Suffolk County Council

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives:

Councillor Gordon Jones, representing Suffolk County Council.

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

Thomas Jarrett, representing all other employers in the Fund.

Scheme Member Representatives:

Suzanne Williams, representing the Unions.

David Rowe, representing Active Members.

Eric Prince, representing Pensioners.

Date: Friday, 13 March 2020

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

Time: 11:00 am

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

Business to be taken in public:

1. **Apologies for Absence**

   To note and record any apologies for absence.

2. **Declarations of Interest and Dispensations**

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

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

   To approve as a correct record, the minutes of the meeting held on 12 December 2019.

4. **Pension Administration Performance** — Pages 11-13

   To note the written information provided for the Committee.

5. **Actuarial Valuation Update** — Pages 15-36

   To receive an update on completion of the Actuarial valuation and the setting of contribution rates from April 2020.

6. **Pooling Update** — Pages 37-39

   To receive an update on the progress of the development of the ACCESS Pool.

7. **Administration and Investment Management Costs** — Pages 41-46

   To note the estimated costs of administration, governance and investment management for 2020/21.

8. **Pension Board Risk Register** — Pages 47-58

   To review the Board's Risk Register.

9. **Information Bulletin** — Pages 59-76

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

10. **Forward Work Programme** — Pages 77-80

    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: Monday, 20 July 2020 at 2:00 pm

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Nicola Beach
Chief Executive

Suffolk County Council

Agenda Item 3
Unconfirmed

Minutes of the Suffolk Pension Board Meeting held on 12 December 2019 at 11:04 am in the Rose Mead Room, Endeavour House, Ipswich.

Present:	Councillor Gordon Jones (Chairman) (representing Suffolk County Council), John Chance (representing all Borough, District, Town and Parish Councils), Thomas Jarrett (representing all other employers in the Fund), Eric Prince (representing Pensioners), David Rowe (representing Active Members) and Suzanne Williams (representing the Unions).
Supporting officers present:	Rebekah Butcher (Democratic Services Officer), Paul Finbow (Senior Pensions Specialist), Stuart Potter (Pensions Operations Manager) and Sharon Tan (Pensions Technical Specialist).

The meeting was opened by the Democratic Services Officer.

27. Appointment of Chairman

On the proposition of David Rowe, seconded by Eric Prince, it was unanimously agreed that Councillor Gordon Jones be elected as Chairman for the remainder of the 2019/20 Municipal Year.

Councillor Gordon Jones assumed the Chair.

The Board wished to express its thanks to Councillor Richard Smith MVO as the former Chairman and one of the original members of the Board. Members passed on their appreciation to the way he chaired the meetings and paid tribute to the contributions he made to the Board over the past four years.

28. Apologies for Absence

There were no apologies for absence.

29. Declarations of Interest and Dispensations

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

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

30. Minutes of the Previous Meeting

The minutes of the meeting held on 11 October 2019 were confirmed as a correct record and signed by the Chairman.

31. Pensions Administration Performance

At agenda item 5, the Board received a report which provided an update on the performance of the Pensions Administration Team, including details of the compliments and complaints received by the team.

Decision: The Board:

a) noted the report; and

b) asked officers to repeat the lifetime allowance reminder letters for those members getting close to the lifetime allowance limit in 2020.

Reason for decision:

a) 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.

b) Members were aware that the annual allowance of £40,000 was predictable because earnings would be above £122,500 per annum. However, people who received a large pay increase could also be affected in the year they received it. The year-end process did communicate with any member that breaches either the annual or lifetime allowance threshold. Officers confirmed that an exercise was previously completed that looked at lifetime allowance for anyone above £850,000 to make them aware that they may have a lifetime allowance issued in the future. This would be repeated in 2020.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

32. Altair Payroll Implementation

At agenda item 6, the Board received a report which provided an update on the payroll migration project.

An amendment to the report was noted at paragraph 9, line 2 as follows:

'… and following several ~~iterations~~ alterations…'

Decision: The Board:

a) noted the report; and

b) requested a further communication to Pensioners about the new benefits of the Member Self Service system.

Reason for decision:

a) The Board was interested in being provided with an update on the payroll migration project.

b) Members wished to remind pensioners of the benefits in using the new Member Self Service system, allowing them to be able to access their payslips at any point if they wished to do so.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

After hearing agenda item 6, the Chairman altered the order of the agenda; the minutes reflect the amended order.

33. Pooling Update

At agenda item 8, the Board received an update from the Senior Pensions Specialist in relation to the ACCESS Joint Committee.

Members heard that with the resignation of Councillor Andrew Reid, former Chairman of the Suffolk Pension Fund Committee and Chairman of the ACCESS Joint Committee, an election had taken place and Councillor Mark Kemp-Gee from Hampshire County Council, who was previously the Joint Committee's Vice Chairman, had been appointed as the new Chairman. Councillor Susan Barker from Essex County Council was appointed as the new Vice Chairman.

The Board was then provided with an update on the sub-funds of the Pool. Members heard that the BlackRock sub-fund, which was Suffolk's UK Equity Managers, was still likely to open in February 2020, with the application to the Financial Conduct Authority (FCA) being submitted imminently. The third tranche of Suffolk investment due to move was the M&G Alpha Opportunities F, and a final decision on whether this would go ahead would be made by Christmas.

Members then heard that ACCESS had appointed bFinance to help look at alternative mandates for the Pool. Presently there were funds held in Private Equity, Timber, Infrastructure and Debt funds with similar types of investment held by other fund's on ACCESS. bFinance would start a data collection exercise looking at how sub-funds could be set up which deals with these types of mandates.

The Board was also informed that ACCESS were reviewing its budget for 2019/20 which was set at £1.2m and was also looking to set its budget for 2020/21. The amount was likely to come in at £100k less than what was budgeted. £1.1m of running costs would be shared across all 11 funds on the Pool. The reason for the lower amounts was largely due to the fact ACCESS had its own employed staff rather than using Hymans Robertson and legal advisors who in the past were overseeing the contract management work. The level of legal advice costs incurred in 2020 had been estimated and was subject to change once the bFinance work has been concluded.

Also, the Joint Committee had received a training session on Governance and a set of slides had been produced which would be shared with the Board and the

Pension Fund Committee. Members could decide to use this as a basis for a future training session.

Finally, Members heard that the review of the Inter-Authority Agreement had been delayed as it was required to go through a final round with the Monitoring Officers of each authority. Once agreed, the document would be included in the Suffolk Pension Fund Committee's agenda pack at its 28 February 2020 meeting. The Committee would have an opportunity to comment on it, and it would then be submitted to the Full Council meeting in March 2020 for ratification. An update would be provided at the Board's March meeting.

Decision: The Board:

a) noted the information provided; and

b) requested reassurance that a record was kept covering the overall savings made by ACCESS and that this would be reported to the Board on an annual basis.

Reason for decision:

a) The Board was interested in being kept up to date with the progress of the ACCESS pool.

b) The Board wished to ensure that the savings sold to all fund's in the country was materialising and making a difference. Members noted that the business case covered a 15-year period to realise the savings but was aware that ACCESS was already cash flow positive, heading towards an annual saving of £30m across all 11 funds on the Pool. Officers confirmed that a report written by ACCESS was incorporated into Suffolk's Annual Report and Accounts which Members had an opportunity to review in July each year.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

34. Funding Strategy Statement

At agenda item 7, the Board received a report which set out the proposals for the Fund's Funding Strategy.

The Board was informed that out of 140 schedules which had been issued, only five employers had responded. Members heard that feedback was generally positive and raising very few issues. A few employers had requested clarification on how the contribution rates were set and after a conversation with the Council, were generally accepting that it was appropriate. Officers were not aware of any employers having an issue over the new rates.

Decision: The Board:

a) noted the draft Funding Strategy Statement; and

b) requested to receive an information bulletin update at its March meeting.

Reason for decision: The Board was interested in receiving updates on the process for agreeing employer contribution rates for the next three years.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

35. Rules of Procedure

At agenda item 9, the Board received some minor changes to its Rules of Procedure.

Decision: The Board approved the revised Rules of Procedure as set out in Appendix 1.

Reason for decision: The Board was responsible for agreeing its Rules of Procedure and making sure they were up to date.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

36. Information Bulletin

The Board noted the Information Bulletin at agenda item 10.

The Board noted that the wrong document had been issued in the agenda pack at appendix 1; the correct document was tabled at the meeting.

37. Forward Work Programme

The Board received a copy of its Forward Work Programme at agenda item 11.

Decision: The Board agreed its Forward Work Programme as published with the inclusion of the following items:

a) to receive an information bulletin on the outcome of the approval of the Funding Strategy Statement as noted at minute 34 above;

b) to speak to colleagues on ACCESS about the topics and discussions had at their respective Board meetings with a view to review the activity of the Suffolk Board; and

c) to invite the new Chairman of the Suffolk Pension Fund Committee to the July 2020 meeting of the Board to build on the close working relationship between the two bodies.

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

The meeting closed at 12:26 am.

Chairman

Suffolk County Council

Agenda Item 4

Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	13 March 2020
Chairman:	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Stuart Potter, Pensions Operations Manager

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, previously a separate paper, 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

5. This report covers staff performance and team achievements since the previous Board meeting on 12 December 2019.

6. The Service Level Agreements for our ‘key’ processes between December 2019 and January 2020 are shown below:

   a) Provision of a transfer quote to scheme members within 10 days of the receipt of the estimated value and all necessary information – Total cases **64**, percentage completed in SLA **100%**

   b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **118**, percentage completed in SLA **100%**

c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **295**, 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 **174**, percentage completed in SLA **100%**

e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **31**, 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 **70**, percentage completed in SLA **100%**

7. Following on from the successful payroll migration to Altair payroll, with the first live payments being made in November 2019, a lot of work has gone into completing the merge process to enable the administration and payroll systems to link together. This has happened successfully, and we now have one integrated system for administration purposes. This process was lengthy due to the number of records involved however has now been completed. Following the completion of the merge data, the necessary configuration has also taken place to enable all Pensioners (who wish to do so) to view their payslip on the Member Self Service (MSS) system once they have registered to use this. The final stages of the project are now being completed, which involves the testing of the system ready for the annual Pensions Increase process.

8. The Pensions Increase amount is 1.70% which is applicable from 6 April 2020. Pensioner members will see this increase in their April pension payments, along with a supporting article in the April newsletter detailing this.

9. This year we will be sending out the Pensioner newsletter along with the statutory P60 form for all Pensioners in early April. This communication will advise that the Pensioners payslip will be viewable in MSS rather than sent in a paper form. The article will remind Pensioner members they can opt to receive a paper version still should they wish to do so. Any Pensioner member who has already made this election will receive a paper version although they will have a payslip on MSS should they wish to access it.

10. A meeting was held with a large employer in the fund to agree some tweaks to a voluntary redundancy policy, and some processes around this, which will benefit us both the next time a voluntary redundancy exercise is open. Due to recent staff changes in key positions with this employer we also took the opportunity to agree new lines of escalation should there be issues on either side with business as usual administration matters.

11. We are currently in the middle of our annual internal audit process. We will feed back information from this audit in a future board meeting once the process has been completed.

12. Since the update at the last board meeting there have been 6 compliments. 5 of these compliments were from customers who were specifically thanking individuals for their help and guidance who clarified information for them. The other was from a customer asking for their thanks to be passed onto another member of the team who had helped them with their refund claim.

13. During this period there have been no complaints received.

14. As covered during the previous Board meeting the original case mentioned that was with the Ombudsman has been withdrawn by the claimant. The 2nd case that is with the Ombudsman, regarding an incorrect retirement date on one piece of correspondence, is still awaiting a decision from them. Further information and copies of correspondence that was requested by the Ombudsman has been provided.

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

Contribution payments

16. The administration strategy requires contributions from employers to be received by the Pension Fund within 5 working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received during 2019/20 quarter 3:

	Quarter 2			Quarter 3		
	Employer	Contributions		Employer	Contributions	
	%	£'m	%	%	£'m	%
On Time	87%	30.155	99%	87%	29.956	99%
Up to 1 week late	6%	0.109	1%	5%	0.063	0%
Over 1 week late	7%	0.325	1%	8%	0.210	1%
Total		**30.589**			**30.229**	

Sources of further information

a) None.

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Suffolk County Council

Agenda Item 5

Suffolk Pension Board

Report Title:	Actuarial Valuation Update
Meeting Date:	13 March 2020
Chairman:	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Paul Finbow, Senior Pension Specialist Telephone: 01473 265288

Brief summary of report

1. This report updates the Board on the progress made in completing the Actuarial Valuation and the decisions that the Pension Fund Committee made on 28 February 2020.

Action recommended

2. The Board is recommended:

    a) To note the Fund's funding treatment of the uncertainty following the "McCloud" judgement set out in **Appendix 1**; and

    b) To note the contribution rates for all employers in the Fund for the next three financial years set out in **Appendix 2**.

Reason for recommendation

3. To provide the Board with an update on the process for agreeing employer contribution rates for the next three years.

Alternative options

4. There are no alternative options.

Main body of report

5. At the Board's meeting on 12 December, the Board received an update on the actuarial valuation results, as at 31 March 2019, and discussed the draft funding strategy.

6. During the consultation period, no representations were received requesting any alterations to the Draft Funding Strategy Statement. This was reported to the Pension Fund Committee on 28 February 2020.

7. The Scheme Advisory Board published advice that given the uncertainty surrounding the benefit changes following the "McCloud" judgement, Funds

should consider how this uncertainty should be reflected when setting contribution rates. Suffolk's approach to this is set out in **Appendix 1**.

8. A copy of the Actuary's draft rates, and adjustment certificate, is attached in **Appendix 2**. This sets the contribution rates for employers in the Fund and this has to be issued by the Actuary before 31 March 2020.

9. The contribution rate that is determined for each of the Fund employers is composed of two parts:

   a) the primary rate (formerly known as the future service rate), which is the contribution rate (expressed as a percentage of pay) which is required to meet the cost of the pension rights being built up by ongoing membership of the Fund; and

   b) the secondary rate (formerly known as the deficit contribution rate), which is any additional contributions which are required to return an employer to a fully funded position, where there is an actuarial deficit at the valuation date. The deficit contributions can be expressed as a percentage of payroll, or as a series of lump sum payments.

10. At individual employer level, the improvement in the fund's valuation has seen many employers receive a reduction in their future contributions, which has been welcomed. However, some have remained the same and a few have seen increases (these generally were paying lower levels of contributions previously).

11. The Funding Strategy and the contribution rates were all approved by the Pension Fund Committee on 28 February 2020, and these have been confirmed to each employer in the Fund.

12. The Board is requested:

    a) to note the Fund's funding treatment of the uncertainty following the "McCloud" judgement set out in **Appendix 1**; and

    b) to note the contribution rates for all employers in the Fund for the next three financial years set out in **Appendix 2**.

Sources of further information

a) Agenda Item 7 – Board Meeting 12 December 2019

		Contributions currently in payment 2019/2020			Primary Rate % 1 April 2020 - 2023	Secondary Rate 2020/2021		Secondary Rate 2021/2022		Secondary Rate 2022/2023		Total Contribution Rate 2020/2021			Total Contribution Rate 2021/2022			Total Contribution Rate 2022/2023		
Employer code	Employer/Pool name	Primary (%)	Secondary (%)	Secondary (£000)		Secondary (%)	Secondary (£000)	Secondary (%)	Secondary (£000)	Secondary (%)	Secondary (£000)	% of pay		(£000)	% of pay		(£000)	% of pay		(£000)
*	Suffolk County Council	22.2%	3.8%	£0	19.4%	5.6%		4.6%		3.6%		25.0%	plus	£0	24.0%	plus	£0	23.0%	plus	£0
*	West Suffolk Council	31.3%	0.0%	£0	19.4%	2.9%	£1,400	2.9%	£1,400	2.9%	£1,400	22.3%	plus	£1,400	22.3%	plus	£1,400	22.3%	plus	£1,400
*	East Suffolk Council	37.1%	0.0%	£0	19.0%	15.0%		14.0%		13.0%		34.0%	plus	£0	33.0%	plus	£0	32.0%	plus	£0
5	Mid Suffolk District Council	23.0%	0.0%	£900	19.7%	3.3%	£895	3.3%	£840	3.3%	£780	23.0%	plus	£895	23.0%	plus	£780	23.0%	plus	£780
7	Babergh District Council	23.0%	0.0%	£700	19.3%	3.7%	£560	3.7%	£525	3.7%	£485	23.0%	plus	£560	23.0%	plus	£485	23.0%	plus	£485
	Ipswich Borough Council	22.2%	0.0%	£1,300	19.3%	7.7%		6.7%		5.7%		27.0%	plus	£0	26.0%	plus	£0	25.0%	plus	£0
*	Police	21.9%	1.3%	£0	19.4%	2.8%		1.8%		1.6%		22.2%	plus	£0	21.2%	plus	£0	21.0%	plus	£0
*	Town and Parish Councils	23.8%	1.2%	£0	20.3%	3.7%		2.7%		2.7%		24.0%	plus	£0	23.0%	plus	£0	23.0%	plus	£0
105	Hartismere School	24.4%	3.3%	£0	20.3%	6.4%		5.4%		4.4%		26.7%	plus	£0	25.7%	plus	£0	24.7%	plus	£0
109	Debenham Academy	22.8%	0.0%	£0	20.3%	1.5%		0.5%		0.0%		21.8%	plus	£0	20.8%	plus	£0	20.3%	plus	£0
110	Ipswich Academy	23.6%	-0.4%	£0	18.5%	3.7%		2.7%		1.7%		22.2%	plus	£0	21.2%	plus	£0	20.2%	plus	£0
112	Thomas Mills School	24.5%	0.8%	£0	20.2%	4.1%		3.1%		2.1%		24.3%	plus	£0	23.3%	plus	£0	22.3%	plus	£0
115	Copleston High School	21.9%	0.3%	£0	19.6%	1.6%		0.6%		0.0%		21.2%	plus	£0	20.2%	plus	£0	19.6%	plus	£0
116	Holbrook High School	22.0%	3.1%	£0	19.9%	4.2%		3.2%		2.2%		24.1%	plus	£0	23.1%	plus	£0	22.1%	plus	£0
117	Bury St Edmunds Academy Trust	23.6%	1.6%	£0	20.7%	3.5%		2.5%		1.5%		24.2%	plus	£0	23.2%	plus	£0	22.2%	plus	£0
119	Sir John Lehman	23.7%	0.1%	£0	19.9%	2.9%		1.9%		0.9%		22.8%	plus	£0	21.8%	plus	£0	20.8%	plus	£0
122	The Ashley School	20.5%	2.0%	£0	19.5%	2.0%		1.0%		0.0%		21.5%	plus	£0	20.5%	plus	£0	19.5%	plus	£0
123	The Priory School	23.2%	2.0%	£0	19.2%	5.0%		4.0%		3.0%		24.2%	plus	£0	23.2%	plus	£0	22.2%	plus	£0
124	Eastpoint Academy	21.7%	6.1%	£0	20.0%	5.2%		4.2%		3.2%		25.2%	plus	£0	24.2%	plus	£0	23.2%	plus	£0
128	Ormiston Endeavour Academy	24.6%	2.7%	£0	19.9%	5.0%		4.0%		3.0%		24.9%	plus	£0	23.9%	plus	£0	22.9%	plus	£0
130	Stour Valley Community School	23.2%	-1.5%	£0	20.5%	0.2%		0.0%		0.0%		20.7%	plus	£0	20.5%	plus	£0	20.5%	plus	£0
131	St Marys School	23.3%	-0.8%	£0	20.4%	1.1%		0.1%		0.0%		21.5%	plus	£0	20.5%	plus	£0	20.4%	plus	£0
132	Thomas Wolsey School	21.5%	1.3%	£0	19.4%	2.4%		1.4%		0.4%		21.8%	plus	£0	20.8%	plus	£0	19.8%	plus	£0
133	Stradbroke School	24.6%	1.2%	£0	20.9%	3.9%		2.9%		1.9%		24.8%	plus	£0	23.8%	plus	£0	22.8%	plus	£0
139	Breckland Free School	18.7%	0.8%	£0	20.6%	-0.1%		0.0%		0.0%		20.5%	plus	£0	20.6%	plus	£0	20.6%	plus	£0
140	Ormiston Sudbury Academy	23.0%	2.7%	£0	20.3%	4.4%		3.4%		2.4%		24.7%	plus	£0	23.7%	plus	£0	22.7%	plus	£0
159	Stoke High School	24.2%	1.1%	£0	19.9%	5.1%		5.1%		5.1%		25.0%	plus	£0	25.0%	plus	£0	25.0%	plus	£0
162	Seckford Education Trust	20.0%	-0.1%	£0	20.0%	0.0%		0.0%		0.0%		20.0%	plus	£0	20.0%	plus	£0	20.0%	plus	£0
165	Ormiston Denes Academy	22.0%	2.1%	£0	19.6%	3.5%		2.5%		1.5%		23.1%	plus	£0	22.1%	plus	£0	21.1%	plus	£0
171	Kessingland Church of England Primary Academy	20.7%	2.4%	£0	19.5%	2.6%		1.6%		0.6%		22.1%	plus	£0	21.1%	plus	£0	20.1%	plus	£0
173	Alde Valley Academy	24.5%	0.0%	£0	20.6%	4.9%		5.9%		6.9%		25.5%	plus	£0	26.5%	plus	£0	27.5%	plus	£0
175	Stone Lodge Academy	22.2%	4.9%	£0	19.5%	6.3%		5.3%		4.3%		25.8%	plus	£0	24.8%	plus	£0	23.8%	plus	£0
191	Suffolk One	20.3%	4.6%	£0	19.3%	4.6%		3.6%		2.6%		23.9%	plus	£0	22.9%	plus	£0	21.9%	plus	£0
311	Benjamin Britten Academy	31.0%	0.0%	£0	19.9%	7.6%		6.6%		5.6%		27.5%	plus	£0	26.5%	plus	£0	25.5%	plus	£0
345	Olive Alternative Provision Academy Suffolk (Central)	35.7%	0.0%	£0	20.0%	5.5%		4.5%		3.5%		25.5%	plus	£0	24.5%	plus	£0	23.5%	plus	£0
362	St Christophers Church of England Primary School	29.8%	0.0%	£0	19.9%	5.0%		4.0%		3.0%		24.9%	plus	£0	23.9%	plus	£0	22.9%	plus	£0
371	Murrayfield Primary School	28.4%	0.0%	£0	19.5%	5.0%		4.0%		3.0%		24.5%	plus	£0	23.5%	plus	£0	22.5%	plus	£0
380	Clare Community Primary	30.8%	0.0%	£0	20.2%	5.0%		4.0%		3.0%		25.2%	plus	£0	24.2%	plus	£0	23.2%	plus	£0
397	Everitt Academy	26.0%	0.0%	£0	19.4%	5.0%		4.0%		3.0%		24.4%	plus	£0	23.4%	plus	£0	22.4%	plus	£0
404	Piper's Vale Primary	29.0%	0.0%	£0	19.7%	5.8%		4.8%		3.8%		25.5%	plus	£0	24.5%	plus	£0	23.5%	plus	£0
411	West Row Academy	28.2%	1.7%	£0	19.8%	6.6%		5.6%		4.6%		26.4%	plus	£0	25.4%	plus	£0	24.4%	plus	£0
412	Glade Academy	29.4%	0.0%	£0	19.9%	5.0%		4.0%		3.0%		24.9%	plus	£0	23.9%	plus	£0	22.9%	plus	£0
426	Stowmarket High School	27.2%	0.0%	£0	19.9%	5.0%		4.0%		3.0%		24.9%	plus	£0	23.9%	plus	£0	22.9%	plus	£0
427	Roman Hill Primary School	25.3%	1.9%	£0	19.1%	5.0%		4.0%		3.0%		24.1%	plus	£0	23.1%	plus	£0	22.1%	plus	£0
430	Rose Hill Primary	29.0%	0.0%	£0	20.2%	5.3%		4.3%		3.3%		25.5%	plus	£0	24.5%	plus	£0	23.5%	plus	£0
441	Woods Loke Primary School	31.0%	0.0%	£0	19.6%	5.0%		4.0%		3.0%		24.6%	plus	£0	23.6%	plus	£0	22.6%	plus	£0
442	Somerleyton Primary School	28.0%	0.0%	£0	20.3%	6.7%		5.7%		4.7%		27.0%	plus	£0	26.0%	plus	£0	25.0%	plus	£0
454	Howard Community Primary	28.0%	0.0%	£0	20.5%	5.4%		4.4%		3.4%		25.9%	plus	£0	24.9%	plus	£0	23.9%	plus	£0
455	The Pines	26.0%	0.0%	£0	17.7%	5.0%		4.0%		3.0%		22.7%	plus	£0	21.7%	plus	£0	20.7%	plus	£0
459	Britannia Primary	25.8%	0.9%	£0	19.6%	5.0%		4.0%		3.0%		24.6%	plus	£0	23.6%	plus	£0	22.6%	plus	£0
472	Broke Hall Community Primary	28.3%	3.9%	£0	20.6%	6.8%		5.8%		4.8%		27.4%	plus	£0	26.4%	plus	£0	25.4%	plus	£0
473	Springfield Infant	26.5%	1.8%	£0	20.2%	5.0%		4.0%		3.0%		25.2%	plus	£0	24.2%	plus	£0	23.2%	plus	£0
Pool	Academy Transformation Trust	25.9%	0.0%	£0	20.2%	4.7%		3.7%		2.7%		24.9%	plus	£0	23.9%	plus	£0	22.9%	plus	£0
Pool	Active Learning Trust	21.9%	2.4%	£0	19.9%	3.4%		2.4%		1.4%		23.3%	plus	£0	22.3%	plus	£0	21.3%	plus	£0
Pool	ASSET Education	20.5%	4.5%	£0	19.7%	4.3%		3.3%		2.3%		24.0%	plus	£0	23.0%	plus	£0	22.0%	plus	£0
Pool	Avocet Academy Trust	23.1%	3.9%	£0	20.4%	5.6%		4.6%		3.6%		26.0%	plus	£0	25.0%	plus	£0	24.0%	plus	£0
Pool	REAch2 Multi-Academy Trust	22.2%	4.2%	£0	20.1%	5.3%		4.3%		3.3%		25.4%	plus	£0	24.4%	plus	£0	23.4%	plus	£0
Pool	St Edmundsbury and Ipswich Diocesan MAT	22.8%	4.5%	£0	20.4%	5.9%		4.9%		3.9%		26.3%	plus	£0	25.3%	plus	£0	24.3%	plus	£0
Pool	Thedwastre Education Trust	22.6%	3.4%	£0	20.6%	4.4%		3.4%		2.4%		25.0%	plus	£0	24.0%	plus	£0	23.0%	plus	£0
Pool	Unity Schools Partnership	22.4%	2.1%	£0	19.9%	3.6%		2.6%		1.6%		23.5%	plus	£0	22.5%	plus	£0	21.5%	plus	£0
Pool	All Saints MAT	28.0%	0.0%	£0	20.6%	5.3%		4.3%		3.3%		25.9%	plus	£0	24.9%	plus	£0	23.9%	plus	£0
Pool	Believe Engage Succeed Trust	28.0%	0.0%	£0	19.7%	5.4%		4.4%		3.4%		25.1%	plus	£0	24.1%	plus	£0	23.1%	plus	£0
Pool	Consortium Trust	28.0%	0.0%	£0	20.1%	5.0%		4.0%		3.0%		25.1%	plus	£0	24.1%	plus	£0	23.1%	plus	£0
Pool	East Anglian Schools Trust	24.5%	0.0%	£0	20.1%	3.4%		2.4%		1.4%		23.5%	plus	£0	22.5%	plus	£0	21.5%	plus	£0
Pool	Forest Academy	18.4%	0.0%	£0	19.1%	0.0%		0.0%		0.0%		19.1%	plus	£0	19.1%	plus	£0	19.1%	plus	£0
Pool	John Milton Academy Trust	31.0%	0.0%	£0	20.3%	7.5%		6.5%		5.5%		27.8%	plus	£0	26.8%	plus	£0	25.8%	plus	£0
Pool	Orwell Multi Academy Trust	29.0%	0.0%	£0	19.7%	5.0%		4.0%		3.0%		24.7%	plus	£0	23.7%	plus	£0	22.7%	plus	£0
Pool	Our Lady of Walsingham MAT	24.4%	0.0%	£0	20.1%	3.3%		2.3%		1.3%		23.4%	plus	£0	22.4%	plus	£0	21.4%	plus	£0
Pool	Raedwald Trust	27.9%	0.0%	£0	19.5%	5.0%		4.0%		3.0%		24.5%	plus	£0	23.5%	plus	£0	22.5%	plus	£0
Pool	South Suffolk Learning Trust	25.1%	0.0%	£0	20.4%	3.7%		2.7%		1.7%		24.1%	plus	£0	23.1%	plus	£0	22.1%	plus	£0
Pool	St Johns the Baptist	27.6%	0.0%	£0	20.1%	6.4%		5.4%		4.4%		26.5%	plus	£0	25.5%	plus	£0	24.5%	plus	£0
Pool	The Tilian Partnership	30.0%	0.0%	£0	20.6%	5.0%		4.0%		3.0%		25.6%	plus	£0	24.6%	plus	£0	23.6%	plus	£0
137	Leading Lives	26.1%	-9.0%	£0	27.5%	-10.4%		-10.4%		-10.4%		17.1%	plus	£0	17.1%	plus	£0	17.1%	plus	£0
138	Suffolk Libraries IPS	26.9%	-11.8%	£0	24.8%	-9.7%		-9.7%		-9.7%		15.1%	plus	£0	15.1%	plus	£0	15.1%	plus	£0
142	Realise Futures	22.9%	-6.2%	£0	27.3%	-10.6%		-10.6%		-10.6%		16.7%	plus	£0	16.7%	plus	£0	16.7%	plus	£0
143	Care UK	23.4%	0.0%	£0	25.6%	-2.2%		-2.2%		-2.2%		23.4%	plus	£0	23.4%	plus	£0	23.4%	plus	£0
145	Suffolk Norse Ltd	26.2%	-7.1%	£0	28.2%	-9.0%		-9.0%		-9.0%		19.2%	plus	£0	19.2%	plus	£0	19.2%	plus	£0
153	Concertus	24.6%	-6.8%	£0	24.9%	-7.1%		-7.1%		-7.1%		17.8%	plus	£0	17.8%	plus	£0	17.8%	plus	£0
161	Kier MG Ltd	26.2%	-6.5%	£0	28.6%	-8.9%		-8.9%		-8.9%		19.7%	plus	£0	19.7%	plus	£0	19.7%	plus	£0
301	Opus People Solutions Ltd	23.7%	-4.9%	£0	20.3%	-1.5%		-1.5%		-1.5%		18.8%	plus	£0	18.8%	plus	£0	18.8%	plus	£0
322	Thorpe Woodlands A.C.T	20.4%	-2.1%	£0	22.3%	-4.0%		-4.0%		-4.0%		18.3%	plus	£0	18.3%	plus	£0	18.3%	plus	£0
Pool	Vertas	26.5%	-7.2%	£0	27.9%	-4.2%		-4.2%		-4.2%		23.7%	plus	£0	23.7%	plus	£0	23.7%	plus	£0

		Contributions currently in payment 2019/2020			Primary Rate % 1 April 2020 - 2023	Secondary Rate						Total Contribution Rate									
						2020/2021		2021/2022		2022/2023		2020/2021			2021/2022			2022/2023			
Employer code	Employer/Pool name	Primary (%)	Secondary (%)	Secondary (£000)		Secondary (%)	Secondary (£000)	Secondary (%)	Secondary (£000)	Secondary (%)	Secondary (£000)	% of pay		(£000)	% of pay		(£000)	% of pay		(£000)	
52	East Coast College	21.3%	6.7%	£0	23.5%	3.0%		1.5%		0.0%		26.5%	plus	£0	25.0%	plus	£0	23.5%	plus	£0	
53	Suffolk College	21.2%	6.8%	£0	23.2%	3.2%		1.6%		0.0%		26.4%	plus	£0	24.8%	plus	£0	23.2%	plus	£0	
55	West Suffolk College	21.4%	1.3%	£0	23.6%	0.0%		0.0%		0.0%		23.6%	plus	£0	23.6%	plus	£0	23.6%	plus	£0	
108	Lowestoft 6th Form College	21.3%	-1.6%	£0	23.1%	-2.2%		-1.1%		0.0%		20.9%	plus	£0	22.0%	plus	£0	23.1%	plus	£0	
76	University of Suffolk	24.6%	0.0%	£150	27.5%	0.0%	£125	0.0%	£125	0.0%	£125	27.5%	plus	£125	27.5%	plus	£125	27.5%	plus	£125	
48	Seckford Foundation	22.7%	0.0%	£43	25.2%	-2.5%	£43	-2.5%	£43	-2.5%	£43	22.7%	plus	£43	22.7%	plus	£43	22.7%	plus	£43	
111	Sentinel Leisure Services	19.2%	1.1%	£0	22.4%	-0.4%		1.2%		2.8%		22.0%	plus	£0	23.6%	plus	£0	25.2%	plus	£0	
141	Association of Inshore Fisheries and Conservation Authorities	23.4%	0.0%	£0	24.6%	-1.2%		-1.2%		-1.2%		23.4%	plus	£0	23.4%	plus	£0	23.4%	plus	£0	**Rates for contractors set in line with below letting employer**
379	European Electronique	29.2%	0.0%	£0	19.9%	3.4%		2.4%		1.4%		23.3%	plus	£0	22.3%	plus	£0	21.3%	plus	£0	Active Learning Trust
413	IPSERV	22.2%	0.0%	£0	22.9%	1.3%	£0	1.3%	£0	1.3%	£0	24.2%	plus	£0	24.2%	plus	£0	24.2%	plus	£0	
463	Beccles Fenland Charity Trust	24.9%	0.0%	£0	24.6%	0.3%		0.3%		0.3%		24.9%	plus	£0	24.9%	plus	£0	24.9%	plus	£0	
481	Churchill Contract Services - South Suffolk Learning	29.6%	0.0%	£0	20.4%	3.7%		2.7%		1.7%		24.1%	plus	£0	23.1%	plus	£0	22.1%	plus	£0	South Suffolk Learning Trust
Pool	Flagship Housing Group	23.6%	0.0%	£50	29.0%	-5.4%	£50	-5.4%	£50	-5.4%	£50	23.6%	plus	£50	23.6%	plus	£50	23.6%	plus	£50	
60	The Partnership in Care Ltd	30.2%	0.0%	£8	28.8%	1.4%	£8	1.4%	£8	1.4%	£8	30.2%	plus	£8	30.2%	plus	£8	30.2%	plus	£8	
62	Havebury Housing Partnership	25.0%	-0.8%	£0	28.1%	-3.9%		-3.9%		-3.9%		24.2%	plus	£0	24.2%	plus	£0	24.2%	plus	£0	
68	Papworth Trust	31.0%	-1.7%	£0	34.4%	-6.4%		-7.9%		-9.4%		28.0%	plus	£0	26.5%	plus	£0	25.0%	plus	£0	
69	Abbeycroft Leisure	20.6%	0.0%	£0	22.4%	-1.8%		-1.8%		-1.8%		20.6%	plus	£0	20.6%	plus	£0	20.6%	plus	£0	
70	Sports and Leisure Management Ltd	24.7%	0.0%	£0	27.7%	-3.0%		-3.0%		-3.0%		24.7%	plus	£0	24.7%	plus	£0	24.7%	plus	£0	
78	Waveney Norse Ltd	25.2%	-1.4%	£0	27.6%	-4.4%		-5.0%		-5.6%		23.2%	plus	£0	22.6%	plus	£0	22.0%	plus	£0	
79	Anglia Community Leisure	22.3%	-1.2%	£0	26.5%	-5.7%		-6.1%		-6.5%		20.8%	plus	£0	20.4%	plus	£0	20.0%	plus	£0	
100	Churchill Contract Services	27.4%	-0.9%	£0	19.3%	7.7%		6.7%		5.7%		27.0%	plus	£0	26.0%	plus	£0	25.0%	plus	£0	Ipswich Borough Council
102	Housing 21	27.4%	-2.3%	£0	30.2%	-9.4%		-9.4%		-9.4%		20.8%	plus	£0	20.8%	plus	£0	20.8%	plus	£0	
144	CBRE (Norland Managed Services)	28.5%	-1.2%	£0	31.8%	-5.2%		-6.0%		-6.8%		26.6%	plus	£0	25.8%	plus	£0	25.0%	plus	£0	
150	Marina Theatre	17.8%	3.5%	£0	24.6%	-4.6%		-4.6%		-4.6%		20.0%	plus	£0	20.0%	plus	£0	20.0%	plus	£0	
163	Caterlink – Kesgrave	29.5%	0.0%	£0	20.1%	0.9%		0.9%		0.4%		22.0%	plus	£0	22.0%	plus	£0	21.5%	plus	£0	East Anglian Schools Trust
308	South Suffolk Leisure – Sudbury	22.2%	-2.3%	£0	19.4%	0.5%		0.5%		0.5%		19.9%	plus	£0	19.9%	plus	£0	19.9%	plus	£0	Suffolk County Council
320	Compass - Felixstowe	29.5%	-2.5%	£0	19.9%	3.6%		2.6%		1.6%		23.5%	plus	£0	22.5%	plus	£0	21.5%	plus	£0	Unity Schools Partnership
324	Verse	21.3%	-4.0%	£0	27.7%	-10.4%		-10.4%		-10.4%		17.3%	plus	£0	17.3%	plus	£0	17.3%	plus	£0	
328	Churchill CS - Hadleigh	24.5%	0.0%	£0	20.4%	3.7%		2.7%		1.7%		24.1%	plus	£0	23.1%	plus	£0	22.1%	plus	£0	South Suffolk Learning Trust
331	Elior - Chantry	32.6%	0.0%	£0	19.9%	3.4%		2.4%		1.4%		23.3%	plus	£0	22.3%	plus	£0	21.3%	plus	£0	Active Learning Trust
335	Caterlink - Ormiston Denes	30.8%	0.0%	£0	19.6%	3.5%		2.5%		1.5%		23.1%	plus	£0	22.1%	plus	£0	21.1%	plus	£0	Ormiston Denes Academy
336	Edwards and Blake - Leiston	30.5%	0.0%	£0	20.4%	5.6%		4.6%		3.6%		26.0%	plus	£0	25.0%	plus	£0	24.0%	plus	£0	Avocet Academy Trust
368	South Suffolk Leisure - Holbrook	38.4%	2.6%	£0	19.9%	4.2%		3.2%		2.2%		24.1%	plus	£0	23.1%	plus	£0	22.1%	plus	£0	Holbrook High School
369	Caterlink - St Albans	32.2%	0.0%	£0	20.1%	3.3%		2.3%		1.3%		23.4%	plus	£0	22.4%	plus	£0	21.4%	plus	£0	Our Lady of Walsingham MAT
387	Caterlink - ALT	34.4%	0.0%	£0	19.9%	3.4%		2.4%		1.4%		23.3%	plus	£0	22.3%	plus	£0	21.3%	plus	£0	Active Learning Trust
399	Caterlink - Copleston	25.1%	0.0%	£0	19.6%	1.6%		0.6%		0.0%		21.2%	plus	£0	20.2%	plus	£0	19.6%	plus	£0	Copleston High School
429	Radis Community Care	30.5%	0.0%	£0	19.4%	5.6%		4.6%		3.6%		25.0%	plus	£0	24.0%	plus	£0	23.0%	plus	£0	Suffolk County Council
446	Orwell Housing	35.4%	0.0%	£0	28.0%	5.4%		3.3%		1.2%		33.4%	plus	£0	31.3%	plus	£0	29.2%	plus	£0	
466	Compass - East Point Academy	28.4%	0.0%	£0	20.0%	5.2%		4.2%		3.2%		25.2%	plus	£0	24.2%	plus	£0	23.2%	plus	£0	Eastpoint Academy
467	Edwards and Blake - ASSET Education	32.6%	0.0%	£0	19.7%	4.3%		3.3%		2.3%		24.0%	plus	£0	23.0%	plus	£0	22.0%	plus	£0	ASSET Education
468	Edwards and Blake - Aldeburgh	31.9%	0.0%	£0	20.4%	5.6%		4.6%		3.6%		26.0%	plus	£0	25.0%	plus	£0	24.0%	plus	£0	Avocet Academy Trust
469	Edwards and Blake - Saxmundham	33.9%	0.0%	£0	20.4%	5.6%		4.6%		3.6%		26.0%	plus	£0	25.0%	plus	£0	24.0%	plus	£0	Avocet Academy Trust
470	Edwards and Blake - Kyson	34.3%	0.0%	£0	19.4%	5.6%		4.6%		3.6%		25.0%	plus	£0	24.0%	plus	£0	23.0%	plus	£0	Suffolk County Council
477	Compass CS - Kessingland	35.0%	0.0%	£0	19.5%	2.6%		1.6%		0.6%		22.1%	plus	£0	21.1%	plus	£0	20.1%	plus	£0	Kessingland Church of England Primary Academy
478	Caterlink - Gorseland	29.3%	0.0%	£0	19.4%	5.6%		4.6%		3.6%		25.0%	plus	£0	24.0%	plus	£0	23.0%	plus	£0	Suffolk County Council
479	Compass CS - ATT	31.6%	0.0%	£0	20.2%	4.7%		3.7%		2.7%		24.9%	plus	£0	23.9%	plus	£0	22.9%	plus	£0	Academy Transformation Trust
486	Deben - Ravenswood	30.6%	0.0%	£0	19.4%	5.6%		4.6%		3.6%		25.0%	plus	£0	24.0%	plus	£0	23.0%	plus	£0	Suffolk County Council
491	Edwards and Blake - Waveney Valley	33.6%	0.0%	£0	20.6%	6.9%		6.9%		6.9%		27.5%	plus	£0	27.5%	plus	£0	27.5%	plus	£0	Alde Valley Academy
Pool	Care Quality Commission	26.4%	0.0%	£75	29.6%	-4.6%	£20	-4.6%	£20	-4.6%	£20	25.0%	plus	£20	25.0%	plus	£20	25.0%	plus	£20	
Pool	Places for People	24.7%	0.0%	£0	28.8%	-4.1%		-4.1%		-4.1%		24.7%	plus	£0	24.7%	plus	£0	24.7%	plus	£0	

Suffolk Pension Fund

"McCloud" judgement
Proposed funding treatment

December 2019

Craig Alexander FFA
Peter Summers FFA

For and on behalf of Hymans Robertson LLP

Contents

Executive Summary

The table below outlines the proposed funding updates for the Suffolk Pension Fund to manage the associated risk and uncertainty for the period until the remedy to the “McCloud” age discrimination judgement is confirmed.

Section	Area	Proposal	Comment
1.	Employer contribution rates	Reflect in employer contribution rate calculations by using a higher required likelihood of success for meeting funding targets.	The Scheme Advisory Board (SAB) advice is to factor the uncertainty and risk associated with McCloud when setting employer contribution rates (and reflect appropriately within the Funding Strategy Statement). Uncertainty over the McCloud remedy impact makes it impossible to calculate an ‘exact’ loading so our recommendation to the Fund was to consider the McCloud risk alongside other funding risks when setting the funding plan and increase prudence via a higher likelihood of success for meeting funding targets. As the majority employers in the Fund are long term participants, the Fund will have time to make future adjustments as detail on the McCloud remedy emerges in the next couple of years.
2.	Ongoing funding positions	Make no adjustment to 2019 valuation past service funding positions.	The SAB advice is to value the benefits as per the current LGPS Regulations.

Section	Area	Proposal	Comment
3.	Cessation valuations	Add 1% to calculated active and deferred liabilities for "gilts exit" cessations, else no adjustment to be made.	Once a cessation debt has been levied (or an exit credit has been paid) the Fund has no mechanism to pursue further contributions from an exited employer. Whilst the Fund cannot afford to wait for further clarity on the McCloud case if an employer ceases in the interim period, it also recognises the potential inconsistencies regarding cessations taking place at different times, potential inconsistencies where an employer's opening assets have not been adjusted for the potential McCloud impact and the likely small impact of any such adjustment. This is particularly the case where the employer is a contractor or otherwise whose assets and liabilities are being taken on at cessation by an Awarding Authority. Therefore, on the grounds of consistency, simplicity and pragmatism there would be no adjustment to a cessation value where the obligations are being passed on elsewhere. However, an adjustment to the cessation liability value is appropriate for "gilts exit" cases where the employer's obligations pass to the whole Fund as opposed to a specific employer. The proposed estimate is described in Appendix A.
4.	New academy asset allocation	Make no adjustment.	As academies are long term employers in the LGPS, the vast majority of their obligations will be accrued (and be paid for) after the details of the McCloud benefit changes have been formalised. In any event, allowing for a McCloud adjustment in both the new academy and the ceding authority liabilities (after fully-funded deferreds and pensioners) would not result in a significantly different asset allocation. Therefore, we propose no adjustment is made now. However. the position could be revisited once a McCloud remedy is known.
5.	New contractor asset allocation	Apply the same approach which will be used to determine admission and cessation positions.	New contractors who require assets to be allocated should have their initial assets calculated in the same way as their cessation valuation will be calculated. Therefore, in the absence of a regulatory McCloud remedy, no adjustment should be applied when allocating assets, as no adjustment will be made on their cessation (which may be before the McCloud remedy is known). This could be revisited once a remedy is known, to backdate the award of initial assets to be consistent with the eventual cessation terms; however, such an approach would need to be considered at a future date.

Section	Area	Proposal	Comment
6.	Other new employer asset allocation	Case-by-case basis.	Other types of new employer will likely be rare. Any new admissions which are open to new entrants and with no contract end date should be allocated assets with no McCloud adjustment. This allocation should be revisited when the McCloud remedy is eventually known.
7.	Accounting reporting	Employers' discretion.	Accounting treatment to ultimately be decided by employers and their auditors. Our default approach however is to continue allowing for the ruling as we did for the majority of the 2019 accounting reports (by using a simple % adjustment to liabilities) unless otherwise advised.
8.	Bulk transfers	Case-by-case basis.	Terms will be negotiated between the actuaries involved, depending on the circumstances.

"McCloud" judgement – proposed funding treatment

Addressee and purpose

This paper has been requested by and is addressed to Suffolk County Council in its role as Administering Authority to the Suffolk Pension Fund ("the Fund"). Its purpose is to document the considerations and proposed funding strategies to manage the associated risk and uncertainty for the period until the solutions to the "McCloud" age discrimination judgement ("McCloud") are confirmed.

All readers of this report should note that the remedies for McCloud are not currently known at the time of writing. Users of the report should therefore make sure they understand the assumptions and limitations of the advice.

Background

The Fund is part of the Local Government Pension Scheme (LGPS), a public service scheme for local government and associated workers. Following the Hutton review of public service pension schemes, LGPS benefits accruing from 1 April 2014 were changed from 1/60ths final salary to 1/49ths Career Average Revalued Earnings (CARE). Retirement ages were also increased from age 65 to State Pension Age (SPA), although many members have protected retirement ages lower than 65. CARE benefits effectively lose the link to salary growth and are instead revalued each year in line with Consumer Price Index (CPI) inflation. As part of a package of "transitional protections" accompanying the change, members who were within 10 years of the 60ths scheme normal retirement age at 1 April 2012 were protected by an 'underpin'. The underpin ensures that the benefit received by eligible members for service from 1 April 2014 was the greater of 1/60ths final salary or 1/49ths CARE.

Two Court of Appeal judgements in December 2018, collectively referred to here as the "McCloud" judgement, ruled that similar transitional protections in the Firefighters' and Judges' pension schemes amounted to unlawful discrimination against younger members (and indirectly against women and ethnic minorities). The Supreme Court then determined that the Government were not allowed to appeal these judgements (June 2019). A written ministerial statement also confirmed that the principle applies to these transitional protections in the LGPS and other public service schemes.

It is, however, very unclear what form the remedy will take in the LGPS i.e. how benefits will change to remove the discriminatory protections and what would be done to compensate members for any adverse impact on service from 2014 to that point. In essence, therefore, McCloud will have a retrospective effect on current active members' benefits, as well as future service benefit accrual.

This paper sets out the approaches for managing the associated risk and uncertainty within funding strategy until the remedy to McCloud is confirmed, focussing on the 2019 valuation, contributions setting, cessation debts, new employer asset allocations, accounting and bulk transfers.

Scheme Advisory Board advice

On 14 May 2019, the Scheme Advisory Board published an advice note covering the implications of the McCloud case on the 2019 valuation. The key McCloud points from the advice note in relation to the 2019 valuation are:

(i) **For the purpose of the 2019 valuation, if no remedy is agreed by 31 August 2019, LGPS funds should value the benefits as per the current LGPS Regulations**
Given we are now beyond this deadline, we are advised to make no allowance for McCloud when valuing the past service liabilities. The 2019 Funding Strategy Statement (FSS) will therefore include a note to this effect as part of the review.

(ii) Funds should consider how to factor in the uncertainty and risk associated with the McCloud case when setting employer contribution rates (and reflect in their FSS)

There is no advice on how to allow for the risk other than "in the same way as they would for other financial, employer and demographic risks." Therefore, we have considered how to make allowance when setting employer contributions rates from 1 April 2020.

(iii) Once the McCloud case is remedied, funds should revisit employer contribution rates to ensure they remain appropriate in light of any additional costs

The 2019 FSS should include provision for carrying out an interim valuation to allow for the remedy within employer contribution rates, should it be required.

It is also important to consider that the Government Actuary's Department, working with the Ministry of Housing, Communities and Local Government, will be looking for formal recognition by the Fund (in its valuation report and/or Funding Strategy Statement) of the method of allowing for the current McCloud uncertainty. This paper will therefore allow the Fund to demonstrate this in best practice form to GAD and MHCLG.

1 Employer contribution rates

The McCloud ruling will likely lead to benefit improvements and hence higher pensions costs, so it is appropriate to consider increasing employer contribution rates. However, as described above, the uncertainty over the nature of any remedy means it is impossible to calculate the additional cost explicitly. There are various approaches and options to managing the uncertainty and risk within employer contributions. We have primarily considered the following three options:

i. Add an explicit loading onto employer contribution rates
ii. Make no allowance
iii. Consider the McCloud risk alongside other funding risks when setting the funding plan

These options are further considered below.

i. Add an explicit loading onto employer contribution rates

A % of pay loading across all employers could be applied – either a uniform loading across all employers or varying by employer (i.e. based on factors such as membership profile). However,

- there is no obvious approach to derive such a loading given the uncertainty around what form any remedy will take;
- the final remedy could result in a cost which is very different from any loading applied (i.e. a uniform or employer-by-employer loading). Any final loading would need to be applied at the time, in effect replacing the temporary loading;
- the cost of deriving, applying and communicating a loading, per employer, may outweigh the risk associated with McCloud in the context of other funding risks.

ii. Defer making allowance

We could defer making an allowance for McCloud due to the uncertainty associated with the remedy. In addition, in the context of many other funding risks, McCloud is small (c.f. risk associated with the investment market, interest rates, etc). Therefore, not making an explicit allowance could be considered an appropriate course of action - the assumption being that that extra costs would eventually be picked up once the McCloud remedy is known.

iii. Consider the McCloud risk alongside other funding risks when setting the funding plan

Within the risk-based approach used by the Fund to set employer contribution rates, the impact of McCloud could be allowed for within the level of prudence in each employer's likelihood of meeting their funding target at the end of the agreed time horizon. This is the approach the Fund uses to allow for other funding risks. The approach allows a proportional allowance to be made on an employer-by-employer basis (e.g. relating to employer covenant, the employer's expected participation period in the Fund, etc).

We would propose increasing the likelihood of employers achieving their target by 5%. For example, if an employer had contributions set using a 75% likelihood of meeting their funding target, then this threshold could be increased to 80%.

On average, increasing the likelihood of success by 1% increases primary contributions by 0.2% of pay, so we would expect a 5% increase in likelihood to increase primary contributions by around 1.0% of pay.

Please note the potential retrospective benefit improvements from the McCloud remedy could also impact on past service liabilities and therefore secondary contributions. However, this is more difficult to predict as it will depend to a large extent on each employer's individual circumstances (i.e. salary awards, etc)

The impact for individual employers will vary depending on their own membership, time horizon, funding position, etc. In this way this simple method of adjusting the prudence reflects each employer's own circumstances, albeit indirectly.

Proposal

Proposal	Comment
Reflect in employer contribution rate calculations by using a higher required likelihood of success for meeting funding targets.	The Scheme Advisory Board (SAB) advice is to factor the uncertainty and risk associated with McCloud when setting employer contribution rates (and reflect appropriately within the Funding Strategy Statement). Uncertainty over the McCloud remedy impact makes it impossible to calculate an 'exact' loading so our recommendation to the Fund was to consider the McCloud risk alongside other funding risks when setting the funding plan and increase prudence via a higher likelihood of success for meeting funding targets. As the majority of employers in the Fund are long term participants, the Fund will have time to make future adjustments as detail on the McCloud remedy emerges in the next couple of years.

2 Ongoing funding positions

The SAB advice is to value the benefits for the purposes of the 2019 valuation as per the current LGPS Regulations.

Proposal

Proposal	Comment
Make no adjustment to the 2019 valuation calculations for placing a value on the past or future service liabilities.	The SAB advice is to value the benefits as per the current LGPS Regulations.

3 Cessation valuations

Why does the Fund need to make allowance in cessations?

While the SAB advice is to ignore the potential impact of McCloud on the 2019 valuation past service liabilities of each employer, the valuation of an employer's cessation funding position on exit from the Fund is more of a concern. This is primarily as a result of the finality of the cessation valuation within the LGPS Regulations, where the employer's funding position is crystallised on exit and no further payment to/from the employer is expected. The Fund has a duty to ensure that member benefits are paid and to minimise the risk of any future deficit falling on unconnected employers in the Fund, so there is a strong justification for adjusting cessation liabilities to make an allowance for the impact of McCloud.

Approaches for allowing for McCloud within cessation valuations

As explained above, it is impossible to directly calculate the impact of McCloud on the liabilities. However, to make this allowance within an employer's cessation valuation, the Fund could therefore request that the actuary take one of the following actions:

i. Calculate the explicit cost based on each individual member's circumstances

ii. Apply an adjustment to the employer's cessation liabilities

iii. Make no adjustment.

These options are further considered below.

i. Calculate the explicit cost based on each individual member's circumstances

Assume the McCloud remedy is to apply the transitional underpin to all members. To allow for the impact of the McCloud remedy in this way, we would need to estimate how the post-2014 liabilities would differ if the underpin applied to each member. In other words, how much greater would each member's benefits (and hence liabilities) be if they were calculated on a 60ths final salary basis instead of 49ths CARE, allowing for the different retirement ages applicable to each tranche of benefit.

Due to the potential spurious accuracy, additional administrative requirements and extra actuarial fees, we would advise against this approach in nearly all cases.

ii. Apply an adjustment to the employer's cessation liabilities

Alternatively, we could adjust the employer' cessation liabilities in the following way:

Liability type	Proposed McCloud adjustment	Comment
Active	Add 1%	Pre-2014 liabilities are unaffected by the underpin and hence by the McCloud ruling. We would recommend applying a loading to post-2014 liabilities based on GAD's analysis. Once that analysis is adjusted for the Fund's own assumptions and characteristics we would propose simply increasing all active liabilities by 1%.
Deferred	Add 1%	The existing underpin may or may not apply to deferred members however it would be prudent to assume that the McCloud remedy will impact their post-2014 accrual in a similar way to active members. We would propose simply increasing all deferred liabilities by 1%.

Liability type	Proposed McCloud adjustment	Comment
Pensioner (existing)	None	Assume that pensioners are either already covered by the underpin or would not have received high enough pay increases since 2014 to trigger it.

iii. Make no adjustment

Where an employer was awarded initial assets with no McCloud adjustment, ceases before a formal McCloud remedy is known and has its assets and liabilities taken on by a guarantor (such as the Awarding Authority in the case of a contractor), then there is an argument that any McCloud adjustment would be difficult to justify.

Proposal

Proposal	Comment
Add 1% to calculated active and deferred liabilities for "gilts exit" cessations, else no adjustment to be made	Once a cessation debt has been levied (or an exit credit has been paid) the Fund has no mechanism to pursue further contributions from an exited employer. Whilst the Fund cannot afford to wait for further clarity on the McCloud case if an employer ceases in the interim period, it also recognises the potential inconsistencies regarding cessations taking place at different times, potential inconsistencies where an employer's opening assets have not been adjusted for the potential McCloud impact, and the likely small impact of any such adjustment. This is particularly the case where the employer is a contractor or otherwise whose assets and liabilities are being taken on at cessation by an Awarding Authority. Therefore, on the grounds of consistency, simplicity and pragmatism, there would be no adjustment to a cessation value where the obligations are being passed on elsewhere. However, an adjustment to the cessation liability value is appropriate for "gilts exit" cases where the employer's obligations pass to the whole Fund as opposed to a specific employer. An adjustment loading of 1% is an estimate of the additional liability arising from McCloud, based on adjusting the Government Actuary Department's (GAD's) estimate as described in Appendix A.

4 New employer asset allocations

We propose different treatment for different types of new employer as follows:

New academies

New academies are allocated assets based on the funding level of the ceding authority, once its deferred and pensioner members are fully-funded. Any McCloud adjustment would apply to the ceding authority when calculating its funding level, as well as the new academy's liabilities when determining its assets. Because the McCloud adjustment affects both parts of the calculation, the resulting impact on the academy's asset allocation is very small.

Given the small impact on initial assets, as well as the fact that academies are secure employers who can afford to address any McCloud costs over the long term, we propose that no adjustment is made to the way new academies are allocated assets.

Once the McCloud remedy is known, the Fund could choose to revisit the opening asset allocation positions for all post-31 March 2014 academies and make the necessary retrospective adjustments at that time.

New contractors

Any contractor joining the Fund will eventually cease at the end of its contract. To be consistent with how it will be treated at cessation, we propose that new contractors are initially awarded assets equal to their opening liabilities, with no McCloud adjustment (see above). Some further points to bear in mind are:

- This approach is consistent with contractors who have started since 2014 but not yet ceased, whose initial assets will not have had a McCloud adjustment either;
- This will be easier to administer (and avoid added actuarial costs) than applying loadings at the start and end of the contract;
- New contractors operating on a pass-through basis are not usually allocated assets, and will not undergo a cessation valuation, so no McCloud adjustment is required;
- Once the McCloud remedy is known, the Fund could choose to revisit the revisit the opening asset allocation positions for all post-31 March 2014 contractors who have not yet ceased and make the necessary retrospective adjustments at that time.

Other new employers

Other types of new employer are likely to be rarer and may have unusual circumstances – if so, they should be treated on a case-by-case basis. However, the following principles should apply:

1. Employers starting with no assets or liabilities (e.g. new Town/Parish/Community Councils) do not require any adjustment.
2. Employers starting off with the same funding level as their ceding employer should be treated like academies (i.e. no adjustment), as any adjustment for McCloud would have negligible impact on the results.
3. Any new employers transferring from another employer on a fully-funded basis and with no risk sharing arrangement, should be treated like new contractors as described above (i.e. no adjustment).
4. Any new admissions which are open to new entrants and with no contract end date, should be allocated assets with no McCloud adjustment - this allocation should be revisited when the McCloud remedy is eventually known.

Proposal

Area	Proposal	Comment
New academy asset allocation	Make no adjustment	As academies are long term employers in the LGPS, the vast majority of their obligations will be accrued (and be paid for) after the details of the McCloud benefit changes have been formalised. In any event, allowing for a McCloud adjustment in both the new academy and the ceding authority liabilities (after fully-funding deferreds and pensioners) would not result in a significantly different asset allocation. Therefore, we propose no adjustment is made now. The position should, however, be revisited once a McCloud remedy is known.
New contractor asset allocation	Apply the same approach which will be used to determine admission and cessation positions	New contractors who require assets to be allocated (i.e. those not using a pass-through approach) should have their initial assets calculated in the same way as their cessation valuation will be calculated. Therefore, in the absence of a regulatory McCloud remedy, no adjustment should be applied when allocating assets, as no adjustment will be made on their cessation (which may be before the McCloud remedy is known). This could be revisited once a remedy is known, to backdate the award of initial assets to be consistent with the eventual cessation terms; however, such an approach would need to be considered at a future date.
Other new employer asset allocation	Case-by-case basis	Other types of new employer will likely be rare. Any new admissions which are open to new entrants and with no contract end date, should be allocated assets with no McCloud adjustment - this allocation should be revisited when the McCloud remedy is eventually known.

5 Accounting reporting

As explained above, it is impossible calculate the exact impact of McCloud on the liabilities and future pension cost. Therefore, any allowance made for McCloud is an assumption. Accounting assumptions are a matter for the employers and their auditors to decide.

Proposal

Proposal	Comment
Employers' discretion	Accounting treatment to ultimately be decided by employers and their auditors. Our default approach however is to continue allowing for the ruling as we did for the majority of the 2019 accounting reports (by using a simple % adjustment to liabilities) unless otherwise advised.

6 Bulk transfers

The terms for calculating bulk transfer payments between LGPS funds must be agreed by the actuaries for the two funds involved in the transfer. As different funds will have different policies for allowing for the McCloud ruling, it is difficult to set out a rigid policy. However, we would propose the following principles:

1. For transfers on an asset share basis, no allowance need be made as the transfer payment is just the transferring employer's asset share.
2. For incoming or outgoing transfers based on the transferring members' liabilities, there are (at least) two alternatives. Materiality may well be a consideration when it comes to deciding which of these two approaches is preferred.
   a) Make a simple adjustment in a similar manner to that proposed for gilts cessations.
   b) Make an initial transfer payment without any adjustment. Agree to finalise the transfer once the McCloud remedy is known.

Bulk transfers to or from other pension schemes are relatively uncommon and we suggest that the McCloud treatment should be considered on a case-by-case basis and in the context of the bulk transfer negotiations.

Proposal

Proposal	Comment
Case-by-case basis	Terms will be negotiated between the actuaries involved, depending on the circumstances.

Appendix A – Estimates and limitations

General limitations affecting all estimates

Any estimate of the cost impact of McCloud is based on assumptions about the future which may not be borne out in practice. This is typical when valuing pension benefits, but some of the assumptions underlying any McCloud cost estimate go beyond the usual actuarial assumptions on inflation, pay growth, retirement age etc.

As a result, the following particular limitations affect all the proposals described in this paper and should be borne in mind when evaluating which (if any) approach to take:

- The form of the McCloud remedy is unknown
  (e.g. applying the underpin to everyone, offering enhanced CARE benefits, etc)
- The members eligible for any McCloud remedy are unknown
  (e.g. everyone with post-2014 service, only those in the scheme on 1 April 2014, etc)
- The period of service to which any remedy will apply is unknown
  (e.g. only to service up to 1 April 2022 when the original underpin would have stopped applying?)
- The duration that any remedy would apply is unknown
  (e.g. only for a maximum of ten years, even for members who have not retired at that point?)

Government Actuary's Department estimate

The estimates in this paper are based on an estimate of the McCloud impact calculated by the Government Actuary's Department (GAD) as described in their paper dated 10 June 2019.

GAD's estimate was that the McCloud ruling would increase active member liabilities by 3.2% and would add 3.0% of pay to the cost of new benefit accrual (both as at 31 March 2019 based on accounting assumptions at that date).

GAD's estimate was derived as follows (for fuller details please see their paper):

- Form of remedy – GAD assumed a 'worst-case' scenario where all LGPS members were eligible for the underpin, even those joining after 2014.
- Data – based on 2016 valuation data for the LGPS (England and Wales) as a whole, so the results are therefore an average for the whole scheme.
- Assumptions – accounting basis assumptions as at 31 March 2019. GAD used their own 2016 valuation assumptions including pay increase of CPI + 1.5% p.a..
- Methodology – GAD's method involved estimating how much more it would cost to earn pre-2014 benefits instead of post-2014 benefits. They then applied this cost difference to a projection of LGPS payroll up to 31 March 2019.

GAD estimate adjusted for the Suffolk Pension Fund

GAD's estimate is based on their own valuation assumptions, which differ to the Fund's. In particular, GAD use a much higher salary growth assumption and a lower withdrawal assumption. If we adjust GAD's estimate to reflect the Fund's own assumptions (as detailed in the 2019 FSS) then we obtain an approximate McCloud impact of 1% of overall active member liabilities (i.e. applying to both pre- and post-2014 liabilities).

The adjustment above allows for the fact that GAD's estimate used accounting assumptions whereas we need an adjustment on the Fund's ongoing valuation assumptions.

Appendix B – Professional notes

Professional notes

The proposals in this paper are based on our understanding of the McCloud situation as at December 2019. The Fund should review these proposals as more details of the McCloud remedy emerge to ensure they continue to reflect the latest available information.

Please see Appendix A for discussion of the general limitations applying to any estimate of the cost of the McCloud ruling.

The policy proposals in this paper are based on GAD's analysis of the cost impact of McCloud on the LGPS in England and Wales, issued 10 June 2019. See Appendix A for further details.

This paper is addressed to the Administering Authority of the Fund for the purpose of establishing temporary funding strategies whilst the detailed outcome of the McCloud ruling remains unknown; it should not be relied upon by any other party or for any other purpose, and Hymans Robertson does not accept any liability in those circumstances.

Technical Actuarial Standards

The following Technical Actuarial Standards[1] are applicable in relation to this report and have been complied with where material:

- TAS 100
- TAS 300

This report should be read along with the Fund's formal valuation report.

[1] Technical Actuarial Standards (TASs) are issued by the Financial Reporting Council and set standards for certain items of actuarial work, including the information and advice contained in this report.

Pooling Update

SUMMARY UPDATE
ACCESS Joint Committee:
9 December 2019

ACCESS Effective • Collective • Investment

Ten ACCESS Authorities were represented, and the key matters considered are described below.

Part I Item	Details
Election of Chairman	Current Vice-Chairman Cllr Mark Kemp-Gee (Hampshire), was elected unopposed to fill the vacant position of Chairman of the Joint Committee. This vacancy arose following a reallocation of Cabinet responsibilities at Suffolk CC. The previous Joint Committee Chairman (Cllr Andrew Reid) was given a Cabinet role in October 2019, and local governance arrangements precluded him from continuing his Local Government Pension Scheme Committee responsibilities.
Election of Vice-Chairman	As a consequence of Cllr Kemp-Gee's election as Chairman, a further election was held for the newly created vacancy for the position of Vice Chairman. Cllr Susan Barker (Essex), was elected unopposed to fill the vacant position of Vice-Chairman of the Joint Committee.
ACCESS Support Unit (ASU) update	A revised organisational chart of the ASU was noted.
Governance	The Committee noted that final Monitoring Officer comments on the revised Inter Authority Agreement (IAA) were being addressed. It was now expected that a tracked changes version of the final IAA would be circulated prior to Christmas. It was also noted that a training session on Governance would follow the meeting.
Business plan & budget	The Committee were updated on progress on the 2019/20 Business Plan along with workstreams undertaken by the ASU. The revised budget forecast, and summary risk profile were noted. A detailed discussion took place on proposals for 2020/21, for which a budget of £1.080m was proposed and the Business Plan contained key themes with the following milestones: **Theme** — **Key 2020/21 milestone(s)** Active listed assets — The completion of active listed asset migration via sub-fund tranches 5 & 6 Passive listed assets — Ongoing monitoring & engagement with UBS Alternative assets — Initial pooling of alternative assets Governance — The application of appropriate forms of Governance ASU — The size and scope of the ASU will be reviewed

	Following discussion, the Committee agreed to: • recommend the 2020/21 business plan to the ACCESS Authorities; and • accept the recommendation of the s151 Officers of the ACCESS Authorities to determine the 2020/21 budget totalling £1.080m to support the proposed business plan.
Part II Item	Details
Risk Register	The Committee noted the risk register and where appropriate agreed the proposed changes to the ratings of the risks specified.
Sub Fund implementation & development of illiquid	A report updating the Committee on sub fund launches and the future pipeline was noted. The details of progress on tranche 4a sub-fund launches was discussed, and an update was given on the options being explored in establishing a transition capacity within the Authorised Contractual Scheme (ACS). On non-listed / alternative assets the progress on dialogue with consultants bFinance was highlighted and the timetable for reporting to the Committee was noted. The Committee approved the request to Link for a search for an Emerging Markets (EM) equities manager.
Contract Management & supplier relationship update	The Committee noted a report on the Operator contract. This included • details of current issues upon which the ASU and colleagues on the Officer Working Group are engaging with Link; • feedback received from attendees at Octobers' Investor Day; and • a current procurement time-table. Details of contract and supplier relationship management arrangements and activity was also included.
MHCLG update	The recently submitted reporting template issued MHCLG reporting template was noted.
Items of interest	It was noted that the Chairman of the Scheme Advisory Board intended to meet the Chairmen of pool Joint Committees (or equivalent pool bodies) in the New Year.
Link presentation	Karl Midl, and James Zealander from Link Fund Solutions gave a presentation. This outlined progress on onboarding sub funds to date and plans for future launches. Key learnings were discussed. Work underway to establish a means of transitioning assets within the ACS was highlighted and discussed. The October Investor Day was also covered.

Next meeting date	9 March 2020

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Suffolk County Council

Agenda Item 7

Suffolk Pension Board

Report Title:	Administration and Investment Management Costs
Meeting Date:	13 March 2020
Chairman:	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Paul Finbow, Senior Pension Specialist Telephone: 01473 265288

Brief summary of report

1. This report sets out the management expenses of the Suffolk Pension Fund.

Action recommended

2. The Board is recommended to the note the report.

Reason for recommendation

3. The costs incurred by the Pension Fund in managing the Fund are related to administration, investment management, and governance costs. Some of the costs are incurred by Suffolk County Council as administering authority of the Pension Fund.

Alternative options

4. There are no alternative options.

Main body of report

5. Administrative expenses (shown overleaf) consist of costs relating to activities the Pensions Administration Team perform to administer pensions and provide members with scheme and benefit entitlement information.

6. The Heywood administration software system supports the Pensions Administration Team to fulfil the complex requirements around administering the scheme, such as calculating pension benefits and producing the annual statements. The system holds every pension members' record and history. Ongoing charges are incurred for maintenance of the system and licenses to use it.

Administration Expenses	Budget 2018-19	Actual 2018-19	Budget 2019-20	Estimate 2019-20	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000
SCC Admin Costs	840	810	895	813	970
Heywood System	215	252	275	250	275
Payroll Implementation	55	55	195	195	
I-Connect Data Implementation					60
Other Expenses	75	53	50	118	110
Total Admin Costs	**1,185**	**1,170**	**1,415**	**1,376**	**1,415**

7. The implementation of the pensioners payroll system will be completed by the end of March 2020 with no further costs to be incurred.

8. The administrative function is a multifaceted service, having to manage increasing numbers of employers, members and manage new regulatory requirements. The Pension Fund needs to invest in the appropriate technological platforms available to assist in effectively managing the administration of the Fund to a high standard and to have appropriately skilled staff to implement new procedures and processes.

9. Employers in the Fund are required to submit data on a regular basis, this is currently done by email attachments or sent through the post. Heywood have developed an automated system (i-Connect) that integrates with the Suffolk administration system which will improve both the security in transferring data and the quality of the data received negating the need for manual reconciliation as well as reducing the time spent on reconciling the annual returns against the data in the system.

10. Employers will be required to upload their data on a monthly basis directly onto a secure platform which synchronises the Employer payroll and the Suffolk Pension Fund data and automatically identifies changes to the membership and processing of data changes.

11. The pensions system will contain up-to-date salary information assisting the administration team with their duties and members of the Pension Fund when they are viewing their pension information on the self-service system.

12. Two additional Pensions Officer posts were recruited in mid-January to increase team capacity to progress work where Service Level Agreement (SLA) targets do not currently exist.

13. A review of the administration function may lead to a further post being added. This will be discussed with the Pension Fund Committee later in March. In addition, incremental progression for staff is being restarted in 2020/21, which along with an estimation for the national pay award will see the staffing budget increase further.

Governance and oversight costs

14. Oversight and governance expenses (shown below) are costs relating to the 'over seeing' of the fund such as actuarial costs, internal and external audit costs and the costs of independent advisers to the Fund. Costs associated with the operation and support of the Pension Fund Committee, the Pension Board and costs associated with reporting (such as committee reports, annual reports and accounts) are also included.

15. ACCESS asset pooling costs represents ongoing costs, these are incurred for advice and guidance on technical issues and associated costs in running the ACCESS Support Unit. These costs are shared equally by the eleven funds which are members of the ACCESS pool.

16. The difference in actuarial costs between the years is due to the additional fees incurred with the triennial valuation exercise.

	Actual	**Estimate**	**Estimate**
Governance and oversight costs	**2018-19**	**2019-20**	**2020-21**
	£'000	**£'000**	**£'000**
Suffolk County Council costs	154	148	155
Investment Advice	114	103	110
Actuarial costs	80	173	100
Pension Fund Committee	7	8	10
Pension Board	4	4	5
Asset Pooling	115	86	100
Other costs	109	91	100
Total Governance and Oversight Costs	**583**	**613**	**580**

Investment Management Expenses

17. Investment management expenses are costs related to the management of the Fund's assets including directly invoiced fees from investments managers and indirect fees payable to fund managers which are deducted from the Fund assets. The fees charged by the custodian, HSBC, are also included.

Investment Management Expenses	Actual 2018-19 £'000	Estimate 2019-20 £'000	Estimate 2020-21 £'000
Blackrock	1,946	3,336	1,740
Brookfield	72	73	70
JP Morgan	57	238	1,060
KKR	338	87	80
Link – Blackrock			710
Link - Newton		979	1,120
M&G	2,040	2,076	2,150
Newton	1,141	158	-
Pantheon	990	1,248	1,500
Partners	1,245	1,209	2,030
Pyrford	512	713	570
Schroders	463	411	500
UBS	222	282	290
Wilshire	297	234	200
Winton	884	292	-
Total Managers Expenses	**10,207**	**11,336**	**12,020**
Other Costs			
Operator costs	**-**	194	350
Custodian	52	50	50
Transaction Costs	467	188	200
Total Other Costs	**519**	**432**	**600**
Total Investment Management Expenses	**10,726**	**11,768**	**12,620**

Performance Fees

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

Performance Fees	Actual 2018-19 £'000	Estimate 2019-20 £'000	Estimate 2020-21 £'000
Blackrock	699	1,226	-
KKR	-23	-	-
M&G	500	35	-
Pantheon	1	-	-
Partners	30	-	-
Winton	25	-	-
Total Performance Fees	**1,232**	**1,261**	**-**

Total costs

19. The costs incurred by the Pension Fund in managing the Fund relate to administration costs, governance and oversight costs and investment costs which are set out in the table below.

Management Expenses	Actual 2018-19 £'m	Estimate 2019-20 £'m	Estimate 2020-21 £'m
Administration Costs	1.170	1.376	1.415
Governance and Oversight Costs	0.583	0.613	0.580
Investment Costs	10.726	11.768	12.620
Total Management Expenses	**12.479**	**13.757**	**14.615**
Scheme Assets (£m)	2,931	3,150	3,300
Invest Costs as % of assets	**0.37**	**0.37**	**0.38**
Scheme Membership	64,250	66,000	68,000
Admin Costs per scheme member (£)	**18.21**	**20.85**	**20.80**

20. The comparative national figures for management expenses in 2018-19 are published in the SF3 statistical return by the Ministry of Housing, Communities and Local Government (MHCLG) who calculate the unit costs for local authority pension funds based on the submissions by the English and Welsh administering authorities.

21. There are five funds which have a similar asset size to the Suffolk Pension Fund, the main figures have been set out below. In addition, the average of the Local Government Pension Scheme (LGPS) as a whole and the average of the Pension Funds in the ACCESS Pool have been included for comparison purposes.

Fund	Scheme Assets	No. of Emp	Members	Admin Costs	Gov Costs	Invest Costs	Total Costs
	£ bn			£'000	£'000	£'000	£'000
Fund A	3.000	334	74,048	2,177	559	16,237	18,973
Fund B	3.029	297	71,669	1,745	609	14,345	16,699
Fund C	2.982	114	55,563	996	985	15,458	17,439
Fund D	2.928	97	60,220	1,217	674	9,546	11,437
Fund E	2.758	273	62,075	851	360	11,776	12,987
Suffolk	2.931	335	64,250	1,170	583	10,726	12,479
Average	**2.938**	**242**	**64,638**	**1,359**	**628**	**13,015**	**15,002**
LGPS Average	3.264	205	67,567	1,514	705	12,810	15,029
ACCESS Ave.	4.211	360	95,868	2,133	767	17,909	20,809

22. These funds have been benchmarked overleaf. It should be noted that there has been long standing discrepancies between Funds on how indirect management investment expenses are reported and as the figures used in the SF3 have not been verified, it is not known how comparable the figures are with those reported by Suffolk.

Fund	Admin cost per Member	Invest Costs	Total Costs
	£	%	%
Fund A	29.40	0.54	0.63
Fund B	24.35	0.47	0.55
Fund C	17.93	0.52	0.58
Fund D	20.21	0.33	0.39
Fund E	13.71	0.43	0.47
Suffolk	18.21	0.37	0.43
Average	**21.03**	**0.44**	**0.51**
LGPS Average	22.41	0.39	0.46
ACCESS Ave.	22.25	0.43	0.49

23. The Suffolk Pension Fund in general has lower than average costs within the LGPS as a whole and within a peer group of similar asset sized funds.

Sources of further information

a) MHCLG SF3 statistical return.

Suffolk County Council

Agenda Item 8

Suffolk Pension Board

Report Title:	Pension Board Risk Register
Meeting Date:	13 March 2020
Chairman:	Councillor Gordon Jones
Director:	Chris Bally, Deputy Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer) Tel. 01473 264347
Author:	Paul Finbow, Senior Pensions Specialist Tel. 01473 265288

Brief summary of report

1. This report sets out the Risk Register for the Pension Board as approved on 11 October 2019 and how the risk control measures have been implemented against the risks.

Action recommended

2. The Board is asked to review the implementation of the risk control measures.
3. The Board is asked to review and approve the Pension Board Risk Register.

Reason for recommendation

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

Alternative options

6. There are no alternative options.

Main body of report

Regulatory Background

7. The need for effective risk management is reflected throughout guidance and regulation in the Local Government Pension Scheme (LGPS), in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 paragraph 12(2c) and in the CIPFA publication "Managing Risk in the Local Government Pension Scheme" (2019). The Pensions Regulator published regulatory guidance in December 2015 entitled "Integrated Risk Management".

Implementation of Risk Control Measures

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

Risk Register

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

Sources of further information

a) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2009 No.3093).

b) Managing Risk in Local Government Pensions Funds – CIPFA 2019

c) Integrated Risk Management – Pensions Regulator 2015

Suffolk Pension Board Risk Register

Risk ID	Risk	Risk Control Measures	Implementation
SPB01	**Employer** Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities.	An effective Administration Strategy setting out the employers responsibilities. Monitoring and reporting of the compliance of the employers. Pension Fund officers report on the statutory requirements of the Fund and any breaches that may have occurred. Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position. Non compliance is addressed.	The Administration strategy is reviewed every three years. It was last approved by the Pension Fund Committee at its meeting on 27 November 2018. A link was sent to all employers. The document is available on the Pension Fund website. The administration report to the Board provides information on the adherence to statutory requirements for both the Fund and employers. Prospective employers (where a government guarantee doesn't apply) are required to secure either a guarantee or a bond to provide security for the pension liabilities of their members. Bonds are reviewed annually to reflect the current employer position. Eligible Employers are not able to access the Suffolk Pension Fund without providing a bond or guarantee. Engagement is the key to ensure compliance and the team will work with employers to help them comply or to help develop processes to further improve the timeliness and quality of data. The administration team have recently been working with Suffolk County Council's payroll team to introduce pension membership references into their system which will simplify the reports of monthly starters and leavers leading to a closer match between payroll and pension records. Once embedded within the Suffolk payroll processes then this will be rolled out to other payroll providers that submit Pension Fund membership data.
SPB02	**Scheme Members** Scheme members are not in receipt of the correct benefit and/or paid on time.	The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations. Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies. Calculations are independently checked and verified. Internal and external audit review the internal control arrangements in place.	Forthcoming Regulatory changes are kept under review thorugh the consultation preocess. Once the draft regulations are formalised the Fund will effectively plan for implementation seeking technical clarification from the LGA if required. The Altair system is updated and tested by Heywoods. Regulation changes are communicated to affected individual members within the statutory 3 months. The changes from the January 2018 regulation amendments were communicated by 9 April 2019 Attendance at training courses and conferences are encouraged, with the knowledge gained shared amongst the team to ensure the team as a whole is kept up to date. New administrators have an indepth training plan to work through which cover each main area of administration to build up their knowledge and develop their skills before they move on to the next area. There are currently three staff going through this process. There are regular team meetings where the specifics of changes to regulations are discussed and refresher training is also carried out. The team have recently received training on Lifetime Allowances to aid awareness of the implications on pension Benefits for affected members. All calculations are peer reviewed by members of the Administration team for accuracy before communications are sent out. There have also been various factor changes from March to September which are loaded into the Altair system. If the Altair pension system is found to be producing incorrect calculations this is raised with the software provider to investigate. There have been 15 calculations that have needed to be referred to the software provider for further investigation in the last year. The Administration Team are made aware of the issues and where similar cases might arise. Internal audit annually review the internal control arrangements in place for the administration systems and investments, the result are reported to the Board. The Board also receives the external audit report for the Annual Report and Accounts.

Risk ID	Risk	Risk Control Measures	Implementation
SPB03	**Governance** Failure to communicate or engage with employers and scheme members.	An effective Communications Strategy so that employers are engaged with the Pension Fund. Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings. Regular meetings are held by the Pension Board with the papers published within statutory deadlines. A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website. An annual employers meeting is held.	The Communication strategy is reviewed annually. It was last approved by the Pension Fund Committee at its meeting on 23 July 2019. The document is available on the Pension Fund website. The Pension Matters newsletter is emailed to employers on a monthly basis to keep them updated with the Local Government Pension Scheme, Suffolk Pension Fund developments and highlights up coming deadlines for administration paperwork requirements from themselves. The Pension Board meets regularly and the papers are published on the Pension Fund website. The Board has access to the Pension Fund officers and have the opportunity to seek clarification or request further information. The Pension Fund has a public facing website and a member self service facility. These elctronic means of communicating, along with email are complemented by paper based communicatiun where appropriate. The team issue newsletters to Pensioner members of the scheme twice a year and employers monthly. Information is provided to all active and deferred scheme members annually with the provision of their Annual Benefit statements through the self service syatsem unless another format has been requested. The Pensions website is reviewed and kept up to date with useful information and the Pensions Helpdesk is available for members to contact if they need some guidance. The Annual employers meeting was held on 9 October covering investment performance, progress in the pooling of assets, review of the data exercise for 2019, upcoming developments for Pensions administration and a presentation by Hymans explaining the valuation exrcise being carried out.
SPB04	**Governance** Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.	The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs. The Board approves a formal two year training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified. New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings. External advisers are employed to advise the Pension Fund Board as required.	The Board agrees its Training plan annually, linked to the requirements of the Cipfa Pensions Knowledge and Skills framework. The next review is at the March 2019 Board meeting. A training sement is utilised before the atrt of each Pension Board meeting and the Board also has access to and often attend the Pension Fund Committee's training programme before the start of their meetings. In September 2019 two members of the Board attended the Pension Fund training day in London. New Board Members always receive an introduction to the scheme and a briefing from officers before attending their first meeting. Advisers attend meetings, at the request of the Board. The performance data providers presented to the Board at its 23 July 2019 meeting.

Risk rating criteria

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

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

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

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Suffolk Pension Fund Risk Register – Monitoring Report

Risk Profile as of 31 December 2019

Theme	Ref	Description	Score
Employer	SPF01	Council fails to commission a cessation valuation for departing Admission Body.	Low (4)
	SPF02	Failure to carry out responsibilities for providing scheme administration data.	Medium (6)
	SPF03	Increase in unfunded early retirements	Low (4)
	SPF04	Failure to communicate or engage with pension fund stakeholders	Low (4)
Actuarial	SPF05	Assumptions used in the triennial valuation are significantly different to the experience	Medium (9)
	SPF06	Fall in risk-free returns on Government bonds, leading to rise in value on liabilities	Medium (9)
	SPF07	Failure of investment strategy to produce the long-term returns required in the investment strategy	High (12)
	SPF08	Committee members have insufficient skills or knowledge to make informed decisions	Medium (6)
Governance	SPF09	Board members have insufficient skills or knowledge to discharge their duties	Low (4)
	SPF10	Pension fund officers have insufficient skills or knowledge to advise the Pension Fund appropriately	Medium (6)
	SPF11	Failure by a provider of Additional Voluntary Contributions to the Pension Fund	Low (4)
	SPF12	Failure to have adequate systems and processes in place to safeguard data	Low (4)
	SPF13	Failure of investment markets in generating returns	High (12)
Investment	SPF14	Failure in performance by individual investment managers leading to shortfall	Medium (6)
	SPF15	Counterparty default in securities lending programme	Low (4)
	SPF16	Negligence, fraud, or default by individual investment manager leading to shortfall	Medium (6)
	SPF17	Failure of custodian leading to loss of investment or misreporting of position	Medium (6)
	SPF18	Insufficient liquid assets to meet liabilities	Medium (6)
	SPF19	Failure by investment managers to appropriately manage the potential risk of stranded assets	Low (4)
	SPF20	Changes to regulations or legislation not being adhered to	Medium (6)
Regulatory	SPF21	Pooling of the Pension Fund assets in ACCESS does not meet Government expectations	Medium (6)

	SPF22	Failure of the Pension Fund to be able to source the data required to remedy the McCloud High Court ruling.	High (12)
	SPF23	Failure of payroll and pensions administration IT systems	Medium (9)
Operational	SPF24	Failure in the implementation of the new pensioner payroll administration system	Medium (8)
	SPF25	Failure to comply with LGPS pensions benefits regulations	Medium (6)
	SPF26	Staff fraud/theft/negligence	Low (4)
	SPF27	Failure to collect/account for full receipt of contributions and deficit payments	Low (4)

Theme	**Number of risks in each category**			
	V High	High	Medium	Low
Employer	0	0	1	3
Actuarial	0	1	3	0
Governance	0	1	1	3
Investment	0	0	5	2
Regulatory	0	1	2	0
Operational	0	0	2	2

Key changes to the Suffolk Pension Fund Risk Register since the last summary report.

Removal

- SPF08 – Failure of the Pension officers to submit accurate and timely data for the valuation exercise – the valuation exercise to set employers contribution rates is carried out every three years requiring additional work competing with other pension fund priorities and requiring complete co-operation from all the employers in the Fund.

Additions

- SPF22 – Failure of the Pension Fund to be able to source the data required to calculate the impact of discrimination of the 2015 change to the LGPS in the light of the High Court McCloud ruling.

Key actions to mitigate risks on the Suffolk Pension Fund Risk Register since the last report.

Risk Reference	Action taken
SPF 21	Work continues with the other members of ACCESS and Link (the appointed operator) to set up the investment sub funds. The Suffolk Fund has pooled its global equity investment (£415m) and work is currently ongoing to set up a UK equity sub fund (£277m) which will be launched on 24 February 2020. The passive investments with UBS (£938m) are held on a pool governance basis. This represents 52% of the Fund's holdings. Work has commenced on developing investment platforms for the alternative assets classes.
SPF 24	Reconciliation of the data produced in the 'dummy' pay run for September has been completed – checking totals, coding and headcount. As this was satisfactory a parallel run was undertaken in October which had to reconcile completely before the system was given the go ahead to go live in November. Payroll successfully went live and all Pensioners were paid accurately and on time in November 2019. In February 2020 the merge process has taken place to amalgamate both the administrative and payroll systems. Reconciliations are still ongoing to ensure all discrepancies are resolved. Work will then begin on the Pensions Increase data changes required to complete this project. Pensioners will also be able to view their payslips on Member Self Service from February 2020 following the completion of the monthly payroll cycle.

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Suffolk Pension Board Risk Register

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB01	**Employer** Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfill their responsibilities. <u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer and the Pension Fund as a whole. The financial burden would have to be picked up by the rest of the employers in the Pension Fund.	3	2	6	Medium	An effective Administration Strategy setting out the employers responsibilities. An effective Communications Strategy so that employers are engaged with the Pension Fund. Monitoring and reporting of the compliance of the employers. Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position. Non compliance is addressed.
SPB02	**Scheme Members** Scheme members are not in receipt of the correct benefit and/or paid on time. <u>Consequence</u> Additional administration time required to correct any errors. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.	3	2	6	Medium	The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations. Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies. Calculations are independently checked and verified. Internal and external audit review the internal control arrangements in place.

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB03	**Governance** Failure to communicate or engage with employers and scheme members. Consequence Leading to non compliance with legislation and best practice. Inability to determine policy and effective decisions. Damaging to reputation.	3	3	9	Medium	Maintenance and implementation of a communication strategy. Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings. Regular meetings are held by the Pension Board with the papers published within statutory deadlines. A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website. An annual employers meeting is held.
SPB04	**Governance** Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility. Consequence The Board does not discharge their duties to oversee the governance of the Pension Fund. Reputational risk to the Suffolk Pension Fund.	3	3	9	Medium	The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs. The Board approves a formal training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified. New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings. External advisers are employed to advise the Pension Fund Board as required.

Suffolk County Council

Agenda Item 9

Suffolk Pension Board, 13 March 2020

Information Bulletin

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

This Information Bulletin covers the following items:

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1. Internal Audit

1.1 Internal audit completed the annual audit on the Pension Fund's Investment Management function, which evaluates the controls in place to ensure that governance arrangements, systems and procedures are in place and operating effectively.

1.2 Their overall opinion was that there is substantial assurance, meaning that there is sound governance, risk management and control arrangements in place in order to meet the objectives of the Pension Fund.

1.3 The annual audit on the administration function commenced in December and will conclude in March.

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2. National Knowledge Assessment

2.1 Hymans Robertson are launching the LGPS National Knowledge Assessment survey in March 2020 to analyse the knowledge of both Pension Fund Board and Pension Committee members. This will be forwarded to all members of the Suffolk Pension Fund Board and Committee who are encouraged to complete it.

2.2 The results will help focus future training requirements in line with the required knowledge recommendations in the recent Good Governance Report.

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3. Responsible Investment Draft Guidance Consultation

3.1 The draft guidance issued by the Scheme Advisory Board was discussed at the ACCESS Joint Committee meeting on 9 December. It was agreed that legal advice should be obtained in order to assist in the response. A response was drafted and shared with the 11 Chairs of ACCESS Funds and was agreed by all. This was submitted to the Scheme Advisory Board signed by all 11 Chairs on 31 January.

3.2 Due to a number of issues raised around fiduciary duty and an expected Supreme Court Judgement in the Palestine Foreign Boycott case, the Scheme Advisory Board have decided to reflect on the issues raised in the consultation before drafting any guidance.

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4. Good Governance

4.1 The Scheme Advisory Board commissioned Hymans Robertson to report on the effectiveness of the governance models within the LGPS and to consider alternatives or enhancements to existing models to strengthen it.

4.2 Hymans Robertson published, Good Governance in the LGPS Phase II in November, which summarised the findings and made a number of recommendations. The published report is attached as **Appendix 1**.

4.3 The Scheme Advisory Board will be making recommendations to MHCLG on changes to the schemes regulatory provision and preparing revised statutory guidance which should be ready for implementation in April 2021. These changes include new KPI's and a new Governance Compliance Statement for each LGPS which will require an independent audit review every other year.

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5. New Employers

5.1 There have been four new employers admitted into the Fund during the third quarter of the year (October to December), which were all academies.

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For further information on any of these information items, please contact: Paul Finbow, Senior Pensions Specialist; Email: paul.finbow@suffolk.gov.uk, Telephone: 01473 265288.

Good governance in the LGPS

Phase II report from Working Groups to SAB

November 2019

Process

Following on from the presentation of the Good Governance Report to the SAB on 8 July 2019, the Board agreed to constitute two working groups to take forward the proposals included in the report. Hymans Robertson were appointed to assist the working groups in this next phase of the good governance project.

The first working group (Standards and Outcomes Workstream) was asked to focus on specifying clearly the outcomes and standards that the SAB wishes to see achieved by funds under the proposed approach, and how these outcomes should be evidenced.

The second working group (Compliance and Improvement Workstream) was asked to focus on establishing the compliance regime that will be required to independently assess funds against this framework.

This report has been prepared for the SAB by both working groups and includes detailed implementation proposals for their workstream including a list of the changes required to guidance to implement this framework.

Thanks to contributors

Thank you to the following who contributed to the working groups and this report.

Euan Miller Assistant Director of Pensions (Funding and Business Development), Greater Manchester Pension Fund

Peter Moore Chair of CIPFA's Pensions Panel

Mark Wynn Director of Corporate Services at Cheshire West and Chester Council, SCT

Nick Gannon TPR

Con Hargrave MHCLG

Jenny Poole Head of Finance & Audit/GO Shared Services at Cotswold District Council

John Raisin Independent Advisor

Joe Dabrowski Head of DB, LGPS and Standards, PLSA

Karen McWilliam Consultant, Aon

Jeffrey Dong Chief Treasury Officer at City & County of Swansea, SWT

Caroline Holland Director of Corporate Services at London Borough of Merton, SLT

Nicola Mark Head of the Norfolk Pension Fund, Practitioner representative to SAB

Annemarie Allen Consultant, Barnet Waddingham

Chris Moore Director of Corporate Services and Section 151 Officer, Carmarthenshire County Council

Rachel Brothwood Director of Pensions, West Midlands Pension Fund

Robert Holloway SAB secretariat, LGA

Jeff Houston SAB secretariat, LGA

Jon Richards Unison

David Aldous National Audit Office

Yvonne Johnson Chair of the Pension Fund Panel, London Borough of Ealing, Scheme Employer Representative, SAB.

Hymans Robertson facilitators:
Catherine McFadyen, John Wright, Ian Colvin, Steven Law

Contents

HYMANS ROBERTSON

This report was collated and published by Hymans Robertson LLP.

Terminology

Atypical administering authorities

This report has been drafted largely using terminology relevant to the majority of administering authorities who are local authorities. However, it is recognised that there are some administering authorities which do not fit this model. In taking forward any of the proposals outlined in this report it will be necessary to ensure that principles can by applied universally to LGPS funds and that any guidance recognises the unique position of some funds.

Use of terms

Throughout this document the following terms have a specific meaning unless the context makes clear that another meaning is intended:

Administering authority refers to a body listed in part 1 of Schedule 3 to the LGPS Regulations 2013 that is required to maintain an LGPS pension fund. In particular the term is used here when such a body is carrying out LGPS specific functions.

For example “Each administering authority must publish an annual report.”

Committee. A committee formed under s101 of the Local Government Act 1972 to which the administering authority delegates LGPS responsibilities and decision making powers. Alternatively, can refer to an advisory committee or panel which makes recommendations on LGPS matters to an individual to whom the administering authority has delegated LGPS decision making responsibility.

For example “The pensions committee should have a role in developing the business plan.”

Host authority refers to a council or other body that is also an administering authority but is used to refer to that body when it is carrying out wider non-LGPS specific functions.

For example “Delivery of the LGPS function must be constant with the constitution of the host authority.”

The fund carries a more general meaning and is used to refer to the various activities and functions that are necessary in order to administer the LGPS.

For example “Taking this course of action will improve the fund’s administration”.

Alternatively, the term is used in the context of the scheme members and employers who contribute to the LGPS arrangements of a specific administering authority.

For example “The number of fund employers has increased in recent years.”

Workstream 1: Standards and outcomes

Proposals and background

A. General

1. It is envisaged that all the proposals made in this document will be enacted via the introduction of new statutory governance guidance which will supersede current and previous guidance, although it will contain elements of existing legislation and guidance where appropriate. This guidance would be issued on behalf of MHCLG, although MHCLG may seek assistance on drafting the guidance.

2. In order to improve the accountability for fund governance, it is proposed that each administering authority must have a single named officer who is responsible for the delivery of the pension function. ("the LGPS senior officer"). This may be the S151 officer, assuming they have the capacity, LGPS knowledge and internal assurance framework to assume that role. Alternatively, the LGPS senior officer role may be undertaken by another officer who has the remit of delivering the LGPS function in its entirety and who is likewise suitably qualified and experienced and has the capacity to assume this role. This should be a person close enough to the running of the fund that they have sight of all aspects of the fund's business. The role of the responsible person should be assigned through the host authority's scheme of delegation and constitution. If the person who undertakes this key role within the host authority changes it may be necessary for the role of the responsible person to be reviewed.

3. In order to improve the transparency and auditability of governance arrangements, each fund must produce an enhanced annual governance compliance statement, in accordance with the statutory governance guidance, which sets out details of how each fund has addressed key areas of fund governance. The preparation and sign off of this statement will be the responsibility of the LGPS senior officer and it must be co-signed by the host authority's s151 officer, where that person is not also the LGPS senior officer. The expectation will also be that committees and local pension boards would be appropriately involved in the process.

A.1	MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. ("the Guidance").
A.2	Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").
A.3	Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.

B. Conflicts of interest

1. Administering authorities must evidence that conflicts, and in particular, potential and perceived conflicts, as well as actual conflicts are being identified, monitored and managed. Some administering authorities currently only follow the conflicts of interest requirements of the host authority which are typically focused on the elected member register of interest and code of conduct. The Guidance should require all administering authorities to publish a specific LGPS conflicts of interest policy and should stipulate the areas that the policy should address. In addition to registering interests, this will include information on how it identifies, monitors and manages conflicts, including areas of potential conflict that are specific to the LGPS as listed:

- Any commercial relationships between the administering authority or host authority and other employers in the fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to pension fund operations.
- Contribution setting for the AA and other employers.
- Cross charging for services or shared resourcing between the AA and the fund
- Dual role of the AA as an owner and client of a pool
- Local investment decisions
- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or finance cabinet should be disclosed.

Each administering authority's policy should address:

- How potential conflicts of interest are identified and managed;
- How officers, employer and scheme member representatives, elected members, members of the local pension board and advisers and contractors understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- Systems, controls and processes, including maintaining clear records, for managing and mitigating potential conflicts of interest effectively such that they never become actual conflicts;
- How the effectiveness of its conflict of interest policy is reviewed and updated as required;
- How a culture which supports transparency and the management and mitigation of conflicts of interest is embedded.
- How the specific conflicts that arise from its dual role as both an employer participating in the Fund and the administering authority responsible for delivering the LGPS for that fund are managed.
- In putting together such a policy it is recognised that membership of the LGPS is not, in and of itself, a conflict of interest.

Each fund should be required to make public its conflicts of interest policy.

2. During the Phase I survey a number of respondents said that it would be very helpful to define the extent of fiduciary duties in respect of the individuals, committees and boards involved in LGPS governance. The SAB working group came to the conclusion that that while clarification on the fiduciary question is desirable, the complex legal considerations mean that this is beyond the scope of this project. The Group is aware that the SAB has separately undertaken to collate various references to fiduciary duties and public law principles and provide a guide which illustrates how these might be applied to the LGPS. It would be helpful for The Guidance to make reference to the SAB's findings in this area.

B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.

B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.

C. Representation

1. The initial phase of the Good Governance review highlighted that many pension committees now have non-administering authority employer and scheme member representatives although local practice varies as to whether these members have a vote. Primary legislation in the form of the Local Government Act 1972 allows local authorities wide discretion over committee appointments and delegations and this issue ultimately remains one of local democracy.

   The Guidance should require that all administering authorities prepare, maintain and publish their policy on representation and to require that they provide:

   - the rationale for their approach to representation for non-administering authority employers and local authority and non-local authority scheme members on any relevant committees; and
   - the rationale as to whether those representatives have voting rights or not.

   Best practice would suggest that scheme member representation in some form is a desirable goal for administering authorities. In addition to representation on committees, administering authorities should state other ways in which they engage their wider employer and Scheme membership

   The Guidance should also acknowledge the important principle that administering authorities may wish to retain a majority vote on decision making bodies in order to reflect their statutory responsibilities for maintaining the fund.

C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.

D. Skills and training

1. The Good Governance Review noted the need for enhanced levels of training for key LGPS individuals. While there exists a statutory duty on members of local pension boards to maintain an appropriate level of knowledge and understanding to carry out their role effectively, no such statutory duty applies to those sitting on s101 committees.

   The Guidance should mandate a similar knowledge and understanding requirement for those carrying out a delegated decision-making role on s101 committees as well as officers involved in the fund. At committee, knowledge should be considered at a collective level and it should be recognised that new members will require a grace period over which to attain the requisite knowledge.

   Training should be delivered as part of a supportive environment and committee and board members will not be required to undertake tests, although it is recognised that best practice would include assessments or other means to identify gaps in knowledge.

   The Guidance should clarify that the expectation is that the TPR requirements that apply to Local Pension Boards should equally apply to Committee ancl senior officers within the context of an appropriate LGPS specific framework, for example the CIPFA knowledge and skills Code of Practice and Framework (currently being updated). As a minimum those sitting on pension committees or the equivalent should comply with the requirements of MiFID II opt-up to act as a professional client but the expectation is that a higher level and broader range of knowledge will be required.

   Training records must be maintained.

2. There should be an LGPS training requirement for s151 officers (or those aspiring to the role) as part of their CPD. An appropriate level of LGPS knowledge must be attained by S151 officers of an administering authority. A level of LGPS knowledge should also be attained by S151 officers of other public bodies participating in the LGPS, although it is not expected that that they should have the depth and breadth of knowledge required of the S151 officer of an administering authority. This should be specified and administered by an appropriate professional body.

D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.

D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.

D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.

D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

E. Service delivery for the LGPS function

The Good Governance Review proposed that LGPS funds should be able to evidence that their administration and other resource (quantity and competency) is sufficient to meet regulatory requirements and that their budget is appropriate to deliver this. In this context administration refers to all of the tasks and processes required to deliver the Scheme and is not limited to the calculation and payment of benefits. This definition encompasses a funds accountancy function, investment support, employer liaison, systems, communications etc.

1. Clarity around roles, responsibilities and decision making are central to good delivery of the LGPS function. The Guidance should require funds to document roles and responsibilities and develop, maintain and publish a "roles and responsibilities matrix" which sets out who within the organisation is responsible for final sign off, implementation, oversight and recommending the key decisions that the fund is required to make.

   The "roles and responsibilities matrix" should reflect the host authority's scheme of delegation and constitution and be supported by a clearly documented management structure.

2. The Guidance should require that each administering authority must develop, maintain and publish an administration strategy which sets out its approach to the matters mentioned in regulation 59 (2) of the LGPS Regulations 2013 and the Guidance. We recommend that the Board ask that this proposal to be implemented by MHCLG within the LGPS Regulations at their earliest opportunity.

3. A series of some 10 to 15 key indicators or measures of standards of LGPS service delivery to members and employers should be agreed. These indicators should be drawn wherever possible from current reporting structures. All administering authorities must be required to report against these as part of their governance compliance statement.

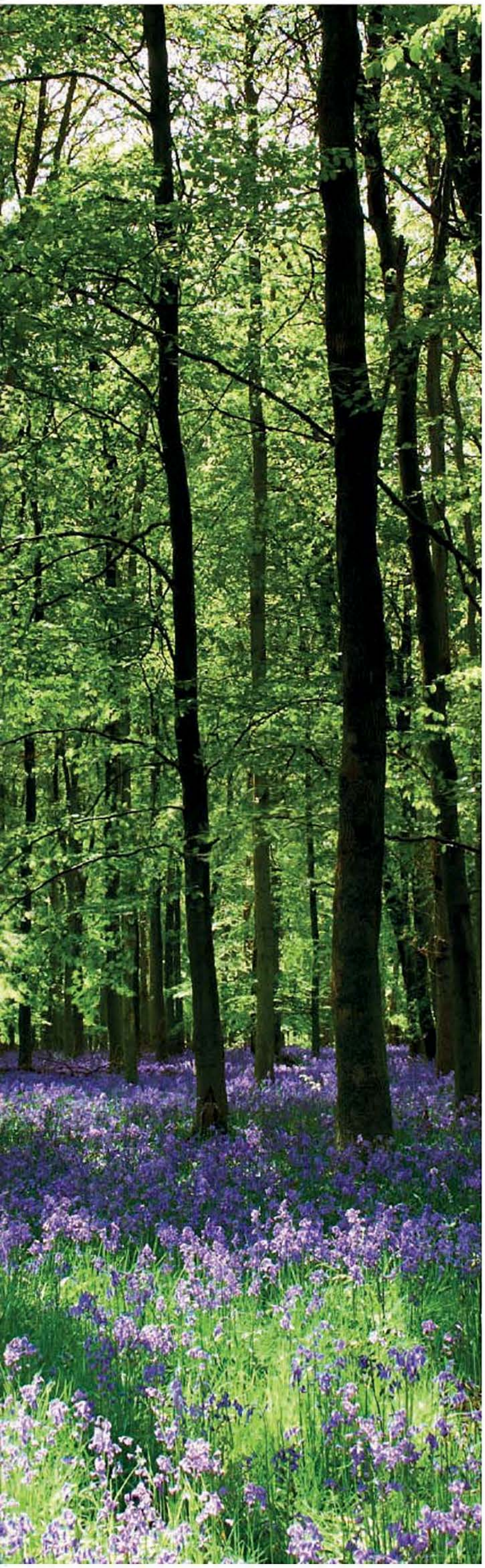
   It is acknowledged that there are inherent difficulties in drawing conclusions when comparisons are not always on a true like for like basis but it is preferable to introduce measures now and seek to improve the measurement approach over time.

4. Each Administering Authority has a specific legal responsibility to administer the LGPS within their geographical region and to maintain a specific reserve for that purpose. It is important therefore that the fund's budget is set and managed separately from the expenditure of the host authority.

   Budgets for pension fund functions should be sufficient to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers. The budget setting process should be one initiated and managed by the fund's officers and the pension committee and assisted by the local pension board.

Required expenditure should be based on the fund's business plan and deliverables for the forthcoming year. The practice should not simply be to uprate last year's budget by an inflationary measure or specify an "available" budget and work back to what level of service that budget can deliver.

The body or individual with delegated responsibility for delivering the LGPS service should have a role in setting that budget. Typically, this will involve the pension committee being satisfied that the proposed budget is appropriate to deliver the fund's business plan but it is recognised that other governance models exist within the LGPS. Whichever approach is used, it should be clearly set out in the roles and responsibilities matrix and be consistent with the host authority's scheme of delegation and constitution.



E. Service delivery for the LGPS function (continued)

Where a proposed budget is approved, the senior LGPS officer will confirm in the governance compliance statement that the administering authority has approved the budget required to deliver the pensions function to the required standard. If the budget is not approved, the senior LGPS officer will declare that in the governance compliance statement, including the impact of that on service delivery as expressed in a reduced business plan.

These statements in the governance compliance statement will be co-signed by the S151 officer where this is not the same person as the senior LGPS officer.

5. Each Administering Authority has a duty to ensure that its pensions function is staffed such as to enable it to deliver an effective pensions service to the all fund employers and members. It is therefore important that the recruitment and retention practices applied to the pensions function facilitate this. For example, the use of market supplements may be necessary to recruit/retain both investment and pensions administration staff. Further, given that the pension fund budget is set and managed separately from the expenditure of the host authority, the impact of general council staffing policies such as recruitment freezes should not be applied to the pension fund by default.

E.1	Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.
E.2	Each administering authority must publish an administration strategy.
E.3	Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.
E.4	Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
E.5	Each Administering Authority must give proper consideration to the utilisation of pay and recruitment policies, including as appropriate market supplements, relevant to the needs of their pension function. Administering Authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function.

Workstream 2: Compliance and improvement

F. Compliance and improvement

One of the key features of the original Good Governance Review was the view that in order to ensure required standards are adhered to consistently there needs to be regular independent review of administering authorities governance arrangements.

1. The new MHCLG guidance should set out a process for an Independent Governance Review, to include the features set out below.

a. It will be mandatory for each Fund to commission an Independent Governance Review ("IGR") which will audit the fund's Governance Compliance Statement and review compliance with the requirement of the new statutory guidance.

b. There should be a standardised framework and process for IGRs which covers all areas set out in new MHCLG guidance.

c. It is critical that the IGR should be conducted by appropriate persons who:

- properly understand the LGPS;
- are sufficiently at arm's length from the administering authority's pensions function, that is, they do not have an existing contractual relationship with the administering authority which conflicts with their ability to carry out a properly independent and objective assessment of governance standards and compliance with new statutory requirements; and
- are in some way "accredited" to ensure consistent standards of review.

d. To ensure consistent standards from those conducting IGRs, a procurement framework should be put in place which sets out the standard requirements, standard reporting and standard fee for an LGPS IGR. Ideally this should be in place for 2020/21.

e. Suppliers who can demonstrate they are suitably qualified and knowledgeable may be appointed to the framework, from which any LGPS Funds may appoint an external supplier.

f. Alternatively, administering authorities may choose to have their IGR review carried out by their own internal audit or another appropriate party to the same standards as the framework.

g. Each administering authority should have an IGR completed biennially, by a date which will be notified by the SAB.

h. The SAB may direct, as a result of concerns about the governance of a fund (or for another reason), that an administering authority must have an IGR completed outside of the two-year cycle.

i. The IGR will report findings to the body and/or individual with delegated responsibility for delivery of the LGPS as set out in the roles and responsibilities matrix and to the local pension board.

j. The administering authority must develop an improvement plan to address any issues raised in the IGR.

k. The report from the IGR and improvement plan must be published and also be submitted to SAB and relevant SAB sub-committees.

l. SAB will put in place a panel of independent experts to scrutinise the IGR reports, looking for outliers and areas of concern. The panel of experts will be drawn from LGPS stakeholders to include the s151 community and other parties as appropriate.

m. The SAB panel may enter into discussions with funds where the panel find the IGR report or agreed improvement plan or progress against a previous improvement plan are considered to be unsatisfactory. Additionally, they may refer the unsatisfactory IGR to TPR or further escalate to MHCLG.

n. Failure to submit an IGR report by the required date will result in automatic referral.

o. A dry run is recommended in parallel with the timeline for drafting the required Guidance.

p. Nothing in this process overrides an individual's responsibility to report breaches of the law under the Pensions Act 2004 or any other professional or legal whistleblowing obligations.

F. Compliance and improvement (continued)

2. LGA run a peer challenge process for some areas of local government. It is a process commissioned by a council and involves a small team of local government officers and councillors spending time at the council as peers to provide challenge and share learning. It is suggested that a similar peer challenge process is established for the LGPS.

F.1	Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
F.2	LGA to consider establishing a peer review process for LGPS Funds.

Summary of the compliance and improvement process

Annually, each administering authority to produce a governance compliance statement signed by the senior LGPS officer and S151 which demonstrates compliance with LGPS requirements.

Biennially, each administering authority to commission an Independent Governance Review (IGR).

IGR reports to senior LGPS officer, pensions committee and pensions board.

IGR report goes to a SAB panel of experts for assessment. Panel could request further details of improvement plans, make recommendations or report to TPR & MHCLG

Next steps

The Working Group recommends that SAB and MHCLG accept the recommendations in this report and initiate phase III of the project.

Phase III should contain the following elements:

1. MHCLG to draft the required changes to the Guidance.
2. SAB to ask the National Framework to begin work on establishing Independent Governance Review provider framework.
3. SAB to establish the 10-15 KPIs referred to within proposal E.3.
4. It is envisaged that the governance compliance statement will act as a summary, evidencing the Fund's position on all areas of governance and compliance. Where a fund is non-compliant in a certain area the statement should provide information within and accompanying improvement plan about the steps being taken in order to address non-compliance. SAB to consider drawing up a complete list of the topics that should be included within the governance compliance statement.

Appendix A

Summary of recommendations

Appendix A: Summary of recommendations

Area		Proposal
A. General	A.1	MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. ("the Guidance").
	A.2	Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").
	A.3	Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.
B. Conflicts of interest	B.1	Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.
	B.2	The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.
C. Representation	C.1	Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.
D. Knowledge and understanding	D.1	Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
	D.2	Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.
	D.3	Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
	D.4	CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.
E. Service delivery for the LGPS function	E.1	Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.
	E.2	Each administering authority must publish an administration strategy.
	E.3	Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.
	E.4	Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
	E.5	Each Administering Authority must give proper consideration to the utilisation of pay and recruitment policies, including as appropriate market supplements, relevant to the needs of their pension function. Administering Authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function.
F. Compliance and improvement	F.1	Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
	F.2	LGA to consider establishing a peer review process for LGPS Funds.

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Suffolk County Council

Agenda Item 10

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 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)	Added to Work Programme	Subject	Short description	How is it anticipated the Board will deal with this issue?
Monday, 20 July 2020	Added 23 July 2019	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 23 July 2019	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Presentation
	Added 13 March 2020	**Annual Employers Meeting**	**To consider the Agenda for the Annual Employers Meeting to be held on 25 September 2020.**	**Written Report**
	Added 23 July 2019	Board Training Programme	To consider the Board's Training programme for the next 12 months.	Written Report
	Added 12 December 2019	Pensions Regulator Update	To receive an update on the progress of suggestions made by the Pensions Regulator.	Written Report
	Added 23 July 2019	Investment Performance	To receive a report on the investment performance of the Fund in 2019/20.	Written Report
	Added 23 July 2019	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report

Meeting date (see Note)	**Added to Work Programme**	**Subject**	**Short description**	**How is it anticipated the Board will deal with this issue?**
	Added 23 July 2019	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Friday, 2 October 2020	**Added 13 March 2020**	**Complaints, Compliments and Administration Performance**	**To receive a report on the complaints and compliments received by the Fund.**	**Written Report**
	Added 13 March 2020	**Suffolk's progress on Pooling of Assets**	**To receive an update on the progress of pooling assets.**	**Presentation**
	Added 13 March 2020	**Annual Employers Meeting**	**To receive a verbal update on the Annual Employers meeting held on 25 September 2020.**	**Presentation**
	Added 13 March 2020	**Annual Report and Accounts 2019/20**	**To review the annual report and Accounts of the Pension Fund.**	**Written Report**
	Added 13 March 2020	**Pension Board Risk Register**	**To review the Pension Board Risk Register.**	**Written Report**
	Added 13 March 2020	**Recent Developments**	**To receive an information bulletin covering recent developments that the Board has an interest in.**	**Written Report**

Meeting date (see Note)	Added to Work Programme	Subject	Short description	How is it anticipated the Board will deal with this issue?
	Added 13 March 2020	**Forward Work Programme**	**To approve the Forward Work Programme for the Suffolk Pension Board.**	**Written Report**
Monday, 11 December 2020	**Added 13 March 2020**	**Complaints, Compliments and Administration Performance**	**To receive a report on the complaints and compliments received by the Fund.**	**Written Report**
	Added 13 March 2020	**Suffolk's progress on Pooling of Assets**	**To receive an update on the progress of pooling assets.**	**Presentation**
	Added 13 March 2020	**Recent Developments**	**To receive an information bulletin covering recent developments that the Board has an interest in.**	**Written Report**
	Added 13 March 2020	**Forward Work Programme**	**To approve the Forward Work Programme for the Suffolk Pension Board.**	**Written Report**

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

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

Revised – March 2020