

Suffolk Pension Fund Annual Report and Accounts 2022-23



CONTENTS

Preface

Head of Finance Foreword
Statement of Responsibilities
Scheme Management and Advisers
Scheme Overview

Governance

Pension Fund Committee Chairman's Report
Membership of the Pension Fund Committee
Work of the Pension Fund Committee
Pension Board Chairman's Report
Membership of the Pension Board
Work of the Pension Board
Risk Management

Financial Performance

Summary of the Financial Position
Contribution Receipts
Benefit Payments
Cost of Running the Fund
Investment Income

Investment Performance

Investments
Performance Returns
Investment Performance
Voting

Administration Performance

Pension Administration Team
Summary of the work undertaken
Key Performance Indicators
Employers in the Fund

Independent Auditor's Report

Actuarial Report

ACCESS Pool Report

Pension Fund Accounts 2022-23

(published on the Pension Fund website
www.suffolkpensionfund.org)

Governance Policy Statement
Governance Compliance Statement
Investment Strategy Statement
Funding Strategy Statement
Actuarial Report
Administration Strategy
Voting Policy Statement
Communications Policy

Report from the Head of Finance

Foreword to Annual Report and Accounts

The Suffolk Pension Fund Annual Report and Accounts sets out the Pension Fund's income and expenditure and its assets and liabilities for the financial year ended 31 March 2023, the governance arrangements for administering the scheme and the work carried out by the Pension Fund Committee, Pension Fund Board and the Pension Fund officers throughout the year.



The policies of the Fund which form part of the prescribed content of the Annual Report, are published as separate documents on the website of the Fund (www.suffolkpensionfund.org).

Business Plan

The Committee approves a business plan at the start of each financial year. This provides a mechanism for the Committee to ensure that its responsibilities for the Fund are carried out effectively. Their key actions for 2022-23 are as below:

Actuarial Valuation

The Fund is required to obtain an independent actuarial valuation of its assets and liabilities every three years. This was undertaken during 2022-23 which determined the employer contributions that are required for the three years starting April 2023.

The Committee set the financial assumptions to be used, with advice from the Fund's actuary, Hymans Robertson LLP, and reviewed the Funding Strategy.

A full set of contribution rates, the Valuation Report and the Funding Strategy are published on the Suffolk Pension Fund website.

Investment Strategy

The Fund's investment objectives are set out in its Investment Strategy Statement to achieve the aims of the Funding Strategy Statement. There are significant levels of diversification between different asset classes to ensure that the assets of the Pension Fund, when taken in conjunction with future contributions, are sufficient to ensure that all future pension and retirements benefits will be fully covered by the Fund's assets when they fall due, whilst maintaining the Fund's relatively low risk approach.

These objectives have been translated into an asset allocation plan and as at 31 March 2023, 42.5% of the Fund is to be invested in equities, with the balance in bonds (28%), property (10%), a number of funds in alternative investments (19%) and a small holding in cash and money markets of 0.5%.

Environment, Social & Governance

The Pension Fund is committed to integrating not just environmental factors, but also other social and governance factors to demonstrate a sustainable, responsible and ethical approach to investment.

The Pension Fund is actively working on becoming a signatory to the UK Stewardship code.

ACCESS Pool

The Section 151 Officers of the ACCESS Authorities provide advice to the Joint Committee overseeing the Pool and one Section 151 Officer attends the meeting to be on hand to offer direct support as decisions are made at the meeting. The Section 151 Officers meet on at least a quarterly basis to be briefed by the Director of the Access Support Unit (ASU) on the progress of implementing the decisions made by the Committee and to understand the resources required to implement these decisions and to ensure the budget is appropriate.

The Suffolk Pension Fund remains committed to transferring all of its investment assets into the ACCESS Pool over the long term. Excellent progress has been made with 70% pooled as at 31 March 2023 with further opportunities already identified for transferring into the Pool during the 2023-24 financial year.

Administration

The Pension Board focuses on the governance and administration of the Fund to ensure that it is managed and administered effectively, engaging with the Employer's, and receiving reports on the performance of the administration team.

The Pensions team operate a hybrid working structure, with all staff working part-time in the office and part-time at home. The Fund has a self-service platform (<https://pensions.suffolk.gov.uk>) which enables members to access their statements and have instant access to their records. The phone helpdesk meets the needs of members who prefer to talk to someone or who are not computer literate.

The 2022 annual benefit statements for active and deferred members were delivered electronically ahead of the statutory deadline of 31 August.

Audit

The Pension Fund accounts are included within the County Council's Statement of Accounts for 2022-23, which is subject to audit by Ernst and Young LLP.

Louise Aynsley

*Chief Financial Officer (S151)
August 2023*



Tree Way Marker, Saxmundham

Statement of Responsibilities for the Pension Fund Accounts

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, during 2022-23 that officer was the Chief Financial Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the statement of accounts

Certification

I confirm that these Accounts were approved by the Audit Committee at its meeting on XX 2024 on behalf of Suffolk County Council and have been authorised for issue.

Councillor Joanna Spicer

Chairman of the Audit Committee

The Responsibilities of the Chief Financial Officer (Section 151 Officer)

The Chief Financial Officer is responsible for the preparation of the Council's Statements of Accounts including those of the Pension Fund. In order to comply with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of the financial position of the Pension Fund at 31 March 2023, and the income and expenditure (spending) for the year to that date.

In preparing this Statement of Accounts, the Chief Financial Officer has:

- chosen suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- followed the Code of Practice on Local Authority Accounting.

The Chief Financial Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps to prevent and detect fraud and other irregularities.

Certification

I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Pension Fund at 31 March 2023 and its income and expenditure for the year to that date.

Louise Aynsley

Chief Financial Officer (Section 151 Officer)

Scheme Management and Advisers

Pension Fund Committee

Cllr Karen Soons (Chairman)	Cllr Robert Lindsay
Cllr Georgia Hall (Vice-Chairman)	Cllr Simon Harley (From Feb 23)
Cllr Edward Back	Cllr Colin Kreidewolf
Cllr David Goldsmith	Cllr John Whitehead
Cllr David Nettleton	Steve Warner (Unison)

Pension Board

Cllr Richard Rout (Chairman)	Ian Blofield
David Rowe (Vice-Chairman)	Thomas Jarrett
Eric Prince	Pauline Bacon

Suffolk County Council

Louise Aynsley	Chief Financial Officer (S151)
Paul Finbow	Head of Pensions
Sharon Tan	Lead Accountant (Pensions)
Andy Chapman-Ennos	Technical Pensions Specialist
Stuart Potter	Operations Manager (Administration)

Investment Managers

Blackrock Investment Management	Partners Group
Brookfield Asset Management	Pyrford International
JP Morgan	Schroders Investment Management
Kohlberg, Kravis, Roberts	UBS Group
Link Fund Solutions	Wilshire Associates
M&G Investments	Pantheon Ventures

Pension Fund Advisers

Auditors	Ernst & Young LLP
Actuary	Hymans Robertson LLP
Investment Consultancy Service	Hymans Robertson LLP
Independent Investment Adviser	Mr Mark Stevens
Performance Measurement	Northern Trust
	PIRC
Investment Custodian	Northern Trust
Banking Services	Lloyds Banking Group Plc
Legal Advisers	Squire Patton Boggs
Pool Operator	Link Fund Solutions

Scheme Overview

Introduction to the Fund

The Local Government Pension Scheme (LGPS) provides pension benefits for certain employees within local government. It is governed by statute and the statutory responsibility for regulating the scheme lies with the Minister of State for the Department of Levelling Up, Housing and Community (DLUHC).

The LGPS is administered locally by 86 Pension Funds in England and Wales and collectively is one of the largest pension schemes in the UK.

It is a defined benefit pension scheme, meaning benefits are paid out based on the members salary and for how long they have paid into the scheme.

Scheme Eligibility

The scheme is open to all County Council employees (except teachers, fire fighters and former NHS staff who have their own national scheme), employees of the Suffolk District and Borough Councils and employees of certain other public bodies (known as scheduled bodies) within Suffolk.

Parish and Town Councils may decide by designation to allow their employees to join the scheme and regulations also permit the Pension Fund Committee to admit certain other bodies which provide public services.

All eligible employees automatically become members of the scheme unless they chose to opt out.

How the Fund Works

The LGPS is a funded pension scheme, contributions from employees and employers are held in the Fund and invested, until the benefits fall due for payment. This enables the fund to generate capital growth and income from investments.

The Employer's contribution rates are set as part of the actuarial valuation exercise which is carried out every three years by the Suffolk Pension Fund's actuary, Hymans Robertson LLP.

The last valuation exercise was carried out in 2022-23, and following consultation with the Employers', the next three years contribution rates take effect from 1 April 2023.

Costs of Employee Membership

Employee contributions are set nationally, in bands on members' pensionable pay. The pay banding table which was used during 2022-23 is shown below:

Actual Pensionable Pay	Contribution Rate
£0 - £15,000	5.50%
£15,001 - £23,600	5.80%
£23,601 - £38,300	6.50%
£38,301 - £48,500	6.80%
£48,501 - £67,900	8.50%
£67,901 - £96,200	9.90%
£96,201 - £113,400	10.50%
£113,401 - £170,100	11.40%
£170,101 or more	12.50%

The contribution rates are reviewed periodically to maintain the average contribution from employees at 6.5% and to ensure the long-term costs of the scheme are affordable.

Members have the option to join on a 50/50 basis which entitles members to pay half the contribution rate in exchange for half the pension benefit. These members retain full benefits in the event of ill health or death in service.

Benefits of the Pension Fund

The majority of the benefits payable are set by regulation and are increased in April each year based on the CPI rate as at 30 September in the previous year.

The core scheme benefits are:

- Life assurance of three times the member's yearly pay from the day they join the scheme.
- Inflation linked pension for the rest of the member's life.
- The ability to take a tax-free lump sum by commutation of pension. For service in the scheme prior to 1 April 2008 there is an automatic tax-free lump sum of three times the annual Pension to 31 March 2008.
- Dependent pensions for spouses, civil registered partners and qualifying co-habiting partners and eligible children should the member die.
- An entitlement paid early if a member has to stop work due to permanent ill health.
- Flexible retirement and an option to take the Pension from between the ages of 55 and 75.
- Early payment of members benefits without reduction from aged 55, should they be made redundant.



Mechanical Water Clock, Southwold

Governance Report

Pension Fund Committee Chairman's Report

I am pleased to be introducing the latest Suffolk Pension Fund Annual Report and Accounts.

Financial markets have continued to be volatile, with another unpredictable year. The war in Ukraine and central banks' measures to contain inflation have been the main sources of poorer performance in bond and equity markets. However, the final quarter of the year has at least brought some improvement. The Fund returned -0.5%, which although disappointing was in the top quartile of other Local Government schemes.



Investment pooling continues to be a focus for the Fund, with a further £368 million being transferred during the year. 70% of the Suffolk Pension Fund's assets are in the ACCESS Pool, with plans to transfer the emerging market investment in the forthcoming financial year and consider the transfer of Property to CBRE who were appointed by MJ Hudson as the investment manager of both global and UK property for the ACCESS Pool.

The committee continues to seek investment opportunities to reduce the Fund's carbon intensity, switching £310 million into a low carbon transition fund with UBS which will further reduce the carbon intensity year on year to help mitigate the risks of climate change.

This year saw the completion of the triennial valuation for 2022, setting the contribution rates for the employers for the next three years starting from April 2023. The funding level improved from 99% to 107%, with a majority of employers benefitting from a reduction to their contribution rates. Employee contribution rates are set nationally, in pensionable pay bands.

A new Funding Strategy was approved after consultation with the Employers, setting out the funding strategy objectives and how the contributions are set and how Employers are treated when certain events happen.

Whereas the Funding Strategy sets out how money will be collected from employers to meet the Fund's obligations, the Investment Strategy sets out how the contributions, assets and other income are invested to ensure that benefits are paid when due.

The Committee receives a quarterly report on Environmental, Social and Governance issues affecting the Fund's investments. This has been developed during the year and has focussed on differing asset classes and investment manager practices. Voting and engagement activities carried out are also reported.

The Fund met with investment managers on a rotational basis, quarterly, with the independent investment advisor, to understand the managers' views on the current market conditions and the way they are investing the Fund's money.

A new Investment Manager Engagement Strategy was agreed at the November 2022 Pension Fund Committee meeting, and this now forms the basis of these engagements with Investment Managers, setting out a structured way these occur in line with a requirement within the future stewardship code application by the Fund.

Councillor Karen Soons

*Chairman of the Pension Fund Committee
August 2023*

Pension Fund Committee

The Pension Fund Committee's key responsibilities are:

- a) The effective and prudent management of the Suffolk Pension Fund.
- b) The approval of the Fund's investment strategy
- c) The approval of the funding strategy following the triennial actuarial valuation, and the determination of the employers' contributions to the Fund.

Membership of the Committee

The Pension Fund Committee consisted of seven county councillors, who were appointed by the County Council, reflecting the political balance on the County Council as a result of County Council elections. In addition, the Committee included two district council representatives, who were nominated by the Suffolk District Council leaders, and a scheme member representative, who was nominated by UNISON.



Cllr David Nettleton



Cllr Edward Back



Cllr Robert Lindsay



Cllr Simon Harley



Cllr Colin Kreidewolf



Cllr John Whitehead

District Representatives



Cllr Karen Soons
Chairman



Cllr Georgia Hall
Vice Chairman



Cllr David Goldsmith



Steve Warner
Union Representative

Committee Attendance

The attendance of the Pension Fund committee members for the Committee meetings held during 2022-23 are shown below.

Suffolk County Council Pension Fund committee members are encouraged to send a substitute for any committee meeting which they are unable to attend. The substitute is fully briefed by a Pension Fund officer to enable them to participate in the meeting.

Councillor	Meetings attended
Cllr Karen Soons	4/6
Cllr Georgia Hall	6/6
Cllr David Nettleton	3/6
Cllr David Goldsmith	6/6
Cllr Edward Back	6/6
Cllr Robert Lindsay	3/6
Cllr Simon Harley	2/2*
Cllr Peggy McGregor	0/3*
Cllr Colin Kreidewolf	5/6
Cllr John Whitehead	5/6
Mr Steve Warner	4/6

*Cllr Peggy McGregor stepped down in September 2022, replaced by Cllr Simon Harley in February 2023.

All members of the Pension Fund Committee have voting rights.

Committee members must declare any conflicts of interest at each committee meeting which are recorded in the minutes. In addition, all members must complete a register of interest declaration form which is available for public inspection. A review of the register is undertaken by internal audit as part of their governance auditing programme and the results are reported to the Audit Committee.



Cardinal Thomas Wolsey, Ipswich

Committee Training

The Pension Fund Committee recognises the importance of ensuring that those who are responsible for financial management and decision making with regards to the pension scheme are equipped with the necessary knowledge and skills. The Chief Financial Officer is responsible for ensuring that appropriate training is undertaken by members and officers with responsibilities relating to the Pension Fund.

The Committee has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs. All new committee members are given training on the operation of the Fund and their responsibilities.

In addition, the committee approves a formal training plan which is designed to cover the Committee's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.

Councillor	Training attended
Cllr Karen Soons	4/6
Cllr Georgia Hall	5/6
Cllr David Nettleton	4/6
Cllr David Goldsmith	5/6
Cllr Edward Back	6/6
Cllr Robert Lindsay	3/6
Cllr Peggy McGregor	0/3
Cllr Simon Harley	2/2
Cllr Colin Kreidewolf	4/6
Cllr John Whitehead	5/6
Mr Steve Warner	3/6

Training sessions are designed to cover the major areas of the Committee's activities throughout the year. In addition to these a training day is also offered to cover any specific training needs which are identified.

As part of the training plan the Committee has received presentations during the year from the fund's investment managers and advisers. This year topics have been:

- **Company Engagement** presented by LAPPF taking the committee through how they engage with companies their members are invested in, how the outcomes are reported and how actions are followed up.
- **Pathway to Net Zero** by Hymans Robertson setting out the TCFD requirements, what net zero is and what the Fund should be aiming for it.
- **Currency Hedging** by Hymans Robertson taking the Committee through how currency hedging works and what it sets out to achieve.
- **ACCESS Alternative Investment Platform** covered by MJ Hudson explaining how the ACCESS alternative assets will be set up, how it will operate and the journey towards illiquid asset pooling.
- **Risk Management** which was presented by Hymans Robertson outlining what risk is and how it can and should be managed.
- **Annual Training Day** with presentations by investment managers covering what a net zero investment portfolio would look like in 2023.

The Suffolk Pension Fund Committee signed up to the Hymans Robertson online training module aimed at both Committee and Board members. They are progressing through the training modules and will continue to do so across the current year.

This is supplemented by external training provided by local government organisations and investment seminars organised by investment managers and industry experts. Committee members and officers have access to the on-line training and reference material contained in the CIPFA Pensions Knowledge and Skills ‘tool kit’.

Work of the Pension Fund Committee

The Pension Fund Committee has an annual business plan which sets out its priorities for service development.

The Committee monitors the investment performance of the Fund and all its managers on a quarterly basis, receiving a combined investment report with collaboration from Hymans Robertson LLP and Mark Stevens, the Fund’s Investment advisers and officers of the Pension Fund. The report includes commentaries on the performance of the managers and the investment strategies employed, a review based on the quarterly investment manager’s meetings and an overview of the economic outlook.

During the year the Committee completed the Actuarial Valuation as at 31 March 2022 and contribution rates have been set for all employers in the Fund for the next three years (starting 1 April 2023).

The Committee monitors the actuarial position of the Fund on a quarterly basis with the receipt of an estimated funding valuation report produced by Hymans Robertson LLP.

The Committee has been regularly kept informed of the development of the ACCESS pool and has approved transfers of assets into the pool.

The Committee updated and approved the following policy documents:

- Treasury Management Strategy
- Funding Strategy Statement
- Governance Policy

- Investment Strategy Statement
- Risk Management Strategy
- Risk Register

Additional areas considered by the Committee were:

- Review the business plan for 2022/23 and set the work for 2023/24
- Review the strategic asset allocation of investments.
- Regular report on the work of the administration team
- Continued development of reporting on Environmental, Social and Governance issues including climate change.
- Review and setting of the investment consultant performance objectives.
- Approval of Annual Report and Accounts



Green Wind, Ravenswood, Ipswich

Pension Board Chairman's Report

It is a pleasure to introduce the Suffolk Pension Board's annual report. The Suffolk Pension Board, representing employers and members of the scheme, operates to assist Suffolk County Council in ensuring the effective and efficient governance and administration of the Suffolk Pension Fund.



As representatives of the Employers in the Fund, the Pension Board has a keen interest in the triennial valuation. The Board was kept apprised of the planning phase and the timetable for the key milestones for the exercise receiving regular updates on progress throughout.

The Annual Employers meeting was held on 7 October, with Craig Alexander from Hymans Robertson taking the attendees through the actuarial funding valuation and covering the major financial assumptions used.

The Pension Board is regularly kept informed of the activity of the ACCESS Pool and the progress of the Suffolk Pension Fund's pooling of its assets by the Pension Fund officers. In March 2023, two members of the Board attended the ACCESS Joint Committee meeting to observe on the proceedings which provided a greater insight on the governance process that ACCESS operates under and witness the discussions that are had around each decision made.

The Pension Board meeting held in March 2023 saw the departure of David Rowe, representing active scheme members and Eric Prince representing retired members, both had been on the Board since its inception and had served the maximum two terms permitted.

David and Eric brought a wealth of experience to the Board and contributed to the development of the Board from the first meeting on 9 July 2015

Following a recruitment process overseen by the Suffolk County Council Monitoring Officer, Nigel Inniss, Kay Davison will be joining the Board to represent the active members and Richard Blackwell representing retired members.

Councillor Richard Rout

*Chairman of the Suffolk Pension Board
September 2023*



Formation, Ravenswood Ipswich

Pension Board

The Pension Board's key responsibilities are:

- 1) Assist the Council as scheme manager.
 - 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 requirements imposed in relation to the LGPS by the Pensions Regulator.
 - c) In such other matters as the LGPS Regulations may specify.
- 2) Secure the effective and efficient governance and administration of the Suffolk Pension Fund.

Membership of the Board

The Suffolk Pension Board consists of six members, three Pension Fund employer representatives (one each representing the County Council, other local government employers and other employers) and three Pension Fund member representatives (one each representing current active members, retired members and trade unions).

Cllr Richard Rout	Suffolk County Council
David Rowe	Active Scheme Member
Thomas Jarrett	Other Employers
Ian Blofield	Other Local Government
Eric Prince	Retired Members
Pauline Bacons	Unions

Board Attendance

The attendance of the Pension Board members for the quarterly meetings held during 2022-23 are as follows:

Board member	Representing	Meetings attended
Cllr Richard Rout	Suffolk County Council	1/4
David Rowe	Active Scheme Members	4/4
Eric Prince	Retired members	4/4
Ian Blofield	Other Local Government	4/4
Thomas Jarrett	Other Employers	3/4
Pauline Bacon	Unions	2/4

Board Training

The Pension Board recognises the importance of complying with the Pensions Regulator's Code of Practice in regard to the demonstrable knowledge and understanding of the LGPS that is expected, whilst in addition, having due regards to the guidance issued by the Scheme Advisory Board.

The Board approves a 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.

Members of the Board are also invited to attend the Pension Fund Committee training and the annual Committee training day.

Board member	Representing	Training attended
Cllr Richard Rout	Suffolk County Council	0/4
David Rowe	Active Scheme Members	3/4
Eric Prince	Retired members	4/4
Ian Blofield	Other Local Government	3/4
Thomas Jarrett	Other Employers	3/4
Pauline Bacon	Unions	1/4

As part of the training plan the Board has received training as follows:

- Other Local Pension Board Agendas and Priorities by Paul Finbow to enable the Board to understand what other Pension Boards are covering in their meetings.
- The Pensions Regulator covered by Sharon Tan looking at the role and powers of the Pension Regulator
- Employer Onboarding by Paul Finbow taking the Board through the different Employer types who are members of the Fund and how they are onboarded.
- Annual Training Day presentations by investment managers covering what a net zero investment portfolio will contain.

The Board also agreed to sign up the Hymans Robertson online training module aimed at both Committee and Board members that covers all the required knowledge and understanding to undertake appropriate scrutiny and decisions.

Work of the Pension Board

The Pension Board agrees a forward work programme for the year ahead which includes regularly reviewing its risk register, quarterly updates on the performance of the administration team, and recent developments in the Fund.

The annual report on investment performance for 2021-22 presented to the Committee was also separately presented to the Board.

The Board has been regularly kept informed of the development of the ACCESS pool and has appraised of the transfers of assets into the pool by the Fund.

In addition to the regular reports the Board has received and reviewed:

- Pension Fund Annual Report and Accounts 2021-22
- Review of the process for the Actuarial Valuation.
- Admin and Management expenses
- Policies approved by the Committee.



St Edmundsbury Cathedral

Independent Auditor's Report to the Members of Suffolk County Council

Opinion on the Pension Fund financial statements

We have audited the Pension Fund financial statements for the year ended 31 March 2023 under the Local Audit and Accountability Act 2014. The Pension Fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion the Pension Fund financial statements:

- Give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and the amount and disposition of the Fund's assets and liabilities as at 31 March; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority in the United Kingdom 2022/23.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern

Other information

The other information comprises the information included in the 'Statement of Accounts 2022-2023', other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the 'Statement of Accounts 2022-2023'.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have

performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibility of the Chief Financial Officer

As explained more fully in the 'Statement of Responsibilities for the Statement of Accounts' set out on page 8, the Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the Pension Fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.

We understood how Suffolk Pension Fund is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Pension Committee minutes, through the inspection of Pension Fund policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and opportunities for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise.

Based on our risk assessment procedures we identified the manipulation of journal entries of the investment income and investment asset valuations and management override of controls to be our fraud risks.

To address our fraud risk we tested the consistency of the investment income and investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business.

Debbie Hanson TBC
(for and on behalf of Ernst & Young LLP, Appointed Auditor)



Snooks the dog, Aldeburgh

Actuarial Statement for 2022-23

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS). In summary, the key funding principles are as follows:

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

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling

has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £3,756 million, were sufficient to meet 107% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £235 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	3.7%
Salary increase assumption	3.7%
Benefit increase assumption (CPI)	2.7%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.0 years	24.6 years
Future Pensioners*	22.7 years	26.2 years

*Aged 45 at 2022 Valuation

Copies of the 2022 valuation report and Funding Strategy Statement are available on the Suffolk Pension Fund website (www.suffolkpensionfund.org)

Experience over the period since 31 March 2022

Markets continued to be disrupted by the ongoing war in Ukraine and inflationary pressures, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023. Despite this, the funding level of the Fund is likely to be higher than reported at the 31 March 2022 funding valuation due to the significant rise in interest rates which reduces the value placed on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.



Craig Alexander FFA
For and on behalf of Hymans Robertson LLP
18 May 2023

HYMANS 
ROBERTSON

Together, building better
futures since 1921

Risk Management

The long-term risk in relation to the Pension Fund is that its assets fall short of its liabilities and that there would be insufficient assets to pay the pensions to its members. Investment objectives have been set by the Pension Fund Committee with the aim of achieving long term investment returns within an agreed risk tolerance level to mitigate the risk.

Investment risk and performance is regularly monitored and reviewed by the Council's officers. The Pension Fund Committee reviews investment performance on a quarterly basis with the assistance of its investment advisers, Hymans Robertson LLP and Mark Stevens.

The Pension Fund Committee and Pension Board each maintains a risk register for the Pension Fund, which is available on the website (www.suffolkpensionfund.org). All Pension Fund risks are subject to regular monitoring in regards to the likelihood of occurrence and potential impact on the Fund.

Assurance over the systems operated by the Fund's investment managers and custodians is maintained by reviewing relevant documentation about their internal control environment such as ISAE340 reports, prepared in accordance with the guidance from the Audit and Assurance Faculty of the ICAEW.

Systems and internal control

The Council's statement of accounts, which includes the accounts of the Pension Fund, is subject to external audit by Ernst & Young LLP who produce an overall audit opinion on the Council's accounts. The auditors produce a separate opinion on the Pension Fund financial statements and an opinion that the Pension Fund annual report is consistent with the Pension Fund accounts.

The Pension Fund is also subject to an internal review by the Council's internal auditors on the robustness of the Pension Fund's systems, procedures and controls. The Head of Audit Services has provided the opinion that the internal control environment provides sufficient assurance that the Pension Fund financial and administrative systems have adequate controls and effective systems in operation.

The 2022-23 audit review of Pension Investments confirmed that there continued to be evidence of sound governance, risk management and control arrangements in place.

The Pension Fund assets held by the external custodian are regularly reviewed and reconciled. The Fund has appropriate independent advisers who report on the performance of the Fund and Investment Managers. The Pension Fund Committee and Local Pension Board are kept informed on the performance and development of the Fund and receive appropriate training to assist them in carrying out their responsibilities. The Committee and Board maintain separate risk registers, and these are reviewed on a regular basis.

The Suffolk Pension Fund continues to transfer assets into the ACCESS pool when appropriate. ACCESS is a collaborative partnership between eleven LGPS Administering Authorities and has a legal agreement in place (the IAA - Inter Authority Agreement). The IAA has been reviewed, and the revised version has now been adopted by all eleven Authorities.

Governance arrangements for the Pool are in place, and these preserve the ability of Suffolk Pension Fund to determine its own investment decisions (in accordance with its own investment strategy). The Suffolk Pension Fund is represented on the Pool's Joint Committee and also at the Officer Working Group. Feedback on the pooling progress is given at the Suffolk Pension Fund Committee and Board meetings.

The administration systems audit is conducted annually, with the aim of providing assurance to the Pension Fund Committee that the control environment is operating effectively. A risk assessment is carried out to determine the scope of the annual audit of pension administration, using the LAWGAIM matrix.

A reasonable level of assurance was gained that there are sound control arrangements that allow the fund to operate effectively. This is a good opinion when accounting for the high volume of transactions going through the fund.

Procedure notes and training are made available to staff, and checklists have been developed for key processes. Progress has continued in reducing the backlog of 'undecided leavers' cases. Performance management processes are in place - including a daily task list which prioritises each days tasks for the team.

Staff check each other's work, and there is a clear audit trail of authorisation and separation of duties within the payments process. Annual benefit statements were produced by the required deadline.

Monthly reconciliations are undertaken between the contributions received to records from the employers, and between the pay run and the bank statement. Good controls are in place enabling transactions to be completed accurately and timely.

The following table lists the audit opinions for the last three years.

Audit	2020/21	2021/22	2022/23
Pensions Investments	Substantial Assurance	Substantial Assurance	Substantial Assurance
Pensions Administration	Reasonable Assurance	Reasonable Assurance	Reasonable Assurance

- Substantial Assurance – There are sound governance, risk management and control arrangements in place in order to meet the objectives of the area under examination.
- Reasonable Assurance - Whilst there is basically sound governance, risk management and control arrangements in place, there are some gaps in assurance which put at risk some of the objectives of the area under examination.

ACCESS Pool

The ACCESS pool continues to develop, there is a clear governance structure in place with quarterly reporting to the Joint Committee, and a business plan and risk register which are regularly reviewed. The ASU (ACCESS Support Unit) provides day-to-day support for the Pool, including programme and contract management, and administration and technical services. The ASU was audited by Essex County Council in 2022-23 with a 'Good Assurance' opinion, the highest rating available.



Question Mark, Ipswich

Counteracting Fraud

The Suffolk Pension Fund participates in the National Fraud Initiative exercise which matches electronic data between public and private sector bodies to prevent and detect fraud.

Any returned post or bank payments results in payments being ceased and a tracing agency is utilised to track down the member to confirm existence or otherwise.

The Suffolk Pension Fund utilises the 'Tell us once' service that enables someone to report a death to most government organisations online in one go instead of having to write to the Pension Fund at a later date which results in a timelier notification.

The Pension Fund has controls in place to prevent internal fraud such as administrative staff being unable to access their own records, separation of duties and appropriate authorised signatories which are checked against payments. Internal controls are also subject to the audit scrutiny on an annual basis.

Pension Fund Risk Register

The Committee has adopted a formal framework for the identification and management of the risks that the Fund is exposed to. The risk management strategy identifies the principles for how the Fund will embed risk awareness and management into the decisions and processes of the Pension Fund to ensure that the Fund's objectives are met.

The risk management framework is used to identify and assess risks and the implementation of the management of those risks.

The risk register has been reviewed and updated in line with guidance and reflects 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 is established.

Each of the risks within the key areas has been identified and assessed in terms of its impact on the Fund as a whole, on the Fund employers, and on the reputation of the Pension Fund Committee, Pension Board and Suffolk County Council as the administering authority, along with the probability of the risk occurring.

The risks are managed in accordance with the County Council's arrangements for managing risks, including appropriate monitoring and mitigation measures.

The Pension Fund risk register includes risk on pooling including progress of pooling the Suffolk Pension Fund assets does not meet Government expectation. The Committee and Board are updated on pooling at every meeting and the officers actively participate within the ACCESS pool.

Note 19 in the Pension Fund statement of accounts includes a statement of the nature and extent of risks associated with the Fund's investments. The most significant risks associated with the Fund's investments are considered to be market risk (the risk that the value of the Fund's investments will fluctuate due to changes in market sentiment) and price risk (the risk that the funding level will fluctuate due to changes in market conditions and market performance). These risks are included in the Fund's risk register and subject to appropriate management and monitoring arrangements.

ACCESS Pool Risk Register

The ACCESS Pool has a detailed risk register that is reviewed at every officer working group and reported to the Joint Committee. The risk register covers the establishment of pool governance and sub-fund establishment and implementation.

Financial Performance

Summary of the Financial Position

The following table shows the Pension Fund's financial position for the past five years:

Financial Summary	2018-19	2019-20	2020-21	2021-22	2022-23
	£'000	£'000	£'000	£'000	£'000
Contributions	111,531	117,880	122,110	125,022	133,558
Other Income	5,612	6,944	4,119	10,625	10,571
	117,143	124,824	126,229	135,647	144,129
Benefits Payable	-96,152	-100,508	-101,372	-105,956	-111,336
Other Expenditure	-10,371	-4,389	-7,506	-7,661	-6,301
	-106,523	-104,897	-108,878	-113,617	-117,637
Net additions / withdrawals(-) from dealings with members	10,620	19,927	17,351	22,030	26,492
Management Expenses	-12,479	-14,697	-11,518	-14,247	-17,561
Investment Income (net of tax)	35,085	40,981	36,301	35,392	57,656
Change in Market Value of Investments	135,384	-168,848	547,829	314,837	-64,142
Net Returns on Investments	157,990	-142,564	572,612	335,982	-24,047
Change in Fund during the year	168,610	-122,637	589,962	358,012	-2,445
Net Assets at 31 March	2,931,091	2,808,454	3,398,416	3,756,428	3,758,873

Benefit Payments

Annual pension benefits are paid:

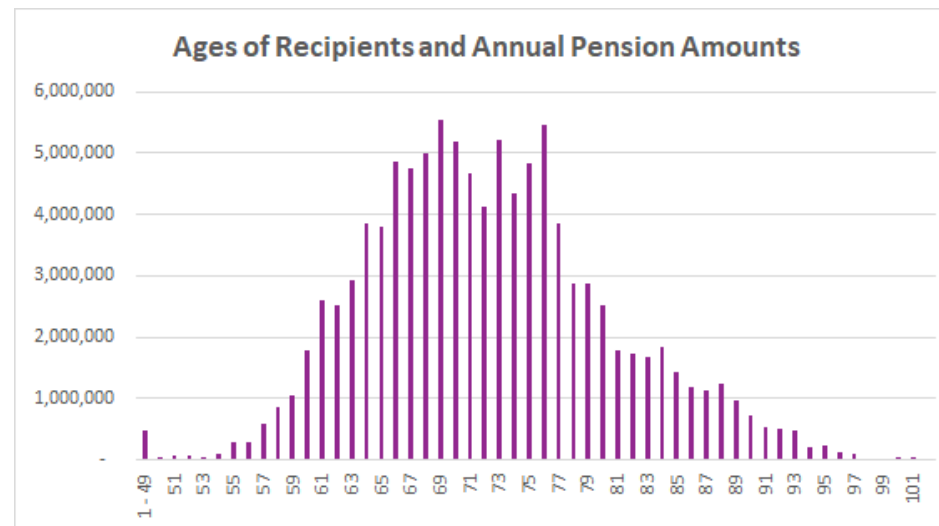
- To a retiree for the rest of their life
- To the partner of a retiree when they have died
- To the partner of a member who dies before claiming their retirement benefits

There are circumstances when pensions are paid to dependents of members who die before claiming their retirement benefits such as:

- To dependent children of retirees when they die, or members who die before claiming their retirement benefits, until they leave full time education.
- To dependent children of retirees when they die, or members who die before claiming their retirement benefits, for the rest of their life, if they have a disability that inhibits their ability to be in gainful employment.

Demographic assumptions about the proportion of members who are assumed to be married or have a dependent at retirement or on earlier death are made as part of the valuation process.

The graph across, shows the total pension payments for each age. Pension payments tend to be concentrated within the 65 – 76 age brackets with pension payments peaking with recipients at age 69 at £5.5m a year, with another peak at £5.4m for those aged 76. A significant reduction is not experienced until pensioners are in their early 80's. This is in line with the longevity demographic assumptions reported in the last valuation exercise.



- 10% of the recipients are aged 85 or over and account for 10% of the annual benefits being received.
- There are 18 recipients who are aged 100 or over.
- The pension being drawn for the longest, is 55 years and is currently £5,186. The initial amount of this pension was £266 in 1968 when it was first drawn.
- 39 pensions have been claimed for 40 or more years.
- The average amount received during the year is £5,353. 13,523 recipients receive less than the average payment.
- The national average wage is £29,600. 381 recipients receive in excess of the national average wage.

Contribution Receipts

A review is carried out on the timings of the payment of pension contributions to the fund by the employers and reported quarterly to the Pension Board. The administration strategy requires these to be received by the Pension Fund within 5 working days of the month in which the contributions were deducted. The table below summarises the timeliness of receipts for the 2022-23 financial year:

	2022-23		
	Emp.	Contribs.	
	%	£'000	%
On Time	86	129,615	98
Up to 1 week late	3	434	0
Over 1 week late	11	2,378	2
Total		132,427	

Cost of Running the Fund

Running costs are incurred in administration, investment management and governance. The costs for 2022-23 were £17.562 million, representing about 0.47% of the value of the Fund at 31 March 2023.



Framlingham Castle, Framlingham

Administration Expenses

Administrative expenses consist of costs incurred by Suffolk County Council as administering authority of the Pension Fund, relating to activities the pension administration team perform to administer and pay pensions and provide members with scheme and benefit entitlement information, such as their annual benefit statements.

	2021-22	2022-23
Administration Expenses	£'000	£'000
Suffolk County Council	1,014	1,056
Heywood pension administration system	329	334
Subscriptions and other costs	40	039
Total Administration Expenses	1,383	1,429

The Heywood administration software system supports the pensions' administration team to fulfil the complex requirements around administering the scheme; such as calculating pension benefits. The system holds every pension member record and history. Ongoing charges are incurred for maintenance of the system, licenses to use it and includes the costs of the self-service system which allows contributing and deferred members of the scheme to access their pension data, change their personal details, calculate their pension estimates and receive their annual benefit statements.

Heywood also provides the Fund with an integrated Pensioner payroll system that links with the member self-service module allowing pensioner members to view their payslips, P60's and keep their personal data up to date therefore reducing printing and postage costs whilst improving members access to their information.

Oversight and Governance Expenses

Oversight and governance expenses 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 and Pension Board, and costs associated with statutory and non-statutory reporting such as committee reports, annual reports and accounts.

Asset pooling costs represents Suffolk's share of costs included in the ACCESS Pool Report (please see section on ACCESS for further information about the costs of the Pool). These are the operational ongoing costs for running the ACCESS Pool and include the costs of the ACCESS support unit and professional and legal advice.

	2021-22	2022-23
Oversight and Governance Expenses	£'000	£'000
Suffolk County Council	180	164
Pension Fund Committee	6	5
Pension Board	2	2
Actuarial Services	68	164
Audit Fees	62	72
Legal Fees	0	9
Performance Analysis	39	29
Proxy Voting Service	10	0
Investment Advice	126	122
Asset Pooling	82	107
Subscriptions and membership fees	3	10
Total Oversight and Governance Expenses	578	684



The Major, Ipswich

Investment Management Expenses

Investment management expenses are costs related to the management of the fund's assets, including directly invoiced fees from investments managers and fees payable to fund managers which are deducted from the fund assets as opposed to being invoiced to the Pension Fund. The fees charged by the custodian, are also included.

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, depositary fees and audit fees charged by Link for overseeing the sub-funds that Suffolk are invested in are shown. The additional fees and expenses paid to the investment managers that Link has a contractual agreement with on behalf of the Fund (Newton, Blackrock, Janus Henderson and M&G), are £3.783 million.

The Scheme Advisory Board have been supporting the cost transparency initiative which was developed through the LGPS code of transparency. Many of the managers the Fund has investment with have signed up to the voluntary code and submitted templates which illustrates underlying indirect costs which the Suffolk Pension Fund does not have a direct contractual liability.

These costs include indirect transaction costs, which is the difference between the buying and selling prices of investments and their actual value (bid offer spread) and implicit costs which is the opportunity cost of the investment manager using internal resources, these costs total £0.908 million.



Burial Mound, Sutton Hoo

	2021-22	2022-23
Investment Management Expenses	£'000	£'000
BlackRock	3,946	2,042
Brookfield	70	42
J P Morgan	997	1,333
KKR	159	301
Link Fund Solutions	194	285
M&G	1,694	885
Pantheon	203	1,342
Partners	3,145	4,223
Pyrford	771	669
Schroders	322	880
UBS	480	459
Wilshire	160	782
Transaction Costs	114	2,172
Custodian (NT)	31	34
Total Investment Management Expenses	12,286	15,449

Notes:

1. Blackrock bonds were disinvested during the year.
2. An additional investment has been taken out with Partners which accounts for the increase in fees for from the previous year.
3. Transaction costs include a dilution levy which was payable when the Fund invested in the Janus Henderson sub-fund within Link Fund Solutions.

Included in the Investment management expenses (previous table) for some of the investments, are an element of performance fee, these can be based on the net asset value breaching the watermark (highest valuation of the investment) or the returns exceeding a prescribed target. A negative figure denotes a reduction in the accumulative performance fee in investments that are paid a performance fee when the investments has been realised.

A breakdown of the performance fee element included in the previous table is as below:

	2021-22	2022-23
Investment Management Expenses	£'000	£'000
BlackRock	2,021	749
JP Morgan	542	283
Partners	1,802	1,262
Total Investment Management Expenses	4,365	2,294

Investment Income

The table below shows the sources of Investment Income earned by the Fund in 2022-23:

Investment Income	UK	Non-UK	Global
	£'m	£'m	£'m
Equities	0.000	-	24.123
Property	10.839	-	-
Alternatives	1.720	14.449	5.685
Cash & Cash Equivalent	0.839	-	-
Other	-	-	0.000
Total Income	13.399	14.449	29.808

Global holdings are those that include an element of both overseas and UK listed assets.

Alternatives include private equity, illiquid debt, absolute returns and infrastructure.

Other, denotes assets not falling into any other category such as investment vehicles where the underlying investments may comprise of assets of more than one type.



Wolf and Crown, Bury St. Edmunds

Fund Performance Report

Investment Powers

Within the Local Government Pension Scheme (Investment and Management of Funds) Regulations 2016 the Government has placed a 5% restriction on the investments of the Suffolk Pension Fund into entities connected with Suffolk County Council. The Pension Fund has no investments in entities connected to Suffolk County Council and is therefore below the 5% statutory limit included in the regulations.

Investment Strategy Statement

The Fund's investment objectives and asset allocation are incorporated into its Investment Strategy Statement, which is published on the Suffolk Pension Fund website (www.suffolkpensionfund.org).

The Pension Fund Committee has approved a customised asset allocation for the Pension Fund, based on a review of its investment strategy that was carried out with the assistance of its investment advisors, Hymans Robertson LLP and Mark Stevens.

The Fund's investments are allocated across a range of asset classes. The largest allocation is to equities which also accounts for the majority of the investment risk taken by the Fund.

Asset Allocation

The Suffolk Pension Fund is currently cash flow positive, meaning that annual contributions are in excess of annual benefit payments and is therefore in a position to target a predominantly growth-based strategy with the aim of maximising asset growth in the long term.

There are significant levels of diversification between different asset classes to reduce overall portfolio risk through combining the performance of each asset class. This helps reduce the volatility effects

of the financial markets, whilst maintaining the Fund's relatively low risk approach.

The Fund has a 71.5% allocation to 'growth' assets (equities and alternatives) in order to meet the long-term funding assumptions set out in the 2022 actuarial valuation.

Over the long term, equities are expected to outperform other liquid asset classes, particularly bonds. Allocations to asset classes other than equities and bonds allow the Fund to gain exposure to other forms of risk premium and can reduce the overall volatility of portfolios. These assets are expected to generate returns broadly similar to equities over the long term and so allocations to these can maintain the expected return and assist in the management of market movement.

The Committee recognises Environmental, Social and Governance (ESG) issues can impact on the Fund's investment returns and is committed to responsible investing so as to develop a sustainable investment approach to protect future Fund performance.

Within the global equities holdings there is an 14% allocation to the Climate Aware Fund and 7.5% to a Low Carbon Transition Fund both managed by UBS. These Funds help mitigate the risk of climate change and represents a transition to a lower carbon portfolio than other global index tracking funds. The Fund aims to deliver returns broadly in line with the FTSE Developed Index and will increase or decrease exposures to constituents of the index based on their expected contributions towards climate change.

The 28% allocation to bonds is designed to help manage overall levels of funding volatility.

The strategic benchmark and the actual asset allocation of the Fund at March 2023 are shown below along with the maximum investment limits set for each asset class.

Asset Allocation			
	Actual Allocation March 2023	Long-term Allocation	Maximum Limit
	%	%	%
UK Equities	8.2	8.0	25.0
Overseas Equities	37.9	34.5	50.0
Total Equities	46.1	42.5	75.0
Global Bonds	20.7	24.0	35.0
UK Index-linked Gilts	3.0	4.0	8.0
Total Bonds	23.7	28.0	43.0
Private equity	4.4	4.0	8.0
Property	7.9	10.0	15.0
Absolute return	3.8	0.0	
Infrastructure	10.1	10.0	15.0
Illiquid Debt	2.8	5.0	8.0
Total Alternatives	29.0	29.0	54.0
Cash & Cash Equivalents	1.2	0.5	5.0
Total	100.0	100.0	

The Committee monitors the investment allocation relative to the agreed asset allocation benchmark and the maximum investment limits.

Global equities have outperformed the rest of the portfolio, the level is closely monitored and the position is discussed as part as the quarterly investment performance review.

The illiquid debt is awaiting new investment opportunities to attain the strategic allocation.

The absolute return mandate has been in part allocated to the new infrastructure commitment with KKR with the remainder to be allocated to the illiquid debt strategic allocation.

Investment Management Arrangements

The Fund's investment management arrangements at March 2023 are shown below.

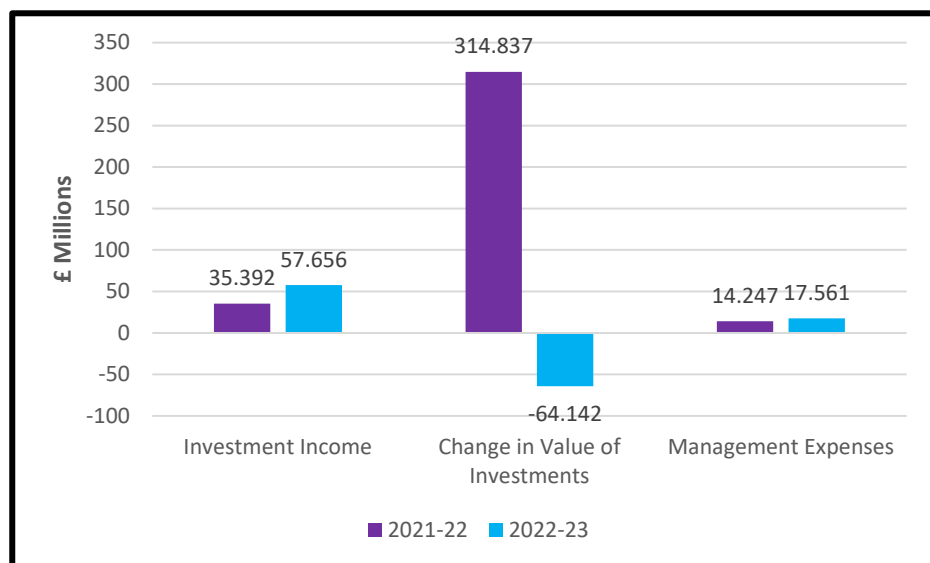
Fund Manager Allocation			
Investment Manager	Asset class	Actual allocation March 2023	Long-term allocation
		%	%
J P Morgan	Infrastructure	6.0	6.0
Kohlberg, Kravis, Roberts (KKR)	Infrastructure	0.8	1.5
Link Fund Solutions	Global equities, UK Equities, Global Bonds	42.9	44.0
M&G Investments	Illiquid Debt and Infrastructure	2.6	3.5
Pantheon	Private equity	4.2	3.7
Partners Group	Infrastructure	3.6	4.0
Pyrford	Absolute return	3.8	0.0
Schroder	Property	8.5	10.0
UBS	Equities and Bonds	26.9	26.5
Wilshire	Private equity	0.2	0.3
Internal Cash	Cash	0.5	0.5
Total		100.0	100.0

Notes

- Commitments with KKR, Partners, Pantheon, the Debt Solution Fund and Infracapital commitments made to M&G are only part funded. These investments only call for capital funding when they have an investment to fund and will continue to increase their holdings in the forthcoming financial year.
- Wilshire, the older commitment to Pantheon, Partners and the Debt Opportunity investment with M&G are in the process of realising the underlying investments and returning cash to the Pension Fund.

Investment Performance

The chart below shows the comparative investment returns between 2021-22 and 2022-23. The change in the value of the Fund's investments includes realised and unrealised gains and losses during the year.

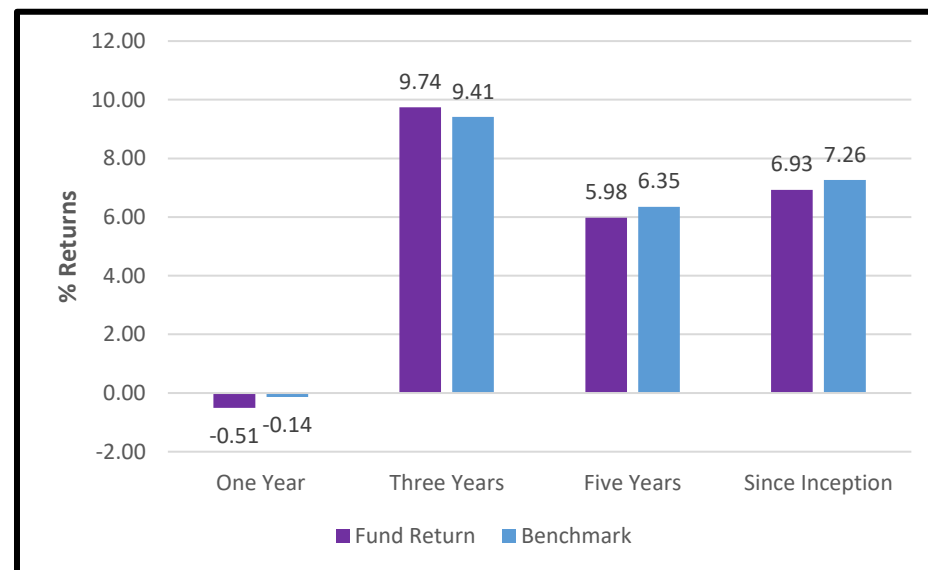


The Fund's investment assets decreased from £3,746 million to £3,742 million during 2022-23, representing an investment return of -0.5%. The Fund's benchmark is based on the weighted average of the market index returns for the markets in which it invests in or a mandate specific absolute return. The Fund underperformed the benchmark by 0.4%.

The Fund outperformed the benchmark over the three-year period by 0.3% but slightly underperformed the benchmark over the five-year period and since inception.

Fund Investment returns

The Fund's investment return compared with its benchmark index over one, three, five and ten years and since inception are:



Call of the Sea, Lowestoft

Long-term Investment Performance

The Fund's investment returns over the previous ten year are shown below compared to the Fund's own benchmark. In addition, the Fund's returns are compared with the movement in consumer price inflation as at September for each period.

Long-term performance (year ended 31 March)										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	%	%	%	%	%	%	%	%	%	%
Fund return	5.6	15.4	0.7	19.0	4.0	5.9	-4.5	20.6	10.2	-0.5
Fund benchmark	6.3	13.9	1.5	17.9	4.8	7.4	-3.3	18.7	10.3	-0.1
Relative return	-0.7	1.5	-0.8	1.1	-0.8	-1.5	-1.2	-1.9	-0.1	-0.4
Consumer Price Inflation	1.2	-0.1	1.0	3.0	2.4	1.7	0.5	3.1	10.1	6.7

Over the longer term the Fund's investment return is substantially above the increase in consumer price inflation, which is the factor applied as the pension increase in April the following year and as such has a direct impact on the movement of the Fund's pension liabilities.



Foxgrove Band gates, Ipswich

The table below shows the opening and closing balances and reported performance for each asset class (excluding cash) for 2022-23, alongside the Suffolk benchmark target and the passive index if an appropriate index exists.

Holdings	Opening Value		Closing value		Perf.	Passive Index	Benchmark
	£' m	%	£' m	%	%	%	%
Pooled & Pool Aligned							
UK Equities	294.525	7.9	307.847	8.2	4.5	2.9	2.9
Overseas Equities	519.256	13.9	519.456	13.9	0.0	2.4	-0.5
Global Bonds	385.974	10.3	776.447	20.8	1.9	-30.4	4.7
Passive Equities	892.929	23.9	896.105	23.9	-4.1	-3.9	-3.9
UK Index-linked Bonds	137.183	3.7	110.641	3.0	-30.5	-30.4	-30.4
Total Pool Aligned	2,229.867	59.7	2,610.496	69.8	0.02		
Global Bonds	379.627	10.1	-	-	-	-	-
	379.627	10.1	-	-	-	-	-
Absolute Return	178.808	4.8	140.959	3.8	1.5		7.8
Illiquid Debt	95.674	2.6	106.194	2.8	1.1		8.0
Infrastructure	288.479	7.6	379.237	10.2	14.9		8.0
Money Market	38.148	1.0	42.365	1.1	5.6		2.4
Private Equity	178.843	4.8	165.430	4.4	-3.1		-1.4
Property	343.274	9.2	296.809	7.9	-11.5		-13.8
Timber	8.010	0.2	0.235	0.0	-43.6		8.0
Total Alternatives	1,131.236	30.2	1,131.229	30.2			
Total	3,740.730	100.0	3,741.725	100.0			



Scallop, A conversation with the sea, Aldeburgh

Asset Pooling

The Suffolk Pension Fund has made a commitment to pool all of its assets into the ACCESS Pool. (Please see section on ACCESS for further information about the Pool). The first sub-fund that Suffolk transferred into was the Newton Global Equity Fund which was available for investment in the first quarter of 2019-20.

During 2021 – 2022 the Blackrock UK Equity and the M&G Alpha Opportunities Fund transferred into the ACCESS Pool and the Fund invested into the Janus Henderson Fixed Income sub-fund during 2022 - 2023.

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme which is how the Pool operates.

The Suffolk Pension Fund has £1.604 billion in sub-funds and £1.006 billion under pooled governance accounting for 70% of the Fund's assets.

The Suffolk Pension Fund has saved £3.3 million in 2022 - 2023, on investment management fees on assets that have been pooled or under pooled governance.

Manager Performance

The table below shows the investment returns by the Fund's investment managers relative to their benchmarks over one, three and five years (where available) and their absolute returns for the year.

The investment objectives of the Fund's investment managers are to outperform relative to their benchmark index, typically the index for the market they are invested in or on an absolute return cash plus basis.

Investment Manager Performance					
Share of Fund 31 Mar 23	Manager	2022-23 Absolute Return	2022-23 Relative Return	3 Year Relative Return	5 Year Relative Return
%		%	%	% p.a.	% p.a.
0.0	Brookfield	-43.6	-51.6	-6.2	3.9
43.0	Link Fund Solutions	1.8	-0.9	10.4	6.3
6.0	JP Morgan	11.4	3.4	7.4	-
0.8	KKR	-	-	-	-
2.6	M&G	8.4	0.4	11.7	7.2
4.2	Pantheon	-2.7	-1.3	19.4	14.4
3.5	Partners Group	13.1	5.1	8.3	6.6
3.8	Pyrford	0.9	-6.9	4.2	2.5
8.5	Schroders	-11.5	2.3	2.5	6.0
26.9	UBS	-3.0	0.9	14.3	8.4
0.2	Wilshire	-10.4	-9.0	7.9	11.6

Notes for table:

- The performance achieved by the segregated Newton, Blackrock UK Equities and M&G Bond mandates have been transferred to the sub-funds held by Link Fund Solutions due to similar mandate being held.
- KKR is a new investment for 2022 – 2023, a full year will be available next year.



Against the Stream, Ipswich

Market review: Year to 31st March 2023

The twelve-month period up to 31st March 2023 has been amongst the most challenging in recent times with central banks across the globe struggling to contain inflation, which became embedded after the post COVID-19 shutdown was ended. As the financial year began the inflationary pressures that had initially focused on supply chain disruptions broadened out with tight labour markets leading to wage pressures. The outbreak of hostilities in Ukraine caused energy prices particularly in Europe to spike higher. Other impacts including fast rising fertiliser prices added to the widespread and persistent inflationary environment.

During the first half of the period the extent of the selloff in both equities and bonds was dramatic. As rates increased and the expectation of future rate rises took hold, investors reassessed the discount rate attached to future earnings. High growth (long duration) companies with much of their present value derived from future earnings suffered most as the discount rate changed. Technology companies that had performed strongly over the pandemic period witnessed the sharpest reversals with the technology focused NASDAQ index moving into bear market territory.

By mid-2022 The World Bank sharply downgraded its forecast for global growth, the impact of the war in Ukraine, surging inflation and rising interest rates had raised the spectre of stagflation a phenomenon not seen for multiple decades. The deceleration in the global economy was now forecast to be twice as severe over 2021-2024 as it was 1976-1979. Worryingly, external public debt in developing economics is at record levels, much on variable rates. Debt distress could become a real problem over the medium term in these economies.

Further evidence emerged of a slowing global economy including the purchasing managers index (PMI) and growth data turning negative. In the light of this sharp slowdown markets began to believe that the Federal Reserve might 'pivot' and begin to cut rates as early as 2023.

This belief immediately impacted the risk assets most exposed to interest changes, including high growth equity and high yield bonds up which both rallied over the early summer. This rally proved to be short lived however as energy prices rose once more on the failed attempt to re-open the Nordstream 1 gas pipeline.

Against this backdrop the ECB was forced to raise rates for the first time in over a decade supporting the Euro which had recently dropped below parity with the US dollar for the first time. Across the Atlantic the US Federal Reserve increased rates for the second consecutive meeting by 0.75%. Fears over a Federal Reserve induced recession grew with the 2yr-10yr treasury yield curve inverting which has previously been seen as an indicator of future recessions. To complete the picture the composite PMI printed at 47.5 indicating contraction in the economy going forward.

Politically the summer was also volatile, in the UK Boris Johnson was forced to resign as Prime Minister after losing the confidence of his party. This instigated a protracted period over the summer when eventually Liz Truss was elected as party leader and became the new Prime Minister. In Italy after the fall of the Draghi government the subsequent election delivered the first ever female Italian prime minister.

At the September meeting of the Bank of England they increased rates by a further 0.5% to 2.25%, below market expectations and less than both the ECB and Federal Reserve had delivered. There was some speculation that this more cautious move was in part predicated on the belief that the UK was already in recession, a belief that turned out to be false given the revised GDP figures. Whatever the truth the less than expected rise combined with on the ongoing unwinding of QE resulted in significant stress in the gilts market and sharp falls in the pound. This situation became significantly worse following the new chancellors 'mini budget'. Even stripping out the politics which centred on a reduction in the top rate of tax, the general market concern was of huge unfunded government spending pledges on energy, combined with the cancellation of a number of previously announced tax rises.

Following the 'mini' budget the Bank of England was forced to intervene in gilt markets with up to £60bn of emergency intervention particularly in the 30yr part of the yield curve. One of the issues triggered by the spike in yields of long dated gilts to over 5% was chaos in the £1trn+ liability driven investment (LDI) pension market with a number of funds forced to sell assets to fund margin calls leading to further falls.

As the calendar year ended, it had delivered the worst combined global equity and bond returns for 150 years. Overall, 2022 proved to be the year when everything changed. The long-term issues of QE, zero interest rates, COVID-19, lockdowns, and naïve energy policies came home to roost. There were few if any places for global investors to hide, even cash would have lost substantial real terms value in the face of rampant inflation. Bond and equity markets fell in tandem as the realisation that the so called 'transient' inflation seen at the back end of 2021 was in fact nothing of the sort.

As the new year began the combination of falling inflation and energy prices combined with the re-opening of China from its latest lockdown drove markets higher. Service sector PMI figures in particular showed signs of strong recovery. Corporate profits appeared to be holding up well despite the numerous pressures being exerted on the corporate the cost base. There is some evidence that pricing power has allowed for costs to be pushed through onto the consumer.

After a positive start to the new year for investment markets the quarter ended with concerns that another banking crisis might be developing. SVB a Californian bank with over \$200bn of assets experienced a classic "bank run" after depositors withdraw over \$42bn in a single day. Rumours on social media that the bank was in trouble following a problematic capital raise required after losses from bond holdings impacted SVB's balance sheet strength. Given the sharp losses experienced in bond markets across the globe concerns about a growing financial crisis began to emerge. Soon after the SVB collapse Swiss bank Credit Suisse was forced into a government brokered merger with fellow Swiss bank UBS. This forced merger was again the

result of liquidity concerns and highlights the often precarious nature of banks when confidence is lost. Although the overall strength of the banking system is much stronger than before the 2008 financial crisis rapidly rising interest rates will continue to cause strains in the system.

Global Economy Highlights: 2022-23

- The global economy continued to recover from the shock of the pandemic. However, with inflationary pressures accelerating and conflict in Europe causing energy prices to spike significant rate increases were implemented across the globe. Bond markets and equity from interest rate sensitive companies sold off sharply, followed by real estate.
- Inflation which Central Banks had initially dismissed as transitory proved anything but. Post pandemic fragile supply chains and then wage rises from tight labour markets resulted in increasingly embedded inflationary expectations. Late in the period strains in the financial system from the rapid rise in interest rates were seen as the US witnessed its second and third largest bank failures and in Europe Credit Suisse had to be rescued by a government mandated take over by UBS.
- UK Interest rates began the fiscal year at 0.75% but ended the period at 4.25% after eight successive rises. Given the on-going inflationary pressures the Bank of England is expected to raise rates further.

Equity

- The performance of global equities was negative over the period despite a strong rally over the final quarter. The conflict in Ukraine added to already significant inflationary pressures post COVID-19. Markets became concerned about corporate profits holding up given the rising input cost including labour. For sterling-based investors moderate weakness in £ increased returns to many overseas markets. European equity gained 8.5% in sterling terms. The US equity market fell 8.3% in local currency but only 2.4% in sterling terms.
- UK equities rose 3.1% in the quarter to March 2023, ending the financial year up 2.9%, this return from UK market was ahead the World Index.
- The best performing global sectors were Energy (+14.5%) Consumer Staples (+7.8%) and Industrials (+5.7%) the worst performing sectors were Consumer Discretionary (-6.1%), Communication Services (-9.8%) and Real Estate (-13.9%).



Sir Alf Ramsey, Ipswich

Bonds

- UK bonds produced significant negative returns over the period as inflationary pressures grew and the Bank of England rapidly raised interest rates. Over the period rates moved from 0.75% to 4.25%. Gilts fell sharply and ended the year down 16.3%. The index linked market performed even worse with the over 5-year index down 30.4%. The benefit of inflation protection was more than offset by the negative impact of significant rate rises on these long duration bonds.

Property

- The UK property market recovered strongly following the re-opening of the economy after the COVID-19 lockdowns however as rate rises impacted property yields capital values began to fall sharply across a number of sectors. The All-Property Index fell 11.4% in twelve months to February 2023. with the weakest sectors being Office and Industrials down -9.6% and -21.7% respectively. Retail which has struggled in recent years held up best during the period although still down -4.1%. UK commercial property volumes were £56bn over 2022 slightly below the five-year average however, more recent data suggests a sharp falloff in transactions. Globally CBRE estimate property investment volume down 55% in the year to March 2023.

Mark Stevens,
Independent adviser

July 2023

Environmental, Social and Governance

The Pension Fund Committee has developed a set of ESG beliefs as part of its responsible investment philosophy which underpins its investment objective – to deliver an investment return consistent with funding plans that does not compromise future generation’s ability to meet their own needs.

In addition to the beliefs set up, the Committee identified climate change, pollution and company stewardship as its priorities for responsible investment.

These beliefs and priorities have been incorporated into the investment beliefs and environmental, social and governance considerations set out in the investment strategy statement.

Engagement

The Suffolk Pension Fund is a member of the Local Authorities Pension Fund Forum (LAPFF). The LAPFF was established to develop a collective response to ESG issues through constructive dialogue and filing of shareholder resolutions. There are 82 LGPS (7 ACCESS Pension Funds) who are members of the forum and 7 pools covering £350 billion of assets. The ACCESS Pool has recently become a member.

The forum engages directly with company chairs and boards to affect change at investee companies and challenge regulators to deliver reforms that advance corporate responsibility and responsible investment.

The Fund expects its investment managers to be engaged in social, environmental and ethical considerations insofar as these matters are regarded as impacting on the current and future valuations of individual investments. The Fund believes taking account of such considerations forms part of the investment managers’ normal fiduciary duty and expect the investment managers to report the engagement that they have undertaken.

As such, the Fund has a commitment to ensure that companies in which it invests adopts a responsible attitude towards the environment and has high ethical standards. Generally, such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders, which includes how the company will adapt to the effects of climate change.



St Edmund, Bury St Edmunds

Voting Policy

The Pension Fund seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of the companies that it invests in which includes the investment managers voting at shareholder meetings.

The equity investments with Blackrock and Newton are held within ACCESS sub-funds and not held in the name of the Suffolk Pension Fund, therefore the ACCESS voting guidelines for inclusion by Link in the Investment Management Agreements apply. These are aligned with the Suffolk Pension Fund voting principles.

The voting guidelines set out those matters of importance to the participating ACCESS Pension Funds and promote good corporate governance and management in the companies in which investments are made. In circumstances where investment managers do not adopt the positions set out in these guidelines, they are required to provide a robust explanation of the position adopted.

The general principles followed in the guidelines are: -

- Will vote in favour of proposals at annual and extraordinary general meetings which comply with good practice on corporate governance. The definition of good practice is based on the guidelines in the UK Corporate Governance Code.
- Will vote against proposals which breach the Code and where the company is unable to provide a satisfactory explanation of its policy.
- Will in general abstain on proposals which do not relate to issues contained in the good practice guidance in the Code.

Voting on Link Newton Sub-fund holdings

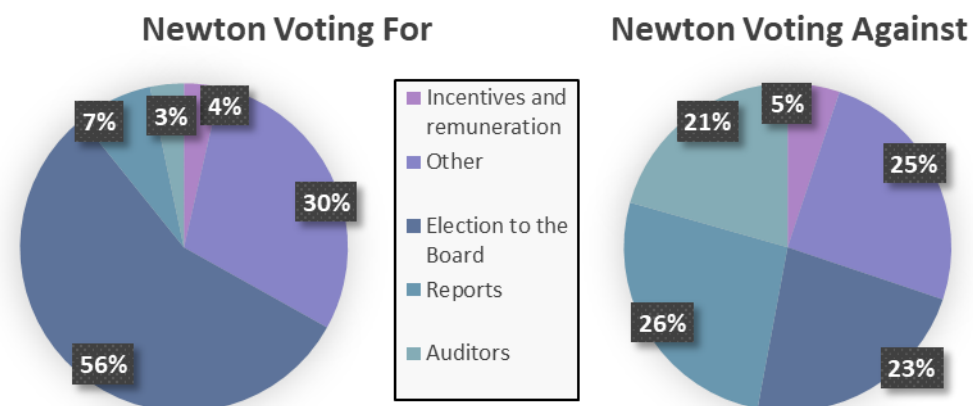
Newton have voted at 54 meetings during the year on 865 resolutions. 722 (83%) were for the resolution and 136 (16%) were against and 7

(1%) received abstain votes. These were all in line with the ACCESS voting guidelines.

The votes cast can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	436
Incentives and Remuneration	33
Reports	90
Auditors	52
Other	254

The categorisation of the votes cast are set as below:





Perceval, Snape Maltings

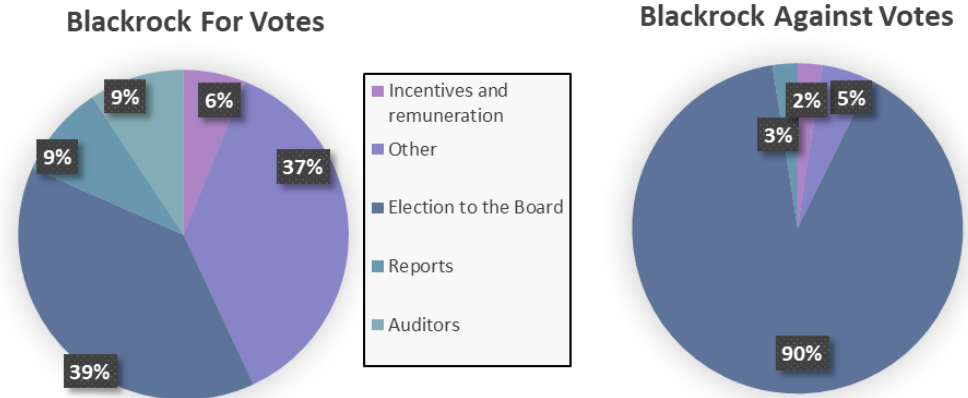
Voting on Link Blackrock Sub-fund holdings

Blackrock have voted at 97 meetings during the year on 1,416 resolutions. 1,354 (96%) were for the resolution and 41 (3%) were against and 21 (1%) received abstain votes.

The votes cast can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	559
Incentives and Remuneration	84
Reports	124
Auditors	126
Other	523

The categorisation of the votes cast are set as below:

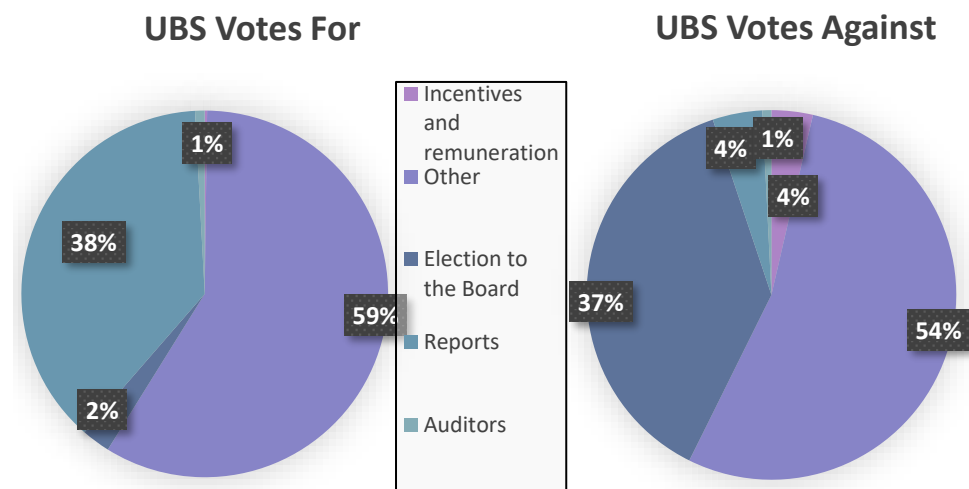


Voting on UBS index tracking holdings

UBS votes in line with their voting policy for the index tracking investments they make on behalf of the Fund, as they are not able to systematically apply the ACCESS voting guidelines to each proxy vote. They are also unable to compare the ACCESS voting guidelines to each vote and determine any difference in the outcome.

UBS have voted at 4,725 meetings on the Fund's behalf during the year on 52,858 resolutions. 44,190 (84%) were for the resolution and 7,417 (14%) were against and 1,251 (2%) received abstain votes.

The categorisation of the votes are set as below:



The votes against the proposal can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	2,784
Incentives and Remuneration	268
Reports	323
Auditors	58
Other	3,984

The reasoning for the largest proportion of against votes are:

- Concerns regarding the independence of the proposed candidate or that the nomination committee does not comprise a majority of independent directors. (1,722 votes)
- Lack of reporting disclosure which results in shareholders not being able to make an informed voting decision. (527 votes)
- Business and related party transactions are not in line with shareholders' interests and/or disclosure is below best market practice. (231 votes)
- Company pay frameworks do not demonstrate long term incentives or performance. The short-term incentives and performance figures do not align with the shareholder's long-term interests. (207 votes)

Administration Report

Pension Administration Team

The Pension Administration team carries out a range of pension benefit calculations and administrative functions:

- Maintaining an accurate database of scheme members, deferred members and pensioners;
- Calculating service credits from incoming transfer values and notifying scheme members accordingly;
- Calculating and paying outgoing transfer values to other pension schemes and providers;
- Calculating and notifying amounts of deferred pension benefits when a member leaves before normal retirement age;
- Calculating and paying pension benefits when a member retires;
- Implementing amending legislation when received, assessing the impact of the changes and communicating the effect to members, deferred members, pensioners and scheme employers;
- Providing estimates of benefits, information on entitlements and implementing pension sharing orders on divorce;
- Paying pensioners monthly;
- Calculating and paying dependent pensions any lump sums when a member, deferred member or pensioner dies.

Summary of Work Undertaken by the Fund in 2022-23

In addition to the day-to-day functions of completing and processing various administration tasks the team seeks to continually improve the functionality of the Pension Fund and the quality of the data required to administer the Pension Fund effectively and to a high standard.

During the year a lot of time has been spent working with the software providers to try and resolve some issues which were impacting some

employers being able to provide I-Connect data reports, these have mainly arisen when an employer has changed payroll provider and the software provider needs to produce new reports.

I-Connect was implemented to enable employers to upload and send monthly data to the Fund, which reduces the costs and risks with processing pension data. I-Connect generates automatic submissions of monthly data to the Fund by extracting the data from the employer's payroll system, enabling automatic identification of new joiners, those opting out and leavers.

This reduces the time spent on pensions administration by both the Fund and the employer, creating accurate and secure data submissions and reducing the need to submit individual forms.

This change will also benefit individual members as their Member Self-Service record will be up to date with their latest employment information.

To date, 95 employers are now live and using this system while 11 others are undergoing member matching prior to onboarding as soon as possible. A further 128 are developing reports and when all of these are complete and able to go live, the Fund will have 91% of active members covered by this new approach.

The Fund is planning to roll this system out to the remainder of the employers by 2025.

The Suffolk Pension Fund continues to actively work on improvement to the quality of data. During the year, common and conditional data scores of 96% and 99% were reported to the Pensions Regulator, an improvement from the 2021-22 financial year scores of 95% and 98% respectively. These will improve further once the roll out of I-connect is complete.

Key Performance Indicators

The administration team monitors its performances based on the key indicators in the tables below and overleaf. This information has been downloaded from the Heywood Altair pension administration system which records all tasks required to complete and sign off the cases logged.

Key Performance Indicators:

Process	Fund KPI	%	No. of cases	Legal KPI	%	No of Cases
Death of member – Initial letter of acknowledgement	5 days	100	491	2 months	100	491
Death – Letter notifying amount of dependant’s benefits	10 days	100	25	2 months	100	250
Retirements - Letter notifying estimate of benefits (all types)	5 days	99	1,743	2 months	99	1,760
Retirements - Letter notifying actual retirements and process and pay lump sum retirement grant (all types)	10 days	100	517	2 months	100	517
Deferred in to Pay - Process and Pay lump sum retirement grant	10 days	91	624	2 months	99	687
Deferment - Calculate and notify deferred benefits	30 days	64	1,945	2 months	71	2,134
Transfer Ins - Letter detailing transfer in quote	10 days	99	394	2 months	99	396
Transfers Out - Letter detailing transfer out quote	10 days	59	312	2 months	91	482
Refund - Process and pay refund	10 days	95	1,061	2 months	99	1,110
Divorce quote - Letter detailing cash equivalent value and other benefits	10 days	98	155	3 months	100	158
Divorce settlement - Letter detailing implementation of cash equivalent value and application of PSO	10 days	100	7	3 months	100	7

Member Self-Service

Member Self-Service is an online secure portal for members of the Suffolk Pension Fund. This enables all members to change their address and view newsletters, active and deferred members to calculate projections for retirements, view their annual benefit statements and change their nominations for payment of a death grant sum and pensioner members to view their payslip and P60 figures.

19,471 members have registered to use it, with 3,312 new users in 2022-23 and 8,702 members have used the system during the year. The system continues to be promoted as the preferred system although paper copies of the content is available on request.

Employer Performance

The Administration Strategy sets out the quality and performance standards expected of the employers in the Fund as well as those of the administration team, seeking to promote good working relationships, improve efficiency and the quality of data.

Employers who are not using i-Connect are required to provide the Pension Fund with their annual end of year returns by 21 April each year. The team engages with the scheme employers providing templates, guidance on the requirements, issuing deadline reminders and provide scheme employers with a starting point list of members.

Internal Dispute Resolution Procedure (IDRP)

If a member or their representative has a complaint against the administration of the Pension Fund or wishes to appeal against a decision which has affected them, they can invoke the Pension Fund's Internal Disputes Resolution Procedure (IDRP). There are 3 stages to this process.

The first stage ensures a nominated person from the scheme employer will look at the case with the requirement that this individual has had no previous involvement in the case. The nominated person will review the complaint and notify the person of their decision.

If the person raising the complaint is dissatisfied with the first stage decision, they can apply for a second stage review of the decision, which is undertaken by the person nominated by the Head of Legal Services at Suffolk County Council to hear such disputes. If the person is still dissatisfied, they can take their case to the Pensions Ombudsman for a further review.

During 2022 – 2023 there were 3 new IDRP cases, all relating to early retirement on the grounds of ill health. Two of these cases went to stage 1 with an outcome recommendation for further medical opinions to be obtained. One went to stage 2, as the member stated that they had not been referred for ill health retirement, the outcome was for the case to be reviewed and referred to a medical practitioner for assessment.

In 2022-23 there have been 960 new pensions paid, which are further analysed as below:

Retirement Type	Number of Retirements
Pension Credit	4
Deferred Pension	565
Ill Health	26
Early (aged 60 and over) /Normal	192
Early (aged under 60)	50
Redundancy	16
Efficiency	1
Late Retirements	106
Total Retirements	960

Employers in the Fund

There are 352 active employers in the Fund and 25 employers who do not have active members but, have deferred pension members and/or pensioners.

	Active	Inactive	Total
Scheduled Bodies	238	4	242
Resolution Bodies	49	2	51
Admitted Bodies	65	19	84
Total	352	25	377



Henry Moore sculpture at Snape Maltings

A list of the active employers in the Fund on 31 March 2023 are as follows:

Scheduled Bodies

Scheduled bodies are local authorities, district and borough councils and other similar bodies such as colleges, academies and free schools, whose staff are automatically entitled to be members of the Fund.

Local Authority

Babergh District Council	Mid Suffolk District Council
East Suffolk Council	Suffolk County Council
Ipswich Borough Council	West Suffolk Council

Other

Association of Inshore Fisheries and Conservation Authorities (AIFCA)	Police & Crime Commissioner
Chief Constable of Suffolk	East Suffolk Services

Colleges

Abbeygate Sixth Form College	University Campus Suffolk Ltd
East Coast College	West Suffolk College
Lowestoft 6th Form College	Suffolk One
Suffolk New College	

Academies

Debenham Academy	St Mary's C of E Academy
Holbrook Academy	Thomas Mills High School
The Ashley School Academy	Olive Academy Trust

Academy Transformation Trust

Beck Row Primary
Great Heath Academy

Mildenhall College Academy
Westbourne Academy

Active Learning Trust

Albert Pye Primary
Chantry Academy
Grove Park
Gusford
Hillside
Pakefield

Ravensmere Infant School
Red Oak
Reydon
Sidegate
Westwood Primary

All Saints School Trust

All Saints (Laxfield)
Charsfield CoE Primary
Dennington CoE Primary
Fressingfield CEP
Great Welnetham Primary
Thorndon Primary

Hardwick Primary
Occold Primary
St Peter & St Paul
Stradbroke CEP
Worham Primary

Anglian Learning

Howard Primary

The Pines Primary

ASSET Education

Bungay Primary
Castle Hill Infants School
Castle Hill Junior School
Cliff Lane Primary
Eggar Sewter
Holton St Peter
Ilketshall

Ringshall Primary
Shotley Primary
St Helens Primary
Stutton C of E Primary
The Oaks Primary
Wenhaston
Whitton Community Primary

Avocet Academy Trust

Aldeburgh Primary
Easton Primary
Leiston Primary

Saxmundham Primary
Wickham Market Primary

Believe Engage Succeed Trust

Riverwalk
The Albany Centre PRU

Warren School

Children's Endeavour Trust

Abbot's Hall Community Prim
Bosmere Community Primary
Freeman Community Primary
Chilton Community Primary

Combs Ford Primary
Broke Hall
Springfield Junior
Whitehouse Infants School

Clarion Academy Trust

Pakefield High School

Diocese of Ely

St Christophers CE Primary

Diocese of Norwich Education

Kessingland C of E Primary

East Anglian Schools Trust

Bungay High School
Farlingaye High School

Kesgrave High School
Castle EAST

Eastern Multi Academy Trust

The Glade Community Primary

West Row Academy

Eko Trust

Rushmere Hall Primary

Evolution Academy Trust

Coldfair Green Primary
Elm Tree Community Primary

Forest Academy

Elveden Primary

Gippeswyk Com. Ed. Trust

Britannia Primary School
Copleston High School

Hartismere Family of Schools

Benjamin Britten High School
Hartismere School

Inspiration Trust

Eastpoint Academy

John Milton Academy Trust

Bacton Community Primary
Cedars Park Primary

Ormiston Academies Trust

Ormiston Denes Academy
Ormiston Endeavour Academy
Ormiston Sudbury Academy

Our Lady of Walsingham

St Albans Catholic High School
St Felix-Haverhill
St Louis Catholic Academy

Poplars Community Primary
The Dell Primary School

Forest Academy

Rose Hill Primary

Somerleyton Primary
Woods Loke Primary

Mendlesham Primary
Stowupland High School

Stoke High School-Ormiston Ac
Thomas Wolsey Academy

St Mary's Catholic Primary
St Pancras Primary
St Benedicts Catholic School

Orwell Multi Academy Trust

Brooklands Primary
Grange Community Primary
Halifax Primary
Grace Cook Primary

Paradigm Trust

Ipswich Academy
Murrayfield Primary

Raedwald Trust

Alderwood PRU
First Base Bury St Edmunds
First Base Ipswich PRU

REAch2 Multi Academy Trust

Beccles Primary
Gunton Primary
Martlesham Primary
Northfield St Nicholas Primary

Sapienta Trust

Stradbroke High School

Seckford Educational Trust

Causton Junior School

South Suffolk Learning Trust

Claydon High School
Claydon Primary

SENDAT

Chalk Hill Academy
Stone Lodge Academy

Handford Hall Primary
Springfield Infant School
Willows Primary

Pipers Vale Community Prim
Woodbridge Road Academy

Parkside Pupil Referral Unit
St Christophers PRU
Westbridge Pupil Referral Unit

Phoenix St Peter/Meadow Prim
Sprites Primary
St Margarets Primary
The Limes

Seckford Educational Trust

East Bergholt High School
Hadleigh High School

The Priory School
Sunrise Academy

St Edmundsbury and Ipswich**Diocesan Trust**

All Saints CEVAP School
Bedfield Primary
Bramfield C of E Primary
Brampton C of E Primary
Chelmondiston C of E Primary
Elmsett Primary
Eyke
Hartest C of E Primary
Hintlesham & Chattisham
Long Melford C of E Primary
Mellis

St Johns the Baptist Multi**Academy Trust**

St Benet's Catholic (Beccles)
St Edmund's Catholic (Bungay)

Stour Valley Ed Trust

Clare Community Primary

Thedwastre Education Trust

Great Barton CE Primary
Rattlesden CE Primary

The Tilian Partnership

Bardwell CEVC Primary
Crawford's CEVC Primary
Gislingham CEVC Primary
Ixworth CEVCP

Morland Primary
Nacton C of E Primary
Ringsfield C of E Primary
Sproughton CEVC Primary
St Marys Hadleigh
St Marys Woodbridge
St Matthews CEVAP
Stoke by Nayland C of E Prim
Tudor Primary
Wetheringsett C of E Primary

St Mary's Catholic (Lowestoft)

Stour Valley Community School

Thurston CE Primary
Woolpit Primary

Kersey Primary
Old Newton CEVC Primary
Palgrave CEVC Primary
Rougham CEVCP

The Consortium Multi**Academy Trust**

Barnby & North Cove
Helmingham Primary
Henley Primary
Mendham
Middleton Primary

Unity Schools Partnership

Abbotts Green
Burton End Academy
Bury St Edmunds Acad Trust
Castle Manor Academy
Clements Primary School
County Upper
Coupals
Felixstowe Academy
Glemsford
Houldsworth Valley
Horringer Court
Kedington Primary Academy
Langer Primary
Laureate Primary
IES Breckland Free School

**Waveney Valley Academy
Trust**

Alde Valley Academy
Roman Hill Primary
Stowmarket High School

Rendlesham Primary
St Edmunds Primary-Hoxne
Yoxford Primary
Southwold Primary

Newmarket Academy
Place Farm Academy
Samuel Ward Academy
Sir Bobby Robson School
Sybil Andrews
St Peter Hall
Thomas Gainsborough
The Bridge School
The Churchill Free School
Tollgate
Wells Hall Primary
Westfield Academy
Westley Middle
Wickhambrook
Woodhall (Sudbury)

Sir John Lehman High School
Snape Primary

Resolution Bodies

Resolution bodies are bodies, usually town and parish councils who are entitled to be members but have a choice so therefore need to formally pass a resolution designating staff to be eligible to join the Fund.

Barningham Parish Council
Beccles Town Council
Botesdale Parish Council
Boxford Parish Council
Bramford Parish Council
Bury St Edmunds Town Council
Carlton Colville Town Council
Claydon & Whitton Parish Council
Felixstowe Town Council
Framlingham Town Council
Glemsford Parish Council
Great Cornard Parish Council
Great Livermere Parish Council
Great Waldingfield Council
Hadleigh Town Council
Halesworth Town Council
Haverhill Town Council
Holesley Parish Council
IPSERV Employers Ltd
Kesgrave Town Council
Lakenheath Parish Council
Leavenheath Parish Council
Leiston cum Sizewell Town Council
Long Melford Parish Council
Lowestoft Town Council

Market Weston Parish Council
Martlesham Parish Council
Melton Parish Council
Mildenhall Parish Council
Nayland and Wissington Parish Council
Onehouse Parish Council
Oulton Broad Parish Council
Pinewood Parish Council
Red Lodge PC
Redgrave Parish Council
Rickingham Parish Council
Saxmundham Town Council
Southwold Town Council
Stowmarket Town Council
Sudbury Town Council
The Saxhams Parish Council
Thurston Parish Council
Troston Parish Council
Ufford Parish Council
Verse
Vertas
Woodbridge Town Council
Woolpit Parish Council
Worlingham Parish Council

Admitted Bodies

Admitted bodies are voluntary and charitable organisations or private contractors undertaking a local authority function.

Abbeycroft Leisure
Anglia Community Leisure
Aspens – Evolution Trust
Aspens – Kessingland
Aspens – St Marys
Aspens – Asset
Atalian Servest – WS College
Beccles Fenland Charity Trust
Care Quality Commission
Care UK
Caterlink – Copleston
Caterlink – Felixstowe
Caterlink – St Albans
Caterlink – SSLT
Caterlink – USP
Churchill Contract Services
Churchill CS – Kesgrave High School
Churchill CS – Paradigm Trust
Compass – ASST
Compass – ATT
Compass – EAT
Compass – Orwell
Compass – Paradigm
Compass – Thedwastre
Concertus
Countrywide Grounds Maintenance
Deben – Ravenswood
Ecocleen – TILIAN Palgrave
Ecocleen – Westgate
Ecocleen – Woolpit
Edwards and Blake – ASSET Education

Edwards and Blake – Kyson
Edwards and Blake – Roman Hill
Edwards and Blake – Waveney Valley
Elior Ltd – Chantry Academy
European Electronique
Everyone Active - Waterlane & Waveney
Flagship Housing Group
Greenace – Paradigm
Hadleigh Market Feoffment Charity
Housing 21
Impact FGL – ALT The Pines
Kier MG Ltd
Leading Lives
Lunchtime Co – All Saints Lawshall
Lunchtime Co – Avocet
Lunchtime Co – Hartismere
Lunchtime Co – Paradigm
Norland Managed Services
Orwell Housing
Osiris IT – Evolution Trust
Papworth Trust
Places for People
Radis Ltd
Realise Futures
Ridge Crest – SS Learning
Seckford Foundation
Sports and Leisure Management Ltd
Suffolk Association of Local Councils SALC
Suffolk Libraries IPS
The Havebury Housing Partnership
The Partnership in Care Ltd

The Stevenson Centre
Thorpe Woodlands A.C.T
Waveney Norse Ltd



Foxgrove Band Gates, Ipswich



ACCESS

Effective • Collective • Investment

ACCESS
Annual Report
2022/23



 Kings College, Cambridge

Foreword

As Chairman of the ACCESS Joint Committee, I am pleased to introduce the latest Annual Report for the ACCESS Pool.

Whilst our initial steps to collaborate as eleven Authorities started in 2016, it was in 2018 that our first pool investments were made.

Having jointly procured UBS to provide passive investment mandates, we started 2018 with the migration of assets from legacy passive managers to UBS with £10bn held in passive assets at the end of March 2023.

Following the appointment of Link Fund Solutions (LFS) as Authorised Contractual Scheme (ACS) Operator, we saw the first actively managed sub-funds launched towards the end of 2018. Our range and depth of sub-funds has grown substantially since then, with over £24bn invested within the ACS at the end of March 2023.

As investors with a long-term focus, we find ourselves within the relatively early stages of our pooling journey. However, given that some of the earliest sub-funds now have between four and five years of history, it is right to highlight the performance trends we are starting to see.

Beyond listed assets our Pool has undertaken significant work in relation to property – which is our first non-listed asset class. During the year our Implementation Adviser MJ Hudson has undertaken a procurement process for two property mandates: UK Core Property and Global Real Estate. Towards the end of 2022/23 these processes concluded and saw the appointment of CBRE to both mandates.

Work is currently underway with CBRE, our advisers and the ACCESS Authorities on establishing the necessary arrangements for these investment opportunities.

In the last twelve months we have published our updated Responsible Investment (RI) Guidelines and participated in the DLUHC consultation on climate related reporting, the outcomes of which we look forward to seeing. ACCESS also commenced the process for the procurement of advice and support for RI reporting which will conclude in later summer 2023.

In closing I would like to thank my fellow ten Joint Committee members, each representing their respective Authorities, along with the Officers who support them, and the ACCESS Support Unit (ASU).



 Hampshire

Cllr Mark Kemp-Gee,
Chairman of the ACCESS Joint Committee.
Chairman of the Hampshire Pension Fund Committee and Board.

Introduction

It has been another busy and fulfilling year supporting the ACCESS Pool.

Every twelve months a process is undertaken to develop both a Business Plan and Budget for the forthcoming financial year. The Business Plan is fundamental to how ACCESS activity is both scoped and monitored, and its development serves as an illustration of the Pool's governance arrangements and how interaction with key stakeholder groups is structured.

The process commences with initial drafting by the ACCESS Support Unit (ASU) and proceeds through detailed dialogue with the subject matter experts at each ACCESS Authority who come together to constitute the Officer Working Group (OWG). This is followed by consideration by the s151 Officers Group which has specific responsibility under the terms of the ACCESS Inter-Authority Agreement (IAA) to make recommendations to the Joint Committee on business planning and budget matters. Subsequently, the Joint Committee reviews and considers both the Business Plan which is then recommended to each ACCESS Authority. The Joint Committee also determines the annual budget required to deliver the Business Plan.



The key milestones within the 2022/23 Business Plan are outlined later in this Annual Report.

2022/23 also saw processes commence in relation to two of ACCESS's strategic partners. ACS Operator Link Fund Solutions announced arrangements which will see its business purchased by Waystone Group. The sale process of Implementation Adviser MJ Hudson to Apex also commenced. It is important to emphasise that the teams and systems supporting the ACCESS Pool remain unaltered as a consequence of these announcements.

Shortly after the end of the year, the ASU welcomed Alistair Coyle as a new Client Manager. Alistair joins us having worked for our colleagues at Link Fund Solutions and brings a wealth of both ACS Operator and ACCESS experience. I would like to thank my ASU colleagues, the technical leads and the officers of the Authorities for their enthusiasm, support and hard work towards the continued progress of the Pool.



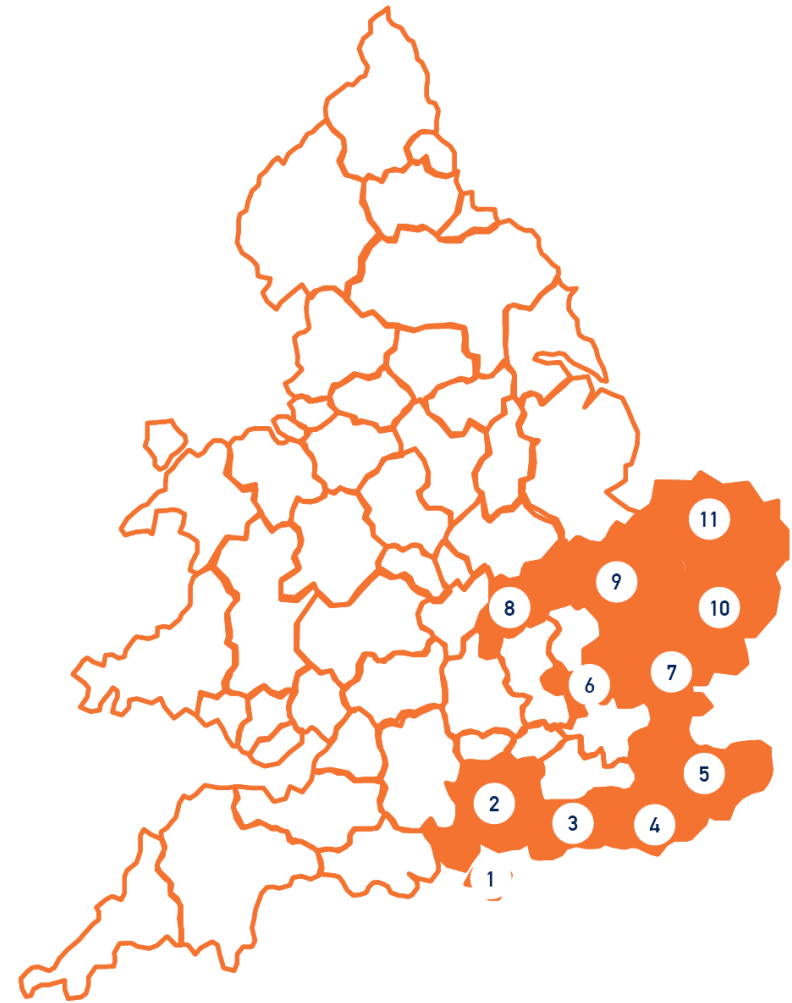
Kevin McDonald
Director - ACCESS Support Unit



 Felixstowe, Suffolk

ACCESS Authorities profile

- | | | | |
|---|---|----|--|
| 1 |  | 7 | 
Essex County Council |
| 2 |  | 8 | 
West Northamptonshire Council |
| 3 |  | 9 | 
Cambridgeshire County Council |
| 4 |  | 10 | 
Suffolk County Council |
| 5 |  | 11 | 
Norfolk County Council |
| 6 |  | | |



ACCESS pool		
<p>Joint Committee (JC)</p> <p>11 Councillors representing 11 Authorities</p>	<p>Officers</p> <p>Section 151 Officers, Monitoring Officers, Officer Working Group (OWG)</p>	<p>ACCESS Support Unit (ASU)</p> <p>Programme, contract and client management</p>
No FCA regulated decisions in client side functions		
<p>Active-listed assets, ACS operator:</p> <p></p>	<p>Passive-listed assets jointly procured manager:</p> <p></p>	<p>Non-listed assets implementation advice:</p> <p></p>

ACCESS Background

ACCESS Background

ACCESS has its origins in 2016 when 11 Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government's agenda for pooling LGPS investments.

The following strategic objectives are in place:

1



Enable the Councils to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible.

2



Provide a range of asset types necessary to enable those participating Authorities to execute their locally-determined investment strategies as far as possible.

3



Enable the Councils to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

03

In order to achieve these objectives, the Councils have established a set of governing principles.

The governing principles are summarised below.



Collaboration



Risk management



Objective evidence based decisions



Equitable voice in governance



Professionalism



Equitable cost sharing



No unnecessary complexity



Evolution and innovation



Value for money

Implicit within the above principles is the democratic accountability and fiduciary duty of the Councils as Administering Authorities.



Thaxted, Essex

Key Statistics

3 Year Performance 14% p.a.	Employers 3,459
Members 1.2 million	Pensioners 340 thousand



 Maidstone, Kent

Pooled Assets As at March 2023 ACS £24.5bn	Costs & Savings Since inception to March 2023 Gross Savings £98.9m
UBS (1 jointly procured provider) £9.9bn	Costs £27.6m
Pooling Progress 59%	Net Savings £71.4m

Pooling Progress

Pooled assets represented 85% of all listed assets held by ACCESS Authorities and 59% of all assets held by ACCESS Authorities.

Pooled Investments	£ Billion
Global Equity Funds	15.595
UK Equity Funds	2.590
Fixed Income	4.973
Diversified Growth	1.319
Passive Investments	9.940
Total Pooled Investments	34.417
Pooled Assets % of Total Listed Assets	85%
Pooled Assets % of Total Assets	59%

Pooling has continued throughout the year with the ACCESS Authorities investing within the sub-funds already set up.

One sub-fund was launched during the year in November 2022, which attracted £800 million funding from ACCESS Authorities that had not previously invested with the investment manager



Potter End, Hertfordshire



Blakeney, Norfolk

Performance

As at 31 March 2023 the ACCESS ACS contains a number of sub-funds across UK and Global Equities, Fixed Income and Diversified Growth Fund (DGF) Strategies.

Annualised investment performance for each of these asset classes is shown in the table below for the three years ending 31 March 2023 and since inception.

Asset class	£bn	Asset Managers	3 years to 31 March 2023 (annualised)			Since inception to 31 March 2023 (annualised)		
			Perf.	B/mark	+/-	Perf.	B/mark	+/-
UK equities	2.6	Schroders, Baillie Gifford, Liontrust & Blackrock	13.8%	13.5%	0.3%	6.0%	6.1%	-0.1%
Global equities (growth)	10.9	Baillie Gifford, Longview, Fidelity, Newton, J O Hambro, Capital, Mondrian & Arcadian	17.1%	16.0%	1.1%	13.0%	9.7%	3.3%
Global equities (value)	4.7	M&G, Dodge & Cox, Schroders & Macquarie						
Fixed income	5.0	Royal London, Baillie Gifford, M&G, Fidelity & Janus Henderson	-0.4%	-1.7%	1.3%	0.6%	0.2%	0.4%
DGF	1.3	Baillie Gifford, Ruffer & Netwon	7.4%	10.0%	-2.6%	4.7%	5.4%	-0.7%
Total	24.5		14.0%	13.1%	0.9%	10.1%	7.5%	2.6%

Both Global Equities (which account for the largest allocation of assets £15.6 billion, c.64% of all pooled assets) and Fixed Income saw investment outperformance over three years, and since inception, to 31 March 2023.

Despite negative returns from Diversified Growth Funds and on UK Equities (since inception), the emerging trend is one of overall positive performance.

Savings

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities.

The table below summarises the financial position for 2022/23 along with the cumulative position since the commencement of ACCESS activity in early 2016.

	2022 – 2023		2016 – 2023	
	Actual In Year £' Million	Budget In Year £' Million	Actual Cumulative to date £' Million	Budget Cumulative to date £' Million
Set Up Costs	-	-	1.824	1.400
Transition Costs	-	2.100	3.338	6.907
Ongoing Operational Costs	1.175	1.366	5.292	7.695
Operator & Depositary Costs	4.979	4.787	17.128	20.938
Total Costs	6.154	8.253	27.582	36.940
Pool Fee Savings	28.645	17.800	98.945	65.550
Net Savings Realised	22.491	9.547	71.363	26.510

2022/23 saw an underspend primarily due to lower than anticipated costs of procurement and technical professional costs.

Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator.

The 2022/23 fee savings have been calculated using the Chartered Institute of Public Finance and Accountancy (CIPFA) price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the DLUHC submission whilst delivering an enhanced level of savings ahead of the timeline contained in the original proposal.



 **Freshwater Bay,
Isle of Wight**

Business Plan

The activities within last year's **2022/23 Business Plan**, are shown below. The ongoing nature of a number of areas result in milestones spanning different years.

- Review of the corporate governance manual.
- Revisions and sign off by the councils of the Inter-Authority Agreement.
- ACCESS Responsible Investment guidelines agreed by the Joint Committee and recommended to Councils.
- Agree the requirements for the UK Property and Global Property mandates.
 - Procurement for implementation adviser carried out by MJ Hudson in collaboration with the Hampshire procurement officer.
 - UK Property and Global Property awarded to CBRE.
- Procurement for an independent third party to review the effectiveness of the ACCESS Pool operations.

The Business Plan for **2023/24** was agreed by the Joint Committee in December 2022 and covers:

- Independent third-party business review and implementation of any outcomes.
- Launch of emerging market sub-funds.
- Continuance of the implementation of the alternative investment programme.
- Investment of indirect UK and global property mandates with CBRE.
- Responsible Investment Phase II procurement.
- Governance: the continued application of appropriate forms of governance throughout ACCESS including the commencement of both responsible investment reporting support for the Pool, and the second contract for communications support.
- Scheduled evaluation: preparation for, and the commencement of, the re-procurement of operator services in the penultimate year of the Operator contract.



 **Braunston, West Northamptonshire**

Environmental, Social & Governance

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environmental and social risk considerations, promoting good governance and stewardship.

Whilst the participating Authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their Local Government Pension Scheme (LGPS) stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

Responsible Investment Guidelines

Following the completion of a review led by Minerva Analytics, ACCESS has now published an updated Responsible Investment Guidelines. These have been developed around five pillars: governance, process, implementation, stewardship and monitoring/reporting.

The key high-level points of the Guidelines are:

- The Councils remain sovereign (particularly in relation to setting investment strategy). However, the opportunity exists for ACCESS to help coordinate RI approaches;
- All Councils agree that RI issues have the potential to impact investment returns over the short, medium and long-term;

- RI issues and concerns should be addressed primarily at the point of investment, whether that is in relation to an individual stock, or an entire portfolio;
- A number of RI priorities have been identified for the coming year, mostly associated with establishing a 'benchmark' of where the Councils' assets and asset managers sit in terms of RI concerns;
- Active stewardship remains the preferred approach when it comes to investments – with engagement over divestment being the Councils' combined approach;
- ACCESS, through the ASU and Link (the ACS Operator), will seek to ensure appropriately structured RI reporting is provided by the asset managers, so that each Council can meet its own RI reporting and communication objectives.

The Guidelines have been published in both summarised and full forms.



 Rye, East Sussex

Voting:

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The guidelines set out the principles of good corporate governance and the means by which ACCESS will seek its influence on companies. The voting activity is reported to the Joint Committee on a quarterly basis.

During the year ACCESS voted at 2,801 meeting on 34,727 resolutions.

On a quarterly basis the votes can be summarised as below:

Quarter	Number of Meetings	Votes cast For	Votes cast Against	Votes cast Other	Total Votes Cast
June 2022	1,920	24,301	3,664	605	24,301
September 2022	350	3,870	368	51	4,289
December 2022	250	2,204	297	72	2,573
March 2023	281	3,180	391	65	3,564

Engagement:

Link Fund Solutions arranges regular sessions with the Investment Managers to present to the Authorities Pension Fund Officers to demonstrate how they implement environmental, social and governance into their investment strategy and decision-making process.

These also give the investment manager the opportunity to discuss the engagement activities they have undertaken, what constructive dialogue was had and how they have used their influence to encourage the adoption of best practice.



 Arundel, West Sussex

Fund Account

2021 - 2022 £ million	Fund Account		2022 - 2023 £ million
	Dealings with members, employers and others directly involved in the scheme Notes		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
95.305	Normal	10	101.751
3.010	Additional	10	2.922
1.318	Other	10	0.830
	From members		
25.389	Normal	10	28.055
	Transfers In		
6.940	Individual transfers in from other schemes		10.571
3.685	Group transfers in from other schemes		0.000
	Benefits payable:		
-89.790	Pensions	10	-94.180
-13.418	Commutations of pensions and lump sum retirement benefits	10	-15.246
-2.748	Lump sum death benefits	10	-1.910
	Payments to and on account of leavers:		
-0.631	Refunds of Contributions		-0.371
-7.030	Individual transfers out to other schemes		-5.930
22.030	Net additions (withdrawals) from dealings with members		26.492
-14.247	Management Expenses	11	-17.561
7.783	Net additions (withdrawals) including management expenses		8.931
	Returns on investments		
	Investment income		
1.258	Dividends from equities		0.000
8.451	Income from Pooled Investment Vehicles - Property		10.839
0.891	Income from Pooled Investment Vehicles - Private Equity		0.959
24.711	Income from Other Pooled Investment Vehicles		45.019
0.014	Interest on Cash Deposits		0.838
0.069	Other		0.001
-0.002	Taxes on Income		0.000
314.837	Change in market value of investments		-64.142
350.229	Net returns on investments		-6.486
358.012	Net increase, or (decrease), in the fund during the year		2.445
3,398.416	Opening net assets of the scheme		3,756.428
3,756.428	Closing net assets of the scheme		3,758.873



Spirits of Lowestoft, Lowestoft

Net Asset Statement

2021 - 2022 £ million	Net asset statement	Notes	2022 - 2023 £ million
	Investment assets		
	Pooled Investment Vehicles		
813.781	Equities	13,14	827.302
765.601	Fixed Income	13,14	776.447
1,030.112	Unit linked insurance policies	13,14	1,006.746
343.274	Property unit trust	13,14	296.809
787.962	Other Managed Funds	13,14	834.421
	Other Investment Balance		
5.145	Cash [held for investment]	13	0.709
3,745.875	Total investments		3,742.434
	Current assets		
12.761	Debtors	22	14.286
5.815	Cash Deposits	19d	7.061
0.184	Cash at Bank	19d	0.022
18.760	Total current assets		21.369
	Current liabilities		
-8.207	Creditors	23	-4.930
-8.207	Total current liabilities		-4.930
10.553	Net current assets		16.439
3,756.428	Net assets		3,758.873



Friends of the Lake, Needham Lake

Notes to the Accounts

1. Description of the Fund

The Suffolk Pension Fund is administered by Suffolk County Council. It is a contributory defined benefit scheme established by the Superannuation Act 1972 and governed by the Public Service Pensions Act 2013.

The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pensions Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).

The Fund provides retirement benefits for employees who are members of the Local Government Pension Scheme (LGPS).

Organisations participating in the Suffolk County Council Pension Fund include:

- Scheduled bodies - local authorities, district and borough councils and other similar bodies such as academies whose staff are automatically entitled to be members of the Fund
- Admitted bodies - voluntary and charitable bodies or private contractors undertaking a local authority function
- Resolution bodies - town and parish councils who formally pass a resolution designating staff to be eligible to join the LGPS.

There are 352 employer organisations with active members within the Scheme as at 31 March 2023, an increase of 21 from the previous year total of 331. Teachers, Firefighters and NHS staff have their own pension schemes and are not included in the Fund.

The Fund has the following number of members and pensioners:

31 March 2022		31 March 2023	
Number of Employees in the Scheme			
7,701	County Council	7,934	
14,578	Other Employers	15,146	
22,279	Total	23,080	
Number of Pensioners			
9,918	County Council	9,961	
8,492	Other Employers	8,540	
18,410	Total	18,501	
Number of Deferred Members			
15,542	County Council	15,007	
15,610	Other Employers	14,581	
31,152	Total	29,588	

Funding

Benefits are funded by contributions and investment earnings. Employers' contributions are set based on the triennial actuarial funding valuation in March 2019 for the contributions paid in 2022 – 2023. Employees contributions are paid in line with the LGPS Regulations 2013.

Benefits

Prior to 1 April 2014 pension benefits are based on final pensionable pay and length of service. From 1 April 2014, the scheme became a career average scheme with members accruing benefits based on their current annual pensionable pay at an accrual rate of 1/49th.

2. Events after the Balance Sheet Date

There has been no event between 31 March 2023 and the date when these accounts were authorised for issue that requires any adjustments to these accounts.

3. Significant Changes to the Fund

As part of its annual asset allocation review, the Committee at its meeting on 31 March 2022, agreed to transfer its UBS RAFI All World holding into the UBS RAFI Global Low Carbon Transition Fund, to further reduce the carbon intensity of the equity portfolio. This transfer was implemented during March 2023.

At its meeting on 23 November 2022, the Pension Fund Committee ratified a commitment of £75 million to the Partners Group Multi Asset Credit Fund VII. The first capital call is expected at the end of 2023.

The Pension Fund Committee made a decision at its meeting on 23 September 2023, to disinvest from the Blackrock Fixed Income Fund and to invest the proceeds into the ACCESS Janus Henderson Fixed Income sub-fund. The first tranche of £200m was invested on 30 November, with the final balance of £168 million invested on 31 January 2023.

Suffolk Pension Fund has £2.610 billion invested within the ACCESS Pool (£2.230 billion, 31 March 2022), which represents 70% of the Fund's investment assets (60%, 31 March 2022).

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2022-2023 financial year and its position as at 31 March 2023.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in United Kingdom 2022 - 2023', which is based upon International Financial Reporting Standards (IFRS).

The accounts do not take into account obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS 26) basis, is disclosed in Note 21 of these accounts.



Suffolk Trinity, Suffolk Showground, Ipswich

5. Going Concern Statement

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022 - 2023 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 31 May 2023, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

The basis for preparation is supported by legislation for local authorities, and the Code requirements on the basis of the continuation of services;

The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out. All employers within the fund are paying contributions as per the rates and adjustment certificate.

In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary carried out a valuation during 2022 - 2023. The Fund's assets were valued at £3,756 million, with liabilities of £3,522 million resulting in a funding level of 107%.

The improved funding position has resulted in many Employers paying lower contribution rates from 1 April 2023 which will reduce the income from contributions over the next 3 years. The Fund has forecast a positive cashflow for 2023 - 2024 and a negative cashflow of £4 million for 2024 - 2025, which can be met through surplus cash in the form of income from investments.

The Pension Fund has not utilised any borrowing during the 2022 - 2023 financial year or within the 2023 - 2024 year to date.

The Pension Fund has an allocation of 42.5% to equities, 28% to Bonds and 0.5% to cash, which are assets that could be liquidated to pay benefits should the need arise.

On this basis, the Pension Fund have a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.



Hyperion, Newmarket

6. Summary of Significant Accounting Policies

6.1 Fund Account - Revenue Recognition

Contribution Income

Normal contributions from members and employers are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate.

Employers' deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary.

Employers' augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations.

Individual transfers in/out of the scheme are accounted for when they have been received/paid, which is when the member's liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included within transfers in.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income

Investment income may include withholding tax which is disclosed as a separate item (taxes on income) on the face of the Fund Account. Investment income arising from the underlying investments of Pooled Investment Vehicles is reinvested in the vehicle and reflected in the unit price.

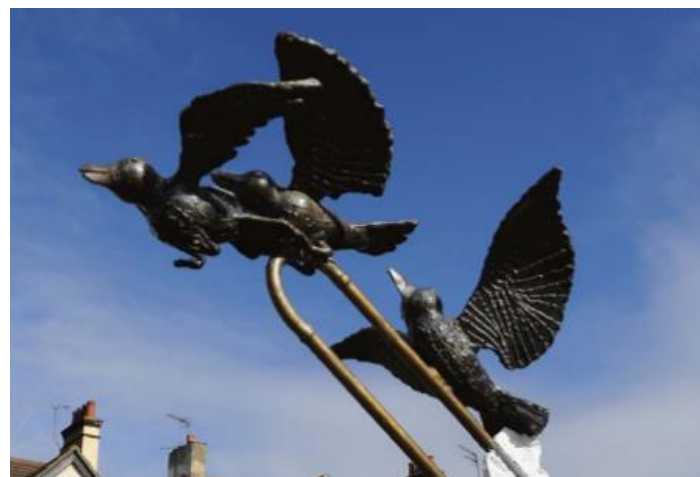
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

Income from cash and other investments are accounted for on an accrual's basis.

Distributions from pooled funds are recognised at the date of issue and any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

Movement in the Market Value of Investments

Movement in the net market value of investments is recognised as a realised or unrealised, gain or loss, during the year.



Foxgrove Band gates, Ipswich

6.2 Fund Account - Expenditure

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Asset Statement as a current financial liability.

Taxation

The Fund is a registered public service pension scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and is exempt from UK income tax on interest received and capital gains tax on proceeds of investments sold.

Income from overseas investments is subject to withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense.

Management Expenses

All management expenses are accounted for on an accrual's basis.

i) Administration Expenses and Oversight and Governance Expenses

Suffolk County Council staff costs are charged to the Pension Fund based on time spent. Accommodation and other overhead costs have also been apportioned.

ii) Investment Management Expenses

Investment management fees and performance fees are agreed in the respective mandates governing their appointment. These fees are based on the market value of the investments under management and therefore increase or decrease as the value of the investments change.

Transaction costs and custody fees are included in investment management expenses.

6.3 Net Asset Statement

Financial Assets

Financial assets are included in the Net Asset Statement on a fair value basis as at the reporting date. A financial asset is recognised on the date the Fund becomes party to the contractual acquisition of the asset. Any gains or losses arising from changes in the fair value from this date are recognised by the Fund.

The value of investments has been determined as follows:

Market Quoted Investments

Managed Funds are valued using the bid market price on 31 March 2023.

Property

Property is valued using the latest available Net Asset Value (NAV) or where a NAV is not available, assumptions based on the probable realisation value.

Unquoted Pooled Investment Vehicles

Unquoted Securities include pooled investments in Infrastructure, Illiquid Debt, Private Equity and Timberlands. Market quotations are not readily available. The value is based on the Fund's share of the net asset using the latest financial statements received from the respective fund manager and adjusted for capital calls and distributions received from that date to 31 March 2023.

Quoted Pooled Investment Vehicles

Pooled Investment Vehicles are valued at the closing bid price or at the closing single price, as available. The change in market value of accumulation funds includes income which is reinvested in the Fund net of applicable withholding tax.

Foreign Currency Transactions

Investments and cash held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2023.

Derivatives

Derivative financial instruments are used to manage exposure to specific risks arising from investment activities and are not held for speculative purposes. Derivative contract assets are valued at bid price and liabilities are valued at offer price. Changes in the fair value are included in the change in market value.

Forward Foreign Exchange Contracts outstanding at the year-end are stated at fair value, which is determined as the loss or gain that would arise if the outstanding contract was required to be settled on 31 March 2023.

Cash and Cash Equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Bank balances and cash held by the Pension Fund at 31 March 2023 are therefore cash equivalent sums. For short term investments there are no strict criteria to follow relating to the nature and maturity of these items.

The Pension Fund holds short term investments in Money Market Funds for the purpose of obtaining a gain or return.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Pension Fund Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Pension Fund Accounts are adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Pension Fund Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Pension Fund Accounts.

Additional Voluntary Contributions

The Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVC's are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVC's are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2009/3093) but are disclosed as a note.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial codes.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement.

7. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2022 – 2023 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted and applies to the adoption of the following disclosures as amended in the 2023 - 2024 code.

IFRS 16 - Leases

IAS 8 - Definition of accounting estimates.

IAS 1 - Disclosure of Accounting Policies

IAS 12 - Deferred tax

IFRS 3 - Updating reference to the conceptual framework.

The code requires implementation of the above disclosure from 1 April 2023. These changes are not considered to have a material effect on the Pension Fund accounts of 2022 - 2023.

8. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 6, the Pension Fund has to make certain judgements about complex transactions or those involving uncertainty about future events. The main critical judgement that the Pension

Fund must consider is the Pension Fund actuarial liability.

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 20 Funding Position. This estimate is subject to significant variances based on changes to the underlying assumptions.

The methodology used in calculating the Pension Fund's liability, in conjunction with the Fund's investment strategy means that the surplus or deficit can vary significantly over short periods of time, whilst the underlying funding strategy is based on a much longer timeline that smooths out the effects of extreme market volatility.

9. Assumptions made about the Future and other Sources of Estimation Uncertainty

The Pension Fund Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that actual outcomes could differ from those estimates and there is a risk that these investments may be under or overstated in the accounts. An analysis of the potential market movement range for these holdings is set out in Note 18e.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Actuarial Present Value of Promised Retirement Benefits

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries, Hymans Robertson LLP are engaged to provide the Fund with expert advice about the assumptions to be applied.

Property

Pooled property investment vehicles are valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. Pooled property funds have derived underlying assets that have been valued by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).

The property investment held with Schrodgers at 31 March 2023 is £296.809 million.

Private Equity

Private Equity investments are valued at fair value in accordance with IFRS and British Venture Capital Association guidelines. Both Pantheon and Wilshire have established procedures to report fair value on a consistent, transparent and prudent basis. These investments are illiquid and are not publicly listed and as such there is a high degree of estimation involved in the valuation.

The unquoted Private Equity investments at 31 March 2023 are £125.074 million with Pantheon and £7.955 million with Wilshire.

Infrastructure

Infrastructure investments are valued through a fair market value process designed in accordance with IFRS. These investments are not publicly listed and as such there is a high degree of estimation involved in the valuation.

The Infrastructure investments held with Partners, M&G, KKR and JP Morgan at 31 March 2023 are £58.146 million, £67.502 million, £28.714 and £224.875 million respectively.

Illiquid Debt

Illiquid Debt is valued by a valuation agent who will use an independent pricing source to value most loans at market value or a probable realisation valuation method if market quotations are not readily available. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Illiquid Debt is held with M&G and includes the Debt Opportunity investments, the Illiquid Credit Opportunity Fund and the Debt Solutions Fund totalling £31.312 million and a Multi Asset Credit Fund held with Partners Group valued at £74.882 million as at 31 March 2023.

Timber

The Timber investment is a limited liability partnership investment in large scale high quality timber assets. The fair value is determined on at least an annual basis with a valuation review performed on a quarterly basis to assess whether there is evidence of a significant change in the investment fundamentals that warrant a change in the fair value. The manager may utilise independent valuations to confirm the reasonableness of internally prepared valuations.

Fair values for Timberlands will be based on comparable purchase and sale transactions, or other accepted valuation techniques that include the discounted cash flow and multiple of earnings approach. Separate appraisals for timber are obtained from independent qualified appraisers at least once every three years or more frequently as required.

The Timber investment at 31 March 2023 is £0.235 million.



Memorial to 94th Bombardment Group, Bury St. Edmunds

10. Contributions Received and Benefits Paid during the Year

2021 - 2022				2022 -2023		
Employers' Contributions	Employees' Contributions	Benefits Paid		Employers' Contributions	Employees' Contributions	Benefits Paid
£ million	£ million	£ million		£ million	£ million	£ million
36.920	9.984	-48.156	Suffolk County Council	39.428	11.171	-51.584
59.733	14.567	-52.687	Other Scheduled and Resolution Bodies	63.506	16.103	-56.766
2.980	0.838	-5.113	Admitted Bodies	2.569	0.781	-2.986
<u>99.633</u>	<u>25.389</u>	<u>-105.956</u>	Total	<u>105.503</u>	<u>28.055</u>	<u>-111.336</u>

Employer contributions are made up of two elements:

- The primary rate which is the level sufficient to cover all new benefits
- The secondary rate which are the costs associated with sufficiently funding benefits accrued up to the valuation date.

Included within the employer normal contributions of £101.751 million shown in the Fund account, is an amount of £3.929 million which represents the secondary rate paid within the employers' percentage (£4.411 million in 2021 - 2022).

The additional employer contribution identified separately on the Fund account of £2.922 million (£3.010 million in 2021 - 2022), refers to those employers funding their secondary rate by means of lump sum payments.

The Fund undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three-year period. 2022 - 2023 was the third year in the three-year period following the 31 March 2019 valuation for the contribution rates set by the actuary to reflect a and b above.

A list of employers and their contribution rates is available on the Suffolk Pension Fund website at www.suffolkpensionfund.org.

11. Management Expenses

2021 - 2022		2022 - 2023
£ million		£ million
12.286	Investment Management Expenses	15.449
1.383	Administration Expenses	1.429
0.578	Oversight and Governance Costs	0.684
<u>14.247</u>		<u>17.562</u>

Management expenses are categorised into investment management expenses, administration expenses and oversight and governance costs in accordance with the CIPFA guidance to Accounting for Local Government Pension Scheme Management Costs.

Administration Expenses includes costs associated with members, pensioners and scheme employers. This would include all activities associated with pension administration - staff costs, IT, membership fees and subscriptions.

Oversight and Governance Costs includes costs incurred in the monitoring of investments, investment advisory services, independent advisors, support to the Pension Fund Committee and Pension Board, voting services, costs associated with the production of statutory and non-statutory reporting, legal services, actuarial services, audit services and accountancy services.

External audit fees charged by Ernst & Young for 2022 - 2023 were £0.028 million, (£0.019 million 2021 - 2022). The external fee is subject to change, depending on additional charges which may be made by the external auditors on high-risk areas. £0.015 million has been accrued for additional work for 2022 - 2023.

Ernst & Young will charge an additional amount to respond to IAS 19 assurance requests for 2022-23. £0.016 million was charged in 2022 - 2023, for the work completed for the 2020 - 2021 and the 2021 - 2022 accounts. This has been charged to the employers who have requested this assurance.

£0.012 million has been received from the Department for Levelling Up, Housing and Communities to support the implementation of the Redmond Review recommendations, to meet the anticipated rise in fees for the 2022 - 2023 audits driven by new audit requirements.

Investment management expenses include costs that are incurred in association with the management of the Pension Fund assets and financial instruments, whether directly invoiced to the fund or deducted from the fund assets. This includes management fees, performance fees and investment transaction costs as below:

2021 - 2022	Management Fees	Performance Fees	Transaction Costs	Total
	£ million	£ million	£ million	£ million
Assets				
UK Equities	0.076	2.021	0.039	2.136
Pooled Investments				
Equities	0.165			0.165
Unit Linked Insurance Policies	0.480			0.480
Fixed Income	2.808		0.073	2.881
Property	0.322		0.003	0.324
Absolute Returns	0.771			0.771
Private Equity	0.363	0.001		0.364
Infrastructure	2.544	2.344		4.887
Illiquid Debt	0.177			0.177
Timberlands	0.070			0.070
Money market				
Total Investment Expenses	7.776	4.365	0.114	12.255
Custody	0.031			0.031
Total Investment Management Expenses	7.807	4.365	0.114	12.286

2022 - 2023	Management Fees	Performance Fees	Transaction Costs	Total
	£ million	£ million	£ million	£ million
Assets				
UK Equities		0.749		0.749
Pooled Investments				
Equities	0.285			0.285
Unit Linked Insurance Policies	0.459			0.459
Fixed Income	1.294		2.149	3.443
Property	0.880		0.023	0.903
Absolute Returns	0.669			0.669
Private Equity	2.123			2.123
Infrastructure	4.832	1.545		6.377
Illiquid Debt	0.365			0.365
Timberlands	0.042			0.042
Total Investment Expenses	10.949	2.294	2.172	15.415
Custody	0.034			0.034
Total Investment Management Expenses	10.983	2.294	2.172	15.449



Pairs of Tritons, Lowestoft

12. Analysis of the Market Value of Investments by Investment Manager

31 March 2022		31 March 2023	
Market Value £ million	Percentage of Assets %	Market Value £ million	Percentage of Assets %
Investments managed within the ACCESS Pool			
1199.756	32.07%	1,603.749	42.84%
1030.111	27.54%	1,006.746	26.91%
2,229.867	59.61%	2,610.495	69.75%
Investments managed outside the ACCESS Pool			
379.627	10.15%	0.000	0.00%
8.010	0.21%	0.235	0.01%
0.146	0.00%	0.061	0.00%
166.397	4.45%	224.875	6.01%
0.000	0.00%	28.715	0.77%
95.895	2.56%	98.813	2.64%
24.142	0.65%	20.420	0.55%
167.048	4.47%	157.414	4.21%
121.860	3.26%	133.029	3.56%
178.808	4.78%	140.959	3.77%
357.281	9.55%	318.754	8.52%
11.649	0.31%	7.955	0.21%
1,510.863	40.39%	1,131.230	30.25%

The Blackrock Investment Management Fixed Income mandate was disinvested and the proceeds invested into the Janus Henderson Fixed Income mandate held with the ACCESS Pool, which is managed by Link Fund Solutions, as the Authorised Contractual Scheme operator of the Pool. The UBS Group investments are managed within the ACCESS Pool on a pool governance basis.

The Northern Trust holding is the surplus cash invested in money market funds.

The Multi Asset Credit mandates with Partners Group, the Infrastructure mandate with Kohlberg, Kravis, Roberts, the Private Equity mandate with Pantheon Ventures Investments, and Infracapital Fund with M&G have been funded as investment opportunities are identified by the investment managers. These investments are funded from surplus cash and from the

Pyrford International mandate.

The Debt Opportunity mandate with M&G, Private Equity with Wilshire and Infrastructure with Partners Group are mature investments that are returning funds as the investments are realised.

13. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2021 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2022 £ million
UK Companies	243.349	7.845	-269.997	18.803	0.000
Quoted Pooled Investment Vehicles:					
Equities	501.287	306.453	-35.000	41.041	813.781
Fixed Income	722.674	440.425	-390.425	-7.073	765.601
Unit trusts	25.116	-	-29.099	3.983	0.000
Other Managed Funds	260.096	149.914	-163.680	14.184	260.514
Unit linked insurance policies	916.969	112.754	-112.755	113.144	1,030.112
Unquoted Pooled Investment Vehicles:					
Other Managed Funds	440.135	61.088	-46.539	72.764	527.448
Property	278.112	35.216	-21.475	51.421	343.274
Total of Investments	3,387.738	1,113.695	-1,068.970	308.267	3,740.730
	Opening Market Value 01 April 2021 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2022 £ million
Other Investment Balances:					
Cash Held for Investment	-2.437	9.179	-	-1.597	5.145
Net Investments	-2.437	9.179	-	-1.597	5.145

The change in market value of £306.670 million (£308.267 million and -£1.597 million) is £8.167 million lower than the change in market value on the Fund Account of £314.837 million. The difference is caused by indirect management fees of £8.053 million and indirect transaction costs of £0.114 million which are charged against the NAV and not directly to the Fund.

The Pooled Investment Vehicles are managed by fund managers registered in the UK.

	Opening Market Value 31 March 2022 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2023 £ million
Quoted					
Pooled Investment Vehicles:					
Equities	813.781	15.513	-	-1.992	827.302
Fixed Income	765.601	384.693	-368.232	-5.615	776.447
Unit linked insurance policies	1,030.112	15.000	0.000	-38.366	1,006.746
Other Managed Funds	260.514	608.432	-643.357	-9.925	215.664
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	527.448	115.660	-58.407	34.056	618.757
Property	343.274	31.518	-26.046	-51.937	296.809
Total of Investments	3,740.730	1,170.816	-1,096.042	-73.779	3,741.725
	Opening Market Value 31 March 2022 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2023 £ million
Other Investment Balances:					
Cash Held for Investment	5.145	-4.250	-	-0.186	0.709
Net Investments	5.145	-4.250	-	-0.186	0.709

The change in market value of -£73.965 million (-£73.779 million and -£0.186 million) is £9.823 million different than the change in market value on the Fund Account of -£64.142 million. The difference is caused by indirect management fees which are charged against the NAV and not directly to the Fund.

The Pooled Investment Vehicles are managed by fund managers registered in the UK.



Tam, Ipswich

14. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2022 £ million		Market Value 31 March 2023 £ million	
Pooled Investment Vehicles - Quoted			
813.781	Equities	827.302	
765.601	Fixed Income	776.447	
1,030.112	Unit Linked Insurance Policies	1,006.746	
Other Managed Funds			
178.808	Absolute Returns	140.959	
38.148	Money Market Funds	42.365	
43.558	Private Equity	32.340	
<u>260.514</u>	Total Quoted Other Managed Funds	<u>215.664</u>	
Pooled Investment Vehicles - Unquoted			
Other Managed Funds			
95.674	Illiquid Debt	106.195	
288.479	Infrastructure	379.237	
135.285	Private Equity	133.090	
8.010	Timberlands	0.235	
<u>527.448</u>	Total Unquoted Other Managed Funds	<u>618.757</u>	
787.962	Total Other Managed Funds	834.421	
343.274	Property	296.809	
<u><u>3,740.730</u></u>	Total	<u><u>3,741.725</u></u>	

The table above breaks down the Pooled Investment Vehicles and further analyses the Other Managed Funds. These investments are either quoted (they are traded on an exchange and have a visible market valuation) or unquoted (stocks that are not traded on an exchange and are difficult to value).

17b. Net Gains and Losses on Financial Instruments

31 March 2022		31 March 2023	
£ million	Financial Assets	£ million	
308.267	Fair value through profit and loss	-73.779	
-1.597	Amortised cost - unrealised gains	-0.186	
	Financial Liabilities		
0.000	Fair value through profit and loss	0.000	
306.670	Total	-73.965	

18a. Fair Value Hierarchy

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical asset or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid price. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Assets classified as level 2 include pooled equity and fixed income investments.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

These instruments would include unquoted investments such as Property, Private Equity, Infrastructure, Illiquid Debt and Timberlands, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.



Walkway, Snape Maltings

18.b Fair Value - Basis of valuation

The basis of valuation for each class of investment asset is set out below:

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Private Equity	Level 3	The valuation of the investments are carried at fair value as determined in good faith by the General Partner in accordance with the terms of the Partnership Agreement and US GAAP.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.
Timberlands	Level 3	Valuation technique is based on accepted valuation techniques that include discounted cash flow and multiple earnings.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.



Wartime Pilot, Ipswich

18.c Valuation of Financial Instruments Carried at Fair Value

Values at 31 March 2022	Quoted Market	Using	With	Total
	Price Level 1 £ million	Observable Inputs Level 2 £ million	Significant Unobservable Inputs Level 3 £ million	
Financial Assets				
Fair value through profit and loss	260.514	2,609.494	870.722	3,740.730
Assets at amortised cost	13.515			13.515
Total Financial Assets	274.029	2,609.494	870.722	3,754.245
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-5.001			-5.001
Total Financial Liabilities	-5.001	0.000	0.000	-5.001
Net Financial Assets	269.028	2,609.494	870.722	3,749.244

Values at 31 March 2023	Quoted Market	Using	With	Total
	Price Level 1 £ million	Observable Inputs Level 2 £ million	Significant Unobservable Inputs Level 3 £ million	
Financial Assets				
Fair value through profit and loss	215.663	2,610.495	915.566	3,741.725
Assets at amortised cost	10.292			10.292
Total Financial Assets	225.955	2,610.495	915.566	3,752.016
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-2.069			-2.069
Total Financial Liabilities	-2.069	0.000	0.000	-2.069
Net Financial Assets	223.886	2,610.495	915.566	3,749.946

18.d Reconciliation of Fair Value measurements within Level 3

Assets	Opening Market Value 01 April 2021 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2022 £ million
Property	278.112	35.216	-21.475	2.593	48.828	343.274
Illiquid Debt	66.606	35.513	-9.380	1.752	1.183	95.674
Infrastructure	258.257	13.997	-7.617	0.201	24.043	288.479
Private Equity	107.328	11.578	-29.531	19.497	26.413	135.285
Timberlands	7.944	-	0.000	0.000	0.066	8.010
Total of Investments	718.247	96.304	-68.003	23.641	100.532	870.722

Assets	Opening Market Value 01 April 2022 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2023 £ million
Property	343.274	31.518	-26.046	4.112	-56.049	296.809
Illiquid Debt	95.674	22.307	-11.662	0.323	-0.448	106.195
Infrastructure	288.479	87.915	-25.165	3.105	24.903	379.237
Private Equity	135.285	5.438	-13.502	10.137	-4.268	133.090
Timberlands	8.010	0.000	-8.078	2.632	-2.329	0.235
Total of Investments	870.722	147.179	-84.453	20.309	-38.191	915.566



Thomas Wolsey's Cat, Ipswich

18.e Sensitivity of assets values at Level 3

An analysis of historical data and expected investment return movements by Hymans Robertson has determined a potential market movement range for the value of the holdings classified as level 3 as below:

	Market Value 31 March 2022 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	343.274	15.0%	394.765	291.783
Illiquid Debt	95.674	10.3%	105.529	85.820
Infrastructure	288.479	14.6%	330.597	246.361
Private Equity	135.285	31.2%	177.494	93.076
Timberlands	8.010	14.6%	9.179	6.840
Total of Investments	870.722		1,017.564	723.880

	Market Value 31 March 2023 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	296.809	15.5%	342.815	250.804
Illiquid Debt	106.195	8.3%	115.009	97.381
Infrastructure	379.237	16.0%	439.915	318.558
Private Equity	133.090	31.2%	174.614	91.566
Timberlands	0.235	16.0%	0.273	0.197
Total of Investments	915.566		1,072.626	758.506

19. Nature and Extent of Risks Arising from Financial Instruments

The fund's primary long-term risk is that the fund's assets will fall short of its liabilities of benefits payable to members. The aim therefore of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio.

This risk is minimised through asset diversification to reduce exposure to market risk and credit risk to an acceptable level. The liquidity risk is managed by ensuring there is sufficient liquidity to meet the fund's forecast cash flows, which forms part of the Pension Fund's overall risk management policy.

Responsibility for the fund's risk management strategy rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks and are reviewed regularly to reflect changes in activity and market conditions.

The key risks that have been identified are:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Interest Rate Risk
- E. Currency Risk
- F. Price Risk
- G. Custody
- H. Investment Management
- I. Sensitivity of Funding position to market conditions and investment performance

A. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to meet its obligations.

The Fund is exposed to credit risk in its operational activities through securities lending, forward currency contracts and treasury management

activities. Commercial credit risk also arises with those organisations that pay monies over to the Fund (debtors) as part of the administration function, principally contributions from employers and transfers in from other registered pension schemes.

Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2023 is provided in Note 23.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2023. The management of this cash held for the purpose of managing the cashflow was carried out by the Council's Treasury Management team in accordance with the cash management strategy approved by the Pension Fund Committee. The Fund has had no occasion of default or uncollectable deposits.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2022. The management of this cash held for the purpose of managing the cashflow was carried out by the Council's Treasury Management team in accordance with the cash management strategy approved by the Pension Fund Committee. The Fund has had no occasion of default or uncollectable deposits.

The Fund's cash pending allocation for investment, is held within the custody system in the bank account of the custodian, Northern Trust.

At 31 March 2023, £7.083 million was with Lloyds (£5.999 million at March 2022). Cash deposited with Northern Trust amounted to £21.128 million at 31 March 2023 (£24.142 million March 2022) and Schroders held £21.945 million in their money market fund, (£14.006 million at March 2022).

B. Liquidity risk

Liquidity risk is the risk that the Fund will have insufficient liquid assets (cash) to meet its investment or benefit obligations as they fall due. The Pension Fund takes steps to ensure it has adequate cash resources to meet its commitments.

The Pension Fund holds sufficient working capital to ensure that it has cash available to meet benefit and transfer payments and cash drawdown requirements in respect of certain investment transactions. Within mandates it is the responsibility of the individual managers to ensure that they have sufficient funds available to meet the transactions they enter into on behalf of the Fund. These responsibilities are detailed within the investment management agreements. At an investment level a large proportion of the Fund's investments are held in instruments that can be realised at short notice if a cash flow need arose. Certain investments, particularly property, unquoted private equity, illiquid debt, timberlands and infrastructure funds are considerably less liquid, but these make up a far smaller proportion of the overall portfolio, £915.566 million, 24% (£870.222 million, 23% at March 2022).

C. Market risk

Market risk is the risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market sentiment. Market risk reflects interest rate, currency and other price risk.

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified set of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its independent investment advisers (Hymans Robertson LLP and Mark Stevens) and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the investment strategy statement that is available at www.suffolkpensionfund.org. Investment risk and strategy are regularly reviewed by the Pension Fund Committee.

D. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Pension Fund's exposure to interest rate movements from its investments in fixed interest securities and cash and cash equivalents which includes the custodian money market fund and cash held for investment.

The Pension Fund recognises that interest rates can vary and can affect both income to the fund and the value of the net assets. A 100-basis point (BPS) movement in interest rates (equivalent to 1%) is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis below, assumes that all other variables remain constant and shows the effect in the year of a +/- 100 BPS change in interest rates on the cash available to pay benefits.

Asset Type	Value as at 31 March 2022 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	5.999	0.060	-0.060
Cash and Cash Equivalent	43.293	0.433	-0.433
Total Assets	49.292	0.493	-0.493

Asset Type	Value as at 31 March 2023 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	7.082	0.071	-0.071
Cash and Cash Equivalent	43.073	0.431	-0.431
Total Assets	50.156	0.502	-0.502

E. Currency Risk

Currency risk is the extent to which the Pension Fund is exposed to fluctuations in exchange rates and the impact these fluctuations have on the sterling valuation of assets denominated in foreign currency.

The one year expected standard deviation for an individual currency as at 31 March 2023 is 9.9% (as provided by Hymans Robertson). This is based on the assumption that there is no diversification with other assets and that all other variables, in particular interest rates remain constant.

The foreign exchange rate movement exposure to the strengthening or weakening of sterling against the various currencies in which the fund holds investments which are not hedged to sterling are as follows:

Asset Type	Value as at 31 March 2022 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	519.256	49.329	568.586	469.927
Overseas Index Linked Equities	892.929	84.828	977.757	808.101
Alternative Investments	381.671	36.259	417.928	345.412
Total overseas assets	1,793.856	170.415	1,964.272	1,623.441

Asset Type	Value as at 31 March 2023 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	519.456	51.426	570.882	468.030
Overseas Index Linked Equities	896.105	88.714	984.820	807.391
Alternative Investments	445.000	44.055	489.054	400.945
Total overseas assets	1,860.561	184.195	2,044.756	1,676.366

F. Price Risk

Price risk is the risk of volatility in the valuation of the assets held by the Fund. The level of volatility will vary by asset class and also over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing specialist investment managers to best deploy capital in line with the Fund's overall strategy.

An analysis of historical data and expected investment return movements by Hymans Robertson has resulted in a potential market movement price risk index for each asset type. If the market price of the fund's investments increase or decrease in line with the potential market movements then the change in the value of the net assets would be as follows:

Asset Type	Value as at 31 March 2022 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
Equities	813.781	20.03	976.782	650.781
Fixed Income	765.601	8.10	827.615	703.587
Index Linked	1,030.111	18.63	1,222.021	838.202
Cash & FFX	5.145	0.30	5.160	5.129
Money Markets	38.148	2.10	38.949	37.347
Property	343.275	15.00	394.766	291.783
Alternatives	749.814	16.60	874.058	625.570
Total Assets	3,745.875		4,339.352	3,152.399

Asset Type	Value as at 31 March 2023 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
Equities	827.302	18.70	982.008	672.597
Fixed Income	776.447	7.50	834.681	718.214
Index Linked	1,006.746	17.90	1,186.953	826.538
Cash & FFX	0.709	0.30	0.711	0.707
Money Markets	42.365	2.00	43.212	41.517
Property	296.809	15.50	342.815	250.804
Alternatives	792.056	16.88	925.755	658.357
Total Assets	3,742.434		4,316.134	3,168.734

G. Custody

The Fund appointed Northern Trust as its global custodian with responsibility for safeguarding the assets of the Fund. Northern Trust is an established custodian bank and were appointed as the Fund's custodian in 2021 following a national framework tendering process. Quarterly reconciliations are performed between the underlying records of the custodian and the appointed investment managers.

H. Investment Management

The Fund has appointed a number of investment managers to manage portions of the Fund. An Investment Management Agreement is in place for each relationship. All appointments meet the requirements set out in the LGPS investment regulations. Managers' report performance on a quarterly basis and this is monitored and reported to Pension Fund Committee. The Fund makes use of a third-party performance measurement service provided by Northern Trust. All managers have regular review meetings and discussions with members of the Pension Fund Committee, officers and the Independent Financial Adviser Mark Stevens.

I. Sensitivity of Funding position to market conditions and investment performance

When preparing the formal valuation, the Actuary takes the assets of the Fund at the market value on the valuation date. Volatility in investment performance as a result of market risk factors can have an immediate effect on the funding level and deficit. This is particularly relevant because the Fund is invested predominantly in riskier (and historically higher return) assets such as equities and equity-like investments (e.g., property trusts). A rise or fall in the level of equity prices can have a direct impact on the financial position of the Fund.

Less obvious is the effect of anticipated investment performance on the Fund's liability to pay future pension benefits. Here the returns available on government bonds (gilts) are important, as the discount rate that is used to place a value on liabilities is the gilt yield at the valuation date plus a margin of 1.8% per annum. Effectively if the gilt yield rises the discount rate will increase and all other things being equal the value placed on liabilities will

fall. If the Fund was invested entirely in gilts rather than potentially higher returning assets the discount rate would be lower as no margin for the expected-out performance of the Fund's investments over gilts could be assumed.

20. Funding Position

In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period.

An actuarial valuation uses economic and demographic assumptions in order to estimate future liabilities of pensions payable. The assumptions are typically based on a mix of statistical studies and experienced judgement. Hymans Robertson LLP provides the Fund's Actuarial appraisal.

The key elements of the funding policy are:

- To take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants,
- To use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency,
- To ensure that employer contributions rates are as stable as possible,
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so,
- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax- payer from an employer defaulting on its pensions obligations.

The aim is to achieve 100% solvency over a number of years and to provide stability in employer contribution rates by spreading increases in rates over a period of time. This is usually over three years but in some cases this period can be extended.

Solvency is achieved when the funds held plus future expected investment

returns and future contributions are sufficient to meet expected future pension benefits payable.

Formal Valuation

The last formal three-yearly actuarial valuation was carried out as at 31 March 2022. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2023. The valuation was based on:

- Meeting the requirements of the Local Government Pension Regulations.
- 100% funding of future liabilities for service completed to 31 March 2022.
- The 'projected unit method' of actuarial valuation.

Financial Assumptions

Financial assumptions typically try to forecast when benefits will come into payment, what form these will take and how much the benefits will cost the Fund in the future. The financial assumptions included in the valuation are as follows:

- Projected investment returns of 3.7% per year
- Projected increase in future salaries of 3.7% a year.
- Projected pension increases of 2.7% a year. (CPI)

Funding Position

The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2022. The actuarial assessment of the value of the fund's assets was £3,756 million as at 31 March 2022 and the liabilities at £3,522 million.

The valuation showed that the Fund's assets covered 107% of its liabilities at the valuation date, and the surplus based on the actuarial valuation was £235 million.

Contribution Rates

The Fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members.

Employer contributions are made up of two elements:

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

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

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

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

The whole fund primary rate (payroll weighted average of the underlying individual employer rates) is 20.0% of pensionable pay for the three years starting 1 April 2023.

The average employee contribution rate is 6.6% of pensionable pay.

The next formal valuation is as at 31 March 2025.

21. Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the Pension Fund liabilities every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015 with transitional protections introduced for older members. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judicial and fire fighters' schemes, as part of the reforms, amounted to unlawful discrimination on the basis of age discrimination. This ruling does have implications for the Local Government Pension Scheme.

As part of the introduced reforms the LGPS changed from a final salary scheme (a pension based on the members salary when they left) to a career average scheme (a pension which is built up based on what the member earned each year)

Older members who were closer to retirement were protected from the changes. This means when a protected member takes their pension, the benefits payable under the career average scheme are compared with the benefits that would have been built up, had the final salary scheme continued and they receive the higher amount. This protection is called the underpin.

To remove the McCloud age discrimination, qualifying younger members will now receive the underpin protection too. This change will come into force on 1 October 2023. Underpin protection only applies to pension built up in the remedy period, between 1 April 2014 and 31 March 2022. From 1 April 2022, there is no underpin protection. Pension built up after this date is based on the career average scheme only.

The cost to the Suffolk Pension Fund of the McCloud remedy has been built into the valuation and funding position by the Fund's actuary.

Interim Valuation

An interim valuation was carried out as at 31 March 2023. The valuation was included in the actuary's Navigator report which is based on long term financial assumptions for the Suffolk Pension Fund and contains the following assumptions:

Increases in future pensions of 2.3% a year (2.7% 2021 - 2022)
 Projected investment returns of 5.1% per year (3.7% 2021 - 2022)

The actuarial value of the Fund's assets were £3,759 million and the liabilities £2,800 million at 31 March 2023 (£3,756 million and £3,521 million at 31 March 2022).

The valuation showed that the Fund's assets covered 134% of its liabilities at the interim valuation date and the surplus was £959 million (107%, £235 million surplus at March 2022).

The required asset return for 100% funding is 3.2% p.a. (3.3% March 2022) and there is a 94% (84% March 2022) likelihood of the assets achieving this return.

International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2022 - 2023 requires administering authorities of the LGPS funds that prepare pension fund accounts to disclose what IAS 26 refers to as the actuarial present value of promised retirement benefits. This is similar to the interim valuation, but the assumptions used are in line with IAS 19 rather than assumptions tailored to the Suffolk Pension Fund.

The following assumptions have been used for the IAS 26 calculation:

- Pension increases of 2.95% a year (3.2% 2021 - 2022)
- Increases in future salaries of 3.95% a year (4.2% 2021 - 2022)
- Discount Rate of 4.75% per year (2.7% 2021 - 2022)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £3,305 million as at 31 March 2023 (£4,591 million as at 31 March 2022). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

22. Current Debtors

The current debtors can be analysed as below:

31 March 2022 £ million		31 March 2023 £ million
	<u>Debtors</u>	
8.220	Employers Contributions	8.433
2.122	Employee Contributions	2.201
1.386	Investment Assets	1.526
1.015	Sundry Debtors	2.098
0.018	Asset Pooling	0.028
<u>12.761</u>		<u>14.286</u>

23. Current Creditors

The current creditors can be analysed as below:

31 March 2022 £ million		31 March 2023 £ million
	<u>Creditors</u>	
-0.941	Amounts owed to Employers	-0.878
-2.818	Investment Expenses	-0.632
-0.143	Administration and Governance Expenses	-0.180
-0.188	Transfer Values In Adjustment	-0.154
-0.987	Lump Sum Benefits	-0.612
-3.130	Sundry creditors	-2.474
<u>-8.207</u>		<u>-4.930</u>

24. Additional Voluntary Contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, additional voluntary contributions have been excluded from the Fund Account and Net Asset Statement. These contributions are held by the providers and therefore do not form part of the Fund's investments.

A total of £0.065 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2022 - 2023, (£0.065 million 2021 - 2022).

25. Related Party Transactions

Related party transactions requiring disclosure in accordance with IAS 24 are as follows:

The Suffolk Pension Fund is administered by Suffolk County Council and consequently there is a strong relationship between the Council and the Pension Fund.

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £39.429 million to the Fund in 2022 - 2023 (£36.920 million in 2021 - 2022). In addition, the council incurred costs of £1.239 million (£1.219 million in 2021 - 2022) in relation to the administration of the Fund, audit, legal and committee services. These have all been reimbursed by the Fund.

Part of the Pension Fund cash holdings are invested by the Treasury Management operations of Suffolk County Council through the Treasury Management Policy approved by the Pension Fund Committee. During the year ending 31 March 2023 the Fund had an average investment balance of £10.469 million (£9.619 million in 2021 - 2022) earning interest of £0.247 million (£0.007 million in 2021 - 2022) from these investments.

One member of the Pension Fund Committee and five members of the Pension Fund Board are scheme members within the Pension Fund. All members of the Pension Fund Committee and Board are required to declare their interests at each meeting.

26. Key Management Personnel

No senior officer responsible for the administration of the Pension Fund provides any goods or services to the Fund other than those covered by their contract of employment with the Council.

The key management personnel of the Fund are the S151 Officer, Head of Pensions and Lead Accountant (Pensions). The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.155 million in 2022 - 2023 (£0.150 million in 2021 - 2022).

These costs are charged to the Pension Fund as governance and oversight costs, Note 11 and are included in the related parties Note 25.

27. Securities Lending

The Suffolk Pension Fund does not operate securities lending however, it is undertaken in the pooled holdings operated by Link Fund Solutions and the proceeds are reflected in the asset value earning £0.021 million in 2022 - 2023 (£0.021 million) in 2021 - 2022.

28. Contractual Commitments

In 2003 the Fund has made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds (\$103.131 million and €41.288 million) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions. At 31 March 2023 the unfunded commitment (monies to be

drawn in future periods) is \$8.589 million and €2.245 million. The commitments are paid over the investment timeframe of the underlying partnerships.

In 2011 - 2012 a contractual commitment of €54 million was made to an infrastructure investment (Partners Group Global Infrastructure 2012) managed by Partners Group, the outstanding amount as at 31 March 2023 is €9.290 million.

In 2015 - 2016 contractual commitments of \$149.500 million were made to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2023 are \$27.855 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund the outstanding amount is £8.927 million.

During 2017 - 2018 a contractual commitment was made to an infrastructure investment (Partners Group Global Infrastructure 2015) managed by Partners Group of €55 million, the outstanding amount as at 31 March 2023 is €8.314 million.

During 2020 - 2021 a contractual commitment of £75 million was made to the Mult Asset Credit Fund VI with Partners Group. The undrawn amount at the end of the year is £4.185 million.

During 2021 - 2022 a contractual commitment of \$84 million was made to the Global Infrastructure Fund IV with KKR \$48.735 million remains outstanding.

During 2022 - 2023 a contractual commitment of £75 million was made to the Mult Asset Credit Fund VII with Partners Group No capital calls have been made during the year.

A summary of the commitments is as below:

Asset Class	2022 - 2023		
	Commitment £ million	Drawn £ million	Outstanding £ million
Private Equity			
Wilshire (2003-2008)	72.902	68.552	4.350
Pantheon (2003-2010)	46.786	42.217	4.569
Pantheon (2015)	120.911	98.382	22.529
Total Private Equity	240.599	209.151	31.448
Infrastructure			
Partners (2012)	47.449	39.357	8.092
Partners (2016)	48.328	41.022	7.306
M&G (2016)	60.000	51.073	8.927
KKR (IV)	67.936	28.521	39.415
Total Infrastructure	223.713	159.973	63.740
Illiquid Debt			
Multi Asset Credit VI	75.000	70.815	4.185
Multi Asset Credit VII	75.000	0.000	75.000
Total Illiquid Debt	150.000	70.815	79.185



The Drums to the Fore and Aft, Woodbridge