Suffolk Pension Fund
Annual Report and Accounts
2020-21

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Pension Fund Committee Chairman's Report

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

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

Over the past five years the Fund's return was 8.6% per year, which is just under the benchmark by 0.2% but significantly above the rate of inflation. Over the longer term the Fund's investment has returned 7.9% per year over the ten years to March 2021. The Pension Fund assesses the performance of its managers over a full business cycle, so one year's outperformance or underperformance is not considered significant in isolation.

The Suffolk Pension Fund continues to work closely with ACCESS (A Collaboration of Central, Eastern and Southern Shires) having already transferred its global equity holding with Newton into a sub-fund set up by Link Fund Solutions the operator of the pool. This is in addition to the passive index tracking investments held with UBS on an ACCESS pooled governance basis. Work is already underway to pool further assets in the year ahead.

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

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

Councillor Karen Soons

Chairman of the Pension Fund Committee
July 2021

Pension Board Chairman's Report

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

The Board was established to ensure that the Suffolk Pension Fund is managed and administered effectively, efficiently, and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator. This means making sure the Fund is compliant with all relevant legislation with the aim to safeguard the interest of all the Pension Fund members and associated employer organisations.

There are six members of the Suffolk Pension Board, with half of the Board members representing the employers in the Fund and the other half representing scheme members (active members, pensioners and deferred pensioners).

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

The Board's engagement and communication with employers remained a priority and the annual employers' meeting went ahead on 25 September 2020 as planned, albeit remotely. This gave the employers in the Fund an opportunity to understand the latest regulatory changes and hear about the planned improvements to the data collection process.

The Board has been kept informed of the legislative changes that have been announced throughout the year, receiving appropriate information to understand the impact of these changes, with regular updates on the implementation, accompanying guidance and the legal advice received.

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

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

Councillor Richard Rout *Chairman of the Suffolk Pension Board* *July 2021*

Report from the Head of Finance

Foreword to Annual Report and Accounts

The Suffolk Pension Fund Annual Report and Accounts sets out the Pension Fund's income and expenditure and its assets and liabilities for the financial year ended 31 March 2021, the governance arrangements for administering the scheme and the work carried out by the Pension Fund Committee, Pension Fund Board and the Pension Fund officers throughout the year.

There are also a number of policy statements and these disclosures which form part of the prescribed content of the Annual Report, are published as separate documents on the website of the Fund (www.suffolkpensionfund.org).

Business Plan

The Committee approves a business plan at the start of each financial year. This provides a mechanism for the Committee to ensure that its responsibilities for the Fund are carried out effectively. They key actions for 2020-21 are as below:

Actuarial Valuation

The Fund is required to obtain an independent actuarial valuation of its assets and liabilities every three years. This was undertaken during 2019-20 which determined the employer contributions that are required for the three years starting April 2020.

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

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

Investment Strategy

The Fund's investment objectives are set out in its Investment Strategy Statement to achieve the aims of the Funding Strategy Statement as part of the triennial valuation exercise. There are significant levels of diversification between different asset classes to ensure that the assets of the Pension Fund, when taken in conjunction with future contributions, are sufficient to ensure that all future pension and retirements benefits will be fully covered by the Fund's assets when they fall due, whilst maintaining the Fund's relatively low risk approach.

These objectives have been translated into an asset allocation plan and as at 31 March 2021, 42% of the Fund is to be invested in equities, with the balance in bonds (26%), property (10%), a number of funds in alternative investments (31.5%) and a small holding in cash and money markets of 0.5%.

Administration

The Pensions team have managed to keep the service running whilst working from home
throughout the pandemic. There has been a greater use of electronic communication, and throughout the phone helpdesk has been maintained which has enabled the needs of members who prefer to talk to someone to be met.

The Pension Board focuses on the governance and administration of the Fund to ensure that it is managed and administered effectively, engaging with the employers and receiving reports on the performance of the administration team.

The Pension Fund has a dedicated website page for communication with scheme members and employers on issues affecting the scheme (www.suffolkpensionfund.org) and a member self service module to enable members to have instant access to their pension records (https://pensions.suffolk.gov.uk).

The annual benefit statements for active and deferred members were delivered electronically ahead of the statutory deadline of 31 August.

Audit

The Pension Fund accounts are included within the County Council's Statement of Accounts for 2020-21, which is subject to audit by Ernst and Young LLP. As part of the audit review, the external auditor will provide an opinion to confirm whether the information provided within the Pension Fund Annual Report and Accounts is consistent with the information contained within the County Council's Statement of Accounts.

ACCESS

The Section 151 Officers of the ACCESS Authorities provide advice to the Joint Committee overseeing the Pool and one Section 151 Officer attends the meeting to be on hand to offer direct support as decisions are made at the meeting. The Section 151 Officers meet on at least a quarterly basis to be briefed by the Director of the Access Support Unit (ASU) on the progress of implementing the decisions made by the Committee and to understand the resources required to implement these decisions and to ensure the budget is appropriate.

Impact of COVID

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

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

Louise Aynsley

Chief Financial Officer (S151) *July 2021*

Statement of Responsibilities for the Pension Fund Accounts

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, during 2020-21 that officer was the Head of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the statement of accounts

Certification
I confirm that these Accounts were approved by the Audit Committee at its meeting on 29 September 2021 on behalf of Suffolk County Council and have been authorised for issue.

Councillor Joanna Spicer

Chairman of the Audit Committee
29 September 2021

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

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

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

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

The Chief Financial Officer has also:

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

Certification

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

Louise Aynsley

Head of Finance (Section 151 Officer)
29 *September 2021*

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

Opinion on the Pension Fund financial statements
We have audited the Pension Fund financial statements for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The Pension Fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the Pension Fund financial statements:
- Give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and the amount and disposition of the Fund's assets and liabilities as at 31 March; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority in the United Kingdom 2020/21.

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

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

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

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

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

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

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

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

We have nothing to report in this regard.

Responsibility of the Chief Financial Officer

As explained more fully in the ‘Statement of Responsibilities for the Statement of Accounts’ set out on page 8, the Chief Financial Officer is responsible for the preparation of the Authority’s Statement of Accounts, which includes the Pension Fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

Mark Hodgson *29 September 2021*
(*for and on behalf of Ernst & Young LLP, Appointed Auditor)*

ACTUARIAL STATEMENT FOR 2020-21

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

Description of Funding Policy

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

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least an 80% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund's assets, which at 31 March 2019 were valued at £2,931 million, were sufficient to meet 99% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £35 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and liability measure as per the FSS. Individual employers' contributions for the period 1 April 2020 to 31 March 2023 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2019 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	3.5%
Salary increase assumption	3.0%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.1 years
Future Pensioners*	22.7 years	25.6 years

*Aged 45 at 2019 Valuation

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from Suffolk County Council, the Administering Authority to the Fund.

Experience over the period since 31 March 2019

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

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

Craig Alexander FFA
For and on behalf of Hymans Robertson LLP
12 May 2021

Management Structure

Pension Fund Committee

Cllr. Karen Soons (Chairman)	Cllr John Whitehead
Cllr. David Roach (Vice-Chair)	Cllr. Robert Lindsay
Cllr. Alexander Nicoll	Cllr. David Goldsmith
Cllr. Peter Gardiner	Cllr. Colin Kreidewolf
Cllr. Jamie Starling	Steve Warner (Unison)

Pension Board

Cllr. Gordon Jones (Chairman)	Suzanne Williams
David Rowe (Vice-Chairman)	John Chance
Thomas Jarrett	Eric Prince

Suffolk County Council

Louise Aynsley	Chief Financial Officer (S151 Officer)
Paul Finbow	Head of Pensions
Sharon Tan	Technical Pensions Specialist (Invest & Accts)
Andy Chapman-Ennos	Technical Pensions Specialist (Administration)
Stuart Potter	Operations Manager (Administration)

Investment Managers

Blackrock Investment Management	Partners Group
Brookfield Asset Management	Pyrford International
JP Morgan	Schroder Investment Management
Kohlberg, Kravis, Roberts	UBS Group
Link Fund Solutions	Wilshire Associates
M&G Investments	Pantheon Ventures

Pension Fund Advisers

Auditors	Ernst & Young LLP
Actuary	Hymans Robertson LLP
Investment Consultancy Services	Hymans Robertson LLP
Independent Investment Adviser	Mr Mark Stevens
Performance Measurement	HSBC Bank Plc and PIRC
Investment Custodians	HSBC Bank Plc
Banking Services	Lloyds Banking Group Plc
Legal Advisers	Squire Patton Boggs
Voting Advisers	Pensions Investments Research Consultants
Pool Operator	Link Fund Solutions

Risk Management

The long term risk in relation to the Pension Fund is that its assets fall short of its liabilities and that there would be insufficient assets to pay the pensions to its members. Investment objectives have been set by the Pension Fund Committee with the aim of achieving long term investment returns within an agreed risk tolerance level to mitigate the risk.

Investment risk and performance is regularly monitored and reviewed by the Council’s officers. The Pension Fund Committee reviews investment performance on a quarterly basis with the assistance of its investment advisers, Hymans Robertson LLP and Mark Stevens.

The Pension Fund Committee and Pension Board each maintains a risk register for the Pension Fund, which is available on the website (www.suffolkpensionfund.org). All Pension Fund risks are subject to regular monitoring in regards to the likelihood of occurrence and potential impact on the Fund.

Assurance over the systems operated by the Fund’s investment managers and custodians is maintained by obtaining relevant documentation about their internal control environment such as ISAE340 reports, prepared in accordance with the guidance from the Audit and Assurance Faculty of the ICAEW.

Systems and internal control

The Council’s statement of accounts, which includes the accounts of the Pension Fund, is subject to external audit by Ernst & Young LLP who produce an overall audit opinion on the Council’s accounts. The auditors produce a separate opinion on the Pension Fund financial statements and an opinion that the Pension Fund annual report is consistent with the Pension Fund accounts.

The Pension Fund is also subject to an internal review by the Council’s internal auditors on the robustness of the Pension Fund’s systems, procedures and controls. The Head of Audit Services has provided the opinion that the internal control environment provides sufficient assurance that the Pension Fund financial and administrative systems have adequate controls and effective systems in operation.

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

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

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

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

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

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

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

focussed on testing of transactions to provide an assurance on the effectiveness of controls surrounding payments to scheme members, to ensure that errors are not occurring and that appropriate checks are in place to ensure that accurate payments are made.

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

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

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

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

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

Counteracting Fraud

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

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

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

The Pension Fund has a number of controls in place to prevent internal fraud such as administrative staff being unable to access their own records, separation of duties and appropriate authorised signatories which are checked against payments. Internal controls are also subject to the audit scrutiny on an annual basis.

Pension Fund Risk Register

The Committee has adopted a formal framework for the identification and management of the risks that the Fund is exposed to. The risk register has been reviewed and updated in line with the guidance issued and reflects best practice in the identification, evaluation and control of risks in order to ensure that key risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible, then means to mitigate the implications of the risks is established.

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

The key risk is that required investment returns are not generated, resulting in assets falling short of the liabilities. Investment objectives have been set with the aim of achieving asset returns within an acceptable risk tolerance. The risks are managed in accordance with the County Council's arrangements for managing risks, including appropriate monitoring and mitigation measures.

The Pension Fund risk register includes risk on pooling including progress of pooling the Suffolk Pension Fund assets does not meet Government expectation. The Committee and Board are updated on pooling at every meeting and the officers actively participate within the ACCESS pool.

Note 19 in the Pension Fund statement of accounts includes a statement of the nature and extent of risks associated with the Fund's investments. The most significant risks associated with the Fund's investments are considered to be market risk (the risk that the value of the Fund's investments will fluctuate due to changes in market sentiment) and price risk (the risk that the funding level will fluctuate due to changes in market conditions and market performance). Both of these risks are included in the Fund's risk register and subject to appropriate management and monitoring arrangements.

ACCESS Pool Risk Register

The ACCESS Pool has a detailed risk register that is reviewed at every officer working group and reported to the Joint Committee. The risk register covers the establishment of pool governance and sub-fund establishment and implementation.

Financial Performance

Summary of the Financial Position

The following table shows the Pension Fund's financial position for the past five years:

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

Benefit Payments
Annual pension benefits are paid:

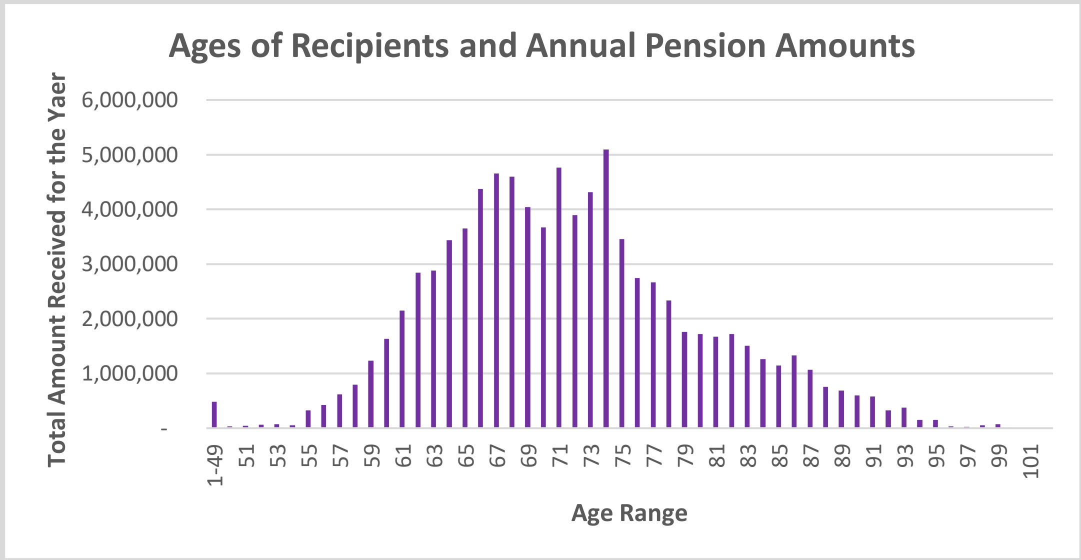
- To a retiree for the rest of their life
- To the partner of a retiree when they have died
- To the partner of a member who dies before claiming their retirement benefits

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

- To dependent children of retirees when they die or members who die before claiming their retirement benefits until they leave full time education
- To dependent children of retirees when they die or members who die before claiming their retirement benefits, for the rest of their life if they have a disability that inhibits their ability to be in gainful employment.

Demographic assumptions about the proportion of members who are assumed to be married or have a dependent at retirement or on earlier death are made as part of the valuation process.

The graph below, shows the total pension payments for each age. Pension payments tend to be concentrated within the 62 – 77 age bracket with pension payments peaking with recipients at age 74 at £5.1m a year. A significant reduction is not experienced until pensioners are in their late 80's. This is in line with the longevity demographic assumptions reported in the last valuation exercise.



- 8% of the recipients are aged 85 or over and account for 8% of the annual benefits being received.
- There are 11 recipients who are aged 100 or over, the average receipt of their pension benefit is 28.8 years.
- The pension being drawn for the longest, is 53 years and is currently £4,569. The initial amount of this pension was £266 in 1968 when it was first drawn.
- 27 pensions have been claimed for 40 or more years.
- The average amount received during the year is £4,958. 12,416 recipients receive less than the average payment.
- The national average wage is £29,600. 265 recipients receive in excess of the national average wage.

Contribution Receipts

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

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

Cost of Running the Fund

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

Administration Expenses

Administrative expenses (shown below) consist of costs incurred by Suffolk County Council as administering authority of the Pension Fund, relating to activities the pension administration team perform to administer and pay pensions and provide members with scheme and benefit entitlement information, such as their annual benefit statements.

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

The Heywood administration software system supports the pensions' administration team to fulfil the complex requirements around administering the scheme; such as calculating pension benefits. The system holds every pension member record and history. Ongoing charges are incurred for maintenance of the system, licenses to use it and includes the costs of the self-service system which allows contributing and deferred members of the scheme to access their pension data, change their personal details, calculate their pension estimates and receive their annual benefit statements.

The reduction in the Heywood expenses relates to the 2019-20 implementation of the new Pensioners payroll system. This is an integrated payroll system that links with the member self-service module, therefore extending the opportunities for digitalisation of the pension service which reduces printing and postage costs whilst improving members access to their information.

Oversight and Governance Expenses

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

Asset pooling costs represents Suffolk's share of costs included in the ACCESS Pool Report (please see section on ACCESS for further information about the costs of the Pool). These are the operational ongoing costs for running the ACCESS Pool and include the costs of the ACCESS support unit and professional and legal advice.

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

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

Investment Management Expenses

Investment management expenses (shown overleaf) are costs related to the management of the fund's assets, including directly invoiced fees from investments managers and fees payable to fund managers which are deducted from the fund assets as opposed to being invoiced to the Pension Fund. The fees charged by the custodian, HSBC, are also included.

In the Pension Fund accounts, (as per CIPFA guidance), only the fees and expenses that the Fund has a contractual liability for are included, this means that only the management fee, depositary fees and audit fees charged by Link for overseeing the sub-fund that Suffolk are invested in are shown. The additional fees and expenses paid to the investment manager that Link has a contractual agreement with, are £1.263 million.

The Scheme Advisory Board have been supporting the cost transparency initiative which was developed through the LGPS code of transparency. Many of the managers the Fund has investment with have signed up to the voluntary code and submitted templates which illustrates underlying indirect costs which the Suffolk Pension Fund does not have a direct contractual liability.

These costs include indirect transaction costs, which is the difference between the buying and selling prices of investments and their actual value (bid offer spread) and implicit costs which is the opportunity cost of the investment manager using internal resources, these costs total £1.7 million.

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

Notes:

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

Included in the Investment management expenses above for some of the investments, are an element of performance fee, these can be based on the net asset value breaching the watermark (highest valuation of the investment) or the returns exceeding a prescribed target. A negative figure denotes a reduction in the accumulative performance fee in investments that are paid a performance fee when the investments has been realised.

A breakdown of the performance fee element included in the previous table is as below:

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

Investment Income

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

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

Global holdings are those that include an element of both overseas and UK listed assets.

Alternatives include private equity, illiquid debt, absolute returns and infrastructure.

Other, denotes assets not falling into any other category such as investment vehicles where the underlying investments may comprise of assets of more than one type.

Fund Performance Report

Investment Powers

Within the Local Government Pension Scheme (Investment and Management of Funds) Regulations 2016 the Government has placed a 5% restriction on the investments of the Suffolk Pension Fund into entities connected with Suffolk County Council. The Pension Fund currently has no investments in entities connected to Suffolk County Council and is therefore below the 5% statutory limit included in the regulations.

Investment Strategy Statement

The Fund's investment objectives and asset allocation are incorporated into its Investment Strategy Statement, which is published on the Suffolk Pension Fund website (www.suffolkpensionfund.org).

The Pension Fund Committee has approved a customised asset allocation for the Pension Fund, based on a review of its investment strategy that was carried out with the assistance of its investment advisors, Hymans Robertson LLP and Mark Stevens.

The Fund's investments are allocated across a range of asset classes. The largest allocation is to equities which also accounts for the majority of the investment risk taken by the Fund.

Asset Allocation

The Suffolk Pension Fund is cash flow positive, meaning that annual contributions are in excess of annual benefit payments and is therefore in a position to target a predominantly growth-based strategy with the aim of maximising asset growth in the long term.

There are significant levels of diversification between different asset classes to reduce overall portfolio risk through combining the performance of each asset class. This helps reduce the volatility effects of the financial markets, whilst maintaining the Fund's relatively low risk approach.

The Fund has a 73.5% allocation to 'growth' assets (equities and alternatives) in order to meet the long-term funding assumptions set out in the 2019 actuarial valuation.

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

The Committee recognises Environmental, Social and Governance (ESG) issues can impact on the Fund's investment returns and is committed to responsible investing so as to develop a sustainable investment approach to protect future Fund performance.

Within the overseas equities holdings there is an 16% allocation to the UBS Climate Aware Fund which helps mitigate the risk of climate change and represents a transition to a lower carbon portfolio. The Fund aims to deliver returns broadly in line with the FTSE Developed Index and will increase or decrease exposures to constituents of the index based on their expected contributions towards climate change.

The 26% allocation to bonds is designed to help manage overall levels of funding volatility.

The Committee monitors the investment allocation relative to the agreed asset allocation benchmark and the maximum investment limits.

The strategic benchmark and the actual asset allocation of the Fund at March 2021 are shown below along with the maximum investment limits set for each asset class.

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

Investment Management Arrangements

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

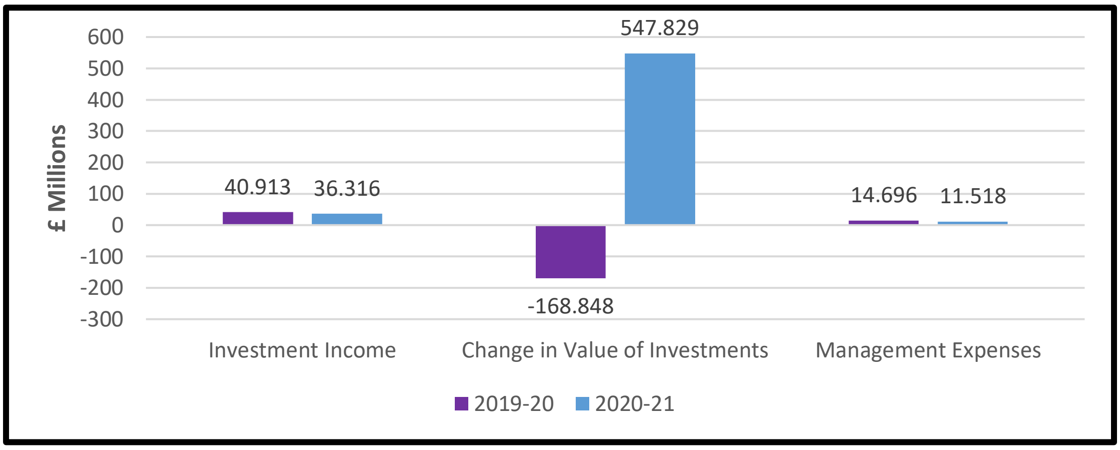
Fund Manager Allocation			
Investment Manager	**Asset class**	**Actual allocation March 2021**	**Long-term allocation**
		%	%
BlackRock	UK equities & Bonds	19.5	20.0
Brookfield	Timber	0.2	0.5
J P Morgan	Infrastructure	4.9	6.0
Kohlberg, Kravis, Roberts (KKR)	Infrastructure	0.0	0.5
Link Fund - Newton	Global equities	14.8	12.0
M&G Investments	Bonds, Illiquid Debt & Infrastructure	12.3	13.5
Pantheon	Private equity	3.8	3.5
Partners Group	Infrastructure & Illiquid Debt	2.3	2.0
Pyrford	Absolute return	5.3	-
Schroder	Property	8.8	10.0
UBS	Equities & Bonds	27.1	26.0
Wilshire	Private equity	0.4	0.5
TBC	Illiquid Debt		5.0
Internal Cash	Cash	0.6	0.5
Total		**100.0**	**100.0**

Notes

- Commitments with Partners, Pantheon, the Debt Solution Fund and Infracapital commitments made to M&G are only part funded. These investments only call for capital funding when they have an investment to fund and will continue to increase their holdings in the forthcoming financial year.
- Wilshire, the older commitment to Pantheon and Partners and the Debt Opportunity investment with M&G are in the process of realising the underlying investments and returning cash to the Pension Fund.
- The previous investment with Kohlberg, Kravis, Roberts was realised during the year but a new commitment has been made to the global infrastructure fund IV, with the first capital call expected towards the end of 2021.
- A commitment of 5% to illiquid debt has not yet been allocated.

Investment Performance

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

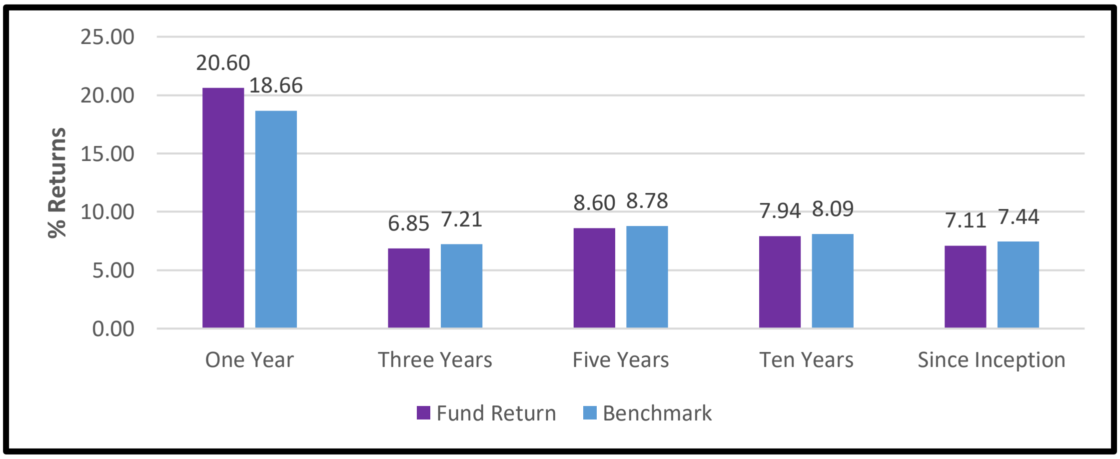


The Fund's assets increased from £2,808 million to £3,398 million during 2020-21, representing an investment return of 20.6% net of fees. The Fund's benchmark is based on the weighted average of the market index returns for the markets in which it invests in or a mandate specific absolute return. The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

The Fund performed under benchmark over the longer term for the five year benchmark by 0.18% and by 0.15% per year for the ten year benchmark.

The Fund's investment return compared with its benchmark index over one, three, five and ten years and since inception is shown below:

Fund Investment returns



Long-term Investment Performance

The Fund's investment returns over the previous ten year are shown below compared to the Fund's own benchmark. In addition, the Fund's returns are compared with the movement in retail prices over this period.

Long-term performance (year ended 31 March)										
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
	%	%	%	%	%	%	%	%	%	%
Retail prices	**3.6**	**3.3**	**2.5**	**0.9**	**1.6**	**3.1**	**3.3**	**2.4**	**2.6**	**1.8**
Fund return	**2.0**	**13.6**	**5.6**	**15.4**	**0.7**	**19.0**	**4.0**	**5.9**	**-4.5**	**20.6**
Fund benchmark	3.8	12.1	6.3	13.9	1.5	17.9	4.8	7.4	-3.3	18.7
Relative return	-1.8	1.5	-0.7	1.5	-0.8	1.1	-0.8	-1.5	-1.2	1.9

Over the longer term the Fund's investment return is substantially above the increase in retail prices, which is an important factor as retail price increases has a direct impact on the movement of the Fund's pension liabilities.

The table below shows the opening and closing balances and reported performance for each asset class (excluding cash) for 2020-21, alongside the Suffolk benchmark target and the passive index if an appropriate index exists.

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

Asset Pooling

The Suffolk Pension Fund has made a commitment to pool all of its assets into the ACCESS Pool. (Please see section on ACCESS for further information about the Pool). The first sub-fund that Suffolk transferred into was the Newton Global Equity Fund which was available for investment in the first quarter of 2019-20.

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme which is how the Pool operates.

The Suffolk Pension Fund has saved £1.8 million in 2020-21, on investment management fees on assets that have been pooled.

Manager Performance

The table below shows the investment returns by the Fund's investment managers relative to their benchmarks over one, three and five years (where available) and their absolute returns for the year.

The investment objectives of the Fund's investment managers are to outperform relative to their benchmark index, typically the index for the market they are invested in or on an absolute return cash plus basis.

Investment Manager Performance

Share of Fund 31 Mar 21	Manager	2020-21 Absolute Return	2020-21 Relative Return	3 Year Relative Return	5 Year Relative Return
%		%	%	% p.a.	% p.a.
8.0	Blackrock Equities	30.2	3.5	3.3	2.5
11.4	Blackrock Bonds	13.3	11.1	-0.8	-1.1
0.2	Brookfield	-0.8	-8.8	-1.0	2.0
4.9	JP Morgan	-1.2	-9.2	-	-
0	KKR	-23.1	-31.1	14.2	15.7
12.3	M&G	14.5	11	-9.1	-0.4
14.8	Link Newton	36.0	-2.9	2.2	0.0
2.3	Partners	18.2	10.2	4.2	5.5
3.8	Pantheon	24.8	-15.1	-0.7	0.8
5.4	Pyrford	8.8	3.7	-2.3	-2.3
8.8	Schroders	2.2	-0.3	-0.3	-0.1
27.1	UBS	31.4	-0.3	-0.5	-
0.4	Wilshire	6.8	-33.1	0.2	3.1

Notes for table:

- UBS received the various passive index-tracking investments during the last quarter of 2017-18.

- JP Morgan investment commenced in the last quarter of 2018-19.
- The performance achieved by the segregated Newton mandate has been transferred to the Newton sub-fund held by Link Fund Solutions due to the same mandate being held.
- The private equity mandates held by Wilshire and Pantheon were previously reported combined which is why long-term data in not available.

The investment returns produced by the managers can be highly volatile, so performance is assessed by the Pension Fund Committee based on their medium-term track record, typically over three or five years. Over five years, Blackrock, Brookfield, KKR and Partners have achieved a good level of outperformance.

Market Review (prepared by Mark Stevens, independent adviser)

Market review: Year to 31 March 2021

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

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

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

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

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

Global Economy Highlights: 2020-21

- The US economy rebounded strongly from the sever shock of the pandemic, with $6 trillion of USD Covid-19 relief support for households the economy is set to grow as its fastest rate in decades. Stock markets are at record highs, however with the economy running fast concerns are emerging over inflation which hit 5% in May.

- China and the Emerging markets benefited from the recovery in global demand. The rapid containment of COVID-19 in China and strong stimulus from government has facilitated a strong economic rebound with the economy forecast to grow 8% this year. India has suffered from growing infection rates and a slow vaccine roll out but is still expected to deliver strong growth over the rest of the year.

- European economic growth has been slower to recover than in many regions. A slow vaccine roll out gradually gained momentum but not before Europe entered a double dip recession during Q1 2021. Growth is expected to accelerate going forward as the €750bn EU Recovery fund begins its initial disbursements.

- After suffering one of the severest economic contractions in the developed world last year, the UK has begun to recover strongly and the IMF have raised growth forecasts to 5.5% for 2021. The speed of vaccine roll out has been ahead of many countries however despite this, concerns remain of future lockdowns impacting the recovery.

- UK Interest rates were cut twice in March 2020 in response to COVID-19. The Bank of England initially to 0.15% and ending the period at 0.1% the lowest level in history. This rate has been left unchanged over the fiscal year. With the economy recovering strongly and inflation rising, the prospect of negative rates floated last year have now receded

Equity

- The performance of global equities was extremely strong following the sharp selloff seen during March 2020. For Sterling based investors a recovering currency reduced the return on overseas assets. In Sterling terms global equities rose 40.4% over the financial year. US Equities gained 42.8% (58.0% in local currency) Developed Europe 35.0% (40.6% in local currency). Emerging markets gained 40.8% in Sterling terms (53.1% local currency)

- UK equities rose 5.2% in the quarter to March 2021, ending the financial year up 26.7%, despite this strong return the UK market significantly underperformed the World Index.

- The best performing sectors in the World Index were Consumer Discretionary (+59.9%) Materials (+59.4%) and Information Technology (+54.8%) the worst performing sectors were Utilities (+11.3%) Consumer Staples (+12.7%) and Healthcare (+17.5%).

Bonds

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

Property

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

July 2021

Environmental, Social and Governance

The Pension Fund is required to disclose in its investment strategy statement to what extent that it takes account of environmental, social or ethical considerations in the selection, realisation or disposal of investments. The Pension Fund Committee considers that the primary responsibility of the Committee is to ensure that the long-term return from its investments is sufficient to meet the Fund's liabilities and that the selection of investments should be undertaken to achieve the best financial return for the Fund, subject to an appropriate level of risk. It has not placed any requirements on the Fund's investment managers in the selection or retention of investments by reference to environmental, social or ethical criteria. All investments that are made for the Fund comply with the legal and regulatory requirements that apply to the local government pension scheme.

Engagement

The Suffolk Pension Fund is a member of the Local Authorities Pension Fund Forum (LAPFF), to enable it to act collectively with other local authorities on corporate governance issues. The Forum currently has 83 member funds with assets of more than £300 billion and directly engages with company chairs and boards to affect change at investee companies.

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

As such, the Fund has a commitment to ensure that companies in which it invests adopt a responsible attitude toward the environment, and adopt high ethical standards. Generally, such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders.

The Fund seeks to achieve this objective by raising issues with companies in which it invests, to raise standards in a way that is consistent with long term shareholder value. Again, the Fund primarily uses its membership of LAPFF to achieve this.

Voting Policy

The Pension Fund seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of the companies that it invests in. The Fund's equity holdings give the Fund the right to vote on the resolutions at company general meetings.

The Pension Fund Committee has a voting policy which covers its holdings in UK and overseas companies. Voting is carried out on the Fund's behalf by its governance and voting advisers, Pension Investments Research Consultants (PIRC). The Fund's voting guidelines are published on the Suffolk Pension Fund website (www.suffolkpensionfund.org).

In addition, the Joint Committee of the ACCESS Pool agreed the voting guidelines for inclusion by Link in their Investment Management Agreements. These guidelines set out those matters of importance to the participating ACCESS Pension Funds and promote good corporate governance and management in the companies in which investments are made. In circumstances where investment managers do not adopt the positions set out in these guidelines they are required to provide a robust explanation of the position adopted. These voting guidelines are aligned with the Suffolk Pension Fund voting principles.

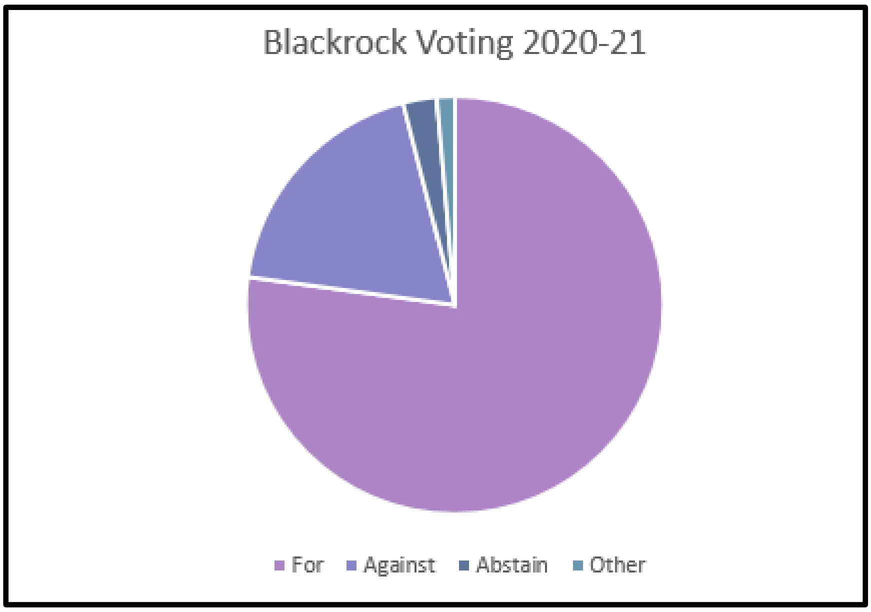
The general principles followed in both voting guidelines are: -

- Will vote in favour of proposals at annual and extraordinary general meetings which comply with good practice on corporate governance. The definition of good practice is based on the guidelines in the UK Corporate Governance Code.
- Will vote against proposals which breach the Code and where the company is unable to provide a satisfactory explanation of its policy.
- Will in general abstain on proposals which do not relate to issues contained in the good practice guidance in the Code.

Annual Proxy Voting Review (Prepared by PIRC, proxy voting provider)

During 2020-21, PIRC voted at a total of 56 General Meetings on behalf of Suffolk County Council Pension Fund in regards to its Blackrock UK Equity mandate.

Suffolk County Council Pension Fund received voting recommendations for 932 resolutions of which 719, (77%) of the resolutions were supported and 176 (19%) resolutions were opposed. 24 (3%) resolutions received abstain votes and 13 resolutions which were non-voting or withdrawn items.



UK Voting

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

The current version of the UKCG Code came into force on 1 January 2019, and the Stewardship Code on 1 January 2020. The Code also calls for board chairs with tenures over nine years to rotate. The code is applied on a 'comply or explain' basis. This regulatory approach means companies can elect not to follow the provisions of the Code, although boards are expected to explain why a particular provision is not considered suitable for their company or business.

The remuneration report is put to shareholders in an annual advisory vote and it describes the outcome of the remuneration policy implemented during the year under review. The remuneration policy itself is put to the shareholders as a binding resolution and must be voted on at least every three years, or any time that the remuneration policy changes.

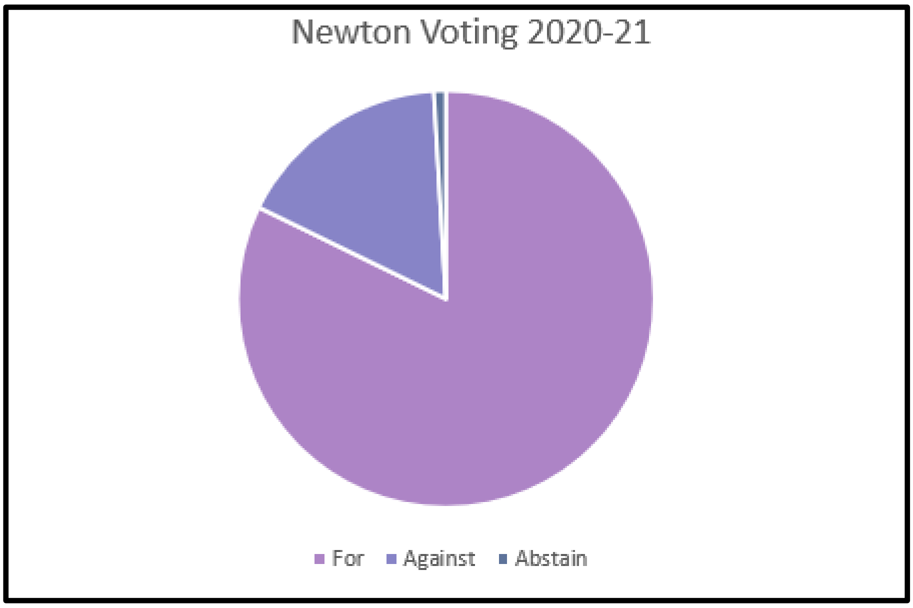
In 2020 many listed companies received significant votes against their remuneration reports and their remuneration policies. In those instances where the remuneration policy was put to shareholders Suffolk opposed 18, abstained on 6 and voted in favour of 1. Where an advisory vote on the remuneration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

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

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

Voting on Newton Sub-fund holdings

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



The votes cast can be categorised as follows:

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

Governance Report

Governance of the Suffolk Pension Fund

All LGPS Funds in England and Wales are required to produce a Governance Policy Statement, revise it following any material change in their delegation arrangements and publish it.

Each authority is required to:

(a) Keep the statement under review;

(b) Make appropriate revisions following a material change in respect of any matters; and

(c) If revisions are made -

  i) Publish the statement as revised, and

  ii) Send a copy of it to the Secretary of State.

The Statement is required to set out:

(d) Whether the administering authority delegates their function or part of their function in relation to maintaining a Pension Fund to a committee or an officer of the Council;

(e) Where this is the case, details of:

  i) The frequency of any committee meetings

  ii) The terms of reference, structure and operational procedures in relation to the use of delegated powers

  iii) Whether the committee includes representatives of employing authorities or scheme members, and if so, whether those representatives have voting rights.

(f) The extent to which a delegation complies with the guidance given by the Secretary of State and if it doesn't comply the reasons why.

The Pension Fund Governance Policy Statement sets out how the County Council's statutory responsibilities for the LGPS will be carried out and is published on the Suffolk Pension Fund website (www.suffolkpensionfund.org). The Suffolk Pension Fund Committee carries out the County Council's responsibilities for the management of the Pension Fund.

Pension Fund Committee

The Pension Fund Committee's key responsibilities are:

a) The effective and prudent management of the Suffolk Pension Fund.

b) The approval of the Fund's investment strategy

c) The approval of the funding strategy following the triennial actuarial valuation, and the determination of the employers' contributions to the Fund.

Delegations to the Chief Financial Officer

During 2020-21, the Chief Financial Officer, the County Council's responsible financial officer under section 151 of the Local Government Act 1972, is responsible for all decisions concerning the Pension Fund within the scope of the policies that have been approved by the Pension Fund Committee.

Membership of the Committee

During 2020-21 the Pension Fund Committee consisted of seven county councillors, who were appointed by the County Council, reflecting the political balance on the County Council as a result of the May 2017 County Council elections. In addition, the Committee included two district council representatives, who were nominated by the Suffolk District Council leaders, and a scheme member representative, who was nominated by UNISON.

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

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

Councillor	Meetings attended
Cllr Karen Soons	5
Cllr David Roach	5
Cllr Peter Gardiner	5
Cllr David Goldsmith	5
Cllr Robert Lindsay	5
Cllr Alexander Nicholl	5
Cllr Jamie Starling	5
Cllr Colin Kreidewolf	5
Cllr John Whitehead	5
Mr Steve Warner	5

All members of the Pension Fund Committee have voting rights.

Committee members must declare any conflicts of interest at each committee meeting which are recorded in the minutes. In addition, all members have to complete a register of interest declaration form which is available for public inspection. A review of the register is undertaken by internal audit as part of their governance auditing programme and the results are reported to the Audit Committee.

Committee Training

The Pension Fund Committee recognises the importance of ensuring that those who are responsible for financial management and decision making with regards to the pension scheme are equipped with the necessary knowledge and skills. During 2020-21, the Chief Financial Officer was responsible for ensuring that appropriate training is undertaken by members and officers with responsibilities relating to the Pension Fund.

The Committee has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs. All new committee members are given training on the operation of the Fund and their responsibilities.

In addition, the committee approves a formal training plan which is designed to cover the Committee's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.

As part of the training plan the Committee has received presentations during the year from the fund's investment managers and advisers:

- Committee training day was a workshop which covered the development of:
    - Environmental, Social and Governance beliefs
    - Responsible Investment
    - Climate Change
- Improving Communications
- Improving Governance
- Private versus Public Markets
- Review of the Fund covering the previous 4 years local election cycle.

This is supplemented by external training provided by local government organisations and investment seminars organised by investment managers and industry experts. Committee members and officers have access to the on-line training and reference material contained in the CIPFA Pensions Knowledge and Skills 'tool kit'.

Work of the Pension Fund Committee

The Pension Fund Committee has a business plan which sets out its priorities for service development. The Committee monitored the investment performance of the Fund and all its managers on a quarterly basis, receiving a combined investment report with collaboration from Hymans Robertson LLP and Mark Stevens, the Fund's Investment advisers and officers of the Pension Fund. The report includes commentaries on the performance of the managers and the investment strategies employed, a review based on the quarterly investment manager's meetings and an overview of the economic outlook.

The annual report on investment performance for 2019-20 was produced and presented by HSBC, the Fund's performance advisers.

During the year the Committee received advice from Hymans Robertson LLP reviewing the investment strategy of the Fund and recommending minor changes to the strategy to further enhance the portfolio and returns whilst maintaining a lower risk approach to investments and undertook its annual Asset Allocation Review in November 2020.

The main topics considered by the Committee were:

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

The Committee monitored the actuarial position of the Fund on a quarterly basis with the receipt of an estimated funding valuation report produced by Hymans Robertson LLP.

The Committee has been regularly kept informed of the development of the ACCESS pool and the creation of the ACCESS Authorised Contractual Scheme (ACS). The first move of Suffolk assets into the ACS took place in May 2019.

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

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

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

The Committee updated and approved the following documents:

- Treasury Management Policy
- Investment Strategy Statement
- Conflicts of Interest Policy
- Governance Policy
- Governance Compliance Statement

Pension Board

The Pension Board’s key responsibilities are:

1) Assist the Council as scheme manager
   a) To secure compliance with the Local Government Pension Scheme (LGPS) Regulations and any other legislation relating to the governance and administration of the LGPS;
   b) To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
   c) In such other matters as the LGPS Regulations may specify.
2) Secure the effective and efficient governance and administration of the Suffolk Pension Fund.

Membership of the Board

The function of the Suffolk Pension Board is to assist Suffolk County Council as administering authority of the Suffolk Pension Fund in ensuring the effective and efficient governance and administration of the Suffolk Pension Fund in line with legislative requirements.

The Suffolk Pension Board consists of six members, three Pension Fund employer representatives (one each representing the County Council, other local government employers and other employers) and three Pension Fund member representatives (one each representing current active members, retired members and trade unions).

The attendance of the Pension Board members for the quarterly meetings held are as follows:

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

Board Training

The Pension Board recognises the importance of complying with the Pensions Regulator's Code of Practice in regard to the demonstrable knowledge and understanding of the LGPS that is expected, whilst in addition, having due regards to the guidance issued by the Scheme Advisory Board.

In addition, the Board has approved a training plan which is designed to cover the Board's responsibilities. This is to be reviewed annually and updated to include new topics of interest and any additional training requirements identified.

Members of the Board also attend the Pension Fund Committee training and attend the annual Committee training day.

As part of the training plan the Board has received training as follows:

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

Work of the Pension Board

The Pension Board agreed a forward work programme for the year ahead.

The Board has received and reviewed:

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

- Regular updates on the performance of the administration team and complaints and compliments received.
- Regular updates on recent developments with the Fund

Administration Report

Introduction to the Fund

The Local Government Pension Scheme (LGPS) provides pension benefits for certain employees within local government. It is governed by statute and the statutory responsibility for regulating the scheme lies with the Minister of State for the Ministry of Housing, Communities and Local Government.

The Scheme is open to all County Council employees (except teachers and fire fighters and former NHS staff who have their own scheme), employees of the Suffolk district councils and employees of certain other public bodies (known as scheduled bodies) within Suffolk.

Parish and Town Councils may decide by designation to allow their employees to join the Pension Fund. The regulations also permit the Pension Fund Committee to admit to the Fund certain other bodies which provide public services.

All eligible employees automatically become members of the scheme unless they choose to opt out.

How the Fund Works

The LGPS is a funded scheme. This means the scheme is financed by contributions

from the Fund's employers and their employees and by income from the Fund's investments. The employer's contribution rates are set as part of the actuarial valuation exercise which is carried out every three years by the Fund's Actuary.

The last valuation exercise was carried out during 2019-20, and following consultation with the employers in the Fund, the new contribution rates were approved by the Pension Fund Committee and took effect from 1 April 2020.

The next valuation exercise will be carried out during 2022-23 and will, following employer consultation and Pension Fund Committee approval, set the employer contribution rates for 3 years commencing in April 2023.

Costs of Membership

Employee contributions are banded on a member's actual pensionable pay. The pay banding table which was used during 2020-21 is shown below. The contribution rates and pay bands are reviewed periodically to maintain the average contribution from employees at 6.5% and to ensure the long-term costs of the scheme are affordable.

Actual Pensionable Pay	Contribution Rate
£0 - £14,600	5.50%
£14,601 - £22,900	5.80%
£22,901 - £37,200	6.50%
£37,201 - £47,100	6.80%
£47,101 - £65,900	8.50%
£65,901 - £93,400	9.90%
£93,401 - £110,000	10.50%
£110,001 - £165,000	11.40%
£165,001 or more	12.50%

Members have the option to join on a 50/50 basis which will entitle members to pay half the contribution detailed above, in exchange for half the pension benefit. These members do retain full benefits in the event of ill health or death.

Benefits of the Pension Fund

The majority of benefits that are payable are set by regulations, although there are certain instances where discretion is given to employing bodies in the Fund. Each employer has a discretion policy detailing their decisions in respect of these instances.

All pensions payable from the Fund are defined as 'official pensions' for the purpose of the Pensions (increase) Act.

The core scheme benefits are:

- The ability to take a tax-free lump sum by commutation of pension. For service in the scheme prior to 1 April 2008 there is an automatic tax free lump sum of three times the annual Pension to 31 March 2008.
- Life assurance of three times the member's yearly pay from the day they join the scheme.
- Pensions for spouses, civilly registered partners and qualifying co-habiting partners. Eligible children are also entitled to a pension.
- An entitlement paid early if a member has to stop work due to permanent ill health.
- Pensions increases in line with inflation (measured by the Consumer Price Index).
- Pensions are payable from age 55, including flexible retirement

Pension Administration

The Pension Administration team carries out a range of pension benefit calculations and administrative functions:

- Maintaining an accurate database of scheme members, deferred members and pensioners;
- Calculating service credits from incoming transfer values and notifying scheme members accordingly;
- Calculating and paying outgoing transfer values to other pension schemes and providers;
- Calculating and notifying amounts of deferred pension benefits when a member leaves before normal retirement age;
- Calculating and paying pension benefits when a member retires;
- Assessing the impact of, and implementing amending legislation when received and also communicating the effect of those changes to members, deferred members, pensioners and scheme employers;
- Providing estimates of benefits, information on entitlements and implementing pension sharing orders on divorce;
- Paying pensioners monthly;
- Calculating and paying dependent pensions and lump sums when a member, deferred member or pensioner dies.

Summary of Work Undertaken by the Fund in 2020-21

In addition to the day-to-day functions of completing and processing various administration tasks the team seeks to continually improve the functionality of the Pension Fund and the quality of the data required to administrate the Pension Fund effectively and to a high standard.

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

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

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

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

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

Key Performance Indicators

The administration team monitors its performances based on the key indicators in the tables below and overleaf. This information has been downloaded from the Heywood Altair pension administration system which records all tasks required to complete and sign off the cases logged.

Number of Cases completed

Case Type	Cases Outstanding at the start of the Year	Cases commenced in Year	Cases completed during the Year	Cases outstanding at Year end	Percentage Completed in Year
Death - Initial letter acknowledgement death of active/ deferred/ pensioner member	8	545	553	0	100%
Death - Letter notifying amount of dependant's benefits	2	195	197	0	100%

Case Type	Cases Outstanding at the start of the Year	Cases commenced in Year	Cases completed during the Year	Cases outstanding at Year end	Percentage Completed in Year
Retirements - Letter notifying estimate of benefits (all types)	Active - 24 Deferred - 46 Total - 70	Active - 592 Deferred - 1348 Total - 1940	Active - 590 Deferred - 1356 Total - 1946	Active - 26 Deferred - 38 Total - 64	Active - 96 Deferred - 97 Total – 97
Retirements - Letter notifying actual retirements and process and pay lump sum retirement grant (all types)	Active - 5 Deferred - 14 Total - 19	Active - 449 Deferred - 648 Total - 1097	Active - 447 Deferred - 653 Total - 1100	Active - 7 Deferred - 9 Total - 16	Active - 98 Deferred - 98 Total – 98
Transfer Ins - Letter detailing transfer in quote	2	271	272	1	99%
Transfers In - Letter detailing transfer in	8	187	177	18	91%
Transfer Out - Letter detailing transfer in quote	118	349	428	39	92%
TransfersOut - Letter detailing transfer in	33	186	214	5	98%
Refund - Process and pay refund	1	443	443	1	99%
Divorce quote - Letter detailing cash equivalent value and other benefits	13	167	179	1	99%
Divorce settlement - Letter detailing implementation of cash equivalent value and application of PSO	0	1	1	0	100%
Member Estimates / Projections	7	185	191	1	99%

Key Performance Indicators:

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

Employer Performance

The Administration Strategy sets out the quality and performance standards expected of the employers in the Fund as well as those of the administration team, seeking to promote good working relationships, improve efficiency and the quality of data.

Employers are required to provide the Pension Fund with their annual end of year returns by 21 April each year. The team engages with the scheme employers providing templates, guidance on the requirements, issuing deadline reminders and provide scheme employers with a starting point list of members.

Internal Dispute Resolution Procedure (IDRP)

If a member or their representative has a complaint against the administration of the Pension Fund or wishes to appeal against a decision which has affected them, they can invoke the Pension Fund's Internal Disputes Resolution Procedure (IDRP). There are 3 stages to this process.

The first stage ensures a nominated person from the scheme employer will look at the case with the requirement that this individual has had no previous involvement in the case. The nominated person will review the complaint and notify the person of their decision.

If the person raising the complaint is dissatisfied with the first stage decision, they can apply for a second stage review of the decision, which is undertaken by the person nominated by the Head of Legal Services at Suffolk County Council to hear such disputes. If the person is still dissatisfied, they can take their case to the Pensions Ombudsman for a further review.

In 2020-21 there was 2 IDRP cases from a total of 6,683 cases processed.

Membership

The overall membership has increased year on year, with an active member increase of 8% during the last five years.

Membership Summary	2016-17	2017-18	2018-19	2019-20	2020-21
Members	19,954	19,950	20,354	21,670	21,702
Pensioners	15,074	15,661	16,075	16,855	17,540
Deferred Members	23,438	25,038	27,821	29,255	30,636
Total	**58,466**	**60,649**	**64,250**	**67,780**	**69,878**

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

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

Employers in the Fund

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

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

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

Scheduled Bodies

Scheduled bodies are local authorities, district and borough councils and other similar bodies such as colleges, academies and free schools whose staff are automatically entitled to be members of the Fund.

Local Authority

Babergh District Council
East Suffolk Council
Ipswich Borough Council
Mid Suffolk District Council
Suffolk County Council
West Suffolk Council

Other

Association of Indoor Fisheries and Conservation Bodies (AIFCA)
Chief Constable of Suffolk
The Police and Crime Commissioner for Suffolk

Colleges

Abbeygate Sixth Form College
East Coast College
Lowestoft 6th Form College
Suffolk New College
University Campus Suffolk Ltd
Suffolk One
West Suffolk College

Academies

Debenham High School
Holbrook Academy
St Mary's C of E Academy
Thomas Mills High School

Academy Transformation Trust

Beck Row Primary
Great Heath Academy
Mildenhall College Academy
Westbourne Academy

Active Learning Trust

Albert Pye Primary
Chantry Academy
Grove Park
Gusford
Hillside
Pakefield
Ravensmere Infant School
Red Oak
Reydon
Sidegate
Westwood Primary

All Saints School Trust

All Saints (Laxfield)
Charsfield CoE Primary
Dennington CoE Primary
Fressingfield CEP
Great Welnetham Primary
Occold Primary
St Peter & St Paul
Stradbroke CEP
Wortham Primary

Anglian Learning

Howard primary School
The Pines Primary

ASSET Education

Bungay Primary
Castle Hill Infants School
Castle Hill Junior School
Cliff Lane Primary School
Egdar Sewter
Holton St Peter
Ilketshall
Ringshall Primary School
Shotley Primary
St Helens Primary School
Stutton C of E Primary School
The Oaks Primary School
Wenhaston
Whitton Community Primary School

Avocet Academy Trust

Aldeburgh Primary School
Easton Primary Academy
Leiston Primary Academy
Saxmundham Primary
Wickham Market Primary Academy

Believe Engage Succeed Trust

Riverwalk
The Albany Centre PRU
Warren School

Catch 22 MAT

Everitt Academy

Children's Endeavour Trust

Abbot's Hall Community Primary
Bosmere Community Primary
Broke Hall
Chilton Community Primary
Combs Ford Primary
Freeman Community Primary
Springfield Junior

Clarion Academy Trust

Pakefield High School

Diocese of Ely

St Christophers CE Primary

Diocese of Norwich Education

Kessingland C of E Primary

East Anglian Schools Trust

Bungay High School
Castle EAST
Farlingaye High School
Kesgrave High School

Eastern Multi Academy Trust

The Glade Community Primary School
West Row Academy

Eko Trust

Rushmere Hall Primary

Evolution Academy Trust

Coldfair Green Primary
Elm Tree Community Primary School
Poplars Community Primary School
The Dell Primary School

Forest Academy

Elveden Primary School
Forest Academy

Gippeswyk Community Educational Trust

Britannia Primary School
Copleston High School
Rose Hill Primary School

Hartismere Family of Schools

Benjamin Britten High School
Somerleyton Primary

Hartismere School
Woods Loke Primary

Inspiration Trust
Eastpoint Academy

John Milton Academy Trust
Bacton Community Primary
Cedars Park Primary
Mendlesham Primary
Stowupland High School

Olive Academy Trust
Olive AP Academy (Kingsfield PRU)

Ormiston Academies Trust
Ormiston Denes Academy
Ormiston Endeavour Academy
Ormiston Sudbury Academy
Stoke High School-Ormiston Academy
Thomas Wolsey Academy

Orwell Multi Academy Trust
Brooklands Primary School
Grange Community Primary School
Halifax Primary School
Handford Hall Primary School
Springfield Infant School
Willows Primary School

Our Lady of Walsingham
St Albans Catholic High School
St Felix-Haverhill
St Louis Catholic Academy
St Mary's Catholic Primary
St Pancras Primary

Paradigm Trust
Ipswich Academy
Murrayfield Primary School
Pipers Vale Community Primary

Raedwald Trust
Alderwood PRU
First Base Bury St Edmunds
First Base Ipswich PRU
Parkside Pupil Referral Unit
St Christophers PRU
Westbridge Pupil Referral Unit

REAch2 Multi Academy Trust
Beccles Primary
Gunton Primary
Martlesham Primary
Northfield St Nicholas Primary
Phoenix St Peter/Meadow Primary
Sprites Primary
St Margarets Primary
The Limes

Sabres Educational Trust
IES Breckland Free School

Sapienta Trust

Stradbroke High School

Seckford Educational Trust

Causton Junior School

Maidstone Infants School

Seckford Educational Trust

SENDAT

Chalk Hill Academy

Stone Lodge Academy

The Priory School

South Suffolk Learning Trust

Claydon High School

Claydon Primary

East Bergholt High School

Hadleigh High School

St Edmundsbury and Ipswich Diocesan Trust

All Saints CEVAP School

Bramfield C of E Primary

Brampton C of E Primary

Chelmondiston C of E Primary

Eyke

Hartest C of E Primary

Hintlesham & Chattisham

Long Melford C of E Primary

Mellis

Morland Primary

Nacton C of E Primary

Ringsfield C of E Primary

Sproughton CEVC Primary

St Marys Hadleigh

St Marys Woodbridge

St Matthews CEVAP

Stoke by Nayland C of E Primary

Tudor Primary

Wetheringsett C of E Primary

St Johns the Baptist Multi Academy Trust

St Benet's Catholic Primary (Beccles)

St Edmund's Catholic Primary (Bungay)

St Mary's Catholic Primary (Lowestoft)

Stour Valley Educational Trust

Clare Community Primary

Stour Valley Community School

The Ashley School Academy Trust

The Ashley School

The Consortium Multi Academy Trust

Barnby & North Cove

Helmingham Primary

Henley Primary

Mendham

Middleton Primary

Rendlesham Primary

Southwold Primary

St Edmunds Primary-Hoxne

Yoxford Primary

The Tilian Partnership

Bardwell CEVC Primary
Crawford's CEVC Primary
Gislingham CEVC Primary
Ixworth CEVCP
Old Newton CEVC Primary
Palgrave CEVC Primary
Rougham CEVCP

Thedwastre Education Trust

Great Barton CE Primary Academy
Rattlesden CE Primary Academy
Thurston CE Primary Academy
Woolpit Primary Academy

Unity Schools Partnership

Abbotts Green
Burton End Academy
Bury St Edmunds Academy Trust
Castle Manor Academy
Clements Primary School
Coupals Primary Academy
Felixstowe Academy
Glemsford Primary Academy
Houldsworth Valley
Kedington Primary Academy
Langer Primary
Laureate Primary
Newmarket Academy
Place Farm Academy
Samuel Ward Academy
Sir Bobby Robson School
Sybil Andrews
The Bridge School
The Churchill Free School
Thomas Gainsborough School
Wells Hall Primary
Westfield Academy
Wickhambrook
Woodhall (Sudbury)

Waveney Valley Academy Trust

Alde Valley Academy
Roman Hill Primary School
Sir John Lehman High School
Stowmarket High School

Resolution Bodies

Resolution bodies are bodies, usually town and parish councils who are entitled to be members but have a choice so therefore need to formally pass a resolution designating staff to be eligible to join the Fund.

Barningham Parish Council
Beccles Town Council
Botesdale Parish Council
Boxford Parish Council
Bury St Edmunds Town Council
Carlton Colville Town Council
Claydon & Whitton Parish Council
Felixstowe Town Council
Framlingham Town Council
Glemsford Parish Council
Great Cornard Parish Council
Great Livermere Parish Council
Great Waldingfield Council
Hadleigh Town Council
Halesworth Town Council
Haverhill Town Council
Hollesley Parish Council
IPSERV
Kesgrave Town Council
Lakenheath Parish Council
Leavenheath Parish Council
Leiston cum Sizewell Town Council
Long Melford Parish Council
Lowestoft Town Council
Market Weston Parish Council
Martlesham Parish Council
Melton Parish Council
Mildenhall Parish Council
Nayland and Wissington Parish Council
Onehouse Parish Council
Oulton Broad Parish Council
Pinewood Parish Council
Red Lodge PC
Redgrave Parish Council
Rickinghall Parish Council
Southwold TC
Stowmarket Town Council
Sudbury Town Council
Thurston Parish Council
Troston Parish Council
Ufford Parish Council
Woodbridge Town Council
Woolpit Parish Council

Admitted Bodies

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

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

ACCESS ANNUAL REPORT 2020/21

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

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

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

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

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

- Private Equity
- Private Debt
- Infrastructure
- Property

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

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

At a glance

- **1** Inter Authority Agreement (updated 2020)
- **1** Joint Committee
- **11** Authorities

- **£20bn** assets in **22** ACS actively managed sub funds
- **£11bn** assets with **1** jointly procured passive manager: UBS

- **5** FTE ASU* staff
- **5** part time Technical Leads**
- **Link:** ACS Operator
- **Alternatives** under consideration

- **£12.9m** costs
- **£38.4m** gross savings
- **£25.5m** net savings

Cumulative: 2016 inception to 31 March 2021

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

* FTE = Full Time Equivalent
ASU = ACCESS Support Unit

** Technical Leads drawn from ACCESS Authorities

Background

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

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

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

Governance

An extract from the ACCESS governance model is shown overleaf:

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

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

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

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

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

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

The Operator: Link Fund Solutions

Appointed in 2018 Link Fund Solutions Ltd (Link) provide the pooled operator service, overseeing an Authorised Contractual scheme for the sole use of ACCESS Authorities. Link are responsible for establishing and operating an authorised contractual scheme along with the creation of a range of investment sub-funds for active listed assets and the appointment of the investment managers to those sub-funds. This is designed to enable Administering Authorities to execute their asset allocation strategies

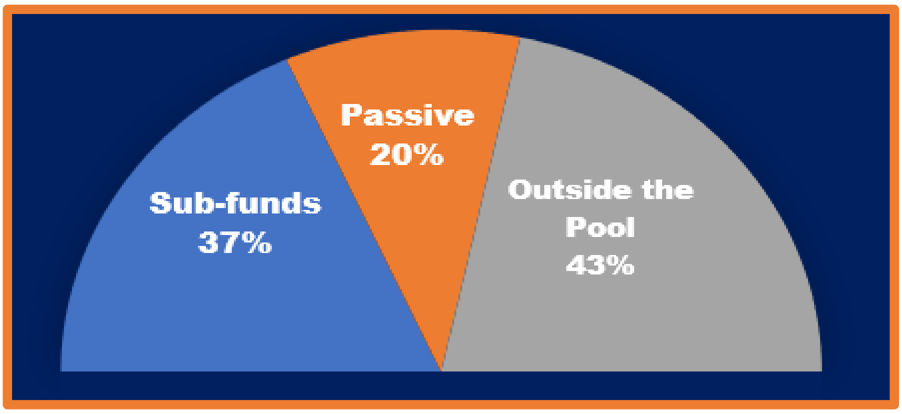
Pool Aligned Assets: UBS

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

Progress on Pooling

ACCESS submitted its pooling proposal to Government in July 2016 with detailed plans for establishing and moving assets into the pool. Included in the proposal was an indicative timeline of when assets will be pooled, and ACCESS has continued to make excellent progress against the principal milestone of having **£27.2 billion** assets pooled and estimated savings of **£13.6 million** by March 2021 exceeding the assets pooled by **£4 billion** and the savings by **£8 million**

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



Pooled Assets

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

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

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme.

Key milestones achieved in 2020/21

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

Objectives for 2021/22

ACCESS is well placed to continue to develop the pool and progress will continue unabated despite the restrictions imposed by the COVID-19 lockdown. Virtual meetings are well established and productive. It is anticipated that 2021/22 will see key activities within the following themes:

- Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS).
- Alternative / non listed assets: the initial implementation of pooled alternative assets.
- Passively managed assets: ongoing monitoring and engagement with UBS.
- Finalise and implement the Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.
- ACCESS Support Unit (ASU): the size and scope of the ASU will be kept under review.

Expected v Actual Costs and Savings

The table below summarises the financial position for 2020/21 along with the cumulative position since the commencement of ACCESS activity in early 2016.

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

	2020 – 2021 Actual In Year £'000	2020 – 2021 Budget In Year £'000	2016 – 2021 Actual Cumulative to date £'000	2016 – 2021 Budget Cumulative to date £'000
Set Up Costs	-	-	1,824	1,400
Transition Costs	-	-	674	2,499
Ongoing Operational Costs	863	1,079	3,071	3,548
Operator & Depositary Costs	3,672	4,077	7,304	6,577
Total Costs	**4,535**	**5,156**	**12,873**	**14,024**
Pool Fee Savings	**21,747**	**13,600**	**42,262**	**32,050**
Net Savings Realised	**17,212**	**8,444**	**29,389**	**18,026**

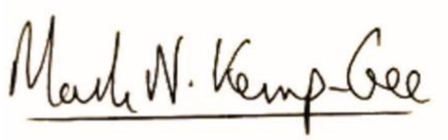
Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator.
The 2020/21 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

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

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

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environmental and social risk considerations, promoting good governance and stewardship.
Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.
ACCESS has reviewed its own ESG/RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment. Minerva have been appointed as part of this review to provide advice on guidelines and implementing these in a pooling environment.
Minerva will also provide advice on future appropriate reporting requirements to provide transparency to stakeholders, monitor adherence to the Guidelines and inform discussion on ESG/RI matters.
The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

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



Mark Kemp-Gee
Cllr Mark Kemp-Gee - Chairman, ACCESS Joint Committee

Pension Fund Accounts

Fund Account

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

Net Asset Statement

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

Notes to the Accounts

1. Description of the Fund

The Suffolk Pension Fund is administered by Suffolk County Council. It is a contributory defined benefit scheme established by the Superannuation Act 1972 and governed by the Public Service Pensions Act 2013.

The Fund is administered in accordance with the following secondary legislation:
• The Local Government Pensions Scheme Regulations 2013 (as amended)
• The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
• The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).

The Fund provides retirement benefits for employees who are members of the Local Government Pension Scheme (LGPS).

Organisations participating in the Suffolk County Council Pension Fund include:
• Scheduled bodies - local authorities, district and borough councils and other similar bodies such as academies whose staff are automatically entitled to be members of the Fund
• Admitted bodies - voluntary and charitable bodies or private contractors undertaking a local authority function
• Resolution bodies - town and parish councils who formally pass a resolution designating staff to be eligible to join the LGPS.

There are 324 employer organisations with active members within the Scheme as at 31 March 2021, an increase of 8 from the previous year total of 316. Teachers, Firefighters and NHS staff have their own pension schemes and are not included in the Fund.

The Fund has the following number of members and pensioners:

31 March 2020		31 March 2021
	Number of Employees in the Scheme	
7,752	County Council	7,654
13,918	Other Employers	14,048
21,670	**Total**	**21,702**
	Number of Pensioners	
9,243	County Council	9,584
7,612	Other Employers	7,956
16,855	**Total**	**17,540**
	Number of Deferred Members	
15,424	County Council	15,763
13,831	Other Employers	14,873
29,255	**Total**	**30,636**

Funding

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

Benefits

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

2. Events after the Balance Sheet Date

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

3. Significant Changes to the Fund

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

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

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

4. Basis of Preparation of Pension Fund Accounts

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

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

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

5. Going Concern Statement

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

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

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

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

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

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

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

6. Summary of Significant Accounting Policies

6.1 Fund Account - Revenue Recognition

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

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

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

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

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

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

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

Investment Income
Investment income may include withholding tax which is disclosed as a separate item (taxes on income) on the face of the Fund Account. Investment income arising from the underlying investments of Pooled Investment Vehicles is reinvested in the vehicle and reflected in the unit price.
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

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

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

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

6.2 Fund Account - Expenditure

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

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

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

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

i) Administration Expenses and Oversight and Governance Expenses

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

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

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

6.3 Net Asset Statement

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

The value of investments has been determined as follows:

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

Property
Property is valued using the latest available Net Asset Value (NAV) or where a NAV is not available, assumptions based on the probable realisation value.

Unquoted Pooled Investment Vehicles
Unquoted Securities include pooled investments in Infrastructure, Illiquid Debt, Private Equity and Timberlands. Market quotations are not readily available. The value is based on the Fund's share of the net asset using the latest financial statements received from the respective fund manager and adjusted for capital calls and distributions received from that date to 31 March 2021.

Quoted Pooled Investment Vehicles
Pooled Investment Vehicles are valued at the closing bid price or at the closing single price, as available. The change in market value of accumulation funds includes income which is reinvested in the Fund net of applicable withholding tax.

Foreign Currency Transactions
Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2021.

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

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

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

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

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

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

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

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

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

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

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

7. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2020 – 2021 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted and applies to the adoption of the following disclosures as amended in the 2021 - 2022 code:

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

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

8. Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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

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

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

The property investment held with Schroders at 31 March 2021 is £278.112 million.

Private Equity
Private Equity investments are valued at fair value in accordance with IFRS and British Venture Capital Association guidelines. Both Pantheon and Wilshire have established procedures to report fair value on a consistent, transparent and prudent basis. These investments are illiquid and are not publicly listed and as such there is a high degree of estimation involved in the valuation.

The unquoted Private Equity investments at 31 March 2021 are £94.382 million with Pantheon and £12.694 million with Wilshire.

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

The Infrastructure investments held with Partners, M&G and JP Morgan at 31 March 2021 are £56.706 million, £36.304 million and £165.248 million respectively.

Illiquid Debt
Illiquid Debt is valued by a valuation agent who will use an independent pricing source to value most loans at market value or a probable realisation valuation method if market quotations are not readily available. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Illiquid Debt is held with M&G and includes the Debt Opportunity investments, the Illiquid Credit Opportunity Fund and the Debt Solutions Fund totalling £44.302 million and a Multi Asset Credit Fund held with Partners Group valued at £22.304 million as at 31 March 2021.

Timber
The Timber investment is a limited liability partnership investment in large scale high quality timber assets. The fair value is determined on at least an annual basis with a valuation review performed on a quarterly basis to assess whether there is evidence of a significant change in the investment fundamentals that warrant a change in the fair value. The manager may utilise independent valuations to confirm the reasonableness of internally prepared valuations.

Fair values will be based on comparable purchase and sale transactions, or other accepted valuation techniques that include the discounted cash flow and multiple of earnings approach. Separate appraisals for timber are obtained from independent qualified appraisers at least once every three years or more frequently as required.

The Timber investment at 31 March 2021 is £7.944 million.

10. Contributions Received and Benefits Paid during the Year

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

Included within employer normal contributions of £92.994 million shown in the Fund account, is an amount for deficit funding of £5.043 million paid within the employers' percentage (£7.393 million in 2019 - 2020). The deficit funding identified separately on the Fund account of £3.149 million (£7.131 million in 2019 - 2020) refers to those employers funding their deficit by means of lump sum payments.

Employer contributions are made up of two elements:
a) the estimated cost of future benefits being accrued, the 'primary rate'; plus
b) an adjustment for the funding position of accrued benefits relative to the Fund’s solvency target, the 'secondary rate'.

The Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three-year period. 2020 - 2021 was the first year in the three-year period following the 31 March 2019 valuation for the contribution rates set by the actuary to reflect a and b above.

A list of employers and their contribution rates is in the Funding Valuation Report available on the Suffolk Pension Fund website at www.suffolkpensionfund.org.

11. Management Expenses

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

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

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

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

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

Investment management expenses include costs that are incurred in association with the management of the Pension Fund assets and financial instruments whether directly invoiced to the fund or deducted from the fund assets. This includes management fees, performance fees and broker commission transaction costs as below:

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

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

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

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

The Newton investment transferred into the ACCESS Pool and is managed by Link Fund Solutions as the Authorised Contractual Scheme operator of the Pool. The UBS Group investments are managed within the ACCESS Pool on a pool governance basis.

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

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

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

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

13. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2019 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2020 £ million
UK Companies	260.410	32.065	-68.210	-36.159	188.106
Overseas Companies	321.650	6.927	-333.666	5.089	0.000
Derivatives - Forward Foreign Exchange contracts	0.466	1.000	-0.267	0.000	1.199
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	996.691	527.979	-631.998	-35.477	857.195
Unit trusts	16.423	1.103	0.000	-2.486	15.040
Overseas Equities	0.000	388.488	0.000	-20.301	368.187
Unit linked insurance policies	767.637	384.124	-269.124	-88.330	794.307
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	276.754	30.299	-20.468	13.339	299.924
Property	277.393	16.416	-9.852	-13.040	270.917
Total of Investments	**2,917.424**	**1,388.401**	**-1,333.585**	**- 177.365**	**2,794.875**

	Opening Market Value 01 April 2019 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2020 £ million
Other Investment Balances:					
Cash Held for Investment	2.592	-2.964	-	0.820	0.448
Net Investments	**2.592**	**-2.964**	**-**	**0.820**	**0.448**

The change in market value of -£176.545 million (-£177.365 million and £0.820 million) is £7.697 million higher than the change in market value on the Fund Account of -£168.848 million. The difference is caused by indirect management fees of £7.487 million and transaction costs of £0.210 million which are charged against the Net Asset Value and not directly to the Fund.

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

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

	Opening Market Value 01 April 2020 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2021 £ million
Other Investment Balances:					
Cash Held for Investment	0.446	-2.104	-	-0.779	- 2.437
Net Investments	**0.446**	**-2.104**	**-**	**-0.779**	**- 2.437**

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

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

14. Analysis of Investments (excluding Cash and Derivatives)

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

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

15. Holdings Above 5% of the Fund

This is a summary of the individual holdings within the Fund which exceed 5% of the total net assets available to pay benefits as at the balance sheet date.

Market Value 31 March 2020 £ million	Percentage of the Fund 31 March 2020	Asset Type	Manager
368.187	13.17%	ACCESS Global Equity - Newton	Link Fund Solutions
341.826	12.23%	Fixed Income Global Opportunity Fund	Blackrock
285.211	10.20%	Alpha Opportunities Fund	M&G
228.294	8.17%	Climate Aware	UBS
226.762	8.11%	Over 5 year Index Linked Gilts	UBS
186.394	6.67%	All World Equity	UBS
166.618	5.96%	Global Total Return Mutual Fund	Pyrford

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

16. Analysis of Derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset.

The Pension Fund's investment managers are permitted to use derivatives in the management of their mandates, subject to the restrictions set out in the individual manager's investment management agreement. The investment managers will make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates. KKR held a currency hedge for this purpose which equated to £1.199 million as at 31 March 2020 but no hedging is in place as at 31 March 2021.

17a. Financial Instruments – Classification

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The table overleaf analyses the carrying amounts of financial assets and liabilities by category and Net Asset Statement heading, excluding statutory creditors (prepayments from employers, transfer values, lump sum benefit payments, payroll adjustments) and statutory debtors, (employer and employee contributions, VAT, transfer values and capital cost of retirement).

31 March 2020				31 March 2021		
Designated as Fair Value through Profit & Loss £ million	Assets at Amortised Cost £ million	Financial Liabilities at Amortised Cost £ million		Designated as Fair Value through Profit & Loss £ million	Assets at Amortised Cost £ million	Financial Liabilities at Amortised Cost £ million
			Financial Assets			
188.106			Equities	243.349		
15.040			Pooled Investments - Unit Trusts	25.116		
368.187			Pooled Investments - Overseas Equities	501.287		
794.307			Pooled Investments - Unit Linked Insurance	916.969		
270.917			Pooled Investments - Property	278.112		
1,157.119			Pooled Investments - Other Managed Funds	1,422.905		
1.199	0.446		Other Investment Balances		1.477	-3.914
	5.848		Debtors		5.012	
	5.574		Cash		4.778	
2,794.875	11.868	0.000	Total Financial Assets	3,387.738	11.267	-3.914
			Financial Liabilities			
		-3.375	Creditors			-2.665
0.000	0.000	-3.375	Total Financial Liabilities	0.000	0.000	-2.665
2,794.875	11.868	-3.375	Total	3,387.738	11.267	-6.579

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

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

No financial assets were reclassified during the accounting period.

17b. Net Gains and Losses on Financial Instruments

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

18a. Fair Value Hierarchy

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

Level 1
Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.
Listed investments are shown at bid price. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2
Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3
Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

These instruments would include unquoted investments such as Property, Private Equity, Infrastructure, Illiquid Debt and Timberlands, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

18.b Fair Value - Basis of valuation

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

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Market Quoted Equities Unit Trusts Money Market Funds Absolute Returns	Level 1	Published bid market price	N/A	N/A
Unit Linked Life Assurance Policies Equity Pooled Funds	Level 2	Valuation technique with quoted prices of a similar asset	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Fixed Income	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place.
Forward Foreign Exchange derivatives	Level 2	Market exchange rates at the year end	Price of recent transactions for identical instrument	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period

Asset	**Valuation Hierarchy**	**Basis of Valuation**	**Observable and Unobservable inputs**	**Key Sensitivities affecting the Valuations**
Property	Level 3	Assets are priced based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided by the property fund.	Pricing inputs are unobservable and includes situations where there is little market activity. Estimated rental growth. Covenant strength for existing tenancies. Discount rate. Land/Building valuation surveys.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices and volumes of sales and purchases
Illiquid Debt	Level 3	The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation.	These techniques may include a number of assumptions relating to variables such as credit risk and interest rates.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.
Infrastructure	Level 3	The valuation of the investment assets is determined in accordance with generally accepted valuation principles in compliance with article 5(3) of the Luxembourg law of 15 June 2004 on investment companies in risk capital.	Management's cash flow projections. Estimates of growth expectations and profitability. Profit margin expectations. Adjustments to current prices for similar properties	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows and fair value adjustments
Private Equity	Level 3	The valuation of the investments are carried at fair value as determined in good faith by the General Partner in accordance with the terms of the Partnership Agreement and US GAAP.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date, by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Timberlands	Level 3	Valuation technique is based on accepted valuation techniques that include discounted cash flow and multiple earnings.	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets Valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis.

18.c Valuation of Financial Instruments Carried at Fair Value

Values at 31 March 2020	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	433.306	1,790.728	570.841	2,794.875
Assets at amortised cost	11.868			11.868
Total Financial Assets	**445.174**	**1,790.728**	**570.841**	**2,806.743**
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilites at amortised cost	-3.375			-3.375
Total Financial Liabilities	**-3.375**	**0.000**	**0.000**	**-3.375**
Net Financial Assets	**441.799**	**1,790.728**	**570.841**	**2,803.368**

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

18.d Reconciliation of Fair Value measurements within Level 3

Assets	Opening Market Value 01 April 2019 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2020 £ million
Property	277.393	16.416	-9.852	3.752	-16.792	270.917
Illiquid Debt	44.951	3.845	-5.570	3.655	-6.634	40.247
Infrastructure	131.923	12.666	-0.251	0.030	8.633	153.001
Private Equity	91.827	13.783	-14.647	10.329	-3.053	98.239
Timberlands	8.055	0.005	0.000	0.000	0.377	8.437
Total of Investments	**554.149**	**46.715**	**-30.320**	**17.766**	**-17.469**	**570.841**

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

18.e Sensitivity of assets values at Level 3

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

	Market Value 31 March 2020 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	270.917	14.2%	309.387	232.447
Illiquid Debt	40.247	7.2%	43.145	37.349
Infrastructure	153.001	20.1%	183.754	122.248
Private Equity	98.239	28.4%	126.139	70.339
Timberlands	8.437	20.1%	10.132	6.741
Total of Investments	**570.841**		**672.557**	**469.124**

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

19. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The key risks that have been identified are:

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

A. Credit risk

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

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

The Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2021 is provided in Note 22.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2021. The management of this cash held for the purpose of managing the cashflow was carried out by the Council's Treasury Management team in accordance with the cash management strategy approved by the Pension Fund Committee. The Fund has had no occasion of default or uncollectable deposits.

The Fund's cash pending allocation for investment, is held within the custody system in the bank account of the custodian, HSBC Holdings Plc, or placed on deposit at the instruction of the individual managers.

At 31 March 2021, £4.478 million was with Lloyds (£5.574 million at March 2020). Cash deposited in HSBC money markets amounted to £20.334 million at 31 March 2021 (£35.283 million at March 2020), Blackrock held £1.389 million in their money market fund, (£4.406 million at March 2020) and Schroders held £20.948 million in their money market fund, (£0.433 million at March 2020).

B. Liquidity risk

Liquidity risk is the risk that the Fund will have insufficient liquid assets (cash) to meet its investment or benefit obligations as they fall due. The Pension Fund takes steps to ensure it has adequate cash resources to meet its commitments.

The Pension Fund holds sufficient working capital to ensure that it has cash available to meet benefit and transfer payments and cash drawdown requirements in respect of certain investment transactions. Within mandates it is the responsibility of the individual managers to ensure that they have sufficient funds available to meet the transactions they enter into on behalf of the Fund. These responsibilities are detailed within the investment management agreements. At an investment level a large proportion of the Fund's investments are held in instruments that can be realised at short notice if a cash flow need arose. Certain investments, particularly property, unquoted private equity, illiquid debt, timberlands and infrastructure funds are considerably less liquid but these make up a far smaller proportion of the overall portfolio, £718.247 million, 21% (£570.841 million, 20% at March 2020).

C. Market risk

Market risk is the risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market sentiment. Market risk reflects interest rate, currency and other price risk.

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified set of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its independent investment advisers (Hymans Robertson LLP and Mark Stevens) and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the investment strategy statement that is available at www.suffolkpensionfund.org. Investment risk and strategy are regularly reviewed by the Pension Fund Committee.

D. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Pension Fund's exposure to interest rate movements from its investments in fixed interest securities and cash and cash equivalents which includes the custodian money market fund and cash held for investment.

The Pension Fund recognises that interest rates can vary and can affect both income to the fund and the value of the net assets. A 100-basis point (BPS) movement in interest rates (equivalent to 1%) is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis below, assumes that all other variables remain constant and shows the effect in the year of a +/- 100 BPS change in interest rates on the cash available to pay benefits.

Asset Type	Value as at 31 March 2020 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	5.574	0.056	-0.056
Cash and Cash Equivalent	40.568	0.406	-0.406
Total Assets	**46.142**	**0.462**	**-0.462**

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

E. Currency Risk

Currency risk is the extent to which the Pension Fund is exposed to fluctuations in exchange rates and the impact these fluctuations have on the sterling valuation of assets denominated in foreign currency.

The one year expected standard deviation for an individual currency as at 31 March 2021 is 10% (as provided by Hymans Robertson). This is based on the assumption that there is no diversification with other assets and that all other variables, in particular interest rates remain constant.

The foreign exchange rate movement exposure to the strengthening or weakening of sterling against the various currencies in which the fund holds investments which are not hedged to sterling are as follows:

Asset Type	Value as at 31 March 2020 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	368.187	36.819	405.006	331.368
Overseas Index Linked Equities	440.911	44.091	485.002	396.820
Alternative Investments	227.789	22.779	250.567	205.010
Total overseas assets	**1,036.887**	**103.689**	**1,140.575**	**933.198**

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

F. Price Risk

Price risk is the risk of volatility in the valuation of the assets held by the Fund. The level of volatility will vary by asset class and also over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing specialist investment managers to best deploy capital in line with the Fund’s overall strategy.

An analysis of historical data and expected investment return movements by Hymans Robertson has resulted in a potential market movement price risk index for each asset type. If the market price of the fund’s investments increase or decrease in line with the potential market movements then the change in the value of the net assets would be as follows:

Asset Type	Value as at 31 March 2020 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
UK Equities	188.106	27.50	239.835	136.377
Overseas Equities	368.187	28.00	471.280	265.095
Fixed Income	627.036	9.80	688.486	565.587
Index Linked	794.307	22.04	969.366	619.246
Cash & FFX	1.645	0.30	1.650	1.640
Money Markets	40.122	3.00	41.326	38.918
Unit Trusts	15.041	27.50	19.177	10.904
Property	270.917	14.20	309.387	232.447
Alternatives	489.960	18.95	582.829	397.092
Total Assets	**2,795.321**		**3,323.336**	**2,267.306**

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

G. Custody

The Fund appointed HSBC Holdings Plc as its global custodian with responsibility for safeguarding the assets of the Fund. HSBC Holdings Plc is an established custodian bank with more than $7 trillion of assets under custody. They were appointed as the Fund's custodian in 2014 following a national framework tendering process. Monthly reconciliations are performed between the underlying records of the custodian and the appointed investment managers.

H. Investment Management

The Fund has appointed a number of segregated and pooled fund managers to manage portions of the Fund. An Investment Management Agreement is in place for each relationship. All appointments meet the requirements set out in the LGPS investment regulations. Managers' report performance on a quarterly basis and this is monitored and reported to Pension Fund Committee. The Fund makes use of a third-party performance measurement service provided by HSBC. All managers have regular review meetings and discussions with members of the Pension Fund Committee, officers and the Independent Financial Adviser Mark Stevens.

I. Sensitivity of Funding position to market conditions and investment performance

When preparing the formal valuation, the Actuary takes the assets of the Fund at the market value on the valuation date. Volatility in investment performance as a result of market risk factors can have an immediate effect on the funding level and deficit. This is particularly relevant because the Fund is invested predominantly in riskier (and historically higher return) assets such as equities and equity-like investments (e.g. property trusts). A rise or fall in the level of equity prices can have a direct impact on the financial position of the Fund.

Less obvious is the effect of anticipated investment performance on the Fund’s liability to pay future pension benefits. Here the returns available on government bonds (gilts) are important, as the discount rate that is used to place a value on liabilities is the gilt yield at the valuation date plus a margin of 1.8% per annum. Effectively if the gilt yield rises the discount rate will increase and all other things being equal the value placed on liabilities will fall. If the Fund was invested entirely in gilts rather than potentially higher returning assets the discount rate would be lower as no margin for the expected out performance of the Fund’s investments over gilts could be assumed.

20. Funding Position

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

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

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contributions rates are as stable as possible
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risks and returns.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension’s obligations.

The aim is to achieve 100% solvency over a number of years and to provide stability in employer contribution rates by spreading increases in rates over a period of time. This is usually over three years but in some cases this period can be extended.

Solvency is achieved when the funds held plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

When an employer's funding level is less than the 100% funding target, then a deficit recovery plan will be put in place requiring additional contributions from that employer to meet the shortfall.

Formal Valuation

The last formal three-yearly actuarial valuation was carried out as at 31 March 2019. The valuation report sets out the rates of the employer's contributions for the three years starting 1 April 2020. The valuation was based on:

- Meeting the requirements of the Local Government Pension Regulations.
- 100% funding of future liabilities for service completed to 31 March 2019.
- The 'projected unit method' of actuarial valuation.

Financial Assumptions

Financial assumptions typically try to forecast when benefits will come into payment, what form these will take and how much the benefits will cost the Fund in the future. The financial assumptions included in the valuation are as follows:

- Projected investment returns of 3.5% per year
- Projected increase in future salaries of 3.0% a year.
- Projected pension increases of 2.3% a year. (CPI)

Funding Position

The actuary uses the market value of the Fund's assets as stated in the audited accounts of March 2019. The actuarial assessment of the value of the fund's assets was £2,931 million as at 31 March 2019 and the liabilities at £2,966 million.

The valuation showed that the Fund's assets covered 99% of its liabilities at the valuation date, and the deficit based on the actuarial valuation was £35 million.

Contribution Rates

The contribution objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates.

For each employer in the Fund, a primary contribution rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within the employer's set time horizon. The time horizon and the likelihood parameters vary by employer according to each employer's characteristics.

The whole fund primary rate (payroll weighted average of the underlying individual employer rates) is 20.2% of pensionable pay for the three years starting 1 April 2020.

The average employee contribution rate is 6.3% of pensionable pay.

The next formal valuation is as at 31 March 2022.

21. Actuarial Present Value of Promised Retirement Benefits

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

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judicial and fire fighters’ schemes, as part of the reforms, amounted to unlawful discrimination on regarding age discrimination. This ruling does have implications for the Local Government Pension Scheme.

The government has conceded there will be changes to the scheme and the remediation process, including cost cap considerations, may affect the resolution and financial impact for entities.

Interim Valuation
An interim valuation was carried out as at 31 March 2021. The valuation was included in the actuary's Navigator report which is based on long term financial assumptions for the Suffolk Pension Fund and contains the following assumptions:

Increases in future salaries of 2.4% a year (3.0% 2019 - 2020)
Projected investment returns of 3.5% per year (2.8% 2019 - 2020)

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

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

International Accounting Standard 26 (IAS 26)

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

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

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

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

22. Current Debtors

The current debtors can be analysed as below:

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

23. Current Creditors

The current creditors can be analysed as below:

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

24. Additional Voluntary Contributions

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

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

25. Related Party Transactions

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

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

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £35.770 million to the Fund in 2020 - 2021 (£35.057 million in 2019 - 2020). In addition the council incurred costs of £1.067 million (£1.066 million in 2019 - 2020) in relation to the administration of the Fund, audit, legal and committee services. These have all been reimbursed by the Fund.

Part of the Pension Fund cash holdings are invested by the Treasury Management operations of Suffolk County Council through the Treasury Management Policy approved by the Pension Fund Committee. During the year ending 31 March 2021 the Fund had an average investment balance of £9.587 million (£9.025 million in 2019 - 2020) earning interest of £0.001 million (£0.055 million in 2019 - 2020) from these investments. This reflects the reduction in the Bank of England interest rate to support the UK economy at the start of the coronavirus pandemic in March 2020.

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

26. Key Management Personnel

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

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

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

27. Agency Services

In response to the Government's requirement for the LGPS to pool their assets with other Pension Funds, the Suffolk Pension Fund joined ACCESS (A Collaboration of Central, Eastern and Southern Shires) alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex.

The Suffolk Pension Fund paid some of the costs of the ACCESS pool on behalf of the other members of the scheme. The amounts paid are not included in the Fund Account. These

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

2019 - 2020 £ million		2020 - 2021 £ million
0.204	Payments on behalf of the ACCESS pool	0.020
0.204		**0.020**

28. Securities Lending

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

29. Contractual Commitments

In 2003 the Fund has made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds ($103.131 million and €41.288 million) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions. At 31 March 2021 the unfunded commitment (monies to be drawn in future periods) is $8.777 million and €2.330 million. The commitments are paid over the investment timeframe of the underlying partnerships.

In 2011 - 2012 a contractual commitment of €54 million was made to an infrastructure investment (Partners Group Global Infrastructure 2012) managed by Partners Group, the outstanding amount as at 31 March 2021 is €9.290 million.

In 2015 - 2016 contractual commitments of $149.500 million were made to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2021 are $50.947 million.

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

During 2017 - 2018 a contractual commitment was made to an infrastructure investment (Partners Group Global Infrastructure 2015) managed by Partners Group of €55 million, the outstanding amount as at 31 March 2021 is €19.908 million.

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

A summary of the commitments is as overleaf:

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