

Minutes of the Suffolk Pension Board Meeting held on Wednesday 16 October 2024 at 11:00 am in the Rose Mead Room, Endeavour House, Ipswich.

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

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

14. Apologies for Absence

No apologies for absence were received; however, Thomas Jarrett extended his apologies for his delayed arrival.

15. Declarations of Interest and Dispensations

Richard Blackwell and Councillor Richard Smith MVO declared an interest by virtue of the fact they were each in receipt of a local government pension.

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

16. Minutes of the Previous Meeting

The minutes of the meeting held on 23 July 2024 were confirmed as a correct record and signed by the Chairman.

17. Pensions Administration Performance

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

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

Decision: The Board noted the report.

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

Members were advised that updates on the McCloud remedy for the Local Government Pension Scheme (LGPS) would continue, as there was no statutory deadline for its implementation. Currently, efforts were focused on meeting the statutory deadline for the Firefighters Pension Scheme by 31 March 2025, after which retired LGPS members would be reviewed.

Members discussed the issue of late contribution payments. Officers confirmed that repeat late-paying employers would receive formal warnings, indicating potential financial penalties under the Fund's Administration Strategy. While late payments from some small parish councils, due to their cheque-based payment processes, were noted by members as low risk, one Academy Trust's refusal to meet the Fund's deadlines could result in interest charges to ensure fairness across the Fund.

The Board also commended the officers for their effective performance, noting the low number of complaints despite the large membership.

Alternative options: There were none considered.

Declarations of interest: Richard Blackwell and Councillor Richard Smith MVO declared an interest by virtue of the fact they were in receipt of a local government pension.

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

Dispensations: There were none granted.

18. **ACCESS Pool update**

At Agenda Item 5, the Board received a verbal update from Tracey Woods, Head of Pensions, on the recent developments within the ACCESS pool.

Members were informed the Joint Committee met in early September where it reviewed the business plan and had ongoing discussions on optimising the number of sub-funds within ACCESS, a topic of particular government interest. Updated voting guidelines were approved to align with industry best practices. ACCESS was also working towards becoming a signatory to the UK Stewardship Code, something the Suffolk Pension Fund Committee was also taking forward. The ACCESS submission was expected to be made to the Financial Reporting Council by the end of October.

The Joint Committee also received its standard performance reports and updates on the development of new sub-funds, particularly in alternative investments, where product offerings were still needed. Currently, 91% of Suffolk's investments were pooled. Progress on complex investments was noted, though these required significant time to implement. Additionally, the Joint Committee awarded a new operator contract, which was later ratified by all individual committees, including the Suffolk Pension Fund Committee.

In response to a member's question about the Government's plans for infrastructure investment by Funds, the Board noted it was awaiting the outcomes of the upcoming Budget and pensions investment review.

Decision: The Board noted the update.

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

Alternative options: There were none considered.

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

Dispensations: There were none granted.

19. Annual Report and Accounts 2023-24

At Agenda Item 6, the Board received a report which presented the Audit Results Report compiled by Ernst & Young (EY) on the key findings and outcomes from the audit of the Pension Fund Annual Report and Accounts for 2023-2024, and the draft Annual Report and Accounts.

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

Members were informed that the Pension Fund Accounts were included within Suffolk County Council's accounts and were expected to be signed off by the Audit Committee in November 2024. The delay was due to pending legislation on disclaimed opinions for the 2022-23 accounts, and it was anticipated that external auditors would revisit them for eventual resolution.

Thomas Jarrett entered the meeting at 11:33 am.

Decision: The Board:

- a) noted the Audit Results Report.
- b) noted the Fund's Annual Report and Accounts, subject to minor amendments to the captions of photographs within the report.

Reason for decision: The audit results report summarised the findings from the 2023-2024 audit of the Pension Fund Annual Report and Accounts.

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

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

A member noted that some captions used with the photographs within the Annual Report were misrepresented. It was agreed that any changes could be sent to the Lead Accountant (Pensions) to be implemented.

An observation was made regarding the risk of additional errors when implementing corrections for minor issues and agreed with the Officer's decision not to amend the accounts.

A discussion also arose regarding the long-term sustainability of the pension fund and the balance between cash flow, investment returns, and employer contribution rates. The officers clarified that they have been closely monitoring cash flow and anticipated it going negative. The Fund remained in a positive position and Officers were prepared to adjust investments over time to increase the Fund's income.

A member also asked about references within the reports to a Virgin Media court judgement, wondering if it might impact the LGPS. Officers explained that this judgement required proof of documentation for pension scheme changes, affecting public sector schemes overseen by the Government Actuary's Department (GAD). Officers added that while this case began with a private scheme, it now impacted all pension schemes. If documentation proving past changes was found to be missing, the Department for Work and Pensions (DWP) might step in. Auditors flagged this as a risk, although it was currently unquantifiable.

Alternative options: There were none considered.

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

Dispensations: There were none granted.

20. Actuarial Valuation Preparation

At Agenda Item 7, the Board received a report which provided an outline of the next valuation exercise which would commence on 31 March 2025.

The report was introduced by Tracey Woods, Head of Pensions, and members had the opportunity to ask questions.

Decision: The Board:

- a) noted the process for the March 2025 triennial valuation.
- b) would receive updates on the progress of the actuarial valuation over the course of the year.

Reason for decision: In line with other UK Pension Funds, each LGPS Fund was required to undertake an actuarial valuation every three years. The Pension Fund Committee was responsible for the results and impact of the triennial valuation as set out in the Suffolk County Council's Constitution.

The Board represented the Employers in the Fund and should have appropriate oversight to fulfil their duties.

Alternative options: There were none considered.

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Dispensations: There were none granted.

21. Pensions Investment Review

The Board received a report at Agenda Item 8, which provided members with the scope of the Pensions Investment Review, expected timelines and how the Suffolk Pension Fund was engaging with the review. The response attached at Appendix 1 was agreed by the Pension Fund Committee at its meeting on 25 September 2024.

The report was introduced by Tracey Woods, Head of Pensions, and members had the opportunity to ask questions.

Decision: The Board noted the report.

Reason for decision: This paper was brought to the Board to keep members informed about the Pensions Investment Review.

At the national level, the Local Government Pension Scheme (LGPS) was governed by the Ministry of Housing, Communities and Local Government (MHCLG) and the LGPS Advisory Board. The investment and management of LGPS assets, the collection of employer and employee contributions, and payment of pension benefits was the responsibility of LGPS administering authorities.

The Pension Board assisted the County Council as Administering Authority to secure compliance and ensure the effective and efficient governance and administration of the LGPS in line with the requirements set out in legislation.

Members were informed of a recent meeting with civil servants from HM Treasury, MHCLG, and the Government Actuary's Department. Government representatives sought feedback on pooling arrangements and the approach to UK investments. While officials showed interest in increasing UK-based investments, HM Treasury acknowledged the necessity of global equities to meet fiduciary obligations and achieve optimal returns. Treasury officials also enquired about potential duplication of advisory roles, which Officers clarified was minimised by utilising the pool. Civil servants also explored barriers to achieving 100% pooled investments. Members heard that this meeting marked heightened government engagement, with an interim report expected in late autumn.

Alternative options: There were none considered.

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

Dispensations: There were none granted.

22. Pension Board Risk Register

At Agenda Item 9, the Board received a report which set out the Risk Register for the Pension Board and how the risk control measures had been implemented against the risks. The Risk Register is reviewed twice-yearly by the Board.

The report was introduced by Sharon Tan, Lead Accountant (Pensions) and members had an opportunity to ask questions.

Decision: The Board:

- a) reviewed the implementation of the risk control measures set out in Appendix 1.
- b) reviewed and approved the Pension Board Risk Register set out in Appendix 3.

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

The effective management of risk was also an area covered within the CIPFA Knowledge and Skills framework which recognised the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps could be taken to mitigate such risks.

Members also received and commented on the Pension Fund Committee's Risk Register. In response to a question about the presentation and priority order of the Pension Fund Committee's Risk Register, members were informed that this was aligned to the Risk Categories as noted in the Risk Management Strategy. A summary sheet would be provided in the Information Bulletin at the Board's December meeting.

Alternative options: There were none considered.

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Dispensations: There were none granted.

23. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 10.

In response to an enquiry from a member on the latest position of the Fund's new AVC offering, the Board was informed that the transition of assets from Clerical Medical, Standard Life, and Utmost to Legal & General took place over the summer. Clerical Medical completed the transition last, following a system update delay. Some employers experienced issues with contribution implementations, though most were now resolved. Feedback from certain employers had been positive, with several organisations expressing satisfaction with the Legal & General scheme. An upcoming employer meeting in December would further promote this option to members.

24. Forward Work Programme

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

Decision: The Board approved its Forward Work Programme as published, and with the inclusion of:

- a) a report on the progress of the Pensions Dashboard implementation at the Board's October 2025 meeting, with brief updates on any advancements or challenges to be included in the Information Bulletin at upcoming meetings as needed.
- b) to receive updates on the Valuation process throughout the year (as noted at Minute 20).

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

The meeting closed at 12:48 pm.

Chairman

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