

# Suffolk Pension Fund Annual Report and Accounts 2023-24



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## Report from the Chief Financial Officer

The Suffolk Pension Fund Annual Report and Accounts sets out the Pension Fund's income and expenditure and its assets and liabilities for the financial year ended 31 March 2024, the governance arrangements for administering the scheme and the work carried out by the Pension Fund Committee, Pension Fund Board and the Pension Fund officers throughout the year.



There are also a number of policy statements and these disclosures are published as separate documents on the website of the Fund ([www.suffolkpensionfund.org](http://www.suffolkpensionfund.org)).

### **Business Plan**

The Committee approves a business plan at the start of each financial year. This provides a mechanism for the Committee to ensure that its responsibilities for the Fund are carried out effectively. Their key actions for 2023-24 are as below:

### **Actuarial Valuation**

The Fund monitors the actuarial position of the Fund on a quarterly basis. The certified funding level of 107% as at March 2022 valuation has been estimated by the Actuary to have increased to 148% at 31 March 2024.

The improved funding position is the result of the increase in the discount rate, meaning less money is required as it is expected that investment returns will be higher in the future.

The required return assumption for the funding level to be 100% is 3.3% p.a. with a greater than 95% likelihood of the assets achieving this return.

This position is a snapshot in time using a single set of assumptions to ascertain the solvency of the Fund and its likelihood to be able to meet the benefits promised to its members.

Given the sensitivity of a single set of assumptions to changes in market conditions on a day-to-day basis, a different approach is taken when setting employer contribution rates. Instead, projections are carried out over many different market scenarios to be able to determine a contribution strategy which meets the cost of benefits over enough of these scenarios. Within these scenarios, there will be instances where market conditions improve over the time horizon being considered and instances where they worsen. These are allowed for to consider both the upside and downside of funding risks.

Committee also considered the implications of being in surplus and the options that may be available when setting employer contribution rates as part of the next triennial valuation in March 2025.

### **Funding Strategy**

The Committee amended its Funding Strategy Statement at its July 2023 meeting to incorporate the Education and Skills Funding Agency policy change of guaranteeing the pension liabilities associated with outsourced Academy services.

### **Investment Strategy**

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

## **Environment, Social & Governance**

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

The Pension Fund Committee receives a quarterly Environment, Social & Governance (ESG) report which outlines the investment managers approach to integrating and aligning ESG into their investment decisions, research and monitoring.

Within the 42.5% allocation to equities, 14% is in a Climate Aware Fund and 7.5% in a Low Carbon Transition Fund to reduce the carbon intensity of the portfolio via a decarbonisation approach which allocates investment to companies that are lower carbon emitting, which helps mitigate the risks of climate change.

The global equity holding with Newton, via the ACCESS Pool has disinvested from oil and gas holdings during the year, further reducing the Fund's carbon emissions.

## **ACCESS Pool**

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

The Suffolk Pension Fund remains committed to transferring all its investment assets into the ACCESS Pool over the long term. Excellent progress has been made with 79% pooled as at 31 March 2024 with a further commitment of 12% to the Real Estate offering by the Pool for 2024-25.

The Pool has appointed CBRE to provide a pooling solution for UK and Global property. The Suffolk Pension Fund will be working with its investment consultants, CBRE and the other ACCESS Pension Funds to transition at an appropriate time.

## **Audit**

The Pension Fund accounts are included within the County Council's Statement of Accounts for 2023-24, 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.

## **Head of Pensions**

Paul Finbow retired on 4 June 2024, after working at Suffolk County Council for nearly 44 years, and as Head of Pensions for 10 years. During his tenure, the Pension Fund value increased from £1.9 billion to £4.253 billion.

Tracey Woods as a very experienced senior manager has replaced Paul and is more than able to lead the Pension Fund through the next set of challenges.

## **Louise Aynsley**

*Chief Financial Officer (S151)  
September 2024*

## Scheme Management and Advisers

### Pension Fund Committee

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

### Pension Board

Cllr Richard Rout (Chairman)	Ian Blofield
Pauline Bacon (Vice-Chairman)	Thomas Jarrett
Kay Davidson	Richard Blackwell

### Suffolk County Council

Louise Aynsley	Chief Financial Officer (S151)
Paul Finbow	Head of Pensions (left June 24)
Tracey Woods	Head of Pensions (from 1 Apr 24)
Sharon Tan	Lead Accountant (Pensions)
Andy Chapman-Ennos	Technical Pensions Specialist
Stuart Potter	Operations Manager (Administration)

### Pension Fund Advisers

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

## Investment Managers

### Pooled and Pooled Aligned

UBS Group



[www.ubs.com/uk/en](http://www.ubs.com/uk/en)

JP Morgan



[www.jpmorgan.com/global](http://www.jpmorgan.com/global)

Columbia Threadneedle



[www.columbiathreadneedle.com](http://www.columbiathreadneedle.com)

Janus Henderson Investors



[www.janushenderson.com](http://www.janushenderson.com)

Newton Investment Management



[www.newtonim.com](http://www.newtonim.com)

Blackrock Investment Management



[www.blackrock.com](http://www.blackrock.com)

## Non-Pooled

Brookfield Asset Management		<a href="http://www.brookfield.com">www.brookfield.com</a>
Kohlberg Kravis Roberts		<a href="http://www.kkr.com">www.kkr.com</a>
M&G Investments		<a href="http://www.mandg.com">www.mandg.com</a>
Partners Group		<a href="http://www.partnersgroup.com/en">www.partnersgroup.com/en</a>
Schroders Investment Management		<a href="http://www.schroders.com/en">www.schroders.com/en</a>
Pantheon Ventures		<a href="http://www.pantheon.com">www.pantheon.com</a>
Wilshire		<a href="http://www.wilshire.com">www.wilshire.com</a>



## Scheme Overview

### Introduction to the Fund

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

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

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

### Scheme Eligibility

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

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

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

### How the Fund Works

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

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

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

### Costs of Employee Membership

Employee contributions are set nationally, in bands on members' pensionable pay. The pay banding table which was used during 2023-24 is shown below:

Actual Pensionable	Contribution Rate
£0 - £16,500	5.50%
£16,501 - £25,900	5.80%
£25,901 - £42,100	6.50%
£42,101 - £53,300	6.80%
£53,301 - £74,700	8.50%
£74,701 - £105,900	9.90%
£105,901 - £124,800	10.50%
£124,801 - £187,200	11.40%
£187,201 or more	12.50%

The contribution rates are reviewed periodically to maintain the average contribution from employees at 6.6% and to ensure the long-term costs of the scheme are affordable.



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

### **Benefits of the Pension Fund**

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

#### **The core scheme benefits are:**

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



Orwell Bridge from Nacton Shores, Nacton

## Governance Report

### Pension Fund Committee Chairman's Report

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

The Fund returned 12.9% for the year which was ahead of the Fund's specific benchmark by 1.2%, with the three-year return of 7.4% p.a.

Compared with other local authority funds, although the Fund has a lower weighting to equities and higher weighting to Bonds it still resulted in a higher return than the average return of 9.2% calculated by PIRC.

There are significant levels of diversification between different asset classes to reduce overall portfolio risk through combining the performance of each asset class. This helps reduce the volatility effects of the financial markets, whilst maintaining the Fund's relatively low risk approach.

The Pension Fund Committee is aware of the need to generate a sufficient level of return whilst managing potential investment risks and therefore has developed a clear set of fundamental investment beliefs covering both investment and environmental, social and governance (ESG) considerations which provides a clear framework for all investment decisions.

The Committee's main objective is to deliver an investment return consistent with funding plans that does not compromise future generation's ability to meet their own needs. In addition, the Committee identifies climate change, pollution and company stewardship as the priorities for responsible investments and ESG.



The Pension Fund Committee has agreed to set a net zero target for 2050 or earlier. An action plan which includes timelines, interim targets and how this target can be achieved will be developed. This will also include monitoring and reporting to enable the Fund to report progress.

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

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

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

In the forthcoming year the Fund will start work on the 2025 valuation exercise with setting the financial assumptions used in the methodology.

### Councillor Karen Soons

*Chairman of the Pension Fund Committee  
September 2024*

## Pension Fund Committee

The Pension Fund Committee's key responsibilities are:

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

### Membership of the Committee

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

Chairman

Vice Chairman



Cllr David Goldsmith



Cllr David Nettleton



Cllr Edward Back



Cllr Robert Lindsay



Cllr Simon Harley



Cllr Colin Kreidewolf



Cllr Karen Soons



Cllr Georgia Hall



Cllr Simon Dowling



Steve Warner  
Union Representative



## Committee Attendance

The attendance of the Pension Fund committee members for the Committee meetings held during 2023-24 are shown below.

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

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

\*Cllr John Whitehead stepped down in November 2023, replaced by Cllr Simon Dowling in November 2023.

All members of the Pension Fund Committee have voting rights.

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



Willy Lott's Cottage, Flatford

## Committee Training

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

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

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

Councillor	Training attended
CLlr Karen Soons	4/6
CLlr Georgia Hall	4/6
CLlr David Nettleton	4/6
CLlr David Goldsmith	5/6
CLlr Edward Back	5/6
CLlr Robert Lindsay	4/6
CLlr Simon Harley	6/6
CLlr Colin Kreidewolf	5/6
CLlr John Whitehead	3/3
CLlr Simon Dowling	1/2
Mr Steve Warner	5/6

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

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

- **Currency Hedging** by Hymans Robertson taking the Committee through how currency hedging works and what it sets out to achieve.
- **Expected Regulation Changes** the Admin Challenge - delivered by Paul Finbow, covering the regulatory changes on the horizon that the Committee needs to be aware of how they will be met.
- **Making a net Zero Commitment presented** by Hymans Robertson to inform the Committee on what is involved in setting a commitment.
- **CEM Benchmarking** delivered by David Jennings on the investment benchmarking results covering the 5-year period up to 31 March 2023.
- **How ESG is implemented in Emerging Markets** delivered by Columbia Threadneedle.
- **Annual Training Day** with presentations by investment managers with the focus on impact investing.

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

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

## Work of the Pension Fund Committee

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

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

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

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

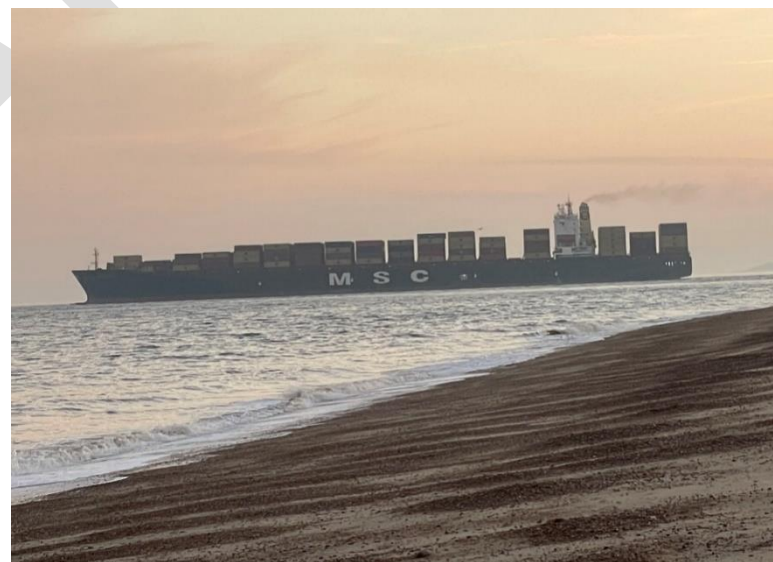
The Committee updated and approved the following policy documents:

- Treasury Management Strategy
- Funding Strategy Statement
- Governance Policy
- Investment Strategy Statement
- Risk Management Strategy
- Risk Register

Additional areas considered by the Committee were:

- Review the business plan for 2023/24 and set the work for 2024/25
- Review the strategic asset allocation of investments.

- Regular report on the work of the administration team
- Continued development of reporting on Environmental, Social and Governance issues including climate change.
- Review and setting of the investment consultant performance objectives.
- Approval of Annual Report and Accounts
- Rebalancing of assets due to the strong outperformance of global equities.
- The Committee reviewed its AVC provider and agreed to appoint Legal and General as the AVC provider for the Fund.



Ship from Languard fort, Felixstowe



## Pension Board Chairman's Report

It is a pleasure to introduce my final Suffolk Pension Board's annual report. I have stepped down from the role, being ably replaced by Councillor Richard Smith MVO who was the Chairman of the first Pension Board.



This year the Pension Board also welcomed Kay Davison who joined to represent the active members and Richard Blackwell representing retired members, replacing David Rowe and Eric Prince who both had been on the Board since its inception and had served the maximum two terms permitted.

As representatives of the Employers in the Fund, the Pension Board has a keen interest in the review of the Additional Voluntary Contribution (AVC) scheme offered by the Fund. Hymans were commissioned to conduct a review and to test the current market, recommending the appointment of Legal & General.

Members have been given the option to remain with their current provider or to transfer to Legal & General scheme. Members who are nearing retirement age were advised to remain.

All members transferring, were written to in March to advise them of the Fund that their investments will be transferring to and a link to Legal & General to enable them to change it and update their proposed retirement date.

The Pension Fund officers have worked closely with Legal & General to implement the new scheme and provided training for the Employers and Administration team. All contributions from May 2024 onwards for those members who have transferred will be paid into their investments with

Legal & General and their assets with their previous provider will be transferred during the summer of 2024.

The Annual Employers meeting was held on 19 January 2024, with Craig Alexander from Hymans Robertson taking the attendees through an update on the current funding level, an investment market economic update from Peter Richie by Waystone the ACCESS Pool's investment operator and Paul Finbow providing an update on the performance of the Fund and key issues for the year ahead.

The Pension Board is regularly kept informed of the activity of the ACCESS Pool and the progress of the Suffolk Pension Fund's pooling of its assets by the Pension Fund officers. In March 2024, two members of the Board attended the ACCESS Joint Committee meeting to observe on the proceedings which provided a greater insight on the governance process that ACCESS operates under and witness the discussions that are had around each decision made.

### **Councillor Richard Rout**

*Chairman of the Suffolk Pension Board  
September 2024*



Framlingham Castle, Framlingham



## Pension Board

The Pension Board's key responsibilities are:

- 1) Assist the Council as scheme manager.
  - a) To secure compliance with the Local Government Pension Scheme (LGPS) Regulations and any other legislation relating to the governance and administration of the LGPS.
  - b) To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator.
  - c) In such other matters as the LGPS Regulations may specify.
- 2) Secure the effective and efficient governance and administration of the Suffolk Pension Fund.

### Membership of the Board

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

Cllr Richard Rout*	Suffolk County Council
Kay Davidson	Active Scheme Member
Thomas Jarrett	Other Employers
Ian Blofield	Other Local Government
Richard Blackwell	Retired Members
Pauline Bacon	Union representative

\*Councillor Richard Smith MVO replaced Councillor Richard Rout for 2024-25 financial year.

### Board Attendance

The attendance of the Pension Board members for the quarterly meetings held during 2023-24 are as follows:

Board member	Representing	Meetings attended
Cllr Richard Rout	Suffolk County Council	3/4
Kay Davidson	Active Scheme Members	4/4
Richard Blackwell	Retired members	4/4
Ian Blofield	Other Local Government	4/4
Thomas Jarrett	Other Employers	1/4
Pauline Bacon	Unions	4/4

### Board Training

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

The Board approves a training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.

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

Board member	Representing	Training attended
Cllr Richard Rout	Suffolk County Council	0/4
Kay Davidson	Active Scheme Members	4/4
Richard Blackwell	Retired members	4/4
Ian Blofield	Other Local Government	3/4
Thomas Jarrett	Other Employers	2/4
Pauline Bacon	Unions	4/4

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

- **Expected Regulation Changes the Admin Challenge** - delivered by Paul Finbow, covering the regulatory changes on the horizon that the Board needs to be aware of how they will be met.
- **Ill Health Pensions** - delivered by Sharon Tan covering the criteria to claim an ill health pension, costs and employer insurance.
- **How ESG is taken into account when making investments** - delivered by BlackRock, the Fund's UK Equity investment manager.
- **Public Sector Procurement** - delivered by Mark Paget, the ACCESS contract manager informing the Board of the rules governing procurement in the LGPS.

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

## Work of the Pension Board

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

The annual report on investment performance for 2022-23 presented to the Committee was also separately presented to the Board.

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

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

- Pension Fund Annual Report and Accounts 2022-23
- Review of the process for the Actuarial Valuation.
- Admin and Management expenses
- Policies approved by the Committee.
- The Committee papers on the review its AVC provider and appointment of Legal and General as the new AVC provider for the Fund.
- Update on the administration teams progress on the McCloud remedy project in light of the new legislation that came into force on 1 October 2023.

## Risk Management

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

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

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

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

### Systems and internal control

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

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

The 2023-24 audit review of Pension Investments confirmed that there continued to be evidence of sound governance, risk management and control arrangements in place.

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

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

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

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

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

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

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

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

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

Audit	2021/22	2022/23	2023/24
Pensions Investments	Substantial Assurance	Substantial Assurance	Substantial Assurance
Pensions Administration	Reasonable Assurance	Reasonable Assurance	Reasonable Assurance

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

## ACCESS Pool

The ACCESS pool continues to develop, there is a clear governance structure in place with quarterly reporting to the Joint Committee, and a business plan and risk register which are regularly reviewed. The ASU (ACCESS Support Unit) provides day-to-day support for the Pool, including programme and contract management, and administration and technical services. The ASU was audited by Essex County Council in 2023-24 with a 'Good Assurance' opinion, the highest rating available.



Cardinal Thomas Wolsey, Ipswich

## **Counteracting Fraud**

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

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

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

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

## **Pension Fund Risk Register**

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

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

The risk register has been reviewed and updated in line with guidance and reflects best practice in the identification, evaluation and control of risks in order to ensure that key risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible, then means to mitigate the implications of the risks is established.

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

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

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

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

## **ACCESS Pool Risk Register**

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



## Financial Performance

### Summary of the Financial Position

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

Financial Summary	2019-20	2020-21	2021-22	2022-23	2023-24
	£'000	£'000	£'000	£'000	£'000
Contributions	117,880	122,110	125,022	133,558	136,002
Other Income	6,944	4,119	10,625	10,571	10,827
	<b>124,824</b>	<b>126,229</b>	<b>135,647</b>	<b>144,129</b>	<b>146,829</b>
Benefits Payable	-100,508	-101,372	-105,956	-111,336	-127,084
Other Expenditure	-4,389	-7,506	-7,661	-6,301	-9,706
	<b>-104,897</b>	<b>-108,878</b>	<b>-113,617</b>	<b>-117,637</b>	<b>-136,790</b>
<b>Net additions / withdrawals(-) from dealings with members</b>	<b>19,927</b>	<b>17,351</b>	<b>22,030</b>	<b>26,492</b>	<b>10,039</b>
Management Expenses	-14,697	-11,518	-14,247	-17,561	-14,613
Investment Income (net of tax)	40,981	36,301	35,392	57,656	111,130
Change in Market Value of Investments	-168,848	547,829	314,837	-64,142	387,368
<b>Net Returns on Investments</b>	<b>-142,564</b>	<b>572,612</b>	<b>335,982</b>	<b>-24,047</b>	<b>498,498</b>
<b>Change in Fund during the year</b>	<b>-122,637</b>	<b>589,962</b>	<b>358,012</b>	<b>-2,445</b>	<b>493,924</b>
<b>Net Assets at 31 March</b>	<b>2,808,454</b>	<b>3,398,416</b>	<b>3,756,428</b>	<b>3,758,873</b>	<b>4,252,797</b>

## Benefit Payments

Annual pension benefits are paid:

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

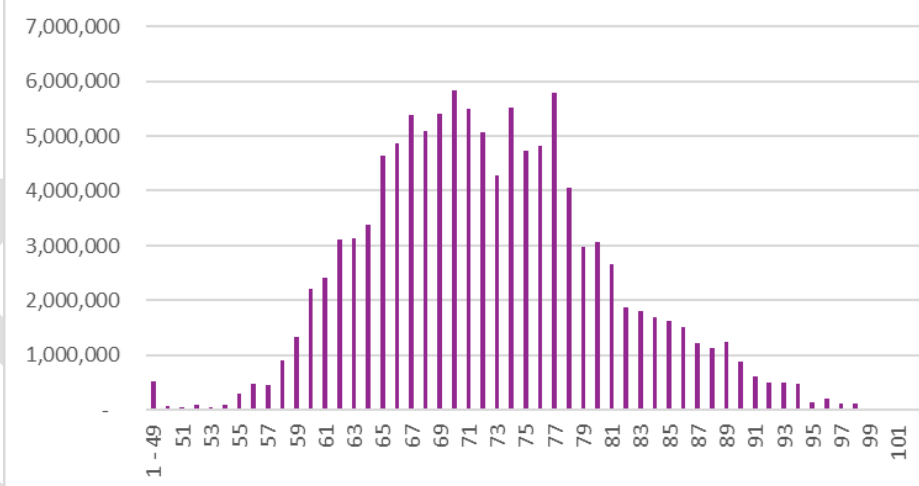
There are circumstances when pensions are paid to dependents of members who die before claiming their retirement benefits such as:

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

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

The graph across, shows the total pension payments for each age. Pension payments tend to be concentrated within the 65 – 77 age brackets with pension payments peaking with recipients at age 70 at £5.8m a year, with another peak at £5.7m for those aged 77. A significant reduction is not experienced until pensioners are in their early 80's. This is in line with the longevity demographic assumptions reported in the last valuation exercise.

Ages of Recipients and Annual Pension Amounts



- 10% of the recipients are aged 85 or over and account for 11% of the annual benefits being received.
- There are 14 recipients who are aged 100 or over.
- The pension being drawn for the longest, is 56 years and is currently £5,533. The initial amount of this pension was £266 in 1968 when it was first drawn.
- 43 pensions have been claimed for 40 or more years.
- The average amount received during the year is £5,588. 14,254 recipients receive less than the average payment.
- The national average wage is £29,600. 466 recipients receive in excess of the national average wage.



## Contribution Receipts

A review is carried out on the timings of the payment of pension contributions to the fund by the employers and reported quarterly to the Pension Board. The administration strategy requires these to be received by the Pension Fund within 5 working days of the month in which the contributions were deducted. The table below summarises the timeliness of receipts for the 2023-24 financial year:

	2023-24		
	Emp.	Contribs.	
	%	£'000	%
On Time	88	127,687	94
Up to 1 week late	5	6,213	4
Over 1 week late	7	2,102	2
<b>Total</b>		<b>136,002</b>	

## Cost of Running the Fund

Running costs are incurred in administration, investment management and governance. The costs for 2023-24 were £14.613 million, representing about 0.34% of the value of the Fund at 31 March 2024.



Shingle Street beach

## Administration Expenses

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

	2022-23	2023-24
Administration Expenses	£'000	£'000
Suffolk County Council	1,056	1,212
Heywood pension administration system	334	407
Subscriptions and other costs	39	49
<b>Total Administration Expenses</b>	<b>1,429</b>	<b>1,668</b>

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

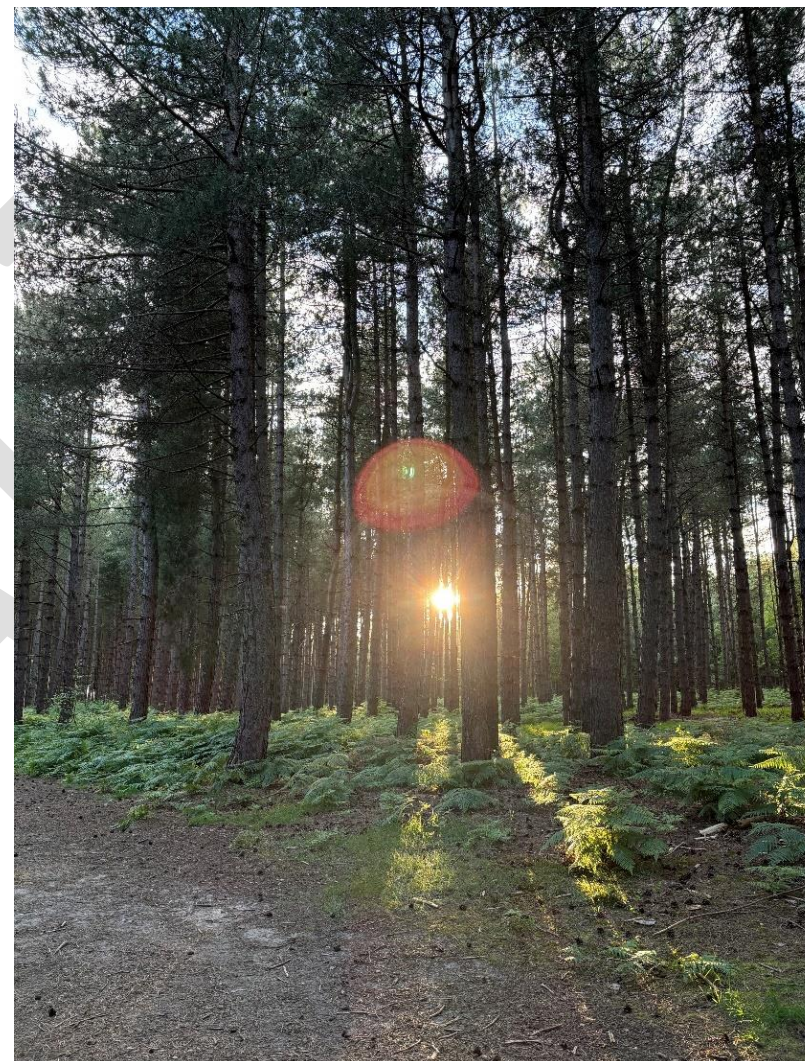
Heywood also provides the Fund with an integrated Pensioner payroll system that links with the member self-service module allowing pensioner members to view their payslips, P60's and keep their personal data up to date therefore reducing printing and postage costs whilst improving members access to their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

## Oversight and Governance Expenses

Oversight and governance expenses are costs relating to the 'over seeing' of the fund such as actuarial costs, internal and external audit costs and the costs of independent advisers to the Fund. Costs associated with the operation and support of the Pension Fund Committee and Pension Board, and costs associated with statutory and non-statutory reporting such as committee reports, annual reports and accounts.

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

	2022-23	2023-24
<b>Oversight and Governance Expenses</b>	<b>£'000</b>	<b>£'000</b>
Suffolk County Council	164	170
Pension Fund Committee	5	7
Pension Board	2	3
Actuarial Services	164	100
Audit Fees	72	93
Legal Fees	9	1
Performance Analysis	29	20
Proxy Voting Service	0	0
Investment Advice	122	137
Asset Pooling	107	146
Subscriptions and membership fees	10	15
<b>Total Oversight and Governance Expenses</b>	<b>684</b>	<b>692</b>



Rendlesham Forest, Near Woodbridge

## Investment Management Expenses

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

In the Pension Fund accounts, (as per CIPFA guidance), only the fees and expenses that the Fund has a contractual liability for are included, this means that only the management fee, depositary fees and audit fees charged by Waystone (previously Link) for overseeing the sub-funds that Suffolk are invested in are shown. The additional fees and expenses paid to the investment managers that Waystone has a contractual agreement with, on behalf of the Fund, (Newton, Blackrock, Janus Henderson, M&G and Columbia Threadneedle), are £4.671 million.

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

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



Formation, Ravenswood Ipswich

	2022-23	2023-24
Investment Management Expenses	£'000	£'000
BlackRock	3,946	-30
Brookfield	70	0
InHouse	0	-13
J P Morgan	997	1,974
KKR	159	778
Waystone	194	373
M&G	1,694	763
Pantheon	203	1,054
Partners	3,145	4,527
Pyrford	771	291
Schroders	322	1,088
UBS	480	488
Wilshire	160	422
Transaction Costs	114	498
Custodian (NT)	31	40
<b>Total Investment Management Expenses</b>	<b>12,286</b>	<b>12,253</b>

### Notes:

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



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

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

	2022-23	2023-24
<b>Investment Management Expenses</b>	<b>£'000</b>	<b>£'000</b>
BlackRock	749	
JP Morgan	283	734
Partners	1,262	895
<b>Total Investment Management Expenses</b>	<b>2,294</b>	<b>1,629</b>

### Investment Income

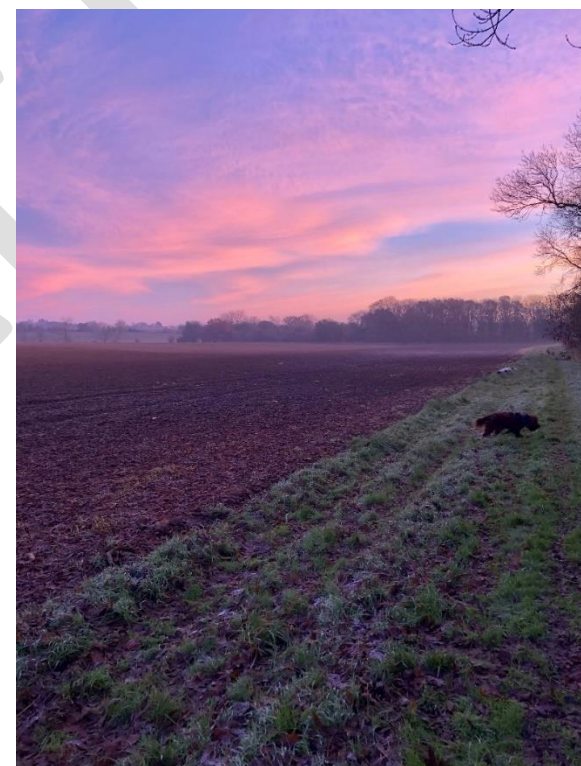
The table below shows the sources of Investment Income earned by the Fund in 2023-24:

Investment Income	UK	Non-UK	Global
	£'m	£'m	£'m
Equities	8.647		48.433
Property	11.840		
Alternatives	7.905	14.241	19.153
Cash & Cash Equivalent	0.911		
Other			
<b>Total Income</b>	<b>29.303</b>	<b>14.241</b>	<b>67.586</b>

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

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

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



Worlingworth

## Fund Performance Report

### Investment Powers

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

### Investment Strategy Statement

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

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

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

### Asset Allocation

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

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

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

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

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

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

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

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

The strategic benchmark and the actual asset allocation of the Fund at March 2024 are shown below along with the maximum investment limits set for each asset class.

Asset Allocation			
	Actual Allocation March 2024	Long-term Allocation	Maximum Limit
	%	%	%
UK Equities	8.2	8.0	25.0
Overseas Equities	38.7	34.5	50.0
<b>Total Equities</b>	<b>46.9</b>	<b>42.5</b>	<b>75.0</b>
Global Bonds	23.3	24.0	35.0
UK Index-linked Gilts	3.7	4.0	8.0
<b>Total Bonds</b>	<b>27.0</b>	<b>28.0</b>	<b>43.0</b>
Private equity	3.9	4.0	8.0
Property	7.5	10.0	15.0
Absolute return	1.6	1.0	
Infrastructure	9.1	10.0	15.0
Illiquid Debt	3.4	4.0	8.0
<b>Total Alternatives</b>	<b>29.0</b>	<b>29.0</b>	<b>54.0</b>
Cash & Cash Equivalents	0.6	0.5	5.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

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

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

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

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

## Investment Management Arrangements

The Fund's investment management arrangements at March 2024 are shown below.

Fund Manager Allocation			
Investment Manager	Asset class	Actual allocation March 2024	Long-term allocation
		%	%
J P Morgan	Infrastructure	5.3	6.0
Kohlberg, Kravis, Roberts (KKR)	Infrastructure	1.0	1.5
M&G Investments	Illiquid Debt and Infrastructure	2.3	2.5
Pantheon	Private equity	3.8	3.7
Partners Group	Infrastructure	3.9	4.0
Pyrford	Absolute return	1.6	1.0
Schroder	Property	7.5	10.0
UBS	Equities and Bonds	27.7	25.5
Waystone	Global equities, UK Equities, Global Bonds	46.2	45.0
Wilshire	Private equity	0.1	0.3
Internal Cash	Cash	0.6	0.5
<b>Total</b>		<b>100.0</b>	<b>100.0</b>

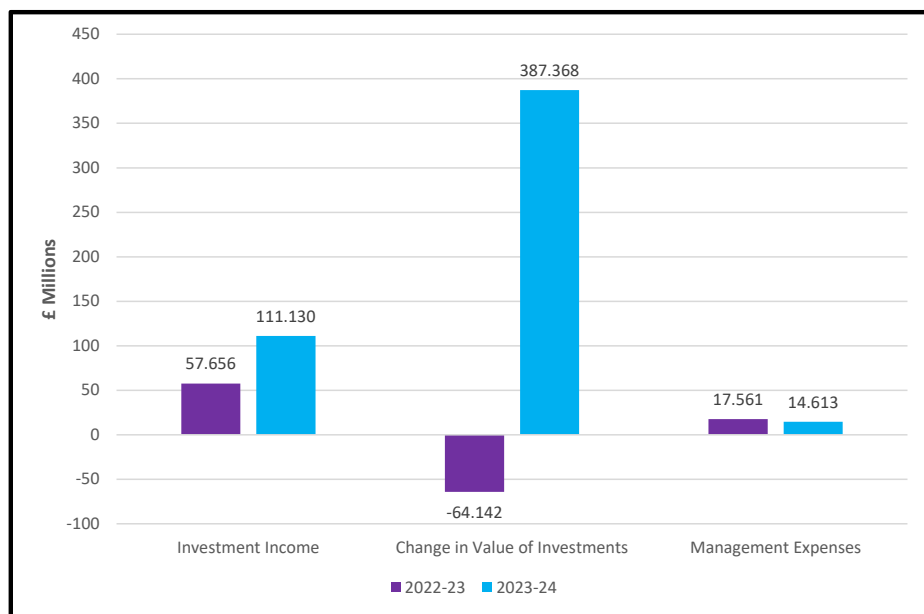
### Notes

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

- Wilshire, the older commitment to Pantheon, Partners and the Debt Opportunity investment with M&G are in the process of realising the underlying investments and returning cash to the Pension Fund.

### Investment Performance

The chart below shows the comparative investment returns between 2022-23 and 2023-24. The change in the value of the Fund's investments includes realised and unrealised gains and losses during the year.



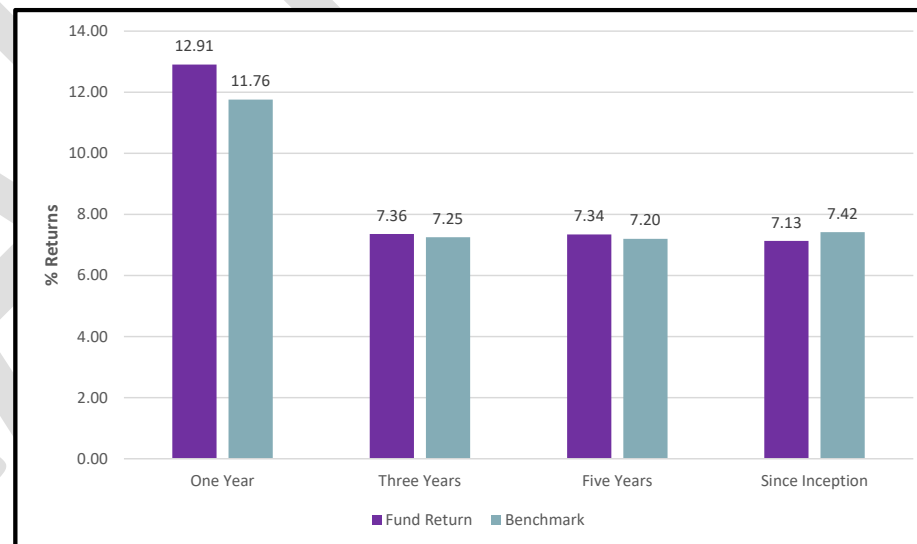
The Fund's investment assets has increased from £3,756 million to £4,253 million during 2023-24, representing an investment return of 12.9%.

### Fund Investment returns

The Fund's benchmark is based on the weighted average of the market index returns for the markets in which it invests in or a mandate specific absolute return. The Fund outperformed the benchmark by 1.1% over the full year period.

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

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





## Long-term Investment Performance

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

Long-term performance (year ended 31 March)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	%	%	%	%	%	%	%	%	%	%
<b>Fund return</b>	<b>15.4</b>	<b>0.7</b>	<b>19.0</b>	<b>4.0</b>	<b>5.9</b>	<b>-4.5</b>	<b>16.8</b>	<b>10.2</b>	<b>-0.5</b>	<b>12.9</b>
Fund benchmark	13.9	1.5	17.9	4.8	7.4	-3.3	18.7	10.3	-0.1	11.6
Relative return	1.5	-0.8	1.1	-0.8	-1.5	-1.2	-1.9	-0.1	-0.4	1.1
<b>Consumer Price Inflation</b>	<b>-0.1</b>	<b>1.0</b>	<b>3.0</b>	<b>2.4</b>	<b>1.7</b>	<b>0.5</b>	<b>0.5</b>	<b>3.1</b>	<b>10.1</b>	<b>6.7</b>

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



Perceval, Snape Maltings

The table below shows the opening and closing balances and reported performance for each asset class (excluding cash) for 2023-24, alongside the Suffolk benchmark target and the passive index if an appropriate index exists.

Holdings	Opening Value		Closing value		Perf.	Passive Index	Bench mark
	£' m	%	£' m	%	%	%	%
<b>Pooled &amp; Pool Aligned</b>							
UK Equities	307.847	8.2	349.411	8.2	8.4	6.9	2.9
Overseas Equities	519.456	13.9	623.406	14.7	24.3	21.4	21.8
Global Bonds	776.447	20.8	990.220	23.4	11.3	-6.8	8.1
Passive Equities	896.105	23.9	1015.946	24.1	22.3	21.4	21.4
UK Index-linked Bonds	110.641	3.0	158.593	3.7	-6.8	-6.8	-6.8
Infrastructure			223.169	5.3	6.2		8.0
<b>Total Pool Aligned</b>	<b>2,610.496</b>	<b>69.8</b>	<b>3,360.745</b>	<b>79.4</b>	<b>0.02</b>		
Absolute Return	140.959	3.8	69.580	1.6	1.5		7.8
Illiquid Debt	106.194	2.8	144.342	3.4	1.1		8.0
Infrastructure	379.237	10.2	162.251	3.8	14.9		8.0
Money Market	42.365	1.1	28.528	0.7	5.6		2.4
Private Equity	165.430	4.4	166.052	3.9	-3.1		-1.4
Property	296.809	7.9	306.181	7.2	-11.5		-13.8
Timber	0.235	0.0	0.041	0.0	-43.6		8.0
<b>Total Alternatives</b>	<b>1,131.229</b>	<b>30.2</b>	<b>876.975</b>	<b>20.6</b>			
<b>Total</b>	<b>3,741.725</b>	<b>100.0</b>	<b>4,237.720</b>	<b>100.0</b>			

## Manager Performance

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

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

Investment Manager Performance					
Share of Fund 31 Mar 24	Manager	2023-24 Absolute Return	2023-24 Relative Return	3 Year Relative Return	5 Year Relative Return
%		%	%	% p.a.	% p.a.
1.0	KKR	-0.5	-8.5	0.0	0.0
5.3	JP Morgan	6.3	-1.7	2.0	-0.3
2.3	M&G	0.8	-7.2	6.2	3.1
3.8	Pantheon	7.5	-13.1	3.1	0.5
3.9	Partners Group	6.0	-2.0	2.9	1.2
1.6	Pyrford	4.8	-5.6	-4.7	-4.0
7.5	Schroders	0.2	0.1	0.1	-0.2
27.7	UBS	18.4	1.4	1.0	0.4
46.2	Waystone	15.8	3.4	0.1	1.0
0.1	Wilshire	-14.6	-35.2	-10.3	-7.2



Scallop, A conversation with the sea, Aldeburgh

## Government Reporting Requirements

Government has requested additional information on investments to be included in LGPS Pension Fund's Annual Reports covering pooled assets, levelling up assets, private equity and UK investments.

The Suffolk Pension Fund currently has a 5% allocation to private equity. The last commitments were made in 2014 and were made to global equity funds.

The Fund does not currently have any investments in levelling up.

The Fund's investment in UK Equity and Government Bonds is as below:

Asset Table				
	Pooled	Under Pool Management	Not Pooled	Total
	£'m	£'m	£'m	£'m
Equities	342.730	41.123	8.114	391.967
Bonds	59.268	158.593		217.861
<b>Total</b>	<b>401.998</b>	<b>199.716</b>	<b>8.114</b>	<b>609.828</b>

## Asset Pooling

- The Suffolk Pension Fund has made a commitment to pool all of its assets into the ACCESS Pool. (Please see section on ACCESS for further information about the Pool). The first sub-fund that Suffolk transferred into was the Newton Global Equity Fund which was available for investment in the first quarter of 2019-20.
- During 2023 – 2024 the Fund transferred its Passive emerging market holding held by UBS into ACCESS with Columbia Threadneedle.
- JP Morgan infrastructure fund has been appointed as a Pool Aligned asset manager.

- The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme which is how the Pool operates.
- The Suffolk Pension Fund has £1.963 billion in sub-funds and £1.398 billion under pooled governance accounting for 79% of the Fund's assets.
- The Suffolk Pension Fund has saved £5.8 million in 2023 - 2024, on investment management fees on assets that have been pooled or under pooled governance.
- The property investment will be under pool management from 1 October 2024.

Asset Table				
	Pooled	Under Pool Management	Not Pooled	Total
	£'m	£'m	£'m	£'m
Equities	972.817	1,015.946		1,988.763
Bonds	990.220	158.593		1,148.813
Property			306.181	306.181
Absolute return			69.580	69.580
Private equity			166.052	166.052
Illiquid Debt			144.342	144.342
Infrastructure		223.169	162.251	385.420
Cash & Cash Equivalents			32.098	32.098
Other			0.041	0.041
<b>Total</b>	<b>1,963.037</b>	<b>1,397.708</b>	<b>880.545</b>	<b>4,241.290</b>

## Environmental, Social and Governance

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

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

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

### Engagement

The Suffolk Pension Fund is a member of the Local Authorities Pension Fund Forum (LAPFF). The LAPFF was established to develop a collective response to ESG issues through constructive dialogue and filing of shareholder resolutions. There are 85 LGPS (7 ACCESS Pension Funds) covering £350 billion of assets, who are members of the forum and 7 pools (including ACCESS).

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

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

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



Cranes, Felixstowe Docks

## Voting Policy

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

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

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

The general principles followed in the guidelines are: -

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

### Voting on Newton Sub-fund holdings

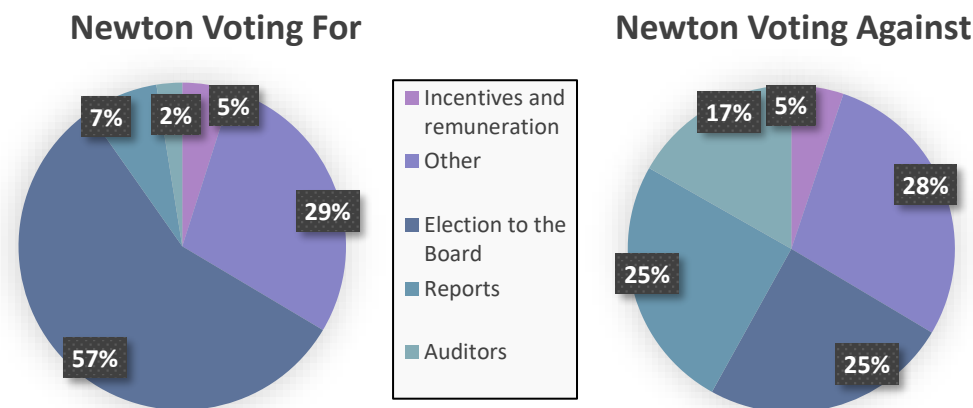
Newton have voted at 59 meetings during the year on 971 resolutions. 790 (81%) were for the resolution and 155 (16%) were against and 26

(3%) received abstain votes. These were all in line with the ACCESS voting guidelines.

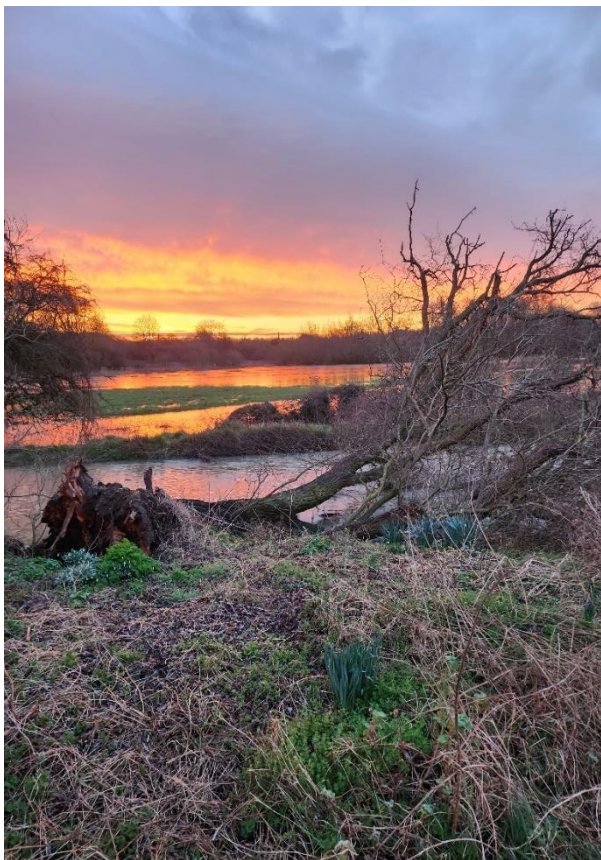
The votes cast can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	489
Incentives and Remuneration	47
Reports	96
Auditors	46
Other	293

The categorisation of the votes cast are set as below:







Bramford Meadows

### Voting on Blackrock Sub-fund holdings

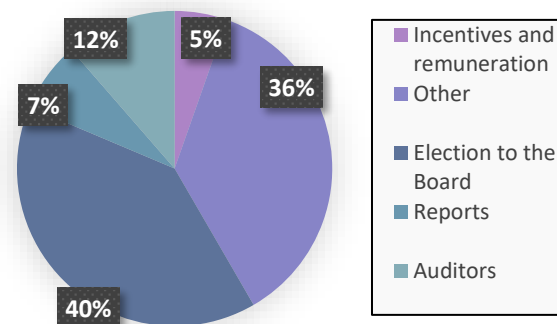
Blackrock have voted at 102 meetings during the year on 1,509 resolutions. 1,465 (96%) were for the resolution and 39 (3%) were against and 5 (1%) received abstain votes.

The votes cast can be categorised as follows:

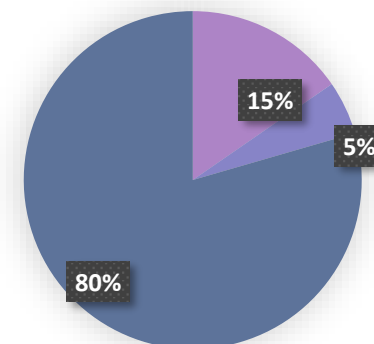
Vote Categorisation	Number of Votes Cast
Election of Directors	618
Incentives and Remuneration	85
Reports	106
Auditors	167
Other	533

The categorisation of the votes cast are set as below:

Blackrock For Votes



Blackrock Against Votes

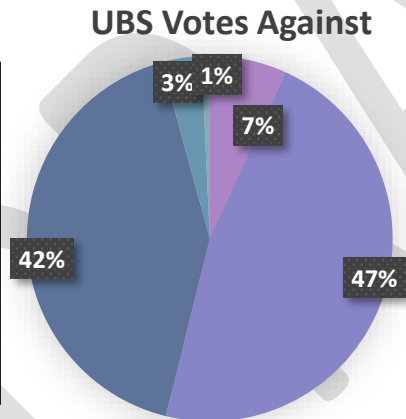
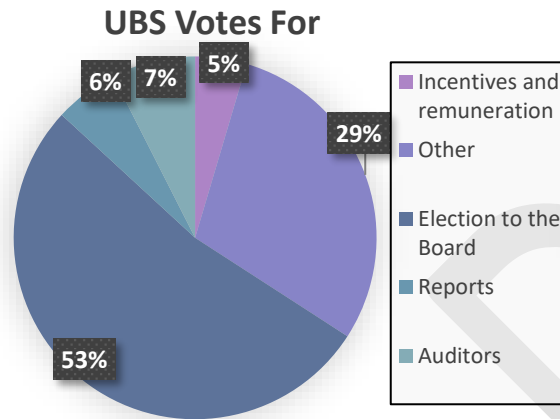


## Voting on UBS index tracking holdings

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

UBS have voted at 3,653 meetings on the Fund's behalf during the year on 44,291 resolutions. 37,270 (84%) were for the resolution and 5,869 (13%) were against and 1,162 (3%) received abstain votes.

The categorisation of the votes are set as below:



The votes against the proposal can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	2,464
Incentives and Remuneration	398
Reports	207
Auditors	42
Other	2,758

The reasoning for the largest proportion of against votes are:

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

# Administration Report

## Pension Administration Team

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

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

## Summary of Work Undertaken by the Fund in 2023-24

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

Undecided leavers - a significant amount of time has been spent processing and clearing undecided leavers cases with regular updates

provided to the pension fund committee and pension board. This project will continue throughout 2024-2025 too as we aim to clear all cases where possible so the only undecided leavers are those cases where members have just left their employment.

During the year a lot of time has been spent working with the software providers to try and resolve issues which were impacting some employers being able to provide I-Connect data reports, these have mainly arisen when an employer has changed payroll provider and the software provider needs to produce new reports.

The Pensions team have been directly liaising with software providers to support employers to ensure the requirements are clear and solutions put in place will benefit all parties.

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

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

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

The Pension software supplier has been supplying system updates, following the introduction of the McCloud legislation, to enable the Fund to process cases. Full use of the system functionality will be made now that the data in the system has been updated for 2023-24. Members have been kept informed on progress.

Due to the ongoing data issues with i-Connect the Fund was unable to send a small number of the 2022/23 Benefit Statements out by the deadline of 31 August 2023. The Pensions Regulator was informed and the statements were issued as soon as the correct data was received.

The Fund has continued to develop and promote Member Self Service. Documentation is placed on this system for members to access which includes Pensioner payslips and P60's. There has been an increasing number of members using this system, particularly Pensioner members, but it is recognised further engagement work is needed to ensure the numbers using these system continues to increase.

There has been an improvement in communications with the re-introduction of an employers newsletter in addition to the Pensioner and Active newsletters of which the latter was re-introduced in the previous year.

These improved communications see a spike in online member self service sign ups directly following their distribution, so we can see the effectiveness of these.

The Fund continuously reviews and improves the quality of data wherever possible. Common and conditional data scores remain at 96% and 99% respectively which were reported to the Pensions Regulator. Other solutions for obtaining missing data continue to be looked at ahead of the introduction of Pension Dashboards, to ensure all members information is as accurate as possible.

### **IDRP Complaints**

If a member or their representative has a complaint against the administration of the Pension fund or wishes to appeal against a

decision which has affected them, they can invoke the Pension Fund's Internal Dispute Resolution Procedure (IDRP). There are 3 stages to this process.

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

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

During 2023 – 2024 there were 2 new IDRP cases. Both of these cases had stage 1 and stage 2 decisions to make. The first of these was in relation to historic contributions for a member who wanted years of contributions to be made up. Stage 1 decision upheld the members complaint but time limited the period while the Stage 2 decision upheld the members complaint that there should be no time limit. The other case was in relation to an employer who hadn't referred a member to Occupational Health to consider ill-health retirement suitability. While the Stage 1 response didn't uphold the complaint, this progressed to Stage 2 and the recommendation was for the employer to revisit this case and refer to Occupational Health.

## Key Performance Indicators

The administration team monitors its performance based on the key indicators in the tables below and overleaf. This information has been downloaded from the Heywood Altair pension administration system which records all tasks required to be completed. Total numbers of casework:

Ref	Casework KPI	Total number of cases	Total number of new cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	3	522	520	99	550	99
A2	New dependent member benefits	2	206	203	98	183	99
A3	Deferred member retirements	15	862	836	95	662	98
A4	Active member retirements	22	590	575	94	459	95
A5	Deferred benefits	1,273	2,706	2,987	75	2,717	63
A6	Transfers in (including interfunds in, club transfers)	5	416	414	98	414	99
A7	Transfers out (including interfunds out, club transfers)	14	261	256	93	281	95



Ref	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A8	Refunds	1	834	835	100	554	99
A9	Divorce quotations issued	3	160	154	94	167	98
A10	Actual divorce cases	0	4	4	100	3	100
A11	Member estimates requested either by scheme member or employer	4	265	258	96	263	99
A12	New joiner notifications	0	3,914	3,914	100	5,721	100
A13	Aggregation cases	988	1,528	1,535	61	2,073	79
A14	Optants out after 3 months membership*	N/A	N/A	N/A	N/A	N/A	N/A

\* These figures are included in 8 above. We don't capture opt out while in employment separately

**Time taken to process casework**

DRAFT

Ref	Casework KPI	Cases commenced in Year	Cases completed during the Year	Percentage Completed in Year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	99	100
B2	Communication issued confirming the amount of dependents pension	10 days	99	99
B3	Communication issued to deferred member with pension and lump sum options (quotation)	5 days	99	99
B4	Communication issued to active member with pension and lump sum options (quotation)	5 days	100	100
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	10 days	99	98
B6	Communication issued to active member with confirmation of pension and lump sum (actual)	10 days	98	99
B7	Payment of lump sum (both actives and deferreds)	10 days	99	98

Ref	Casework KPI	Cases commenced in Year	Cases completed during the Year	Percentage Completed in Year
B8	Communication issued with deferred benefit options	30 days	66	47
B9	Communication issued to scheme member with completion of transfer in	10 days	62	52
B10	Communication issued to scheme member with completion of transfer out	10 days	79	76
B11	Payment of refund	10 days	97	81
B12	Divorce quotation	10 days	100	99
B13	Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	10 days	100	67
B14	Communication issued to new starters**	At point of commencing employment	N/A	N/A
B15	Member estimates requested by scheme member and employer	10 days	95	100

## Communications and Engagement

Ref	Engagement with online portals	Percentage as at 31 March
C1	% of active members registered	37%
C2	% of deferred members registered	31%
C3	% of pensioner and survivor members	41%
C4	% of total of all scheme members registered for self service	33%
C5	Number of registered users by age	
	18-30	925
	31-40	2,246
	41-50	3,897
	51-60	8,337
	61-70	7,307
	71-80	1,908
	81+	297

Ref	Cases completed during the Year	Percentage Completed in Year
C6	% of registered users that have logged onto the system in the last 12 months	62
	Communication	
C7	Total number of telephone calls received in year	8,027
C8	Total number of e-mail and online channel queries received	36,370
C9	Number of scheme members events held in year (total in person and online)	1
C10	Number of employer engagement events held in year (in person and online)	1
C11	Number of active members who received a one to one (in person and online)	450
C12	Number of times a communication (i.e. newsletter) issued to:	
	-Active members	3
	-Deferred members	1
	-Pensioners	2

## Administration Resources and Data Quality

Ref	Resources	Data
D1	Total number of all administration staff (FTE)	29.22
D2	Average Service length of all administration staff	10 years
D3	Staff vacancy rate %	6%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	1:2560
D5	Ration of administration staff (including management) to total number of scheme members	1:2748
<b>Annual Benefit Statements</b>		
E1	Percentage of annual benefit statements issued as at 31 August	0.88
	Short commentary if less than 100%	Change to payroll system for our largest employer led to delays in the data needed for us to provide statements
<b>Data category</b>		
E3	Common data score	96%
E4	Scheme specific data score	99%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	0.03
E6	Percentage of active, deferred and pensioner members with an email address held on file	43%
<b>Employer performance</b>		
E7	Percentage of employers set up to make monthly data submissions	0.37
E8	Percentage of employers who submitted monthly data on time during the reporting year	0.35



## Employers in the Fund

There are 348 active employers in the Fund and 27 employers who do not have active members but, have deferred pension members and/or pensioners.

	Active	Inactive	Total
<b>Scheduled Bodies</b>	241	2	<b>243</b>
<b>Resolution Bodies</b>	47	4	<b>51</b>
<b>Admitted Bodies</b>	60	21	<b>81</b>
<b>Total</b>	<b>348</b>	<b>27</b>	<b>375</b>



Jasper, Hay Bales, Cotton

A list of the active employers in the Fund on 31 March 2024 are as follows:

### Scheduled Bodies

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

#### Local Authority

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

#### Other

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

#### Colleges

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

#### Academies

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

**Academy Transformation Trust**

Beck Row Primary  
Great Heath Academy

**Active Learning Trust**

Albert Pye Primary  
Chantry Academy  
Grove Park  
Gusford  
Hillside  
Pakefield

**All Saints School Trust**

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

**Anglian Learning**

Howard Primary

**ASSET Education**

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

Mildenhall College Academy  
Westbourne Academy

Ravensmere Infant School  
Red Oak  
Reydon  
Sidegate  
Westwood Primary

Hardwick Primary  
Occold Primary  
St Peter & St Paul  
Stradbroke CEP  
Worham Primary  
Benhall St Mary's  
Sexton's Manor

The Pines Primary

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

**Children's Endeavour Trust**

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

**Clarion Academy Trust**

Pakefield High School

**Diocese of Ely**

St Christophers CE Primary

**Diocese of Norwich**

**Education**

Kessingland C of E Primary

**East Anglian Schools Trust**

Bungay High School  
Farlingaye High School  
Aldeburgh Primary  
Easton Primary  
Leiston Primary

**Eastern Multi Academy Trust**

The Glade Community Primary

**Eko Trust**

Rushmere Hall Primary

**Evolution Academy Trust**

Coldfair Green Primary  
Elm Tree Community Primary

**Forest Academy**

Forest Academy

Combs Ford Primary  
Broke Hall  
Springfield Junior  
Whitehouse Infants School

Kesgrave High School  
Castle EAST  
Saxmundham Primary  
Wickham Market Primary

West Row Academy

Poplars Community Primary  
The Dell Primary School

**Gippeswyk Com. Ed. Trust**

Britannia Primary School  
Copleston High School

**Hartismere Family of Schools**

Benjamin Britten High School  
Hartismere School

**Inspiration Trust**

Eastpoint Academy

**John Milton Academy Trust**

Bacton Community Primary  
Cedars Park Primary

**Ormiston Academies Trust**

Ormiston Denes Academy  
Ormiston Endeavour Academy  
Ormiston Sudbury Academy

**Our Lady of Walsingham**

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

**Orwell Multi Academy Trust**

Brooklands Primary  
Grange Community Primary  
Halifax Primary  
Grace Cook Primary

**Paradigm Trust**

Ipswich Academy  
Murrayfield Primary

Rose Hill Primary

Somerleyton Primary  
Woods Loke Primary

Mendlesham Primary  
Stowupland High School

Stoke High School-Ormiston Ac  
Thomas Wolsey Academy

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

Handford Hall Primary  
Springfield Infant School  
Willows Primary

Pipers Vale Community Prim  
Woodbridge Road Academy

**Raedwald Trust**

Alderwood PRU  
First Base Bury St Edmunds  
First Base Ipswich PRU  
The Albany Centre PRU

**REAch2 Multi Academy Trust**

Beccles Primary  
Gunton Primary  
Martlesham Primary  
Northfield St Nicholas Primary

**Sapienta Trust**

Stradbroke High School  
Causton Junior School

**Penrose Learning Trust**

Claydon High School  
Claydon Primary  
Dale Hall Primary School

**SENDAT**

Chalk Hill Academy  
Stone Lodge Academy

**Stour Valley Ed Trust**

Clare Community Primary

**St Johns the Baptist Multi Academy Trust**

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

Parkside Pupil Referral Unit  
St Christophers PRU  
Westbridge Pupil Referral Unit

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

Seckford Educational Trust

East Bergholt High School  
Hadleigh High School

The Priory School  
Sunrise Academy

Stour Valley Community School

St Mary's Catholic (Lowestoft)

### **St Edmundsbury and Ipswich**

#### **Diocesan Trust**

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

#### **Thedwaste Education Trust**

Great Barton CE Primary  
Rattlesden CE Primary

#### **The Tilian Partnership**

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

#### **The Consortium Multi Academy Trust**

Barnby & North Cove  
Helmingham Primary  
Henley Primary  
Mendham  
Middleton Primary

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

Thurston CE Primary  
Woolpit Primary

Kersey Primary  
Old Newton CEVC Primary  
Palgrave CEVC Primary  
Rougham CEVCP

Rendlesham Primary  
St Edmunds Primary-Hoxne  
Yoxford Primary  
Southwold Primary  
Warren School

### **Unity Schools Partnership**

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

#### **Waveney Valley Academy Trust**

Alde Valley Academy  
Roman Hill Primary  
Stowmarket High School

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

Sir John Lehman High School  
Snape Primary

## Resolution Bodies

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

Barningham Parish Council  
Beccles Town Council  
Botesdale Parish Council  
Boxford Parish Council  
Bramford Parish Council  
Bury St Edmunds Town Council  
Carlton Colville Town Council  
Felixstowe Town Council  
Framlingham Town Council  
Glemsford Parish Council  
Great Cornard Parish Council  
Great Livermere Parish Council  
Hadleigh Town Council  
Halesworth Town Council  
Haverhill Town Council  
Holesley Parish Council  
IPSERV Employers Ltd  
Kesgrave Town Council  
Kessingland Parish Council  
Lakenheath Parish Council  
Leavenheath Parish Council  
Leiston cum Sizewell Town Council  
Long Melford Parish Council  
Lowestoft Town Council  
Market Weston Parish Council  
Martlesham Parish Council  
Melton Parish Council  
Mildenhall Parish Council  
Nayland and Wissington Parish Council  
Onehouse Parish Council

Oulton Broad Parish Council  
Pinewood Parish Council  
Red Lodge PC  
Rickingham Parish Council  
Southwold TC  
Stowmarket Town Council  
Stradbroke Parish Council  
Sudbury Town Council  
The Saxhams Parish Council  
Thurston Parish Council  
Troston Parish Council  
Ufford Parish Council  
Verse  
Vertas  
Woodbridge Town Council  
Woolpit Parish Council  
Worlingham Parish Council



## Admitted Bodies

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

Abbeycroft Leisure	Hadleigh Market Feoffment Charity
Anglia Community Leisure	Housing 21
Aspens - All Saints School Trust	Impact FGL - ALT The Pines
Aspens - Asset	Kindred – Alde Valley
Aspens - Glade Academy	Kindred – East Coast College
Aspens – St Eds & Ipswich DMAT	Landguard and Felixstowe Conservation Trust
Aspens – St Matthews SEIDMAT	Leading Lives
Aspens - The Ashley	Lunchtime Co - All Saints Lawshall
Aspens - Thedwastre (Thurston Primary)	Lunchtime Co - Birchwood
Aspens - Tilian	Lunchtime Co – C.E.T.
Beccles Fenland Charity Trust	Lunchtime Co - EAST
Bidvest Noonan – Penrose Learning Trust	Lunchtime Co - Paradigm Trust
Care Quality Commission	Lunchtime Co – St Alban’s OLOW
Care UK	Lunchtime Co – Wood Ley Primary School
Caterlink - U.S.P	Marina Theatre
Churchill Contract Services	Milestone Infrastructure Limited
Compass - All Saints Schools Trust	Norland Managed Services
Compass - Ormiston Sudbury	Orwell Housing
Compass - Thedwastre	Papworth Trust
Concertus	Places for People
Crystal FM – Clarion Pakefield	Realise Futures
Ecoclean - Westgate	SALC(Suffolk Association of Local Councils)
Ecoserv Group - Westgate Primary School	Sports and Leisure Management Ltd
Edwards & Blake - Alde Valley	Suffolk Libraries IPS
Edwards & Blake – Kyson	The Havebury Housing Partnership
Edwards & Blake - Ormiston Denes	The Partnership in Care Ltd
Edwards & Blake - Roman Hill	The Stevenson Centre
Edwards & Blake – Trimley St Mary	Thorpe Woodlands A.C.T
Elior Ltd-Chantry Academy	VHS Cleaning Services Ltd (Anglian Learning - Howard)
European Electronique	
Flagship Housing Group	

## 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 2023-24 that officer was the Chief Financial Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the statement of accounts

### Certification

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

**Councillor Joanna Spicer**

*Chairman of the Audit Committee*

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

The Chief Financial Officer is responsible for the preparation of the Council's Statements of Accounts including those of the Pension Fund. In order to comply with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of the financial position of the Pension Fund at 31 March 2024, and the income and expenditure (spending) for the year to that date.

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

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

The Chief Financial Officer has also:

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

### Certification

I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Pension Fund at 31 March 2024 and its income and expenditure for the year to that date.

**Louise Aynsley**

Chief Financial Officer (Section 151 Officer)

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

## Opinion on the Pension Fund financial statements

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

In our opinion the Pension Fund financial statements:

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

## Basis for Opinion

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

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

## Conclusions relating to going concern

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

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

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

## Other information

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

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

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

We have nothing to report in this regard.

## Responsibility of the Chief Financial Officer

As explained more fully in the 'Statement of Responsibilities for the Statement of Accounts' set out on page 8, the Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the

Pension Fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

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

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

**Debbie Hanson TBC**

*(for and on behalf of Ernst & Young LLP, Appointed Auditor)*



Sunset Levington, River Orwell



## Actuarial Statement for 2023-24

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

### Description of Funding Policy

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

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

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

### Funding Position as at the last formal funding valuation

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

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

### Principal Actuarial Assumptions and Method used to value the liabilities

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

#### Method

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

## Assumptions

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

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

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

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

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

\*Aged 45 at 2022 Valuation

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

## Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase

of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England target of 2%.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

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



Craig Alexander FFA  
For and on behalf of Hymans Robertson LLP  
3 May 2024

**HYMANS**   
**ROBERTSON**

Together, building better  
futures since 1921



# ACCESS ANNUAL REPORT 2023/24



# Foreword

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

This has been another year when further significant progress has been made within our Pool. Driven by over **£5.4bn** of incoming investment activity within both the listed and non-listed asset classes, the total value of assets within pooled arrangements reached **£44.725bn** at the 31 March 2024. The result is that our pooling progress at the year- end was just short of 70% of all assets under management across the 11 ACCESS Authorities. Further investment activity since the end of the year places the pool progress above 70%. The work undertaken on non-listed assets in particular has considerably expanded the range of pooled solutions ACCESS now offers. So in addition to listed assets, mandates covering different types of Real Estate and Infrastructure are now available. It is important to highlight that in aggregate, the geographic profile of ACCESS investments demonstrate that over 20% of assets are now invested within the UK. A key theme during the year was the Government LGPS Pooling Consultation. Launched in July 2023 against a background of the Mansion House Reforms, the Consultation explored key areas on approaches to pooling, UK investment and future expectations. ACCESS Authorities undertook an extensive collective process of consideration and dialogue in producing a detailed Pool response. This has formed the basis for dialogue which continued after the Government's own response at the November 2023 Autumn statement and into the Ministerial Roundtables of late Spring 2024. It is a dialogue we look forward to continuing with the new Government and MHCLG Ministers and colleagues. One aspect of our evidence ACCESS submitted to Government was the findings of work undertaken by Dr Chris Sier at ClearGlass. Based on Cost Transparency Initiative data, his team of

specialists produced an analysis of fees paid by ACCESS Authorities compared to those prevalent in the market. This concluded that across listed assets the ACCESS pool delivers around **£29m** of annual savings (or 27%). During the year the Joint Committee approved two appointments following procurements which used the National LGPS Frameworks. As a result, PIRC are now advising our Pool on ESG / RI matters and Tavistock are now the Communications partner for ACCESS. We look forward to working with both organisations and building on the achievements made to date. In closing I would like to thank my fellow ten Joint Committee members, each representing their respective Authorities, along with the Officers who support them, and the ACCESS Support Unit (ASU).



Cllr Mark Kemp-Gee  
Chairman of the ACCESS Joint Committee  
Chairman of the Hampshire Pension Fund Panel & Board



# Introduction

**2023/24 saw a number of key developments to further increase the asset classes covered by ACCESS and therefore expand the investment opportunity set of our 11 LGPS Authorities.**

Our Implementation Adviser for non-listed assets, Apex, undertook a Property procurement process which concluded in 2023. The outcome of which is that CBRE will undertake both UK Core and Global Real Estate mandates. In addition, following a review, Apex recommended the AVIVA Lime Fund for Long Lease domestic Real Estate. As a consequence during 2023/24 property investment totalling **£2.2bn** switched to these Pooled arrangements. Additional Real Estate investment is anticipated, and a search is underway on Social Housing whilst work is being undertaken to explore the potential for investment in the Impact space.

Following a review of infrastructure opportunities undertaken by Mercer Consulting two funds: IFM and JPM have been designated as Pool-Aligned with a combined ACCESS investment of **£1.7bn**.

At the time of writing Apex concluded a Timber search which has resulted in JP Morgan Campbell and Stafford managing **£800m** in aggregate across two natural capital mandates.

Whilst much of our activity in the year has been around developing the non-listed part of our Pool, we now have 5 year performance data for our first 8 actively managed sub-funds. Collectively this blend of Global and UK equities have produced an annualised return of 9.8% against a benchmark of 8.9%. LGPS Authorities are,

of course, long term investors, however a sustained annualised outperformance of 0.9% over our initial 5 Kevin McDonald

Director, ACCESS Support Unit

years represents a significant milestone on our journey. During the last year ACCESS and ACS Operator Waystone have rethought Pool Investor Days. What had tended to centre on presentations has now become a blend of debate, analysis and informal interaction. At events in November 2023 and June 2024, London venues have combined time and space for networking with both Waystone and their appointed ACS Investment Managers, along with formal sessions on markets, LGPS developments, RI expectations and geopolitical risk factors. The revised format has maximised engagement for delegates including s101 Committee Members, Local Pension Board Members, s151 officers and LGPS officers. I would like to thank my ASU colleagues, the technical leads and the officers of the Authorities for their enthusiasm, support and hard work towards the continued progress of the Pool.

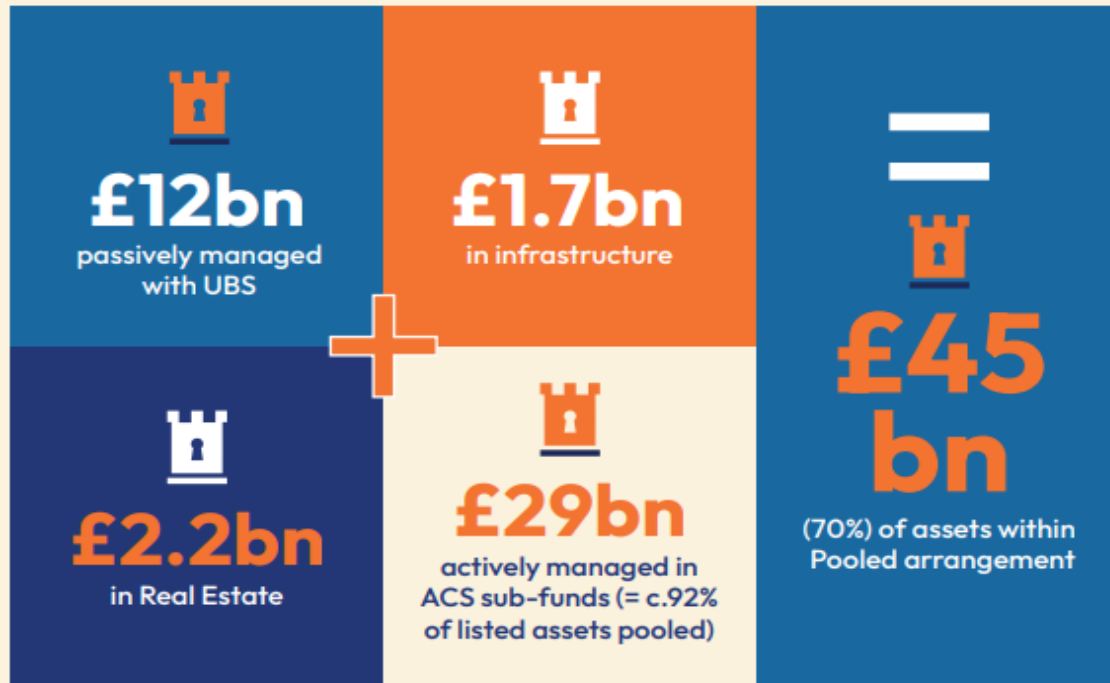


Kevin McDonald  
Director, ACCESS Support Unit



# At a glance

## Assets



## People and employers



## Performance



## Costs & savings since inception



# Background

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of eleven Local Government Pension Schemes (LGPS)

Administering Authorities:

- Cambridgeshire County Council;
- East Sussex County Council;
- Essex County Council;
- Hampshire County Council;
- Hertfordshire County Council;
- Isle of Wight Council;
- Kent County Council;
- Norfolk County Council;
- Northamptonshire County Council (West Northamptonshire from 1 April 2021);
- Suffolk County Council and
- West Sussex County Council

in response to the Governments pooling agenda across the LGPS.

The first ACCESS Inter Authority Agreement was signed in late June 2017.

The ACCESS Administering Authorities are committed to working together to optimise benefits and efficiencies on behalf of their individual and collective stakeholders, operating within a clear set of objectives and principles that drives the decision-making process.



# Governance

Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as does all decision making on their individual Funds asset allocation and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

The Joint Committee (JC) has been appointed by the eleven Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The JC's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool-aligned asset providers (for passive asset management), to the Administering Authorities. The Joint Committee also reviews ongoing performance.

The Section 151 Officers of ACCESS Authorities provide advice to the Joint Committee in response to its decisions to ensure appropriate resourcing and support is available to implement the decisions and to run the ACCESS Pool. The Joint Committee is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

The Officer Working Group consists of officers with specialist LGPS investment skills, identified by each of the Administering Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management and supplier relationship, administration and technical support services. 2020/21 saw the approval of two additional roles to increase support capacity of the ASU which is hosted by Essex County Council. Appointments were made to these positions in March 2021 and July 2021. These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.



# The Operator: Waystone

Appointed in 2018, Waystone (formally Link Fund Solutions Ltd), provide the pooled operator service, overseeing, establishing and operating an Authorised Contractual Scheme (ACS) for the sole use of ACCESS Authorities. Waystone are also responsible for the creation of a range of investment sub-funds for active listed assets and the appointment of the investment managers to those sub-funds. This is designed to enable Administering Authorities to execute their asset allocation strategies.

## Pool Aligned Assets

UBS were appointed following a joint procurement in 2017, UBS act as the ACCESS Authorities' investment manager for passive assets. JP Morgan and IFM were approved in 2024 to provide open ended infrastructure investments to the Pool. Aviva were appointed in 2024 to provide long lease real estate investments and CBRE have been appointed to provide UK and Global Property investments.

## Progress on Pooling

ACCESS submitted its pooling proposal to Government in July 2016 with detailed plans for establishing and moving assets into the pool. Included in the proposal was an indicative timeline of when assets will be pooled, and ACCESS has continued to make excellent progress against the principal milestones set out. ACCESS currently has **£44.724** billion assets pooled, and net savings of **£92.4** million by March 2024. An additional **£1.250** billion has been committed to investments in the Pool for 2024/25. As at 31 March 2024, almost **70%** of assets have been pooled.

Pooled Investments	£ Billions
Global Equity Funds	16.269
UK Equity Funds	1.987
Fixed Income	8.668
Diversified Growth	1.162
Emerging Markets	0.767
Passive Investments	11.989
Infrastructure	1.711
Real Estate	2.171
<b>Total Pooled Investments</b>	<b>44.724</b>

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



## Key milestones achieved in 2023/24

- Approval and launch of sub-funds reflecting the strategic asset allocation needs of the ACCESS Funds.
- Work with CBRE to implement the property mandates.
- Pool alignment of infrastructure funds.
- Procurement and implementation of long lease real estate.
- Procurement of timberlands mandate.
- Preparation for, and the commencement of the procurement of the operator services.
- Implementation of outcomes from third party review.
- Commencement of Responsible Investment reporting support for the Pool.
- Additional resources appointed to the ASU to support the activities of the ACCESS Pool.

## Objectives for 2024/25

ACCESS is well placed to continue to develop the pool and progress will continue. It is anticipated that 2024/25 will see key activities within the following themes:

- Reprocurement of the operator services.
- Implementation of private equity and private debt solutions established by Apex.
- Submission of UK Stewardship code application.
- Implementation of reviewed voting guidelines.
- Complete the implementation of outcomes from third party review.
- Review the arrangements of Local Pension Board observes at Joint Committee meetings.





# Expected v Actual Costs and Savings

The table across summarises the financial position for 2023/24 along with the cumulative position since the commencement of ACCESS activity in early 2016.

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2023/24 saw a slight overspend, primarily due to higher than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

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

The 2023/24 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

	2023-2024		2016-2024	
	Actual In Year £' Million	Budget In Year £' Million	Actual Cumulative to date £' Million	Budget Cumulative to date £' Million
Set Up Costs	-	-	1,824	1,400
Transition Costs	-	-	3,338	6,907
Ongoing Operational Costs	1,608	1,559	6,900	9,254
Operator & Depositary Costs	5,264	5,771	23,392	26,709
<b>Total Costs</b>	<b>6,872</b>	<b>7,330</b>	<b>35,454</b>	<b>44,270</b>
Pool Fee Savings	30,794	19,900	129,739	85,450
<b>Net Savings Realised</b>	<b>23,922</b>	<b>12,570</b>	<b>94,285</b>	<b>41,180</b>

## In summary

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

## Environmental, Social and Governance (ESG) and Responsible Investment (RI)

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

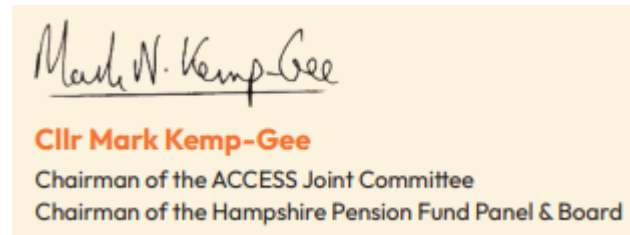
Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment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

ACCESS has reviewed its own ESG/RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment.

PIRC have been appointed to provide advice on future appropriate reporting requirements to provide transparency to stakeholders, monitor adherence to the Guidelines and inform discussion on ESG/RI matters.

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

The voting guidelines sets out the principles of good corporate governance and the means by which ACCESS will seek to exercise its influence on companies. During the year, votes on behalf of ACCESS Authorities were cast at **2,614** meetings on **37,483** resolutions and UBS voted at **11,577** meetings on **134,800** resolutions on ACCESS investments held with them.



## Fund Account

2022 - 2023 £ million	Fund Account		2023 - 2024 £ million
	<b>Dealings with members, employers and others directly involved in the scheme</b>	Notes	
	<b>Contributions and benefits</b>		
	Contributions receivable:		
	From employers		
101.751	Normal	10	103.626
2.922	Additional	10	0.049
0.830	Other	10	1.064
	From members		
28.055	Normal	10	31.263
	Transfers In		
10.571	Individual transfers in from other schemes		10.827
-	Group transfers in from other schemes		0.000
	Benefits payable:		
-94.180	Pensions	10	-105.625
-15.246	Commutations of pensions and lump sum retirement benefits	10	-19.331
-1.910	Lump sum death benefits	10	-2.128
	Payments to and on account of leavers:		
-0.371	Refunds of Contributions		-0.511
-5.930	Individual transfers out to other schemes		-9.112
0.000	Group Transfers out to other Schemes		-0.083
<b>26.492</b>	<b>Net additions (withdrawals) from dealings with members</b>		<b>10.039</b>
-17.561	Management Expenses	11	-14.613
<b>8.931</b>	<b>Net additions (withdrawals) including management expenses</b>		<b>-4.574</b>
	<b>Returns on investments</b>		
	Investment income		
10.839	Income from Pooled Investment Vehicles - Property		11.840
0.959	Income from Pooled Investment Vehicles - Private Equity		1.294
45.019	Income from Other Pooled Investment Vehicles		97.085
0.838	Interest on Cash Deposits		0.911
0.001	Other		0.000
-64.142	Change in market value of investments		387.368
<b>-6.486</b>	<b>Net returns on investments</b>		<b>498.498</b>
2.445	Net increase, or (decrease), in the fund during the year		493.924
3,756.428	Opening net assets of the scheme		3,758.873
<b>3,758.873</b>	<b>Closing net assets of the scheme</b>		<b>4,252.797</b>



Mechanical Water Clock, Southwold

## Net Asset Statement

2022 - 2023 £ million		Notes	2023 - 2024 £ million
<b>Net asset statement</b>			
<b>Investment assets</b>			
	Pooled Investment Vehicles		
827.302	Equities	13,14	972.817
776.447	Fixed Income	13,14	990.220
1,006.746	Unit linked insurance policies	13,14	1,174.540
296.809	Property unit trust	13,14	306.180
834.421	Other Managed Funds	13,14	793.963
	Other Investment Balance		
0.709	Cash [held for investment]	13	3.570
<b>3,742.434</b>	<b>Total investments</b>		<b>4,241.290</b>
<b>Current assets</b>			
14.286	Debtors	22	12.033
7.061	Cash Deposits	19d	7.308
0.022	Cash at Bank	19d	0.000
<b>21.369</b>	<b>Total current assets</b>		<b>19.341</b>
<b>Current liabilities</b>			
0.000	Cash at Bank	19d	-1.319
-4.930	Creditors	23	-6.515
<b>-4.930</b>	<b>Total current liabilities</b>		<b>-7.834</b>
<b>16.439</b>	<b>Net current assets</b>		<b>11.507</b>
<b>3,758.873</b>	<b>Net assets</b>		<b>4,252.797</b>



St Edmundsbury Cathedral

# Notes to the Accounts

## 1. Description of the Fund

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

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

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

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

Organisations participating in the Suffolk County Council Pension Fund include:

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

There are 348 employer organisations with active members within the Scheme as at 31 March 2024, a decrease of 4 from the previous year total of 352. Teachers, Firefighters and NHS staff have their own pension schemes and are not included in the Fund.

The Fund has the following number of members and pensioners:

31 March 2023		31 March 2024	
<b>Number of Employees in the Scheme</b>			
7,934	County Council	7,617	
15,146	Other Employers	15,076	
<b>23,080</b>	<b>Total</b>	<b>22,693</b>	
<b>Number of Pensioners</b>			
9,961	County Council	10,611	
8,540	Other Employers	9,444	
<b>18,501</b>	<b>Total</b>	<b>20,055</b>	
<b>Number of Deferred Members</b>			
15,007	County Council	14,494	
14,581	Other Employers	16,271	
<b>29,588</b>	<b>Total</b>	<b>30,765</b>	

## Funding

Benefits are funded by contributions and investment earnings. Employers' contributions are set based on the triennial actuarial funding valuation in March 2022 for the contributions paid in 2023 – 2024. Employees contributions are paid in line with the LGPS Regulations 2013.

## Benefits

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



## 2. Events after the Balance Sheet Date

There has been no event between 31 March 2024 and the date when these accounts were authorised for issue that requires any adjustments to these accounts.

## 3. Significant Changes to the Fund

As part of its annual asset allocation review, the Committee at its meeting on 31 March 2023, agreed to switch its Low Carbon Transition Fund holding with UBS into the sterling hedged version. This was implemented in April 2023.

The Pension Fund Committee made a decision at its meeting on 31 March 2023 to increase the fixed income strategic allocation with Waystone Management UK Ltd (formerly Link Fund Solutions) M&G and Waystone Management UK Ltd Janus Henderson by 1% each. £37.5 million was invested into the M&G Alpha Opportunities Fund investment in April 2023 and £37.5 million into the Janus Henderson Multi Asset Credit Fund in May 2023.

The Pension Fund Committee made a decision to transfer its emerging market index tracking investment held with UBS into an actively managed Waystone Management UK Ltd emerging market sub fund. £35 million was invested with Columbia Threadneedle in July 2023.

The ACCESS Joint Committee appointed investment consultant Mercer, to review a number of alternative investments on their suitability to be included within the Pool's alternative investment platform, one of which was JP Morgan's infrastructure fund which the Suffolk Pension Fund has holdings of £223 million. JP Morgan was approved at the Joint Committee meeting on 4 December 2023.

Suffolk Pension Fund has £3.361 billion invested within the ACCESS Pool, (£2.610 billion, 31 March 2023), which represents 79% of the Fund's investment assets (70%, 31 March 2023).

## 4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2023-2024 financial year and its position as at 31 March 2024.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in United Kingdom 2023 - 2024', which is based upon International Financial Reporting Standards (IFRS).

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



Sir Alf Ramsey, Ipswich

## 5. Going Concern Statement

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023 - 2024 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 30 September 2024, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

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

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

The improved funding position at the March 2022 valuation has resulted in many Employers paying lower contribution rates from 1 April 2023 which will reduce the income from contributions over the next 3 years. The Fund has forecast a positive cashflow for 2024 - 2025 and a negative cashflow of £5 million for 2025 - 2026, which can be met through surplus cash in the form of income from investments.

In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary carried out an interim valuation during 2023 - 2024. The Fund's assets were valued at £4.254 billion, with liabilities of £2.870 billion resulting in a funding level of 148%.

The Pension Fund has not utilised any borrowing during the 2023 - 2024 financial year or within the 2024 - 2025 year to date.

The Pension Fund has an allocation of 40.5% to equities, 28% to Bonds and 0.5% to cash, which are assets that could be liquidated to pay benefits should the need arise.

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



Spirits of Lowestoft, Lowestoft

## 6. Summary of Significant Accounting Policies

### 6.1 Fund Account - Revenue Recognition

#### Contribution Income

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

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

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

#### Transfers to and from Other Schemes

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

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

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

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

#### Investment Income

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

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

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

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

#### Movement in the Market Value of Investments

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



Walkway, Snape Maltings

## 6.2 Fund Account - Expenditure

### Benefits Payable

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

### Taxation

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

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

### Management Expenses

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

#### i) Administration Expenses and Oversight and Governance Expenses

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

#### ii) Investment Management Expenses

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

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

## 6.3 Net Asset Statement

### Financial Assets

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

The value of investments has been determined as follows:

#### Market Quoted Investments

Managed Funds are valued using the bid market price on 31 March 2024.

#### Property

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

#### Unquoted Pooled Investment Vehicles

Unquoted Securities include pooled investments in Infrastructure, Illiquid Debt, Private Equity and Timberlands. Market quotations are not readily available. The value is based on the Fund's share of the net asset using the latest financial statements received from the respective fund manager and adjusted for capital calls and distributions received from that date to 31 March 2024.

## Quoted Pooled Investment Vehicles

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

## Foreign Currency Transactions

Investments and cash held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2024.

## 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 2024.

## 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 2024 are therefore cash equivalent sums. For short term investments there are no strict criteria to follow relating to the nature and maturity of these items.

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

## Events after the Balance Sheet date

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

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

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

## Additional Voluntary Contributions

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

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



## Actuarial Present Value of Promised Retirement Benefits

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

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

## 7. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023 – 2024 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 2024 - 2025 code.

IFRS 16 – Leases.

IAS 8 - Definition of accounting estimates.

IAS 1 - Classification of current and non-current liabilities.

IAS 12 - Deferred tax.

IFRS 7/ IAS 7 - Supplier finance arrangements.

The code requires implementation of the above disclosure from 1 April 2024. These changes are not considered to have a material effect on the Pension Fund accounts of 2023 - 2024.

## 8. Critical Judgements in Applying Accounting Policies

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

Fund must consider is the Pension Fund actuarial liability.

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

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

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

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

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

### Actuarial Present Value of Promised Retirement Benefits

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

## Property

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

The property investment held with Schrodgers at 31 March 2024 is £306.180 million.

## Private Equity

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

The unquoted Private Equity investments at 31 March 2024 are £117.728 million with Pantheon and £4.255 million with Wilshire.

## Infrastructure

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

The Infrastructure investments held with Partners, M&G, KKR and JP Morgan at 31 March 2024 are £48.876 million, £69.390 million, £43.985 and £223.169 million respectively.

## Illiquid Debt

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

Illiquid Debt is held with M&G and includes the Debt Opportunity investments, the Illiquid Credit Opportunity Fund and the Debt Solutions Fund totalling £28.067 million and a Multi Asset Credit Fund held with Partners Group valued at £116.274 million as at 31 March 2024.



Memorial to Sir Daniel Cooper Bart, Newmarket

## 10. Contributions Received and Benefits Paid during the Year

2022 -2023				2023 -2024		
Employers' Contributions	Employees' Contributions	Benefits Paid		Employers' Contributions	Employees' Contributions	Benefits Paid
£ million	£ million	£ million		£ million	£ million	£ million
39.428	11.171	-51.584	Suffolk County Council	37.373	12.562	-58.662
63.506	16.103	-56.766	Other Scheduled and Resolution Bodies	65.533	18.018	-61.096
2.569	0.781	-2.986	Admitted Bodies	1.833	0.683	-7.326
<u>105.503</u>	<u>28.055</u>	<u>-111.336</u>	<b>Total</b>	<u>104.739</u>	<u>31.263</u>	<u>-127.084</u>

Employer contributions are the ongoing contributions paid into the scheme by the employers in accordance with the rates and adjustments certificate provided by the actuary, which sets out the contribution rates for all the employers in the Fund.

Employer contributions are made up of two elements:

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

Included within the employer normal contributions of £103.626 million shown in the Fund account, is an amount of £1.748 million which represents the secondary rate paid within the employers' percentage (£3.929 million in 2022 - 2023).

The additional employer contribution identified separately on the Fund account of £0.049 million (£2.922 million in 2022 - 2023), refers to those employers funding their secondary rate by means of lump sum payments.

The Fund undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three-year period. 2023 - 2024 was the first year in the three-year period following the 31 March 2022 valuation for the contribution rates set by the actuary to reflect a and b above.

A list of employers and their contribution rates is available on the Suffolk Pension Fund website at [www.suffolkpensionfund.org](http://www.suffolkpensionfund.org).

## 11. Management Expenses

2022 - 2023		2023 - 2024
£ million		£ million
15.449	Investment Management Expenses	12.253
1.429	Administration Expenses	1.668
0.684	Oversight and Governance Costs	0.692
<u>17.562</u>		<u>14.613</u>

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

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

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

External audit fees charged by Ernst & Young for 2023 - 2024 were £0.094 million, (£0.028 million 2022 - 2023). The external fee for 2022 - 2023 is subject to change, depending on additional charges which may be made by the external auditors on high-risk areas. £0.015 million has been accrued for additional work.

£0.013 million has been received from the Department for Levelling Up, Housing and Communities to support the implementation of the Redmond Review recommendations, to meet the anticipated rise in fees for the 2023 - 2024 audits driven by new audit requirements.

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

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

2023 - 2024	Management Fees	Performance Fees	Transaction Costs	Total
Assets	£ million	£ million	£ million	£ million
<b>Pooled Investments</b>				
Equities	0.184		0.066	0.250
Unit Linked Insurance Policies	0.488			0.488
Fixed Income	0.159		0.432	0.591
Property	1.088			1.088
Absolute Returns	0.291			0.291
Private Equity	1.476	0.000		1.476
Infrastructure	3.689	0.651		4.340
Illiquid Debt	2.724	0.978		3.702
Money Market	-0.013			-0.013
<b>Total Investment Expenses</b>	<b>10.086</b>	<b>1.629</b>	<b>0.498</b>	<b>12.213</b>
Custody	0.040			0.040
<b>Total Investment Management Expenses</b>	<b>10.126</b>	<b>1.629</b>	<b>0.498</b>	<b>12.253</b>



Question Mark, Ipswich

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

31 March 2023		31 March 2024	
Market Value £ million	Percentage of Assets %	Market Value £ million	Percentage of Assets %
<b>Investments managed within the ACCESS Pool</b>			
1,603.749	<b>42.84%</b>	1963.037	<b>46.30%</b>
1,006.746	<b>26.91%</b>	1174.539	<b>27.72%</b>
0.000	<b>0.00%</b>	223.169	<b>5.27%</b>
<b>2,610.495</b>	<b>69.75%</b>	<b>3,360.745</b>	<b>79.29%</b>
<b>Investments managed outside the ACCESS Pool</b>			
0.235	<b>0.01%</b>	0.041	<b>0.00%</b>
0.061	<b>0.00%</b>	0.026	<b>0.00%</b>
224.875	<b>6.01%</b>	0.000	<b>0.00%</b>
28.715	<b>0.77%</b>	43.985	<b>1.04%</b>
98.813	<b>2.64%</b>	97.458	<b>2.30%</b>
20.420	<b>0.55%</b>	13.091	<b>0.31%</b>
157.414	<b>4.21%</b>	161.771	<b>3.82%</b>
133.029	<b>3.56%</b>	165.149	<b>3.90%</b>
140.959	<b>3.77%</b>	69.580	<b>1.64%</b>
318.754	<b>8.52%</b>	321.619	<b>7.60%</b>
7.955	<b>0.21%</b>	4.255	<b>0.10%</b>
<b>1,131.230</b>	<b>30.25%</b>	<b>876.975</b>	<b>20.71%</b>

Waystone Management UK Ltd are the Authorised Contractual Scheme operator of the ACCESS Pool. The UBS Group and JP Morgan investments are managed within the ACCESS Pool on a pool governance basis. JP Morgan became pool aligned during the 2023 - 2024 financial year.

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

The Multi Asset Credit mandates with Partners Group, the Infrastructure mandate with Kohlberg, Kravis, Roberts, the Private Equity mandate with Pantheon Ventures Investments, and the Debt Solutions Fund and Infracapital Fund with M&G have been funded as investment opportunities

are identified by the investment managers. These investments are funded from surplus cash and from the Pyrford International mandate.

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

## 13. Reconciliation of Movements in Investments and Derivatives

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

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

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



	Opening Market Value 31 March 2023 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2024 £ million
<b>Quoted Pooled Investment Vehicles:</b>					
Equities	827.302	57.112	-60.066	148.469	972.817
Fixed Income	776.447	154.522	0.000	59.251	990.220
Unit linked insurance policies	1,006.746	25.000	-39.949	182.743	1,174.540
Other Managed Funds	215.664	291.217	-382.207	17.478	142.152
<b>Unquoted Pooled Investment Vehicles:</b>					
Other Managed Funds	618.757	64.819	-13.184	-18.581	651.811
Property	296.809	24.969	-4.038	-11.560	306.180
<b>Total of Investments</b>	<b>3,741.725</b>	<b>617.639</b>	<b>-499.444</b>	<b>377.800</b>	<b>4,237.720</b>
	<b>Closing Market Value 31 March 2023 £ million</b>	<b>Movement in Cash Balance £ million</b>	<b>Impairment of Investments £ million</b>	<b>Change in Market Value £ million</b>	<b>Closing Market Value 31 March 2024 £ million</b>
<b>Other Investment Balances:</b>					
Cash Held for Investment	0.709	3.084	-	-0.223	3.570
<b>Net Investments</b>	<b>0.709</b>	<b>3.084</b>	<b>-</b>	<b>-0.223</b>	<b>3.570</b>

The change in market value of £377.577 million (£377.800 million and -£0.223 million) is £9.791 million different than the change in market value on the Fund Account of £387.368 million. The difference is caused by indirect management fees and transaction costs which are charged against the NAV and not directly to the Fund.

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



Pairs of Tritons, Lowestoft

## 14. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2023 £ million		Market Value 31 March 2024 £ million	
<b>Pooled Investment Vehicles - Quoted</b>			
827.302	Equities	972.817	
776.447	Fixed Income	990.220	
1,006.746	Unit Linked Insurance Policies	1,174.540	
<b>Other Managed Funds</b>			
140.959	Absolute Returns	69.580	
42.365	Money Market Funds	28.528	
32.340	Private Equity	44.044	
<u>215.664</u>	<b>Total Quoted Other Managed Funds</b>	<u>142.152</u>	
<b>Pooled Investment Vehicles - Unquoted</b>			
<b>Other Managed Funds</b>			
106.195	Illiquid Debt	144.341	
379.237	Infrastructure	385.420	
133.090	Private Equity	122.009	
0.235	Timberlands	0.041	
<u>618.757</u>	<b>Total Unquoted Other Managed Funds</b>	<u>651.811</u>	
834.421	<b>Total Other Managed Funds</b>	793.963	
296.809	Property	306.180	
<u><u>3,741.725</u></u>	<b>Total</b>	<u><u>4,237.720</u></u>	

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



## 17b. Net Gains and Losses on Financial Instruments

31 March 2023		31 March 2024	
£ million	Financial Assets	£ million	
-73.779	Fair value through profit and loss	377.800	
-0.186	Amortised cost - unrealised gains	-0.223	
<b>Financial Liabilities</b>			
0.000	Fair value through profit and loss	0.000	
<b>-73.965</b>	<b>Total</b>	<b>377.577</b>	

## 18a. Fair Value Hierarchy

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

### Level 1

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

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

### Level 2

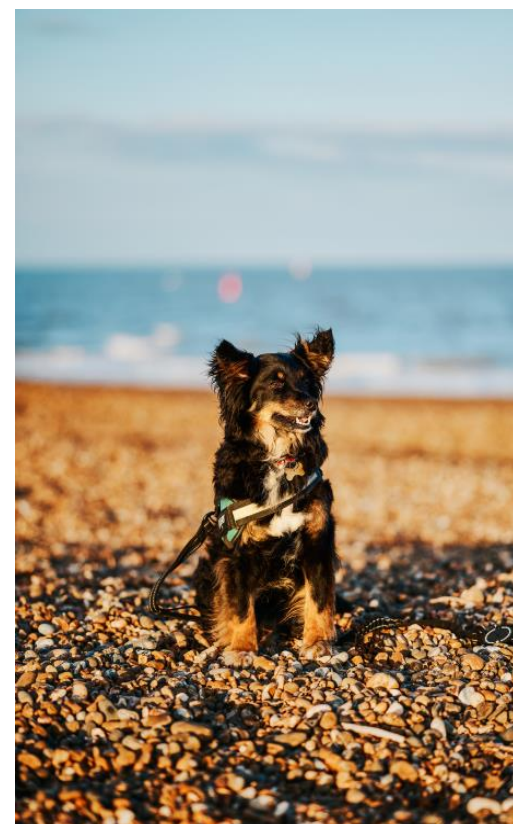
Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly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

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

### Level 3

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

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



Shingle Street

## 18.b Fair Value - Basis of valuation

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

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Market Quoted Equities Money Market Funds Absolute Returns	Level 1	Published bid market price	N/A	N/A
Unit Linked Life Assurance Policies Equity Pooled Funds	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.
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 property 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
Illiquid 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.

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



Henry Moore sculpture at Snape Maltings

## 18.c Valuation of Financial Instruments Carried at Fair Value

	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
<b>Values at 31 March 2023</b>				
<b>Financial Assets</b>				
Fair value through profit and loss	74.704	2,751.455	915.566	3,741.725
Assets at amortised cost	10.292			10.292
<b>Total Financial Assets</b>	<b>84.996</b>	<b>2,751.455</b>	<b>915.566</b>	<b>3,752.016</b>
<b>Financial Liabilities</b>				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-2.069			-2.069
<b>Total Financial Liabilities</b>	<b>-2.069</b>	<b>0.000</b>	<b>0.000</b>	<b>-2.069</b>
<b>Net Financial Assets</b>	<b>82.927</b>	<b>2,751.455</b>	<b>915.566</b>	<b>3,749.948</b>

	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
<b>Values at 31 March 2024</b>				
<b>Financial Assets</b>				
Fair value through profit and loss	72.571	3,207.158	957.991	4,237.720
Assets at amortised cost	12.975			12.975
<b>Total Financial Assets</b>	<b>85.546</b>	<b>3,207.158</b>	<b>957.991</b>	<b>4,250.695</b>
<b>Financial Liabilities</b>				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-5.452			-5.452
<b>Total Financial Liabilities</b>	<b>-5.452</b>	<b>0.000</b>	<b>0.000</b>	<b>-5.452</b>
<b>Net Financial Assets</b>	<b>80.094</b>	<b>3,207.158</b>	<b>957.991</b>	<b>4,245.243</b>

## 18.d Reconciliation of Fair Value measurements within Level 3

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

Assets	Opening Market Value 01 April 2023 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2024 £ million
Property	296.809	24.969	-4.038	1.271	-12.831	306.180
Illiquid Debt	106.195	41.773	-5.545	0.022	1.896	144.341
Infrastructure	379.237	19.108	5.307	2.249	-15.983	385.420
Private Equity	133.090	3.938	-12.946	9.303	-11.376	122.009
Timberlands	0.235	0.000	0.000	-	-0.194	0.041
<b>Total of Investments</b>	<b>915.566</b>	<b>89.788</b>	<b>-17.222</b>	<b>8.347</b>	<b>-38.488</b>	<b>957.991</b>



George, Sunset at Levington



### 18.e Sensitivity of assets values at Level 3

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

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

	Market Value 31 March 2024 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	306.180	15.6%	353.944	258.416
Illiquid Debt	144.341	7.7%	155.455	133.227
Infrastructure	385.420	13.6%	437.837	333.003
Private Equity	122.009	31.2%	160.076	83.942
Timberlands	0.041	13.6%	0.046	0.035
<b>Total of Investments</b>	<b>957.991</b>		<b>1,107.358</b>	<b>808.623</b>

### 19. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The key risks that have been identified are:

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

#### A. Credit risk

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

The Fund is exposed to credit risk in its operational activities through securities lending, forward currency contracts and treasury management activities. Commercial credit risk also arises with those organisations that pay monies over to the Fund (debtors) as part of the administration function, principally contributions from employers and transfers in from other registered pension schemes.

Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new

admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2024 is provided in Note 22.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2024. The management of this cash held for the purpose of managing the cashflow was carried out by the Council's Treasury Management team in accordance with the cash management strategy approved by the Pension Fund Committee. The Fund has had no occasion of default or uncollectable deposits.

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

At 31 March 2024, £5.989 million was with Lloyds (£7.083 million at March 2023). Cash deposited with Northern Trust amounted to £16.982 million at 31 March 2024 (£21.128 million at March 2023) and Schroders held £15.117 million in their money market fund, (£21.945 million at March 2023).

## B. Liquidity risk

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

The Pension Fund holds sufficient working capital to ensure that it has cash available to meet benefit and transfer payments and cash drawdown requirements in respect of certain investment transactions. Within mandates it is the responsibility of the individual managers to ensure that they have sufficient funds available to meet the transactions they enter into on behalf of the Fund. These responsibilities are detailed within the investment management agreements. At an investment level a large proportion of the Fund's investments are held in instruments that can be realised at short notice if a cash flow need arose. Certain investments, particularly property,

unquoted private equity, illiquid debt, timberlands and infrastructure funds are considerably less liquid, but these make up a far smaller proportion of the overall portfolio, £957.991 million, 23% (£915.566 million, 24% at March 2023).



Hyperion, Newmarket

### 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](http://www.suffolkpensionfund.org). Investment risk and strategy are regularly reviewed by the Pension Fund Committee.

### D. Interest Rate Risk

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

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

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

The analysis overleaf, 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	Change	Change
	31 March 2023	+ 100 BP's	- 100 BP's
	£ million	£ million	£ million
Cash held for Deposit	7.082	0.071	-0.071
Cash and Cash Equivalent	43.073	0.431	-0.431
<b>Total Assets</b>	<b>50.156</b>	<b>0.502</b>	<b>-0.502</b>

Asset Type	Value as at	Change	Change
	31 March 2024	+ 100 BP's	- 100 BP's
	£ million	£ million	£ million
Cash held for Deposit	5.989	0.060	-0.060
Cash and Cash Equivalent	32.099	0.321	-0.321
<b>Total Assets</b>	<b>38.087</b>	<b>0.381</b>	<b>-0.381</b>



Call of the Sea, Lowestoft

## E. Currency Risk

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

The one year expected standard deviation for an individual currency as at 31 March 2024 is 9.3% (as provided by Hymans Robertson). This is based on the assumption that there is no diversification with other assets and that all other variables, in particular interest rates remain constant.

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

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

Asset Type	Value as at 31 March 2024 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	623.406	57.977	681.382	565.429
Overseas Index Linked Equities	1,015.946	94.483	1,110.430	921.463
Alternative Investments	438.053	40.739	478.792	397.314
<b>Total overseas assets</b>	<b>2,077.405</b>	<b>193.199</b>	<b>2,270.604</b>	<b>1,884.206</b>

## F. Price Risk

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

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

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

Asset Type	Value as at 31 March 2024 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
Equities	972.817	16.72	1,135.472	810.162
Fixed Income	990.220	7.50	1,064.486	915.953
Index Linked	1,174.540	15.40	1,355.418	993.660
Cash & FFX	3.570	0.30	3.581	3.559
Money Markets	28.528	2.00	29.099	27.958
Property	306.180	15.50	353.638	258.722
Alternatives	765.435	15.80	886.373	644.497
<b>Total Assets</b>	<b>4,241.290</b>		<b>4,828.067</b>	<b>3,654.511</b>



## G. Custody

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

## H. Investment Management

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

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

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

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

increase and all other things being equal the value placed on liabilities will fall. If the Fund was invested entirely in gilts rather than potentially higher returning assets the discount rate would be lower as no margin for the expected-out performance of the Fund's investments over gilts could be assumed.



The Drums to the Fore and Aft, Woodbridge



## 20. Funding Position

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

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

The key elements of the funding policy are:

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

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned.

### Formal Valuation

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

- Meeting the requirements of the Local Government Pension Regulations.

- 100% funding of future liabilities for service completed to 31 March 2022.
- The 'projected unit method' of actuarial valuation.

### Financial Assumptions

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

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

### Funding Position

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

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

### Contribution Rates

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

Employer contributions are made up of two elements:

- the primary contribution rate – contributions payable to cover all future benefits.

- the secondary contribution rate – costs associated with sufficiently funding benefits accrued up to the valuation date.

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

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

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

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

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

The next formal valuation is as at 31 March 2025.

## 21. Actuarial Present Value of Promised Retirement Benefits

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

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

discrimination. This ruling does have implications for the Local Government Pension Scheme.

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

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

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

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

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete.

Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, The Suffolk Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

### Interim Valuation

An interim valuation was carried out as at 31 March 2024. The valuation was included in the actuary's Navigator report which is based on long term financial assumptions for the Suffolk Pension Fund and contains the following assumptions:

- Increases in future pensions of 2.4% a year (2.7% 31 March 2022)
- Projected investment returns of 5.4% per year (3.7% 31 March 2022)

The actuarial value of the Fund's assets were £4.254 billion and the liabilities £2.870 billion at 31 March 2024 (£3.756 billion and £3.521 billion at 31 March 2022).

The valuation showed that the Fund's assets covered 148% of its liabilities at the interim valuation date and the surplus was £1.384 billion (107%, £235 million surplus at March 2022).

The required asset return for 100% funding is 3.3% p.a. (3.3% March 2022) and there is a greater than 95% (84% March 2022) likelihood of the assets achieving this return.

### International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2023 - 2024 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 2.75% a year (3.2% 31 March 2022)
- Increases in future salaries of 3.75% a year (4.2% 31 March 2022)
- Discount Rate of 4.85% per year (2.7% 31 March 2022)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £3.354 billion as at 31 March 2024 (£4.591 billion as at 31 March 2022). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.



St Edmund, Bury St Edmunds

## 22. Current Debtors

The current debtors can be analysed as below:

31 March 2023 £ million		31 March 2024 £ million
	<u>Debtors</u>	
8.433	Employers Contributions	7.620
2.201	Employee Contributions	2.185
1.526	Investment Assets	0.700
2.098	Sundry Debtors	1.264
0.028	Asset Pooling	0.264
<b>14.286</b>		<b>12.033</b>

## 23. Current Creditors

The current creditors can be analysed as below:

31 March 2023 £ million		31 March 2024 £ million
	<u>Creditors</u>	
-0.878	Amounts owed to Employers	-0.845
-0.632	Investment Expenses	-2.676
-0.180	Administration and Governance Expenses	-0.084
-0.154	Transfer Values In Adjustment	-0.642
-0.612	Lump Sum Benefits	-0.731
-2.474	Sundry creditors	-1.537
<b>-4.930</b>		<b>-6.515</b>

## 24. Additional Voluntary Contributions

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

A total of £0.086 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2023 - 2024, (£0.065 million 2022 - 2023).

## 25. Related Party Transactions

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

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

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £37.373 million to the Fund in 2023 - 2024 (£39.428 million in 2022 - 2023). In addition, the council incurred costs of £1.411 million (£1.239 million in 2022 - 2023) in relation to the administration of the Fund, audit, legal and committee services. These have all been reimbursed by the Fund.

Part of the Pension Fund cash holdings are invested by the Treasury Management operations of Suffolk County Council through the Treasury Management Policy approved by the Pension Fund Committee. During the year ending 31 March 2024 the Fund had an average investment balance of £10.391 million (£10.469 million in 2022 - 2023) earning interest of £0.487 million (£0.247 million in 2022 - 2023) from these investments.

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

## 26. Key Management Personnel

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



The key management personnel of the Fund are the S151 Officer, Head of Pensions and Lead Accountant (Pensions). The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.163 million in 2023 - 2024 (£0.155 million in 2022 - 2023).

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

## 27. Securities Lending

The Suffolk Pension Fund does not operate securities lending however it is undertaken in the pooled holdings operated by Waystone Management UK Ltd and the proceeds are reflected in the asset value, earning £0.021 million in 2023 - 2024 (£0.021 million in 2022 - 2023).



Suffolk Trinity, Suffolk Showground, Ipswich

## 28. Contractual Commitments

In 2003 the Fund made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds (\$103.131 million and €41.288 million) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions. At 31 March 2024 the unfunded commitment (monies to be drawn in future periods) is \$8.534 million and €2.220 million. The commitments are paid over the investment timeframe of the underlying partnerships.

In 2011 - 2012 a contractual commitment of €54 million was made to an infrastructure investment (Partners Group Global Infrastructure 2012) managed by Partners Group. As at 31 March 2024 7% of the total commitment has been released, leaving €5.429m outstanding.

In 2015 - 2016 contractual commitments of \$149.500 million were made to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2024 are \$23.017 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund. The outstanding amount is £3.972 million.

During 2017 - 2018 a contractual commitment was made to an infrastructure investment (Partners Group Global Infrastructure 2015) managed by Partners Group of €55 million, the outstanding amount as at 31 March 2024 is €8.314 million.

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

During 2021 - 2022 a contractual commitment of \$84 million was made to the Global Infrastructure Fund IV with KKR. \$32.713 million remains outstanding.



During 2022 - 2023 a contractual commitment of £75 million was made to the Multi Asset Credit Fund VII with Partners Group. £33.227 million remains outstanding.

A summary of the commitments is as below:

Asset Class	2023 - 2024		
	Commitment £ million	Drawn £ million	Outstanding £ million
<b>Private Equity</b>			
Wilshire (2003-2008)	71.229	67.044	4.185
Pantheon (2003-2010)	45.709	41.241	4.468
Pantheon (2015)	118.346	100.125	18.221
<b>Total Private Equity</b>	<b>235.284</b>	<b>208.410</b>	<b>26.874</b>
<b>Infrastructure</b>			
Partners (2012)	46.167	41.525	4.642
Partners (2016)	47.022	39.913	7.109
M&G (2016)	60.000	56.028	3.972
KKR (IV)	66.495	40.600	25.895
<b>Total Infrastructure</b>	<b>219.684</b>	<b>178.066</b>	<b>41.618</b>
<b>Illiquid Debt</b>			
Multi Asset Credit VI	75.000	70.815	4.185
Multi Asset Credit VII	75.000	41.773	33.227
<b>Total Illiquid Debt</b>	<b>150.000</b>	<b>112.588</b>	<b>37.412</b>



Green Wind, Ravenswood, Ipswich