

Suffolk Pension Board

(Quorum 2)

Scheme Employer Representatives

Councillor Richard Smith MVO representing Suffolk County Council

Homira Javadi, representing all Borough, District, Town and Parish Councils

Kate Harrison, representing all other employers in the Fund

Scheme Member Representatives

Suzanne Williams, representing the Unions

David Rowe, representing Active Members

Eric Prince, representing Pensioners

Date: Wednesday, 4 May 2016

Venue: Elisabeth Room
Endeavour House
8 Russell Road
Ipswich, Suffolk, IP1 2BX

Time: 11:00am

For further information on any of the agenda items, please contact Ann McPherson, Democratic Services Officer, on 01473 264379.

1. **Apologies for Absence**

To note and record any apologies for absence received.

2. **Declarations of Interest and Dispensations**

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

3.	Minutes of the Previous Meeting	Pages	5 - 8
	To approve, as a correct record, the minutes of the meeting held on 16 December 2016.		
4.	Suffolk's progress on Pooling of Assets	Pages	9 - 22
	To receive an update on the latest information and progress in regards to the pooling of Pension Fund Assets.		
5.	Compliments and Complaints	Pages	23 - 24
	To receive a report summarising the compliments and complaints received by the Fund's administration team.		
6.	Communications Policy	Pages	25 - 46
	To receive a report on the Communications Policy for the Fund and to consider how the Board's communications will be incorporated.		
7.	Passive and Active management of investments	Pages	47 - 50
	To receive a report on the Fund's proportion of passive and active management.		
8.	Pension Fund Risk Register	Pages	51 - 66
	To receive a report on the Risk Register for the Suffolk Pension Fund.		
9.	Forward Work Programme	Pages	67- 70
	To agree a forward work programme for the Board.		

Date of next scheduled meeting – Monday, 11 July 2016 at 11:00 am.

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Email: Committee.Services@suffolk.gov.uk; or by writing to:

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Deborah Cadman OBE
Chief Executive

Minutes of the Suffolk Pension Board meeting held on 16 December 2015 at 11:00 am in the Rose Room, Endeavour House, Ipswich.

Present: Councillor Richard Smith (Chairman), representing Suffolk County Council, David Rowe (Vice Chairman), representing Active Members, Homira Javadi, representing all Borough, District, Town & Parish Councils, Suzanne Williams, representing the Unions, and Eric Prince, representing Pensioners.

Also present: None

Supporting officers present: Paul Finbow (Corporate Finance Specialist), Sharon Tan (Specialist Accountant – Pensions), Ann McPherson (Committee Administrator)

Public Participation Session

There were no applications received from the public.

1. Apologies for Absence and Substitutions

Apologies were received from Kate Harrison, representing all other employers in the Fund and Lynn Wright, (Strategic HR Pensions & Payroll Manager).

The Chairman and the Board expressed their thanks to Lyn Wright for the support given to the Board.

2. Declarations of Interest and Dispensations

The following Board members declared a local non-pecuniary interest by virtue of the fact that each was a contributing member of the Local Government Pension Scheme:

Councillor Richard Smith, MVO

David Rowe

Eric Prince

Suzanne Williamson

Eric Prince declared a local pecuniary interest by virtue of the fact that he is in receipt of a pension from the Local Government Pension Scheme.

3. Minutes of the Previous Meeting

The minutes of the meeting held on 28 September 2015 were confirmed as a correct record and signed by the Chairman.

4. **Government Consultation on the Pooling of Assets**

The Board received a presentation at Agenda Item 4 on the latest information on the Government's intention for the pooling of Pension Fund Assets.

The Board heard that London had taken two years to set up and have just made their first investment. Information was also given about Project POOL which has been set up to see if there is a better way to deliver the outcome the Government want. The outcomes of this will be published around Christmas 2015. There is also an Access Group which is looking at the best way of pooling before deciding who to pool with.

The Board were told that in the last week it had been announced that Buckinghamshire and Oxfordshire would be pooling with the South West and Surrey with Cumbria and East Sussex. Funds which were initially thought to be possible pooling partners for Suffolk have already made other decisions.

A query regarding the possibility of pooling with London was raised but the Board were told that 30 London Boroughs were already part of the London pooling and that any other Funds joining, although they would be allowed to pool money, would not get a seat on the board and would have no say over the choice of investment manager.

Another idea of pooling with funds where Suffolk would have a high profile was raised but the Board heard that it is possible the Government could make regional pooling mandatory as there are practical benefits to regional arrangements. The Board heard that it is about trying to find pooling partners for Suffolk who are like minded.

Decision: The Board agreed to note the presentation and asked to be kept up to date with the work of the Access Group.

Reason for Decision: The presentation contained matters relevant to the Board as they need to be aware of the Government criteria and the preliminary work being undertaken by the Pension Fund.

Alternative options: There were none considered.

Declarations of interest: Declarations of interest are reported at Minute number 2 of these minutes.

Dispensations: There were none reported.

5. **Compliments & Complaints**

The Board received a report at Agenda Item 5 providing details of the number of compliments and complaints received to enable them to determine any further action.

The Board heard that there were three complaints which had become Internal Disputes.

Six compliments have been received since the 28 September. These were cases where individuals had gone out of their way to thank the team rather than the regular word of 'thanks' received daily as part of the communication with customers.

Decision: The Board agreed to note the report and agreed that no further action need be taken.

Reason for Decision: The reports contained matters relevant to the Board.

Alternative options: There were none considered.

Declarations of interest: Declarations of interest are reported at Minute Number 2 of these minutes.

Dispensations: There were none reported.

6. Investment Managers

The Board received a report at Agenda Item 6 providing details of the investment managers.

They heard that as of September 2015 there are thirteen investment managers, managing fifteen investment mandates. The Pension Fund Committee reviews the performance of the investment managers and the rating placed on them by Hymans on a quarterly basis. The Chairman and Vice Chairman of the Pension Fund Committee, along with officers and the independent adviser, meet with the investment managers on a regular basis to discuss performance and changes to the investment management.

Decision: The Board agreed to note the Report.

Reason for Decision: The Board must be aware of the rationale behind the investment manager structure.

Alternative options: There were none considered

Declarations of interest: Declarations of interest are reported at Minute Number 2 of these minutes.

Dispensations: There were none reported.

7. Forward Work Programme

The Committee received at Agenda Item 7, a copy of the Forward Work Programme.

They were asked to think about items for the coming year and agreed to add discussion on the Pension Fund Annual Meeting and an update on pooled assets to the meeting on 11 March 2016.

The question was raised about informing Pension Fund members about the changes regarding pooling. It was agreed that Newsletters, which currently go out to pensioners, may also be an opportunity to get the information to current employees.

The Board agreed that 'Communication' should be included as a standing item on future agendas.

Reason for Decision: The Forward Work Programme is a responsibility of the Board under its Terms of Reference.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No. 2 of these minutes.

Dispensations: There were none reported.

8. The Board agreed to take Agenda Items 9 and 10 without the Public (including the Press) present.

9. Asset Allocation

The Board received a report at Agenda Item 9, detailing the recent asset allocation review and the decisions made by the Pension Fund Committee. They heard that actuarial strategy is linked to asset allocation and that the Pension Fund Committee is still making decisions on this topic.

Decision: The Board agreed to note the Report.

Reason for Decision: The Board needs to be aware of the review and decisions made by the Pension Fund Committee.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No. 2 of these minutes.

Dispensations: There were none reported.

10. Investment Manager Expenses

The Board received a report at Agenda Item 10, detailing investment manager expenses incurred by the Pension Fund in 2014-15 and the fee structure associated with each of the managers.

They heard that expenses are transparent as they are included in the accounts and that fees are negotiated to get the best deal possible.

The Board were told that a report would be going to the Pension Fund Committee in January estimating fees for the year.

Decision: The Board agreed to note the Report.

Reason for Decision: The Board needs to be aware of the costs of investment management to the Scheme.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No. 2 of these minutes.

Dispensations: There were none reported.

Urgent Business

There was none reported.

The meeting closed at 12.56

Chairman

Suffolk Pension Board

Report Title:	Progress towards Pooling
Meeting Date:	4 May 2016
Chairman:	Councillor Richard Smith MVO
Director:	Geoff Dobson, Director of Resource Management Tel. 01473 264347
Author:	Paul Finbow, Senior Pensions Specialist Tel. 01473 265288

Brief summary of report

1. This report provides details of Suffolk's intention to pool its Pension Fund Assets and the timescales for doing so.

Action recommended

- | |
|---|
| 2. The Board is asked to note this report |
|---|

Reason for recommendation

3. The Suffolk Pension Board is keen to keep up to date with progress towards pooling of Pension Fund Assets.
4. There are no alternative options.

Main body of report

5. The Suffolk Pension Board received a report at its 16 December 2015 meeting updating the Board on the Government's proposals for pooling.
6. The Pension Fund Committee met on 27 January 2016 and considered a paper on the options available to Suffolk to create a pool. The Committee decided that the best outcome for Suffolk was achieved by joining with other like-minded Funds in creating a pool of externally managed assets. The best fit appeared to be provided by the ACCESS Group (**A** Collection of **C**entral, **E**astern and **S**outhern **S**hires).
7. The officers of the Suffolk Pension Fund have worked closely with officers from the other 10 ACCESS Funds, with the support of Hymans Robertson. An initial submission to Government concerning the creation of a pool was submitted on 19 February 2016, in line with Government expectations. This was signed by all the Chairs (or acting Chairs) of the various Pension Fund Committees. A copy of the submission is attached at Appendix 1.
8. The officers are now working on the full business case that needs to be submitted to Government by 15 July 2016. Progress to date will be reported verbally at the meeting as further meetings are taking place ahead of 4 May. There are also regular monthly meetings with all the Chairs of the Funds to test

assumptions, ensuring that members have an oversight of the business case as it develops.

9. The Pension Fund Committee will receive an update on progress at its 6 June meeting, and will have an opportunity to approve the final business case at its meeting on 11 July 2016.
10. It is anticipated that pooling of assets is likely to start from April 2018, in accordance with Government expectations.

<p>Sources of further information</p> <p>a) 16 December 2015 Pension Board Paper – Agenda Item 3</p> <p>b) 27 January 2016 Pension Fund Committee - Agenda Item 5</p>
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ACCESS

Effective • Collective • Investment

The submission from
ACCESS
(A Collaboration of Central, Eastern & Southern Shires)
in response to the
LGPS: Investment Reform Criteria and Guidance
On behalf of



Cambridgeshire County Council



East Sussex County Council



Essex County Council



Hampshire County Council



Isle of Wight Council



Kent County Council



Norfolk County Council



Northamptonshire County Council



Suffolk County Council



West Sussex County Council

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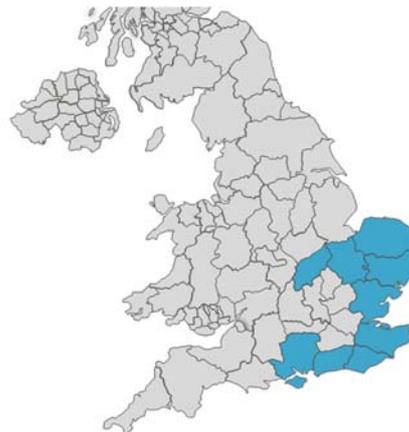
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Page 15	C: Reduced Costs and Excellent Value for Money
Page 17	D: An Improved Capacity to Invest in Infrastructure
Appendix A	Memorandum of Understanding
Appendix B	Project Plan

Please note: if you have any questions regarding the content of this document please contact either Paul Finbow at paul.finbow@suffolk.gov.uk or Rachel Wood at rachel.wood@westsussex.gov.uk.

Introduction

The ACCESS pool takes this opportunity to present details of its plans and the progress it has made in meeting the Government’s requirements as published in the Department for Communities and Local Government’s *Local government pension scheme: investment reform criteria and guidance* documentation on 25th November 2015.

ACCESS (a collaboration of central, eastern and southern shires) has been formed in order to respond to the Government’s investment reform criteria. The map below illustrates the confirmed participants in the ACCESS pool.



The participating authorities reflect a strong commitment to the project and share an approach to achieve common objectives. The ACCESS authorities have set out a clear set of guiding principles, which are summarised below:

Collaborative	Risk management	Objective evidence based decisions
Equitable voice in governance	Professionalism	Equitable cost sharing
No unnecessary complexity	Evolution and innovation	Value for money

The ACCESS authorities will create a pool with assets of circa.£30bn which exceeds the Government’s criterion. Historically the authorities have taken a broadly similar approach to investing. For example:

- The average return for the authorities participating in the ACCESS pool exceeded the WM Local Authority Average over the medium term (five years).
- 75% of the pool assets are invested across 12 managers.
- 60% of the pool assets are invested in equities.
- 75% of the pool assets are actively managed.
- All funds have some exposure to passive investment.
- The published 2013 actuarial funding levels for ACCESS authorities show an average of 81%. This compares to a national mean average of 78% for all LGPS’s in England and Wales.

These characteristics illustrate the very solid building blocks on which the pool will be formed. This foundation will assist the ACCESS authorities when working collaboratively during the formative stages of the asset pool. This includes the formulation of final detailed proposals in July 2016, through to the eventual transfer of liquid assets from 2018. This shared approach will stand the ACCESS pool in good stead over subsequent decades and enable participating authorities to execute their fiduciary responsibility to Local Government Pension Scheme (LGPS) stakeholders, as economically as possible whilst achieving optimum investment returns.

The potential for substantial benefits for a group of successful like-minded authorities collaborating and sharing their collective expertise is already clear. Each authority is committed to working together to establish a viable pool and ensuring the permanency and stability of any proposed structure.

Attached are further details of our proposals and we would welcome engagement from Government Officers to discuss matters further.

Signed



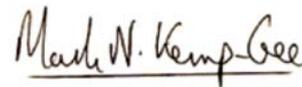
Cambridgeshire County Council



East Sussex County Council



Essex County Council



Hampshire County Council



Isle of Wight Council



Kent County Council



Norfolk County Council



Northamptonshire County Council



Suffolk County Council



West Sussex County Council

Progress in meeting the pooling criteria

The Government's Investment Reform programme, and the creation of six asset pools, represents a significant project with considerable challenges in terms of size, technical and legal issues and agreeing a sustainable demographic governance model. It is important, therefore, that all aspects of the design and implementation are the outcome of collaborative informed and evidenced consideration by each authority participating in the pool.

The authorities participating in the ACCESS pool made a conscious decision to consider carefully the evidence on the most effective design of pools before detailed work on the ACCESS pool was undertaken. The proposal set out here has been heavily influenced by the work of "Project POOL", in which many of the ACCESS authorities participated. The ACCESS pool is now able to make further progress, confident that their proposal is on a sound basis.

Members of S101 Pension Committees, officers and other interested parties participating in ACCESS have engaged in this process and are committed to establishing a viable pool. All participating authorities have signed up to a Memorandum of Understanding (MoU) which underlines our commitment to investment pooling and the permanency of any proposed structure. It also sets out the basis for engagement, cost sharing and governance. The MoU has been appended to this submission.

ACCESS authorities have a clear project plan in place which sets out how each of the participating authorities will collaborate effectively to come to clear, objective, evidence based decisions. The authorities have commissioned Hymans Robertson to provide project support and have established an Officer Working Group to drive forward the business case for submission in July 2016, and the implementation that will follow. The project plan has been appended to this submission and shows how additional professional support will be sought when required. The participating authorities are comfortable with the progress made to date and are confident that the required work can be completed in advance of the July 2016 submission.

Finally, ACCESS authorities are establishing relationships with the wider LGPS community participating in other pooling groups, where possible, to ensure best practice, national coordination and optimal cost savings are achieved.

A: Asset pool(s) that achieve benefits of scale

The ACCESS group has created a pool with assets of almost £30bn.

The current pool size may increase in the near future as additional authorities consider their options.

The assets by authority at 31st March 2015 are set out below. No single authority dominates the pool, which helps ensure a more collaborative approach to governance.

Authority	£m	Allocation
Cambridgeshire County Council	2,268	7.6%
East Sussex County Council	2,740	9.1%
Essex County Council	4,906	16.4%
Hampshire County Council	5,111	17.1%
Isle of Wight Council	483	1.6%
Kent County Council	4,515	15.1%
Norfolk County Council	2,930	9.8%
Northamptonshire County Council	1,850	6.2%
Suffolk County Council	2,193	7.3%
West Sussex County Council	2,964	9.9%
Total	29,959	100.0%

Whilst the scale criterion has clearly been met it is important to note that there is a significant commonality in investments and associated suppliers:

- 75% of the assets are invested across 12 managers which will potentially allow ‘early wins’ in delivering cost optimisation for participants.
- There are 71 different managers used across the authorities which will also allow for rationalisation to be a targeted and managed process.

B: Strong Governance and Decision Making

The Government's criterion seeks to maintain democratic accountability within pooling arrangements and this is considered crucial to ensuring a successful pool.

ACCESS authorities have a clear set of objectives and principles, set out below, that will drive the decision making process over the next five months and allow participating authorities to help shape the design of the pool.

Objectives

- 1) Enable participating authorities to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible.
- 2) Provide a range of asset types necessary to enable those participating authorities to execute their locally decided investment strategies as far as possible.
- 3) Enable participating authorities to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

In order to achieve these objectives, the ACCESS authorities have established the following guiding principles

Principles

- The participating authorities will work collaboratively.
- Participating authorities will have an equitable voice in governance.
- Decision making will be objective and evidence based.
- The pool will use professional resources as appropriate.
- The risk management processes will be appropriate to the pool's scale, recognising it as one of the biggest pools of pension assets in the UK.
- The pool will avoid unnecessary complexity.
- The pool will evolve its approach to meet changing needs and objectives.
- The pool will welcome innovation.
- The pool will be established and run economically, applying value for money considerations.
- The pool's costs will be shared equitably.
- The pool is committed to collaboration with other pools where there is potential to maximise benefits.

Work is underway to determine the governance structure for the ACCESS pool, the mechanisms by which each Administering Authority can hold the pools to account and the processes for making decisions.

The governance arrangements for the ACCESS pool will facilitate, in an economically efficient way, authorities' preferences on local decision making within the Government's framework for pools.

The project plan sets out key milestones for the governance work stream to ensure proposals are finalised by July 2016 and can be operational thereafter to support the transition of assets within the Government's timetable.

C: Reduced Costs and Excellent Value for Money

ACCESS authorities have initiated detailed work to accurately quantify the potential savings in investment fees, in the near term and over the next 15 years. These savings will be set out in the July 2016 submission.

ACCESS authorities believe it is critical that current costs and potential for savings are assessed professionally and using consistent methodology across all authorities and all pools, whilst always being mindful of the need to maximise investment return in each asset class. To this end the pool is proposing to use third party benchmarking expertise with experience of global market for pension funds.

The accounting year 2012-2013 will be used as the cost benchmark to take account of savings LGPS authorities have made since then.

ACCESS authorities endorse the estimated annual cost savings published by Project POOL indicating that circa £145-190m per annum could be saved across English and Welsh authorities via pooling arrangements, ten years after pooling has been implemented. This could increase to c£240-320m per annum if future asset growth of 5% per year for ten years is assumed.

As Project POOL noted, actual cost savings could be greater due to:

- competition when pools appoint external managers driving fees down
- additional savings on less visible layers of fees on alternative assets
- greater use of “in-house” management

This should mean that over the very long term, the costs of transition, and establishing and running the pool, will be recouped by savings and other benefits.

However, in the short term, the costs of implementing change are likely to exceed the savings.

Work to establish the savings for authorities participating in the ACCESS pool will begin very shortly as set out in the project plan. As part of its work over the next five months, ACCESS authorities will also assess the potential of its intended investment approach including the potential for active management to provide higher net returns. The work will also examine implementation costs and reporting proposals.

ACCESS authorities recognise the long term potential for cost savings from in house management, and are committed to considering how best to develop, or access, such capability over the longer term.

D: An Improved Capacity to Invest in Infrastructure

All of the ACCESS authorities invest in real estate assets (including industrial, healthcare, rental housing, retail, office units) and six of the ten authorities have some exposure to more specialist infrastructure (which fits with the Institute of Civil Engineers definition of networks for transport, energy generation and distribution, electronic communications, solid waste management, water distribution and waste water treatment etc).¹ The table below sets out the range of commitment and investment levels by the participating authorities.

	Real Estate	Specialist Infrastructure
Strategic Allocation	From 8% to 12%	From 1% to 6%
Current Investment Allocation/Value	From 5% to 12% £2,999m	From 0% to 3% £381m
Investment Type	Direct Multi-manager Pooled	Direct Fund of Funds

The differential between the strategic allocation and actual investment for specialist infrastructure demonstrates the significant challenge in finding investments which will yield returns large enough, and of appropriate profile, to justify their acquisition. ACCESS authorities are committed to investigating all options for providing the participating authorities with access to the most appropriate infrastructure investments to match their asset allocations, including, if appropriate, working with other LGPS authorities or pools nationally to create a vehicle which will help make appropriate infrastructure investments more accessible to the LGPS at a lower cost. To ensure success, such a vehicle should be designed to meet the specific needs of LGPS investors given the distinctive nature of LGPS pension liabilities and risk appetite. If the vehicle can deliver access to the appropriate type of infrastructure investment ACCESS authorities believe that in the long term there is potential for the ACCESS pool to achieve an asset allocation closer to larger global funds.

Planning to carry out this work has commenced and a fuller response will be provided in July.

¹ <http://researchbriefings.files.parliament.uk/documents/SN06594/SN06594.pdf>

Suffolk Pension Board

Report Title:	Compliments and Complaints
Meeting Date:	4 th May 2016
Chairman:	Councillor Richard Smith MVO
Director:	Geoff Dobson, Director of Resource Management Tel. 01473 264347
Author:	Stuart Potter, Pensions Operations Manager

Brief summary of report

1. This report provides the Pension Board with the number of compliments and complaints received by the Pension Administration team since the previous board meeting on 16th December 2015.

Action recommended

2. To consider the information provided and determine any further action

Reason for recommendation

3. The board requested to receive information about the number of compliments and complaints received.

Alternative options

4. There are no alternative options.

Main body of report

5. At the Pension Board Meeting on 24 July 2015, the Board requested to receive information about the number of compliments and complaints received by the Pensions Administration team.
6. At the board meeting of 28th September 2015 it was reported there had been 5 compliments and 5 complaints received since 1st April 2015.
7. At the board meeting of 16th December 2015 it was reported there had been 6 further compliments and 3 complainants all going through the IDR (internal dispute) process. Two of these were supported although one of these complainants had taken their complaint to stage 2 in relation to the scheme regulations not allowing them a refund of contributions. The one not supported had identified a training need which had been put in place.
8. Since the 16th December 2016 there have been 5 further compliments received by members of the team. These are cases where the individuals have gone out of their way to thank us for something, rather than the regular words of ‘thanks’ received daily as part of the day to day communications with customers.
9. During this time there have been 9 complaints, one of which has gone through the IDR (internal dispute) process. The 8 other complaints have been in relation to delays in replying, inaccurate information being provided, scheme rules and in one case about being phoned to establish the status of the employer end of year return.

10. The case that has gone through the IDR process was in relation to an incorrect value being provided on an estimate to the member which she was using to help make a decision on flexible retirement. The member was asking for the original higher value to be honoured. Through stages 1 and 2 of the IDR process this was refused as the member had no entitlement to these increased benefits, although the errors made were recognised along with the training steps that needed to be put in place.
11. The member has taken their complaint to the Pensions Ombudsman and we are awaiting their judgement on the case. In addition the IDR case mentioned in the meeting of 16th December 2015 has also gone through stage 2 and is now with the Ombudsman awaiting their decision. This one is in relation to the regulations not allowing a refund of contributions.
12. Updates will be provided at future meetings once the Ombudsman decisions have been received.

Sources of further information

- | |
|---------|
| a) None |
|---------|

Suffolk Pension Board

Report Title:	Suffolk Pensions Board Communications Strategy
Meeting Date:	4 May 2016
Chairman:	Councillor Richard Smith MVO
Director:	Geoff Dobson, Director of Resource Management Tel. 01473 264347
Author:	Paul Finbow, Senior Pensions Specialist Tel. 01473 265288

Brief summary of report

1. This report provides information on the Fund's current communications strategy and seeks suggestions from the Board as to how the Boards activity should be incorporated.

Action recommended

- | |
|--|
| <ol style="list-style-type: none"> 2. The Board is asked to consider its own requirements for communication and to recommend their inclusion in an updated Communications strategy for the Suffolk Pension Fund |
|--|

Reason for recommendation

3. The Suffolk Pension Board is keen to communicate its activity and to engage with the employers and scheme members that they represent.
4. There are no alternative options.

Main body of report

5. The Suffolk Pension Fund has a communication strategy that was last reviewed in 2008. A copy of this attached at Appendix 1.
6. The Pension Fund Committee was due to review the Fund's communication strategy at its meeting on 28 February 2016. However, this paper was delayed to allow the Pension Board to consider its requirements and for these to be incorporated into the new document. The Pension Fund Committee's next meeting is on 6 June 2016.
7. The Board is asked to consider its own communication requirements including:-
 - i) What it wants to communicate.
 - ii) Who it wants to communicate with.
 - iii) The frequency of the communication
 - iv) And the way in which the communication is delivered.

Sources of further information

- | |
|---|
| <ol style="list-style-type: none"> b) None |
|---|

SUFFOLK COUNTY COUNCIL PENSION FUND

COMMUNICATIONS POLICY STATEMENT

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INTRODUCTION

This is the Communications Policy Statement of the Suffolk County Council Pension Fund.

The Fund liaises with over 50 employers and approximately 40,000 scheme members in relation to the Local Government Pension Scheme. The delivery of the benefits involves communication with a number of other interested parties. This statement provides an overview of how we communicate and how we intend to measure whether our communications are successful.

It is effective from April 2008.

Any enquiries in relation to this Communication Policy Statement should be sent to:

Director of Resource Management
Suffolk County Council
Endeavour House
8 Russell Road
Ipswich
IP1 2BX

REGULATORY FRAMEWORK

This policy statement is required by the provisions of Regulation 106B of the Local Government Pension Scheme Regulations 1997. The provision requires us to:

“...prepare, maintain and publish a written statement setting out their policy concerning communications with:

- (a) members;*
- (b) representatives of Members;*
- (c) prospective Members;*
- (d) employing Authorities.”*

In addition it specifies that the statement must include information relating to:

- “(a) the provision of information and publicity about the Scheme to members, representatives of members and employing authorities;*
- (b) the format, frequency and method of distributing such information or publicity; and*
- (c) the promotion of the Scheme to prospective members and their employing authorities.”*

As a provider of an occupational pension scheme, we are already obliged to satisfy the requirements of the Occupational Pension Schemes (Disclosure of information) Regulations and other legislation, for example the Pensions Act 2004. Previously the disclosure requirements have been prescriptive, concentrating on timescales rather than quality. From 6 April 2006 more generalised disclosure requirements are to be introduced, supported by a Code of Practice. The type of information that pension schemes are required to disclose will remain very much the same as before, although the prescriptive timescales are being replaced with a more generic requirement to provide information within a “*reasonable period*”. The draft Code of Practice¹ issued by the Pensions Regulator in September 2005 sets out suggested timescales in which the information should be provided. While the Code itself is not a statement of the law, and no penalties can be levied for failure to comply with it, the Courts or a tribunal must take account of it when determining if any legal requirements have not been met. A summary of our expected timescales for meeting the various disclosure of information requirements are set out in the section below on Performance Measurement.

RESPONSIBILITIES AND RESOURCES

Within the County Council’s Pensions Section the responsibility for communication material is performed by our Pension Manager with the assistance of one or more senior pensions officers.

The team write and design all communications including any web based or electronic material. They are also responsible for arranging all forums, workshops and meetings covered within this statement. Though we write all communication within the section, all design work is carried out by the Council’s publications team. We also carry out all the arrangements for forums, workshops and meetings covered within this statement.

Printing is carried out internally by the Council’s printing department or externally where this is cheaper.

¹ Code of Practice – Reasonable periods for the purposes of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 issued September 2005

COMMUNICATION WITH KEY AUDIENCE GROUPS

Our audience

We communicate with a number of stakeholders. For the purposes of this communication policy statement, we are considering our communications with the following audience groups:

- active members;
- deferred members;
- pensioner members;
- prospective members;
- employing authorities (scheme employers and admission bodies);
- union representatives;
- elected members/the Pension Fund Committee;
- media, and
- other stakeholders.

In addition there are a number of other stakeholders with whom we communicate on a regular basis, such as Her Majesty's Revenues and Customs, the department of Communities and Local Government, the Pensions Advisory Service, and other pension providers. We also consider as part of this policy how we communicate with these interested parties.

General communication

We will continue to use paper based communication as our main means of communicating, for example, by sending letters to our scheme members. However, we will complement this by use of electronic means such as our website www.suffolkcc.gov.uk. We will accept communications electronically, for example, by e-mail and, where we do so, we will respond electronically where possible.

Branding

As the Pension Fund is administered by Suffolk County Council, all literature and communications will conform with the branding of the Council.

Accessibility

We recognise that individuals may have specific needs in relation to the format of our information or the language in which it is provided. Demand for alternative formats/languages is not high enough to allow us to prepare alternative format/language material automatically. However, on all communication from the Pension Fund office we will include a statement offering the communication in large print, Braille, on cassette or in another language on request.

POLICY ON COMMUNICATION WITH ACTIVE, DEFERRED AND PENSIONER MEMBERS

Our objectives with regard to communication with members are:

- for the LGPS to be used as a tool in the attraction and retention of employees.
- to better educate and explain to members the benefits of the LGPS.
- to provide more opportunities for face to face communication.
- as a result of improved communication, for queries and complaints to be reduced.
- for our employers to be employers of choice.
- to improve the take up of the LGPS by employees.
- to reassure stakeholders.

Our objectives will be met by providing the following communications, which are over and above individual communications with members (for example, the notifications of scheme benefits or responses to individual queries). The communications are explained in more detail beneath the table:

Method	Media	Frequency	Method of Distribution	Audience Group (Active, Deferred, Pensioner or All)
Scheme booklet	Paper based and on website	At joining and major scheme changes	Post to home address/via employers	Active
Newsletters	Paper based and on website	Annually/biannually and after any scheme changes	Via employers	Separately for active, deferred and pensioners
Pension Fund Report and Accounts	Paper based and on website	Annually	On request	All
Pension Fund Accounts – Summary	Paper based	Annually	Via employers for actives. Post to home address for deferred and pensioner members	All
Estimated Benefit Statements	Paper based/via website	Annually	Post to home address/via employers for active members. Post to home address for deferred members.	Active and Deferred.

Method	Media	Frequency	Method of Distribution	Audience Group (Active, Deferred, Pensioner or All)
Factsheets	Paper based and on website	On request	On request	Active and deferred
Website	Electronic	Continually available	Advertised on all communications	All
Roadshows	Face to face	Annually	Advertised in newsletters and pensioners payslips	All
Face to face education sessions	Face to face	On request	On request	All

Explanation of communications

Scheme booklet - A booklet providing a relatively detailed overview of the LGPS, including who can join, how much it costs, the retirement and death benefits and how to increase the value of benefits.

Newsletters - An annual/biannual newsletter which provides general information in relation to the LGPS, as well as updates in relation to changes to the scheme and other related news, such as national changes to pensions, forthcoming roadshows, a summary of the accounts for the year, contact details, etc.

Pension Fund Report and Accounts – Details of the value of the Pension Fund during the financial year, income and expenditure as well as other related details, for example, the current employing authorities and scheme membership numbers.

Pension Fund Report and Accounts Summary – provides a handy summary of the position of the Pension Fund during the financial year, income and expenditure as well as other related details.

Estimated Benefit Statements – For active members these include the current value of benefits as well as the projected benefits as at their earliest retirement date and at age 65. The associated death benefits are also shown as well as details of any individuals the member has nominated to receive the lump sum death grant. State benefits are also included. In relation to deferred members, the benefit statement includes the current value of the deferred benefits and the earliest payment date of the benefits as well as the associated death benefits.

Factsheets – These are leaflets that provide some detail in relation to specific topics, such as topping up pension rights, transfer values in and out of the scheme, death benefits and for pensioners, annual pensions increases.

Website – The website will provide scheme specific information, forms that can be printed or downloaded, access to documents (such as newsletters and report and accounts), frequently asked questions and answers, links to related sites and contact information etc.

Roadshows – Every year a number of staff will tour the geographical area of the fund. The roadshows provide the opportunity to have a face to face conversation about your pension rights

Face to face education sessions – These are education sessions that are available on request for small groups of members. For example, where an employer is going through a restructuring, it may be beneficial for the employees to understand the impact any pay reduction may have on their pension rights.

POLICY ON PROMOTION OF THE SCHEME TO PROSPECTIVE MEMBERS AND THEIR EMPLOYING AUTHORITIES

Our objectives with regard to communication with prospective members are:

- to improve take up of the LGPS.
- for the LGPS to be used as a tool in the attraction of employees.
- for our employers to be employers of choice.

As we, in the County Council's Pension Section, do not have direct access to prospective members, we will work in partnership with the employing authorities in the Fund to meet these objectives. We will do this by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Overview of the LGPS leaflet	Paper based	On commencing employment	Via employers	New employees
Educational sessions	As part of induction workshops	On commencing employment	Face to face	New employees

Explanation of communications

Overview of the LGPS leaflet - A short leaflet that summarises the costs of joining the LGPS and the benefits of doing so.

Educational sessions – A talk providing an overview of the benefits of joining the LGPS.

POLICY ON COMMUNICATION WITH EMPLOYING AUTHORITIES

Our objectives with regard to communication with employers are:

- to improve relationships.
- to assist them in understanding costs/funding issues.
- to work together to maintain accurate data.
- to ensure smooth transfers of staff.
- to ensure they understand the benefits of being an LGPS employer.
- to assist them in making the most of the discretionary areas within the LGPS.

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Employers' Guide	Paper based and on Pension Fund website	At joining and updated as necessary	Post or via email	Main contact for all employers
Newsletters	Electronic (e-mail) and Pension Fund website	Quarterly or more frequent if necessary	E-mail and post.	All contacts for all employers
Annual employers meeting	Face to face	Annually	Invitations by e-mail/post	All contacts for all employers
Employers focus groups	Face to face	As requested.	Invitations by e-mail/post	Either main contacts or specific groups (e.g. HR or payroll) depending on topics
Pension Fund Report and Accounts	Paper based and employer website	Annually	Post	Main contact for all employers
Meeting with adviser	Face to face	On request	Invitations by post or email	Senior management involved in funding and HR issues.

Explanation of communications

Employers' Guide - A detailed guide that provides guidance on the employer responsibilities including the forms and other necessary communications with the Pension Section and scheme members.

Newsletters – A technical briefing newsletter that will include recent changes to the scheme, the way the Pension Section is run and other relevant information so as to keep employers fully up to date.

Annual employers meeting – A formal seminar style event with a number of speakers covering topical LGPS issues.

Employers' focus groups – Generally workgroup style sessions set up to debate current issues within the LGPS.

Pension Fund Report and Accounts – Details of the value of the Pension Fund during the financial year, income and expenditure as well as other related details, for example, the current employing authorities and scheme membership numbers.

Adviser meeting – Gives employers the opportunity to discuss their involvement in the scheme with advisers.

POLICY ON COMMUNICATION WITH UNION REPRESENTATIVES

Our objectives with regard to communication with union representatives are:

- to foster close working relationships in communicating the benefits of the scheme to their members
- to ensure they are aware of the Pension Fund's policy in relation to any decisions that need to be taken concerning the scheme
- to engage in discussions over the future of the scheme
- to provide opportunities to educate union representatives on the provisions of the scheme

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Face to face education sessions	Face to face	On request	On request	All
Pension Fund Committee meetings	Meeting	At least quarterly.	Via invitation	All

Explanation of communications

Briefing papers – a briefing that highlights key issues and developments relating to the LGPS

Face to face education sessions – these are education sessions that are available on request for union representatives and activists, for example to improve their understanding of the basic principles of the scheme, or to explain possible changes to policies.

Pension Fund Committee meetings – a formal committee of the County Council, consisting of elected members, attended by senior managers, at which local decisions in relation to the scheme (policies, etc) are taken

POLICY ON COMMUNICATION WITH ELECTED MEMBERS/ PENSION FUND COMMITTEE

Our objectives with regard to communication with elected members/the Pension Fund Committee are:

- to ensure they are aware of their responsibilities in relation to the scheme
- to seek their approval to the development or amendment of discretionary policies, where required
- to seek their approval to formal responses to government consultation in relation to the scheme

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Training sessions	Face to face	When new Pension Fund Committee meets and as and when required	Face to face or via the Local Government Employers organisation	All members of the Pension Fund Committee
Briefing papers	Paper based and electronic	As and when required	Email or hard copy	All members of the Pension Fund Committee
Pension Fund Committee Meetings	Meeting	Quarterly	Members elected onto Pension Fund Committee	All members of the Pension Fund Committee

Explanation of communications

Training Sessions – that provide a broad overview of the main provisions of the LGPS, and elected member's responsibilities within it.

Briefing papers – a briefing that highlights key issues and developments to the LGPS.

Pension Fund Committee meetings - a formal meeting of elected members, attended by senior managers, at which local decisions in relation to the scheme (policies, etc) are taken.

POLICY ON COMMUNICATION WITH THE MEDIA

Our objectives with regard to communication with the media are:

- to ensure the accurate reporting of Fund valuation results, the overall performance of the Fund and the Fund's policy decisions against discretionary elements of the scheme

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Press releases	Paper based or electronic	Every three years following the valuation of the Fund, and as and when required for other matters	Post or email	Local press

Explanation of communications

Press releases – provide statements setting out the Fund's opinion of the matters concerned (e.g. Fund valuation results)

POLICY ON COMMUNICATION WITH OTHER STAKEHOLDERS/INTERESTED PARTIES

Our objectives with regard to communication with other stakeholder/interested parties are:

- to meet our obligations under various legislative requirements
- to ensure the proper administration of the scheme
- to deal with the resolution of pension disputes
- to administer the Fund's AVC scheme

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Pension Fund valuation reports	Electronic	Every three years	Via email	Department of Communities and Local Government(CLG)/Her Majesty's Revenues and Customs (HMRC)/all scheme employers
Details of new employers entered into the Fund	Hard copy	As new employers are entered into the Fund	Post	CLG/HMRC
Formal resolution of pension disputes	Hard copy or electronic	As and when a dispute requires resolution	Via email or post	Scheme member or their representatives, the Pensions Advisory Service/the Pensions Ombudsman
Completion of questionnaires	Electronic or hard copy	As and when required	Via email or post	CLG/HMRC/the Pensions Regulator

Explanation of communications

Pension Fund Valuation Reports – a report issued every three years setting out the estimated assets and liabilities of the Fund as a whole, as well as setting out individual employer contribution rates for a three year period commencing one year from the valuation date

Details of new employers – a legal requirement to notify both organisations of the name and type of employer entered in to the Fund (i.e. following the admission of third party service providers into the scheme)

Resolution of pension disputes – a formal notification of pension dispute resolution, together with any additional correspondence relating to the dispute

Completion of questionnaires – various questionnaires that may be received, requesting specific information in relation to the structure of the LGPS or the make up of the Fund

PERFORMANCE MEASUREMENT

So as to measure the success of our communications with active, deferred and pensioner members, we will use the following methods:

Timeliness

We will measure performance against the following target delivery timescales:

Communication	Audience	Statutory delivery period	Target delivery period
Scheme booklet	New joiners to the LGPS	Within two months of joining	Within four weeks of joining the LGPS
Estimated Benefit Statements as at 31 March	Active members	within two month of request	31 October each year
Telephone calls	All	Not applicable	80% of phone calls to be answered within 30 seconds
Issue of retirement benefits	Active members retiring	Within two months of retirement	95% of retirement benefits to be issued within 10 working days of receiving all the necessary information.
Issue of forms i.e. expression of wish	Active/Deferred members	N/A	Within ten working days
Changes to scheme rules	Active/deferred and pensioner members, as required	Within two months of the change coming into effect	Within one month of change coming into effect
Annual Pension Fund Report and Accounts	All	Within two months of request	Within five working days

Results

We will publish an overview of how we are performing within our annual report and accounts and in our annual newsletter to active members. Full details will be reported to our Pension Fund Committee and will be available for viewing on our website.

REVIEW PROCESS

We will review our communication policy to ensure it meets audience needs and regulatory requirements at least annually. A current version of the policy statement will always be available on our website at www.suffolkcc.gov.uk and paper copies will be available on request.

SERVICE LEVEL AGREEMENTS**BY THE ADMINISTERING AUTHORITY**

Function / Task	Performance target
LIAISON AND COMMUNICATION	
Confirm nominated employer liaison officer	30 working days of employer joining fund or change to nominated officer
Publish and keep under review the Suffolk Pension Fund administration strategy	Within three months of decision to develop an administration strategy or one month of any changes being agreed with scheme employers
Issue and keep up to date employer procedural guide to employer	30 working days from admission of new employer or date of change/amendment
Issue and keep up to date scheme guide and all other literature for issue to scheme members	30 working days from admission of new employer or date of change/amendment
Issue and keep up to date all forms required for completion by either scheme members, prospective scheme members or scheme employers	30 working days from admission of new employer or date of change/amendment
Formulate and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the Pensions Committee
Host employer forum	Annually (usually during February/March each year)
Attend employer liaison meetings with scheme employers	Half yearly, to be agreed with individual scheme employers
Organise training sessions for scheme employers	Upon request from scheme employers, or as required
Notify scheme employers and scheme members of changes to the scheme rules	Within 30 working days of the change(s) coming into effect
Notify scheme employer of issues relating to scheme employer's poor performance (including arranging meeting if required)	Within 5 working days of performance issue becoming apparent
Notify scheme employer of decision to recover additional costs associated with the scheme employer's poor performance (including any interest that may be due)	Within 10 working days of scheme employer failure to improve performance, as agreed
Issue annual benefit statements to active members as at 31 March each year	By the following 30 September
Issue annual benefit statements to deferred benefit members as at 31 March each year	By the following 31 July

FUND ADMINISTRATION	
Issue formal valuation results (including individual employer details)	10 working days from receipt of results from fund actuary (but in any event no later than 31 March following the valuation date)
Carry out interim valuation exercise on cessation of admission agreements or scheme employer ceasing participation in the Suffolk Pension Fund	Upon each cessation or occasion where a scheme employer ceases participation on the Suffolk Pension Fund
Arrange for the setting up of separate admission agreement funds, where required (including the allocation of assets and notification to the Secretary of State)	Within 3 months of agreement to set up such funds
Publish, and keep under review, the fund's governance policy statement	Within 30 working days of policy being agreed by the Pensions Committee
Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the fund's actuary. Revised statement to be issued with the final valuation report
Publish the Pension Fund annual report and any report from the auditor	By 31 st October following the year end
SCHEME ADMINISTRATION	
Make all necessary decisions in relation to a scheme member and issue combined statutory notification to new scheme member (including aggregation of previous LGPS membership)	10 working days of receipt of all necessary information
Provide responses to scheme members/scheme employers/personal representatives/dependents and other authorised persons	10 working days from receipt of enquiry
Provide transfer-in quote to scheme member	10 working days of receipt of the estimated transfer value
Confirm transfer-in payment and membership change to scheme member	10 working days of receipt of payment of transfer of value
Arrange for the transfer of scheme member additional voluntary contributions into in-house arrangement	10 working days of receipt of all necessary information
Calculate cost of additional regular contributions, and notify scheme member	10 working days of receipt of request from scheme member
Notify scheme employer of scheme member's election to pay/cease/amend additional regular contributions and/or additional voluntary contributions	10 working days of receipt of election from scheme member
Provide requested estimates of benefits to employees / employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	10 working days of receipt of all necessary information

Notify leavers of deferred benefit entitlements	Within 1 month of receipt of all necessary information
Provide details of estimated Transfers Out	Within 1 month of receipt of all necessary information
Payment of Transfers Out	10 working days of receipt of all necessary information
Notify retiring employees of options, enclosing appropriate forms	5 working days of receipt of all necessary information
Payment of retirement Lump Sum and pension	Lump sum-10 working days of receipt of all necessary information after retirement Pension – Paid in the next available pay run, thereafter the last banking day of each month
Death notifications – issue initial letter requesting certificates	5 working days following notification of death
Notification of survivor benefits	10 working days of receipt of all necessary information
Pay balance of deceased's pension and any death grant due	10 working days of receipt of all necessary information
Appoint stage 2 “appointed person” for the purposes of the pension dispute process and notify all scheme employers of the appointment	Within 30 working days following the resignation of the current “appointed person”
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.
Publish and keep under review the Suffolk Pension Fund policy on the abatement of pension on re-employment	Notify scheme employers and publish policy within one month of any changes or revisions to the policy

BY THE SCHEME EMPLOYER

Function / Task	Performance Target
LIAISON AND COMMUNICATION	
Confirm nominated representative	30 working days of employer joining fund or change to nominated representative
Formulate and publish policies in relation to all areas where the employing authority may exercise a discretion within the scheme (including providing a copy of the policy decision(s) to the Suffolk Pension Fund	Within 30 working days of policy being formally agreed by the employer
Remit and provide details of total employer/employee contributions	5 th working day of month after deduction
Respond to enquiries from administering authority	10 working days from receipt of enquiry
Provide year end information required by the Suffolk Pension Fund, in a format agreed with the Suffolk Pension Fund	By 21 st April following the year end
Ensure payment of additional costs to the Suffolk Pension Fund associated with the poor performance of the scheme employer	Within 30 working days of receipt of invoice from the Suffolk fund
Distribute any information provided by Suffolk Pension Fund to scheme members/potential scheme members	Within 15 days of its receipt
Notification to the Suffolk Pension Fund (so they can liaise with actuary) of material changes to workforce/assumption related areas (e.g. restructurings/pay reviews/employer going to cease/ contracting out of services).	No later than 10 working days after material change / formal employer agreement on assumption related areas
Provide new/prospective scheme members with scheme information and new joiner forms	5 working days of commencement of employment or change in contractual conditions
FUND ADMINISTRATION	
All new prospective admitted bodies to undertake, to the satisfaction of the Suffolk Pension Fund, a risk assessment of the level or bond required in order to protect other scheme employers participating in the pension fund	To be completed before the body can be admitted to the Suffolk Pension Fund
All admitted bodies to undertake a review of the level of bond or indemnity required to protect the other scheme employers participating in the fund	Annually, or such other period as may be agreed with the administering authority
Payment of additional fund payments in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency retirement	Within 30 working days of receipt of invoice from the Suffolk Pension fund / within timescales specified in each case

EMPLOYER ADMINISTRATION	
Make all necessary decisions in relation to new scheme members in the LGPS (whether full or part time, pensionable pay, appropriate contribution rate band, etc)	10 working days of scheme member joining
Provide administering authority with scheme member details on appropriate form/via electronic interface	10 working days of scheme member joining/from month end of joining
Arrange for the correct deduction of employee contributions from a scheme members pensionable pay on becoming a scheme member	Immediately on joining the scheme, opting in or change in circumstances
Ensure correct employee contribution rate is applied and arrange for reassessment of employee contribution rate in line with employer's policy	Immediately upon commencing scheme membership, reviewed as per policy
Ensure correct rate of employer contribution is applied	Immediately following confirmation from the administering authority of appropriate employer contribution rate
Ensure correct deduction of pension contributions during any period of child related leave, trade dispute or other forms of leave of absence from duty	Immediately, following receipt of election from scheme member to make the necessary pension contributions
Commence/amend/cease deductions of additional regular contributions	Commence/amend in month following election to pay contributions or notification received from administering authority, cease immediately following receipt of election from scheme member
Arrange for the deduction of AVCs and payment over of contributions to AVC provider(s)	Commence deduction of AVCs in month following the month of election Pay over contributions to the AVC provider(s) by the 19 th of the month following the month of election
Refund any employee contributions when employees opts out of the pension scheme before 3 months	Month following month of opt out
Cease deduction of employee contributions where a scheme member opts to leave the scheme	Month following month of election, or such later date specified by the scheme member
Provide administering authority with details of all material changes in employee's circumstances (e.g. marital or civil partnership status), contractual changes to a scheme members hours and/or weeks via appropriate form/electronic interface	10 working days of change/notification of change
Leave of absence with permission (maternity / paternity / secondment) without pay etc. (communications with employee and confirmation to pension fund)	Within 10 working days of notice from employee / HR / payroll
Determine reason for leaving and provide notification to administering authority of scheme leavers	By the end of the month the member left
Provide advance basic information relating to members retiring	Within 5 days of receipt of resignation/notification

Determine reason for retirement and provide notification to administering authority of retiree	Within 10 working days of notification of intention to retire
Provide final pay information for each scheme member who leaves/retire/dies and forward to Suffolk Pension Fund on appropriate form/via electronic interface	Within 10 working days following date of leaving/retirement/death
Appoint an independent medical practitioner qualified in occupational health medicine, in order to consider all ill health retirement applications and agree appointment with Suffolk Pension Fund	Within one month of commencing participation in the scheme or date of resignation of existing medical adviser
Appoint person for stage 1 of the pension dispute process and provide full details to the administering authority	Within 30 working days following the resignation of the current "appointed person"

Suffolk Pension Board

Report Title:	Passive and Active Investment Management
Meeting Date:	4 May 2016
Chairman:	Councillor Richard Smith MVO
Director:	Geoff Dobson, Director of Resource Management Tel. 01473 264347
Author:	Paul Finbow, Senior Pensions Specialist Tel. 01473 265288

Brief summary of report

1. This report provides the Pension Board with information about the passive and active investments within the Suffolk Pension Fund.

Action recommended

- | |
|---|
| 2. The Board is asked to note the report. |
|---|

Reason for recommendation

3. The Board requested a report on the split between active and passive investment of the Suffolk Fund, comparing it with other Funds.
4. There are no alternative options.

Main body of report

Passive Investing

5. The passive management style of investing is also known as tracking the index. Typically the fund will buy all the stocks in, for example, the FTSE 100 in the same proportion they represent in the index. So if Vodafone accounts for 6% of the FTSE 100 Index by value and a smaller company such as Tate & Lyle accounts for 1%, 6% of the investment fund by value will be in Vodafone shares and 1% by value in Tate & Lyle and rebalancing will occur to ensure the fund is consistent with the index.
6. Passive investment funds simply track a market, and charge far less in management fees in comparison. The funds are essentially run by computer and will buy all of the assets in a particular market, or the majority, to give you a return that reflects how the market is performing.
7. While passive investing can work well when all stocks are heading in the same direction, in volatile markets where different sectors or stocks act differently than the market, passive funds will not benefit from the investing opportunity this presents.

Active Investing

8. The active management style of investing will try to beat the returns of the index to which it relates – known as its benchmark. The index contains the companies whose shares are being bought and sold daily by the fund. All equities belong to at least one index depending on the location of the company and the type of business.
9. In an active fund, the manager will pick stocks to buy and then compare the returns that they make against the benchmark. Good stock selection is designed to pick the companies that the fund manager thinks will outperform others within the index. The manager does not have to buy all the index stocks; only the ones that they believe will rise the most in value, or in some cases, pay the best dividends, to give the best overall returns.
10. Some areas of investment are much better suited to active rather than passive management. Property funds, for example, buy commercial properties and pay returns based on rental income and increases in capital value of the properties. As property assets are heterogeneous in their nature, it is almost impossible to invest to get an index return.

Key differences

11. Active fund management means employing highly skilled managers who can spot the best opportunities. They are backed by resources such as researchers, databases and analyst reports in order to decide which equities have the best chance of outperforming. It is for this reason that active management is more expensive in terms of manager fees.
12. Passively managed funds do not involve stock picking, since the equities will be chosen in direct proportion to the indices that they track. This can be done using computer programs, cutting down on the costs of management. They also do not need extensive research and consequently are cheaper to purchase than active funds.

Suffolk Pension Fund Holdings

13. The Suffolk Pension Fund currently holds 33% of its investment assets in passive investments. The holdings in passive investments as at 31 March 2016 are as below:

Manager	Investment	£'m	% of Fund
Legal & General	UK Equities	151.2	6.9
	Overseas Equities	227.5	10.3
	RAFI	214.3	9.7
	5 Yr Index Gilts	89.9	4.1
	Bonds	45.1	2.0

14. The Suffolk Pension Fund holdings in active investments as at 31 March 2016 are as below:

Manager	Investment	£'m	% of Fund
Blackrock	UK Equities	198.8	9.0
Newton	Overseas Equities	334.9	15.2
Blackrock	Bonds	132.8	6.0
M&G	Bonds	172.0	7.8
Schroders	Property	246.6	11.2
Pyrford	Absolute Return	128.8	5.8
Winton	Hedge Fund	73.9	3.4
Bluecrest	Hedge Fund	7.4	0.3
M&G	Debt Opportunity	47.4	2.1
Pantheon	Private Equity	37.4	1.7
Wilshire	Private Equity	34.4	1.6
KKR	Infrastructure	36.0	1.6
Partners	Infrastructure	19.5	0.9
Brookfield	Timberlands	6.9	0.3

Holdings in comparison to other Pension Funds

15. Comparative data is only available to March 2015. During the last year the Suffolk Pension Fund has decreased its passive investments in corporate bonds, which are now actively managed by M&G and BlackRock. This reduction in passive investments was partially offset by changing part of the UK equities portfolio to a passive mandate.
16. For comparison the table below compares the Suffolk Pension Fund to those other Pension Funds in the ACCESS investment pool as at 31 March 2015. Following the changes during 2015/16, Suffolk's proportion of passive investing (33%) is closer to other funds.

Pension Fund	Passive Holdings %	14/15 Return
Cambridgeshire	23.6	12.2%
Essex	31.6	14.8%
Hampshire	21.1	14.9%
Hertfordshire	23.9	13.7%
Isle of Wight	No holding	13.7%
East Sussex	33.6	15.0%

Kent	12.4	11.2%
Norfolk	8.0	13.0%
N'hamptonshire	21.1	12.4%
Suffolk	48.4	14.6%
West Sussex	No holding	14.9%

Suffolk Pension Fund rationale

17. The Suffolk Pension Fund holdings are reviewed on a regular basis with advice taken from Hymans Robertson and Mark Stevens. The allocation in passive and active investments was last reviewed on 30 November 2015, following a full review in November 2014.
18. The investment beliefs regarding passive and active investments are:
- i) Passive management is appropriate for obtaining a low cost allocation to efficient markets. Active management is appropriate where a market is relatively inefficient, offering opportunities for active managers to add value.
 - ii) Where markets offer little scope for adding value through active, passive management is preferred as a low cost way of accessing the market.
 - iii) Where markets offer substantial scope for added value, conviction active management would seem appropriate as a way of increasing the overall expected return (after fees) without significantly increasing the overall level of volatility. Active management can also be a way of managing the biases within an index (momentum and stock concentration).
 - iv) A rigorous approach to active manager selection improves the chance of appointing an active manager who will add value over the long-term (but does not guarantee this).
 - v) The selection of an active manager must assess more than just past performance and look into both the requirements of the Fund and the infrastructure supporting the manager's portfolio choices including; business and ownership, philosophy and process, people, risk controls and fees.
 - vi) A degree of diversification of managers improves the efficiency of the overall structure (i.e. improves the expected return per unit of risk).
 - vii) Active manager performance is expected to be cyclical and therefore by appointing a number of managers the delivery of returns is expected to be less volatile.
 - viii) However, too much diversification can lead to expensive index tracking as managers offset each other's positions.

Sources of further information

- a) None

Suffolk Pension Board

Report Title:	Risk Register
Meeting Date:	4 May 2016
Chairman:	Councillor Richard Smith MVO
Director:	Geoff Dobson, Director of Resource Management Tel. 01473 264347
Author:	Paul Finbow, Senior Pensions Specialist Tel. 01473 265288

Brief summary of report

1. This report provides the Pension Board with the Suffolk Pension Fund risk register.

Action recommended

- | |
|---|
| <ol style="list-style-type: none"> 2. The Board is asked to note the report and to consider whether some of these areas of risk should be added to the Forward Work programme for future meetings. |
|---|

Reason for recommendation

3. Risk management is a key responsibility of those charged with Pension Fund governance with a duty to identify the range of risks that could affect the long term sustainability of the Fund.
4. The effective management of risk is also an area which is covered within the CIPFA Knowledge and Skills framework which recognises the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps can be taken to mitigate such risks.
5. There are no alternative options.

Main body of report

Regulatory Background

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

Risk Register

7. 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 should be established.
8. Six key areas of risk have been identified:
 - a) Employer
 - b) Actuarial
 - c) Governance
 - d) Investment
 - e) Regulatory
 - f) Operational
9. Each of the risks within these 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.
10. The impact of each risk has been assessed as:
 - a) Insignificant (1)
 - b) Minor (2)
 - c) Moderate (3)
 - d) Major (4)
 - e) Extreme (5)
11. The risk has then been assessed on the probability of the risk occurring.
 - a) Rare (1)
 - b) Unlikely (2)
 - c) Possible (3)
 - d) Likely (4)
 - e) Almost certain (5)
12. This has been used to allocate a risk score (multiplication of the score value in brackets above) to each risk which produces one of the risk ratings as follows:
 - a) Low (1-4)
 - b) Medium (5-9)
 - c) High (10-15)
 - d) Very High (16-25)
13. Risk control measures have been identified for each risk indicating the most effective way of managing the risk.

14. The risk register and actions taken to mitigate or control risks will be reported to the Committee at least twice a year.

Sources of further information

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

b) Delivering Good Governance in Local Government Pensions Funds - CIPFA 2012 Integrated Risk Management - Pensions Regulator 2015

Suffolk Pension Fund Risk Register

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF01	<p>Employer An employer ceases to exist without the funds to meet pension liabilities.</p> <p><u>Consequence</u> The financial burden would have to be picked up by the rest of the employers in the Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The Pension Fund officers to annually review the funding position of each employer and the securities in place in case of cessation.</p> <p>The risk is further mitigated by:</p> <p>Vetting prospective employers in regards to financial security of funding streams.</p> <p>Seeking a funding guarantee or indemnity from the former scheme employer.</p> <p>Review to ensure Bonds are renewed when expiring and reflect current employer position.</p>
SPF02	<p>Employer Employers' failure to carry out their responsibilities for providing scheme administration data.</p> <p><u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer and the Pension Fund as a whole.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The Administration Strategy sets out employer responsibilities.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings.</p> <p>Each employer has a named pension liaison officer.</p> <p>Non compliance is addressed.</p>
SPF03	<p>Employer County Council failing to commission the Fund Actuary to carry out a cessation valuation for a departing Admission Body and losing the opportunity to call in a debt.</p> <p><u>Consequence</u> The financial burden would have to be picked up by the rest of the employers in the Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The Admission Agreement requires employers to inform it of forthcoming changes.</p> <p>Each employer has a named pension liaison officer.</p> <p>Non compliance is addressed.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF04	<p>Employer County Council unaware of structural changes in an employer's membership (e.g. large fall in employee members; large number of retirements)</p> <p><u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer leading to an inappropriate contribution rate being used.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The Pension Fund monitors membership movements.</p> <p>The Actuary can be instructed to consider revising the Rates and Adjustments certificate to increase an employer's contributions (under Regulation 78) between triennial valuations.</p> <p>Non compliance is addressed.</p>
SPF05	<p>Employer County Council not advised of an employer closing to new entrants.</p> <p><u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer leading to an inappropriate contribution rate being used.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The Admission Agreement requires employers to inform it of forthcoming changes to its scheme and membership.</p> <p>Each employer has a named pension liaison officer.</p> <p>Non compliance is addressed.</p>
SPF06	<p>Employer Increase in early retirements</p> <p><u>Consequence</u> Could increase the liability strain for the employer making the scheme unaffordable.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Employers are charged the capital cost of non-ill health early retirements.</p> <p>Ill health retirements are monitored, any cost in excess of the allowance in the contribution rate if applicable is charged to the employer.</p> <p>Smaller employers are encouraged to take out an insurance policy to cover the cost of ill health early retirements.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF07	<p>Employer Failure to communicate or engage with Pension Fund stakeholders.</p> <p><u>Consequence</u> Leading to non compliance with legislation and best practice. Inability to determine policy and effective decisions. Damaging to reputation.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Maintenance of a communication strategy, governance strategy and governance compliance statement which are subject to regular review.</p> <p>Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and bi-annual employer meetings.</p> <p>Regular meetings are held by the Pension Fund committee and Pension Board with the papers published within statutory deadlines.</p> <p>A range of communication tools are available to enable effective communication such as newsletters, pension help desk, pensions website.</p>

SPF08	<p>Actuarial Scheme members live longer than assumed in actuarial assumptions leading to higher than expected liabilities.</p> <p><u>Consequence</u> Could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Moderate (3)	Possible (3)	9	Medium	<p>Life expectancy assumptions are reviewed at each triennial valuation.</p> <p>Mortality assumptions are set with an allowance for future increases in life expectancy.</p>
SPF09	<p>Actuarial Inappropriate long-term investment strategy in relation to fund liabilities.</p> <p><u>Consequence</u> Could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Major (4)	Unlikely (2)	8	Medium	<p>The investment Strategy is fully reviewed at least every 3 years by the Pension Fund Committee in line with the results of the triennial valuation.</p> <p>Regular reporting of the funding position.</p> <p>A high level review is undertaken annually to assess whether the objectives of the strategy still meet with the Fund's current objectives.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF10	<p>Actuarial Pay and price inflation are significantly higher than anticipated in the valuation assumptions leading to higher than expected liabilities.</p> <p><u>Consequence</u> Could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Moderate (3)	Possible (3)	9	Medium	<p>Assumptions are reviewed at each triennial valuation.</p> <p>Some investment in growth and inflation linked assets helps to mitigate this risk as their valuation should rise as inflation rises.</p>
SPF11	<p>Actuarial Effect of possible increase in employer's contribution rate.</p> <p><u>Consequence</u> Could effect the employers affordability to be part of the Suffolk Pension Fund leading to a loss of employers and therefore members which will reduce income to the Fund. Could effect the employers ability to fund the services that they are responsible for if additional budget is required to fund pension contributions.</p>	Minor (2)	Possible (3)	6	Medium	<p>Mitigate impact through deficit spreading.</p> <p>Phasing in of contribution rate rises.</p> <p>Consultation on the funding strategy and proposed contribution rates.</p>
SPF12	<p>Actuarial Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities.</p> <p><u>Consequence</u> Could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Moderate (3)	Possible (3)	9	Medium	<p>Regular reporting of the funding position.</p> <p>Toleration of risk in the expectation of higher real returns from riskier assets (equities, property).</p> <p>Some investment in bonds and alternatives helps to mitigate this risk.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF13	<p>Actuarial Failure of the investment strategy to produce the long-term returns assumed in the Funding Strategy.</p> <p><u>Consequence</u> Could have a negative affect on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Major (4)	Possible (3)	12	High	<p>The investment Strategy is fully reviewed at least every 3 years by the Pension Fund Committee in line with the results of the triennial valuation.</p> <p>A high level review is undertaken annually to assess whether the objectives of the strategy still meet with the Fund's current objectives.</p>

SPF14	<p>Governance Pension Fund Committee members do not have the appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.</p> <p><u>Consequence</u> Could lead to inappropriate decisions being made which could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers. Reputational risk to the Suffolk Pension Fund.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Committee has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Committee approves a formal two year 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.</p> <p>New Committee members and substitutes are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise Pension Fund Committee, as required.</p>
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Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF15	<p>Governance Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility.</p> <p><u>Consequence</u> The Board does not discharge their duties to oversee the governance of the Pension Fund. Reputational risk to the Suffolk Pension Fund.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs.</p> <p>The Board approves a formal two year training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified.</p> <p>New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings.</p> <p>External advisers are employed to advise the Pension Fund Board as required.</p>
SPF16	<p>Governance Pension Fund officers do not have the appropriate skills or knowledge to complete statutory duties or advise the Pension Fund appropriately.</p> <p><u>Consequence</u> Could lead to inappropriate decisions being made which could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers. Reputational risk to the Suffolk Pension Fund.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>Pension Fund officers attend seminars, conferences and training events laid on by the professional bodies involved with the LGPS.</p> <p>Staff are recruited with the necessary skills to undertake the relevant duties.</p> <p>Training and development needs are identified through the personal development review (PDR) process</p>
SPF17	<p>Governance Failure by a provider of Additional Voluntary Contributions (AVC) services to the Pension Fund.</p> <p><u>Consequence</u> Could lead to a financial loss for the employee. Reputational risk to the Suffolk Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Three AVC providers are currently available to scheme members (Clerical Medical, Standard Life, Equitable Life).</p> <p>Performance of AVC providers are monitored by Pension Fund officers on an annual basis.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF18	<p>Governance Breach of data protection legislation.</p> <p><u>Consequence</u> Could lead to the loss of data. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>County Council data security protocols are understood and adhered to.</p> <p>The document imaging system improves the security of retained documentation negating the need for paper records.</p> <p>Use of secure means for data transfer when necessary.</p>

SPF19	<p>Investment Non-compliance with LGPS investment regulations on investments permitted for the Pension Fund.</p> <p><u>Consequence</u> Financial loss if all or part of an asset is irrecoverable and protection is not covered because of non compliance. Reputational risk to the Suffolk Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Investment management mandates are structured to ensure that the Fund overall complies with LGPS regulations.</p> <p>Robust monitoring arrangements for investment managers.</p> <p>Professional advice is taken from the investment advisers regarding all investments.</p>
SPF20	<p>Investment Failure of investment markets (long-term failure in return generation) in generating investment returns.</p> <p><u>Consequence</u> Could increase the liability strain on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Major (4)	Possible (3)	12	High	<p>Regular reporting of the funding position.</p> <p>Regular reporting and monitoring arrangements for investment performance.</p> <p>Diversification of asset classes minimises the impact of a single asset class underperforming.</p> <p>Some allocations have been made to absolute return mandates to reduce reliance on market returns.</p> <p>Review of assets against the strategic benchmark with rebalancing carried out as necessary.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF21	<p>Investment Failure in investment performance by individual investment managers leading to a shortfall in investment return.</p> <p><u>Consequence</u> Could have a negative affect on the Pension Fund valuation leading to an increase in contribution rates for employers.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>Regular meetings with investment managers to discuss investment performance.</p> <p>Regular reporting and monitoring arrangements for investment performance for each manager against benchmark.</p> <p>Diversification of asset classes and investment manager structure minimises the impact of a single manager underperforming.</p>
SPF22	<p>Investment Counterparty default in securities lending programme.</p> <p><u>Consequence</u> Financial loss if all or part of an asset is irrecoverable. Reputational risk of the Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>The securities lending programme is managed by an experienced third party, HSBC the Pension Fund custodian.</p> <p>The Pension Fund is indemnified within the security lending programme.</p> <p>All securities in the programme are over-collateralised (by 5%) by government bonds.</p>
SPF23	<p>Investment Negligence, fraud or default by individual investment manager leading to a loss of investments.</p> <p><u>Consequence</u> Financial loss if all or part of an asset is irrecoverable. Reputational risk to the Pension Fund.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>Legal requirements on fund managers set out in investment management agreements.</p> <p>FCA regulated and review of internal control report to ensure compliance.</p> <p>Separation of investment management arrangements from custody of assets through use of global custodian.</p> <p>Reconciliation of custodian data against investment manager reported positions.</p> <p>Regular reporting and monitoring of stability of investment organisation.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF24	<p>Investment Failure of custodian leading to loss of investments or control of investments or incomplete or incorrect information leading to misreporting of financial position.</p> <p><u>Consequence</u> Financial loss if all or part of an asset is irrecoverable. Incorrect decisions made on misreported information.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Regular review of custodian performance against SLA's.</p> <p>FCA regulated and review of internal control report to ensure compliance.</p> <p>Reconciliation of custodian data against investment manager reported positions.</p> <p>All Pension Fund assets held by the custodian are in ring-fenced nominee holdings and not on the custodian's balance sheet.</p>
SPF25	<p>Investment Counterparty default in investments.</p> <p><u>Consequence</u> Financial loss if all or part of an asset is irrecoverable. Reputational risk of the Pension Fund.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Parameters are set within the Investment Management Agreement with each investment manager to limit exposure to default risk.</p> <p>Robust monitoring arrangements for investment managers.</p> <p>Professional advice is taken from the investment advisers regarding all investments.</p>
SPF26	<p>Investment Insufficient liquid assets to meet liabilities.</p> <p><u>Consequence</u> The Fund cannot meet its immediate liabilities because it has insufficient liquid assets leading to additional costs associated with borrowing to meet the cash flow.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Valuation modelling of the Fund has identified a net positive cash flow over the medium term.</p> <p>The cash flow is monitored and reconciled on a daily basis with a review of cash flow trends to anticipate need.</p> <p>Regular reporting of cash flow to Pension Fund committee.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF27	<p>Regulatory Changes to regulations or legislation not being adhered to.</p> <p><u>Consequence</u> Could result in an increase in the cost of the scheme or increased administration time to correct. Reputational risk to the Suffolk Pension Fund.</p>	Moderate (3)	Possible (3)	9	Medium	<p>The Pension Fund responds to all consultation papers regarding changes to the LGPS issued by the Department of Communities and Local Government (DCLG).</p> <p>Pension Fund officers contribute to discussions with DCLG through the professional bodies the Fund are members of (e.g. CIPFA).</p> <p>Pension Fund officers attend conferences and seminars to ensure the consequences of legislative changes are understood and implemented.</p>
SPF28	<p>Regulatory Pension Fund does not align itself to an asset pool that the Government accepts.</p> <p><u>Consequence</u> The Government is intending to introduce back stop legislation to ensure compliance and so will assign an asset pool for the Pension Fund to join. The pool assigned to the Pension Fund may not be one most aligned to its own principles. Failing to be part of a project to develop an asset pool may reduce the influence the Suffolk Pension Fund could have in the operation and key principles of the asset pool they join.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Pension Fund officers have been fully engaged with the LGPS community and have participated in workstreams that have arisen in the preliminary work undertaken so that the positives and restrictions of the pooling of each asset class are fully understood.</p> <p>The Pension Fund committee and Board have been kept informed of the Government's requirements and the various asset pool proposals being formed.</p> <p>An additional committee meeting has been scheduled for the Pension Fund committee to make a decision as to which asset pool project to join.</p> <p>The Pension Fund officers will engage with the asset pool chosen to ensure that the committee's key principles are considered and that the committee can influence the operation of the pool as much as possible.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF29	<p>Operational Failure of payroll and pensions administration IT systems.</p> <p><u>Consequence</u> Pension benefits are not paid on time. Failure to meet statutory requirements. Inability to deal with enquiries effectively. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Moderate (3)	Possible (3)	9	Medium	<p>Suffolk County Council has a business disaster recovery plan which includes the key tasks within the Pension Fund functions.</p> <p>The Pension Fund administration system is hosted by its supplier, Heywoods.</p> <p>Some staff have access to laptops which enables them to access systems remotely if required, the rest of the team will be migrated onto laptops during 2016.</p> <p>Systems are backed up nightly.</p>
SPF30	<p>Operational Loss of pension fund microfiche records.</p> <p><u>Consequence</u> Loss of historic data regarding employee payment records. Incorrect benefits calculated. Incorrect pension benefits paid. Reputational risk to the Suffolk Pension Fund.</p>	Major (4)	Unlikely (2)	8	Medium	<p>All documents received from January 2014 have been scanned using a document image process which can be remotely accessed.</p> <p>There are two copies of each microfiche, one is a working copy which is locked in a secure cupboard each night, the other copy is permanently stored in a fireproof safe.</p> <p>The project to back scan all of the microfiche records is underway.</p>
SPF31	<p>Operational Failure to comply with LGPS pensions benefits regulations.</p> <p><u>Consequence</u> Could result in incorrect benefit calculations. Incorrect data being held. Additional administration time required to correct any errors. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Moderate (3)	Unlikely (2)	6	Medium	<p>The Pensions Administration team adhere to the stringent procedures required to comply to the benefits regulations.</p> <p>Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies.</p> <p>Calculations are independently checked and verified.</p> <p>Internal and external audit review the internal control arrangements in place.</p>

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPF32	<p>Operational Staff fraud/theft/negligence</p> <p><u>Consequence</u> Effect on the cash flow position to pay benefits. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.</p>	Minor (2)	Unlikely (2)	4	Low	<p>There are systems controls in place to prevent individuals from committing theft and fraud.</p> <p>All financial transactions are independently checked and verified, with further scrutiny undertaken when authorised.</p> <p>Internal and external audit undertake scrutiny of the internal control arrangements.</p>
SPF33	<p>Operational Failure to collect and account for full receipt of contributions and deficit payments received from employers in a timely manner.</p> <p><u>Consequence</u> Effect on the cash flow position to pay benefits and liabilities.</p>	Minor (2)	Unlikely (2)	4	Low	<p>Regular reconciliations are carried out to reconcile the receipts from employers against the rate they should have paid.</p> <p>Timeliness of receipts are monitored and reported to the Pension Fund committee and in the Annual Report and Accounts.</p> <p>Non compliance is addressed.</p>

Suffolk Pension Board Forward Work Programme

Purpose

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

Terms of reference

The terms of reference of the Pension Board are:

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

Meeting date (see Note)	Added to Work Programme	Subject	Short description	How is it anticipated the Committee will deal with this issue?
Monday, 11 July 2016	Added 28 September 2015	Investment Performance of the Fund in 2015-16	To receive a report on the investment performance of the Fund in 2015-16.	Written Report
	Added 28 September 2015	Complaints and Compliments	To receive a report on the complaints and compliments received by the Fund	Written Report
	Added 28 September 2015	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Thursday, 6 October 2016	Added 4 May2016	Complaints and Compliments	To receive a report on the complaints and compliments received by the Fund	Written Report
	Added 4 May2016	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Wednesday, 7 December 2016	Added 4 May2016	Complaints and Compliments	To receive a report on the complaints and compliments received by the Fund	Written Report

Meeting date (see Note)	Added to Work Programme	Subject	Short description	How is it anticipated the Committee will deal with this issue?
	Added 4 May2016	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Thursday, 9 March 2017	Added 4 May2016	Complaints and Compliments	To receive a report on the complaints and compliments received by the Fund	Written Report
	Added 4 May2016	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report

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

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

Revised – May 2016

