

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives:

Councillor Richard Rout, representing Suffolk County Council.

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

Thomas Jarrett, representing all other employers in the Fund.

Scheme Member Representatives:

Pauline Bacon, representing the Unions.

David Rowe, representing Active Members.

Eric Prince, representing Pensioners.

Date: Wednesday, 7 December 2022

Venue: This meeting will be a remote meeting and therefore will not take place in a physical location.

The live broadcast will be available to [watch online](#) whilst the Board is sitting in public session.

Time: 11:00 am

Business to be taken in public:

1. **Apologies for Absence**

To note and record any apologies for absence.

2. **Declarations of Interest and Dispensations**

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

3. **Minutes of the Previous Meeting**

Pages 5-10

To approve as a correct record, the minutes of the meeting held on 17 October 2022.

4. **Annual Report and Accounts 2021/22**

Pages 11-158

To review the Annual Report and Accounts of the Pension Fund for 2021/22.

5. **Pensions Administration Performance**

Pages 159-162

To receive a report summarising the compliments, complaints and administration performance of the Fund.

6. **ACCESS Pool update**

No papers

To receive a verbal update on the progress of the ACCESS pool.

7. **Nomination of Board Members to observe the ACCESS Joint Committee Meeting**

No papers

To nominate two Board members to attend the Joint Committee on 6 March 2023 as observers, one of which should be a scheme member representative.

8. **Process for appointing new Board Members**

Pages 163-172

To review the process for appointing new Board Members.

9. **Information Bulletin**

Pages 173-174

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

10. **Forward Work Programme**

Pages 175-178

To consider whether there are any matters which the Board would wish to have included in its Forward Work Programme.

Date of next scheduled meeting: Friday, 10 March 2023 at 11:00 am

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www.suffolk.gov.uk/council-and-democracy/the-council-and-its-committees/apply-to-take-part-in-a-public-meeting#filming.

Nicola Beach
Chief Executive

Minutes of the Suffolk Pension Board Meeting held on Monday 17 October 2022 at 11:00 am in the Elisabeth Frink Room, Endeavour House, Ipswich.

Present: David Rowe (Vice Chair) (representing Active Members), Ian Blofield (representing all Borough, District, Town and Parish Councils), and Eric Prince (representing Pensioners).

Present remotely: Thomas Jarrett (representing all other employers in the Fund).

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

12. Apologies for Absence

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

13. Declarations of Interest and Dispensations

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

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

14. Minutes of the Previous Meeting

The minutes of the meeting held on 20 July 2022 were confirmed as a correct record and signed by the Vice Chair.

15. Actuarial Valuation and Funding Strategy Statement

At Agenda Item 4, the Board received a report which set out the actuarial position of the Suffolk Pension Fund as at 31 March 2022, and the Funding Strategy Statement.

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

In response to a question from a member, the Head of Pensions explained that the Fund had a range of employers paying different amounts of money into the scheme. The primary rate was set at 19-20% for employers, however some employers had been paying a lot more into the scheme, for example, one district was paying over 30%. Members heard that the Committee had set a minimum funding level for employers at 75%. This was partly to protect them from any horrific shocks related to contributions in the future, but also to protect the Fund by keeping the flow of cash coming in. The Head of Pensions confirmed that those councils and employers who were above 80% funded, might be looking at taking a reduction in contributions payments, but might not go as low as 19-20%,

instead dropping only halfway to 25-26%. This would increase the probability of success in relation to their long-term budgets, essentially buying themselves more certainty for the future.

The Head of Pensions also explained that gaining a 100% funding level had been an aspiration of all local government pension schemes for many years, as many had been at 70-80%. As funding levels grew, the Suffolk Pension Fund had been attempting to trim contributions where possible, and glide into being 100% funded, and that was happening in terms of contributions, however the markets had performed much better than had been envisaged over the past three years, which pushed the Fund through the 100% funding level barrier. A level of caution would still be required to ensure the Fund would not be in too worse a position in three years' time.

Decision: The Board:

- a) noted the initial results of the triennial valuation outlined in detail in Appendix 1.
- b) noted the Funding Strategy Statement for the Pension Fund set out in Appendix 2.

Reason for decision: The Board was interested in receiving an update on the actuarial valuation of the Fund and the process for agreeing employer contribution rates for the next three years.

Alternative options: There were none considered.

Declarations of interest: There were none declared.

Dispensations: There were none granted.

16. Pensions Administration Performance

At Agenda Item 5, the Board received a report which provided an update on the performance of the Pensions Administration Team and included details of compliments and complaints as requested by the Board.

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

In response to a question from a member in relation to the current backlog of cases, Officers had hoped this work would have been cleared quicker over the four year period with the approval of additional staff by the Pension Fund Committee, and whilst that number was significantly reduced from 15,000 cases, an additional 1,200 cases were added as a result of the recent year end process, bringing the number to 10,500 cases still to be cleared. Staff turnover was cited as being part of the problem, however the additional posts within the team had been extremely helpful by redirecting staff to keep up with the normal throughput of the team. Members were assured that this would be one of the teams focuses over the coming months, with new staff members assigned to clear the newer cases which were slightly easier to handle, and the more experienced staff being assigned to the older, more difficult cases. It was important for the Pensions Operations Manager to get the balance right because the more work undertaken by the team, the more cases that would be created.

Decision: The Board noted the report.

Reason for decision: The Board was interested in being provided with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements.

Alternative options: There were none considered.

Declarations of interest: There were none declared.

Dispensations: There were none granted.

17. ACCESS Pool update

At Agenda Item 6, the Board received an update from the Head of Pensions in relation to the ACCESS pool and the progress of pooling of assets.

Members were informed that the ACCESS Joint Committee had been due to meet on 12 September, however this was postponed due to the mourning period for Her Majesty The Queen. The meeting was rearranged for 6 October; however, it was not quorate and had to be held remotely as an informal briefing. Those items that required a decision were discussed but the decisions were deferred to the next meeting which would take place in early December.

Also, Board observers were present for the first time at the informal Joint Committee meeting. For Suffolk, the changes that were needed to the Inter Authority Agreement would be presented to the Council's Constitution Working Party on 4 November and would then be submitted to the Full Council meeting on 1 December. It was hoped that all authorities in the ACCESS pool would have the Inter Authority Agreement in place by the time the Joint Committee next met in December, and this would formalise the opportunity for Board Members to observe meetings of the Joint Committee, along with the change that allowed district or borough councillor representatives on pension fund committees to attend meetings as a voting member, should that council decide that a borough or district council representative be required to attend. Members heard that this would also help to ensure that Joint Committee meetings would be quorate in the future.

Members were also informed that the development of the pool had gone well, and an annual report had been produced which would be incorporated within the Suffolk Pension Fund's own report. This detailed how much money had been pooled by all the individual funds and the savings that had been made to date. This would be forwarded to Board members for information.

The ACCESS pool would now be looking at options for investing in Alternatives. The Head of Pensions confirmed that Property would be the first asset type to be created and it was hoped that from next year a recommendation for where this would be invested would be known. Private Debt or Private Equity would follow on from that sometime in 2024 and Infrastructure would likely follow in 2025. Part of the reason for the slightly extended timeline was down to officer time to support those developments. At the Joint Committee's December meeting, it would discuss whether this would be an acceptable timeframe, or if there was another way to bring the developments forward.

The Board was also informed that Link, the operator for the ACCESS pool, were currently subject to a takeover bid. The company was owned by the Australian Link Group. The Financial Conduct Authority (FCA) investigation into Link's conduct in the demise of the Woodford Investment Fund has not yet concluded

but it could have a bearing on any takeover. Members were told that Woodford had a product which was held by Link, and the Kent Pension Fund had a large investment in it, as well as many other investors. This fund ran into difficulty with the product being gated and was liquidated by Link with the money being returned to investors which was much less than had been invested. The FCA had not announced its decision however, because of the takeover, the FCA had confirmed the fine level could be as much as £50m to Link, and the retribution for the investors could be as much as £306m. Link was defending its position and did not believe it had done anything wrong. This had been announced because of the takeover arrangement, so that the liabilities were known. The share price had been affected by this announcement and the situation was unlikely to be resolved within the next 18 months. ACCESS's lawyers, Squire Patton Boggs, were looking at the contract and the risks to ACCESS. Members were also informed that the ACCESS pool were also at the point of starting to look at the re-procurement of what would happen at the end of the Link contract, which runs until 2025. Members were assured that this was being considered carefully by ACCESS. The government had also taken an interest with Teresa Clay at the Department for Levelling Up, Housing and Communities (DLUHC) being in contact with ACCESS to find out what preparations the pool was taking just in case. As the pool's assets were deposited with Northern Trust it was safe, and so the pool would not be affected by any possible fines the Link Group might receive.

In response to questions from members, the Head of Pensions confirmed that Link provided operator services for the Welsh pool. It was believed that Link also worked with the London CIV in the past, although it was not known whether this was an ongoing relationship. Members also heard that Link were doing the job intended for ACCESS. There was a plan for up to 35 sub-funds to be created, and Link had created 26 of them to date with funding transferred, and very few delays from the FCA during the application process. Link had also been reporting to the pool as required. However, members heard that it had probably been harder work than originally thought.

Decision: The Board noted the update.

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

Alternative options: There were none considered.

Declarations of interest: There were none declared.

Dispensations: There were none granted.

18. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 7.

19. Pension Board Risk Register

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

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

Decision: The Board:

- a) reviewed the implementation of the risk control measures.
- b) reviewed and approved the Pension Board Risk Register, subject to an amendment to SPB04: to change the 'Impact' to 3; the 'Probability' to 2; the 'Risk Score' to 6; with the 'Risk Rating' remaining at Medium.
- c) noted the Risk Management Strategy.

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

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

Members were aware that new mitigation measures had been implemented in the past year to ensure Board members had the appropriate knowledge and skills to discharge their responsibilities. One of the mechanisms now in place included the new online learning provided by Hymans Robertson which allowed officers to see when members had completed the training. A member also noted that there were several changes in the membership a few years ago which could also have increased the score at that time. The Board no longer considered risk SPB04 needed to remain high and were content that Board members could discharge their duties to oversee the governance of the pension fund effectively. Therefore, members agreed to reduce the risk scores for SPB04 accordingly.

Alternative options: There were none considered.

Declarations of interest: There were none declared.

Dispensations: There were none granted.

20. Forward Work Programme

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

Decision: The Board approved its Forward Work Programme subject to the following amendments:

- a) To receive a report on employers and admitted bodies to the Fund – added to 7 December 2022 meeting.
- b) To receive a report on the recruitment process for the new Active and Pensioner Board representatives which would become vacant in spring 2023. The report would include the information pack that would be sent out to the respective scheme and retired members as well as employers, which detailed the application process. The Board would also have an opportunity to consider the desired attributes for a member that the independent interview panel could measure against when making an appointment – added to 7 December 2022 meeting.

- c) An agenda item to appoint two observer members (at least one scheme member representative) to attend the meeting of the ACCESS Joint Committee on 6 March 2023 – added to 7 December 2022 meeting.
- d) To consider reports on governance, internal audit, cyber security, and scams. Officers would need to check the internal audit timetable to see when the most appropriate time would be to involve them – Unscheduled items.

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

The meeting closed at 3:51 pm.

Chairman

Suffolk Pension Board

Report Title:	Annual Report and Accounts 2021-22
Meeting Date:	7 December 2022
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive and Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Paul Finbow, Head of Pensions, Telephone: 01473 265288 Email: paul.finbow@suffolk.gov.uk

Brief summary of report

1. This report provides the Pension Board with a copy of the Annual Report and Accounts published by the Suffolk Pension Fund and the opinion issued by the Fund's auditors, Ernst & Young.

Action recommended

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| <ol style="list-style-type: none"> 2. The Board is asked to note the Fund's Annual Report and Accounts and consider any areas of interest that the Board would like further information on to be added to the forward work programme. |
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Reason for recommendation

3. The Pension Fund Annual Report and Accounts is an important channel of communication, reporting on the Pension Fund's activities to employers, scheme members and other stakeholders.
4. The Board receives information about the Annual Report and Accounts of the Fund to fulfil its remit to secure the effective and efficient governance and administration of the Suffolk Pension Fund.

Alternative options

5. There are no alternative options

Main body of report

Regulatory Background

6. The Net Assets of the Pension Fund as at 31 March 2022 was £3.756bn, an increase of £358m from the previous financial year. The investment return for the year was 10.2%.

7. There are 331 active employers in the scheme with 71,841 scheme members of whom 22,279 are contributing members, 18,410 are in receipt of pension benefits and the remainder deferred members.
8. Contributions for the year totalled £100m from employers and £25m from contributing members. £106m was paid out in pension benefits.
9. Management expenses were £14m, of which investment expenses were £12m. Investment expenses include management fees and expenses, and performance fees, directly charged to the Pension Fund and those charged against the Net Asset Statement.
10. The Pension Fund Annual Report and Accounts for 2021-22 are attached as **Appendix 1**. This has been prepared with regards to the regulations and guidance set out below:

Audit of Pension Fund Accounts for 2021-22

11. The audit is in the main complete, the progress to date is contained within the report (attached as **Appendix 2**).
12. There was one material misstatement concerning a narrative for the non-statutory creditors balance which has been corrected. The creditors balance was correct.
13. There were no unadjusted audit differences arising from the audit.
14. Due to a nationwide technical clarification needed, regarding Council's treatment of infrastructure assets the Suffolk County Council accounts audit has not been completed by the external auditors.
15. The Suffolk County Council Statement of Accounts for 2021-22, which includes the Pension Fund accounts, were presented to the Audit Committee on 30 November 2022. The Audit Committee noted the Statement of Accounts and the audit report, which will come back to the Audit Committee for sign off at a future meeting, once the infrastructure assets issue has been resolved to the Council's and external auditors' satisfaction.

Publication

16. The statutory deadline for the publication of the Pension Fund Annual Report is 1 December. To meet this deadline, a draft Annual Report was published after the Audit Committee meeting on 30 November.
17. Following the County Councils Statement of Accounts final sign off, the Pension Fund Annual Report will be updated and republished.

Conclusion

18. The Board is asked to note the Fund's Annual Report and Accounts and consider any areas of interest that the Board would like further information on to be added to the forward work programme.

Sources of further information

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

Suffolk Pension Fund Annual Report and Accounts 2021-22



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Pension Fund Committee Chairman's Report

I am pleased to be introducing the latest Suffolk Pension Fund Annual Report and Accounts. The previous year was defined by the COVID pandemic, with lockdowns leading to social and economic disruption. I know how difficult the fight to control the infection of COVID has been, having trained as a vaccinator, and more recently co-ordinating one of the mass vaccination centres in West Suffolk on behalf of the NHS. This year there has been an easing of restrictions and lockdowns and a resemblance of normal working practices.



All Pension Fund Committees and the ACCESS Joint Committee have been held in person, as per regulatory requirements, albeit, with social distancing measures in place. As and when suitable, external training and external professional presentations have been delivered on a virtual basis utilising technological advances and saving carbon footprint by minimising travel.

Financial markets have continued to be volatile, with another unpredictable year. After having settled down, to some degree, from the disruption caused by the COVID pandemic, the markets reacted to the withdrawal of global financial support packages, a slowdown in economic growth and the cost of living rising as inflation increased. There was world-wide condemnation as Russia invaded Ukraine causing a humanitarian crisis, creating rampant inflation, as supply chains in several important commodities such as oil, gas and wheat were disrupted, as Russia reacted to sanctions imposed.

However, for the second year in a row, the Suffolk Pension Fund has performed strongly and despite the turbulent last financial quarter returned 10.2%, in line with the Fund's performance benchmark. The asset value increased by £358 million to £3.756 billion.

Investment pooling continues to be a focus for the Fund, with a further £680 million being transferred during the year. 59% of the Suffolk Pension Fund's assets are in the ACCESS Pool, with plans to transfer another 10% during the forthcoming financial year.

Last year, the committee developed their Environmental, Social and Governance (ESG) beliefs and its Responsible Investment (RI) philosophy. This year, saw the completion of a substantial transfer into a Climate Aware Fund, 14.5% of the Fund, which significantly reduces the carbon footprint of the Fund's global index tracking equity portfolio by investing in companies that are developing and embracing renewable energy and associated technology.

The Committee receives quarterly reports on the ESG and RI activities of its investment managers. The investment managers are also expected to demonstrate how these have been implemented in their investment strategies. The Suffolk Pension Fund will be applying to become a UK Stewardship Code signatory in October 2023.

Knowledge is key to effective governance and oversight, and the Fund has a training schedule in place whilst also participating in the Hymans Robertson online training portal, which has been developed to support the training needs of Pension Committees, Boards and Officers covering all the key areas, to ensure the Fund has the skills in place to make appropriate decisions.

Councillor Karen Soons

Chairman of the Pension Fund Committee

August 2022

Pension Board Chairman's Report

It is a pleasure to introduce the Suffolk Pension Board's annual report, following my first full year as Chairman. This year the Board welcomed two new members; Pauline Bacon representing members and Ian Blofield representing employers replacing Suzanne Williams and John Chance.



The Pension Board has adopted a hybrid approach to meetings, holding some virtually online, which reduces travel and the time commitment for those who have employment or time restraints and others face to face, to maintain the rapport and relationships of the Board and foster additional topics for discussion in future meetings

Communication has remained a key priority, with an emphasis on promoting the scheme and enabling the members of the scheme to make informed decisions. The Local Government Pension Scheme (LGPS) provides its members an element of financial security, in addition to a future income on retirement or serious illness, there is also life cover and a pension for eligible dependents should there be a death in service of the contributor. As part of its responsibility to the active members of the scheme, the Board has been actively sharing the many options available, to help those, who may be struggling financially, in light of the current cost of living crisis, those who wish to make up for lost contributions after a period of unpaid leave and those who would like to contribute additional amounts on top of the regulated contributions.

The Suffolk Pension Fund continues to embrace new processes and technology which enhances the effectiveness, security and timeliness of membership data collection. Over the year, the Pension Administration team have continued to roll out i-connect, a digital platform which extracts membership data directly from the Employer's payroll system enabling the automatic identification of membership changes. This platform reduces the costs and risks associated with processing this data for both the Fund and the Employers.

The Pension Board is regularly kept informed of the activity of the ACCESS Pool and the progress of the Suffolk Pension Fund's pooling of its assets by the Pension Fund officers. The Board welcomes the decision by the ACCESS Pool to allow two members of each Local Pension Board within ACCESS to observe the Joint Committee meetings on a rotational basis, which will allow a greater insight on the discussions around decisions made.

As representatives of the Employers in the Fund the Pension Board has a keen interest in the forthcoming triennial valuation. The Board has been kept apprised of the planning phase and the timetable for the key milestones for the exercise receiving regular updates on progress. The results will be available just ahead of the Annual Employers meeting on 7 October 2022, with the actuary being available to discuss individual Employer results with those who are attend.

Councillor Richard Rout
Chairman of the Suffolk Pension Board

August 2022

Report from the Head of Finance

Foreword to Annual Report and Accounts

The Suffolk Pension Fund Annual Report and Accounts sets out the Pension Fund's income and expenditure and its assets and liabilities for the financial year ended 31 March 2022, the governance arrangements for administering the scheme and the work carried out by the Pension Fund Committee, Pension Fund Board and the Pension Fund officers throughout the year.



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

Business Plan

The Committee approves a business plan at the start of each financial year. This provides a mechanism for the Committee to ensure that its responsibilities for the Fund are carried out effectively. They key actions for 2021-22 are as below:

Actuarial Valuation

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

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

Work has commenced on the actuarial valuation exercise for 2022. The membership data and asset valuations have been submitted and the financial assumptions have been set by the Pension Fund Committee. The results will be available in October when the consultation period will begin on both those and the Funding Strategy Statement. The Pension Fund Committee will formally approve the rates in February 2023, and they will be applied from April 2023.

Investment Strategy

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

These objectives have been translated into an asset allocation plan and as at 31 March 2023, 42% of the Fund is to be invested in equities, with the balance in bonds (26%), property (10%), a number of funds in alternative investments (31.5%) and a small holding in cash and money markets of 0.5%.

Administration

The Pensions team have managed to keep the service running whilst working from home

throughout the pandemic and now operates a hybrid system, with all staff working part-time in the office and part-time at home. The promotion of the self-service platform (<https://pensions.suffolk.gov.uk>) continues, enabling members to access their statements and have instant access to their records. The phone helpdesk has been maintained which enables the needs of members who prefer to talk to someone or who are not computer literate to be met.

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

The Pension Fund has a dedicated website for communication with scheme members and employers on issues affecting the scheme (www.suffolkpensionfund.org) which has undergone a refresh during the year.

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

Audit

The Pension Fund accounts are included within the County Council's Statement of Accounts for 2021-22, which is subject to audit by Ernst and Young LLP. As part of the audit review, the external auditor will provide an opinion to confirm whether the information provided within the Pension Fund Annual Report and Accounts is consistent with the information contained within the County Council's Statement of Accounts.

ACCESS

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

The Suffolk Pension Fund remains committed to transferring all of its investment assets into the ACCESS Pool over the long term. Excellent progress has been made with 59% pooled as at 31 March 2022. The Pool has begun the process of providing a pooling solution for the alternative asset classes of property, infrastructure, private debt and private equity.

Louise Aynsley

Chief Financial Officer (S151)

August 2022

Statement of Responsibilities for the Pension Fund Accounts

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, during 2021-22 that officer was the Chief Financial Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the statement of accounts

Certification

I confirm that these Accounts were approved by the Audit Committee at its meeting on 30 November 2022 on behalf of Suffolk County Council and have been authorised for issue.

Councillor Joanna Spicer

*Chairman of the Audit Committee
30 November 2022*

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

The Chief Financial Officer is responsible for the preparation of the Council's Statements of Accounts including those of the Pension Fund. In order to comply with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), these statements must present a true and fair view of the financial position of the Pension Fund at 31 March 2022, and the income and expenditure (spending) for the year to that date.

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

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

The Chief Financial Officer has also:

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

Certification

I certify that this statement of accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the Pension Fund at 31 March 2022 and its income and expenditure for the year to that date.

Louise Aynsley

Chief Financial Officer (Section 151 Officer)
30 November 2022

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

Opinion on the Pension Fund financial statements

We have audited the Pension Fund financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014. The Pension Fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the Pension Fund financial statements:

- Give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2022 and the amount and disposition of the Fund's assets and liabilities as at 31 March; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority in the United Kingdom 2021/22.

Basis for Opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the 'Statement of Accounts 2021-2022', other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the 'Statement of Accounts 2021-2022'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- We issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- We make written recommendations to the audited body under section 24 of the Local Audit and Accountability Act 2014;
- We make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- We issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- We make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer

As explained more fully in the 'Statement of Responsibilities for the Statement of Accounts' set out on page 7, the Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the Pension Fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

Debbie Hanson

30 November 2022

(for and on behalf of Ernst & Young LLP, Appointed Auditor)

ACTUARIAL STATEMENT FOR 2021-22

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

Description of Funding Policy

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

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

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

Funding Position as at the last formal funding valuation

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

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

Principal Actuarial Assumptions and Method used to value the liabilities

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

Method

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

Assumptions

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

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

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

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

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

*Aged 45 at 2019 Valuation

Copies of the 2019 valuation report and Funding Strategy Statement are available on the Suffolk Pension Fund website (www.suffolkpensionfund.org)

Experience over the period since 31 March 2019

Markets were severely disrupted by COVID 19 in March 2020, but over most of 2020/21 and 2021/22 they recovered strongly. However, due to the war in Ukraine, March 2022 markets were particularly volatile, which affects values as at the accounting date. All other things being equal, the funding level of the Fund as at 31 March 2022 is likely to be better than that reported at the previous formal valuation as at 31 March 2019.

It is important to note that the formal triennial funding valuation exercise is as at 31 March 2022, and this may show a different picture when the finalised position is disclosed in next year's annual report. In particular, changes in Fund membership, changes in anticipated real investment returns, and changes in demographic assumptions will affect the valuation results. The Funding Strategy Statement will also be reviewed as part of the triennial funding valuation exercise.



Craig Alexander FFA For and on behalf of Hymans Robertson LLP 18 May 2022

Management Structure

Pension Fund Committee

Cllr. Karen Soons (Chairman)	Cllr Peggy McGregor
Cllr. John Whitehead (Vice-Chair)	Cllr. Robert Lindsay
Cllr. Georgia Hall (From Sept)	Cllr. David Goldsmith
Cllr. David Nettleton	Cllr. Edward Back (From March)
Cllr. Philip Faircloth-Mutton (Left March)	Cllr. Colin Kreidewolf
Cllr. Jamie Starling (Left Sept)	Steve Warner (Unison)

Pension Board

Cllr. Richard Rout (Chairman)	Pauline Bacon
David Rowe (Vice-Chairman)	Ian Blofield (From Oct)
Thomas Jarrett	Eric Prince
John Chance (Left Oct)	

Suffolk County Council

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

Investment Managers

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

Pension Fund Advisers

Auditors	Ernst & Young LLP
Actuary	Hymans Robertson LLP
Investment Consultancy Services	Hymans Robertson LLP
Independent Investment Adviser	Mr Mark Stevens
Performance Measurement	Northern Trust (from Oct 22 previously HSBC) and PIRC
Investment Custodians	Northern Trust (from Oct 22 previously HSBC)
Banking Services	Lloyds Banking Group Plc
Legal Advisers	Squire Patton Boggs
Pool Operator	Link Fund Solutions

Risk Management

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

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

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

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

Systems and internal control

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

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

The 2021-22 audit review of Pension Investments confirmed that there continued to be evidence of sound governance, risk management and control arrangements in place.

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

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

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

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

COVID-19 restrictions during the year meant that the Pensions team in the main continued to work from home most of the time, but they have continued to work effectively and good levels of control within pension administrative processes have been maintained enabling the Fund to operate effectively.

Procedure notes and training are made available to staff, and checklists have been developed for key processes. Progress has continued in reducing the backlog of 'undecided leavers' cases. Performance management processes are in place - including a daily task list which priorities each day's tasks for the team.

Monthly reconciliations are undertaken between the contributions received to records from the employers, and between the pay run and the bank statement. Good controls are in place enabling transactions to be completed accurately and timely. Staff check each other's work, and there is a clear audit trail of authorisation and separation of duties within the payments process. Annual benefit statements were produced by the required deadline.

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

Audit	2019/20	2020/21	2021/22
Pensions Investments	Substantial Assurance	Substantial Assurance	Substantial Assurance
Pensions Administration	Reasonable Assurance	Reasonable Assurance	Reasonable Assurance

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

The ACCESS pool fund continues to develop, there is a clear governance structure in place with quarterly reporting to the Joint Committee, and a business plan and risk register which are regularly reviewed. The ASU (ACCESS Support Unit) provides day-to-day support for the Pool, including programme and contract management, and administration and technical services. The ASU was audited by Essex County Council in 2021-22 with a 'Good Assurance' opinion, the highest rating available. This work raised one minor recommendation which was to review the risk register matrix to ensure it incorporates good practice.

Counteracting Fraud

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

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

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

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

Pension Fund Risk Register

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

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

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

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

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

ACCESS Pool Risk Register

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

Financial Performance

Summary of the Financial Position

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

Financial Summary	2017-18	2018-19	2019-20	2020-21	2021-22
	£'000	£'000	£'000	£'000	£'000
Contributions	108,619	111,531	117,880	122,110	125,022
Other Income	4,056	5,612	6,944	4,119	10,625
	112,675	117,143	124,824	126,229	135,647
Benefits Payable	-91,567	-96,152	-100,508	-101,372	-105,956
Other Expenditure	-4,920	-10,371	-4,389	-7,506	-7,661
	-96,487	-106,523	-104,897	-108,878	-113,617
Net additions / withdrawals(-) from dealings with members	16,188	10,620	19,927	17,351	22,030
Management Expenses	-19,161	-12,479	-14,697	-11,518	-14,247
Investment Income (net of tax)	35,415	35,085	40,981	36,301	35,392
Change in Market Value of Investments	81,374	135,384	-168,848	547,829	314,837
Net Returns on Investments	97,628	157,990	-142,564	572,612	335,982
Change in Fund during the year	113,816	168,610	-122,637	589,962	358,012
Net Assets at 31 March	2,762,481	2,931,091	2,808,454	3,398,416	3,756,428

Benefit Payments

Annual pension benefits are paid:

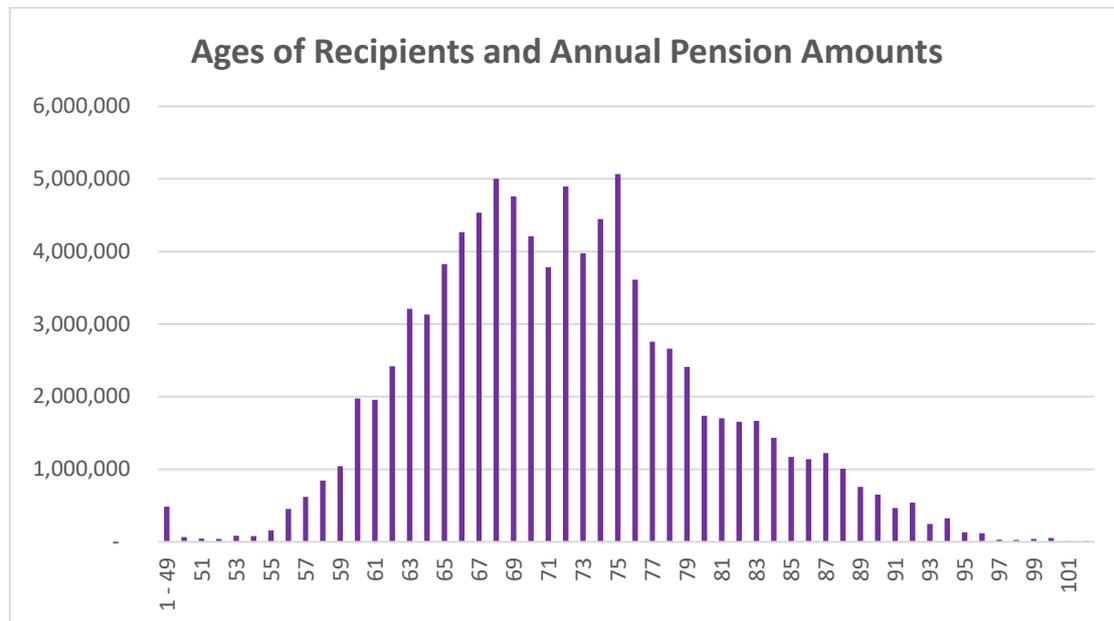
- To a retiree for the rest of their life
- To the partner of a retiree when they have died
- To the partner of a member who dies before claiming their retirement benefits

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

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

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

The graph below, shows the total pension payments for each age. Pension payments tend to be concentrated within the 65 – 76 age brackets with pension payments peaking with recipients at age 75 at £5.1m a year. A significant reduction is not experienced until pensioners are in their late 80's. This is in line with the longevity demographic assumptions reported in the last valuation exercise.



- 8% of the recipients are aged 85 or over and account for 9% of the annual benefits being received.
- There are 21 recipients who are aged 100 or over.
- The pension being drawn for the longest, is 54 years and is currently £4,710. The initial amount of this pension was £266 in 1968 when it was first drawn.
- 38 pensions have been claimed for 40 or more years.
- The average amount received during the year is £4,982. 13,002 recipients receive less than the average payment.
- The national average wage is £29,600. 289 recipients receive in excess of the national average wage.

Contribution Receipts

A review is carried out on the timings of the payment of pension contributions to the fund by the employers and reported quarterly to the Pension Board. The administration strategy requires these to be received by the Pension Fund within 5 working days of the month in which the contributions were deducted. The table overleaf summarises the timeliness of receipts for the 2021-22 financial year:

	2021-22		
	Emp.	Contribs.	
	%	£'000	%
On Time	91	121,272	97
Up to 1 week late	3	2,500	2
Over 1 week late	6	1,250	1
Total		125,022	

Cost of Running the Fund

Running costs are incurred in administration, investment management and governance. The costs for 2021-22 were £14.257 million, representing about 0.38% of the value of the Fund at 31 March 2022.

Administration Expenses

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

	2020-21	2021-22
Administration Expenses	£'000	£'000
Suffolk County Council	910	1,014
Heywood pension administration system	339	329
Subscriptions and other costs	37	40
Total Administration Expenses	1,286	1,383

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

Heywood also provides the Fund with an integrated Pensioner payroll system that links with the member self-service module allowing pensioner members to view their payslips, P60's and keep their personal data up to date therefore reducing printing and postage costs whilst improving members access to their information.

Oversight and Governance Expenses

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

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

	2020-21	2021-22
Oversight and Governance Expenses	£'000	£'000
Suffolk County Council	147	180
Pension Fund Committee	6	6
Pension Board	2	2
Actuarial Services	68	68
Audit Fees	33	62
Legal Fees	2	0
Performance Analysis	40	39
Proxy Voting Service	8	10
Investment Advice	114	126
Asset Pooling	88	82
Subscriptions and membership fees	27	3
Total Oversight and Governance Expenses	535	578

Investment Management Expenses

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

In the Pension Fund accounts, (as per CIPFA guidance), only the fees and expenses that the Fund has a contractual liability for are included, this means that only the management fee, depositary fees and audit fees charged by Link for overseeing the sub-funds that Suffolk are invested in are shown. The additional fees and expenses paid to the investment managers that Link has a contractual agreement with on behalf of the Fund (Newton, Blackrock and M&G), are £2.304 million.

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

These costs include indirect transaction costs, which is the difference between the buying and selling prices of investments and their actual value (bid offer spread) and implicit costs which is the opportunity cost of the investment manager using internal resources, these costs total £5.4 million.

	2021-22	2021-22
Investment Management Expenses	£'000	£'000
BlackRock	3,954	3,946
Brookfield	72	70
J P Morgan	848	997
KKR	-2,376	159
Link Fund - Newton	117	194
M&G	2,378	1,694
Pantheon	1,400	203
Partners	1,528	3,145
Pyrford	764	771
Schroders	366	322
UBS	337	480
Wilshire	139	160
Transaction Costs	118	114
Custodian (HSBC)	51	31
Total Investment Management Expenses	9,657	12,286

Notes:

1. KKR (2020-21) includes the release of the performance fee accrual that had been accrued over the lifetime of the investment and released when all the investments had been realised.
2. An additional investment has been taken out with Partners which accounts for the increase in fees for from the previous year.
3. There were no performance fees incurred for Pantheon during 2021-22.

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

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

	2020-21	2021-22
Investment Management Expenses	£'000	£'000
BlackRock	1,885	2,021
JP Morgan	91	542
KKR	-2,692	-
Pantheon	491	-
Partners	900	1,802
Total Investment Management Expenses	675	4,365

Investment Income

The table below shows the sources of Investment Income earned by the Fund in 2021-22:

Investment Income	UK	Non-UK	Global
	£'m	£'m	£'m
Equities	1.258	-	10.241
Property	8.451	-	-
Alternatives	0.860	3.594	10.907
Cash & Cash Equivalent	0.014	-	-
Other	-	-	0.067
Total Income	10.583	3.594	21.215

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

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

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

Fund Performance Report

Investment Powers

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

Investment Strategy Statement

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

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

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

Asset Allocation

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

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

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

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

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

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

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

The strategic benchmark and the actual asset allocation of the Fund at March 2022 are shown below along with the maximum investment limits set for each asset class.

Asset Allocation			
	Actual Allocation March 2022	Long-term Allocation	Maximum Limit
	%	%	%
UK Equities	7.9	8.0	15.0
Global Equities	37.5	34.0	50.0
Total Equities	45.4	42.0	65.0
Global Bonds	20.4	22.0	35.0
UK Index-linked Gilts	3.8	4.0	8.0
Total Bonds	24.2	26.0	43.0
Private equity	4.7	4.0	8.0
Property	9.6	10.0	15.0
Absolute return	4.8	-	8.0
Illiquid Debt	2.5	7.0	10.0
Infrastructure	7.7	10.0	15.0
Timber	0.2	0.5	0.5
Total Alternatives	28.2	31.5	56.5
Cash & Cash Equivalents	0.6	0.5	5.0
Total	100	100	

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

Global equities have outperformed the rest of the portfolio, the level is closely monitored, and the position is discussed as part as the quarterly investment performance review.

The illiquid debt is awaiting new investment opportunities to attain the strategic allocation.

The absolute return mandate has been in part allocated to the new infrastructure commitment with KKR and reinvestment into the JP Morgan open ended infrastructure fund with the remainder to be allocated to the illiquid debt strategic allocation.

Investment Management Arrangements

The Fund's investment management arrangements at March 2022 are shown below.

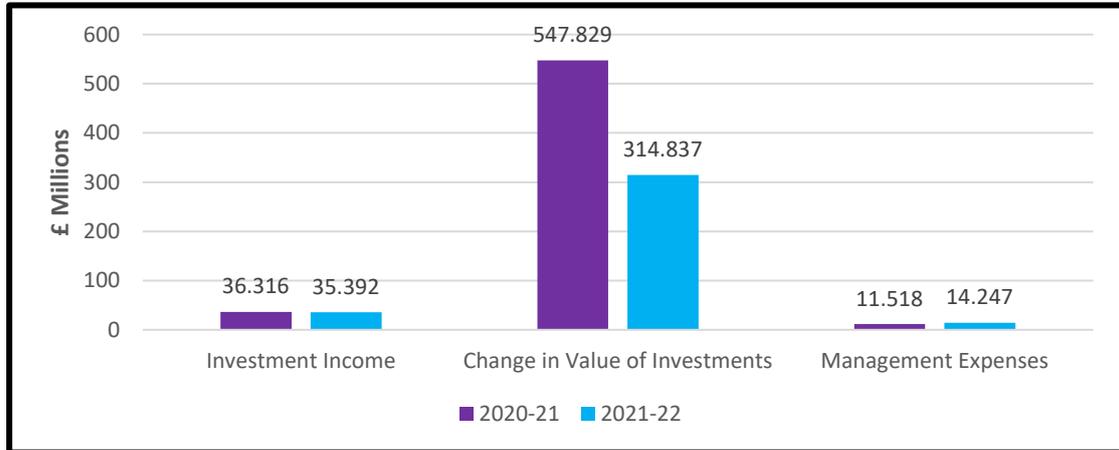
Fund Manager Allocation			
Investment Manager	Asset class	Actual allocation March 2022	Long-term allocation
		%	%
BlackRock	Global Bonds	10.1	12.0
Brookfield	Timber	0.2	0.5
J P Morgan	Infrastructure	4.4	6.0
Kohlberg, Kravis, Roberts (KKR)	Infrastructure	0.0	0.5
Link Fund Solutions	Global Equities, UK Equities, Global Bonds	32.0	30.0
M&G Investments	Illiquid Debt & Infrastructure	2.6	3.5
Pantheon	Private Equity	4.4	3.5
Partners Group	Infrastructure & Illiquid Debt	3.2	2.0
Pyrford	Absolute Return	4.8	
Schroder	Property	9.6	10.0
UBS	Equities & Bonds	27.5	26.0
Wilshire	Private Equity	0.3	0.5
TBC	Illiquid Debt		5.0
Internal Cash	Cash	0.9	0.5
Total		100.0	100.0

Notes

- Commitments with Partners, Pantheon, the Debt Solution Fund and Infracapital commitments made to M&G are only part funded. These investments only call for capital funding when they have an investment to fund and will continue to increase their holdings in the forthcoming financial year.
- Wilshire, the older commitment to Pantheon and Partners and the Debt Opportunity investment with M&G are in the process of realising the underlying investments and returning cash to the Pension Fund.
- The previous investment with Kohlberg, Kravis, Roberts was realised during the year, but a new commitment has been made to the global infrastructure fund IV, with capital calls commencing in April 2022.
- JP Morgan is underweight due to distributions received from the mandate comprising of both capital and income. The distribution of capital reduces the holding and as such the asset allocation reduces over time. Reinvestment will be made into the fund during 2022-23.
- A commitment of 5% to illiquid debt has not yet been allocated.

Investment Performance

The chart below shows the comparative investment returns between 2020-21 and 2021-22. The change in the value of the Fund’s investments includes realised and unrealised gains and losses during the year.

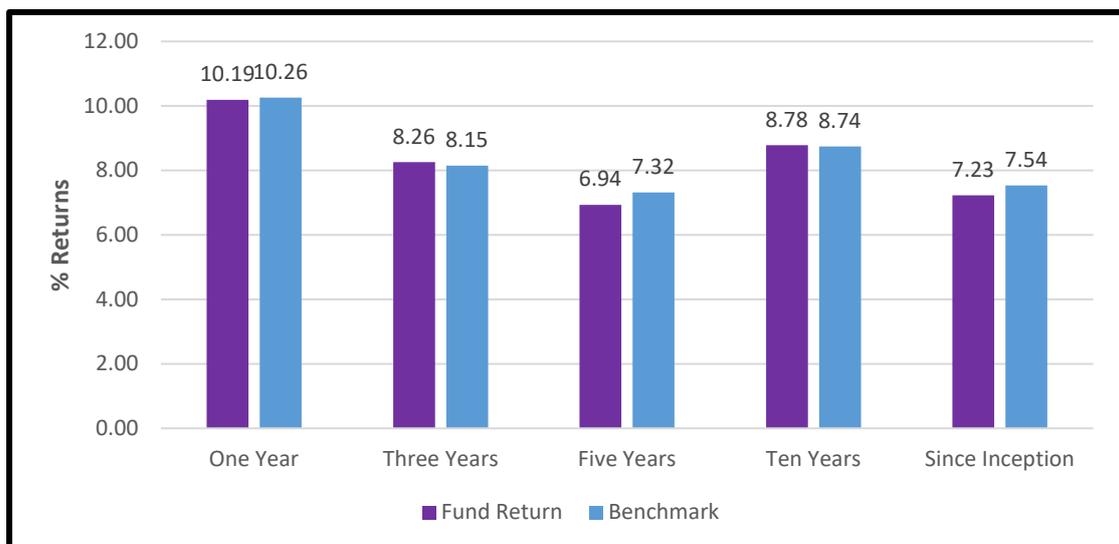


The Fund’s assets increased from £3,398 million to £3,756 million during 2021-22, representing an investment return of 10.2%. The Fund’s benchmark is based on the weighted average of the market index returns for the markets in which it invests in or a mandate specific absolute return. The Fund underperformed the benchmark by 0.1%.

The Fund underperformed the benchmark over the longer term for the five-year benchmark by 0.4% but was in line with the ten-year benchmark.

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

Fund Investment returns



Long-term Investment Performance

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

Long-term performance (year ended 31 March)										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	%	%	%	%	%	%	%	%	%	%
Retail prices	3.3	2.5	0.9	1.6	3.1	3.3	2.4	2.6	1.8	9.0
Fund return	13.6	5.6	15.4	0.7	19.0	4.0	5.9	-4.5	20.6	10.2
Fund benchmark	12.1	6.3	13.9	1.5	17.9	4.8	7.4	-3.3	18.7	10.3
Relative return	1.5	-0.7	1.5	-0.8	1.1	-0.8	-1.5	-1.2	1.9	-0.1

Over the longer term the Fund's investment return is substantially above the increase in retail prices, which is an important factor, the retail price increase as at the end of September each year is applied as the pension increase in April the following year and as such has a direct impact on the movement of the Fund's pension liabilities.

The table below shows the opening and closing balances and reported performance for each asset class (excluding cash) for 2021-22, alongside the Suffolk benchmark target and the passive index if an appropriate index exists.

Holdings	Opening Value		Closing value		Perf.	Passive Index	Benchmark
	£' m	%	£' m	%			
Pooled & Pool Aligned							
UK Equities	268.466	7.9	294.525	7.9	9.0	13.0	13.0
Overseas Equities	501.287	14.8	519.256	13.9	10.7	43.4	13.0
Global Bonds	335.293	9.9	385.974	10.3	-0.2		2.3
Passive Equities	786.097	23.2	892.929	23.9	13.7	14.8	14.8
UK Index-linked Bonds	130.871	3.9	137.183	3.7	4.8	4.9	4.9
Total Pool Aligned	2,022.014	59.7	2,229.867	59.7			
Global Bonds	387.381	11.4	379.627	10.1	-2.0		2.3
Total Bonds	387.381	11.4	379.627	10.1			
Absolute Return	181.346	5.4	178.808	4.8	3.7		5.3
Illiquid Debt	66.606	2.0	95.674	2.6	3.5		8.0
Infrastructure	258.257	7.6	288.479	7.6	18.8		8.0
Money Market	42.671	1.3	38.148	1.0	0.0		0.1
Private Equity	143.405	4.2	178.843	4.8	39.7		13.4
Property	278.112	8.2	343.274	9.2	20.5		23.6
Timber	7.944	0.2	8.010	0.2	5.4		8.0
Total Alternatives	978.341	28.9	1,131.236	30.2			
Total	3,387.736	100.0	3,740.730	100.0	10.2		10.3

Asset Pooling

The Suffolk Pension Fund has made a commitment to pool all of its assets into the ACCESS Pool. (Please see section on ACCESS for further information about the Pool). The first sub-fund that Suffolk transferred into was the Newton Global Equity Fund which was available for investment in the first quarter of 2019-20. During 2021 – 2022 the Blackrock UK Equity and the M&G Alpha Opportunities Fund transferred into the ACCESS Pool.

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

The Suffolk Pension Fund has £1.200 billion in sub-funds and £1.030 under pooled governance accounting for 60% of the Fund’s assets.

The Suffolk Pension Fund has saved £2.8 million in 2021-22, on investment management fees on assets that have been pooled or under pooled governance.

Manager Performance

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

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

Investment Manager Performance					
Share of Fund 31 Mar 22	Manager	2021-22 Absolute Return	2021-22 Relative Return	3 Year Relative Return	5 Year Relative Return
%		%	%	% p.a.	% p.a.
10.1	Blackrock Bonds	-2.0	-4.3	-0.4	-1.9
0.2	Brookfield	5.4	-2.6	-3.0	-2.0
4.4	JP Morgan	12.6	4.6	-	-
7.9	Link - Blackrock Equities	9.0	-4.1	1.8	1.4
10.3	Link - M&G Bonds	-0.2	-2.5	-0.6	0.0
13.8	Link - Newton Global Equities	10.7	-3.3	0.0	0.8
2.6	M&G	13.5	5.5	-0.2	-2.3
4.4	Pantheon	40.3	26.8	5.9	7.0
3.2	Partners	13.4	5.4	4.2	4.4
4.8	Pyrford	4.0	-1.3	-2.4	-3.7
9.6	Schroders	20.4	-3.1	-1.4	-1.2
27.5	UBS	14.4	-1.1	-0.6	0.0
0.3	Wilshire	31.3	17.9	4.3	7.4

Notes for table:

- UBS received the various passive index-tracking investments during the last quarter of 2017-18.
- JP Morgan investment commenced in the last quarter of 2018-19.
- The performance achieved by the segregated Newton, Blackrock UK Equities and M&G Bond mandates have been transferred to the sub-funds held by Link Fund Solutions due to similar mandate being held.

Financial Market Review

The fiscal year began with continued strong performance for equity markets, extending the remarkable recovery seen since the COVID-19 shock to markets in March 2020. The vaccine rollout accelerated in many areas, with economic growth rates turning positive as Covid-19 restrictions gradually eased. Economic data was encouraging with revised IMF figures published in April forecasting a 6% expansion for the global economy for the year.

As post pandemic growth accelerated the spectre of higher inflation became a major focus for investors. It was inevitable that as economies gradually reopened some inflationary pressures would occur. The background of unprecedented fiscal and monetary support across the globe provided additional concerns for those who feared that the multi decade downward trend in inflation was coming to an end. The disruption to global supply chains and labour markets caused by the pandemic was becoming increasingly concerning and inflationary. Oil prices rose to multi year highs as demand continued to recover. A shift in tone from the US Federal Reserve in June precipitated a market retreat, as the implication of rate rises occurring earlier than previously anticipated were digested.

The run of very strong returns for global equity markets since the second quarter of 2020 ended over the summer period with central bank indications that the asset purchases made to support markets over the pandemic would be unwound sooner than expected. The US treasury alone held \$9 trillion in various bond assets. It was a particularly difficult period for Chinese equities suffering major reverses as a number of sectors were impacted by a renewed emphasis on 'common prosperity', with specific companies ordered to become non-profit organisations. This resulted in billions of dollars of value wiped from the quoted education sector almost overnight, with other sectors also impacted. The travails of the heavily indebted Evergrande property company and Chinese real estate in general added to the concerns over Chinese assets.

In the UK property had continued to recover from the pandemic induced market dislocation. The industrials sector was particularly strong with capital values up 17% in the year to June. Even in retail which has been the hardest hit sector falls in capital values were slowing, although still down 5% over the year to June. The recovery in transaction activity gathered pace with overseas buyers re-emerging.

Although geopolitics in Europe would ultimately become a major concern before the fiscal year ended, mid-year it was another development that was making headlines. During the summer we witnessed the unedifying spectacle of the hurried evacuation from Afghanistan and the emergence of the Taliban as de facto leaders of the country. The longer-term impacts of these events are unknown, but it seems unlikely they will be positive or indeed without consequence at some point in the future.

The final quarter of 2021 was more positive with strong equity returns across most markets once again a feature. As the economic recovery gained momentum cyclical companies rallied and government bonds fell as the impact of fragile disrupted supply chains became a growing inflationary concern. By the close of the year fears of inflation and future rate rises were the main driver of returns. UK Gilts fell 7% over the period with the Bank of England finally raising rates by 0.25% in December.

A number of emerging market central banks had already begun to tighten rates in response to inflationary pressures, with global bonds as a whole delivering the worse performance this century during 2021. At the start of the year headline inflation in the US, Eurozone and UK was 1.4%, -0.3% and 0.6% respectively. By the end of November, the figures were 6.8%, 5.1% and 4.9% and forecast to continue rising. Post Covid-19 bottlenecks, supply chain dislocation and pent-up demand from consumers combined with a tight labour force in many countries and created the perfect inflationary storm which was fully unleashed within a few months.

Despite this uncertain background as the calendar year ended the economic outlook remained positive, with the global economy expected to have grown 5.9% and the IMF still forecasting 4.9% growth for 2022. Even the emergence of the fast-spreading Omicron variant of COVID-19 was considered unlikely to cause a major disruption.

Closer to home however, a worrying set of circumstances was unfolding for the UK consumer. With personal taxes due to rise during the year to the highest level in decades and the prospect of energy bills doubling or even tripling for many households, a cost-of-living crisis appeared imminent. For investors the UK FTSE100 index with its significant exposure to Energy and commodity companies appeared better placed than the outlook for the domestic economy.

As the new calendar year arrived equity markets continued to focus on the outlook for inflation, interest rates and corporate earnings. High growth stocks that started to underperform late in the final quarter of 2021 fell further with the technology heavy NASDAQ index entering bear market territory over the quarter having fallen more than 20% from its highpoint. Globally 'value' stocks outperformed 'growth' by close to 10%. In terms of valuation strong earnings and some modest market falls left most equity markets trading at or slightly below long-term averages by the end of the period. The exception was the US where on a long-term basis, the equity market still looks expensive

The period ended with another very difficult quarter for global bonds. The US treasury market endured the worst quarter since 1973 as inflationary pressures continued to rise. In the UK Gilts fell back as the market began to price in further significant rate rises from the Bank of England even after the third rise in three meetings was announced in March. Inflation linked gilts also declined with the benefit of inflation linkage more than offset by the high interest rate sensitivity of the benchmark index.

Most worrying of all for investors was the build-up of Russian troops near to the Ukraine border which had accelerated during January. In late February Russia invaded and the profound consequences are likely to impact Europe and the rest of the world over the short and medium term. Sanctions against Russia have led to retaliatory actions in terms of constrained energy supply. Continental Europe is very dependent on Russian Oil and Gas and is struggling to replace this dependence with other sources. Germany in particular has become extremely reliant on Russian gas and faces severe economic repercussions as the conflict in Ukraine continues.

As the financial year ended inflation figures for the US were at a 40 year high of 7.9% with the UK CPI at a thirty year high of 7% and Eurozone at 5.9%. Given the ongoing issues in the energy market and upcoming food price hikes, both being exacerbated by the situation in Ukraine most commentators expect inflation to spike significantly higher from here with energy prices a major component of this trend.

Both equity and bond markets have retreated in the face of both actual and anticipated interest rate rises. Although corporate profits have continued to recover from the Covid-19 induced slow down, pressures on consumers and higher input costs are likely to lead to earnings downgrades. These headwinds to growth, combined with widespread inflation have led to the spectre of stagflation, a phenomenon not seen since the 1970's now seen as a real possibility.

Global Economy Highlights: 2021-22

- The US economy continued to recover strongly from the severe shock of the pandemic. Stock markets were still hitting new are highs in December. However, with inflationary pressures taking hold and indications of significant rate increases to come during 2022 initially technology stocks and then the wider market began to retreat. Soon after the end of the financial year the technology heavy NASDAQ index entered bear market territory and was down 30% by mid-year.
- Inflation has hit multi decade highs in many regions as constrained global supply chains, labour shortages and sharply higher energy prices have combined in a perfect inflationary storm. After assuming inflationary pressures were transitory over most of 2021 central banks have begun to sharply raise interest rates, notably in the US and UK but with the ECB indicating the European rates would begin to rise during the summer. Japan is the one exception, however even here inflation is rising albeit from a very low base.
- UK Interest rates began the fiscal year at 0.1% the lowest level in history but ended the period at 0.75% before heading upwards to 1.25% by June with markets expecting 3% by the end of the year.

Equity

- The performance of global equities continued to recover from the COVID-19 selloff. For Sterling based investors the strength of the dollar increased returns to US equities, which were the strongest market up 19.7% (14.2% in local currency). Japanese and emerging market equities both fell over the period.
- UK equities rose 0.5% in the quarter to March 2022, ending the financial year up 13.0%, this return from UK market was slightly ahead the World Index.
- The best performing global sectors were Energy (+48.3%) Healthcare (+18.5%) and Information Technology (+19.9%) the worst performing sectors were Industrial (+6.8%) Consumer Discretionary (-0.8%) and Consumer Services (-2.6%).

Bonds

- UK bonds produced negative returns over the period as inflation took hold and the Bank of England began to raise interest rates. Gilts fell sharply during the first quarter of 2022 and ended the year down 6.9%. The index linked market performed better over the year gaining 4.7%. However, the index linked market fell very sharply just after the end of the financial year as changes to interest rates severely impacted these long duration bonds

Property

- The UK property market recovered very strongly following the re-opening of the economy after the COVID-19 lockdowns. The All-Property Index gained 21% with the strongest sector being Industrials up almost 40%. Even retail which has struggled in recent years recovered well up 17%. Transactions rose sharply with total commercial property volumes of £57bn above the five-year average. The longer-term impact of home working on the demand for office space is not yet fully understood however.

**Mark Stevens,
Independent adviser**

August 2022

Environmental, Social and Governance

The Pension Fund Committee has developed a set of ESG beliefs as part of its responsible investment philosophy which underpins its investment objective – to deliver an investment return consistent with funding plans that does not compromise future generations' ability to meet their own needs.

In addition to the beliefs set up, the Committee identified climate change, pollution and company stewardship as its priorities for responsible investment.

These beliefs and priorities have been incorporated into the investment beliefs and environmental, social and governance considerations set out in the investment strategy statement

Engagement

The Suffolk Pension Fund is a member of the Local Authorities Pension Fund Forum (LAPFF). The LAPFF was established to develop a collective response to ESG issues through constructive dialogue and filing of shareholder resolutions. There are 85 LGPS (7 ACCESS Pension Funds) who are members of the forum and 6 pools covering £350 billion of assets. The ACCESS Pool is currently considering membership.

The forum engages directly with company chairs and boards to affect change at investee companies and challenge regulators to deliver reforms that advance corporate responsibility and responsible investment.

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

As such, the Fund has a commitment to ensure that companies in which it invests adopts a responsible attitude towards the environment and has high ethical standards. Generally, such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders, which includes how the company will adapt to the effects of climate change.

Voting Policy

The Pension Fund seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of the companies that it invests in which includes the investment managers voting at shareholder meetings.

The equity investments with Blackrock and Newton are held within ACCESS sub-funds and not held in the name of the Suffolk Pension Fund, therefore the ACCESS voting guidelines for inclusion by Link in the Investment Management Agreements apply. These are aligned with the Suffolk Pension Fund voting principles.

The voting guidelines set out those matters of importance to the participating ACCESS Pension Funds and promote good corporate governance and management in the companies in which investments are made. In circumstances where investment managers do not adopt the positions set out in these guidelines, they are required to provide a robust explanation of the position adopted.

The general principles followed in the guidelines are: -

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

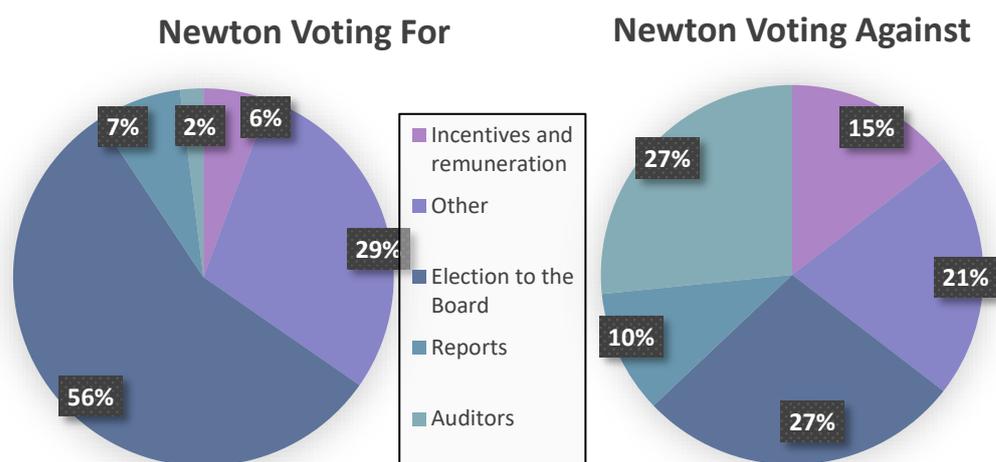
Voting on Link Newton Sub-fund holdings

Newton have voted at 57 meetings during the year on 993 resolutions. 862 (87%) were for the resolution and 124 (12%) were against and 7 (1%) received abstain votes. These were all in line with the ACCESS voting guidelines.

The votes cast can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	517
Incentives and Remuneration	67
Reports	76
Auditors	50
Other	283

The categorisation of the votes cast are set as below



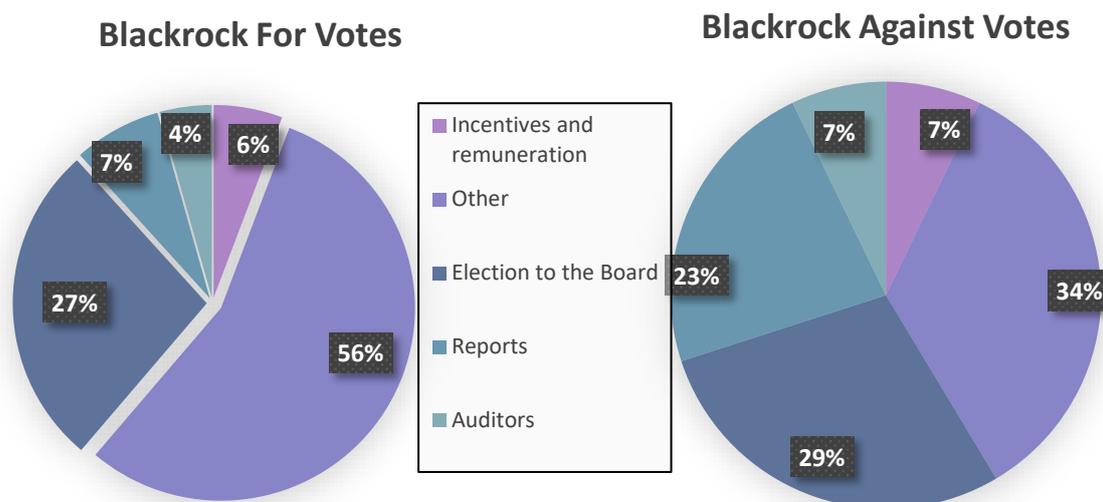
Voting on Link Blackrock Sub-fund holdings

Blackrock have voted at 76 meetings during the year on 1,171 resolutions. 1,080 (87%) were for the resolution and 70 (12%) were against and 21 (1%) received abstain votes.

The votes cast can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	313
Incentives and Remuneration	67
Reports	95
Auditors	52
Other	644

The categorisation of the votes cast are set as below



Voting on Schroder’s property holdings

Schroders votes on the proposals on the Fund’s behalf based on instruction from the Pension Fund officers who have due regard to the Pension Fund’s voting policy.

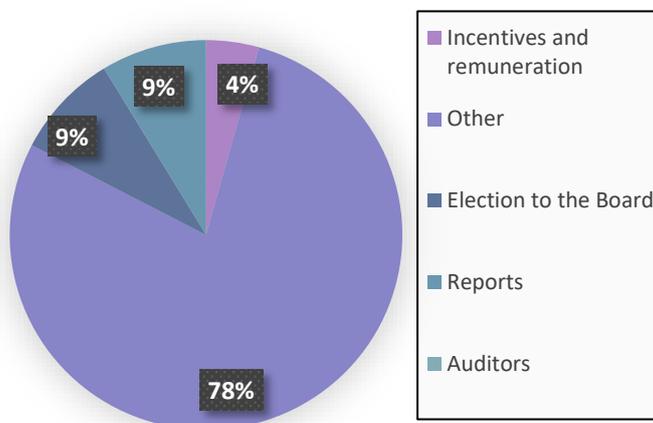
Schroders have voted at 9 meetings during the year on 26 resolutions. 23 (88%) were for the resolution and 3 (12%) were against.

The votes cast can be categorised as follows:

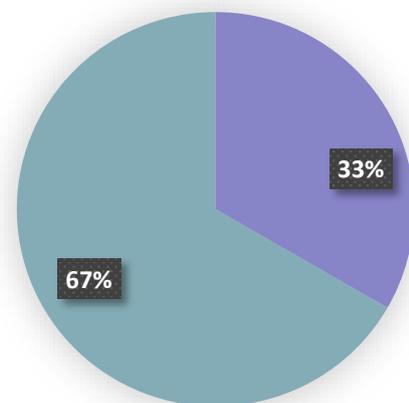
Vote Categorisation	Number of Votes Cast
Election of Directors	2
Incentives and Remuneration	1
Reports	2
Auditors	2
Other	19

The categorisation of the votes are set as below:

Schroders Votes For



Schroders Votes Against

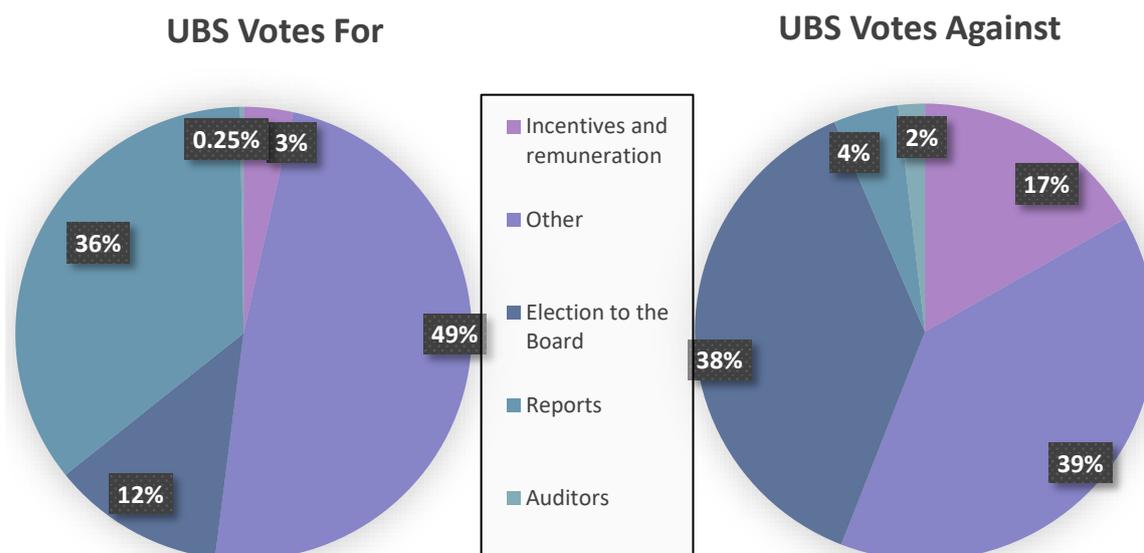


Voting on UBS index tracking holdings

UBS votes in line with their voting policy for the index tracking investments they make on behalf of the Fund, as they are not able to systematically apply the ACCESS voting guidelines to each proxy vote. They are also unable to compare the ACCESS voting guidelines to each vote and determine any difference in the outcome.

UBS have voted at 3,732 meetings on the Fund’s behalf during the year on 54,282 resolutions. 45,126 (83%) were for the resolution and 7,830 (14%) were against and 1,326 (3%) received abstain votes.

The categorisation of the votes are set as below



The votes against the management proposal can be categorised as follows:

Vote Categorisation	Number of Votes Cast
Election of Directors	2,947
Incentives and Remuneration	1,313
Reports	358
Auditors	146
Other	3,066

The reasoning for the largest proportion of against votes are:

- Concerns regarding the independence of the proposed candidate or that the nomination committee does not comprise a majority of independent directors. (2,075 votes)
- Lack of reporting disclosure which results in shareholders not being able to make an informed voting decision. (379 votes)
- Business and related party transactions are not in line with shareholders' interests and/or disclosure is below best market practice. (331 votes)
- Company pay frameworks do not demonstrate long term incentives or performance. The short-term incentives and performance figures do not align with the shareholder's long-term interests. (196 votes)

Governance Report

Governance of the Suffolk Pension Fund

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

Each authority is required to:

- (a) Keep the statement under review;
- (b) Make appropriate revisions following a material change in respect of any matters; and
- (c) If revisions are made -
 - i) Publish the statement as revised, and
 - ii) Send a copy of it to the Secretary of State.

The Statement is required to set out:

- (d) Whether the administering authority delegates their function or part of their function in relation to maintaining a Pension Fund to a committee or an officer of the Council;
- (e) Where this is the case, details of:
 - i) The frequency of any committee meetings
 - ii) The terms of reference, structure and operational procedures in relation to the use of delegated powers
 - iii) Whether the committee includes representatives of employing authorities or scheme members, and if so, whether those representatives have voting rights.
- (f) The extent to which a delegation complies with the guidance given by the Secretary of State and if it doesn't comply the reasons why.

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

Pension Fund Committee

The Pension Fund Committee's key responsibilities are:

- a) The effective and prudent management of the Suffolk Pension Fund.
- b) The approval of the Fund's investment strategy
- c) The approval of the funding strategy following the triennial actuarial valuation, and the determination of the employers' contributions to the Fund.

Delegations to the Chief Financial Officer

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

Membership of the Committee

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

The attendance of the Pension Fund committee members for the Committee meetings held during 2021-22 are shown below.

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

Councillor	Meetings attended
Cllr Karen Soons	6/6
Cllr Edward Back	1/1
Cllr Philip Faircloth-Mutton	3/5
Cllr David Goldsmith	6/6
Cllr Georgia Hall	3/4
Cllr Robert Lindsay	4/6
Cllr Peggy McGregor	5/6
Cllr David Nettleton	5/6
Cllr Jamie Starling	0/2
Cllr Colin Kreidewolf	6/6
Cllr John Whitehead	6/6
Mr Steve Warner	6/6

All members of the Pension Fund Committee have voting rights.

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

Committee Training

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

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

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

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

- UK Stewardship Code
- Climate Change
- Developments in Index Tracking
- Measurement of longevity.
- Preparing for the Actuarial Valuation
- Annual Report and Accounts

The Suffolk Pension Fund Committee signed up to the Hymans Robertson online training module aimed at both Committee and Board members. They are progressing through the training modules and will continue to do so across the current year. Two Committee members has already completed the six available learning modules.

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

Work of the Pension Fund Committee

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

The annual report on investment performance for 2020-21 was produced and presented by HSBC, the Fund's performance advisers in July 2021.

During the year the Committee received advice from Hymans Robertson LLP reviewing the investment strategy of the Fund and recommending minor changes to the strategy to further enhance the portfolio and returns whilst maintaining a lower risk approach to investments and undertook its annual Asset Allocation Review in March 2021.

The main topics considered by the Committee were:

- Review of its RAFI and emerging market holdings with UBS
- Further investment to reach to the illiquid debt strategic allocation
- Review of the Global Bond holdings
- Further investment in infrastructure

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

The Committee has been regularly kept informed of the development of the ACCESS pool. Councillor Karen Soons has attended and participated in the ACCESS Joint Committee meetings and is an ACCESS communications spokesperson.

The Committee launched a refreshed website for the Suffolk Pension Fund.

The Committee updated and approved the following additional documents:

- Treasury Management Policy
- Amendment of the Funding Strategy Statement to include the new employer flexibilities regulations
- Administration Strategy
- Governance Policy
- Governance Compliance Statement

Pension Board

The Pension Board's key responsibilities are:

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

Membership of the Board

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

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

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

Board member	Representing	Meetings attended
Richard Rout	Suffolk County Council	4/4
David Rowe	Active Scheme Members	3/3
Eric Prince	Retired members	4/4
John Chance	Other Local Government	1/1
Ian Blofield	Other Local Government	3/3
Thomas Jarrett	Other Employers	3/4
Pauline Bacon	Unions	4/4

Board Training

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

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

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

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

- Internal and External Complaints Procedure
- Management Fees and Expenses
- Joining and Opting out of the Scheme

The Board also signed up to the Hymans Robertson online training module aimed at both Committee and Board members. They are progressing through the training modules and will continue to do so across the current year. One Board member has already completed the six available learning modules.

Work of the Pension Board

- The Pension Board agrees a forward work programme for the year ahead which includes regularly reviewing its risk register, quarterly updates on the performance of the administration team, and recent developments in the Fund.
- The annual report on investment performance for 2020-21 presented to the Committee was also separately presented to the Board.

The Board has been regularly kept informed of the development of the ACCESS pool and reviewed the draft ACCESS responsible Investment guidelines.

The Board has received and reviewed:

- Pension Fund Annual Report and Accounts 2020-21
- Fund investment performance for 2020-21
- Management expenses
- Communications to scheme members
- The buying back of lost pensions
- A high level overview of all the Pension Fund Policies.

Administration Report

Introduction to the Fund

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

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

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

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

How the Fund Works

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

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

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

Costs of Membership

Employee contributions are banded on a member's actual pensionable pay. The pay banding table which was used during 2021-22 is shown below. The contribution rates and pay bands are reviewed periodically to maintain the average contribution from employees at 6.5% and to ensure the long-term costs of the scheme are affordable.

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

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

Benefits of the Pension Fund

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

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

The core scheme benefits are:

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

Pension Administration

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

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

Summary of Work Undertaken by the Fund in 2021-22

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

The administration team began the year working from home due to the Covid pandemic but as the year has progressed, have moved to working in a hybrid approach, splitting time between home and office working. All processes have been reviewed to ensure they work effectively for this approach to working with good service to the customers at the forefront of these reviews. These changes have been successfully managed with the team able to operate fully at all times, albeit differently to pre pandemic times.

The biggest administration challenge during the year, has been obtaining some of the employer/payroll data from some of the employers in the fund. Some have been implementing new payroll systems, which has meant they are now directly responsible for providing member data. I-Connect was implemented in preparation for these payroll changes, however the necessary monthly i-Connect returns are still being developed by the employers. These issues will be resolved in 2022.

There has also been some delays in receiving responses to queries or requests for additional data. The team have put in/or are working to put in escalation contact points to ensure these delays are minimised and the team are able to get the information required.

The impact of these challenges has meant that in some cases there have been delays to being able to process benefits for some members. Once all information has been received these members benefits are processed as quickly as possible for them.

The member self-service system continues to be developed, with documents such as pensioner payslips, P60's now available. The needs of members who express a preference for paper copies are met.

The biggest change to technological advancement this year has been the work with developing the i-Connect system. To date 21 Employers are now live and using this system while 63 others are undergoing member matching prior to onboarding as soon as possible. A further 112 are developing reports and when all of these are complete and able to go live, 88% of active membership covered by this new approach.

Using i-Connect will result in data being up to date and will remove significant year end processes both for the employer and the Pensions team. This change will also benefit individual members as their Member Self-Service record will be up to date with their latest employment information. The roll out to the remainder of employers will be undertaken during 2022-2023.

The Suffolk pension Fund continues to actively work on improvement to the quality of data. During the year, common and conditional data scores of 95% and 98% were reported to the Pensions Regulator. These will improve further once the roll out of i-connect is complete.

Key Performance Indicators

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

Number of Cases completed

Case Type	Cases Outstanding at the start of the Year	Cases commenced in Year	Cases completed during the Year	Cases outstanding at Year end	Percentage Completed in Year
Death - Initial letter acknowledgement death of active/ deferred/ pensioner member	0	494	491	3	100%
Death - Letter notifying amount of dependant's benefits	0	251	250	1	100%
Retirements - Letter notifying estimate of benefits (all types)	Active - 26 Deferred - 38 Total - 64	Active - 734 Deferred - 1022 Total - 1756	Active - 728 Deferred - 1036 Total - 1764	Active - 32 Deferred - 24 Total - 56	Active - 96% Deferred - 99% Total - 97%
Retirements - Letter notifying actual retirements and process and pay lump sum retirement grant (all types)	Active - 7 Deferred - 9 Total - 16	Active - 533 Deferred - 691 Total - 1224	Active - 517 Deferred - 690 Total - 1207	Active - 23 Deferred - 10 Total - 33	Active - 96% Deferred - 99% Total - 97%
Transfer Ins - Letter detailing transfer in quote	1	404	398	7	98%
Transfers In - Letter detailing transfer in quote	18	299	310	7	98%
Transfer Out - Letter detailing transfer out quote	39	519	530	38	95%
TransfersOut - Letter detailing transfer out	5	283	273	15	95%
Refund - Process and pay refund	1	1,112	1,118	5	99%
Divorce quote - Letter detailing cash equivalent value and other benefits	1	170	158	13	92%
Divorce settlement - Letter detailing implementation of cash equivalent value and application of PSO	0	7	7	0	100%
Member Estimates / Projections	1	111	109	3	97%

Key Performance Indicators:

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

Employer Performance

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

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

Internal Dispute Resolution Procedure (IDRP)

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

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

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

During 2021 – 2022 there were no new IDRP cases. One previous case that had gone through the full IDRP process was taken to the Pensions Ombudsman by the member. The Ombudsman did not uphold the complaint.

Membership

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

Membership Summary	2017-18	2018-19	2019-20	2020-21	2021-22
Members	19,950	20,354	21,670	21,702	22,279
Pensioners	15,661	16,075	16,855	17,540	18,410
Deferred Members	25,038	27,821	29,255	30,636	31,152
Total	60,649	64,250	67,780	69,878	71,841

In 2021-22 there have been 972 new pensions paid, which are further analysed as below:

Retirement Type	Number of Retirements
Pension Credit	4
Deferred Pension	528
Ill Health	31
Early (aged 60 and over) /Normal	193
Early (aged under 60)	82
Redundancy	36
Efficiency	3
Late Retirements	106
Total Retirements	972

Employers in the Fund

There are 331 active employers in the Fund and 23 employers who do not have active members but have deferred pension members and/or pensioners.

	Active	Ceased	Total
Scheduled Bodies	229		229
Resolution Bodies	44	3	47
Admitted Bodies	58	20	78
Total	331	23	354

A list of the active employers in the Fund as at 31 March 2022 are as follows:

Scheduled Bodies

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

Local Authority

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

Other

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

Colleges

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

Academies

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

Academy Transformation Trust

Beck Row Primary	Mildenhall College Academy
Great Heath Academy	Westbourne Academy

Active Learning Trust

Albert Pye Primary	Ravensmere Infant School
Chantry Academy	Red Oak

Grove Park
Gusford
Hillside
Pakefield

Reydon
Sidegate
Westwood Primary

All Saints School Trust

All Saints (Laxfield)
Charsfield CoE Primary
Dennington CoE Primary
Fressingfield CEP
Great Welnetham Primary

Hardwick Primary
Occold Primary
St Peter & St Paul
Stradbroke CEP
Wortham Primary

Anglian Learning

Howard Primary

The Pines Primary

ASSET Education

Bungay Primary
Castle Hill Infants School
Castle Hill Junior School
Cliff Lane Primary
Egdar Sewter
Holton St Peter
Ilketshall

Ringshall Primary
Shotley Primary
St Helens Primary
Stutton C of E Primary
The Oaks Primary
Wenhaston
Whitton Community Primary

Avocet Academy Trust

Aldeburgh Primary
Easton Primary Academy
Leiston Primary Academy

Saxmundham Primary
Wickham Market Primary Academy

Believe Engage Succeed Trust

Riverwalk
The Albany Centre PRU

Warren School

Children's Endeavour Trust

Abbot's Hall Community Primary
Bosmere Community Primary
Broke Hall
Chilton Community Primary

Combs Ford Primary
Freeman Community Primary
Springfield Junior
Whitehouse Infants School

Clarion Academy Trust

Pakefield High School

Diocese of Ely

St Christophers CE Primary

Diocese of Norwich Education

Kessingland C of E Primary

East Anglian Schools Trust

Bungay High School

Castle EAST

Farlingaye High School

Kesgrave High School

Eastern Multi Academy Trust

The Glade Community Primary

West Row Academy

Eko Trust

Rushmere Hall Primary

Evolution Academy Trust

Coldfair Green Primary

Elm Tree Community Primary

Poplars Community Primary

The Dell Primary School

Forest Academy

Elveden Primary

Forest Academy

Gippeswyk Community Educational Trust

Britannia Primary School

Copleston High School

Rose Hill Primary

Hartismere Family of Schools

Benjamin Britten High School

Hartismere School

Somerleyton Primary

Woods Loke Primary

Inspiration Trust

Eastpoint Academy

John Milton Academy Trust

Bacton Community Primary

Cedars Park Primary

Mendlesham Primary

Stowupland High School

Olive Academy Trust

Olive AP Academy (Kingsfield PRU)

Ormiston Academies Trust

Ormiston Denes Academy

Ormiston Endeavour Academy

Ormiston Sudbury Academy

Stoke High School-Ormiston Academy

Thomas Wolsey Academy

Orwell Multi Academy Trust

Brooklands Primary
Grange Community Primary
Halifax Primary

Handford Hall Primary
Springfield Infant School
Willows Primary

Our Lady of Walsingham

St Albans Catholic High School
St Felix-Haverhill
St Louis Catholic Academy

St Mary's Catholic Primary
St Pancras Primary

Paradigm Trust

Ipswich Academy
Murrayfield Primary

Pipers Vale Community Primary

Raedwald Trust

Alderwood PRU
First Base Bury St Edmunds
First Base Ipswich PRU

Parkside Pupil Referral Unit
St Christophers PRU
Westbridge Pupil Referral Unit

REAch2 Multi Academy Trust

Beccles Primary
Gunton Primary
Martlesham Primary
Northfield St Nicholas Primary

Phoenix St Peter/Meadow Primary
Sprites Primary
St Margarets Primary
The Limes

Sabres Educational Trust

IES Breckland Free School

Sapienta Trust

Stradbroke High School

Seckford Educational Trust

Causton Junior School
Maidstone Infants School

Seckford Educational Trust

SENDAT

Chalk Hill Academy
Stone Lodge Academy

The Priory School
Sunrise Academy

South Suffolk Learning Trust

Claydon High School
Claydon Primary

East Bergholt High School
Hadleigh High School

St Edmundsbury and Ipswich Diocesan Trust

All Saints CEVAP School
Bedfield Primary

Morland Primary
Nacton C of E Primary

Bramfield C of E Primary
Brampton C of E Primary
Chelmondiston C of E Primary
Elmsett Primary
Eyke
Hartest C of E Primary
Hintlesham & Chattisham
Long Melford C of E Primary
Mellis

Ringsfield C of E Primary
Sproughton CEVC Primary
St Marys Hadleigh
St Marys Woodbridge
St Matthews CEVAP
Stoke by Nayland C of E Primary
Tudor Primary
Wetheringsett C of E Primary

St Johns the Baptist Multi Academy Trust

St Benet's Catholic Primary (Beccles) St Mary's Catholic Primary (Lowestoft)
St Edmund's Catholic Primary (Bungay)

Stour Valley Educational Trust

Clare Community Primary Stour Valley Community School

The Ashley School Academy Trust

The Ashley School

The Consortium Multi Academy Trust

Barnby & North Cove Rendlesham Primary
Helmingham Primary Southwold Primary
Henley Primary St Edmunds Primary-Hoxne
Mendham Yoxford Primary
Middleton Primary

The Tilian Partnership

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

Thedwastre Education Trust

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

Unity Schools Partnership

Abbotts Green Newmarket Academy
Burton End Academy Place Farm Academy
Bury St Edmunds Academy Trust Samuel Ward Academy
Castle Manor Academy Sir Bobby Robson School
Clements Primary School Sybil Andrews

Coupals Primary Academy
Felixstowe Academy
Glemsford Primary Academy
Houldsworth Valley
Kedington Primary Academy
Langer Primary
Laureate Primary

Waveney Valley Academy Trust

Alde Valley Academy
Roman Hill Primary

The Bridge School
The Churchill Free School
Thomas Gainsborough School
Wells Hall Primary
Westfield Academy
Wickhambrook
Woodhall (Sudbury)

Sir John Lehman High School
Snape Primary
Stowmarket High School

Resolution Bodies

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

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

Admitted Bodies

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

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



ACCESS
Annual Report
2021/22

Foreword

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

The COVID-19 pandemic not only shaped the way we all work but also led to significant market volatility. This volatility has continued following the Russian invasion of Ukraine and that cruel and unwarranted event has exacerbated energy and other supply chain issues that have contributed to rampant inflationary pressures. All in all, a difficult time for investors everywhere.

The development of the ACCESS Pool continues at pace with an additional four sub-funds opened during the year to assist the authorities in achieving diversification within their investment strategies attracting an additional £3.2 billion investment into the Pool.

In January 2022 MJ Hudson were appointed as implementation adviser for the establishment of pool vehicles for illiquid assets, after a competitive call off utilising the National LGPS Frameworks.

As implementation advisor, MJ Hudson will provide support to the Pool in selecting individual investment opportunities and investment managers to build portfolios in a range of illiquid assets including private equity, private debt, infrastructure and initially, real estate.

Another key achievement during the year was the development of updated Responsible Investment guidelines for which the pool was partnered by Minerva Analytics. Once consultation has been completed the guidelines will be formally published.

In addition to its Annual Report, ACCESS also produced a Progress Update report in conjunction with its communication advisers MHP Mischief, to provide an insight to the Pool, key activities and future plans.

In the year ahead we welcome representatives of the Local Pension Boards to observe the future Joint Committee meetings. Two members from each Board will be able to attend a meeting at least once a year.

In closing I would like to thank my fellow ten Joint Committee members, each representing their respective Authorities, along with the officers who support them, and the ACCESS Support Unit.



Cllr Mark Kemp-Gee

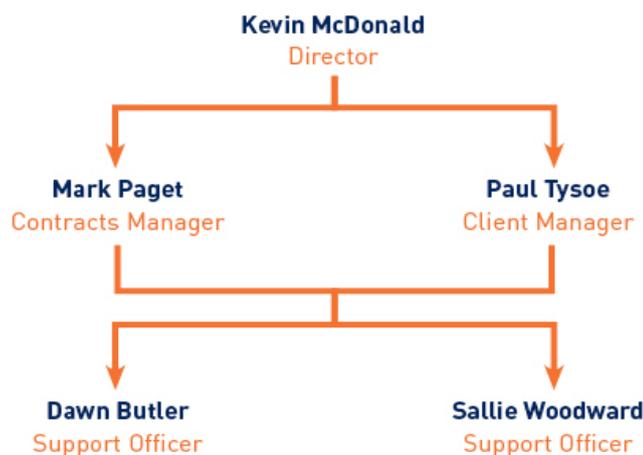
Chairman of the ACCESS Joint Committee

Chairman of the Hampshire Pension Fund Committee and Board

Introduction

It is my pleasure to introduce an overview of the work by the ACCESS Support Unit.

In 2018, the ACCESS Joint Committee agreed that a unit be established to provide day to day support for the work required to run the Pool, and that Essex County Council act as Host Authority. The ACCESS Support Unit (ASU) facilitates the Joint Committee (JC) and officer groups and has responsibility for programme management, client relationships, contract management/ supplier relationships, administration and technical support services. The ASU's structure is set out below:



A business plan is developed and submitted for consideration by the JC ahead of the start of each year, prior to being recommended to each of the ACCESS Authorities. The business plan includes milestones across listed assets (both active and passive), non-listed assets and governance. The JC also determines an annual budget to support the activities within the business plan.

The ASU has responsibility to manage this development and implementation of the business plan, within budget, whilst assessing and managing the risks for the pool.

A central feature of ACCESS is the engagement of each of the eleven Authorities, and therefore the support and facilitation of stakeholder groups is key to the work of the ASU. The governance structure of the Pool ensures that dialogue with, and input from, Local Government Pension Scheme (LGPS) subject matter experts from each Authority, is gathered through the Officer Working Group (OWG) and various sub-groups. In turn, this enables the s151 Officer Group to form the recommendations that are ultimately considered by the JC.

It has long been recognised that considerable expertise exists within the LGPS officer community. The full time ASU staff are therefore supplemented by part-time Technical Leads whose work for ACCESS is part of the Pool's costs. In the last year this saw invaluable contributions from Sharon Tan, Suffolk (reporting); Samantha Andrews, Essex (budgeting) and Rachel Wood and Vickie Hampshire, West Sussex (Governance Manual).

The year ahead will see further sub-fund launches to meet the investment strategies of the Authorities, including emerging market equities, the start of the alternative asset investment platform with advice and guidance from MJ Hudson and the publication of the updated Responsible Investment guidelines.

I would like to thank my ASU colleagues, the technical leads and the officers of the Authorities for their enthusiasm, support and hard work towards the commendable progress of the Pool.



Kevin McDonald

Director of ACCESS Support Unit

ACCESS Background

ACCESS has its origins in 2016 when 11 Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government’s agenda for pooling LGPS investments.

The following strategic objectives are in place:

- 1** Enable the Councils 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 determined investment strategies as far as possible.

- 3** Enable the Councils 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 Councils have established a set of governing principles.

The governing principles are summarised below.

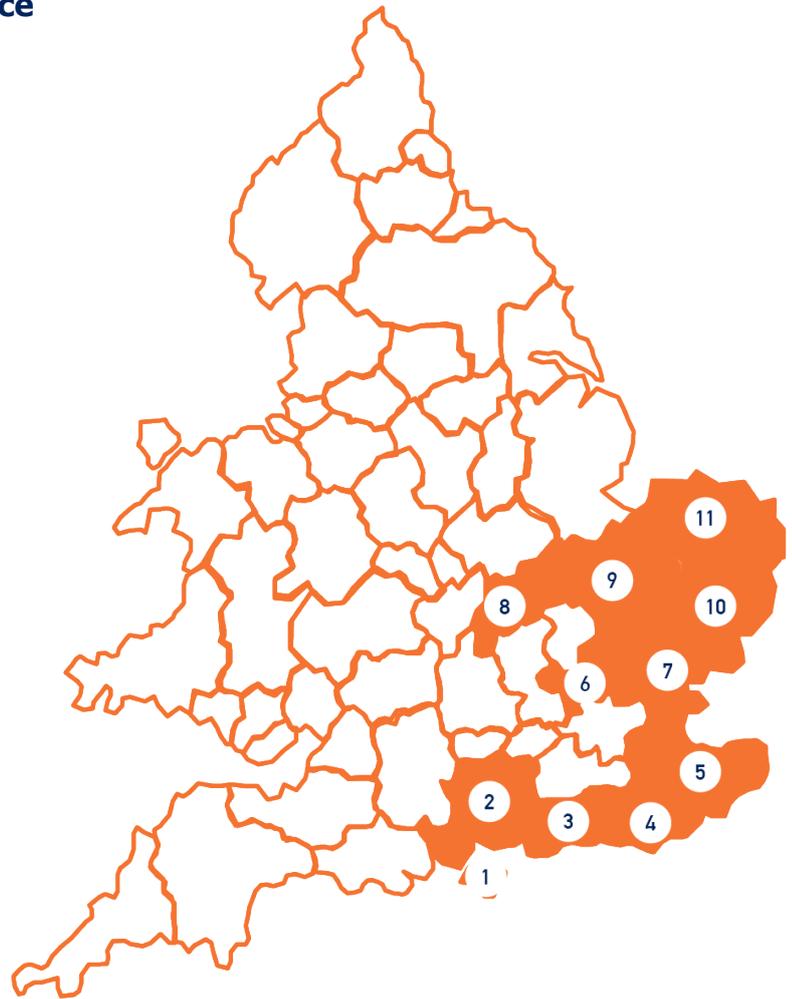
- Collaboration
- Objective evidence-based decisions
- Professionalism
- No unnecessary complexity
- Value for money
- Risk management
- Equitable voice in governance
- Equitable cost sharing
- Evolution and innovation

Implicit within the above principles is the democratic accountability and fiduciary duty of the Councils as Administering Authorities.

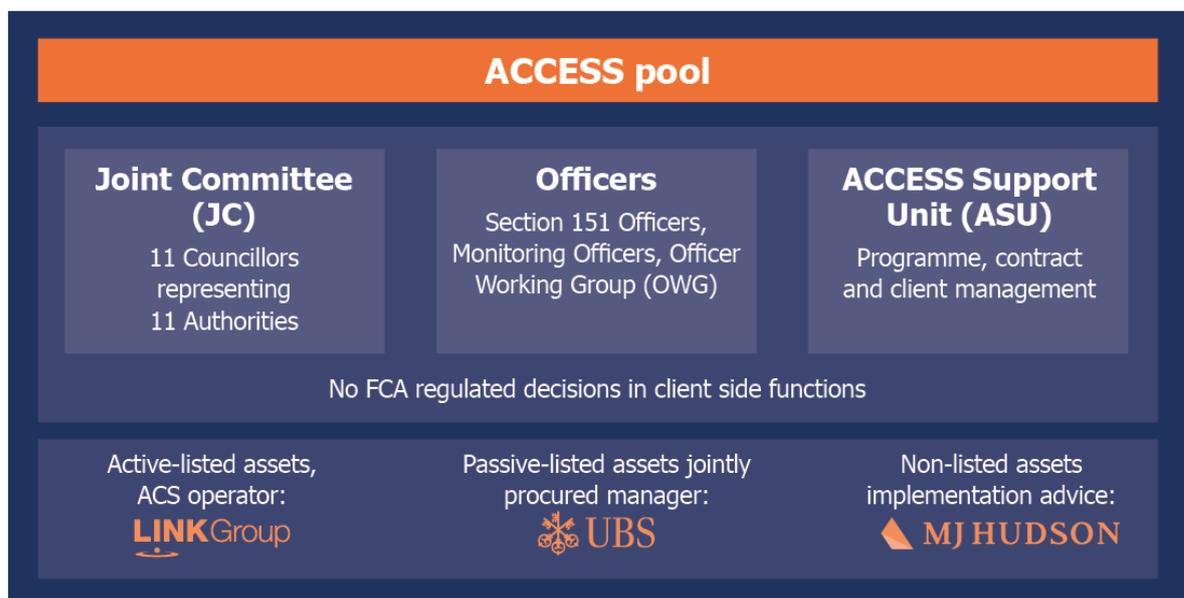
ACCESS LGPS Authorities

An overview of the Pool's governance structure is outlined below.

- | | | | |
|---|--|----|---|
| 1 |  | 7 |  |
| 2 |  | 8 |  |
| 3 |  | 9 |  |
| 4 |  | 10 |  |
| 5 |  | 11 |  |
| 6 |  | | |



3,500 Employers
1.1 million Members
310,000 Pensioners



Key Performance

Pooled Assets
As at March 2022

ACS (26 sub-funds)

£23.9bn

UBS (1 jointly procured provider)

£11.2bn

Pooling Progress

59%

Costs & Savings
As at March 2022

Gross Savings

£70.3m

Costs

£16.9m

Net Savings

£53.4m

Savings

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities.

2021/22 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

The table below summarises the financial position for 2021/22 along with the cumulative position since the commencement of ACCESS activity in early 2016.

	2021– 2022		2021 – 2022	
	Actual In Year £'000	Budget In Year £'000	Actual Cumulative to date £'000	Budget Cumulative to date £'000
Set Up Costs	-	-	1,824	1,400
Transition Costs	2,664	4,408	3,338	6,907
Ongoing Operational Costs	1,046	1,247	4,117	4,795
Operator & Depositary Costs	4,845	4,787	12,149	11,364
Total Costs	8,555	10,442	21,428	24,466
Pool Fee Savings	28,038	15,700	70,300	47,750
Net Savings Realised	19,483	5,258	48,872	23,284

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2021/22 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator.

The 2021/22 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

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

2021-2022 Business Plan Milestones

The Business Plan for 2021-22 was proposed by the ACCESS Joint Committee in January 2020 to the 11 LGPS Authorities.

Actively managed listed assets:

Further progress was made in pooling active listed assets within the Authorised Contractual Scheme (ACS) managed by the Pool's appointed Operator, Link Fund Solutions. Between July 2021 and February 2022, a further four sub-funds were launched.

Link's appointment of BlackRock expands the UK Equity capacity within the Pool, the appointment of Macquarie broadens the Global Equity coverage whilst the addition of ACS mandates for Fidelity and M&G extends the Fixed Income offering.

Six Authorities participated as original investors within these sub-funds which totalled £3.2bn.

Alternative/non-listed assets:

In January 2022, following a procurement via National LGPS frameworks, ACCESS announced the appointment of MJ Hudson as implementation adviser for the pooling of illiquid assets including private equity, private debt, infrastructure and real estate.

As implementation advisor, MJ Hudson will provide support to the Pool in selecting individual investment opportunities and investment managers to build portfolios in a range of illiquid assets.

Passive assets:

Ongoing monitoring and engagement continued with jointly procured passive manager, UBS.

Responsible Investment Guidelines:

Last year, following a procurement via National LGPS frameworks, ACCESS appointed Minerva Analytics as Environmental, Social & Governance (ESG) adviser.

Having reviewed the ESG policies of and engaged extensively with officers from each of the 11 ACCESS Authorities, Minerva Analytics drafted revised and updated Responsible Investment (RI) guidelines for the Pool.

2022-2023 Business Plan

The Business Plan for 2022-23 was proposed by the ACCESS Joint Committee on 6th December 2021 to the 11 LGPS Authorities. This plan included:

Actively managed listed assets:

Further pooling active listed assets within the Authorised Contractual Scheme (ACS) managed by the Pool's appointed Operator, Link Fund Solutions which will include emerging market equity and further fixed income sub-funds.

Alternative/non-listed assets:

Launch of the Pool's first illiquid asset investment vehicles. MJ Hudson will be undertaking procurement exercises to appoint a UK Core Manager and a Global Real Estate allocator.

Initial work will commence on the planning for other illiquid asset investment platforms.

Passive assets:

Ongoing monitoring and engagement with jointly procured passive manager, UBS.

Responsible Investment Guidelines:

Following consultation with the ACCESS Authorities the updated Responsible Investment Guidelines will be published.

Work will commence on establishing criteria to develop a matrix to report on key performance indicators to demonstrate how the responsible investment guidelines have been implemented.

Environmental, Social & Governance

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environmental and social risk considerations, promoting good governance and stewardship.

Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

Responsible Investment:

ACCESS appointed Minerva Analytics as its Environmental, Social & Governance (ESG) adviser. Following a review of the ESG policies, and engagement with officers from each of the authorities Minerva Analytics drafted consolidated Responsible Investment (RI) guidelines for the Pool.

Following a period of consultation, it is expected that finalised Guidelines will be adopted by the Pool during 2022.

Voting:

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The guidelines set out the principles of good corporate governance and the means by which ACCESS will seek its influence on companies. The voting activity is reported to the Joint Committee on a quarterly basis.

During the year ACCESS voted at 2,391 meetings on 32,834 resolutions.

Engagement:

Link Fund Solutions arranges regular sessions with the Investment Managers to present to the authorities Pension Fund Officers to demonstrate how they implement environmental, social and governance into their investment strategy and decision-making process.

These also give the investment manager the opportunity to discuss the engagement activities they have undertaken, what constructive dialogue was had and how they have used their influence to encourage the adoption of best practice.

Fund Account

2020 - 2021 £ million	Fund Account	Notes	2021 - 2022 £ million
	Dealings with members, employers and others directly involved in the scheme		
	Contributions and benefits		
	Contributions receivable:		
	From employers		
92.994	Normal	10	95.305
3.149	Deficit funding	10	3.010
2.780	Other	10	1.318
	From members		
23.187	Normal	10	25.389
	Transfers In		
4.119	Individual transfers in from other schemes		6.940
	Group transfers in from other schemes		3.685
	Benefits payable:		
-86.796	Pensions	10	-89.790
-13.230	Commutations of pensions and lump sum retirement benefits	10	-13.418
-1.346	Lump sum death benefits	10	-2.748
	Payments to and on account of leavers:		
-0.250	Refunds of Contributions		-0.631
-7.256	Individual transfers out to other schemes		-7.030
17.351	Net additions (withdrawals) from dealings with members		22.030
-11.518	Management Expenses	11	-14.247
5.833	Net additions (withdrawals) including management expenses		7.783
	Returns on investments		
	Investment income		
7.654	Dividends from equities		1.258
7.997	Income from pooled investment vehicles - Property		8.451
0.290	Income from pooled investment vehicles - Private Equity		0.891
20.300	Income from Other Managed Funds		24.711
0.001	Interest on Cash Deposits		0.014
0.043	Other		0.069
0.015	Taxes on Income		-0.002
547.829	Change in market value of investments		314.837
584.129	Net returns on investments		350.229
589.962	Net increase, or (decrease), in the fund during the year		358.012
2,808.454	Opening net assets of the scheme		3,398.416
3,398.416	Closing net assets of the scheme		3,756.428

Net Asset Statement

2020 - 2021 £ million	Net asset statement	Notes	2021 - 2022 £ million
	Investment assets		
243.349	UK Equities	13,14	0.000
	Pooled Investment Vehicles		
25.116	Unit trusts	13,14	0.000
501.287	Equities	13,14	813.781
916.969	Unit linked insurance policies	13,14	1,030.112
278.112	Property unit trust	13,14	343.274
1,422.905	Other Managed Funds	13,14	1,553.563
	Other Investment Balance		
1.477	Cash [held for investment]	13	5.145
	Investment liabilities		
-3.914	Cash [held for investment]		0.000
<u>3,385.301</u>	Total investments		<u>3,745.875</u>
	Current assets		
13.797	Debtors	22	12.761
4.732	Cash Deposits	19d	5.815
0.046	Cash at Bank	19d	0.184
18.575	Total current assets		18.760
	Current liabilities		
-5.460	Creditors	23	-8.207
-5.460	Total current liabilities		-8.207
<u>13.115</u>	Net current assets		<u>10.553</u>
<u>3,398.416</u>	Net assets		<u>3,756.428</u>

Notes to the Accounts

1. Description of the Fund

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

The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pensions Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).

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

Organisations participating in the Suffolk County Council Pension Fund include:

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

There are 331 employer organisations with active members within the Scheme as at 31 March 2022, an increase of 7 from the previous year total of 324. Teachers, Firefighters and NHS staff have their own pension schemes and are not included in the Fund.

The Fund has the following number of members and pensioners:

31 March 2021		31 March 2022
Number of Employees in the Scheme		
7,654	County Council	7,701
14,048	Other Employers	14,578
21,702	Total	22,279
Number of Pensioners		
9,584	County Council	9,918
7,956	Other Employers	8,492
17,540	Total	18,410
Number of Deferred Members		
15,763	County Council	15,542
14,873	Other Employers	15,610
30,636	Total	31,152

Funding

Benefits are funded by contributions and investment earnings. Employers' contributions are set based on the triennial actuarial funding valuation in March 2019 for the contributions paid in 2021 – 2022. Employees contributions are paid in line with the LGPS Regulations 2013.

Benefits

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

2. Events after the Balance Sheet Date

There has been no event between 31 March 2022 and the date when these accounts were authorised for issue that requires any adjustments to these accounts.

3. Significant Changes to the Fund

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

At its meeting on 25 February 2021, the Pension Fund Committee made a decision to increase its commitment to Infrastructure by making a \$84 million (£64 million) commitment to the KKR Global Infrastructure Fund IV, which is administered by Kohlberg, Kravis Roberts (KKR). This decision was implemented on 11 May 2021 and approved in full by KKR on 26 May 2021. The first capital call is expected in 2022.

In response to the Government's requirement for the LGPS to pool their assets with Local Government Pension Funds, the Suffolk Pension Fund joined ACCESS (A Collaboration of Central, Eastern and Southern Shires) alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire and West Sussex. The Funds are working together to collectively invest assets in order to significantly reduce investment costs whilst maintaining investment performance.

ACCESS appointed Link Fund Solutions Ltd to establish and operate its authorised contractual scheme and are responsible for the creation of investment sub-funds and the appointment of managers to those sub-funds.

On the 7 July 2021 the Fund transferred the UK Equity holding with Blackrock valued at £292 million into the ACCESS pooled vehicle Blackrock UK Select sub fund.

On the 1 December 2021 the Fund transferred the Fixed Income holding with M&G valued at £390 million into the ACCESS pooled vehicle M&G Alpha Opportunities sub fund.

In June 2021, using the National LGPS Framework for Global Custody Services, as a joint procurement exercise with other members of the ACCESS Pool, Northern Trust were appointed as custodian to the Pension Fund commencing from 1 October 2021.

4. Basis of Preparation of Pension Fund Accounts

The Statement of Accounts summarises the Fund's transactions for the 2021 - 2022 financial year and its position as at 31 March 2022.

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in United Kingdom 2021 - 2022', which is based upon International Financial Reporting Standards (IFRS).

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

5. Going Concern Statement

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021 - 2022 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 6 July 2022, management of the Pension Fund have considered the additional qualitative and quantitative key requirements:

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

The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out. All employers within the fund are paying contributions as per the rates and adjustment certificate. No employer has requested to defer their payments within the 2021 - 2022 financial year, or within 2022 - 2023 to date.

The Pension Fund has not utilised any borrowing during the 2021 - 2022 financial year or within the 2022 - 2023 year to date.

On 24 February 2022 Russia invaded Ukraine resulting in world-wide condemnation. The Russian stock exchange closed down on 28 February and foreign investors were prevented from selling Russian stock holdings. The London Stock Exchange suspended trading in Russian stocks and the major equity index providers removed all Russian stocks.

As at 1 March 2022, the Suffolk Pension Fund held £1.4 million of Russian stock within its emerging market index tracking investment with UBS. UBS has written the market value of these stocks to zero, as currently there is no mechanism to sell the stocks. The loss of value of these stocks does not have a material impact on the valuation on the Fund. These stocks will remain within the UBS account, and should it be possible to sell these stocks in the future then the proceeds will be credited to the Suffolk Pension Fund.

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

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

6. Summary of Significant Accounting Policies

6.1 Fund Account - Revenue Recognition

Contribution Income

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

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

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

Transfers to and from Other Schemes

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

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

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

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

Investment Income

Investment income may include withholding tax which is disclosed as a separate item (taxes on income) on the face of the Fund Account. Investment income arising from the underlying investments of Pooled Investment Vehicles is reinvested in the vehicle and reflected in the unit price.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

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

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

Movement in the Market Value of Investments

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

6.2 Fund Account - Expenditure**Benefits Payable**

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

Taxation

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

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

Management Expenses

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

i) Administration Expenses and Oversight and Governance Expenses

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

ii) Investment Management Expenses

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

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

6.3 Net Asset Statement**Financial Assets**

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

The value of investments has been determined as follows:

Market Quoted Investments

Managed Funds are valued using the bid market price on 31 March 2022.

Property

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

Unquoted Pooled Investment Vehicles

Unquoted Securities include pooled investments in Infrastructure, Illiquid Debt, Private Equity and Timberlands. Market quotations are not readily available. The value is based on the Fund's share of the net asset using the latest financial statements received from the respective fund manager and adjusted for capital calls and distributions received from that date to 31 March 2022.

Quoted Pooled Investment Vehicles

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

Foreign Currency Transactions

Investments and cash held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate as at 31 March 2022.

Derivatives

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

Forward Foreign Exchange Contracts outstanding at the yearend are stated at fair value, which is determined as the loss or gain that would arise if the outstanding contract was required to be settled on 31 March 2022.

Cash and Cash Equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Bank balances and cash held by the Pension Fund at 31 March 2022 are therefore cash equivalent sums. For short term investments there are no strict criteria to follow relating to the nature and maturity of these items.

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

Events after the Balance Sheet date

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

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

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

Additional Voluntary Contributions

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

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

Actuarial Present Value of Promised Retirement Benefits

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

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

7. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2021 – 2022 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted and applies to the adoption of the following disclosures as amended in the 2022 - 2023 code:

- IFRS 16 - Leases
- IFRS 1 – Amendment relating to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 – Onerous contracts
- IAS 41 - Agriculture

The code requires implementation of the above disclosure from 1 April 2022. These changes are not considered to have a material effect on the Pension Fund accounts of 2021 - 2022.

8. Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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

Actuarial Present Value of Promised Retirement Benefits

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

Property

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

The property investment held with Schroders at 31 March 2022 is £343.274 million.

Private Equity

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

The unquoted Private Equity investments at 31 March 2022 are £123.490 million with Pantheon and £11.649 million with Wilshire.

Infrastructure

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

The Infrastructure investments held with Partners, M&G and JP Morgan at 31 March 2022 are £72.125 million, £49.957 million and £166.397 million respectively.

Illiquid Debt

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

Illiquid Debt is held with M&G and includes the Debt Opportunity investments, the Illiquid Credit Opportunity Fund and the Debt Solutions Fund totalling £45.939 million, and a Multi Asset Credit Fund held with Partners Group valued at £49.735 million as at 31 March 2022.

Timber

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

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

The Timber investment at 31 March 2022 is £8.010 million.

10. Contributions Received and Benefits Paid during the Year

2020-2021			2021-2022		
Employers' Contributions	Employees' Contributions	Benefits Paid	Employers' Contributions	Employees' Contributions	Benefits Paid
£ million	£ million	£ million	£ million	£ million	£ million
35.770	8.696	-47.728	36.920	9.984	-48.156
59.593	13.619	-48.258	59.733	14.567	-52.687
3.560	0.872	-5.386	2.980	0.838	-5.113
98.923	23.187	-101.372	99.633	25.389	-105.956
		Total			

Included within employer normal contributions of £95.305 million shown in the Fund account is an amount for deficit funding of £4.114 million paid within the employers' percentage (£5.043 million in 2020 - 2021). The deficit funding identified separately on the Fund account of £3.010 million (£3.149 million in 2020 - 2021) refers to those employers funding their deficit by means of lump sum payments.

Employer contributions are made up of two elements:

- the estimated cost of future benefits being accrued, the 'primary rate'; plus
- an adjustment for the funding position of accrued benefits relative to the Fund's solvency target, the 'secondary rate'.

The Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three-year period. 2021 - 2022 was the second year in the three-year period following the 31 March 2019 valuation for the contribution rates set by the actuary to reflect a and b above.

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

11. Management Expenses

2020 - 2021 £ million	2021 - 2022 £ million
9.697 Investment Management Expenses	12.286
1.286 Administration Expenses	1.383
0.535 Oversight and Governance Costs	0.578
11.518	14.247

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

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

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

External audit fees charged by Ernst & Young for 2021 - 2022 were £0.019 million, (£0.019 million 2020 - 2021). The external fee is subject to change, depending on additional charges which may be made by the external auditors on high-risk areas. £0.013 million has been accrued for additional work for 2021 – 2022.

£0.010 million has been received during the year from the Department for Levelling Up, Housing and Communities to support the implementation of the Redmond review recommendations to meet the anticipated rise in fees for the 2020 – 2021 audits driven by new audit requirements.

Ernst & Young will charge an additional amount to respond to IAS 19 assurance requests for 2021 – 2022. £.0013 million was received in 2021 – 2022 for the work completed in 2019 - 2020. This has been charged to the employers who have requested this assurance.

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

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

2021 - 2022	Management Fees	Performance Fees	Transaction Costs	Total
	£ million	£ million	£ million	£ million
Assets				
UK Equities	0.076	2.021	0.039	2.136
Pooled Investments				
Equities	0.165			0.165
Unit Linked Insurance Policies	0.480			0.480
Fixed Income	2.808		0.073	2.881
Property	0.322		0.003	0.324
Absolute Returns	0.771			0.771
Private Equity	0.363	0.001		0.364
Infrastructure	2.544	2.344		4.887
Illiquid Debt	0.177			0.177
Timberlands	0.070			0.070
Total Investment Expenses	7.776	4.365	0.114	12.255
Custody	0.031			0.031
Total Investment Management Expenses	7.807	4.365	0.114	12.286

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

31 March 2021			31 March 2022	
Market Value £ million	Percentage of Assets %		Market Value £ million	Percentage of Assets %
Investments managed within the ACCESS Pool				
501.287	14.80%	Link Fund Solutions	1,199.756	32.07%
916.968	27.07%	UBS Group	1,030.111	27.54%
1,418.255	41.87%	Total within the ACCESS Pool	2,229.867	59.61%
Investments managed outside the ACCESS Pool				
657.235	19.40%	BlackRock Investment Management	379.627	10.15%
7.944	0.23%	Brookfield Asset Management	8.010	0.21%
0.250	0.01%	Cambridge Research & Innovation Limited	0.146	0.00%
16.328	0.48%	HSBC	0.000	0.00%
165.248	4.88%	JP Morgan	166.397	4.45%
415.900	12.28%	M&G Investments	95.895	2.56%
0.000	0.00%	Northern Trust	24.142	0.65%
130.461	3.85%	Pantheon Ventures	167.048	4.47%
79.010	2.33%	Partners Group	121.860	3.26%
181.346	5.35%	Pyrford International	178.808	4.78%
303.066	8.95%	Schroder Property Investment Management	357.281	9.55%
12.694	0.37%	Wilshire Associates	11.649	0.31%
1,969.482	58.13%	Total outside the ACCESS Pool	1,510.863	40.39%

The Blackrock UK Equity mandate and the M&G Bonds investment have transferred into the ACCESS Pool, which is managed by Link Fund Solutions, as the Authorised Contractual Scheme operator of the Pool. The UBS Group investments are managed within the ACCESS Pool on a pool governance basis.

The Northern Trust holding is the surplus cash managed by the Pension Fund which is invested in money market funds. This was previously held with HSBC.

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

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

13. Reconciliation of Movements in Investments and Derivatives

	Opening Market Value 01 April 2020 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2021 £ million
UK Companies	188.106	28.599	-18.329	44.973	243.349
Derivatives - Forward Foreign Exchange contracts	1.199	0.326	-1.525	0.000	0.000
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	857.195	164.364	-161.029	122.240	982.770
Unit trusts	15.040	-	-0.513	10.589	25.116
Overseas Equities	368.187	6.821	0.000	126.279	501.287
Unit linked insurance policies	794.307	90.290	-200.290	232.662	916.969
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	299.924	196.184	-61.287	5.314	440.135
Property	270.917	15.416	-6.607	-1.614	278.112
Total of Investments	2,794.875	502.000	-449.580	540.443	3,387.738
	Opening Market Value 01 April 2020 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2021 £ million
Other Investment Balances:					
Cash Held for Investment	0.446	-2.104	-	-0.779	2.437
Net Investments	0.446	-2.104	-	-0.779	2.437

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

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

	Opening Market Value 01 April 2021 £ million	Purchases £ million	Sales £ million	Change in Market Value £ million	Closing Market Value 31 March 2022 £ million
UK Companies	243.349	7.845	-269.997	18.803	0.000
Quoted					
Pooled Investment Vehicles:					
Other Managed Funds	982.770	590.339	-554.105	7.111	1,026.115
Unit trusts	25.116	-	-29.099	3.983	0.000
Equities	501.287	306.453	-35.000	41.041	813.781
Unit linked insurance policies	916.969	112.754	-112.755	113.144	1,030.112
Unquoted					
Pooled Investment Vehicles:					
Other Managed Funds	440.135	61.088	-46.539	72.764	527.448
Property	278.112	35.216	-21.475	51.421	343.274
Total of Investments	3,387.738	1,113.695	-1,068.970	308.267	3,740.730
	Opening Market Value 01 April 2021 £ million	Movement in Cash Balance £ million	Impairment of Investments £ million	Change in Market Value £ million	Closing Market Value 31 March 2022 £ million
Other Investment Balances:					
Cash Held for Investment	- 2.437	9.179	-	-1.597	5.145
Net Investments	- 2.437	9.179	-	-1.597	5.145

The change in market value of £306.670 million (£308.267 million and -£1.597 million) is £8.167 million lower than the change in market value on the Fund Account of £314.837 million. The difference is caused by indirect management fees of £8.053 million and transaction costs of £0.114 million which are charged against the NAV and not directly to the Fund.

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

14. Analysis of Investments (excluding Cash and Derivatives)

Market Value 31 March 2021 £ million £ million			Market Value 31 March 2022 £ million £ million	
		Equities		
	243.349	UK Companies		0.000
		Pooled Investment Vehicles - Quoted		
	25.116	Unit Trusts		0.000
	501.287	Equities		813.781
	916.969	Unit Linked Insurance Policies		1,030.112
		<u>Other Managed Funds</u>		
722.674		Fixed Income	765.601	
181.346		Absolute Returns	178.808	
42.671		Money Market Funds	38.148	
36.079		Private Equity	43.558	
<u>982.770</u>		Total Quoted Other Managed Funds	<u>1,026.115</u>	
		Pooled Investment Vehicles - Unquoted		
		<u>Other Managed Funds</u>		
66.606		Illiquid Debt	95.674	
258.257		Infrastructure	288.479	
107.328		Private Equity	135.285	
7.944		Timberlands	8.010	
<u>440.135</u>		Total Unquoted Other Managed Funds	<u>527.448</u>	
	1,422.906	Total Other Managed Funds		1,553.563
	278.112	Property		343.274
	<u>3,387.738</u>	Total		<u>3,740.730</u>

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

15. Holdings Above 5% of the Fund

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

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

Market Value 31 March 2022 £ million	Percentage of the Fund 31 March 2022	Asset Type	Manager
544.528	14.54%	Climate Aware	UBS
519.256	13.86%	Global Equity - Newton	Link Fund Solutions
385.974	10.30%	Fixed Income - M&G	Link Fund Solutions
379.627	10.13%	Fixed Income Global Opportunity Fund	Blackrock
313.151	8.36%	All World Equity	UBS
294.525	7.86%	UK Equity - Blackrock	Link Fund Solutions

16. Analysis of Derivatives

The Pension Fund's investment managers are permitted to use derivatives in the management of their mandates, subject to the restrictions set out in the individual manager's investment management agreement. The investment managers will make use of currency hedging for the purpose of reducing exchange rate risk in the investments held in their mandates.

17a. Financial Instruments – Classification

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

Listed investments are shown at bid price. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

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

Assets classified as level 2 include pooled equity and fixed income investments.

Level 3

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

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

18.b Fair Value - Basis of valuation

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

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

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

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

18c. Transfers between hierarchy levels 1 and 2

The Blackrock UK Equity transferred from Level 1 to Level 2 during the year. This was previously held as a segregated mandate and is now being held as a pooled fund administered by Link Fund Solutions

18.d Valuation of Financial Instruments Carried at Fair Value

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

Values at 31 March 2022	Quoted Market Price Level 1 £ million	Using Observable Inputs Level 2 £ million	With Significant Unobservable Inputs Level 3 £ million	Total £ million
Financial Assets				
Fair value through profit and loss	260.514	2,609.494	870.722	3,740.730
Assets at amortised cost	13.515			13.515
Total Financial Assets	274.029	2,609.494	870.722	3,754.245
Financial Liabilities				
Fair value through profit and loss				
Financial Liabilities at amortised cost	-5.001			-5.001
Total Financial Liabilities	-5.001	0.000	0.000	-5.001
Net Financial Assets	269.028	2,609.494	870.722	3,749.244

18.e Reconciliation of Fair Value measurements within Level 3

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

Assets	Opening Market Value 01 April 2021 £ million	Purchases £ million	Sales £ million	Realised Gains/(Losses) £ million	Unrealised Gains/(Losses) £ million	Closing Market Value 31 March 2022 £ million
Property	278.112	35.216	- 21.475	2.593	48.828	343.274
Illiquid Debt	66.606	35.513	- 9.380	1.752	1.183	95.674
Infrastructure	258.257	13.997	- 7.617	0.201	24.043	288.479
Private Equity	107.328	11.578	- 29.531	19.497	26.413	135.285
Timberlands	7.944	-	-	-	0.066	8.010
Total of Investments	718.247	96.304	- 68.003	23.641	100.532	870.722

18.f Sensitivity of assets values at Level 3

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

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

	Market Value 31 March 2022 £ million	Valuation Range	Value on Increase £ million	Value on Decrease £ million
Property	343.274	15.0%	394.765	291.783
Illiquid Debt	95.674	10.3%	105.529	85.820
Infrastructure	288.479	14.6%	330.597	246.361
Private Equity	135.285	31.2%	177.494	93.076
Timberlands	8.010	14.6%	9.179	6.840
Total of Investments	870.722		1,017.564	723.880

19. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The key risks that have been identified are:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Interest Rate Risk

- E. Currency Risk
- F. Price Risk
- G. Custody
- H. Investment Management
- I. Sensitivity of Funding position to market conditions and investment performance

A. Credit risk

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

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

The Fund monitors the monthly receipt of contributions from employers. The Funding Strategy Statement requires safeguards to be in place for all new admission agreements to protect the Fund from an employer default, primarily through a guarantee from a tax-backed scheme employer for any new employer in the Fund. An analysis of debtor balances at 31 March 2022 is provided in Note 22.

The Fund's bank account is held with Lloyds Bank Plc, which is also banker to Suffolk County Council the Administering Authority for the Pension Fund. The bank held a Long-Term rating of 'A+' (strong) with Standard and Poor and with Fitch as at March 2022. The management of this cash held for the purpose of managing the cashflow was carried out by the Council's Treasury Management team in accordance with the cash management strategy approved by the Pension Fund Committee. The Fund has had no occasion of default or uncollectable deposits.

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

At 31 March 2022, £5.999 million was with Lloyds (£4.478 million at March 2021). Cash deposited in Northern Trust money markets amounted to £24.142 million at 31 March 2022 (£20.334 million with the former custodian HSBC at March 2021), Blackrock as at 31 March 2021 held £1.389 million in their money market fund, this investment has transferred into a pooled fund in units and so the balance is nil as at 31 March 2022, and Schroders held £14.006 million in their money market fund, (£20.948 million at March 2021).

B. Liquidity risk

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

The Pension Fund holds sufficient working capital to ensure that it has cash available to meet benefit and transfer payments and cash drawdown requirements in respect of certain investment transactions. Within mandates it is the responsibility of the individual managers to ensure that they have sufficient funds available to meet the transactions they enter into on

behalf of the Fund. These responsibilities are detailed within the investment management agreements. At an investment level a large proportion of the Fund's investments are held in instruments that can be realised at short notice if a cash flow need arose. Certain investments, particularly property, unquoted private equity, illiquid debt, timberlands and infrastructure funds are considerably less liquid, but these make up a far smaller proportion of the overall portfolio, £870.722 million, 23% (£718.247 million, 21% at March 2021).

C. Market risk

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

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

D. Interest Rate Risk

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

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

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

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

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

Asset Type	Value as at 31 March 2022 £ million	Change + 100 BP's £ million	Change - 100 BP's £ million
Cash held for Deposit	5.999	0.060	-0.060
Cash and Cash Equivalent	43.293	0.433	-0.433
Total Assets	49.292	0.493	-0.493

E. Currency Risk

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

The one year expected standard deviation for an individual currency as at 31 March 2022 is 9.5% (as provided by Hymans Robertson). This is based on the assumption that there is no diversification with other assets and that all other variables, in particular interest rates remain constant.

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

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

Asset Type	Value as at 31 March 2022 £ million	Potential Market Movement £ million	Value on Increase £ million	Value on Decrease £ million
Overseas Equities	519.256	49.329	568.586	469.927
Overseas Index Linked Equities	892.929	84.828	977.757	808.101
Alternative Investments	381.671	36.259	417.928	345.412
Total overseas assets	1,793.856	170.415	1,964.272	1,623.441

F. Price Risk

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

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

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

Asset Type	Value as at 31 March 2022 £ million	Change %	Value on Increase £ million	Value on Decrease £ million
Equities	813.781	20.03	976.782	650.781
Fixed Income	765.601	8.10	827.615	703.587
Index Linked	1,030.111	18.63	1,222.021	838.202
Cash & FFX	5.145	0.30	5.160	5.129
Money Markets	38.148	2.10	38.949	37.347
Property	343.275	15.00	394.766	291.783
Alternatives	749.814	16.60	874.058	625.570
Total Assets	<u>3,745.875</u>		<u>4,339.352</u>	<u>3,152.399</u>

G. Custody

The Fund appointed Northern Trust as its global custodian with responsibility for safeguarding the assets of the Fund. Northern Trust is an established custodian bank and were appointed as the Fund's custodian in 2021 following a national framework tendering process. Quarterly reconciliations are performed between the underlying records of the custodian and the appointed investment managers.

H. Investment Management

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

members of the Pension Fund Committee, officers and the Independent Financial Adviser Mark Stevens.

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

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

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

20. Funding Position

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

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

The key elements of the funding policy are:

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

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

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

When an employer's funding level is less than the 100% funding target, then a deficit

recovery plan will be put in place requiring additional contributions from that employer to meet the shortfall.

Formal Valuation

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

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

Financial Assumptions

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

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

Funding Position

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

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

Contribution Rates

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

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

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

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

The next formal valuation is as at 31 March 2022.

21. Actuarial Present Value of Promised Retirement Benefits

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

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

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

Interim Valuation

An interim valuation was carried out as at 31 March 2022. The valuation was included in the actuary's Navigator report which is based on long term financial assumptions for the Suffolk Pension Fund and contains the following assumptions:

Increases in future salaries of 2.7% a year (2.4% 2020 - 2021)
Projected investment returns of 3.65% per year (3.5% 2020 - 2021)

The actuarial value of the Fund's assets were £3,756 million and the liabilities £3,357 million at 31 March 2022 (£3,390 million and £3,123 million at 31 March 2021).

The valuation showed that the Fund's assets covered 112% of its liabilities at the interim valuation date and the surplus was £398 million (109%, £267 million surplus at March 2021).

International Accounting Standard 26 (IAS 26)

CIPFA's Code of Practice on Local Authority Accounting 2021 - 2022 requires administering authorities of the LGPS funds that prepare pension fund accounts to disclose what IAS 26 refers to as the actuarial present value of promised retirement benefits. This is similar to the interim valuation, but the assumptions used are in line with IAS 19 rather than assumptions tailored to the Suffolk Pension Fund.

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

- Pension increases of 3.2% a year (2.9% 2020 - 2021)
- Increases in future salaries of 3.9% a year (3.6% 2020 - 2021)
- Discount Rate of 2.7% per year (2.0% 2020 - 2021)

The IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,566 million as at 31 March 2022 (£4,728 million as at 31 March 2021). This incorporates an approximate allowance for the potential increase in liabilities arising from the impact of the McCloud judgement.

22. Current Debtors

The current debtors can be analysed as below:

31 March 2021 £ million	<u>Debtors</u>	31 March 2022 £ million
7.015	Employers Contributions	8.220
1.755	Employee Contributions	2.122
4.340	Investment Assets	1.386
0.671	Sundry Debtors	1.015
0.016	Asset Pooling	0.018
<u>13.797</u>		<u>12.761</u>

23. Current Creditors

The current creditors can be analysed as below:

31 March 2021 £ million	<u>Creditors</u>	31 March 2022 £ million
0.000	Amounts owed to Employers	-0.941
-1.453	Investment Expenses	-2.818
-1.200	Administration and Governance Expenses	-0.143
-0.271	Transfer Values In Adjustment	-0.188
-1.513	Lump Sum Benefits	-0.987
-1.023	Sundry creditors	-3.130
<u>-5.460</u>		<u>-8.207</u>

24. Additional Voluntary Contributions

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

A total of £0.065 million was paid over to the providers Clerical Medical, Standard Life and Utmost (previously Equitable Life) in 2021 - 2022, (£0.060 million 2020 - 2021).

25. Related Party Transactions

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

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

Suffolk County Council is the largest single employer of members of the Pension Fund and contributed £36.920 million to the Fund in 2021 - 2022 (£35.770 million in 2020 - 2021). In addition, the council incurred costs of £1.219 million (£1.067 million in 2020 - 2021) in relation to the administration of the Fund, audit, legal and committee services. These have all been reimbursed by the Fund.

Part of the Pension Fund cash holdings are invested by the Treasury Management operations of Suffolk County Council through the Treasury Management Policy approved by the Pension Fund Committee. During the year ending 31 March 2022 the Fund had an average investment balance of £9.619 million (£9.587 million in 2020 - 2021) earning interest of £0.007 million (£0.001million in 2020 - 2021) from these investments.

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

26. Key Management Personnel

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

The key management personnel of the Fund are the S151 Officer, Head of Pensions and Lead Accountant (Pensions). The total remuneration payable to the key management personnel by the Suffolk Pension Fund was £0.150 million in 2021 - 2022 (£0.139 million in 2020 - 2021).

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

27. Agency Services

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

The Suffolk Pension Fund paid some of the costs of the ACCESS pool on behalf of the other members of the scheme. The amounts paid are not included in the Fund Account. These costs are charged to the Essex Pension Fund who have taken over administering the Pool. The Suffolk Pension Fund stopped receiving costs from May 2020.

The costs charged are as below:

2020 - 2021 £ million	2021 - 2022 £ million
0.020	0.000
Payments on behalf of the ACCESS pool	
<u>0.020</u>	<u>0.000</u>

28. Securities Lending

The Suffolk Pension Fund does not operate securities lending however, it is undertaken in the pooled holdings operated by Link Fund Solutions and the proceeds are reflected in the asset value earning £0.021 million in 2021 - 2022 (£0.012 million) in 2020 - 2021.

29. Contractual Commitments

In 2003 the Fund has made contractual commitments to private equity funds managed by Wilshire and Pantheon. Commitments are made in the underlying currency of the funds (\$103.131 million and €41.288 million) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both the value of unfunded commitments in sterling terms and the valuation of the funded interest and monies received as distributions. At 31 March 2022 the unfunded commitment (monies to be drawn in future periods) is \$8.777 million and €2.300 million. The commitments are paid over the investment timeframe of the underlying partnerships.

In 2011 - 2012 a contractual commitment of €54 million was made to an infrastructure investment (Partners Group Global Infrastructure 2012) managed by Partners Group, the outstanding amount as at 31 March 2022 is €9.290 million.

In 2015 - 2016 contractual commitments of \$149.500 million were made to private equity investments managed by Pantheon. Some draw downs on the commitments have been made and the outstanding amounts to 31 March 2022 are \$34.379 million.

In 2016 - 2017 the Pension Fund made additional contractual commitments to M & G, of £60 million in the Greenfield infrastructure fund the outstanding amount is £17.781 million.

During 2017 - 2018 a contractual commitment was made to an infrastructure investment (Partners Group Global Infrastructure 2015) managed by Partners Group of €55 million, the outstanding amount as at 31 March 2022 is €12.100 million.

During 2020 - 2021 a contractual commitment of £75 million was made to the Mult Asset Credit Fund with Partners Group. The undrawn amount at the end of the year is £26.039 million.

During 2021 - 2022 a contractual commitment of \$80 million was made to the Global Infrastructure Fund IV with KKR. No capital calls have been made during the year.

A summary of the commitments is as overleaf:

Asset Class	2021 - 2022		
	Commitment £ million	Drawn £ million	Outstanding £ million
Private Equity			
Wilshire (2003-2008)	68.951	64.704	4.247
Pantheon (2003-2010)	44.268	39.946	4.322
Pantheon (2015)	113.546	87.435	26.111
Total Private Equity	226.765	192.085	34.680
Infrastructure			
Partners (2012)	45.633	37.851	7.782
Partners (2016)	46.478	36.253	10.225
M&G (2016)	60.000	42.219	17.781
KKR (IV)	63.798	0.000	63.798
Total Infrastructure	215.909	116.323	99.586
Illiquid Debt			
Multi Asset Credit Fund	75.000	48.961	26.039
Total Illiquid Debt	75.000	48.961	26.039

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Suffolk Pension Fund

Draft Audit Results Report

Year ended 31 March 2022

11 November 2022

11 November 2022



Audit Committee and Pension Fund Committee
Suffolk County Council
Endeavour House
8 Russell Road
Ipswich, IP1 2BX

Dear Audit Committee/ Pension Fund Committee Members

2021/22 Draft Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Suffolk Pension Fund for 2021/22.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Suffolk Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the information and use of the Audit Committee and Pension Fund Committee, other members of the Pension Fund, and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on the 30 November 2022.

Yours faithfully

Debbie Hanson

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Enc

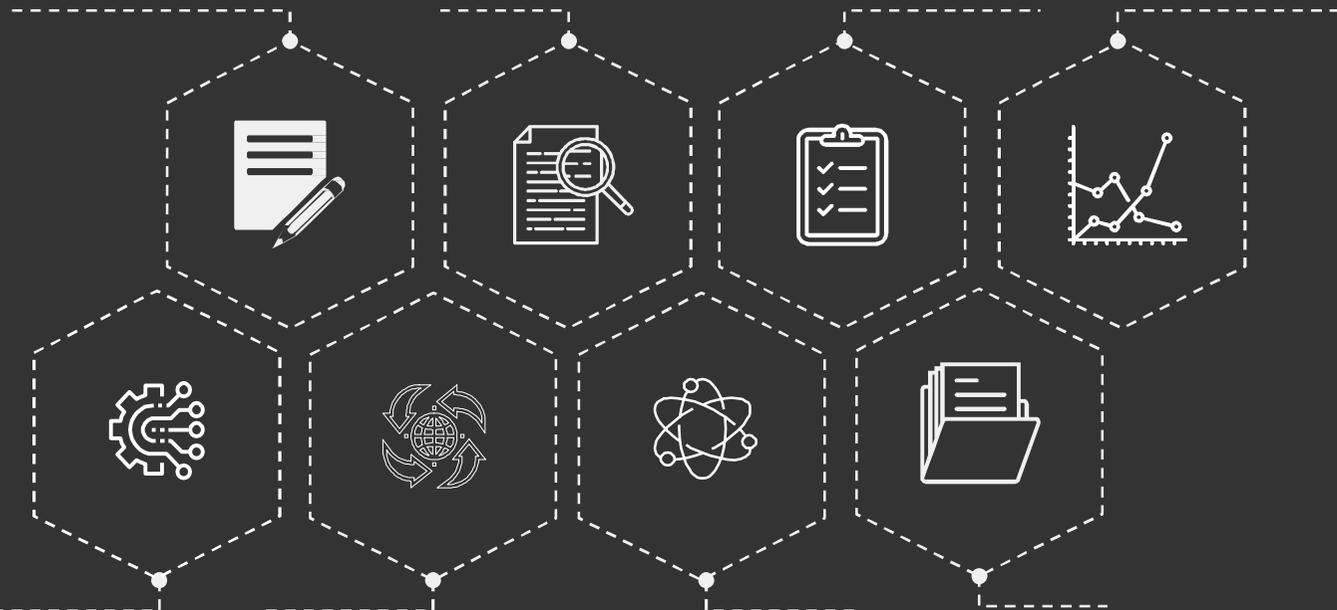
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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee, Pension Fund Committee, and management of Suffolk Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, Pension Fund Committee, and management of Suffolk Pension Fund those matters we are required to state to them in this report and for no other purpose.

To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, Pension Fund Committee, and management of Suffolk Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary

Executive Summary

Scope update

In our Updated Audit Plan report presented to the 15 September 2022 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan. We revisited our materiality calculation and confirmed that the level of £37.6 million set at planning stage remained appropriate. Performance materiality also remained unchanged at £28.2 million. We have not made any revisions to the audit risks and planned audit procedures set out within the Updated Audit Plan.

Status of the audit

Our audit work in respect of the Pension Fund opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report:

- Going concern assessment and disclosure;
- Subsequent events review;
- Agreement of the final set of financial statements;
- Receipt of signed management representation letter; and
- Final Manager and Engagement Partner reviews.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix C.

Subject to satisfactory completion of the following outstanding items above, we expect to issue an unqualified opinion upon the Pension Fund Financial Statements in the form which appears at Section 3.

Audit differences

Uncorrected audit differences

At the time of issuing this report, there are no uncorrected audit differences in the accounts.

Corrected audit differences

We identified a limited number of minor audit disclosure differences in the financial statements, which management has amended for.

Control observations

During the audit, we did not identify any significant deficiencies in internal controls. We have taken a wholly substantive approach to the audit.

Other reporting issues

We have no other matters to report.

Executive Summary

Areas of audit focus

In our Updated Audit Plan, we identified a number of key areas of focus for our audit of the financial report of Suffolk Pension Fund. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Misstatements due to fraud or error – management override and incorrect posting of investment journals (fraud risk)

- We have completed our testing and found no indications of management override of controls and our work on the posting of investment journals has identified no matters to report.

Valuation of complex investments (Unquoted investments) (significant risk)

- We have completed our work in this area and have no matters to report.

IAS 26 disclosure – Actuarial value of promised retirement benefits (area of audit focus)

- We have completed our work in this area and have no matters to report.

Change of custodian (area of audit focus)

- We have completed our work in this area and have no matters to report.

Going concern disclosure (area of audit focus)

- We have requested an updated going concern assessment and cashflow forecast. We have not concluded our work in this area, and will complete this as part of our closing procedures.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues;
- You concur with the resolution of the issue; and
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by Management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee, the Pension Fund Committee, or Management.

Independence

Please refer to Section 7 for our update on Independence.



02 Areas of Audit Focus

 Areas of Audit Focus

Significant risk

Misstatements due to fraud or error – management override and incorrect posting of investment journals

What is the risk?

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have considered the specific areas where management has the opportunity and incentive to override controls that could affect the Fund Account and the Net Asset Statement.

We have identified the main area as being around the investment asset valuations from the Custodian reports being incorrectly posted to the general ledger specifically through journal postings, to secure a more favourable reported financial position. Investment income was £35 Million and hence not material and so we have not identified the manipulation of this as a risk.

What did we do?

We have performed the following procedures, As set out in our Updated Audit Plan:

- We identified fraud risks during the planning stage;
- We inquired of management about risks of fraud and the controls put in place to address those risks;
- We obtained an understanding the oversight given by those charged with governance of management’s processes over fraud;
- We considered the effectiveness of management’s controls designed to address the risk of fraud;
- We performed mandatory procedures regardless of specifically identified fraud risks, including;
 - testing of journal entries and other adjustments in the preparation of the financial statements and assessed them for evidence of management bias and evaluated them to understand their business rationale;
 - reviewing accounting estimates for evidence of management bias; and
 - evaluating the business rationale for significant unusual transactions.
- We utilised our data analytics capabilities to assist with our work, including journal entry testing;
- To address the specific risk we identified relating to posting of investment journals, we:
 - Undertook a review of the reconciliation to the fund managers and custodian reports;
 - Re-performed the detailed investment note using the reports we have acquired directly from the custodian or fund managers;
 - Checked the reconciliation of holdings included in the Net Assets Statements back to the source reports; and
 - For quoted investments income, agreeing the reconciliation between fund managers and custodians to ensure the amounts are consistent with fund managers and custodians reports.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Fund’s normal course of business.

Our additional procedures in relation to the review of the reconciliations to source reports, including fund managers and custodians reports, and the re-performance of the investment note have not identified any instances of inappropriate posting of investment journals.

 Areas of Audit Focus

Significant risk

Valuation of complex investments (unquoted investments)

What is the risk?

The Fund's investments include unquoted pooled investment vehicles such as private equity, infrastructure and property investments.

Judgements are made by the investment managers to value these investments whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error.

Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements.

In 2020/21, approximately 21% of the overall Fund of £718 million was within this investment type, and this has increased to £871 million (approximately 23% of the overall fund) as disclosed in the draft 2021/22 accounts. As these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.

What did we do?

As set out in our Updated Audit Plan, we have performed the following procedures:

- Assessed the competence of management experts;
- Reviewed the basis of valuation for property investments and other unquoted investments and assessed the appropriateness of the valuation methods used;
- Where available, we reviewed the latest audited accounts for the relevant fund managers to ensure that there were no matters arising that highlight a risk of material differences in the reported funds valuation within the financial statements;
- Performed analytical procedures and checked the valuation output for reasonableness against our own expectations;
- Obtained and reviewed internal control reports for fund managers, where available, to identify any internal control issues and assess whether they would have an impact on the valuations provided by the fund managers; and
- Reviewed investment valuation disclosures to verify that significant judgements surrounding the valuation of level 3 investments had been appropriately made in the Pension Fund's financial statements

What are our conclusions?

Our testing has not identified any material misstatements within year end investment asset valuations.

Our additional procedures, including the review of the latest set of audited accounts and the internal control reports for the fund managers, have not identified any matters or material valuation differences in the reported funds valuation within the financial statements.

In addition, we also challenged the material accuracy of the valuation as at 31 March 2022 through a benchmarking exercise using relevant indices. We have not identified any material differences following the completion of our work.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?

IAS26 – Actuarial present value of promised retirement benefits

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,566 million as at 31 March 2022 (£4,728 million as at 31 March 2021).

The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.

There is a risk that the valuation uses inappropriate assumptions to value the liability as at the 31 March 2022.

Change of custodian

The custodian provides custodial services to the Pension Funds and is responsible for the safekeeping and administration of assets belonging to another.

In October 2021, there was a change of custodian from HSBC to Northern Trust. This presents a risk that information may incorrectly transferred or reported in the 2021/22 financial statements.

What did we do and what are our conclusions?

In response to this risk, we

- Assessed the competence of management experts, Hymans Robertson;
- Engaged with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS26 approach applied by the actuary and assess whether this was reasonable and compliant with IAS26; and
- Reviewed and ensured that the IAS26 disclosure was in line with the relevant standards and was consistent with the valuation provided by the actuary, Hymans Robertson.

We have not identified any issues with the competence of the actuary.

There were no significant changes in the IAS 26 approach or methodology and the assumptions used in calculating the IAS 26 figure was considered reasonable and compliant.

The disclosure of IAS 26 was in line with the relevant standards and the valuation provided by the actuary.

In response to this risk, we:

- Updated our understanding of the new custodian as a service organisation to the Pension Fund;
- Reviewed and confirmed the transfer of information to the new custodian;
- Checked the reconciliation of balances between the former and new custodian; and
- Confirmed the reporting of investment balances provided by the new custodian were complete and accurate.

We have not identified any issues in the completion of our work in this area.

 Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures

What is the risk/area of focus?

What did we do and what are our conclusions?

Going concern disclosure

There is a presumption that the Fund will continue as a going concern for the foreseeable future. However, the Fund is still required to carry out a going concern assessment that is proportionate to the risks it faces.

The unpredictability of the current economic environment and also the volatility of the capital markets due to the ongoing impact of Covid as well as the Ukraine-Russia conflict give rise to a risk that the Pension Fund may not appropriately disclose the impact of these issues on their going concern assessment. The disclosure should be underpinned by management's assessment based on the Pension Fund's actual year end financial position and projected performance and cashflows for the going concern period of 12 months from the auditor's report date.

The draft accounts included going concern disclosures but Management's going concern assessment and disclosures will need to be updated to cover a period of at least 12 months from the audit opinion date.

As our opinion date has not yet been confirmed management have not yet provided this assessment, but have agreed to provide one once the date is known.

We will review the updated assessment, and supporting cashflow projections, in due course and will update the Audit Committee if any issues arise as a result of this work.



03 Audit Report



Audit Report

Our proposed opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUFFOLK COUNTY COUNCIL

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2022 and the amount and disposition of the fund's assets and liabilities as at 31 March; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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



Audit Report

Our proposed opinion on the financial statements

Other information

The other information comprises the information included in the 'Statement of Accounts 2021-22', other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the 'Statement of Accounts 2021-22'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.



Audit Report

Our proposed opinion on the financial statements

Responsibility of the Chief Financial Officer

As explained more fully in the 'Statement of Responsibilities for the Statement of Accounts' set out on page v, the Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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



Audit Report

Our proposed opinion on the financial statements

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Suffolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



04

Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation. Until our audit is fully complete it is possible that further differences may be identified.

Summary of unadjusted differences

At the date of this report, there was no unadjusted audit difference arising from our audit.

Summary of adjusted differences

Disclosure Items

Our audit identified a limited number of minor misstatements which our team have highlighted to management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in the Annual Accounts and the accounts included within the Annual Report. We consider that only the following disclosure misstatement merits bringing to your attention:

- The Creditors balance within the Financial Instruments Disclosure Note (Note 17a) has been amended from -£2.979 million to -£5.001 million, due to a non-statutory creditors controls account balance of -£2.022 million being incorrectly excluded in the Note.



05 Other reporting issues

Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Suffolk Pension Fund Annual Report with the audited financial statements. We have reviewed the Pension Fund Annual Report and are satisfied that it is consistent with the financial statements. We have prepared and will issue a consistency statement to Management alongside our audit report.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Pension Fund's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

Other than those areas we have outlined in the previous section, we have nothing to report in respect of these matters.



06

Assessment of Control Environment

 Assessment of Control Environment

Financial controls

It is the responsibility of the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Pension Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Pension Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees due for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted. We confirm that we have not undertaken non-audit work.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Planned Fee 2021/22 £	Scale Fee 2021/22 £	Final Fee 2020/21 £
Total Fee - Code work	19,270	19,270	19,270
Total agreed fees:	19,270	19,270	19,270
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	41,600	-	14,052
Additional Audit Fee in respect of work on behalf of Admitted Body auditors (recharged to the Pension Fund) (Note 2)	8,000	-	8,000
Additional work in respect of Data Analytics (See Note 3)	-	-	7,497
Total fees	68,870	19,270	48,819

All fees exclude VAT

Note 1: We proposed an increase to the base scale fee of £41,600 for 2020/21 to reflect the cost of increased regulatory requirements. PSAA have determined a final additional fee for 2020/21 of £14,052 in relation to this.

For 2021/22, the scale fee will again be impacted by the increased regulatory requirements as well as other factors which will result in additional work, including some of those that were present in the prior year. We have again proposed an increase of £41,600 in relation to the increased regulatory requirements, and will confirm our proposed additional fee to reflect work on other specific risks once we have concluded the audit. These additional fees will be again determined by PSAA.

Note 2: We plan to charge an additional fee of £8,000 in 2021/22 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. The Pension Fund can recharge this fee to the relevant admitted bodies.

Note 3: The Pension Fund, along with the Council changed their accounting system to Oracle Fusion during 2020/21. This led to additional work for us to gain assurances over the transfer of data between systems during the year. PSAA Ltd have determined a final additional fee of £7,497.



08 Appendices

 Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Net Assets Statement category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
Investment assets and liabilities	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
Long term debtors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A
Debtors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A
Cash in hand	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
Creditors	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A

 Appendix B

Required communications with the Audit Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	Audit Plan (Updated) – 15 September 2022 - Audit Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit Plan (Provisional) – 20 July 2022 – Pension Fund Audit Committee Audit Plan (Updated) – 15 September 2022 – Audit Committee
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report – 30 November 2022 – Audit Committee

 Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit Results Report – 30 November 2022 – Audit Committee
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Audit Results Report – 30 November 2022 – Audit Committee
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report – 30 November 2022 – Audit Committee
Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Audit Committee responsibility 	Audit Results Report – 30 November 2022 – Audit Committee

 Appendix C

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity’s related parties including, when applicable: <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report – 30 November 2022 – Audit Committee
Independence	<p>Communication of all significant facts and matters that bear on EY’s, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner’s consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan (Provisional) – 20 July 2022 – Pension Fund Audit Committee</p> <p>Audit Plan (Updated) – 15 September 2022 – Audit Committee</p> <p>Audit Results Report – 30 November 2022 – Audit Committee</p>
External confirmations	<ul style="list-style-type: none"> • Management’s refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report – 30 November 2022 – Audit Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Audit Results Report – 30 November 2022 – Audit Committee

 Appendix C

		Our Reporting to you
Required communications	 What is reported?	  When and where
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Audit Results Report – 30 November 2022 – Audit Committee
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report – 30 November 2022 – Audit Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report – 30 November 2022 – Audit Committee
Auditors report	Any circumstances identified that affect the form and content of our auditor’s report	Audit Results Report – 30 November 2022 – Audit Committee
Fee reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Plan (Provisional) – 20 July 2022 – Pension Fund Audit Committee Audit Plan (Updated) – 15 September 2022 – Audit Committee Audit Results Report – 30 November 2022 – Audit Committee

Appendix C

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Going concern assessment and disclosure	Managements going concern assessment and disclosures will require updating to cover a period of at least 12 months from the anticipated opinion date, which will require review by EY.	EY and Management
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report.	EY and Management
Agreement of revised and approved set of Financial Statements	Agree all changes made to draft accounts are updated in the final set of accounts.	EY and Management
Management Representation Letter	Receipt of signed management representation letter.	Management
Final Manager and Engagement Partner Review Procedures	Final review of areas listed above.	EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that a key disclosures on going concern remain to be finalised. A draft of the current opinion (with outstanding areas highlighted) is included in Section 3.

 Appendix D

Management representation letter - draft

This is our draft letter of management representation. This could be subject to change following the completion of the final audit procedures

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

[Address]

This letter of representations is provided in connection with your audit of the financial statements of Suffolk Pension Fund ("the Fund") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2021 to 31 March 2022 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2022, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We understand that the purpose of our audit of the Fund's financial statements is to express an opinion thereon and that our audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related

data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We confirm that the Fund is a Registered Pension Scheme. You are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, we believe that the Fund have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 that are free from material misstatement, whether due to fraud or error.

 Appendix D

Management representation letter

Management Rep Letter

We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflicts and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.

6. EITHER: [When there are unadjusted audit differences in the current year or we determine that the current year effects of correcting prior year differences are significant.] We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [specify reasons for not correcting misstatement].

OR: [When there are no unadjusted audit differences in either the current year or in the prior year or there are no unadjusted audit differences in the current year and we determine that the current year effects of correcting prior year differences are not significant to the current year.] There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

OR: [The following representation is included when management believes that certain of the identified items, even though immaterial, are not differences.] We do not agree that items [specify items in question] constitute differences because [specify reasons for disagreement].

7. We confirm the Fund does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Fund (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

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C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Fund's financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that

is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

6. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter on 29 September 2021 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact on the financial statements, in each case or in the aggregate, and ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 5 to the financial statements discloses all the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, our

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plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than..... described in Note 2 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to year end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Accounts for the year 2021/22.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Independence

1. We confirm, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

I. Derivative Financial Instruments

1. We confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016. The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.
2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

J. Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

K. Actuarial valuation

1. The latest report of the actuary [Name] as at [Date] and dated [Date] has been provided to us. To the best of we knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

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L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to value unquoted investments which include Illiquid Debt, Infrastructure, Timberlands and Private Equity Investments and IAS26 actuarial valuation disclosures and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

M. Estimates

Valuation of Investments

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22).

2. We confirm that the significant assumptions used in making the valuation of investments appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete including the effects of the COVID-19 pandemic on the valuation of investments and made in accordance with the applicable financial reporting framework.

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

Actuarial Present Value of Promised Retirement Benefits Estimate

1. We confirm that the significant judgements made in making the actuarial present value of promised retirement benefit estimate have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the actuarial present value of promised retirement benefit estimate.

3. We confirm that the significant assumptions used in making the actuarial present value of promised retirement benefit estimate appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

5. We confirm that appropriate specialized skills or expertise has been applied in making the actuarial present value of promised retirement benefit estimate.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.

N. Specific Representations

We do not require any further specific representations in addition to those above.

Yours faithfully,

(Chief Financial Officer)

(Chairman of Audit Committee)

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ED None

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Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	7 December 2022
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive and Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Head of Finance (S151 Officer)
Author:	Stuart Potter, Pensions Operations Manager Telephone: 01473 260296 Email: Stuart.potter@suffolk.gov.uk

Brief summary of report

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

Action recommended

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

Reason for recommendation

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

Alternative options

4. There are no alternative options.

Main body of report

Introduction

5. This report covers staff performance and team achievements since the previous Board meeting on 17 October 2022.

Service Level Agreements

6. The Service Level Agreements for our 'key' processes from September to October are shown below:
 - a) Provision of a transfer quote to scheme members within 10 days of the receipt of the estimated value and all necessary information – Total cases **87**, percentage completed in SLA **100%**

- b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **49**, percentage completed in SLA **100%**
- c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **289**, percentage completed in SLA **100%**
- d) Retirement lump sums will be paid within 10 working days of receipt of all necessary information after retirement – Total cases **195**, percentage completed in SLA **100%**
- e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **22**, percentage completed in SLA **100%**
- f) Outstanding monies owed in respect of a deceased pension, and any death grant, will be paid within 10 working days of receipt of all information – Total cases **43** percentage completed in SLA **100%**

I-Connect Implementation

- 7. The outstanding issues with the Suffolk County Council's onboarding to I-Connect have continued to be worked on. It is now hoped these outstanding issues will be resolved by the end of December 2022 so that this can go live in the new year. The team are now continuing the rollout of this system to other employers who have developed I-Connect report or are in the process of developing the report.

Staffing Update

- 8. Following the last update to the Board recruitment exercises have taken place to replace members of staff who have left the team.
- 9. The Finance officer post has now been filled with the new employee expected to have commenced on 30 November, while the Pensions Officer previously expected to commence in November started with the team on 5 December 2022.
- 10. Two separate Pensions Assistant recruitment exercises were held after the candidate offered the role from the original recruitment exercise had to withdraw due to personal circumstances. Following the second recruitment exercise a Pensions Assistant has been appointed on a permanent basis to commence in early December 2022.

Backlog Tasks

- 11. The team have continued to work on the backlog cases previously reported to the Board. There are currently around 10,000 of these to process with the number of these reducing by around 500 since the previous reporting period.

Pensioner Newsletter

- 12. The October edition of this newsletter, produced twice a year, has been written and sent to Pensioner members. The latest edition of the newsletter included articles on the national fraud initiative, payment dates, scam information and the regular article from the Pensioner representative on the Pension Board.

Scheme Returns

- 13. The team have completed the scheme return for the Pensions Regulator. This had to be completed by 18 November and includes information such as scheme

details, numbers of members, pension board members, scheme manager and contact details.

Compliments and Complaints

14. During this period there have been seven compliments above and beyond the usual thank you messages received for the service we provide. These compliments are all reflective of the service members have received.
15. The first compliment came from a member on a telephone call who wanted to say had spoken to three different members of staff on the Helpdesk and *'they have all been really helpful'*. Another member phoned to thank the team for the way in which her recent case was handled.
16. Other compliments were received via email or letter with the first of these stating *'everyone has been brilliant that she has dealt with'*. Another member thanked the team *'for dealing with their pension issues in such a prompt manner'* after their queries were resolved. Another member said they were *'most grateful for your time and effort in providing a very patient and detailed explanation'*. The next compliment was thanking the team generally for their help stating, *'many of you have been involved in the transfer of 3 smaller pensions since I started at SCC in February 2022 and I appreciate all that you have done to bring this to a close'*.
17. The final compliment came to the team via Suffolk County Council's customer experience team thanking a team member saying, *'his customer care skills are excellent and his knowledge is too'*.
18. During this period there has been one complaint which relates to a member who was confused by some of our wording and therefore the impact of various things in relation to whether or not she should join together her pension records. She also wanted clarification around the regulations and wanted a senior person to oversee her case. This was provided and all questions answered. The case is still ongoing as the member has been away, but direct contact details are in place to resolve any outstanding queries that may arise.

Internal Dispute Resolution Procedures

19. There have been two new IDRPs Stage 1 complaints. Both of these are in relation to employer ill-health decisions. The first complaint has been investigated and the response given. This response, while happy the correct processes have happened, has recommended a new review is undertaken due to their being some differences between the independent medical practitioner report and the report from the member's own GP.
20. The second case is ongoing as the decision maker has asked for further information from the relevant HR team.
21. At the time of writing the Stage 2 IDRPs complaint mentioned previously is still being investigated. An update will be provided to the Board in the next meeting following the completion of this case.
22. This report will be ongoing in all future Board meetings and will be developed in accordance with the requirements of the Board.

Contribution payments

23. The administration strategy requires contributions from employers to be received by the Pension Fund within five working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received during 2022/23 quarter 1 and 2:

	Quarter 1 (22/23)			Quarter 2 (22/23)		
	Employer	Contributions		Employer	Contributions	
	%	£'m	%	%	£'m	%
On Time	81	30.539	97.9	86	30.613	97.3
Up to 1 week late	2	0.040	0.1	4	0.108	0.4
Over 1 week late	17	0.688	2.0	10	0.762	2.3
Total		31.267			31.473	

Sources of further information

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

Suffolk Pension Board

Report Title:	Process for appointing new Board Members
Meeting Date:	7 December 2022
Lead Councillor(s):	Councillor Richard Rout
Director:	Chris Bally, Deputy Chief Executive and Executive Director of Corporate Services
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Paul Finbow, Head of Pensions, Telephone: 01473 265288 Email: paul.finbow@suffolk.gov.uk

Brief summary of report

1. This report outlines the appointment process to be followed for new Board Members.

Action recommended

- | |
|---|
| <ol style="list-style-type: none"> 2. The Board is asked to note the process and suggest whether any changes are required to the supporting documents attached as Appendix 1 and 2. |
|---|

Reason for recommendation

3. The Board are interested in ensuring an appropriate and fair process is in place to appoint scheme members to the Board.

Alternative options

4. There are no alternative options.

Main body of report

5. The Suffolk Pension Board consists of six members: three representing employers in the Fund and three representing scheme members. The expectation was that Board members would be appointed for a period of four years and then would be subject to re-election.
6. In order to avoid the entire Board being re-elected at the same time, initially two Board members were appointed for two, three and four years respectively. Every board member is now appointed for a four-year term.
7. For employer representatives, the process for appointment is clear and straight forward as these are decided on by the employers themselves. Should there be more than one candidate, then an election by ballot of the relevant employers is easily achievable and incurs minimal additional cost.
8. The Union scheme member representative is agreed by the Unions, with the seat currently being filled by Unison.

9. The remaining two seats on the Board, representing active and pensioner members, fall due for re-election in 2023.
10. The Board agreed a process for electing an active member and pensioner member representative at its meeting on 14 December 2018.
11. Using the process agreed and bringing it up to date:
 - a) For pensioners, an advert for the position is to be included in the April 2023 Pensioner Newsletter. This will request them to contact the Fund for more information. Advance notice of the vacancy was mentioned in the October 2022 edition.
 - b) For active members, the January edition of their newsletter will inform them of the upcoming vacancy and an email will be sent to MSS users in April advertising the vacancy. We will also engage with employers requesting them to advertise the position on their intranet, or directly to their members. This too, would require interested members to contact the Fund for more information.
 - c) A pack would be sent to all members that request further information, which would include the description of the role and the person specification. **Appendix 1** and **2** attached, set out the current person specification and Pension Board rules of procedure.
 - d) Members who then wish to apply, would fill in an application form providing information outlining their past knowledge and experience that would help them undertake the role.
 - e) Interviews, where necessary, would be undertaken by the Suffolk County Council's Monitoring Officer, with another monitoring officer from another employer. This would ensure impartiality (as this is a duty of a monitoring officer). These will be held in late May or early June 2023.

Conclusion

12. The Board is asked to note the process and suggest whether any changes are required to the supporting documents attached at **Appendix 1** and **2**.

Sources of further information

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

Suffolk Pension Board

Rules of Procedure

Appointment of Local Pension Board Members

1. Appointments will be made using a methodology that ensures that representative Board members are truly representative. All employers and members within a Fund must have equal opportunity to be nominated for the role of employer or member representative through an open and transparent process.

Capacity of Representative Members

2. The County Council, as Administering Authority, will ensure that any person it wishes to appoint as an employer or member representative has capacity to represent the employers or members (as appropriate) of the Fund. Training will be provided to ensure that the Board has the knowledge and skills to carry out their responsibilities.

Restriction on Membership

3. No officer or councillor who is responsible for the discharge of any function under the Regulations (apart from any function relating to Local Pension Boards or the Scheme Advisory Board) may be a member of a Local Pension Board.

Term of Office

4. The term of office of each Board member will be four years, with a maximum of two terms. No single term of office will exceed four years.

Termination

5. As well as the expiry of a Board member's term of office, membership may also be terminated in the following circumstances:
 - a) a member has a conflict of interest which prevents their active participation in the business of the Board;
 - b) a member dies or becomes incapable of acting;
 - c) a member who is a county councillor is appointed to the Pension Fund Committee;
 - d) a member is appointed to the role of an officer of the County Council with responsibility for the discharge of functions under the Regulations;
 - e) a member resigns;
 - f) a representative member ceases to represent his constituency; and

- g) a member fails to attend meetings or otherwise comply with the requirements of being a Board member, for example fails to attend the necessary knowledge and understanding training. The County Council should consider who would decide this, whether the member should be given an opportunity to change their behaviour and how much notice should be given and in what form.

Function of the Board

6. The function of the Board is to assist the County Council as Administering Authority to secure compliance and ensure the effective and efficient governance and administration of the LGPS in line with the requirements set out in legislation.

Membership

7. The Board will consist of six members - three pension fund employer representatives, and three pension fund member representatives. No Board member may also be a member of the Pension Fund Committee.
8. The County Council will arrange for the selection of the employer and member representatives, ensuring that any vacancies are advertised appropriately in order to provide an opportunity for all to apply, including those from minority groups.
9. The representatives will be allocated as follows:
Employer Representatives:
- One representing the County Council
 - One representing other local government employers
 - One representing the education sector (e.g. academies, colleges etc) and other employers (e.g. divested organisations)

Representatives could be councillors or officers

Member Representatives:

- One representing the trades unions
- One representing current (contributing) members
- One representing pensioner members

Code of Conduct

10. Any councillors who are Board members will be required to comply with the Suffolk Code of Conduct.

Voting Rights

11. All Board members will have equal voting rights. The Chairman will have a casting vote.

Conflict of Interests

12. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.
13. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.
14. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed.

Appointment of a Chairman and Vice-Chairman

15. A Chairman and Vice Chairman will be appointed by the employer and member representatives of the Board from amongst their own number.

Role of Advisors

16. The appointment of any advisors to the Board will be undertaken in consultation with the County Council. County Council Procurement Regulations must be followed, as well as any rules governing the appointment of temporary staff or consultants.

Role of Officers

17. Officers of any of the employer authorities will provide advice and guidance to the Board as necessary or as requested. The main support to the Board will come from the County Council as Administering Authority.

Number of Meetings

18. The Board will meet for a minimum of two meetings per year.

Location of meetings

19. The Board will meet in appropriate locations for the business as decided by the County Council.

Quorum

20. A quorum will be a minimum of two Board members, including at least one of each category - pension fund employer representatives, or pension fund member representatives.

Substitutes

21. Substitutes will not be permitted.

Creation of Working Groups/Sub-Boards

22. The Board may establish working groups or sub-boards for specific tasks. The terms of reference will be agreed by the Board. Working groups or sub-groups will have no decision-making powers – they will report back to the Board with recommendations, and the Board will take any necessary decisions.

Allowances/Expenses

23. Any allowances or expenses will be paid in accordance with the County Councils Members Allowances Scheme.

Board administration

24. The Chairman will agree an agenda prior to each Board meeting.
25. The agenda and supporting papers will be issued at least five working days (where practicable) in advance of the meeting except in the case of matters of urgency.
26. Draft minutes will be subject to formal agreement by the Board at their next meeting. Any decisions made by the Board should be noted in the minutes and in addition where the Board was unable to reach a decision such occasions should also be noted in the minutes.
27. The minutes may, with the agreement of the Board, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 2018.

Public access to Board meetings and information

28. The Board meetings can be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).
29. The following will be entitled to attend Board meetings in an observer capacity:
 - Members of the Pension Fund Committee,
 - Any person requested to attend by the Board.
 - Any such attendees will be permitted to speak at the discretion of the Chair.
30. In accordance with the Act the Administering Authority shall publish information about the Board to include:
 - The names of Board members and their contact details.
 - The representation of employers and members on the Board.

- The role of the Board.
 - These Terms of Reference.
31. Information may be excluded on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 2018.

Budget

32. The Board will have no exclusive budget. Any requests for funding, for example to seek professional advice or training for members, will be considered by the County Council as Administering Authority.

Knowledge and Understanding

33. In accordance with section 248A of the Pensions Act 2004 Act, every member of the Board must:
- a) be conversant with:
 - i) the rules of the LGPS, in other words the Regulations and other regulations governing the LGPS (such as the Transitional Regulations and the Investment Regulations); and
 - ii) any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund; and
 - b) have knowledge and understanding of:
 - i) the law relating to pensions; and
 - ii) such other matters as may be prescribed.
34. The legal responsibilities of Board members begin from the date they take up their role on the Board and so should immediately start to familiarise themselves with the documents as referred to in paragraph 33 and the law relating to pensions.
35. The County Council will provide additional support and training to newly appointed Board members in the first few months, to help them reach the appropriate level of knowledge and understanding.
36. In accordance with section 248A, the knowledge and understanding requirement applies to every individual member of a Local Pension Board rather than to the members of a Local Pension Board as a collective group.

Reporting

37. The Board will report to the County Council, Pension Fund Committee, or any other body or officer that it considers appropriate, in order to fulfil its obligations.

Monitoring Officer

38. The Council's Monitoring Officer will provide procedural advice and support to the Board and the Chairman of the Board.

Person Specification – Board Member

Role and responsibilities

As a member of the Pension Board you will help ensure that the Suffolk Pension Fund is managed and administered effectively, efficiently, and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The members of the Local Pension Board will assist Suffolk County Council as Administering Authority in its role as Scheme Manager:-

- to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator
- to secure the effective and efficient governance and administration of the LGPS for the Suffolk Pension Fund.
- in such other matters as the LGPS regulations may specify
- 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

Requirements for the role of a Pensions Board Member

To be considered, you must be able to demonstrate that you have the qualities, skills and experience to meet all the essential criteria for appointment, specifically:

- You must be a member of the Suffolk Pension Fund or represent an active employer body or other organisation such as a trade union;
- You must have a good knowledge of public sector pensions and the capacity/ability to undertake additional learning specifically with regards to the Local Government Pension Scheme;
- You must be aware of the requirements of The Pension Regulator’s public service schemes Code of Practice;
- You should be able to understand complex financial matters and comprehend financial reports and data;
- You must be able to act impartially in the interests of both employers and members;
- You must apply and maintain the highest standards of conduct and “seven principles of public life”;

- You must be an effective communicator and team player to promote excellent working relationships within the Local Pension Board and gain the confidence of its stakeholders including the Scheme Manager;
- You must be able to commit to a term of membership of four years; and
- You must be able to attend up to four meetings each year.

Please note that training will be provided in order to help Board Members meet the requirements of the role, and the essential criteria listed above.

Suffolk Pension Board, 7 December 2022

Information Bulletin

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

This Information Bulletin covers the following items:

1. [Terms of Reference Amendment](#)
2. [Funding Strategy Statement and Contribution Rate Consultation](#)
3. [New Employers](#)

1. Terms of Reference Amendment

- 1.1 There have been two changes to the Terms of Reference which were considered by the Constitution Working Party on 4 November which went to Full Council on 1 December to be adopted into the Council's constitution.
- 1.2 The first, in discussion with the Chairman of the Audit Committee, it was identified that the terms of reference of the Pension Fund Committee did not explicitly outline the Pension Fund Committee's role in recommending the Pension Fund Accounts to the Audit Committee for sign off.
- 1.3 The amendment is in bold below:
- 1.4 To be responsible for any other matters which fall within the Council's responsibilities as the administering authority for the Pension Fund, **including making recommendations to the Audit Committee on the sign-off of the Pension Fund Accounts.**
- 1.5 The second change relates to the terms of reference of the ACCESS Joint Committee. The change has been discussed and agreed by the Joint Committee and the 11 Monitoring Officers of the Pension Funds. The change allows for the Joint Committee to recommend guidelines to the administering authorities, although they do not take precedence over any locally determined policies. This was an omission from the inter authority agreement when ACCESS was created.
- 1.6 The addition is set out below:
- 1.7 In consultation with the Councils, the Joint Committee shall have the ability to produce advisory guidelines for the Pool which describe the collectively aligned guidelines or policies of the Councils for engagement with existing and potential Pool Assets and Pool Aligned Asset providers and communication with other interested parties. Such guidelines will be periodically reviewed and updated by the Joint Committee in consultation with the Councils. Before consulting with the Councils on the guidelines, the Joint Committee shall consult with and

consider the advice of the Section 151 Officers Group and, where requested, the Monitoring Officers and from appropriate professional advisers. Any guidelines for the Pool must not go beyond the policies already in place by each Administering Authority and will not supersede or replace the Investment Strategy Statement or policies of each Administering Authority.

2. Funding Strategy Statement and Contribution Rate Consultation

- 2.1 The Funding Strategy Statement and Contribution Rate consultation commenced in October and will be open until 30 December 2022.
 - 2.2 Conversations have taken place with a few of the Employers, one formal request has been received to amend the proposed contribution rate to date.
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3. New Employers

- 3.1 There were four new employers during the September quarter.
 - 3.2 These were two new Academies: Grace Cook Primary and Woodbridge Road Academy who both commenced on 1 September 2022.
 - 3.3 There was one Admission Body, Aspens, which commenced on 1 August 2022.
 - 3.4 East Suffolk Services, which is a Resolution Body, commenced on 1 July 2022.
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For further information on any of the above items, please contact: Paul Finbow, Head of Pensions; Email: paul.finbow@suffolk.gov.uk, Telephone: 01473 265288.

Suffolk Pension Board Forward Work Programme

Purpose

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

Terms of reference

The terms of reference of the Suffolk Pension Board are:

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

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Board will deal with this issue?
Friday, 10 March 2023 (am)	Added 20 July 2022	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 20 July 2022	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Verbal Update
	Added 20 July 2022	Review of Actuarial Valuation process	To review the process for the Actuarial valuation completed at 31 March 2022	Written Report
	Added 7 December 2022	On Boarding New Employers	To review the process of on boarding new employers to the Fund	Written Report
	Added 7 December 2022	Cyber Security	To update the Board on the Cyber Security measures in place with the Fund	Written Report
	Added 20 July 2022	Pension Board Risk Register	To review the Pension Board Risk Register.	Written Report
	Added 20 July 2022	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 20 July 2022	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Tuesday, 25 July 2023 (am)	Added 7 December 2022	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 7 December 2022	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Written Report

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Board will deal with this issue?
Tuesday, 25 July 2023 (am)	Added 7 December 2022	Annual Investment Performance Review	To review the Investment performance of the Fund in 2022/23	Written Report
	Added 7 December 2022	Internal Audit	To receive a report on the outcome of Internal Audits undertaken	Written Report
	Added 7 December 2022	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 7 December 2022	Forward Work Programme	To approve the Forward Work Programme for the Suffolk Pension Board.	Written Report
Tuesday, 3 October 2022 (am)	Added 7 December 2022	Complaints, Compliments and Administration Performance	To receive a report on the complaints and compliments received by the Fund.	Written Report
	Added 7 December 2022	Suffolk's progress on Pooling of Assets	To receive an update on the progress of pooling assets.	Written Report
	Added 7 December 2022	Pension Board Risk Register	To review the Pension Board Risk Register.	Written Report
	Added 7 December 2022	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
	Added 7 December 2022	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: December 2022

Items for consideration/scheduling:

- Expected Government consultations on the LGPS
- Pensions Regulators new Single Code