

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives:

Councillor Richard Rout, representing Suffolk County Council.

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

Thomas Jarrett, representing all other employers in the Fund.

Scheme Member Representatives:

Pauline Bacon, representing the Unions.

David Rowe, representing Active Members.

Eric Prince, representing Pensioners.

Date: Wednesday, 23 March 2022

Venue: King Edmund Chamber
Endeavour House
8 Russell Road
Ipswich
Suffolk
IP1 2BX

Time: 11:00 am

Business to be taken in public:

1. **Apologies for Absence**
To note and record any apologies for absence.
2. **Declarations of Interest and Dispensations**
To receive any declarations of interests, and the nature of that interest, in respect of any matter to be considered at this meeting.
3. **Minutes of the Previous Meeting** Pages 5-10
To approve as a correct record, the minutes of the meeting held on 10 December 2021.
4. **Pensions Administration Performance** Pages 11-14
To receive a report summarising the compliments, complaints and administration performance of the Fund.
5. **Administration and Management Expenses** Pages 15-22
To consider the administration and management expenses for the Pension Fund for 2022/23.
6. **ACCESS Update**
To receive a verbal update on the ACCESS pool and the progress of pooling assets.
7. **Risk Register** Pages 23-35
To review the Pension Board Risk Register.
8. **Information Bulletin** Pages 37-42
To receive an information bulletin on some recent developments that will be of interest to the Board.
9. **Forward Work Programme** Pages 43-45
To consider whether there are any matters which the Board would wish to have included in its Forward Work Programme.

Business to be taken in private:

10. **The Committee is invited to consider whether the public (including the press) should be excluded from the meeting during consideration of agenda item 11 pursuant to Section 100(A) of the Local Government Act 1972 (as amended) on the grounds that:**

- a) they involve the likely disclosure of exempt information as detailed in paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Parts 1 to 3 of Schedule 12A, as amended, of the Local Government Act 1972 (as amended); and
- b) that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. **Exempt Minutes of the Previous Meeting**

Pages 47-48

To approve as a correct record, the exempt minutes of the meeting held on 10 December 2021.

Date of next scheduled meeting: Wednesday, 20 July 2022 at 2:00 pm

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

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

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2. Use the stairs, NOT the lifts.
3. Do not re-enter the building until told it is safe to do so.

Nicola Beach
Chief Executive

Minutes of the Suffolk Pension Board Meeting held remotely on 10 December 2021 at 11:00 am.

Present: David Rowe (Vice Chair) (representing Active Members), Pauline Bacon (representing the Unions), Ian Blofield (representing all Borough, District, Town and Parish Councils), Thomas Jarrett (representing all other employers in the Fund), and Eric Prince (representing Pensioners).

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

23. Apologies for Absence

Apologies for absence were received from Councillor Richard Rout (Chairman) (representing Suffolk County Council).

24. Declarations of Interest and Dispensations

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

Pauline Bacon, Ian Blofield, Thomas Jarrett, and David Rowe each declared an interest by virtue of the fact they were active members of the pension scheme.

25. Minutes of the Previous Meeting

The minutes of the meeting held on 1 October 2021 were confirmed as a correct record and would be signed by the Vice Chair.

26. Pensions Administration Performance

At Agenda Item 4, the Board received a report which provided an update on the performance of the Pensions Administration Team. Also included was details of compliments and complaints and the receipt of contribution payments.

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

Decision: The Board:

- a) noted the information provided in the report; and
- b) asked officers to investigate the possibility of sharing the pensioners newsletter to members as an email attachment.

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) A member confirmed that they had recently undertaken a straw poll with some of the pensioner members of the scheme, and the Board was told that of those who responded, no one accessed the pensioner newsletter via the Member Self Service system. It was noted that whilst use of this system should be encouraged, it was considered that an email with an attachment could increase readership and provide more effective communications to members. The Board was advised that that the current system would need to be developed and there might be costs attached to this. Another Board member agreed that an email with an attachment would be a simpler method of communication and suggested that the number of paper copies sent out might then decline, thereby having a cost benefit. The Pensions Operations Manager confirmed that he could investigate this and would provide an update to the Board either by email or at a future meeting.

Alternative options: There were none considered.

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

Pauline Bacon, Ian Blofield, Thomas Jarrett, and David Rowe each declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

27. Buying Back Lost Pension

At Agenda Item 5, the Board received a report which provided information on buying back lost pension.

The report was introduced by Stuart Potter, Pensions Operations Manager and members had an opportunity to ask questions.

A member asked if it was possible for the Pensions Administration Team to help scheme members with calculating the amount of pension contributions needed to buy back the lost pension rather than sending them off to another website. The Pensions Operation Manager confirmed that this was not possible as it was an individual's own choice if they wanted to take out an additional pension contract, and Suffolk County Council as administering authority should not be seen to encourage people to do so or not to do so. It was confirmed that this was the reason why scheme members were directed to the online calculator and all pension funds in the country did this, at the request of the Local Government Association (LGA). Members were assured that the process was relatively straight forward, and it was also confirmed that the team had not received any feedback to the contrary.

In response to another question from a member, the Pensions Operations Manager confirmed that the 30-day deadline for electing to buy back lost pension was stipulated within the regulations, however the employer was able to use discretion depending on an individual's circumstances.

Decision: The Board:

- a) noted the report; and
- b) requested that Suffolk County Council include information on buying back lost pension within its maternity leave letters.

Reason for decision:

- a) The Board was interested in receiving information on buying back lost pension including the options around this.
- b) A member raised a concern that the opportunity of buying back lost pension was not specifically mentioned within the maternity leave letters issued by Suffolk County Council to its employees. Although it was recognised that this information was included within the Council's maternity leave policy, it was suggested that many people might not read the policy; they would only read the letter. It was requested that due to the gender pension gap, and to promote equal opportunities, as more women had time off for maternity leave, that the letter should specifically highlight the option to buy back lost pension. The Pensions Operations Manager confirmed that he would speak with the Human Resources Team at Suffolk County Council on the behalf of the Board, however he confirmed that it was ultimately for the Council to decide what should and should not be included within the letter.

Alternative options: There were none considered.

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

Pauline Bacon, Ian Blofield, Thomas Jarrett, and David Rowe each declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

28. Communications with Active Members

At Agenda Item 6, the Board received a report which provided information on communications with active scheme members and considerations on improvements that could be made.

The report was introduced by Stuart Potter, Pensions Operations Manager and members had an opportunity to ask questions.

In response to questions from members:

- a) the Board was advised that if a scheme member moved address, they would have to inform the Pensions Team separately to their employer. However, it was also noted that once I-Connect was implemented, this information would be transferred via the I-Connect system.
- b) the Board heard that information from employers provided through the I-Connect system was allowed to be held and was protected under the General Data Protection Regulations (GDPR).

Decision: The Board noted the report and agreed that David Rowe (representing Active Scheme members) and Pauline Bacon (representing the Unions) have a meeting with the Pensions Operations Manager to develop an action plan for improving communications with active members of the scheme. This would be brought back as a paper to the Board's next meeting (11 March 2022).

Reason for decision: The Board considered it important that the Fund communicated with active scheme members more directly, which would provide an opportunity to put out snippets of information that people might find helpful (such as the 30-day deadline mentioned at minute 27), rather than leaving them

to log on to Member Self Service, as was the current practice. It was considered that this would help scheme members maximise their pension benefits. Members also considered there was merit in engaging with active scheme members using brief surveys, which would also inform the Fund of further improvements that scheme members might wish to see. The Board agreed that the representatives for the active scheme members would meet with pensions officers to create an action plan, develop timings and how the actions could be taken going forwards. This would be shared with the Board at its next meeting.

Alternative options: There were none considered.

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

Pauline Bacon, Ian Blofield, Thomas Jarrett, and David Rowe each declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

29. Pension Fund Policies

The Board received a report at Agenda Item 7 which set out an overview of each of the policies that were implemented by the Suffolk Pension Fund.

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

Decision: The Board:

- a) noted the range of Policies that the Fund has in place to ensure appropriate governance was established and was used in the operation and administration of the Pension Fund.
- b) requested to receive regular updates on changes to the Fund's policies, including being notified of any breaches to policies that might occur.

Reason for decision:

- a) The Pension Board was responsible for assisting the administering authority in securing compliance with the regulations and legislation. Policies were the key statements to uphold the governance of the Fund.
- b) The Board was informed that it could be provided with a standing brief in relation to the Fund's policies via an Information Bulletin (IB). Members heard that some policies, such as the Funding Strategy Statement, or material changes to the Investment Strategy Statement, would come to the Board for consultation as a paper before being considered and implemented by the Pension Fund Committee. Officers also confirmed that any full-scale reviews could also come to the Board as a paper, or as an IB where only minor updates had been made. Members were also advised that the Administration Strategy could also be reviewed by the Board next year, prior to being implemented by the Committee in the autumn 2022. Members also agreed that it would be helpful for the Board to have sight of a policy in advance of it being approved by the Committee, to enable the Board to effectively engage in the review process.

Alternative options: There were none considered.

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

Pauline Bacon, Ian Blofield, Thomas Jarrett, and David Rowe each declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

30. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 8.

31. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 9.

Decision: The Board approved its Forward Work Programme as published, with the inclusion of the actions as listed at minutes 26 to 29 above.

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

32. Change of Date for Future Meeting

At Agenda Item 10, the Board agreed to change its meeting date from 23 September 2022 to 10 October 2022.

33. Exclusion of the Press and Public

Decision: The Committee agreed that the public (including the press) should be excluded from the meeting during the consideration of Agenda Items 13 and 14 on the grounds that:

- a) that it involves the likely disclosure of exempt information by virtue of paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Parts 1 to 3 of Schedule 12A (as amended) of the Local Government Act 1972 (as amended); and
- b) that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

34. ACCESS Responsible Investment Guidelines

At Agenda Item 12, the Board received a report which set out the draft ACCESS Responsible Investment Guidelines which were recently presented to the Pension Fund Committee.

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

Decision: The Board noted the ACCESS Responsible Investment Guidelines.

Reason for decision: The Pension Board was responsible for assisting the administering authority in securing effective and efficient governance of the Fund. The ACCESS Responsible Investment guidelines formed part of the development of the ACCESS Pool to ensure it was in a position to meet evolving needs and objectives.

Alternative options: There were none considered.

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

Pauline Bacon, Ian Blofield, Thomas Jarrett, and David Rowe each declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

The meeting closed at 12:23 pm.

Chairman

Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	23 March 2022
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive and Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Stuart Potter, Pensions Operations Manager Telephone: 01473 260296 Email: Stuart.potter@suffolk.gov.uk

Brief summary of report

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

Action recommended

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| 2. To consider the information provided and determine any further action. |
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Reason for recommendation

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

Alternative options

4. There are no alternative options.

Main body of report

Administration

5. This report covers staff performance and team achievements since the previous Board meeting on 10 December 2021.
6. The Service Level Agreements for our 'key' processes from November to January 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 **124** percentage completed in SLA **98%**
 - b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **55**, percentage completed in SLA **100%**

- c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **357**, 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 **334**, percentage completed in SLA **100%**
 - e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **76**, 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 **100** percentage completed in SLA **100%**
7. Since the update in the previous meeting the Public Service Pensions and Judicial Offices Bill, which is the Bill created to rectify unlawful discrimination following the McCloud case, has continued to go through the parliamentary process. Since the previous update the Bill has completed the House of Lords process and is now at the report stage in the House of Commons. Following this, and the third reading, it will move to the final stages before looking to obtain Royal Assent.
 8. In addition to the business-as-usual work, the backlog team have continued to work through a significant number of undecided leaver cases during this reporting period, with the total number reducing by 858 during the previous quarter (October to December).
 9. Further to the information provided in the previous meetings we are continuing to develop our I-connect system that will allow employers to submit monthly data returns.
 10. Unfortunately, the delays that were reported previously in relation to the County Council using this new system have continued to happen however we are confident following recent meetings that these issued will be resolved in the near future. 21 Employers are currently using the system, with 63 undergoing member matching prior to imminent onboarding. A further 112 are developing reports, of which 70 are at the testing stage. All these employers cover 88% of active members.
 11. As you are aware the fund held its annual employers meeting during January. As part of this meeting the administration team provided an update to employers on I-connect and the financial year end requirements needed from employers.
 12. Following the update provided in the previous board meeting on staffing, 2 people, previously on fixed term contracts, were appointed on a permanent basis as Pension Officers. An advert was also placed to recruit some fixed term Pension Officers for a 12-month period however no suitable candidates were found. It is planned to re-advertise these positions in the coming months.
 13. Following on from the previous board meeting, the meeting to discuss improving active member communications will be arranged and held before the next board meeting and an update will be provided during that meeting. Apologies it has not been possible to schedule this in before now.

14. The administration team is currently undergoing its annual internal audit. This is progressing well and as usual the Board will be given the details of this in the next Board meeting.
15. The administration team have also returned to working in the office on a hybrid arrangement from 1 March. While members of the team have been in the office at various stages during the pandemic, this change sees all staff returning to the office for part of the working week.
16. During this period there have been 12 compliments. All of these compliments have been in relation to appreciation for the service received, particularly around the speed of service and helpfulness explaining situations. I have included some of these comments below for you.
17. One member said ‘thank you so much. I am very impressed with your efficiency. We get so used to putting up with poor customer service, and this excellent speedy response from both you and your colleague is so much appreciated’. Another member stated that ‘I sometimes find e-mails confusing, but you always make it as clear as a bell’, while the next member thanked the team member for their ‘clear and simple explanation and their cheerful manner’. A member who had a question about how maternity affected their pension said ‘thank you so much, I understand and appreciate your time explaining this to me!’.
18. The other compliments were all about the speed of service with comments including ‘thank you for your speedy reply, it is much appreciated’ and thank you for getting back to me so quickly and I have already now been able to calculate my estimate on Member Self Service’.
19. During this period there have been no complaints received. However, there have been a couple of members frustrated we have not been able to provide information, as a result of awaiting payroll data from colleagues in the County Council. We are explaining the situation when this arises and trying to work with the necessary people to obtain this information as soon as possible. Once the situation regarding I-connect has been resolved this will remove this obstacle.
20. During this reporting period there have been no new IDRPs to report.
21. This report will be ongoing in all future Board meetings and will be developed in accordance with the requirements of the Board.

Contribution payments

22. 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.
23. The table below summarises the timeliness of receipts received during 2021/22 quarter 2 and 3:

	Quarter 2			Quarter 3		
	Employer	Contributions		Employer	Contributions	
	%	£'m	%	%	£'m	%
On Time	91	30.780	99.5	91	28.325	91.0
Up to 1 week late	2	0.033	0.1	2	1.817	6.0
Over 1 week late	7	0.125	0.4	7	0.929	3.0
Total		30.938			31.071	

Sources of further information

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

Suffolk Pension Board

Report Title:	Administration and Management Expenses
Meeting Date:	23 March 2022
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive and Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
Author:	Sharon Tan, Lead Accountant (Pensions) Telephone: 01473 265636 Email: Sharon.tan@suffolk.gov.uk

Brief summary of report

1. This report sets out the proposed management expenses for the Pension Fund as presented to the Pension Fund Committee at its meeting on 28 February 2022.

Action recommended

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|--|
| 2. To consider the information provided in the report. |
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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.
4. The Pension Board is required to ensure effective and efficient governance of the Suffolk Pension Fund

Alternative options

5. There are no decisions to be made.

Main body of report

Introduction

6. This report sets out the proposed administration expenses for 2022/23 and estimated administration, investment management and governance costs for 2021/22 for the Pension Fund as presented to the Pension Fund Committee at its meeting on 28 February 2022. This is attached as **Appendix 1**.

Conclusion

7. The Board is asked to consider the information provided in the report.

Sources of further information

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

Suffolk Pension Fund Committee

Report Title:	Administration and Management Expenses 2022/23
Meeting Date:	28 February 2022
Lead Councillor(s):	Councillor Karen Soons
Local Councillor(s):	All Councillors
Director:	Chris Bally, Deputy Chief Executive and Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Paul Finbow, Head of Pensions, Telephone: 01473 265288 Email: Paul.Finbow@suffolk.gov.uk

Brief summary of report

1. This report sets out the proposed administration and management expenses for the Pension Fund.

Action recommended

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|---|
| 2. The Committee is asked to approve the administration budget. |
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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.

Who will be affected by this decision?

5. The employers of the Fund will be affected if the costs incurred in managing the Fund's activities are not appropriately managed.

Main body of report

Administration Expenses

6. Administrative expenses (shown overleaf) consist of costs relating to activities the pension administration team perform to administer pensions and provide members with scheme and benefit entitlement information.
7. 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 benefit

statements. The system holds every pension members' record and history. Ongoing charges are incurred for maintenance of the system and licenses to use it.

	Budget	Actual	Budget	Forecast	Budget
Administration Expenses	2020-21	2020-21	2021-22	2021-22	2022-23
	£'000	£'000	£'000	£'000	£'000
SCC Admin Costs	960	910	1,075	1,020	1,105
Heywood System	275	309	310	320	340
I-Connect Implementation	30	30	30	40	50
Other Expenses	50	37	70	67	80
Total Admin Costs	1,315	1,286	1,485	1,447	1,575

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. The I-Connect implementation was delayed due to Covid-19 however implementation will be ongoing during 2022/23.
10. The underspend in the staffing budget during 2021/22 occurred due to staffing vacancies. An additional three posts with a fixed term contract of a year were approved in 2020/21 to assist in the administration work required to complete the McCloud remedy for 2021/22. One post was not recruited to, one was used for Fire pension work which will be recharged, and the final post was used to assist with the reduction of the backlog work. All three posts are currently vacant (as the staff applied and were successful in acquiring vacant permanent posts within the Pension Team as they occurred) and will be required to be utilised during 2022/23.

Governance and oversight costs

11. Oversight and governance expenses (shown overleaf) 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.
12. 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.
13. The difference in actuarial costs between the years is due to the additional fees incurred with the extensive work involved in carrying out the triennial valuation exercise.
14. Other costs include internal audit, external audit, performance data and benchmark data provider.

	Actual	Forecast	Forecast
Governance and oversight costs	2020-21	2021-22	2022-23
	£'000	£'000	£'000
Suffolk County Council costs	147	167	172
Investment Advice	114	89	120
Actuarial costs	68	70	150
Pension Fund Committee	6	7	8
Pension Board	2	3	5
Asset Pooling	88	95	124
Other costs	110	114	125
Total Governance and Oversight Costs	535	545	704

Investment Management Expenses

15. 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 previous custodian HSBC and current custodian Northern Trust, are also included.
16. In the Pension Fund accounts, (as per CIPFA guidance), only the fees and expenses that the Fund has a contractual liability for are included, this means that only the management fee charged by Link for overseeing the sub-funds that Suffolk are invested in are shown. The additional underlying fees and expenses paid to the investment manager that Link has a contractual agreement with, are disclosed in the Annual Report. These costs have however been disclosed in the table overleaf.

	Actual	Forecast	Forecast
Investment Management Expenses	2020-21	2021-22	2022-23
	£'000	£'000	£'000
Blackrock	3,954	2,903	930
Brookfield	72	69	70
Inhouse	-	2	-
JP Morgan	848	1,004	1,100
KKR	-2,376	100	500
Link – Blackrock	-	577	800
Link - Newton	1,380	1,441	1,500
Link – M&G		516	1,550
M&G	2,374	2,165	1,150
Pantheon	1,400	1,170	1,100
Partners	1,528	2,764	3,000
Pyrford	764	777	650
Schroders	366	338	350
UBS	337	481	500
Wilshire	139	120	100
Total Managers Expenses	10,786	14,427	13,300
Other Costs			
Custodian	51	33	35
Transaction Costs	118	200	200
Total Other Costs	169	233	235
Total Investment Management Expenses	10,955	14,660	13,535

Notes:

- i) The decrease in the Blackrock fees can be attributed to the transfer of the Blackrock UK Equity Fund into the ACCESS pool on an ad valorem basis and the cessation of performance fees.
- ii) Partners costs have risen due to the investment in the Partners MAC VI.
- iii) M&G Bonds transferred into the Link sub-fund in December 2021.
- iv) KKR infrastructure commitment should start being called during the March 2022 quarter.

Performance Fees

17. Included in the Investment management expenses overleaf 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.

	Actual	Forecast	Forecast
Performance Fees	2020-21	2021-22	2022-23
	£'000	£'000	£'000
Blackrock	1,885	500	-
JP Morgan	91	530	-
KKR	-2,692	-	-
Pantheon	491	-	-
Partners	900	1,848	-
Total Performance Fees	675	2,878	-

Notes:

- i) The fee for Blackrock UK Equity became an ad valorem fee once the mandate transferred into the Link sub-fund on 1 July 2021 and performance fees will no longer be payable. An accrual has been made for performance up to the transfer date.
- ii) KKR includes the release of the performance fee accrual that has been accrued over the lifetime of the investment committed to in 2012, this was released when all the investments had been sold.
- iii) Performance fees may be payable on some of the alternative asset classes in 2022-23 such as the KKR, Partners, JP Morgan and Pantheon but this is difficult to quantify until the whole of the investment has been realised.

Total costs

18. 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.

	Actual	Forecast	Forecast
Management Expenses	2020-21	2021-22	2022-23
	£'m	£'m	£'m
Administration Costs	1.286	1.447	1.575
Governance and Oversight Costs	0.535	0.545	0.704
Investment Costs	10.955	14.660	13.535
Total Management Expenses	12.776	16.652	15.814
Scheme Assets (£m)	3,398	3,800	4,300
Invest Costs as % of assets	0.38	0.44	0.37
Scheme Membership	69,878	71,000	72,000
Admin Costs per scheme member (£)	18.40	20.38	21.88

19. The comparative national figures for management expenses in 2020-21 are published in the SF3 statistical return by the Department for Levelling Up, Housing and Communities (DLUHC) who calculate the unit costs for local authority pension funds based on the submissions by the English and Welsh administering authorities.

20. 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 LGPS as a whole and the average of the Pension Funds in the ACCESS Pool have been included for comparison purposes.
21. Please note the £9.697m investment costs for Suffolk do not directly compare with the 2020-21 figures in the other tables in this report because those tables include the Newton management fee of £1.264m that isn't included in the accounts but included in this report for transparency.

Fund	Scheme Assets	No. of Emp	Members	Admin Costs	Gov Costs	Invest Costs	Total Costs
	£'bn			£'000	£'000	£'000	£'000
Fund A	3.103	314	73,078	2,373	708	10,928	14,009
Fund B	3.282	293	64,562	702	1,280	17,291	20,273
Fund C	3.351	319	74,332	2,149	543	10,393	13,085
Fund D	3.481	136	58,641	999	759	11,429	13,187
Fund E	3.557	100	61,942	1,433	1,028	8,608	11,069
Suffolk	3.398	324	69,878	1,286	535	10,959	12,784
Average	3.362	248	67,072	1,490	976	11,391	13,857
LGPS Average	3.966	223	72,102	1,742	846	17,192	19,780
ACCESS Ave.	5.137	360	101,201	2,097	971	24,008	27,076

22. These funds have been benchmarked below. It should be noted there has been long standing discrepancies between funds on how costs 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	32.47	0.35	0.45
Fund B	10.87	0.53	0.62
Fund C	28.91	0.31	0.39
Fund D	17.04	0.33	0.38
Fund E	23.13	0.24	0.31
Suffolk	18.40	0.29	0.34
Average	22.22	0.34	0.41
LGPS Average	24.16	0.43	0.50
ACCESS Ave.	20.72	0.47	0.53

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) SF3 statistical return Department of Levelling Up, Housing and Communities

Suffolk Pension Board

Report Title:	Risk Register
Meeting Date:	23 March 2022
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive and Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
Author:	Sharon Tan, Lead Accountant (Pensions) Telephone. 01473 265636 Email: Sharon.tan@suffolk.gov.uk

Brief summary of report

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

Action recommended

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

Reason for recommendation

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

Alternative options

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

Main body of report

Regulatory Background

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

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

Implementation of Risk Control Measures

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

Risk Register

9. The purpose of the risk register is to reflect best practice in the identification, evaluation and control of risks in order to ensure that key risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible then means to mitigate the implications of the risks should be established.
10. The probability and risk impact scores have been scored based on the submissions from the members of the Board using the criteria set out in **Appendix 2**.

The summary risk register for the Pension Fund Committee is attached as **Appendix 3**. There have been 2 additional risks added and 1 removed from the Pension Fund Committee risk register since the Pension Board meeting on 1 October 2021.

Added:

- Failure of the Employers to provide verified year end returns on a timely basis to be used for the valuation.
- Failure of the Pension Fund to provide the relevant information and data required for the valuation.

Removed:

- Failure of the Pension Fund to carry out its duties during COVID 19 pandemic.

11. The risk register for the Pension Board to approve is attached as **Appendix 4**.
12. The risk register and actions taken to mitigate or control the risks are reported to the Board twice a year.

Sources of further information

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

Suffolk Pension Board Risk Register

Risk ID	Risk	Risk Control Measures	Implementation
SPB01	<p>Employer Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities.</p>	<p>An effective Administration Strategy setting out the employers responsibilities.</p> <p>Monitoring and reporting of the compliance of the employers. Pension Fund officers report on the statutory requirements of the Fund and any breaches that may have occurred.</p> <p>Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position.</p> <p>Non compliance is addressed.</p>	<p>The Administration strategy is reviewed every three years. It was last approved by the Pension Fund Committee at its meeting on 24 November 2021. The document is available on the Pension Fund website, and will be reviewed again once lconnect has been implemented across the majority of the employers.</p> <p>The administration report to the Board provides information on the adherence to statutory requirements for both the Fund and employers.</p> <p>Prospective employers (where a government guarantee doesn't apply) are required to secure either a guarantee or a bond to provide security for the pension liabilities of their members. Bonds are reviewed annually to reflect the current employer position. Eligible Employers are not able to access the Suffolk Pension Fund without providing a bond or guarantee.</p> <p>Engagement is the key to ensure compliance and the team will work with employers to help them comply or to help develop processes to further improve the timeliness and quality of data.</p> <p>When appropriate escalation processes are agreed with employers and used to obtain information where this is not received in the agreed timescales.</p>
SPB02	<p>Scheme Members Scheme members are not in receipt of the correct benefit and/or paid on time.</p>	<p>The Pensions Administration team are required to keep up to date with pension benefit regulation and adhere to the stringent procedures required to comply with the benefits regulations.</p> <p>Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies.</p> <p>Calculations are independently checked and verified.</p> <p>Internal and external audit review the internal control arrangements in place.</p>	<p>Forthcoming Regulatory changes are kept under review through the consultation process. Once the draft regulations are formalised the Fund will effectively plan for implementation seeking technical clarification from the LGA if required. The Altair system is updated and tested by Heywood.</p> <p>Regulation changes are communicated to affected individual members within the statutory 3 months.</p> <p>Attendance at training courses and conferences are encouraged, with the knowledge gained shared amongst the team to ensure the team as a whole is kept up to date. Staff are trained on areas they are not familiar with to improve their knowledge and enable them to support our members better by being able to do more. New administrators have an in-depth training plan to work through which covers each main area of administration to build up their knowledge and develop their skills before they move on to the next area. Additionally new starters are provided with a buddy, process notes and all work is checked thoroughly to ensure there are no risks to the members benefits while they are learning.</p> <p>There are regular team meetings where the specifics of changes to regulations are discussed and refresher training is also carried out.</p> <p>All calculations are peer reviewed by members of the Administration team for accuracy before communications are sent out. There have also been various factor changes which have been loaded into the Altair system.</p> <p>If the Altair pension system is found to be producing incorrect calculations this is raised with the software provider to investigate. The Administration Team are made aware of the issues and where similar cases might arise.</p> <p>Internal audit annually review the internal control arrangements in place for the administration systems and investments, the result are reported to the Board. The Board also receives the external audit report for the Annual Report and Accounts.</p>

Risk ID	Risk	Risk Control Measures	Implementation
SPB03	<p>Governance Failure to communicate or engage with employers and scheme members.</p>	<p>An effective Communications Strategy so that employers are engaged with the Pension Fund.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings.</p> <p>Regular meetings are held by the Pension Board with the papers published within statutory deadlines.</p> <p>A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website.</p> <p>An annual employers meeting is held.</p>	<p>The Communication strategy is reviewed regularly. It was last reviewed by the Pension Fund Committee at its meeting on 25 February 2021. The document is available on the Pension Fund website.</p> <p>The Pension Matters newsletter is emailed to employers on a regular basis to keep them updated with the Local Government Pension Scheme, Suffolk Pension Fund developments and highlights up coming deadlines for administration paperwork requirements from themselves.</p> <p>The Pension Board meets regularly and the papers are published on the Pension Fund website. The Board has access to the Pension Fund officers and have the opportunity to seek clarification or request further information.</p> <p>The Pension Fund has a public facing website and a member self service facility. These electronic means of communicating, along with email are complemented by paper based communication where appropriate. The Pensions website is reviewed and kept up to date with useful information and the Pensions Helpdesk is available for members to contact if they need some guidance.</p> <p>The team issue newsletters to Pensioner members of the scheme twice a year on the self-service system unless a paper version has been requested and employers monthly. Information is provided to all active and deferred scheme members annually with the provision of their Annual Benefit statements through the self service system unless another format has been requested. Pensioner members can now also use the self service system to access their payslips and P60's.</p> <p>The Annual employers meeting was held using microsoft teams on 19 January 2022 covering investment performance, key issues for the Fund, implementation of i-connect and year end data requirements and a presentation by Hymans covering the upcoming valuation exercise going through how it is carried out and key timelines.</p>
SPB04	<p>Governance Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.</p>	<p>The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Board approves a formal two year training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.</p> <p>New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Board as required.</p>	<p>The Board agrees its Training plan annually, linked to the requirements of the Cipfa Pensions Knowledge and Skills framework. The next review is at the July 2022 Board meeting.</p> <p>A training segment is utilised before the start of each Pension Board meeting and the Board also has access to and often attend the Pension Fund Committee's training programme before the start of their meetings.</p> <p>The Board members have signed up to undertake Hymans online learning academy modules.</p> <p>New Board Members always receive an introduction to the scheme and a briefing from officers before attending their first meeting.</p> <p>Advisers attend meetings, at the request of the Board. The performance data providers presented to the Board at its virtual meeting held on 19 July 2021.</p>
SPB05	<p>Regulatory Changes to regulations or legislation not being adhered to.</p> <p>Consequence Could result in an increase in the cost of the scheme or increased administration time to correct.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	<p>The Pension Fund responds to all consultation papers regarding changes to the LGPS issued by the Ministry of Housing, Communities and Local Government (MHCLG).</p> <p>Pension Fund officers attend conferences and seminars to ensure the consequences of legislative changes are understood and implemented.</p> <p>New legislation is reported to the Pension Fund Committee and Board with regular updates on progress on implementation, the guidance produced, legal advice taken and any issues identified.</p>	<p>The Fund responded to the consultation on the amendments to the statutory underpin in October 2020.</p> <p>Pension Fund officers have attended webinars hosted by Hymans, the LGC and representatives on SAB on forthcoming legislative changes.</p> <p>The Committee and Board are kept apprised on the implementation progress for McCloud, and additional resources required to complete this work. The delay to this until 2023 announced in May 2021 has also been communicated. The Public Service Pensions and Judicial Offices Bill, to rectify unlawful discrimination following the McCloud case, has started going through the parliamentary process. The 2nd reading of this in the House of Lords is due to take place on 7 September 2021, although the regulations are still not expected until April 2023.</p>

Risk ID	Risk	Risk Control Measures	Implementation
SPB06	<p>Regulatory The ACCESS Pool does not have the governance in place to make appropriate decisions and does not meet the investing authorities needs.</p> <p>Consequence Could result in Government intervening and allocating another Pool for the Fund to invest in.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	<p>The Pension Board is updated on the progress and development of the ACCESS Pool at each Board meeting.</p> <p>The Pension Fund officers actively participate in the meetings and sub-groups of the ACCESS Pool and ensure that the needs of the Suffolk Pension Fund are met.</p> <p>The ACCESS Pool reports on its development to MHCLG on an annual basis and attend meetings as required.</p> <p>The ACCESS Pool commissions professional advice to ensure that decisions are taken in accordance with statutory requirements and best practice.</p> <p>An ACCESS Support Unit (ASU) Technical Lead officer is overseeing a review of the governance arrangements in place.</p>	<p>The progress of ACCESS is summarised in an ACCESS Annual report which is published on the ACCESS website and included in the Suffolk pension Fund Annual Report & Accounts.</p> <p>The Suffolk Head of Pension chairs the Officer Working Group (OWG) which provides advice, support and guidance to the Joint Committee and directs the work of the sub-groups. A Pension Fund officer from the Fund is a member of each sub-group.</p> <p>A cross pool working group was established this year to discuss the return and to establish best practice so that the return is filled in on a similar basis by each LGPS Pool. The DLUHC return was submitted on 24 September. The ACCESS pool is ahead of its planned progress included in the original pool proposal submission to Government in 2016.</p> <p>The Pension Funds within ACCESS completed a joint procurement of custodian services during the 2021/22 financial year which will assist in Pool reporting in the future.</p>

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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 28 February 2022

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	Failure of the Employers to produce the data required to calculate the impact of the McCloud High Court ruling.	Medium (6)
	SPF04	Failure of the Employers to provide verified year end returns on a timely basis to be used for the valuation.	Medium (6)
	SPF05	Increase in unfunded early retirements	Medium (6)
	SPF06	Failure to communicate or engage with pension fund stakeholders	Low (4)
Actuarial	SPF07	Assumptions used in the triennial valuation are significantly different to the experience	Medium (9)
	SPF08	Fall in risk-free returns on Government bonds, leading to rise in value on liabilities	Medium (9)
	SPF09	Failure of investment strategy to produce the long-term returns required in the investment strategy	High (12)
	SPF10	Failure of the Pension Fund to provide the relevant information and data required for the valuation.	Low (4)
Governance	SPF11	Committee members have insufficient skills or knowledge to make informed decisions	Medium (6)
	SPF12	Board members have insufficient skills or knowledge to discharge their duties	Low (4)
	SPF13	Pension fund officers have insufficient skills or knowledge to advise the Pension Fund appropriately	Medium (6)
	SPF14	Failure by a provider of Additional Voluntary Contributions to the Pension Fund	Low (4)
	SPF15	Breach of current data protection legislation	Medium (6)
	SPF16	Failure to have adequate systems and processes in place to safeguard data	Low (4)
Investment	SPF17	Failure of investment markets in generating returns	High (12)
	SPF18	Failure in performance by individual investment managers leading to shortfall	Medium (6)
	SPF19	Counterparty default in securities lending programme	Low (4)

	SPF20	Negligence, fraud, or default by individual investment manager leading to shortfall	Medium (6)
	SPF21	Failure of custodian leading to loss of investment or misreporting of position	Medium (6)
	SPF22	Insufficient liquid assets to meet liabilities	Medium (6)
	SPF23	Failure by investment managers to appropriately manage the potential risk of stranded assets	Low (4)
Regulatory	SPF24	Changes to regulations or legislation not being adhered to	Medium (6)
	SPF25	Failure of the Pension Fund to be able to undertake the work required to remedy the McCloud High Court ruling.	Medium (6)
	SPF26	Progress in pooling the assets of the Suffolk Pension Fund in the ACCESS pool does not meet Government expectations.	High (12)
Operational	SPF27	Failure of payroll and pensions administration IT systems	Medium (9)
	SPF28	Failure to comply with LGPS pensions benefits regulations	Medium (6)
	SPF29	Staff fraud/theft/negligence	Low (4)
	SPF30	Failure to collect/account for full receipt of contributions and deficit payments	Low (4)
	SPF31	Failure of the Pension Fund to operate custodian services after onboarding new custodian.	Medium (6)

Theme	Number of risks in each category			
	V High	High	Medium	Low
Employer	0	0	4	2
Actuarial	0	1	2	1
Governance	0	0	3	3
Investment	0	1	4	2
Regulatory	0	1	2	0
Operational	0	0	3	2

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

New risks

- SPF04 Failure of the Employers to provide verified year end returns on a timely basis to be used for the valuation.
- SPF10 Failure of the Pension Fund to provide the relevant information and data required for the valuation.

Removed risks

- SPF32 Failure of the Pension Fund to carry out its duties during COVID 19 pandemic

Suffolk Pension Board Risk Register

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

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB03	<p>Governance Failure to communicate or engage with employers and scheme members.</p> <p><u>Consequence</u> Leading to non compliance with legislation and best practice. Inability to determine policy and effective decisions. Damaging to reputation.</p>	3	2	6	Medium	<p>Maintenance and implementation of a communication strategy.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings.</p> <p>Regular meetings are held by the Pension Board with the papers published within statutory deadlines.</p> <p>A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website.</p> <p>An annual employers meeting is held.</p>
SPB04	<p>Governance Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.</p> <p><u>Consequence</u> The Board does not discharge their duties to oversee the governance of the Pension Fund.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	3	3	9	Medium	<p>The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Board approves a formal training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.</p> <p>The Board members have access to the Hymans online learning academy modules.</p> <p>New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Board as required.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB05	<p>Regulatory Changes to regulations or legislation not being adhered to.</p> <p><u>Consequence</u> Could result in an increase in the cost of the scheme or increased administration time to correct.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	3	2	6	Medium	<p>The Pension Fund responds to all consultation papers regarding changes to the LGPS issued by the Ministry of Housing, Communities and Local Government (MHCLG).</p> <p>Pension Fund officers attend conferences and seminars to ensure the consequences of legislative changes are understood and implemented.</p> <p>New legislation is reported to the Pension Fund Committee and Board with regular updates on progress on implementation, the guidance produced, legal advice taken and any issues identified.</p>
SPB06	<p>Asset Pooling The ACCESS Pool does not have the governance in place to make appropriate decisions and does not meet the investing authorities needs.</p> <p><u>Consequence</u> Could result in Government intervening and allocating another Pool for the Fund to invest in.</p> <p>Reputational risk to the Suffolk Pension Fund.</p>	3	2	6	Medium	<p>The Pension Board is updated on the progress and development of the ACCESS Pool at each Board meeting.</p> <p>The Pension Fund officers actively participate in the meetings and sub-groups of the ACCESS Pool and ensure that the needs of the Suffolk Pension Fund are met.</p> <p>The ACCESS Pool reports on its development to MHCLG on an annual basis and attend meetings as required.</p> <p>The ACCESS Pool commissions professional advice to ensure that decisions are taken in accordance with statutory requirements and best practice.</p> <p>An ACCESS Support Unit (ASU) Technical Lead officer is overseeing a review of the governance arrangements in place.</p>

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Suffolk Pension Board, 23 March 2022

Information Bulletin

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

This Information Bulletin covers the following items:

1. [Employers Meeting](#)
2. [Treasury Management Strategy](#)
3. [New Employers](#)

1. Employers Meeting

- 1.1 The Annual Employers meeting was held online on Wednesday 19 January. There were 38 attendees representing 134 employers.
- 1.2 The meeting covered the investment performance of the Pension Fund and key issues coming up presented by Paul Finbow and Andy Chapman-Ennos presented on the implementation of I-Connect and year end data requirements.
- 1.3 Hymans Robertson covered the upcoming valuation exercise explaining how it is carried out and the key timelines.
- 1.4 All the presentation are available on the website:
<https://www.suffolkpensionfund.org/about-the-scheme/employers>

2. Treasury Management Strategy

- 2.1 The Treasury Management Strategy for 2022/23 was approved by the Pension Fund Committee at its meeting on 28 February 2022. The strategy is attached as **Appendix 1**.

3. New Employers

- 3.1 In the quarter up to 31 December 2021, two new employers have joined the Fund.

Tilian	Kersey Primary School	Academy
Waveney Academy Trust	Snape Primary School	Academy

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

Suffolk Pension Fund Treasury Management Strategy 2022/23

Introduction

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

In House Cash Management Arrangements

2. In undertaking the treasury management activities for the Suffolk Pension Fund, Suffolk County Council will comply with the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 edition, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). A fundamental aim of treasury management is to effectively control the risks associated with treasury management activities and to pursue value for money, in so far as this is consistent with the effective management of risk. The 2017 Code requires the following:
 - A policy statement which states treasury management policies, objectives and approach to risk management.
 - Treasury Management Practices (TMPs) which set out how the organisation will seek to achieve those policies and objectives and prescribes how these activities will be managed and controlled. The Pension Fund has adopted the County Council's Treasury Management Practices, subject to the specific requirements in relation to lending and borrowing that are set out in this document and the management of cash held with the Pension Fund's custodian.
 - An annual Treasury Management Strategy that outlines the expected treasury activity. The strategy must define the organisation's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Treasury Policy Statement

3. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and is applied to the Suffolk Pension Fund as recommended in the 2017 Code.

4. Suffolk County Council has adopted the following as its Treasury Management Policy Statement which is applied to the Suffolk Pension Fund, as recommended in the 2017 Code:
 - a) The Council defines its treasury management activities as:
 - the management of the organisation's investments and cash flows, its banking, money market and capital market transactions;
 - the effective control of the risks associated with those activities;
 - and the pursuit of optimum performance consistent with those risks.
 - b) The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered, to manage these risks.
 - c) The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Key objectives

5. Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances. The Council seeks to manage its risks regarding credit and counterparty risk, liquidity risk, interest rate risk, refinancing risk, legal and regulatory risk, fraud, error and corruption, contingency management and market risk. The risk appetite of the Council is low, with security and liquidity of investments taking precedence over the rate of return.
6. The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
7. Under the new IFRS 9 standard investments can be held in the accounts at either the amortised cost of the investment, or at fair value, which may be higher or lower than the price paid for investments depending on market conditions. This treatment is dependent on how the Council manages its' investments. The Councils' aim is to achieve value from its investments by collecting contractual cashflows, such as dividends and interest, as opposed to trading in the underlying instruments. Therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Liquidity

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

Fixed and Variable Interest Rates

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

Borrowing

10. The administering authority does not have the power to borrow on behalf of the Pension Fund, other than temporary borrowing for the following specific purposes detailed in section 5 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016:
 - paying benefits due under the Scheme, or
 - to meet investment commitments arising from the implementation of a decision by the Fund to change the balance between different types of investment.
11. In the context of this strategy, short term borrowing will only be undertaken in exceptional circumstance to manage unexpected cash flow fluctuations which occur as a result of the above circumstances. If short term borrowing is necessary, this will be secured by borrowing from the money markets or other local authorities.

Treasury Management Advisors

12. The County Council employs the services of a specialist treasury management advisor. A new provider, Link Group, have been awarded the new contract from 1 March 2022. Link Group provides a range of services, including technical advice on treasury management, interest rate forecasts and information on credit worthiness of potential counterparties. While Link Group will provide advice to the Council, the responsibility for investment decisions in relation to Pension Fund cash remains with the Pension Fund Committee, with day-to-day decision making delegated to the Chief Financial Officer (S151).

Custodian Cash Management Arrangements

13. One of the services provided to the Pension Fund by the Fund's custodian, Northern Trust, is a banking service. A separate bank account has been opened for each private equity, infrastructure, illiquid debt and timberland mandates to receive distributions and to pay capital calls. Surplus funds are automatically transferred into the Suffolk Pension Fund inhouse account.
14. A bank account and money market fund account has been set up for Schroders to use, in addition to their own managed Schroders money market fund account, for them to manage the cashflow within the property mandate.
15. US Dollar and sterling balances held in the Inhouse and Schroders account are swept in increments of whole thousands into money market funds each day. The Northern Trust money market fund maintains a P-1 rating from Moody's and an equivalent rating of A-1+ from Standard & Poor.
16. In order to limit the exposure of the Pension Fund to any single financial institution the maximum exposure to the Northern Trust money market fund for day-to-day management has been set at £50m. The total cash holdings with the Custodian will be monitored. If necessary, an arrangement will be made with Schroders to make direct investments in other money market funds or investment vehicles, so that the limit of £50m for cash with Northern Trust is not exceeded.
17. When investment decisions are implemented, there are circumstances when surplus cash may be held due to the timings of trade and settlement dates. If a temporary increase to the limit is required in the course of implementing the investment strategy, then authorisation will be sought from the Chair of the Pension Fund Committee and the Chief Financial Officer (S151).

Suffolk Pension Board Forward Work Programme

Purpose

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

Terms of reference

The terms of reference of the Suffolk Pension Board are:

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

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
Wednesday, 20 July 2022	Added 10 December 2021	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 10 December 2021	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Presentation
	Added 10 December 2021	Board Training Programme	To consider the Board's Training programme for the next 12 months.	Written Report
	Added 10 December 2021	Investment Performance	To receive a report on the investment performance of the Fund in 2020/21.	Written Report
	Added 10 December 2021	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 10 December 2021	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Monday, 10 October 2022	Added 10 December 2021	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 10 December 2021	Annual Report and Accounts 2021/22	To review the annual report and Accounts of the Pension Fund	Written Report
	Added 11 December 2020	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Presentation
	Added 10 December 2021	Pension Board Risk Register	To review the Pension Board Risk Register.	Written Report

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
Monday, 10 October 2022	Added 10 December 2021	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 10 December 2021	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report

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

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

Revised: March 2022

Items for consideration/scheduling:

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