

Minutes of the Suffolk Pension Board Meeting held on Wednesday 6 December 2023 at 11:00 am in the King Edmund Chamber, Endeavour House, Ipswich.

Present: Councillor Richard Rout (Chairman) (representing Suffolk County Council), Pauline Bacon (representing the Unions), Richard Blackwell (representing Pensioners), Ian Blofield (representing all Borough, District, Town, and Parish Councils), Kay Davidson (representing Active Members), and Thomas Jarrett (representing all other employers in the Fund).

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

22. Apologies for Absence

There were no apologies for absence.

23. Declarations of Interest and Dispensations

Richard Blackwell declared an interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, Ian Blofield, Kay Davidson, and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

24. Minutes of the Previous Meeting

The minutes of the meeting held on 17 October 2023 were confirmed as a correct record and signed by the Chairman.

25. Pensions Administration Performance

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

The report was introduced by the Pensions Operations Manager, and the Lead Accountant (Pensions). Members had the opportunity to ask questions.

In relation to the back-log tasks, members were informed that the reported numbers were decreasing, with recent figures showing below 10,000 cases.

Members were also informed that the iConnect report was now reporting correctly for the County Council, with ongoing efforts to address anomalies arising from Payroll processes. In response to a query, the Board heard that Schools Choice was exploring iConnect implementation with its payroll system iTrent, with a goal to be online in early 2024.

A member also sought advice from officers in relation to equitable benefits for widows, widowers, and cohabiting partners.

Decision: The Board noted the report.

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

Alternative options: There were none considered.

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Dispensations: There were none granted.

26. AVC Provider for the Fund

At Agenda Item 5, the Board received a report which provided information on the Committee's review of the current Additional Voluntary Contributions (AVC) providers and options for the future.

The report was introduced by the Lead Accountant (Pensions) and members had the opportunity to ask questions.

The Board was informed of the Committee's decision to establish a new Additional Voluntary Contribution (AVC) scheme with Legal and General. Engagement with existing members contributing to Clerical Medical AVCs and Standard Life AVCs would take place to encourage transfer to Legal and General.

Members were aware that a previous review of AVC providers in 2018 led to a decision to change provider, but market changes prevented implementation. Hymans Robertson LLP conducted research and identified Legal and General as the most credible new provider; a decision supported by the Committee.

Decision:

- a) The Board noted the review of the AVC provision for the Fund's members.
- b) The Board endorsed promoting the AVC arrangements to the Fund's members.
- c) A member additionally suggested making promotional materials on the AVC's accessible to employers.
- d) A member also requested a link be included in the Active Member Newsletter encouraging members, particularly women, to check their state pension benefits.

Reason for decision:

- a) The Pension Board represented active members in the LGPS.
- b) Members commented that AVC's presented a valuable and excellent opportunity to increase savings for individual pensions. They were also mindful that these contributions could be redeemed at any time, providing a tax-efficient means of saving and investing.

- c) Officers agreed that promotional materials could be made available to employers. It was hoped this would maintain consistency and facilitate the effective communication to employees.
- d) A member emphasised that individuals had the option to contribute to the HMRC pension scheme, pointing out that many might have missed contributions. The member specifically mentioned the impact on women, particularly those working part-time or taking time off for maternity leave. Officers agreed to include a brief sentence to encourage this, but in a way that avoided confusion with the LGPS pension scheme.

Alternative options: There were none considered.

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Pauline Bacon, Ian Blofield, Kay Davidson, and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

27. ACCESS Pool update

At Agenda Item 6, the Board received a verbal update from the Head of Pensions on the recent developments within the ACCESS pool.

Members were informed the ACCESS Joint Committee met on Monday 4 December. The meeting included discussion of a review conducted by Barnett Waddingham, assessing how ACCESS was structured, governed, and how it delivered its commitments, with recommendations for future improvements or alternative approaches.

The pooling consultation was also addressed, which focused on the Government's desired direction for pooling for local authority pension funds. Members heard the Government's response to the consultation was published a couple of weeks ago in the autumn statement, and this prompted a need for ACCESS to contemplate both the third-party review and the Government's response in tandem. Members also heard the Government's response following the consultation was to ignore the overwhelming opposition for some of the proposals and carry on regardless.

The Board was informed that the Government's response to the consultation included a directive for all active and illiquid assets to be pooled by March 2025. Despite practical challenges to this particularly for the illiquid assets, the Government was contemplating issuing guidance on this. Additionally, there was a proposed 10% allocation to private equity, a suggestion met with significant opposition in the consultation responses. The Government planned to mandate this 10% allocation, requiring each fund to include it in their investment strategy statement, or to state why not within the investment strategy statement if this was not met. Furthermore, the Government expected 5% of funds to be directed towards levelling up activities, despite strong opposition in the consultation, and intended to make it a requirement in investment strategy statements, again allowing for an explanation if not adhered to.

Members heard the Government, having set boundaries in 2016 for pooling establishment, now expressed a preference for a specific model, distinct from

ACCESS's approach. The exact details of this preferred model were yet to be disclosed, but the Government intended to include it in forthcoming updated guidance; the timeline for implementation remained uncertain. The Head of Pensions noted that this was crucial because in March, a new procurement for ACCESS's operator contract would be started, initially planned as a five-year term with a possible five-year extension. If the pooling model was set to change during this period, it required consideration before March. A number of pension funds believed the Government's approach was incorrect, particularly in terms of fiduciary duties, which were viewed as a key responsibility for individual pension funds. There was a likelihood that challenges to the Government on this fiduciary duty point might arise. Discussions also included whether the Government would compensate Funds should investment in private equity and levelling-up prove unsuccessful. Both the third-party review and the pooling consultation would be discussed again at the Joint Committee's March 2024 meeting.

Members were notified that a new communications provider for ACCESS had been selected, and the announcement would be made in the upcoming weeks.

Regarding the alternative investments, specifically infrastructure, members were informed 10% of the Suffolk Pension Fund was invested in this sector, with 6% allocated to JP Morgan. ACCESS had commissioned advice on existing infrastructure open ended Funds and the JP Morgan Fund was considered an appropriate investment going forward as part of the ACCESS infrastructure offering. The Joint Committee therefore decided to treat JP Morgan investments as pool-aligned assets for the ACCESS infrastructure offering. Consequently, Suffolk's pooled assets now sat at approximately 76%.

A member noted the issue of new government guidance seemed potentially significant, and asked when the appropriate time would be to incorporate that into the risk register. Officers confirmed the ACCESS risk register was discussed as the final agenda item on Monday. It focused on assessing the risk of the pooling consultation impacting ACCESS's operations. This assessment was expected to be reflected in Pension Fund Committee's risk register and could also be referenced in the Board's risk register when it was revisited in March 2024.

Decision: The Board noted the update.

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

Alternative options: There were none considered.

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Dispensations: There were none granted.

28. Annual Report and Accounts 2022/23

At Agenda Item 7, the Board received a report which provided members with a copy of the Annual Report and Accounts of the Suffolk Pension Fund which was approved for publishing by the Pension Fund Committee.

The report was introduced by the Lead Accountant (Pensions) and members had the opportunity to ask questions.

Discussion included the Fund becoming a signatory to the UK Stewardship Code, whether improvements could be made to the Administration of the Fund which achieved reasonable assurance as part of the annual audit, and the fluctuations in the market value of investments which should not be a significant concern, given that the investments were held for the long term. It was noted exceptional events such as COVID and the war in Ukraine had affected the Fund's performance which had been slightly negative in the 2022/23 fiscal year.

Decision: The Board noted the Fund's Annual Report and Accounts.

Reason for decision: Members were aware the Pension Fund Annual Report and Accounts was an important channel of communication, reporting on the Pension Fund's activities to employers, scheme members and other stakeholders.

The Board received information about the Annual Report and Accounts of the Fund to fulfil its remit to secure the effective and efficient governance and administration of the Suffolk Pension Fund.

Alternative options: There were none considered.

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Pauline Bacon, Ian Blofield, Kay Davidson, and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

29. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 8.

30. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 9.

Decision: The Board approved its Forward Work Programme as published.

Reason for decision: The Board regularly reviewed items appearing on the Forward Work Programme and was satisfied that its current work programme was appropriate.

The meeting closed at 12:30 pm.

Chairman

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