan (Cambridgeshire), Cllr Malcolm Longley (Northamptonshire) and Cllr Andrew Williams (Hertfordshire), and noted with sadness the passing of Cllr Axford (IOW) earlier in the year. He praised the contribution to ACCESS and the experience of Cllr Axford.</p> <p>The Members were also updated on the approval of Kevin McDonald as permanent Director of the ACCESS Support Unit.</p>
Business plan & budget	<p>Members received an update on the 2020/21 Business Plan.</p> <p>Particular attention was drawn to:</p> <ul style="list-style-type: none"> <li>• the outturn paper and explanation of underspend on Technical Lead Recharge costs, Procurement costs, Strategic and Technical advice and Legal &amp; Governance advice.</li> <li>• Paul Tysoe joining the ACCESS Support Unit on 1 July to fulfil the Client Manager.</li> </ul> <p><b>Members noted the briefing information.</b></p>
Communications	<p>Members received an update from Engine MHP on progress with communications spokespeople, including the suggestions from Cllr Kemp-Gee on fulfilling the roles of Elected Member Spokespeople as follows:</p> <ul style="list-style-type: none"> <li>• Responsible investment - Cllr Fox (East Sussex);</li> <li>• Governance Cllr Oliver (Norfolk);</li> <li>• Media strategy Cllr Soons (Suffolk);</li> <li>• Political, Governmental Relations, Parliamentary, Inter-Pool, Overall Strategy Cllr Kemp-Gee, JC Chairman (Hampshire) and Cllr Barker, Essex (JC Vice Chairman);</li> <li>• the ASU Director remains the spokesperson "in the first instance", directing lines of enquiry where appropriate and covering any public comment required in relation to the ACS Operator.</li> </ul>

## Agenda Item 8

	<p><b>Members noted the briefing information, and suggested the informal appointment of spokespeople, ahead of the formal agreement at its meeting on 6 September 2021.</b></p>
Responsible Investment	<p>Members were advised that Minerva are currently in the process of drafting the full Guidelines, including advising on future Pool reporting requirements under the Monitoring and Reporting pillar. A full draft of the Guidelines will be subject to the scrutiny of OWG and the Section 151 Officers, ahead of consideration at the JC meeting in September 2021.</p> <p><b>Members noted the briefing information.</b></p>
Investment Performance report	<p>Members noted the Investment Performance report as at 31 March 2021.</p> <p>The pooled assets total for ACCESS was £31.5bn at the end of March 2021, an increase of £0.4bn from the December quarter.</p> <p>Information on each Authority's pooled assets, investment performance, stock-lending and voting was provided.</p> <p><b>Members noted the briefing information.</b></p>
Link Insurance	<p>Members were updated on papers that had been presented to the Section 151 Officers where they noted:</p> <ul style="list-style-type: none"> <li>• Insurance arrangements put in place by Link w.e.f. 30 April 2021;</li> <li>• the advice received from Lockton and Squire Patton Boggs; and</li> <li>• the pending review of the detailed insurance policy terms.</li> </ul> <p>Furthermore, s151 Officers agreed:</p> <ul style="list-style-type: none"> <li>• that the ASU engage with Link to gain assurance of the internal control framework that Link use to apply the new arrangement</li> </ul> <p>151 Officers agreed that based upon the advice received on the insurance arrangements w.e.f. 30 April 2021, and pending the review of the detailed policy terms, that the Authorities are satisfied that the sub-fund launch programme continues.</p> <p>The full Insurance policy documentation was in the process of being reviewed by the ASU and professional advisors Squire Patton Boggs and Lockton.</p> <p><b>Members noted the briefing information.</b></p>
Emerging Markets Review	<p>Members received an update confirming the Task &amp; Finish Group established to review the Emerging Markets process consisted of Andrew Boutflower (Hampshire), Paul Finbow (Suffolk), Alison Mings (Kent), and Rachel Wood (West Sussex). A paper on the review had already been shared with both the s151 Officers Group and the Officer Working Group.</p> <p>A formal report will be submitted to the 6 September JC which addresses the findings and recommends resolutions to the issues arising.</p>



## Agenda Item 8

	<b>Members noted the briefing information.</b>
Sub-fund implementation	Members received a report outlining progress on sub-fund implementation. This included an update on progress in relation to sub-fund launches planned for later in 2021.  <b>Members noted the briefing information.</b>
Contract Management	Members received a report covering a number of aspects of Contract and Supplier Relationship management including: <ul style="list-style-type: none"> <li>• Link financial expectations;</li> <li>• key performance indicators;</li> <li>• fee details; and</li> <li>• Link personnel changes.</li> </ul> <b>Members noted the briefing information.</b>
Risk Management	Members noted that the report to move the assessment of risk to a more formal and structured approach observing a '4x4' matrix style, mitigation actions and dashboard reporting, was presented and approved by s151 Officers at the meeting on 11 June 2021.  <b>Members noted the briefing information.</b>
Link presentation	The LINK presentation to Members was noted.
Next meeting date	6 September 2021

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## Suffolk Pension Board

<b>Report Title:</b>	Pension Board Training Plan
<b>Meeting Date:</b>	19 July 2021
<b>Lead Councillor(s):</b>	Councillor Richard Rout
<b>Director:</b>	Chris Bally, Deputy Chief Executive
<b>Assistant Director or Head of Service:</b>	Louise Aynsley, Chief Financial Officer (S151 Officer)
<b>Author:</b>	Paul Finbow, Head of Pensions, Telephone: 01473 265288, Email: paul.finbow@suffolk.gov.uk

### Brief summary of report

1. This report outlines areas of training for Board members to gain the necessary knowledge and understanding to fulfil their Board role.

### Action recommended

- |   |
|---|
| <ol style="list-style-type: none"> <li>2. The Board is asked to consider and agree the content of the training programme for the coming year.</li> <li>3. The Board is asked to consider the Hymans Robertson Online Training Course and decide whether it should be used.</li> </ol> |
|---|

### Reason for recommendation

4. To comply with the Pensions Regulators requirements, members of the Pension Board must be able to demonstrate that they have the required knowledge and understanding of LGPS issues.

### Alternative options

5. There are no alternative options.

### Main body of report

6. At the Pension Board Meeting on 20 July 2020, the Board considered its need for training and agreed a one-year training programme. This training was developed with the Knowledge and Skills Framework issued by CIPFA for local Pension Board members.
7. Three pre-Board training sessions have been held in the last year covering Joining the Scheme (Stuart Potter), ACCESS ASU (Kevin McDonald), and the Developments in ESG Reporting (Sharon Tan).
8. A half day of training for Committee members was held in November which covered Environmental, Social and Governance Issues, including Climate Change. All six board members attended the training half day.

9. A reminder of the Framework and in particular the specific areas of knowledge the Board should attain is provided in **Appendix 1**.
10. It has been agreed that should Board members wish to attend Pension Fund Committee training, then they are welcome to do so, but that they should let Committee Services (Rebekah Butcher) know in advance of the meeting. The Pension Fund Committee training programme is attached at Appendix 2. The Committee are reviewing the timing of the training and Board members will be informed should they wish to attend.
11. The Board will have its own pre-Board training session, starting at 10 am before each Board meeting.
12. The Pensions Regulator, during their visit to Suffolk in 2019, was pleased to see the approach Suffolk had adopted to training and that it is kept under regular review. One point that they did make was that the existing plans did not involve any assessment of either individual's or the Board as a whole, knowledge and understanding.
13. On a national level, Hymans Robertson developed and ran a survey called "The National Knowledge and Skills Assessment" in order to assist Funds to understand their current level of knowledge and understanding and help the development of a more tailored training programme for the future.
14. The Suffolk Fund took part in the National Knowledge and Skills Assessment being one of only 20 Funds that did so. Six Committee members and two Board members completed the Survey. This highlighted some gaps in knowledge.
15. Hymans Robertson has now launched an online training module aimed at both Committee and Board members that covers all the required knowledge and understanding. This includes certification on completion of the course and has a cost of approximately £300 per member. A copy of the course brochure is included in **Appendix 3**.
16. The Pension Fund Committee has agreed to utilise the Hymans Robertson training module and Officers will discuss its implementation over the coming months.
17. The Board is asked to agree to undertake the online training which will meet the requirements of the knowledge and skills assessment.
18. Pre-Board Training will be delivered before the start of the meetings held in March, October and December each year.
19. A further half or whole day training session will be scheduled during 2021 or 2022 should the Board identify further topics that could be covered in more depth.
20. The Board is asked to consider and agree the content of the training programme for the coming year.

#### **Sources of further information**

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

## 4. Local Pension Boards: A Technical Knowledge and Skills Framework

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<b>Pensions legislation</b>	<p>A general understanding of the pensions legislative framework in the UK.</p> <p>An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.</p> <p>An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.</p> <p>A regularly updated appreciation of the latest changes to the scheme rules.</p>
<b>Pensions governance</b>	<p>Knowledge of the role of the administering authority in relation to the LGPS.</p> <p>An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.</p> <p>Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.</p> <p>Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.</p> <p>Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.</p> <p>Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.</p> <p>A detailed knowledge of the duties and responsibilities of pension board members.</p> <p>Knowledge of the stakeholders of the pension fund and the nature of their interests.</p> <p>Knowledge of consultation, communication and involvement options relevant to the stakeholders.</p> <p>Knowledge of how pension fund management risk is monitored and managed.</p> <p>Understanding of how conflicts of interest are identified and managed.</p> <p>Understanding of how breaches in law are reported.</p>

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<b>Pensions administration</b>	<p>An understanding of best practice in pensions administration, eg performance and cost measures.</p> <p>Understanding of the required and adopted scheme policies and procedures relating to:</p> <ul style="list-style-type: none"> <li>■ member data maintenance and record-keeping processes</li> <li>■ internal dispute resolution</li> <li>■ contributions collection</li> <li>■ scheme communications and materials.</li> </ul> <p>Knowledge of how discretionary powers operate.</p> <p>Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).</p> <p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.</p> <p>An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.</p>
<b>Pensions accounting and auditing standards</b>	<p>Understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.</p> <p>Understanding of the role of both internal and external audit in the governance and assurance process.</p> <p>An understanding of the role played by third party assurance providers.</p>
<b>Pensions services procurement and relationship management</b>	<p>Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.</p> <p>A general understanding of the main public procurement requirements of UK and EU legislation.</p> <p>Understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.</p> <p>An understanding of how the pension fund monitors and manages the performance of their outsourced providers.</p>
<b>Investment performance and risk management</b>	<p>Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.</p> <p>Awareness of the Myners principles of performance management and the approach adopted by the administering authority.</p> <p>Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.</p>

<b>Financial markets and products knowledge</b>	<p>Understanding of the risk and return characteristics of the main asset classes (equities, bonds, property).</p> <p>Understanding of the role of these asset classes in long-term pension fund investing.</p> <p>Understanding of the primary importance of the investment strategy decision.</p> <p>A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.</p> <p>An understanding of the limits placed by regulation on the investment activities of local government pension funds.</p> <p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.</p>
<b>Actuarial methods, standards and practices</b>	<p>A general understanding of the role of the fund actuary.</p> <p>Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.</p> <p>Awareness of the importance of monitoring early and ill health retirement strain costs.</p> <p>A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.</p> <p>A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.</p> <p>A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.</p>

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## Agenda Item 9, Appendix 2

### 1. Introduction

- 1.1 This is the proposed Training Plan setting out the proposed rationale and approach for approval by the Pension Fund Committee concerning the training and development of -
- the members of the Pension Fund Committee and;
  - officers of the Pension Fund responsible for the management of the Fund.
- 2.1 The overall aim of the Training Plan is to support members of the Pension Fund Committee and Pension Fund officers in order that they can demonstrate that they have the knowledge to fulfil their role.

### 2. Rationale

- 2.2 To ensure best practice within the Fund, and to comply with the Public Service Pensions Act 2013, a training plan for those charged with governance and financial management of the Suffolk Pension Fund (Committee members and officers) should be developed on an annual basis. At its meeting of 20 July 2020, the Pension Fund Committee agreed its training programme taking it to March 2021.
- 2.3 Central to this is the requirement that the Fund should secure appropriate training, having assessed the professional competence of both those involved in pension scheme financial management and those with a policy, management and or oversight role.
- 2.4 It is not required that each individual demonstrates a level of expertise in every aspect of scheme governance and management, but rather that as a group, both the Fund's officers and the Committee has a level of knowledge and skills to ensure effective decision making.
- 2.5 Committee members and officers are also required to undertake training to satisfy the obligations placed upon them by the:
- Pensions Regulations and the Pensions Regulator;
  - CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills; and the
  - LGPS Governance Compliance Statement.

## Agenda Item 9, Appendix 2

### 3. Approach

- 3.1 The approach to training will be supportive in nature, with the intention of providing Committee members and officers with regular sessions that will contribute to their level of skills and knowledge. Primarily based upon pre-Committee training sessions, it may also involve updates from officers and independent advisers. Details of external events will also be circulated as appropriate. This is in addition to an expectation that Committee members will undertake some self-directed learning outside of the formal training. Fund officers will be available to provide additional support and advice.
- 3.2 The key elements of the plan are designed to support members of the Committee in gaining the necessary knowledge and skills as a collective group over the following areas required by the CIPFA Knowledge and Skills Framework:
- Pension Fund governance;
  - Accounting and Audit standards;
  - Procurement of financial services;
  - Investment performance and risk management;
  - Financial markets and product knowledge;
  - Actuarial methods and valuation.
- 3.3 It is comprised of a combination of internally developed training sessions, updates from officers and independent advisers, external events, and self-directed learning. The detailed indicative plan is attached as **Appendix A**.
- 3.4 The Training Plan will be updated at least annually and will be updated with events and training opportunities as and when they become available.

### 4 Training

#### 4.1 Delivery of Training

Consideration will be given to various available training resources in delivering training to members of the Pension Fund Committee and relevant officers.

Evaluation will be given to the mode and content of training in order to ensure it is targeted to needs and ongoing requirements and emerging events. It is to be delivered in a manner that balances both demands on Councillors time and costs. These may include but are not restricted to:

## Agenda Item 9, Appendix 2

For Pension Fund Committee members	For officers
<ul style="list-style-type: none"><li>• In-house</li><li>• Using an on-line Knowledge Library or other e-learning facilities</li><li>• Attending courses, seminars, and external events</li><li>• Internally developed training days and pre/ post Committee meetings</li><li>• Shared training with other Schemes or Frameworks</li><li>• Regular updates from officers and/ or independent advisers</li></ul>	<ul style="list-style-type: none"><li>• Desktop/ work-based training</li><li>• Using an on-line Knowledge Library or other e-learning facilities</li><li>• Attending courses, seminars, and external events</li><li>• Training for qualifications from recognised professional bodies</li><li>• Internally developed sessions</li><li>• Shared training with other Schemes or Frameworks</li></ul>

### 4.2 External events

#### *Pension Fund Committee members*

All relevant external events will be distributed to members of the Committee as and when they become available.

Members will be invited to express an interest in attending an event. The clerk to the Committee will receive any expressions of interest and shall liaise as necessary with the chair of the Committee, and the Chief Financial Officer who shall under the Scheme of Delegation to Chief Officers approve the Committee's representation at the external event. A number of factors will be used to determine the level of representation including the relevance of the event, associated costs and an individual's identified development needs,

The cost of members (and officers) attending an external event will be met by the Pension Fund.

Following attendance at an external event, Committee members will be asked to provide verbal feedback at the subsequent Committee meeting to cover:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to Committee Members.

## Agenda Item 9, Appendix 2

### *Officers*

Following attendance at an external event, officers will be expected to report to the Chief Financial Officer with feedback to cover:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to other officers.

### **5. Training Programme**

The draft timetable attached at **Appendix A** provides an indicative training programme covering areas that are likely to be necessary over the next two years. In addition, other items on topical or emerging issues may be added as appropriate, and the training programme flexed accordingly.

The indicative training plan includes details of pension related conferences held throughout the year. There is no expectation that members and officers attend such events as a matter of course, but highlights the availability of such training and networking opportunities and an overview of their content. With the current circumstances around the coronavirus pandemic, events may be held online or rearranged to alternative dates. Any changes to these will be notified to the Committee.

## Indicative Training Programme 2021-22

## Appendix A

Ref	What	Who	When	Overview	Intended audience
1	Pre-Committee training	Hymans Robertson	19 July 2021	Topic – Requirements of the Stewardship Code	All PFC members
2	Conference	LGC Investment Summit Leeds	9 – 10 September 2021	Aimed at officers and PFC members focussing on investment matters	Officer and PFC members
3	Pre-Committee training	Joel Moreland	15 September 2021	Topic – Climate Change	All PFC members
4	Annual Training Day	Various Speakers	Late October 2021	Investment topics to be agreed by Chair	All PFC members
5	Conference	CIPFA Pensions Network Annual Conference – London	November 2021	Aimed at officers and PFC members – various speakers focussing on a wide range of pension topics	Officer and PFC members
6	Pre-Committee training	UBS	24 November 2021	Topic – Development in Passive indexes	All PFC members
7	Pre-Committee training	Fund Actuary	28 February 2022	Topic – Preparing for the Actuarial Valuation March 2022	All PFC members
8	Pre-Committee training	Club Vita	31 March 2022	Topic – Developments in Longevity	All PFC members
9	Conference	PLSA Local Authority Pension Fund Conference - Cotswolds	May 2022	Aimed at officers and PFC members focussing on wide range of Pension Fund matters	Officer and PFC members

In addition, induction training sessions will be arranged for any new Pension Fund Committee member. Additional sessions may be incorporated as required.

**Conference attendance:** Pension Fund Committee members are encouraged to attend some conferences and external training events to develop a wider knowledge of current key topics.

# Sixty second summary

Get your academic hats on – LGPS pension training moves into the digital age



Andrew McKerns  
Governance and Administration Consultant

Speak with almost every senior LGPS officer and it’s soon clear that they see the future of administration being driven by digital online technology. However, when it comes to Committee, Board and Officer training, all too often the only option available is the traditional and lengthy ‘sit and listen’ session. At least that was the case until now. Welcome to the [LGPS Online Training Academy](#).

## Why did this option need to be created?

The simple answer is that LGPS funds have been demanding this option. Committees, Boards and Officers have been frustrated with the lack of development in the LGPS training area. And they are all too aware of the ever-expanding training expectations placed on them.

Funds have been challenged to match the demands of The Pensions Regulator on the requisite knowledge and skill expected of their decision making and oversight groups. But in order to truly meet that expectation, some simple truths must be acknowledged:

- the large pension ‘curriculum’ expected to be understood by the Committee/Board
- the limited time available for the Committee and Board members to devote to training
- the fact that being at a certain location or being online at a certain time can be challenging
- different people learn in different ways and training plans are not a ‘one size fits all’ approach
- Committee and Board members are not expected to be subject matter experts

Acknowledging these ‘simple truths’ made the option of an online LGPS training academy an essential requirement rather than just a nice-to-have.

## Where's the evidence?

These simple truths don't come from a few funds. Two-thirds of the LGPS took part in our 2018 National Confidence Assessment and 2020 National Knowledge Assessment. These exercises uncovered some key issues.

**Engagement** - one big issue that was continually highlighted was low engagement when it comes to training.

**Set days** - we heard often that one of the big challenges for funds was scheduling their already stretched Committee and Board members onto designated training days – both at internal and external events.

**Length of training session** - they also mentioned that these training sessions were often very technical, lengthy and at times far too detailed for the level of knowledge expected of the Committee and Board.

**Lack of MI** - Officers would highlight that the administrative recording of training was challenging. Confirming who took part and – importantly – what they had learned was difficult. It was hard for Officers to glean the necessary information to update and (if required) adjust their training plans.

From leading both of these assessments and seeking Committee, Board and Officer views, a clearer picture on what works and doesn't work for pension training emerged.

## Why do funds need to prioritise training?

Expectation and requirement are the two main reasons why all LGPS funds – and pension schemes in general – should ensure that those tasked with running, overseeing and making fund decisions have the requisite knowledge and skills to fulfil that role.

*“Although the fiduciary duty owed by decision makers in the Local Government Pension Scheme (LGPS) is an issue we and others are still wrestling with, we can take from this case (Roberts vs Hopwood) the clear requirement for decisions to be made with care, skill and caution. It is difficult to envisage this being possible if those responsible for taking such decisions do not themselves possess, or have access to, the necessary knowledge of the environment in which they operate.”* Councillor Roger Phillips (Chair of the Scheme Advisory Board (England and Wales)) - NKA 2020 National Report

In the simplest terms, we all want those responsible for managing in excess of £300bn of assets in the interests of around 6m members across the UK to be properly trained and confident in their knowledge.

## In summary

The [LGPS Online Learning Academy](#) is not a 'Hymans idea'. It is truly borne and produced from all LGPS funds. It is designed to answer the challenges of:

**Engagement** – flexible online learning, jargon busters and short quizzes available on multiple devices.

**Set days** – online learning as and when you want.

**Length of training session** – bite-sized training videos ranging from 3 to 22 minutes.

**Lack of MI** – monthly reports and detailed user tracking.

If you would like to discuss the online training platform for your Fund, please get in touch with [Andrew McKerns](#).



## Suffolk Pension Board, 19 July 2021

### Information Bulletin

The Information Bulletin is a document that is made available to the public with the published agenda papers. It can include update information requested by the Board as well as information that a service considers should be made known to the Board.

This Information Bulletin covers the following items:

1. [LGPS 2013 Regulations Act](#)
2. [Procurement for Custodian Services](#)
3. [New Employers](#)

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### 1. LGPS 2013 Act Regulations

- 1.1 In August, the Government issued a partial response to the consultation held on policy proposals to amend the Local Government Pension Scheme 2013 Act regulations.
- 1.2 New regulations came into force on 23 September 2020 providing employers with flexibility on meeting exit payments and administrating authority the flexibility to review employer contributions between valuations:
- 1.3 Government consulted on the appropriate guidance for these new powers and will work with the Scheme Advisory Board and CIPFA to develop guidance, taking account of the consultation responses. [LGPS Regulations 2013 \(lgpsregs.org\)](http://lgpsregs.org). Government aims to publish guidance as soon as possible to help the administering authorities and scheme employers with implementing these powers.
- 1.4 On 2 March 2021 MHCLG published statutory guidance to assist LGPS administering authorities and scheme employers in implementing and operating the regulations on employer flexibilities introduced in September 2020.
- 1.5 On 22 March 2021 the Committee reviewed the employer flexibilities amendments to the Funding Strategy Statement (**Appendix 1**) and commenced a consultation with the Employers in the Fund on those amendments.
- 1.6 These amendments were approved by the Pension Fund Committee at its meeting on 24 June 2021.

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### 2. Procurement for Custodian Services

- 2.1 The Pension Fund officers have been involved in a joint procurement exercise with a number of other ACCESS Funds (Cambridgeshire, Essex, Hampshire, Hertfordshire, Kent, Norfolk and Northamptonshire). This will enable the funds to take advantage of benefits of scale offered by the service providers and assist in

reporting for the whole of ACCESS as the pooling of assets progress as the Funds will be using a custodian in common to collate the data.

- 2.2 Northern Trust has been appointed as the new custodian for the Suffolk Pension Fund and work has commenced to ensure a seamless transition.
- 2.3 The new contract will commence on 1 October 2021.

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### **3. New Employers**

- 3.1 In the quarter up to 31 March 7 new employers have joined the Fund.

Eko Trust - Rushmere Hall Primary	Academy
Aspens - Evolution Trust	Admission Body
Aspens - Kessingland	Admission Body
Churchill CS - Kesgrave High	Admission Body
Ecocleen - TILIAN Palgrave	Admission Body
Ecocleen - Woolpit	Admission Body
Everyone Active - Waterlane & Waveney	Admission Body

- 3.2 There was one employer who have just lost their last active member in the quarter to 31 March. This was an Admission Body (Radis) and work is underway to process the cessation of this employer.

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For further information on any of these information items please contact:

Paul Finbow, Head of Pensions

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# Agenda Item 10, Appendix 1

## Amendments to the Funding Strategy Statement

### Note (f) (Regular Reviews)

Under the 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.

## Agenda Item 10, Appendix 1

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.

### **Note (j) (Admission Bodies exiting the Fund)**

*(1) Notwithstanding the provisions of the Admission Agreement, the Administering Authority may consider any of the following as triggers for the cessation of an admission agreement with any type of body:*

- *an employer's last active member stops contributing to the Fund. It should be noted, however, that LGPS Regulation changes mean that the Administering Authority has the discretion, in any given case, to defer taking action for up to three years;*
- *The insolvency, winding up or liquidation of the Admission Body;*
- *Any breach by the Admission Body of any of its obligations under the Agreement that they have failed to remedy to the satisfaction of the Fund;*
- *A failure by the Admission Body to pay any sums due to the Fund within the period required by the Fund;*
- *The failure by the Admission Body to renew or adjust the level of the bond or indemnity, or to confirm an appropriate alternative guarantor, as required by the Fund; or*
- *On termination of a Deferred Debt Agreement*

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 on page 20.

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.

## Agenda Item 10, Appendix 1

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.

### 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 on 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 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 Body.

## Agenda Item 10, Appendix 1

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 and a cessation valuation will be completed in line with this FSS.

(1) Notes in italics have not been amended but have been left in the body of the report for context purposes

## Suffolk Pension Board

<b>Report Title:</b>	Risk Register
<b>Meeting Date:</b>	19 July 2021
<b>Lead Councillor(s):</b>	Councillor Richard Rout
<b>Director:</b>	Chris Bally, Deputy Chief Executive
<b>Assistant Director or Head of Service:</b>	Louise Aynsley, Chief Financial Officer (S151)
<b>Author:</b>	Sharon Tan, Technical Pensions Specialist Tel. 01473 265636, Email: Sharon.tan@suffolk.gov.uk

### Brief summary of report

1. This report sets out the Risk Register for the Pension Board as approved on 12 March 2021 and how the risk control measures have been implemented against the risks

### Action recommended

- |  |
|--|
| <ol style="list-style-type: none"> <li>2. The Board is asked to review the implementation of the risk control measures.</li> <li>3. The Board is asked to review and approve the Pension Board Risk Register.</li> </ol> |
|--|

### Reason for recommendation

4. Risk management is 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.
5. The effective management of risk is also an area which is covered within the CIPFA Knowledge and Skills framework which recognises the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps can be taken to mitigate such risks.

### Alternative options

6. The Pension Board can include alternative risks to those set out in the Risk Register set out in **Appendix 4**.

### Main body of report

#### Regulatory Background

7. The need for effective risk management is reflected throughout guidance and regulation in the Local Government Pension Scheme (LGPS), in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 paragraph 12(2c) and in the CIPFA publication "Managing Risk in the Local Government Pension Scheme" (2019). The Pensions

Regulator published regulatory guidance in December 2015 entitled “Integrated Risk Management”.

### **Implementation of Risk Control Measures**

8. A summary of how the risk control measures in the risk register have been implemented or reviewed is set out in **Appendix 1**.

### **Risk Register**

9. The purpose of the risk register is to reflect best practice in the identification, evaluation and control of risks in order to ensure that key risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible then means to mitigate the implications of the risks should be established.
10. The probability and risk impact scores have been scored based on the submissions from the members of the Board using the criteria set out in **Appendix 2**.
11. The summary risk register for the Pension Fund Committee is attached as **Appendix 3**. There have been no changes to the Pension Fund Committee risk register since the 12 March 2021 meeting.
12. The risk register for the Pension Board to approve is attached as **Appendix 4**. As discussed at the Board meeting held on 12 March 2021 one additional risk has been added, to cover the governance and workings of the ACCESS Pool. The probability and risk impact scores have been amended based on the recommendations made by the Pension Board members at its meeting on 12 March 2021.
13. The risk register and actions taken to mitigate or control the risks are reported to the Board twice a year.

#### **Sources of further information**

- a) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2009 No.3093).
- b) Managing Risk in Local Government Pensions Funds - CIPFA 2019
- c) Integrated Risk Management - Pensions Regulator 2015



**Suffolk Pension Board Risk Register**

Risk ID	Risk	Risk Control Measures	Implementation
SPB01	<p><b>Employer</b> Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities.</p>	<p>An effective Administration Strategy setting out the employers responsibilities.</p> <p>Monitoring and reporting of the compliance of the employers. Pension Fund officers report on the statutory requirements of the Fund and any breaches that may have occurred.</p> <p>Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position.</p> <p>Non compliance is addressed.</p>	<p>The Administration strategy is reviewed every three years. It was last approved by the Pension Fund Committee at its meeting on 27 November 2018. A link was sent to all employers. The document is available on the Pension Fund website, and will be reviewed again during this financial year.</p> <p>The administration report to the Board provides information on the adherence to statutory requirements for both the Fund and employers.</p> <p>Prospective employers (where a government guarantee doesn't apply) are required to secure either a guarantee or a bond to provide security for the pension liabilities of their members. Bonds are reviewed annually to reflect the current employer position. Eligible Employers are not able to access the Suffolk Pension Fund without providing a bond or guarantee.</p> <p>Engagement is the key to ensure compliance and the team will work with employers to help them comply or to help develop processes to further improve the timeliness and quality of data.</p> <p>When appropriate escalation processes are agreed with employers and used to obtain information where this is not received in the agreed timescales.</p>
SPB02	<p><b>Scheme Members</b> Scheme members are not in receipt of the correct benefit and/or paid on time.</p>	<p>The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations.</p> <p>Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies.</p> <p>Calculations are independently checked and verified.</p> <p>Internal and external audit review the internal control arrangements in place.</p>	<p>Forthcoming Regulatory changes are kept under review through the consultation process. Once the draft regulations are formalised the Fund will effectively plan for implementation seeking technical clarification from the LGA if required. The Altair system is updated and tested by Heywood.</p> <p>Regulation changes are communicated to affected individual members within the statutory 3 months.</p> <p>Attendance at training courses and conferences are encouraged, with the knowledge gained shared amongst the team to ensure the team as a whole is kept up to date. Staff are trained on areas they are not familiar with to improve their knowledge and enable them to support our members better by being able to do more. New administrators have an in-depth training plan to work through which covers each main area of administration to build up their knowledge and develop their skills before they move on to the next area. Additionally new starters are provided with a buddy, process notes and all work is checked thoroughly to ensure there are no risks to the members benefits while they are learning.</p> <p>There are regular team meetings where the specifics of changes to regulations are discussed and refresher training is also carried out.</p> <p>All calculations are peer reviewed by members of the Administration team for accuracy before communications are sent out. There have also been various factor changes which have been loaded into the Altair system.</p> <p>If the Altair pension system is found to be producing incorrect calculations this is raised with the software provider to investigate. The Administration Team are made aware of the issues and where similar cases might arise.</p> <p>Internal audit annually review the internal control arrangements in place for the administration systems and investments, the result are reported to the Board. The Board also receives the external audit report for the Annual Report and Accounts.</p>

# Agenda Item 11, Appendix 1

Risk ID	Risk	Risk Control Measures	Implementation
SPB03	<p><b>Governance</b> Failure to communicate or engage with employers and scheme members.</p>	<p>An effective Communications Strategy so that employers are engaged with the Pension Fund.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings.</p> <p>Regular meetings are held by the Pension Board with the papers published within statutory deadlines.</p> <p>A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website.</p> <p>An annual employers meeting is held.</p>	<p>The Communication strategy is reviewed annually. It was last reviewed by the Pension Fund Committee at its meeting on 25 February 2021. The document is available on the Pension Fund website.</p> <p>The Pension Matters newsletter is emailed to employers on a regular basis to keep them updated with the Local Government Pension Scheme, Suffolk Pension Fund developments and highlights up coming deadlines for administration paperwork requirements from themselves.</p> <p>The Pension Board meets regularly and the papers are published on the Pension Fund website. The Board has access to the Pension Fund officers and have the opportunity to seek clarification or request further information.</p> <p>The Pension Fund has a public facing website and a member self service facility. These electronic means of communicating, along with email are complemented by paper based communication where appropriate. The Pensions website is reviewed and kept up to date with useful information and the Pensions Helpdesk is available for members to contact if they need some guidance.</p> <p>The team issue newsletters to Pensioner members of the scheme twice a year on the self-service system unless a paper version has been requested and employers monthly. Information is provided to all active and deferred scheme members annually with the provision of their Annual Benefit statements through the self service system unless another format has been requested. Pensioner members can now also use the self service system to access their payslips and P60's.</p> <p>The Annual employers meeting was held using microsoft teams on 25 September 2020 covering investment performance, progress in the pooling of assets, upcoming developments for Pensions administration and regulations and a presentation by Hymans explaining how the market volatility effects the funding level and some background information on the McCloud ruling.</p>
SPB04	<p><b>Governance</b> Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.</p>	<p>The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Board approves a formal two year training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.</p> <p>New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Board as required.</p>	<p>The Board agrees its Training plan annually, linked to the requirements of the Cipfa Pensions Knowledge and Skills framework. The next review is at the March 2021 Board meeting.</p> <p>A training segment is utilised before the start of each Pension Board meeting and the Board also has access to and often attend the Pension Fund Committee's training programme before the start of their meetings. Members of the Pension Board attended the Pension Fund annual training day was held in November 2020 utilising microsoft teams covering ESG.</p> <p>New Board Members always receive an introduction to the scheme and a briefing from officers before attending their first meeting.</p> <p>Advisers attend meetings, at the request of the Board. The performance data providers presented to the Board at its virtual meeting held on 20 July 2020.</p>

## Agenda Item 11, Appendix 2

### Risk rating criteria

1. The impact of each risk has been assessed as:
  - Insignificant (1)
  - Minor (2)
  - Moderate (3)
  - Major (4)
  - Extreme (5)
  
2. The risk has then been assessed on the probability of the risk occurring.
  - Rare (1)
  - Unlikely (2)
  - Possible (3)
  - Likely (4)
  - Almost certain (5)
  
3. This has been used to allocate a risk score (multiplication of the score value in brackets above) to each risk which produces one of the risk ratings as follows:
  - Low (1-4)
  - Medium (5-9)
  - High (10-15)
  - Very High (16-25)

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**Suffolk Pension Fund Risk Register – Monitoring Report**

**Risk Profile as of 31 December 2020**

<b>Theme</b>	<b>Ref</b>	<b>Description</b>	<b>Score</b>
Employer	SPF01	Council fails to commission a cessation valuation for departing Admission Body.	Low (4)
	SPF02	Failure to carry out responsibilities for providing scheme administration data.	Medium (6)
	SPF03	Failure of the Employers to produce the data required to calculate the impact of the McCloud High Court ruling.	Medium (6)
	SPF04	Increase in unfunded early retirements	Low (4)
	SPF05	Failure to communicate or engage with pension fund stakeholders	Low (4)
Actuarial	SPF06	Assumptions used in the triennial valuation are significantly different to the experience	Medium (9)
	SPF07	Fall in risk-free returns on Government bonds, leading to rise in value on liabilities	Medium (9)
	SPF08	Failure of investment strategy to produce the long-term returns required in the investment strategy	High (12)
Governance	SPF09	Committee members have insufficient skills or knowledge to make informed decisions	Medium (6)
	SPF10	Board members have insufficient skills or knowledge to discharge their duties	Low (4)
	SPF11	Pension fund officers have insufficient skills or knowledge to advise the Pension Fund appropriately	Medium (6)
	SPF12	Failure by a provider of Additional Voluntary Contributions to the Pension Fund	Low (4)
	SPF13	Breach of current data protection legislation	Medium (6)
	SPF14	Failure to have adequate systems and processes in place to safeguard data	Low (4)
Investment	SPF15	Failure of investment markets in generating returns	High (12)
	SPF16	Failure in performance by individual investment managers leading to shortfall	Medium (6)
	SPF17	Counterparty default in securities lending programme	Low (4)
	SPF18	Negligence, fraud, or default by individual investment manager leading to shortfall	Medium (6)
	SPF19	Failure of custodian leading to loss of investment or misreporting of position	Medium (6)
	SPF20	Insufficient liquid assets to meet liabilities	Medium (6)
	SPF21	Failure by investment managers to appropriately manage the potential risk of stranded assets	Low (4)

## Agenda Item 11, Appendix 3

Regulatory	SPF22	Changes to regulations or legislation not being adhered to	Medium (6)
	SPF23	Failure of the Pension Fund to be able to undertake the work required to remedy the McCloud High Court ruling.	Medium (6)
	SPF24	Progress in pooling the assets of the Suffolk Pension Fund in the ACCESS pool does not meet Government expectations.	High (12)
Operational	SPF25	Failure of payroll and pensions administration IT systems	Medium (9)
	SPF26	Failure to comply with LGPS pensions benefits regulations	Medium (6)
	SPF27	Staff fraud/theft/negligence	Low (4)
	SPF28	Failure to collect/account for full receipt of contributions and deficit payments	Low (4)
COVID 19	SPF29	Failure of the Pension Fund to carry out its duties during the COVID 19	Medium (6)

Theme	Number of risks in each category			
	V High	High	Medium	Low
Employer	0	0	2	3
Actuarial	0	1	2	0
Governance	0	0	3	3
Investment	0	1	4	2
Regulatory	0	1	3	0
Operational	0	0	2	2
COVID 19	0	0	1	0

**Key changes to the Suffolk Pension Fund Risk Register since the last summary report.**

- None

Suffolk Pension Board Risk Register

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB01	<p><b>Employer</b> Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities.</p> <p><u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer and the Pension Fund as a whole.</p> <p>The financial burden would have to be picked up by the rest of the employers in the Pension Fund.</p>	3	1	3	Low	<p>An effective Administration Strategy setting out the employers responsibilities.</p> <p>An effective Communications Strategy so that employers are engaged with the Pension Fund.</p> <p>Monitoring and reporting of the compliance of the employers.</p> <p>Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position.</p> <p>Non compliance is addressed.</p>
SPB02	<p><b>Scheme Members</b> Scheme members are not in receipt of the correct benefit and/or paid on time.</p> <p><u>Consequence</u> Additional administration time required to correct any errors.</p> <p>Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	3	1	3	Low	<p>The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations.</p> <p>Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies.</p> <p>Calculations are independently checked and verified.</p> <p>Internal and external audit review the internal control arrangements in place.</p>

## Agenda Item 11, Appendix 4

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB03	<p><b>Governance</b> Failure to communicate or engage with employers and scheme members.</p> <p><u>Consequence</u> Leading to non compliance with legislation and best practice. Inability to determine policy and effective decisions. Damaging to reputation.</p>	3	2	6	Medium	<p>Maintenance and implementation of a communication strategy.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings.</p> <p>Regular meetings are held by the Pension Board with the papers published within statutory deadlines.</p> <p>A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website.</p> <p>An annual employers meeting is held.</p>
SPB04	<p><b>Governance</b> Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.</p> <p><u>Consequence</u> The Board does not discharge their duties to oversee the governance of the Pension Fund.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	3	3	9	Medium	<p>The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Board approves a formal training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.</p> <p>New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Board as required.</p>
SPB05	<p><b>Regulatory</b> Changes to regulations or legislation not being adhered to.</p> <p><u>Consequence</u> Could result in an increase in the cost of the scheme or increased administration time to correct.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	3	2	6	Medium	<p>The Pension Fund responds to all consultation papers regarding changes to the LGPS issued by the Ministry of Housing, Communities and Local Government (MHCLG).</p> <p>Pension Fund officers attend conferences and seminars to ensure the consequences of legislative changes are understood and implemented.</p> <p>New legislation is reported to the Pension Fund Committee and Board with regular updates on progress on implementation, the guidance produced, legal advice taken and any issues identified.</p>



## **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

<b>Meeting date (see Note)</b>	<b>Date added</b>	<b>Subject</b>	<b>Short description</b>	<b>How is it anticipated the Committee will deal with this issue?</b>
<b>Friday, 1 October 2021</b>	Added 11 December 2020	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 11 December 2020	Annual Report and Accounts 2020/21	To review the annual report and Accounts of the Pension Fund	Written Report
	Added 11 December 2020	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Presentation
	Added 11 December 2020	Pension Board Risk Register	To review the Pension Board Risk Register.	Written Report
	Added 11 December 2020	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 11 December 2020	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
<b>Friday, 10 December 2021</b>	Added 12 March 2021	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	
	<b>Added 19 July 2021</b>	<b>Suffolk Pension Fund Policies</b>	<b>A review of the Policies of the Suffolk Pension Fund</b>	<b>Written Report</b>
	Added 12 March 2021	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Presentation
	Added 12 March 2021	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 12 March 2021	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report

<b>Meeting date (see Note)</b>	<b>Date added</b>	<b>Subject</b>	<b>Short description</b>	<b>How is it anticipated the Committee will deal with this issue?</b>
<b>Friday, 11 March 2022</b>	<b>Added 19 July 2021</b>	<b>Complaints, Compliments and Administration Performance</b>	<b>To receive a report on the complaints and compliments received by the Fund.</b>	<b>Written Report</b>
	<b>Added 19 July 2021</b>	<b>Administration and management expenses</b>	<b>To receive a report on the administration and management expenses for 2021/22 and the budget for 2022/23.</b>	<b>Written Report</b>
	<b>Added 19 July 2021</b>	<b>Suffolk's progress on Pooling of Assets</b>	<b>To receive an update on the progress of pooling assets.</b>	<b>Presentation</b>
	<b>Added 19 July 2021</b>	<b>Pension Board Risk Register</b>	<b>To review the Pension Board Risk Register.</b>	<b>Written Report</b>
	<b>Added 19 July 2021</b>	<b>Recent Developments</b>	<b>To receive an information bulletin covering recent developments that the Board has an interest in.</b>	<b>Written Report</b>
	<b>Added 19 July 2021</b>	<b>Forward Work Programme</b>	<b>To approve the Forward Work Programme for the Suffolk Pension Board.</b>	<b>Written Report</b>

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

If you have any questions or queries, please contact Paul Finbow. Email: [paul.finbow@suffolk.gov.uk](mailto:paul.finbow@suffolk.gov.uk), Telephone: 01473 265288.

Revised: July 2021

**Items for consideration/scheduling:**