

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives:

Councillor Richard Rout, representing Suffolk County Council.

Ian Blofield, representing all Borough, District, Town and Parish Councils.

Thomas Jarrett, representing all other employers in the Fund.

Scheme Member Representatives:

Pauline Bacon, representing the Unions.

David Rowe, representing Active Members.

Eric Prince, representing Pensioners.

Date: Friday, 1 October 2021

Venue: This meeting will be a remote meeting and therefore will not take place in a physical location.

The live broadcast will be available to [watch online](#) whilst the Board is sitting in public session.

Time: 11:00 am

Business to be taken in public:

1. **Apologies for Absence**
To note and record any apologies for absence.
2. **Declarations of Interest and Dispensations**
To receive any declarations of interests, and the nature of that interest, in respect of any matter to be considered at this meeting.
3. **Minutes of the Previous Meeting** Pages 5-10
To approve as a correct record, the minutes of the meeting held on 19 July 2021.
4. **Annual Report and Accounts 2020/21** Pages 11-151
To review the Annual Report and Accounts of the Fund for 2020/21.
5. **Pensions Administration Performance** Pages 153-155
To receive a report summarising the compliments, complaints and administration performance of the Fund.
6. **ACCESS Update**
To receive a verbal update on the ACCESS pool and the progress of pooling assets.
7. **Annual Employers Meeting** Pages 157-159
To consider the arrangements for the annual employers meeting.
8. **Information Bulletin** Page 161
To receive an information bulletin on some recent developments that will be of interest to the Board.
9. **Risk Register** Pages 163-182
To review the Pension Board Risk Register.
10. **Forward Work Programme** Pages 183-185
To consider whether there are any matters which the Board would wish to have included in its Forward Work Programme.

Date of next scheduled meeting: Friday, 10 December 2021 at 11:00 am

Access to Meetings

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

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact Democratic Services on:

Telephone: 01473 264371;

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

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

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

Nicola Beach
Chief Executive

Minutes of the Suffolk Pension Board Meeting held remotely on 19 July 2021 at 2:00 pm.

Present: Councillor Richard Rout (Chairman) (representing Suffolk County Council), Pauline Bacon (representing the Unions), John Chance (representing all Borough, District, Town and Parish Councils), Thomas Jarrett (representing all other employers in the Fund), Eric Prince (representing Pensioners) and David Rowe (representing Active Members).

Supporting officers present: Rebekah Butcher (Democratic Services Officer), Paul Finbow (Head of Pensions), Stuart Potter (Pensions Operations Manager) and Sharon Tan (Pensions Technical Specialist).

The meeting was opened by the Democratic Services Officer.

1. Appointment of Chairman and Vice Chairman

On the proposition of David Rowe, seconded by Eric Prince, it was agreed by general affirmation that Councillor Richard Rout be elected as Chairman for the 2021/22 Municipal Year.

Councillor Richard Rout assumed the Chair.

On the proposition of Councillor Richard Rout, seconded by Eric Prince, it was agreed by general affirmation that David Rowe be elected as Vice Chairman for the 2021/22 Municipal Year.

2. Apologies for Absence

There were no apologies for absence.

3. Declarations of Interest and Dispensations

Eric Prince declared a non-pecuniary interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, John Chance, Thomas Jarrett and David Rowe each declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

4. Minutes of the Previous Meeting

The minutes of the meeting held on 12 March 2021 were confirmed as a correct record and signed by the Chairman.

5. Investment Performance

At Agenda Item 5, the Board received a report which provided a summary of the performance of the Suffolk Pension Fund for the 2020-21 financial year attached at Appendix 1 and performance against other local authority pension funds attached at Appendix 2.

The report was introduced by Paul Finbow, Head of Pensions.

The Board was informed that the total size of the Fund as of 31 March 2021 was £3.390bn, an increase of around £582m from the previous financial year. The annual return of 20.6%, was ahead of the Fund's specific benchmark by 1.9%. Members were aware that the outperformance came from stock selection decisions.

Decision: The Board agreed by general affirmation to note the performance of the Fund.

In response to a request from a Member, the Head of Pensions confirmed that he would seek out performance comparisons with other Non LGPS schemes for the Board's information.

Reason for decision: The Board was interested in the overall investment performance of the Fund.

Members were aware that the Suffolk Pension Fund was quite risk adverse, similarly to most other Local Government Pension Scheme (LGPS) funds. Members wished to compare the Suffolk Pension Fund's investment performance with other pension schemes.

Alternative options: There were none considered.

Declarations of interest: Eric Prince declared a non-pecuniary interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, John Chance, Thomas Jarrett and David Rowe each declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

6. Pensions Administration Performance

At Agenda Item 6, the Board received a report which provided an update on the performance of the Pensions Administration Team as well as details of any compliments and complaints received by the team, and the receipt of contribution payments.

The report was introduced by Stuart Potter, Pensions Operations Manager and Sharon Tan, Technical Pensions Specialist.

Decision: The Board agreed by general affirmation to note the report.

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

Alternative options: There were none considered.

Declarations of interest: Eric Prince declared a non-pecuniary interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, John Chance, Thomas Jarrett and David Rowe each declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

7. Management Expenses

At Agenda Item 7, the Board received a report which set out the proposed management expenses for 2021/22 for the Suffolk Pension Fund as presented to the Pension Fund Committee at its meeting on 22 March 2021.

The report was introduced by Sharon Tan, Technical Pensions Specialist.

Decision: The Board agreed by general affirmation to note the report.

Reason for decision: Members were aware that the costs incurred by the Pension Fund in managing the Fund was related to administration, investment management, and governance costs. Some of the costs were incurred by Suffolk County Council as administering authority of the Pension Fund.

The Pension Board was required to ensure effective and efficient governance of the Suffolk Pension Fund.

Alternative options: There were none considered.

Declarations of interest: Eric Prince declared a non-pecuniary interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, John Chance, Thomas Jarrett and David Rowe each declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

8. ACCESS Pool Update

At Agenda Item 8, the Board received an update from the Head of Pensions in relation to the ACCESS pool.

A summary update paper was provided at pages 55-57 of the agenda pack detailing the points considered at the ACCESS Joint Committee's informal meeting held on 25 June 2021.

Paul Finbow, Head of Pensions, informed the Committee that Paul Tysoe had been appointed to the ACCESS Support Unit to fulfil the Client Manager Role and he started on 1 July 2021. He said that Mr Tysoe had previously worked for the Northamptonshire and Cambridgeshire Funds and his role was to ensure ACCESS delivered the needs of the individual funds.

Members were also informed that ACCESS had started to look at Communications Spokespeople for ACCESS in terms of communicating to the wider pension's world and particularly to the Government on how the pool was developing. Members heard that Councillor Karen Soons, Chairman of the Suffolk Pension Fund Committee, would be fulfilling the role for Media Strategy.

In relation to Responsible Investment, the Board was told that ACCESS was working with Minerva on a draft report which would be presented to the Joint Committee's September meeting, and would then be shared with the individual pensions fund committees. Further updates would be reported to the Board's October meeting.

Members were also informed that the insurance issues previously reported to the Committee had now been resolved and this had meant the creation of new sub-funds had restarted. Members noted that the Black Rock mandate the Fund held in UK Equities, had transferred to the pool on 7 July 2021.

Lastly, the Board were informed that ACCESS were trying to put in place an Emerging Markets sub fund. An independent review of the process has been undertaken and a set of recommendations was shared with the Joint Committee at its informal meeting in June, and these would be taken forward at its September meeting for approval.

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.

Declarations of interest: Eric Prince declared a non-pecuniary interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, John Chance, Thomas Jarrett and David Rowe each declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

9. Pension Board Training Plan

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

The report was introduced by Paul Finbow, Head of Pensions.

Decision: The Board considered the content of its training programme for the coming year and Members raised the following topics as potential future training items:

- a) The transparency of the Fund's fees: i.e., currency charges, bonuses etc.
- b) The internal and external complaints procedure.
- c) Communications to eligible people on the benefits of joining the Fund.

The Board also agreed to utilise the Hymans Robertson Online Training Course.

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

- a) A Member wished to further understand how transparent the Fund's fees were and to gain further insight in how to decipher those that were classed as hidden fees.
- b) A Member noted that whilst the Fund did not receive a high level of complaints, they could be distressing for an individual when they were made. It was felt that further understanding could be useful on what course a complainant might take if they were not happy with the response they had received to a complaint. Officers noted that this could also impact Employers if a complaint was made against them, so a session covering the complaints process for both Employees and Employers was considered to be beneficial for the Members of the Board.
- c) A Member wished to consider how the Board could help improve the knowledge of eligible people on the benefits of being a member of the Local Government Pensions Scheme (LGPS). It was noted that some people, whilst automatically enrolled to the scheme at the start of their employment, had elected to come out of the scheme and further understanding on what information and advice was provided to those people, in order to consider what improvements could be made to ensure such individuals maintained their membership.

The Board also considered that the Hymans online training course would eliminate some of the gaps in members' knowledge highlighted as part of the National Knowledge and Skills Assessment survey undertaken in 2020.

Alternative options: There were none considered.

Declarations of interest: Eric Prince declared a non-pecuniary interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, John Chance, Thomas Jarrett and David Rowe each declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

10. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 10.

11. Risk Register

At Agenda Item 11, the Board received a report which set out the Risk Register for the Pension Board as approved on 12 March 2021 and how the risk control measures had been implemented against the risks

The report was introduced by Sharon Tan, Technical Pensions Specialist.

Decision: The Board:

- a) noted the implementation of the risk control measures at Appendix 1.
- b) reviewed and approved the Pension Board Risk Register as published at Appendix 4, subject to an amendment to the Risk Rating of SPB05 to 'Low'.

Reason for decision: The Board considered that 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 which was covered within the CIPFA Knowledge and Skills framework which recognised the importance of understanding the risks that could have an impact on the Pension Fund and what steps could be taken to mitigate such risks.

Members considered that the impact to the Fund would be high if Regulations were not being adhered to, but on balance felt that the probability of that happening would be rare. The Board considered that Officers were knowledgeable and up to date of the Regulations and provided excellent advice when required. Therefore, the Board considered that the risk rating for SPB05 should be lowered.

Alternative options: There were none considered.

Declarations of interest: Eric Prince declared a non-pecuniary interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, John Chance, Thomas Jarrett and David Rowe each declared a non-pecuniary interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

12. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 12.

Decision: The Board agreed its Forward Work Programme as published with the following addition:

- a) To include an item on the October or December meeting on the Annual Employers meeting – either a verbal update or a written report.

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

Members were aware that they had not been able to review the proposed Agenda for the Annual Employer's meeting due to the need to wait for the Appointment of the Chairman of the Board. However, Members considered it important enough to warrant a discussion at its next meeting. Members were advised that a draft Agenda would be circulated to the Board for comment via email before the Annual Employers meeting took place.

The meeting closed at 4:05 pm.

Chairman

Suffolk Pension Board

Report Title:	Annual Report and Accounts 2020/21
Meeting Date:	1 October 2021
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Paul Finbow, Head of Pensions, Telephone: 01473 265288 Email: paul.finbow@suffolk.gov.uk

Brief summary of report

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

Action recommended

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| <ol style="list-style-type: none"> 2. The Board is asked to note the Fund's Annual Report and Accounts and consider any areas of interest that the Board would like further information on to be added to the forward work programme. |
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Reason for recommendation

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

Alternative options

4. There are no alternative options

Main body of report

5. The Board receives information about the Annual Report and Accounts of the Suffolk Fund to fulfil its remit to secure the effective and efficient governance and administration of the Suffolk pension Fund.
6. The Net Assets of the Pension Fund as at 31 March 2021 is £3.398bn, an increase of £590m from the previous financial year. The investment return for the year was 20.6%.
7. There are 324 active employers in the scheme with 69,878 scheme members of whom 21,702 are contributing members, 17,540 are in receipt of pension benefits and the remainder deferred members.

8. Contributions for the year totalled £99m from employers and £23m from contributing members. £101m was paid out in pension benefits.
9. Management expenses were £11.5m, of which investment expenses were £9.7m. Investment expenses include management fees and expenses, and performance fees, directly charged to the Pension Fund and those charged against the Net Asset Statement.
10. The Annual Report and Accounts were presented to the Pension Fund Committee to approve on the 15 September 2021. A copy of the Annual Report and Accounts is attached as **Appendix 1** for the Board's consideration.

Audit of Pension Fund Accounts for 2020-21

11. The audited Suffolk County Council Statement of Accounts for 2020-21, which includes the Pension Fund accounts, were presented to the Audit Committee on 29 September. The Audit Results Report by Ernst & Young presents the key findings and outcomes from the audit of the Pension Fund Annual Report and Accounts attached as **Appendix 2**.

Publication

12. The statutory deadline for the publication of the Pension Fund Annual Report is 1 December. However, the CIPFA guidance recommends that administering authorities should aim to publish the annual report by 30 September.
13. Following the approval of the Pension Fund accounts by the Audit Committee, the Pension Fund Annual Report will be published on the Suffolk Pension Fund website on the same day.

Conclusion

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

Sources of further information

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

Suffolk Pension Fund Annual Report and Accounts 2020-21



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

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Pension Fund Committee Chairman's Report

I am delighted to be introducing the latest Suffolk Pension Fund Annual Report and Accounts. It was an unprecedented year, which has been defined by the COVID pandemic leading to social and economic disruption as the coronavirus intensified with worldwide lockdowns. This has led to the Pension Fund embracing new ways of working, holding all of its meetings online, whilst working from home, to ensure that in these times of uncertainty, the Pension Fund continued to operate as usual. Important decisions have continued to be made and regular contact has continued with the investment managers and investment advisers to ensure that the investment strategy continued to perform during periods of market volatility.



The Suffolk Pension Fund has performed strongly, with an investment return of 20.6% in 2020-21 outperforming the Fund's performance benchmark by 1.9%, with the asset value increasing by £590 million to £3.398 billion.

Over the past five years the Fund's return was 8.6% per year, which is just under the benchmark by 0.2% but significantly above the rate of inflation. Over the longer term the Fund's investment has returned 7.9% per year over the ten years to March 2021. 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.

The Suffolk Pension Fund continues to work closely with ACCESS (A Collaboration of Central, Eastern and Southern Shires) having already transferred 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. Work is already underway to pool further assets in the year ahead.

During the year the Pension Fund Committee attended a workshop facilitated by Hymans Robertson, the fund's investment consultant, to further develop and strengthen their Environmental, Social and Governance beliefs and its responsible investment philosophy to underpin its investment objective to deliver an investment return consistent with funding plans that does not compromise future generation's ability to meet their own needs.

The Pension Fund Committee is responsible for managing the Fund, with the assistance of council officers, external advisers and professional investment managers and with the knowledge, expertise and commitment from all of those involved in the Fund we have met the challenges presented throughout the year.

Councillor Karen Soons

*Chairman of the Pension Fund Committee
July 2021*

Pension Board Chairman's Report

It is a pleasure to introduce my first Suffolk Pension Board's annual report, which is incorporated within the Suffolk Pension Fund annual report and accounts for 2020-21. This is my first year as Chairman of the Board having been appointed to the Board in June 2021. I am very much looking forward to continuing the work carried out by my predecessor Cllr Gordon Jones who stepped down from Suffolk County Council at the elections held in May 2021. .



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).

In order to fulfil their role effectively, Board members have access to a comprehensive training programme which includes a training session at the start of each Board meeting and the Committee's training session before their meetings. Members of the Board also attended the workshop to develop the Pension Fund's environmental, social and governance beliefs and responsible investment philosophy. In addition, Board members participated in the Hymans Robertson knowledge and skills assessment.

The Board's engagement and communication with employers remained a priority and the annual employers' meeting went ahead on 25 September 2020 as planned, albeit remotely. This gave 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 Board has been kept informed of the legislative changes that have been announced throughout the year, receiving appropriate information to understand the impact of these changes, with regular updates on the implementation, accompanying guidance and the legal advice received.

As part of its governance responsibilities the Board regularly reviews the work carried out by the pensions administration team which has continued to deliver a high standard of service to the employers and members of the Pension Fund during the coronavirus restrictions and periods of lockdown, quickly adapting to working remotely without diminishing the service. The helpdesk has continued to be operational throughout the pandemic, new pensions have been processed and benefits have been paid on time. This is a testament to the flexibility and working ethos of the team in a time of great uncertainty and upheaval.

The forthcoming year will no doubt bring further challenges as we emerge from this pandemic and enter the recovery phase. Through this, the Board will of course continue its work to ensure that the Pension Fund best serves the members and employers of the Fund.

Councillor Richard Rout *Chairman of the Suffolk Pension Board*

July 2021

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 2021, 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 2020-21 are as below:

Actuarial Valuation

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.

The Committee has received reports on the actuarial position of the Fund on a quarterly basis. The Fund's Actuary, Hymans Robertson LLP provides analytic modelling to enable monitoring of the actuarial position of the Fund on a quarterly basis and provides a snapshot of the funding level, comparing the current financial position with the actuarial projections included in the last actuarial valuation.

The current estimated position for March 2021 shows a funding level of 109%, an increase on the March 2019 funding value of 99%. This can be mainly attributed to a fall in the inflation assumption and an increase in actual asset performance.

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 2021, 42% of the Fund is to be invested in equities, with the balance in bonds (26%), property (10%), a number of funds in alternative investments (31.5%) and a small holding in cash and money markets of 0.5%.

Administration

The Pensions team have managed to keep the service running whilst working from home

throughout the pandemic. There has been a greater use of electronic communication, and throughout the phone helpdesk has been maintained which has enabled the needs of members who prefer to talk to someone to be met.

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 delivered electronically ahead of the statutory deadline of 31 August.

Audit

The Pension Fund accounts are included within the County Council's Statement of Accounts for 2020-21, 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 Joint Committee overseeing the Pool and one Section 151 Officer attends the meeting to be on hand to offer direct support as decisions are made at the meeting. The Section 151 Officers meet on at least a quarterly basis to be briefed by the Director of the Access Support Unit (ASU) on the progress of implementing the decisions made by the Committee and to understand the resources required to implement these decisions and to ensure the budget is appropriate.

Impact of COVID

The Suffolk Pension Fund has continued to operate within the constraints of working remotely on a business-as-usual basis. The administration team has continued to pay members pensions on time and process documentation in a timely manner whilst maintaining data integrity.

Communications are always important in times of uncertainty and these have been continued, including holding the annual Employers meeting on line. The Pension Fund Committee and Board meetings have all been held as planned, with a live stream of the meeting being broadcast to enable members of the public to observe.

Louise Aynsley

Chief Financial Officer (S151)

July 2021

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 2020-21 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 29 September 2021 on behalf of Suffolk County Council and have been authorised for issue.

Councillor Joanna Spicer

*Chairman of the Audit Committee
September 2021*

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

The Chief Financial Officer is responsible for the preparation of the Council's Statements of Accounts including those of the Pension Fund. In order to comply with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of the financial position of the Pension Fund at 31 March 2021, and the income and expenditure (spending) for the year to that date.

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

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

The Chief Financial Officer has also:

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

Certification

I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Pension Fund at 31 March 2021 and its income and expenditure for the year to that date.

Louise Aynsley

Head of Finance (Section 151 Officer)
September 2021

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

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

ACTUARIAL STATEMENT FOR 2020-21

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

Description of Funding Policy

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

- 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 severely disrupted by COVID 19 in March 2020, but in the 2020/21 year they recovered very strongly. As a result, the funding level of the Fund as at 31 March 2021 is estimated to be slightly higher than that reported at 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
12 May 2021

Management Structure

Pension Fund Committee

Cllr. Karen Soons (Chairman)
 Cllr. David Roach (Vice-Chair)
 Cllr. Alexander Nicoll
 Cllr. Peter Gardiner
 Cllr. Jamie Starling

Cllr John Whitehead
 Cllr. Robert Lindsay
 Cllr. David Goldsmith
 Cllr. Colin Kreidewolf
 Steve Warner (Unison)

Pension Board

Cllr. Gordon Jones (Chairman)
 David Rowe (Vice-Chairman)
 Thomas Jarrett

Suzanne Williams
 John Chance
 Eric Prince

Suffolk County Council

Louise Aynsley
 Paul Finbow
 Sharon Tan

Andy Chapman-Ennos

Stuart Potter

Chief Financial Officer (S151 Officer)
 Head of Pensions
 Technical Pensions Specialist (Invest & Accts)
 Technical Pensions Specialist (Administration)
 Operations Manager (Administration)

Investment Managers

Blackrock Investment Management
 Brookfield Asset Management
 JP Morgan
 Kohlberg, Kravis, Roberts
 Link Fund Solutions
 M&G Investments

Partners Group
 Pyrford International
 Schroder Investment Management
 UBS Group
 Wilshire Associates
 Pantheon Ventures

Pension Fund Advisers

Auditors
 Actuary
 Investment Consultancy Services
 Independent Investment Adviser
 Performance Measurement
 Investment Custodians
 Banking Services
 Legal Advisers
 Voting Advisers

Ernst & Young LLP
 Hymans Robertson LLP
 Hymans Robertson LLP
 Mr Mark Stevens
 HSBC Bank Plc and PIRC
 HSBC Bank Plc
 Lloyds Banking Group Plc
 Squire Patton Boggs
 Pensions Investments Research Consultants
 Link Fund Solutions

Pool Operator

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.

The 2020-21 audit review of Pension Investments confirmed that there continued to be evidence of sound governance, risk management and control arrangements in place.

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

The Suffolk Pension Fund continues to transfer assets into the ACCESS pooled fund when appropriate. ACCESS is a collaborative partnership between eleven LGPS Administering Authorities and has a legal agreement in place (the IAA - Inter Authority Agreement). The IAA has been reviewed, and the revised version has now been adopted by all eleven Authorities. Governance arrangements for the Pool are in place, and these preserve the ability of Suffolk Pension Fund to determine its own investment decisions (in accordance with its own investment strategy). The Suffolk Pension Fund is represented on the Pool's Joint Committee and also at the Officer Working Group. Feedback on the pooled fund progress is given at the Suffolk Pension Fund Committee and Board meetings.

The ACCESS pool fund continues to develop, but there is a clear governance structure in place with quarterly reporting to the Joint Committee, and a business plan and risk register which are regularly reviewed. The ASU (ACCESS Support Unit) provides day-to-day support for the Pool, including programme and contract management, and administration and technical services. The ASU was audited by Essex County Council in 2020. This work raised one finding – that the Pool's Governance Manual (describing the operational detail which sits under the IAA and assists in the establishment and maintenance of good governance procedures) was still in draft. Internal Audit were advised that the Governance Manual would be completed and formally adopted by the Joint Committee by 31 March 2021, but there has since been a new governance lead and work continues to progress the Governance Manual.

Due to the COVID-19 pandemic, business continuity measures came into force with pensions staff working from home, and virtual meetings held with investment managers, advisers, and the Actuary.

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

The scope in 2020-21 returned to transaction-based testing and evaluation of the control environment in relation to systems and administration of scheme employers. A reasonable level of assurance was gained that there are sound control arrangements in place which allows the fund to operate effectively despite the high volume of transactions and regulation surrounding the activities of the Fund.

focused 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.

The Pension Team has had to adapt some of its processes, such as the payment approval process, to ensure it can continue to work efficiently despite the barriers introduced by home working. However, the changes have achieved the same level of good control that existed pre-COVID-19.

New members of staff have been recruited to progress the backlog of undecided leavers highlighted in the 2018-19 Internal Audit report, and the addition of new staff will also help to address any impact of the McCloud ruling. The Local Pension Board has received updates on the progress of this task, most recently in March 2021.

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

Audit	2018/19	2019/20	2020/21
Pensions Investments	Substantial Assurance	Substantial Assurance	Substantial Assurance
Pensions Administration	Reasonable Assurance *	Reasonable Assurance *	Reasonable Assurance *

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

Counteracting Fraud

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

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

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

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 is established.

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

The 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 19 in the Pension Fund statement of accounts includes a statement of the nature and extent of risks associated with the Fund's investments. The most significant risks associated with the Fund's investments are considered to be market risk (the risk that the value of the Fund's investments will fluctuate due to changes in market sentiment) and price risk (the risk that the funding level will fluctuate due to changes in market conditions and market performance). 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	2016-17	2017-18	2018-19	2019-20	2020-21
	£'000	£'000	£'000	£'000	£'000
Contributions	108,698	108,619	111,531	117,880	122,110
Other Income	2,474	4,056	5,612	6,944	4,119
	111,172	112,675	117,143	124,824	126,229
Benefits Payable	-86,783	-91,567	-96,152	-100,508	-101,372
Other Expenditure	-4,314	-4,920	-10,371	-4,389	-7,506
	-91,097	-96,487	-106,523	-104,897	-108,878
Net additions / withdrawals(-) from dealings with members	20,075	16,188	10,620	19,927	17,351
Management Expenses	-15,654	-19,161	-12,479	-14,697	-11,518
Investment Income (net of tax)	32,550	35,415	35,085	40,981	36,301
Change in Market Value of Investments	398,499	81,374	135,384	-168,848	547,829
Net Returns on Investments	415,395	97,628	157,990	-142,564	572,612
Change in Fund during the year	435,470	113,816	168,610	-122,637	589,962
Net Assets at 31 March	2,648,665	2,762,481	2,931,091	2,808,454	3,398,416

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

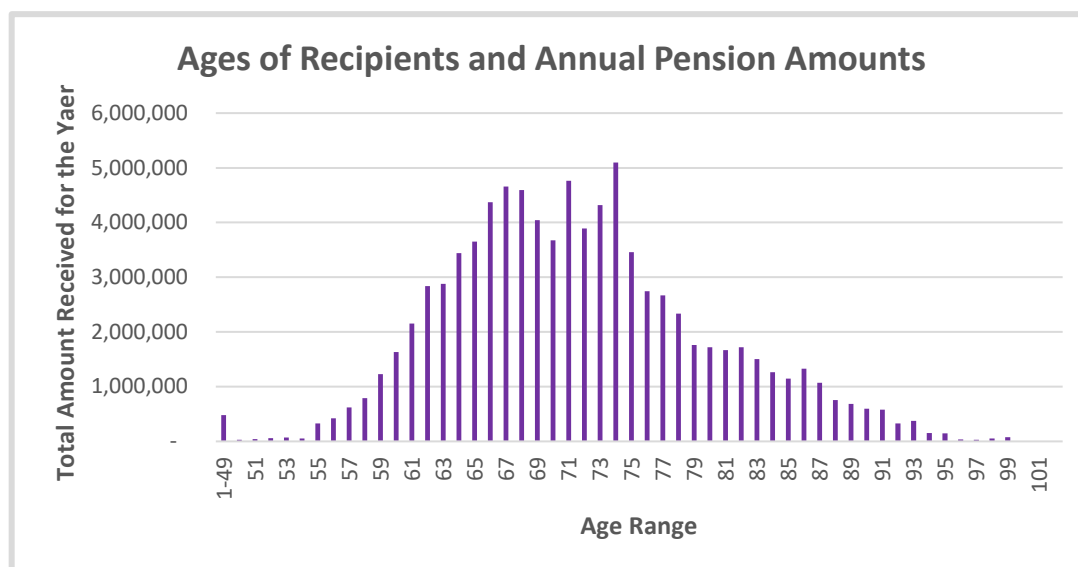
There are circumstances when pensions are paid to dependents of members who die before claiming their retirement benefits such as:

- 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 62 – 77 age bracket with pension payments peaking

with recipients at age 74 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 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 28.8 years.
- The pension being drawn for the longest, is 53 years and is currently £4,569. 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 £4,958. 12,416 recipients receive less than the average payment.
- The national average wage is £29,600. 265 recipients receive in excess of the national average wage.

Contribution Receipts

A review is carried out on the timings of the payment of pension contributions to the fund by the employers and reported quarterly to the Pension Board. The administration strategy requires these to be received by the Pension Fund within 5 working days of the month in which the contributions were deducted. The table below summarises the timeliness of receipts for the 2020-21 financial year:

	2020-21		
	Emp.	Contribs.	
	%	£'000	%
On Time	89	119,207	98
Up to 1 week late	4	1,658	1
Over 1 week late	7	1,245	1
Total		122,110	

Cost of Running the Fund

Running costs are incurred in administration, investment management and governance. The costs for 2020-21 were £11.518 million, representing about 0.34% of the value of the Fund at 31 March 2021.

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.

	2019-20	2020-21
Administration Expenses	£'000	£'000
Suffolk County Council	887	910
Heywood pension administration system	433	339
Subscriptions and other costs	38	37
Total Administration Expenses	1,358	1,286

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 reduction in the Heywood expenses relates to the 2019-20 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.

	2019-20	2020-21
Oversight and Governance Expenses	£'000	£'000
Suffolk County Council	153	147
Pension Fund Committee	7	6
Pension Board	3	2
Actuarial Services	178	68
Audit Fees	31	33
Legal Fees	1	2
Performance Analysis	40	40
Proxy Voting Service	8	8
Investment Advice	114	114
Asset Pooling	73	88
Subscriptions and membership fees	10	27
Total Oversight and Governance Expenses	618	535

The higher actuarial costs in 2019-20 includes the costs of the triennial valuation exercise which was carried out in 2019.

Investment Management Expenses

Investment management expenses (shown overleaf) 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 £1.263 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 £1.7 million.

	2019-20	2020-21
Investment Management Expenses	£'000	£'000
BlackRock	3,297	3,954
Brookfield	74	72
Inhouse	1	-
J P Morgan	249	848
KKR	1,685	-2,376
Link Fund - Newton	110	117
M&G	2,046	2,378
Newton	158	-
Pantheon	1,743	1,400
Partners	1,226	1,528
Pyrford	669	764
Schroders	393	366
UBS	288	337
Wilshire	238	139
Winton	292	-
Transaction Costs	210	118
Custodian (HSBC)	43	51
Total Investment Management Expenses	12,722	9,697

Notes:

1. KKR includes the release of the performance fee accrual that had been accrued over the life time of the investment and released when all the investments had been realised.
2. An additional investment has been taken out with Partners which accounts for the increase in fees for from the previous year.
3. No fees were incurred for Winton as this was disinvested in August 2019 and Newton, as this was transferred into the Newton sub-fund operated by Link Fund Solutions in May 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:

	2019-20	2020-21
Investment Management Expenses	£'000	£'000
BlackRock	1,226	1,885
JP Morgan	-	91
KKR	1,574	-2,692
M&G	-35	-
Pantheon	716	491
Partners	-	900
Total Investment Management Expenses	3,481	675

Investment Income

The table below shows the sources of Investment Income earned by the Fund in 2020-21:

Investment Income	UK	Non-UK	Global
	£'m	£'m	£'m
Equities	7.654	-	6.821
Property	7.997	-	-
Alternatives	0.979	8.949	3.841
Cash & Cash Equivalent	0.001	-	-
Other	-	-	0.042
Total Income	16.631	8.949	10.704

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 73.5% 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 16% 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 26% 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 2021 are shown below along with the maximum investment limits set for each asset class.

Asset Allocation			
	Actual Allocation March 2021	Long-term Allocation	Maximum Limit
	%	%	%
UK Equities	11.2	8.0	25.0
Overseas Equities	34.8	34.0	50.0
Total Equities	46.0	42.0	75.0
Global Bonds	21.3	22.0	35.0
UK Index-linked Gilts	3.9	4.0	8.0
Total Bonds	25.2	26.0	43.0
Private equity	4.2	4.0	8.0
Property	8.8	10.0	15.0
Absolute return	5.4	-	10.0
Illiquid Debt	2.0	7.0	8.0
Infrastructure	7.6	10.0	15.0
Timber	0.2	0.5	0.5
Total Alternatives	28.2	31.5	56.5
Cash & Cash Equivalents	0.6	0.5	5.0
Total	100	100	

Investment Management Arrangements

The Fund's investment management arrangements at March 2021 are shown below.

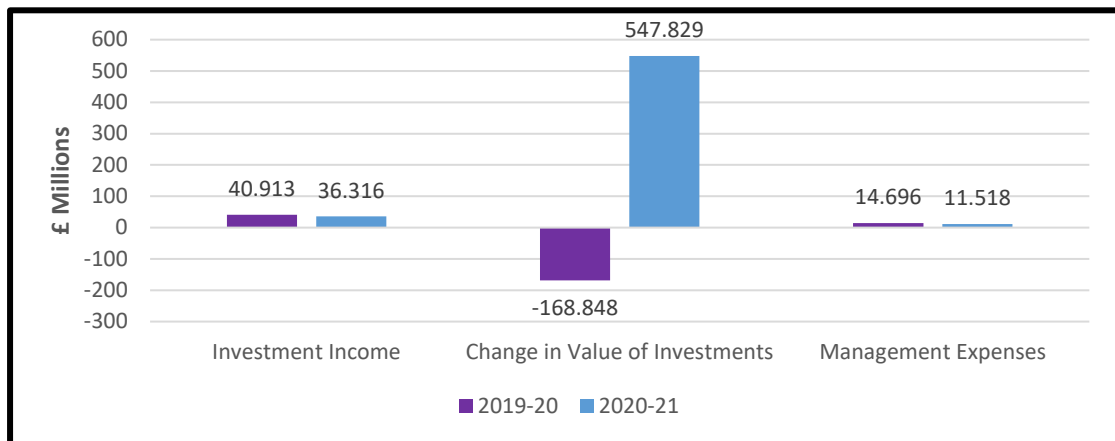
Fund Manager Allocation			
Investment Manager	Asset class	Actual allocation March 2021	Long-term allocation
		%	%
BlackRock	UK equities & Bonds	19.5	20.0
Brookfield	Timber	0.2	0.5
J P Morgan	Infrastructure	4.9	6.0
Kohlberg, Kravis, Roberts (KKR)	Infrastructure	0.0	0.5
Link Fund - Newton	Global equities	14.8	12.0
M&G Investments	Bonds, Illiquid Debt & Infrastructure	12.3	13.5
Pantheon	Private equity	3.8	3.5
Partners Group	Infrastructure & Illiquid Debt	2.3	2.0
Pyrford	Absolute return	5.3	-
Schroder	Property	8.8	10.0
UBS	Equities & Bonds	27.1	26.0
Wilshire	Private equity	0.4	0.5
TBC	Illiquid Debt		5.0
Internal Cash	Cash	0.6	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, 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.
- The previous investment with Kohlberg, Kravis, Roberts was realised during the year but a new commitment has been made to the global infrastructure fund IV, with the first capital call expected towards the end of 2021.
- A commitment of 5% to illiquid debt has not yet been allocated.

Investment Performance

The chart below shows the comparative investment returns between 2019-20 and 2020-21. The change in the value of the Fund’s investments includes realised and unrealised gains and losses during the year.

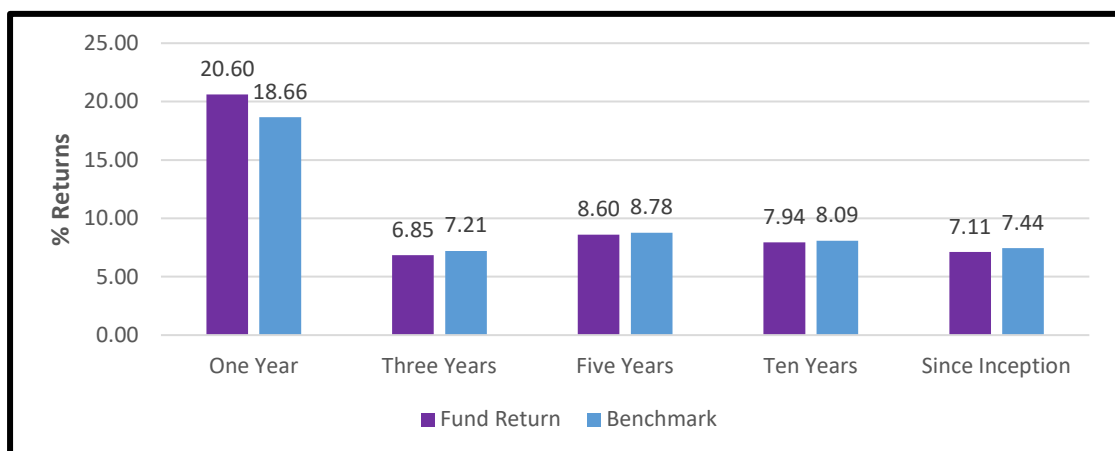


The Fund’s assets increased from £2,808 million to £3,398 million during 2020-21, representing an investment return of 20.6% net of fees. The Fund’s benchmark is based on the weighted average of the market index returns for the markets in which it invests in or a mandate specific absolute return. The Fund outperformed the benchmark by 1.9%.

The Fund performed under benchmark over the longer term for the five year benchmark by 0.18% and by 0.15% 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)										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	%	%	%	%	%	%	%	%	%	%
Retail prices	3.6	3.3	2.5	0.9	1.6	3.1	3.3	2.4	2.6	1.8
Fund return	2.0	13.6	5.6	15.4	0.7	19.0	4.0	5.9	-4.5	20.6
Fund benchmark	3.8	12.1	6.3	13.9	1.5	17.9	4.8	7.4	-3.3	18.7
Relative return	-1.8	1.5	-0.7	1.5	-0.8	1.1	-0.8	-1.5	-1.2	1.9

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 2020-21, alongside the Suffolk benchmark target and the passive index if an appropriate index exists.

Holdings	Opening Value		Closing value		Perf.	Passive Index	Benchmark
	£' m	%	£' m	%			
Pooled & Pool Aligned							
Overseas Equities	368.187	13.4	501.287	14.8	36.2	43.4	38.9
Passive Equities	567.545	20.7	786.097	23.2	38.5	38.5	38.5
UK Index-linked Bonds	226.762	8.3	130.871	3.9	2.4	2.6	2.6
Total Pool Aligned	1,162.494	42.4	1,418.255	41.9			
UK Equities							
UK Equities	203.146	7.4	268.466	7.9	30.2	26.7	26.7
Total Equities	203.146	7.4	268.466	7.9			
Global Bonds	627.036	22.9	722.674	21.3	15.3	2.6	2.2
Total Bonds	627.036	22.9	722.674	21.3			
Absolute Return	166.769	6.1	181.346	5.4	8.1		5.1
Illiquid Debt	40.247	1.5	66.606	2.0	13.2		8.0
Infrastructure	153.001	3.6	258.257	7.6	3.1		8.0
Money Market	40.123	1.5	42.671	1.3	0.5		0.1
Private Equity	121.506	4.4	143.405	4.2	21.3		39.9
Property	270.917	9.9	278.112	8.2	2.4		2.5
Timber	8.437	0.3	7.944	0.2	-0.9		8.0
Total Alternatives	801.000	27.3	978.341	28.9			
Total	2,793.676	100.0	3,387.736	100.0	20.6		18.7

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 £1.8 million in 2020-21, on investment management fees on 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 21	Manager	2020-21 Absolute Return	2020-21 Relative Return	3 Year Relative Return	5 Year Relative Return
%		%	%	% p.a.	% p.a.
8.0	Blackrock Equities	30.2	3.5	3.3	2.5
11.4	Blackrock Bonds	13.3	11.1	-0.8	-1.1
0.2	Brookfield	-0.8	-8.8	-1.0	2.0
4.9	JP Morgan	-1.2	-9.2	-	-
0	KKR	-23.1	-31.1	14.2	15.7
12.3	M&G	14.5	11	-9.1	-0.4
14.8	Link Newton	36.0	-2.9	2.2	0.0
2.3	Partners	18.2	10.2	4.2	5.5
3.8	Pantheon	24.8	-15.1	-0.7	0.8
5.4	Pyrford	8.8	3.7	-2.3	-2.3
8.8	Schroders	2.2	-0.3	-0.3	-0.1
27.1	UBS	31.4	-0.3	-0.5	-
0.4	Wilshire	6.8	-33.1	0.2	3.1

Notes for table:

- 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 is 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 2021

The first quarter of 2020 witnessed the global impact of the COVID-19 virus as it spread from the Wuhan region of China into the rest of the world. As the speed of transmission and impact of the infection became apparent equity markets and other risk assets witnessed falls of unprecedented speed and scale. As the new fiscal year began asset markets staged a remarkable recovery, as investors chose to look through the immediate economic devastation and focus on the unprecedented fiscal and monetary support unleashed by governments and central banks and a hoped for “V” shaped economic recovery. This optimism continued over the rest of the year albeit with setbacks as repeated COVID-19 outbreaks sent economies back into lockdowns of various severity.

Following news of the first approved COVID-19 vaccine in November investors gained further confidence in a strong economic recovery during 2021. The anticipated cyclical recovery saw many investors adopted the so called ‘reflation trade’, bonds fell and cyclical stocks outperformed. As the fiscal year drew to a close the global economy was beginning to gain a strong momentum with the IMF raising growth forecasts to 6% for 2021 and business confidence surveys at record high levels in many economies.

The year 2021 started with a change of President in the White House and the Democrats gaining control of congress. After years of uncertainty, political deadlock, two elections and some of the bitterest exchanges seen in parliament for a generation the UK finally left the EU at the beginning of January. The eleventh-hour trade deal was simultaneously a political achievement and relief while being basic and functional and leaving a number of important areas unresolved, notably financial services. However, from a purely investment standpoint the most significant aspect was a reduction in uncertainty. This has certainly benefitted Sterling which having been the ‘whipping boy’ currency since 2016 rallied, gaining 11% against the US dollar 14% against the Yen and 4% against the Euro over the fiscal year.

The recovery in equity markets seen since the nadir in March 2020 has been spectacular. The growing optimism about the prospects for a strong global recovery drove markets higher over the year, with the MSCI world index now 79% above the low point and 18% above pre COVID-19 highs. In local currency terms North American and Emerging market equities were the strongest performers although the strong post ‘Brexit’ recovery in GBP reduced returns to unhedged UK based investors.

The first quarter of 2021 witnessed a sharp selloff for global bonds as fears over inflation and the enormous levels of fiscal stimulus about to be unleashed in the US spooked investors. Treasury bonds witnessed the worst quarter in terms of returns for decades and in the UK Gilts also fell sharply. The extent to which the recent rise in inflation is transitory and the result of base effects from COVID-19 disruptions, or the early signs of a global economy running hot and awash with trillions of dollars of fiscal and monetary support from governments and central banks remains unknown. However, as the global economy gains momentum and restrictions continue to be lifted investors will be closely watching for indications of sustained inflation above central bank targets and any indications of rate rises arriving sooner than currently anticipated.

Global Economy Highlights: 2020-21

- The US economy rebounded strongly from the severe shock of the pandemic, with \$6 trillion of USD Covid-19 relief support for households the economy is set to grow at its fastest rate in decades. Stock markets are at record highs, however with the economy running fast concerns are emerging over inflation which hit 5% in May.
- China and the Emerging markets benefited from the recovery in global demand. The rapid containment of COVID-19 in China and strong stimulus from government has facilitated a strong economic rebound with the economy forecast to grow 8% this year. India has suffered from growing infection rates and a slow vaccine roll out but is still expected to deliver strong growth over the rest of the year.
- European economic growth has been slower to recover than in many regions. A slow vaccine roll out gradually gained momentum but not before Europe entered a double dip recession during Q1 2021. Growth is expected to accelerate going forward as the €750bn EU Recovery fund begins its initial disbursements.
- After suffering one of the severest economic contractions in the developed world last year, the UK has begun to recover strongly and the IMF have raised growth forecasts to 5.5% for 2021. The speed of vaccine roll out has been ahead of many countries however despite this, concerns remain of future lockdowns impacting the recovery.
- UK Interest rates were cut twice in March 2020 in response to COVID-19. The Bank of England initially to 0.15% and ending the period at 0.1% the lowest level in history. This rate has been left unchanged over the fiscal year. With the economy recovering strongly and inflation rising, the prospect of negative rates floated last year have now receded

Equity

- The performance of global equities was extremely strong following the sharp selloff seen during March 2020. For Sterling based investors a recovering currency reduced the return on overseas assets. In Sterling terms global equities rose 40.4% over the financial year. US Equities gained 42.8% (58.0% in local currency) Developed Europe 35.0% (40.6% in local currency). Emerging markets gained 40.8% in Sterling terms (53.1% local currency)
- UK equities rose 5.2% in the quarter to March 2021, ending the financial year up 26.7%, despite this strong return the UK market significantly underperformed the World Index.
- The best performing sectors in the World Index were Consumer Discretionary (+59.9%) Materials (+59.4%) and Information Technology (+54.8%) the worst performing sectors were Utilities (+11.3%) Consumer Staples (+12.7%) and Healthcare (+17.5%).

Bonds

- UK bonds produced negative returns over the period falling 7.5%. After initially performing well as investors shunned risk assets as the pandemic took hold. Gilts fell sharply during the first quarter of 2021 as growing concerns about inflation and rate rises grew. The index linked market performed better over the year gaining 1.8%.

Property

- The longer term impact of COVID-19 on the property market is not yet known. The retail sector was severely impacted during the various lockdowns and the long term growth in e-commerce accelerated. The increase in home working impacted sentiment in the office market. After falls during 2020 the market ended the period in positive territory up 2.5% with income from rents offsetting capital value falls in some sectors.

July 2021

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 83 member funds with assets of more than £300 billion and directly engages with company chairs and boards to affect change at investee companies.

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

As such, the Fund has a commitment to ensure that companies in which it invests 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.

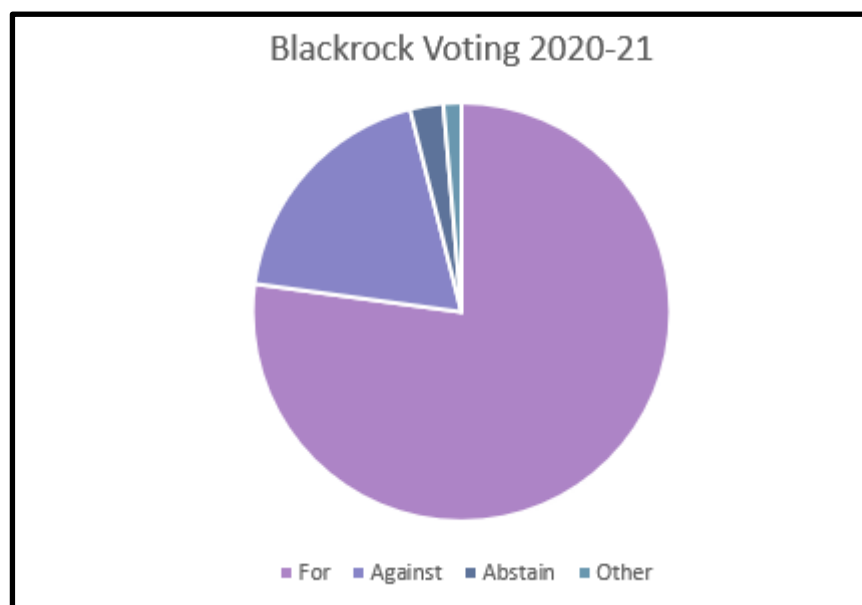
The general principles followed in both voting guidelines are: -

- 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)

During 2020-21, PIRC voted at a total of 56 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 932 resolutions of which 719, (77%) of the resolutions were supported and 176 (19%) resolutions were opposed. 24 (3%) resolutions received abstain votes and 13 resolutions which were non-voting or withdrawn items.



UK Voting

The UK's corporate governance framework is derived from a number of legislative and regulatory sources. The legislative component is set out in the Companies Act 2006, together with the Listing Rules and the Disclosure Guidance and Transparency Rules created by the Financial Conduct Authority (the "FCA"). The regulatory regime is set out in The UK Corporate Governance Code (the "the Code") for companies and the UK Stewardship Code for institutional investors, each of which is currently issued and administered by the Financial Reporting Council (the "FRC").

The current version of the UKCG Code came into force on 1 January 2019, and the Stewardship Code on 1 January 2020. 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 as a binding resolution and must be voted on at least every three years, or any time that the remuneration policy changes.

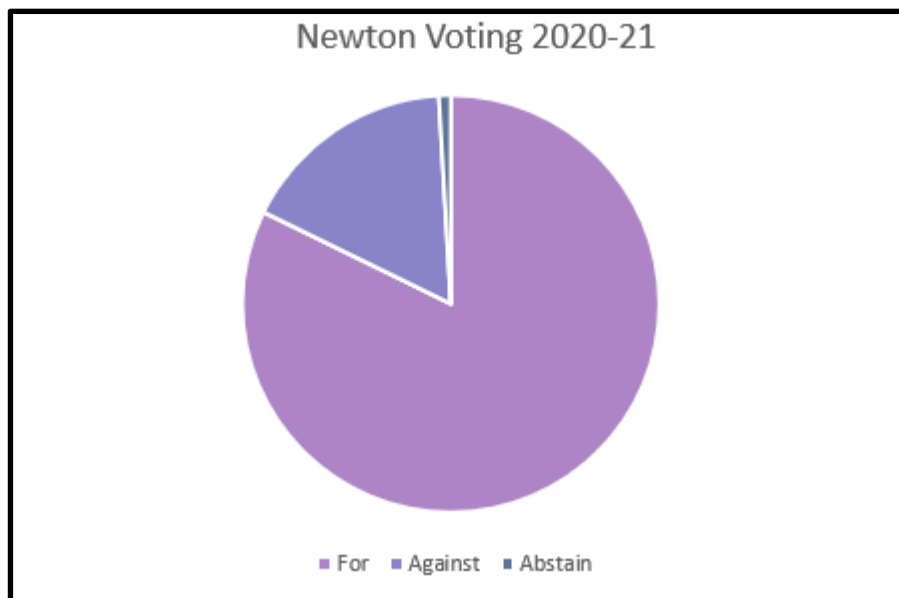
In 2020 many listed companies received significant votes against their remuneration reports and their remuneration policies. In those instances where the remuneration policy was put to shareholders Suffolk opposed 18, abstained on 6 and voted in favour of 1. Where an advisory vote on the remuneration report was put to shareholders Suffolk opposed 24, abstained on 7 and voted in favour of 8 resolutions. In Suffolk's portfolio there were a number of companies which received significant opposition (defined by PIRC as over 10%) to their remuneration reports. Notably Reckitt Benckiser Group PLC with 16.9% of the voting shares being cast against their remuneration report in 2020; and in terms of remuneration policy Johnson Matthey PLC saw opposition of 14.1%.

In part due to the effect of the COVID-19 pandemic, many workers lost their jobs and many companies turned to the government for support which has led to a greater willingness to vote against management recommendations on executive pay, it has been increasingly hard to justify excessive and seemingly misaligned executive pay policies. For instance, Ferguson PLC received a vote against its' remuneration report of 20.9% and British American Tobacco PLC receive opposition of 30%. Most notably however, was Tesco PLC which received a staggering 67.2% of votes cast in opposition to their remuneration report. Suffolk voted in favour on Reckitt Benckiser Group remuneration report; abstained on Johnson Matthey's remuneration policy and Ferguson's report and voted to oppose the remuneration reports of Tesco and British American Tobacco.

There was an increase in the number of shareholder proposals tabled at UK General Meetings. For instance, at Barclays Bank's AGM there was a shareholder resolution put forward to implement a 'Climate Change Action Plan and to Report Annually on Progress'. This resolution failed to pass with 76.05% of votes against. Suffolk voted in favour of this resolution.

Voting on Newton Sub-fund holdings

Newton have voted at 49 meetings during the year on 760 resolutions. 625 (82%) were for the resolution and 128 (17%) were against and 7 (1%) received abstain votes. These were all in line with the ACCESS voting guidelines.



The votes cast can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	359
Remuneration Policy & Reports	95
Reports	58
Auditors	49
Other	199

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 Chief Financial Officer

During 2020-21, the Chief Financial Officer, 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 2020-21 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.

The attendance of the Pension Fund committee members for the five committee meetings held during 2020-21 are shown below.

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

Councillor	Meetings attended
Cllr Karen Soons	5
Cllr David Roach	5
Cllr Peter Gardiner	5
Cllr David Goldsmith	5
Cllr Robert Lindsay	5
Cllr Alexander Nicholl	5
Cllr Jamie Starling	5
Cllr Colin Kreidewolf	5
Cllr John Whitehead	5
Mr Steve Warner	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 2020-21, the Chief Financial Officer 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 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 was a workshop which covered the development of:
 - Environmental, Social and Governance beliefs
 - Responsible Investment
 - Climate Change
- Improving Communications
- Improving Governance
- Private versus Public Markets
- Review of the Fund covering the previous 4 years local election cycle.

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 2019-20 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 and undertook its annual Asset Allocation Review in November 2020.

The main topics considered by the Committee were:

- Review of its UK equity holdings
- Further investment in the climate aware mandate
- Increase in the illiquid debt allocation
- Further investment in infrastructure

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 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 reviewed the performance of its investment consultant against the objectives set in 2019-20 in line with the requirements set out by the competition and markets authority.

The Committee undertook a review of the ill health liabilities incurred when a member of the scheme is awarded early retirement on the grounds of ill health. Following a consultation with all the employers in the Fund the Committee mandated that all employers that have a payroll of less than £1 million will be required to hold ill health liability insurance to cover any liabilities that the Employers would otherwise be liable to pay.

The Committee also approved a refreshed website for the Suffolk Pension Fund which will be launched in the summer of 2021.

The Committee updated and approved the following documents:

- Treasury Management Policy
- Investment Strategy Statement
- Conflicts of Interest 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:

Board member	Representing	Meetings attended
Gordon Jones	Active Scheme Members	4
David Rowe	Active Scheme Members	3
Eric Prince	Retired members	4
John Chance	Other Local Government	4
Thomas Jarrett	Other Members	2
Suzanne Williams	Unions	3

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:

- Joining the Schemes
- ACCESS and the ACCESS Support Unit
- Developments in Environmental, Social and Governance reporting

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 2019-20
- Fund investment performance for 2019-20
- Management expenses for 2019-19 estimates for 2020-21
- Regular updates on the progress of the pooling of assets
- Key changes to the scheme proposed by the Governments McCloud consultation
- Implementation of the £95k cap to exit payments and the proposed reform on Local Government exit payments.

- 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 2020-21 is shown below. The contribution rates and 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 - £14,600	5.50%
£14,601 - £22,900	5.80%
£22,901 - £37,200	6.50%
£37,201 - £47,100	6.80%
£47,101 - £65,900	8.50%
£65,901 - £93,400	9.90%
£93,401 - £110,000	10.50%
£110,001 - £165,000	11.40%
£165,001 or more	12.50%

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 2020-21

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.

Due to the Covid pandemic the administration team have worked from home throughout the year, and this required all processes to be reviewed and updated where appropriate to ensure the provision of service to all members of the scheme were unaffected. This was successfully managed, and the team have been able to operate fully, albeit slightly differently.

During 2020/2021 one of the biggest pieces of work was the understanding and planning of how to approach the expected work created from the McCloud legislative case. Employers were updated and data was collected in relation to members who are expected to be affected by the changes. However, this piece of work has now been delayed following a government statement and legislative changes are not now expected until 2023.

Development of the online Member Self-Service system has continued with documents now being published on the system, this has been an effective communication tool with the members during the pandemic as information can be shared as soon as it is available and has avoided the need for the postal system to be used. Payslips and the annual P60 are also available on the system for Pensioner Members to view.

Preparation work has commenced in relation to using I-connect. This is provided by the pensions administration software supplier Heywood and will enable the administration team to collect returns from employers on a monthly basis meaning the data will be up to date and the avoidance of significant end of year processes for both employers and the Pension Fund. This change will also benefit all members as their Member Self-Service record will be up to date with their latest employment information. During 2021-2022 this will be rolled out to as many employers as possible in a phased approach.

The team continues to actively work on its plan to improve the quality of data as quickly as possible. During the reporting year the Fund reported common and conditional data scores of 96% and 98% to The Pensions Regulator. The introduction of an automatic amalgamation feature joins records together and as a result reduces the risk of data being mis-keyed and the change to using I-Connect from 2021-2022 will also see an improvement in active member data as it will be received more timely ensuring up to date information linked to members.

Key Performance Indicators

The administration team monitors its performances based on the key indicators in the tables below and overleaf. This information has been downloaded from the Heywood Altair pension administration system which records all tasks required to 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	8	545	553	0	100%
Death - Letter notifying amount of dependant's benefits	2	195	197	0	100%

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 - 46 Total - 70	Active - 592 Deferred - 1348 Total - 1940	Active - 590 Deferred - 1356 Total - 1946	Active - 26 Deferred - 38 Total - 64	Active - 96 Deferred - 97 Total - 97	
Retirements - Letter notifying actual retirements and process and pay lump sum retirement grant (all types)	Active - 5 Deferred - 14 Total - 19	Active - 449 Deferred - 648 Total - 1097	Active - 447 Deferred - 653 Total - 1100	Active - 7 Deferred - 9 Total - 16	Active - 98 Deferred - 98 Total - 98	
Transfer Ins - Letter detailing transfer in quote		2	271	272	1	99%
Transfers In - Letter detailing transfer in		8	187	177	18	91%
Transfer Out - Letter detailing transfer in quote		118	349	428	39	92%
TransfersOut - Letter detailing transfer in		33	186	214	5	98%
Refund - Process and pay refund		1	443	443	1	99%
Divorce quote - Letter detailing cash equivalent value and other benefits		13	167	179	1	99%
Divorce settlement - Letter detailing implementation of cash equivalent value and application of PSO		0	1	1	0	100%
Member Estimates / Projections		7	185	191	1	99%

Key Performance Indicators:

Case Type	Fund KPI	Cases Completed	Number Completed	Legal Requirements	Legal % Completed	Total Number of Cases
Death - Initial letter acknowledgement death of active/deferred/ pensioner member	5 days	98	542	2 months	100	553
Death - Letter notifying amount of dependant's benefits	10 days	99	195	2 months	100	197
Retirements - Letter notifying estimate of benefits (all types)	5 days	99	1,919	2 months	99	1938
Retirements - Letter notifying actual retirements and process and pay lump sum retirement grant (all types) Total	10 days	96	429	2 months	99	446
Deferred in to Pay - Process and Pay lump sum retirement grant	10 days	94	614	2 months	99	648
Deferment - Calculate and notify deferred benefits	30 days	64	1945	2 months	71	2134
Transfer Ins - Letter detailing transfer in quote	10 days	97	264	2 months	99	270
Transfers Out - Letter detailing transfer out quote	10 days	46	199	2 months	82	350
Refund - Process and pay refund	10 days	94	415	2 months	100	443
Divorce quote - Letter detailing cash equivalent value and other benefits	10 days	89	160	3 months	100	179
Divorce settlement - Letter detailing implementation of cash equivalent value and application of PSO	10 days	100	1	3 months	100	1

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 2020-21 there was 2 IDRP cases from a total of 6,683 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	2016-17	2017-18	2018-19	2019-20	2020-21
Members	19,954	19,950	20,354	21,670	21,702
Pensioners	15,074	15,661	16,075	16,855	17,540
Deferred Members	23,438	25,038	27,821	29,255	30,636
Total	58,466	60,649	64,250	67,780	69,878

In 2020-21 there have been 9725 new pensions paid, which are further analysed as below:

Retirement Type	Number of Retirements
Pension Credit	5
Deferred Pension	578
Ill Health	19
Early (aged 60 and over) /Normal	188
Early (aged under 60)	48
Redundancy	36
Efficiency	2
Late Retirements	96
Total Retirements	972

Employers in the Fund

There are 324 active employers in the Fund and 17 employers who do not have active members but have deferred pension members and/or pensioners.

	Active	Ceased	Total
Scheduled Bodies	222	1	222
Resolution Bodies	46	4	48
Admitted Bodies	56	12	69
Total	324	16	339

A list of the active employers in the Fund as at 31 March 2021 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

Abbeygate Sixth Form College
East Coast College
Lowestoft 6th Form College
Suffolk New College

University Campus Suffolk Ltd
Suffolk One
West Suffolk College

Academies

Debenham High School
Holbrook Academy

St Mary's C of E 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

Anglian Learning

Howard primary School

The Pines 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

Catch 22 MAT

Everitt Academy

Children's Endeavour Trust

Abbot's Hall Community Primary
Bosmere Community Primary
Broke Hall
Chilton Community Primary

Combs Ford Primary
Freeman Community Primary
Springfield Junior

Clarion Academy Trust

Pakefield High School

Diocese of Ely

St Christophers CE Primary

Diocese of Norwich Education

Kessingland C of E Primary

East Anglian Schools Trust

Bungay High School
Castle EAST

Farlingaye High School
Kesgrave High School

Eastern Multi Academy Trust

The Glade Community Primary School

West Row Academy

Eko Trust

Rushmere Hall Primary

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

Somerleyton Primary

Hartismere School

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

Sabres Educational Trust

IES Breckland Free School

Sapienta Trust

Stradbroke High School

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

Eyeke

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 Ashley School Academy Trust

The Ashley 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
Bury St Edmunds Academy Trust
Castle Manor Academy
Clements Primary School
Coupals Primary Academy
Felixstowe Academy
Glemsford Primary Academy
Houldsworth Valley
Kedington Primary Academy
Langer Primary
Laureate Primary

Newmarket Academy
Place Farm Academy
Samuel Ward Academy
Sir Bobby Robson School
Sybil Andrews
The Bridge School
The Churchill Free School
Thomas Gainsborough School
Wells Hall 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	Long Melford Parish Council
Beccles Town Council	Lowestoft Town Council
Botesdale Parish Council	Market Weston Parish Council
Boxford Parish Council	Martlesham Parish Council
Bury St Edmunds Town Council	Melton Parish Council
Carlton Colville Town Council	Mildenhall Parish Council
Claydon & Whitton Parish Council	Nayland and Wissington Parish Council
Felixstowe Town Council	Onehouse Parish Council
Framlingham Town Council	Oulton Broad Parish Council
Glemsford Parish Council	Pinewood Parish Council
Great Cornard Parish Council	Red Lodge PC
Great Livermere Parish Council	Redgrave Parish Council
Great Waldingfield Council	Rickinghall Parish Council
Hadleigh Town Council	Southwold TC
Halesworth Town Council	Stowmarket Town Council
Haverhill Town Council	Sudbury Town Council
Hollesley Parish Council	Thurston Parish Council
IPSERV	Troston Parish Council
Kesgrave Town Council	Ufford Parish Council
Lakenheath Parish Council	Woodbridge Town Council
Leavenheath Parish Council	Woolpit Parish Council
Leiston cum Sizewell Town Council	

Admitted Bodies

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

Abbeycroft Leisure	Elior – Chantry
Anglia Community Leisure	European Electronique
Aspens – Evolution Trust	Everyone Active - Waterlane & Waveney
Aspens – Kessingland	Flagship Housing Group
Atalian Servest - WS College	Greenace - Paradigm
Beccles Fenland Charity Trust	Hadleigh Market Feoffment Charity
Care Quality Commission	Housing 21
Care UK	Kier MG Ltd
Caterlink - Copleston	Leading Lives
Caterlink - Felixstowe	Norland Managed Services
Caterlink - St Albans	Orwell Housing
Caterlink-Kesgrave	Papworth Trust
Caterlink-Ormiston Denes	Places for People
Churchill Contract Services	Realise Futures
Churchill CS – Kesgrave High School	Ridge Crest - SS Learning
Compass – ATT	Seckford Foundation
Compass – EAT	South Suffolk Leisure – Sudbury
Compass – East Point Academy	Sports and Leisure Management Ltd
Compass - Kessingland	Suffolk Association of Local Councils (SALC)
Compass - Paradigm	Suffolk Libraries IPS
Deben - Ravenswood	Suffolk Norse Ltd
Ecocleen – TILIAN Palgrave	The Havebury Housing Partnership
Ecocleen - Westgate	The Partnership in Care Ltd
Ecocleen - Woolpit	Thorpe Woodlands A.C.T
Edwards and Blake – ASSET Education	Verse
Edwards and Blake – Kyson	Vertas
Edwards and Blake – Saxmundham	Waveney Norse Ltd
Edwards and Blake – Waveney Valley	

ACCESS ANNUAL REPORT 2020/21

As Chairman of the ACCESS Joint Committee, I am pleased to introduce the latest Annual Report for our pool.

The backdrop to 2020/21 remained the COVID-19 pandemic, which continues to shape our world. The strength of the partnership between each of the eleven Authorities has been the foundation of how ACCESS has been able to adjust and respond to these challenging circumstances.



The year saw further substantial progress in the pooling of active listed assets, with seven new sub-funds being launched by Link Fund Solutions, the Operator of the ACCESS Authorised Contractual Scheme (ACS). As at 31 March 2021 a total of £20.4bn on behalf of all eleven ACCESS Authorities was invested within 22 ACS sub-funds across global equity, UK equity, fixed income and diversified growth.

For passive assets, ACCESS Authorities jointly procured the services of UBS in 2017, and a total of £11.1bn was being managed at the end of year.


In January 2021, the Joint Committee agreed the approach ACCESS will take to implement pooled arrangements for alternative / non-listed assets. This will cover the four areas set out below:

- Private Equity
- Private Debt
- Infrastructure
- Property

Having undertaken framework procurements, the ACCESS Joint Committee also confirmed the appointment of two key advisers during the year. In November 2020 we welcomed Engine MHP as our Communications partner, and, in January 2021, Minerva were appointed to conduct a review of the pool's Responsible Investment guidelines and advise on future reporting requirements.

Finally, a review of the size and scope of the ACCESS Support Unit was undertaken resulting in the establishment of two additional FTE positions to further support both the development and ongoing work of the Pool.

At a glance



- **1** Inter Authority Agreement (updated 2020)
- **1** Joint Committee
- **11** Authorities
- **£20bn** assets in **22** ACS actively managed sub funds
- **£11bn** assets with **1** jointly procured passive manager: UBS
- **5** FTE ASU* staff
- **5** part time Technical Leads**
- **Link:** ACS Operator
- **Alternatives** under consideration
- **£12.9m** costs
- **£38.4m** gross savings
- **£25.5m** net savings

Cumulative: 2016 inception to 31 March 2021

- **2nd** Investor Event: 17 December 2020 (virtual)
- **Operator** Link & **Depository** Northern Trust gave presentations
- **60** delegates.

* FTE = Full Time Equivalent
ASU = ACCESS Support Unit
** Technical Leads drawn from ACCESS Authorities

Background

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of eleven Local Government Pension Schemes (LGPS) Administering Authorities: Cambridgeshire County Council; East Sussex County Council; Essex County Council; Hampshire County Council; Hertfordshire County Council; Isle of Wight Council; Kent County Council; Norfolk County Council; Northamptonshire County Council (West Northamptonshire from 1 April 2021); Suffolk County Council and West Sussex County Council in response to the Governments pooling agenda across the LGPS. The first ACCESS Inter Authority Agreement was signed in late June 2017.

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

Governance

An extract from the ACCESS governance model is shown overleaf:

Collectively as at 31 March 2021, the ACCESS Authorities have total assets of **£56 billion** (of which **57%** has been pooled) serving **3,400** employers with **1.1 million** members including **300,000** pensioners



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

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

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

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

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

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

The Operator: Link Fund Solutions

Appointed in 2018 Link Fund Solutions Ltd (Link) provide the 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

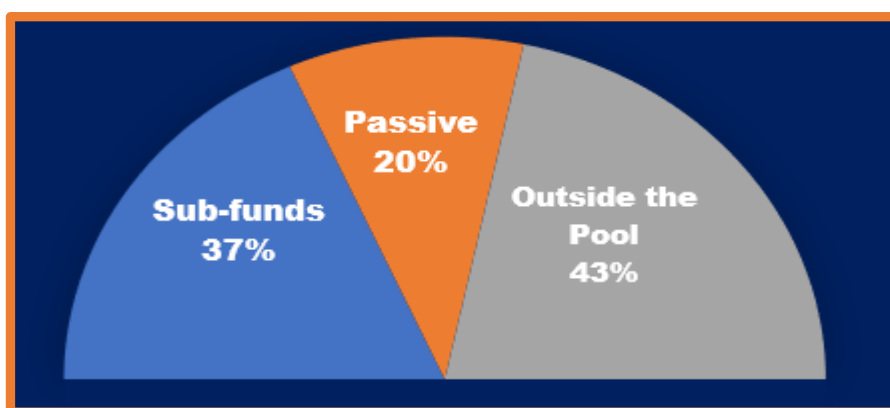
Appointed following a joint procurement in 2017, UBS act as the ACCESS Authorities' investment manager for passive assets.

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 exceeding the assets pooled by **£4 billion** and the savings by **£8 million**



As at 31 March 2021, **57%** of assets have been pooled:



Pooled Assets

As at 31 March 2021 ACCESS has the following assets pooled:

Pooled Investments	£ Billion
Passive Investments	11.125
UK Equity Funds	2.159
Global Equity Funds	14.676
UK Fixed Income	2.085
Diversified Growth	1.465
Total Pooled Investments	31.510

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 2020/21

- Approval and launch of a range of sub-funds reflecting the strategic asset allocation needs of the ACCESS Funds.
- Provision of updates of progress of pooling to Government.
- Appointment of Engine MHP to review and advise in the further development of the Communications Policy.
- Appointment of Minerva to provide advice and guidance to develop Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.
- In conjunction with Link Fund Solutions, held the second investor day for Elected members and officers of the individual Authorities. There were presentations by Link Fund Solutions as the ACS operator and Northern Trust as the depositary.
- Determined an approach to pooling and managing the illiquid assets covering private equity, private debt, infrastructure and property.
- Additional resources appointed to the ASU to support the activities of the ACCESS Pool.



Objectives for 2021/22

ACCESS is well placed to continue to develop the pool and progress will continue unabated 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.
- Finalise and implement the Environmental, Social and Governance and Responsible Investment guidelines for 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 2020/21 along with the cumulative position since the commencement of ACCESS activity in early 2016.

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2020/21 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.



	2020 – 2021		2020 – 2021	
	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	863	1,247	3,071	3,716
Operator & Depositary Costs	3,672	4,077	7,304	6,577
Total Costs	4,535	5,324	12,873	14,192
Pool Fee Savings	21,747	13,600	42,262	32,050
Net Savings Realised	17,212	9,997	29,389	17,858

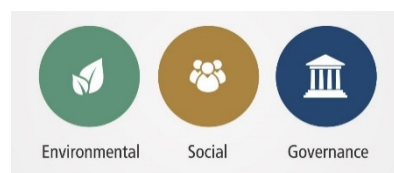
Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator.

The 2020/21 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

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

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

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



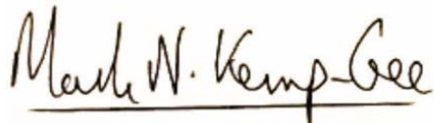
Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment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

ACCESS has reviewed its own ESG/RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment. Minerva have been appointed as part of this review to provide advice on guidelines and implementing these in a pooling environment.

Minerva will also provide advice on future appropriate reporting requirements to provide transparency to stakeholders, monitor adherence to the Guidelines and inform discussion on ESG/RI matters.

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

The voting guidelines sets out the principles of good corporate governance and the means by which ACCESS will seek to exercise its influence on companies. During the year ACCESS voted at **868** meetings on **11,351** resolutions.

A handwritten signature in black ink that reads "Mark W. Kemp-Gee". The signature is written in a cursive style and is underlined with a single horizontal line.

Mark Kemp-Gee

Cllr Mark Kemp-Gee - Chairman, ACCESS Joint Committee

Fund Account

2019 - 2020 £ million	Fund Account	Notes	2020 - 2021 £ million
	Dealings with members, employers and others directly involved in the scheme		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
85.497	Normal	10	92.994
7.131	Deficit funding	10	3.149
3.137	Other	10	2.780
	From members		
22.114	Normal	10	23.187
	Transfers In		
6.943	Individual transfers in from other schemes		4.119
0.001	Other Income		0.000
	Benefits payable:		
-83.598	Pensions	10	-86.796
-15.053	Commutations of pensions and lump sum retirement benefits	10	-13.230
-1.857	Lump sum death benefits	10	-1.346
	Payments to and on account of leavers:		
-0.202	Refunds of Contributions		-0.250
-4.186	Individual transfers out to other schemes		-7.256
19.927	Net additions (withdrawals) from dealings with members		17.351
-14.697	Management Expenses	11	-11.518
5.230	Net additions (withdrawals) including management expenses		5.833
	Returns on investments		
	Investment income		
9.672	Dividends from equities		7.654
9.119	Income from pooled investment vehicles - Property		7.997
0.565	Income from pooled investment vehicles - Private Equity		0.290
21.526	Income from Other Managed Funds		20.300
0.059	Interest on Cash Deposits		0.001
0.108	Other		0.043
-0.068	Taxes on Income		0.015
-168.848	Change in market value of investments		547.829
-127.867	Net returns on investments		584.129
-122.637	Net increase, or (decrease), in the fund during the year		589.962
2,931.091	Opening net assets of the scheme		2,808.454
2,808.454	Closing net assets of the scheme		3,398.416

Net Asset Statement

2019 - 2020 £ million	Net asset statement	Notes	2020 - 2021 £ million
	Investment assets		
	Equities:		
188.106	UK companies	13,14	243.349
	Pooled Investment Vehicles		
15.040	Unit trusts	13,14	25.116
368.187	Overseas Equities	13,14	501.287
794.307	Unit linked insurance policies	13,14	916.969
270.917	Property unit trust	13,14	278.112
1,157.119	Other Managed Funds	13,14	1,422.905
	Other Investment Balance		
0.446	Cash [held for investment]		1.477
1.199	Forward Foreign Exchange Contracts		0.000
	Investment liabilities		
0.000	Cash [held for investment]	13	-3.914
2,795.321	Total investments		3,385.301
	Current assets		
14.557	Debtors	22	13.797
5.548	Cash Deposits	19d	4.732
0.026	Cash at Bank	19d	0.046
20.131	Total current assets		18.575
	Current liabilities		
-6.998	Creditors	23	-5.460
-6.998	Total current liabilities		-5.460
13.133	Net current assets		13.115
2,808.454	Net assets		3,398.416

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 324 employer organisations with active members within the Scheme as at 31 March 2021, an increase of 8 from the previous year total of 316. 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 2020		31 March 2021
	Number of Employees in the Scheme	
7,752	County Council	7,654
13,918	Other Employers	14,048
21,670	Total	21,702
	Number of Pensioners	
9,243	County Council	9,584
7,612	Other Employers	7,956
16,855	Total	17,540
	Number of Deferred Members	
15,424	County Council	15,763
13,831	Other Employers	14,873
29,255	Total	30,636

Funding

Benefits are funded by contributions and investment earnings. Employers contributions are set based on the triennial actuarial funding valuation in March 2019 for the contributions paid in 2020 – 2021. Employees contributions are paid in line with the LGPS Regulations 2013.

Benefits

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

2. Events after the Balance Sheet Date

There has been no event between 31 March 2021 and the date when these accounts were authorised for issue that requires any adjustments to these accounts.

3. Significant Changes to the Fund

The Committee at its March 2019 meeting agreed to invest a further £147 million (\$180 million) in the open-ended JP Morgan Infrastructure Fund. This became due in July 2020.

The Committee at its 28 February 2020 meeting agreed to make an investment into the Multi Asset Credit Fund with Partners Group. The commitment of £75 million was made at the 20 July 2020 Committee meeting and the first capital call was made in October 2020.

As part of its annual asset allocation review, the Committee at its meeting on 24 November 2020, agreed to transfer its UK Equity holding with UBS to the UBS Climate Aware strategy, to further reduce its carbon footprint within its investments. This transfer will happen over three tranches with the first tranche completed in March 2021.

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2020 - 2021 financial year and its position as at 31 March 2021.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in United Kingdom 2020 - 2021', which is based upon International Financial Reporting Standards (IFRS).

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

5. Going Concern Statement

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 30 September 2022, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

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

The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out. All employers within the fund are paying contributions as per the rates and adjustment certificate. No employer has requested to defer their payments within the 2020 - 2021 financial year, or within 2021 - 2022 to date;

The Pension Fund has not utilised any borrowing during the 2020 - 2021 financial year or within the 2021 - 2022 year to date.

The Pension Fund has an allocation of 42% to equities, 26% to Bonds and 0.5% to cash, which are assets that could be liquidated to pay benefits should the need arise.

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

6. Summary of Significant Accounting Policies

6.1 Fund Account - Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

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

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

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

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

Investment Income

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

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

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

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

Movement in the Market Value of Investments

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

6.2 Fund Account - Expenditure

Benefits Payable

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

Taxation

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

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

Management Expenses

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

i) Administration Expenses and Oversight and Governance Expenses

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

ii) Investment Management Expenses

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

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

6.3 Net Asset Statement

Financial Assets

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

The value of investments has been determined as follows:

Market Quoted Investments

Managed Funds are valued using the bid market price on 31 March 2021.

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 2021.

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 2021.

Derivatives

Derivative financial instruments are used to manage exposure to specific risks arising from investment activities and are not held for speculative purposes. Derivative contract assets are valued at bid price and liabilities are valued at offer price. Changes in the fair value are included in the change in market value.

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

Cash and Cash Equivalents

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

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

Events after the Balance Sheet date

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

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

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

Additional Voluntary Contributions

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

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

Actuarial Present Value of Promised Retirement Benefits

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

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

7. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2020 – 2021 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 2021 - 2022 code:

- IFRS 3 - Amendments to Business Combinations
- IFRS 9, IAS 39, IFRS 7 - Interest Rate Benchmark Reform
- IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 - Interest Rate Benchmark Reform (Phase 2)

The code requires implementation of the above disclosure from 1 April 2021. These changes are not considered to have a material effect on the Pension Fund accounts of 2020 - 2021.

8. Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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

Actuarial Present Value of Promised Retirement Benefits

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

Property

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

The property investment held with Schroders at 31 March 2021 is £278.112 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 2021 are £94.382 million with Pantheon and £12.694 million with Wilshire.

Infrastructure

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

The Infrastructure investments held with Partners, M&G and JP Morgan at 31 March 2021 are £56.706 million, £36.304 million and £165.248 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 £44.302 million and a Multi Asset Credit Fund held with Partners Group valued at £22.304 million as at 31 March 2021.

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 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 2021 is £7.944 million.

10. Contributions Received and Benefits Paid during the Year

2019 - 2020				2020 - 2021		
Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million		Employers' Contributions £ million	Employees' Contributions £ million	Benefits Paid £ million
35.057	8.458	-48.177	Suffolk County Council	35.770	8.696	-47.728
56.433	12.733	-48.184	Other Scheduled and Resolution Bodies	59.593	13.619	-48.258
4.275	0.923	-4.147	Admitted Bodies	3.560	0.872	-5.386
<u>95.765</u>	<u>22.114</u>	<u>-100.508</u>	Total	<u>98.923</u>	<u>23.187</u>	<u>-101.372</u>

Included within employer normal contributions of £92.994 million shown in the Fund account, is an amount for deficit funding of £5.043 million paid within the employers' percentage (£7.393 million in 2019 - 2020). The deficit funding identified separately on the Fund account of £3.149 million (£7.131 million in 2019 - 2020) 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. 2020 - 2021 was the first year in the three-year period following the 31 March 2019 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.

11. Management Expenses

2019 - 2020 £ million		2020 - 2021 £ million
12.722	Investment Management Expenses	9.697
1.357	Administration Expenses	1.286
0.618	Oversight and Governance Costs	0.535
<u>14.697</u>		<u>11.518</u>

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

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

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

External audit fees charged by Ernst & Young for 2020 - 2021 were £0.019 million, (£0.019 million 2019 - 2020). The external fee is subject to change, depending on additional charges which may be made by the external auditors on high risk areas. Ernst & Young will charge an additional amount to respond to IAS 19 assurance requests for 2020 - 2021 (£.0012 million for 2019 - 2020 reports). This will be charged to the employers who have requested this 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 below:

2019 - 2020	Management Fees	Performance Fees	Transaction Costs	Total
	£ million	£ million	£ million	£ million
Assets				
UK Equities	0.818	1.226	0.159	2.203
Overseas Equities	0.158		0.034	0.192
Pooled Investments				
Overseas Equities	0.111		0.008	0.119
Unit Linked Insurance Policies	0.288			0.288
Fixed Income	2.456			2.456
Property	0.393		0.010	0.403
Absolute Return	0.960			0.960
Private Equity	1.265	0.716		1.981
Infrastructure	2.105	1.574		3.679
Illiquid Debt	0.359	-0.035		0.324
Timberlands	0.075			0.075
Total Investment Expenses	8.988	3.481	0.211	12.680
Custody				0.043
Total Investment Management Expenses	8.988	3.481	0.211	12.723

2020 - 2021	Management Fees	Performance Fees	Transaction Costs	Total
	£ million	£ million	£ million	£ million
Assets				
UK Equities	0.783	1.885	0.087	2.755
Pooled Investments				
Overseas Equities	0.117		0.026	0.143
Unit Linked Insurance Policies	0.338			0.338
Fixed Income	2.500			2.500
Property	0.366		0.005	0.371
Absolute Returns	0.764			0.764
Private Equity	1.048	0.491		1.539
Infrastructure	2.208	-1.701		0.507
Illiquid Debt	0.656			0.656
Timberlands	0.072			0.072
Total Investment Expenses	8.852	0.675	0.118	9.645
Custody				0.051
Total Investment Management Expenses	8.852	0.675	0.118	9.696

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

31 March 2020			31 March 2021	
Market Value	Percentage of Assets		Market Value	Percentage of Assets
£ million	%		£ million	%
Investments managed within the ACCESS Pool				
368.187	13.18%	Link - Newton	501.287	14.80%
794.306	28.43%	UBS Group	916.968	27.07%
1,162.493	41.61%	Total within the ACCESS Pool	1,418.255	41.87%
Investments managed outside the ACCESS Pool				
549.379	19.67%	BlackRock Investment Management	657.235	19.40%
0.151	0.01%	Bluecrest Capital Management	0.000	0.00%
8.437	0.30%	Brookfield Asset Management	7.944	0.23%
0.202	0.01%	Cambridge Research & Innovation Limited	0.250	0.01%
13.253	0.47%	HSBC	16.328	0.48%
34.305	1.23%	JP Morgan	165.248	4.88%
36.540	1.31%	Kohlberg Kravis Roberts	0.000	0.00%
357.143	12.78%	M&G Investments	415.900	12.28%
105.841	3.79%	Pantheon Ventures	130.461	3.85%
50.470	1.81%	Partners Group	79.010	2.33%
166.618	5.96%	Pyrford International	181.346	5.35%
292.790	10.48%	Schroder Property Investment Management	303.066	8.95%
16.053	0.57%	Wilshire Associates	12.694	0.37%
1,631.182	58.39%	Total outside the ACCESS Pool	1,969.482	58.13%

The Newton investment 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 HSBC holding is the surplus cash managed by the Pension Fund and invested in money market funds.

The infrastructure and multi asset credit mandates with Partners Group, the private equity mandate with Pantheon Ventures Investments, and the infracapital fund with M&G have been funded as investment opportunities are identified by the investment managers.

The debt opportunity mandate with M&G and private equity with Wilshire are mature investments that are returning funds as the investments are realised.

The mandate with Bluecrest Capital Management and infrastructure with Kohlberg Kravis Roberts have been realised during the financial year.

13. Reconciliation of Movements in Investments and Derivatives

	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 Net Asset Value and not directly to the Fund.

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

	Opening Market Value 01 April 2020 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2021 £ million
UK Companies	188.106	28.599	-18.329	44.973	243.349
Derivatives - Forward Foreign Exchange contracts	1.199	0.326	-1.525	0.000	0.000
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	857.195	164.364	-161.029	122.240	982.770
Unit trusts	15.040	-	-0.513	10.589	25.116
Overseas Equities	368.187	6.821	0.000	126.279	501.287
Unit linked insurance policies	794.307	90.290	-200.290	232.662	916.969
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	299.924	196.184	-61.287	5.314	440.135
Property	270.917	15.416	-6.607	-1.614	278.112
Total of Investments	2,794.875	502.000	-449.580	540.443	3,387.738
	Opening Market Value 01 April 2020 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2021 £ million
Other Investment Balances:					
Cash Held for Investment	0.446	-2.104	-	-0.779	2.437
Net Investments	0.446	-2.104	-	-0.779	2.437

The change in market value of £539.664 million (£540.443 million and -£0.779 million) is £8.165 million lower than the change in market value on the Fund Account of £547.829 million. The difference is caused by indirect management fees of £8.047 million and transaction costs of £0.118 million which are charged against the Net Asset Value and not directly to the Fund.

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

14. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2020 £ million £ million		Market Value 31 March 2021 £ million £ million	
Equities			
188.106	UK Companies		243.349
Pooled Investment Vehicles - Quoted			
15.040	Unit Trusts		25.116
368.187	Overseas Equities		501.287
794.307	Unit Linked Insurance Policies		916.969
Other Managed Funds			
627.036	Fixed Income	722.674	
166.769	Absolute Returns	181.346	
40.123	Money Market Funds	42.671	
23.267	Private Equity	36.079	
<u>857.195</u>	Total Quoted Other Managed Funds	<u>982.770</u>	
Pooled Investment Vehicles - Unquoted			
Other Managed Funds			
40.247	Illiquid Debt	66.606	
153.001	Infrastructure	258.257	
98.239	Private Equity	107.328	
8.437	Timberlands	7.944	
<u>299.924</u>	Total Unquoted Other Managed Funds	<u>440.135</u>	
1,157.119	Total Other Managed Funds		1,422.906
270.917	Property		278.112
<u><u>2,793.676</u></u>	Total		<u><u>3,387.738</u></u>

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

15. 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 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

Market Value 31 March 2021 £ million	Percentage of the Fund 31 March 2021	Asset Type	Manager
501.287	14.80%	ACCESS Global Equity - Newton	Link Fund Solutions
387.381	11.45%	Fixed Income Global Opportunity Fund	Blackrock
369.533	10.92%	Climate Aware	UBS
335.293	9.91%	Alpha Opportunities Fund	M&G
272.635	8.06%	All World Equity	UBS
181.346	5.36%	Global Total Return Mutual Fund	Pyrford

16. 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 held a currency hedge for this purpose which equated to £1.199 million as at 31 March 2020 but no hedging is in place as at 31 March 2021.

17a. 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 overleaf 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 2020			31 March 2021		
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					
188.106			243.349		
15.040			25.116		
368.187			501.287		
794.307			916.969		
270.917			278.112		
1,157.119			1,422.905		
1.199	0.446			1.477	-3.914
	5.848			5.012	
	5.574			4.778	
2,794.875	11.868	0.000	3,387.738	11.267	-3.914
Financial Liabilities					
		-3.375			-2.665
0.000	0.000	-3.375	0.000	0.000	-2.665
2,794.875	11.868	-3.375	3,387.738	11.267	-6.579

The debtor figure of £5.012 million above (£5.848 million at 31 March 2020) excludes statutory debtors of £8.785 million (£8.709 million at 31 March 2020).

The creditor figure of £2.665 million above (£3.375 million at 31 March 2020) excludes statutory creditors of £2.795 million (£3.623 million at 31 March 2020).

No financial assets were reclassified during the accounting period.

17b. Net Gains and Losses on Financial Instruments

31 March 2020 £ million	Financial Assets	31 March 2021 £ million
-177.365	Fair value through profit and loss	540.443
0.820	Amortised cost - unrealised gains	0.000
Financial Liabilities		
0.000	Fair value through profit and loss	-0.779
-176.545	Total	539.664

18a. Fair Value Hierarchy

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

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical 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.

18.b Fair Value - Basis of valuation

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

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Market Quoted Equities 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.

18.c Valuation of Financial Instruments Carried at Fair Value

	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Values at 31 March 2020				
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 Liabilities 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

	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Values at 31 March 2021				
Financial Assets				
Fair value through profit and loss	528.562	2,140.929	718.247	3,387.738
Assets at amortised cost	7.352			7.352
Total Financial Assets	535.914	2,140.929	718.247	3,395.090
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-2.665			-2.665
Total Financial Liabilities	-2.665	0.000	0.000	-2.665
Net Financial Assets	533.249	2,140.929	718.247	3,392.425

18.d Reconciliation of Fair Value measurements within Level 3

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

Assets	Opening Market Value 01 April 2020 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2021 £ million
Quoted						
Property	270.917	15.416	- 6.607	3.392	- 5.006	278.112
Illiquid Debt	40.247	27.027	- 3.622	2.153	0.801	66.606
Infrastructure	153.001	160.483	- 43.756	22.782	- 34.253	258.257
Private Equity	98.239	8.670	- 13.910	8.815	5.514	107.328
Timberlands	8.437	0.004	-	-	- 0.497	7.944
Total of Investments	570.841	211.600	- 67.895	37.142	- 33.441	718.247

18.e Sensitivity of assets values at Level 3

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

	Market Value 31 March 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

	Market Value 31 March 2021 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	278.112	14.2%	317.604	238.620
Illiquid Debt	66.606	7.9%	71.868	61.344
Infrastructure	258.257	21.0%	312.491	204.023
Private Equity	107.328	28.5%	137.917	76.740
Timberlands	7.944	21.0%	9.612	6.276
Total of Investments	718.247		849.492	587.003

19. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The key risks that have been identified are:

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

A. Credit risk

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

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

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 2021 is provided in Note 22.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2021. 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 2021, £4.478 million was with Lloyds (£5.574 million at March 2020). Cash deposited in HSBC money markets amounted to £20.334 million at 31 March 2021 (£35.283 million at March 2020), Blackrock held £1.389 million in their money market fund, (£4.406 million at March 2020) and Schrodgers held £20.948 million in their money market fund, (£0.433 million at March 2020).

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, £718.247 million, 21% (£570.841 million, 20% at March 2020).

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 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

Asset Type	Value as at 31 March 2021 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	4.778	0.048	-0.048
Cash and Cash Equivalent	40.233	0.402	-0.402
Total Assets	45.011	0.450	-0.450

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 2021 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 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

Asset Type	Value as at 31 March 2021 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	501.287	50.129	551.416	451.158
Overseas Index Linked Equities	678.866	67.887	746.753	610.979
Alternative Investments	336.973	33.697	370.670	303.276
Total overseas assets	1,517.126	151.713	1,668.839	1,365.413

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 2020 £ million	Change %	Value on Increase £ million	Value on 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	<u>2,795.321</u>		<u>3,323.336</u>	<u>2,267.306</u>

Asset Type	Value as at 31 March 2021 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	243.349	16.70	283.988	202.709
Overseas Equities	501.287	17.40	588.511	414.063
Fixed Income	722.674	8.00	780.488	664.860
Index Linked	916.969	15.91	1,062.859	771.079
Cash & FFX	-2.437	0.30	-2.445	-2.430
Money Markets	42.671	2.10	43.567	41.775
Unit Trusts	25.116	16.70	29.311	20.922
Property	278.112	14.20	317.604	238.620
Alternatives	657.560	18.80	781.182	533.939
Total Assets	<u>3,385.301</u>		<u>3,885.065</u>	<u>2,885.537</u>

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.

20. Funding Position

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

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

The key elements of the funding policy are:

- To 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.

21. Actuarial Present Value of Promised Retirement Benefits

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

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. 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 2021. 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 2.4% a year (3.0% 2019 - 2020)

Projected investment returns of 3.5% per year (2.8% 2019 - 2020)

The actuarial value of the Fund's assets were £3,390 million and the liabilities £3,123 million at 31 March 2021 (£2,800 million and £3,111 million at 31 March 2020).

The valuation showed that the Fund's assets covered 109% of its liabilities at the interim valuation date and the surplus was £267 million (90%, £311 million deficit at March 2020).

International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2020 - 2021 requires administering authorities of the LGPS funds that prepare pension fund accounts to disclose what IAS 26 refers to as the actuarial present value of promised retirement benefits. This is similar to the interim valuation, but the assumptions used are in line with IAS 19 rather than assumptions tailored to the Suffolk Pension Fund.

The following assumptions have been used for the IAS 26 calculation:

- Pension increases of 2.9% a year (1.9% 2019 - 2020)
- Increases in future salaries of 3.6% a year (2.6% 2019 - 2020)
- Discount Rate of 2.0% per year (2.3% 2019 - 2020)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,728 million as at 31 March 2021 (£3,553 million as at 31 March 2020). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

22. Current Debtors

The current debtors can be analysed as below:

31 March 2020 £ million	Debtors	31 March 2021 £ million
6.613	Employers Contributions	7.015
1.675	Employee Contributions	1.755
3.788	Investment Assets	4.340
2.446	Sundry Debtors	0.671
0.035	Asset Pooling	0.016
<u>14.557</u>		<u>13.797</u>

23. Current Creditors

The current creditors can be analysed as below:

31 March 2020 £ million	Creditors	31 March 2021 £ million
-3.286	Investment Expenses	-1.453
-0.086	Administration and Governance Expenses	-1.200
-0.069	Transfer Values In Adjustment	-0.271
-0.943	Lump Sum Benefits	-1.513
-2.614	Sundry creditors	-1.023
<u>-6.998</u>		<u>-5.460</u>

24. Additional Voluntary Contributions

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

A total of £0.060 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2020 - 2021, (£0.068 million 2019 - 2020).

25. Related Party Transactions

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

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

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £35.770 million to the Fund in 2020 - 2021 (£35.057 million in 2019 - 2020). In addition the council incurred costs of £1.067 million (£1.066 million in 2019 - 2020) 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 2021 the Fund had an average investment balance of £9.587 million (£9.025 million in 2019 - 2020) earning interest of £0.001 million (£0.055 million in 2019 - 2020) from these investments. This reflects the reduction in the Bank of England interest rate to support the UK economy at the start of the coronavirus pandemic in March 2020.

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

26. Key Management Personnel

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

The key management personnel of the Fund are the S151 Officer, Head of Pensions and Technical Pensions Specialist. The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.139 million in 2020 - 2021 (£0.135 million in 2019 - 2020).

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

27. 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 paid 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 to the Essex Pension Fund who have taken over administering the Pool. The Suffolk Pension Fund stopped receiving costs from May 2020. The costs charged are as below:

2019 - 2020 £ million	2020 - 2021 £ million
0.204 Payments on behalf of the ACCESS pool	0.020
<u>0.204</u>	<u>0.020</u>

28. Securities Lending

The Fund previously had an arrangement with its custodian HSBC, to lend eligible securities from within its portfolio of stocks to third parties in return for collateral, this generated income of £0.032 million in 2019 - 2020 but has not been utilised since April 2020 due to preparation of moving the remaining segregated equities into pooled holdings within the ACCESS Pool. Stock lending is still undertaken in the pooled holdings and this is reflected in the asset value.

29. 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 2021 the unfunded commitment (monies to be drawn in future periods) is \$8.777 million and €2.330 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 2021 is €9.290 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 2021 are \$50.947 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund the outstanding amount is £24.992 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 2021 is €19.908 million.

During 2020 - 2021 a contractual commitment of £75 million was made to the Mult Asset Credit Fund with Partners Group. The undrawn amount at the end of the year is £52.500 million.

A summary of the commitments is as overleaf:

Asset Class	2020 - 2021		
	Commitment £ million	Drawn £ million	Outstanding £ million
Private Equity			
Wilshire (2003-2008)	66.919	62.740	4.179
Pantheon (2003-2010)	43.001	38.834	4.167
Pantheon (2015)	108.357	71.431	36.926
Total Private Equity	218.277	173.005	45.272
Infrastructure			
Partners (2012)	46.000	38.155	7.845
Partners (2016)	46.852	29.893	16.959
M&G (2016)	60.000	35.008	24.992
Total Infrastructure	152.852	103.056	49.796
Illiquid Debt			
Multi Asset Credit Fund	75.000	22.500	52.500
Total Illiquid Debt	75.000	22.500	52.500

Suffolk Pension Fund

Audit Results Report

Year ended 31 March 2021

8 September 2021

8 September 2021



**Audit Committee and Pension Fund Committee
Suffolk County Council
Endeavour House
8 Russell Road
Ipswich, IP1 2BX**

Dear Audit Committee/ Pension Fund Committee Members

2020/21 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Suffolk Pension Fund for 2020/21.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Suffolk Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the information and use of the Audit Committee and Pension Fund Committee, other members of the Pension Fund, and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on the 29 September 2021.

Yours faithfully

MARK HODGSON

Mark Hodgson

Associate Partner

For and on behalf of Ernst & Young LLP

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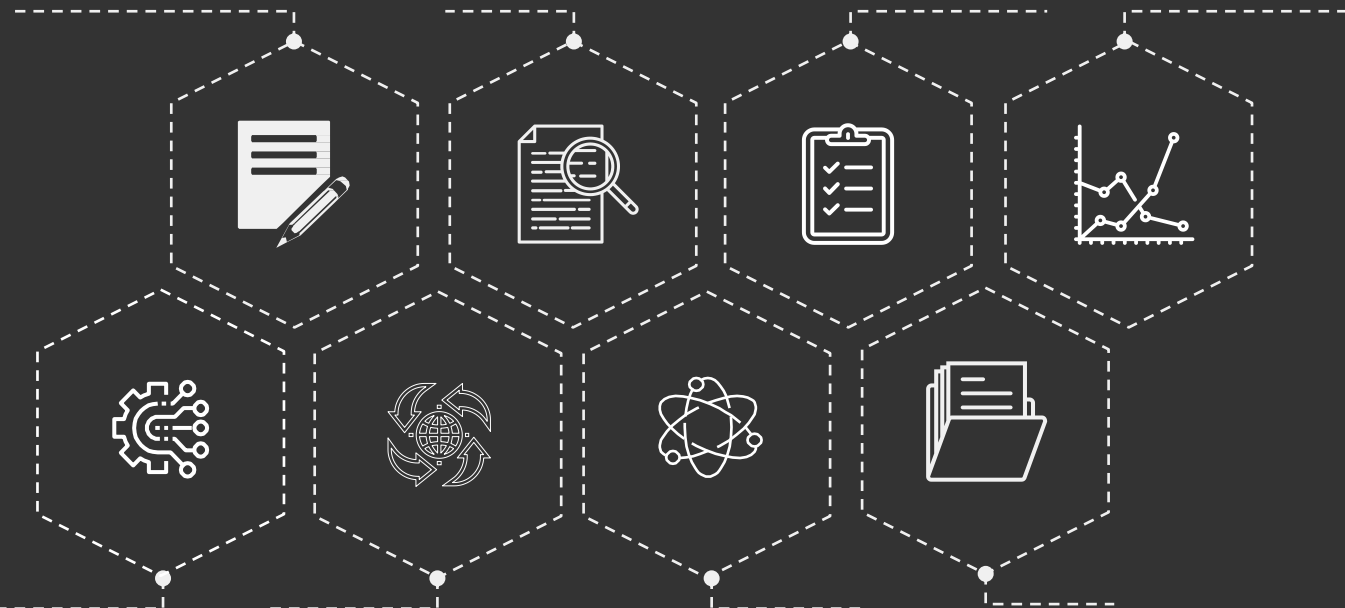
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05 Other Reporting Issues

06 Assessment of Control Environment

07 Independence

08 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee, Pension Fund Committee, and management of Suffolk Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, Pension Fund Committee, and management of Suffolk Pension Fund those matters we are required to state to them in this report and for no other purpose.

To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, Pension Fund Committee, and management of Suffolk Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary

Scope update

In our Provisional Audit Plan report presented to the 16 March 2021 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- ▶ **Changes in materiality:** In our Provisional Audit Plan, we communicated that our audit procedures would be performed using a materiality of £28 million. We updated our planning materiality assessment using the draft 2020/21 Pension Fund Financial Statements and have also reconsidered our risk assessment. Based on our materiality measure of net assets of the scheme, we have updated our overall materiality level to £33.9 million. This results in updated performance materiality, at 75% of overall materiality, of £25.4 million, and an updated threshold for reporting misstatements of £1.7 million.

We have not made any other revisions to the audit risks and planned audit procedures set out within the Provisional Audit Plan.

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Amendment) Regulations 2021 No 263, have been published and came into force on 31 March 2021. This announced a change to publication date for final, approved financial statements from 31 July to 30 September 2021 for all relevant authorities.

Additional audit procedures as a result of Covid-19

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

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

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

Executive Summary

Status of the audit

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

Closing Procedures:

- ▶ Subsequent events review;
- ▶ Agreement of the final set of financial statements;
- ▶ Receipt of signed management representation letter; and
- ▶ Final Manager and Engagement Partner reviews.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix D.

Subject to satisfactory completion of the following outstanding items above, we expect to issue an unqualified opinion upon the Pension Fund Financial Statements in the form which appears at Section 3.

Audit differences

Uncorrected Differences

There is one uncorrected misstatements as a result of a variance between the investment confirmation received from one Fund Manager (Wilshire) and the valuation in the draft financial statements in relation to this Fund Manager. This would result in an increase in the Pension Fund's Net Assets value by £1.823 million.

Corrected Differences

Management have also amended their 'Cash held for Investments' figures to show the Investment Assets and Liabilities totals, as the cash had been 'netted off' in the Net Assets Statement. This resulted in an increase in 'Cash held for Investments' (Investment Asset) of £1.4 million, and an increase in the 'Cash held for Investments' (Investment Liabilities) of £1.4 million.

We also identified a limited number of minor audit disclosure differences in the financial statements, which have been adjustment by Management.

Control observations

During the audit, we did not identify any significant deficiencies in internal controls. We have taken a wholly substantive approach to the audit.

Executive Summary

Other reporting issues

We have no other matters to report.

Areas of audit focus

In our Provisional Audit Plan we identified a number of key areas of focus for our audit of the financial report of Suffolk Pension Fund. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Management Override: Misstatements due to fraud or error

- ▶ We have completed our testing and found no indications of management override of controls.

Management Override: Investment income and asset valuations - Investment Journals

- ▶ We have completed our work in this area and have no matters to report.

Valuation of complex investments (Unquoted investments)

- ▶ We have completed our work in this area and have no matters to report.

IAS 26 disclosure - Actuarial value of promised retirement benefits

- ▶ We have completed our work in this area and have no matters to report.

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

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

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

Independence

Please refer to Section 7 for our update on Independence.



02 Areas of Audit Focus

 Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

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

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

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

What did we do?

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

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

What are our conclusions?

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

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

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

 Areas of Audit Focus

Significant risk

Investment income and asset valuations - Investment Journals

What is the risk?

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

We have identified the main area being;

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

What did we do?

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

- ▶ Tested journals at year-end to ensure there are no unexpected or unusual postings;
- ▶ Undertook a review of reconciliations to the Fund Manager and Custodian reports and investigated any reconciling differences;
- ▶ Re-performed the detailed investment note using the reports we acquired directly from the Custodian or Fund Managers;
- ▶ Checked the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- ▶ For quoted Investment Income we agreed the reconciliation between Fund Managers and Custodians back to the source reports.

What are our conclusions?

Our testing has not identified any material misstatements within Investment Income or year end Investment Asset valuations.

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

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

Areas of Audit Focus

Other area of audit focus

Valuation of Complex Investments (Unquoted Investments)

What is the risk?

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

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

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

The proportion of the fund comprising of these investment types is significant at circa 21%, and as these investments are more complex to value, we have identified the Fund's investments in Private Equity and Pooled Property Investments as higher risk, as even a small movement in these assumptions could have a material impact on the financial statements.

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

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

- ▶ Agreeing 100% of the investments to Custodian and Fund Manager reports
- ▶ Triangulating the valuation from Fund Manager reports, Custodian reports, and accounts for all investments
- ▶ Assessing the competence of Fund Managers as management experts;
- ▶ Obtaining copies of the Fund Managers and Custodian ISAE3402 reports over internal control for any control exceptions raised in relation to the valuation of investments; and
- ▶ For a sample of Level 3 investments, we calculated the expected year-end valuation based on the latest audited financial statements, the Pension Fund's percentage holding of that fund, and any purchases and sales in the intervening period.
- ▶ We have evaluated the audit report in the financial statements for the relevant Funds in our sample, ensuring there are no matters arising that highlight weaknesses in the funds valuation, or any modification, qualification, emphasis of matter, or issues raised around going concern
- ▶ For our sample of Level 3 investments, we also performed a benchmarking exercise with market indices to determine whether the movement in the market value of investments between the date of the latest audited financial statements and the 31st of March 2021 was within our expectation.

What are our conclusions?

There was a difference of £1.823 million identified between the valuation provided in the third party confirmation of one Fund Manager (Wilshire) and the one used to prepare the Pension Fund's draft financial statements. This arose following audit adjustments made by the Fund Manager, which were reflected in the valuations provided to EY, but not in those reported to the Pension Fund in the preparation of the draft financial statements due to a timing difference. This has been not been corrected by Management within the revised financial statements.

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



Areas of Audit Focus

Other area of audit focus

IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits

What is the risk?

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,728 million as at 31 March 2021.

The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.

There is a risk that the valuation uses inappropriate assumptions to value the liability as at the 31 March 2021.

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

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

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

What are our conclusions?

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

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

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



Areas of Audit Focus



Area of Audit Focus - Going concern

We considered the unpredictability of the current environment gave rise to a risk that the Pension Fund may not appropriately assess and disclose the key factors relating to going concern, underpinned by managements assessment, with particular reference to Covid-19 and the Pension Fund's actual year end financial position and performance.

We have received and reviewed Management's assessment of Going Concern and challenged the assessment appropriately.

Management have used the basis of their assessment to include an additional disclosure note within the revised financial statements. We are satisfied that this disclosure note appropriately sets out the circumstances surrounding the financial implications.



03 Audit Report



Audit Report

Our proposed opinion on the financial statements

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

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2021 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 2020/21.

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 2021 and the amount and disposition of the fund's assets and liabilities as at 31 March; and
- ▶ have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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



Audit Report

Our proposed opinion on the financial statements

Other information

The other information comprises the information included in the 'Statement of Accounts 2020-2021', other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the 'Statement of Accounts 2020-2021'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.



Audit Report

Our proposed opinion on the financial statements

Responsibility of the Chief Financial Officer

As explained more fully in the 'Statement of Responsibilities for the Statement of Accounts' set out on page v, the Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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



Audit Report

Our proposed opinion on the financial statements

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

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

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

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

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

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

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



04 Audit Differences



Audit Differences

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

Summary of unadjusted differences

At the date of this report there is one unadjusted audit difference arising from our audit. We request that this uncorrected difference be corrected or a rationale as to why it is not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation.

Uncorrected misstatements

There was one uncorrected misstatement:

- ▶ Investment Valuation - £1.823 million - A variance between the investment confirmation received from one Fund Manager (Wilshire) and the valuation in the draft financial statements in relation to this Fund Manager. This would result in an increase in the Fund’s Net Asset value by £1.823 million. Management have determined not to make these adjustment on the grounds of materiality.

Summary of adjusted differences

Corrected misstatements

There were no corrected misstatements greater than £1.7 million identified during the course of our audit.

Management corrected their ‘Cash held for Investments’ figure in the Net Assets Statement as the assets and liabilities had been netted off. This resulted in an increase in ‘Cash held for Investments’ (Investment Asset) of £1.4 million, and an increase in the ‘Cash held for Investments’ (Investment Liabilities) of £1.4 million.

Disclosure Items

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

- ▶ The Going Concern disclosure note has been amended to ensure it details the period the Pension Fund’s assessment covers, and that it clearly discloses the Fund’s liquidity position. We have reviewed the disclosure and agree that it appropriately reflects Management’s going concern assessment.



05 Other reporting issues

Other reporting issues

Other reporting issues

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

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

Other powers and duties

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

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

Other matters

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

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

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



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

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

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

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

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



07

Independence

 **Independence**

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Pension Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Pension Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted. We confirm that we have not undertaken non-audit work.

Other communications

EY Transparency Report 2020

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

[EY UK Transparency Report 2020 | EY UK](#)

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Final Fee 2020/21 £	Scale Fee 2020/21 £	Final Fee 2019/20 £
Total Fee - Code work	19,270	19,270	19,270
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	41,600	-	41,600
Additional work required for Covid-19 considerations (See Note 2)	-	-	8,337
Additional Audit Fee in respect of work on behalf of Admitted Body auditors (recharged to the Pension Fund) (Note 3)	8,000	-	12,000
Additional work in respect of Data Analytics (See Note 4)	To be confirmed	-	-
Total fees	To be confirmed	19,270	81,207

All fees exclude VAT

Note 1: For 2019/20 and 2020/21 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

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

Note 2: In 2019/20, we had to perform additional procedures to address the risks resulting from Covid-19. These are subject to formal approval by PSAA Ltd. We cannot quantify the impact of any work resulting as a response to C-19 risks in 2020/21 at this point. We will provide an update on the additional fee implications at the conclusion of the audit.

Note 3: We anticipate charging an additional fee of £8,000 in 2020/21 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. For 2019/20 we were also required to perform additional procedures over the 2019 triennial valuation on the Fund on behalf of admitted body auditors. The Pension Fund can recharge this fee to the relevant admitted bodies.

Note 4: The Pension Fund, alongside the Council changed their accounting system to Oracle Fusion during the year. This led to additional work for us to gain assurances over the transfer of data between systems during the year. Additionally, there was a delay in transferring all the General Ledger data to our analytics team, and further issues encountered when the analytics team tried to map the data that was provided. As a result of this, we did not have the required data to complete our journals work and other parts of our testing until mid-August, and required additional resources to complete the testing then as it was so far after the audit phase had finished. We need to assess the full impact of these issues, and will report the outcome within our Annual Auditors Report, following discussions with Management.



08 Appendices

 Appendix A

Audit approach update

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




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

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

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

 Appendix B





Summary of communications

Date 	Nature 	Summary 
10 February 2021	Meeting	The Audit Manager met with senior members of the Management team to discuss matters relevant to the planning of our audit work.
1 March 2021	Report	The Audit Partner issued the Provisional Audit Plan. Our report included confirmation of independence.
16 March 2021	Meeting	The Audit Partner attended the Audit Committee (virtually) to present our Provisional Audit Plan and discuss our audit strategy for 2020/21.
22 March 2021	Meeting	The Audit Partner attended the Pension Committee (virtually) to present our Provisional Audit Plan and discuss our audit strategy for 2020/21.
Various	Meetings	Regular calls held with management, the Partner and Audit Manager to discuss any emerging issues throughout the audit process, and specifically during the Execution phase throughout June and July.
8 September 2021	Meetings	The Audit Partner and Audit Manager met with senior members of the management team to discuss the Audit Results Report (ISA260).
8 September 2021	Report	The Audit Partner issued the Audit Results Report (ISA260)
29 September 2021	Meeting	The Partner and Audit Manager met with the Audit Committee and senior members of the Management team to discuss the Audit Results Report (ISA260).




 Appendix C

Required communications with the Audit Committee





There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Provisional Audit Plan - 16 March 2021 - Audit Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Provisional Audit Plan - 16 March 2021 - Audit Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 29 September 2021 - Audit Committee





 Appendix C

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit Results Report - 29 September 2021 - Audit Committee
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - 29 September 2021 - Audit Committee
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	We have asked management and those charged with governance. We have not identified any subsequent events.




 Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit.
Related parties	<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	We have no matters to report.
Independence	<p>Communication of all significant facts and matters that bear on EY’s, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner’s consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Provisional Audit Plan - 16 March 2021 - Audit Committee</p> <p>Audit Results Report - 29 September 2021 - Audit Committee</p>

 Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
	<p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the company and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	We have no matters to report.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.




 Appendix C

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 29 September 2021 - Audit Committee
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - 29 September 2021 - Audit Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - 29 September 2021 - Audit Committee
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor’s report ▶ Any circumstances identified that affect the form and content of our auditor’s report 	Audit Results Report - 29 September 2021 - Audit Committee

 Appendix D

Outstanding matters

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

Item 	Actions to resolve 	Responsibility 
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report.	EY and Management
Management Representation Letter	Receipt of signed management representation letter.	Management
Agreement of revised and approved set of Financial Statements	Agree all changes made to draft accounts are updated in the final set of accounts.	EY and Management
Final Review Procedures	Final review of areas listed above.	EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that a key disclosures on going concern remain to be finalised. A draft of the current opinion (with outstanding areas highlighted) is included in Section 3.

Appendix E - Request for a Management Representation Letter

Request for a Management Representation Letter



Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ
Tel: 01223 394400
Fax: 01223 394401
www.ey.com/uk

8 September 2021

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

Dear Louise,

**Suffolk Pension Fund – 2020/21 financial year
Request for a letter of representation**

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

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

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

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Suffolk Pension Fund ("the Fund") for the year ended 31 March 2021.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2020 to 31 March 2021 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2021, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC30001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 Mark Lane, London EC3R 7DF, the firm's principal place of business and registered office. Ernst & Young LLP is a multi-disciplinary practice and is authorised and regulated by the Institute of Chartered Accountants in England and Wales, the Solicitors Regulation Authority and other regulators. Further details can be found at <http://www.ey.com/UK/en/home/uk/ey>.



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

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

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


1. That you have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. That you confirm that the Fund is a Registered Pension Scheme. You are not aware of any reason why the tax status of the scheme should change.
3. That you acknowledge, as members of management of the Fund, your responsibility for the fair presentation of the financial statements. You believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. That you have approved the financial statements.
4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, you believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 that are free from material misstatement, whether due to fraud or error.

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

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

Appendix E – Request for a Management Representation Letter

Request for a Management Representation Letter



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B. Non-compliance with laws and regulations including fraud

1. That you acknowledge that you are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. That you have disclosed to us the results of your assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. That you have not made any reports to The Pensions Regulator, nor are you aware of any such reports having been made by any of your advisors.
5. That there have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of non-compliance with any legal duty. That you have drawn to our attention all correspondence and notes of meetings with regulators (if applicable).
6. That you have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

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


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2. That we have been informed of all changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
4. That you have made available to us all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date (15 September 2021).
5. That you confirm the completeness of information provided regarding the identification of related parties. You have disclosed to us the identity of the Fund's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
6. That you confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.


Where members of the management of the Fund have determined that annuity policies are not material the following statement may be added: The Scheme holds annuity policies which have not been recognised and recorded as an asset of the Scheme in the financial statements as they are not considered material in relation to the net assets. These policies have an estimated value of £xxx.
7. That you have disclosed to us, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.
9. That you believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
10. That from the date of your last management representation letter to us, through the date of this letter you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

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

Appendix E - Request for a Management Representation Letter

Request for a Management Representation Letter



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2. You have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. You have recorded and/or disclosed, as appropriate, all liabilities relating to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.
4. No other claims in connection with litigation have been or are expected to be received.

E. Subsequent Events

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

F. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the "Suffolk Pension Fund Annual Report and Accounts 2020/21".
2. You confirm that the content contained within the other information is consistent with the financial statements.

G. Independence


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

H. Derivative Financial Instruments

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

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

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



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J. Actuarial valuation

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

K. Use of the Work of a Specialist

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

L. Estimates

Valuation of Investments

1. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21).
2. You confirm that the significant assumptions used in making the valuation of investments appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
3. You confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete including the effects of the COVID-19 pandemic on the valuation of investments and made in accordance with the applicable financial reporting framework.
4. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. Going Concern

1. That Note 5 to the financial statements discloses all the matters of which you are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, your plans for future action, and the feasibility of those plans.

N. Specific Representations

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

 Appendix E - Request for a Management Representation Letter

Request for a Management Representation Letter



7

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

Yours sincerely

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

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ED None

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Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	1 October 2021
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Stuart Potter, Pensions Operations Manager, Telephone: 01473 260296 Email: Stuart.potter@suffolk.gov.uk

Brief summary of report

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

Action recommended

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

Reason for recommendation

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

Alternative options

4. There are no alternative options.

Main body of report

Administration

5. This report covers staff performance and team achievements since the previous Board meeting on 19 July 2021.
6. The Service Level Agreements for our 'key' processes from June through to August 2021 are shown below:
 - a) Provision of a transfer quote to scheme members within 10 days of the receipt of the estimated value and all necessary information – Total cases **81** percentage completed in SLA **100%**
 - b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **127**, percentage completed in SLA **99%**

- c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **439**, percentage completed in SLA **100%**
 - d) Retirement lump sums will be paid within 10 working days of receipt of all necessary information after retirement – Total cases **300**, percentage completed in SLA **100%**
 - e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **72**, percentage completed in SLA **100%**
 - f) Outstanding monies owed in respect of a deceased pension, and any death grant, will be paid within 10 working days of receipt of all information – Total cases **94** percentage completed in SLA **100%**
7. Further to the previous information provided in relation to the McCloud project, the Public Service Pensions and Judicial Offices Bill, which is the Bill created to rectify unlawful discrimination following the McCloud case, has started going through the parliamentary process. The second reading of this in the House of Lords is due to take place on 7 September 2021, although the regulations are still not expected until April 2023.
 8. In addition to the business-as-usual work, the backlog team have continued to work through a significant number of undecided leaver cases during this reporting period, with the total number reducing during this time by around 700.
 9. Further to the information provided in the previous meeting we are continuing to develop our I-connect system that will allow employers to submit monthly data returns. While the County Council and other employers that use the Council's payroll services were due to be enrolled in June, some delays have been experienced from the County Council due to them implementing a new payroll system. As a result, we are still waiting for reports before these can be thoroughly checked and tested before going live. As mentioned last time this roll out is being introduced gradually, this ensures that employers are supported through the change and allows the opportunity to ensure everything works as expected, and to incorporate tweaks to the process if needed along the way.
 10. The annual data collection has now been completed with employer data being processed and records updated. As a result of the above, all annual benefit statements, required to be produced by 31 August 2021, have been produced and added to the Member Self Service system. Where members have requested paper versions, these have been issued. This is the last year this annual process will be completed for most employers, as they transition to I-Connect, the annual return will be replaced with monthly transfers through the I-Connect system.
 11. During this period there have been four compliments. These compliments relate to a thank you to a member of the team for calling and explaining a customers' options to them and for providing a helpful and clear link. The second compliment was thanking the team for our considerate attention, and the member emphasised that this matters as much as the payments to them.
 12. The third compliment was from a member who wanted a copy of their P60 so was supported with Member Self Service so they could access the information they needed and thanked the member of the team who helped then for all their help and called them 'a star'. The final compliment was from a member stating

they had been in touch with the helpdesk lots over the last two years and would like to say a big thank you to them all but in particular one team member. In their own words ‘every time she said that she would call me back she did with more information, which was lovely. I am retiring this year and have been concerned about my pension so every few months I was phoning to check for updates. Once again a big thank you to all the helpline staff’.

13. During this period there have been no complaints received.
14. During this reporting period there have been no new IDRPs to report.
15. This report will be ongoing in all future Board meetings and will be developed in accordance with the requirements of the Board.

Contribution payments

16. The administration strategy requires contributions from employers to be received by the Pension Fund within 5 working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received during 2020/21 quarter 4 and 2021/22 quarter 1:

	Quarter 4			Quarter 1		
	Employer	Contributions		Employer	Contributions	
	%	£'m	%	%	£'m	%
On Time	87	27.598	93	91	29.777	97
Up to 1 week late	8	1.167	4	4	0.952	3
Over 1 week late	5	0.865	3	5	0.137	0
Total		29.630			30.866	

Sources of further information

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

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Suffolk Pension Board

Report Title:	Annual Employers Meeting
Meeting Date:	1 October 2021
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Paul Finbow, Head of Pensions Telephone:01473 265288 Email: Paul.finbow@suffolk.gov.uk

Brief summary of report

1. This report reminds the Pension Board of the arrangements for last year's annual employers meeting and seeks input from Board members on the arrangements for this year's meeting to be delayed and held in January 2022.

Action recommended

- | |
|---|
| <ol style="list-style-type: none"> 2. To consider the contents of the report and make suggestions for this year's meeting. |
|---|

Reason for recommendation

3. The Pension Board has been involved in the running of the annual employers meeting for the last five years, as part of their communications strategy with employers in the fund.

Alternative options

4. There are no alternative options

Main body of report

5. The Pension Fund arranges an annual employers meeting to update employers on developments that have happened during the year. Up until 2015, the annual employers' meeting was arranged by the Pension Fund Committee.
6. During 2016, the Pension Board, in its role of representing Employers and Scheme members, suggested that it should organise future meetings, as part of its communication strategy with employers.
7. The last employers' meeting was held on 25 September 2020 and was held virtually, for the first time, due to the pandemic. 40 representatives attended the meeting, which covered 189 separate employers in the Fund. Attached as **Appendix 1** is the Agenda that was used last year, with involvement from both

the Chairman of the Board as well as the Chairman of the Pension Fund Committee.

8. Originally this year's meeting had been planned to take place in late September. However, March 2022 is the date of the next formal triennial valuation of the Pension Fund, which will be undertaken by the Fund's appointed actuary. The existing contract for these services with Hymans Robertson was extended for a year due to the pandemic and this contract ends on 31 December 2022.
9. A topic which I believe employers will be keen to hear is the preparation work for the 2022 valuation and the timetable for setting future years contribution rates. This will only be possible once the procurement for Actuarial services has been completed. This will be concluded during early November. Therefore, it seems appropriate for this year's meeting to delay it to January 2022. The timescale for this and the reasons will be communicated to employers in their next newsletter.
10. Given the success of last year's virtual meeting, it is proposed to hold this year's meeting virtually as well. This can be reviewed for next year when perhaps a hybrid meeting could be developed with those wishing to attend in person being able to do so, and others being able to participate virtually.
11. The Board is asked to consider the arrangements for this year's meeting and suggest items for the Agenda.

Sources of further information

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



SUFFOLK PENSION FUND ANNUAL EMPLOYERS MEETING

10 a.m., Friday, 25 September 2020

Online Virtual Meeting

AGENDA

1. Welcome by Councillor Gordon Jones, Chairman of the Suffolk Pension Fund Board
2. Introduction by Councillor Karen Soons, Chairman of the Suffolk Pension Fund Committee
3. Pension Fund Committee Update – Paul Finbow, Senior Pensions Specialist, covering:-
 - Investment Performance of the Fund
 - Progress on Asset Pooling
4. Actuary Update – Craig Alexander, Hymans Robertson, covering:-
 - Funding Level
 - The effects of market volatility
 - McCloud ruling
 - Background
 - Recent consultation
5. Pensions Administration Update – Andy Chapman-Ennos, Pensions Technical Specialist, covering:-
 - McCloud data requirements
 - Upcoming developments for Pensions Administration
6. Open Forum
 - Open session to raise additional questions
7. Closing Remarks by Councillor Gordon Jones, Chairman of the Suffolk Pension Fund Board

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Suffolk Pension Board, 1 October 2021

Information Bulletin

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

This Information Bulletin covers the following items:

1. [Procurement for Investment Consultancy and Actuarial Services](#)
2. [New Employers](#)

1. Procurement for Investment Consultancy and Actuarial Services

- 1.1 Work has been undertaken to procure for investment consultancy and actuarial services using the LGPS national frameworks for both exercises.
- 1.2 The tender documentation was sent out to interested parties that are on the framework on 14 September with responses to be received by noon on 12 October.
- 1.3 Interview presentations for the actuarial services will be held on 27 October and the investment consultants on 28 October.
- 1.4 The new contract will commence on 1 January 2022.

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2. New Employers

- 2.1 In the quarter up to 30 June, three new employers have joined the Fund.
 - a) All saints – Hardwick Primary Academy
 - b) The Saxhams Parish Council Resolution Body
 - c) EAST – Castle East School Academy

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For further information on any of these items please contact:

Paul Finbow, Head of Pensions

Email: paul.finbow@suffolk.gov.uk Telephone: 01473 265288.

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Suffolk Pension Board

Report Title:	Risk Register
Meeting Date:	1 October 2021
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
Author:	Sharon Tan, Technical Pensions Specialist Telephone: 01473 265636 Email: Sharon.tan@suffolk.gov.uk

Brief summary of report

1. This report sets out the Risk Register for the Pension Board and how the risk control measures have been implemented against the risks

Action recommended

- | |
|--|
| <ol style="list-style-type: none"> 2. The Board is asked to review the implementation of the risk control measures. 3. The Board is asked to review and approve the Pension Board Risk Register. |
|--|

Reason for recommendation

4. Risk management is a key responsibility of those charged with Pension Fund governance with a duty to identify the range of risks that could affect the long-term sustainability of the Fund.
5. The effective management of risk is also an area which is covered within the CIPFA Knowledge and Skills framework which recognises the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps can be taken to mitigate such risks.

Alternative options

6. The Pension Board can include alternative risks to those set out in the Risk Register set out in **Appendix 4**.

Main body of report

Regulatory Background

7. The need for effective risk management is reflected throughout guidance and regulation in the Local Government Pension Scheme (LGPS), in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 paragraph 12(2c) and in the CIPFA publication "Managing Risk in the Local Government Pension Scheme" (2019). The Pensions

Regulator published regulatory guidance in December 2015 entitled “Integrated Risk Management”.

Implementation of Risk Control Measures

8. A summary of how the risk control measures in the risk register have been implemented or reviewed is set out in **Appendix 1**.

Risk Register

9. The purpose of the risk register is to reflect best practice in the identification, evaluation and control of risks in order to ensure that key risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible then means to mitigate the implications of the risks should be established.
10. The probability and risk impact scores have been scored based on the submissions from the members of the Board using the criteria set out in **Appendix 2**.
11. The full risk register for the Pension Fund Committee is attached as **Appendix 3**. There have been 1 additional risk added to the Pension Fund Committee risk register since the 19 July 2021 meeting.
 - Failure of the Pension Fund to operate custodian services after onboarding new custodian.
12. The risk register for the Pension Board to approve is attached as **Appendix 4**.
13. The risk register and actions taken to mitigate or control the risks are reported to the Board twice a year.

Sources of further information

- a) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2009 No.3093).
- b) Managing Risk in Local Government Pensions Funds - CIPFA 2019
- c) Integrated Risk Management - Pensions Regulator 2015

Suffolk Pension Board Risk Register

Risk ID	Risk	Risk Control Measures	Implementation
SPB01	<p>Employer Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities.</p>	<p>An effective Administration Strategy setting out the employers responsibilities.</p> <p>Monitoring and reporting of the compliance of the employers. Pension Fund officers report on the statutory requirements of the Fund and any breaches that may have occurred.</p> <p>Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position.</p> <p>Non compliance is addressed.</p>	<p>The Administration strategy is reviewed every three years. It was last approved by the Pension Fund Committee at its meeting on 27 November 2018. A link was sent to all employers. The document is available on the Pension Fund website, and will be reviewed again during this financial year.</p> <p>The administration report to the Board provides information on the adherence to statutory requirements for both the Fund and employers.</p> <p>Prospective employers (where a government guarantee doesn't apply) are required to secure either a guarantee or a bond to provide security for the pension liabilities of their members. Bonds are reviewed annually to reflect the current employer position. Eligible Employers are not able to access the Suffolk Pension Fund without providing a bond or guarantee.</p> <p>Engagement is the key to ensure compliance and the team will work with employers to help them comply or to help develop processes to further improve the timeliness and quality of data.</p> <p>When appropriate escalation processes are agreed with employers and used to obtain information where this is not received in the agreed timescales.</p>
SPB02	<p>Scheme Members Scheme members are not in receipt of the correct benefit and/or paid on time.</p>	<p>The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations.</p> <p>Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies.</p> <p>Calculations are independently checked and verified.</p> <p>Internal and external audit review the internal control arrangements in place.</p>	<p>Forthcoming Regulatory changes are kept under review through the consultation process. Once the draft regulations are formalised the Fund will effectively plan for implementation seeking technical clarification from the LGA if required. The Altair system is updated and tested by Heywood.</p> <p>Regulation changes are communicated to affected individual members within the statutory 3 months.</p> <p>Attendance at training courses and conferences are encouraged, with the knowledge gained shared amongst the team to ensure the team as a whole is kept up to date. Staff are trained on areas they are not familiar with to improve their knowledge and enable them to support our members better by being able to do more. New administrators have an in-depth training plan to work through which covers each main area of administration to build up their knowledge and develop their skills before they move on to the next area. Additionally new starters are provided with a buddy, process notes and all work is checked thoroughly to ensure there are no risks to the members benefits while they are learning.</p> <p>There are regular team meetings where the specifics of changes to regulations are discussed and refresher training is also carried out.</p> <p>All calculations are peer reviewed by members of the Administration team for accuracy before communications are sent out. There have also been various factor changes which have been loaded into the Altair system.</p> <p>If the Altair pension system is found to be producing incorrect calculations this is raised with the software provider to investigate. The Administration Team are made aware of the issues and where similar cases might arise.</p> <p>Internal audit annually review the internal control arrangements in place for the administration systems and investments, the result are reported to the Board. The Board also receives the external audit report for the Annual Report and Accounts.</p>

Risk ID	Risk	Risk Control Measures	Implementation
SPB03	<p>Governance Failure to communicate or engage with employers and scheme members.</p>	<p>An effective Communications Strategy so that employers are engaged with the Pension Fund.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings.</p> <p>Regular meetings are held by the Pension Board with the papers published within statutory deadlines.</p> <p>A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website.</p> <p>An annual employers meeting is held.</p>	<p>The Communication strategy is reviewed annually. It was last reviewed by the Pension Fund Committee at its meeting on 25 February 2021. The document is available on the Pension Fund website.</p> <p>The Pension Matters newsletter is emailed to employers on a regular basis to keep them updated with the Local Government Pension Scheme, Suffolk Pension Fund developments and highlights up coming deadlines for administration paperwork requirements from themselves.</p> <p>The Pension Board meets regularly and the papers are published on the Pension Fund website. The Board has access to the Pension Fund officers and have the opportunity to seek clarification or request further information.</p> <p>The Pension Fund has a public facing website and a member self service facility. These electronic means of communicating, along with email are complemented by paper based communication where appropriate. The Pensions website is reviewed and kept up to date with useful information and the Pensions Helpdesk is available for members to contact if they need some guidance.</p> <p>The team issue newsletters to Pensioner members of the scheme twice a year on the self-service system unless a paper version has been requested and employers monthly. Information is provided to all active and deferred scheme members annually with the provision of their Annual Benefit statements through the self service system unless another format has been requested. Pensioner members can now also use the self service system to access their payslips and P60's.</p> <p>The Annual employers meeting was held using microsoft teams on 25 September 2020 covering investment performance, progress in the pooling of assets, upcoming developments for Pensions administration and regulations and a presentation by Hymans explaining how the market volatility effects the funding level and some background information on the McCloud ruling.</p>
SPB04	<p>Governance Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.</p>	<p>The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Board approves a formal two year training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.</p> <p>New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Board as required.</p>	<p>The Board agrees its Training plan annually, linked to the requirements of the Cipfa Pensions Knowledge and Skills framework. The next review is at the March 2021 Board meeting.</p> <p>A training segment is utilised before the start of each Pension Board meeting and the Board also has access to and often attend the Pension Fund Committee's training programme before the start of their meetings. Members of the Pension Board attended the Pension Fund annual training day was held in November 2020 utilising microsoft teams covering ESG.</p> <p>New Board Members always receive an introduction to the scheme and a briefing from officers before attending their first meeting.</p> <p>Advisers attend meetings, at the request of the Board. The performance data providers presented to the Board at its virtual meeting held on 20 July 2020.</p>

Risk rating criteria

1. The impact of each risk has been assessed as:
 - Insignificant (1)
 - Minor (2)
 - Moderate (3)
 - Major (4)
 - Extreme (5)

2. The risk has then been assessed on the probability of the risk occurring.
 - Rare (1)
 - Unlikely (2)
 - Possible (3)
 - Likely (4)
 - Almost certain (5)

3. This has been used to allocate a risk score (multiplication of the score value in brackets above) to each risk which produces one of the risk ratings as follows:
 - Low (1-4)
 - Medium (5-9)
 - High (10-15)
 - Very High (16-25)

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Suffolk Pension Fund Risk Register

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF01	<p>Employer County Council failing to commission the Fund Actuary to carry out a cessation valuation for a departing Admission Body and losing the opportunity to call in a debt.</p> <p><u>Consequence</u> The financial burden would have to be picked up by the rest of the employers in the Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The Admission agreement signed by each employer requires employers to inform the Pension Fund of forthcoming changes to its membership position.</p> <p>The Pension Fund officers annually review the funding position of each employer and the securities in place in case of cessation.</p> <p>The risk is further mitigated by:</p> <p>Vetting prospective employers in regards to financial security of funding streams.</p> <p>Seeking a funding guarantee or indemnity from the former scheme employer.</p> <p>Review to ensure Bonds are renewed when expiring and reflect current employer position.</p>
SPF02	<p>Employer Employers' failure to carry out their responsibilities for providing scheme administration data.</p> <p><u>Consequence</u> The Pension Fund is unaware of structural changes in an employers membership (e.g. large fall in employee members, large number of retirements, fund is closed to new entrants)</p> <p>Not having correct membership data could result in scheme benefits being incorrectly calculated.</p> <p>Could lead to incorrect information being used to make decisions in regards to the employer and the Pension Fund as a whole.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Administration Strategy is reviewed at least every three years. It was last approved by the Pension Fund Committee at its meeting on 27 November 2018. All employers are notified when amendments have been made. The document is available on the Pension Fund website.</p> <p>Employers are required to fill out an annual return by 21 April each year - non compliance is addressed.</p> <p>The Pension Fund monitors membership movements by updating the Heywood system and reconciling the data.</p> <p>The Actuary can be instructed to consider revising the Rates and Adjustments certificate to increase an employer's contributions (under Regulation 78) between triennial valuations.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF03	<p>Employer Failure of the Employers to produce the data required to calculate the impact of the McCloud High Court ruling.</p> <p><u>Consequence</u> The Pension Fund will be unable to calculate the impact of discrimination of the 2014 change to the LGPS in light of the High Court ruling.</p> <p>Could lead to a member not getting the correct benefit that they are entitled to.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Employers have been made aware that data will be required from them at the Employers Annual meeting.</p> <p>Further information will be made available to the Employers through the Pension Matters newsletter as developments are published.</p>
SPF04	<p>Employer Increase in unfunded early retirements</p> <p><u>Consequence</u> Could increase the liability strain for the employer making the scheme unaffordable.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>Employers are charged the capital cost of redundancy early retirements.</p> <p>Ill health retirements are monitored, any cost in excess of the allowance in the contribution rate if applicable is charged to the employer.</p> <p>Smaller employers are mandated to take out an insurance policy to cover the cost of ill health early retirements.</p>
SPF05	<p>Employer Failure to communicate or engage with Pension Fund stakeholders.</p> <p><u>Consequence</u> Leading to non compliance with legislation and best practice. Inability to determine policy and effective decisions. Damaging to reputation.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Maintenance and implementation of a communication strategy, which is subject to regular review.</p> <p>Training has been provided for the Committee to evaluate the communication that is undertaken by the Fund.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and the annual employer meetings.</p> <p>Regular meetings are held by the Pension Fund committee and Pension Board with the papers published within statutory deadlines.</p> <p>A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF06	<p>Actuarial The actuarial assumptions used in the triennial valuation are significantly different to the experience</p> <p><u>Consequence</u> Could lead to an increase in employers contribution rate which could effect the employers affordability to be part of the Fund leading to a loss of employers and members which will reduce income to the Fund.</p> <p>Could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Minor (2)	Possible (3)	9	Medium	<p>Additional work is commissioned to validate the assumptions used in the valuation process. These assumptions are presented to Committee to consider</p> <p>Mortality assumptions are set with an allowance for future increases in life expectancy.</p> <p>The assumptions to be included in that valuation are presented and explained to Committee to consider adoption.</p> <p>Some investment in growth and inflation linked assets helps to mitigate pay and price inflation risk as their valuation should rise as inflation rises.</p>
SPF07	<p>Actuarial Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities.</p> <p><u>Consequence</u> Could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Moderate (3)	Possible (3)	9	Medium	<p>Regular reporting of the funding position.</p> <p>Toleration of risk in the expectation of higher real returns from riskier assets (equities, property and alternatives).</p> <p>Some investment in bonds helps to mitigate this risk.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF08	<p>Actuarial Failure of the investment strategy to produce the long-term returns assumed in the Funding Strategy.</p> <p><u>Consequence</u> Could have a negative affect on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Major (4)	Possible (3)	12	High	<p>The investment Strategy is fully reviewed at least every 3 years by the Pension Fund Committee in line with the results of the triennial valuation. This was last reviewed in July 2020.</p> <p>Regular reporting of the funding position and the performance of the investments of the Pension Fund.</p> <p>A high level review is undertaken annually to assess whether the objectives of the strategy still meet with the Fund's current objectives.</p>
SPF09	<p>Governance Pension Fund Committee members do not have the appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.</p> <p><u>Consequence</u> Could lead to inappropriate decisions being made which could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers. Reputational risk to the Suffolk Pension Fund.</p> <p>Could lead to investment managers not permitting the fund to retain its opt up as a professional client and the Fund having to disinvest from investments that are not appropriate for non professional clients</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Committee has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>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.</p> <p>New Committee members and substitutes are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Committee, as required.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF10	<p>Governance Pension Board members do not have the appropriate skills or knowledge to discharge their responsibility.</p> <p><u>Consequence</u> The Board does not discharge their duties to oversee the governance of the Pension Fund.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Board approves a formal training plan annually which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.</p> <p>New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Board as required.</p>
SPF11	<p>Governance Pension Fund officers do not have the appropriate skills or knowledge to complete statutory duties or advise the Pension Fund appropriately.</p> <p><u>Consequence</u> Could lead to inappropriate decisions being made which could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>Pension Fund officers attend seminars, conferences and training events laid on by the professional bodies involved with the LGPS. These have been held remotely due to coronavirus since March 2020.</p> <p>Staff are recruited with the necessary skills to undertake the relevant duties.</p> <p>Training and development needs are identified through the personal development review (PDR) process</p>
SPF12	<p>Governance Failure by a provider of Additional Voluntary Contributions (AVC) services to the Pension Fund.</p> <p><u>Consequence</u> Could lead to a financial loss for the employee.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Three AVC providers are currently available to scheme members (Clerical Medical, Standard Life, Equitable Life).</p> <p>Performance of AVC providers are monitored by Pension Fund officers on an annual basis.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF13	<p>Governance Breach of current data protection legislation.</p> <p><u>Consequence</u> Could lead to the loss of data. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>County Council data security protocols are understood and adhered to.</p> <p>The document imaging system improves the security of retained documentation negating the need for paper records.</p> <p>Use of secure means for data transfer when necessary.</p>
SPF14	<p>Governance Failure to ensure adequate systems, procedures and processes are in place to manage and safeguard the Pensions data</p> <p><u>Consequence</u> Cyber threats or data breaches could lead to the loss of sensitive personal data resulting in financial loss and financial penalties.</p> <p>Reputational risk to the Suffolk Pension Fund and Suffolk County Council</p>	Minor (2)	Unlikely (2)	4	Low	<p>There are comprehensive policies, procedures and guidance in place which are reviewed and updated regularly. County Council data security protocols are understood and adhered to.</p> <p>There are processes in place to learn from potential security incidents and data breaches. Use of secure means for data transfer when necessary.</p> <p>Hosted services have appropriate security accreditation in place The document imaging system improves the security of retained documentation negating the need for paper records.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF15	<p>Investment Failure of investment markets (long-term failure in return generation) in generating investment returns.</p> <p><u>Consequence</u> Could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Major (4)	Possible (3)	12	High	<p>Regular reporting of the funding position.</p> <p>Regular reporting and monitoring arrangements for investment performance.</p> <p>Diversification of asset classes minimises the impact of a single asset class underperforming.</p> <p>Some allocations have been made to absolute return mandates to reduce reliance on market returns.</p> <p>Review of assets against the strategic benchmark with rebalancing carried out as necessary.</p>
SPF16	<p>Investment Failure in investment performance by individual investment managers leading to a shortfall in investment return.</p> <p><u>Consequence</u> Could have a negative affect on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Moderate (3)	Possible (3)	9	Medium	<p>Regular meetings with investment managers to discuss investment performance.</p> <p>Regular reporting and monitoring arrangements for investment performance for each manager against benchmark.</p> <p>Diversification of asset classes and investment manager structure minimises the impact of a single manager underperforming.</p>
SPF17	<p>Investment Counterparty default in securities lending programme.</p> <p><u>Consequence</u> Financial loss if all or part of an asset is irrecoverable. Reputational risk of the Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The securities lending programme is managed by an experienced third party, HSBC the Pension Fund custodian.</p> <p>The Pension Fund is indemnified within the security lending programme.</p> <p>All securities in the programme are over-collateralised.H27+H29</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF18	<p>Investment Negligence, fraud or default by individual investment manager leading to a loss of investments.</p> <p><u>Consequence</u> Financial loss if all or part of an asset is irrecoverable. Reputational risk to the Pension Fund.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>Legal requirements on fund managers set out in investment management agreements.</p> <p>FCA regulated and review of internal control report to ensure compliance.</p> <p>Separation of investment management arrangements from custody of assets through use of global custodian.</p> <p>Reconciliation of custodian data against investment manager reported positions.</p> <p>Regular reporting and monitoring of stability of investment organisation.</p>
SPF19	<p>Investment Failure of custodian leading to loss of investments or control of investments or incomplete or incorrect information leading to misreporting of financial position.</p> <p><u>Consequence</u> Financial loss if all or part of an asset is irrecoverable. Incorrect decisions made on misreported information.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>Regular review of custodian performance against SLA's.</p> <p>FCA regulated and review of internal control report to ensure compliance.</p> <p>Reconciliation of custodian data against investment manager reported positions.</p> <p>All Pension Fund assets held by the custodian are in ring-fenced nominee holdings and not on the custodian's balance sheet.</p>
SPF20	<p>Investment Insufficient liquid assets to meet liabilities.</p> <p><u>Consequence</u> The Fund cannot meet its immediate liabilities because it has insufficient liquid assets leading to additional costs associated with borrowing to meet the cash flow.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Valuation modelling of the Fund has identified a net positive cash flow over the medium term.</p> <p>The cash flow is monitored and reconciled on a daily basis with a review of cash flow trends to anticipate need.</p> <p>Regular reporting of cash flow to Pension Fund committee.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF21	<p>Investment Failure by investment managers to appropriately manage the potential risk of stranded assets</p> <p><u>Consequence</u> Financial loss if an asset losses significant value and becomes worthless.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Regular meetings with investment managers to discuss investment performance and investment strategy.</p> <p>Regular reporting and monitoring arrangements for investment performance for each manager against benchmark.</p> <p>Diversification of asset classes and investment manager structure minimises the impact of a single stock underperforming.</p>
SPF22	<p>Regulatory Changes to regulations or legislation not being adhered to.</p> <p><u>Consequence</u> Could result in an increase in the cost of the scheme or increased administration time to correct.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Pension Fund responds to all consultation papers regarding changes to the LGPS issued by the Department of Communities and Local Government (MHCLG).</p> <p>Pension Fund officers contribute to discussions with MHCLG through the professional bodies the Fund are members of (e.g. CIPFA).</p> <p>Pension Fund officers attend conferences and seminars to ensure the consequences of legislative changes are understood and implemented.</p>
SPF23	<p>Regulatory Failure of the Pension Fund to be able to undertake the work required to remedy the McCloud High Court ruling.</p> <p><u>Consequence</u> Could result in an increase in the cost of the scheme or increased administration time to correct.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Pension Fund officers have attended webinars held by professional bodies to understand the potential requirements.</p> <p>Employers have been engaged and are aware that there will be a requirement for them to produce some of the data which will be needed to do undertake the work.</p> <p>Work is ongoing to assess the resources required.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF24	<p>Regulatory Progress in pooling the assets of the Suffolk Pension Fund in the ACCESS pool does not meet Government expectations.</p> <p><u>Consequence</u> The Government has introduced back stop legislation to ensure compliance and so will assign an asset pool for the Pension Fund to join.</p> <p>The pool assigned to the Pension Fund may not be one most aligned to its own principles.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Pension Fund Committee is kept fully briefed and the chairman is fully engaged with the Joint Governance Committee to ensure decisions required to progress the project are made on a timely basis.</p> <p>The Pension Fund committee and Board have been kept informed of the Government's requirements and the various asset pool proposals being formed.</p> <p>The Pension Fund officers actively participate within the ACCESS asset pool to contribute to the resource pool which enables work to be carried out in a timely manner.</p> <p>Progress on the Asset pool is reported to Government as per MHCLG requirements.</p>
SPF25	<p>Operational Failure of payroll and pensions administration IT systems.</p> <p><u>Consequence</u> Pension benefits are not paid on time. Failure to meet statutory requirements. Inability to deal with enquiries effectively. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Moderate (3)	Possible (3)	9	Medium	<p>Suffolk County Council has a business disaster recovery plan which includes the key tasks within the Pension Fund functions.</p> <p>The Pension Fund administration system is hosted by its supplier, Heywood's.</p> <p>All staff have access to laptops which enables them to access systems remotely if required.</p> <p>Systems are backed up nightly.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF26	<p>Operational Failure to comply with LGPS pensions benefits regulations.</p> <p><u>Consequence</u> Could result in incorrect benefit calculations. Incorrect data being held. Additional administration time required to correct any errors. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Pensions Administration team adhere to the stringent procedures required to comply to the benefits regulations.</p> <p>Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies.</p> <p>Calculations are independently checked and verified.</p> <p>Internal and external audit review the internal control arrangements in place.</p>
SPF27	<p>Operational Staff fraud/theft/negligence</p> <p><u>Consequence</u> Effect on the cash flow position to pay benefits. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Minor (2)	Unlikely (2)	4	Low	<p>There are systems controls in place to prevent individuals from committing theft and fraud.</p> <p>All financial transactions are independently checked and verified, with further scrutiny undertaken when authorised.</p> <p>Internal and external audit undertake scrutiny of the internal control arrangements.</p>
SPF28	<p>Operational Failure to collect and account for full receipt of contributions and deficit payments received from employers in a timely manner.</p> <p><u>Consequence</u> Effect on the cash flow position to pay</p>	Minor (2)	Unlikely (2)	4	Low	<p>Regular reconciliations are carried out to reconcile the receipts from employers against the rate they should have paid.</p> <p>Timeliness of receipts are monitored and reported quarterly to the Pension Board.</p> <p>Non compliance is addressed.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF29	<p>Operational Failure of the Pension Fund to be able to operate during the COVID 19 lockdown conditions.</p> <p><u>Consequence</u> Could result in members not receiving their benefits on time.</p> <p>A back log of administration tasks could be built up.</p> <p>Governance activities are not carried out.</p> <p>Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The whole of the Pensions Team has been working from home since 18 March 2020. Although there were initial IT connection issues these have been resolved and essential tasks are being carried out.</p> <p>The helpdesk is operating to enable members, particularly the most vulnerable who may be less confident in using the internet, contact the team by telephone.</p> <p>Certain procedures have been amended such as accepting copies of certificates and signed statements without a witness from another household. All of these cases will be revisited as soon as it is possible to do so but the temporary measures are in place to ensure customers are not at detriment and their benefit case can continue.</p> <p>Benefit payments have been processed on time.</p> <p>Pension Fund officers are in contact with investment managers and have virtual meetings to discuss performance. Virtual meetings have also been held with the investment advisers and the actuary.</p> <p>Pension Fund Committee meetings are being in held face to face.</p> <p>New ways of working are being developed that wil combine working from home and working in the office which continues to meet the needs of the Pension Fund functions.</p>

Suffolk Pension Board Risk Register

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB01	<p>Employer Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities.</p> <p><u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer and the Pension Fund as a whole.</p> <p>The financial burden would have to be picked up by the rest of the employers in the Pension Fund.</p>	3	1	3	Low	<p>An effective Administration Strategy setting out the employers responsibilities.</p> <p>An effective Communications Strategy so that employers are engaged with the Pension Fund.</p> <p>Monitoring and reporting of the compliance of the employers.</p> <p>Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position.</p> <p>Non compliance is addressed.</p>
SPB02	<p>Scheme Members Scheme members are not in receipt of the correct benefit and/or paid on time.</p> <p><u>Consequence</u> Additional administration time required to correct any errors.</p> <p>Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	3	1	3	Low	<p>The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations.</p> <p>Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies.</p> <p>Calculations are independently checked and verified.</p> <p>Internal and external audit review the internal control arrangements in place.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB03	<p>Governance Failure to communicate or engage with employers and scheme members.</p> <p><u>Consequence</u> Leading to non compliance with legislation and best practice. Inability to determine policy and effective decisions. Damaging to reputation.</p>	3	2	6	Medium	<p>Maintenance and implementation of a communication strategy.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings.</p> <p>Regular meetings are held by the Pension Board with the papers published within statutory deadlines.</p> <p>A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website.</p> <p>An annual employers meeting is held.</p>
SPB04	<p>Governance Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.</p> <p><u>Consequence</u> The Board does not discharge their duties to oversee the governance of the Pension Fund.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	3	3	9	Medium	<p>The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Board approves a formal training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.</p> <p>New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Board as required.</p>
SPB05	<p>Regulatory Changes to regulations or legislation not being adhered to.</p> <p><u>Consequence</u> Could result in an increase in the cost of the scheme or increased administration time to correct.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	3	2	6	Medium	<p>The Pension Fund responds to all consultation papers regarding changes to the LGPS issued by the Ministry of Housing, Communities and Local Government (MHCLG).</p> <p>Pension Fund officers attend conferences and seminars to ensure the consequences of legislative changes are understood and implemented.</p> <p>New legislation is reported to the Pension Fund Committee and Board with regular updates on progress on implementation, the guidance produced, legal advice taken and any issues identified.</p>

Suffolk Pension Board Forward Work Programme

Purpose

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

Terms of reference

The terms of reference of the Suffolk Pension Board are:

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

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
Friday, 10 December 2021	Added 12 March 2021	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 19 July 2021	Suffolk Pension Fund Policies	A review of the Policies of the Suffolk Pension Fund	Written Report
	Added 12 March 2021	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Presentation
	Added 12 March 2021	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 12 March 2021	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Friday, 11 March 2022	Added 19 July 2021	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 19 July 2021	Administration and management expenses	To receive a report on the administration and management expenses for 2021/22 and the budget for 2022/23.	Written Report
	Added 19 July 2021	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Presentation
	Added 19 July 2021	Pension Board Risk Register	To review the Pension Board Risk Register.	Written Report
	Added 19 July 2021	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 19 July 2021	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report

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

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

Revised: October 2021

Items for consideration/scheduling: