Suffolk County Council

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives

Councillor Richard Smith MVO, representing Suffolk County Council.

Homira Javadi, representing all Borough, District, Town and Parish Councils.

Marie McCleary, representing all other employers in the Fund.

Scheme Member Representatives

Suzanne Williams, representing the Unions

David Rowe, representing Active Members

Eric Prince, representing Pensioners

Date: Wednesday, 19 July 2017

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

Time: 2:00pm

For further information on any of the agenda items, please contact Rebekah Butcher, Democratic Services Officer, on 01473 264379.

Business to be taken in public

1. **Apologies for Absence**

   To note and record any apologies for absence received.

2. **Declarations of Interest and Dispensations**

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

3. **Appointment of Board Chairman and Vice Chairman**

   To appoint the chairman and vice chairman of the Board for the coming year.

4. **Minutes of the Previous Meeting** Pages 5

   To approve as a correct record, the minutes of the meeting held on 9 March 2017.

5. **Investment Performance – Year ending 31 March 2017** Pages 11

   To receive a report on the investment performance of the Fund in 2016/17.

6. **Pension Fund Annual Report and Accounts 2016/17** Pages 23

   To consider the Fund's annual report and accounts for 2016/17 and the auditors opinion.

7. **Pensions Administration Performance** Pages 143

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

8. **Suffolk's progress on Pooling of Assets**

   To receive an update on the pooling of assets.

9. **Recent Developments** Pages 147

   To receive an information bulletin on some recent developments that will be of interest to the Board

10. **Forward Work Programme** Pages 151

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

11. **Urgent Business**

To consider any other item of business which, in the opinion of the Chairman, should be considered by reason of special circumstances (to be specified in the minutes), as a matter of urgency.

Date of next scheduled meeting – Friday, 6 October 2017 at 11:00 am.

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Telephone: 01473 264379;

Email: Committee.Services@suffolk.gov.uk; or by writing to:

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

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www.suffolk.gov.uk/council-and-democracy/the-council-and-its-committees/apply-to-take-part-in-a-public-meeting/

and complete the online form.

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2. Follow the signs directing you to Fire Exits at each end of the floor.
3. Do not enter the Atrium (Ground Floor area and walkways). If you are in the Atrium at the time of the Alarm, follow the signs to the nearest Fire Exit.
4. Use the stairs, not the lifts.
5. Do not re-enter the building until told it is safe to do so.

Deborah Cadman OBE
Chief Executive

Suffolk County Council

Unconfirmed

Minutes of the Suffolk Pension Board Meeting held on 3 March 2017 at 11:00 am in the Rose Room, Endeavour House, Ipswich.

Present:	Councillor Richard Smith MVO (Chairman), representing Suffolk County Council, David Rowe (Vice-Chairman), representing Active Members, Homira Javadi representing Borough, District, Town and Parish Councils and Eric Prince, representing Pensioners
Supporting officers present:	Paul Finbow (Senior Pensions Specialist), Sharon Tan (Pensions Technical Specialist), Stuart Potter (Pensions Operations Manager), Ann McPherson (Democratic Services Officer)

Public Participation Session

There were no applications received from the public.

1. Apologies for Absence and Substitutions

Apologies were received from Marie McCleary and Suzanne Williams.

2. Declarations of Interest and Dispensations

The following Board members declared a local non-pecuniary interest by virtue of the fact that each was a contributing member of the Local Government Pension Scheme:

Councillor Richard Smith, MVO (until 4/5/2017)

David Rowe

Homira Javadi

Eric Prince declared a local pecuniary interest by virtue of the fact that he was in receipt of a pension from the Local Government Pension Scheme.

3. Minutes of the Previous Meeting

The minutes of the meeting held on 12 December 2016 were confirmed as a correct record and signed by the Chairman.

4. Pooling Update

At Agenda Item 4 the Board received an update on the progress being made by the ACCESS group towards the pooling of assets.

The Board were told that a letter was received from the Minister, Marcus Jones MP, on 27 January 2017, giving the go ahead to the ACCESS submission. A further letter is expected in March.

The Inter Authority Agreement was approved by the Pension Fund Committee at its meeting on 28 February. This agreement provides the legal basis for the creation of a Joint Committee to oversee the running of the ACCESS pool.

The Board heard that the scale of value of each fund in the ACCESS group was very diverse and this caused initial worries over the cost being shared equally under the one Fund one Vote agreement. It has been agreed that running costs, meeting and set-up costs should be shared equally and that costs in relation to funds' investment will be shared according to the value of each fund's investment.

Each fund will pay its own transition costs of moving assets to or within the pool.

The costs of renting an operator is expected to be around £1m but it is too early to properly estimate transition costs.

David Rowe raised the point that as the Pension Board was set up with equal representation for employers and employees, an employee representative should be co-opted onto the Joint Committee. He felt that it would give a good perception to employees, making it more transparent.

He was told that Union discussions had been ongoing for around six months. Unison had written to all pools. The question of who will make this decision will be discussed at the first meeting of the Joint Committee which will be held after the elections in May.

Eric Prince queried the point that each Council's overview and scrutiny committee would have the right to scrutinise the operation of the Joint Committee and wondered why that should be rather than the Pension Board and the Pension Fund Committee and would scrutiny ask for the opinion of the Board?

Paul Finbow agreed to consult with the Monitoring Officer on this matter.

Decision: The Board agreed to note the report and to support the decision to include the discussion regarding an employee representative at the first meeting of the Joint Committee.

Reason for decision: The Board has asked to be kept up to date with the development of the ACCESS pool, particularly in relation to costs.

Alternative options: None considered.

Declarations of interest: Declarations of interest are reported at Minute No. 2 above.

Dispensations: None noted.

5. Investment Strategy Statement

The Board received a report at Agenda Item 5, providing the Board with an opportunity to comment on the content of the Fund's draft Investment Strategy Statement.

Decision: The Board considered the information provided and agreed to make the following responses to the consultation:

i) The strategy must keep pace with the changes made by the implementation of the pool

ii) The Board welcomed a very well written statement and were content that it will be reviewed as necessary

Reason for decision: The Board is a consultee in terms of the Fund's policies.

Alternative options: None considered.

Declarations of interest: Declarations of interest are reported at Minute No. 2 above.

Dispensations: None noted.

6. Compliments, Complaints, and Administration Performance

Stuart Potter, Pensions Operations Manager, presented a report at Agenda Item 6, providing details of the compliments and complaints received to enable members to determine any further action and an update on the performance of the Pensions Administration Team. The Board heard that contribution payments were slightly down on the previous quarter as some District Councils had made late payments. There were, however, no significant concerns regarding the collection of payments.

They were also told that two members of staff had recently left and the posts had been advertised. The team have taken on two apprentices at the beginning of March. This and large pieces of work which were currently being undertaken had resulted in the fact that the Service Level Agreement was not fully met for this quarter. Further figures will be presented at the July meeting. It is hoped that the new Member Self Service facility will result in fewer requests for information being received by the team and therefore assist in meeting Service Level Agreements.

Decision: The Board agreed to note the report and asked that two quarters figures be presented in future reports.

Reason for decision: The report contained information requested by the Board concerning the number of compliments and complaints received as well as the administration performance.

Alternative options: None considered.

Declarations of interest: Declarations of interest are reported at Minute No. 2 above.

Dispensations: None noted.

7. Review of the Actuarial Valuation Process.

The Board received a report at Agenda Item 7, providing a review of the actuarial valuation process for the March 2016 valuation and to consider any improvements for the future.

The Board were told that the data was one day late in reaching the Actuary due to one employer where data was delayed due to the implementation of a new system.

The Actuarial valuation is carried out every three years although an annual review of employers is carried out by officers but the data is not sent to the Actuary.

The Annual Employers Meeting was discussed and the Board agreed that the Annual Meeting should be held in November of each triennial valuation year.

The Board were pleased to see that more validation checks were built into the spreadsheets which are used to record the Employer Annual Returns, resulting in a fall in the percentage of queries to employers from 52% to 35%.

Decision: The Board agreed to note the report.

Reason for decision: The Board is tasked with seeking improvements in administrative procedure to ensure accurate data is used in the valuation process and that employers are actively engaged in the process.

Alternative options: None considered.

Declarations of interest: Declarations of interest are reported at Minute No. 2 above.

Dispensations: None noted.

8. Recent Developments

The Board received an Information Bulletin at Agenda Item 8, providing information about the Audit Update.

Decision: The Board agreed to note the bulletin.

Reason for decision: The Bulletin contained matters relevant to the Board.

Alternative options: None considered.

Declarations of interest: Declarations of interest are reported at Minute No. 2 above.

Dispensations: None noted.

9. Risk Register for the Pension Board

The Board received a report at Agenda Item 9, providing information about the Risk Register for the Pension Board.

The scorings requested from Board members by officers had been received and included in the updated register. It was agreed that the Register would be reviewed twice a year in October and March.

It was also agreed that any serious developments should be informed to the Board as soon as possible rather than waiting until the next meeting.

Decision: The Board agreed to approve the Register.

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

Alternative options: None considered.

Declarations of interest: Declarations of interest are reported at Minute No. 2 above.

Dispensations: None noted.

10. Information Bulletin: The Pensions Regulator

The Board received an information bulletin at Agenda Item 10 outlining the work of the Pensions Regulator.

Decision: The Board agreed to note the bulletin.

Reason for decision:

The Board had requested a paper on the work of the Pension's Regulator at a previous meeting.

Alternative options: None considered.

Declarations of interest: Declarations of interest are reported at Minute No. 2 above.

Dispensations: None noted.

11. Forward Work Programme

The Board considered its Forward Work Programme at Agenda Item 11.

The Board also noted that the meeting scheduled for 19 July 2017 would take place in the afternoon to give members an opportunity to see and hear from the investment performance advisor, who will attend the Pension Fund Committee that morning. An invitation was extended to Board members to attend the training session to be held at 9:45 prior to the Pension Fund Committee.

Decision: The Board approved the Forward Work Programme, subject to the following additions:

a) Stock Lending Paper

b) Survey of Pension Boards

6 October and 13 December were suggested as provisional dates for future meetings. A confirmation of all dates for 2018 is to be sent out to Board members.

The Board were reminded that at the July meeting the Board member representing the Unions and the member representing Suffolk County Council are due for re-election. It was suggested that a wider range of unions should be approached for a possible representative.

An e-mail will be sent to Board Members asking for suggestions for future meetings.

Reason for decision: The Forward Work Programme was the responsibility of the Board under its Terms of Reference.

Alternative options: None considered.

Declarations of interest: Declarations of interest are reported at Minute No. 2 above.

Dispensations: None noted.

12. Urgent Business

There was no urgent business.

The meeting closed at 12:55 pm.

Chairman

Suffolk County Council

Agenda Item 5

Suffolk Pension Board

Report Title:	Investment Performance – Year ending 31 March 2017
Meeting Date:	19 July 2017
Chairman:	Councillor Richard Smith MVO
Director:	Aidan Dunn, Director of Resource Management
Assistant Director or Head of Service:	Louise Aynsley, Interim Head of Finance (S151 Officer) Tel. 01473 264347
Author:	Paul Finbow, Senior Pensions Specialist Tel. 01473 265288

Brief summary of report

1. This report provides a summary of the performance of the Suffolk Pension Fund for the 2016-17 financial year and performance against other local authority pension funds.
2. The total size of the Fund as at 31 March 2017 was £2.649bn, an increase of around £435m from the previous financial year.
3. The annual return of 19.0% is ahead of the Fund's specific benchmark by 1.1%. The reason for the outperformance comes from both asset allocation and stock selection decisions.
4. However, compared with other local authority funds, the Suffolk lower weighting to equities and higher waiting to alternatives resulted in a lower than average return in 2016/17.
5. The Fund's absolute return over a rolling three year period is 11.4%, just above the benchmark by 0.5%. Compared to other local authority funds, the Suffolk Fund outperformed the local authority average by 0.2% per annum across the three years.

Action recommended

6. The Board is asked to note the report.

Reason for recommendation

7. The Board is interested in the overall investment performance of the Fund.

Alternative options

8. None

<u>Main body of report</u>

9. The performance of the Pension Fund has been measured by HSBC against market index returns and other LGPS Funds over 1,3,5 and 10 years **(Appendix 1).**

10. In addition, the long term risk and return performance has been measured over 5, 10 and 20 years.

Sources of further information

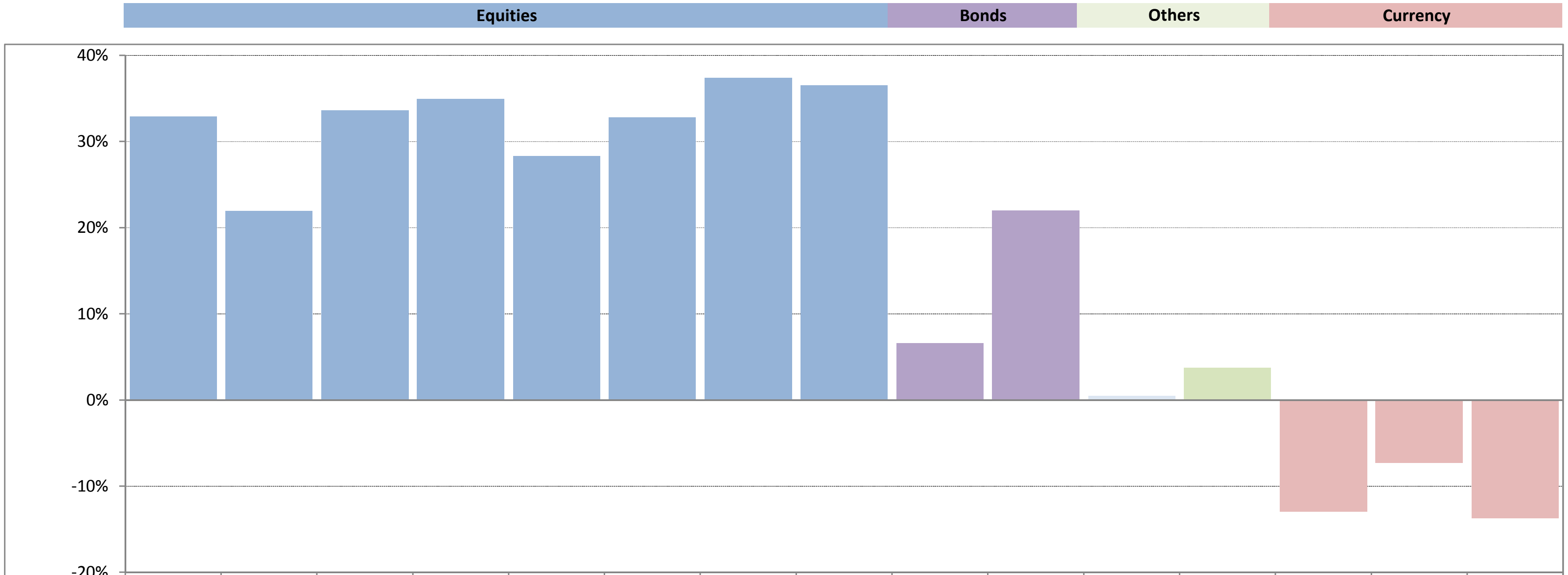
11. Annual Performance Report for 2015-16 – Global Services Performance Services.

HSBC

SUFFOLK PENSION FUND

Performance Analysis to 31 March 2017

Market Data Returns for 12 months ending: 31/03/2017



	Global Equities	UK	Inter'l Equities	North America	Europe ex UK	Japan	Pacific ex Japan	Emerging Markets	Gilts	Index Linked > 5 Yrs	Cash	Property	USD/GBP	EUR/GBP	JPY/GBP
Return %	32.9%	22.0%	33.6%	35.0%	28.3%	32.8%	37.4%	36.5%	6.6%	22.0%	0.5%	3.8%	-13.0%	-7.3%	-13.8%

Comments:

This year the markets have shown strong returns, particularly when based in GBP currency. The fall in value of sterling has added to already high returns from overseas markets.

All markets are showing positive returns over the 12 months to end March 2017.

HSBC

Fund Structure and Benchmark

Structure	% Weight	Strategic Benchmark
Total Assets	**100.0**	**Total Composite**
Total Equities	**46.5**	Composite
UK Equities	*16.0*	*FTSE All Share*
Overseas Equities	*22.5*	*Composite*
North America	*10.9*	*FTSE North America*
Europe ex UK	*5.3*	*Matching*
Japan	*2.1*	*FTSE Japan Composite*
Asia Pacific ex Japan	*1.6*	*FTSE Developed Asia Pacific ex Japan*
Emerging Markets	*2.6*	*S&P/IFCI Composite Emerging Markets*
RAFI AW 3000 Equity	*8.0*	*Matching*
Total Bonds & Index Linked	**21.5**	Composite
Global Bonds	*17.5*	*GBP 3 Month LIBOR+5% p.a.*
Index Linked	*4.0*	*FTSE Government Index Linked > 5 Years*
Total Cash	**0.5**	GBP 3 Month LIBOR
Property	**10.0**	IPD UK PPF All Balanced Funds
Private Equity	**4.0**	FTSE World
Infrastructure	**5.0**	8% p.a.
Absolute Return	**10.0**	GBP 3 Month LIBOR+5% p.a.
Illiquid Debt	**2.0**	8% p.a.
Timber	**0.5**	8% p.a.

** Benchmark and % Weights as per end of reporting period: 31/03/2017*

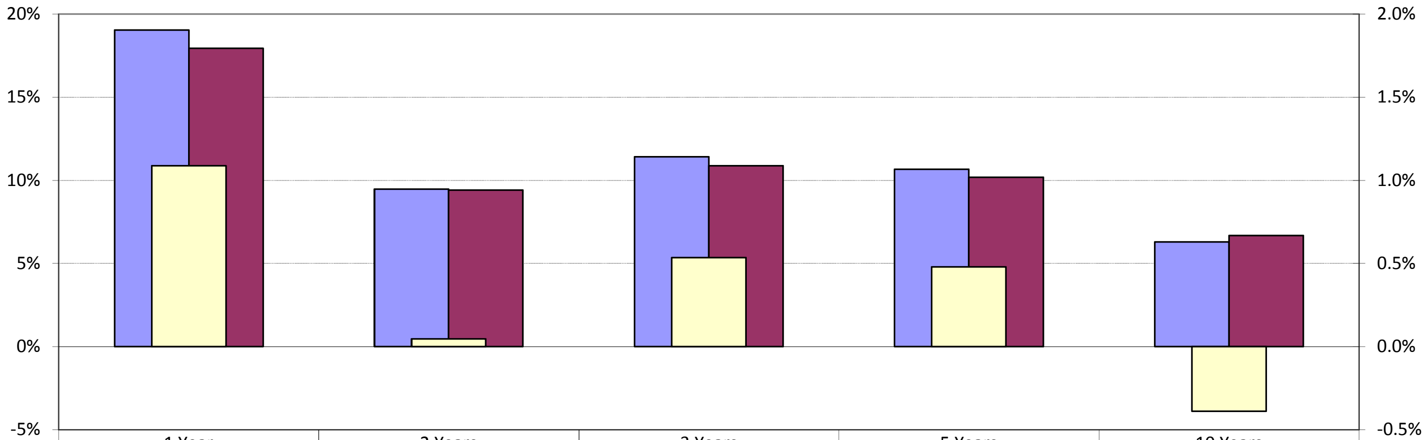
Annualised Returns - Total Fund

- **Periods ending 31 March 2017**

- **Total Scheme Value:**
  31 March 2016 = £2,209m
  31 March 2017 = £2,645m

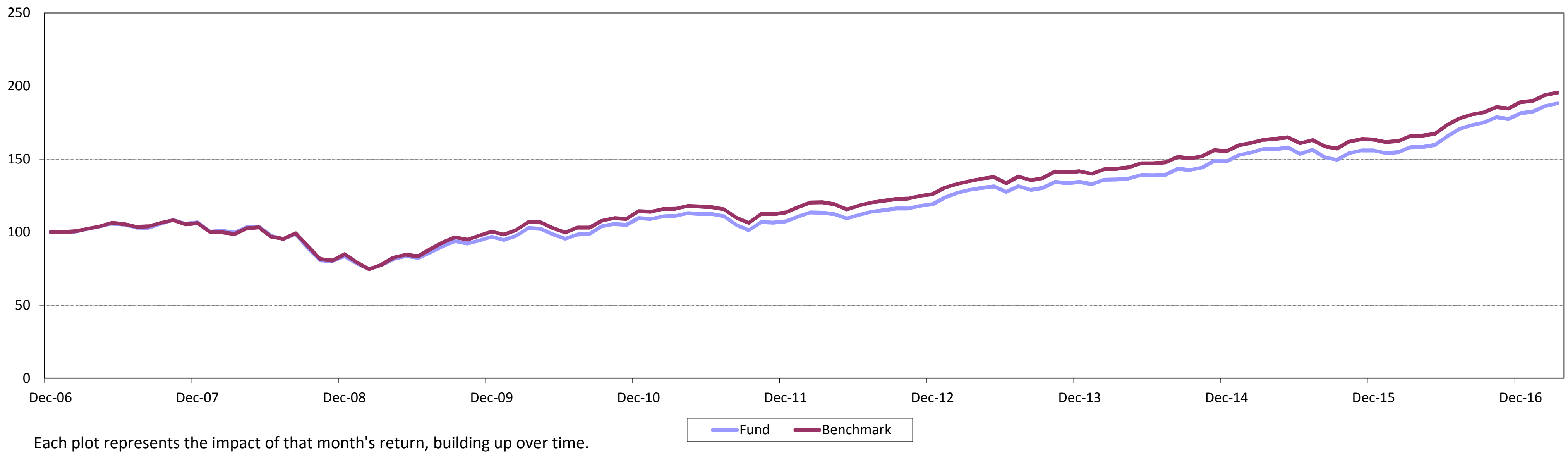
- **Comments:**
  Outperformance in most periods to date
  Underperformance over the longer ten year period

- ***Note:***
  Relative returns are plotted vs right-hand y-axis



	1 Year	2 Years	3 Years	5 Years	10 Years
Fund	19.0%	9.5%	11.4%	10.7%	6.3%
Benchmark	17.9%	9.4%	10.9%	10.2%	6.7%
Relative	1.1%	0.0%	0.5%	0.5%	-0.4%

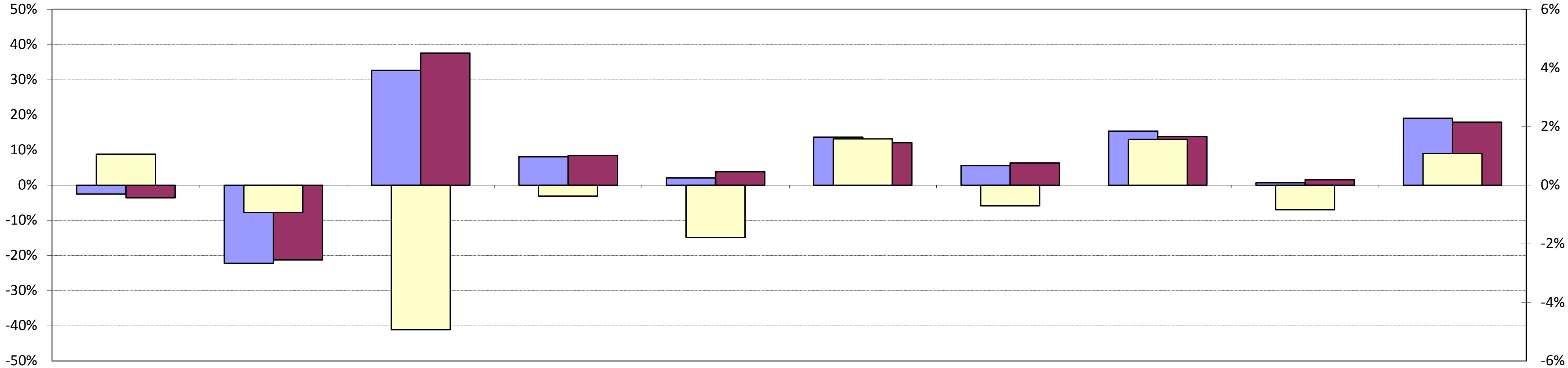
Cumulative Returns - Rolling monthly returns progression over time, Total Fund



Each plot represents the impact of that month's return, building up over time.

HSBC

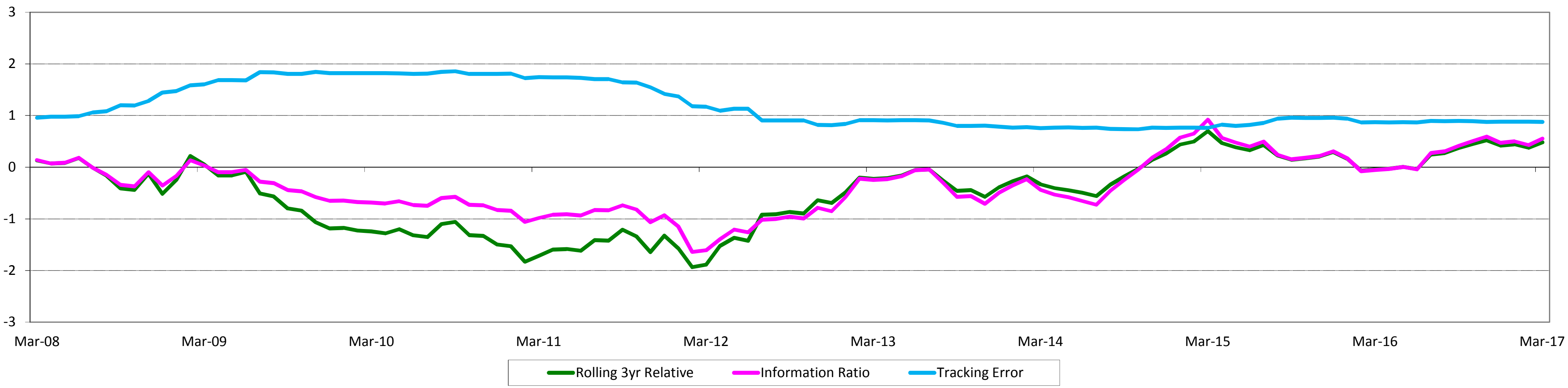
Historic Annual Returns - Total Fund, Fiscal Year Results



	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17
Fund	-2.5%	-22.2%	32.7%	8.1%	2.0%	13.6%	5.6%	15.4%	0.7%	19.0%
Benchmark	-3.6%	-21.3%	37.6%	8.5%	3.8%	12.1%	6.3%	13.8%	1.5%	17.9%
Relative	1.1%	-0.9%	-4.9%	-0.4%	-1.8%	1.6%	-0.7%	1.6%	-0.8%	1.1%

3 Year Annualised Rolling Returns - Total Fund, Relative Return

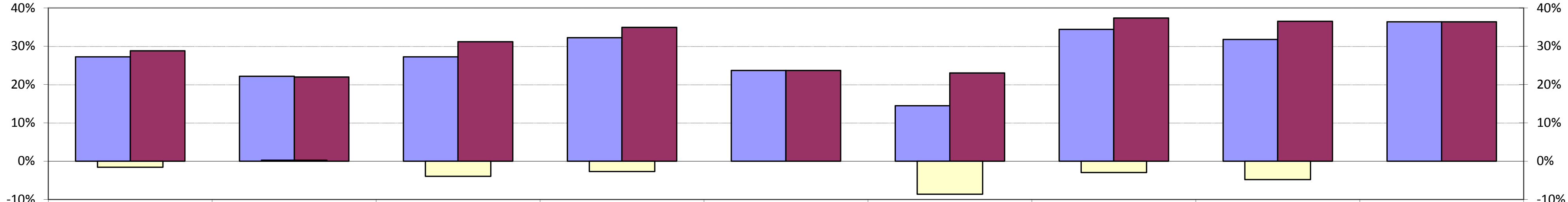
- Each plot represents the results for the 3 year period to that month, so this shows the gradual change in the relative return over time.
- The green line shows the rolling relative return (fund vs benchmark difference); the pink line shows the Information Ratio, or risk adjusted relative return for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



HSBC

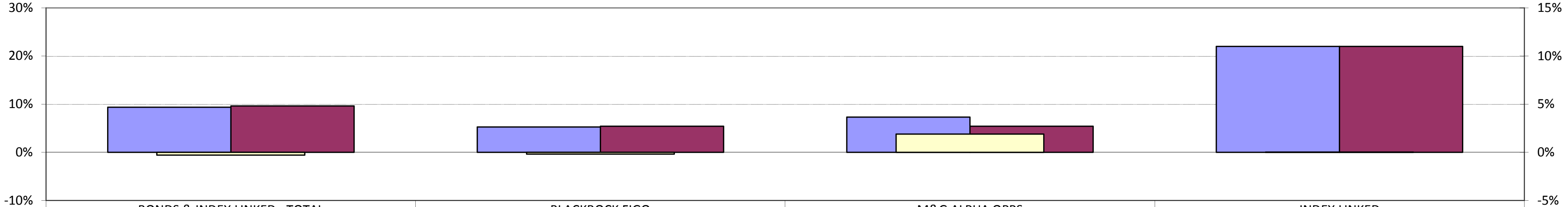
Suffolk Pension Fund Performance Analysis - Mandate Returns

Equities - 12 month returns



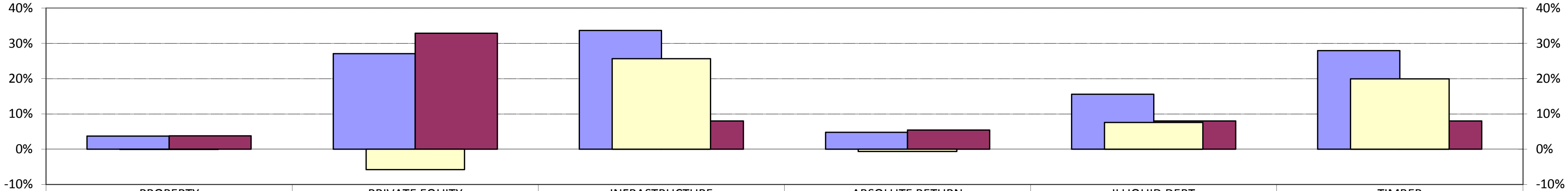
	EQUITIES - TOTAL	UK	OVERSEAS EQUITIES	NORTH AMERICA	EUROPE EX UK	JAPAN	ASIA PACIFIC EX JAPAN	EMERGING	RAFI AW 3000 INDEX
Mandate	27.2%	22.2%	27.3%	32.3%	23.7%	14.5%	34.4%	31.8%	36.4%
Benchmark	28.8%	22.0%	31.2%	35.0%	23.7%	23.1%	37.4%	36.5%	36.4%
Relative	-1.6%	0.2%	-3.9%	-2.7%	0.0%	-8.6%	-3.0%	-4.8%	0.0%

Bonds & Index Linked - 12 month returns



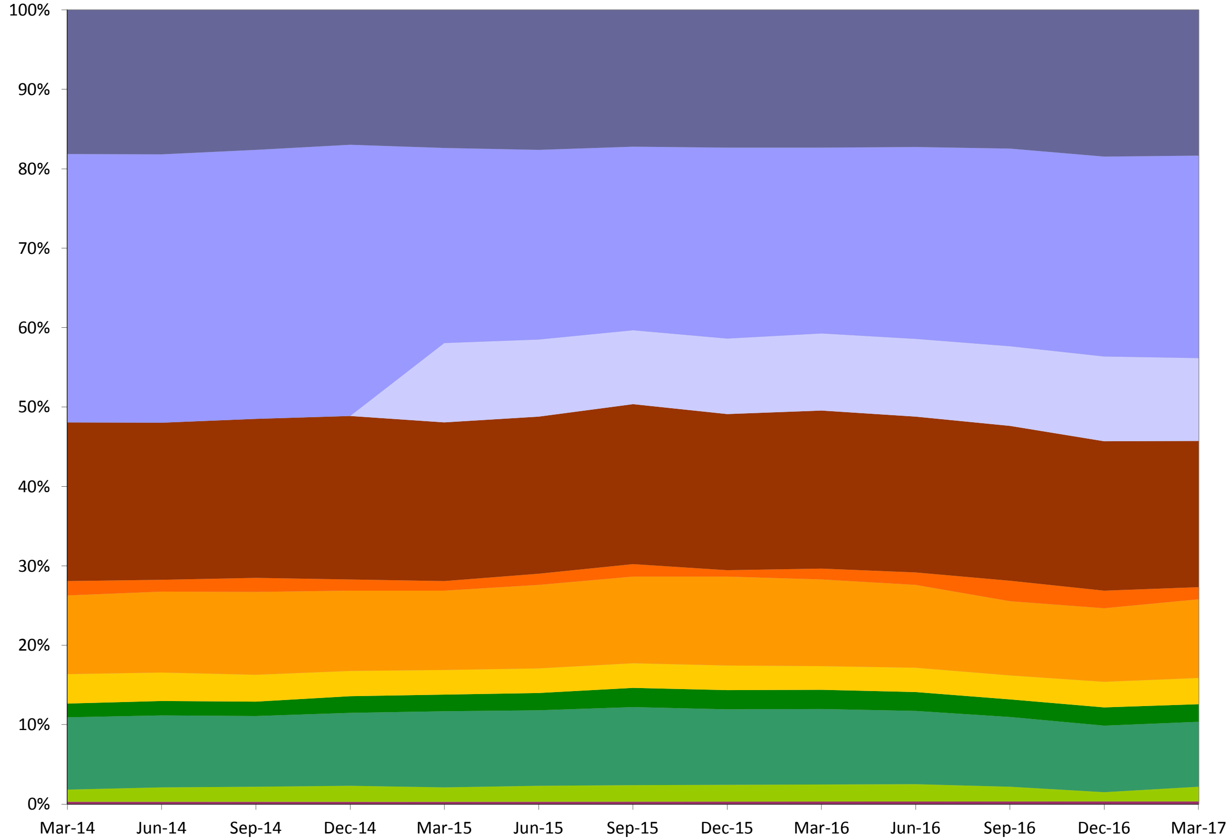
	BONDS & INDEX LINKED - TOTAL	BLACKROCK FIGO	M&G ALPHA OPPS	INDEX LINKED
Mandate	9.4%	5.3%	7.3%	22.0%
Benchmark	9.6%	5.4%	5.4%	22.0%
Relative	-0.3%	-0.2%	1.9%	0.0%

Alternatives & Property - 12 month returns



	PROPERTY	PRIVATE EQUITY	INFRASTRUCTURE	ABSOLUTE RETURN	ILLIQUID DEBT	TIMBER
Mandate	3.7%	27.1%	33.7%	4.8%	15.6%	28.0%
Benchmark	3.8%	32.9%	8.0%	5.4%	8.0%	8.0%
Relative	-0.1%	-5.8%	25.7%	-0.7%	7.6%	20.0%

Strategic Asset Allocation, 3 year progression:



Comments:

- Over the 3 year range, the exposure to Equities has increased.
- Exposure to Bonds and Alternatives has marginally decreased.
- Allocation to Property has remained the same.

Asset Class:

	Start	End
Equities - UK	18.1%	18.4%
Equities - Overseas	33.7%	25.5%
Equities - RAFI AW 3000 Index	-	10.4%
Bonds & Index Linked	19.9%	18.4%
Cash	1.8%	1.5%
Property	9.9%	9.9%
Private Equity	3.7%	3.3%
Infrastructure	1.7%	2.2%
Absolute Return	9.1%	8.2%
Illiquid Debt	1.5%	1.9%
Timber	0.3%	0.3%

Asset Class Grouping:

	Start	End
Equities	51.8%	54.3%
Bonds	19.9%	18.4%
Property	9.9%	9.9%
Alternatives	16.3%	15.9%
Cash	1.8%	1.5%

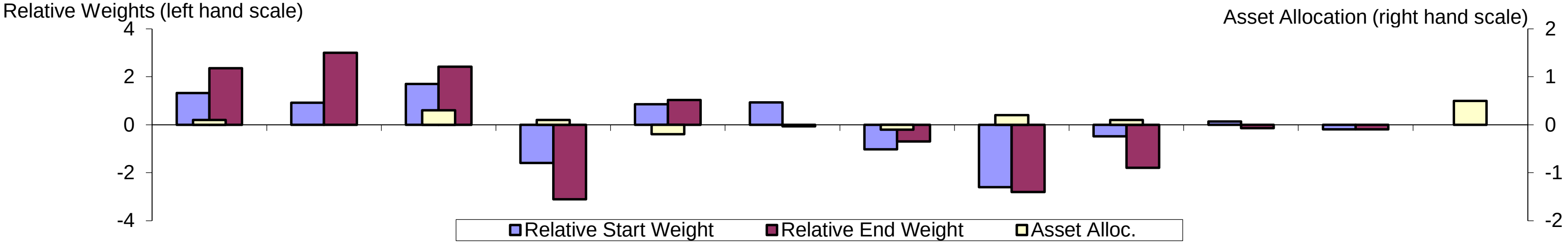
Manager Returns - Long Term Results

	Mandate	One Year			Three Years			Five Years		
		Portfolio	Benchmark	*Relative*	Portfolio	Benchmark	*Relative*	Portfolio	Benchmark	*Relative*
Suffolk Pension Fund		19.0%	17.9%	*1.1%*	11.4%	10.9%	*0.5%*	10.7%	10.2%	*0.5%*
BlackRock Equities	Equities	23.3%	22.0%	*1.4%*	10.4%	7.7%	*2.7%*	11.7%	9.7%	*2.0%*
BlackRock Fixed Income	Bonds	5.3%	5.4%	*-0.2%*	-	-	-	-	-	-
Brookfield	Timber	27.5%	8.0%	*19.5%*	-	-	-	-	-	-
KKR	Infrastructure	41.8%	8.0%	*33.8%*	32.1%	8.0%	*24.1%*	-	-	-
Legal & General	Multi Asset	28.7%	28.8%	*-0.1%*	13.2%	13.4%	*-0.2%*	11.2%	11.4%	*-0.2%*
M&G	Bonds	10.1%	5.9%	*4.2%*	-	-	-	-	-	-
Newton	Equities	23.7%	32.2%	*-8.6%*	15.2%	15.7%	*-0.5%*	15.0%	13.8%	*1.2%*
Partners Group	Infrastructure	19.2%	8.0%	*11.2%*	20.4%	8.0%	*12.4%*	-	-	-
Pyrford	Absolute Return	9.1%	5.4%	*3.6%*	5.9%	5.5%	*0.4%*	-	-	-
Schroders	Property	3.7%	3.8%	*-0.1%*	10.2%	10.2%	*0.0%*	9.0%	8.5%	*0.5%*
Winton	Absolute Return	-1.7%	5.4%	*-7.2%*	4.5%	5.5%	*-1.0%*	-	-	-
Private Equity - Total	Private Equity	27.1%	32.9%	*-5.8%*	17.3%	16.4%	*0.8%*	13.0%	14.8%	*-1.8%*
Pantheon	Private Equity	27.1%	32.9%	*-5.8%*	-	-	-	-	-	-
Wilshire	Private Equity	28.0%	32.9%	*-4.9%*	-	-	-	-	-	-
Internally Managed Cash	Cash	0.6%	0.5%	*0.1%*	-	-	-	-	-	-

Latest Year Attribution

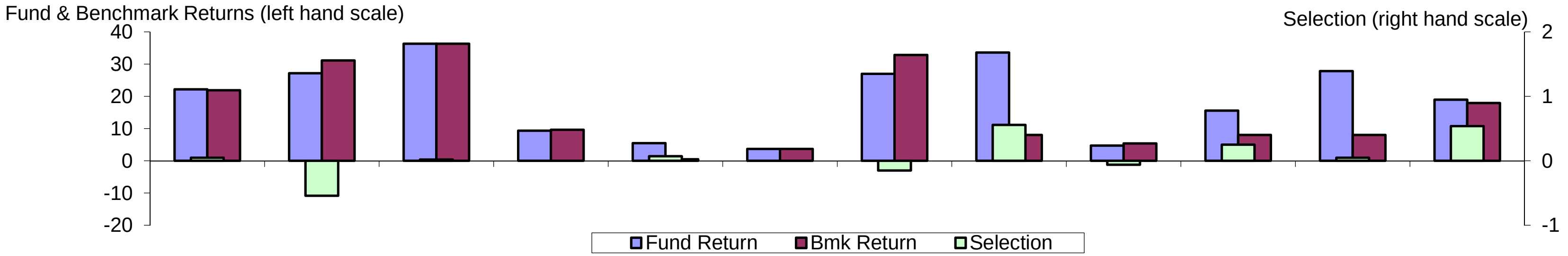
Fund Return	19.0%	*1.1%*	17.9%	**Benchmark Return**
		Relative Performance attributable to		
Asset Allocation	*0.5%*		*0.5%*	***Selection***

ASSET ALLOCATION



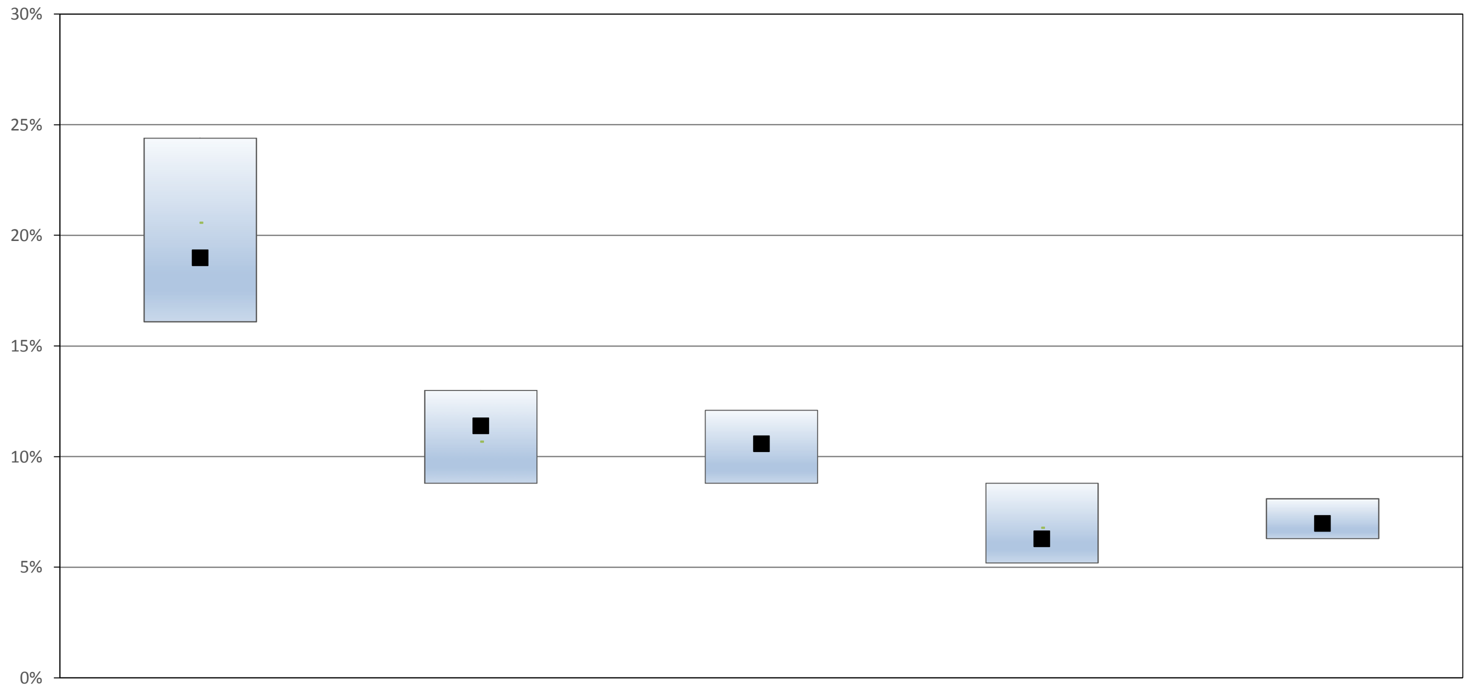
	UK Eq	Overseas Eq	RAFI AW 3000	Bonds & IL	Cash	Prop	Private Eq	Infra-structure	Abs Return	Illiquid Debt	Timber	Total Fund
Fund Start	17.3	23.4	9.7	19.9	1.4	10.9	3.0	2.4	9.5	2.1	0.3	100
Fund End	18.4	25.5	10.4	18.4	1.5	9.9	3.3	2.2	8.2	1.9	0.3	100
Bmk Start	16.0	22.5	8.0	21.5	0.5	10.0	4.0	5.0	10.0	2.0	0.5	100
Bmk End	16.0	22.5	8.0	21.5	0.5	10.0	4.0	5.0	10.0	2.0	0.5	100
Asset Alloc.	*0.1*	*0.0*	*0.3*	*0.1*	*-0.2*	*0.0*	*-0.1*	*0.2*	*0.1*	*0.0*	*0.0*	*0.5*

SELECTION



	UK Eq	Overseas Eq	RAFI AW 3000	Bonds & IL	Cash	Prop	Private Eq	Infra-structure	Abs Return	Illiquid Debt	Timber	Total Fund
Fund Return	22.2	27.3	36.4	9.4	5.5	3.7	27.1	33.7	4.8	15.6	28.0	19.0
Bmk Return	22.0	31.2	36.4	9.6	0.5	3.8	32.9	8.0	5.4	8.0	8.0	17.9
Selection	*0.1*	*-0.5*	*0.0*	*0.0*	*0.1*	*0.0*	*-0.2*	*0.6*	*-0.1*	*0.3*	*0.1*	*0.5*

Comparison versus Local Authority Universe



	1 Year	3 Years	5 Years	10 Years	20 Years
Total Fund (Return / *Rank*) ■	19.0 (*73*)	11.4 (*37*)	10.6 (*51*)	6.3 (*73*)	7.0 (*58*)
Universe Average	21.4	11.2	10.7	7.0	7.4
5th Percentile	24.4	13.0	12.1	8.8	8.1
Top Quartile	22.2	12.0	11.1	7.3	7.5
Median	20.6	10.7	10.6	6.8	7.1
Bottom Quartile	18.6	10.0	9.9	6.2	6.8
95th Percentile	16.1	8.8	8.8	5.2	6.3

Source: PIRC 2016/2017 Local Authority Fund Statistics

Suffolk County Council

Agenda Item 6

Suffolk Pension Board

Report Title:	Pension Fund Annual Report and Accounts 2016/17
Meeting Date:	19 July 2017
Chairman:	Councillor Richard Smith MVO
Director:	Aidan Dunn, Director of Resource Management
Assistant Director or Head of Service:	Louise Aynsley, Interim Head of Finance (S151 Officer) Tel. 01473 264347
Author:	Paul Finbow, Senior Pensions Specialist Tel. 01473 265288

Brief summary of report

1. This report provides the Pension Board with a copy of the Annual Report and Accounts published by the Suffolk Pension Fund and the opinion issued by the Fund's auditors, EY.

2. The Board is asked to note the Fund's Annual Report and Accounts and consider any areas of interest that the Board would like further information on to be added to the forward work programme.

Reason for recommendation

3. The Pension Fund Annual Report and Accounts is an important channel of communication to report on the Pension Fund Committee's / Board's stewardship of the Pension Fund to employers, scheme members and other stakeholders.

Alternative options

4. There are no alternative options.

Main body of report

5. The Board requested to receive information about the Annual Report and Accounts of the Suffolk Fund. This was reported to the Pension Fund Committee on the morning of 19 July. A copy of the Committee paper is attached at Appendix 1 for the Board's consideration, along with the Auditors opinion at Appendix 2.

6. There is one unadjusted audit difference of £3.064m which has not been corrected due to this not being considered material.

Sources of further information

a) None

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Suffolk Pension Fund
Annual Report and Accounts
2016-17

CONTENTS

Additional Statements

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

Pension Fund Committee Chairman's Report

As Chairman of the Suffolk Pension Fund Committee, I am pleased to introduce the Pension Fund's Annual Report and Accounts for 2016-17. I would like to extend my thanks to all the members of the Committee who have served during the last four years for their efforts in improving the performance of the Suffolk Pension Fund.

The value of the Suffolk Pension Fund was £2.649 billion at 31 March 2017, which was an increase of £435m in the year. In the Fund's history, this is the largest single year increase. The Fund administers the local government pension scheme in Suffolk on behalf of 210 separate employers and 58,466 scheme members. The Pension Fund Committee is responsible for managing the Fund, with the assistance of council officers, external advisors and professional investment managers.

The last financial year was a very good year for investment returns, particularly from overseas investments. The devaluation of sterling following the Brexit vote significantly increased the value of the Fund's overseas assets. Overall, the Fund achieved an investment return of 19% in 2016-17, which was 1.1% higher than the benchmark return for the mix of asset classes in which the Fund invests. Over three years the annual return has been 11.4% per annum, which was 0.5% higher than the benchmark. The Committee considered measures at its last meeting of the year to lock in some of the currency and good equity performance for the future. These changes will be implemented during 2017-18.

The year saw the completion by the Actuary of the triennial valuation of the Fund at 31 March 2016 and the setting of the next three years of employers' contribution rates. The funding level had increased to 91% (about 12% higher than March 2013). This is very positive outcome and demonstrates the strong position of the Fund.

The Committee agreed to add to investments other than equities and bonds during the year to maintain the targeted balance of allocation across asset classes, as existing investments start to mature and pay back capital. These commitments will continue to be drawn in 2017-18.

Much Committee time over the last year has been devoted to pooling, with the long term objective of reducing management fees. The Suffolk Fund has agreed to pool its assets with 10 other funds to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) pool. The other funds involved are Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex. A business case was submitted to the Government in July 2016 and approved in early 2017. Each Authority has committed to an Inter-Authority Agreement, which will create a Joint Committee to oversee the work of the pool. The physical pooling of assets is not expected to happen until April 2018.

Councillor Andrew Reid

Chairman of the Pension Fund Committee *May 2017*

Pension Board Chairman’s Report

It is a pleasure to introduce the Suffolk Pension Board’s annual report, which is incorporated within the Suffolk Pension Fund annual report and accounts for 2016-17.

The Board was established in 2015 to help ensure that the Suffolk Pension Fund is managed and administered effectively, efficiently, and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

There are six members of the Suffolk Pension Board, with half of the Board members representing the employers in the Fund and the other half representing scheme members (active members, pensioners and deferred pensioners).

This year the Board organised the annual Employers’ meeting of the Fund held in October. The new format will be developed further in the coming year in conjunction with the Pension Fund Committee. The Board also made contact with every active, deferred and pensioner member of the Fund, to make them aware of the Board’s activities.

The Board met five times in 2016-17. The focus this year has been on monitoring and holding to account the administration function of the Fund. The monitoring of compliments and complaints has been extended to include performance metrics for the both the administration team and those for employers. This has given the Board a much sharper way of reviewing the Fund’s performance.

The Board reviewed the management expenses of the Fund and also considered the process for completing the actuarial triennial valuation. The Board considered the risk register for the Fund and decided to develop its own, covering the Board’s specific risks. This was agreed at the March 2017 meeting and will be reviewed half yearly. The Board was also consulted on the contents of the Fund’s new Investment Strategy Statement.

The Board has received at each meeting, an update on the progress of the ACCESS (A Collaboration of Central, Eastern and Southern Shires) pool which will have a significant impact on resources of the Fund in future years.

Training has continued this year to ensure that Board members have the requisite knowledge and understanding to undertake their new role. Briefings have also been received covering the role of the Pensions Regulator, the Scheme Advisory Board and the Ombudsman.

The next annual employers meeting will be held on 22 September 2017.

Richard Smith MVO

Chairman of the Suffolk Pension Board *May 2017*

Report from the Director of Resource Management

Foreword to Annual Report and Accounts

This is my last introduction to the annual report and accounts as I am retiring on 31 May 2017, after 12 years with Suffolk County Council. Louise Aynsley will become the responsible Section 151 officer in regards to the Pension Fund. This has been a challenging period for Pension Funds but during my stewardship of the Fund I believe the Pension Fund Committee has adopted a sensible investment strategy to meet its liabilities and has produced good returns for its members and taxpayers.

The Suffolk County Council 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 2017.

The management report covers the work of the Pension Fund Committee during the year and explains the changes to the Fund's management arrangements that it has agreed.

The investment report sets out how the Fund's investments have performed over the year and over the longer term and what changes have been made to the Fund investment management arrangements by the Pension Fund Committee.

The governance report covers the arrangements under the County Council's constitution for the discharge of its statutory responsibilities as the administering authority for the Local Government Pension Scheme (LGPS) in Suffolk. This includes the responsibilities of the Pension Fund Committee, the delegations to council officers and the systems and controls which relate to the management of the Fund.

The corporate social responsibility and voting report sets out how the Pension Fund has discharged its responsibilities as a responsible shareholder in relation to the Fund's shareholdings.

The administration report explains how the administration of the scheme benefits are undertaken and sets out details of the performance of the Fund and its employers in administering the scheme.

The actuarial statement reports the actuarial position of the Fund as at March 2017. The Pension Fund Accounts for 2016-17 sets out the detailed accounting statements for the Fund and have been prepared in accordance with the relevant accounting requirements.

There are also a number of policy statements and these disclosures 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).

The governance policy statement sets out the arrangements approved by the County Council for the discharge of its responsibilities for the local government pension scheme in Suffolk, including the role and responsibilities of the Pension Fund Committee.

The Government has issued guidance setting out best practice on the governance arrangements for LGPS funds and administering authorities are required to report on the extent of their compliance with the best practice guidance. The Suffolk Pension Fund Committee's governance arrangements comply with the Government's guidance in all material respects.

The investment strategy statement provides an overview of the investment strategy for the pension fund investments.

The funding strategy statement explains the approach taken by the Pension Fund Committee to meet the long-term liabilities of the fund. It includes the determination of the individual employers' contributions to the fund for the three years following the triennial actuarial valuation.

The administration policy statement, sets out the arrangements for the day-to-day administration of the Pension Fund, including the performance standards which the County Council and the fund's employers are expected to achieve in the administration of the scheme benefits.

The communication policy explains how the Pension Fund will communicate with employers, scheme members and prospective scheme members.

The voting policy sets out the Pension Fund's policies in relation to voting the shareholder rights attached to the fund's shareholdings.

Investment Performance of the Pension Fund

The Suffolk Pension Fund had an investment return of 19% in 2016-17, with the Fund value increasing by £435 million.

The Fund's investment strategy is diversified across a number of asset classes and regions which limits the Fund's exposure to the volatility of the markets. The medium-term performance of the Fund is 11.4% per year which can be attributed to the strong performance of the equity holdings.

Over the past five years the Fund's return was 10.7% per year, just above the benchmark of 10.2% and above inflation. Over the longer term the Fund's investment has returned 6.3% per year over the ten years to March 2017.

The Pension Fund invests in a range of asset classes to provide the Fund with diversification benefits which can reduce overall volatility and improves its risk return characteristics.

The Fund assesses its own investment performance and the performance of its managers by making a comparison between the Fund's return and its benchmark return, based on the returns of the markets that the Fund is invested in, or a mandate specific absolute return. On the basis of this comparison, the Fund outperformed its target benchmark investment return by 1.1% in 2016-17.

The Pension Fund Committee assesses the performance of its managers over a full business cycle, so one year's outperformance or underperformance is not considered significant in isolation. Over a five year period, the Fund has outperformed against its own target benchmark return by 0.5% per year.

Investment Strategy

The Fund's investment objectives are set out in its investment strategy statement, which is a new requirement as laid out in the investment regulations which commenced in November 2016 and replaces the statement of investment principles. There were no changes made to the main underlying principles.

The investment strategy was approved during the year by the Fund to achieve the objectives of the funding strategy statement as part of the triennial valuation exercise. 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 2017, 46.5% of the Fund is to be invested in equities, with the balance in bonds (21.5%), property (10%), a number of funds in alternative investments (21.5%) and a small holding in cash and money markets of 0.5%.

Actuarial Valuation and Funding Strategy Statement

The Fund is required to obtain an independent actuarial valuation of its assets and liabilities every three years. The most recent valuation took place during 2016-17. The actuarial deficit was £216 million at March 2016 (£468 million – March 2013) and the assets represented 91.1% of its liabilities at that date. This contrasts with the funding level at the 2013 valuation of 79.1%. The decrease in the deficit reflects the actual return of 22% from April 2013 to March 2016 against an expected return of 14%. There were less early retirements and ill health retirements and pay increases and benefit increases were also constrained which resulted in a positive effect on the value of liabilities.

The Funding Strategy that was approved in February 2017, following the 2016 actuarial valuation sets out the Pension Fund Committee's approach to funding the liabilities of the Fund, in order to recover the deficit and bring the Fund to a fully funded position over the medium to long-term.

The statement is developed on the basis of prudence, stability and affordability as the Pension Fund Committee recognises there is a balance to be struck between the Fund's need for maintaining prudent funding levels and the employers need to manage their budgets and resources. The approach taken has tried to stabilise the contributions to mitigate any adverse impact that an increase to the contribution rate might have, by phasing in additional contributions over time where necessary.

The next actuarial valuation will be undertaken as at March 2019 and the results of the valuation will determine the employer contributions that are required for the three years starting April 2020.

The estimated funding level at March 2017 was 91.8% and the actuarial deficit at that date was £237 million. Higher investment returns have had a positive effect on the current valuation although this has been in part offset by higher gilt yields and inflation which has increased the deficit.

Audit

The Pension Fund accounts are included within the County Council's Statement of Accounts for 2016-17, which is subject to audit by Ernst and Young LLP. As part of the audit review, the external auditor will provide an opinion to confirm whether the information provided within the Pension Fund Annual Report and Accounts is consistent with the information contained within the County Council's Statement of Accounts.

Geoff Dobson

Director of Resource Management *May 2017*

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 2016-17 that officer was the Director of Resource Management;
- 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 26 July 2017 on behalf of Suffolk County Council and have been authorised for issue.

Councillor Karen Soons

Chairman of the Audit Committee *26 July 2017*

The Responsibilities of the Head of Finance (Section 151 Officer)

The Director of Resource Management 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 2017, and the income and expenditure (spending) for the year to that date.

In preparing this Statement of Accounts, the Director of Resource Management 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 Director of Resource Management 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 2017 and its income and expenditure for the year to that date.

Louise Aynsley

Interim Head of Finance (Section 151 Officer) following retirement of Director of Resource Management on 31 May 2017

26 July 2017

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

To follow

Management Report

Summary of the Financial Position

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

Financial Summary	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Contributions	88,855	90,795	103,897	103,155	108,698
Other Income	6,062	3,855	5,561	3,478	2,474
	94,917	**94,650**	**109,458**	**106,633**	**111,172**
Benefits Payable	-76,415	-76,898	-85,235	-86,370	-86,783
Other Expenditure	-12,168	-3,541	-3,945	-4,463	-4,314
	-88,583	**-80,439**	**-89,180**	**-90,833**	**-91,097**
Net additions / withdrawals(-) from dealings with members	**6,334**	**14,211**	**20,278**	**15,800**	**20,075**
Management Expenses	-7,663	-9,112	-12,053	-12,174	-15,654
Investment Income (net of tax)	25,428	28,435	25,761	24,775	32,550
Change in Market Value of Investments	186,986	84,219	279,733	-13,647	398,499
Net Returns on Investments	**204,751**	**103,542**	**293,441**	**-1,046**	**415,395**
Change in Fund during the year	**211,085**	**117,753**	**313,719**	**14,754**	**435,470**
Net Assets at 31 March	**1,766,969**	**1,884,722**	**2,198,441**	**2,213,195**	**2,648,665**

Cost of Running the Fund

The costs incurred by the Pension Fund in managing the Fund are relating to administration costs, investment management costs and governance costs. These costs represent about 0.6% of the value of the Fund at 31 March 2017, which is broadly in line with previous years and with the local authority average.

The overall costs of administering the Pension Fund has increased by £3.480 million in 2016-17 to £15.654 million, the majority of which relates to investment management fees.

Administrative expenses (shown overleaf) 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 pensions and provide members with scheme and benefit entitlement information such as benefit estimates and annual benefit statements.

The Heywood administration software system supports the pensions administration team to fulfil the complex requirements around administering the scheme; such as calculating pension benefits and producing the annual statements. The system holds every pension members record and history.

	2015-16	2016-17
Administration Expenses	**£'000**	**£'000**
Suffolk County Council	755	762
Heywood pension administration system	193	265
Subscriptions and other costs	32	41
Total Administration Expenses	**980**	**1,068**

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, HSBC, are also included.

	2015-16	2016-17
Investment Management Expenses	**£'000**	**£'000**
BlackRock	1,794	2,302
Bluecrest	849	-
Brookfield	99	164
KKR	865	402
Legal & General	957	990
M&G	1,517	4,165
Newton	1,153	1,309
Pantheon	722	891
Partners	218	496
Pyrford	562	604
Schroders	327	753
Wilshire	387	372
Winton	459	754
Transaction Costs	739	734
Custodian (HSBC)	32	41
Custodian (State Street Bank and Trust)	-	-9
Total Investment Management Expenses	**10,680**	**13,968**

Notes:
1. The Bluecrest contract was terminated in November 2015.
2. The increase in M&G expenses relate to performance fees (please see refer to the table overleaf) and additional investments.
3. The increase in Schroders expenses relate to the disclosure of 'fund of fund' expenses that had previously been indiscernible.

Included in the Investment management expenses above 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 figures 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:

	2015-16	2016-17
Investment Management Expenses	**£'000**	**£'000**
BlackRock	1,008	1,164
Bluecrest	150	-
KKR	620	176
M&G	(226)	2,729
Partners	(175)	(17)
Total Investment Management Expenses	**1,377**	**4,052**

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 are also included.

Asset pooling costs represents costs incurred for advice and guidance in relation to the Governments requirements for all LGPS Fund's to pool their assets.

	2015-16	2016-17
Oversight and Governance Expenses	**£'000**	**£'000**
Suffolk County Council	171	168
Pension Fund Committee	7	9
Pension Board	5	3
Actuarial Services	85	144
Audit Fees	36	37
Legal Fees	5	8
Performance Analysis	31	34
Proxy Voting Service	32	10
Investment Advice	96	111
Asset Pooling	28	80
Subscriptions and membership fees	18	14
Total Oversight and Governance Expenses	**514**	**618**

Investment Income

The following table shows the sources of Investment Income earned by the Fund in 2016-17:

Investment Income	UK	Non-UK	Global
	£'m	£'m	£'m
Equities	6.710		8.067
Property	8.098		
Alternatives	5.083	3.711	0.031
Cash & Cash Equivalent	0.045		
Other			0.946
Total Income	**19.936**	**3.711**	**9.044**

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

Alternatives are taken to mean holdings in private equity, 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.

Management Structure

Pension Fund Committee

Cllr. Andrew Reid (Chairman)	Cllr. Michael Gower
Cllr. Jenny Antill (Vice-Chairman)	Cllr. Colin Kreidewolfe
Cllr. Michael Bond	Cllr. Bert Poole
Cllr. Peter Byatt	Cllr. Chris Punt
Cllr. John Field	Steve Warner (Unison)

Pension Board

Cllr. Richard Smith (Chairman)	Marie McCleary
David Rowe (Vice-Chairman)	Eric Prince
Homira Javadi	Suzanne Williams

Suffolk County Council

Geoff Dobson	Director of Resource Management
Louise Aynsley	Chief Accountant
Paul Finbow	Senior Pensions Specialist (Head of Pensions)
Sharon Tan	Technical Pensions Specialist (Invest & Accts)
Andy Chapman	Technical Pensions Specialist (Administration)
Stuart Potter	Operations Manager (Administration)

Investment Managers

Blackrock Investment Management	Pantheon Ventures
Brookfield Asset Management	Partners Group
Kohlberg, Kravis, Roberts	Pyrford International
Legal & General Investment Management	Schroder Investment Management
M&G Investments	Wilshire Associates
Newton Investment Management	Winton Capital Management

Pension Fund Advisers

Auditors	Ernst & Young LLP
Actuary	Hymans Robertson LLP
Investment Consultancy Services	Hymans Robertson LLP
Independent Investment Adviser	Mr Mark Stevens
Performance Measurement	HSBC
Investment Custodians	HSBC
Banking Services	Lloyds Banking Group Plc
Legal Advisers	Squire Patton Boggs
Voting Advisers	Pension Investment Research Consultants

Investment Report

Investment Powers

The principal restrictions on the powers to invest local authority Pension Fund assets were contained within Schedule 1 of the Local Government Pension Scheme (Investment and Management of Funds) Regulations 2009 (S.I. 2009/3093). These regulations were superceded by the Local Government Pension Scheme (Investment and Management of Funds) Regulations 2016 which came into force on 1 November 2016, removing most of the previous restrictions imposed.

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 currently 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 are set out in its investment strategy statement, which is a new requirement as laid out in the investment regulations which commenced in November 2016 and replaced the statement of investment principles. There were no changes made to the main underlying principles.

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

This asset allocation is incorporated into the Investment Strategy Statement. The statement was approved in March 2017 after consultation with the Pension Board and employers in the Fund, and published on the Pension Fund website (www.suffolkpensionfund.org).

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 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.

The Fund has a 78.5% allocation to 'growth' assets (equities and alternatives) in order to meet the long term funding assumptions set out in the 2016 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 volatility.

The 21.5% allocation to bonds is designed to help manage overall levels of funding volatility.

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

The strategic benchmark and the actual asset allocation of the Fund at March 2017 are shown overleaf along with the maximum investment limits set for each asset class.

Asset Allocation			
	Actual Allocation March 2017	**Long-term Allocation**	**Maximum Limit**
	%	%	%
UK Equities	18.4	16.0	25.0
Overseas Equities	35.7	30.5	40.0
Total Equities	**54.1**	**46.5**	**65.0**
Global Bonds	14.2	17.5	25.0
UK Index-linked Gilts	4.1	4.0	8.0
Total Bonds	**18.3**	**21.5**	**33.0**
Private equity	3.3	4.0	8.0
Property	9.7	10.0	15.0
Absolute return	8.3	10.0	15.0
Illiquid Debt	1.9	2.0	5.0
Infrastructure	2.2	5.0	15.0
Timber	0.3	0.5	1.0
Total Alternatives	**25.7**	**31.5**	**59.0**
Cash & Cash Equivalents	1.9	0.5	5.0
Total	**100.0**	**100.0**	

The assets can be further broken down in monetary holdings as follows:

Asset Classification	**UK**	**Non-UK**	**Global**
	£'m	**£'m**	**£'m**
Equities	440.806	315.454	676.585
Bonds	109.688		376.740
Property	258.117		
Alternatives	49.400	96.504	276.969
Cash & Cash Equivalent	49.619	1.341	
Total Assets	**907.630**	**413.229**	**1330.294**

Investment Management Arrangements

The Fund's investment management arrangements at March 2017 are shown below.

Fund Manager Allocation			
Investment Manager	**Asset class**	**Actual allocation March 2017**	**Long-term allocation**
		%	%
BlackRock	UK equities and Bonds	16.4	17.5
Brookfield	Timber	0.3	0.5
Kohlberg, Kravis, Roberts (KKR)	Infrastructure	1.1	1.0
Legal & General	Equities and Bonds	34.3	28.0
M&G Investments	Bonds, Illiquid Debt and Infrastructure	9.2	13.0
Newton	Global equities	15.7	13.5
Pantheon	Private equity	2.3	3.0
Partners Group	Infrastructure	1.1	2.0
Pyrford	Absolute return	5.3	6.0
Schroder	Property	10.0	10.0
Wilshire	Private equity	1.1	1.0
Winton	Absolute Return	2.9	4.0
Internal Cash	Cash	0.3	0.5
Total			100.0

Notes

- Partners and the commitment to Pantheon (made in June 2015) remain only part funded. The commitment made to M&G in February 2017 has yet to call for any capital. 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, KKR and the Distressed Debt investment with M&G have reached maturity and are in the process of realising the underlying investments and returning cash to the Pension Fund.

Market Review

Year to 31 March 2017

Global equity markets performed very strongly over the twelve months to 31 March 2017. The majority of developed markets produced returns in the mid to high teens when measured in local currency. However the sterling weakness, both pre and post the ‘Brexit’ referendum translated global equity returns into 33% for UK investors. Overall, developed, pacific and emerging market equities produced the highest returns, driven by relatively good valuations and renewed optimism on global growth.

Global bond markets delivered double digit returns over the period; global credit markets also recovered strongly from the early 2016 sell off. UK gilts and index linked bonds delivered positive returns. The former helped by more Bank of England quantitative easing and the later by inflation fears gaining momentum through imports after the significant weakness seen in sterling over the period.

As the financial year began sterling assets were being influenced by the forthcoming referendum on the UK’s membership of the European Union. Elsewhere markets remained nervous, Japan had moved towards negative interest rates in an attempt to weaken the Yen and boost exports, however this policy had failed to deliver the desired result. In Europe, concerns over Greece re-emerged and political developments in Austria and Spain caused increased nervousness. Markets needed further European Central Bank quantitative easing before staging a muted recovery, which was helped by the US Federal reserve postponing the much anticipated rate rise.

Most global markets were positioned for a ‘remain’ result in the UK referendum. Given the ‘leave’ result, equity markets particularly in Europe and the UK fell sharply in the immediate aftermath. However these falls proved short lived and most markets had recovered within a week of the result. The most significant affect for sterling investors was the sharp fall in the currency, which had started prior to the vote and accelerated subsequently. This weakness had the beneficial affect for sterling investors of transforming lack lustre global returns in local currency into strong sterling returns. Even Japanese equities which had a torrid time in the first half of the financial year delivered positive sterling returns on the back of the Yen’s near 30% rise during this period.

The third quarter was strong for both bond and equity markets.as they seemingly brushed aside concerns over sluggish global growth and the now mainstream acceptance that the ultra loose monetary policies of central banks was no longer an affective shot in the arm for asset markets. Despite these headwinds, the on going uncertainties over ‘Brexit’, continuing geopolitical instability emanating from Syria outwards and even the up coming US Presidential election, investors (particularly unhedged sterling based investors) had enjoyed returns of over 30% from global equities over the previous twelve months.

Despite the unexpected result of the US presidential election, markets barely paused for breath before once again moving higher over the remainder of the period. US equities rallied strongly on promises of infrastructure spending and corporate tax cuts. Other markets responded in kind and many cyclical stocks performed strongly on hopes of faster growth and more fiscally driven government policy. Even the less economically helpful aspects of Trumps election rhetoric, including the spectre of increased protectionism was side lined in the markets new found confidence.

Global Economy Highlights

- The US economy continued to deliver solid growth. The labour market remained strong. The Federal Reserve finally managed to raise rates. Doing so twice during the period, which further strengthened the dollar. The surprise election of Donald Trump triggered much market excitement based on promises on tax cuts, infrastructure spending and a more fiscally driven policy emphasis.

- Short-term interest rates were raised twice in US. The Bank of England cut UK rates in the immediate aftermath of the 'Brexit' results. In the Eurozone the European Central Bank responded to continued sluggish growth and inflation with expanded asset purchases including corporate bonds for the first time.

- China and the Emerging markets performed relatively well, as concerns over Chinese growth, reduced emerging market currency weakness which reversed on hopes of faster global growth and a better outlook for commodity markets.

- Japan continued with aggressive monetary policy aimed at raising core inflation to 2% and generating economic growth. Exports and manufacturing strengthened following the Yen weakness against the US Dollar and strong exports to China

- The much anticipated slowdown for the UK economy has so far failed to materialise, with most economic data up to the end of the financial year surprising to the upside, with consumers in particular showing no obvious signs of a 'Brexit' slowdown. However, there are tentative signs that the recent squeeze in real wage growth, partly as a result of rising inflation, is beginning to weigh down on the consumer.

Equities

- The performance of global equities was very strong. Mid teen returns in local currency translated into 33% for Sterling based investors. In a reversal of recent trends the performance of cyclical and financial sectors was strong driven by 'post Trump' expectations of fiscal stimulus and infrastructure spending coupled with tax cuts and light touch regulation.

- The strongest sectors, relative to the 'All World' Index, were Materials (+45.2%) and Financials (+44.3%); the weakest sectors were Consumer Staples (20.1%) and Telecommunications (16.4%).

Bonds

- Overseas bonds performed strongly over the period for unhedged UK investors as a result of the sharp depreciation of sterling. US High Yield bonds have been very strong as spreads tightened sharply on better economic news and a modest recovery in the oil price.

- Gilts produced positive but moderate returns compared to index linked bonds. As inflation fears mounted post 'Brexit' index linked bonds performed strongly particularly the longer dated bonds that are an increasingly important part of the index.

Property

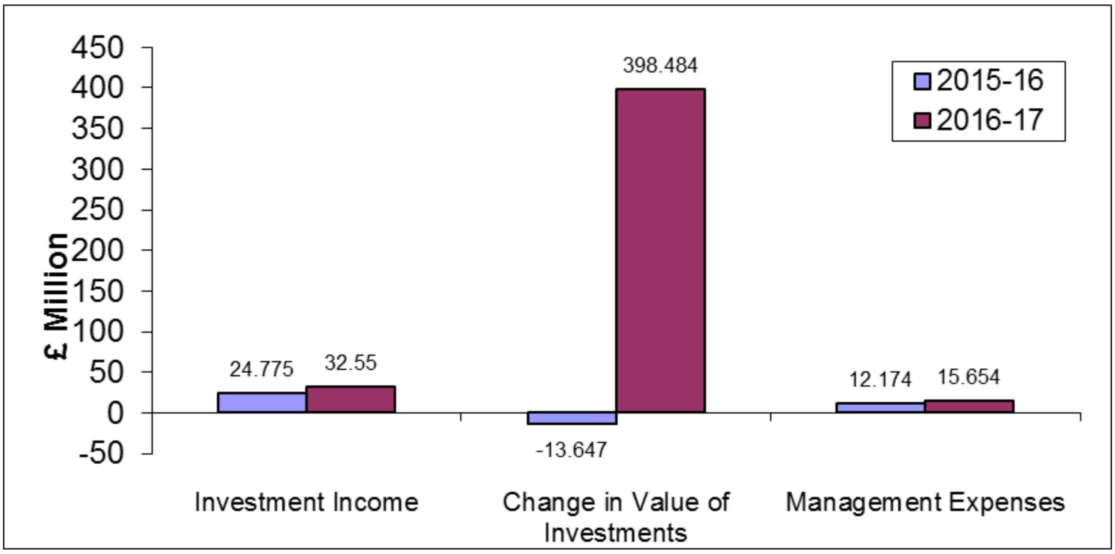
- After a number of strong years UK Property delivered only modest returns up 3.7%. Overall capital values fell slightly during the period. However this was more than offset by income. The central London office sector was particularly affected by uncertainty over 'Brexit' and fell very sharply in July after the vote, albeit from high levels. Areas showing the strongest returns were south east Industrials and specialist sectors including student housing and healthcare.

Analysis of Investments at 31 March 2017

Holdings	Pooled Investment Vehicles Market Value	Segregated Holdings Market Value	Total Market Value	% of Market
	£'000	£'000	£'000	%
Bonds				
Index Linked Gilts	109,688		109,688	4.2
Global Bonds	376,740		376,740	14.3
Total Bonds	**486,428**		**486,428**	**18.5**
UK Equities				
Basic Materials		11,004	11,004	0.4
Consumer Goods		53,928	53,928	2.0
Consumer Services		59,040	59,040	2.2
Financials		44,575	44,575	1.7
Health Care		11,064	11,064	0.4
Industrials		31,223	31,223	1.2
Oil and Gas		24,152	24,152	0.9
Technology		9,525	9,525	0.4
Telecommunications		14,946	14,946	0.6
Utilities		4,908	4,908	0.2
Pooled	219,169	4,633	223,803	8.5
Total UK Equities	**219,169**	**268,998**	**488,167**	**18.5**
Overseas Equities				
Europe	108,429	94,485	202,914	7.7
North America	102,421	196,130	298,551	11.3
Japan	31,846	39,487	71,333	2.7
Other Asia	33,328	15,039	48,367	1.8
Other International	39,430	8,462	47,892	1.8
RAFI	275,620		275,620	10.4
Total Overseas Equities	**591,074**	**353,603**	**944,677**	**35.7**
Absolute Return	218,846		218,846	8.3
Private Equity	88,335		88,335	3.3
Infrastructure	58,123		58,123	2.2
Money Market Investments	38,048		38,048	1.9
Distressed Debt	49,263		49,263	1.4
Timberlands	8,306		8,306	0.3
Cash held by Investment Manager		2,919	2,919	0.1
Foreign Exchange	1,341		1,341	0.1
Property Unit Trusts	258,117		258,117	9.8
Total Alternatives	**720,379**	**2,919**	**723,298**	**27.4**
Total	**2,017,049**	**625,520**	**2,642,570**	**100.0**

Investment Performance

The chart below shows the comparative investment returns between 2015-16 and 2016-17. The change in the value of the Fund's investments includes realised and unrealised gains and losses during the year.

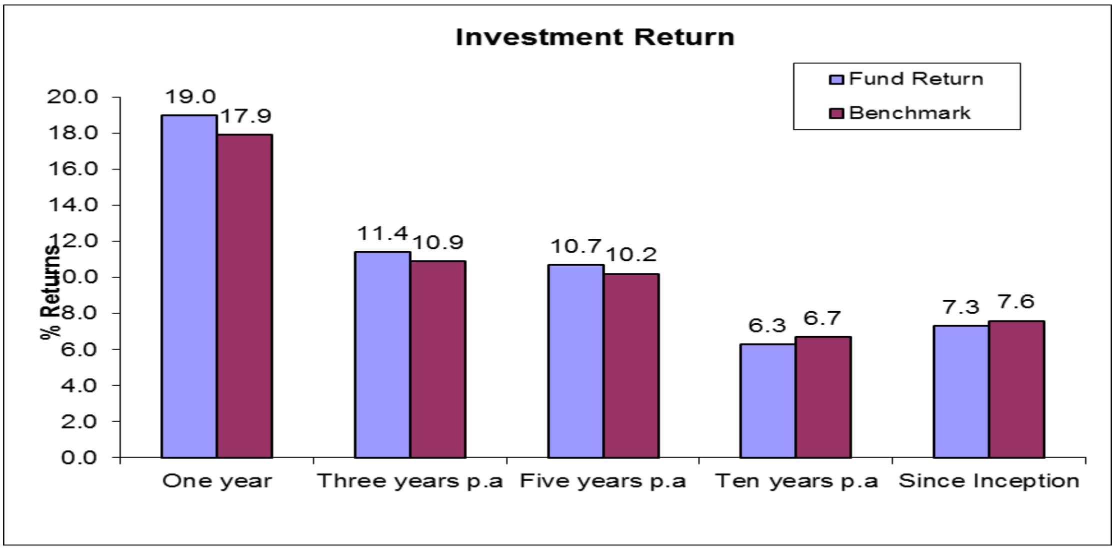


The Fund's assets increased from £2,213 million to £2,649 million during 2016-17, representing an investment return of 19.0% gross of fees. The Fund's benchmark is based on the weighted average of the market index returns for the markets in which it invests. The Fund outperformed the benchmark by 1.1%.

The Fund out performed compared with its benchmark over the longer term, by 0.5% per year for the five year benchmark but underperformed by 0.4% per year for the ten year benchmark, which is a similar position from the previous year.

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

Fund Investment returns



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 retail prices over this period.

Long-term performance (year ended 31 March)										
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
	%	%	%	%	%	%	%	%	%	%
Fund return	**-2.5**	**-22.2**	**32.6**	**8.1**	**2.0**	**13.6**	**5.6**	**15.4**	**0.7**	**19.0**
Fund benchmark	-3.6	-21.3	37.6	8.5	3.8	12.1	6.3	13.9	1.5	17.9
Relative return	0.9	-1.1	-5.0	-0.4	-1.8	+1.5	-0.7	+1.5	-0.8	+1.1
Retail prices	**3.8**	**-0.4**	**4.4**	**5.3**	**3.6**	**3.3**	**2.5**	**0.9**	**1.6**	**3.1**

Over the longer term the Fund’s investment return is substantially above the increase of retail prices, which is an important factor as retail price index has a direct impact on the movement of the Fund’s pension liabilities.

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.

Investment Manager Performance					
Share of Fund 31 Mar 17	**Manager**	**2016-17 Absolute Return**	**2016-17 Relative Return**	**3 Year Relative Return**	**5 Year Relative Return**
%		**%**	**%**	**% p.a.**	**% p.a.**
9.4	Blackrock Equities	23.3	+1.3	+2.7	+2.0
7.1	Blackrock Bonds	5.3	+0.1		
0.3	Brookfield	27.5	+19.5		
34.3	Legal & General	28.7	-0.1	-0.2	-0.2
1.1	KKR	41.8	+33.8	+24.1	
9.2	M&G	10.1	+4.2		
15.9	Newton	23.7	-8.5	-0.5	+1.2
1.1	Partners	19.2	+11.2	+12.4	
2.3	Pantheon	27.1	-5.8		
5.3	Pyrford	9.1	+3.7	+0.4	
10.0	Schroders	3.7	-0.1	0.0	+0.4
1.1	Wilshire	28.0	-4.9		
2.9	Winton	-1.7	-7.1	-1.8	

Note:

Legal and General manages a passive index-tracking mandate, which is not expected to outperform the benchmark. However, the manager's performance may under or outperform from time to time compared with the benchmark index for technical reasons.

The private equity mandates held by Wilshire and Pantheon were previously reported combined which is why long term data in not available.

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.

The investment returns produced by the managers can be highly volatile, so performance is assessed by the Pension Fund Committee based on their medium term track record, typically over three or five years. Over five years, Newton and Blackrock have achieved a good level of outperformance and Schroders has achieved a modest level.

Governance Report

Governance of the Suffolk Pension Fund

All LGPS Funds in England and Wales are required to produce a Governance Policy Statement, revise it following any material change in their delegation arrangements and publish it.

Each authority is required to:

(a) Keep the statement under review;

(b) Make appropriate revisions following a material change in respect of any matters; and

(c) If revisions are made -

- i) Publish the statement as revised, and
- ii) Send a copy of it to the Secretary of State.

The Statement is required to set out:

(d) Whether the administering authority delegates their function or part of their function in relation to maintaining a Pension Fund to a committee or an officer of the Council;

(e) Where this is the case, details of:

- i) The frequency of any committee meetings
- ii) The terms of reference, structure and operational procedures in relation to the use of delegated powers
- iii) Whether the committee includes representatives of employing authorities or scheme members, and if so, whether those representatives have voting rights.

(f) The extent to which a delegation complies with the guidance given by the Secretary of State and if it doesn't comply the reasons why.

The Pension Fund Governance Policy Statement sets out how the County Council's statutory responsibilities for the LGPS will be carried out and is published on the Suffolk Pension Fund website (www.suffolkpensionfund.org). The Suffolk Pension Fund Committee carries out the County Council's responsibilities for the management of the Pension Fund.

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 and the appointment of the investment managers.

c) The approval of the funding strategy following the triennial actuarial valuation, and the determination of the employers' contributions to the Fund.

Delegations to the Director of Resource Management

During 2016-17, the Director of Resource Management, the County Council's responsible financial officer under section 151 of the Local Government Act 1972, is responsible for all decisions concerning the Pension Fund within the scope of the policies that have been approved by the Pension Fund Committee.

Membership of the Committee

During 2016-17 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 the May 2013 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.

The attendance of the Pension Fund committee members for the six committee meetings held during 2016-17 are as below:

Councillor	Meetings attended
Cllr Andrew Reid	6
Cllr Jenny Anthill	4
Cllr Michael Bond	5
Cllr John Field	6
Cllr Michael Gower	6
Cllr Peter Byatt	2
Cllr Bert Poole	6
Cllr Bill Knowles(2)	1
Cllr Carol Bull(1)	0
Cllr Colin Kreidewolf	4
Cllr Chris Punt	2
Mr Steve Warner	4

(1) Resigned in July 2016 replaced by Cllr Chris Punt from September 2016
(2) Resigned in September 2016 replaced by Cllr Colin Kreidewolf from September 2016

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.

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 on the minutes. In addition, all members have to 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.

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. During 2016-17 the Director of Resource Management was 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 two year 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.

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

- Committee training day:
    - A summary of the current cash flow forecast and asset allocation.
    - A review of Private Equity
    - Overview of currency hedging and how it is used
    - Overview of the economic outlook in the geopolitical market
    - A review of the Property portfolio
    - A run through of various alternative investments.
- Triennial valuation and funding strategy.
- Club Vita – trends in longevity
- Further training on pooling implications for the Suffolk Pension Fund
- Liability driven investments
- Overview of the types of employers in the Fund and their risk characteristics

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 a business plan which sets out its performance management framework and its priorities for service development. The Pension Fund Committee met on six occasions during 2016-17.

The Committee monitored 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 advisors 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. The annual report on investment performance for 2015-16 was produced and presented by State Street, the Fund's performance advisors for that period.

During the year the Committee received advice from Hymans Robertson LLP reviewing the investment strategy of the Fund and recommending minor changes to the strategy to further enhance the portfolio and returns whilst maintaining a low risk approach to investments.

The main suggestions considered by the Committee were:

- Allocation commitments to alternative investments of infrastructure and illiquid debt with M&G.
- Implementation of a currency overlay
- Asset allocation review

The Committee monitored the actuarial position of the Fund on a quarterly basis during 2016-17 with the receipt of the funding valuation report produced by Hymans Robertson LLP.

During the year the Committee received regular updates on the triennial valuation exercise, receiving the initial results in September and approving the final version of the contribution rates for the employers and the Funding Strategy in February 2017.

In 2015-16 the Committee made a decision to work with a number of other Pension Funds (Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex) to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) pooling group in response to the Government's requirements for LGPS Funds to work together to put forward plans to "pool investments to significantly reduce costs, while maintaining investment performance".

The Committee received regular updates on the progress of the pooling of assets throughout the year, approving the ACCESS business case to be submitted to the Department for Communities and Local Government in July in line with the Governments requirements.

The Pension Fund Committee agreed the Inter Authority Agreement, which changed the constitution to allow the chairman (or his representative) to make decisions on behalf of the Committee in relation to the operation of the ACCESS pool and recommended it for approval by Suffolk County Council at its meeting on 16 March 2017, which it duly was.

The Committee also agreed to take part in the passive framework tender exercise and appoint the single passive provider determined by ACCESS.

The Committee updated and approved the following documents:

- Investment Strategy Statement
- Funding Strategy Statement
- Rates and Adjustment certificate

- Governance Policy
- Voting Policy
- Treasury Management Strategy
- Risk Register

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 function of the Suffolk Pension Board is to assist Suffolk County Council as administering authority of the Suffolk Pension Fund in ensuring the effective and efficient governance and administration of the Suffolk Pension Fund in line with legislative requirements.

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).

The attendance of the Pension Board members for the five meetings held during 2016-17 are as follows:

Member	Representing	Meetings attended
Cllr Richard Smith	Suffolk County Council	5
David Rowe	Active Scheme Members	5
Homira Javadi	Other Local Government	3
Eric Prince	Retired Members	5
Kate Harrison(1)	Other Employers	0
Marie McCleary	Other Employers	1
Suzanne Williams	Unions	3

(1) Resigned in July 2016 replaced by Marie McCleary from December 2016

Board Training

The Pension Board recognises the importance of complying with the Pensions Regulator's Code of Practice in regards 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.

In addition, the Board has approved a formal two year training plan which is designed to cover the Board's responsibilities. This is to be reviewed annually and updated to include new topics of interest and any additional training requirements identified.

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

- Role of the Scheme Advisory Board
- Role of the Pension Ombudsman
- Role of the Pension Regulator
- Overview of the types of employers in the Fund and their risk characteristics
- Demonstration and overview of the new member self service system
- Understanding and monitoring risks in the Fund

Work of the Pension Board

The Pension Board held its first meeting on 24 July 2015 appointing the Chairman, Cllr Richard Smith and the Vice Chairman, David Rowe. The Pension Board agrees a forward work programme for the year ahead.

The Board has received and reviewed:

- Pension Fund Annual Report and Accounts 2015-16
- Ernst & Young audit report
- Fund investment performance
- Management Expenses
- Risk Register
- Communication Policy
- Investment Strategy Statement
- Passive and active investments
- Actuarial Valuation Process
- Audit report on Pension Fund investments
- Regular updates on the progress of the pooling of assets
- Regular updates on the performance of the administration team and complaints and compliments

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 maximising 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 its 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. Third party risks such as payments of contributions are monitored by Suffolk County Council.

Assurance over the systems operated by the Fund's investment managers and custodians is maintained by obtaining 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, including the accounts of the Pension Fund, is subject to external audit by Ernst & Young LLP who produce an 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. A report summarising the outcomes of the internal audit reviews conducted during the year and their overall opinion of the effectiveness of controls was presented to the Pension Fund Committee.

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.

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 register has been reviewed and updated in line with the guidance issued 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 should be 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 top Pension Fund risks (medium and high risk) are shown below. The key risk is that investment returns are not generated resulting in assets falling short of the liabilities. Investment objectives have been set with the aim of maximising asset returns within an acceptable risk tolerance.

Risk	Impact	Prob-ability	Risk Score	Existing risk control measures
Investment: Failure of investment markets in generating investment returns. **Impact**: increase in employer contribution rates	4	3	12	Diversification between asset classes minimises the impact of a single asset class underperforming. Regular reporting and monitoring arrangements for investment performance by the Fund and its managers are in place.
Actuarial: Failure of investment strategy to produce long-term returns assumed in the Funding Strategy. **Impact**: increase in employer contribution rates	4	3	12	The investment strategy is fully reviewed at least every 3 years by the Pension Fund Committee in line with the results of the triennial valuation. A high level review is undertaken annually to assess whether the objectives of the strategy still meet with the Fund's current objectives.
Actuarial: Assumptions used in the triennial valuation are different to experience **Impact**: increase in the liability strain leading to an increase in employer contribution rates	3	3	9	Additional work is commissioned to validate the assumptions used. Setting mortality assumptions with some allowance for future increases in life expectancy.
Operational: Failure of payroll and pension IT administration systems. **Impact**: benefits are not paid correctly and/or on time	3	3	9	Suffolk County Council has a disaster recovery plan which includes key tasks within the Pension Fund function.

Risk	Impact	Prob-ability	Risk Score	Existing risk control measures
Actuarial: Fall in risk free returns on Government bonds leading to a rise in the value placed on liabilities. **Impact**: increase in the liability strain leading to an increase in employers contribution rates	3	3	9	Regular reporting on the funding position Toleration of risk in the expectation of higher real returns from riskier assets
Investment: Failure in investment performance **Impact**: negative affect on the Pension Fund valuation leading to an increase in employers contribution rates	3	3	9	Regular meetings with investment managers to discuss performance Regular reporting of performance against benchmarks Diversification of investment managers and asset classes

Note: The Risk Score is determined by multiplying the scores for the possible impact and the assessed likelihood together. Depending on the value of the risk score, the risk is assessed as low (1-4), medium (5-9), high (10-15) or very high risk (16-25). The risks are managed in accordance with the County Council's arrangements for managing risks, including appropriate monitoring and mitigation measures.

Note 18 in the Pension Fund statement of accounts includes a statement of the nature and extent of risks associated with the Fund's investments. These are analysed over the following categories:

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 market performance

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). Both of these risks are included in the Fund's risk register and subject to appropriate management and monitoring arrangements.

Corporate Social Responsibility and Voting Report

Environmental, Social and Governance Issues

The Pension Fund is required to disclose in its investment strategy statement to what extent that it takes account of environmental, social or ethical considerations in the selection, realisation or disposal of investments. The Pension Fund Committee considers that the primary responsibility of the Committee is to ensure that the long-term return from its investments is sufficient to meet the Fund's liabilities and that the selection of investments should be undertaken to achieve the best financial return for the Fund, subject to an appropriate level of risk. It has not placed any requirements on the Fund's investment managers in the selection or retention of investments by reference to environmental, social or ethical criteria. All investments that are made for the Fund comply with the legal and regulatory requirements that apply to the local government pension scheme.

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. The Fund's equity holdings give the Fund the right to vote on the resolutions at company general meetings. The Pension Fund Committee has a voting policy which covers its holdings in UK and overseas companies. Voting is carried out on the Fund's behalf by its governance and voting advisers, Pension Investments Research Consultants (PIRC). The Fund's voting guidelines are published on the Suffolk Pension Fund website (www.suffolkpensionfund.org).

The general principles followed in the voting 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 activity in 2016-17

The Fund received recommendations for 1,793 resolutions at 116 meetings, supporting 1,304 resolutions (73%) and abstaining on 56 occasions (3%). The Fund voted against the proposal on 391 occasions (22%), a slight increase on the 19% opposing votes exercised in the previous year. The remaining resolutions (2%) did not result in a vote or were withheld agenda items.

The details of the voting by the Fund are available on the Suffolk Pension Fund website. (www.suffolkpensionfund.org).

Report by Pension Investment Research Consultants (PIRC)

UK Voting

As in previous years, the topic of remuneration was the most contentious at Companies' AGMs during the year. Most of the Companies were subject to a single non-binding resolution on the Remuneration Report, which focuses on actual amounts paid to directors during the year. Most UK companies will have their policy approved at their 2017 AGM. The remuneration policy, once approved, only needs to be approved on a three-year basis, unless changes are made by the Remuneration Committee to the rules of the policy.

Overall, Suffolk voted against 26 Remuneration reports during the year and abstained on 12 of them. The invested Company which received the highest oppose vote on its remuneration report during the year was BP plc, with 57% of oppose votes from shareholders, including Suffolk. The variable pay of its CEO was 599.5% of his base salary. These excessive payments were not commensurate with the company's performance.

Another FTSE 100 company, CRH, received an oppose vote of 39.8% on its remuneration policy which Suffolk had also opposed. The Company had sought to increase maximum variable pay for the CEO from 400% of base salary to 590% of base salary which was not considered to be appropriate or acceptable. GlaxoSmithKline plc also had substantial opposition to its remuneration report with only 68.5% of votes cast in favour with 19.1% abstaining and 12.4% opposing the report. Suffolk had voted to oppose the remuneration report as again the variable pay for the CEO was deemed to be excessive at 460% of his salary.

Local Authorities were involved in the filing of the "Strategic Resilience for 2035 and Beyond" shareholder resolution at BP plc as part of their participation in the 'Aiming for A' investor coalition. The resolution asks for further information to be provided on operational emissions management; asset portfolio resilience to the International Energy Agency's scenarios; low-carbon energy research and development and investment strategies; relevant strategic key performance indicators and executive incentives; and public policy positions relating to climate change.

During the 2016 AGM season, resolutions were filed with Rio Tinto and two other mining companies. There was talk of filing with BHP Billiton as well, but that Company met the reporting requests of the investor group so was spared a resolution. As with BP, the company receiving this resolution during 2016 provided board-level support, and the ultimate voting reflected this support with no less than 96% of shareholders voting in favour of the resolution. In the meantime, investors continued to engage with BP over their efforts to implement the resolution requests.

Overseas Voting

Board independence was again an issue of concern in the US with Suffolk having opposed or abstained on re-election of 37% of directors voted at US companies during the year. Auditor tenure also has become a more significant issue with Suffolk having voted to oppose the re-election of 73% of auditors due to having a tenure of over ten years. Auditor rotation is seen as a positive change, especially at US companies where some audit firms have tenures exceeding a century. Remuneration was an issue at eBay where 44.1% of shareholders, including Suffolk opposed changes to the Equity Incentive Plan where performance conditions are solely within the control of the Compensation committee and the company was seeking to make an additional 50 million shares available for grants.

European voting

Remuneration was also an issue in Europe where SAP SE received on 51.4% of votes in favour of a remuneration system for its Management Board members. The major concern here, as with many European companies, was the lack of disclosure of performance targets for the variable remuneration. This lack of disclosure compromises the ability of shareholders to assess whether or not variable remuneration is appropriately tied to performance.

Asia, Japan and Rest of the World

Teva Pharmaceutical included in “the rest of the World” was of concern with proposed increases in the CEO’s fees and bonus, which were considered excessive and not adequately justified. Teva Pharmaceutical was also under investigation and was charged about $520 million under the U.S. Foreign Corrupt Practices Act due to compliance breach in Russia, Mexico and Ukraine during the time period covering 2007-2013. The CEO was appointed to the Board in 2009.

Governance concerns highlights in Japan focussed on the re-election of Senior Directors (Presidents and Chairmen). Opposition was often recommended based on the fact that the boards of directors comprised less than three outside directors, which is considered to be the minimum acceptable threshold for boards with Kansayaku (corporate auditors) structures or with an Audit and Supervisory Committee structure. Similarly lack of sufficient independent representation on boards in other Asian countries was common, too. Another concern was the continued non-disclosure of the statutory auditor tenure, which rendered their independence assessment impossible.

Administration Report

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 for Communities and Local Government.

The Suffolk LGPS Pension Fund is administered by Suffolk County Council with the statutory responsibilities for the scheme fulfilled by delegating the necessary powers to the Pension Fund Committee.

The Scheme is open to all County Council employees (except teachers and fire fighters who have their own scheme), employees of the Suffolk district 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 Pension Fund. The regulations also permit the Pension Fund Committee to admit to the Fund certain other bodies which provide public services.

All local government employees automatically become members of the scheme unless they choose to opt out.

How the Fund Works

The LGPS is a funded scheme. This means the scheme is financed by contributions from the Fund's employers and their employees and by income from the Fund's investments. The employer's contribution rates are set as part of the actuarial valuation exercise which is carried out every three years by the Fund's Actuary.

The valuation exercise was carried out during 2016-17, and following consultation with the employers in the Fund, the new contribution rates were approved by the Pension Fund Committee and will take effect from 1 April 2017.

Costs of Membership

Employee contributions are banded on a members actual pensionable pay rather than the full time equivalent which had previously been used.

The pay banding table which was used during 2016-17 is shown below. The contribution rates and / or pay bands are reviewed periodically to maintain the average contribution from employees at 6.5% and to ensure the long term costs of the scheme are managed.

Actual Pensionable Pay	Contribution Rate
£0 - £13,600	5.5%
£13,601 - £21,200	5.8%
£21,201 - £34,400	6.5%
£34,401 - £43,500	6.8%
£43,501 - £60,700	8.5%
£60,701 - £86,000	9.9%
£86,001 - £101,200	10.5%
£101,201 - £151,800	11.4%
Over £151,801	12.5%

Members have the option to join on a 50/50 basis which will entitle members to pay half the contribution detailed above, in exchange for half the pension benefit. These members do retain full benefits in the event of ill health or death.

Benefits of the Pension Fund

The majority of benefits that are payable are set by regulations, although there are certain instances where discretion is given to employing bodies in the Fund. Each employer has a discretion policy detailing their decisions in respect of these instances.

All pensions payable from the Fund are defined as ‘official pensions’ for the purpose of the Pensions (increase) Act.

The core scheme benefits are:

- 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.
- Life assurance of three times the member’s yearly pay from the day they join the scheme.
- Pensions for spouses, civilly registered partners and qualifying co-habiting partners. Eligible children are also entitled to a pension.
- An entitlement paid early if a member has to stop work due to permanent ill health.
- Pensions increases in line with inflation (measured by the Consumer Price Index).
- Pensions are payable from age 55, including flexible retirement

Pension administration

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;
- Assessing the impact of, and implementing amending legislation when received and also communicating the effect of those changes 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 and lump sums when a member, deferred member or pensioner dies.

Key Performance Indicators:

Number and trend of high profile cases:

Case Type	Total Completed	Peak Period
Pension Estimates – retirements and divorce	1,774	April & September
Pensions Retirements	1,241	July & December
Pensions preserved benefits	1,321	June
Pensions transfers in	340	February & March
Pensions transfers out	387	October & November
Pensions deaths	447	February

Percentage completed on time against targets:

Service Level Agreement	Percentage completed within SLA
Notification of retirement benefits and payment of lump sum to be made within 10 working days of receipt of all information necessary. Payment of pension to be included in the next available monthly run.	93%*
Pay death grant / balance of pension/pay within 10 working days of receipt of all necessary documentation. Pay Spouse Benefit on first available pay run.	92%*
Notify beneficiary / widow / widower of documents necessary to pay death grant / balance of pension / pay within 5 working days of notification of death go ahead.	98%

***** In order to meet the statutory requirements of the triennial valuation resource had to be taken away from these tasks resulting in these areas being below the 95% SLA.

Employer Performance

The Administration Strategy requires each employer to monitor performance against specific tasks and report to the pension administration team on a quarterly basis. During 2016-17 the Administration Strategy has been updated following consultation with scheme employers and approved by the Pension Fund Committee.

The tables below show the performance of the employers in the Fund:

Fund administration

Function/Task	Performance Target	Achievement %
Arrange for the deduction and payment of additional voluntary contributions to the AVC provider	By 19th of the month following deduction	100%
Cease deduction of employee contributions when a scheme member opts to leave the scheme	Month following election or future specified date from member	100%

Function/Task	Performance Target	Achievement %
Refund any contributions when employees opt out of the pension scheme before 3 months	Month following receipt of opt out	100%
Employers must issue all new employees eligible to join the LGPS a copy of the members guide to the pension scheme	At the time of appointment either issuing the booklet, pdf or directing to the guide on the Suffolk Pension fund website	100%
Notify Suffolk Pension fund of all new members in the scheme.	Within 6 weeks of starting to ensure automatic enrolment obligations are met.	100%
Notify Suffolk Pension fund with details of all material changes in employee circumstances, including marital or civil partnership status, or hour changes through agreed form/electronic interface	Within one month of change happening	100%
Pay additional fund payments in relation to early payments of ill health, flexible retirement, redundancy or business efficiency retirement	Within one month of invoice date or as notified on individual case	100%
Respond to enquiries from the administering authority	Within 10 days of receipt of enquiry	100%
Provide written advance notification of early leavers from the scheme (employer is required to have 3 months' notice from members as per requirements of LGPS 2013 Regulations (32)	One month prior to effective date	100%
Provide written advance notification of flexible retirements	One month before the effective date*	100%
Notification of general retirements	One month before date of retirement	100%
Provide all information linked to death in service of members	Within 5 days of having all information	100%
For all leavers reason for leaving and confirmation of final pay information must be provided in correct format	By end of month member left	96%
Provide End of Year Return	By 21 April	76%

Financial Performance

A review is carried out on the timings of the payment of pension contributions to the fund by the employers. 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 2016-17 financial year:

	2016-17		
	Emp.	**Contribs.**	
	%	**£'000**	**%**
On Time	86	105,952	98
Up to 1 week late	4	1,248	1
Over 1 week late	10	1,498	1
Total		**108,698**	

Communications Policy

The Fund's Communication Policy sets out how it communicates with employers, scheme members and prospective scheme members and has been approved by the Pension Fund Committee.

The Suffolk Pension Fund has met the requirements set out in the communications policy. A copy of this document is available on the Pension Fund website (www.suffolkpensionfund.org).

The Pension Fund Annual Report and Accounts is the formal mechanism for reporting on the performance of the Fund to its stakeholders and is published on the Pension Fund website.

The Pension Fund invites all the scheme employers to an annual meeting to receive presentations on the activities of the Fund during the year and on any developments relating to the LGPS. The annual meeting for 2015-16 was held on 7 October 2016.

Scheme information has been provided to members, representatives and employers at all appropriate times during the year.

Employers are provided with all necessary information when they join the scheme including an employer's guide. Employer liaison meetings are held twice a year and are an opportunity to effectively communicate important information. All employers are supported and helped through any issues affecting them and pensions administration staff visit various employers throughout the year attending workshops and meeting members. Newsletters to employers are issued on a regular basis

The Pension Fund Committee consults with the employers whenever any significant changes in the Pension Fund's statement of investment principles or funding strategy are under consideration.

The scheme is promoted to prospective members, with new employees being issued with a guide to the LGPS for members and directed to the relevant area of the Pension Fund website. Information on the scheme is also contained within individuals' contracts of employment explaining their rights in regards to joining the scheme.

Active and deferred members of the pension scheme are provided with an annual benefits statement estimating their pension benefits for retirement.

Members of the administration team regularly attend regional and national conferences and training days ensuring that the Suffolk Pension Fund and its members are well represented ensuring that the team is knowledgeable in advance of impending changes.

The Pension Fund Committee and the Pension Board receives appropriate training and information relating to the administration of the scheme.

Member Self Service

During 2016-2017 the Suffolk Pension Fund implemented a Member Self Service system. This system enables members of the LGPS to have access to their pension records and allows members to view and update certain information. In addition, members can also run as many personal pension projections as they require with instant results. This new system will allow individuals to have the information they need, when they need it and initial feedback has been very positive from members.

It is anticipated that this system will continue to be developed in the future with the addition of important communications including Annual Benefit Statements, information packs, correspondence with individual members, scheme guides and forms to this system.

Internal Dispute Resolution Procedure (IDRP)

If a member or their representative has a complaint again 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 Head of Legal Services at Suffolk County Council as the person nominated by the Pension Fund Committee to hear such disputes. If the person is still dissatisfied, they can take their case to the Pensions Ombudsman for a further review.

In 2016-17 there were 3 IDRP cases from a total of 7,348 cases processed.

Employers in the Fund

There are 210 active employers in the Fund and 25 employers who do not have active members but have deferred pension members and/or pensioners.

	Active	Ceased	Total
Scheduled Bodies	133	1	**134**
Resolution Bodies	36	-	**36**
Admitted Bodies	41	24	**65**
Total	**210**	**25**	**235**

A list of the active employers in the Fund as at 31 March 2017 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
Forest Heath District Council
Ipswich Borough Council
Mid Suffolk District Council
St Edmundsbury Borough Council
Suffolk Coastal District Council
Suffolk County Council
Waveney District Council

Other

Association of Inshore Fisheries and Conservation Authorities (AIFCA)
The Police and Crime Commissioner for Suffolk

Colleges

Lowestoft 6th Form College
Lowestoft College
Suffolk New College
University Campus Suffolk Ltd
West Suffolk College

Free Schools

Churchill Special Free School
IES Breckland
Seckford Foundation Free Schools Trust
Stour Valley Community School

Academies

Bungay High School
Copleston High School
Debenham High School
East Bergholt High School
Elveden Cof E Primary Academy
Farlingaye High School
Forest Academy
Hadleigh High School
Holbrook Academy
Kedington Primary Academy
Kesgrave High School
Kessingland C of E Primary Academy
Priory School
Sir John Leman School
St Albans Catholic High School
St Louis Catholic Academy
St Mary's C of E Academy
Stone Lodge Academy
Stradbroke High School
Suffolk New Academy.
The Ashley School Academy
Thomas Mills High School
Thomas Wolsey School

Academies Enterprise Trust

Felixstowe Academy
Langer Primary Academy

Academy Transformation Trust

Great Heath Primary Academy
Mildenhall College Academy
Westbourne Academy

Active Learning Trust

Albert Pye Primary
Chantry Academy
Grove Primary School
Ravensmere Infant School
Red Oak Primary School
Reydon Primary School

Gusford Primary School
Hillside Primary School
Pakefield Primary School
Sidegate Primary School
Westwood Primary School

Avocet Academy Trust
Easton Primary School
Leiston Primary School
Wickham Market Primary School

ASSET Education (Previously Ipswich Primary Academy Trust)
St Helens Primary School
The Oaks Primary School
Whitton Community Primary School

Bright Tribe Academy Trust
Alde Valley Academy
Castle Hill Infants School
Castle Hill Junior School
Cliff Lane Primary School

Bury St Edmunds Academy Trust
County Upper School
Horringer Court School
Tollgate Primary School
Westley School

Castle Partnership Academy Trust
Burton End Primary Academy
Castle Manor Academy
Place Farm Primary Academy

Diocese of Ely
St Christopher's School

Evolution Academy Trust
Elm Tree Community Primary School
The Dell Primary School

Hartismere Family of Schools
Benjamin Britten High School
Hartismere School

Inspiration Trust
East Point Academy

John Milton Academy Trust
Bacton Community Primary School
Cedars Park Primary
Mendlesham Community Primary
Stowupland High School

Ormiston Academies Trust
Ormiston Denes Academy
Ormiston Endeavour Academy
Ormiston Sudbury Academy
Stoke High School - Ormiston Academy

Paradigm Trust
Ipswich Academy
Murrayfield

Raedwald Trust
Parkside Pupil Referral Unit
Westbridge Pupil Referral Unit

REAch2 Academy Trust

Beccles Primary Academy
Gunton Primary Academy
Martlesham Primary Academy
Meadow Primary Academy
Northfield St Nicholas Primary Academy
Samuel Ward Academy
Sprites Primary Academy
St Margaret's Primary Academy

Samuel Ward Academy Trust

Coupals Primary Academy
Glemsford Primary Academy
Houldsworth Valley Primary
Laureate Primary
Newmarket Academy
Samuel Ward Academy
Sybil Andrews
Thomas Gainsborough School
Westfield Primary Academy
Wickhambrook
Woodhall(Sudbury)

St Edmundsbury and Ipswich Diocese

Bramfield Church of England Primary
Eyke
Long Melford Church of England School
Nacton Church of England School
Sproughton CEVC Primary
St Mary's Hadleigh
St Mary's Woodbridge
Tudor Primary School

St Johns The Baptist

St Bennet's Catholic(Beccles)
St Edmunds Catholic(Bungay)
St Mary's Catholic(Lowestoft)

St Louis Catholic Primary Academy

St Felix Haverhill

The Consortium MAT

Mendham
Middleton
St Edmunds Primary-Hoxne
Yoxford

The Tilian Partnership

Bardwell CEVC Primary
Gislingham CEVC
Old Newton CEVC
Palgrave CEVC

Thedwastre

Great Barton Primary Academy
Rattlesden Primary Academy
Thurston Primary Academy
Woolpit Primary School

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.

Beccles Town Council
Boxford Parish Council
Bury St Edmunds Town Council
Concertus Design & Property
Felixstowe Town Council
Framlingham Town Council
Melton Parish Council
Mildenhall Parish Council
Nayland & Wissington Parish Council
Newmarket Town Council
Onehouse Parish Council
Opus

Great Cornard Parish Council
Great Waldingfield Council
Glemsford Parish Council
Hadleigh Town Council
Haverhill Town Council
Kesgrave Town Council
Kessingland Parish Council
Lakenheath Parish Council
Leavenheath Parish Council
Leiston Town Council
Long Melford Parish Council
Martlesham Parish Council
Pinewood Parish Council
Saxmundham Town Council
Schools' Choice Limited
Southwold Town Council
Stowmarket Town Council
Sudbury Town Council
Thurston Parish Council
Verse
Vertas
Woodbridge Town Council
Woolpit Parish Council

Admitted Bodies

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

Abbeycroft Leisure
Anglia Community Leisure Trust
Ass. Colleges in the Eastern Region
Care Quality Commission
Care UK
Caterlink – Kesgrave
Churchill Contract Services
Compass – Copleston
Compass – Farlingaye
Compass - Felixstowe
Edwards and Blake – Pakefield
Edwards and Blake – St Albans
Elior Ltd-Chantry
Flagship Housing Group Ltd
Hadleigh Market Feoffment Charity
Havebury Housing Partnership
Kier MG
Leading Lives
LLC Support Services
Marina Theatre Trust
Norland Managed Services Ltd
Nuffield Health
Papworth Trust
Realise Futures
Seckford Foundation
Sentinel Leisure Trust
South Suffolk Leisure
South Suffolk Leisure-Holbrook
South Suffolk Leisure-East Bergholt
Sports & Leisure Management Ltd
Suffolk Ass. of Local Councils
Suffolk Coastal Leisure Com Ass Ltd
Suffolk Libraries IPS
Suffolk Norse Ltd
Suffolk Norse Transport
The Partnership in Care Ltd
The Voluntary Network
Thorpe Woodlands
Waveney Norse

Membership

The overall membership has increased year on year with an overall membership increase of 18% during the last five years.

Membership Summary	2012-13	2013-14	2014-15	2015-16	2016-17
Members	18,155	18,658	18,871	20,129	19,954
Pensioners	12,856	13,347	14,023	14,647	15,074
Deferred	16,651	17,629	19,097	20,872	23,438
Total	**47,662**	**49,634**	**51,991**	**55,648**	**58,466**

ACTUARIAL STATEMENT FOR 2016-17

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), dated February 2017. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return;
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from 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 return their portion of the Fund to full funding over 20 years if the valuation assumptions are borne out. 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 a better than 75% chance that the Fund will return to full funding 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 2016. This valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £2,213 million, were sufficient to meet 91% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £216 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 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 2016 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 2016 valuation were as follows:

Financial assumptions	31 March 2016
Discount rate	4.0%
Salary increase assumption	2.4%
Benefit increase assumption (CPI)	2.1%

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 2013 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.4 years
Future Pensioners*	23.9 years	26.4 years

*Aged 45 at 2016 Valuation

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from Suffolk County Council, the Administering Authority to the Fund.

Experience over the period since April 2013

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities. The effect of this has been broadly offset by strong asset returns. Both events have roughly cancelled each other out in terms of the impact on the funding position as at 31 March 2017.

The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy Statement will also be reviewed at that time.

Peter Summers FFA
For and on behalf of Hymans Robertson LLP
25 June 2017

Fund Account

2015 - 2016 £ million	Fund Account	Note	2016 - 2017 £ million
	Dealings with members, employers and others directly involved in the scheme		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
72.144	Normal	9	75.637
9.409	Deficit funding	9	10.490
1.788	Other	9	2.497
	From members		
19.814	Normal	9	20.074
	Transfers In		
3.477	Individual transfers in from other schemes		2.474
0.001	Other Income		0.000
	Benefits payable:		
-70.339	Pensions	9	-72.365
-14.368	Commutations of pensions and lump sum retirement benefits	9	-13.052
-1.663	Lump sum death benefits	9	-1.366
	Payments to and on account of leavers:		
-0.131	Refunds of Contributions		-0.162
-4.332	Individual transfers out to other schemes		-3.878
0.000	Group Transfers out to other Schemes		-0.274
15.800	**Net additions/(withdrawals) from dealings with members**		**20.075**
-12.174	Management Expenses	10	-15.654
3.626	**Net additions/(withdrawals) including management expenses**		**4.421**
	Returns on investments		
	Investment income		
13.844	Dividends from equities		14.777
6.865	Income from pooled investment vehicles - Property		8.097
0.883	Income from pooled investment vehicles - Private Equity		0.636
3.051	Income from Other Managed Funds		8.212
0.117	Interest on Cash Deposits		0.045
0.151	Other		0.924
-0.136	Taxes on Income		-0.141
-13.670	Change in market value of investments		398.484
0.023	Impairment of Investments (1)		0.015
11.128	**Net returns on investments**		**431.049**
14.754	Net increase, or (decrease), in the fund during the year		435.470
2,198.441	Opening net assets of the scheme		2,213.195
2,213.195	**Closing net assets of the scheme**		**2,648.665**

Notes:
(1) Receipt of MF Global impairment of investment written off in 2011 - 2012.

Net Asset Statement

2015 - 2016 £ million	Net Asset Statement		2016 - 2017 £ million
	Investment assets		
224.142	UK companies	12, 13, 14, 16	268.998
283.686	Overseas companies	12, 13, 14, 16	353.603
	Pooled Investment Vehicles		
17.782	Unit trusts	12, 13, 14, 16	16.244
727.955	Unit linked insurance policies	12, 13, 14, 16	903.687
241.309	Property unit trust	12, 13, 14, 16	258.117
702.461	Other Managed Funds	12, 13, 14, 16	837.661
1.926	Cash [held by the investment managers]	12	2.919
2.188	Forward Foreign Exchange Contracts	12	1.341
2,201.449	**Total investments**		**2,642.570**
	Current assets		
13.020	Debtors	21	14.784
6.082	Cash Desposits	18d	8.550
0.066	Cash at Bank	18d	0.103
19.168	**Total current assets**		**23.437**
	Current liabilities		
-7.422	Creditors	22	-17.342
-7.422	**Total current liabilities**		**-17.342**
11.746	**Net current assets**		**6.095**
2,213.195	**Net assets**		**2,648.665**

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 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 210 employer organisations with active members within the Scheme, an increase of 36 from the previous year (174). Teachers, Firefighters and NHS staff have their own pension schemes and are not included in this Fund.

The Fund has the following number of members and pensioners:

31 March 2016		31 March 2017
	Number of Employees in the Scheme	
9,759	County Council	8,928
10,370	Other Employers	11,026
20,129	**Total**	**19,954**
	Number of Pensioners	
8,175	County Council	8,430
6,472	Other Employers	6,644
14,647	**Total**	**15,074**
	Number of Deferred Pensioners	
12,856	County Council	13,936
8,016	Other Employers	9,502
20,872	**Total**	**23,438**

Funding

Benefits are funded by contributions and investment earnings. Employers contributions are set based on the triennial actuarial funding valuation which was last carried out as at 31 March 2016. Employees contributions are paid in line with the LGPS Regulations 2013.

Benefits

Benefits earned prior to 1 April 2014 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 per annum.

2. Events after the Balance Sheet Date

There has been no event between 31 March 2017 and the date when these accounts were authorised that requires any adjustments to these accounts.

3. Significant Changes to the Fund

On 6 June 2016 the Pension Fund Committee made a decision to disinvest the Legal & General Emerging Market Bond holding and transfer the value to the Blackrock Fixed Income Global Opportunities Fund. This was completed during June 2016.

On 28 November 2016 the committee made a decision to increase the holding in alternative investments with M&G. A commitment of £25 million was made to the Illiquid Credit Opportunities Fund which was funded in full in January 2017. The commitment of £60 million to the Infracapital Greenfield infrastructure fund and £25 million to the Debt Solutions Fund will be funded as capital calls are raised over a period of time.

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund’s transactions for the 2016 - 2017 financial year and its position as at 31 March 2017.

These accounts have been prepared in accordance with the ‘Code of Practice on Local Authority Accounting in United Kingdom 2016 - 2017’, which is based upon International Financial Reporting Standards (IFRS). The Code also incorporates the 2015 Statement of Recommended Practice (SORP) ‘Financial Reports of Pension Schemes’.

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 20 of these accounts.

5. Summary of Significant Accounting Policies

5.1 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 contributions 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

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.

Distributions from Pooled funds

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.

Income from Cash and Other Investments

This income is accounted for on an accruals basis.

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.

5.2 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 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

i) Administration Expenses

Administration expenses are accounted for on an accruals basis. Suffolk County Council staff costs are charged to the Pension Fund based on time spent.

ii) Oversight and Governance Expenses

All oversight and governance expenses are accounted for on an accruals basis. Suffolk County Council staff costs are charged to the Pension Fund based on time spent.

iii) Investment Expenses

All investment expenses are accounted for on an accrual basis. 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.

5.3 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 by the bid market price on 31 March 2017.

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 Investments

Unquoted Securities include pooled investments in Infrastructure, Distressed 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 published by the respective fund manager in accordance with guidelines set out by the British Venture Capital Association, and adjusted for capital calls and distributions received from that date to 31 March 2017.

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 held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2017.

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.

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 are therefore clearly 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. Fixed term deposits should be classified as an investment and not a cash equivalent on the Net Asset Statement.

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.

Impairments

Assets are assessed at each year end to determine whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised in the Fund Account.

Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Asset Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Contingent Liabilities and Contractual Commitments

A contingent liability arises where an event has taken place that gives the Pension Fund a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Pension Fund.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that a payment will be required or the amount of the obligation cannot be measured with reliability.

Contingent liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts. See Note 28.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Pension Fund a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Pension Fund.

Contingent assets are not recognised in the financial statements, but are disclosed as a note to the accounts, unless the possibility of a receipt is remote.

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 only (Note 23).

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 (Note 20).

6. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2016 – 2017 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 2017 - 2018 code.

- Amendment to the reporting of investment concentration.
- Amendment to the reporting of Pension Fund scheme transaction costs.

The code requires implementation of the above disclosures from 1 April 2017. These changes are not considered to have a material effect on the Pension Fund accounts of 2016 - 2017.

7. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 5, 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 19 Funding Position. This estimate is subject to significant variances based on changes to the underlying assumptions.

8. 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.

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, is engaged to provide the Fund with expert advice about the assumptions to be applied.

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 Private Equity investments at 31 March 2017 are £60.666 million with Pantheon and £27.532 million with Wilshire. There is a risk that these investments may be under or overstated in the accounts.

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 and KKR at 31 March 2017 are £28.618 million and £29.506 million respectively. There is a risk that these investments may be under or overstated in the accounts.

Distressed Debt

Distressed Debt is valued by using probable realisation valuation by either a Director of the investment or a third party consultant. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Distressed Debt is held with M&G and includes the Debt Opportunity investments and the Illiquid Credit Opportunity Fund totalling £49.263 million as at 31 March 2017. There is a risk that this investment may be under or overstated in the accounts.

Timberlands

Timberlands 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 Timberlands investment with Brookfield at 31 March 2017 is £8.306 million. There is a risk that this investment may be under or overstated in the accounts.

9. Contributions Received and Benefits Paid during the Year

2015 - 2016 Employers' Contributions £ million	2015 - 2016 Employees' Contributions £ million	2015 - 2016 Benefits Paid £ million		2016 - 2017 Employers' Contributions £ million	2016 - 2017 Employees' Contributions £ million	2016 - 2017 Benefits Paid £ million
37.451	9.172	-41.406	Suffolk County Council	39.233	9.079	-42.886
40.751	9.433	-41.180	Other Scheduled and Resolution Bodies	44.001	9.678	-40.475
5.139	1.209	-3.784	Admitted Bodies	5.390	1.317	-3.422
83.341	**19.814**	**-86.370**	**Total**	**88.624**	**20.074**	**-86.783**

Included within employer normal contributions of £88.624 million shown in the Fund account, is an amount for deficit funding of £13.595 million paid within the employers percentage (£11.479 million in 2015 - 2016). The deficit funding identified separately on the Fund account of £10.490 million (2015 - 2016 £9.409 million) refers to those employers funding their deficit by means of lump sum payments.

Employer contributions are made up of two elements:
a) the estimated cost of future benefits being accrued, the 'primary rate'; plus
b) an adjustment for the funding position of accrued benefits relative to the Fund’s solvency target, the 'secondary rate'.

If there is a surplus there may be a contribution reduction or if there is a deficit there may be a contribution addition, with the surplus or deficit spread over an appropriate period.

The Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three year period. 2016 - 2017 was the third year in the three year period following the 31 March 2013 valuation for the contribution rates set by the actuary to reflect a and b above.

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

10. Management Expenses

2015 - 2016 £ million		2016 - 2017 £ million
10.680	Investment Management Expenses	13.968
0.980	Administration Expenses	1.068
0.514	Oversight and Governance Costs	0.618
12.174		15.654

Management expenses are categorised into investment management expenses, administration expenses and oversight and governance costs, in accordance with the CIPFA guidance on 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 2016 - 2017 were £0.025 million (£0.025 million 2015 - 2016). Ernst & Young are intend to charge an additional £0.006 million to respond to IAS19 assurance requests in 2016 – 2017. This will be charged to the employers that have requested the assurance.

Investment management expenses includes 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 broker commission transaction costs as below:

2015 - 2016 £ million		2016 - 2017 £ million
8.532	Investment Management Fees and Expenses	9.150
1.377	Performance Fees	4.052
0.739	Transaction Costs	0.734
0.032	Custodian Fees	0.032
10.680		13.968

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

31 March 2016 Market Value £ million	31 March 2016 Percentage of Assets %		31 March 2017 Market Value £ million	31 March 2017 Percentage of Assets %
331.034	15.03%	BlackRock Investment Management	435.930	16.52%
7.417	0.34%	Bluecrest Capital Management	0.754	0.03%
6.948	0.32%	Brookfield Asset Management	8.306	0.31%
0.111	0.01%	Cambridge Research & Innovation Limited	0.137	0.01%
33.785	1.53%	Kohlberg Kravis Roberts	29.579	1.12%
727.956	33.06%	Legal and General Investment Management	903.687	34.24%
219.368	9.96%	M&G Investments	242.686	9.20%
335.863	15.25%	Newton Investment Management	418.346	15.86%
36.773	1.68%	Pantheon Ventures	61.110	2.32%
19.503	0.89%	Partners Group	28.618	1.08%
128.837	5.85%	Pyrford International	140.494	5.33%
246.249	11.18%	Schroder Property Investment Management	262.645	9.96%
29.564	1.54%	Wilshire Associates	28.421	1.08%
73.927	3.36%	Winton Global Investment Management	77.597	2.94%
2,197.335	**100.00%**		**2,638.310**	**100.00%**

Blackrock Investment Management received an additional £45 million investment into the active bond mandate which was funded through disinvesting from the passive emerging bond mandate held by Legal & General Investment Management.

The mandate with M&G Investments has been increased with a £25 million investment into the Illiquid Credit Opportunity Fund.

The Infrastructure mandates with Partners Group, the Private Equity mandate with Pantheon Ventures Investments and the Debt Solutions fund with M&G Investments have been funded as investment opportunities are identified by the investment managers.

The mandate with Bluecrest Capital Management was terminated in November 2015.

12. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2015 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2016 £ million
Quoted					
UK Companies	211.371	101.383	-82.170	-6.442	224.142
Overseas Companies	291.288	57.812	-66.333	0.919	283.686
Derivatives - Forward Foreign Exchange contracts	2.245	105.395	-105.224	-0.228	2.188
Pooled Investment Vehicles:					
Other Managed Funds	222.480	510.301	-197.530	-6.083	529.168
Unit trusts	24.056	7.631	-15.006	1.101	17.782
Unit linked insurance policies	1,062.207	9.947	-316.403	-27.796	727.955
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	162.507	29.851	-22.770	3.705	173.293
Property	212.702	20.311	-6.958	15.254	241.309
Total of Investments	**2,188.856**	**842.631**	**-812.394**	**-19.570**	**2,199.523**

	Closing Market Value 31 March 2016 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2015 £ million
Other Investment Balances:					
Cash held by investment managers	3.716	-1.557	0.023	-0.256	1.926
Net Investments	**3.716**	**-1.557**	**0.023**	**-0.256**	**1.926**

The change in market value of £19.826 million (£19.570 million and £0.256 million) is £6.156 million higher than the change in market value on the Fund Account of £13.670 million. The difference is caused by indirect management fees of £5.930 million and the foreign exchange fluctuations of the market value of the holdings held in currencies other than sterling.

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

Transaction costs, such as commissions, stamp duty and other transaction fees are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year total £0.739 million.

	Opening Market Value 01 April 2016 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2017 £ million
Quoted					
UK Companies	224.142	91.121	-86.086	39.821	268.998
Overseas Companies	283.686	82.885	-81.734	68.766	353.603
Derivatives - Forward Foreign Exchange contracts	2.188	14.319	-14.699	-0.467	1.341
Pooled Investment Vehicles:					
Other Managed Funds	529.168	308.576	-230.911	26.801	633.634
Unit trusts	17.782	-	-4.432	2.894	16.244
Unit linked insurance policies	727.955	47.184	-70.398	198.946	903.687
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	173.293	53.717	-66.564	43.582	204.027
Property	241.309	21.362	-12.913	8.359	258.117
Total of Investments	**2,199.523**	**619.164**	**-567.737**	**388.701**	**2,639.651**

	Opening Market Value 01 April 2016 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2017 £ million
Other Investment Balances:					
Cash held by investment managers	1.926	0.298	0.015	0.680	2.919
Net Investments	**1.926**	**0.298**	**0.015**	**0.680**	**2.919**

The change in market value of £389.381 million (£388.701 million and £0.680 million) is £9.103 million lower than the change in market value on the Fund Account of £398.484 million. The difference is caused by indirect management fees and expenses of £8.636 million and the foreign exchange fluctuations of the market value of the holdings held in currencies other than sterling of £0.466 million.

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

Transaction costs, such as commissions, stamp duty and other transaction fees are included in the cost of purchases and sale proceeds and are included in management fees and expenses. Transaction costs incurred during the year total £0.734 million (£0.739 million in 2015 - 2016).

13. Analysis of Investments (excluding Derivatives)

Market Value 31 March 2016 £ million	Market Value 31 March 2016 £ million		Market Value 31 March 2017 £ million	Market Value 31 March 2017 £ million
		Equities		
	224.142	UK Companies		268.998
	283.686	Overseas Companies		353.603
		Pooled Investment Vehicles - Quoted		
	17.782	Unit Trusts		16.244
	727.955	Unit Linked Insurance Policies		903.687
		<u>Other Managed Funds</u>		
304.827		Fixed Income	376.740	
210.166		Absolute Returns	218.846	
14.175		Money Market Funds	38.048	
529.168		Total Quoted Other managed Funds	633.634	
		Pooled Investment Vehicles - Unquoted		
		<u>Other Managed Funds</u>		
47.371		Distressed Debt	49.263	
52.978		Infrastructure	58.123	
65.996		Private Equity	88.335	
6.948		Timberlands	8.306	
173.293		Total Unquoted Other Managed Funds	204.027	
	702.461	Total Other Managed Funds		837.661
	241.309	Property		258.117
	2,197.335	**Total**		**2,638.310**

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).

14. Holdings Above 5% of the Fund

This is a summary of the individual holdings within the Fund which exceed 5% of the total net assets available to pay benefits as at the balance sheet date.

Market Value 31 March 2016 £ million	Percentage of the Fund 31 March 2016	Asset Type	Manager	Market Value 31 March 2017 £ million	Percentage of the Fund 31 March 2017
214.302	9.73%	FTSE RAFI AW 3000 Eq Ind	Legal and General	275.619	10.43%
151.190	6.87%	UK Equity Index	Legal and General	202.925	7.68%
171.996	7.81%	Alpha Opportunities Fund	M&G	189.827	7.18%
132.831	6.03%	Fixed Income Global Opportunity Fund	Blackrock	186.912	7.07%
128.837	5.85%	Pyrford Global Total Return Mutual Fund	Pyrford	140.494	5.32%

The table below summarises the individual holdings within the Fund which exceed 5% of any class or type of security at the balance sheet date based on the holdings analysis for 2016 – 2017.

Market Value of Asset Class 31 March 2016 £ million	Market Value of Securities 31 March 2016 £ million	Percentage of the Asset Class 31 March 2016 %	Holdings by Asset Type	Market Value of Asset Class 31 March 2017 £ million	Market Value of Securities 31 March 2017 £ million	Percentage of the Asset Class 31 March 2017 %
224.142			**UK Equities**	268.998		
	11.371	5.07%	British American Tobacco		24.501	9.11%
	15.294	6.82%	Royal Dutch Shell PLC		17.842	6.63%
	N/A	N/A	Wolseley		16.623	6.18%
224.142	**26.665**	**11.90%**		**268.998**	**58.966**	**21.92%**
17.782			**Pooled Investment - Unit trusts**	16.244		
	13.360	75.14%	BlackRock Fd Mgrs Bief UK Smaller Co Fund		16.244	100.00%
	4.421	24.86%	Schroder Offshore Cash Fund		N/A	N/A
17.782	**17.782**	**100.00%**		**16.244**	**16.244**	**100.00%**
727.955			**Pooled Investment - Unit linked insurance policies**	903.687		
	214.302	29.44%	FTSE RAFI AW 3000 Eq Ind		275.620	30.50%
	151.190	20.77%	UK Equity Index		202.925	22.46%
	89.893	12.35%	L&G Over 5 Year Linked Gilts Index		109.688	12.14%
	83.062	11.41%	North America Equity Index GBP hedged		102.421	11.33%
	70.438	9.68%	L&G European Equity Index Hedged		108.429	12.00%
	45.082	6.19%	L&G Emerging Markets Passive Govt Bond		N/A	N/A
727.955	**653.967**	**89.84%**		**903.687**	**799.083**	**88.42%**
241.309			**Property unit trust**	258.117		
	25.550	10.59%	BlackRock Asset Management Ltd		26.480	10.26%
	25.469	10.55%	Legal And General Managed Property		27.092	10.50%
	25.274	10.47%	Schroder UK Property Fund		26.752	10.36%
	23.917	9.91%	Standard Life Assurance		20.102	7.79%
	22.278	9.23%	Mayfair Capital Property Units		25.364	9.83%
	20.896	8.66%	Threadneedle Property Unit Trust		21.451	8.31%
	18.233	7.56%	Real Income Fund A Units		19.665	7.62%
	18.207	7.54%	Lothbury Prop Property Fund		19.290	7.47%
	16.712	6.93%	IPIF Feeder Unit Trust		17.834	6.91%
	15.627	6.48%	Hermes Property Unit Trust		17.063	6.61%
241.309	**212.163**	**87.92%**		**258.117**	**221.093**	**85.66%**
702.461			**Other Managed Funds**	837.661		
	171.996	24.48%	M And G Alpha Opportunities Fund		189.827	22.66%
	132.831	18.91%	Blackrock Fixed Income Global Opportunity Fund		186.912	22.31%
	128.837	18.34%	Pyrford Global Total Return Mutual Fund		140.494	16.77%
	73.927	10.52%	Winton Futures Fund Class D Mutual Fund		77.597	9.26%
	36.638	5.22%	Pantheon		60.666	7.24%
	47.371	6.74%	Distressed Debt		49.263	5.88%
702.461	**591.600**	**84.22%**		**837.661**	**704.759**	**84.13%**
283.686			**Overseas companies**	**353.603**		
	N/A	N/A	Microsoft Com NPV		19.464	**5.50%**
283.686	0.000	0.00%		**353.603**	19.464	5.50%
			Securities/Asset types with no holdings over 5%			
1.926	0.000	0.00%	**Cash [held by the investment managers]**	**2.919**	0.000	0.00%
2.188	0.000	0.00%	**Forward Foreign Exchange**	**1.341**	0.000	0.00%
4.114	**0.000**	**0.00%**		**4.260**	**0.000**	**0.00%**
2,201.449	**1,502.177**	**68.24%**	**Total**	**2,642.570**	**1,819.609**	**68.86%**

N/A denotes that the holding is lower than 5% in the relevant year.

15. Analysis of Derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset.

The Pension Fund's investment managers are permitted to use derivatives in the management of their mandates, subject to the restrictions set out in the individual manager's investment management agreement. The investment managers will make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates. KKR holds a currency hedge for this purpose which equates to £1.341 million in the Suffolk Pension Fund's holdings (£2.188 million as at 31 March 2016).

In order to maintain appropriate diversification and to take advantage of overseas investment returns, the fund hedges a proportion of the Euro and Yen exposure within the portfolios managed by Legal and General Investment Management. £140.275 million is invested in currency hedged funds (£91.383 million as at 31 March 2016).

16a. Financial Instruments – Classification

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenditure, including fair value gains and losses, are recognised. The table below analyses the carrying amounts of financial assets and liabilities by category and Net Asset Statement heading, excluding statutory creditors (prepayments from employers, transfer values, lump sum benefit payments, payroll adjustments) and statutory debtors (employer and employee contributions, VAT, transfer values and capital cost of retirement).

31 March 2016				31 March 2017		
Designated as Fair Value through Profit & Loss	Loans and Receivables	Financial Liabilities at Amortised Cost		Designated as Fair Value through Profit & Loss	Loans and Receivables	Financial Liabilities at Amortised Cost
£ million	£ million	£ million		£ million	£ million	£ million
			Financial Assets			
507.828			Equities	622.601		
17.782			Pooled Investments - Unit Trusts	16.244		
727.955			Pooled Investments - Unit Linked Insurance	903.687		
241.309			Pooled Investments - Property	258.117		
702.461			Pooled Investments - Other Managed Funds	837.661		
2.188	1.926		Other Investment Balances	1.341	2.919	
	5.325		Debtors		8.070	
	6.148		Cash		8.653	
2,199.523	13.399	0.000		2,639.651	19.642	0.000
			Financial Liabilities			
		-5.471	Creditors			-14.875
0.000	0.000	-5.471		0.000	0.000	-14.875
2,199.523	**13.399**	**-5.471**		**2,639.651**	**19.642**	**-14.875**

The debtor figure of £8.070 million above (£5.325 million at 31 March 2016) excludes statutory debtors of £6.714 million (£7.695 million at 31 March 2016).

The creditor figure of £14.875 million above (£5.471 million at 31 March 2016) excludes statutory creditors of £2.467 million (£1.951 million at 31 March 2016).

No financial assets were reclassified during the accounting period.

16b. Net Gains and Losses on Financial Instruments

31 March 2016 £ million	Financial Assets	31 March 2017 £ million
-19.570	Fair value through profit and loss	388.701
-0.256	Loans and receivables	0.680
	Financial Liabilities	
0.000	Fair value through profit and loss	0.000
-19.826	**Total**	**389.381**

17a. 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 assets 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.

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, Distressed Debt and Timberlands, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

17b. 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
Market Quoted Equities Unit Trusts Money Market Funds Absolue Returns	Level 1	Published bid market price	N/A	N/A
Unit Linked Life Assurance Policies	Level 2	Valuation technique with quoted prices of a similar asset	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Fixed Income	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Forward Foreign Exchange derivatives	Level 2	Market exchange rates at the year end	Price of recent transactions for identical instrument	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Property	Level 3	Assets are priced based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided by the real estate fund.	Pricing inputs are unobservable and includes situations where there is little market activity Estimated rental growth Covenant strength for existing tenancies Discount rate Land/Building valuation surveys	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices and volumes of sales and purchases
Distressed Debt	Level 3	The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.	These techniques may include a number of assumptions relating to variables such as credit risk and interest rates.	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.
Infrastructure	Level 3	The valuation of the investment assets is determined in accordance with generally accepted valuation principles in compliance with article 5(3) of the Luxembourg law of 15 June 2004 on investment companies in risk capital.	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 and fair value adjustments
Private Equity	Level 3	The valuation of the investment 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 techniqueis based on accepted valuation techniques that include discounted casflow 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.

17.c Valuation of Financial Instruments Carried at Fair Value

Restated Values at 31 March 2016	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	757.354	1,034.969	407.199	2,199.522
Loans and receivables	13.399			13.399
Total Financial Assets	**770.753**	**1,034.969**	**407.199**	**2,212.921**
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilites at amortised cost	-5.471			-5.471
Total Financial Assets	**-5.471**	**0.000**	**0.000**	**-5.471**
Net Financial Assets	**765.282**	**1,034.969**	**407.199**	**2,207.450**

The Pensions Research Accountants Group (PRAG) published a practical guidance for investment disclosures during 2016 in response to FRS102 amendments in respect of the fair value hierarchy disclosures alignment with IFRS. Taking this into account, the 2015 – 2016 figures have been restated to include the reclassification from level 1 to level 2 of the Unit Linked Insurance Policies held with Legal & General (£728 million) and pooled Fixed Income holdings with Blackrock (£133 million) and M&G (£172 million).

The property holdings with Schroders (£241 million) have also been restated due to reclassification from level 2 to level 3 as a result of an internal review by Schroders of the IFRS and SORP guidelines following evolving industry practice.

Values at 31 March 2017	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	912.672	1,281.767	445.212	2,639.651
Loans and receivables	19.642			19.642
Total Financial Assets	**932.314**	**1,281.767**	**445.212**	**2,659.293**
Financial Liabilities				
Financial Liabilites at amortised cost	-14.875			-14.875
Total Financial Assets	**-14.875**	**0.000**	**0.000**	**-14.875**
Net Financial Assets	**917.439**	**1,281.767**	**445.212**	**2,644.418**

17d. Reconciliation of Fair Value measurements within Level 3

Assets	Opening Market Value 01 April 2015 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2016 £ million
Quoted						
Property	212.702	20.310	-6.958	2.567	12.688	241.309
Distressed Debt	38.740	7.274			1.357	47.371
Infrastructure	47.519	8.236	-4.806	0.000	2.020	52.978
Private Equity	60.999	14.306	-17.964	7.129	-5.878	58.592
Timberlands	7.154	0.036			-0.242	6.948
Total of Investments	**367.114**	**50.162**	**-29.728**	**9.696**	**9.945**	**407.198**

Assets	Opening Market Value 01 April 2016 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2017 £ million
Quoted						
Property	241.309	21.362	-12.913	3.320	5.039	258.117
Distressed Debt	47.371	25.000	-32.660	0.002	9.550	49.263
Infrastructure	52.978	8.855	-18.494	7.883	6.901	58.123
Private Equity	58.592	13.254	-15.410	6.292	8.675	71.403
Timberlands	6.948				1.358	8.306
Total of Investments	**407.198**	**68.471**	**-79.477**	**17.496**	**31.524**	**445.212**

17e. Sensitivity of asset 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 2016 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	241.309	2.1	246.376	236.242
Distressed Debt	47.371	3.7	49.124	45.619
Infrastructure	52.978	3.7	54.938	51.018
Private Equity	58.592	3.7	60.760	56.424
Timberlands	6.948	3.7	7.205	6.691
Total of Investments	**407.198**		**418.403**	**395.994**

	Market Value 31 March 2017 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	258.117	14.2%	294.769	221.464
Distressed Debt	49.263	7.0%	52.711	45.815
Infrastructure	58.123	20.4%	69.980	46.266
Private Equity	71.403	28.5%	91.753	51.053
Timberlands	8.306	20.4%	10.000	6.611
Total of Investments	**445.212**		**519.213**	**371.209**

18. 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.

The 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 2017 is provided in Note 21.

The securities lending programme is undertaken on behalf of the Fund by the custodian HSBC and is managed through a securities lending agreement. The arrangements to manage risks in the securities lending programme are set out in Note 27.

Forward currency contracts are undertaken by the fund managers within the terms set out in their investment management agreements. All parties entering into forward contracts on behalf of the Fund are Financial Services Authority (FSA) regulated and meet the requirements of the LGPS investment regulations. Further details of forward foreign exchange contracts are provided in Note 15.

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+' and a Short Term Rating 'F1' with Fitch as at March 2017.

Pension Fund cash that is held pending its allocation to the Fund's investment managers is held with Lloyds Bank Plc and also placed with institutions on the Pension Fund Committee's approved counter-party list. The management of cash was carried out by the Council's Treasury Management team in accordance with the cash management strategy approved by the Pension Fund Committee and set out in its statement of investment principles. The Pension Fund Committee invests only in money market funds with a 'AAA MR1+' rating. The Fund has had no occasion of default or uncollectable deposits.

The Fund's cash within the custody system is held in the bank account of the custodian, HSBC Holdings Plc, or placed on deposit at the instruction of the individual managers.

At 31 March 2017, £8.653 million was with Lloyds (£6.148 million at March 2016). Cash deposited in HSBC money markets amounted to £22.420 million at 31 March 2017 (£13.650 million at March 2016), Blackrock held £11.137 million in their money market fund, (£0.525 million at March 2016) and Schroders held £4.491 million in their money market fund which was not utilised in 2016.

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, private equity, distressed debt, timberlands and infrastructure funds are considerably less liquid but these make up a far smaller proportion of the overall portfolio, £462.144 million, 18% (£414.603 million, 19% at March 2016).

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 by the investment managers) are as below:

31 March 2016 £ million		31 March 2017 £ million
6.148	Cash held for Deposit	8.653
16.101	Cash and Cash Equivalent	40.967
22.249	**Total**	**49.620**

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 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 2016 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	6.148	0.061	-0.061
Cash and Cash Equivalent	16.101	0.161	-0.161
Total Assets	**22.249**	**0.222**	**-0.222**

Asset Type	Value as at 31 March 2017 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	8.653	0.087	-0.087
Cash and Cash Equivalent	40.967	0.410	-0.410
Total Assets	**49.620**	**0.497**	**-0.497**

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. To partly mitigate this risk the Fund has some currency hedging in place. This is undertaken partly by investment in the currency-hedged Funds managed by its index-tracking manager, Legal & General Investment Management. An analysis of historical data and expected investment return movements by Hymans Robertson and State Street Investment Analytics in 2016 has resulted in a potential market movement currency risk index for each asset type as follows:

Asset Type	Value as at 31 March 2016 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	283.686	19.432	303.118	264.254
Overseas Index Linked	486.872	28.726	515.597	458.147
Alternative Investments	118.407	7.554	125.961	110.853
Total overseas assets	**888.965**	**55.712**	**944.676**	**833.254**

Asset Type	Value as at 31 March 2017 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	353.603	35.360	388.964	318.243
Overseas Index Linked	591.074	59.107	650.181	531.967
Alternative Investments	154.627	15.463	170.090	139.165
Total overseas assets	**1,099.304**	**109.930**	**1,209.235**	**989.375**

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. The Local Government investment regulations contain prescribed limits to avoid over-concentration in specific areas. The Fund complies with all the restrictions contained in the investment regulations.

An analysis of historical data and expected investment return movements by Hymans Robertson (State Street in 2016) 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 2016 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	224.142	10.82	248.395	199.889
Overseas Equities	283.686	10.00	312.054	255.317
Fixed Income	304.827	8.58	330.981	278.673
Index Linked	727.955	9.53	797.330	658.581
Cash & FFX	4.114	0.01	4.114	4.114
Property	241.309	2.05	246.256	236.363
Alternatives	415.416	3.72	430.869	399.962
Total Assets	**2,201.449**		**2,369.999**	**2,032.899**

Asset Type	Value as at 31 March 2017 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	268.998	15.80	311.500	226.497
Overseas Equities	353.603	18.40	418.666	288.540
Fixed Income	376.740	2.90	387.665	365.814
Index Linked	903.687	16.44	1,052.253	755.121
Cash & FFX	4.260	0.00	4.260	4.260
Property	258.117	14.20	294.769	221.464
Alternatives	477.165	15.30	550.171	404.159
Total Assets	**2,642.570**		**3,019.284**	**2,265.856**

G. Custody

The Fund appointed HSBC Holdings Plc as its global custodian with responsibility for safeguarding the assets of the Fund. HSBC Holdings Plc is an established custodian bank with more than $7 trillion of assets under custody. They were appointed as the Fund's custodian from 1 October 2014 following a national framework tendering process. Monthly 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 segregated and pooled fund 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 HSBC. 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 has 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.

The table overleaf has been prepared by the Fund Actuary and shows how the funding level (top) and deficit (bottom) would vary if the investment conditions at 31 March 2017 had been different. The level of the FTSE 100 index is used as a proxy for investment performance and the Fixed Interest Gilt yield as the proxy measure for the valuation of Fund's liabilities. The shaded box is the actual position at 31 March 2017.

Bond Interest Gilts yield (% p.a.)	1.86%	79% (£571m)	87% (£359m)	95% (£147m)	102% £65m	110% £277m
	1.66%	77% (£661m)	84% (£449m)	**92%** (£237m)	99% (£25m)	107% £186m
	1.46%	75% (£757m)	82% (£545m)	89% (£333m)	96% (£122m)	103% £90m
FTSE 100 Index		5,858	6,591	7,323	8,055	8,788

The examples shown are not exhaustive and should not be taken as the limits of how extreme future investment conditions may be. There are other factors not related to market risk that will also impact on the funding position at a given date including but not limited to longevity, member profile, pay awards etc. The risks are covered in more detail in the formal actuarial valuation report which is available at: http://www.suffolkpensionfund.org

19. 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 is a type of appraisal which requires making 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 ensure the long term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contribution rates are as stable as possible.
- To minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risks and returns.
- 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 the 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.

When an employer's funding level is less than the 100% funding target, then a deficit recovery plan will be put in place requiring additional contributions from that employer to meet the shortfall.

Formal Valuation

The last formal three-yearly actuarial valuation was carried out as at 31 March 2016. The valuation report sets out the rates of the employer’s contributions for the three years starting 1 April 2017. 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 2016.
- 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 4.0% per year. (Asset Outperformance Assumption (AOA) of 1.8%)
- Projected increase in future salaries of 2.4% a year. (RPI)
- Projected pension increases of 2.1% a year. (CPI)

Funding Position

The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2016. The actuarial assessment of the value of the fund’s assets was £2,213 million as at 31 March 2016 and the liabilities, £2,429 million.

The valuation showed that the Fund’s assets covered 91% of its liabilities at the valuation date, and the deficit based on the actuarial valuation was £216 million.

Common Contribution Rate

The contribution objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates.

For each employer in the Fund, a primary contribution rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within the employer’s set time horizon. The time horizon and the likelihood parameters vary by employer according to each employer’s characteristics.

The whole fund primary rate (payroll weighted average of the underlying individual employer rates) is 22.5% of pensionable pay for the three years starting 1 April 2017.

The average employee contribution rate is 6.1% of pensionable pay.

The next formal valuation is as at 31 March 2019.

20. 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.

Interim Valuation

An interim valuation was carried out as at 31 March 2017. The valuation was included on 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 salaries of 2.7% a year
- Projected investment returns of 4.2% per year

The actuarial value of the Fund's assets was £2,649 million and the liabilities £2,882 million at 31 March 2017 (£2,213 million and £2,429 million at 31 March 2016).

The valuation showed that the Fund's assets covered 91.8% of its liabilities at the valuation date and the deficit was £237 million (£216 million at March 2016).

International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2016 - 2017 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 2.4% a year (2.2% 2015 - 2016)
- Increases in future salaries of 2.7% a year (4.2% 2015 - 2016)
- Discount rate of 2.6% per year (3.5% 2015 - 2016)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £3,456 million as at 31 March 2017 (£2,965 million as at 31 March 2016).

21. Current Debtors

The current debtors can be analysed as below:

31 March 2016 £ million		31 March 2017 £ million
	Debtors	
5.984	Employers Contributions	5.277
1.549	Employee Contributions	1.251
4.188	Investment Assets	6.010
1.299	Sundry Debtors	2.246
13.020		**14.784**

The investment assets as at 31 March 2017 includes £2.806 million of spot foreign exchange sales awaiting settlement and £3.204 million of recoverable tax and income not yet received.

Debtors can be further analysed into sectors as below:

31 March 2016 £ million		31 March 2017 £ million
	Analysis of Debtors	
0.152	Central Government Bodies	0.187
6.294	Other Local Authorities	6.109
6.571	Other entities and individuals	8.482
0.003	NHS	0.006
13.020		**14.784**

22. Current Creditors

The current creditors can be analysed as below:

31 March 2016 £ million		31 March 2017 £ million
	Creditors	
-4.835	Investment Expenses	-13.802
-0.284	Administration Expenses	-0.322
-0.080	Transfer Values In Adjustment	-0.419
-0.995	Lump Sum Benefits	-0.167
-1.228	Sundry creditors	-2.632
-7.422		**-17.342**

The investment expenses as at 31 March 2017 includes £8.505 million of purchases and £2.388 spot foreign exchange purchases awaiting settlement, an allowance of £2.906 million for investment management fees and expenses and £0.003 million of irrecoverable tax not yet paid.

Creditors can be further analysed into sectors as below:

31 March 2016 £ million		31 March 2017 £ million
	Analysis of Creditors	
0.000	Central Government Bodies	-0.104
-0.052	Other Local Authorities	-0.985
-0.001	NHS Bodies	-0.006
-7.369	Other entities and individuals	-16.247
-7.422		**-17.342**

23. 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 £0.105 million was paid over to the providers Clerical Medical, Standard Life and Equitable Life in 2016 – 2017, (£0.093 million 2015 – 2016).

24. 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 £39.233 million to the Fund in 2016 - 2017 (£37.451 million in 2015 - 2016). In addition the council incurred costs of £0.933 million (£0.948 million in 2015 - 2016) in relation to the administration of the Fund, audit, legal and committee services. These have all been reimbursed by the Fund.

Under legislation introduced in 2003 - 2004 councillors were entitled to join the Scheme, this was rescinded in April 2014 when the Government laid down regulations barring councillors joining the scheme. Any councillor who is in the scheme as a result of joining before 1 April 2014 will cease to be a member at the end of the current term of office that they are serving.

Three members of the Committee, including two councillors, are scheme members within the Pension Fund, with one currently receiving benefits from the scheme. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

Five members of the Pension Board are scheme members within the Pension Fund, with one receiving benefits from the scheme. Each member of the Pension Board is required to declare their interests at each meeting.

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 2017 the Fund had an average investment balance of £12.855 million (£7.305 million in 2015 - 2016) earning interest of £0.042 million (£0.036 million in 2015 - 2016) from these investments.

25. 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 Director of Resource Management, Senior Pensions Specialist and Technical Pensions Specialist. The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.139 million in 2016 - 2017 (£0.131 million in 2015 - 2016).
These costs are charged to the Pension Fund as governance and oversight costs, Note 10 and are included in the related parties Note 24.

In response to the Government's requirement for the LGPS to pool their assets with other Pension Funds, the Suffolk Pension Fund joined ACCESS (A Collaboration of Central, Eastern and Southern Shires) alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex.

The Suffolk Pension Fund pays the costs of the ACCESS pool on behalf of the other members of the scheme. The amounts paid are not included in the Fund Account. These costs are then charged equally between all eleven members of the scheme.

The costs charged are as below:

2015 - 2016 £ million		2016 - 2017 £ million
0.059	Payments on behalf of the ACCESS pool	0.830
0.059		**0.830**

26. Agency Services

In response to the Government's requirement for the LGPS to pool their assets with other Pension Funds, the Suffolk Pension Fund joined ACCESS (A Collaboration of Central, Eastern and Southern Shires) alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex.

The Suffolk Pension Fund pays the costs of the ACCESS pool on behalf of the other members of the scheme. The amounts paid are not included in the Fund Account. These costs are then charged equally between all eleven members of the scheme.

The costs charged are as below:

2015 - 2016 £ million		2016 - 2017 £ million
0.059	Payments on behalf of the ACCESS pool	0.830
0.059		**0.830**

27. Stock Lending

The Fund has an arrangement with its custodian HSBC to lend eligible securities from within its portfolio of stocks to third parties in return for collateral. Lending is limited to a maximum of 25% of the total value. Collateralised lending generated income of £0.049 million in 2016 - 2017 (£0.054 million in 2015 - 2016). This is included within ‘other’ investment income in the Fund Account. The stock lending levels and income raised for the Fund are minimal due to the relatively small holding of non-pooled equities owned by the Fund.

At 31 March 2017, £27.752 million (£3.022 million at 31 March 2016) worth of stock was on loan, for which the Fund was in receipt of £29.269 million worth of collateral (£3.180 million at 31 March 2016). This is a minimal share of the Fund holdings representing around 1% of investment holdings in both 2015 - 2016 and 2016 - 2017. The figure out on loan as at 31 March does not reflect the average amount that has been out on loan during the year.

28. Contingent Liabilities and Contractual Commitments

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 (Euros and Dollars respectively) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both on the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions.

At 31 March 2016 the unfunded commitment (monies to be drawn in future periods) was £10.419 million. The commitments are paid over the investment timeframe of the underlying partnerships. The current value of the funded commitment net of distributions in these funds at 31 March 2016 is included in the net asset statement.

In 2011 - 2012 the Pension Fund made contractual commitments to infrastructure investments managed by Partners Group and Kohlberg, Kravis, Roberts. Draw downs on the commitments have been made and the outstanding amounts to 31 March 2016 are £23.341 million and £2.963 million respectively.

In 2015 - 2016 the Pension Fund made contractual commitments to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2016 are £94.336 million.

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Suffolk Pension Fund
Draft Audit Results Report

Year ended 31 March 2017

EY
Building a better working world

Private and Confidential July 2017

Dear Audit Committee Members

We have completed our audit of Suffolk Pension Fund (the Fund] for the year ended 31 March 2017 subject to concluding the outstanding matters listed in our report. The largest area where our work is still in progress relates to investments. As such we will provide you with an update on the status of our work at the meeting on 19 July 2017.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3.

The statutory deadline for 2016/17 is 30 September 2017. However, the Fund are aiming to sign the financial statements on 26 July 2017 in preparation for the earlier statutory deadline of 31 July which is relevant for financial years ending on or after 31 March 2018. As such we confirm that we also expect to issue our audit opinion on this date.

This report is intended solely for the use of the Suffolk County Council Audit Committee (as Those Charged with Governance), other members of the Fund, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours faithfully

Tessa Gilbert
Executive Director

For and on behalf of Ernst & Young LLP

United Kingdom

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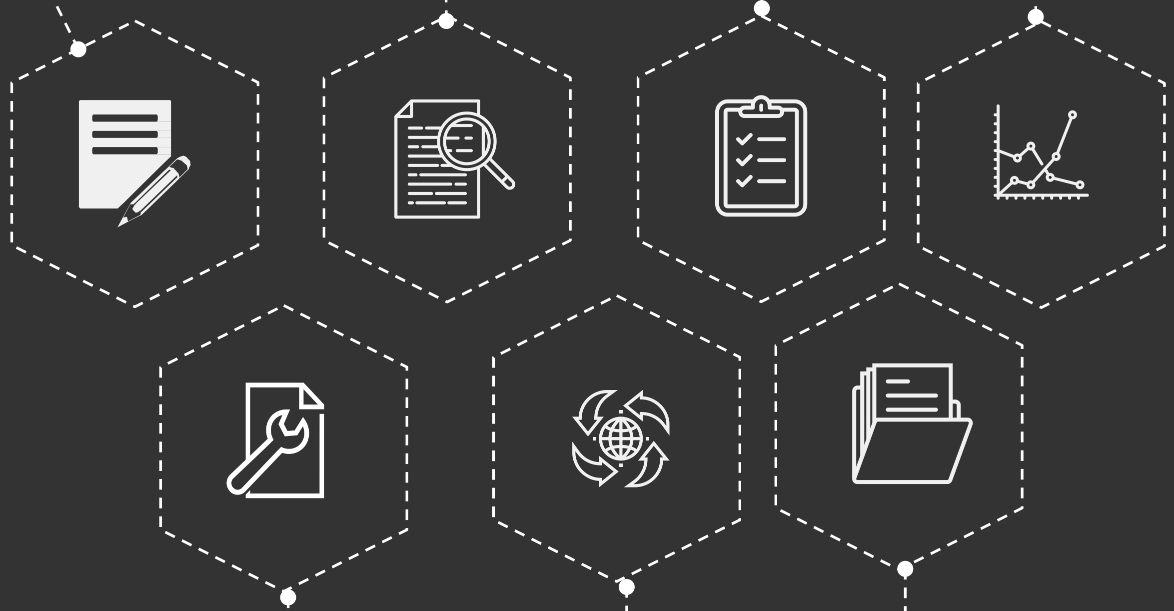

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk).
The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The "Terms of Appointment (updated September 2015)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature..
This report is made solely to the Audit Committee, other members of the Fund and management of Suffolk Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, other members of the Fund and management of Suffolk Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, other members of the Fund and management of Suffolk Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without obtaining our written consent.

01 Executive Summary

Executive Summary

Overview of the audit

Scope and materiality

In our Audit Plan presented to the Pensions Committee on 22 March 2017 and discussed at the 15 March 2017 Suffolk County Council Audit Committee meetings, we gave you an overview of how we intended to carry out our responsibilities as your auditor. We carried out our audit in accordance with this plan. There have been no changes in our planned audit strategy.

We planned our procedures using a materiality of £22.1 million. We reassessed this using the actual year-end figures, which has increased this amount to £26.5 million. The threshold for reporting audit differences has increased] from £1.1 million to £1.3 million. The basis of our assessment of materiality has remained consistent with prior years at 1% of Net Assets.

We also identified areas where misstatement at a lower level than materiality might influence the reader and developed a specific audit strategy for them. They include:

- Related Party Transactions - The accounting standard requires us to consider the disclosure from the point of materiality to either side of the transaction. We have therefore considered the nature of the relationship in applying materiality.

Status of the audit

We have substantially completed our audit of Suffolk Pension Fund's financial statements for the year ended 31 March 2017 and have performed the procedures outlined in our Audit plan. Subject to satisfactory completion of the following key outstanding items we expect to issue an unqualified opinion on the Fund's financial statements in the form which appears in section 3. However until work is complete, further amendments may arise:

- Receipt of fund manager internal control reports;
- Receipt of audited accounts for private equity funds;
- Completion of our work on the valuation of investments;
- Review of the final version of the financial statements;
- Completion of subsequent events review;
- Completion of Final Review Procedures; and
- Receipt of the signed management representation letter.

Executive summary (continued)

Audit differences

We identified one unadjusted audit difference in the draft financial statements which management has chosen not to adjust. We recommend that this difference is corrected or a rationale as to why it is not corrected be approved by the Audit Committee and included in the Letter of Representation. The aggregated impact of unadjusted audit differences is £3.064 million. Details can be found in Section 4 Audit Differences.

We have also identified a number of minor disclosure adjustments which have been corrected by management in the financial statements.

We also bring to your attention that during the year the Pensions Research Accountants Group (PRAG) published a practical guidance for investment disclosures during 2016 in respect of the fair value hierarchy disclosures. Taking this into account, the 2015 – 2016 figures have been restated to include the reclassification from level 1 to level 2 of the Unit Linked Insurance Policies held with Legal & General and pooled Fixed Income holdings with Blackrock and M&G. In addition, the property holdings with Schroders have also been restated due to reclassification from level 2 to level 3 as a result of an internal review by Schroders of the IFRS and SORP guidelines following evolving industry practice. These amendments have been made in the financial statements.

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of Suffolk Pension Fund's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.

Executive summary (continued)

Other reporting issues

We have reviewed the information presented in the Annual Report for consistency with the audited financial statements and our knowledge of the Fund and are in the process of concluding our work in this area. We will provide you with an update on the conclusions of our work at the Audit Committee meeting.

We have no other matters to report.

Control observations

We have adopted a fully substantive approach and therefore have not tested the operation of controls.

During the completion of our audit we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Independence

Please refer to Appendix B for our update on Independence. We have no independence issues to highlight.

02 Areas of Audit Focus

Audit issues and approach: Management Override of Controls

Management override

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Fund's normal course of business

We identified an uncorrected misstatement in relation to the investments work as set out below. However, this is not considered to be indicative of management bias or override of control.

Our audit work in tis areas is subject to the finalisation of the investments work as set out below.

What is the risk?

Risk of management override

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We note that we have rebutted the risk of fraud in revenue recognition as we consider the risk of material error due to fraud to be low.

In Audit Report | Significant Risk

What did we do?

In order to address this risk we carried out a range of procedures including:

- Gaining an understanding of the oversight given by those charged with governance of management's processes and controls in respect of fraud;
- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We obtained a full list of journals posted to the general ledger during the year and using our data analytics tool confirmed the completeness of the population and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation;
- Reviewing accounting estimates (e.g. valuation of investments) for evidence of management bias (see relevant section below where this has been raised as a higher inherent risk);
- Evaluating the business rationale for any significant unusual transactions.

Other audit issues arising

Valuation of complex investments (Unquoted investments)

The Fund's investments include unquoted pooled investment vehicles such as private equity, and property investments.

Judgements are taken by the Investment Managers to value those investments whose prices are not publically available. The material nature of Investments means that any error in judgement could result in a material valuation error.

Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.

The valuations shown in the Net Assets Statement are as reported by the custodian. The custodian valuation is based on the latest available valuation from the fund manager adjusted for the cash movements through the custodian account to the year end. The Pension Fund is therefore relying on the expertise of the fund manager in valuing these types of investments combined with the transactions recorded by the custodian as a service organisation.

The total fund value at 31 March 2017 is £2.648bn of which Pooled Investment Vehicles Other (Unquoted) is £204.027m (7.7% of the total fund). In addition the value of unquoted property at 31 March 2017 is £258.117m (9.7% of the total fund).

Although the proportion of the fund comprising these investment types is relatively low, these investments are more complex to value. We have identified the Fund's investments in private equity and pooled property investments as higher risk, as even a small movement in these assumptions could have an impact on the financial statements.

Our audit approach has included the following procedures:

- Assessing the competence of management experts;
- Reviewing the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used;
- Comparing the investment value included in the financial statements to direct confirmations from the Fund Managers.
- Where available, reviewing the latest audited accounts for the relevant fund managers and ensuring there are no matters arising that highlight weaknesses in the funds valuation;
- Obtain copies of the ISAE3402 reports over internal control for any control exceptions raised in relation to the valuation of investments; and
- Performing analytical procedures and checking the valuation output for reasonableness against our own expectations.

At the time of writing this report we are in the process of concluding our work. In particular, we are finalising our work on the valuation of the fund, are awaiting receipt of the audited accounts for the relevant private equity fund managers and four internal control reports. As the Custodian provides the estimated value of the unquoted investments based on information at December 2016 for pooled investment vehicles there will always be a possibility that the fund manager will provide a different valuation as at 31 March 2017. To date this variance is £3.064 million where the value of the fund is understated. This has been included in the schedule of misstatements in section 4.

We will provide you with an update on the final results of our procedures at the meeting in July 2017.

03 Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUFFOLK PENSION FUND

Opinion on the pension fund financial statements

We have audited the pension fund financial statements for the year ended 31 March 2017 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 28. 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 2016/17.

This report is made solely to the members of Suffolk Pension Fund in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resource Management (Section 151 Officer) and auditor

As explained more fully in the Statement of Responsibilities of the Director of Resource Management (Section 151 Officer) set out on page iv, the Director of Resource Management (Section 151 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 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resource Management (Section 151 Officer); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Suffolk County Council Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Draft audit report (continued)

Our opinion on the financial statements

Opinion on financial statements

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 2017 and the amount and disposition of the fund's assets and liabilities as at 31 March 2017; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Suffolk County Council Statement of Accounts 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Tessa Gilbert
for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading

Date: July 2017

The maintenance and integrity of the Suffolk County Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

04 Audit Differences

Audit differences

In any audit, we may identify misstatements between amounts we believe should be recorded in the financial statements and disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We have included all known amounts greater than £1.3 million relating to Suffolk Pension Fund in our summary of misstatements table below.

We have identified a number of minor disclosure adjustments during the audit that have been updated by management in the financial statements.

At the time of writing this report we have identified one uncorrected misstatement which we have summarised in the table below.

We also bring to your attention that during the year the Pensions Research Accountants Group (PRAG) published a practical guidance for investment disclosures during 2016 in respect of the fair value hierarchy disclosures. Taking this into account, the 2015 – 2016 figures have been restated to include the reclassification from level 1 to level 2 of the Unit Linked Insurance Policies held with Legal & General and pooled Fixed Income holdings with Blackrock and M&G. In addition, the property holdings with Schroders have also been restated due to reclassification from level 2 to level 3 as a result of an internal review by Schroders of the IFRS and SORP guidelines following evolving industry practice. These amendments have been made in the financial statements. We note that they have not impacted the value of the fund or any of the core statements. The impact of this change is contained within note 17 of fair value hierarchy.

Audit differences (continued)

Summary of unadjusted differences

At the time of writing this report we highlight the following misstatements in the financial statements and/or disclosures which were not corrected by management. We ask you to correct these uncorrected misstatements or give a rationale as to why they have not been corrected. This should be considered and approved by the Audit Committee and included in the Letter of Representation:

Account 31 March 2017 (£'000)	Fund Account Debit/(Credit) Current Period	Assets Debit/(Credit)	Liabilities Debit/(Credit)
Judgemental differences:			
Being the updated estimated investment values provided by Fund Managers as at 31 March 2017: DR Investment assets CR Change in market value of investments *This will also impact the related investment disclosure notes throughout the financial statements.*	(3,064)	3,064	
Net Asset Statement totals		3,064	
Income effect of uncorrected misstatements	(3,064)		
Cumulative effect of uncorrected misstatements	*(3,064)*	*3,064*	

05 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Report

We must give an opinion on the consistency of the financial and non-financial information in the Suffolk County Council Statement of Accounts 2016/17 with the audited financial statements.

We are also required to provide an opinion on the consistency of the financial statements published with the financial statements published in the Suffolk Pension Fund Annual Report and Accounts 2016/17 document.

At the time of writing this report we are in the process of concluding our work on this area but to date we have not identified any issues. We will provide you with an update at the meeting in July 2017.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Fund to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Fund, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other reporting issues

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the [Fund]'s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations

We have no matters to report.

06 Assessment of Control Environment

Assessment of control environment

Financial controls

It is the responsibility of the Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

07 Appendices

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have done this by:

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, including any limitations.	March 2017 Audit Plan
Significant findings from the audit	▸ Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Any significant difficulties encountered during the audit ▸ Any significant matters arising from the audit that were discussed with management ▸ Written representations we have requested ▸ Expected modifications to the audit report ▸ Any other matters significant to overseeing the financial reporting process	July 2017 Audit Results Report
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The adequacy of related disclosures in the financial statements	No conditions or events were identified, either individually or together to raise any doubt about Suffolk Pension Fund's ability to continue for the 12 months from the date of our report.
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Significant corrected misstatements, in writing	July 2017 Audit Results Report

Appendix A

Our Reporting to you

Required communications	What is reported?	When and where
Fraud	▸ Asking the audit committee whether they have knowledge of any actual, suspected or alleged fraud affecting the Fund ▸ Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving: (a) management; (b) employees with significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements. ▸ A discussion of any other matters related to fraud, relevant to Audit Committee responsibility.	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit.
Related parties	Significant matters arising during the audit in connection with the Fund's related parties including, where applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and/or regulations ▸ Difficulty in identifying the party that ultimately controls the entity	We have no matters to report.
Subsequent events	▸ Where appropriate, asking the audit committee whether any subsequent events have occurred that might affect the financial statements.	We have asked management and those charged with governance. We have no matters to report.
Other information	▸ Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision.	July 2017 Audit Results Report
External confirmations	▸ Management's refusal for us to request confirmations ▸ We were unable to obtain relevant and reliable audit evidence from other procedures.	At the time of writing this report we are awaiting some external confirmations in relation to investments. We will provide you with an update at the meeting in July 2017.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Consideration of laws and/or regulations	► Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" ► Asking the audit committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the audit committee.	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.
Significant deficiencies in internal controls identified during the audit	► Significant deficiencies in internal controls identified during the audit.	July 2017 Audit Results Report
Independence	Communication of all significant facts and matters that have a bearing on EY's objectivity and independence. Communicating key elements of the audit engagement partner's consideration of independence and objectivity such as: ► The principal threats ► Safeguards adopted and their effectiveness ► An overall assessment of threats and safeguards ► Information on the firm's general policies and processes for maintaining objectivity and independence Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards,	March 2017 Audit Plan July 2017 Audit Results Report
Fee Reporting	Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work	March 2017 Audit Plan July 2017 Audit Results Report

Appendix B

Independence

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 15 March 2017.

We complied with the APB Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 26 July 2017.

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017.

We confirm that we have undertaken non-audit work outside the PSAA Code requirements in relation to the procedures we are requested to undertake by auditors for scheduled bodies for the purposes of IAS 19 requirements. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2016.

	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2015/16 £
Total Audit Fee – Code work	25,026	25,026	25,026
Total audit fee – Non code work (see note 1)	5,500	N/A	Nil

Note 1: The fee for non-audit work has been discussed with management and is subject to approval by the PSAA.

We will confirm our final fees following the completion of our audit and non-audit work and report this within our Annual Audit Letter.

Draft management representation letter

Draft management representation letter

[To be prepared on the entity's letterhead]

[Date]

Tessa Gilbert
Executive Director
Ernst & Young
Apex Plaza
Forbury Road
Reading
RG1 1YE

This letter of representations is provided in connection with your audit of the financial statements of Suffolk Pension Fund ("the Fund") for the year ended 31 March 2017. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2017 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2017, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Draft management representation letter (continued)

Draft management representation letter (continued

2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.

3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and are free of material misstatements, including omissions. We have approved the financial statements.

4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 that are free from material misstatement, whether due to fraud or error.

6. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Fund's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Fund.

Draft management representation letter (continued)

Draft management representation letter (continued)

C. Compliance with Laws and Regulations

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

2. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.

3. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of non-compliance with any legal duty. We have drawn to your attention all correspondence and notes of meetings with regulators.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

   - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

   - Additional information that you have requested from us for the purpose of the audit; and

   - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Fund and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 19 July 2017 for the Pension Fund Committee and 19 July 2017 for the Pension Fund Board and 26 July 2017 for the Suffolk County Council Audit Committee.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related

Draft management representation letter (continued)

Draft management representation letter (continued)

5. balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

7. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent.

4. No other claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

1. As described in Note 2 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises The Suffolk Pension Fund Annual Report and Accounts 2016/17.

Draft management representation letter (continued)

Draft management representation letter (continued)

2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Derivative Financial Instruments

1. We confirm the Fund's statement of investment principles has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions.

2. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the Fund at the year end and the terms and conditions relating thereto.

3. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

I. Actuarial valuation

1. The latest report of the actuary Hymans as at 31 March 2016 and dated 28 March 2017 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

J. Ownership of Assets

1. The Fund has satisfactory title to all assets appearing in the Net Asset Statement, and there are no liens or encumbrances on the Fund's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note 27 to the financial statements. All assets to which the Fund has satisfactory title appear in the Net Asset Statement.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

Draft management representation letter (continued)

Draft management representation letter (continued)

K. Purchase and Sales Commitments

1. Losses arising from purchase and sales commitments have been properly recorded and adequately disclosed in the financial statements.

2. At the year end, the Fund had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the Fund (e.g., contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; significant foreign exchange commitments; open balances on letters of credit; purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfillment of, or inability to fulfill, sales commitments, etc.).

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of investments and the classification of assets under fair value levelling requirements and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

M. Estimates – Valuation of Investments

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context *of* the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

2. We confirm that the significant assumptions used in making the valuation of investments appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

Draft management representation letter (continued)

Draft management representation letter (continued)

N. Investment managers' control reports ISAE3402

1. The latest reports available do not cover the whole of the 2016.17 audit year. We confirm we are not aware of any issues with the respective fund managers that indicate a reduction in control procedures.

O. Advisory reports

1. We have not commissioned advisory reports which may affect the conduct of your work in relation to the Fund's financial statements and schedule of contributions/payment schedule.

Yours faithfully,

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Louise Aynsley
Interim Head of Finance (Section 151 Officer) following retirement of Director of Resource Management on 31 May 2017

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Karen Soons

Chair of Audit Committee

Suffolk County Council

Agenda Item 7

Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	19th July 2017
Chairman:	Councillor Richard Smith MVO
Director:	Aidan Dunn, Director of Resource Management
Assistant Director or Head of Service:	Louise Aynsley, Interim Head of Finance (S151 Officer) Tel. 01473 264347
Author:	Stuart Potter, Pensions Operations Manager Tel. 01473 260295

Brief summary of report

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

Action recommended

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

Reason for recommendation

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

Alternative options

4. There are no alternative options.

Main body of report

5. This report covers staff performance and team achievements since the previous Board meeting on 9th March 2017.

6. The Service Level Agreements for our 'key' processes between February 2017 – May 2017 are shown below:

   - Provision of a transfer quote to scheme members within 10 days of the receipt of the estimated value and all necessary information – Total cases **127,** percentage completed in SLA **98%**
   - Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **407**, percentage completed in SLA **96%**
   - Retiring employees are notified of their options with 5 working days of receipt of all information – Total cases **464**, percentage completed in SLA **96%**

- Retirement lump sums will be paid within 10 working days of receipt of all necessary information after retirement – Total cases **313**, percentage completed in SLA **97%**
- Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **165**, percentage completed in SLA **99%**
- Outstanding monies owed in respect of a deceased pension, and any death grant, will be paid within 10 working days of receipt of all information – Total cases **165**, percentage completed in SLA **98%**

7. During the reporting period 1 member of staff left the Pensions team. We have recruited two new members of staff, as well as two apprentices. All new staff are developing well in line with their training plans.

8. Further to our previous update on Member Self Service (MSS), we have visited East Suffolk council offices to provide demonstrations and help register members who attended. We are continuing a gradual roll out of the system to ensure we can fully support those who use it for the first time. We are receiving positive feedback in relation to it from members. We have had two members who have been unable to access MSS due to not having access to a computer. We have provided written estimates for these members to ensure they have the information they need.

9. During the reporting period further investigations have been made into the possibility of a different payroll solution that would enable us to develop Member Self Service further and allow Pensioner Members the opportunity to view payslip information. The investigations will be complete before the next scheduled Board meeting.

10. Since the last Board meeting the team successfully applied the Pensions Increase Review order giving Pensioner members a 1% increase from 10th April 2017. This was communicated to all Pensioner members in the Pensioners newsletter that was issued with the April payslip.

11. Since the update at the last board meeting there have been six compliments received by members of the team. These are cases where the individuals have gone out of their way to thank us for something, rather than the regular words of 'thanks' received daily as part of the day to day communications with customers.

12. These compliments included thanks for support in completing forms, thanks for excellent service and commenting that 'a personal touch is very refreshing and reassuring these days', written thanks in response to the hard work from the team upon receipt of their Pension newsletter and thanks from members for time taken to meet personally and discuss options and forms face to face.

13. During this time there have also been six complaints. Four of these complaints were in relation to customers not having an update in relation to their query. In three of these cases the team were waiting for information from the relevant employers/pension providers, and the team should have kept the customer informed. The team have been reminded about the need to do this, and taking responsibility for such cases. One complaint was from a customer who was unhappy we were not aware his mother, who was a member, had died. Her death was identified following our National Fraud initiative checks and the customer's complaint was resolved over the telephone. The final complaint was from a member who had received correspondence that had been sent to a previous address. This was caused by an error from a new member of the

team, but should have been identified at the checking stage. The team have been reminded of the importance of ensuring they are using the correct address, and the individuals involved have personally been spoken to regarding this.

14. There have also been three new Internal Dispute Resolution Process (IDRP) stage one complaints received. These were all in relation to members who had not been awarded ill health retirement, or deferred pension into payment on the grounds of ill health. Two responses have been issued supporting the original decision while the other case is still being investigated before a response is issued. The IDRP case, mentioned in the last report, which had progressed to stage two has been referred back to Suffolk Police Authority for them to take some further action.

15. During this period the team have been working on the end of year returns from employers. Despite some delays on receiving information from employers (we are still awaiting a return from one employer), and some data then needing clarification, we do not anticipate any issues in ensuring the annual benefit statements are issued on time.

16. This report will be ongoing in all future Board meetings and will be developed in accordance with the requirements of the Board.

Contribution payments

17. The administration strategy requires contributions from employers to be received by the Pension Fund within 5 working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received in during 2016/17 quarter 3 and quarter 4:

	Quarter 3			Quarter 4		
	Employer	Contributions		Employer	Contributions	
	%	£'000	%	%	£'000	%
On Time	85	24,778	94	92	26,127	99
Up to 1 week late	6	834	3	3	118	0
Over 1 week late	9	752	3	5	206	1
Total		26,364				

Sources of further information

a) None

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Suffolk County Council

Agenda Item 9

Suffolk Pension Board, 19 July 2017

Information Bulletin

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

This Information Bulletin covers the following items:

1. **Audit update**
2. **New Employers**
3. **General Data Protection Regulations**

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1. Audit update

The annual audit on the controls in place for the Pension Fund's administration systems and procedures has been completed. Internal Audit has reported that the Pension Committee is able to take sufficient assurance on the controls in place to support the governance and other key controls in place for the administration function.

2. New Employers

There have been 20 new employers admitted into the Fund during April to June.

3. General Data Protection Regulations

The General Data Protection Regulation ("GDPR") comes into force on 25 May 2018. **Appendix 1** is a briefing from Hymans Robertson of the implications of the new regulations for those responsible for the LGPS.

The new regulations will provide member and beneficiaries of the Pension Fund with enhanced rights of access to their personal data and new rights of erasure (the right to be forgotten) and data portability.

There will be greater accountability for those who have responsibility for the data, with records to be maintained for data processing, which should be available to the

Information Commissioner Office (ICO) upon request. The ICO also have the power to impose fines for infringement.

For further information on any of these information items please contact: Paul Finbow Senior Pensions Specialist; Email: paul.finbow@suffolk.gov.uk, Telephone: 01473 265288.

HYMANS ROBERTSON

Sixty second summary

Pension Schemes & the General Data Protection Regulation

The European Union's General Data Protection Regulation will (despite Brexit) replace the UK's existing data protection legislation when it becomes applicable on 25 May 2018.[1] Its requirements are more onerous than current rules in many areas, including higher fines for serious breaches. As data controllers, the trustees or managers[2] of occupational pension schemes need to begin their preparations now.

Background

The trend towards globalization, technological developments, and the sheer scale of the data processing operations that have arisen since current data protection rules were introduced convinced the EU of the need for a stronger and more consistent data protection framework, backed by robust enforcement, that will provide more fairness and transparency for individuals. By contrast with the 1995 EU Directive that it replaces, member states do not need to pass domestic legislation to give effect to the new General Data Protection Regulation (GDPR).

Infringement penalties

The GDPR obliges national supervisory authorities—the Information Commissioner's Office (ICO), in the UK—to impose upon those who breach its requirements administrative fines that are '*effective, proportionate and dissuasive*'. The level of the fine in any particular instance will depend on considerations such as the nature and gravity of the infringement, and whether it was deliberate or negligent. The maximum fine for the least-serious infringements will be €10m or, where the transgressor is a business undertaking, two per cent of its annual turnover if that is higher. These limits are doubled for the most serious breaches. The maximum monetary penalty that the ICO can impose under current UK legislation is £0.5m.

New & enhanced rights for data subjects

The GDPR will provide data subjects—the members and beneficiaries of pension schemes—with enhanced rights of access to their personal data, and new rights of erasure (the 'right to be forgotten') and data portability.

As with current rules, trustees will need to identify the legal basis on which members' personal data are processed. Currently, this is often done by seeking members' consent to processing, especially when sensitive personal data (for example health information) is involved. The GDPR defines '*consent*' as '*any freely given, specific, informed and unambiguous indication of the data subject's wishes by which he or she, by a statement or by a clear affirmative action, signifies agreement to the processing*', and emphasizes that it can no longer be inferred from silence, pre-ticked boxes or inactivity; consent is not freely given if data subjects are unable to refuse or withdraw it without suffering detriment. Other grounds for processing include, for example, when it is necessary for compliance with a legal obligation to which the data controller is subject, or in pursuit of the controller's legitimate interests. Regardless of the legal basis on which trustees decide to rely, members will have to be told how their data are used. The GDPR says that the necessary information must be provided '*in a concise, transparent, intelligible and easily accessible form, using clear and plain language*'.

[1] Regulation (EU) 2016/679.

[2] The GDPR applies to those responsible for public-service pension arrangements, such as the Local Government Pension Scheme (LGPS). For the remainder of this short summary, in the interests of brevity, references to trustees should be taken to include the managers of such schemes, in the absence of indications to the contrary.

Data processors and joint data controllers

The GDPR will, unlike the current rules, make data processors (those carrying out processing on the data controller's behalf) directly responsible for certain aspects of compliance. In the context of an occupational pension scheme, the typical data processor would be the providers of third-party administration and other services to the trustees. Where the trustees appoint professional advisers or a scheme actuary, they will as joint data controllers have to agree the allocation of responsibilities, and to communicate the essence of this arrangement to scheme members in an accessible format.

Accountability and record keeping

The trustees as data controllers need to be able to demonstrate how they comply with the GDPR. They and their appointed data processors will each have to maintain records of the processing activities for which they are responsible. They will be obliged to make those records available to the ICO on request.

Reporting breaches

Trustees will have to report data breaches to the ICO if there is a likelihood of risk to people's rights and freedoms. Such reports will have to be made '*without undue delay*' and where feasible within 72 hours of the trustees becoming aware of breaches (they can expect their processors to notify them of breaches without undue delay). If the breach is 'high risk' and is not mitigated by data encryption or other measures, the trustees will have to inform affected members without undue delay.

Data protection officers

In some circumstances (including where there is regular and systematic monitoring of individuals on a large scale), the GDPR will oblige the data controller (and the processor) to appoint a qualified person to fulfil the role of '*data protection officer*' (DPO), responsible for (amongst other things) advising the controller, monitoring compliance, and liaising with the ICO. Public authorities and bodies will be caught by this requirement; on the basis of the GDPR and the guidance that has been published so far, it seems at least arguable that the trustees of larger schemes will be too.[3] The DPO could be one of the trustees, or an external individual or consultancy firm.

Brexit

The GDPR will almost certainly become applicable before negotiations about the UK's exit from the EU have been concluded. Although the terms of the post-Brexit relationship between the UK and the EU will be decisive in many areas, the Government acknowledged in its 'Brexit' White Paper the need, in practice, for non-EU countries to have data protection standards equivalent to those of the EU, and said that it will '*seek to maintain the stability of data transfer between EU Member States and the UK.*'[4]

Trustees should be taking steps *now* to understand and document what data they have and how it is used. They should also become familiar with data subjects' rights under the GDPR, and when they will apply. In the pensions context, the new rules for processing by consent may prove extremely problematic, so trustees should consider whether another basis may apply: for example, that processing is necessary for the trustees' to pursue their legitimate interests (their duties under the scheme), or for compliance with a legal obligation to which they are subject.

Privacy notices (for example on forms or Web sites) will have to be reviewed and updated. Contractual arrangements with processors will have to be reviewed and updated, as the GDPR is more prescriptive about what needs to be set out in the agreement.

[3] Article 29 Data Protection Working Party, *Guidelines on Data Protection Officers* (WP 243 rev.01), <http://ec.europa.eu/newsroom/document.cfm?doc_id=44100>.
[4] *The United Kingdom's exit from and new partnership with the European Union* (Cm 9417), <www.gov.uk/government/uploads/system/uploads/attachment_data/file/589191/The_United_Kingdoms_exit_from_and_partnership_with_the_EU_Web.pdf>.

Suffolk County Council

Agenda Item 10

Suffolk Pension Board Forward Work Programme

Purpose

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

Terms of reference

The terms of reference of the Pension Board are:

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

Meeting date (see Note)	Added to Work Programme	Subject	Short description	How is it anticipated the Board will deal with this issue?
Friday, 6 October 2017	Added 19 July 2017	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund	Written Report
	Added 19 July 2017	Stock Lending	To receive a report on the stock lending arrangements of the Fund	Written Report
	Added 19 July 2017	Ill Health Retirements	To receive a report on the procedure for assessing members applications for ill health retirement	Written Report
	Added 19 July 2017	Pension Board Risk Register	To review the Pension Board Risk Register	Written Report
	Added 19 July 2017	Suffolk’s progress on Pooling of Assets	To receive an update on the progress of pooling assets	Presentation
	Added 19 July 2017	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in	Written Report
	Added 19 July 2017	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report

Meeting date (see Note)	Added to Work Programme	Subject	Short description	How is it anticipated the Board will deal with this issue?
Wednesday, 13 December 2017	Added 19 July 2017	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund	Written Report
	Added 19 July 2017	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets	Presentation
	Added 19 July 2017	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in	Written Report
	Added 19 July 2017	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Tuesday, 13 March 2018	Added 19 July 2017	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund	Written Report
	Added 19 July 2017	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets	Presentation
	Added 19 July 2017	Pension Board Risk Register	To review the Pension Board Risk Register	Written Report

Meeting date (see Note)	Added to Work Programme	Subject	Short description	How is it anticipated the Board will deal with this issue?
Tuesday, 13 March 2018	**Added 19 July 2017**	**Recent Developments**	**To receive an information bulletin covering recent developments that the Board has an interest in**	**Written Report**
	Added 19 July 2017	**Forward Work Programme**	**To approve the Forward Work Programme for the Suffolk Pension Board.**	**Written Report**

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

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

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