Suffolk Pension Fund
Annual Report and Accounts
2019-20

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Additional Statements

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

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, efficiently, and complies with 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 Section 151 Officer attends the meeting to be on hand to offer direct support as decisions are made at the meeting, 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
October 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)
October 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)*
October 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:

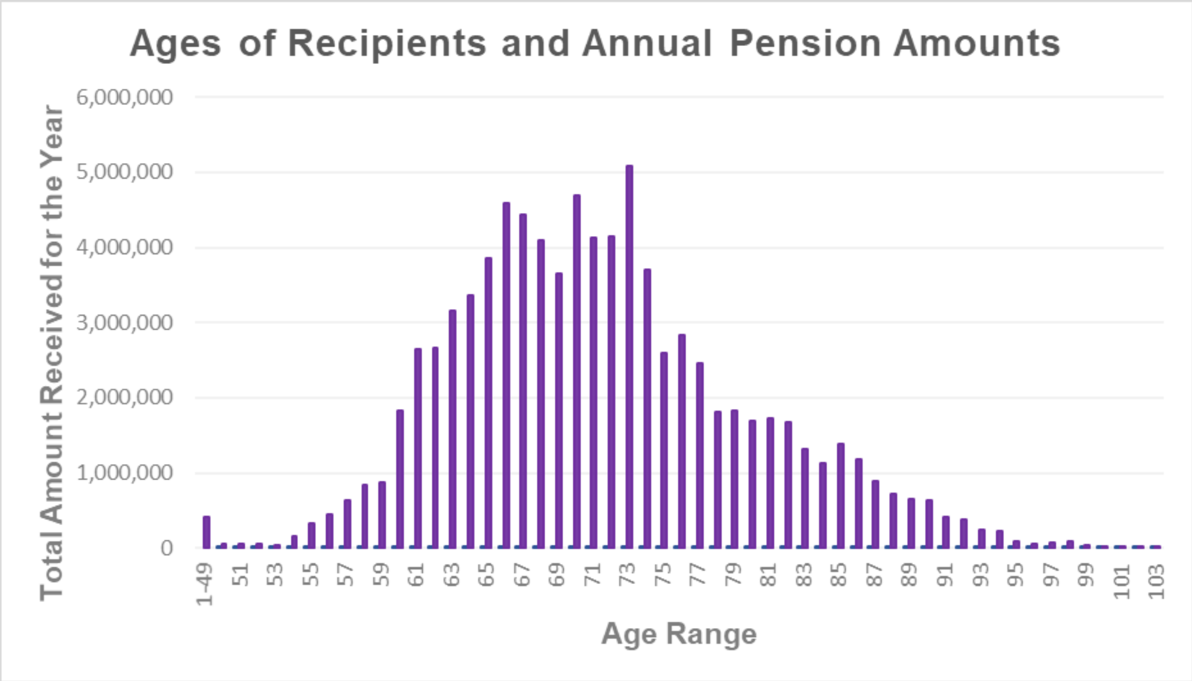
- To a retiree for the rest of their life
- To the partner of a retiree when they have died
- To the partner of a member who dies before claiming their retirement benefits

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.

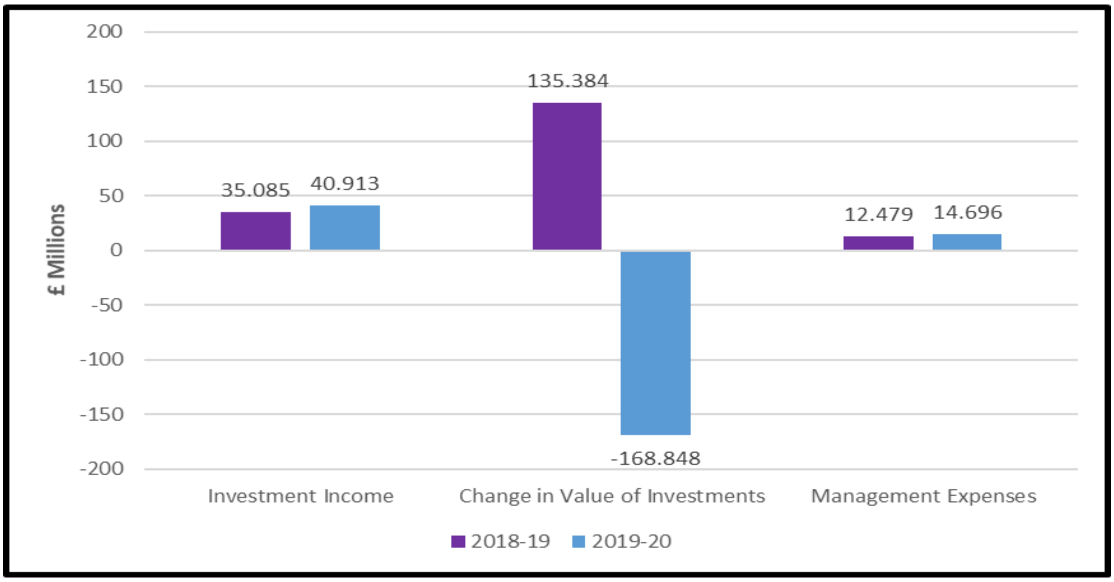
Fund Manager Allocation			
Investment Manager	**Asset class**	**Actual allocation March 2020**	**Long-term allocation**
		%	%
BlackRock	UK equities and Bonds	19.7	20
Brookfield	Timber	0.3	0.5
J P Morgan	Infrastructure	1.2	1
Kohlberg, Kravis, Roberts (KKR)	Infrastructure	1.3	0.5
Link Fund - Newton	Global 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.

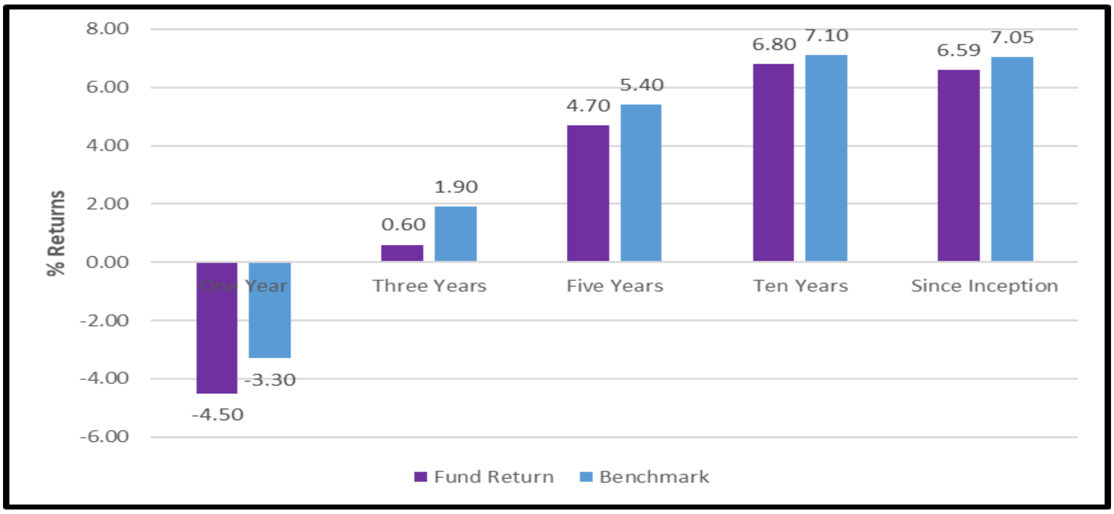


The Fund's assets decreased from £2,931 million to £2,808 million during 2019-20, representing an investment return of -4.5% net of fees. The Fund's benchmark is based on the weighted average of the market index returns for the markets in which it invests in or a mandate specific absolute return. The 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.	Passiv e 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	24.7	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.

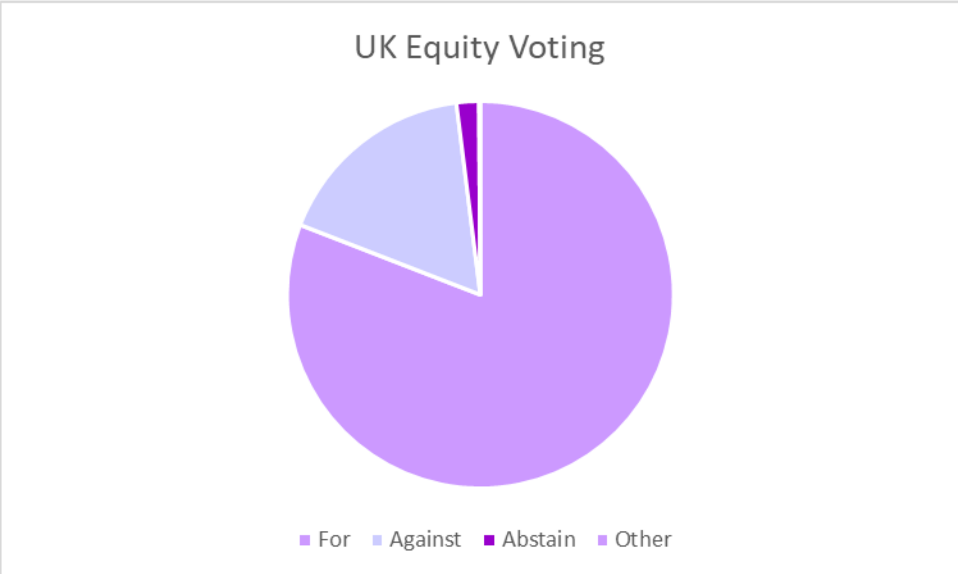
The general principles followed in both voting guidelines are: -

- 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.

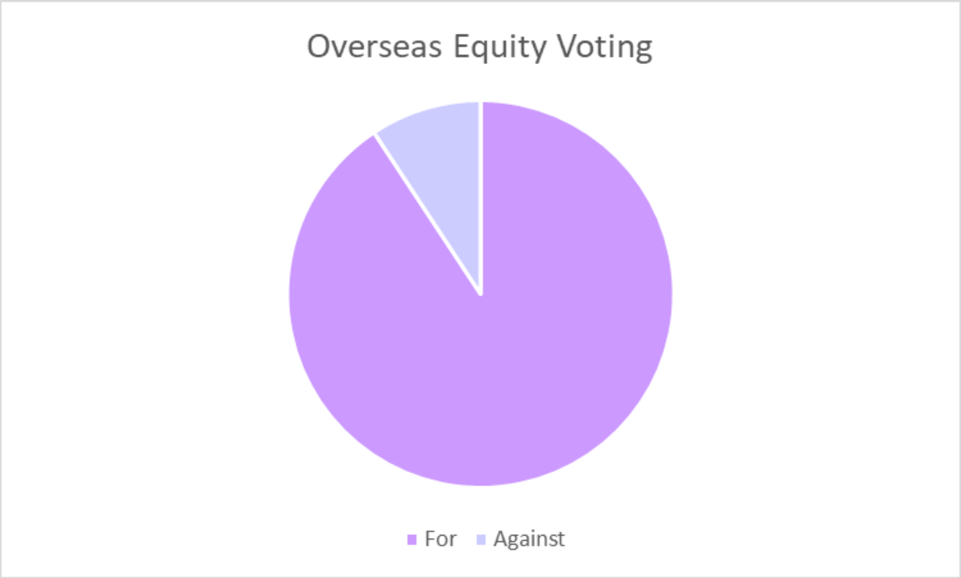
The UK Corporate Governance Code 2018 defines ‘significant opposition’ as when 20% or more of the voting share capital votes to oppose a resolution. Notably, Barclays PLC (28.14%) Ferguson PLC (25.1%) and SSP Group PLC (25.7%) met this definition of significant shareholder opposition when they put their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

- **1** Inter Authority Agreement
- **1** Joint Committee
- **11** Authorities

- **£11bn** assets in **15** ACS actively managed sub funds
- **£10bn** assets with **1** jointly procured passive manager: UBS
- **49%** pooling progress

- **3** FTE ASU* staff
- **4** part time Technical Leads**
- **Link:** ACS Operator
- **Alternatives** under consideration

- **£8.4m** costs
- **£20.6m** gross savings
- **£12.2m** net savings

Cumulative: 2016 inception to 31 March 2020

- **1st** Investor Day: 16 October 2019
- **6** Investment Managers: **70** delegates
- **2nd** Investor Day re-scheduled: October 2020

* FTE = Full Time Equivalent
ASU = ACCESS Support Unit

** Technical Leads drawn from ACCESS Authorities

All figures as at 31 Mar 2020 unless stated

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.

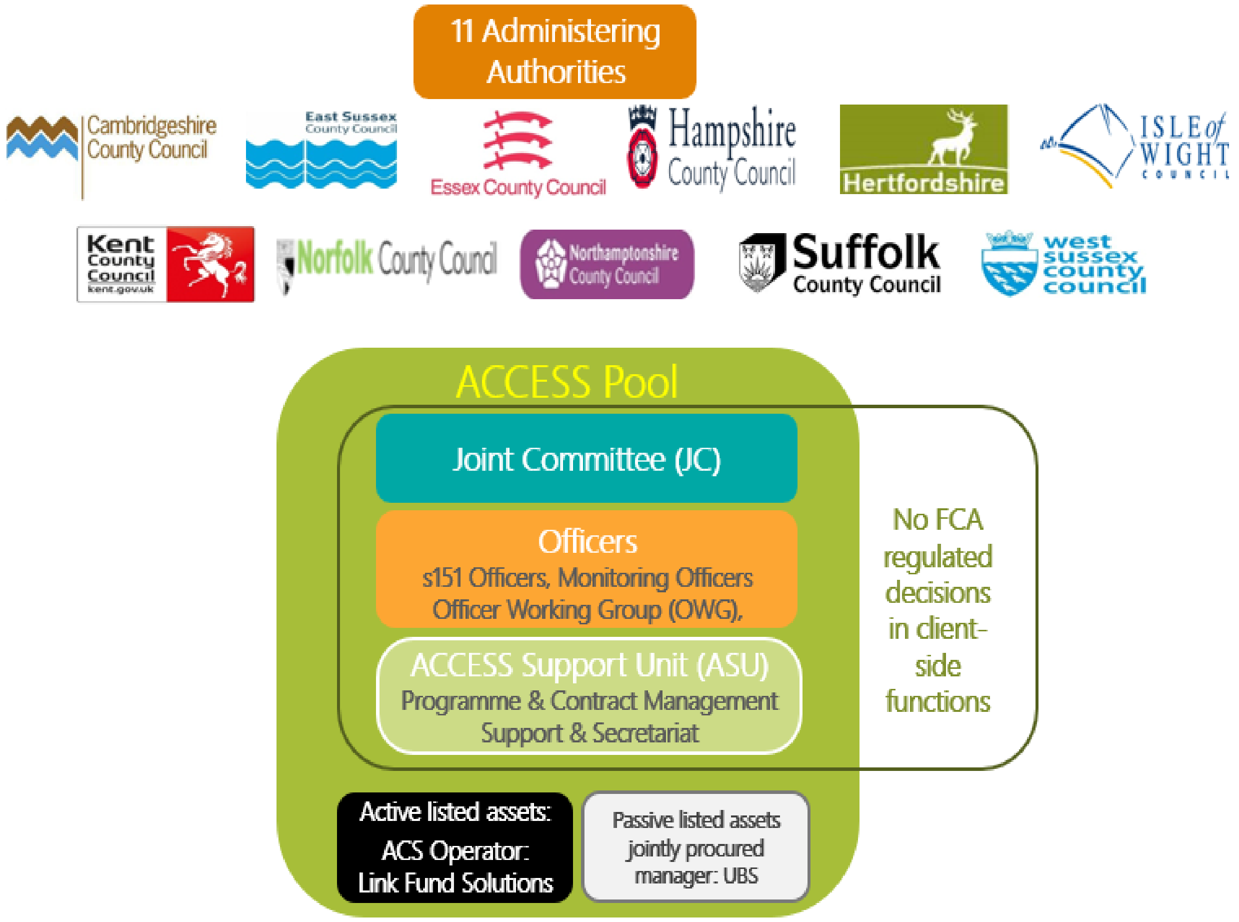
Collectively as at 31 March 2020, the ACCESS Authorities have

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

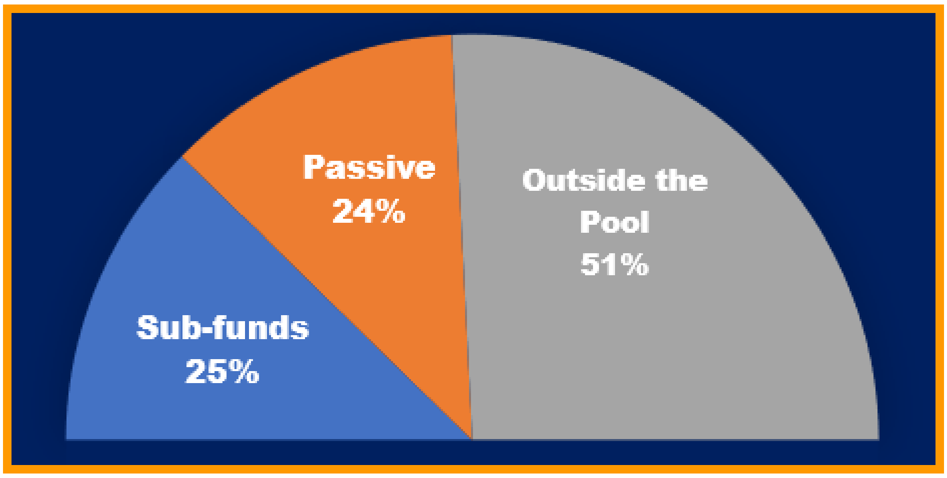
Pool Aligned Assets: UBS

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		2019 – 2020	
	Actual In Year £'000	Budget In Year £'000	Actual Cumulative to date £'000	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)

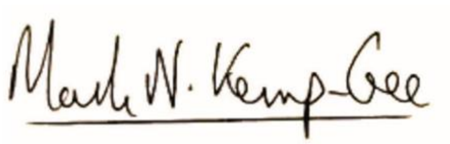
The ACCESS Authorities believe in making long term sustainable investments whilst integrating environment and social risk considerations, promoting good governance and stewardship.

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

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**

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:

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

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.

Pooled Property
The outbreak of COVID-19, declared as a Global Pandemic on 11 March 2020 by the World Health Organization, has severely impacted global financial markets. This has triggered a period of 'material valuation uncertainty' as per the RICS Red Book Global Edition and consequently a higher degree of caution should be attached to valuations supporting the unit price of the pooled property fund. At this time it is not possible to accurately predict the scale of the impact of COVID-19 on the economy and as a result the 2019 - 2020 Pooled Property valuations have been based on information prior to the outbreak, on the assumption that the values will be restored once property markets resume.

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 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:

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.

	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).

In relation to Pooled Property, the outbreak of COVID-19, declared as a Global Pandemic on 11 March 2020 by the World Health Organisation, has severely impacted global financial markets. This has triggered a period of 'material valuation uncertainty' as per the RICS Red Book Global Edition and consequently a higher degree of caution should be attached to valuations (as set out in Note 8) which underpin the unit price of this pooled property fund.

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

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.

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**

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.