Suffolk County Council

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives:

Councillor Gordon Jones, representing Suffolk County Council.

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

Thomas Jarrett, representing all other employers in the Fund.

Scheme Member Representatives:

Suzanne Williams, representing the Unions.

David Rowe, representing Active Members.

Eric Prince, representing Pensioners.

Date: Friday, 2 October 2020

Venue: This meeting will be a remote meeting and therefore will not take place in a physical location following guidelines set in Section 78 of the Coronavirus Act 2020.

The live broadcast is available to watch online

Time: 11:00 am

For further information on any of the agenda items, please contact Rebekah Butcher, Democratic Services Officer, on 01473 264371 or committee.services@suffolk.gov.uk

Business to be taken in public:

1. **Apologies for Absence**

To note and record any apologies for absence.

2. **Declarations of Interest and Dispensations**

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

3. **Minutes of the Previous Meeting** Pages 5-10

To approve as a correct record, the minutes of the meeting held on 20 July 2020.

4. **Pensions Administration Performance** Pages 11-14

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

5. **Pension Fund Annual Report and Accounts 2019/20** Pages 15-160

To review the Annual Report and Accounts of the Pension Fund for 2019/20

6. **Annual Employers Meeting**

To receive a verbal update on the Annual Employers meeting that was held virtually on 25 September 2020.

7. **ACCESS Update** Pages 161-163

To receive an update on the ACCESS pool and the progress of pooling assets.

8. **Consultation on the McCloud Remedy** Pages 165-177

To consider the consultation on the McCloud Remedy

9. **Exit Payment Regulations** Pages 179-183

To receive an update on the introduction of the £95k exit cap and other measures that the Government intend to introduce.

10. **Pension Board Risk Register** Pages 185-196

To review the Board's Risk Register.

11. **Information Bulletin** Pages 197-201

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

12. **Forward Work Programme** Pages 203-205

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

Date of next scheduled meeting: Friday, 11 December 2020 at 11:00 am

Access to Meetings

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

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Email: committee.services@suffolk.gov.uk; or by writing to:

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

Nicola Beach
Chief Executive

Suffolk County Council

Agenda Item 3
Unconfirmed

Minutes of the Suffolk Pension Board Meeting held remotely on 20 July 2020 at 2.00pm.

Present:	Councillor Gordon Jones (Chairman) (representing Suffolk County Council), Eric Prince (representing Pensioners), David Rowe (representing Active Members) and Suzanne Williams (representing the Unions).
Also present:	Simon Bainbridge (Relationship Manager, HSBC) and John Drummond (Performance Measurement and Risk Manager, HSBC) – Agenda Item 4.
Supporting officers present:	Rebekah Butcher (Democratic Services Officer), Paul Finbow (Senior Pensions Specialist), Stuart Potter (Pensions Operations Manager) and Sharon Tan (Pensions Technical Specialist).

48. Apologies for Absence

Apologies for absence were received from John Chance (representing all Borough, District, Town and Parish Councils).

49. Declarations of Interest and Dispensations

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

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

50. Minutes of the Previous Meeting

The minutes of the meeting held on 13 March 2020 were confirmed as a correct record and signed by the Chairman.

51. Investment Performance

The Board received a report at Agenda Item 4 which provided a summary of the performance of the Suffolk Pension Fund for the 2019/20 financial year and performance against other local authority pension funds.

The Chairman welcomed to the meeting Simon Bainbridge (Relationship Manager, HSBC) and John Drummond (Performance Measurement and Risk Manager, HSBC) to present the report.

Decision: The Board:

a) noted the report; and

b) requested to see how the Suffolk Pension Fund’s profile compared to Lancashire’s.

Reason for decision:

a) The Board was interested in the overall investment performance of the Fund.

b) The Board noted that Lancashire had performed consistently well over the past 30 years. The Senior Pensions Specialist confirmed he would investigate and update the Board at a future meeting.

Alternative options: There were none considered.

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

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

Dispensations: There were none granted.

52. Pensions Administration Performance

At Agenda Item 5, the Board received a report which provided an update on the performance of the Pensions Administration Team. This report also included details of compliments and complaints, and the timeliness of contribution payments received from Employers.

Decision: The Board noted the report.

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

Alternative options: There were none considered.

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

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

Dispensations: There were none granted.

53. Pensions Regulator Update

The Board receive a report at Agenda Item 6 which provided an update on the progress against actions noted during the Pensions Regulator visit in 2019.

In response to a question from a Member, it was confirmed that the Regulator had not been informed of the Boards decision to continue to hold a separate Risk Register to the Pension Fund Committee.

Decision: The Board noted the report.

Reason for decision: The Board was interested in being provided with an update on the actions noted during the Pensions Regulator visit during 2019.

Alternative options: There were none considered.

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

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

Dispensations: There were none granted.

54. Pooling Update

At Agenda Item 7, the Board received an update from the Senior Pensions Specialist in relation to the ACCESS pool.

Members were informed that the last meeting of the ACCESS Joint Committee was on Friday 17 July and considered its Annual Report. Originally it was expected that the running costs for ACCESS would cost £1.2 million to be shared amongst the 11 funds; at Outturn it had only cost £800,000, nearly £400,000 underspent. This was mainly related to the fact that moving to the Alternative asset classes of investing, which was envisaged to need a lot of input from the Legal Advisors, did not get done in 2019/20 and some of that had been delayed until 2020/21. However, in effect that meant each fund had overpaid by £35,000 as their commitment to support ACCESS last year, which would be reduced from the 2020/21 contribution. Also, the net savings achieved in 2019/20 for all 11 funds totalled just short of £9.5 million, net of the fees paid to Link and the depository fees, which was positive. The cumulative savings for all 11 funds was just over £12 million from the start of pooling. The reason for this was because the rental model was being used for ACCESS, and it therefore did not have significant upfront costs of creating our own Operator. Whereas some other pools have had significant costs, taking them a few years to get back to break-even.

Members also noted that the Inter-Authority Agreement was delayed from 17 July ACCESS committee meeting and was now going to be submitted to the September meeting. This would mean the Suffolk Pension Fund Committee would approve it at its 16 September meeting, before being presented to the Constitution Working Party and subsequently Full Council for adoption.

It was also confirmed that ACCESS were looking at the Environmental Social and Governance (ESG) issues and the guidance it used to set up sub-funds. This work included how the ESG requirements of the 11 funds had changed or were changing. When the guidance was written two years ago, most funds were following a similar policy, however since then some funds have had more engagement with either scheme members or Groups that have contacted local funds about particular issues. A report would be submitted to the September Joint Committee meeting to provide an update on the 11 funds individual ESG policies, whilst at the same time also expecting some more guidance on fiduciary duty from the Scheme Advisory Board, which should tie in to the work. A further issue was also raised in ACCESS as to whether Investment Managers were undertaking the voting policy in the way it was intended. ACCESS had adopted a policy similar to Suffolk’s and it was for the individual managers to follow that voting policy and vote the shares of ACCESS authorities on a comply or explain basis. Sharon Tan was involved in assessing how the voting process was working.

Since the last meeting of the Pension Board, two additional sub-funds had been created, but not ones that Suffolk was intending to use. In relation to the Blackrock and M&G Alpha Opportunities funds which Suffolk was going to transfer money to, both still had issues. A further update from Link was expected shortly which would determine the timeframe for when they could open.

Decision: The Board noted the verbal update.

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

Alternative options: There were none considered.

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

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

Dispensations: There were none granted.

55. Annual Employers Meeting

At Agenda Item 8, the Board received a report which sought input on the arrangements for this year's annual employers meeting to be held on 25 September 2020, as well as reminding Members of the arrangements for last year's meeting.

Decision: The Board agreed with the suggestions as set out at paragraph 8 of the report.

A Member also wished to include on the agenda an update from the Actuary explaining the impact that Covid-19 had on the Fund, the current situation and whether there were any implications for the Employer rates in the three-year period which had already been set.

Reason for decision: The Pension Board had been involved in the running of the annual employers meeting for the last three years, as part of their communications strategy with employers in the fund.

Members felt it was important to provide an update to Employers due to the implications of Covid-19 on the stock market. It was confirmed that this could either be provided by Officers or the Actuary as an update on the funding position.

Alternative options: There were none considered.

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

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

Dispensations: There were none granted.

56. Board Training Programme

The Board received a report at Agenda Item 9 which outlined areas of training for Board Members to gain the necessary knowledge and understanding to fulfil their Board role.

A Member suggested that the Board meeting no longer needed to be held on the same day as the Pension Fund Committee, as remote working had been effective with HSBC earlier today, and this could be arranged for future meetings. It was also noted that it was difficult to seek balance on training as the Board Members needs were different, depending on the level of experience of the individuals. It was also suggested now that technology was available, more remote training sessions from external people could be beneficial, as well as the potential to receive training from other Boards to share best practice and learn ideas from them.

Members were informed that Officers had contacted the 10 other fund's in ACCESS and two had responded to date. Hampshire County Council, who had a combined Board and Committee, only received training related to Investment. Norfolk County Council confirmed they undertook a wide variety of training similar to Suffolk, but generally this was around paper's the Board would receive which were treated as part of its training programme. Whereas Suffolk had tried to separate training from giving the Board a paper on a certain topic.

It was confirmed that CIPFA also had online training sessions which could be shared with Members.

Decision: The Board agreed:

a) the content of the training programme for the coming year as published in the report;

b) consider moving the July meeting of the Board to enable it to have an additional training day;

c) investigate what other Boards were doing regarding training; and

d) send the links from the CIPFA online learning to all Members.

Reason for decision: To comply with the Pensions Regulators requirements, Members of the Pension Board must be able to demonstrate that they have the required knowledge and understanding of Local Government Pension Scheme (LGPS) issues.

Alternative options: There were none considered.

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

David Rowe declared a non-pecuniary interest by virtue of the fact he was an active member of the pension scheme.

Dispensations: There were none granted.

57. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 10.

58. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 11.

Decision: The Board approved its Forward Work Programme as published with the inclusion of a paper on the consultation of McCloud to see the proposals the Government was making and to have an opportunity to comment on the consultation response at its 2 October 2020 meeting.

The Board also agreed an additional training opportunity for its October session to explore the reasons why people did not choose to join the Local Government Pension Scheme. This would include how the Board could help employers communicate to new employees on the importance of thinking about retirement and what information was available for new starters to ensure they had the right information when making a decision to join the Fund, particularly if they were young people.

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

The meeting closed at 3:26 pm.

Chairman

Suffolk County Council

Agenda Item 4

Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	2 October 2020
Lead Councillor(s):	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Stuart Potter, Pensions Operations Manager Telephone:01473 260296 Email: Stuart.potter@suffolk.gov.uk

Brief summary of report

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

Action recommended

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

Reason for recommendation

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

Alternative options

4. There are no alternative options.

Main body of report

Administration

5. This report covers staff performance and team achievements since the previous Board meeting on 20 July 2020.

6. The Service Level Agreements for our ‘key’ processes between June 2020 and August 2020 are shown below:

   a) Provision of a transfer quote to scheme members within 10 days of the receipt of the estimated value and all necessary information – Total cases **62**, percentage completed in SLA **100%**

   b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **162**, percentage completed in SLA **97%**

c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **438**, percentage completed in SLA **100%**

d) Retirement lump sums will be paid within 10 working days of receipt of all necessary information after retirement – Total cases 253, percentage completed in SLA **100%**

e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **58**, percentage completed in SLA **100%**

f) Outstanding monies owed in respect of a deceased pension, and any death grant, will be paid within 10 working days of receipt of all information – Total cases **90** percentage completed in SLA **100%**

7. During this reporting period the team have continued to work from home and will continue to do so for the immediate future in response to COVID 19. Two new members of staff have commenced work with us and are settling into the team well, despite not physically meeting their new colleagues.

8. Due to some working practices changing, and a difference in our communication methods, this has given the impression of additional work being received in the team compared to the same period last year. This is caused by post being logged on two days a week instead of each day creating peaks, and more members using Member Self-Service, meaning we are receiving more instant responses to queries via e-mail. We have seen a small increase in the number of retirement payments compared to last year but decreases in other areas including transfers and death payments.

9. Work on the end of year employer returns was completed on time which enabled all annual benefits statements to be issued by 31 August statutory deadline.

10. The McCloud case is going to create significant administration challenges due to the volumes and complexities of this. The separate paper refers to this and guidance/instructions around requirements have been provided to employers in relation to the data we will need from them in the Annual Employers meeting on 25 September.

11. As per the separate paper the exit payments cap has the potential to cause a bigger impact than originally expected and impact on members of the scheme regardless of whether or not their exit payments total £95k. This is still part of an ongoing consultation however, and we are expecting further guidance from the Local Government Association before the full impact is actually known.

12. GAD (Government Actuary's Department) have requested a valuation extract based on our data to 31 March 2020. This is normally only required in valuation years. This data extract is currently being cleansed ready for the upload to GAD. The expected deadline is 30 September 2020.

13. We have reviewed our websites in relation to web accessibility to ensure they are accessible, and we have published a statement in relation to these. This work was completed by 23 September 2020 as required.

14. Further to the internal audit update provided during the previous board meeting the work undertaken to ensure there is separation of duties at all steps of

transactional processes has been completed, communicated and signed off by audit.

15. Since the update at the previous board meeting there have been 8 compliments received. 2 of these compliments were from employers thanking us for our helpful and efficient services. The other 6 were from members thanking us for a great service and for all the help we have provided. One of these was a card thanking a team member for ‘sorting out their pension, they cannot thank you enough and it’s such a relief’.

16. One of the 6 compliments was from a member who had some points to raise and clarify regarding his pension. These were resolved and he then took the time to say ‘thank you very much for your excellent handling of my e-mail queries. You have read and understood the issues I have raised, researched the answers and described them to me in a clear and concise way in plain English. You have indicated that my issues have been taken seriously both by you and your department and you have done all this at remarkable speed. You have been a model of customer service.’

17. During this period there has been 1 standard complaint received which was from a member who was unhappy that a time delay from our service had led to their Additional Voluntary contribution payments being worth less. Following conversations with relevant company and the member this was resolved.

18. The other complaint mentioned during the previous board meeting regarding a member who had transferred out their pension in 2013 has also now been fully resolved.

19. During this time there have also been 2 IDRP stage 1 complaints. One of these was received by Suffolk in relation to additional contributions not being deducted by payroll. This has been investigated and a response issued not upholding the complaint but recognising the error made by the payroll department and the opportunities the member had to notice this on her individual payslips. The member has opportunities still to increase her pension and has been given the options around this.

20. The other complaint is to another employer regarding an ill-health decision. We have supported the employer in ensuring they are fully aware of what needs to happen, and they have responded to the member accordingly. If either complaint moves to stage 2, I will confirm in a future Board meeting.

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

Contribution payments

22. The administration strategy requires contributions from employers to be received by the Pension Fund within 5 working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received during 2020/21 quarter 1 and 2019/20 quarter 4 for comparison purposes:

		Quarter 4			Quarter 1	
	Employer	Contrib.		Employer	Contrib.	
	%	£'m	%	%	£'m	%
On Time	90%	27.832	99.7	90%	28.951	99.0
Up to 1 week late	4%	0.044	0.1	2%	0.081	0.3
Over 1 week late	6%	0.061	0.2	8%	0.200	0.7
Total		**27.937**			**29.232**	

Sources of further information

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

Suffolk County Council

Agenda Item 5

Suffolk Pension Board

Report Title:	Annual Report and Accounts 2019-20
Meeting Date:	2 October 2020
Lead Councillor(s):	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Sharon Tan, Technical Pensions Specialist Tel. 01473 265636 Email: Sharon.tan@suffolk.gov.uk

Brief summary of report

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

Action recommended

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

Reason for recommendation

3. The Pension Fund Annual Report and Accounts is an important channel of communication, reporting on the Pension Fund's activities to employers, scheme members and other stakeholders.

Alternative options

4. There are no alternative options

Main body of report

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

6. The Annual Report and Accounts was presented to the Pension Fund Committee to approve on the 16 September 2020. A copy of the Annual Report and Accounts is attached as **Appendix 1** for the Board's consideration, along with the Auditors opinion as **Appendix 2**.

Audit of Pension Fund Accounts for 2019-20

7. The audited Suffolk County Council Statement of Accounts for 2019-20, which includes the Pension Fund accounts, will be presented to the Audit Committee

on 24 September. It is anticipated that an unqualified audit opinion will be issued by Ernst & Young. The Audit Results Report by Ernst & Young presents the key findings and outcomes from the audit of the Pension Fund Annual Report and Accounts.

Publication

8. The statutory deadline for the publication of the Pension Fund Annual Report is 1 December. However, the CIPFA guidance recommends that administering authorities should aim to publish the annual report by 30 September.

9. Following the approval of the Pension Fund accounts by the Audit Committee, the Pension Fund Annual Report will be published on the Suffolk Pension Fund website on the same day.

Sources of further information

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

Suffolk Pension Fund
Annual Report and Accounts
2019-20

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Pension Fund Committee Chairman's Report

Pension Board Chairman's Report

Head of Finance Report

Independent Auditor's Report

Actuarial Report

Risk Management Report

Financial Performance

Performance Report

Scheme Administration Report

Governance Report

ACCESS Pool Report

Pension Fund Accounts 2019-20

Additional Statements

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

Governance Policy Statement

Governance Compliance Statement

Investment Strategy Statement

Funding Strategy Statement

Actuarial Report

Administration Strategy

Voting Policy Statement

Communications Policy

Pension Fund Committee Chairman's Report

I am delighted to be introducing the Suffolk Pension Fund Annual Report and Accounts for the first time and would like to take this opportunity to thank Cllr Andrew Reid for his stewardship during his tenure.

The end of the financial year coincided with the exceptional occurrence of the Coronavirus. The financial markets reacted to the economic impact of the pandemic containment measures implemented world-wide and this has affected the results reported at the end of the financial year.

During the financial year the Fund value increased appreciably, which in part, helped to offset the market downturn in March when global stocks saw a downturn of at least 25% in most of the developed nations markets. The value of the Suffolk Pension Fund was £2.808 billion at 31 March 2020, which was a decrease of £123 million from the previous year. The Fund had an investment return of -4.5% in 2019-20. Over five years the annual return has been 4.7% per annum, and over ten years 6.8%. The Pension Fund is a long-term investor and the investment strategy, with its diversified range of investments has also protected the Fund in these times of market volatility and uncertainty.

The year saw the completion by the Actuary of the triennial valuation of the Fund at 31 March 2019. The funding level had increased to 99% compared with the level of 91% at the last full valuation at March 2016. This represented a reduction in the deficit of the Fund from £216 million at the last valuation to £35 million at March 2019. This is a very positive outcome and demonstrates the strong position of the Fund.

After consultation with the employers in the Fund the Committee also approved the Funding Strategy Statement which was used to determine the contribution rates for each employer for the next three years.

The Suffolk Pension Fund continued to pool it's assets through ACCESS (A Collaboration of Central, Eastern and Southern Shires) with the transfer of its global equity holding with Newton into a sub-fund set up by Link Fund Solutions the operator of the pool. This is in addition to the passive index tracking investments held with UBS on an ACCESS pooled governance basis.

The Pension Fund Committee is responsible for managing the Fund, with the assistance of council officers, external advisors and professional investment managers and I would like to extend my appreciation to everyone involved in the Suffolk Pension Fund for their work and commitment throughout the year and the professionalism, diligence and commitment shown to enable service delivery to continue during this challenging period.

Councillor Karen Soons

Chairman of the Pension Fund Committee
July 2020

Pension Board Chairman's Report

It is a pleasure to introduce the Suffolk Pension Board's annual report, which is incorporated within the Suffolk Pension Fund annual report and accounts for 2019-20. This is my first year as Chairman of the Board and I am very appreciative of the work carried out by Cllr Richard Smith in establishing the Pension Board and developing its role within the Suffolk Pension Fund to assist in ensuring effective and efficient governance and administration.

The Board was established to ensure that the Suffolk Pension Fund is managed and administered effectively, effici[…] [w]ith the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator. This means making sure the Fund is compliant with all relevant legislation with the aim to safeguard the interest of all the Pension Fund members and associated employer organisations.

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

As part of its governance responsibilities the Board regularly reviewed the procedures and progress pertaining to the triennial exercise and at each meeting, receives an update on the ACCESS Pool.

The Boards engagement and communication with employers remains a priority and so the next annual employers' meeting will be going ahead on 25 September 2020 as planned, albeit remotely. This will give the employers in the Fund an opportunity to understand the latest regulatory changes and hear about the planned improvements to the data collection process.

The Pension Fund administration team has continued to deliver a high standard of service to the employers and members of the Pension Fund during the Coronavirus containment measures, quickly adapting to working remotely away from the office without diminishing the service. The helpdesk has continued to be operational throughout this time, new pensions have been processed and benefits have been paid on time. A testament to the flexibility and working ethos of the team in a time of uncertainty and upheaval.

The Pension Fund has continued to develop its service to meet the needs of its members with the successful implementation of a new pensioner payroll system and further developments of the member self service module which now also allows pensioner members to have instant access to their records, enabling them to update their personal data, view their payslips and access their end of year statements.

The forthcoming year comes with challenges in these unprecedented times but I have full confidence in the officers of the Pension Fund that they will continue to serve the members and employers of the Fund come what may and would like to take this opportunity to show my appreciation for the excellent job that they do.

Councillor Gordon Jones

Chairman of the Suffolk Pension Board
July 2020

Report from the Head of Finance

Foreword to Annual Report and Accounts

The Suffolk Pension Fund Annual Report and Accounts sets out the Pension Fund's income and expenditure and its assets and liabilities for the financial year ended 31 March 2020, 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 which form part of the prescribed content of the Annual Report, are published as separate documents on the website of the Fund (www.suffolkpensionfund.org).

Business Plan

The Committee approves a business plan at the start of each financial year. This provides a mechanism for the Committee to ensure that its responsibilities for the Fund are carried out effectively. They key actions for 2019-20 are as below:

Actuarial Valuation and Funding Strategy Statement

The Fund is required to obtain an independent actuarial valuation of its assets and liabilities every three years. This was undertaken during 2019-20 which determined the employer contributions that are required for the three years starting April 2020. A formal consultation with the individual employers commenced in October regarding their draft results and the Funding Strategy Statement. The Pension Board reviewed the methodology and were also consulted on the Funding Strategy Statement. The Pension Fund Committee set the actuarial assumptions taking into consideration the advice received from the actuary and approved the final contribution rates and the Funding Strategy Statement after the consultation.

The Committee has received reports on the actuarial position of the Fund on a quarterly basis. The estimated funding level at March 2020 was 90.0% and the actuarial deficit at that date was £311 million. The lower funding level can be attributed to the lower investment returns as a result of the market volatility experienced world-wide as Governments implemented coronavirus containment measures.

Investment Strategy

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

These objectives have been translated into an asset allocation plan and as at 31 March 2020, 42% of the Fund is to be invested in equities, with the balance in bonds (30%), property (10%), a number of funds in alternative investments (17.5%) and a small holding in cash and money markets of 0.5%.

Investment Performance of the Pension Fund

The Suffolk Pension Fund had an investment return of -4.5% in 2019-20, with the asset value decreasing by £123 million. The Local Authority average based on 64 funds (out of the 89 Funds in England and Wales) was -4.8% with the lowest returning -11.8% and the highest 1.8% (each fund will have a different asset mix dependent on its appetite for risk and funding level).

Over the past five years the Fund's return was 4.7% per year, which is just under the benchmark by 0.7% but significantly above the rate of inflation. Over the longer term the Fund's investment has returned 6.8% per year over the ten years to March 2020.

The Pension Fund assesses the performance of its managers over a full business cycle, so one year's outperformance or underperformance is not considered significant in isolation.

Administration

The Committee agreed to the implementation of a separate payroll service for Pensions during 2018. A successful implementation was achieved during 2019-20.

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

The Pension Fund has a dedicated website page for communication with scheme members and employers on issues affecting the scheme (www.suffolkpensionfund.org) and a member self service module to enable members to have instant access to their pension records (https://pensions.suffolk.gov.uk).

The annual benefit statements for active and deferred members were produced and published by the statutory deadline of 31 August.

Audit

The Pension Fund accounts are included within the County Council's Statement of Accounts for 2019-20, 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.

ACCESS

The Section 151 Officers of the ACCESS Authorities provide advice to the Committee overseeing the Pool and one attends the regular Committee meetings to be on hand to offer direct support as decisions are made, I personally attended the meeting held on 9 December 2019. 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.

Louise Aynsley

Head of Finance
July 2020

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 2019-20 that officer was the Head of Finance;
- 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 24 September 2020 on behalf of Suffolk County Council and have been authorised for issue.

Councillor Joanna Spicer

Chairman of the Audit Committee
24 September 2020

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

The Head of Finance 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 2020, and the income and expenditure (spending) for the year to that date.

In preparing this Statement of Accounts, the Head of Finance 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 Head of Finance 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 2020 and its income and expenditure for the year to that date.

Louise Aynsley

Head of Finance (Section 151 Officer)
24 September 2020

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 2020 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 2019-20.

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 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

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.

Emphasis of matter – Disclosure in relation to the effects of COVID-19
We draw attention to Note 2 of the financial statements, which describes the economic consequences the Pension Fund is facing as a result of COVID-19 which is impacting its financial and operation position and performance during 2020/21 and beyond. Our opinion is not modified in respect of this matter.

Emphasis of matter – Pooled property funds
We draw attention to Note 8 Sources of estimation uncertainty and Note 18 of the financial statements, which describe the valuation uncertainty the Pension Fund is facing as a result of COVID-19 in relation to pooled property funds. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the Head of Finance (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance (Section 151 Officer) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts 2019-20, other than the financial statements and our auditor's report thereon. The Head of Finance (Section 151 Officer) is responsible for the other information.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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 these respects.

Responsibility of the Head of Finance (Section 151 Officer)

As explained more fully in the Statement of Responsibilities of the Head of Finance (Section 151 Officer) set out on page 8, the Head of Finance (Section 151 Officer) is responsible for the preparation of the Authority's Statement of Accounts, which includes the Pension Fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019-20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance (Section 151 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 accounts

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Mark Hodgson
(*for and on behalf of Ernst & Young LLP, Appointed Auditor)*
September 2020

ACTUARIAL STATEMENT FOR 2019-20

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

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated September 2019. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to 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 an 80% 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 2019. This valuation revealed that the Fund's assets, which at 31 March 2019 were valued at £2,931 million, were sufficient to meet 99% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £35 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and liability measure as per the FSS. Individual employers' contributions for the period 1 April 2020 to 31 March 2023 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 2019 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 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	3.5%
Salary increase assumption	3.0%
Benefit increase assumption (CPI)	2.3%

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 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.1 years
Future Pensioners*	22.7 years	25.6 years

*Aged 45 at 2019 Valuation

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from Suffolk County Council, the Administering Authority to the Fund.

Experience over the period since 31 March 2019
Markets were disrupted by COVID 19 which resulted in difficult market conditions towards the end of the financial year. As a result, the funding level of the Fund as at 31 March 2020 has reduced versus that reported in the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

Craig Alexander FFA
For and on behalf of Hymans Robertson LLP
13 May 2020

Management Structure

Pension Fund Committee

Cllr. Karen Soons (Chairman)	Cllr. Robert Lindsay
Cllr. David Roach (Vice-Chair)	Cllr. David Goldsmith
Cllr. Alexander Nicoll	Cllr. Colin Kreidewolf
Cllr. Peter Gardiner	Steve Warner (Unison)
Cllr. Jamie Starling	(Replacement for Cllr Andrew Reid)
Cllr John Whitehead	(Replacement for Cllr Chris Punt)

Pension Board

Cllr. Gordon Jones (Chairman)	(Replacement for Cllr Richard Smith)
David Rowe (Vice-Chairman)	John Chance
Thomas Jarrett	Eric Prince
Suzanne Williams	

Suffolk County Council

Louise Aynsley	Head of Finance
Paul Finbow	Senior Pensions Specialist (Head of Pensions)
Sharon Tan	Technical Pensions Specialist (Invest & Accts)
Andy Chapman-Ennos	Technical Pensions Specialist (Administration)
Stuart Potter	Operations Manager (Administration)

Investment Managers

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

Pension Fund Advisers

Auditors	Ernst & Young LLP
Actuary	Hymans Robertson LLP
Investment Consultancy Services	Hymans Robertson LLP
Independent Investment Adviser	Mr Mark Stevens
Performance Measurement	HSBC Bank Plc and PIRC
Investment Custodians	HSBC Bank Plc

Banking Services	Lloyds Banking Group Plc
Legal Advisers	Squire Patton Boggs
Voting Advisers	Pension Investment Research Consultants
Pool Operator	Link Fund Solutions

Risk Management

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

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

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

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

Systems and internal control

The Council's statement of accounts, 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.

Internal Audit was satisfied that a good standard of internal control, governance and risk management was evident. 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 the Investment Managers. The Pension Fund Committee and Board are kept informed on the performance and development of the Fund and receive appropriate training to assist them in carrying out their responsibilities.

Following a review of the Fund's approach to pooling of investments with the ACCESS pool, Internal Audit was satisfied that progress is being well communicated with the Suffolk Pension Board and the Committee. 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). Suffolk Pension Fund is represented on the Pool's Joint Committee, and also at Officer level. Feedback on the progress of pooling is given at the Suffolk Pension Fund Committee and Board meetings.

The administrative systems audit focussed on testing of transactions to provide an assurance on the effectiveness of controls surrounding payments to scheme members, to ensure that errors are not occurring and that appropriate checks are in place to ensure that accurate payments are made.

An assurance was gained that transactions relating to scheme members entering the scheme, paying contributions, receiving retirement benefits were administered in line with LGPS regulations and the Administration Policy and that pensions systems are adequately controlled to enable member records and benefits to be accurately calculated and actioned in line with regulations.

In addition, the implementation of the new pensioner payroll module was reviewed of the Altair system; this sought to gain assurance that the module had been tested prior to implementation, that migration of data had been complete and accurate and that the new module was operating effectively.

Internal audit have concluded that the Pension Fund Committee and Pension Board can take assurance that the results of the two internal audits undertaken in 2019-20 financial year have provided reasonable or higher assurance on the operation of controls within the Pension Fund.

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

Audit	2017/18	2018/19	2019/20
Pensions Investments	Substantial Assurance	Substantial Assurance	Substantial Assurance
Pensions Administration	Sufficient Assurance	Reasonable Assurance *	Reasonable Assurance *

*Opinion definition changed in 2019.

- Substantial Assurance – There are sound governance, risk management and control arrangements in place in order to meet the objectives of the area under examination.
- Sufficient/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.

Pension Fund Risk Register

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

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

The key risk is that required investment returns are not generated, resulting in assets falling short of the liabilities. Investment objectives have been set with the aim of achieving asset returns within an acceptable risk tolerance. 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 18 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). Both of these risks are included in the Fund's risk register and subject to appropriate management and monitoring arrangements.

ACCESS Pool Risk Register

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

Financial Performance

Summary of the Financial Position

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

Financial Summary	**2015-16 £'000**	**2016-17 £'000**	**2017-18 £'000**	**2018-19 £'000**	**2019-20 £'000**
Contributions	103,155	108,698	108,619	111,531	117,880
Other Income	3,478	2,474	4,056	5,612	6,944
	106,633	**111,172**	**112,675**	**117,143**	**124,824**
Benefits Payable	-86,370	-86,783	-91,567	-96,152	-100,508
Other Expenditure	-4,463	-4,314	-4,920	-10,371	-4,389
	-90,833	**-91,097**	**-96,487**	**-106,523**	**-104,897**
Net additions / withdrawals(-) from dealings with members	**15,800**	**20,075**	**16,188**	**10,620**	**19,927**
Management Expenses	-12,174	-15,654	-19,161	-12,479	-14,697
Investment Income (net of tax)	24,775	32,550	35,415	35,085	40,981
Change in Market Value of Investments	-13,647	398,499	81,374	135,384	-168,848
Net Returns on Investments	**-1,046**	**415,395**	**97,628**	**157,990**	**-142,564**
Change in Fund during the year	**14,754**	**435,470**	**113,816**	**168,610**	**-122,637**
Net Assets at 31 March	**2,213,195**	**2,648,665**	**2,762,481**	**2,931,091**	**2,808,454**

Benefit Payments
Annual pension benefits are paid:

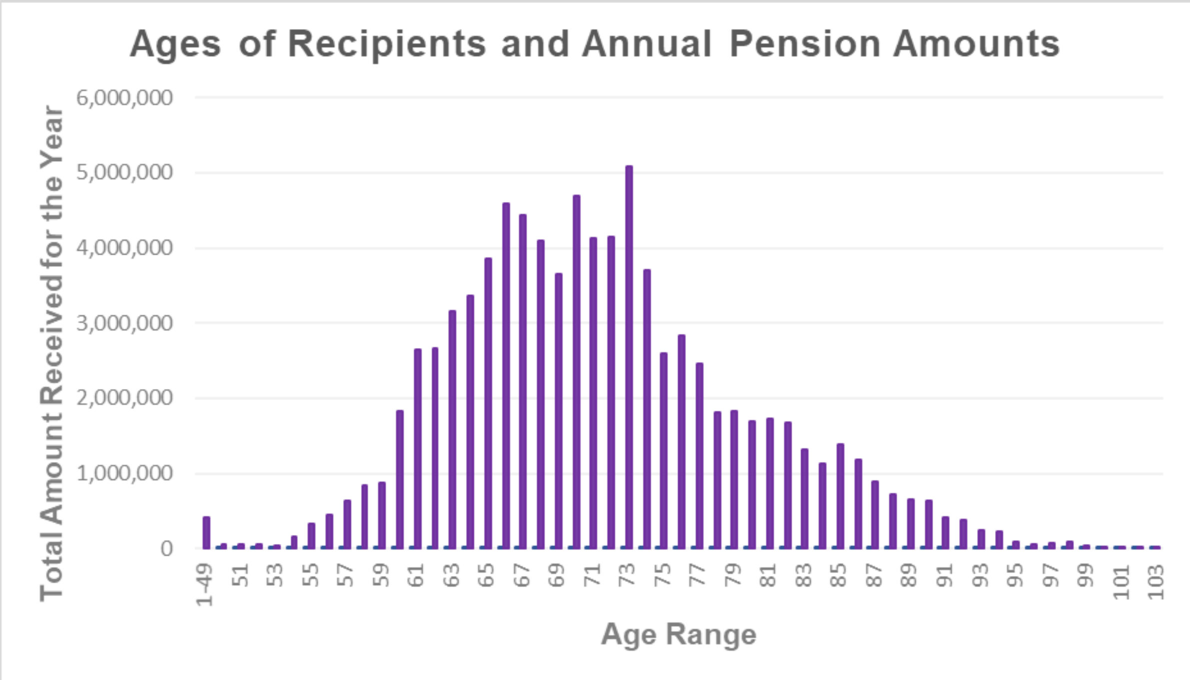
- To a retiree for the rest of their life
- To the partner of a retiree when they have died
- To the partner of a member who dies before claiming their retirement benefits

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 below, shows the total pension payments for each age. Pension payments tend to be concentrated within the 61 – 77 age bracket with pension payments peaking with recipients at age 73 at £5.1m a year. A significant reduction is not experienced until pensioners are in their late 80's. This is in line with the longevity demographic assumptions reported in the last valuation exercise.



- 8% of the recipients (1,383) are aged 85 or over and account for 8% of the annual benefits being received.
- There are 11 recipients who are aged 100 or over, the average receipt of their pension benefit is 32 years.
- The pension being drawn for the longest (52 years) is currently £4,546. The initial amount of this pension was £266 in 1968 when it was first drawn.
- 27 pensions have been claimed for 40 or more years.
- The average amount received during the year is £5,026. 11,903 recipients receive less than the average payment.
- The national average wage is £29,600. 261 recipients receive in excess of the national average wage.

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. In the last exercise 10 pensioners were identified that the Fund had not been informed were deceased. Payments were immediately stopped, and the recovery of any overpayments commenced.

A Western Union exercise has also been recently carried out which required all recipients of a pension residing outside the United Kingdom to present them self to a Western Union office so that their identity and existence could be independently verified.

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 more timely notification.

The Pension Fund has a number of 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.

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 2019-20 financial year:

	2019-20		
	Emp.	Contribs.	
	%	£’000	%
On Time	87	106,112	99
Up to 1 week late	5	510	0
Over 1 week late	8	913	1
Total		**111,513**	

Cost of Running the Fund

Running costs are incurred in administration, investment management and governance. The costs for 2019-20 were £14.697 million, representing about 0.5% of the value of the Fund at 31 March 2020.

Administration Expenses

Administrative expenses (shown below) 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.

	2018-19	2019-20
Administration Expenses	**£'000**	**£'000**
Suffolk County Council	810	887
Heywood pension administration system	307	433
Subscriptions and other costs	53	38
Total Administration Expenses	**1,170**	**1,358**

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.

The increase in the Heywood expenses relates to the implementation of the new Pensioners payroll system. This is an integrated payroll system that links with the member self-service module, therefore extending the opportunities for digitalisation of the pension service which reduces 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 are also included.

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.

	2018-19	**2019-20**
Oversight and Governance Expenses	**£'000**	**£'000**
Suffolk County Council	155	153
Pension Fund Committee	7	7
Pension Board	4	3
Actuarial Services	80	178
Audit Fees	33	31
Legal Fees	2	1
Performance Analysis	39	40
Proxy Voting Service	10	8
Investment Advice	114	114
Asset Pooling	115	73
Subscriptions and membership fees	25	10
Total Oversight and Governance Expenses	**584**	**618**

Investment Management Expenses

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

In the Pension Fund accounts, (as per CIPFA guidance), only the fees and expenses that the Fund has a contractual liability for are included, this means that only the management fee, depositary fees and audit fees charged by Link for overseeing the sub-fund that Suffolk are invested in are shown. The additional fees and expenses paid to the investment manager that Link has a contractual agreement with, are £0.603 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 £4 million.

	2018-19	2019-20
Investment Management Expenses	**£'000**	**£'000**
BlackRock	1,946	3,297
Brookfield	72	74
Inhouse	0	1
J P Morgan	57	249
KKR	338	1,685
Link Fund - Newton	0	110
M&G	2,040	2,046
Newton	1,141	158
Pantheon	990	1,743
Partners	1245	1,226
Pyrford	512	669
Schroders	463	393
UBS	222	288
Wilshire	297	238
Winton	884	292
Transaction Costs	467	210
Custodian (HSBC)	52	43
Total Investment Management Expenses	**10,726**	**12,722**

Notes:
1. Blackrock costs were higher in 2019-20 due to performance fees earnt on the performance of the UK Equity investment up to the end of December 2019 (see table overleaf)

2. KKR costs includes an element of performance fee based on the sale of the ELL investment.
3. The investment management expenses paid directly to Newton ceased in May when the invested was set up as a sub-fund in the ACCESS Pool. Link as the operator has the contractual obligation to pay Newton fees which is netted off against the Net Asset Value. The Pension Fund is contracted to pay Link fees for their role as operator which is shown on the Link Fund – Newton row in the table above.
4. Winton fees are showing a reduction as they were disinvested in August 2019.

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

	2018-19	2019-20
Investment Management Expenses	**£'000**	**£'000**
BlackRock	667	1,226
KKR	120	1,574
M&G	-	-35
Pantheon	-	716
Total Investment Management Expenses	**787**	**3,481**

Investment Income

The table overleaf shows the sources of Investment Income earned by the Fund in 2019-20:

Investment Income	UK	Non-UK	Global
	£'m	£'m	£'m
Equities	8.004	-	6.332
Property	9.119	-	-
Alternatives	9.158	4.135	4.133
Cash & Cash Equivalent	0.059	-	-
Other	-	-	0.108
Total Income	**26.340**	**4.135**	**10.574**

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.

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 currently has no investments in entities connected to Suffolk County Council and is therefore below the 5% statutory limit included in the regulations.

Investment Strategy Statement

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

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

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

Asset Allocation

The Suffolk Pension Fund is 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 74% allocation to 'growth' assets (equities and alternatives) in order to meet the long-term funding assumptions set out in the 2019 actuarial valuation.

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

The 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 overseas equities holdings there is an 8% allocation to the UBS Climate Aware Fund which helps mitigate the risk of climate change and represents a transition to a lower carbon portfolio. 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 30% allocation to bonds is designed to help manage overall levels of funding volatility.

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

The strategic benchmark and the actual asset allocation of the Fund at March 2020 are shown below along with the maximum investment limits set for each asset class.

Asset Allocation			
	Actual Allocation March 2020	**Long-term Allocation**	**Maximum Limit**
	%	%	%
UK Equities	11.8	13.5	25
Overseas Equities	28.8	28.5	40
Total Equities	**40.6**	**42**	**65**
Global Bonds	22.4	22	35
UK Index-linked Gilts	8.1	8	15
Total Bonds	**30.5**	**30**	**50**
Private equity	4.3	4	8
Property	9.7	10	15
Absolute return	6	6	10
Illiquid Debt	1.4	2	5
Infrastructure	5.5	5	10
Timber	0.3	0.5	1
Total Alternatives	**27.2**	**27.5**	**49**
Cash & Cash Equivalents	1.7	0.5	5
Total	**100**	**100**	

Investment Management Arrangements

The Fund's investment management arrangements at March 2020 are shown below.

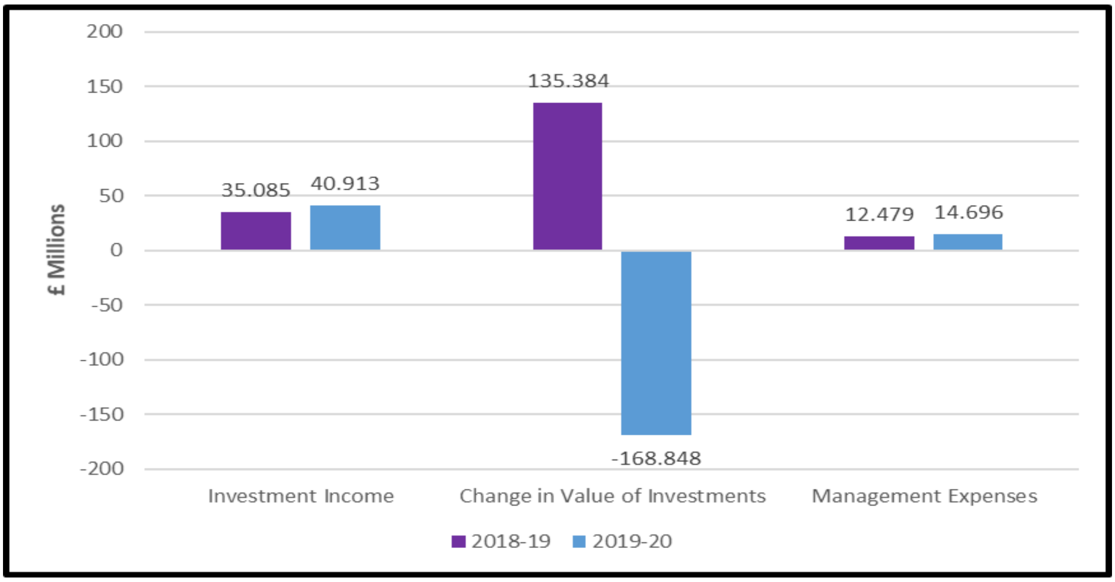
Fund Manager Allocation			
Investment Manager	**Asset class**	**Actual allocation March 2020**	**Long-term allocation**
		%	%
BlackRock	UK equities and Bonds	19.7	20
Brookfield	Timber	0.3	0.5
J P Morgan	Infrastructure	1.2	1
Kohlberg, Kravis, Roberts (KKR)	Infrastructure	1.3	0.5
Link Fund - Newton	Global equities	13.1	12
M&G Investments	Bonds, Illiquid Debt & Infrastructure	12.8	13.5
Pantheon	Private equity	3.8	3.5
Partners Group	Infrastructure	1.8	2
Pyrford	Absolute return	5.9	6
Schroder	Property	10.5	10
UBS	Equities and Bonds	28.3	30
Wilshire	Private equity	0.6	0.5
Internal Cash	Cash	0.7	0.5
Total		**100.0**	**100.0**

Notes

- Commitments with Partners, Pantheon, the Debt Solution Fund and Infracapital commitments made to M&G are only part funded. These investments only call for capital funding when they have an investment to fund and will continue to increase their holdings in the forthcoming financial year.
- Wilshire, KKR, the older commitment to Pantheon and 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 2018-19 and 2019-20. The change in the value of the Fund's investments includes realised and unrealised gains and losses during the year.

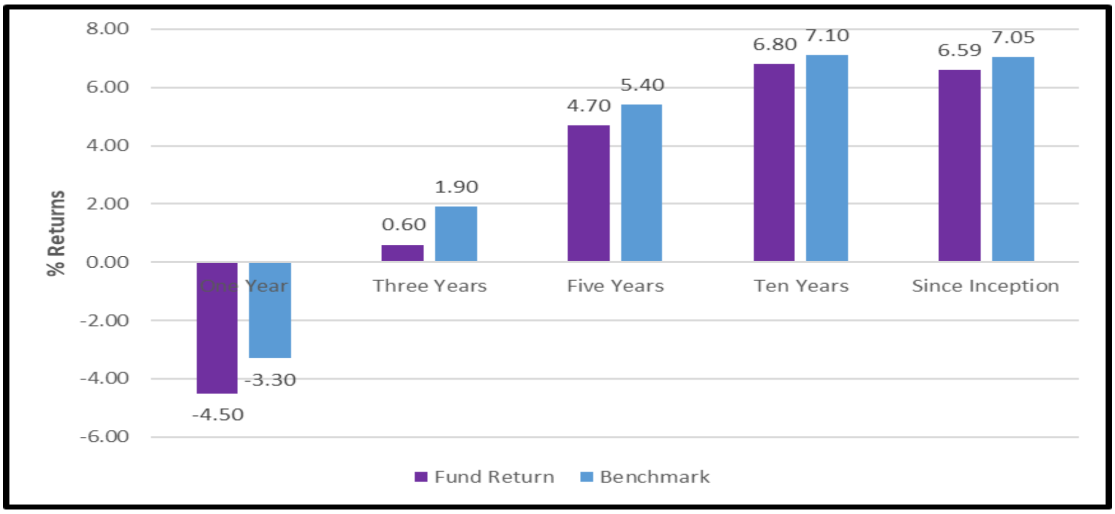


The Fund's assets decreased from £2,931 million to £2,808 million during 2019-20, representing an investment return of -4.5% net of fees. The Fund's benchmark is based on the weighted average of the market index returns for the markets in which it invests in or a mandate specific absolute return. The Fund underperformed the benchmark by 1.2%.

The Fund performed under benchmark over the longer term for the five year benchmark by 0.7% and by 0.7% per year for the ten year benchmark.

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

Fund Investment returns



Long-term Investment Performance

The Fund's investment returns over the previous ten year are shown below compared to the Fund's own benchmark. In addition, the Fund's returns are compared with the movement in retail prices over this period.

Long-term performance (year ended 31 March)										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	%	%	%	%	%	%	%	%	%	%
Retail prices	**5.3**	**3.6**	**3.3**	**2.5**	**0.9**	**1.6**	**3.1**	**3.3**	**2.4**	**2.6**
Fund return	**8.1**	**2.0**	**13.6**	**5.6**	**15.4**	**0.7**	**19.0**	**4.0**	**5.9**	**-4.5**
Fund benchmark	8.5	3.8	12.1	6.3	13.9	1.5	17.9	4.8	7.4	-3.3
Relative return	-0.4	-1.8	1.5	-0.7	1.5	-0.8	1.1	-0.8	-1.5	-1.2

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

The table below shows the opening and closing balances and reported performance for each asset class (excluding cash) for 2019-20, alongside the Suffolk benchmark target and the passive index if an appropriate index exists.

Holdings	Opening Value		Closing value		Perf.	Passive Index	Benchmark
	£' m	%	£' m	%	%	%	%
Pooled & Pool Aligned							
Overseas Equities	-	-	368.187	13.4	-11.8	-9.5	-14.9
Passive Equities	650.770	22.3	567.545	20.7	-20.7	-12.4	-12.4
UK Index-linked Bonds	116.867	4.0	226.762	8.3	2.0	2.4	2.4
Total Pool Aligned	**767.637**	**26.3**	**1,162.494**	**42.4**	**-5.7**	**-3.6**	**-4.4**
UK Equities							
UK Equities	276.833	9.5	203.146	7.4	-24.5	-18.5	-18.5
Overseas Equities	321.65	11.1	-	-	-	-	-
Total Equities	**598.483**	**20.6**	**203.146**	**7.4**	**-24.5**	**-18.5**	**-18.5**
Global Bonds	645.810	22.1	627.036	22.9	-6.9	1.9	0.7
Total Bonds	**645.810**	**22.1**	**627.036**	**22.9**	**-6.9**	**1.9**	**0.7**
Absolute Return	277.979	9.6	166.769	6.1	-5.0		5.8
Illiquid Debt	44.951	1.5	40.247	1.5	-9.6		8.0
Infrastructure	131.923	4.5	153.001	3.6	10.2		8.0
Money Market	43.679	1.5	40.123	1.5	1.2		0.8
Private Equity	121.048	4.1	121.506	4.4	-8.6		11.1
Property	277.393	9.5	270.917	9.9	-2.4		4.8
Timber	8.055	0.3	8.437	0.3	7.5		8.0
Total Alternatives	**905.028**	**31.0**	**801.000**	**27.3**	**-0.7**		**1.8**
Total	**2,916.958**	**100.0**	**2,793.676**	**100.0**	**-4.5**		**-3.3**

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.

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 saved £1.285 million in 2019-20 and £0.876 million in 2018-19 on fees on the assets that have been pooled.

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 20	Manager	2019-20 Absolute Return	2019-20 Relative Return	3 Year Relative Return	5 Year Relative Return
%		%	%	% p.a.	% p.a.
7.5	Blackrock Equities	-13.4	5.1	2.4	2.5
12.2	Blackrock Bonds	-3.0	-7.3	-5.1	
0.3	Brookfield	10.9	2.9	0.6	2.5
1.2	JP Morgan	9.9	1.9		
1.3	KKR	81.2	73.2	30.5	27.2
12.8	M&G	-3.7	-9.0	-5.5	-3.4
13.1	Newton	-11.7	2.2	3.0	1.3
1.8	Partners	5.3	-2.7	2.2	7.0
3.8	Pantheon	-0.9	5.1	6.9	
5.9	Pyrford	-2.8	6.6	-7.2	-5.7
10.5	Schroders	-1.4	-1.4	-0.9	-0.1
28.3	UBS	-9.3	-0.8		
0.6	Wilshire	18.5	33.5	16.4	

Notes:

- UBS received the various passive index-tracking investments during the last quarter of 2017-18.

- JP Morgan investment commenced in the last quarter of 2018-19.
- The performance achieved by the segregated Newton mandate has been transferred to the Newton sub-fund held by Link Fund Solutions due to the same mandate being held.
- The private equity mandates held by Wilshire and Pantheon were previously reported combined which is why long-term data in not available.

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

Market Review (prepared by Mark Stevens, independent adviser)

Market review: Year to 31 March 2020

The financial year 2019-20 started with global equity markets having enjoyed a surprisingly strong recovery from the sharp sells off seen during the final quarter of 2018-19. The major catalyst for this rapid change in sentiment, was a dramatic softening in the US Federal Reserve guidance on future interest rate moves. As the calendar year began the expectation had been for another three rate rises during 2019, building on the four seen during 2018.

However concerns over a slowing global economy particularly in Europe and China, combined with the on-going trade dispute between the US and China resulted in the Federal Reserve adopting a “data driven” approach during January. This in turn resulted in a rapid softening of the previously hawkish tone and by the beginning of the financial year no additional rises were expected over the medium term. As the economic data continued to indicate slowing growth across the globe, bond markets simultaneously rallied alongside equities as investors began to countenance the possibility of rate cuts before the year-end.

It was a turbulent time in UK politics and the UK economy was suffering as the result of the on-going uncertainty and extensive stock piling was evident as companies attempted to mitigate the expected supply chain shocks anticipated under a “no deal” exit, which was still a possible, if remote outcome at the time. In spite of the on-going political uncertainty, the UK equity market had enjoyed a good first half of the calendar year, with the profits from overseas earners still benefiting from the weakness in sterling, which although above the recent lows remained significantly below the pre referendum levels.

The second and third quarters of the calendar year witnessed continuing good progress in equity markets building on strength seen in the previous quarter. The US Federal Reserve cut interest rates twice and the ECB reduced official rates into even deeper negative territory. US-China trade tensions and a possible future escalation in tariffs had worried markets earlier in the period but after some tentative signs of thawing relations ahead of the G20 meeting, markets renewed their upward progress. The failure of the UK to exit the EU in March and the on-going political uncertainty had once again undermined Sterling. This in turn boosted the value of the overseas earnings of many of the large companies in the UK index, which enjoyed a positive period despite all the political uncertainty.

The final quarter of the calendar year was set against a backdrop of a slowing global economy, with sharp declines in industrial production now combined with evidence of weakening in service sector activity. The Federal Reserve cut interest rates for a third time, citing weak business investment and manufacturing output, combined with on going trade tensions and sluggish growth abroad. Despite the on-going economic issues there was further steady upward progress in all equity markets. Overseas markets ended the year strongly with gains between 5%-9% in local currency terms.

However, the strong recovery in Sterling following the election result reduced returns for Sterling based investors to below 2% in most cases. Overall 2019 delivered very strong equity returns with the world index delivering 27.4% in US dollar terms and 22.6% for Sterling based investors. Bond yields fell both in the UK and globally delivering positive returns for investors.

As the New Year began the expectation was for continued modest economic growth, albeit with concerns about slowing global trade. Investors remained wary of equity markets trading at high valuations after years of strong returns, but markets continued to rise. The US equity market reached an all-time high on 19 February and in the UK, the FTSE100 was trading above 7,500. Many commentators expected the US election year to be characterised by steady economic progress and a continuing dovish Federal Bank stance.

The outbreak of COVID-19 initially reported to the WHO as “pneumonia of unknown cause” was detected in Wuhan China at the turn of the year, the WHO declared the virus a public health emergency of international concern on 30 January 2020 and a global pandemic by mid-March. The social and economic consequences of the pandemic were unprecedented in modern times. At the time of writing, large areas of Europe have been put into lockdown and the number of cases reported in the US are rising rapidly. Despite a global response from central banks with rates cut to record lows and asset purchase schemes of extraordinary magnitude, equity markets sold off sharply with indiscriminate selling and a flight to safety the key themes.

The oil sector was doubly impacted with the extremely sharp slowdown in demand from economies stalled in lockdown, combined with a dispute on quota reduction between Saudi Arabia and Russia. By mid-March, caught in the perfect storm of excess supply and sharply dropping demand Brent crude had fallen over 60% since turn of the year. As the quarter drew to a close, global equity markets had stabilised to some extent although volatility remained extremely high. Developed market sovereign bond yields remain close to all-time lows, spreads have risen sharply in many areas of the credit market, adding to the stress being felt by many indebted companies. The fall in sterling has reduced the losses felt by UK based investors holding overseas assets to some extent. The FTSE All-World index fell 16% in sterling terms during Quarter 1. In the UK, the FTSE All Share fell 25% with the large oil & gas sector the worst performer. The flight to safety from investors drove sovereign yields lower with UK Gilts returning 6%.

Initial estimates of the economic impact of the virus suggest that most advanced economies will enter a deep recession during the first half of the year. China the first economy affected, released February figures showing fixed asset investment down almost 25% and GDP possibility down as much as 10% year on year during Quarter 1. The economic impact globally is anticipated to be of a similar magnitude. In the UK the Bank of England has forecast that the economy could decline by as much as 14% during 2020.

COVID-19 Impact on markets

Equity

- The performance of global equities was extremely weak during the final month of the financial year resulting in negative returns for the entire period. For Sterling based investors currency weakness reduced the losses on overseas assets. In Sterling terms global equities fell -5.5% over the financial year. US Equities fell -2.8% (-7.3% in local currency) Developed Europe fell -7.8% (-10.7% in local currency)

- UK equities fell 25.3% in the quarter to March 2020, ending the financial year down 17.9%, the lowest return of any major equity market.

- The best performing sectors, relative to the ‘All World’ Index, were Information technology (+12.6%) Health Care (+6.3%) and Utilities (-0.4%) the worst performing s sectors were Energy (-41.1%) Financials (-17.7%) and Materials (+16.8%).

Bonds

- UK bonds produced positive returns over the period as investors dumped risk assets in a flight to safety as the implications of the pandemic became clearer. UK Gilts returned 6.3% over the quarter to March and 9.9% over the financial year. Index linked Gilts returns 1.6% for the quarter and 2.2% for the financial year. UK Corporate bonds suffered as spreads widened, falling -.5.6% in the final quarter and flat over the twelve months.

Property

- The full extent of the impact of COVID-19 on the property market is not available at the time of writing. Early indications show the All Property index down around 1% for the year, although the overall impact over the medium term is anticipated to be significantly more negative. The retail sector continues to struggle and remains the weakest property sub sector. Up until March, office and industrial sectors were showing positive rental growth.

Environmental, Social and Governance

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

Engagement

The Suffolk Pension Fund is a member of the Local Authorities Pension Fund Forum (LAPFF), to enable it to act collectively with other local authorities on corporate governance issues. The Forum currently has 72 member funds with assets of more than £200 billion.

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.

As such, the Fund has a commitment to ensure that companies in which it invests adopt a responsible attitude toward the environment, and adopt high ethical standards. Generally, such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders.

The Fund seeks to achieve this objective by raising issues with companies in which it invests, to raise standards in a way that is consistent with long term shareholder value. Again, the Fund primarily uses its membership of LAPFF to achieve this.

Voting Policy

The Pension Fund seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of the companies that it invests in. The Fund's equity holdings give the Fund the right to vote on the resolutions at company general meetings.

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

In addition, the Joint Committee of the ACCESS Pool agreed the voting guidelines for inclusion by Link in their Investment Management Agreements. These 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. These voting guidelines are aligned with the Suffolk Pension Fund voting principles.

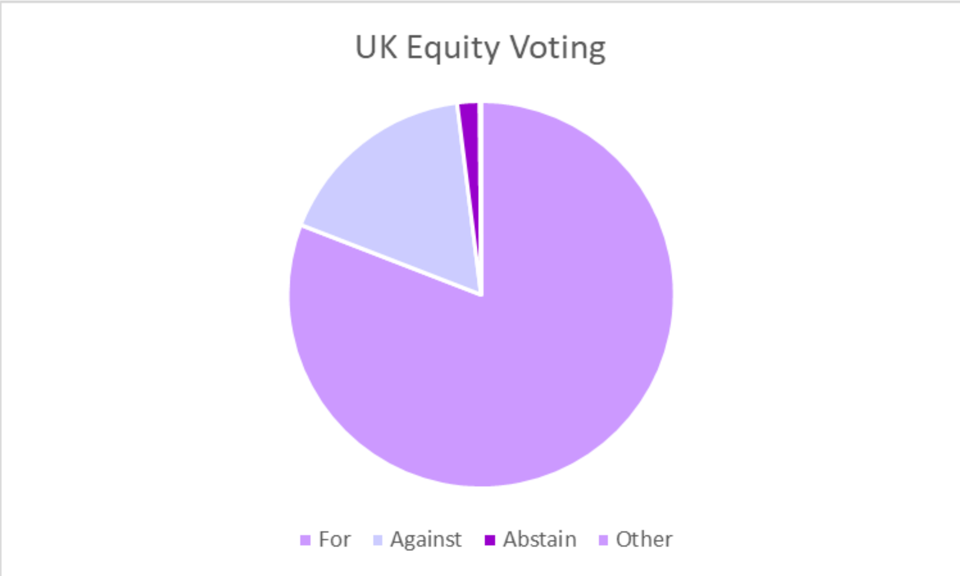
The general principles followed in both voting guidelines are: -

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

Annual Proxy Voting Review (Prepared by PIRC, proxy voting provider)

From the 1st April 2019 to 31st March 2020 PIRC voted at a total of 52 General Meetings on behalf of Suffolk County Council Pension Fund in regards to its Blackrock UK Equity mandate.

Suffolk County Council Pension Fund received voting recommendations for 907 resolutions of which 732, (80.7%) of the resolutions were supported and 155 (17.1%) resolutions were opposed. 17 (1.9%) resolutions received abstain votes and 1 resolution was non-voting.



UK Voting

The Financial Reporting Council (FRC) published the updated Corporate Governance Code in July 2018, which came into effect in January 2019.

The 2018 Code, places greater emphasis on executive remuneration as well as board engagement with workers and employees, shareholders and other stakeholders.

These guidelines stipulate that pension contributions, for executive directors, or payments in lieu, should be aligned with those available to the company's general workforce. There is also a greater focus on the Audit Committee. The UK Corporate

Governance Code expresses the view that a board chairman should not be a member of the audit committee.

The Code also calls for board chairs with tenures over nine years to rotate. The code is applied on a ‘comply or explain’ basis. This regulatory approach means companies can elect not to follow the provisions of the Code, although boards are expected to explain why a particular provision is not considered suitable for their company or business.

The remuneration report is put to shareholders in an annual advisory vote and it describes the outcome of the remuneration policy implemented during the year under review. The remuneration policy itself is put to the shareholders, prior to its implementation, as a binding resolution and must be voted on at least every three years, or any time that the policy changes.

Many listed companies received significant votes against their remuneration reports and their remuneration policies; in those instances where the remuneration policy was put to a shareholder vote. Suffolk opposed 27, abstained 12 and voted in favour of 2 remuneration reports were implemented in 2019.

In Suffolk’s portfolio there were a number of companies which received significant opposition (defined by PIRC as over 10%) to their remuneration reports. Including; Standard Chartered with 10.7%, British American Tobacco PLC with 12.3%, Reckitt Benckiser Group PLC with 13.5%, and Capital & Counties Properties PLC with 19.1% of the voting shares being cast against their remuneration reports in 2019.

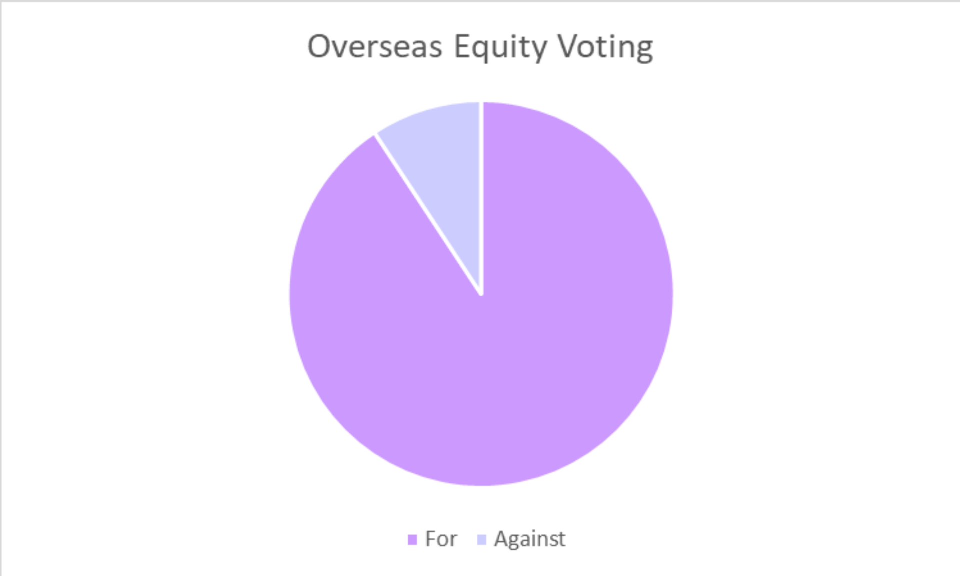
The UK Corporate Governance Code 2018 defines ‘significant opposition’ as when 20% or more of the voting share capital votes to oppose a resolution. Notably, Barclays PLC (28.14%) Ferguson PLC (25.1%) and SSP Group PLC (25.7%) met this definition of significant shareholder opposition when they put their remuneration reports to their shareholders.

Suffolk voted to abstain on the remuneration reports of Standard Chartered, Capital & Counties Properties, Ferguson and SSP Group, and voted to oppose the remuneration reports of British American Tobacco, Reckitt Benckiser Group and Barclays.

Although this opposition is notable and not new in 2019 it seems unlikely that this will result in any changes at least in the short to medium term. For instance, Ferguson PLC put its remuneration policy to its shareholders and received 29.5% of the vote in opposition, while Standard Chartered, which also put its remuneration policy to its shareholders this year received 35.3% of the vote against its remuneration policy. Suffolk joined with these shareholders and voted to oppose these two remuneration policies.

Voting on Newton Sub-fund holdings

Newton have voted at 15 meetings during the year on 258 resolutions. 234 (91%) were for the resolution and 24 (9%) were against. These were all in line with the ACCESS voting guidelines.



The against votes can be categorised as follows:

Vote Categorisation	Number of Against Votes Cast
Election of Directors	18
Renumeration Policy & Reports	2
Incentive Plan	1
Shareholder Proposals	2
Other	1

Governance Report

Governance of the Suffolk Pension Fund

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

Each authority is required to:

(a) Keep the statement under review;

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

(c) If revisions are made -

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

The Statement is required to set out:

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

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

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

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

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

Pension Fund Committee

The Pension Fund Committee's key responsibilities are:

a) The effective and prudent management of the Suffolk Pension Fund.

b) The approval of the Fund's investment strategy

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

Delegations to the Head of Finance

During 2019-20, the Head of Finance, the County Council's responsible financial officer under section 151 of the Local Government Act 1972, is responsible for all decisions concerning the Pension Fund within the scope of the policies that have been approved by the Pension Fund Committee.

Membership of the Committee

During 2019-20 the Pension Fund Committee consisted of seven county councillors, who were appointed by the County Council, reflecting the political balance on the County Council as a result of the May 2017 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.

Due to the Coronavirus containment measurements implemented in March, the 31 March meeting could not be held. The attendance of the Pension Fund committee members for the five committee meetings held during 2019 -20 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	Joined/Resigned
Cllr Andrew Reid	2 (3)	(R) Nov 2019
Cllr Karen Soons	5 (5)	
Cllr Alexander Nicholl	1 (5)	
Cllr David Goldsmith	3 (5)	
Cllr David Roach	5 (5)	
Cllr Peter Gardiner	5 (5)	
Cllr Robert Lindsay	3 (5)	
Cllr Jamie Starling	2 (2)	(J) Nov 2019
Cllr Colin Kreidewolf	5 (5)	
Cllr John Whitehead	3 (3)	(J) Sept 2019
Mr Steve Warner	4 (5)	

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 have to complete a register of interest declaration form which is available for public inspection. A review of the register is undertaken by internal audit as part of their governance auditing programme and the results are reported to the Audit Committee.

Committee Training

The Pension Fund Committee recognises the importance of ensuring that those who are responsible for financial management and decision making with regards to the pension scheme are equipped with the necessary knowledge and skills. During 2019-20, the Head of Finance was responsible for ensuring that appropriate training is undertaken by members and officers with responsibilities relating to the Pension Fund.

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

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

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

- Committee training day:
    - Bond yields and yield reversion
    - Valuation methodology of illiquid assets
    - Equity markets
    - Property investing in the UK and Globally
    - Investment risks and how they are mitigated
- Categorisation of Employers
- The ACCESS Pool
- Scheme members benefits
- Regional allocations in overseas markets

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

Work of the Pension Fund Committee

The Pension Fund Committee has a business plan which sets out its priorities for service development. The Committee monitored the investment performance of the Fund and all its managers on a quarterly basis, receiving a combined investment report with collaboration from Hymans Robertson LLP and Mark Stevens, the Fund's Investment 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 annual report on investment performance for 2018-19 was produced and presented by HSBC, the Fund's performance advisers.

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

The main topics considered by the Committee were:

- Investment in a climate aware mandate
- Review of its hedge fund holdings

The Committee monitored 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 undertook its annual Asset Allocation Review in November 2019, with further work being considered at its February 2020 meeting.

The actuarial valuation exercise was undertaken during the year. The Committee:

- Set the triennial valuation assumptions
- Approved the Funding Strategy Statement
- Approval of the Employers contribution rates for the next three years

The Committee has been regularly kept informed of the development of the ACCESS pool and the creation of the ACCESS Authorised Contractual Scheme (ACS). The first move of Suffolk assets into the ACS took place in May 2019.

The Committee approved objectives for its investment consultant in line with the requirements set out by the competition and markets authority.

The Committee undertook a review of the additional voluntary contribution scheme that is available for members of the scheme who would like to build up additional pension benefits.

The Committee updated and approved the following documents:

- Breaches Policy
- Communications Policy
- Governance Policy
- Governance Compliance Statement

Pension Board

The Pension Board's key responsibilities are:

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

Membership of the Board

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

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

The attendance of the Pension Board members for the quarterly meetings held are as follows:

Councillor	Representing	Meetings attended	Joined/Resigned
Cllr Richard Smith	Suffolk County Council	2 (2)	(R) Dec 2019
Cllr Gordon Jones	Suffolk County Council	2 (2)	(J) Dec 2019
David Rowe	Active Scheme Members	4 (4)	
Eric Prince	Retired members	4 (4)	
John Chance	Other Local Government	4 (4)	
Thomas Jarrett	Other Members	2 (4)	
Suzanne Williams	Unions	2 (4)	

Board Training

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

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

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

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

- Scheme Benefits
- Costs incurred by Employers in the Fund
- Cyber security
- The ill health pension process

Work of the Pension Board

The Pension Board agreed a forward work programme for the year ahead.

The Board has received and reviewed:

- Pension Fund Annual Report and Accounts 2018-19
- Fund investment performance for 2018-19
- Management expenses for 2018-19 estimates for 2019-20
- Results of Western Union pension recipient validation exercise
- Review of the Pension Regulator findings
- Review of the actuarial valuation exercise procedure and results
- Funding Strategy Statement
- Updating the rules of procedure for the Pension Board
- Regular updates on the progress of the pooling of assets
- Regular updates on the performance of the administration team and complaints and compliments received.
- Regular updates on recent developments with the Fund

Administration Report

Introduction to the Fund

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

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

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

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

How the Fund Works

The LGPS is a funded scheme. This means the scheme is financed by contributions

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

The last valuation exercise was carried out during 2019-20, and following consultation with the employers in the Fund, the new contribution rates were approved by the Pension Fund Committee and took effect from 1 April 2020.

The next valuation exercise will be carried out during 2022-23 and will, following employer consultation and Pension Fund Committee approval, set the employer contribution rates for 3 years commencing in April 2023.

Costs of Membership

Employee contributions are banded on a member's actual pensionable pay. The pay banding table which was used during 2019-20 is shown below. The contribution rates and / or pay bands are reviewed periodically to maintain the average contribution from employees at 6.5% and to ensure the long-term costs of the scheme are affordable.

Actual Pensionable Pay	Contribution Rate
£0 - £14,400	5.5%
£14,401 - £22,500	5.8%
£22,501 - £36,500	6.5%
£36,501 - £46,200	6.8%
£46,201 - £64,600	8.5%
£64,601 - £91,500	9.9%
£91,501 - £107,700	10.5%
£107,701 - £161,500	11.4%
Over £161,501	12.5%

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

Benefits of the Pension Fund

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

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

The core scheme benefits are:

- The ability to take a tax-free lump sum by commutation of pension. For service in the scheme prior to 1 April 2008 there is an automatic tax free lump sum of three times the annual Pension to 31 March 2008.
- Life assurance of three times the member's yearly pay from the day they join the scheme.
- Pensions for spouses, civilly registered partners and qualifying co-habiting partners. Eligible children are also entitled to a pension.
- An entitlement paid early if a member has to stop work due to permanent ill health.
- Pensions increases in line with inflation (measured by the Consumer Price Index).
- Pensions are payable from age 55, including flexible retirement

Pension Administration

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

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

Summary of Work Undertaken by the Fund in 2019-20

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 administrate the Pension Fund effectively and to a high standard.

- Completion of an existence project with Western Union to check the validity of the overseas Pensioner members. These members are unable to be checked via the usual methods and the Pension Fund is seeking an assurance that no monies are being paid out to unintended beneficiaries.
- Completion of the migration to an integrated pensioners payroll system. This has allowed further development of the member self-service, enabling pensioners to access their payslips, P60's and personal documents.
- Publication of all relevant documents to the Member self-service system. Members receive an email alert when new documents have been posted, reducing the need to print and post documents negating the risk of documents going stray in the post.
- Development of an Ask Pensions FAQ online site to assist members in getting quick and easy access to general questions about the Pension scheme.
- Continual development of data quality. Common and conditional data scores have improved to 95% and 99% up from 92% and 95% from the previous financial year.
- Engagement with employers who have had difficulties in submitting data, identifying the issues and finding solutions to improve their processes.
- Introduction of Pension membership identifiers (PMI's) into the Suffolk payroll system enabling more efficient matching of records to payroll data by simplifying the process and reducing duplication of work. This will be rolled out to more employers in 2020-21.

Key Performance Indicators

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

Number of Cases completed

Case Type	Cases Outstanding at the start of the Year	Cases commenced in Year	Cases completed during the Year	Cases outstanding at Year end	Percentage Completed in Year
Death - Initial letter acknowledgement death of active/ deferred/ pensioner member	9	473	474	8	98%
Death - Letter notifying amount of dependant's benefits	1	183	182	2	99%

Case Type	Cases Outstanding at the start of the Year	Cases commenced in Year	Cases completed during the Year	Cases outstanding at Year end	Percentage Completed in Year
Retirements - Letter notifying estimate of benefits (all types)	Active - 24 Deferred - 51	Active - 582 Deferred - 996	Active - 582 Deferred - 1,002	Active - 24 Deferred - 45	Active - 96% Deferred - 96%
Retirements - Letter notifying actual retirements and process and pay lump sum retirement grant (all types)	Active - 7 Deferred - 4	Active - 442 Deferred - 631	Active - 444 Deferred - 621	Active - 5 Deferred - 14	Active - 99% Deferred - 98%
Transfer Ins - Letter detailing transfer in quote	2	374	375	1	99%
Transfers In - Letter detailing transfer in	3	247	242	8	97%
Transfer Out - Letter detailing transfer in quote	40	312	226	126	64%
TransfersOut - Letter detailing transfer in	4	142	113	33	77%
Refund - Process and pay refund	2	298	299	1	99%
Divorce quote - Letter detailing cash equivalent value and other benefits	3	195	185	13	93%
Divorce settlement - Letter detailing implementation of cash equivalent value and application of PSO	0	6	6	0	100%
Member Estimates / Projections	2	261	256	7	97%

Key Performance Indicators:

Case Type	Fund KPI	Cases Completed	% Completed	Legal Requirements	Legal % Completed	Total Number of Cases
Death - Initial letter acknowledgement death of active/ deferred/ pensioner member	5 days	96	456	2 months	100	474
Death - Letter notifying amount of dependant's benefits	10 days	97	177	2 months	100	182
Retirements - Letter notifying estimate of benefits (all types)	5 days	97	1,530	2 months	99	1578
Retirements - Letter notifying actual retirements and process and pay lump sum retirement grant (all types) Total	10 days	98	434	2 months	99	443
Deferred in to Pay - Process and Pay lump sum retirement grant	10 days	97	605	2 months	99	619
Deferment - Calculate and notify deferred benefits	30 days	41	814	2 months	54	1072
Transfer Ins - Letter detailing transfer in quote	10 days	98	369	2 months	100	375
Transfers Out - Letter detailing transfer out quote	10 days	46	103	2 months	76	171
Refund - Process and pay refund	10 days	69	208	2 months	99	298
Divorce quote - Letter detailing cash equivalent value and other benefits	10 days	99	184	3 months	100	185
Divorce settlement - Letter detailing implementation of cash equivalent value and application of PSO	10 days	83	5	3 months	100	6

Employer Performance

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

Employers are required to provide the Pension Fund with their annual end of year returns by 21 April each year. The team engages with the scheme employers providing templates, guidance on the requirements, issuing deadline reminders and provide scheme employers with a starting point list of members.

Internal Dispute Resolution Procedure (IDRP)

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

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

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

In 2019-20 there was 1 IDRP cases from a total of 9,301 cases processed.

Membership

The overall membership has increased year on year, with an active member increase of 8% during the last five years.

Membership Summary	2015-16	2016-17	2017-18	2018-19	2019-20
Members	20,129	19,954	19,950	20,354	21,670
Pensioners	14,647	15,074	15,661	16,075	16,855
Deferred Members	20,872	23,438	25,038	27,821	29,255
Total	**55,648**	**58,466**	**60,649**	**64,250**	**67,780**

In 2019-20 there have been 997 new pensions paid, which are further analysed as below:

Retirement Type	Number of Retirements
Deferred Pension	597
Ill Health	30
Early (aged 60 and over) /Normal	172
Early (aged under 60)	48
Redundancy	49
Late Retirements	101
Total Retirements	**997**

Employers in the Fund

There are 316 active employers in the Fund and 20 employers who do not have active members but have deferred pension members and/or pensioners.

	Active	Ceased	Total
Scheduled Bodies	218	1	**219**
Resolution Bodies	46	2	**48**
Admitted Bodies	52	17	**69**
Total	**316**	**20**	**336**

A list of the active employers in the Fund as at 31 March 2020 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
East Suffolk Council
Ipswich Borough Council
Mid Suffolk District Council
Suffolk County Council
West Suffolk Council

Other
Association of Indoor Fisheries and Conservation Bodies (AIFCA)
Chief Constable of Suffolk
The Police and Crime Commissioner for Suffolk

Colleges
East Coast College
Lowestoft 6th Form College
Suffolk New College
University Campus Suffolk Ltd
West Suffolk College

Free Schools
Everitt Academy
IES Breckland

Academies
Debenham High School
Holbrook Academy
Kessingland C of E Primary Academy
Pakefield High School
St Mary's C of E Academy
Stradbroke High School
The Ashley School Academy
Thomas Mills High School

Academy Transformation Trust
Beck Row Primary
Great Heath Academy
Mildenhall College Academy
Westbourne Academy

Active Learning Trust
Albert Pye Primary
Chantry Academy
Grove Park
Gusford
Hillside
Pakefield
Ravensmere Infant School
Red Oak
Reydon
Sidegate
Westwood Primary

All Saints School Trust
All Saints (Laxfield)
Charsfield CoE Primary
Dennington CoE Primary
Fressingfield CEP
Great Welnetham Primary
Occold Primary
St Peter & St Paul
Stradbroke CEP
Wortham Primary

ASSET Education
Bungay Primary
Castle Hill Infants School
Castle Hill Junior School
Cliff Lane Primary School
Egdar Sewter
Holton St Peter
Ilketshall
Ringshall Primary School
Shotley Primary
St Helens Primary School
Stutton C of E Primary School
The Oaks Primary School
Wenhaston
Whitton Community Primary School

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

Believe Engage Succeed Trust
Riverwalk
The Albany Centre PRU
Warren School

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

Children's Endeavour Trust
Broke Hall
Springfield Junior

Chilford Hundred Educational Trust
Howard Primary School
The Pines Primary School

Diocese of Ely
St Christophers CE Primary

East Anglian Schools Trust
Bungay High School
Farlingaye High School
Kesgrave High School

Eastern Multi Academy Trust
The Glade Community Primary School
West Row Academy

Evolution Academy Trust
Coldfair Green Primary
Elm Tree Community Primary School
Poplars Community Primary School
The Dell Primary School

Forest Academy
Elveden Primary School
Forest Academy

Gippeswyk Community Educational Trust
Britannia Primary School
Copleston High School
Rose Hill Primary School

Hartismere Family of Schools
Benjamin Britten High School
Hartismere School
Somerleyton Primary
Woods Loke Primary

Inspiration Trust
Eastpoint Academy

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

Olive Academy Trust
Olive AP Academy (Kingsfield PRU)

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

Orwell Multi Academy Trust
Brooklands Primary School
Grange Community Primary School
Halifax Primary School
Handford Hall Primary School
Springfield Infant School
Willows Primary School

Our Lady of Walsingham
St Albans Catholic High School
St Felix-Haverhill
St Louis Catholic Academy
St Mary's Catholic Primary
St Pancras Primary

Paradigm Trust
Ipswich Academy
Murrayfield Primary School
Pipers Vale Community Primary

Raedwald Trust
Alderwood PRU
First Base Bury St Edmunds
First Base Ipswich PRU
Parkside Pupil Referral Unit
St Christophers PRU
Westbridge Pupil Referral Unit

REAch2 Multi Academy Trust
Beccles Primary
Gunton Primary
Martlesham Primary
Northfield St Nicholas Primary
Phoenix St Peter/Meadow Primary
Sprites Primary
St Margarets Primary
The Limes

Seckford Educational Trust
Causton Junior School
Maidstone Infants School
Seckford Educational Trust

SENDAT

Chalk Hill Academy
Stone Lodge Academy
The Priory School

South Suffolk Learning Trust

Claydon High School
Claydon Primary
East Bergholt High School
Hadleigh High School

St Edmundsbury and Ipswich Diocesan Trust

All Saints CEVAP School
Bramfield C of E Primary
Brampton C of E Primary
Chelmondiston C of E Primary
Eyke
Hartest C of E Primary
Hintlesham & Chattisham
Long Melford C of E Primary
Mellis
Morland Primary
Nacton C of E Primary
Ringsfield C of E Primary
Sproughton CEVC Primary
St Marys Hadleigh
St Marys Woodbridge
St Matthews CEVAP
Stoke by Nayland C of E Primary
Tudor Primary
Wetheringsett C of E Primary

St Johns the Baptist Multi Academy Trust

St Benet's Catholic Primary (Beccles)
St Edmund's Catholic Primary (Bungay)
St Mary's Catholic Primary (Lowestoft)

Stour Valley Educational Trust

Clare Community Primary
Stour Valley Community School

The Consortium Multi Academy Trust

Barnby & North Cove
Helmingham Primary
Henley Primary
Mendham
Middleton Primary
Rendlesham Primary
Southwold Primary
St Edmunds Primary-Hoxne
Yoxford Primary

The Tilian Partnership

Bardwell CEVC Primary
Crawford's CEVC Primary
Gislingham CEVC Primary
Ixworth CEVCP
Old Newton CEVC Primary
Palgrave CEVC Primary
Rougham CEVCP

Thedwastre Education Trust

Great Barton CE Primary Academy
Rattlesden CE Primary Academy
Thurston CE Primary Academy
Woolpit Primary Academy

Unity Schools Partnership

Abbotts Green
Burton End Academy
Castle Manor Academy
Clements Primary School
Coupals Primary Academy
Felixstowe Academy
Glemsford Primary Academy
Houldsworth Valley
Newmarket Academy
Place Farm Academy
Samuel Ward Academy
Sybil Andrews
The Bridge
The Churchill Free School
Thomas Gainsborough School
Wells Hall Primary

Kedington Primary Academy
Langer Primary
Laureate Primary
Westfield Academy
Wickhambrook
Woodhall(Sudbury

Waveney Valley Academy Trust

Alde Valley Academy
Roman Hill Primary School
Sir John Lehman High School
Stowmarket High School

Resolution Bodies

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

Barningham Parish Council
Beccles Town Council
Botesdale Parish Council
Boxford Parish Council
Bramford Parish Council
Bury St Edmunds Town Council
Claydon & Whitton Parish Council
Felixstowe Town Council
Framlingham Town Council
Glemsford Parish Council
Great Cornard Parish Council
Great Livermere Parish Council
Great Waldingfield Council
Hadleigh Town Council
Halesworth Town Council
Haverhill Town Council
Hollesley Parish Council
IPSERV
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
Pinewood Parish Council
Red Lodge PC
Redgrave Parish Council
Rickinghall Parish Council
Saxmundham Town Council
Southwold TC
Stowmarket Town Council
Sudbury Town Council
Thurston Parish Council
Troston Parish Council
Ufford Parish Council
Verse
Vertas
Woodbridge Town Council
Woolpit Parish Council
Worlingham Parish Council

Admitted Bodies

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

Abbeycroft Leisure
Anglia Community Leisure
Beccles Fenland Charity Trust
Care Quality Commission
Care UK
Caterlink - ALT
Caterlink - Copleston
Caterlink-Kesgrave
Caterlink - St Albans
Caterlink-Ormiston Denes
Churchill - SS Learning
Churchill Contract Services
Churchill CS-Hadleigh
Compass - ATT
Compass - Kessingland
Compass-East Point Academy
Compass-Felixstowe
Concertus
Deben - Ravenswood
Edwards & Blake – Aldeburgh
Edwards & Blake – ASSET
Edwards & Blake – Kyson
Edwards & Blake – Saxmundham
Edwards and Blake – Leiston
Edwards and Blake - Waveney Valley
Elior Ltd-Chantry Academy
European Electronique
Flagship Housing Group
Hadleigh Market Feoffment Charity
Housing 21
Kier MG Ltd
Leading Lives
Marina Theatre
Norland Managed Services
Opus People Solutions Ltd
Orwell Housing
Papworth Trust
Places for People
Radis Limited
Realise Futures
SALC(Suffolk Association of Local Councils)
Seckford Foundation
Sentinel Leisure Services
South Suffolk Leisure – Sudbury
South Suffolk Leisure-Holbrook
Sports and Leisure Management Ltd
Suffolk Libraries IPS
Suffolk Norse Ltd
The Havebury Housing Partnership
The Partnership in Care Ltd
Thorpe Woodlands A.C.T
Waveney Norse Ltd

ACCESS ANNUAL REPORT 2019/20

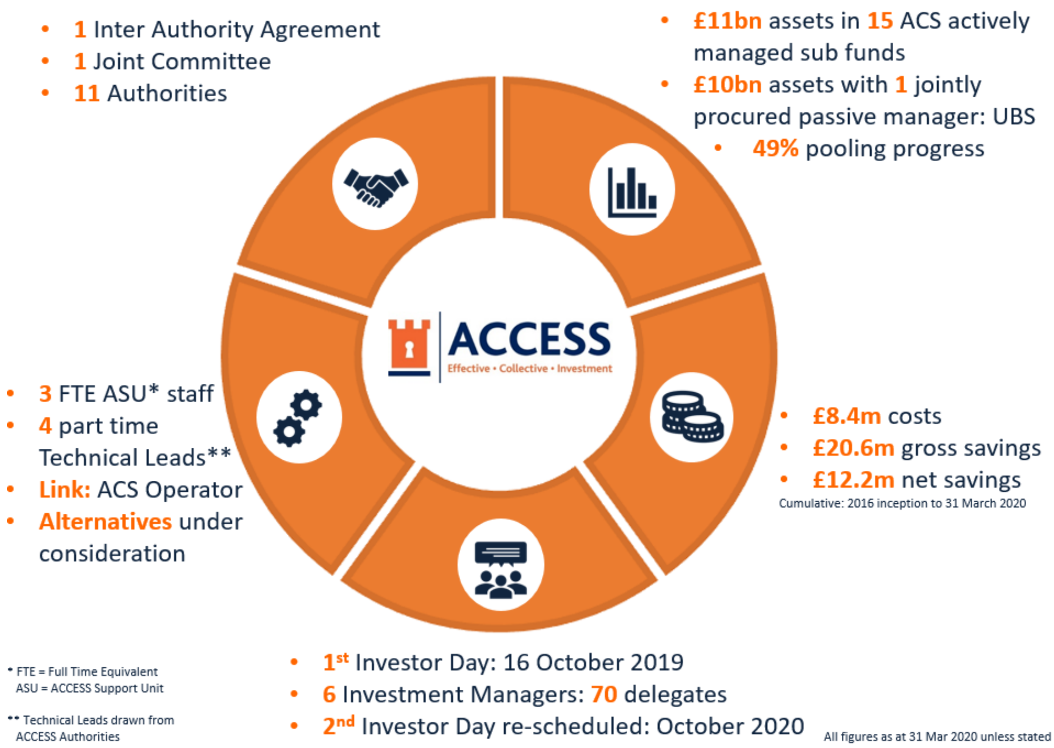
I am pleased to introduce the ACCESS 2019/20 Annual Report. We find ourselves in challenging times, facing a national emergency, but we will continue to manage these very substantial LGPS assets to the best of our abilities. I am truly grateful, at this time, that ACCESS has built a strong partnership that allows each of the 11 member authorities to support each other in this difficult period.

I would like to take this opportunity to thank Cllr Andrew Reid of Suffolk for the contribution he made as the first chairman of the ACCESS Joint Committee, which was critical in building a strong foundation for the Pool. It goes without saying that I was honoured by the confidence shown in me by my fellow Joint Committee members in choosing me to succeed Cllr Reid last December.

It has been another busy year for ACCESS with good progress made by our operator, Link, in launching new sub-funds, which has brought the total assets under management (AUM) under ACCESS auspices to £21.4bn. Equally important work has also taken place in reviewing the governance of the Pool and progressing options for pooling alternative investment categories.

I'm sure that 20/21 will be another busy year for ACCESS, not only in continuing to issue further sub-funds, but also in other crucial areas such as deepening the Pool's approach to Responsible Investment."

At a glance



Pension Fund Accounts

Background

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of 11 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; 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.

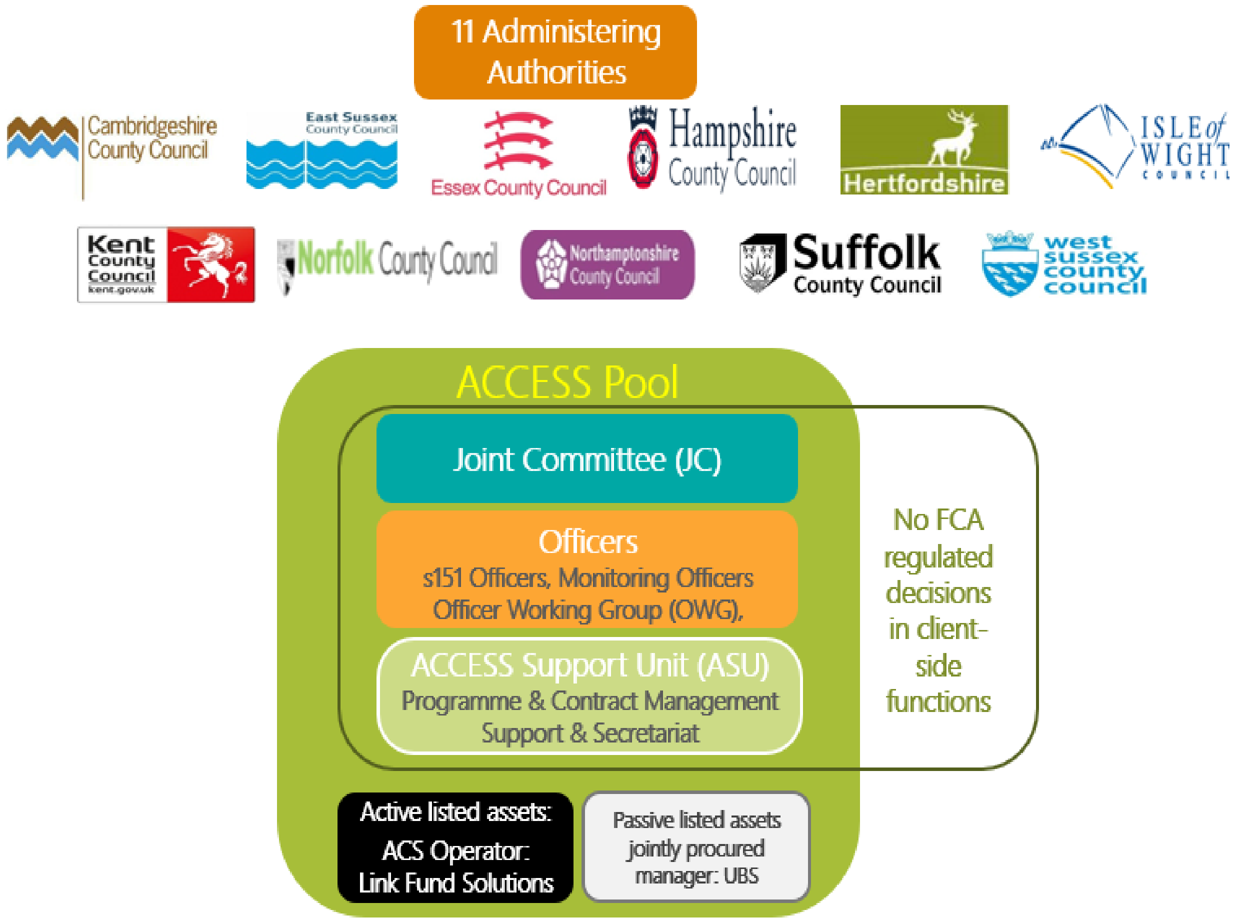
Collectively as at 31 March 2020, the ACCESS Authorities have

total assets of **£44 billion** (of which **49%** has been pooled)

serving **3,534** employers with **1.1 million** members including **288,248** pensioners

Governance

An extract from the ACCESS governance model is shown below:



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 11 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 JC also reviews ongoing performance.

The Section 151 Officers of ACCESS Authorities provide advice to the JC in response to its decisions ensure appropriate resourcing and support is available to implement the decisions and to run the ACCESS Pool.

The JC further supported by Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

The Officer Working Group are officers 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, administration and technical support services. 2019/20 saw the completion of appointments to each of the three full time ASU roles, hosted by Essex County Council. These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.

The Operator: Link Fund Solutions

Appointed 2018 Link Fund Solutions Ltd pooled operator service, overseeing an Authorised Contractual scheme for the sole use of ACCESS Authorities. Link are responsible for establishing and operating an authorised contractual scheme along with 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

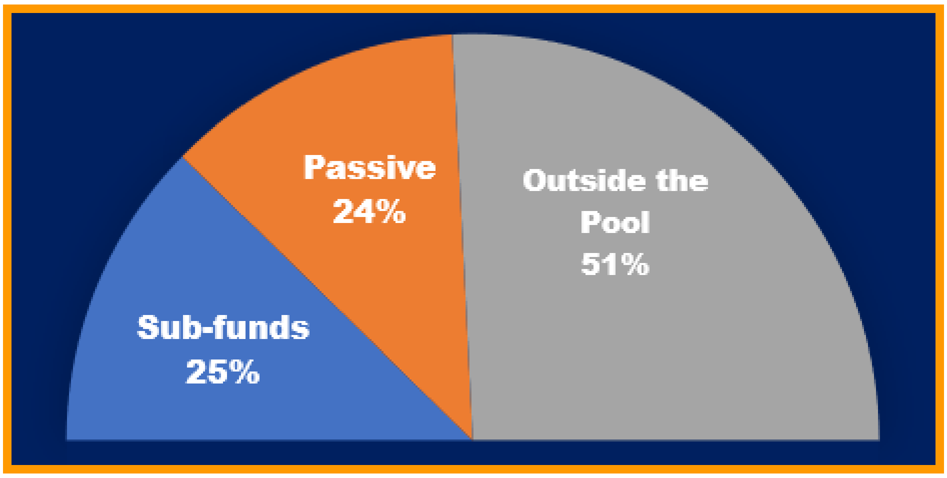
Pool Aligned Assets: UBS

Appointed following a joint procurement in 2017, UBS act as the ACCESS Authorities' investment manager for passive assets.

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 milestone of having **£27.2 billion** assets pooled and estimated savings of £13.6 million by March 2021.

As at 31 March 2020, 49% of assets have been pooled:



Pooled Assets

As at 31 March 2020 ACCESS has the following assets pooled:

Pooled Investments	£ Billion
Passive Investments	10.486
UK Equity Funds	1.588
Global Equity Funds	7.189
UK Fixed Income	0.834
Diversified Growth	1.262
Total Pooled Investments	**21.359**

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 2019/20

- Recruitment of an interim Director to lead the ACCESS Support Unit.
- Establishment of business as usual functions of the ACCESS Support Unit being undertaken by the ACCESS Support Unit officers and technical leads officers.
- Approval and launch of a range of sub-funds further rationalising the existing range of mandates whilst reflecting the strategic asset allocation needs of the ACCESS Funds.
- Re-procurement of a legal advisor for ACCESS.
- Provision of updates of progress of pooling to Government and responding to consultations.
- Commencement of a review of Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.

- In conjunction with Link Fund Solutions, held the first investor day for members and officers of the individual funds to hear from the investment managers in the ACCESS pool.
- Commencement of a review to formulate an approach to pooling and managing illiquid assets such as private equity and infrastructure. This will involve reviewing various structures and platforms and assessing these to identify the best fit to meet with the Funds current and future requirements.

Objectives for 2020/21

ACCESS is well placed to continue to develop the pool and progress will continue unbated despite the restrictions imposed by the COVID-19 lockdown. Virtual meetings are well established and productive. It is anticipated that 2020/21 will see key activities within the following themes:

- Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS).
- Alternative / non listed assets: the initial implementation of pooled alternative assets.
- Passively managed assets: ongoing monitoring and engagement with UBS.
- Governance: the application of appropriate forms of governance throughout ACCESS.
- ACCESS Support Unit (ASU): the size and scope of the ASU will be kept under review.

Expected v Actual Costs and Savings

The table below summarises the financial position for 2019/20 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 11 Authorities. 2019/20 saw an underspend primarily due to lower than anticipated costs of external advice combined with the establishment of the ACCESS Support Unit reducing the reliance on external project management support.

	2019 – 2020 Actual In Year £'000	2019 – 2020 Budget In Year £'000	2019 – 2020 Actual Cumulative to date £'000	2019 – 2020 Budget Cumulative to date £'000
Set Up Costs	-	-	1,824	1,400
Transition Costs	-	-	674	2,499
Ongoing Operational Costs	811	1,203	2,208	2,469
Operator & Depositary Costs	3,247	2,000	3,632	2,500
Total Costs	**4,058**	**3,203**	**8,338**	**8,868**
Pool Fee Savings	**13,456**	**13,200**	**20,515**	**18,450**
Net Savings Realised	**9,398**	**9,997**	**12,177**	**9,582**

Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator. The initial ACCESS business plan to MHCLG anticipated Operator costs of 2bps.

The 2019/20 fee savings have been calculated using the CIPFA price variance methodology and based on the asset values as at 31 March 2020. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the MHCLG submission whilst delivering 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 environment 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.

Over the course of the last year a number of ACCESS Authorities have reviewed and developed their individual ESG /RI policies. Building on this ACCESS will, in the current year review its own ESG /RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment.

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 ACCESS voted at 383 meetings on 6,000 resolutions.

Mark N. Kemp-Gee

Mark Kemp-Gee
Cllr Mark Kemp-Gee - Chairman, ACCESS Joint Committee

Pension Fund Accounts

Fund Account

2018 - 2019 £ million	Fund Account	Notes	2019 - 2020 £ million
	Dealings with members, employers and others directly involved in the scheme		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
81.089	Normal	9	85.497
7.375	Deficit funding	9	7.131
1.937	Other	9	3.137
	From members		
21.130	Normal	9	22.114
	Transfers In		
5.611	Individual transfers in from other schemes		6.943
0.001	Other Income		0.001
	Benefits payable:		
-79.662	Pensions	9	-83.598
-14.534	Commutations of pensions and lump sum retirement benefits	9	-15.053
-1.956	Lump sum death benefits	9	-1.857
	Payments to and on account of leavers:		
-0.217	Refunds of Contributions		-0.202
-7.795	Individual transfers out to other schemes		-4.186
-2.359	Group Transfers out to other Schemes		0.000
10.620	**Net additions (withdrawals) from dealings with members**		**19.927**
-12.479	Management Expenses	10	-14.697
-1.859	**Net additions (withdrawals) including management expenses**		**5.230**
	Returns on investments		
	Investment income		
16.675	Dividends from equities		9.672
9.248	Income from pooled investment vehicles - Property		9.119
0.747	Income from pooled investment vehicles - Private Equity		0.565
8.342	Income from Other Managed Funds		21.526
0.056	Interest on Cash Deposits		0.059
0.149	Other		0.108
-0.132	Taxes on Income		-0.068
135.384	Change in market value of investments		-168.848
170.469	**Net returns on investments**		**-127.867**
168.610	Net increase, or (decrease), in the fund during the year		-122.637
2,762.481	Opening net assets of the scheme		2,931.091
2,931.091	**Closing net assets of the scheme**		**2,808.454**

Pension Fund Accounts

Net Asset Statement

2018 - 2019 £ million	Net asset statement	Notes	2019 - 2020 £ million
	Investment assets		
	Equities:		
260.410	UK companies	12,13	188.106
321.650	Overseas companies	12,13	0.000
	Pooled Investment Vehicles		
16.423	Unit trusts	12,13	15.040
0.000	Overseas Equities	12,13	368.187
767.637	Unit linked insurance policies	12,13	794.307
277.393	Property unit trust	12,13	270.917
1,273.445	Other Managed Funds	12,13	1,157.119
	Other Investment Balance		
2.592	Cash [held for investment]	12	0.446
0.466	Forward Foreign Exchange Contracts	12	1.199
2,920.016	**Total investments**		**2,795.321**
	Current assets		
15.826	Debtors	21	14.557
3.495	Cash Deposits	18d	5.548
0.016	Cash at Bank	18d	0.026
19.337	**Total current assets**		**20.131**
	Current liabilities		
-8.262	Creditors	22	-6.998
-8.262	**Total current liabilities**		**-6.998**
11.075	**Net current assets**		**13.133**
2,931.091	**Net assets**		**2,808.454**

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 316 employer organisations with active members within the Scheme as at 31 March 2020, an increase of 9 from the previous year total of 307. 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:

Pension Fund Accounts

31 March 2019		31 March 2020
	Number of Employees in the Scheme	
7,344	County Council	7,752
13,010	Other Employers	13,918
20,354	**Total**	**21,670**
	Number of Pensioners	
8,879	County Council	9,243
7,196	Other Employers	7,612
16,075	**Total**	**16,855**
	Number of Deferred Members	
15,478	County Council	15,424
12,343	Other Employers	13,831
27,821	**Total**	**29,255**

Funding
Benefits are funded by contributions and investment earnings. Employers contributions are set based on the triennial actuarial funding valuation in March 2016 for the contributions paid in 2019 – 2020. The most recent valuation exercise was carried out as at 31 March 2019 for the rates payable from 1 April 2020. 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

Following the significant market falls in March 2020, global markets remain volatile whilst the effects of the coronavirus pandemic becomes clearer on the future growth for the world economy and the individual performance of companies.

As infection rates in parts of the world start to fall, and individual countries plan to reopen their economies, markets will remain volatile as they react to news as to whether a second wave of infections can be avoided. Since April, equity markets have recovered some of the falls experienced in March and the Fund value as at the end of June 2020 is £3,074 billion.

3. Significant Changes to the Fund

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

The Funds are working together to collectively invest assets in order to significantly reduce investment costs whilst maintaining investment performance.

ACCESS appointed Link Fund Solutions Ltd to establish and operate its authorised contractual scheme and are responsible for the creation of investment sub-funds and the appointment of managers to those sub-funds.

On the 7 May 2019 the Fund transferred the Global Equity holding with Newton valued at £353 million into the ACCESS pooled vehicle Newton sub-fund.

On 25 June 2019 the Pension Fund Committee made a decision to terminate the Winton mandate. The proceeds of this disinvestment were invested into 5-year index linked gilts with UBS.

On 23 July 2019 the Pension Fund Committee reviewed the passive investment options held with UBS and reduced the overseas regional allocations to invest £160 million in the Climate Aware investment fund.

On 26 November, following the completion of the actuarial valuation, the Pension Fund Committee considered the appropriateness of its current investment strategy with advice from its investment consultants, Hymans Robertson. In order to further reduce the Fund's carbon footprint, the Committee increased its allocation to the UBS Climate Aware investment fund by disinvesting the remaining overseas regional passive investments, also held with UBS.

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund’s transactions for the 2019 - 2020 financial year and its position as at 31 March 2020.

These accounts have been prepared in accordance with the ‘Code of Practice on Local Authority Accounting in United Kingdom 2019 - 2020’, which is based upon International Financial Reporting Standards (IFRS). The Code also incorporates the 2015 Statement of Recommended Practice (SORP) ‘Financial Reports of Pension Schemes’.

The accounts do not take into account obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS 26) basis, is disclosed in Note 20 of these accounts.

The Local Government Pension Scheme is a statutory regulated Fund. The Government has raised no indication that it is intending to cease the scheme so therefore as per regulation and the SORP it is a going concern and these accounts have been prepared on that basis.

5. Summary of Significant Accounting Policies

5.1 Fund Account - Revenue Recognition

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

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

Employers' augmentation 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.

5.2 Fund Account - Expenditure

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

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.

5.3 Net Asset Statement

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

The value of investments has been determined as follows:

Market Quoted Investments
Managed Funds are valued using the bid market price on 31 March 2020.

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

Pension Fund Accounts

respective fund manager and adjusted for capital calls and distributions received from that date to 31 March 2020.

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

Foreign Currency Transactions
Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2020.

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 yearend are stated at fair value, which is determined as the loss or gain that would arise if the outstanding contract was required to be settled on 31 March.

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

The Pension Fund holds short term investments in Money Market Funds for the purpose of obtaining a gain or return. Fixed term deposits should be classified as an investment and not a cash equivalent on the Net Asset Statement.

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

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

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

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.

6. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2019 – 2020 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 2020 - 2021 code

- IAS 19 - Employee Benefits: Plan amendment, curtailment or settlement
- IAS 28 - Investments in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015-2017 cycle

The code requires implementation of the above disclosure from 1 April 2020. These changes are not considered to have a material effect on the Pension Fund accounts of 2019 - 2020.

7. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 5, the Pension Fund has to make certain judgements about complex transactions or those involving uncertainty about future events. The main critical judgement that the Pension Fund must consider is the Pension Fund actuarial liability.

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 19 Funding Position. This estimate is subject to significant variances based on changes to the underlying assumptions.

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 the extreme market volatility, the likes of which were experienced in March 2020.

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

The Pension Fund Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that actual outcomes could differ from those estimates 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 17e.

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
Valuation techniques based on observable data are used to determine the fair values of property, but where this is not possible, management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property

The property investment held with Schroders at 31 March 2020 is £270.917 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 2020 are £81.983 million with Pantheon and £16.053 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, KKR, M&G and JP Morgan at 31 March 2020 are £50.470 million, £36.540 million, £31.686 million and £34.305 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 £40.247 million as at 31 March 2020.

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

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

The Timber investment held with Brookfield at 31 March 2020 is £8.437 million.

9. Contributions Received and Benefits Paid during the Year

2018 - 2019				2019 - 2020		
Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million		Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million
35.271	8.520	-47.540	**Suffolk County Council**	35.057	8.458	-48.177
51.953	11.618	-45.434	**Other Scheduled and Resolution Bodies**	56.433	12.733	-48.184
3.177	0.992	-3.178	**Admitted Bodies**	4.275	0.923	-4.147
90.401	21.130	-96.152	**Total**	95.765	22.114	-100.507

Included within employer normal contributions of £85.497 million shown in the Fund account, is an amount for deficit funding of £7.393 million paid within the employers' percentage (£7.191 million in 2018 - 2019). The deficit funding identified separately on the Fund account of £7.131 million (£7.375 million in 2018 - 2019) refers to those employers funding their deficit by means of lump sum payments.
Employer contributions are made up of two elements:
a) the estimated cost of future benefits being accrued, the 'primary rate'; plus

b) an adjustment for the funding position of accrued benefits relative to the Fund’s solvency target, the 'secondary rate'.

The Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three-year period. 2019 - 2020 was the third year in the three-year period following the 31 March 2016 valuation for the contribution rates set by the actuary to reflect a and b above.

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

10. Management Expenses

2018 - 2019 £ million		2019 - 2020 £ million
10.726	Investment Management Expenses	12.722
1.170	Administration Expenses	1.358
0.583	Oversight and Governance Costs	0.617
12.479		14.697

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 2019 - 2020 were £0.019 million, (£0.019 million 2018 - 2019). The 2019 - 2020 external fee is subject to change, depending on additional charges which can be made by the external auditors on high risk areas.

Ernst & Young will charge an additional £0.006 million to respond to IAS 19 assurance requests for 2019 - 2020 reports. This will be charged to the employers who have requested assurance.

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 broker commission transaction costs as overleaf:

Pension Fund Accounts

2018 - 2019 £ million		2019 - 2020 £ million
9.419	Investment Management Fees and Expenses	8.988
0.788	Performance Fees	3.481
0.467	Transaction Costs	0.210
0.052	Custodian Fees	0.043
10.726		12.722

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

31 March 2019 Market Value £ million	31 March 2019 Percentage of Assets %		31 March 2020 Market Value £ million	31 March 2020 Percentage of Assets %
		Investments managed within the ACCESS Pool		
0.000	**0.00%**	Link - Newton	368.187	**13.18%**
767.637	**26.31%**	UBS Group	794.306	**28.43%**
767.637	**26.31%**	**Total within the ACCESS Pool**	**1,162.493**	**41.61%**
		Investments managed outside the ACCESS Pool		
591.781	**20.28%**	BlackRock Investment Management	549.379	**19.67%**
0.203	**0.01%**	Bluecrest Capital Management	0.151	**0.01%**
8.055	**0.28%**	Brookfield Asset Management	8.437	**0.30%**
0.238	**0.01%**	Cambridge Research & Innovation Limited	0.202	**0.01%**
7.745	**0.27%**	HSBC	13.253	**0.47%**
35.080	**1.20%**	JP Morgan	34.305	**1.23%**
21.665	**0.74%**	Kohlberg Kravis Roberts	36.540	**1.31%**
365.378	**12.53%**	M&G Investments	357.143	**12.78%**
375.973	**12.88%**	Newton Investment Management	0.000	**0.00%**
101.556	**3.48%**	Pantheon Ventures	105.841	**3.79%**
48.074	**1.65%**	Partners Group	50.470	**1.81%**
170.505	**5.85%**	Pyrford International	166.618	**5.96%**
296.532	**10.17%**	Schroder Property Investment Management	292.790	**10.48%**
19.264	**0.66%**	Wilshire Associates	16.053	**0.57%**
107.272	**3.68%**	Winton Global Investment Management	0.000	**0.00%**
2,149.321	**73.69%**	**Total outside the ACCESS Pool**	**1,631.182**	**58.39%**

The Newton investment has transferred into the ACCESS Pool and is managed by Link Fund Solutions as the Authorised Contractual Scheme operator of the Pool. The UBS Group investments are managed within the ACCESS Pool on a pool governance basis.

The Winton investment was terminated during the year and the funds transferred into 5-year indexed gilts managed by UBS Group.

The HSBC holding is the surplus cash managed by the Pension Fund and invested in money market funds.
The Infrastructure mandates with Partners Group, the Private Equity mandate with Pantheon Ventures Investments, and the Debt Solutions Fund and Infracapital Fund with

M&G Investments have been funded as investment opportunities are identified by the investment managers.

The mandate with Bluecrest Capital Management was terminated in November 2015. The Debt Opportunity mandates with M&G Investments, Infrastructure with Kohlberg Kravis Roberts and Private Equity with Wilshire Associates are mature investments that are returning funds as the investments are realised.

12. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2018 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2019 £ million
UK Companies	240.580	66.396	-53.797	7.231	260.410
Overseas Companies	291.739	89.939	-96.946	36.918	321.650
Derivatives - Forward Foreign Exchange contracts	-0.113	1.347	-0.768	0.000	0.466
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	993.885	207.914	-209.183	4.075	996.691
Unit trusts	17.169	-	0.000	-0.746	16.423
Unit linked insurance policies	728.132	8.902	-18.900	49.503	767.637
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	200.469	88.903	-36.575	23.957	276.754
Property	277.478	13.474	-19.329	5.770	277.393
Total of Investments	**2,749.339**	**476.875**	**-435.498**	**126.708**	**2,917.424**

	Opening Market Value 01 April 2018 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2019 £ million
Other Investment Balances:					
Cash Held for Investment	5.862	-4.528	-	1.258	2.592
Net Investments	**5.862**	**-4.528**	**-**	**1.258**	**2.592**

The change in market value of £127.966 million (£126.708 million and £1.258 million) is £7.418 million lower than the change in market value on the Fund Account of £135.384 million. The difference is caused by indirect management fees of £6.952 million and transaction costs of £0.466 million which are charged against the NAV and not directly to the Fund.

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

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	Opening Market Value 01 April 2019 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2020 £ million
UK Companies	260.410	32.065	-68.210	-36.159	188.106
Overseas Companies	321.650	6.927	-333.666	5.089	0.000
Derivatives - Forward Foreign Exchange contracts	0.466	1.000	-0.267	0.000	1.199
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	996.691	527.979	-631.998	-35.477	857.195
Unit trusts	16.423	1.103	0.000	-2.486	15.040
Overseas Equities	0.000	388.488	0.000	-20.301	368.187
Unit linked insurance policies	767.637	384.124	-269.124	-88.330	794.307
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	276.754	30.299	-20.468	13.339	299.924
Property	277.393	16.416	-9.852	-13.040	270.917
Total of Investments	**2,917.424**	**1,388.401**	**-1,333.585**	**- 177.365**	**2,794.875**

	Opening Market Value 01 April 2019 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2020 £ million
Other Investment Balances:					
Cash Held for Investment	2.592	-2.964	-	0.820	0.448
Net Investments	**2.592**	**-2.964**	**-**	**0.820**	**0.448**

The change in market value of -£176.545 million (-£177.365 million and £0.820 million) is £7.697 million higher than the change in market value on the Fund Account of -£168.848 million. The difference is caused by indirect management fees of £7.487 million and transaction costs of £0.210 million which are charged against the NAV and not directly to the Fund.

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

13. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2019 £ million	Market Value 31 March 2019 £ million		Market Value 31 March 2020 £ million	Market Value 31 March 2020 £ million
		Equities		
	260.410	UK Companies		188.106
	321.650	Overseas Companies		0.000
		Pooled Investment Vehicles - Quoted		
	16.423	Unit Trusts		15.040
	0.000	Overseas Equities		368.187
	767.637	Unit Linked Insurance Policies		794.307
		Other Managed Funds		
645.810		Fixed Income	627.036	
277.979		Absolute Returns	166.769	
43.679		Money Market Funds	40.123	
29.223		Private Equity	23.267	
996.691		Total Quoted Other Managed Funds	857.195	
		Pooled Investment Vehicles - Unquoted		
		Other Managed Funds		
44.951		Illiquid Debt	40.247	
131.923		Infrastructure	153.001	
91.825		Private Equity	98.239	
8.055		Timberlands	8.437	
276.754		Total Unquoted Other Managed Funds	299.924	
	1,273.445	Total Other Managed Funds		1,157.119
	277.393	Property		270.917
	2,916.958	**Total**		**2,793.676**

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

14. Holdings Above 5% of the Fund

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

Market Value 31 March 2019 £ million	Percentage of the Fund 31 March 2019	Asset Type	Manager
352.488	12.07%	Fixed Income Global Opportunity Fund	Blackrock
293.322	10.05%	Alpha Opportunities Fund	M&G
220.364	7.55%	All World Equity	UBS
170.505	5.84%	Global Total Return Mutual Fund	Pyrford
163.869	5.61%	UK Equity Tracker	UBS

Market Value 31 March 2020 £ million	Percentage of the Fund 31 March 2020	Asset Type	Manager
368.187	13.17%	ACCESS Global Equity - Newton	Link Fund Solutions
341.826	12.23%	Fixed Income Global Opportunity Fund	Blackrock
285.211	10.20%	Alpha Opportunities Fund	M&G
228.294	8.17%	Climate Aware	UBS
226.762	8.11%	Over 5 year Index Linked Gilts	UBS
186.394	6.67%	All World Equity	UBS
166.618	5.96%	Global Total Return Mutual Fund	Pyrford

15. Analysis of Derivatives

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

The Pension Fund’s investment managers are permitted to use derivatives in the management of their mandates, subject to the restrictions set out in the individual manager’s investment management agreement. The investment managers will make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates. KKR holds a currency hedge for this purpose which equates to £1.199 million in the Suffolk Pension Fund's holdings, £0.466 million as at 31 March 2019.

Previously the Pension Fund hedged a proportion of the Euro and Yen exposure within the passive index tracking portfolios managed by UBS Investment Management with £115.668 million invested in currency hedged funds as at 31 March 2019, these were disinvested during the year and the proceeds invested in a Climate Aware Fund.

16a. Financial Instruments – Classification

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

31 March 2019				31 March 2020		
Designated as Fair Value through Profit & Loss £ million	Assets at Amortised Cost £ million	Financial Liabilities at Amortised Cost £ million		Designated as Fair Value through Profit & Loss £ million	Assets at Amortised Cost £ million	Financial Liabilities at Amortised Cost £ million
			Financial Assets			
582.060			Equities	188.106		
16.423			Pooled Investments - Unit Trusts	15.040		
			Pooled Investments - Overseas Equities	368.187		
767.637			Pooled Investments - Unit Linked Insurance	794.307		
277.393			Pooled Investments - Property	270.917		
1,273.445			Pooled Investments - Other Managed Funds	1,157.119		
0.466	2.592		Other Investment Balances	1.199	0.446	
	7.748		Debtors		5.848	
	3.511		Cash		5.574	
2,917.424	13.851	0.000		2,794.875	11.868	0.000
			Financial Liabilities			
		-4.784	Creditors			-3.375
0.000	0.000	-4.784		0.000	0.000	-3.375
2,917.424	13.851	-4.784		2,794.875	11.868	-3.375

The debtor figure of £5.848 million above (£7.748 million at 31 March 2019) excludes statutory debtors of £8.709 million (£8.078 million at 31 March 2019).

The creditor figure of £3.375 million above (£4.784 million at 31 March 2019) excludes statutory creditors of £3.623 million (£3.478 million at 31 March 2019).

No financial assets were reclassified during the accounting period.

16b. Net Gains and Losses on Financial Instruments

31 March 2019 £ million		31 March 2020 £ million
	Financial Assets	
126.708	Fair value through profit and loss	-177.365
1.258	Amortised cost - unrealised gains	0.820
	Financial Liabilities	
0.000	Fair value through profit and loss	0.000
127.966	**Total**	**-176.545**

17a. Fair Value Hierarchy

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

Level 1
Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.
Listed investments are shown at bid price. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

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

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

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

17.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 Unit Trusts 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.
Forward Foreign Exchange derivatives	Level 2	Market exchange rates at the year end	Price of recent transactions for identical instrument	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period

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Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Property	Level 3	Assets are priced based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided by the 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.
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
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.

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Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Timberlands	Level 3	Valuation technique is based on accepted valuation techniques that include discounted cash flow and multiple earnings.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets Valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.

17.c Valuation of Financial Instruments Carried at Fair Value

Values at 31 March 2019	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	949.365	1,413.913	554.147	2,917.425
Assets at amortised cost	13.851			13.851
Total Financial Assets	**963.216**	**1,413.913**	**554.147**	**2,931.275**
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-4.784			-4.784
Total Financial Liabilities	**-4.784**	**0.000**	**0.000**	**-4.784**
Net Financial Assets	**958.432**	**1,413.913**	**554.147**	**2,926.492**

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Values at 31 March 2020	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	433.306	1,790.728	570.841	2,794.875
Assets at amortised cost	11.868			11.868
Total Financial Assets	**445.174**	**1,790.728**	**570.841**	**2,806.743**
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilites at amortised cost	-3.375			-3.375
Total Financial Liabilities	**-3.375**	**0.000**	**0.000**	**-3.375**
Net Financial Assets	**441.799**	**1,790.728**	**570.841**	**2,803.368**

17.d Reconciliation of Fair Value measurements within Level 3

Assets	Opening Market Value 01 April 2018 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2019 £ million
Property	277.478	13.474	-19.329	8.509	-2.739	277.393
Illiquid Debt	46.610	5.858	-3.848	0.837	-4.506	44.951
Infrastructure	67.597	67.621	-17.916	5.728	8.893	131.923
Private Equity	78.188	15.425	-14.739	9.048	3.903	91.825
Timberlands	8.074	-	-0.073	-	0.054	8.055
Total of Investments	**477.947**	**102.378**	**-55.905**	**24.122**	**5.605**	**554.147**

Assets	Opening Market Value 01 April 2019 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2020 £ million
Property	277.393	16.416	-9.852	3.752	-16.792	270.917
Illiquid Debt	44.951	3.845	-5.570	3.655	-6.634	40.247
Infrastructure	131.923	12.666	-0.251	0.030	8.633	153.001
Private Equity	91.827	13.783	-14.647	10.329	-3.053	98.239
Timberlands	8.055	0.005	0.000	0.000	0.377	8.437
Total of Investments	**554.149**	**46.715**	**-30.320**	**17.766**	**-17.469**	**570.841**

17.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 2019 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	277.393	14.3%	317.060	237.725
Illiquid Debt	44.951	7.3%	48.233	41.670
Infrastructure	131.923	20.1%	158.439	105.406
Private Equity	91.825	28.3%	117.811	65.838
Timberlands	8.055	20.1%	9.674	6.436
Total of Investments	**554.147**		**651.217**	**457.075**

	Market Value 31 March 2020 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	270.917	14.2%	309.387	232.447
Illiquid Debt	40.247	7.2%	43.145	37.349
Infrastructure	153.001	20.1%	183.754	122.248
Private Equity	98.239	28.4%	126.139	70.339
Timberlands	8.437	20.1%	10.132	6.741
Total of Investments	**570.841**		**672.557**	**469.124**

18. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The key risks that have been identified are:
A. Credit risk

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

A. Credit risk

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

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

The Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2020 is provided in Note 21.

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

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

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2020. 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, HSBC Holdings Plc, or placed on deposit at the instruction of the individual managers.

At 31 March 2020, £5.574 million was with Lloyds (£3.511 million at March 2019). Cash deposited in HSBC money markets amounted to £35.283 million at 31 March 2020 (£35.879 million at March 2019), Blackrock held £4.406 million in their money market fund,

(£7.370 million at March 2019) and Schroders held £0.433 million in their money market fund, (£0.430 million at March 2019).

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, £570.841 million, 20% (£554.147 million, 19% at March 2019).

C. Market risk

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

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

D. Interest Rate Risk

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

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

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

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

Asset Type	Value as at 31 March 2019 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	3.511	0.035	-0.035
Cash and Cash Equivalent	46.271	0.463	-0.463
Total Assets	**49.782**	**0.498**	**-0.498**

Asset Type	Value as at 31 March 2020 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	5.574	0.056	-0.056
Cash and Cash Equivalent	40.568	0.406	-0.406
Total Assets	**46.142**	**0.462**	**-0.462**

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 2020 is 10% (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 2019 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	321.650	32.165	353.815	289.485
Overseas Index Linked Equities	429.562	42.956	472.518	386.606
Alternative Investments	204.460	20.446	224.906	184.014
Total overseas assets	**955.672**	**95.567**	**1,051.238**	**860.105**

Asset Type	Value as at 31 March 2020 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	368.187	36.819	405.006	331.368
Overseas Index Linked Equities	440.911	44.091	485.002	396.820
Alternative Investments	227.789	22.779	250.567	205.010
Total overseas assets	**1,036.887**	**103.689**	**1,140.575**	**933.198**

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 2019 £ million	Change %	Value on Increase Increase £ million	Value on Increase Decrease £ million
UK Equities	260.410	16.60	303.638	217.182
Overseas Equities	321.650	16.90	376.009	267.291
Fixed Income	645.810	3.00	665.184	626.436
Index Linked	767.637	16.51	894.392	640.880
Cash & FFX	3.058	0.50	3.073	3.043
Money Markets	43.679	3.00	44.989	42.369
Unit Trusts	16.423	16.60	19.149	13.697
Property	277.393	14.30	317.060	237.725
Alternatives	583.956	17.33	684.656	483.257
Total Assets	**2,920.016**		**3,308.150**	**2,531.880**

Asset Type	Value as at 31 March 2020 £ million	Change %	Value on Increase Increase £ million	Value on Increase Decrease £ million
UK Equities	188.106	27.50	239.835	136.377
Overseas Equities	368.187	28.00	471.280	265.095
Fixed Income	627.036	9.80	688.486	565.587
Index Linked	794.307	22.04	969.366	619.246
Cash & FFX	1.645	0.30	1.650	1.640
Money Markets	40.122	3.00	41.326	38.918
Unit Trusts	15.041	27.50	19.177	10.904
Property	270.917	14.20	309.387	232.447
Alternatives	489.960	18.95	582.829	397.092
Total Assets	**2,795.321**		**3,323.336**	**2,267.306**

G. Custody

The Fund appointed HSBC Holdings Plc as its global custodian with responsibility for safeguarding the assets of the Fund. HSBC Holdings Plc is an established custodian bank with more than $7 trillion of assets under custody. They were appointed as the Fund's custodian in 2014 following a national framework tendering process. Monthly reconciliations are performed between the underlying records of the custodian and the appointed investment managers.

H. Investment Management

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

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

When preparing the formal valuation, the Actuary takes the assets of the Fund at the market value on the valuation date. Volatility in investment performance as a result of market risk factors can have an immediate effect on the funding level and deficit. This is particularly relevant because the Fund 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 table below has been prepared by the Fund Actuary and shows how the funding level (top) and deficit (bottom) would vary if the investment conditions at 31 March 2020 had been different. The level of the FTSE 100 index is used as a proxy for investment performance and the Fixed Interest Gilt yield as the proxy measure for the valuation of Fund's liabilities. The shaded box is the estimated position at 31 March 2020.

Movement in Bond Interest Gilts yield (% p.a.)	+ 0.2%	80.4% (£611m)	86.5% (£421m)	92.6% (£231m)	98.7% (£41m)	104.8% £149m
	+ 0.0%	77.8% (£691m)	83.9% (£501m)	**90.0% (£311m)**	96.1% (£121m)	102.2% £69m
	- 0.2%	75.0% (£777m)	81.1% (£587m)	87.2% (£397m)	93.3% (£207m)	99.5% (£17m)
Movement in FTSE 100 Index		- 20%	- 10%	0	+ 10%	+ 20%

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

19. Funding Position

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

An actuarial valuation 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 ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contributions rates are as stable as possible
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risks and returns.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension's obligations.

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

Solvency is achieved when the funds held plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

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

Formal Valuation

The last formal three-yearly actuarial valuation was carried out as at 31 March 2019. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2020. 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 2019.
- 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 3.5% per year
- Projected increase in future salaries of 3.0% a year.
- Projected pension increases of 2.3% a year. (CPI)

Funding Position

The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2019. The actuarial assessment of the value of the fund's assets was £2,931 million as at 31 March 2019 and the liabilities at £2,966 million.

The valuation showed that the Fund's assets covered 99% of its liabilities at the valuation date, and the deficit based on the actuarial valuation was £35 million.

Contribution Rates

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

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

The whole fund primary rate (payroll weighted average of the underlying individual employer rates) is 20.2% of pensionable pay for the three years starting 1 April 2020.

The average employee contribution rate is 6.3% of pensionable pay.

The next formal valuation is as at 31 March 2022.

20. Actuarial Present Value of Promised Retirement Benefits

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

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. 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 regarding age discrimination. This ruling does have implications for the Local Government Pension Scheme.

The government has conceded there will be changes to the scheme and the remediation process, including cost cap considerations, may affect the resolution and financial impact for entities.

Interim Valuation

An interim valuation was carried out as at 31 March 2020. 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 salaries of 3.0% a year
Projected investment returns of 2.8% per year

The actuarial value of the Fund's assets was £2,800 million and the liabilities £3,111 million at 31 March 2020 (£2,931 million and £2,966 million at 31 March 2019).

The valuation showed that the Fund's assets covered 90.0% of its liabilities at the interim valuation date and the deficit was £311 million (£35 million at March 2019).

International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2019 - 2020 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 1.9% a year (2.5% 2018 - 2019)
- Increases in future salaries of 2.6% a year (2.8% 2018 - 2019)

- Discount Rate of 2.3% per year (2.4% 2018 - 2019)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £3,553 million as at 31 March 2020 (£3,980 million as at 31 March 2019). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

21. Current Debtors

The current debtors can be analysed as below:

31 March 2019 £ million		31 March 2020 £ million
	Debtors	
5.876	Employers Contributions	6.613
1.401	Employee Contributions	1.675
6.918	Investment Assets	3.788
1.585	Sundry Debtors	2.446
0.046	Asset Pooling	0.035
15.826		**14.557**

22. Current Creditors

The current creditors can be analysed as below:

31 March 2019 £ million		31 March 2020 £ million
	Creditors	
-4.747	Investment Expenses	-3.286
-0.037	Administration and Governance Expenses	-0.086
-0.193	Transfer Values In Adjustment	-0.069
-0.765	Lump Sum Benefits	-0.943
-2.520	Sundry creditors	-2.614
-8.262		**-6.998**

23. Additional Voluntary Contributions

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

A total of £0.068 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2019 - 2020, (£0.095 million 2018 - 2019).

24. Related Party Transactions

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

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

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £35.057 million to the Fund in 2019 - 2020 (£35.270 million in 2018 - 2019). In addition, the council incurred costs of £1.066 million (£0.994 million in 2018 - 2019) 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 2020 the Fund had an average investment balance of £9.025 million (£9.106 million in 2018 - 2019) earning interest of £0.055 million (£0.054 million in 2018 - 2019) 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.

25. Key Management Personnel

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

The key management personnel of the Fund are the S151 Officer, Senior Pensions Specialist and Technical Pensions Specialist. The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.135 million in 2019-2020 (£0.116 million in 2018 - 2019).

These costs are charged to the Pension Fund as governance and oversight costs, Note 10 and are included in the related parties Note 24.

26. Agency Services

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

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

The costs charged are as below:

2018 - 2019 £ million		2019 - 2020 £ million
0.692	Payments on behalf of the ACCESS pool	0.204
0.692		**0.204**

27. Securities Lending

The Fund has an arrangement with its custodian HSBC to lend eligible securities from within its portfolio of stocks to third parties in return for collateral. Lending is limited to a maximum of 25% of the total value. Collateralised lending generated income of £0.032 million in 2019 - 2020 (£0.093 million in 2018 - 2019). This is included within 'other' investment income in the Fund Account.

At 31 March 2020, £2.219 million (£78.419 million at 31 March 2019) worth of stock was on loan, for which the Fund was in receipt of £2.337 million worth of collateral (£82.705 million at 31 March 2019). This is a minimal share of the Fund holdings representing less than 1% of investment holdings in 2019 - 2020 (3% in 2018 - 2019). The figure out on loan as at 31 March does not reflect the amount that has been out on loan during the year

The stock lending levels and income raised for the Fund are now minimal, due to moving owned segregated equities into pooled holdings. Stock lending is still undertaken in the pooled holdings and this is reflected in the asset value.

28. Contractual Commitments

In 2003 the Fund has made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds ($103.131 million and €41.288 million) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions. At 31 March 2020 the unfunded commitment (monies to be drawn in future periods) is $8.897 million and €2.395 million. The commitments are paid over the investment timeframe of the underlying partnerships.

In 2011 - 2012 a contractual commitment of €54 million was made to an infrastructure investment (Partners Group Global Infrastructure 2012) managed by Partners Group, the outstanding amount as at 31 March 2020 is €10.732 million.

In 2011 a contractual commitment of $55 million was made to KKR Global Infrastructure Investors. The amount outstanding at 31 March 2020 is $0.137 million.

In 2015 - 2016 contractual commitments of $149.500 million were made to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2020 are $61.757 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund and £25 million in the Debt Solutions investment. Some draw downs on the commitments have been made. The outstanding amount for the Greenfield infrastructure fund is £30.794 million and for Debt Solutions investment £8.507 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 2020 is €28.698 million.

In March 2019 a contractual commitment was made to the infrastructure investment fund managed by JP Morgan of $180 million, the commitment has not been drawn.

A summary of the commitments is as below:

Asset Class	2019 - 2020		
	Commitment £ million	Drawn £ million	Outstanding £ million
Private Equity			
Wilshire (2003-2008)	75.949	71.009	4.940
Pantheon (2003-2010)	48.612	43.747	4.865
Pantheon (2015)	132.295	77.645	54.650
Total Private Equity	**256.856**	**192.401**	**64.455**
Infrastructure			
KKR (2012)	44.357	44.247	0.110
Partners (2012)	47.785	38.288	9.497
Partners (2016)	48.670	23.275	25.396
M&G (2016)	60.000	29.206	30.794
JP Morgan	145.167	0.000	145.167
Total Infrastructure	**345.979**	**135.016**	**210.964**
Illiquid Debt			
Debt Finance Solutions	25.000	16.493	8.507
Total Illiquid Debt	**25.000**	**16.493**	**8.507**

29. Going Concern Statement

The Funding Level as per the recent triennial valuation exercise was 99%. The Funding Level as March 2020 was 90% which has been calculated with all the market volatility which occurred in March included.

The investment return target as per the Funding Valuation Statement is 3.5%. This is a relatively low target for investment returns and has been calculated at an 80% probability of success. This is higher than the actuaries suggested funding probability of 66% and demonstrates the Fund's prudent approach to investment and funding strategies. The target at the previous valuation was 1.8% above the yield on long dated fixed interest gilts.

The quarterly investment return for June 2020 was 9.7% and the Fund value had increased to £3.074 billion.

There are 316 active employers as at March 2020. The majority are public sector organisations which are all going concerns. 51 (16%) of active employers are admitted bodies, which are voluntary and charitable organisations or private contractors that are undertaking a local authority function. Many of these employers only pay contributions for 2 or 3 employees and so these 16% of employers are only contributing 4% of the contributions. In contrast the County and District and Borough councils only make up 2% of employers but contribute 61% of the employer's contribution total.

All employers are paying their contributions as per the rates and adjustment certificate. No employer has asked to defer their payments.

The Pension Fund has an allocation of 42% to equities, 30% to Bonds and 0.5% to cash which are all assets that can be liquidated quickly to pay benefits should the need arise.

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Suffolk Pension Fund
Draft Audit Results Report

Year ended 31 March 2020

3 September 2020

3 September 2020

Dear Audit Committee Members

We are pleased to attach our Audit Results report for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Suffolk Pension Fund for 2019/20.

We have substantially completed our audit of Suffolk Pension Fund for the year ended 31 March 2020.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the Pension Fund financial statements in the form at Section 3, ahead of the statutory deadline of 30 November 2020.

This report is intended solely for the use of the Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 24 September 2020.

Yours faithfully

MARK HODGSON

Mark Hodgson

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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01 Executive Summary
02 Areas of Audit Focus
03 Audit Report
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05 Other reporting issues
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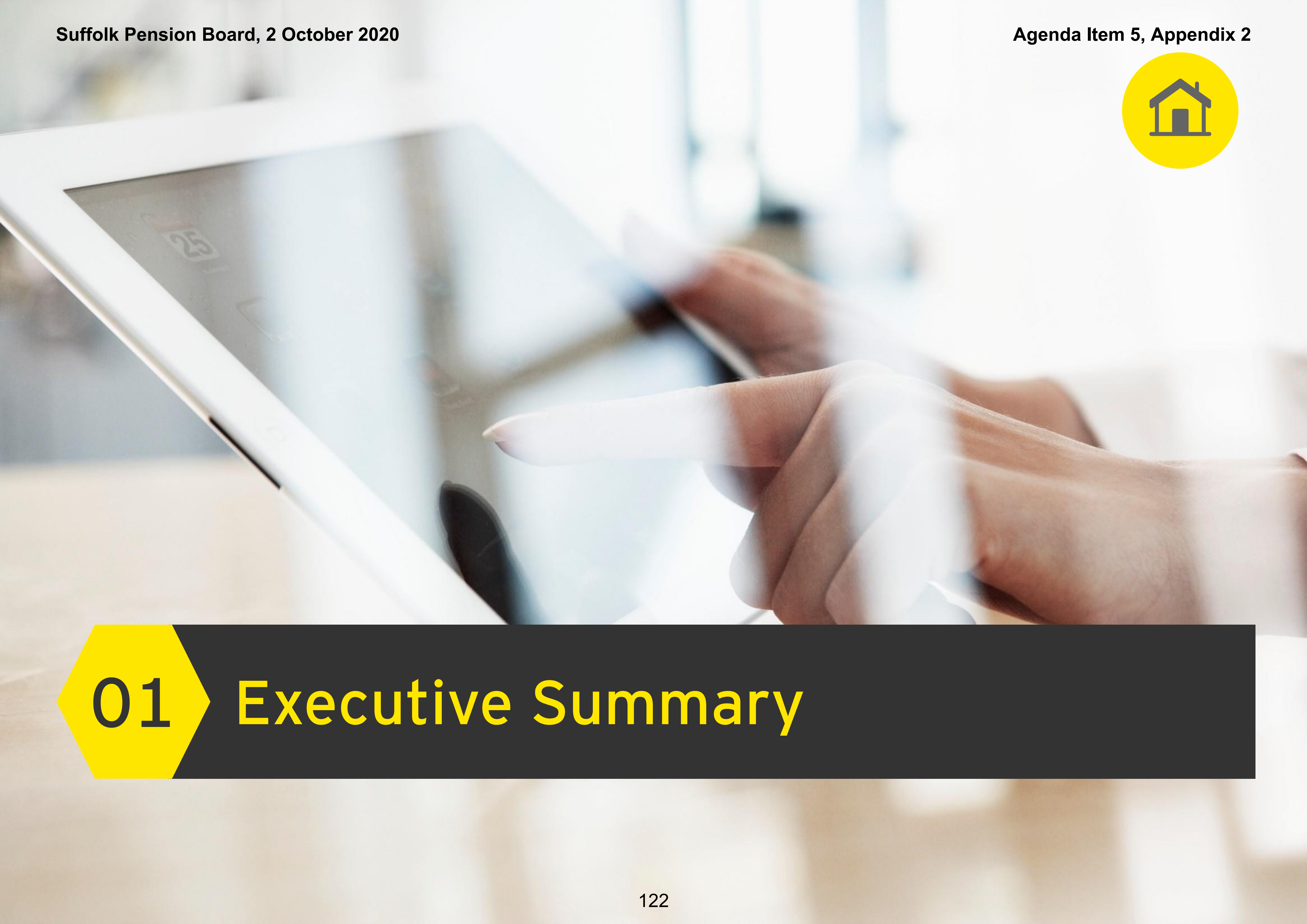
07 Independence
08 Appendices

Public Sector Audit Appointments Ltd (PSAA) have issued a ‘Statement of responsibilities of auditors and audited bodies’. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The ‘Terms of Appointment (updated April 2018)’ issued by sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywell Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

Update to our risk assessment and the scope of our audit

In our audit planning report dated 14 February 2020, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes to our risk assessment as a result of Covid-19, in line with our discussions with you at the May Audit Committee:

- **Disclosures on Going Concern** – We consider the unpredictability of the current environment to give rise to a risk that the Pension Fund would not appropriately disclose the key factors relating to going concern, underpinned by management's assessment with particular reference to Covid-19 and the Pension Fund's actual year end financial position and performance.

- **Events after the balance sheet date** – We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Pension Fund.

Changes in materiality:

- We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of net assets we have updated our overall materiality assessment and our materiality levels remain consistent with those reported in our Audit Plan. We have updated our overall materiality assessment to £28.1 million (Audit Plan – £30.0 million).
- In our Audit Plan, we communicated that our audit procedures would be performed using a performance materiality of £22.5 million. We have considered whether any change to our materiality is required in light of Covid-19. Following this consideration we remain satisfied that the values for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Planning Report remain appropriate. We have updated our overall performance materiality, at 75% of overall materiality, to £21.1 million.
- We have updated our threshold for reporting misstatements to £1.4 million, being 5% of our Planning Materiality.

Executive Summary

Update to the scope of our audit and our risk assessment

Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Pension Fund's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agree IPE to scanned documents or other system screenshots.

Additional EY consultation requirements concerning the impact on auditor reports. The uncertainty created by Covid-19 increases the importance of giving the right assurance to the Pension Fund and its stakeholders. As a result, we have instigated additional consultation processes on the wording of the auditor's report. In light of issues with going concern, this consultation process has involved significant senior level input from the audit team and EY's risk management team.

The changes to audit risks and audit approach have increased the level of work we have been required to undertake. We are currently quantifying the impact on the audit fee and will present our final fee to the Section 151 officer on completion of the audit.

Status of the audit

Our audit work in respect of the Pension Fund audit opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Level 3 Investment Valuations movement benchmarking;
- Direct confirmation from two fund managers for latest investment information;
- Subsequent events review;
- Internal consultation procedures on going concern;
- Agreement of the final set of accounts; and
- Receipt of signed management representation letter.

We include details of each outstanding item, actions required to resolve and responsibility in Appendix D.

Executive Summary

Status of the audit (continued)

On the basis of our work performed to date, we anticipate issuing an unqualified auditor's report in respect of the Pension Fund accounts. However, until we have completed our outstanding procedures, it is possible that further matters requiring amendment may arise.

Before issuing an audit opinion we are required to conclude on our internal consultation in relation to the going concern considerations for the Pension Fund.

Audit differences

There are no unadjusted audit differences arising from our audit.

We identified a limited number of audit disclosure differences in the draft financial statements, which have been adjusted by management. Further details are provided in Section 4 - with the most significant being the inclusion of a Disclosure Note in relation to Going Concern.

Control observations

During the audit, we did not identify any significant deficiencies in internal controls.

Independence

Please refer to Section 9 for our update on Independence.

Other matters

We are currently completing the procedures in respect of Pensions Assurance (IAS19 procedures) and the triennial review to provide assurance to the auditors of Suffolk County Council and the Suffolk District and Police Authorities. This work is outside the scope of the audit of the Pension Fund.

Executive Summary

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Fund's financial statements. We summarise below our latest findings.

Significant risk	Findings & conclusions
Management Override (Generic): Misstatements due to fraud or error	We have completed our testing and found no indications of management override of controls.
Management Override (Specific): Investment Income and Asset valuation - Investment Journals	We have completed our work in this area and have no matters to report.
Other area of audit focus	**Findings & conclusions**
Valuation of complex investments (Unquoted investments)	We have completed our work in this area and have no matters to report.
Pension Liability assumptions (IAS 26)	We have completed our work in this area and have no matters to report.
Going concern	As outlined on page 7, the Pension Fund have now included a specific going concern disclosure. We are required to consult internally before issuing our audit opinion.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

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

02 Areas of Audit Focus

Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

We have considered where this risk specifically manifests itself and this is in the posting of investment journals (see following slide).

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- We inquired of management about risks of fraud and the controls put in place to address those risks;
- We obtained an understanding the oversight given by those charged with governance of management's processes over fraud;
- We considered the effectiveness of management's controls designed to address the risk of fraud;
- We performed mandatory procedures regardless of specifically identified fraud risks, including;
    - testing of journal entries and other adjustments in the preparation of the financial statements;
    - reviewing accounting estimates for evidence of management bias; and
    - evaluating the business rationale for significant unusual transactions.
- We utilised our data analytics capabilities to assist with our work, including journal entry testing; and
- We assessed journal entries for evidence of management bias and evaluate for business rationale.

What are our conclusions?

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

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

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

Areas of Audit Focus

Significant risk

Investment income and asset valuations - Investment Journals

What is the risk?

We have considered the key areas where management has the opportunity and incentive to specifically override controls that could affect the Fund Account and the Net Asset Statement.

We have identified the main area being;

- Investment Income and Asset valuations being taken from the Custodian reports and incorrectly posted to the general ledger in the year, specifically through journal postings.

What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- Tested journals at year-end to ensure there are no unexpected or unusual postings;
- Undertook a review of reconciliations to the fund manager and custodian reports and investigated any reconciling differences;
- Re-performed the detailed investment note using the reports we acquired directly from the custodian or fund managers;
- Checked the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- For quoted investment income we will agreed the reconciliation between fund managers and custodians back to the source reports.

What are our conclusions?

Our testing has not identified any material misstatements from investment income or year end investment assets.

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

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

Areas of Audit Focus

Other area of audit focus

Valuation of Complex Investments (Unquoted Investments)

What is the risk?

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

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

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

The proportion of the fund comprising of these investment types is significant at circa 19%, and as these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as higher risk, as even a small movement in these assumptions could have a material impact on the financial statements.

What did we do and what management judgements did we focus on?

Our audit approach has included the following procedures:

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

What are our conclusions?

As the Custodian and Fund Managers provide an estimated value for some of the unquoted investments based on information up to 31 March 2020 there will always be a possibility that a different actual valuation as at 31 March 2020 will be provided after the statement of accounts are drafted.

The Fund Managers have provided updated 31 March 2020 valuations to the Pension Fund and any differences are immaterial to the Pension Fund statements.

We have not identified any other issues in the completion of our work.

Areas of Audit Focus

Other area of audit focus

IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits

What is the risk?

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £3,980 million as at 31 March 2019.

The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson.

What did we do and what management judgements did we focus on?

Our audit approach has included the following procedures:

- Assessing the competence of management experts, Hymans Robertson;
- Engaging with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS 26 approach applied by the actuary are reasonable and compliant with IAS 26; and
- Ensuring that the IAS 26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.

What are our conclusions?

We did not identify any issues with the competence of the actuary, Hymans Robertson.

There were no significant changes in the IAS 26 approach or methodology and the assumptions used in calculating the IAS 26 figure was considered reasonable and compliant.

The disclosure of IAS 26 was in line with the relevant standards and the valuation provided by the Actuary.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant or inherent risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the area of focus?	What did we do?	What are our conclusion?
Going Concern The Fund must prepare their financial statements on a going concern basis of accounting. Under ISA 570 we are required to challenge management's identification of events or conditions impacting on going concern and to test management's resulting assessment of going concern, evaluate the supporting evidence obtained and consider the risk of management bias.	▸ Obtained and reviewed managements going concern assessment; ▸ Challenged management's assessment of going concern; ▸ Reviewed supporting evidence such as cash flow forecasts, employer covenants and post year-end valuation statements for evidence to support managements going concern assessment; and ▸ Ensured sufficient disclosure within the financial statements.	We have substantially completed our work and requested a going concern disclosure note be included within the financial statements. This has been prepared and reviewed and is consistent with Management's going concern assessment. We have not identified a material uncertainty in relation to Going Concern.
Events after the balance sheet date In light of Covid-19 there is a risk that the value of the Fund's investments has changed significantly since 31 March 2020. The Fund will need to considered whether there is a need to make a disclosure under events after the balance sheet date.	▸ Reviewed the Fund's consideration of a significant movement in investment values; ▸ Considered the appropriateness of the Fund's decision to make a disclosure; and ▸ Reviewed the reasonableness of any disclosure.	We are currently finalising our discussions with Management as to the extent that investment values have changed significantly since 31 March 2020 and whether this requires a further disclosure as an Event after the Balance Sheet date.

03 Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUFFOLK COUNTY COUNCIL

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2020 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 27. 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 2019/20.

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 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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.

Emphasis of matter – Disclosure in relation to the effects of COVID-19

We draw attention to Note [X] of the financial statements, which describes the economic consequences the Pension Fund is facing as a result of COVID-19 which is impacting its financial and operation position and performance during 2020/21 and beyond. Our opinion is not modified in respect of this matter.

Emphasis of matter – Pooled property funds

We draw attention to Note Y - Sources of estimation uncertainty and Note X of the financial statements, which describe the valuation uncertainty the Pension Fund is facing as a result of COVID-19 in relation to pooled property funds. Our opinion is not modified in respect of this matter.

Audit Report - continued

Our opinion on the financial statements

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance (Section 151 Officer) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts 2019-2020, other than the financial statements and our auditor's report thereon. The Head of Finance (Section 151 Officer) is responsible for the other information.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Audit Report - continued

Our opinion on the financial statements

Responsibility of the Head of Finance (Section 151 Officer)

As explained more fully in the "*Statement of Responsibilities for the Statement of Accounts*" on page v, the Head of Finance (Section 151 Officer) is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance (Section 151 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

04 Audit Differences

Audit Differences

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

Summary of Adjusted differences

We highlight the following misstatements greater than £1.4 million which have been corrected by management that were identified during the course of our audit.

Our audit identified only a limited number of minor misstatements which our team have highlighted to management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in both the Annual Accounts and Annual Report. We consider that only the following misstatements to be so significant as to merit bringing to your attention:

- The draft financial statements did not include a going concern disclosure. This has subsequently been prepared for inclusion within the final accounts, we have reviewed the disclosure and agree that it appropriately reflects managements going concern assessment.
- Additional disclosures were required in respect of the 'valuation uncertainty' expressed within the valuers report for Property Funds (Schroders).

Summary of Unadjusted differences

There are no uncorrected audit differences.

05 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements

We must give an opinion on the consistency of the financial and non-financial information in the Suffolk Pension Fund Annual Report with the audited financial statements. We have reviewed the Pension Fund Annual Report and are satisfied that it is consistent with the financial statements. We have prepared and will issue a consistency statement to Management alongside our Audit Report.

Other powers and duties

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

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

Other matters

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

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

Other than those areas we have outlined in section 4, we have nothing to report in respect of these matters.

06 Assessment of Control Environment

Assessment of Control Environment

Financial controls

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

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

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

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

07 Independence

Independence

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 14 February 2020.

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

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your General Purposes and Audit Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 24 September 2020.

As part of our reporting on our independence, we set out a summary of the fees you have paid us in the year ended 31 March 2020 (See following slide). We confirm that we have not undertaken non-audit work. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2017.

Independence - Audit Fees

Fee analysis

Description	Planned Fee 2019/20 £'s	Final Fee 2018/19 £'s
Scale Fee	19,270	19,270
Changes in work required to address professional and regulatory requirements and scope associated with risk (See Note 1)	41,600	-
Revised Scale Fee	**60,870**	**19,270**
Additional work required for Covid-19 considerations (See Note 2)	To be confirmed	-
Total indicative Pension Fund Fee	**To be confirmed**	**19,270**
Additional Audit Fee in respect of work on behalf of Admitted Body auditors (recharged to the Pension Fund) Standard annual procedures in respect of IAS19 and additional procedures in respect of the triennial valuation	11,500 (Note 3)	5,500

Notes:

Note 1 - For 2019/20 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

- Procedures performed to address the risk profile of the Pension Fund - £21,235
- Additional work to address increase in Regulatory standards - £18,822
- Client readiness and IT support for Data Analytics - £1,543

Note 2 - Additional time has been required for internal consultation processes on the consideration of the Pension Fund's going concern assessment.

Note 3 - We anticipate charging an additional fee of £8,000 in 2019/20 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. For 2019/20 we were also required to perform additional procedures over the 2019 triennial valuation of the Fund on behalf of admitted body auditors. The triennial valuation informs both the assessment of the IAS19 liabilities in the Council's financial statements and the actuarial present value of promised retirement benefits in the Pension Fund financial statements - £3,500. The Pension Fund can recharge this fee to the relevant admitted bodies.

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.
There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The previous includes a summary of the fees that you have paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute. We confirm that none of the services listed below has been provided on a contingent fee basis. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
    - Tax advocacy services
    - Remuneration advisory services
    - Internal audit services
    - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.

Independence

Summary of key changes (continued)

- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf

08 Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Net Assets Statement category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
Investment Assets and Liabilities	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
Long term debtors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A
Debtors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A
Cash in hand	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
Creditors	Substantively tested all relevant assertions	Immaterial - Substantively tested assertion for presentation and disclosure	N/A

Appendix B

Summary of communications

Date	Nature	Summary
30 January 2020	Meeting	The Audit Partner met with the Audit Committee and senior members of the management team to verbally discuss the audit strategy and likely audit risk.
5 March 2020	Report	The Audit Manager meet with the Audit Committee and senior members of the management team to present the Audit Plan. Our report included confirmation of independence.
13 May 2020	Report	We issued an addendum to our audit plan which covered both the County Council and the Pension Fund which included additional areas of focus as a result of Covid-19.
20 May 2020	Meeting	The Audit Partner met with the Audit Committee and senior members of the management team to verbally discuss the addendum to our Audit Plan in relation to Covid-19.
22 July 2020	Meeting	The Audit Partner met with the Audit Committee and senior members of the management team and provided an update on the progress and status of the audit.
Various	Meetings	Regular calls held with management, the Partner and Audit Manager to discuss any emerging issues throughout the audit process, and specifically during the Execution phase throughout July and August.
24 September 2020	Meeting/Report	The Partner and Audit Manager met virtually with the Audit Committee and senior members of the management team to discuss the Audit Results Report (ISA260).

Appendix C

Required communications with the General Purposes and Audit Committee

There are certain communications that we must provide to the General Purposes and Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the General Purposes and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan - 14 February 2020 - Audit Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan - 14 February 2020 - Audit Committeee
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process ▸ Findings and issued regarding opening balances on initial audits	Audit Results Report - 24 September 2020 Audit Committee

Appendix C

Required communications	What is reported?	Our Reporting to you When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements	We have asked management and those charged with governance. We have reviewed managements assessment in light of Covid-19 and no material uncertainty has been identified. Disclosure will be included in the final statements as reported in section 2 of this report
Misstatements	▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management	Audit Results Report – 24 September 2020 Audit Committee
Subsequent events	▶ Enquiry of the General Purposes and Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	We have asked management and those charged with governance. We have not identified any subsequent events.
Fraud	▶ Enquiries of the General Purposes and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to General Purposes and Audit Committee responsibility.	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit.

Appendix C

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Related parties	Significant matters arising during the audit in connection with the Authority's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the Authority	We have no matters to report.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Audit Results Report – 24 September 2020 Audit Committee

Appendix C

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	We have no matters to report.
Consideration of laws and regulations	▸ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▸ Enquiry of the General Purposes and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the General Purposes and Audit Committee may be aware of	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.
Significant deficiencies in internal controls identified during the audit	▸ Significant deficiencies in internal controls identified during the audit.	Audit Results Report – 24 September 2020 Audit Committee
Written representations we are requesting from management and/or those charged with governance	▸ Written representations we are requesting from management and/or those charged with governance	Audit Results Report – 24 September 2020 Audit Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	▸ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report – 24 September 2020 Audit Committee
Auditors report	▸ Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report – 24 September 2020 Audit Committee
Fee Reporting	▸ Breakdown of fee information when the Audit Plan is agreed ▸ Breakdown of fee information at the completion of the audit ▸ Any non-audit work	Audit Plan – 14 February 2020 Audit Results Report – 24 September 2020 Audit Committee

Appendix D

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Level 3 Investment Valuations Testing	We are currently concluding our audit procedures on our Level 3 investment testing. This includes benchmarking similar types of investments across Pension Funds. On conclusion we will need to assess potential movements in fund value between the Audited accounts date and the 31 March 20 (if applicable).	EY
Direct confirmation from two fund managers for latest investment information	Once available/received, we will review consistency with the accounts.	EY and Management
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report.	EY and Management
Internal Consultations	We are required to consult internally before concluding on our going concern audit work.	EY
Management Representation Letter	Receipt of signed management representation letter.	Management
Agreement of Final set of Accounts	On completion of Level 3 valuations testing, agree all changes made to draft accounts are updated in the final set of accounts.	EY and Management
Final Review Procedures	Final review of areas listed above.	EY

Appendix E – Management representation letter

Management Representation Letter

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Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Tel: 01223 394400
Fax: 01223 394401
www.ey.com/uk

3 September 2020

Louise Aynsley
S151 Officer
Suffolk County Council Pension Fund,
Floor 2, Constantine House,
5 Constantine Road,
Ipswich,
IP1 2DH

Dear Louise,

Suffolk Pension Fund – 2019/20 financial year
Request for a letter of representation

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Audit Committee, as those charged with governance of the Pension Fund.

I would expect the letter of representation to include the following matters.

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Suffolk Pension Fund ("the Fund") for the year ended 31 March 2020.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2019 to 31 March 2020 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2020, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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

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

A. Financial Statements and Financial Records (See Note B)

1. That you have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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

3. That you acknowledge, as members of management of the Fund, your responsibility for the fair presentation of the financial statements. You believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and are free of material misstatements, including omissions. That you have approved the-financial statements.

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

5. As members of management of the Fund, you believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 that are free from material misstatement, whether due to fraud or error.

   You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on your system of internal controls.

6. That there are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

Appendix E – Management representation letter

Management Representation Letter

B. Non-compliance with laws and regulations including fraud

1. That you acknowledge that you are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.

2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. That you have disclosed to us the results of your assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. That you have not made any reports to The Pensions Regulator, nor are you aware of any such reports having been made by any of your advisors.

5. That there have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty. That you have drawn to our attention all correspondence and notes of meetings with regulators (if applicable).

6. That you have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
    - Involving financial improprieties
    - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
    - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
    - Involving management, or employees who have significant roles in internal control, or others
    - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. That you have provided us with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.

2. That we have been informed of all changes to the Fund rules.

3. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.

4. That you have made available to us all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date (24 September 2020).

5. That you confirm the completeness of information provided regarding the identification of related parties. You have disclosed to us the identity of the Fund's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. That you confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.

    Where members of the management of the Fund have determined that annuity policies are not material the following statement may be added: The Scheme holds annuity policies which have not been recognised and recorded as an asset of the Scheme in the financial statements as they are not considered material in relation to the net assets. These policies have an estimated value of £xxx.

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

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

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

10. That from the date of your last management representation letter to us, through the date of this letter you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

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

Appendix E – Management representation letter

Management Representation Letter

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

3. You have recorded and/or disclosed, as appropriate, all liabilities relating to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.

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

E. Subsequent Events

1. Other than described in the relevant note (Note [X]) to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the The Suffolk Pension Fund Annual Report and Accounts 2019/2020.

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

G. Independence

1. You confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

H. Derivative Financial Instruments

1. You confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016. The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.

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

I. Pooling investments, including the use of collective investment vehicles and shared services

1. You confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

J. Actuarial valuation

1. The latest report of the actuary [*Name*] as at [*Date*] and dated [*Date*] has been provided to us. To the best of your knowledge and belief you confirm that the information supplied by you to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Use of the Work of a Specialist

1. You agree with the findings of the specialists that we have engaged to Private Equity Investments and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Estimates

Valuation of Investments

1. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020).

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

3. You confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete including the effects of the COVID-19 pandemic on the valuation of investments and made in accordance with the applicable financial reporting framework.

4. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. Going Concern

1. That Note [X] to the financial statements discloses all the matters of which you are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, your plans for future action, and the feasibility of those plans.

N. Specific Representations

We do not require any further specific representations in addition to those above.

Appendix E – Management representation letter

Management Representation Letter

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I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the Fund Administrator, Chair of the Pension Committee and Chair of Audit Committee) on the proposed audit opinion date (to be confirmed with you) on formal headed paper.

Yours sincerely

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ey.com

SUMMARY UPDATE (Part I)
ACCESS Joint Committee (JC):
7 September 2020

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

Part I Item	Details
Virtual meeting protocols	The Chair and Clerk outlined virtual meeting protocols which were noted by the Committee.
Business plan & budget	The Committee noted proposals to amend the 2020/21 meeting schedule. Dates for the meetings in early November and the first half of January will be notified by the Clerk. It was highlighted that the revised Inter Authority Agreement (IAA) had now been agreed by the Monitoring Officers of each Authority. ACCESS's legal advisers, Squire Patton Boggs will circulate a memo detailing the changes, and inviting the adoption of the revised IAA to all Authorities. It was noted that proposals on pooling alternatives assets were expected to be brought to the next Committee meeting. In detailing 2020/21 budget variances, it was noted that as the programme of alternative procurements will not occur in full in the current financial year, no additional budget provision would be required to resource the proposals on external communications support along with advice on ESG/RI matters.
Communications	Hymans Robertson introduced a report detailing aspects of communications messaging and included a proposal to source external communications support. An approach to procuring the external support was outlined by the ASU. The Committee noted the report, agreed the Hymans Robertson recommendations and agreed that Essex be designated as the procurement lead authority. Officers will progress the matter in consultation with the Chairman.
Environmental, Social & Governance (ESG) and Responsible Investment guidelines.	The Committee noted a report surmising the references within each Authorities' ESG/RI policy to the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI). Initial results from the investment manager survey indicated that: • all 11 investment Managers are UNPRI signatories; • all 10 UK based managers intend to be signatories to the revised UK Stewardship Code; • 9 of the 10 UK based managers have been assessed as Tier 1 under the Code;

	• 6 managers currently benchmark the carbon footprint of their portfolio. The outline specification for ESG/RI advice was noted, along with intention to use Lot 5 of the LGPS Stewardship framework. Following discussion, the Committee noted the report and agreed that Essex be designated as the lead authority for the procurement of ESG/RI advice.
Part II Item	Details
Investment Performance report	The Committee noted the Investment Performance report as at 30 June 2020. The total pooled assets of all ACCESS Authorities was £24.989bn an increase of £3.630bn from the March 2020 quarter. Alongside regular information on investment performance, stock-lending and voting was a new section on carbon measurement and benchmarking. Details of engagement on the LGF ACCESS Long Term Global Growth sub-fund were also included.
MHCLG submission	The MHCLG template submission as at 31 March 2020 was noted along with the accompanying overview note.
Contract Management	Contract Management was covered in two papers, the first of which covered insurance and the second other matters. <u>Professional Indemnity Insurance</u> The Committee noted the request by Link Fund Solutions to lower the insurance rating requirement within the Operator Agreement from A+ to A-. The report stated this request was not considered unreasonable by insurance specialists Locktons. The Committee was also advised that Link has recently secured additional insurance at A+ bringing the total cover to £20bn. <u>Other matters</u> The Committee noted a report including: • details of contract and supplier relationship management arrangements and activity during the quarter; and • proposals for additional Key Performance Indicators (KPIs). After discussion the Committee noted both reports, agreed the recommendations including those on in relation to insurance and KPIs.
Risk Register	The Committee noted the risk register.
Link presentation	Karl Midl, Richard Thornton and James Zealander from Link Fund Solutions gave a presentation which included an overview of Operator Services provided along with an update on sub-funds, initiatives and risks. Plans for an initial virtual Investor Event in November were outlined.

Scheduled Business as Usual (BAU) evaluation	The Committee received a report on the Scheduled BAU evaluation. The report was noted, and recommendations were agreed.
Next meeting date	November 2020 – date to be confirmed.

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Suffolk County Council

Agenda Item 8

Suffolk Pension Board

Report Title:	McCloud Consultation
Meeting Date:	2 October 2020
Lead Councillor(s):	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Paul Finbow, Senior Pensions Specialist Tel: 01473 265288 Email: Paul.Finbow@suffolk.gov.uk

Brief summary of report

1. This report sets out the key changes to the scheme proposed by the Government in their recent consultation document in response to the McCloud judgement concerning age discrimination.

Action recommended

2. To note the contents of the report and the potential effects on the administration team in increased workload.

Reason for recommendation

3. To provide the Board with information regarding forthcoming regulations.

Alternative options

4. There are no alternative options.

Main body of report

Background

5. When the new CARE scheme was introduced for the LGPS in England and Wales on 1 April 2014, all active members started to accrue benefits on a CARE basis, but members within ten years of their 2008 Scheme normal pension age on 31 March 2012 were granted transitional protection by means of a final salary underpin. Similar protections were provided when the other public service pension schemes were reformed in April 2015.

6. In December 2018, in what became known as the McCloud and Sargeant judgements, the Court of Appeal found that protections introduced to the judges' and firefighters' pension schemes were unlawful. The Government confirmed in July 2019 that the judgements had implications for all public service pension schemes (including the LGPS) and that they would address discrimination for all affected members, not just those who made a claim.

7. The Ministry of Housing, Communities and Local Government (MHCLG) published its long-awaited consultation on draft Regulations introducing amendments to the statutory underpin for the Local Government Pension Scheme (LGPS) in England and Wales on 16 July 2020. The proposals are designed to remedy the unlawful discrimination caused by the protection of older members when the scheme was reformed in April 2014. The consultation is estimated to affect around 1.2 million members of the LGPS by extending the underpin to all qualifying members, regardless of their age. The consultation period ends on 8 October 2020.

Consultation Proposals

8. The consultation extends the 'transitional protections' underpin (that was promised to active members in 2012 who were within 10 years of normal retirement age) to all other active members, regardless of age. The underpin gives the member the better of CARE or final salary benefits for the eligible period of service.

9. The new underpin calculation also includes the difference in when the benefits are payable without reduction. This was not in the original underpin. Benefits under the final salary scheme are payable from age 65 without reduction, whereas under the CARE scheme they are linked to State Pension Age. If a member takes early retirement, the impact of actuarial reductions may lead to their final salary benefit being higher.

10. The changes will be retrospective and will apply to anyone who has left, retired or died and who did not meet the old underpin criteria but meets the new one. In some cases, this will mean retrospectively recalculating benefits for pensioners, and paying arrears and interest.

11. The underpin applies on service from 1 April 2014 to the earlier of 31 March 2022 or the member's date of leaving.

12. The draft regulations state that Members who meet the criteria will have an "underpin date" and an "underpin crystallisation date". The underpin test will be applied:

    a) On an indicative basis (without actually changing the member's benefits) at "the underpin date", being the date at which the member dies, leaves or reaches their 2008 Scheme Normal Pension Age (normally 65), whichever is earlier.

    b) On a finalised basis at the "underpin crystallisation date", which is when the member retires.

13. The test will be based on the member's final salary at leaving/retirement, thus preserving the final salary link beyond 2022, for so long as they are accruing benefits.

14. Where a member retires from active service (whether on an early, normal or ill-health basis) the underpin date and underpin crystallisation date will be the same. The underpin test will be applied and if the underpin calculation results in an increase in benefits, the member will receive an underpin addition.

15. A copy of the full consultation document can be found at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901173/Condoc_-_amendments_to_LGPS_underpin_-_FOR_PUBLICATION.pdf

16. **Appendix 1** provides a copy of the consultation questions and responses which Hymans Robertson have drafted. These will be used for the basis of Suffolk's intended response to the consultation.

What implications for administration does this have for the Suffolk Pension Fund

17. The consultation proposes some significant changes to the administration of the Fund. It does not just extend the underpin calculation to all members that were active before March 2012, it also changes the basis of the calculation.

18. This means that all retirements and transfers of benefit calculations which have occurred since 2014 will need to be recalculated to ensure that the correct amount of benefits have been paid. This is a far greater task than had been originally envisaged.

19. The recalculation is not envisaged to significantly increase the cost of benefits, so the overall effects on the cost of the scheme is not likely to materially change. When the Committee set contribution rates for the three years starting April 2020, a higher probability threshold was set to ensure that contribution rates were slightly higher to allow for the potential effects of the McCloud remedy.

20. However, the suggestion to extend the final salary protections to all eligible active members beyond 2022, and until they leave active service, does prolong the final salary scheme and may result in potentially higher cost of benefits. This again further complicates the administration of the Fund.

21. Since 2014, the data requirements from employers has been geared towards the CARE scheme. Only those eligible for the original underpin needed data concerning the changes in the numbers of hours that they worked. This does require additional data from scheme employers in order that Pensions staff are able to undertake these calculations in the future. This was raised with the scheme employers at the Annual Employers meeting on 25 September.

22. An initial analysis of Suffolk's member records suggests the following numbers may be affected or need to have their benefits recalculated.

    a) There are 2,852 Pensioners that would need to have their benefit payments recalculated. Of these, 1,901 qualified for the original underpin calculation.

    b) 30% of Active members have pre-March 2012 service.

    c) 14% of Deferred members have service in both the Final Salary and CARE schemes.

23. The administration team will start planning the work that needs to be undertaken and once the final timescales for implementation have been confirmed will update the Committee and the Board on how this will be achieved. This may require additional resource in order to complete this work, which has been indicated to the Pension Fund Committee.

Sources of further information

a) https://www.legislation.gov.uk/ukdsi/2020/9780348210170

HYMANS ROBERTSON

Private & Confidential
Local Government Finance Stewardship
Ministry of Housing, Communities and Local Government
2nd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

25 August 2020

Dear Sir/Madam

Local Government Pension Scheme (England and Wales)

Amendments to the statutory underpin

Hymans Robertson LLP is pleased to provide its response to MHCLG's consultation on the above topic. The Annex to this letter sets out our formal response to the questions set out in the consultation.

About Hymans Robertson LLP

Hymans Robertson has grown up with the LGPS. The firm was founded to provide advice to the LGPS in 1921, just as the first Funds were being created. Whilst our business has developed over the decades, working with the public sector remains at the heart of what we do.

We have a specialist public sector actuarial team, which employs over 60 people exclusively advising on the LGPS. Alongside our actuaries there is a team of 15 investment consultants providing investment advice and a team of governance, administration and project consultants providing advice to our LGPS clients.

We believe that we are well placed, therefore, to respond to the questions posed by MHCLG in this latest consultation paper.

Yours faithfully

Ian Colvin	Catherine McFadyen
Head of Benefits Consulting	Head of Public Sector Actuarial, Governance & Benefits
For and on behalf of Hymans Robertson LLP	For and on behalf of Hymans Robertson LLP
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HYMANS ROBERTSON

Annex 1

Question 1 – Do you agree with our proposal to remove the discrimination found in the McCloud and Sargeant cases by extending the underpin to younger scheme members?
Yes. This would be consistent with the Court of Appeal's ruling.

Question 2 – Do you agree that the underpin period should end in March 2022?
The original underpin could not have applied to service after 31 March 2022 and ceasing the underpin period on that date is consistent with the original commitment that members within 10 years of retirement on 31 March 2012 would be no worse off. We see no case to extend the underpin period beyond this date.

Question 3 – Do you agree that the revised regulations should apply retrospectively to 1st April 2014?
The age discrimination began on 1 April 2014 so, in order to address it, regulations must be applied retrospectively.

Question 4 – Do the draft regulations implement the revised underpin which we describe in this paper?
Yes.

Question 5 – Do the draft regulations provide for a framework of protection which would work effectively for members, employers and administrators?
The protection would appear to work effectively, however the additional work required of employers and especially LGPS administrators should not be underestimated.

It is likely that a significant number of employers will not be able to provide every piece of data that is required to calculate the underpin across all eligible members e.g. historic salary details for ex-employees. Funds may therefore need to make assumptions to fill in any gaps in the data, which could undermine the effectiveness of the regulations. We would welcome guidance from MHCLG/SAB on how funds should account for any missing data required to calculate the underpin and how this should be communicated with employers and impacted scheme members.

Question 6 – Do you have other comments on technical matters related to the draft regulations?
We note that the consultation document states, in respect of the death of an active member that "For a qualifying member in active service, their date of death will be both their underpin date and their underpin crystallisation date".

However, this will not always be the case and a member who dies in active service after their 2008 Scheme NPA will have a separate underpin date and underpin crystallisation date.

The proposed amendments to the LGPS Regulations address this point and confirm that;

(2A) A member's date of death shall be their underpin date in a relevant Scheme membership where that date is earlier than the date provided for by paragraphs (2)(a) [2008 NRA] *or (2)(b)* [date of leaving 2014 scheme]

Question 7 – Do you agree that members should not need to have an immediate entitlement to a pension at the date they leave the scheme for underpin protection to apply?
By extending the underpin to those who do not have an immediate entitlement to benefit (and by extension to those who have already retired without an immediate entitlement to benefit) the protection does more than simply address existing age discrimination. Under these proposals the underpin will now apply to members of all ages in more circumstances than was previously the case.

However, the original assurance to members of public service pension schemes was that "Anyone 10 years or less from retirement age on 1 April 2012 can be assured that there will be no detriment to their retirement income[1]". In practice, the underpin in its current incarnation can produce a scenario in which a member who was within 10 years or less from retirement on 1 April 2012 is worse off, just by virtue of retiring from deferred status.

We understand the government's policy intention is to rectify this anomaly and we agree that underpin should be extended to those members who leave without an immediate entitlement to pension.

Question 8 – Are there any other comments regarding the proposed underpin qualifying criteria you would like to make?
Our response to question 10 below sets out our views in relation to the provision of a further 12 month period for certain individuals to elect to aggregate previous LGPS benefits as a consequence of the proposed changes. Paragraph 43 of the consultation document states that those members who leave the LGPS without an immediate entitlement to a deferred pension (i.e. they have less than the 2 year qualifying membership period) would not have underpin protection "…as they would only be eligible for a refund of their contributions, aggregation with another LGPS record or a transfer to another scheme". It is unclear if such individuals would be considered as qualifying members for the purposes of the revised underpin if they aggregated with another LGPS record.

Question 9 – Do you agree that members should meet the underpin qualifying criteria in a single scheme membership for underpin protection to apply?
The principle that should generally apply is that each period of LGPS membership should be administered as a discrete record. We see this principle in practice when it comes to preserving the final salary link or protected retirement ages. For example, a member with a deferred record prior to 2014, and a current active record, will not enjoy a final salary link for the pre 2014 period.

[1] Statement by the Chief Secretary to the Treasury, Rt Hon Danny Alexander MP on Public Service Pensions, 2 November 2011

There are examples that go against this principle within the LGPS, such as the administration of death grants, where Fund A cannot pay the correct death grant without knowledge of the member's record held in Fund B. This provides an unwelcome additional level of complexity and should be avoided where possible.

We agree that the underpin qualifying criteria should have to apply in a single record.

Question 10 – Do you agree with our proposal that certain active and deferred members should have an additional 12 month period to decide to aggregate previous LGPS benefits as a consequence of the proposed changes?

It follows that if the regulations are amended to require a member to meet the underpin criteria in a single record then there are members with unaggregated periods of service, who currently qualify, who will lose their underpin entitlement.

In the interests of fairness such members should be given the opportunity to aggregate their records in order to preserve their underpin entitlement.

We believe there should be a discretion to allow administering authorities to extend the 12 month aggregation window. While we would hope that the exercise can be completed within 12 months there may be cases where through no fault of the member the exercise is not completed in time and it would be unreasonable for the member to miss out in such circumstances.

Question 11 – Do you consider that the proposals outlined in paragraphs 50 to 52 would have 'significant adverse effects' in relation to the pension payable to or in respect of affected members, as described in section 23 of the Public Service Pensions Act 2013?

It is possible to construct a scenario where a member could argue they had suffered adverse effects as a consequence of introducing the requirement to aggregate service in order to retain the underpin.

Take the following example;

A member who was within 10 years of NRA in the 2008 scheme, has the following service;

Membership 1 – active from 2000 to 2013, finishing on a final salary of £75,000

Membership 2 – active from 2013 to 2030, joining on a salary of £30,000

The member chose not to aggregate benefits on the basis that their pay in Membership 2 will never exceed their final pay in membership 1 plus CPI.

Under the current underpin arrangement the member will still benefit from underpin protection for the period 2014 to 2022. Under the new proposals, they would not.

The member may still choose to keep their service records separate to benefit from the £75,000 salary in membership 1.

If the new underpin proposals are implemented, and the member's pay in Membership 2 rises in such a way that treating the period 2014 – 2022 as final salary would actually have been better than treating it as career average, the member may claim they are losing out.

However, this situation is likely to be extremely rare and the option to allow members to make a late election to aggregate goes some way to mitigating the impact.

We also note that the proposed changes to the LGPS suggest that the aggregation window will not be extended to members who opted out after 11 April 2015 and then re-join.

Question 12 – Do you have any comments on the proposed amendments described in paragraphs 56 to 59?
No. The proposed amendments to widen or clarify the protections would appear to be consistent with the government's stated policy of ensuring appropriate protection for scheme members and their survivors.

It is appreciated, however, that the amendments to the protections will result in additional work for administrators potentially having to revisit underpin calculations where a protected member leaves active service, returns without a disqualifying break in service and elects to aggregate the two membership periods.

Question 13 – Do you agree with the two-stage underpin process proposed?
The two-stage approach is consistent with the government's stated policy intentions. The consultation document does acknowledge potential implications for annual allowance assessments, which we have covered off in our response to Q18 below.

Question 14 – Do you have any comments regarding the proposed approaches outlined above?
The proposed process for Club Transfers places a significant onus on the member as it requires them to make a decision as to how their benefits will be treated in the receiving scheme. This will inevitably be a complex financial decision and one where the "correct" answer will not be known until retirement. This is an area where a consistent approach across funds and clear communication to members will be important.

Question 15 – Do you consider there to be any notable omissions in our proposals on the changes to the underpin?
No.

Question 16 – Do you agree that annual benefit statements should include information about a qualifying member's underpin protection?
It would be useful for members who may be impacted by the underpin to receive underpin information in their annual benefit statements.

Question 17 – Do you have any comments regarding how the underpin should be presented on annual benefit statements?
The underpin will inevitably introduce additional complexity and it will be challenging to explain to members. Affected members will see their underpin value change from year to year and may see years when the underpin applies and years when it does not. We agree that a form of consistent presentation and wording for annual benefit statements would be helpful and welcome the proposal for SAB to provide a standardised approach.

Question 18 – Do you have any comments on the potential issue identified in paragraph 110?
We believe that on balance it is appropriate to apply the annual allowance test at the underpin crystallisation date. This is the date at which the definitive value of the underpin is calculated and, therefore, the date at which the member experiences the actual pension growth attributable to the underpin. The approach would also be consistent with that already in place for the existing underpin.

We recognise that this approach could have the effect of causing a spike in the closing value of a member's benefits in the pension input period in which the underpin crystallisation date occurs. However, the benefit of this approach is that an affected member is more likely to have some unused annual allowance remaining from the previous 3 years which they can use to offset any tax charge.

The consultation document acknowledges that the proposed solution might not work for those members with relatively low career average pensions in respect of the underpin period, but relatively high final salary benefits as a consequence of career progression. Given that the effects of the revised underpin will be with us for many years into the future, we appreciate that the number of such cases over time might not be insignificant. We also appreciate that due to the level of career progression over time such individuals may no longer have unused annual allowance available to them to offset any breach.

There may be an argument, therefore, for requiring an annual assessment of the notional underpin against the annual allowance threshold, to ensure such individuals are not adversely impacted by the annual allowance.

This alternative approach of capturing the value of any notional underpin on a year by year basis may though have some unwelcome side effects for those individuals who do not enjoy an increase to final salary benefits through ongoing career progression. For example, applying the notional underpin in any given year may cause the member to breach the annual allowance, even though the member is a number of years away from retirement. The same member may then experience comparatively low pay growth over the years to retirement to an extent that, at the underpin crystallisation date, the underpin no longer applies. In these circumstances the member would have paid a tax charge on a benefit that was ultimately never realised.

At this stage, given that the effects of the revised underpin will be with us for many years, it is difficult to know what the scale of the issue might be in terms of the numbers who might be impacted and of those how many will not have the benefit of unused annual allowance to offset any breach. On balance, however, we support the proposal to apply the annual allowance test at the underpin crystallisation date rather than on an annual basis.

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Question 19 – Do the proposals contained in this consultation adequately address the discrimination found in the 'McCloud' and 'Sargeant' cases?
We believe they do. The consultation itself suggests that active members between the ages of 41 and 55 would be more likely to benefit from the revised underpin, but this a function of the fact that final salary benefits in general tend to favour long serving members with good career progression.

Question 20 – Do you agree with our equalities impact assessment?
The assessments seem reasonable.

Question 21 - Are you aware of additional data sets that would help assess the potential impacts of the proposed changes on the LGPS membership, in particular for the protected characteristics not covered by the GAD analysis (age and sex)?
No.

Question 22 – Are there other comments or observations on equalities impacts you would wish to make?
No.

Question 23 – What principles should be adopted to help members and employers understand the implications of the proposals outlined in this paper?
Members will need to receive reassurance that the underpin process is fair and is being applied accurately. It will be important for members to understand that the process is an automatic one and does not require them to lodge a claim.

Some members may have misconceptions about the value of the underpin and should be made aware that the number of cases in which the underpin will actually 'bite' are likely to be small.

Communications with employers should focus on the practical requirements of providing the data required to operate the underpin and any assumptions being made where member data is missing.

Question 24 – Do you have any comments to make on the administrative impacts of the proposals outlined in this paper?
While the underpin will not actually take effect for most members, a large number of members are potentially affected and will require some form of ongoing record maintenance by employers and Funds. Our initial analysis suggested 1.2 million LGPS members would be in scope which means that many more records will need to be updated, and underpin calculations carried out than will ever result in an underpin addition being paid.

Adopting these proposals will inevitably have a significant impact on LGPS administrative teams and proper planning will be critical to ensure successful implementation.

The first challenge will be to obtain the data required from employers. It is to be hoped that for the majority of records this will be relatively straightforward, however, there will inevitably be situations where employers will not be able to provide the required data. This may be due to those employers no longer existing or historic payroll data not being retained.

The second big challenge will be applying the underpin test retrospectively to members who have already retired or left. While administration systems can be adapted to carry out these calculations, there will inevitably be complex cases which will require manual intervention.

The most complex cases will be where a retrospective underpin results in a member receiving a backdated payment. Additional complications would arise if the backdated payment was in respect of a survivor's pension. Thankfully these cases will be extremely rare.

The scale and complexity of this exercise could also create a significant communications challenge for administering authorities.

Question 25 – What principles should be adopted in determining how to prioritise cases?
Cases where members have already retired (or died) should be the priority as the underpin could impact on a member's (or survivor's) current retirement income. Thereafter, members closer to their underpin crystallisation date should be prioritised.

Question 26 – Are there material ways in which the proposals could be simplified to ease the impacts on employers, software systems and scheme administrators?
Any attempts to simplify the proposals come with the effect of moving away from the policy intention.

There are some scenarios where the instances of the underpin applying will be extremely rare. For example, when applying the underpin calculation to an ill health case in which the member receives a tier 1 enhancement, the comparison will be between a 1/60th enhancement based on service to 65 and a 1/49th enhancement to NRA. The 2014 Scheme enhancement will realistically always exceed the 2008 Scheme enhancement. However, there could be cases of tier 1 ill-health where the member is very close to NRA and where the effect of the underpin on service between 2014 and 2022 is so great that the positive effect outweighs the impact of the tier 1 enhancement.

Removing the underpin for ill health cases would simplify matters, and for the overwhelming majority of cases have no effect. However, given that the intention is that no individual should lose out, taking this approach could mean that the policy is not being fully realised.

Question 27 – What issues should be covered in administrative guidance issued by the Scheme Advisory Board, in particular regarding the potential additional data requirements that would apply to employers?
One area where additional guidance would be welcome is what to do when an employer is incapable of providing historic member data. Ideally, SAB should publish a set of guidelines that provide a framework for employers and administering authorities when making assumptions about service and salary history in the absence of complete information.

Question 28 – On what matters should there be a consistent approach to implementation of the changes proposed?
We support a consistent centralised data template and communications, as issued by the SAB. We believe that a centralised approach to dealing with employers who cannot provide the necessary data is also welcome (see answer to question 27).

Question 29 – Do you have any comments regarding the potential costs of McCloud remedy, and steps that should be taken to prevent increased costs being passed to local taxpayers?
As the LGPS is a 'balance of cost' arrangement with fixed member contribution rates, the cost of the McCloud remedy will ultimately be met by employers. Many of these employers are councils that are funded by local taxpayers. However, whilst an increase in LGPS liabilities is unavoidable, funds have local control over the pace at which these costs are managed over time. The majority of the costs will fall on employers with a long-term funding horizon and we generally don't expect material changes to contribution rates to arise from application of the remedy.

Our analysis suggests that the impact of the remedy might only add 0.2% to the liabilities of a typical LGPS fund, equivalent to c£0.5bn across all funds in England and Wales. This is lower than the £2.5bn estimate mentioned in paragraph 142 of the consultation, mainly because local funds assume that salary growth will be significantly lower than CPI + 2.2% pa.

At whole fund level, our estimate translates to a rise in typical primary contribution rates of 0.2% of pay until 2022, and a small change to secondary contribution rates of only 0.1% of pay. SAB asked funds and actuaries to allow for McCloud costs at the 2019 valuation when setting funding strategies. As a result, we expect that most funds will not revisit employer contribution rates until we reach the next valuation in 2022, unless there are concerns over rates for particular employers (see next paragraph).

Whilst at whole fund level the impact is small, it may be more material at individual employer level. The cost impact is likely to be higher for employers with youthful membership profiles, as there is a greater likelihood of the underpin 'biting' for younger members. Our analysis suggests that some employers may see their total liabilities increase by as much as 5-10% (equivalent to at least a 1% of pay contribution rate increase), whilst other employers will see no impact at all. There is also the potential for one-off significant cost increases e.g. for a small employer with only one active member who is awarded a significant pay increase.

The inclusion of McCloud in the national cost management mechanism will reduce, or possibly even wipe out completely, the proposed package of benefit improvements that had been due to take effect from 1 April 2019 in the LGPS in England and Wales.

Finally, aside from actuarial costs, the costs to funds in terms of administration and communications could be significant and could easily run into six figures in terms of extra FTE resource. These costs are typically recouped via an administration charge as part of employers' ongoing contribution rates.

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Suffolk County Council

Agenda Item 9

Suffolk Pension Board

Report Title:	Exit Payment Regulations
Meeting Date:	2 October 2020
Lead Councillor(s):	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Paul Finbow, Senior Pensions Specialist Tel: 01473 265288 Email: Paul.Finbow@suffolk.gov.uk

Brief summary of report

1. This report provides the Pension Board with an update on the implementation of the LGPS £95k exit cap and the consultation on the proposed reform on Local Government exit payments.

Action recommended

2. To consider the contents of the report and the implications that these changes to the regulations will have on both the employers and employees of the Fund.
3. To consider the issues the Board feel are important, to be included in the Suffolk response to the consultation on reform to Local Government exit payments.

Reason for recommendation

4. To provide the Board with information regarding forthcoming regulations.

Alternative options

5. There are no alternative options.

Main body of report

Summary

6. In July the Government announced the implementation of the £95k exit cap will be included in forthcoming regulations; The Restriction of Public Sector Exit Payments Regulations 2020. This cap will be applied to all public sector bodies as set out in the schedule attached to the regulations
7. The original Government proposals were issued in summer 2015, however in April 2019 the Government announced a final consultation which closed on 3 July 2019.

8. The cap limits the exit payments made to employees of public sector bodies. The proposed cap of £95K would cover the total value of exit payments (before tax) made by an employer and includes the strain cost of early payment of pension and redundancy payments, plus any other compensation or severance payments (e.g. pay in lieu of notice, enhanced employer compensation lump sum payments etc.).

9. The cap will only apply to those individuals where the total of their exit payments is greater than the £95K limit. Where this applies then the value of the exit payments will have to be reduced to the point where the total value of all exit payments is equal to £95K.

10. The government announced in the Spending Review and Autumn Statement 2015 that it will continue to modernise the terms and conditions of public sector workers and so in addition to the cap, the Government is putting forward regulations to reform local government exit payments. This consultation commenced on 7 September and closes 9 November. These reforms will apply to the organisations that are the responsibility of the UK Government.

Regulations for £95k Cap

Payments that are classified as exit payments

11. The following payments are classified as exit payments and will be included in the cap:
    a) Any payment in respect to redundancy;
    b) Any payment in respect to offset a reduction in pension due to early retirement;
    c) Payment as an outcome of arbitration;
    d) Severance or ex-gratia payments;
    e) Payment on voluntary exit;
    f) Payment in lieu of notice that exceeds one quarter of the employees salary;
    g) Payment to extinguish the liability of a fixed term contract;
    h) Any other payment as a consequence of termination of employment or loss of office.

12. Although statutory redundancy is included as an exit payment it cannot be reduced. If the cap is exceeded other elements that make up the full exit payment must be reduced to achieve the exit cap limit of £95k.

Payments that are exempt from restriction

13. The following payments are not classified as exit payments and so will not be included in the cap
    a) Any payment in respect to death in service;
    b) Any payment in respect of incapacity as a result of an accident, injury or illness;
    c) Payment of outstanding annual leave;
    d) Payment in lieu of notice providing it does not exceed one quarter of the employees salary;

e) Payment in compliance with a court or tribunal;

Relaxation of the restriction

14. The full council of a local authority can, with consent from the Treasury relax the restriction. Any implementation of this power has to be published on annual basis.

Implementation of the £95k cap

15. The exit cap regulations are subject to the affirmative procedure will need to be approved by both Houses of Parliament. The regulations are expected to be debated in Parliament towards the end of November and once passed will become law 21 days later.

16. MHCLG may implement the changes to the LGPS and Compensation regulations to come into force concurrent with the cap regulations.

Changes to the calculation of strain costs

17. Currently the strain cost for an early payment of pension is calculated by each LGPS fund and a full pension is paid regardless of any differential in cost. Under the new proposals, strain costs that are capped result in reduced pension and therefore any differential in strain costs across funds would lead to different outcomes for scheme members.

18. The consultation proposes that a standard methodology is to be used to calculate strain cost across all funds in respect of capped employers, but that some flexibility will be available when calculating strain costs for non-capped employers. Use of the standard strain cost may have implications for employer contributions at the following valuation depending on its relationship to the actual liability impact on the particular employer as calculated by the fund actuary.

Proposed reform on Local Government exit payments

Current arrangements

19. Local government lump-sum redundancy arrangements vary considerably between employers. However, they all operate within a framework set by out in the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 ("the 2006 Regulations"). These regulations provide that the total maximum lump-sum pay-out is 104 weeks' (24 months') pay, although most local authorities currently provide for less than this.

20. Under Regulation 30(7) of the Local Government Pension Scheme Regulations 2013 employees aged 55 or more who are members of the Local Government Pension Scheme (LGPS) are currently entitled to immediate access to unreduced pension where:

    a) The member is dismissed from an employment on redundancy or business efficiency grounds, or

    b) The employment is terminated by mutual consent on business efficiency grounds.

21. An employer participating in LGPS which provides early unreduced payment of pension benefits has to make additional payments to the relevant pension fund

to make up the resulting shortfall in the pension funding as a pension strain cost.

Proposed reform

22. The consultation is not seeking views or representations on the government's position regarding exit pay reform but as the effect that the proposals for reform outlined below will have on the regulations which currently govern exit payments (including both redundancy compensation pay and early access to pensions) in local government and the impact that the proposals for will have on the local government workforce.

23. The key elements are summarised as below:

    a) A maximum of three weeks' pay per year of service;

    b) A maximum of 15 months on the amount of a redundancy payment;

    c) A maximum salary of £80,000 on which an exit payment can be based;

    d) Limiting publicly funded pension top-ups;

    e) A £95k cap on the total of all forms of compensation, including redundancy payments, pension top-ups, compromise agreements and special severance payments.

The effect on members subject to the cap and further reform regulations

24. The major impact of the regulations will be on LGPS members aged 55 or over who currently qualify for an unreduced pension because of redundancy or efficiency retirement as well as a severance payment under The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

25. For members whose employers are both capped and subject to further reform the effect of the proposals will be significant as they would receive statutory redundancy pay and one of the following options:

    a) An immediate actuarially reduced pension calculated using a strain cost reduced by the amount of the statutory redundancy payment and capped at £95k. In this case no severance is payable; or,

    b) An immediate fully reduced pension (no strain cost to the employer), plus statutory redundancy pay plus severance in excess of statutory redundancy limited to £95k, or,

    c) A deferred pension (no strain cost to the employer), plus statutory redundancy pay plus severance in excess of statutory redundancy limited to £95k.

The effect on members of different scheme employers

26. Although this may not be absolutely clear until the regulations are published the current information available sets out the below:

    a) Employees of 'reform employers' who are aged under 55 or not in the LGPS will be subject to the severance restrictions in the same way as those of local authority employees. However, such payments may or may not be subject to the cap, depending on the status of the employer under HMT regulations relating to the £95k cap.

b) Members of the LGPS aged 55 or over who are not employees of ‘reform employers’ but who are employees of ‘capped employers’ will not have their strain cost reduced by the statutory redundancy payment but it will be capped at £95K. They will have the three options set out above (ignoring the reduction to the strain cost in the first option)

c) Members of the LGPS aged 55 or over who are employees of ‘reform employers’ but who are not employees of ‘capped employers’ will have their strain cost reduced by the statutory redundancy payment but it will not be capped and they will not have the three options set out above.

d) Members of the LGPS aged 55 or over who are not employees of ‘reform employers’ or employees of ‘capped employers’ will not have their strain cost reduced by the statutory redundancy payment or capped and they will not have the three options set out above.

Summary

27. The 95k cap and the further reform to the Local Government exit pay arrangements, will require changes to the Altair software provided by Heywood and will require additional administration time to consider the options for each member of the scheme that is either considering voluntary redundancy or is being made redundant.

28. The proposed new regulations will be included in the employer’s newsletter and will be discussed in the forthcoming annual employers meeting.

29. A response from Suffolk County Council to the consultation will be formulated in conjunction with the S151 officer, incorporating the views of both the Pension Fund Committee and the Pension Board.

Sources of further information

a) https://www.legislation.gov.uk/ukdsi/2020/9780348210170

b) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916615/Reforming_local_government_exit_pay_consultation.pdf

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Suffolk County Council

Agenda Item 10

Suffolk Pension Board

Report Title:	Risk Register
Meeting Date:	2 October 2020
Lead Councillor(s):	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Sharon Tan, Technical Pensions Specialist Tel. 01473 265636 Email: Sharon.tan@suffolk.gov.uk

Brief summary of report

1. This report sets out the Risk Register for the Pension Board as approved on 13 March 2020 and how the risk control measures have been implemented against the risks

Action recommended

2. The Board is asked to review the implementation of the risk control measures.
3. The Board is asked to review and approve the Pension Board Risk Register.

Reason for recommendation

4. Risk management is a key responsibility of those charged with Pension Fund governance with a duty to identify the range of risks that could affect the long-term sustainability of the Fund.
5. The effective management of risk is also an area which is covered within the CIPFA Knowledge and Skills framework which recognises the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps can be taken to mitigate such risks.

Alternative options

6. There are no alternative options.

Main body of report

Regulatory Background

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

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

Implementation of Risk Control Measures

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

Risk Register

9. The purpose of the risk register is to reflect best practice in the identification, evaluation and control of risks in order to ensure that key risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible then means to mitigate the implications of the risks should be established.

10. The probability and risk impact scores have been scored based on the submissions from the members of the Board using the criteria set out in **Appendix 2**.

11. The summary risk register for the Pension Fund Committee is attached as **Appendix 3**. There have been three changes to the Pension Fund Committee risk register in recent months.

12. The addition of:

    a) SPF22 Failure of the Pension Fund to be able to source the data required to remedy the McCloud High Court ruling.

    b) SPF27 Failure of the Pension Fund to carry out its duties during the COVID 19

13. The deletion of:

    a) Failure in the implementation of the new pensioner payroll administration system

14. The risk register for the Pension Board to approve is attached as **Appendix 4**.

15. The risk register and actions taken to mitigate or control the risks are reported to the Board twice a year.

Sources of further information

a) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2009 No.3093).

b) Managing Risk in Local Government Pensions Funds - CIPFA 2019

c) Integrated Risk Management - Pensions Regulator 2015

Suffolk Pension Board Risk Register

Risk ID	Risk	Risk Control Measures	Implementation
SPB01	**Employer** Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities.	An effective Administration Strategy setting out the employers responsibilities. Monitoring and reporting of the compliance of the employers. Pension Fund officers report on the statutory requirements of the Fund and any breaches that may have occurred. Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position. Non compliance is addressed.	The Administration strategy is reviewed every three years. It was last approved by the Pension Fund Committee at its meeting on 27 November 2018. A link was sent to all employers. The document is available on the Pension Fund website. The administration report to the Board provides information on the adherence to statutory requirements for both the Fund and employers. Prospective employers (where a government guarantee doesn't apply) are required to secure either a guarantee or a bond to provide security for the pension liabilities of their members. Bonds are reviewed annually to reflect the current employer position. Eligible Employers are not able to access the Suffolk Pension Fund without providing a bond or guarantee. Engagement is the key to ensure compliance and the team will work with employers to help them comply or to help develop processes to further improve the timeliness and quality of data. The administration team have recently been working with Suffolk County Council's payroll team to introduce pension membership references into their system which will simplify the reports of monthly starters and leavers leading to a closer match between payroll and pension records. Once embedded within the Suffolk payroll processes then this will be rolled out to other payroll providers that submit Pension Fund membership data. When appropriate escalation processes are agreed with employers and used to obtain information where this is not received in the agreed timescales.
SPB02	**Scheme Members** Scheme members are not in receipt of the correct benefit and/or paid on time.	The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations. Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies. Calculations are independently checked and verified. Internal and external audit review the internal control arrangements in place.	Forthcoming Regulatory changes are kept under review through the consultation process. Once the draft regulations are formalised the Fund will effectively plan for implementation seeking technical clarification from the LGA if required. The Altair system is updated and tested by Heywood's. Regulation changes are communicated to affected individual members within the statutory 3 months. Attendance at training courses and conferences are encouraged, with the knowledge gained shared amongst the team to ensure the team as a whole is kept up to date. New administrators have an in-depth training plan to work through which cover each main area of administration to build up their knowledge and develop their skills before they move on to the next area. There are currently four staff going through this process. There are regular team meetings where the specifics of changes to regulations are discussed and refresher training is also carried out. All calculations are peer reviewed by members of the Administration team for accuracy before communications are sent out. There have also been various factor changes which have been loaded into the Altair system. If the Altair pension system is found to be producing incorrect calculations this is raised with the software provider to investigate. The Administration Team are made aware of the issues and where similar cases might arise. Internal audit annually review the internal control arrangements in place for the administration systems and investments, the result are reported to the Board. The Board also receives the external audit report for the Annual Report and Accounts.

Risk ID	Risk	Risk Control Measures	Implementation
SPB03	**Governance** Failure to communicate or engage with employers and scheme members.	An effective Communications Strategy so that employers are engaged with the Pension Fund. Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings. Regular meetings are held by the Pension Board with the papers published within statutory deadlines. A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website. An annual employers meeting is held.	The Communication strategy is reviewed annually. It will next be reviewed by the Pension Fund Committee at its meeting on 24 November 2020. The document is available on the Pension Fund website. The Pension Matters newsletter is emailed to employers on a monthly basis to keep them updated with the Local Government Pension Scheme, Suffolk Pension Fund developments and highlights up coming deadlines for administration paperwork requirements from themselves. The Pension Board meets regularly and the papers are published on the Pension Fund website. The Board has access to the Pension Fund officers and have the opportunity to seek clarification or request further information. The Pension Fund has a public facing website and a member self service facility. These electronic means of communicating, along with email are complemented by paper based communication where appropriate. The team issue newsletters to Pensioner members of the scheme twice a year on the self-service system unless a paper version has been requested and employers monthly. Information is provided to all active and deferred scheme members annually with the provision of their Annual Benefit statements through the self service system unless another format has been requested. Pensioner members can now also use the self service system to access their payslips and P60's. The Pensions website is reviewed and kept up to date with useful information and the Pensions Helpdesk is available for members to contact if they need some guidance. The Annual employers meeting is to be held on 25 September 2020 covering investment performance, progress in the pooling of assets, upcoming developments for Pensions administration and regulations and a presentation by Hymans explaining how the market volatility effects the funding level and some background information on the McCloud ruling.
SPB04	**Governance** Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.	The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs. The Board approves a formal two year training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified. New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings. External advisers are employed to advise the Pension Fund Board as required.	The Board agrees its Training plan annually, linked to the requirements of the Cipfa Pensions Knowledge and Skills framework. The next review is at the March 2021 Board meeting. A training segment is utilised before the start of each Pension Board meeting and the Board also has access to and often attend the Pension Fund Committee's training programme before the start of their meetings. In September 2019 two members of the Board attended the Pension Fund training day in London. New Board Members always receive an introduction to the scheme and a briefing from officers before attending their first meeting. Advisers attend meetings, at the request of the Board. The performance data providers presented to the Board at its virtual meeting held on 20 July 2020.

Risk rating criteria

1. The impact of each risk has been assessed as:
   - Insignificant (1)
   - Minor (2)
   - Moderate (3)
   - Major (4)
   - Extreme (5)

2. The risk has then been assessed on the probability of the risk occurring.
   - Rare (1)
   - Unlikely (2)
   - Possible (3)
   - Likely (4)
   - Almost certain (5)

3. This has been used to allocate a risk score (multiplication of the score value in brackets above) to each risk which produces one of the risk ratings as follows:
   - Low (1-4)
   - Medium (5-9)
   - High (10-15)
   - Very High (16-25)

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Suffolk Pension Fund Risk Register – Monitoring Report

Risk Profile as of 30 June 2020

Theme	Ref	Description	Score
Employer	SPF01	Council fails to commission a cessation valuation for departing Admission Body.	Low (4)
Employer	SPF02	Failure to carry out responsibilities for providing scheme administration data.	Medium (6)
Employer	SPF03	Increase in unfunded early retirements	Low (4)
Employer	SPF04	Failure to communicate or engage with pension fund stakeholders	Low (4)
Actuarial	SPF05	Assumptions used in the triennial valuation are significantly different to the experience	Medium (9)
Actuarial	SPF06	Fall in risk-free returns on Government bonds, leading to rise in value on liabilities	Medium (9)
Actuarial	SPF07	Failure of investment strategy to produce the long-term returns required in the investment strategy	High (12)
Governance	SPF08	Committee members have insufficient skills or knowledge to make informed decisions	Medium (6)
Governance	SPF09	Board members have insufficient skills or knowledge to discharge their duties	Low (4)
Governance	SPF10	Pension fund officers have insufficient skills or knowledge to advise the Pension Fund appropriately	Medium (6)
Governance	SPF11	Failure by a provider of Additional Voluntary Contributions to the Pension Fund	Low (4)
Governance	SPF12	Failure to have adequate systems and processes in place to safeguard data	Low (4)
Investment	SPF13	Failure of investment markets in generating returns	High (12)
Investment	SPF14	Failure in performance by individual investment managers leading to shortfall	Medium (6)
Investment	SPF15	Counterparty default in securities lending programme	Low (4)
Investment	SPF16	Negligence, fraud, or default by individual investment manager leading to shortfall	Medium (6)
Investment	SPF17	Failure of custodian leading to loss of investment or misreporting of position	Medium (6)
Investment	SPF18	Insufficient liquid assets to meet liabilities	Medium (6)
Investment	SPF19	Failure by investment managers to appropriately manage the potential risk of stranded assets	Low (4)
Regulatory	SPF20	Changes to regulations or legislation not being adhered to	Medium (6)

Regulatory	SPF21	Pooling of the Pension Fund assets in ACCESS does not meet Government expectations	Medium (6)
Regulatory	SPF22	Failure of the Pension Fund to be able to source the data required to remedy the McCloud High Court ruling.	High (12)
Operational	SPF23	Failure of payroll and pensions administration IT systems	Medium (9)
Operational	SPF24	Failure to comply with LGPS pensions benefits regulations	Medium (6)
Operational	SPF25	Staff fraud/theft/negligence	Low (4)
Operational	SPF26	Failure to collect/account for full receipt of contributions and deficit payments	Low (4)
COVID 19	SPF27	Failure of the Pension Fund to carry out its duties during the COVID 19	Medium (6)

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

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

- **None**

Key actions to mitigate risks on the Suffolk Pension Fund Risk Register since the last report.

Risk Reference	Action taken
SPF 22	Work is being undertaken to establish the number of people that this ruling may affect.
SPF 27	The whole of the Pensions Team has been working from home since 18 March 2020. Although there were initial IT connection issues these have been resolved and essential tasks are being carried out. The helpdesk is operating to enable members, particularly the most vulnerable who may be less confident in using the internet, contact the team by telephone. Certain procedures have been amended such as accepting copies of certificates and signed statements without a witness from another household. All of these cases will be revisited as soon as it is possible to do so but the temporary measures are in place to ensure customers are not at detriment and their benefit case can continue. Benefit payments have been processed on time. Pension Fund officers are in contact with investment managers and have virtual meetings to discuss performance. Virtual meetings have also been held with the investment advisers and the actuary. The March Pension Fund committee was cancelled but new procedures have been implemented to allow all future meetings to be held for both the Pension Fund Committee and Board.

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Suffolk Pension Board Risk Register

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB01	**Employer** Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities. <u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer and the Pension Fund as a whole. The financial burden would have to be picked up by the rest of the employers in the Pension Fund.	3	2	6	Medium	An effective Administration Strategy setting out the employers responsibilities. An effective Communications Strategy so that employers are engaged with the Pension Fund. Monitoring and reporting of the compliance of the employers. Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position. Non compliance is addressed.
SPB02	**Scheme Members** Scheme members are not in receipt of the correct benefit and/or paid on time. <u>Consequence</u> Additional administration time required to correct any errors. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.	3	2	6	Medium	The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations. Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies. Calculations are independently checked and verified. Internal and external audit review the internal control arrangements in place.

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB03	**Governance** Failure to communicate or engage with employers and scheme members. <u>Consequence</u> Leading to non compliance with legislation and best practice. Inability to determine policy and effective decisions. Damaging to reputation.	3	3	9	Medium	Maintenance and implementation of a communication strategy. Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings. Regular meetings are held by the Pension Board with the papers published within statutory deadlines. A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website. An annual employers meeting is held.
SPB04	**Governance** Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility. <u>Consequence</u> The Board does not discharge their duties to oversee the governance of the Pension Fund. Reputational risk to the Suffolk Pension Fund.	3	3	9	Medium	The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs. The Board approves a formal training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified. New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings. External advisers are employed to advise the Pension Fund Board as required.

Suffolk County Council

Agenda Item 11

Suffolk Pension Board, 2 October 2020

Information Bulletin

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

This Information Bulletin covers the following items:

1. Contract Extensions
2. LGPS 2013 Regulations Act
3. ACCESS MHCLG Annual Return
4. Annual Employers Meeting
5. New Employers

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1. Contract Extensions

1.1 There are three contracts that are due to expire in the next 8 months that were previously tendered using national frameworks put in place by the Norfolk Pension Fund.

1.2 All these frameworks are being worked upon, but COVID has delayed when the work will be completed and therefore Suffolk's ability to undertake a call off at this time is not possible. In addition, the new frameworks will have redefined services taking into account the developments / changes that have occurred since the previous frameworks were put in place.

1.3 The three contracts are:

a) **Custodian Service** – HSBC – Current Contract ends on 30 September 2020. New Framework estimated to be in place end of February 2021. Expected call off with other authorities with an expected transfer date of 1 October 2021.

b) **Actuarial Service** – Hymans Robertson – Current Contract ends 31 December 2020. New framework estimated to be in place July 2021. Expected call off and new contract in place 31 December 2021.

c) **Investment Advice** – Hymans Robertson – Current Contract ends 31 March 2021. New framework estimated to be in place October 2021. Expected call off and new contract in place 31 March 2022.

1.4 Procurement have agreed an extension to these contracts for one year each to enable the Pension Fund to call off from the national frameworks once they have been completed.

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2. LGPS 2013 Regulations Act

2.1 In August, the Government issued a partial response to the consultation held on policy proposals to amend the Local Government Pension Scheme 2013 Act regulations. The main points being considered were:

a) The best approach to transitioning the Pension Funds to a quadrennial local valuation cycle.

b) Alternatives to the regulations that require Employers to pay a lump sum exit payment to the scheme when the last active employer leaves.

c) Allow higher and further education establishments to determine whether to offer the LGPS to new non-teaching staff which would reflect their non-public sector category status.

2.2 New regulations will be drawn up that will allow:

a) A review of contribution rates between formal valuations due to significant changes to the liabilities, significant changes in covenant or if an employer requests it.

b) The administering authority will be able to agree payment plans when employers have exit debts.

c) The introduction of a deferred employer status allowing an employer to remain in a fund even if their last active member leaves whereas current regulations require a cessation to be triggered.

2.3 The link to the Government response is:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/911792/Government_response_Exit_payments_and_review_employer_contributions.pdf

2.4 A further response will be issued on the remaining proposals in due course.

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3. ACCESS MHCLG Annual Return

3.1 Between 2016 and 2018 MHCLG required each LGPS Pool to submit periodic progress reports updating the Minister on pooling plans.

3.2 In 2019 a revised approach was introduced with all pools required to submit a return under a set template. The first such return was as at 31 March 2019 and submitted in September of that year.

3.3 In August 2020 MHCLG released a similar template for data as at 31 March 2020 with a deadline of 4 September. In light of the deadline's proximity to the date of the Joint Committee meeting on 7 September the ACCESS Support Unit requested an extension to enable the return to be reviewed as an item in that meeting. MHCLG agreed to the requested extension.

3.4 The return was submitted after the Joint Committee meeting. This draws on information contained within ACCESS's annual report.

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4. Annual Employers Meeting

4.1 The Annual Employers meeting has been arranged for Friday 25 September and will for the first time be held remotely. A link has been sent to the employers who have expressed an interest in attending.

4.2 The Agenda is attached as **Appendix 1**.

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5. New Employers

5.1 There were 7 new employers admitted into the Fund during the first quarter of the year (April to June).

- Combs Ford Primary School (Children's Endeavour Trust)
- Abbot's Hall Community Primary School (Children's Endeavour Trust)
- Bosmere Community Primary School (Children's Endeavour Trust)
- Chilton Community Primary School (Children's Endeavour Trust)
- Freeman Community Primary School (Children's Endeavour Trust)
- Carlton Colville Town Council
- Oulton Broad Parish Council

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

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Suffolk County Council

SUFFOLK PENSION FUND
ANNUAL EMPLOYERS MEETING

10 a.m., Friday, 25 September 2020

Online Virtual Meeting

AGENDA

1. Welcome by Councillor Gordon Jones, Chairman of the Suffolk Pension Fund Board

2. Introduction by Councillor Karen Soons, Chairman of the Suffolk Pension Fund Committee

3. Pension Fund Committee Update – Paul Finbow, Senior Pensions Specialist, covering:-
    - Investment Performance of the Fund
    - Progress on Asset Pooling

4. Actuary Update – Craig Alexander, Hymans Robertson, covering:-
    - Funding Level
        - The effects of market volatility
    - McCloud ruling
        - Background
        - Recent consultation

5. Pensions Administration Update – Andy Chapman-Ennos, Pensions Technical Specialist, covering:-
    - McCloud data requirements
    - Upcoming developments for Pensions Administration

6. Open Forum
    - Open session to raise additional questions

7. Closing Remarks by Councillor Gordon Jones, Chairman of the Suffolk Pension Fund Board

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Suffolk County Council

Agenda Item 12

Suffolk Pension Board Forward Work Programme

Purpose

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

Terms of reference

The terms of reference of the Suffolk Pension Board are:

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

Meeting date (see Note)	**Date added**	**Subject**	**Short description**	**How is it anticipated the Committee will deal with this issue?**
Monday, 11 December 2020	Added 13 March 2020	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 13 March 2020	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Presentation
	Added 13 March 2020	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 13 March 2020	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Friday, 12 March 2021	**Added 2 October 2020**	**Complaints, Compliments and Administration Performance**	**To receive a report on the complaints and compliments received by the Fund.**	**Written Report**
	Added 2 October 2020	**Suffolk's progress on Pooling of Assets**	**To receive an update on the progress of pooling assets.**	**Presentation**
	Added 2 October 2020	**Pension Board Risk Register**	**To review the Pension Board Risk Register.**	**Written Report**

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
Friday, 12 March 2021	**Added 2 October 2020**	**Recent Developments**	**To receive an information bulletin covering recent developments that the Board has an interest in.**	**Written Report**
	Added 2 October 2020	**Forward Work Programme**	**To approve the Forward Work Programme for the Suffolk Pension Board.**	**Written Report**

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

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

Revised: October 2020