

Pensions Committee

Minutes of the meeting held on Thursday 1 October 2020 commencing at 9:30 am and held as a virtual teams meeting

Present:

Mr S Aspin	
Cllr D Douglas	
Cllr T FitzPatrick	
Cllr J Fuller	
Cllr J Oliver	(Chair)
Cllr M Storey	
Cllr A Waters	(Vice-Chair)
Cllr B Watkins	

Officers Present:

Simon George	Executive Director of Finance and Commercial Services
Glenn Cossey	Director of the Norfolk Pension Fund
Alex Younger	Head of Funding & Investment
Jo Quarterman	Norfolk Pension Fund Project and Development Manager
Mark Alexander	Pensions Manager
Robert Mayes	Pension Fund Accountant
Tim Shaw	Committee Officer

Others Present:

David Walker	Investment Adviser, Hymans Robertson
Rob Bilton	Hymans Robertson
Brian Wigg	Pensions Oversight Board
Clifford Sims	Squire Patton Boggs
John Harries	Pensions Oversight Board
Cllr Chris Walker	Pensions Oversight Board
Rachel Farmer	Pensions Oversight Board

1 Apologies for Absence

- 1.1** There were no apologies for absence (although all members were unable to stay for the whole of the meeting).

2 Minutes

- 2.1** The minutes of the previous meeting held on 7 July 2020 were confirmed as a correct record and signed by the Chairman.

3 Declarations of Interest

The following declaration of interest was received:

- Mr Waters declared an “other interest” because his wife was a member of the scheme.

4 Matters of Urgent Business/Additional Information

4.1 There were no matters of urgent business.

4.2 Prior to the meeting, the Committee received by email additional information in support of item 7; the Ernst & Young (EY) draft audit results report (ISA260) which contained the proposed letter of representation. This did not change the recommendation in the report at item 7 from the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund.

5 Administration Report

5.1 The annexed report (5) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report was the quarterly update for the Pensions Committee on operational and administration matters relating to the Fund. This followed the last full quarterly report to Pensions Committee in July 2020.

5.2 The Committee received a slide presentation highlighting key issues from the report. The report itself provided briefed the Committee on the following topics:

- Coronavirus Update
- Operational Update
- Accommodation and Smarter Working
- Governance framework for the Norfolk Pension Fund
- Pensions Oversight Board
- National Scheme Advisory Board
- Good Governance in the LGPS
- Responsible Investment Guidance
- Ministry of Housing, Communities and Local Government (MHCLG)
- Risk Management
- Web Content Accessibility Guidelines
- Communications
- Active and Deferred Scheme Members
- Annual Benefits Statements
- Pensions Clinics and Annual Meeting
- Annual Allowance and Lifetime Allowance
- Revaluation of Benefits

- Retired Members/ Retired Members Forum
- Employers/Employer Forums/ Employer Webinars/ Employer Newsletters
- Norfolk Pension Fund (NORFOLK PENSION FUND) Team
- Year End/ Scheme Administration Year End/ Financial Year End
- Employer Financial Reporting Requirements
- Collaborative Working/Value for Money
- National LGPS Procurement Frameworks
- Procurement: Pensions Administration Software
- Knowledge and Skills
- Update on Bulk Transfer Values in Progress
- Freedom of Information Act (FoIA)
- Representation on behalf of the Pension Fund
- Norfolk Pension Fund – Pensions Committee Forward Plan

5.3 The Committee's attention was drawn to the following:

- Cllr Tom FitzPatrick said that he would take up NORFOLK PENSION FUND requirements for the central post room printing and posting of Fund correspondence with the Head of IT.
- The Committee noted that the SAB, the LGA and the Pensions Regulator continued to provide support for the LGPS.
- The risk register continued to be carefully monitored and would be reported in full to the December 2020 meeting of the Committee.
- Annual Benefit Statements for active and deferred scheme members were made available online by 31 August 2020. Printed benefits statements had been printed and posted to scheme members in September 2020.
- Cllr Brian Watkins drew attention to the successful role of the Norfolk Pension Fund in hosting the National LGPS Frameworks which operated on a self-funding model, with liability shared between all Founding Authorities. The LGPS had collectively benefitted from more than £119m in projected savings as a result of the National LGPS Frameworks programme. The Committee noted that the National LGPS Frameworks were shortlisted again as Finalists at the GO Procurement Awards for the 'Team of the Year – Local Government, Central Government' 2020 category. The Frameworks team attended the 'virtual' Finalists Awards ceremony on 17 July 2020. The Committee placed on record thanks to all Framework and Pension Fund staff who were associated with this success story.

5.4 **RESOLVED**

That Committee agree and note the contents of this report.

6 Update from the Pensions Oversight Board

6.1 The annexed report (6) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Pensions Committee on the work of the Pensions Oversight Board (POB) which had last met on 20 September 2020.

6.2 Brian Wigg, the Independent Chair of the POB, expressed POB's thanks for the close working relationship they had with the Committee. He updated Committee on work being undertaken to explore effective means of communication and engagement with retired scheme members. He said that POB members welcomed the invitation that they had received to join the presentation and discussion facilitated by Hymans Robertson after today's Pensions Committee meeting to consider how best to maintain and develop knowledge and skills of Committee and POB members.

6.3 RESOLVED

That the Committee note the contents of the report.

7 Draft Pension Fund Annual Report and Accounts 2019-20

7.1 The annexed report (7) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report presented the draft Annual Report and Accounts of the Norfolk Pension Fund for the year-ended 31 March 2020. The Ernst & Young (EY) ISA 260 draft report (including the proposed letter of representation) was distributed as additional information prior to the start of the meeting and made available to the public on the committee pages website.

7.2 Alex Younger, Head of Funding and Investment, explained the work to complete the annual report and accounts for the Norfolk Pension Fund for 2019-20 and the key messages it contained, in accordance with relevant regulations.

7.3 In reply to questions, the Head of Funding and Investment said that the Risk Register was regularly reviewed by the Management Team and appropriate action taken. The uncertainties that arose from the Covid-19 pandemic and the implications that they had for investment risks were being regularly monitored and reviewed.

7.4 RESOLVED

That the Committee:

1. **Note the 2019-20 Annual Report and Accounts (Appendix A to the report).**
2. **Note the letter of representation and the Ernst & Young (EY) ISA 260 draft report (the additional information).**
3. **Delegates to the Chair of the Committee and the Director of Finance and Commercial Services authority to sign the letter on behalf of the Norfolk Pension Fund.**

8 Corporate Governance and Shareholder Engagement Report

- 8.1** The annexed report (7) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. This report was the six-month update for the Pensions Committee on corporate governance and shareholder engagement matters relating to the Fund including ESG matters relating to the ACCESS Pool. This followed the last full report to Pensions Committee in February 2020 and covered the period 1 January 2020 to 30 June 2020.
- 8.2** In reply to questions, the Head of Funding and Investment explained the work of the ACCESS Pool in developing a measurement of its carbon footprint based on each portfolio company's carbon emissions. He also explained the measurements for scope 1 and scope 2 emissions for the two ACCESS sub-funds currently invested in by the Norfolk Pension Fund mentioned at paragraph 8.2 of the report.
- 8.3** The Head of Funding and Investment also referred to Norfolk Pension Fund's planned participation in a Hymans Robertson pilot project to develop carbon measurement of all equity portfolios on a consistent basis. More information on this work would be available at the next meeting of the Pensions Committee,
- 8.4** Members of the Committee congratulated the Norfolk Pension Fund and Hymans Robertson on their work in developing a carbon emission reporting pilot initiative.
- 8.5** **RESOLVED**

That the Committee note the contents of the report.

9 ACCESS Update – Unrestricted Items

- 9.1** The annexed report (7) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Committee on the work of the ACCESS Pool.
- 9.2** Members drew attention to the proposed external communications strategy for the ACCESS Pool which was being drafted by Hymans Robertson. The Director of the Norfolk Pension Fund said that this strategy would enable the ACCESS Pool to identify key

communications priorities and to appoint a spokesperson on communication issues. The communications strategy would enable the ACCESS Pool to influence government policy as well the actions of other stakeholders.

9.3 RESOLVED

That the Committee:

- 1. Note the contents of the report.**
- 2. Note that the next virtual meeting of the ACCESS Joint Committee will be in November 2020 at a date to be confirmed.**

10 Exclusion of the Public Items 11-18 only

10.1 The Committee was asked to consider excluding the public from the meeting under Section 100A of the Local Government Act 1972 for consideration of the items below on the grounds they involved the likely disclosure of exempt information as defined by paragraph 3 of Part 1 of the Schedule 12A to the Act, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

10.2 Paragraph 3 stated “information relating to the financial or business affairs of any particular person” (including the Authority holding the information).

Having applied the “Public Interest Test” it was recommended the Pensions Committee confirm the exclusions listed below:-

10.3 Item 11 – ACCESS Update – Exempt Items

This report contained financial, business and commercial information including details about third party company operations which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

10.4 Item 12 – Norfolk Pension Fund Strategic Review: Highlight Report

This report contained financial, business and commercial information including details about third party company operations which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their

interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

10.5 Item 13 – Quarterly Performance Report by Hymans Robertson

This presentation contained financial, business and commercial information including details about third party company operations which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which may expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

10.6 Item 14 – Investment Update

This report contained financial, business and commercial information including details about third party company operations, including details of individual stock "buy and sell" activity which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which may expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

10.7 Item 15 – Fiduciary Duties of Elected Members

This report contained financial, business and commercial information including details about third party company operations which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which may expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

10.8 Item 16 – Funding & Regularity Update

This report contains financial, business and commercial information including details about third party company operations which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which may expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

10.9 Item 17 – Actuarial Update Presentation

This Presentation contained financial, business and commercial information including details about third party company operations which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which may expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

10.10 Item 18 -Exempt Minutes

These minutes contained commercially sensitive information related to the performance of third-party individual fund management companies which if in the public domain could have a detrimental impact on the companies' commercial revenue and consequently adverse impact on Pension Fund Performance.

10.11 RESOLVED

That the above items be excluded from public disclosure by virtue of paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 and the text applied above, confirming that the public interest in maintaining the exemption out-weighted the public interest in disclosing the information

11 ACCESS Update- Exempt items

11.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund updating Members on investment and governance matters pertaining to the ACCESS Pool (A Collaboration of Central, Eastern and Southern Shires).

11.2 The Committee received on a confidential basis an overview and update on the work of the ACCESS pool, governed by a Joint Committee made up of one Councillor from each Committee's Pensions Committee.

11.3 RESOLVED

That the Committee note the contents of the report.

12 Norfolk Pension Fund Strategic Review: Highlight Report

12.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that updated the Committee on progress with the Norfolk Pension Fund Strategic Review Programme and supporting projects.

12.2 RESOLVED

That the Committee note the contents of the report.

13 Investment Performance Update by Hymans Robertson

13.1 Members received a detailed booklet and presentation by Hymans (containing exempt information) that reviewed Investment Managers' performance for the second quarter of 2020.

13.2 RESOLVED

That the Committee note the detailed booklet and the work undertaken by Hymans.

14 Investment Update

14.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that dealt with items relating to the investment strategy and assets of the Fund.

14.2 RESOLVED

That the Committee note the content of the report and agree to the recommendations contained therein.

15 Fiduciary Duties of Elected Members

15.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund about the Fiduciary Duties of Elected Members.

15.2 The Committee also received a presentation and guide from Clifford Sims of Squire Patton Boggs, (legal advisor to the Norfolk Pension Fund) that provided an overview of the fiduciary responsibilities of Pension Committee Members.

15.3 RESOLVED

That the Committee note the content of the report and guide and place on record thanks to Clifford Sims on his presentation.

16 Funding and Regularity Update

16.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund about several recent regulatory changes and proposals impacting on the funding and administration of

LGPS benefits. This accompanied Item 17 where the Fund Actuary would give a presentation on these matters.

16.2 RESOLVED

That the Committee note the content of the report and agree to the recommendations contained therein.

17 Actuarial Update Presentation

17.1 The Committee received a presentation (containing exempt information) from the Fund Actuary about the matters included in item 16.

17.2 RESOLVED

That the Committee note the content of the presentation.

18 Exempt Minutes of the meeting held on 7 July 2020

18.1 The exempt minutes of the meeting held on 7 July 2020 were confirmed by the Committee and signed by the Chairman.

The meeting concluded at 13.40 pm

Chairman