Suffolk County Council

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives:

Councillor Richard Smith MVO, 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.

Richard Blackwell, representing Pensioners.

Kay Davidson, representing Active Members.

Date: Friday, 7 March 2025

Venue: Rose Mead Room
Endeavour House
8 Russell Road
Ipswich
Suffolk
IP1 2BX

Time: 2:30 pm

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

Business to be taken in public:

1. **Apologies for Absence**

   To note and record any apologies for absence.

2. **Declarations of Interest and Dispensations**

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

3. **Minutes of the Previous Meeting** — Pages 5-11

   To approve as a correct record, the minutes of the meeting held on 4 December 2024.

4. **Pensions Administration Performance** — Pages 13-16

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

5. **Government Pension Review** — Pages 17-28

   To provide an update on the Government Pension Review.

6. **Pension Board Risk Register** — Pages 29-34

   To review the Pension Board Risk Register.

7. **ACCESS Pool update**

   To receive a verbal update on the progress of the ACCESS pool.

8. **Information Bulletin** — Pages 35-57

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

9. **Forward Work Programme** — Pages 59-62

   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: Tuesday, 29 July 2025 at 11:00 am

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Nicola Beach
Chief Executive

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Suffolk County Council

Agenda Item 3
Unconfirmed

Minutes of the Suffolk Pension Board Meeting held on 4 December 2024 at 11:00 am in the Rose Mead Room, Endeavour House, Ipswich.

Present:	Councillor Richard Smith MVO (Chairman) (representing Suffolk County Council), Richard Blackwell (representing Pensioners), Ian Blofield (representing all Borough, District, Town and Parish Councils), Kay Davidson (representing Active Members), and Thomas Jarrett (representing all other employers in the Fund).
Supporting officers present:	Rebekah Butcher (Democratic Services Officer), Stuart Potter (Pensions Operations Manager), and Sharon Tan (Lead Accountant, Pensions).

25. Apologies for Absence

An apology for absence was received from Pauline Bacon (representing the Unions).

26. Declarations of Interest and Dispensations

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

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

27. Minutes of the Previous Meeting

The minutes of the meeting held on 16 October 2024 were confirmed as a correct record and signed by the Chairman.

28. Pensions Administration Performance

The Board received a report at Agenda Item 4 which provided an update on the performance of the Pensions Administration Team. The report also included details of compliments and complaints received by the Administration team and details on the timeliness of contribution payments from employers in the Fund. The report was introduced by Stuart Potter, Pensions Operations Manager, and Sharon Tan, Lead Accountant (Pensions). Members had the opportunity to ask questions.

Decision: The Board noted the report.

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

Members were assured that the Pensions Team were supporting the scheme member who had not received their Additional Voluntary Contribution payment from Standard Life.

A member enquired about the 31 March deadline for the McCloud remedy. The officer noted challenges due to pending HMRC tax legislation and confirmed the system was not fully operational, especially for on-call and retained firefighters, although they were working through the cases. Collaboration with the Fire Service and Firefighters Pension Board was ongoing. There were no immediate consequences for missing the deadline, and the Home Office had asked about progress and potential extensions. Progress was tracked monthly by the Local Government Association.

Members were informed that a letter would be sent to the employer consistently making very late payments to the Fund. This letter would remind them of the Fund's Administration Strategy and the potential for interest charges to ensure fairness for all employers. Members expressed their gratitude to the Lead Accountant for diligently overseeing the Fund's contribution payments, ensuring 99.5% of employers paid on time. The Board was assured that appropriate actions were in place to remind the 0.5% of employers who failed to pay on time of their responsibilities to the Suffolk Pension Fund.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

29. Government Pension Review

At Agenda Item 5, the Board received the interim report of the Pension Investment Review outlined in the Chancellor of the Exchequer's Mansion House speech delivered on 14 November 2024 and the consultation in regard to the proposed reforms. The report was introduced by Sharon Tan (Lead Accountant, Pensions) and members had the opportunity to ask questions.

Decision: The Board:

a) noted the report.

b) requested that Board members receive a copy of the draft response to provide input, if necessary.

c) requested that the item be included on future agendas to ensure Board Members were regularly briefed.

Reason for Decision: The Board needed to stay informed about the Pensions Investment Review. The Government had published an interim report outlining proposals for the scale and consolidation of the LGPS, seeking views on asset pooling, UK and local investment, and governance. A response from the Suffolk Pension Fund would be submitted by 16 January 2025. The final Government report, forming the basis of the Pension Bill, would be published after considering consultation responses and laid before Parliament in Spring 2025.

A member asked whether the necessary changes could be implemented by 1 April 2026, allowing a year for the process. The Lead Accountant responded that no clear guidance had been issued but noted that establishing a competent FCA regulated pool typically took a minimum of 18 months. She mentioned unhelpful speculation in certain publications about the fragmentation of ACCESS but emphasised that ACCESS aimed to remain unified, with over £50 billion currently invested in the Pool, excluding legacy investments. The Lead Accountant highlighted that significant costs would arise regardless of the option chosen – whether merging, building, or joining another pool. She stressed the need for a prompt decision by Government after the 26 February deadline to avoid delays and additional costs.

A member asked how the Fund's current investment policies might conflict with the UK investment policy imposed by the Government. The Lead Accountant explained that the Government's standard allowed large foreign pension funds, such as the Canadian Fund or the US Teachers' Fund, to invest in the UK, while UK Pension Funds were considered to underinvest in UK infrastructure. She noted that the Suffolk Pension Fund diversified its investments globally through managers with strong track records, without excluding UK investments. Foreign pension schemes also faced challenges related to foreign exchange differences when investing globally. She added that UK infrastructure investments often did not align with the Fund's risk-reward criteria. The Lead Accountant stressed that large funds must diversify their investments, even if this included smaller opportunities with lower returns. Members were informed that if the LGPS were unified, it would have £450-500 billion in assets, benefiting from economies of scale.

A member sought clarification on the consultation process and the long-awaited governance review. The Lead Accountant explained that the governance review, initiated pre-COVID, focused on ensuring good governance within the Fund, including mandatory training for committee members and updating the governance policy. The current review also recognised the Pool's role in setting the investment strategy, raising concerns about potential conflicts of interest. The officer explained that while the Committee could replace an underperforming investment consultant, this flexibility would be lost if the Pool managed all investments and selected managers. The lack of control over the Pool posed a significant concern, as poor decisions by the Pool could have widespread negative consequences.

A member acknowledged the uncertainty and noted that most options, such as merging or building, would take over a year, likely necessitating interim arrangements. He expressed concerns about the large number of members in the ACCESS Pool and the potential for delayed decisions due to the need for consensus. The Lead Accountant emphasised that, despite ACCESS comprising 11 funds, a well-structured and financially sound response must be submitted by 26 February. She confirmed that the Pool would continue its current operations, with several projects on hold. ACCESS planned to reappoint Waystone starting 1 April 2025 and, if permitted by the Government, focus on building the pool to avoid interim measures.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

30. Path to Net Zero

At Agenda Item 6, the Board received the Pension Fund's 'Path to Net Zero' document which set out the strategy and a high-level action plan on how the Path to Net Zero would be achieved and monitored. The report was introduced by Sharon Tan (Lead Accountant, Pensions) and members had the opportunity to ask questions.

Decision: The Board noted:

a) the Path to Net Zero document.

b) that it would receive further information when available following the completion of work by Hymans Robertson (expected September 2025).

Reason for decision: The Pension Fund was committed to aligning its portfolio with the Paris Agreement and had set a net zero target for 2050 or earlier. The Path to Net Zero document outlined the strategy and a high-level action plan for achieving and monitoring this target.

Members were informed that the first objective was to assess the level of climate risk within the Fund's investment portfolio. This involved establishing an estimated baseline as of 2019 and determining an accurate baseline for 2024. It was noted that once this analysis, conducted by Hymans Robertson, was complete, the findings would be presented to the Committee and the Board.

During the discussion, a member raised broader ESG (Environmental, Social, and Governance) considerations, including stranded assets and the need to address upstream environmental degradation. They questioned whether the strategy's focus on reducing carbon emissions accounted for potential negative consequences, such as environmental damage from sea mining and the extraction of materials for electric vehicle batteries. The Lead Accountant acknowledged the complexity of balancing specific ESG issues while aligning with the Paris Agreement. They noted that while some committee members felt that the 2050 target was not ambitious enough, eliminating certain portfolio elements remained challenging. The importance of integrating ESG principles into the upcoming Investment Strategy Statement was emphasised, along with the need for thorough due diligence by fund managers. Engagement with companies was highlighted as a key responsibility for investment managers, given the Committee's limited capacity in terms of time and expertise. The Board recognised the need to balance multiple factors, such as reducing emissions while managing workforce impacts, noting the challenges in quantifying these efforts.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

31. Administration System Contract

The Board received a report at Agenda Item 7 which provided an update of the changes that would be made to the Pensions Administration System as part of a new contract. The report was introduced by Stuart Potter, Pensions Operations Manager, and members had the opportunity to ask questions.

Decision: The Board noted the report.

Reason for decision: The Pensions Administration System was fundamental to the Suffolk Pension Fund delivering effective and efficient services to scheme members.

In response to a question from a Board member, the Pensions Operations Manager confirmed that a five-year contract was awarded to Heywood without a full procurement process due to time constraints and system compatibility issues related to the McCloud and Matthews legislation deadlines. Only two Administration System providers from the national LGPS framework responded to the Council, both offering similar system capabilities. Implementing a new system would have required 15 months, overlapping the existing contract's expiration in October 2024, making a transition unfeasible. A five-year term was chosen for cost efficiency and to ensure uninterrupted progress on critical legislative work, with plans for a full procurement exercise in 2027/28.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

32. ACCESS Pool update

At Agenda Item 8, the Board received a verbal update from Sharon Tan, Lead Accountant (Pensions) on the recent developments within the ACCESS pool.

The Committee was informed that the ACCESS Joint Committee meeting scheduled for 2 December was replaced with a strategy meeting following the Government's recent announcements. The next Joint Committee meeting was scheduled for 10 February 2025, aligning with the submission date for the Government's Pension Review.

It was reiterated that the operator contract ending at the end of the year had gone through a full procurement process. Waystone was appointed as the new operator, and the unsuccessful bidders were notified. The new operator was set to begin on 1 April 2025, with preparations underway to ensure a smooth transition.

Other activities included sub-fund reviews, which had been put out to procurement to find a reviewer. However, this process was currently on hold to avoid incurring costs on a review that might become obsolete within a year. The Joint Committee was also finalising private equity manager appointments, with the Suffolk Pension Fund positioned to make a commitment as soon as the fund opened. However, plans to build an internally operated private equity vehicle were deferred until the future of pooling became clearer.

Additionally, the Joint Committee was considering procuring a Responsible Investment (RI) provider to support reporting and engagement, particularly for net-zero initiatives, including voting guidance and engagement with companies in emerging markets. However, due to associated costs and recent Government announcements on the Pension Review, this initiative was also paused.

The Lead Accountant emphasised the importance of maintaining pool operations efficiently while minimising unnecessary expenditure.

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.

In response to a question from a member regarding satisfaction with the ACCESS pooling arrangement, the Lead Accountant highlighted its benefits. Members noted that ACCESS had enabled member funds to maintain a collective voice while retaining a degree of control over investment decisions, unlike some other pools where individual funds had limited influence. The Lead Accountant reflected on the active role of the 11 member funds' chairs and officers in shaping ACCESS's development and ongoing operations. While acknowledging a sense of attachment to the arrangement, she emphasised that it remained a contractual relationship, reinforcing the need to balance operational continuity with flexibility in future decisions.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

33. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 9.

The Chairman informed Board members that a link could be provided if they wished to observe the Annual Employers' Meeting on 10 December.

34. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 10.

Decision: The Board approved its Forward Work Programme as published, including the addition of the 'Government Pension Review' to future agendas to ensure Board members received regular updates (as noted at Minute 29 above).

A minor technical amendment to remove the 'Forward Work Programme' as an item from the plan was also agreed.

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

The meeting closed at 12:17 pm.

Chairman

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Suffolk County Council

Agenda Item 4

Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	7 March 2025
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance, Economic Development and Skills
Director:	Stephen Meah-Sims, Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Stuart Potter, Pensions Operations Manager *Telephone:01473 260295 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

Introduction

5. This report covers staff performance and team achievements since the previous Board meeting on 4 December 2024.

Service Level Agreements

6. The Service Level Agreements for the 'key' processes from November 2024 until January 2025 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 **137** percentage completed in SLA **96%**

b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **85,** percentage completed in SLA **95%**

c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **422**, percentage completed in SLA **99%**

d) Retirement lump sums will be paid within 10 working days of receipt of all necessary information after retirement – Total cases **333,** percentage completed in SLA **100%**

e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **67,** 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 **113** percentage completed in SLA **99%**

System updates

7. The project to upgrade the Member Self Service system 'Engage' has continued. Development and testing work is progressing well and it is expected that this system will be available to members by early March. Active members have been made aware of the change via the newsletter. Engage offers several improvements including a simplified registration process, more calculators to help members plan for retirement and the opportunity to upload documents securely to their account.

8. The team have started to use a new dashboard-based reporting tool which is enabling access to a greater range of data more quickly. This frees up time to focus on delivering services to members and employers.

9. I-Connect is continuing to be tested and rolled out to employers, with 53% of all employers now sending monthly data. This equates to just over 42% of all active members. Work is progressing with Vertas, who provide payroll services to many Suffolk schools, to develop an I-connect report.

Undecided leavers

10. The ongoing work to clear the historic backlog of undecided leavers has been continuing. The total number has now reduced to 7600, a decrease of 800 from the previous reported figure.

McCloud Remedy

11. The team are continuing to implement remedy calculations for impacted cases for the Fire scheme. The focus has to be on the Fire scheme members first as the statutory deadline for completion is 31 March 2025. It has taken some considerable effort to get to this point as the team have needed to update records with additional data and fully test the functionality in the system. In the new financial year, the focus will then move to getting all relevant data loaded and system functionality switched on for LGPS members.

Newsletters

12. The latest biannual newsletter for active members was issued in February. This covered key information about member benefits, a reminder to members to

ensure their death benefit nominations are up to date, an introduction to Engage, and an article from Kay Davison, as the Active Member representative.

Compliments and Complaints

13. During this reporting period there has been four compliments above and beyond the usual thanks received for the service provided.

14. The first of these was from a customer who emailed in following help from a member of the team to access the Member Self Service system for the first time. The customer stated: *'really great customer service, hugely appreciated - thank you!'* The second compliment was from a financial advisor who contacted the team to thank them for explaining the situation in plain language.

15. The other two compliments were from members who were helped over the telephone. The first of these was in relation to a member who wanted to understand their annual allowance in more detail. Following the call the customer emailed the individual saying *'thank you for clearly explaining to me the situation regarding my pension allowance – it all makes sense now!'*

16. The fourth compliment was from a member who was helped on the telephone with their retirement forms. The individual stated she *'was very appreciative of the service she had received and in particular the help with filling out her retirement forms and answering her questions regarding payments'.*

17. During this period there have been three complaints received.

18. The first complaint was from a member of the fund who had changed their mind about the amount of pension/lump sum they wished to receive. This request was received the day before their lump sum payment was due to be released but unfortunately the member of staff who received this updated the task rather than bringing this to a senior member of staff's attention. This resulted in the customers request not being picked up until the day after the payment was released. The team contacted the member to say that they will adjust the money split in line with the customers wishes, because the request was received in time, and the complaint has been resolved to the customers satisfaction. The team have been reminded about the need to raise urgent requests like this immediately to avoid a repeat scenario.

19. The other two complaints are both Internal Dispute Resolution Procedures (IDRP) complaints, with one at stage 1 and the other at stage 2.

20. The stage 1 complaint is from someone who transferred out their pension over 20 years ago. The complaint is regarding not being given any options when they transferred their pension out. Due to the time that has passed the team hold very little information other than the confirmation that the transfer was actioned as requested by the individual. This complaint is still being investigated, and the Board will be kept updated on progress to resolution.

21. The Stage 2 complaint relates to a member who asked for reimbursement for interest on the lump sum and annuity payments they feel they have missed out on as a result of delays in their AVC payment being made. An amount was offered and paid to compensate for the delays caused by the Pension team, however, there were other delays caused by both the member and the AVC provider Standard Life. This is still under investigation and the Board will be kept updated on progress to resolution.

22. The IDRP Stage 1 complaint reported at the last Board meeting was upheld. This related to a member not being given her AVC payment from Standard Life when she retired, so the member also complained to Standard Life directly. The member raised a complaint to Stage 2, however before this could be investigated, Standard Life resolved the matter by paying the monies due. Therefore, the Stage 2 complaint was withdrawn, and the matter has been resolved.

Contribution payments

23. 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 2024/25 quarter 2 and 3:

	2024/25 Quarter 2			**2024/25 Quarter 3**		
	Employer	Contributions		Employer	Contributions	
	%	£'m	%	%	£'m	%
On Time	93	34.580	99.5	91	38.407	98.9
Up to 1 week late	4	0.088	0.2	6	0.343	0.9
Over 1 week late	3	0.098	0.3	3	0.073	0.3
Total		**34.766**			**38.823**	

Sources of further information

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

Suffolk County Council

Agenda Item 5

Suffolk Pension Board

Report Title:	Government Pension Review
Meeting Date:	7 March 2025
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance, Economic Development and Skills
Director:	Stephen Meah-Sims, Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial (S151) Officer
Author:	Tracey Woods, Head of Pensions, Telephone: 01473 265639 Email: tracey.woods@suffolk.gov.uk

Brief summary of report

1. This report provides an update on the response to the Pensions Investment Review consultation.

Action recommended

2.	The Board is recommended to note the Suffolk Pension Fund response to LGPS: Fit to the Future consultation.

Reason for recommendation

3. To keep the Board informed about the progress of the Pensions Investment Review and the Suffolk Pension Fund response to it.

4. Government has published the interim report of its Pensions Investment review which sets out proposals it has consulted on to deliver scale and consolidation of the LGPS.

5. The final report will be published once the consultation responses have been considered and this report will then form the basis of the Pension Bill which will be laid before Parliament in due course.

Alternative options

6. There are no alternative options.

Main body of report

Introduction

7. The Government published the interim report of the Pensions Investment Review in November 2024 and alongside this published a consultation entitled Local Government Pension Scheme (LGPS): Fit for the Future.

8. The consultation had two parts.

a) The first was the opportunity to respond to an online consultation by 16 January 2025.

b) The second, was the requirement for all pools to make a submission to Government which sets out how they and their member funds will be compliant with the minimum pooling standards by March 2026. This submission had to be made by 1 March 2025.

9. The Pensions Investment Review for the LGPS is focused on looking at how tackling fragmentation and inefficiency can unlock the investment potential of the scheme, including through further consolidation.

Reforms

10. The proposals that have been consulted on are:

11. **Reforming the LGPS asset pools** by mandating certain minimum standards deemed necessary for an optimal and consistent model in line with international best practice. The minimum standards proposed are:

a) Pension Fund’s would be required to fully delegate the implementation of investment strategy to the pool, and to take their principal advice on their investment strategy from the pool;

b) Pools would be required to be investment management companies authorised and regulated by the Financial Conduct Authority (FCA), with the expertise and capacity to implement investment strategies;

c) Pension Fund’s would be required to transfer legacy assets to the management of the pool.

12. **Boosting LGPS investment in their localities and regions in the UK**, by requiring Pension Fund’s to:

a) Set out their approach to local investment in their investment strategy including a target range for the allocation and having regard to local growth plans and priorities,

b) To work with local authorities, Combined Authorities, Mayoral Combined Authorities, Combined County Authorities and the Greater London Authority to identify local investment opportunities; in Wales, AAs would work with relevant Corporate Joint Committees on their proposed economic development priorities and plans, and with local authorities more broadly to identify investment opportunities.

c) To set out their local investment and its impact in their annual reports.

d) Pools would be required to conduct suitable due diligence on potential investments and make the final decision on whether to invest.

13. **Strengthening the governance of both LGPS Pension Funds and LGPS pools** in the following ways, building on the recommendations of the Scheme Advisory Board (SAB) in their 2021 Good Governance Review:

a) Committee members would be required to have the appropriate knowledge and skills.

b) Pension Fund’s would be required to publish a governance and training strategy (including a conflicts of interest policy) and an administration strategy, to appoint a senior LGPS officer, and to undertake independent biennial reviews to consider whether AAs are fully equipped to fulfil their responsibilities.

c) Pool Boards would be required to include representatives of their shareholders and to improve transparency

Consultation Response

14. The response to the consultation from the Suffolk Fund was submitted on 16 January 2025, following sign off by the Chair of the Pension Fund and Chief Financial Officer. This is attached at **Appendix 1**.

15. In response to the Consultation, the ACCESS Pool set up Project Castle. The remit of this project has been to evaluate the options available to the 11 member funds to meet the new draft pooling standards by March 2026. Pension Fund officers have been closely involved in this, working alongside officers from other member funds and the ACCESS Support Unit (ASU).

16. The ACCESS Joint Committee received a report at its meeting on 12 February 2025 that explained the options appraisal in detail. The Committee agreed to make a recommendation to all member funds of the option that should form the basis of the submission to Government.

Next Steps

17. The Suffolk Pension Fund Committee will discuss this proposal at their meeting on 28 February 2025.

18. The submission to Government will be made on 28 February 2025 for consideration by MHCLG/Treasury. Timescales for feedback on this submission are not yet known.

19. Compliance with the new legislation is currently expected to be required by March 2026.

Conclusion

20. Government has published the interim report of its Pensions Investment review which sets out proposals it is consulting on to deliver scale and consolidation of the LGPS.

21. A consultation has been undertaken which sought views on proposals relating to the investments of the LGPS and covers asset pooling, UK and local investment and governance. A response to the consultation from the Suffolk Fund was submitted on 16 January 2025.

22. The ACCESS pool will make a submission to Government which sets out how the pool and member funds will be compliant with the minimum pooling standards by March 2026.

Sources of further information

a) Mansion House speech:

https://www.gov.uk/government/speeches/mansion-house-2024-speech

b) Suffolk Pension Board – December 2024 – Agenda Item 5

[Local Government Pension Scheme (England and Wales): Fit for the future - GOV.UK (www.gov.uk)]

Consultation Proposals and Questions

LGPS pooling

Proposal 1: Requirement on AAs to fully delegate the implementation of their investment strategy to their pool.

Proposal 2: Requirement on AAs to take their principal investment advice from the pool.

Proposal 3: Requirement for pools to be established as investment management companies authorised and regulated by the FCA, with the expertise and capacity to implement investment strategies.

Proposal 4: Requirement for AAs to transfer legacy assets to the management of their pool.

Question 1 Fully disagree

Do you agree that all pools should be required to meet the minimum standards of pooling set out above?

No. These proposals do not take into account the fiduciary duty that the Administering Authority has to its scheme employers and members. In particular, the Fund strongly believes that if both advice on the investment strategy and the implementation of that investment strategy were taken from the pool company this would create a conflict of interest and remove the clear segregation of duties that is currently in place.

In order to ensure that the Fund is protected from the risks associated with a conflict of interest the Fund would be required to continue to receive investment advice from outside of the pool company, therefore adding it to pool company responsibilities creates an additional cost.

There is no mechanism to call the Pool to account. The Fund would not be able to leave the Pool due to the costs involved and yet could be subjected to poor performance which could be addressed with the current set up.

An alternative approach could be to allow funds to continue to make strategic asset allocation to asset classes using advisors not provided by the pool company, and the pool company would then implement that investment strategy.

By the end of March 2025, the Suffolk Pension Fund will have approximately 9% invested outside of the ACCESS pool and all new investments have been made via the pool since it was established. This approach is planned to continue over the next few years so moving these legacy assets to be managed by the pool will build in further unnecessary cost. An alternative approach would be to require all new investments to be made via a Funds pool.

Question 2 Fully disagree

Do you agree that the investment strategy set by the administering authority should include high-level investment objectives, and optionally, a high-level strategic asset allocation, with all implementation activity delegated to the pool?

The Fund believes that the administering authority should set the high-level investment objectives and the strategic asset allocation to each asset class. The Pension Fund Committee should take its advice for both, from investment advisors who are independent of the pool company. This will enable the advisors to consider the views of the Committee, its stakeholders and members and the long-term strategic direction of the fund.

It is not necessary to delegate all implementation activity to the pool as the Fund only makes new investments via the pool.

Question 3 Strongly disagree

Do you agree that an investment strategy on this basis would be sufficient to meet the administering authority's fiduciary duty?

The Fund strongly believes it is not appropriate for investment strategy advice to be provided by the pool, as the pool company should not be responsible for both the performance of investments and the asset allocations into those investments. There is a risk that the pool company could be reluctant to disinvest from poorly performing investments and the proposals do not provide an effective mechanism that enables the Administering Authority to influence these decisions via its Pension Fund Committee. Therefore, the Administering Authority would not be assured that its responsibilities are being met or that it is acting in the best interest of scheme employers and members. The Pool is not directly answerable to those stakeholders and is too far removed.

Within the Investment Strategy Statement, the Fund is required to explain the extent to which the views of their local pension Board and other interested parties have been considered when making an investment decision based on non-financial factors. The proposals do not enable this to happen.

When members make representation to the Committee over its investments, the Committee must justify the decisions that it has made and may or may not take those representations into account for future investment decisions. The proposals put the Fund in a position where they are responsible for justifying decisions that they have not made.

Question 4

What are your views on the proposed template for strategic asset allocation in the investment strategy statement?

The proposed template does not enable the Pension Fund Committee to make it clear to the pool what its aspirations are in relation to Net Zero or other non-financial considerations

We feel that 'Local' investment which will be invested as you have said, across the alternative assets classes should be shown separately, so that it can be easily determined from the table what the allocation is and negates the need for additional work in reporting the investment holdings.

It is not appropriate for the Fund to only make an allocation to Equity, the template should enable the fund the make an allocation to UK, Global and Passive. This will avoid duplication of investment advice, otherwise the work undertaken to determine the high-level equity allocation would have to be redone by the pool to determine the lower-level allocation to UK, Global and Passive. There are several different alternative asset classes that fit within the template for 'other alternatives' that have widely different risk profiles, ESG credentials, returns and Funding periods and need to be separated out to recognise this.

Furthermore, there is a risk that the pool advisors may not liaise with the Fund's actuary to understand the Funding Strategy expectations.

Although the fund recognises that using a consistent template across pools could be useful it is imperative that all advisors, whether provided locally or by the pool, engage with fund officers and the Pension Fund Committee to ensure they understand the reasoning and planning behind the asset allocation and give the Committee assurance and confidence that the allocation is in the best interest of its members.

Question 5

Do you agree that the pool should provide principal investment advice on the investment strategies of its partner AAs? Do you see that further advice or input would be necessary to be able to consider advice provided by the pool – if so, what form do you envisage this taking?

No. The Fund strongly believes it is not appropriate for investment strategy advice to be provided by the pool, as the pool company should not be responsible for both the performance of investments and the asset allocations into those investments. This would lead to a clear conflict of interest and would put at risk the clear segregation of duty that is prevalent in the management of LGPS Fund's.

In order to ensure that the Fund is protected from the risks associated with a conflict of interest the Fund would be required to continue to receive investment advice from outside of the pool company, therefore adding it to pool company responsibilities creates an additional cost.

Question 6 Somewhat disagree

Do you agree that all pools should be established as investment management companies authorised by the FCA, and authorised to provide relevant advice?

We accept the proposal to set up all pools on a consistent basis but do not agree that they should provide the strategic investment advice. This is a clear conflict of interest, and the Fund could end up in an investment which does not meet their ESG direction and powerless to do anything about it.

Question 7 Strongly agree

Do you agree that AAs should be required to transfer all listed assets into pooled vehicles managed by their pool company?

Yes

The Suffolk Pension Fund has already transferred 100% of listed assets to the pool.

Question 8 Strongly disagree

Do you agree that administering authorities should be required to transfer legacy illiquid investments to the management of the pool?

No. These assets were invested by the Pension Fund Committee to fit within its investment strategy, they should continue to manage the existence. Current legacy assets make up 9% of the Suffolk Fund and the management of these is not resource intensive, therefore transferring resource to the pool to manage these is not feasible. Transferring them to the pool would also incur unnecessary transition costs.

There is also a risk of conflict of interest in that the Pool could sell these early in the interest of Pooling and the Fund misses out on the realisation of the profits as the Funds reach maturity.

An alternative requirement would be for all Funds to make any ongoing and future commitments to investments offered by the Pools only, which Suffolk is already doing.

Question 9

What capacity and expertise would the pools need to develop to take on management of legacy assets of the partner funds?

The Pool would need additional resources to undertake tasks that are already absorbed within the current Pension Funds.

Question 10

Do you have views on the indicative timeline for implementation, with pools adopting the proposed characteristics and pooling being complete by March 2026?

As a member of a pool which is not currently established as an investment management company meeting the minimum standards set out in the consultation, the deadline of March 2026 is highly challenging. The Fund understands the Government is seeking to implement changes at pace, but we are concerned that the pace of change could lead to increased costs which could be avoided whichever option is pursued.

Other developments

Question 11

What scope is there to increase collaboration between pools, including the sharing of specialisms or specific local expertise? Are there any barriers to such collaboration?

We are sure there is scope to increase collaboration. We understand the Governments expectation that Funds consider investing in vehicles operated by another pool, but this could build in complexity and creates a risk that savings, costs and performance information provided by the pools would be duplicated.

Question 12

What potential is there for collaboration between partner funds in the same pool on issues such as administration and training? Are there other areas where greater collaboration could be beneficial?

There is increased collaboration between the Funds within the Pool which did not exist before pooling covering all areas. These include but are not limited to practitioner meetings which cover all pensions subjects including administration and legislation. There are also specific reporting meetings covering accounts and annual reports. Access to shared resources also negates the need for the Fund to procure services individually so is more cost effective.

Local investment

Proposal 5: Requirement on AAs to set out their approach to local investment, including a target range for investment, in their Investment Strategy Statement, and to have regard to local growth plans and local economic priorities in setting their investment strategy.

Proposal 6: Requirement on AAs to work with CAs, MCAs, CCAs, and local authorities in other areas to identify suitable local investment opportunities,

Proposal 7: Requirement for the pools to develop the capability to carry out due diligence on local investment opportunities.

Proposal 8: Requirement on AAs to include in their annual report a report on the extent and impact of their local investments.

Question 13

What are your views on the appropriate definition of ‘local investment’ for reporting purposes?

To the 'Lay member' and constituents, local means at least the County if not the town they live in. The Fund would be in a difficult position if it made a 5% commitment of £225 million and yet none of that investment was in the County that the Fund is established in. Therefore, if the allocation was made to regional investment which covers the pool area with a proportion of it within the county this would demonstrate to stakeholders that the fund is investing their money in their area.

Question 14 Strongly agree

Do you agree that administering authorities should work with their Combined Authority, Mayoral Combined Authority, Combined County Authority, Corporate Joint Committee or with local authorities in areas where these do not exist, to identify suitable local investment opportunities, and to have regard to local growth plans and local growth priorities in setting their investment strategy? How would you envisage your pool would seek to achieve this?

The Pension Funds are in a better position to facilitate meetings with Local Authorities to discuss investment funding opportunities as the relationships have already been established. These can then be passed onto the Pool to assess and carry out due diligence.

Question 15 Strongly agree

Do you agree that administering authorities should set out their objectives on local investment, including a target range in their investment strategy statement?

Yes, including their definition as to what constitutes local.

Question 16 Strongly agree

Do you agree that pools should be required to develop the capability to carry out due diligence on local investment opportunities and to manage such investments?

Yes

Question 17 Strongly agree

Do you agree that administering authorities should report on their local investments and their impact in their annual reports? What should be included in this reporting?

Reporting should include the definition of local investments, whether or not the Fund has been able to set that definition, the target allocation, how much has been invested in total, and a list of individual investments.

Governance of funds and pools

Proposal 9: Requirement to prepare and publish a governance and training strategy (replacing the governance compliance statement), including a conflicts of interest policy.

Proposal 10: Requirement to appoint a senior LGPS officer with overall delegated responsibility for the management and administration of the Scheme.

Proposal 11: Requirement to prepare and publish an administration strategy.

Proposal 12: Changes to the way in which strategies on governance and training, funding, administration and investments are published

Proposal 13: Requirement for AAs to participate in a biennial independent governance review and, if applicable, produce an improvement plan to address any issues identified.

Proposal 14: Requirement for pension committee members, the senior officer, and officers to have the appropriate level of knowledge and understanding for their roles, with requirements for pension committee members and local pension board members aligned.

Proposal 15: Requirement for AAs to set out within their government and training strategy how they will ensure that any committee, sub-committee, or officer will meet the new knowledge requirements within a reasonable period from appointment.

Proposal 16: Requirement for pension committees to include an independent person who is a pension professional, whether as a voting member or as an adviser.

Proposal 17: Requirement for boards to include one or two representatives of shareholder AAs, such as the chair of the shareholder committee or equivalent.

Proposal 18: Requirement for pools to publish asset performance and transaction costs.

Fund governance

Question 18 Strongly agree

Do you agree with the overall approach to governance, which builds on the SAB's Good Governance recommendations?

Yes

Question 19 Strongly agree

Do you agree that administering authorities should be required to prepare and publish a governance and training strategy, including a conflict of interest policy?

Yes

Question 20 Somewhat agree

Do you agree with the proposals regarding the appointment of a senior LGPS officer?

There is already a Head of Pensions in place who is responsible for both the administration and investments of the Fund. This role reports to the S151 officer of the Administering Authority so if a new role were put in place it would need to be clear how this changes the S151 officer responsibilities in relation to the Pension Fund.

Question 21 Strongly agree

Do you agree that administering authorities should be required to prepare and publish an administration strategy?

Yes. We do have an Administration Strategy but would welcome guidance to ensure that it meets best practice.

Question 22 Strongly agree

Do you agree with the proposal to change the way in which strategies on governance and training, funding, administration, and investments are published?

Yes

Question 23 Somewhat disagree

Do you agree with the proposals regarding biennial independent governance reviews? What are your views on the format and assessment criteria?

The Fund is supportive of the principle of independent peer reviews, but we think it is unrealistic and unnecessary for these to be completed on a biennial cycle. Pension Funds are already reviewed by internal and external auditors and undertaking self-assessment of its compliance with the Single Code of Practice. Therefore, to avoid putting in place an additional expense that may not have additional benefits we would suggest the reviews are completed every three years at most and could be undertaken by the Fund demonstrating its governance against a framework.

Question 24 Strongly agree

Do you agree with the proposal to require pension committee members to have appropriate knowledge and understanding?

Yes

Question 25 Strongly agree

Do you agree with the proposal to require AAs to set out in their governance and training strategy how they will ensure that the new requirements on knowledge and understanding are met?

Yes

Question 26

What are your views on whether to require administering authorities to appoint an independent person as adviser or member of the pension committee, or other ways to achieve the aim?

The Fund already has an independent advisor and welcomes this being a requirement. It does not make sense for this person to be a member of the committee if they are providing advice and are able to vote on decisions stemming from that advice.

An independent member of the Committee would require payment that may not be cost effective at a time of the Fund savings costs.

Pool governance

Question 27 Somewhat agree

Do you agree that pool company boards should include one or two shareholder representatives?

Yes, two as a minimum.

Question 28

What are your views on the best way to ensure that members' views and interests are taken into account by the pools?

The pools should not provide investment advice to the funds, and they need to work closely with funds to ensure they understand the long-term aspirations of the fund. This should include meeting with fund officers and attending committees to review and explain performance and how they are meeting the Environmental, Social and Governance priorities of the fund.

Question 29 Strongly agree

Do you agree that pools should report consistently and with greater transparency including on performance and costs? What metrics do you think would be beneficial to include in this reporting?

Yes. All pools should be required to report costs and savings since inception, and investment performance on a 1 year, 5-year and 10-year basis.

30. Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence.

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Suffolk County Council

Agenda Item 6

Suffolk Pension Board

Report Title:	Pension Board Risk Register
Meeting Date:	7 March 2025
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance, Economic Development and Skills
Director:	Stephen Meah-Sims, Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
Author:	Sharon Tan, Lead Accountant (Pensions) *Tel. 01473 265636 Email: Sharon.tan@suffolk.gov.uk*

Brief summary of report

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

Action recommended

2. The Board is asked to review and approve the Pension Board Risk Register.

Reason for recommendation

3. 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.

4. 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

5. The Pension Board can include alternative risks to those set out in the Risk Register.

Main body of report

Regulatory Background

6. 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".

Risk Register

7. 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.
8. The risks within the key categories set out in the risk management strategy have been identified and assessed in terms of its impact on the Fund as a whole and the probability of the risk occurring to establish the risk rating category.
9. Risk control measures have been identified for each risk in the risk register, indicating the most effective way of managing the risk and how the measures have been implemented.
10. The Pension Fund Committee received and approved a new risk register at its meeting on 25 September 2024 and receives a summary risk register at its quarterly meetings.
11. The risk register for the Pension Board to approve is attached as **Appendix 1**. 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**.
12. 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	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB01	**Employer** Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities. <u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer and the Pension Fund as a whole. The financial burden would have to be picked up by the rest of the employers in the Pension Fund.	3	1	3	Low	An effective Administration Strategy setting out the employers responsibilities. An effective Communications Strategy so that employers are engaged with the Pension Fund. Monitoring and reporting of the compliance of the employers. Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position. Non compliance is addressed.
SPB02	**Scheme Members** Scheme members are not in receipt of the correct benefit and/or paid on time. <u>Consequence</u> Additional administration time required to correct any errors. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.	3	1	3	Low	The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations. Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies. Calculations are independently checked and verified. Internal and external audit review the internal control arrangements in place.

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

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB06	**Asset Pooling** The ACCESS Pool does not have the governance in place to make appropriate decisions and does not meet the investing authorities needs. Consequence Could result in Government intervening and allocating another Pool for the Fund to invest in. Reputational risk to the Suffolk Pension Fund.	5	3	15	High	The Pension Board is updated on the progress and development of the ACCESS Pool at each Board meeting. The ACCESS Support Unit (ASU) has put together a submission to MHCLG in response to the Government Pension Review to be submitted on 28 February 2025. The ACCESS Pool commissioned professional advice to ensure that the development of the submission was appropriate and all options were fully considered. The Pension Fund officers have actively participated in the development of the submission. The ACCESS Pool have been in regular dialogue with MHCLG on the development of the submission.
SPB07	**IT Systems** The Pension Fund IT systems do not have appropriate cyber security in place and updates to systems are not appropriately tested before implementation. Consequence Could result in personal data not being secure or correct pension payments not being paid on time. Reputational risk to the Suffolk Pension Fund.	3	2	6	Medium	Heywoods (Pension Data and Pensioner payroll), Northern Trust (Custodian), Suffolk County Council (Payroll and financial ledgers) and Waystone (ACCESS Pool Operator) all have approprate IT Security policies and frameworks in place to identify risk and implement appropriate testing. Heywood system updates are loaded into the test system for the Team to test. If any issues are found then the live launch is delayed until resolved. Heywood updates are reviewed by the Technical Pensions Specialist and communicated to the Pension Fund Officers and the Operations Manager for Pensioner Payroll updates. Work has been undertaken to produce specific reports from Oracle Fusion, reconciliation and further developments to the outputs are ongoing.

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)

Suffolk County Council

Agenda Item 8

Suffolk Pension Board, 7 March 2025

Information Bulletin

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

This Information Bulletin covers the following items:

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1. Treasury Management Strategy

1.1 The Treasury Management Strategy was presented to the Pension Fund Committee on 28 February 2025 (attached as **Appendix 1**).

1.2 The Treasury Management Strategy sets out how the Pension Fund cash is managed.

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2. Investment Strategy Statement

2.1 The Investment Strategy Statement was presented to the Pension Fund Committee on 28 February 2025 (attached as **Appendix 2**).

2.2 The Investment Strategy Statement sets out the how the assets in the Fund will be invested, the responsible investment beliefs of the Fund and the path to net zero.

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3. Investment Asset Allocation progress

3.1 The Committee made a number of investment decisions to further diversify the fund's investments. Due to the amounts involved it is good practice to spread the transactions of over a number of tranches.

3.2 The final tranche was carried out in November and comprised of:

Reductions:

Newton	44m (1%)
Blackrock	44m (1%)

UBS 5 Yr Gilts	87m (1%)

Investments

WS Longview	44m (2%)
WS Baillie Gifford	44m (2%)
WS Fidelity	87m (1%)

4. Timber Investment

4.1 At its meeting on 28 November, the Pension Fund Committee approved a 2% (£88m) allocation to timber through the ACCESS Pool, investing $56m each to JP Morgan and Stafford Capital.

4.2 An initial payment of $22m was paid to JP Morgan on 20 February.

4.3 Paperwork is being finalised with Stafford Capital, which is a new investment manager.

5. Pension Fund Accounts

5.1 The 2023/24 Pension Fund accounts were included in the Suffolk County Council accounts and presented to Audit Committee on 30 January 2025 and were approved.

5.2 Final paperwork was signed off on 21 February and Ernst & Young, the external auditor have declared the exercise complete.

6. ACCESS Stewardship Code

6.1 ACCESS, working with PIRC have met the expected standard of reporting and will be listed as a signatory to the UK Stewardship Code.

For further information on any of these information items please contact:

Tracey Woods, Head of Pensions

Email: tracey.woods@suffolk.gov.uk Telephone: 01473 265639.

Suffolk Pension Fund

Treasury Management Strategy 2025/26

Introduction

1. The Pension Fund's treasury management activities relate to two operational areas:

   - In-house Cash: The day-to-day management of the Pension Fund's cash flows and associated short term cash investments known as "In house cash". These activities are undertaken by the County Council.
   - Custodian Cash: The cash held and managed by the Fund's Custodian, Northern Trust, as part of the Fund's investment strategy. Longer term investments are administered separately by external fund managers and these activities are covered in the Pension Fund's Investment Strategy Statement.

In House Cash Management Arrangements

2. In undertaking the treasury management activities for the Suffolk Pension Fund, Suffolk County Council will comply with the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2021 edition, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). A fundamental aim of treasury management is to effectively control the risks associated with treasury management activities and to pursue value for money, in so far as this is consistent with the effective management of risk. The 2021 Code requires the following:

   - A policy statement which states treasury management policies, objectives and approach to risk management.
   - Treasury Management Practices (TMPs) which set out how the organisation will seek to achieve those policies and objectives and prescribes how these activities will be managed and controlled. The Pension Fund has adopted the County Council's Treasury Management Practices, subject to the specific requirements in relation to lending and borrowing that are set out in this document and the management of cash held with the Pension Fund's custodian.
   - An annual Treasury Management Strategy that outlines the expected treasury activity. The strategy must define the organisation's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Treasury Policy Statement

3. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury

Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

4. Suffolk County Council has adopted the following in its Treasury Management Strategy Statement which is applied to the Suffolk Pension Fund:

a) The Council defines its treasury management activities as:

- the management of the organisation's investments and cash flows, its banking, money market and capital market transactions;
- the effective control of the risks associated with those activities;
- and the pursuit of optimum performance consistent with those risks.

b) The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered, to manage these risks.

c) The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Key objectives

5. Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances. The Council seeks to manage its risks regarding credit and counterparty risk, liquidity risk, interest rate risk, refinancing risk, legal and regulatory risk, fraud, error and corruption, contingency management and market risk. The risk appetite of the Council is low, with security and liquidity of investments taking precedence over the rate of return.

6. The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

7. Where the Bank Rate is set at or below zero, this is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

8. Under the new IFRS 9 standard investments can be held in the accounts at either the amortised cost of the investment, or at fair value, which may be higher or lower than the price paid for investments depending on market conditions. This treatment is dependent on how the Council manages its' investments. The Councils' aim is to achieve value from its investments by collecting contractual cashflows, such as dividends and interest, as opposed to trading in the underlying instruments. Therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Liquidity

9. Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are available, for the achievement of the Pension Fund's objectives. In this respect, the Pension Fund will seek to maintain a contingency of around £10m of cash available at less than one week's notice in order to meet any short-term requirements arising from expected cash flows.

Fixed and Variable Interest Rates

10. Given the short-term nature of "In-house cash", no specific limits are proposed on the maximum proportions subject to fixed or variable rates of interest.

Borrowing

11. The administering authority does not have the power to borrow on behalf of the Pension Fund, other than temporary borrowing for the following specific

purposes detailed in section 5 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 :-

- paying benefits due under the Scheme, or
- to meet investment commitments arising from the implementation of a decision by the Fund to change the balance between different types of investment.

12. In the context of this strategy, short term borrowing will only be undertaken in exceptional circumstance to manage unexpected cash flow fluctuations which occur as a result of the above circumstances. If short term borrowing is necessary, this will be secured by borrowing from the money markets or other local authorities.

Treasury Management Advisors

13. The County Council employs the services of a specialist treasury management advisor, Link Group who provide a range of services, including technical advice on treasury management, interest rate forecasts and information on credit worthiness of potential counterparties. While Link Group will provide advice to the Council, the responsibility for investment decisions in relation to Pension Fund cash remains with the Pension Fund Committee, with day-to-day decision making delegated to the Chief Financial Officer (S151).

Custodian Cash Management Arrangements

14. One of the services provided to the Pension Fund by the Fund’s custodian, Northern Trust, is a banking service. A separate bank account has been opened for each private equity, infrastructure, illiquid debt and timberland mandates to receive distributions and to pay capital calls. Surplus funds are automatically transferred into the Suffolk Pension Fund inhouse account.

15. A bank account and money market fund account has been set up for CBRE to use to manage the cashflow within the property mandate.

16. US Dollar and sterling balances held in the Inhouse and Schroders account are swept in increments of whole thousands into money market funds each day. The Northern Trust money market fund maintains a P-1 rating from Moody’s and an equivalent rating of A-1+ from Standard & Poor.

17. The Pension Fund has a business as usual cash requirement for the inhouse account of up to £50m, to manage long term capital commitments, which are funded through distributions. There are times when additional cash holdings may be held:

    - When investment decisions are implemented, there are circumstances when surplus cash may be held due to the timings of trade and settlement dates.
    - When larger long-term commitments are on the horizon and it does not make economic sense to invest the money on a short-term basis.
    - When it is not deemed an appropriate time to rebalance the assets holdings.

Suffolk Pension Fund
Investment Strategy Statement

The Suffolk Pension Fund has prepared this Investment Strategy Statement in line with the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016, with reference to the Ministry of Housing, Communities and Local Government (MHCLG) guidance on 'Preparing and Maintaining an Investment Strategy Statement' and after taking appropriate professional advice.

This statement is subject to review at least every three years and from time to time on any material change in investment policy or other matters as required by law. The Pension Fund Committee will consult with the Pension Board and employers in the Fund on any material change to the Investment Strategy Statement.

Fund Objective

Funding Strategy Statement

The Fund has published a Funding Strategy Statement (FSS). Its purpose is:

- Take a prudent long-term view to secure the regulatory requirement for long term solvency, with sufficient funds to pay benefits to members and their dependents
- Use a balanced investment strategy to minimise long term cash contributions from employers and meet the regulatory requirement for long term cost efficiency
- Where appropriate, ensure stable employer contribution rates
- Reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- Use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

The funding objective that has been adopted for the Suffolk Pension Fund is to ensure that the assets of the Pension Fund, when taken in conjunction with future contributions and expected asset returns, are sufficient to ensure that all future pension and retirement benefits will be fully covered by the Fund's assets when they fall due.

Funding Level

The funding level of the Pension Fund is the value of the Fund's assets expressed as a percentage of the Fund's liabilities at the most recent actuarial valuation of the Fund. The funding level as at March 2022 was 107%. The Funding Strategy provides a prudent probability of success for the Fund to be in a fully funded position during the next 20 years. In accordance with the Funding Strategy Statement the Committee determined the rate of contributions payable by each of the employers in the Fund for the three years starting 1 April 2023.

Investment Strategy

The Suffolk Pension Fund is forecasting a negative cash flow position, as pensioner numbers and benefits increase, whilst employer contributions reduce (due to improved funding levels). Taking this into account, the Fund targets a growth-based strategy alongside a steady income stream, with the aim of maximising asset performance in the long term within agreed risk levels, whilst also ensuring there is income available to manage the cashflow position.

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 Committee views having the appropriate investment strategy in place as a key driver to manage risk and return and has approved an allocation that invests in a range of asset classes (including but not restricted to equities, bonds, infrastructure, debt, private equity and property) to provide the Fund with diversification benefits and the opportunity to capture some illiquidity premium from being a long-term investor.

The Committee considers that equities are the liquid asset expected to generate superior long-term returns, whilst government bonds reduce funding risk while maintaining liquidity at times of market volatility.

The Committee favours active management where there are opportunities to add value, increasing the overall expected return (after fees) without significantly increasing the overall level of volatility. Passive management is utilised as a cost-efficient way of accessing equities to achieve market returns. The choice of benchmark for a passive manager is important as it defines the investment portfolio.

The Committee believes the use of alternative assets can reduce overall volatility in the delivery of asset returns without leading to a significant reduction in overall expected return, whilst improving its risk-return characteristics through diversification.

The Committee reviews the performance of its investment managers over a minimum period of three years. By taking a longer-term view, the Committee expects to receive enhanced risk adjusted returns and lower transaction costs by reducing asset turnover. The Committee does not consider short term opportunities as a way of consistently delivering year on year performance (and these are delegated to managers). It believes that the effective management of financial risks of its investment assets results in positive performance over the long term.

Responsible Investment Beliefs

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

The Committee's main objective is to deliver an investment return consistent with funding plans that does not compromise future generation's ability to meet their own needs.

In addition, the Committee identifies climate change, pollution and company stewardship as the priorities for responsible investments and ESG.
The Pension Fund Committee has agreed to set a net zero target for 2050 or earlier. An action plan which includes timelines, interim targets and how this target can be achieved will be developed This will also include monitoring and reporting to enable the Fund to report progress.

Key Responsible Investment Beliefs

- Responsible Investment considerations are important across all time horizons, but especially in the medium and long term. This is true not just in terms of protecting and enhancing long term investment return, but also increasingly in terms of the interests of stakeholders.
- Responsible investment considerations are important irrespective of asset class.
- Responsible management of responsible investment issues is considered a reputationally important issue.
- The consideration of ESG factors is to be incorporated into the portfolio construction process of all investments made by the Fund's investment managers.
- ESG factors are relevant in the context of benchmarking, risk analysis and investment opportunity identification.
- Climate risk and the issues which contribute to it are of significant concern to all stakeholders and as a result it is the prominent area of concern.
- The Fund advocates the use of engagement over divestment as the means to promote its Responsible Investment beliefs however, selling an asset remains an option when it comes to unaddressed ESG concerns.
- The Fund recognises the value in engaging collaboratively to leverage greater influence together with other investors who share the Fund's priorities through joint initiatives and organisations.
- The exercise of ownership rights through voting.

These principal responsible investment beliefs and priorities will be achieved through the implementation of the following:

I) Investment Strategy

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.

The Committee believes that having a responsible investment policy should lead to better financial outcomes for the Fund as businesses with more sustainable practices should outperform over the long term and lead to better outcomes for society.

The Fund should consider securities that deliver a positive social or environment outcome only when there is evidence of the positive impact on risk and return and avoid exposure to securities where environmental or social aspects will be financially detrimental to the Fund.

II) Investment Managers

The Fund's investment managers are required to embed the consideration of Environmental, Social and Governance (ESG) factors into their investment process and decision making and to report on how these are implemented. ESG factors will evolve and the Fund's investment managers should seek to take a long-term view which evaluates the direction of travel of the invested companies.

The Committee does not restrict the investment managers' choice of investments by reference to social, environmental or ethical criteria except where restrictions have been put in place by

Government. All investments that are made for the Fund comply with the legal and regulatory requirements that apply to the LGPS.

The Fund's investment managers are required to invest in line with the Fund's investment beliefs and to demonstrate how these beliefs are met.

ESG factors should be incorporated into the investments managers standard reporting and will cover the Committee's responsible investing priorities.

The ACCESS Pool should provide leadership on the ESG principles for the investments within the pool and to develop the reporting on the key principles with the investment managers through Waystone. (Link Fund Solutions were appointed to establish and operate the ACCESS investment platform they have been acquired by and incorporated into Waystone).

III) Monitoring and Governance

The Committee believes that engagement and voting are influential and promotes good practice in the corporate governance and management of the companies that they invest in and can be effective in changing behaviour and improving the Fund's performance as well as having a positive impact on the environment and society and is more effective than disinvesting from the company.

The Fund where possible will participate in collaborative initiatives to strengthen the Fund's engagement outcomes.

Asset Allocation

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

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.

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

The 28.5% allocation to bonds and cash is designed to be a diversifier of equity risk whilst generating a yield, reducing overall levels of funding volatility and help manage the cashflow.

Investment Allocation

The Committee has translated its objectives into an asset allocation plan (overleaf) and investment management structure for the Fund (set out in **Annex 1**). The Fund's target is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

The Committee monitors the investment allocation relative to the agreed asset allocation benchmark and the maximum investment limits. In addition to on-going monitoring the investment allocation is formally reviewed annually with specific consideration given to the investment strategy in the light of information arising from each triennial actuarial valuation.

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.

Asset Class	Target Allocation	Maximum Limit
UK Equities	5.0	10.0
Global Equities	35.5	50.0
Total Listed Equities	**40.5**	**60.0**
Fixed Income	26.0	35.0
Total Bonds	**26.0**	**35.0**
Illiquid Debt	5.0	10.0
Infrastructure	10.0	15.0
Private Equity	4.0	8.0
Property	12.0	15.0
Timberlands	2.0	5.0
Total Alternatives	**33.0**	**53.0**
Cash	**0.5**	**5.0**
Total	**100.0**	

Currency hedging
The Fund hedges a proportion of its overseas currency exposure to reduce risk. is no overarching currency hedge in place. The level of hedging is kept under review by the Pension Fund Committee.

The Committee allows Investment Managers discretion to utilise currency hedging for risk management purposes within their mandates.

Investment managers and Pooling arrangements
Suffolk is a member of the ACCESS pool (alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, and West Sussex). All eleven funds are committed to collaboratively working together to meet the government's criteria for pooling and have signed a Memorandum of Understanding to underpin their partnership.

ACCESS
Effective • Collective • Investment

The ACCESS Funds have set out how they meet the pooling criteria, the pool's structure, governance arrangements and services to be shared in the submission made to the Government in July 2016, which is available on ACCESS's website www.accesspool.org. The Suffolk Pension Fund has pooled its passive mandates and its active global equities mandate within the LGPS ACCESS Pool and is working in the expectation that over time, all investments will be pooled.

Waystone are responsible for the creation of investment sub-funds and the appointment of investment managers to those sub-funds. Waystone ensures that the investment managers are properly authorised to manage the assets of the Fund.

The Committee determines the investment allocations and restrictions for each investment manager, and monitors these for consistency with the Fund's overall investment strategy. The Chief Financial Officer may vary these restrictions, after consultation with the Pension Fund Committee.

The Committee, after seeking appropriate investment advice, has set specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles and a mix of asset types across a range of geographies in order to provide diversification of returns.

The managers appointed, and the mandates they manage, are detailed in **Annex 2**.

Investment advice

When considering investment decisions, the Committee takes professional advice from an investment consultant and an independent investment adviser. The Committee has set strategic objectives for the investment consultant that comply with the Competition and Markets Authority stipulations. Performance against these objectives are monitored on a regular basis.

Risk Management

The Fund is exposed to a number of risks which pose a threat to the Fund meeting its objectives. These risks are set out and monitored as part of a formal risk register which is available on the Suffolk Pension Fund website (www.suffolkpensionfund.org). The principal risks affecting the Fund are:

a) **Funding risks:**
- Financial mismatch
    - The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities.
    - The risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.
- Changing demographics
    - The risk that longevity improves, and other demographic factors change increasing the cost of Fund benefits.
- Systemic risk
    - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting Fund liabilities.

b) **Asset risks:**
- Concentration
    - The risk that significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity
    - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Manager underperformance
    - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

c) **Other risks:**
- ESG risk
    - The risk that investments with poor corporate, environmental, social and governance policies will impact performance and investment returns including the risk posed by climate change.
- Transition risk
    - The risk of incurring unexpected costs in relation to the transition of assets among managers.
- Custody risk
    - The risk of losing economic rights to Fund assets, when held in custody or when being traded.

- Credit default
    - The possibility of default of a counterparty in meeting its obligations.

Mitigations:
The approach the Committee adopts to managing these risks is via a combination of:
- The appointment of professional advisers to assist the Committee in managing risk;
- Regular review and monitoring of the performance of the Pension Fund's investments;
- Specific limits on individual investments;
- Ensuring the expected return from the investment strategy is consistent with the assumptions made by the Actuary in valuing the Fund;
- Monitoring the estimated funding level throughout the triennial valuation cycle.
- Assessments of the levels of risk taken by the Fund;
- Diversification of asset classes and managers;
- Professional advice is sought for significant transitions with consideration to the appointment of specialist transition managers.

Expected return on investments
Over the long term, the overall level of investment return is expected to exceed the rate of return assumed by the Actuary in valuing the Fund and setting funding requirements.

Realisation of investments
The majority of assets held within the Fund may be realised quickly if required. The Committee monitors both the level of liquid assets and the liquidity requirements of the Fund.

Stock Lending
The Pension Fund Committee has considered its approach to stock lending, after taking advice from its investment adviser.

The Suffolk Pension Fund participates in stock lending though the sub-funds held in the LGPS ACCESS Pool. All sub-funds are set up to enable securities lending to take place, this is operated by Northern Trust as depository for Waystone. ACCESS only accepts noncash collateral, and this is at the typical market rate of 102% for sterling-based assets or 105% for overseas equities to allow for FX exposure.

In addition, the managers of pooled funds may undertake stock lending on behalf of unitholders in the fund. Where a pooled fund engages in this activity, the extent to which it does is disclosed by the manager. The Committee has no direct control over stock lending in pooled funds nevertheless, it is comfortable that the extent and nature of this activity is appropriate to the circumstances of the Fund.

Exercise of Voting Rights
The LGPS ACCESS Pool have voting guidelines for inclusion by Waystone in their Investment Management Agreements which have been agreed by the Joint Committee. These guidelines set out those matters of importance to the participating ACCESS Pension Funds and promote good corporate governance and management in the companies that the investment managers invest in. 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.

ACCESS also expects that investment managers will be signatories to and comply with the Financial Reporting Council's Stewardship Code (the Code) and United Nations Principles of Responsible Investment (UNPRI).

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 87 member funds and 7 LGPS Asset Pools (including ACCESS) with assets of more than £350 billion.

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

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

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.

Funding Strategy and Management Structure

Investment Managers

The Fund's long-term asset investment allocation as at the end of February 2024 are shown below:

Manager	Asset Allocation (%)
Baillie Gifford	5.0
Blackrock Investment Management	5.0
CBRE	12.0
Columbia Threadneedle	1.5
Fidelity	4.0
Janus Henderson	11.0
JP Morgan	7.0
KKR	1.5
Longview	5.0
M&G Investments	13.5
Newton Investment Management	5.0
Pantheon Ventures	4.0
Partners Group	4.0
Stafford	1.0
UBS	20.0
Cash	0.5
Total	**100.0**

Infrastructure (Partners M&G and KKR), Private Equity (Pantheon), Illiquid Debt (M&G and Partners), Timberlands (JP Morgan and Stafford), Global Property (CBRE) will be substantially drawn down over the next 2-3 years. Sums allocated to these mandates will be met through surplus cash and allocated disinvestments.

The Funding of the above would achieve the asset allocation set out in the body of the Investment Strategy Statement.

Annex 2

Investment Manager Guidelines

There are a number of restrictions on the investment managers, which are set out in their investment management agreements. These restrictions ensure that the managers adhere to the overall objectives of their mandates in terms of the investments they are permitted to hold and the risks associated with these investments. The main investment restrictions for each investment manager are as follows:

UBS

Passive Mandate – 20 % of the Fund

Investment Objective

The objective is to match the Benchmark return within each Asset Class gross of fees. The Benchmark is the respective FTSE indices for each of the asset classes and markets in which the mandate is invested. There is no overall benchmark for the Fund but a composite of the relevant benchmarks is applied.

Low Carbon Transition	RAFI Fundamental Global Low Carbon Transition Fund
Climate Aware	FTSE All World Developed Index

Investment Allocations:

The asset allocations are as below:

Asset Class	**Target Allocation**
	%
Global equities – Low Carbon Transition	7.0
Global equities – Climate Aware	13.0
Total equities	**20.0**

Investment Restrictions

Individual holdings. UBS may not invest in unlisted securities. The manager may invest up to 100% of its mandate in pooled life funds.

Waystone - Blackrock Investment Management

UK Equities Mandate - 5% of the Fund

Investment Objective

The objective is to seek to outperform the Benchmark by 2.0% per annum gross of fees over rolling three-year period. The Benchmark is the FTSE All-Share Index.

Investment Restrictions

The investment restrictions on the manager’s discretion in the management of the mandate are set out in full in the investment management agreement. The main restrictions are set out below.

- Geographic / Market / Asset Class / Sector

Asset Class	Permitted Range (% of Market Value of Fund)
UK Equities Overseas Equities Cash	90-100 0-10 0-5

- Specific company restrictions: The manager may invest for the Fund in equities that are listed on the London Stock Exchange and the stock exchanges of the following countries: France, Germany, Hong Kong, Japan, Switzerland and United States. Investment in equities on other stock exchanges is subject to specific approval by the County Council.
- Amount or percentage of the Fund: The manager may not invest for the Fund in any single UK equity holding more than 4% in excess of that holding's weighting in the FTSE All-Share Index or more than 5% of the market value of the Fund, whichever is higher, without specific approval from the Pension Fund Committee. The Fund's investments in In-House Funds are not subject to this restriction.
- In-House Funds: The manager may not invest more than 10% of the Fund in the BlackRock Institutional Equity Funds UK Smaller Companies sub-fund.
- Derivatives: The manager may not enter into derivative contracts in respect of the Fund's segregated holdings without specific approval from the County Council. Subject to this, the manager may deal in Derivatives (including Options, Futures, Currency Forwards and Contracts for Differences) for hedging and other purposes. The manager may only deal in Derivatives traded on or under the rules of a Recognised or Designated Investment Exchange although the manager may deal in Derivatives not traded on or under the rules of a Recognised or Designated Investment Exchange (i.e. an over-the-counter (OTC) Derivatives transaction) in respect of index futures and currency forwards. The manager is not permitted to hold any short positions in the Fund by using Derivatives.

Waystone – Columbia Threadneedle

Fixed Income – 1.5% of the Fund

Investment Objective

The investment aims to achieve a net of all costs and charges long term capital growth over at least five years and to out perform the MSCI Emerging Markets Index over a three year rolling period.

Investment Restrictions

The mandate will seek to achieve its objective by investing at least 75% of its assets in a portfolio of equity and equity related securities of Emerging Market companies. Emerging Markets is defined as any country within the definition of Emerging Market by MSCI.

The Sub-fund may also invest up to 30% in China A shares, up to 10% in collective investment schemes and up to 25% in money market instruments, deposits, cash and fixed income securities. The sub fund can invest across different industry sectors, geographical regions and market capitalisations without limitations.

Waystone – Janus Henderson

Fixed Income - 11% of the Fund

Investment Objective

The investment aims to achieve a total return (the combination of capital growth and income) that aims to outperform SONIA by 3.7% per annum, over any 5-year period, after the deduction of all costs and charges.

Investment Restrictions

The mandate will seek to achieve its objective by investing directly investing a minimum of 80% in secured loans, high yield bonds, Asset Backed Securities ("ABS"), including Collateralised Loan Obligations ("CLOs"), investment grade corporate bonds and other secured credit exposures.

The mandate can invest across different industry sectors, geographic regions and enterprise valuations (value of equity plus outstanding gross debt (short-term and long-term) less any cash on the company's balance sheet) without limitation.

Waystone - Newton Investment Management

Global Equity Mandate – 5% of the Fund

Investment Objective

The objective is to produce capital returns, net of fees over rolling 5-year period. The Benchmark index: MSCI All Countries World Net Total Return.

Investment Restriction

The investment restrictions on the manager's discretion in the management of the mandate are between Waystone and Newton Investment Management. The main restrictions are set out below:

- Stock positions: The Sub-fund is limited to +/- 20% relative to the benchmark weighting for industry sectors at the time of purchase.
- Country restrictions: The Sub-fund is limited to +/- 35% relative to the benchmark for countries at the time of purchase.
- Pooled funds: The Sub-fund may also invest in other collective investment schemes (including those managed by the Portfolio Manager or the ACS Manager and its associates), including exchange traded funds.
- Cash: The manager's total cash or near cash holdings in the Fund over any 12-month period should not exceed 5% of the value of the Fund.
- Derivatives and currency hedging: The use of derivatives is permitted for efficient portfolio management purposes.

The investment amounts referenced above will not apply under extraordinary market conditions, in which circumstances the Sub-fund may invest in asset classes other than those in which it normally invests in order to mitigate its exposure to market risk. Examples of extraordinary market conditions include economic, political unrest or instability, world events leading to market instability or closure of a relevant market(s). During such periods, the Sub-fund may temporarily invest up to 100% of its total assets in cash, deposits, treasury bills, government bonds or short-term money market instruments, or have substantial holdings in cash and cash equivalents.

CBRE

Property Mandate - 12% of the Fund

Investment Objective

To seek to achieve a return of at least 6% per annum based on the value of the Portfolio (excluding for the purposes of such valuation, cash and any affiliated cash balances), net of all fees and costs, measured over a 3 (three) year rolling period (the Investment Objective).

M & G

Waystone - Fixed Income Mandate - 11% of the Fund

Investment Objective

The Fund seeks a total return of 1 month Libor +3 to 5% gross of fees p.a. over the medium term. The Benchmark is 3-month Libor +2%.

Investment Restrictions

There are no specific investment restriction's placed on the manager as this investment is in M&G's Alpha Opportunities Fund which aims to take advantage of highly diversified opportunities in public and private credit markets, including but not limited to investment grade and high yield corporate bonds, leveraged loans, asset-backed, and mortgage backed securities.

Illiquid Debt Mandate - 1% of the Fund

Investment Objective

The objective is to seek a target return of 8% per annum over 5-year investment horizon.

Investment Restrictions

There are no specific investment restriction's placed on the manager as this investment is in M&G's pooled fund, the Debt Opportunities Fund I and II, Debt Solutions and Illiquid Credit

Infrastructure Mandate – 1.5% of the Fund

Investment Objective

The objective is to seek a target return of 15% IRR.

Investment Restrictions

There are no specific investment restriction's placed on the manager as this investment is in M&G's pooled fund, Infracapital Greenfield Partners Fund, which invests in the late stage development, construction, and/or expansion of unlisted infrastructure assets which offer long term stable cash flows and capital accretion. The Fund invests in sectors such as energy, utilities, transport, telecoms and social infrastructure.

JP Morgan

Infrastructure Mandate – 6% of the Fund

Investment Objective

The Fund seeks a total return of 8% p.a.

Investment Restrictions

The mandate is an open-ended perpetual scheme investing in infrastructure on a global basis, which seeks to deliver a stable cash yield and diversification, with risk-adjusted returns and inflation protection through the market cycles.

Timberlands – 1% of the Fund

Investment Objective

The Fund will seek a Carbon Negative Outcome over its life coupled with a net nominal target IRR of 10-12%1 by investing in or creating:

High-Quality Forestlands in select global jurisdictions and potentially related assets;

Verified Carbon Assets defined as instruments representing greenhouse gas (“GHG”) reduction or removal of one metric tonne of carbon dioxide (“CO2”) independently verified in accordance with a relevant carbon standard, referred to as a Verified Carbon Asset (“VCA”).

Climate Solution Technologies adjacent or related to forestland or other forestry related operating assets.

Stafford

Timberlands – 1% of the Fund
Investment Objective

The Fund seeks a total return of 8-11% p.a.

The Stafford International Timberland Continuation Fund will hold a diversified portfolio of core timberland assets originally held by Stafford International Timberland Funds VI, VII and VIII.

The portfolio currently comprises 80 timberland assets. Over the coming years, Stafford will seek to retain ownership of the high-quality assets with strong cash yield, while selling down lower performing investments.

Stafford will do this while maintaining significant diversification by age, species, product type, geography and activity and minimal use of leverage.

The Stafford International Timberland X seeks to build a "core" portfolio of sustainably-managed timberland assets across the mature commercial forestry regions of the United States, Australia, New Zealand, and Latin America.

The Fund will seek to make investments that are diversified by age, species, product type, geography and activity and minimal use of leverage.

SIT X principally invests through proprietary, off-market secondary acquisitions and will seek to build a portfolio of approximately 50 assets across 10-15 investments

The Stafford Carbon Offset Opportunity Fund will seek to provide investors with access to a supply of carbon offsets from high quality forestry projects alongside a return from the sale of timber and timberland assets.

The Fund will seek to make investments in a portfolio of Timberland that is suitable for developing one or more of the following types of project:

(i) Commercial Afforestation / Natural Forest Reforestation (A/R) – Commercial Afforestation and Natural Forest Reforestation are both activities where non-forested areas are converted into new forests.

(ii) Improved Forest Management (IFM) – These projects start with existing forests and introduce changes to their management - compared to typical practice on the property or surrounding region - that allow carbon stocks to increase over time.

The Fund will seek to make investments in Carbon Opportunities that are primarily located in United States, Oceania, Latin America, and Europe.

KKR

Infrastructure Mandate – 1.5% of the Fund

Investment Objective

The Fund seeks a total return of 8% p.a.

Investment Restrictions

The mandate is a close ended scheme investing in economic infrastructure assets primarily located in North America and Western Europe across sectors such as telecommunications, transport, energy and utilities. Seeks to deliver a stable cash yield and diversification, with risk-adjusted returns and inflation protection through the market cycles.

Pantheon

Private Equity Mandate – 4% of the Fund

Investment Objective

The Fund seeks a total return of MSCI AC World NDR + 3%

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Investment Restrictions

Pantheon has a global investment mandate in primary partnerships, secondary partnerships and co-investments within private equity. No restrictions have been placed on the fund.

Partners Group

Infrastructure Mandate - 1% of the Fund

Investment Objective

The Fund seeks a total return of 8% p.a.

Investment Restrictions

There are no specific restrictions placed on the manager as this is a pooled investment in Partner's Group Global Infrastructure 2012 SICAR fund and Global Infrastructure 2015 SICAR fund both which seeks investment opportunities in direct, secondary and primary infrastructure markets.

Illiquid Debt Mandate – 3% of the Fund

Investment Objective

The Fund seeks a total return of 8% p.a.

Investment Restrictions

The mandate is a close ended scheme lending to established private equity backed companies with non-cyclical industry exposure primarily located in North America and Europe. Seeks diversification across asset classes, instruments, sectors and geographies and predominantly investing in floating rate debt.

Waystone – Baillie Gifford

Global Equity – 5% of the Fund

Investment objective:
The objective of the sub-fund is to produce capital returns, net of fees, over the long term (rolling five year periods).

Target: MSCI AC World Net Total Return Index GBP

Investment policy:
The Sub-fund focusses on investing in companies that the portfolio manager considers offer exceptional growth potential. In choosing investments, the portfolio manager looks for investments that appear to have greater potential to rise in price over the long term than is reflected in current market prices.

The Sub-fund may be concentrated, it will hold between 30 and 60 stocks and it will take large positions in geographic areas (including emerging markets) and industry sectors. This may result in significant volatility in the Sub-fund's share price.

Investment Restrictions
The Sub-fund has discretion in its choice of investments and is not restricted by the size of the companies or their sector or the geographical spread of the portfolio.

Waystone – Longview

Global Equity Mandate – 5% of the Fund

Investment objective:
The objective of the Sub-fund is to achieve long term capital growth, net of fees.

Target: MSCI Daily Net World TR

Investment policy:
The Sub-fund aims to achieve its objective by investing (directly and/or indirectly) a minimum of 90% in a portfolio of global equities over the long term (at least five years).

The Sub-fund does not impose any maximum exposure limits to sectors, industry groups or countries.

The Portfolio Manager's investment process aims to invest in companies which have the following attributes:

Quality: These will be companies that, in the opinion of the Portfolio Manager, offer predictable and sustainable returns. As part of the Portfolio Manager's assessment of a company in this regard, the industry structure, level of recurring revenues, and the framework for capital allocation will be taken into consideration.

Business Fundamentals: These will be companies that, in the opinion of the Portfolio Manager, are likely to release results that are in line with or surpass expectations.

Valuation: These will be companies that, in the opinion of the Portfolio Manager, are under-valued based on a discounted cash flow calculation.

Investment Restrictions
The Sub-fund has discretion in its choice of investments and is not restricted by the size of the companies or their sector or the geographical spread of the portfolio.

Waystone – Fidelity

Global Equity – 4% of the Fund

Investment objective:
The Sub-fund aims to achieve a total return (the combination of income and capital growth), equivalent to the ICE Bank of America Euro Sterling Index plus 1.0 – 1.5% per annum, net of fees, over any five year period.

Target: ICE Bank of America Euro Sterling Index plus 1.0-1.5%

Investment policy:
The Sub-fund will seek to achieve its objective by investing directly, at least 70% of its assets worldwide, in a portfolio of sterling denominated (or non-sterling denominated hedged back to sterling) investment grade corporate bonds, government and public securities including quasi sovereign, supranational and agency bonds. Investment grade bonds means an issue rating equal or above BBB-(or equivalent) as provided by Moody's, S&P and Fitch.

If a split rating occurs, the Portfolio Manager takes the lowest rating. If a bond ceases to be investment grade then it will be included in the section of the portfolio that is non-investment grade as set out below.

The Sub-fund may invest, directly and/or indirectly, up to a maximum of 30% of its assets, in non-sterling denominated bonds, noninvestment grade bonds, including non-rated bonds (where the Portfolio Manager believes the security has the potential to be upgraded or where selling a downgraded security would result in suboptimal price), money market instruments, deposits, cash and indirectly in sterling denominated bonds.

The Portfolio Manager has the discretion to invest as set out above, subject to the following limits:

(i) Emerging markets exposure: Max 10%
(ii) Non-investment grade (including non-rated) bond exposure: Max 10%
(iii) Asset backed or mortgage backed securities in excess of the benchmark allocation: Max 10%
(iv) Government bonds in excess of the benchmark allocation: Max 10%
(v) Gross derivatives: Max 75% (excluding FX) (iv) Un-hedged FX exposure: Max 10%
(vi) Expected duration collar: +/- 2.0 year versus the benchmark
(vii) Equities: Max 10%

Investment Restrictions
The Sub-fund has discretion in its choice of investments and is not restricted by the size of the companies or their sector or the geographical spread of the portfolio.

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Suffolk County Council

Agenda Item 9

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?
Tuesday 29 July 2025	Added 4 December 2024	Complaints, Compliments and Administration Performance	To receive a report on the administration performance of the fund, including complaints and compliments.	Written Report
	Added 16 October 2024	Administration and investment management costs	To receive a report on the administration and investment management costs for 2025/26.	Written Report
	Added 7 March 2025	**Investment Performance**	**To receive a report on the investment performance of the Fund for 2024/25**	**Written Report**
	Added 4 December 2024	Government Pension Review	To update on the Government Pension Review	Written Report
	Added 7 March 2025	**Board Training Programme**	**To consider the Board's training programme for the next 12 months**	**Written Report**
	Added 4 December 2024	Internal Audit Report	To receive a report on internal audit work completed during 2024/25	Written Report
	Added 4 December 2024	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
	Added 7 March 2025	Gender Pension Gap Analysis	To receive a report on the Gender Pension Gap	Written Report
	Added 7 March 2025	Communication Strategy	To receive the Pension Fund Communication Strategy	Written Report
Tuesday 14 October 2025	Added 7 March 2025	Complaints, Compliments and Administration Performance	To receive a report on the administration performance of the fund, including complaints and compliments.	Written Report
	Added 7 March 2025	Government Pension Review	To update on the Government Pension Review	Written Report
	Added 7 March 2025	Pension Dashboard	To receive a report on progress with connection to the Pension Dashboard	Written Report
	Added 7 March 2025	McCloud Update	To receive a report on progress with implementing the McCloud remedy	Written Report
	Added 7 March 2025	Triennial Valuation Update	To receive a report on progress with the Triennial Valuation	Written Report

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
	Added 7 March 2025	**Recent Developments**	**To receive an information bulletin covering recent developments that the Board has an interest in.**	**Written Report**

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

If you have any questions or queries, please contact Tracey Woods. Email: tracey.woods@suffolk.gov.uk, Telephone: 01473 265639.

Revised: March 2025