

Minutes of the Suffolk Pension Board Meeting held remotely on Tuesday 17 October 2023 at 10:30 am.

Present: Councillor Richard Rout (Chairman) (representing Suffolk County Council), Richard Blackwell (representing Pensioners), Ian Blofield (representing all Borough, District, Town and Parish Councils), Kay Davidson (representing Active Members), and

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

13. Apologies for Absence

Apologies for absence were received from Thomas Jarrett (representing all other employers in the Fund).

14. Declarations of Interest and Dispensations

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

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

15. Minutes of the Previous Meeting

The minutes of the meeting held on 25 July 2023 were confirmed as a correct record and signed by the Chairman.

16. Pensions Administration Performance

At Agenda Item 4, the Board received a report which provided an update on the performance of the Pensions Administration Team. The report also included details of compliments and complaints received by the Administration team and details on the timeliness of contribution payments from employers in the Fund.

The report was introduced by the Pensions Operations Manager, and the Lead Accountant (Pensions). Members had the opportunity to ask questions.

A member noted his disappointment that the Pension Fund was required to report itself to the Pensions Regulator for failing to issue the annual benefits statement by the end of August deadline. He hoped scheme members had been made aware that this was beyond the control of the Suffolk Pension Fund and was in fact because the County Council's payroll system failed to provide the data to the Fund in time. In response to a question from a member, the Head of Pensions confirmed that he did not expect the Regulator to take any further action over the failure because this had been remedied by the end of September, as confirmed

to the Regulator. Members were assured that this would not repeat itself in the future.

In response to a question from a member in relation to paragraph 9 of the report, the Pensions Operations Manager assured the Board that his colleagues would be starting to rework the annual benefits statements for some members as required within the next couple of weeks and the statements could be issued immediately once the remedial work had been completed for each individual.

Decision:

- a) The Board noted the report.

The Board also suggested

- b) it sends a letter to employers to persuade them to join the iConnect system. This would be sent at an appropriate time following the successful implementation at Suffolk County Council.
- c) that any new employers which joins the Suffolk Pension Fund be mandated to sign up to iConnect.

Reason for decision:

- a) The Board was interested in being provided with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements.
- b) Members were aware the Fund was presently trying to onboard Suffolk County Council and other council's to iConnect. A member noted that the government's aim to have a pensions dashboard for every person to see and access details on their pensions would be of benefit to the individual pension fund members enabling them to check the latest information on their pension records. It would also reduce the administration costs to the Pension Fund in relation to the year-end processes such as the issuing of annual benefits statements, as well as potentially reduce enquiries from members throughout the year.

Members were informed that Schools Choice covered around 100 employers on the Fund, and if they joined iConnect, it would see the biggest difference in terms of reducing costs of the administration of the Fund.

The Board also noted that for some of the smaller employers such as the Town and Parish Council's, they might not opt to join iConnect as they could only employ a few individuals, however they would still be required to submit a monthly spreadsheet to the Pension Fund, as opposed to submitting a statement once a year.

- c) Members were informed that the Norfolk Pension Fund had mandated that all employers provide iConnect files as part of their monthly reconciliation. This was also an expectation of the Pensions Regulator, although this was not presently a requirement.

The Head of Pensions agreed with the comments made by members however wished to ensure the successful implementation at Suffolk County Council before a letter was sent out to other employers, and before any new employers would be mandated to join iConnect.

Alternative options: There were none considered.

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

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

Dispensations: There were none granted.

17. LGPS Government Consultations

At Agenda Item 5, the Board received a report which set out the consultation response submitted by the Suffolk Pension Fund on the Department of Levelling Up, Housing and Communities (DLUHC) proposals for new requirements on LGPS Administering Authorities. It covered asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

The report was introduced by the Head of Pensions, and members had an opportunity to ask questions.

Comments from members included concerns that the Government was trying to have a one size fits all approach without taking local variations into account; and concerns of increased costs associated to changing a system that was working well.

In response to a question from a member, the Head of Pensions confirmed that no timescales for any changes to the pools had been provided. It was noted that something could happen quite quickly, however further consultations might be required, including making changes to the regulations. However, it could take several years to implement depending on the volume of feedback to the current consultation and because there could also be the possibility of legal challenges against the Government.

Decision: The Board noted the report.

Reason for decision: At the national level, the LGPS was governed by the DLUHC and the LGPS Advisory Board. The investment and management of LGPS assets, the collection of employer and employee contributions, and payment of pension benefits was the responsibility of LGPS administering authorities.

The Board was reassured with Suffolk's thorough and competent response.

Alternative options: There were none considered.

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

Dispensations: There were none granted.

18. ACCESS Pool update

At Agenda Item 6, the Board received a verbal update from the Head of Pensions on the recent developments within the ACCESS pool.

Members were informed that Councillor Karen Soons, Chairman of the Suffolk Pension Fund Committee, had been acting as the media spokesperson for ACCESS. However, in September 2023 due to changes in her working career, she had decided to step down. Rather than reappoint to the role, it had been decided to return the role back to the Chair and Vice Chair of the Joint Committee.

In relation to the third-party review commissioned by ACCESS, a document from Barnett Waddingham had been shared with the Joint Committee and a number of options had been identified for how ACCESS could evolve over the coming months and years. This would be considered by officers of the pension funds and the Section 151 officers, and an initial report would be submitted to the Joint Committee's December meeting; this would identify any quick wins that could be implemented immediately and outline further considerations for ACCESS in the longer term. It was the expectation that any decisions in relation to this would be taken at the Joint Committee's March meeting.

In relation to alternative investment options for the pool, members heard that CBRE had been appointed by Apex to look at property investments. Members heard there had been a number of meetings with CBRE and Apex to date about how that was being developed which the Lead Accountant, Pensions, had been involved in. A report to the November meeting of the Suffolk Pension Fund Committee was expected which would detail the CBRE offering, including how and when the Fund could transition its property investments from Schroders to pooled funds.

Following this piece of work, Apex was now starting to look at private debt, equity, and infrastructure in order to develop offerings for ACCESS. Members were aware that work on this had been paused due to some issues over the filing of the accounts from MJ Hudson prior to its sale to Apex. The Joint Committee was content that activity could now resume.

Finally, the Board was informed that the sale of Link Financial Solutions (the former operator services provider for ACCESS) to Waystone was completed last week and so Link Financial Solutions no longer existed. Members heard that all pension funds within the pool had signed a novation agreement that transferred the contract from Link to Waystone.

Decision: The Board noted the update.

Reason for decision: The Board was interested in being kept up to date with the progress of the ACCESS pool.

Alternative options: There were none considered.

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Dispensations: There were none granted.

19. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 7.

20. Risk Register

At Agenda Item 8, the Board received a report which set out the Risk Register for the Pension Board and how the risk control measures had been implemented against the risks.

The report was introduced by the Lead Accountant, Pensions, and members had an opportunity to ask questions.

Decision: The Board:

- a) reviewed the implementation of the risk control measures.
- b) reviewed and approved the Pension Board Risk Register subject to the inclusion of an additional risk in relation to significant upgrades to finance systems and the knock-on effect that could potentially have on the output to the pensions systems.

Reason for decision: Risk management was a key responsibility of those charged with Pension Fund governance with a duty to identify the range of risks that could affect the long-term sustainability of the Fund.

The effective management of risk was also an area which was covered within the CIPFA Knowledge and Skills framework which recognised the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps could be taken to mitigate such risks.

Members shared concerns about the recent failings of the Oracle Fusion payroll system, and the knock-on effect of failing to issue Suffolk County Council employees annual benefits statements by the required deadline. A member noted that any system upgrades could cause immense problems if not tested effectively. Members were advised that the new risk could also encompass any cyber security improvements to the Fund's IT systems. The Lead Accountant, Pensions, would formulate some wording to include on the Board's Risk Register, and this would be submitted to the Boards next meeting for consideration and approval.

Alternative options: There were none considered.

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

Dispensations: There were none granted.

21. Forward Work Programme

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

Decision: The Board approved its Forward Work Programme as published and noted that a more detailed report on the McCloud remedy would be provided at either the Board's December or March meeting.

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

The McCloud remedy was usually reported to the Board via the Pensions Administration paper, however given the detail recently received from Government, the Head of Pensions believed a more in-depth report for the Board's consideration should be provided and would include detail on how many people was affected, what the changes were and how this would be managed over a period of time.

The meeting closed at 11:40 am.

Chairman