Norfolk County Council

Pensions Committee

Date: **Tuesday 27 September 2022**

Time: **9:30am**

Venue: **Council Chamber, County Hall, Martineau Lane, Norwich NR1 2DH**

Membership

Members	**Co-opted Members**
Cllr Judy Oliver – Chair	
Cllr Alison Birmingham	Cllr John Fuller
Cllr Will Richmond	Cllr Alan Waters – Vice Chair
Cllr Dan Roper	
Cllr Martin Storey	

Member Representative

Steve Aspin

Advice for members of the public:

This meeting will be held in public and in person.

It will be live streamed on YouTube and members of the public may watch remotely by clicking on the following link: Norfolk County Council YouTube

However, if you wish to attend in person it would be helpful if you could indicate in advance that it is your intention to do so as public seating will be limited. This can be done by emailing committees@norfolk.gov.uk.

The Government has removed all COVID 19 restrictions and moved towards living with COVID-19, just as we live with other respiratory infections. However, to ensure that the meeting is safe we are asking everyone attending to practise good public health and safety behaviours (practising good hand and respiratory hygiene, including wearing face coverings in busy areas at times of high prevalence) and to stay at home when they need to (if they have tested positive for COVID 19; if they have symptoms of a respiratory infection; if they are a close contact of a positive COVID 19 case). This will help make the event safe for all those attending and limit the transmission of respiratory infections including COVID-19.

A g e n d a

1 **To receive apologies - (please note that owing to the Trustee Status of this Committee, substitute members are not allowed)**

2 **Minutes** **(Page 5)**

To confirm the minutes of the meeting held on 21 June 2022

3 **Members to Declare any Interests**

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects, to a greater extent than others in your division

- Your wellbeing or financial position, or
- that of your family or close friends
- Any body -
    - Exercising functions of a public nature.
    - Directed to charitable purposes; or
    - One of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);

Of which you are in a position of general control or management.

If that is the case then you must declare such an interest but can speak and vote on the matter.

4 **To receive any items of business which the Chair decides should be considered as a matter of urgency**

5 **Administration Report** **(Page 17)**

Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

6 Update from the Pensions Oversight Board **(Page 111)**

Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

7 Draft Norfolk Pension Fund Annual Report & Accounts 2021 – 2022 **(Page 123)**

Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

8 Corporate Governance and Shareholder Engagement Report **(Page 449)**

Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

9 Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks (TCFD) - open consultation **(Page 463)**

Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

10 ACCESS Update Unrestricted Items **(Page 497)**

Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

11 Exclusion of the Public (Items 12-17 only)

The Committee is 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 involve the likely disclosure of exempt information as defined by Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Act, and the public interest in maintaining the exemptions outweighs the public interest in disclosing the information.

The Committee will be presented with the conclusion of the public interest test carried out by the report author and is recommended to confirm the exclusion.

Comfort break

12 ACCESS Update - restricted items **(Page 500)**

Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

13 2022 Triennial Valuation – Fund Level Results **(Page 505)**

Joint Report by the Executive Director of Finance and Commercial

Tom McCabe
Head of Paid Service
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 16 September 2022

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Pensions Committee

Minutes of the meeting held on Tuesday 21 June 2022 commencing at 9:30 am and held at County Hall, Norwich

Present:

Cllr J Oliver	(Chair)
Cllr A Birmingham	
Cllr J Fuller	
Cllr W Richmond	

Officers Present:

Glenn Cossey	Director of the Norfolk Pension Fund
Alex Younger	Head of Funding & Investment
Jo Quarterman	Head of Governance
Debra Keeling	Pension Member Services Manager
Aaron Copeman	LGPS National Frameworks Officer
Tim Shaw	Committee Officer

Others Present:

David Walker	Investment Adviser, Hymans Robertson
Rob Bilton	Fund Actuary, Hymans Robertson
Julie Baillie	Actuary, Hymans Robertson
Hugh Crossley	Equitix
Herbie Brumby	Equitix
Brendan McDonald	Equitix
Frances Crum	Member of the Pensions Oversight Board

1 Apologies for Absence

1.1 Apologies for absence were received from Mr S Aspin, Cllr D Roper, Cllr M Storey and Cllr A Waters.

1.2 Apologies were also received from Simon George, Executive Director of Finance and Commercial Services and Brian Wigg, Chair of the Pensions Oversight Board.

2 Chair and Vice-Chair

2.1 The Committee noted that Cllr J Oliver was appointed Chair by the County Council.

2.2 The Committee was asked to fill the position of Vice-Chair of the Committee and on being put to the vote it was:
RESOLVED
That Cllr A Waters be elected Vice-Chair of the Committee for the

ensuing year.

3 **Minutes**

3.1 The minutes of the previous meeting held on 1 March 2022 were confirmed as a correct record and signed by the Chair.

4 **Declaration of Interest**

The following declaration of interest was received:

- Cllr A Birmingham declared an “other interest” because she was a member of the scheme.

5 **Matters of Urgent Business**

5.1 The Chair agreed that the Committee should receive as urgent business a note regarding an Admission Agreement (circulated prior to the meeting) about Turn IT On (Eastern Multi-Academy Trust). This Admission Agreement had arisen after the publication of the agenda. The Chair agreed to consider this matter as an addition to the recommendations contained in the Administration Report at item 6 on the agenda.

6 **Administration Report**

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 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 March 2022.

6.2 The Committee’s attention was drawn to the following:

Governance Framework

- ➢ The Fund’s Governance Statement had been updated

National picture

- ➢ LGPS investments - autumn consultation to include, Taskforce on Climate related Financial Disclosures (TCFD); next steps on Pooling; LGPS implications resulting from ‘Levelling-up’ white paper.
- ➢ McCloud – primary legislation now in place, guidance expected autumn/winter 2022; in force October 2023.
- ➢ DLUHC remains committed to drafting statutory regulation based on SAB’s Good Governance recommendations.
- ➢ Exit pay reform legislation revoked at the beginning of 2021 but Government committed to further consultation on reform.
- ➢ Pensions Dashboard Programme – compulsory staging of pension providers beginning in 2023 with LGPS to on-board

in 2024.

- The Pensions Regulator’s Combined Code – due to come into force later this year.

Performance data

- KPI’s - Appendix D to the report, showing another strong quarter of performance against service targets.

Communication and Engagement

- Communication & Customer Care Strategy – updated to reflect changes in Pension Oversight Board membership.
- Primetime Newsletter distributed to retired members in April, work underway to produce and distribute Annual Benefit Statements.
- Employer Newsletter (issued March), next edition June. Hybrid Employer Forum 21 July 2022 with the key presentation being the Valuation to be delivered by Rob Bilton of Hymans.
- In the Autumn, there is to be a relaunch of face-to-face pension clinics for scheme members.

Accounts and Financial reporting

- Financial year end 2021-22, draft accounts by 31 July 2022 (details on page 21 of the agenda).
- External audit planned for September, plus new process to gain ‘assurance on Fund Governance’ – a meeting with the Chair of Pensions Committee.
- Draft 31 March Employer Financial Reports delivered; final reports will be issued once all investment valuation are complete.

Internal Audit Report for 2021-22

- The annual report provides assurance to Pensions Committee on the adequacy and effectiveness of internal controls.
- System of internal controls ‘acceptable and sound ’

CIPFA Benchmarking

- The Fund participates in the CIPA pensions administration benchmarking club
- Compares our service provision and cost with other LGPS Funds
- Norfolk compares well against other Funds – exceeding ‘club average’ for all performance targets
- Norfolk’s cost per scheme member is £19.84 compared with the ‘club average’ of £21.91.

National LGPS Procurement Frameworks

- Marking their 10th Anniversary by being shortlisted in the Team of the Year category at this year’s ‘GO Awards’
- 2 new frameworks launched: Stewardship Framework and Pensions Administration Operational Support Services

Framework
- Working on Investment Consultancy Framework and Legal Services Framework

Admission Agreements:
- 2 admission agreements for Committee to note: Edwards & Blake (Unity Education Trust – para.11.2 of the report) and l*ate admission agreement: Turn It On (Eastern Multi-Academy Trust sent by email)*

6.3 During discussion, the Committee noted the external auditors would like to meet with both the Chair of the Audit Committee, to discuss governance arrangements pertaining to the County Council's statutory accounts, and the Chair of the Pensions Committee, to discuss the Pension Fund's specific governance arrangements. Members welcomed this change in process.

6.4 In answer to questions, it was noted that the Norfolk Pension Fund, along with other LGPS funds, were involved in the design of new software being developed by Aquila Heywood (the Fund's current pensions administration software provider) to support the McCloud 'remedy' regulations. This work was proceeding according to the development timetable.

6.5 Members welcomed the CIPFA Benchmarking Club data that showed a strong set of performance results for the Norfolk Pension Fund across Key Performance Indicators for scheme administration compared to other LGPS funds. The Benchmarking Club data also showed Norfolk to be in a favourable position regarding scheme administrative costs per member (£19.84 compared with the 'club average' of £21.91)

6.6 Members asked that at the September 2022 meeting they be given an update on the key priorities for the Fund considering the anticipated LGPS consultation/reform agenda. The most important priority was seen as continuing to meet the pensions requirements of scheme members.

6.7 **RESOLVED**

That the Committee:

1. **Note the contents of the report including the following two Admission Agreements:**
   - **Edwards & Blake (Unity Education Trust - para.11.2 of the report).**
   - **Turn It On (Eastern Multi-Academy Trust - (circulated by email prior to the meeting).**

2. **Place on record thanks and congratulations to the National LGPS Frameworks team (hosted by the Norfolk Pension Fund)**

on being shortlisted in the Team of the Year category at this year's 'GO Awards'

7 Update from the Pensions Oversight Board

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 updated the Pensions Committee on the work of the Pensions Oversight Board (POB) which had last met on 24 May 2022.

7.2 The Committee's attention was drawn to the following areas included amongst other items on the POB agenda when they last met virtually on 24th May 2022:

- Current operational issues and regulatory reform Strategic Review closure report
- The 2022 triennial valuation process and planning
- Proposals for observation of ACCESS Joint Committee meetings

7.3 Board membership update

- Jonathan Dunning confirmed as new UNISON nominated Board member
- Board now had full membership

The next Meeting of POB is 6 September 2022

7.4 RESOLVED

That the Committee note the contents of the report.

8 NPF Strategic Review Programme: Closure Report

8.1 The annexed report (8) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report presented the key outcomes delivered against the original review recommendations and recorded the assignment of outstanding tasks to business-as-usual activities.

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

Strategic review programme

- Review focused on addressing areas of high risk
  - Increased workload across all areas of the Fund
  - Volume and complexity of scheme employer work
  - Increased focus on engagement and communications
  - Greater scrutiny placed on Fund governance
- Revisions to the programme have been noted by Committee and quarterly status updates given

- ➢ As previously signalled, the programme was formally closed on 31 March 2022

Closure Report

- ➢ The closure report documents:
  - Success in meeting review recommendations
  - Identification of work in progress/outstanding tasks
  - Lessons learnt and best practice for future projects
- ➢ Remaining tasks have been assigned to members of the Management Team with plans to complete by 31 March 2023

8.3 **RESOLVED**

That the Committee note the contents of the report.

9 **Risk Register Report and Compliance with Breaches Policy**

9.1 The annexed report (9) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received.

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

The Fund operates a risk management framework which evaluates the likelihood and impact of a risk and records mitigating action. The report updated Committee on:

- ➢ High risk areas and mitigation plans
- ➢ Risk movement
- ➢ Breaches

Risk Management & Movement

- ➢ The Fund remains effective in delivering and maintaining a resilient operational service
- ➢ Insufficient skilled resource (Administration) has moved out of High Risk

Remaining Areas of High Risk:

- ➢ Insufficient skilled resource (Funding & Investment)
- ➢ Cyber and financial crime

Compliance with Breaches Policy

- ➢ No 'materially significant' late pay over of employee or employer contributions or other breaches had occurred (page 135 of the agenda)

9.3 Members noted the latest risk update and the movement in high risks over the last two years, and the success in reducing the number of high risks from eight to two. The current high risks identified are insufficient skilled resource in the funding and investment team (acknowledging the departure of the Pension Fund Accountant) and cyber and financial crime, an area also being considered by the Norfolk Pension Board.

9.4 RESOLVED

That the Committee note the contents of the report.

10 ACCESS Update Unrestricted Items

10.1 The annexed report (10) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. This report provides an update to the Pensions Committee on the work of the ACCESS Pool.

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

Joint Committee meetings

- Last meeting held on 6 June 2022
- Next meeting 6 September 2022

Internal Audit of ACCESS Support Unit (ASU)

- Audit undertaken by Essex County Council
- To provide assurance that the ASU is fulfilling its responsibilities to the Pool
- A 'Good Assurance' rating received

2021/22 Business Plan & Budget Outturn

- 2021/22 Business Plan includes a number of 'in-progress' activities carried forward to 2022-23
- 2021/22 outturn totals £1.047m (£95k per ACCESS authority)
- Underspend of £200k resulting from:
    - ASU Salaries - part-year costs for new Client Manager/other staff expenses £57K
    - Reduced overheads - host authority (Essex CC), technical leads and secretariat £38K
    - Fewer procurements undertaken £33K
    - Net savings relating to external professional advice £72K
- Estimated 2022/23 budget £1.366m (£124k per ACCESS authority)

Proposed amendments to Inter Authority Agreement (IAA)

- To allow the JC to recommend the adoption and content of guidelines to ACCESS authorities
- To allow observers from Local Pension Boards to attend JC meetings
- More flexible rules around nominating JC member substitutes and s101 Committee Member attendance at JC meetings

10.3 It was not possible to say at this stage when the POB would be invited to observe the JC, which depended on the date by which every ACCESS authority signed their revised inter-authority agreement.

10.4 RESOLVED

That the Committee note the contents of the report.

11 Exclusion of the Public Items 12-18 only

11.1 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.

11.2 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:-

11.3 Item 12- ACCESS Update – Restricted items

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.

11.4 Item 13- 2022 Valuation – Actuarial Assumptions

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.

11.5 Item 14 – 2022 Valuation – Review of Funding & Investment Strategy for Academies

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.

11.6 Item 15 - Hymans Robertson Quarterly Performance Report

This presentation contains 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.

11.7 Item 16 – Investment Update

This report contains 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.

11.8 Item 17 - Investment Manager presentation - Equitix

This report contains 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.

11.9 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.

11.10 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 outweighed the public interest in disclosing the information.

12 ACCESS Update – Restricted items

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 Members on a confidential basis on investment and governance matters pertaining to the ACCESS Pool (A Collaboration of Central, Eastern and Southern Shires). The work of the ACCESS pool was governed by a Joint Committee made up of one Councillor from each Committee's Pensions Committee.

12.2 RESOLVED

That the Committee note the contents of the report.

13 2022 Valuation – Actuarial Assumptions

13.1 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 presented the proposal of the Fund Actuary (Hymans Robertson) for setting the assumptions to be used in the completion of the statutory valuation of the Fund at 31 March 2022. As well as being a "health check" on the funding position the valuation would set employer contribution rates payable for the period 1 April 2023 to 31 March 2026.

13.2 The report was accompanied by a detailed report and presentation by the Fund Actuary.

13.2 The assumptions proposed were considered to maintain a consistent level of prudence and approach with those adopted at the last statutory valuation.

13.3 RESOLVED

That the Committee approve the adoption of the assumptions proposed by the Fund Actuary (Hymans Robertson) for the 2022 Valuation.

14 2022 Valuation – Review of Funding & Investment Strategy for Academies

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 on the results of the asset and liability modelling carried out by the Fund Actuary (Hymans) using their COMPASS modelling tool. It summarised the conclusions and recommendations arising from this work including the practical implications for investment and contribution strategy for academies.

14.2 RESOLVED

That the Committee note the content of this report and agree the advice from the Fund Actuary.

15 Investment Performance Update by Hymans Robertson

15.1 The Committee received a detailed booklet and presentation on investment performance (containing exempt information) by Hymans Robertson.

15.2 The Investment Advisor summarised the investment performance for the first quarter of 2022 which was set out in the report.

15.3 RESOLVED

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

16 Investment 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 that dealt with the investment strategy and assets of the Fund. It included details about the onboarding of assets to the ACCESS Pool, an update on class actions, and further forthcoming training sessions for Members on investment issues.

16.2 RESOLVED

That the Committee note the content of the report.

17 Investment Manager presentation – Equitix

17.1 Three representatives from Equitix (who participated in the meeting remotely via Microsoft Teams) presented a detailed booklet, summarised the main issues, and responded to detailed questions by the Members.

17.2 The Chair thanked Equitix for their presentations.

17.3 RESOLVED

To note the presentations by the Fund Manager.

18 Exempt Minutes of the meeting held on 1 March 2022

18.1 The exempt minutes of the meeting held on 1 March 2022 were confirmed by the Committee and signed by the Chair.

The meeting concluded at 13.15

Chair

Pensions Committee

Item No: 5

Report title: **Administration Report**

Date of meeting: **27 September 2022**

Responsible Director: **Simon George, Executive Director of Finance and Commercial Services**

Glenn Cossey, Director of the Norfolk Pension Fund

Executive Summary

This report is the quarterly update for the Pensions Committee on operational and administration matters relating to the Fund. This follows the last full quarterly report to Pensions Committee in June 2022.

Recommendations

The Committee is asked to consider and note the content of this report including

Four Admission Agreements in respect of:

1. Vertas (Nicholas Hamond Academy)
2. Aspens Services (St John the Baptist Catholic MAT)
3. Aspens Services (Diocese of Norwich Education and Academies Trust)
4. Aspens Services (Diss Church of England Junior Academy)

5.	**Year End**	
5.1	Scheme Administration Year End	
6.	**Accounts and Financial Reporting**	
6.1	Financial Year End 2021-22	
7.	**Employer Financial Reporting Requirements**	
8.	**Collaborative Working / Value for Money**	
8.8	National LGPS Frameworks Bulletin	Appendix H
9.	**Knowledge and Skills**	
10.	**Admission Agreements**	
10.2	Vertas (Nicholas Hamond Academy)	
10.9	Aspens Services (St John the Baptist Catholic MAT)	
10.17	Aspens Services (Diocese of Norwich Education and Academies Trust)	
10.34	Aspens Services (Diss Church of England Junior Academy)	
11.	**Update on Bulk Transfer Values in Progress**	
12.	**Freedom of Information Act (FoIA)**	
13.	**Representation on behalf of the Pension Fund**	Appendix I
14.	**Norfolk Pension Fund – Pensions Committee Forward Plan**	Appendix J
15	**Financial and Other Resource Implications**	
16.	**Other Implications (inc. Equality Impact Assessment (EqIA)**	
17.	**Data Protection Impact Assessments (DPIA)**	
18.	**Risk Implications/Assessment**	
19.	**Recommendations**	
20.	**Background Papers**	
20.1	Appendix A - Scheme Advisory Board Update Appendix B - Hymans Robertson's 'Current issues in the LGPS' Sept 2022 Appendix C - Risk Heat Map (at September 2022) Appendix D - Key Performance Indicators Appendix E - Annual Benefit Statement 2022 Active sample Appendix F - Annual Benefit Statement 2022 Deferred sample Appendix G - Employer Newsletter July 2022 Appendix H – LGPS Frameworks Bulletin August 2022 Appendix I - Representation on behalf of the Norfolk Pension Fund Appendix J - Pensions Committee Forward Plan	

1. Background

1.1 This report is the quarterly update for the Pensions Committee on operational and administration matters relating to the Fund.

1.2 This follows the last full quarterly report to Pensions Committee in June 2022.

2 Governance framework for the Norfolk Pension Fund

2.1 **Government changes**

2.2 Following the recent government changes, the new MP with responsibilities for Local Government at the Department for Levelling Up, Housing and Communities and will therefore take up responsibility for the LGPS is Paul Scully MP.

2.3 **Pensions Oversight Board**

2.4 The report from the Pensions Oversight Board is covered by Agenda Item 6 at this committee meeting.

2.5 **National Scheme Advisory Board**

2.6 The National Scheme Advisory Board (SAB) met on 6 June 2022 A summary note of the 6 June meeting can be found here, and also at Appendix A.

2.7 The latest LGPS Annual Report for England and Wales (2021) is now available on the SAB website. The reports highlights that the LGPS is one of the largest defined benefit (DB) schemes in the world and is the largest DB scheme in England and Wales, with 14,448 active employers, 6.2m members and assets of £342bn.

2.8 The Board next meets on 10th October 2022; more information about the work of the Board is available on their website.

2.9 **The Pensions Regulator**

2.10 The Pension Regulator (TPR)'s new single Code of Practice has been delayed. The final version of the code is now expected to be published later in September 2022. It is uncertain whether there will be any delay to the new Code coming into force (originally expected to be October 2022).

2.11 **Update on current issues**

2.12 The LGPS TCFD consultation was published on 1 September and is covered elsewhere on the agenda.

2.13 The Pensions Dashboard Programme is progressing; the LGPS will be live by September 2024.

2.14 In February 2021 the SAB provided recommendations to DLUHC as part of the Good Governance project as a way "to further improve the high standards of governance and administration of the scheme on a consistent and measured basis that will better match the standards expected by the Pensions Regulator". We are expecting a consultation, including an additional requirement to implement a workplace strategy around planning and resourcing, later this year and guidance early next year.

2.15 Hymans Robertson's 'Current issues in the LGPS' September 2022 edition (Appendix B) provides an overview of some of the latest issues.

2.16 **Risk Management**

2.17 Risks and mitigation are monitored regularly by Management Team.

2.18 The latest summary Risk Heat Map (at September 2022) is at Appendix C.

2.19 The heat map identifies:

- One new risk: delays in receiving employer data delaying processing of membership changes and placing pressure on administration teams
- All other risks remain stable

2.20 The detailed Risk Report will be presented to the next Pensions Committee meeting on 6 December 2022.

3. Norfolk Pension Fund Performance Data

3.1 **Key Performance Indicators**

3.2 The latest Norfolk Pension Fund benefits Administration Key Performance Indicators (KPI's) are at Appendix D.

4. Communication

4.1 **With Scheme Members**

4.2 <u>Annual Benefit Statements for active and deferred members</u>

4.3 Annual Benefit Statements (ABS) were made available online to all scheme members (active and deferred) before the end of August, in line with the regulatory requirement.

4.4 Hard copies of this year's Annual Benefit Statements were posted to the home addresses of all scheme members (both active and deferred) in mid-September. (The estimated total cost of ABS design, production and postage is £46,483. 56,161 booklets were sent to 48,246 members (some members have more than one membership) at an average cost of £0.83 per membership**.**

4.5 In addition to the personal statement of benefits, the booklets also include:

- A summary of benefits in the LGPS and scheme information
- Information about the McCloud judgement
- Information on options for increasing your pension, including Additional Pension Contributions (APCs) and Additional Voluntary Contributions (AVCs)
- Information about the '50/50' option
- Information about tax limits (Lifetime Allowance and Annual Allowance)
- Information about 'Freedom and Choice'
- Information about Member Self Service and Pension Clinics (in person meetings)
- Information about the Pre-Retirement Course
- Information about death grant nominations
- Information about the Fund, including Pensions Committee and the Pensions Oversight Board, and an Accounts and Investments overview
- Advice about pensions cams and how to avoid them
- Information about the Fund's approach to ESG
- Information about the dispute process

4.6 Examples of this year's mailing can be seen at the following appendices:

- Appendix E – Active Member Sample Annual Benefit Statement 2022
- Appendix F – Deferred Member Sample Annual Benefit Statement 2022

4.7 <u>Pension Clinics and Annual Meeting</u>

4.8 This Autumn we are offering face to face meetings with scheme members at Pension Clinics, being held in Norwich, Great Yarmouth, King's Lynn, and Cromer.

Although we offer this service at any time, the annual statements act as a valuable prompt to members to follow up any questions or concerns they may have about their pensions.

4.9 Members have been advised of the Fund's Annual Meeting scheduled for 6pm on 1 November. Although we offer an annual meeting (although not an Annual General Meeting) to Scheme Members every year as part of our commitment to accountability and transparency, interest has historically been very low.

4.10 Retired Members Forum and Newsletter

4.11 As a result of the pandemic, and in line with the revised engagement strategy with retired members during the pandemic, no retired members forum is planned for this year, but an additional Primetime will again be published in November.

4.12 Annual Allowance and Lifetime Allowance

4.13 Pension Savings Statements will be issued to all scheme members who exceeded the Annual Allowance in 2021/22 by the end of September 2022 to meet the statutory obligation. The deadline for issuing statements is 6 October 2022.

4.14 **With Employers**

4.15 We increased our employer engagement since the global coronavirus pandemic so that we can better support their needs including communication of changing operational scheme requirements and regulatory developments.

4.16 Employer Forums

4.17 We held our first hybrid (combination of face-to-face and virtual) Employer Forum, on Thursday 21 July. This provided some positive feedback and some learning for future hybrid events.

4.18 The agenda included:

- An update from Rob Bilton (Fund Actuary, Hymans Robertson) including an update on the Triennial Valuation
- Overview of developments in Norfolk Pension Fund employer services and administration, including I-connect rollout
- Ask the Panel Q&A session

4.19 The event was recorded so that those who couldn't attend on the day could view it later.

4.20 Our next Employer Forum is to be held on Tuesday 29 November, providing an opportunity for employers to talk to the Actuary about the final valuation results. This event is also expected to be a hybrid format.

4.21 Employer Webinars

4.22 We will continue to arrange Employer Webinars to support employers as required.

4.23 Employer Newsletters

4.24 The latest Employer Newsletter was published in July. A copy can be found at Appendix G.

4.25 **Norfolk Pension Fund Team**

4.26 We are maintaining our weekly newssheet to help keep the team connected, supported, and informed through remote working, alongside regular team meetings and less formal connections.

4.27 We are also continuing our regular 'Spotlight' sessions, focussing in different areas of the team. The latest session was an overview of our Risk Management framework.

5. Year End

5.1 Scheme Administration Year End

5.2 The Pensions Services teams have worked very closely to support employers this year end, with most employers successfully submitting their data via i-connect.

Thanks to the commitment and hard work of the team and efforts of our employers, year-end work was completed in time to publish Annual Benefit Statements in August, in compliance with the regulatory requirement, and to provide data to the Actuary for the valuation exercise in line with the planned timetable.

6. Accounts and Financial Reporting

6.1 **Financial Year End 2021-22**

6.2 The Report & Accounts are discussed under item 7.

6.3 EY have again taken the approach for 2021-22 that it would be appropriate to approach the Chair of Pensions Committee to gain assurance on Fund governance arrangements rather than the Chair of Audit Committee. Originally this was to have been in the form of an in-person meeting, however following the cancellation of this meeting, EY returned to the previous approach of a letter from the Chair (ISA 240). This letter was issued in September 2022.

6.4 Following the departure of the previous post holder and a challenging recruitment process we have now filled the vacant post of Pension Fund Accountant. The new post holder takes up the position at the start of next month.

7. Employer Financial Reporting Requirements

7.1 Working with the Fund Actuary, final (updated for all accounting adjustments in our own year-end process) 31st March (Councils/Scheduled bodies) IAS19/FRS102 employer financial reports have been issued. The March exercise is the largest in terms of financial risk and is subject to additional audit work as part of the overall fund audit completed by EY. The Fund supports this through a detailed program of additional checks and review, which has been completed by the Investment & Accounting Team. Final reports are run once all investment valuations are complete.

7.2 In recent years, employer auditors have significantly higher assurance requirements on the accounting disclosures, and this has created additional queries and work for the Fund.

7.3 The July (colleges) reports have now been issued. The August (academies) exercises is now underway, and the actuary expects to issue reports next month. The August exercise is now the largest undertaken by the Fund following growth in the academy sector.

8. Collaborative Working / Value for Money

8.1 This year the National LGPS Frameworks are marking their 10th anniversary.

8.2 The National LGPS Frameworks operate on a self-funding model, with liability shared between all Founding Authorities. They are hosted by the Norfolk Pension Fund, supported by a dedicated team of professionals with assistance from other external support as necessary (for example, legal and procurement specialists from Norfolk County Council).

8.3 Using the National LGPS Frameworks saves LGPS Funds significant time and money by allowing quicker and more efficient procurement of high-quality and value for money services. The frameworks mean users leverage better prices whilst still making local decisions about service requirements. The LGPS is already collectively benefiting from more than £150m in projected savings as a result of the National LGPS Frameworks programme.

8.4 Since the last report to Committee in June 2022, the Team continue to work closely with Funds and Pools across the LGPS on new Investment Management Consultancy and Legal Services Frameworks.

8.5 The Team explored the option of using a Dynamic Purchasing System (DPS) for replacing the Member Data Services Framework but will work with Founder Authorities to consider developing a replacement Framework.

8.6 The Team is working with Funds and providers on the Pensions Administration Software Framework to support the introduction of the Pensions Dashboard.

8.7 Following the appointment to the Assistant Frameworks Officer position, the restructure of the National Frameworks team as part of the Strategic Review is complete

8.8 A copy of the latest National LGPS Frameworks Bulletin is at Appendix H.

9. Knowledge and Skills

9.1 There is an ongoing requirement for members of the Pensions Committee, Pensions Oversight Board and Officers to evidence a level of knowledge commensurate with the decisions they are making.

9.2 Pensions Committee and Pensions Oversight Board members will be invited to take part in the 2022 LGPS National Knowledge Assessment. Participation helps us assess and evidence knowledge and understanding and inform future training plans. Invitations to participate will be sent to Committee and Board members at the end of September.

9.3 Details of training events, conferences and webinars that may be of interest are shared with members of Pensions Committee and the Pensions Oversight Board; and training records are maintained.

9.4 All members of Committee and POB have access to the LGPS online learning academy to support them in gaining and maintaining their knowledge.

9.5 All mandatory officer training is up to date.

10. Admission Agreements

10.1 There are four admission agreements for the Committee to note:

10.2 **Admission Agreement – Vertas (Nicholas Hamond Academy)**

10.3 We have received application for a new admission agreement from the contractor Vertas, as they onboard a new contract win.

10.4 The admission application is in respect of a facilities management contract with Academy Transformation Trust at the Nicholas Hamond Academy site commencing 01/04/2022 for a contract length of 3 years.

10.5 The admission agreement will cover 1 member of staff transferring in respect of the contract, with the current right to LGPS membership. It will not cover any other staff of the contractor and will be closed to new hires working on the contract.

10.6 The Scheme Employer (Academy Transformation Trust) will be party to the admission agreement.

10.7 The admission agreement will be constructed on the “pass through” basis agreed at the September 2018 meeting of Committee for new agreements with staff transfer dates on or after 1 October 2018.

10.8 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.

10.9 **Admission Agreement – Aspens Services (St John the Baptist Catholic MAT)**

10.11 We have received application for a new admission agreement from the catering contractor Aspens Services, as they onboard a new contract win.

10.12 The admission application is in respect of a catering contract with St John the Baptist Catholic MAT at the sites of St Augustine's Catholic Primary School and St Martha's Catholic Primary School commencing 01/01/2022 for a contract length of 3 years.

10.13 The admission agreement will cover staff transferring in respect of the contract, with the current right to LGPS membership. It will not cover any other staff of the contractor and will be closed to new hires working on the contract.

10.14 The Scheme Employer (St John the Baptist Catholic MAT) will be party to the admission agreement.

10.15 The admission agreement will be constructed on the "pass through" basis agreed at the September 2018 meeting of Committee for new agreements with staff transfer dates on or after 1 October 2018.

10.16 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.

10.17 **Admission Agreement – Aspens Services (Diocese of Norwich Education and Academies Trust)**

10.18 We have received application for a new admission agreement from the catering contractor Aspens Services, as they onboard a new contract win.

10.19 The admission application is in respect of a catering contract with DNEAT at the sites of Brancaster Church of England Primary Academy, Brisley Church of England Primary Academy, Castle Acre Church of England Primary Academy, Sandringham, and West Newton Church of England Primary Academy commencing 20/04/2022 for a contract length of 3 years.

10.20 The admission agreement will cover members of staff transferring in respect of the contract, with the current right to LGPS membership. It will not cover any other staff of the contractor and will be closed to new hires working on the contract.

10.21 The Scheme Employer (DNEAT) will be party to the admission agreement.

10.22 The admission agreement will be constructed on the "pass through" basis agreed at the September 2018 meeting of Committee for new agreements with staff transfer dates on or after 1 October 2018.

10.33 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.

10.34 **Admission Agreement – Aspens Services (Diss Church of England Junior Academy)**

10.35 We have received application for a new admission agreement from the catering contractor Aspens Services, as they onboard a new contract win.

10.36 The admission application is in respect of a catering contract with Diss Church of England Junior Academy commencing 06/06/2022 for a contract length of 3 years.

10.37 The admission agreement will cover 1 member of staff transferring in respect of the contract, with the current right to LGPS membership. It will not cover any other staff of the contractor and will be closed to new hires working on the contract.

10.38 The Scheme Employer (Diocese of Norwich St Benet’s Multi-Academy Trust) will be party to the admission agreement.

10.39 The admission agreement will be constructed on the “pass through” basis agreed at the September 2018 meeting of Committee for new agreements with staff transfer dates on or after 1 October 2018.

10.40 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.

11. Update on Bulk Transfer Values in Progress

11.1 There are none to report this quarter.

12. Freedom of Information Act (FoIA)

12.1 Since the last Committee papers were finalised, we have provided the following responses to Freedom of Information Act enquiries. All responses have been made via the Corporate Freedom of Information Act Officer within statutory deadlines.

ENQ Reference / Requester	Details	Date Received	Action
ENQ-578719-J4M2B6 factset.com	Fund level performance reports for private equity and real estate portfolio for Q1 2022 (3/31/22).	15/08/2022	Responded
ENQ-577492-B7T6N6 Preqin	A list of all hedge funds and fund of hedge funds in which Norfolk Pension Fund is an investor including monthly value, investments and returns.	10/08/2022	Responded
ENQ-573844-P7L5D1 With Intelligence	Full meeting packets from investment meeting/board meeting held on the 21 June 2022 - to include pitch books and consultant reviews.	20/07/2022	Responded
ENQ-573385-R8B9C3 Altman	Quarterly cash-flow reports from Q1 2022 of all private capital investments	19/07/2022	Responded
ENQ-571638-W5N8P1 Bloomberg	Q4 2021, Q1 2022 and Q2 2022 alternative investment portfolio records for close-ended funds	08/07/2022	Responded
ENQ-568905-H3C6L8 Preqin	Horizon annualised returns 1 month, 3-month, 12-month, 3 year) on each fund since initial investment in Open-Ended Funds to 31 March 2022	27/06/2022	Responded
ENQ-567058-H5Z7H9 eVestment	Details LGP Fund current investments including Manager Name, Investment/Product Name, Investment Strategy or Asset Class, Commitment, Contribution, Distribution, Value, and IRR	17/06/2022	Responded
ENQ-564377-M2J9K5 Altman	Quarterly cash-flow reports from Q4 2021 for all private capital investments	06/06/2022	Responded
ENQ-562497-G0J3K3 PitchBook	Q4 2021 performance data for alternative asset holdings	24/05/2022	Responded
ENQ-562286-Q1J4J1 Preqin	Commitment, Contribution, Distribution, Value, and IRR as of 31 December 2021	24/05/2022	Responded
ENQ-558717-P1P7T2 factset.com	Private equity and real estate fund level performance for Q4 2021	09/05/2022	Responded

13. Representation on behalf of the Pension Fund

13.1 Please see Appendix I for meetings and events which have taken place since the last Pension Committee.

14. Norfolk Pension Fund – Pensions Committee Forward Plan

14.1 The rolling one-year Pensions Committee Forward Plan is attached at Appendix J.

15. Financial and Other Resource Implications

15.1 At the time of writing this report there are no additional financial or other resource implications beyond those already budgeted for and approved by Committee.

16. Other Implications (Inc. Equality Impact Assessment (EqIA))

16.1 Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

17. Data Protection Impact Assessments (DPIA)

17.1 We have not identified any data protection implications for the content of this report.

18. Risk Implications/Assessment

18.1 Any risk implications relating to this report will be recorded on the Fund's risk register.

19. Recommendations

19.1 The Committee is asked to consider and note the content of this report including:

Four Admission Agreements in respect of:

1. Vertas (Nicholas Hamond Academy)
2. Aspens Services (St John the Baptist Catholic MAT)
3. Aspens Services (Diocese of Norwich Education and Academies Trust)
4. Aspens Services (Diss Church of England Junior Academy)

20. Background Papers

20.1 Appendix A - Scheme Advisory Board Update
Appendix B - Hymans Robertson's 'Current issues in the LGPS' Sept 2022
Appendix C - Risk Heat Map (at September 2022)
Appendix D - Key Performance Indicators
Appendix E - Annual Benefit Statement 2022 Active sample
Appendix F - Annual Benefit Statement 2022 Deferred sample
Appendix G - Employer Newsletter July 2022
Appendix H - LGPS Frameworks Bulletin August 2022
Appendix I - Representation on behalf of the Norfolk Pension Fund
Appendix J - Pensions Committee Forward Plan

Officer Contact

If you have any questions about matters contained in this paper, please contact:

Officer name:	**Glenn Cossey**	**Tel No.:**	**01603 228978**
Email address:	**glenn.cossey@norfolk.gov.uk**		

IN TRAN communication for all

If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Scheme Advisory Board update **APPENDIX A**

Full details of the meeting and agenda papers for 6 June 2022 can be found on the board meetings page.

The minutes of the meeting on 7th March were approved.

The main points arising from the meeting are shown below:

SAB 2022/23 Workplan and Budget - The Board approved the budget and workplan for 2022/23. Members were advised that the workplan comprised the main ongoing workstreams and that there is flexibility to develop it in more detail and to include new workstreams that might develop during the year, for example, further work on fiduciary duty arising from DLUHC's consultation on levelling up, TCFD reporting, etc. Members were informed that a second Pensions Secretary will join the LGA on the 20th June to help provide the resources necessary to implement the agreed workplan. The Chair also suggested that provision for a workstream on the participation of academy schools in the Scheme should also be included, reflecting the Government's ambition for full academisation by 2030.

Forward Look Update - Members were informed that the Board had agreed to establish a small steering group to steer the Board's agenda and to put it on the front foot on key issues. Membership of the group will include Cllr Roger Phillips, Jon Richards, Cllr John Fuller and a treasurer and practitioner representative. The group will meet for the first time shortly and will report to the next SAB meeting in October 2022.

SAB/Committee Membership – The Board approved a number of appointments to the Board and both committees that do not require formal approval from the Secretary of State. These included the nomination of George Graham (South Yorkshire Pensions Authority) as the Board's practitioner representative following Rachel Brothwood (West Midlands Pension Fund) standing down; Jeff Dong (Swansea Council) as the replacement for Mark Wynn (Cheshire West and Chester) as the treasurer's representative on the Investment, Governance and Engagement Committee and Glyn Jenkins (UNISON) replacing Colin Meech (UNISON) as a scheme member representative, also on the Investment, Governance and Engagement Committee.

Queen's Speech Update – The Board was informed that a number of government Bills relevant to the LGPS were introduced in the Queen's speech including the Boycotts, Divestment and Sanctions Bill, the Levelling Up and Regeneration Bill, the Schools Bill and Private Sector Audit Bill.

Compliance and Reporting Committee Report -The Chair of the committee reported to the Board details of the meeting held on the 9th May. Members were reminded that the new committee was established to take on the work of the former CIPFA Pensions Panel and on that basis would have a dual reporting role to both this Board and CIPFA. The committee will be meeting on the 27th June to discuss how that dual reporting role will work in practice. The Board was invited to approve a draft workplan prepared by a small working group within the committee which highlighted the need for the committee to work alongside the other committees and groups in taking it forward. The draft workplan consisted of three sections: those workstreams that could be commenced immediately; those workstreams that couldn't commence immediately because they are contingent on actions being taken outside of the committee and those workstreams that are initiated solely by CIPFA. The Board approved a recommendation from the committee that the SAB Chair should send a letter to the Minister expressing concerns around external audit and proposing a potential remedy, the separation of pension fund accounts from main local authority accounts, as had already happened in Wales and Scotland. The Chair agreed that sending this letter could be a significant step forward in resolving the significant delays in accounts being signed off.

Investment, Governance and Engagement Committee Report - As part of the report to the Board members were advised that the Responsible Investment Advisory Group had reported to the committee various concerns around the forthcoming public consultation on TCFD reporting. The committee heard that the LGPS was falling behind the private sector on this issue, with TCFD reporting for private sector pension schemes already moving forward. A consultation on the reporting framework for LGPS is expected in the Autumn which will include a number of mandatory metrics potentially including carbon intensity, data quality and whether the associated global temperature increase aligned with the outcome of the Paris Agreement. There was discussion about the difficulties in reliably assessing the impact of investments and the importance of having a compelling narrative to explain what is an inherently complex issue. The Scheme was likely to come under scrutiny for its performance against climate-change metrics and the Board was asked to develop proposals for how funds could be encouraged to report on a consistent basis so that a Scheme wide report could be produced.

AOB - The Board was advised that there were 20 levy payments outstanding. The Board was informed that despite their apparently positive response in May to the earlier letter from the Chair, there remained significant issues with administration and payment of benefits by Prudential in relation to its AVC contracts. The Board was asked to consider what more could be done to pursue this matter. It was agreed that the Chair would consider next steps with the Secretariat. The additional information Michael Lynk, the then UN Special Rapporteur on Human Rights in the Occupied Palestinian Territories, undertook to provide at the meeting in January has now been received. The Board invited the Chair to reply to the letter from the UK Lawyers for Israel group asking for amendments to be made to the Board's statement on its earlier meeting with Mr Lynk. The Chair agreed that a reply would be sent.

[Published 27 June 2022]

Current issues in the LGPS

September 2022

BREAKING NEWS 1: Good Governance gets ministerial approval

After some delay, it is heartening to learn that DLUHC ministers have agreed to take forward the SAB's Good Governance recommendations. You can read more about this topic in our latest 60 Second Summary but we have summarised the key points.

- DLUHC have broadly accepted all recommendations (subject to consultation).
- The plan is to bring the recommendations into law using both secondary legislation and statutory guidance.
- There will be an additional requirement to implement a workplace strategy around planning and resourcing.
- Timescales are a bit vague but we may see draft regulations late this year and guidance early next year.
- The Scottish SAB might ask Scottish ministers to introduce Good Governance in Scotland.

BREAKING NEWS 2: 2022 valuation results

We have analysed the first few sets of 2022 valuation initial results to identify key themes and trends. The outcomes are discussed in a short paper and also on camera by two of our Fund Actuaries. If you already have your results, this should help give further context to your own position. For those who are still eagerly awaiting, this will give you a good idea of what's to come!

2022 valuation toolkit

The latest instalment in our valuation toolkit has just been released. Our recent updates cover assumptions, asset-liability modelling and whole fund funding level. All very relevant for likely topics of discussion at September Committee meetings – please feel free to share with Members and any other interested stakeholder.

On-demand webinar: Employer risk in the LGPS

With the increasing number and diversity of employers in the LGPS, it's important for funds to understand and manage employer risk. We recently recorded a short on-demand webinar with Matt Cooper, Director of Pension Employer Covenant & Restructuring at PwC, to focus on employer risk and how it ties in with setting funding strategies for employers as part of the 2022 valuation for English and Welsh funds. You can access the recording here at any time.

TCFD-layed no longer!

The long-awaited consultation on climate risk disclosures in the LGPS finally dropped on 1 September. Under the proposals, beginning in 2024 all funds in England and Wales will need to prepare an annual Climate Risk report following Task Force on Climate-Related Financial Disclosures (TCFD) principles. We've published our initial thoughts on the consultation and will share our consultation response ahead of the 24 November deadline. In the meantime please speak to your usual Hymans contact if you want to discuss this topic further.

Making sure your policies are fit for purpose

Having policies in place that are relevant and accessible is key to their success, demonstrating effective systems of internal control, openness and transparency and decision-making. It's important to ensure you have all the right policies in place and that they remain up to date. Our 60 Second Summary considers why policies are needed, the range of policies a well-run fund should have and the steps you should be considering to make sure you have everything in place.

Inflation – yesterday's problem?

With headline inflation continuing its inexorable rise, driven largely by higher energy costs, the question above seems inappropriate. However, there are clear signs that a collapse in real wages is putting consumer demand under extreme pressure, suggesting that recession may become the bigger issue for the UK economy going into 2023. High inflation, rising interest rates and a weakening economic outlook have not been kind to most asset markets in 2022, but the impact on pension liabilities has been mixed. High inflation will increase the nominal value of LGPS benefits in April 2023, putting cashflow under pressure, but rising real yields are likely to have improved long-term funding levels. Please click here for further detail.

Employee exit payment consultation

On 8 August HM Treasury published the latest instalment of the £95k exit cap saga. Rather than apply an absolute cap to exit payments, the new proposal seeks to tighten up the approval process and to give the relevant department's Secretary of State the final say on whether a £95,000 plus payment can be made. The expectation is that approval will only be granted in exceptional circumstances. The consultation relates only to central government, which means that it will cover academies and it will also include pension strain in the £95k calculation. It remains to be seen whether DLUHC will seek to apply something similar to local authorities.

Updated TPR guidance

Earlier this month it was announced that The Pensions Regulator ("TPR") would take responsibility for the regulation of certain duties of governing bodies from the Competition and Markets Authority. These include the requirements to set strategic objectives for investment consultants and the process for appointing fiduciary managers. The transfer will take place on 1 October 2022. No material changes in the regulations are planned though TPR has taken the opportunity to extend the range of schemes to which they apply and to tighten the requirements relating to the review of objectives/performance. Governing bodies must continue to self-certify compliance with the regulations. As a result, we expect the transfer to have limited impact on most funds.

NKA – Go live date announced

The 2022 National Knowledge assessment will go live for funds on 28 September 2022. We have had a great response so far and would love as many funds as possible to sign up to the assessment. If you would like to see what your fund will get as part of your participation, please take a look here.

Hymans Robertson on…. Effective stewardship 101

Our host, Ben Farmer, presents the latest instalment in our Investment series and is joined by Olivia Mooney, Responsible Investment Consultant, and Paul Chandler, Director of Stewardship at the Principles for Responsible Investment (PRI). During the episode, we discuss the importance of stewardship, take a look at what good stewardship means in practice and the future of stewardship.

LGC investment conference

Susan Black, Iain Campbell and Rob Bilton will be attending the LGC investment conference in Leeds from 8-9 September, please do come and say hello! Rob will be running a session that looks at the 2022 valuation and what stories the membership data is telling us.

Embarking on a new century of building better futures

Corporate Social Responsibility (CSR) lies at the heart of our business and is guided by our Purpose - 'Together, Building Better Futures'. So, we're delighted to share with you our latest CSR report, which captures the brilliant work that our people have carried out over the past year and our ambitions for the future.

In brief…

- The FRC is looking for pension funds and investment consultants to participate in a new project exploring how people use asset managers' stewardship reports. The deadline for volunteering is 16 September.
- The Government has launched the Public Sector Fraud Authority, with the purpose of tackling fraud against the public purse (including public sector pensions).
- Planning ahead of the launch of Pensions Dashboards continues. The PASA has published a checklist to help schemes prepare for the provision of 'value data' (about accrued and projected benefits).
- The High Court has dismissed a judicial review claim by three large private sector schemes against the Government over plans by the UK Statistics Authority to align the Retail Prices Index (RPI) with the housing cost-based version of the Consumer Prices Index (CPIH) from 2030.

Appendix

BREAKING NEWS 1: Good Governance gets ministerial approval

https://www.hymans.co.uk/insights/research-and-publications/publication/lgps-good-governance-ready-to-launch/

BREAKING NEWS 2: 2022 valuation results

https://www.hymans.co.uk/insights/research-and-publications/publication/sixty-second-summary-2022-valuation-results-early-insights/

https://vimeo.com/747196634

2022 valuation toolkit

https://www.hymans.co.uk/media/uploads/LGPS_2022_Valuation_Toolkit.pdf

On-demand webinar: Employer risk in the LGPS

https://event.on24.com/wcc/r/3914727/DE73BA9A0B6B8522793FFDB7F6433E0E

TCFD-layed no more!

https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks

https://www.hymans.co.uk/insights/research-and-publications/publication/aligning-views-on-the-climate-change-risk-consultation/

Making sure your policies are fit for purpose

https://www.hymans.co.uk/insights/research-and-publications/publication/policies-as-part-of-lgps-risk-management/

Inflation – yesterday's problem?

https://www.hymans.co.uk/insights/research-and-publications/publication/briefing-note-inflation-update/

Employee exit payment consultation

https://www.gov.uk/government/consultations/public-sector-exit-payments-a-new-controls-process-for-high-exit-payments

Updated TPR guidance

https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2022-press-releases/revised-tendering-for-fmps-and-setting-objectives-for-fiduciary-managers-guidance-by-tpr

NKA – Go live date announced

https://vimeo.com/745321398

Hymans Robertson on…. Effective stewardship 101

https://www.hymans.co.uk/insights/podcasts/investment-effective-stewardship-101/

Embarking on a new century of building better futures

https://www.hymans.co.uk/media/uploads/CSR_Report_2021-22.pdf

In brief...

https://www.frc.org.uk/news/august-2022/call-for-participants-stewardship-reporting

https://www.gov.uk/government/news/government-launches-fraud-squad

https://www.pasa-uk.com/wp-content/uploads/2022/08/Dashboards-Pensions-Values-Guidance-FINAL.pdf

https://www.judiciary.uk/wp-content/uploads/2022/09/BT-Pension-Scheme-Trustees-v-UKSA-summary-010922.pdf

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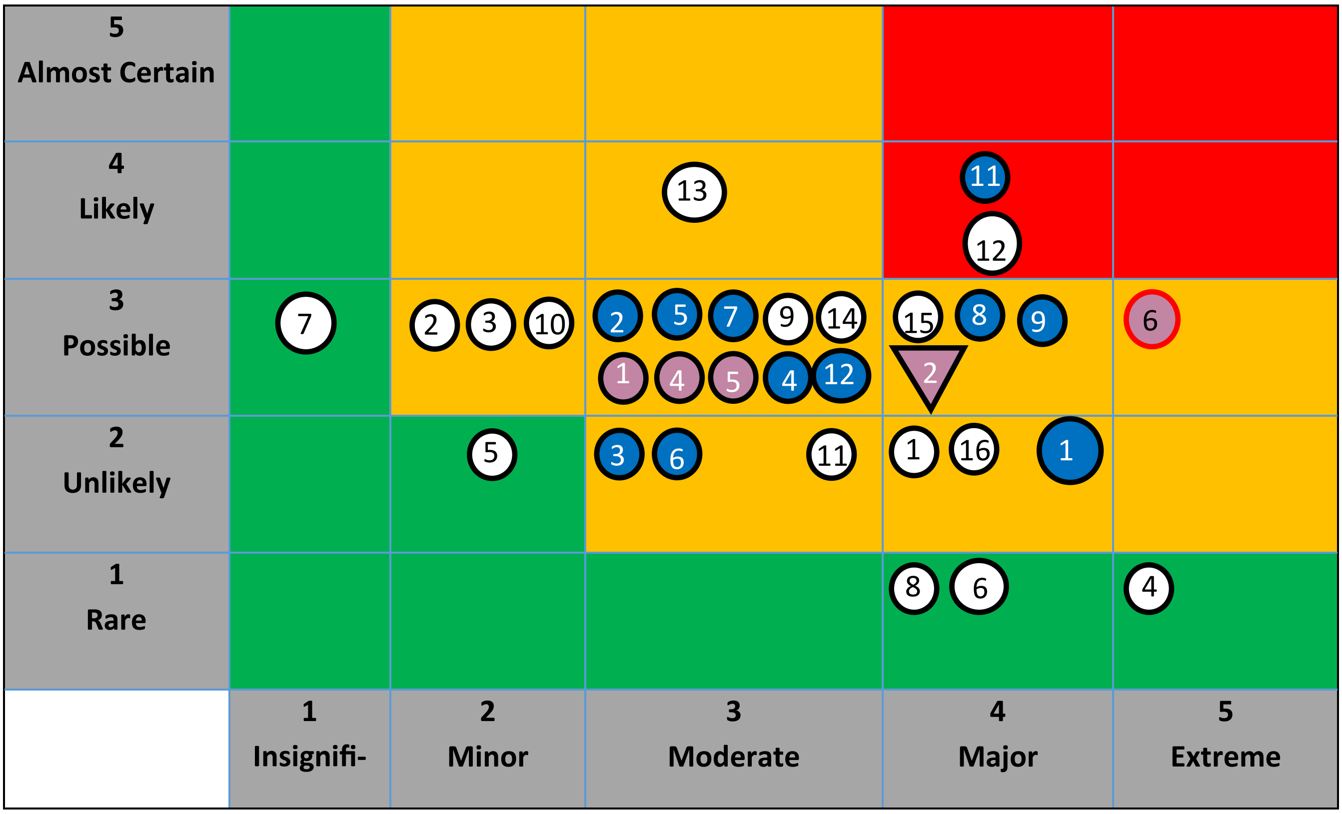
Norfolk Pension Fund Risk Heat Map September 2022 showing movement since May 2022

APPENDIX C



	Governance (NPFG)	Funding & Investment (NPFF)	Benefits Administration (NPFA)
1	Regulatory and performance requirements failure	Financial mismatch	Failure to meet regulatory and performance requirements
2	Asset pooling (ACCESS) (Gov)	Concentration	Lack of skilled resource (Admin)
3	Knowledge & understanding (O)	Manager underperformance	-
4	Knowledge & understanding PC	Systemic risk	Business continuity (Admin)
5	Knowledge & understanding POB	Credit default - Counterparty failure	System implementation and transition
6	Business continuity (Gov)	Illiquidity	Employer operational issues
7	Communication & Engagement	Default by participating employer	
8	Lack of skilled resource (gov)	Poor advice	
9	National LGPS Frameworks	Changing demographics (Assumptions v Experience)	
10	-	Business Continuity (F & Inv)	
11	Cyber Security	Communication	
12	Future service delivery	Lack of skilled resource (F & Inv)	
13		Asset pooling (ACCESS) (F & Inv)	
14		Currency risk	
15		Environmental, Social & Governance (ESG)	
16		Custody, Stock Lending, Transition	

Becoming more of a risk △ Risk is stable ○ Becoming less of a risk ▽

Key Performance Indicators (KPI's)

Admin KPIs

Target = 100%

RAG Status

<75%

76% - 84%

>85%

This table shows the volume and percentage within target number of days for Admin KPIs.

Task	Days	May-21		Jun-21		Jul-21		Aug-21		Sep-21		Oct-21		Nov-21		Dec-21		Jan-22		Feb-22		Mar-22		Apr-22		May-22		Jun-22		Jul-22		Monthly	
		Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%
Transfer In Quotes	10	11	91	26	96	24	96	18	94	21	100	42	98	38	95	36	94	21	95	23	87	23	91	29	100	38	97	38	97	29	97	28	95
Transfer Out Quotes	10	40	98	32	100	48	100	49	100	41	93	64	92	57	96	42	95	57	98	41	100	46	93	39	100	54	100	54	100	44	89	47	97
Refund Payments	5	31	100	32	100	35	100	47	100	53	100	32	100	53	100	29	100	55	100	49	100	39	100	46	100	68	100	68	100	68	100	47	100
Estimate of Retirement Benefits	10	136	90	177	99	118	97	90	99	101	98	132	96	141	89	103	100	135	96	116	96	107	97	91	82	94	88	94	88	99	95	116	94
Actual Retirement Benefits	5	124	100	143	100	138	98	136	100	197	100	128	100	141	100	102	100	145	97	113	98	165	99	128	94	166	100	166	100	153	99	143	99
Acknowledge Death of Member	5	54	80	73	96	50	94	60	98	73	96	87	98	69	94	77	88	109	92	78	95	65	98	68	99	103	89	103	89	66	98	76	94
Notify Dependant's Benefits	5	25	60	21	100	23	91	24	92	25	84	40	95	32	97	17	88	23	83	32	91	32	100	21	57	31	90	31	90	22	86	27	87
Notify Deferred Benefits	10	160	99	166	98	171	98	118	97	204	99	186	98	234	100	262	99	260	97	221	97	185	97	166	83	179	89	179	89	134	78	188	95
Altair Housekeeping	5	13	100	12	83	12	100	13	69	12	67	13	92	14	93	13	100	14	100	14	100	14	100	14	64	9	89	9	89	9	78	12	88

Estimate of Retirement Benefits and Actual Retirement Benefits take priority over other tasks.

lgps | Local Government Pension Scheme

Norfolk Pension Fund

Appendix E

Norfolk Pension Fund

Delivering the Local Government Pension Scheme

Your Personal Annual Benefit Statement

Ab SAMPLE

August 2022

This booklet contains important information about **your pension**
Please read it carefully and keep it in a safe place

Active scheme member statement

lgps Local Government Pension Scheme

www.norfolkpensionfund.org

015262/06/JW/0000001/1 of 32/B0110/00000000

Contents

Please note,
we have moved out
of Lawrence House
- please see our contact
details on the
back cover.

Cover image: Barley field in Norfolk

Welcome to your personal benefit statement for 2022

Your name	**Mr Ab SAMPLE**
Date of birth	**6th December 1973**
National Insurance number	**XX999999X**
Your current employer	**NORFOLK COUNTY COUNCIL**
Employer payroll reference	**X999999**

This booklet is your **personal benefit statement** from the Norfolk Pension Fund and is based on your service up to 31 March 2022. If you think any of the details in this statement are wrong, please let us know.

We have also included all the latest news about the Local Government Pension Scheme (LGPS), from how you can pay more or less into the scheme, to tax limits and legislation changes. We hope you find it a useful and interesting read.

You will receive a separate statement at different times of the year if you have an Additional Voluntary Contribution (AVC) plan with Clerical Medical, Utmost Pensions (formerly Equitable Life) or Prudential.

As always, if you have any questions or would like to talk to us about your pension, please get in touch. You can find our contact details on the back cover.

We would also love to hear any feedback you have on your statement. You can complete our online survey at
www.smartsurvey.co.uk/s/S3G1J4/
It only takes a few minutes and will help us provide you with the service you need.

Your LGPS (Local Government Pension Scheme)

Your LGPS membership may be more valuable than you think

The LGPS is one of the main public sector pension schemes and is considered to be one of the best in the country. Membership provides you with a **secure, regular income in retirement** linked to inflation, along with other valuable benefits including:

- A **reliable pension for life** when you retire, based on your membership and pay – not linked to the ups and downs of financial markets
- The option to take a **lump sum** when you retire
- A **pension for your dependants** after you die
- Valuable **'peace of mind' life cover** at no extra charge – if you die whilst being an active member of the scheme, your nominated beneficiary will receive a lump sum death grant based on 3 x your assumed pensionable pay. If you have either a separate deferred benefit or are receiving a pension in the LGPS when you die, this may impact on the death grant payable
- You may qualify for an **early pension** if you have to retire through ill health at any age or are made redundant after age 55

Did you know, as a member of the LGPS:

- **Your employer pays in** to your pension too – typically twice as much as you contribute!
- **You may pay less tax** as your pension contributions are taken out of your pay before tax. For example, if you pay £100 a month into your pension, your tax is reduced by £20 a month (if you are paying tax at the basic 20% rate).

More details on the scheme benefits can be found in **'A Brief Guide to the LGPS'**, available on the Resources section of our website at **www.norfolkpensionfund.org** or by contacting us using the details on the back of this booklet.

The McCloud judgement

What is the McCloud judgement?

The reform of public service pension schemes in 2014/15 introduced new protections for older members. However, in December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' pension schemes were discriminated against because the protections do not apply to them. This ruling is often called the 'McCloud judgment'.

The Government subsequently confirmed changes will be made to all the main public service pension schemes, including the LGPS, to remove the age discrimination.

Will the changes apply to you?

The LGPS understand that the changes will apply to members who:

- were in service on 31 March 2012
- have service after 31 March 2014 (even if you have left the Scheme), and
- do not have a disqualifying break of more than five years when you were not a member of a public service pension scheme.

If you left the LGPS before 1 April 2014, you built up benefits in the final salary scheme only. These changes will not affect your pension.

There will be no change to your pension until you take it.

Most members are unlikely to see an increase to their pension. Where there is an increase, it is likely to be small.

What happens next?

We do not expect any changes to be introduced before April 2023.

You do not need to take any action. The Government has confirmed that members who qualify for protection do not need to make a claim for the changes to apply to them.

There is more information on the LGPS website **www.lgpsmember.org** by searching 'McCloud'.

The LGPS
A reminder of the scheme

The scheme changed in 2014 from a **Final Salary** scheme to a **Career Average** one. This means any of the pension you have built up after 1 April 2014 in the scheme is based on the pay you earn each year, rather than on your **Final Salary** when you leave.

- All benefits you earned up to April 2014 remain protected as **Final Salary**
- For each year you are in the career average LGPS scheme, from April 2014 we will add pension equal to **1/49th of your pay** into your pension account (**or 1/98th of your pay** for any period spent in the **50/50 section**). This is then **re-valued** each year in line with inflation

If you were in the scheme before 1 April 2014 your final pension benefits will be a combination of final salary and career average

Your **Normal Pension Date** – when you can retire and take your benefits in full – is linked to your **State Pension Age**. As a result it may change in line with any future changes to the **State Pension Age**.

You can choose to retire and draw your LGPS pension any time from age 55; however, your benefits will be **reduced** if you choose to retire before your **Normal Pension Date** or **increased** if you retire later.

How much does it cost to be in the scheme?

The cost to you is based on a series of **contribution bands.**

These bands are reviewed each year in line with inflation. The employee contribution bands from 1 April 2022 are:

Band	If your actual pensionable pay is:	You pay a contribution rate of:
1	Up to £15,000	5.5%
2	£15,001 to £23,600	5.8%
3	£23,601 to £38,300	6.5%
4	£38,301 to £48,500	6.8%
5	£48,501 to £67,900	8.5%
6	£67,901 to £96,200	9.9%
7	£96,201 to £113,400	10.5%
8	£113,401 to £170,100	11.4%
9	£170,101 or more	12.5%

Your contribution is based on your actual pay

All your earnings, including pay for non-contractual overtime or additional hours worked, count towards your pension from April 2014.

There is more information about the scheme on our website at **www.norfolkpensionfund.org** or on the national **www.lgpsmember.org** site.

Your personal benefit statement

This is your personal benefit statement from the Norfolk Pension Fund. It is based on the following pay information given to us by your employer.

If you think any of these details are wrong, please let us know

Date you joined the Norfolk Pension Fund	17/09/2012
Section of the Scheme you were in at 31 March 2022	MAIN

Pensionable Pay for the Year Ending 31 March 2022 **£3,701.40**

This is the actual pay you received for 2021/22, including pay for non-contractual overtime or additional hours worked. It is used to calculate the Career Average Pension you built up in 2021/22.

If you have received reduced or no pay at any time during the year – either due to sickness or injury, relevant child related leave or reserve forces leave – your pay for these periods is based on your Assumed Pensionable Pay (an average of your Pensionable Pay for the 3 months, or 12 weeks if weekly paid, prior to the period of reduced or no pay).

Important – if you think the Pensionable Pay figure shown above is wrong please let us, or your employer, know as soon as possible. Most queries are easily solved; however if you still disagree with the figure you have the right to appeal via our official Dispute Procedure. You can find a guide about this on our website at www.norfolkpensionfund.org or contact us and we will send you a copy.

Final Salary Pay for Year Ending 31 March 2022 **£21,852.45**

This is the average pay for 2021/22 as supplied to us by your employer. It is used to calculate Final Salary Benefits. If you work part-time this is a whole-time equivalent figure.

Over the next few pages we will show you the benefits you have built up so far and an indication of what you might get when you retire.

If you have an Additional Voluntary Contributions (AVC) plan with Clerical Medical, Utmost Pensions (formerly Equitable Life) or Prudential, details are not included in this statement. Separate annual statements are sent out at different times of the year for these. However, if you are buying additional membership or pension within the scheme then these details are included in this statement.

The figures and projections in this statement are based on the information held on our records and the relevant scheme regulations. While we have taken every care with the figures, they should not be seen as a definitive statement of the benefits payable and they may not take into account the maximum level of benefits allowed by HM Revenue & Customs. Any Annual Allowance scheme pays reductions, or divorce pension debits, have not been included as these deductions will vary based on when benefits are taken.

If you are thinking of retiring, please either contact us for a personal quotation or, if you have registered for Member Self-Service, you can generate a request from your secure account.

Financial advice

We are very happy to help you understand your LGPS pension and pension options, however we are not able to offer financial advice. For a list of Independent Financial Advisers in your area you can contact IFA Promotions at **www.unbiased.co.uk**

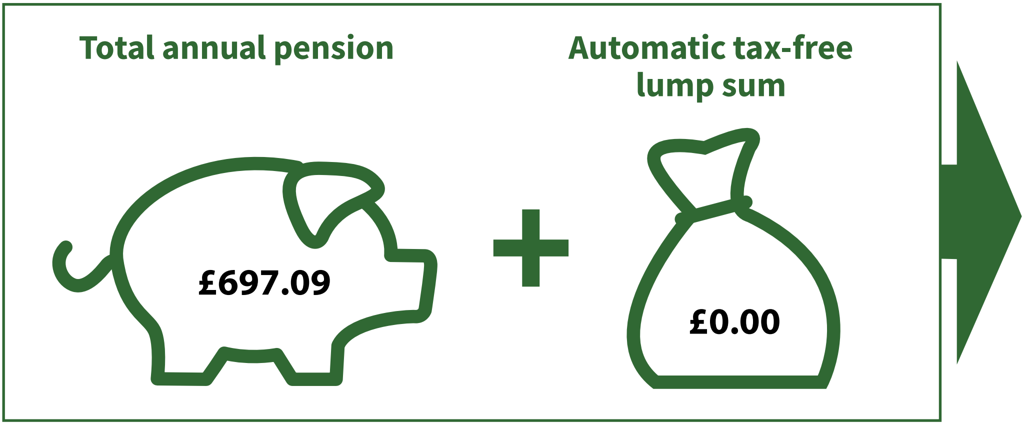
You can find help in choosing one at **www.moneyhelper.org.uk /en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser**

Always remember to check that the advisor is authorised by the Financial Conduct Authority at **www.fca.org.uk/register**
Please be aware that you may be charged a fee for any advice.

The current value of your benefits

Here are your retirement benefits built up to 31 March 2022 **assuming you retire at your Normal Pension Date** (see page 14). You can choose to retire earlier and take your benefits **from age 55** but they may be reduced for early payment.

Total benefits built up to 31 March 2022



Your **Career Average** pension is **re-valued on 1 April** each year, in line with the cost of living. This statement shows the value of your benefits up to **31 March 2022.**

Your options

The **automatic tax-free lump sum** only applies to pre-2008 benefits. However, when you retire you could choose to give up part of your pension for an extra tax-free lump sum – **a smaller annual pension** and a **bigger tax-free lump sum**. You get £12 extra tax-free lump sum for every £1 of pension you give up; although there are limits on the size of the tax-free lump sum you can take.

If you have registered for **Member Self-Service**, your online statement will show the maximum lump sum available. Member Self-Service also has a Voluntary Retirement Benefit Projector which you can use to see how increasing your lump sum will impact your pension.

How your benefits are calculated

Here's how we have worked out your total benefits

The figures on these pages don't take into account any pension sharing on divorce or annual allowance pays reductions

Value of Career Average Benefits at 31 March 2022

Pensionable Pay in Main Section (2021/22)	£3,701.40	
Pensionable Pay in 50/50 Section (2021/22)	£0.00	
Pension at 31/03/2021 (if any)		£524.13
Adjustment for Cost of Living		£2.62
Amount of Pension Build up in 2021/22:		
Main Section (£3,701.40 / 49)		£75.54
50/50 Section (£0.00 / 98)		£0.00
Additional Pension Bought		£0.00
Transfers in		£0.00
Total Annual Career Average Pension		**£602.29**

Value of Final Salary benefits at 31 March 2022

Final Salary Pay	£21,852.45	
Total Final Salary Annual Pension		**£94.80**
Includes Pension at 80ths	£0.00	
and Pension at 60ths	£94.80	
Total Automatic Final Salary Lump Sum		**£0.00**

(Your Final Salary Benefits include any extra membership and/or pension where the contract started before April 2014)

The value of your death benefits

The value of your death benefits at 31 March 2022 were:

One-off lump sum life cover **£11,104.20**

Annual partner's pension **£652.20**

The figure shown above is an indication of the amount of pension we would pay to one of the following:

Your husband or wife or **Your civil partner** or **Your cohabiting partner**

Cohabiting partner

A 'cohabiting partner' is someone you are living with but are not married to or in a civil partnership with – some people call this a 'common law' marriage or partnership. If you and your partner have been living together for at least 2 years, are free to marry or enter into a civil partnership and are financially interdependent, then your partner may be eligible to receive a pension in the event of your death.

Since 1 April 2014 you no longer have to nominate a cohabiting partner to be eligible for a cohabiting partner's pension. We would require your partner to provide proof of eligibility before any cohabiting partner's pension would be paid. However, if you have nominated a cohabiting partner in the past, their details are shown here:

To update your Expression of Wish details, you can either use Member Self-Service or download the 'Expression of wish for payment of death grant' form from the Resources section of our website www.norfolkpensionfund.org

Expression of Wish details for payment of lump sum life cover

Name	Percentage
Mr AB Sample	50%
Mr AB Sample	25%
Mr AB Sample	25%

If you have re-joined the LGPS in England or Wales, or do so in the future, the one-off lump sum life cover payable would be the greater of 5 x your deferred pension or 3 x your pay in your new job

Any eligible children under the age of 18, or up to age 23 and in full-time education, or with a physical or mental impairment would be entitled to a child's pension in addition to the amounts shown on page 12

The figures on these pages don't take into account any pension sharing on divorce

Please see page 26 for more on death benefits

What might you get when you retire?

This is an indication of the value of your benefits should you **continue paying into the scheme as now** and retire at your **Normal Pension Date**. It is based on the section of the scheme you were in at 31 March 2022.

Normal Pension Date

5th December 2040

Total annual pension

\+

Automatic tax-free lump sum

Your **Normal Pension Date** is the date you can retire and take your benefits in full. It is linked to your **State Pension Age** for the pension you build up from 1 April 2014. As a result it may change in line with any future increases to the **State Pension Age**. You can find out your State Pension Age at **www.gov.uk/calculate-state-pension**.

You can choose to retire at any time between **age 55-75**; however, if you take your benefits before your **Normal Pension Date** they may be **reduced** for early payment. Your benefits will be **increased** should you retire after your **Normal Pension Date**.

If your **Normal Pension Date** in the current scheme is later than it was in the old pre-2014 scheme, we have added projected **Actuarial Increases** to your **Final Salary** benefits to cover the period between the two **Normal Pension Dates**.

Here's how we have worked out your total projected benefits

Projected Career Average Benefits

Annual Career Average Pension	£2,013.52

Projected Final Salary Benefits

Annual Final salary Pension (including actuarial increase of £6.93)	£101.73
Automatic Lump Sum (including actuarial increase of £0.00)	£0.00

Projected Partners Annual Pension £652.20

This is an indication of the annual pension payable to your partner should you die after retirement. For the purpose of this statement we have assumed that you are married or in a civil partnership. If you would like to know about the benefits payable to a cohabiting partner in the event of your death, please contact us.

The figures on these pages don't take into account any pension sharing on divorce or annual allowance pays reductions

These projections are based on your current **Pensionable pay** and/or your **Final Salary pay** (see page 8). We have assumed these pay figures will remain the same until your **Normal Pension Date** and haven't allowed for any future inflation. This means the figures shown are in **'today's money'** terms which should make it easier to see if you are saving enough.

Your Final Salary membership up to 31 March 2014

If you were in the scheme before 1 April 2014 your membership is shown here. If you were paying into the scheme before and after April 2014, your total benefits will be a combination of Final Salary (pre April 2014) and Career Average (after April 2014).
For more details see pages 10-11.

If you had a break in membership for any reason your period of membership has been reduced accordingly.

If you work in a school the **percentage of whole time** is averaged out over the year.

Employer or scheme	Membership from	Membership t
SAMPLE COUNTY COUNCIL	17/09/2012	31/03/2014
SAMPLE COUNTY COUNCIL	18/10/2004	28/08/2011
SAMPLE COUNTY COUNCIL	23/02/2003	17/10/2004

Only the most recent details of your membership are shown,

If you think any of these details are wrong, please let us know

If you have transferred membership into the LGPS from another public sector scheme, this is shown below (up to 31 March 2015). Other transfers received that have been used to buy **Career Average** benefits during the year are shown on page 11, under **Transfers in**.

Additional membership / pension purchased

If you have paid or are paying additional contributions to buy extra membership and / or extra pension then the extra membership and / or pension you have bought to date has been included in the figures shown in your statement.

to	Calendar length	Percentage of whole time	Period of membership
	01 years 196 days	16.891900%	00 years 095 days
	06 years 315 days	0.000000%	00 years 000 days
	01 years 237 days	0.000000%	00 years 000 days

although all periods are used when we work out your benefits.

Your choices

Want to save more?

There may be times when you consider adding to your pension, for example, if you joined later in your career or have had a career break.

There are a couple of ways to do this in the LGPS.

Additional Pension Contributions (APCs)

You can buy extra LGPS pension for your retirement by paying APCs, either as a regular monthly amount or a one-off lump sum. This buys you a set amount of extra annual LGPS pension, up to a current maximum of £7,352.

You can find out more about APCs and get a quote by either using the online calculator at **www.lgpsmember.org** or contacting us using the details on the back of this booklet.

Remember!

You get tax relief on all your pension contributions, which can make it a very tax-efficient way to save

Additional Voluntary Contributions (AVCs)

You can build up extra savings for retirement by paying separate contributions into our 'in-house' AVC schemes with Clerical Medical or Prudential.

You can choose how much to pay in and how your contributions are invested. The money comes straight out of your pay and goes to Clerical Medical or Prudential who invest it for you.

Your AVC fund is designed to grow as it is invested. You can use it to either take a cash lump sum and / or additional pension from the Norfolk Pension Fund when you retire, or you can buy an annuity.

If you are interested in paying APCs or AVCs, please contact us using the details on the back of this booklet.

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Shared Cost AVCs

Some Norfolk Pension Fund employers (including Norfolk County Council, South Norfolk Council and Broadland District Council) provide access to a Shared Cost Additional Voluntary Contribution (Shared Cost AVC) scheme facilitated by AVC Wise.

A Shared Cost AVC differs to a standard AVC because it is a shared cost arrangement, meaning both you and your employer contribute into your AVC fund.

The main advantage is you save money on both Income Tax **and** National Insurance contributions.

Your Shared Cost AVC is paid into a separate pot of money that sits alongside your LGPS benefits.

How does it work?

1. You choose how much and where your money is invested each month
2. You agree to 'salary sacrifice' the equivalent amount which means you save on Income Tax and National Insurance contributions
3. This money is sent to Prudential who hold and invest this money for you*
4. You can amend your contribution amount and change your investment choices at any time
5. There are a variety of options to withdraw your money at age 55 onwards, including taking it as a tax-free lump sum†

Find out more

Please visit **www.AVCWise.co.uk** to register and access the retirement calculator, informative videos and frequently asked questions.

* The value of an investment can go down as well as up.

† Dependent on the combined value of other LGPS benefits.

The 50/50 option

Need to pay less for a while?

If money is a bit tight, you may think about joining the **50/50 section**.

For any period you spend in the 50/50 section you will pay **half of your normal monthly contributions** and build up **half of your normal pension** in return. You will still get the **same level of life and ill-health cover** as you do in the main section of the scheme.

You can choose to move to the 50/50 section at any time and can switch between the main and 50/50 sections as many times as you like – you just need to send an **Option to switch between sections of the Scheme** form to your employer (available on our website at **www.norfolkpensionfund.org** or by contacting us using the details on the back of this booklet).

The 50/50 section is designed to be a short-term solution, so your employer will always bring you back into the main section when:

- you choose to move back into the main section of the scheme
- it is your employer's automatic enrolment anniversary date
- you get nil pay due to sickness or injury

Disclaimer about your Annual Benefit Statement

This Statement is based on the current provisions of the Local Government Pension Scheme Regulations 2013 as amended and other relevant legislation. This Statement is provided for information only and does not give you any legal rights. In the event of any dispute, nothing in it can override the scheme legislation.

Tax limits and your pension

There are two different limits which could affect some scheme members - the **Lifetime Allowance** and the **Annual Allowance**.

Most members won't be affected by these limits; however, if you do exceed either or both of these you may have to pay a tax charge.

The **Lifetime Allowance** is the maximum value of tax relieved pension savings an individual can build up over their lifetime before any additional tax is due. The lifetime allowance for most people is £1,073,100 for the tax years 2021/22 and 2022/23 and has been frozen at this level until the 2025/26 tax year.

The **Annual Allowance** is the amount your pension savings can increase in any one year before any additional tax is due. The standard allowance is currently £40,000 a year although there is a tapered annual allowance for anyone with income above £200,000 a year. Please see our **Annual Allowance Guide** available on the Resources section of our website **www.norfolkpensionfund.org** for more information.

If you have exceeded the Annual Allowance for 2021-22 in respect of your Norfolk Pension Fund pension rights benefits, you will be sent a Pensions Savings Statement with more details later in the year. If you have not exceeded the Annual Allowance, you can still request a Pensions Savings Statement from us if you require one by emailing **pensions.technical@norfolk.gov.uk**

You can find out more from HMRC's website at **www.gov.uk/tax-on-your-private-pension/overview**

There is also information about tax and your pension on our website at **www.norfolkpensionfund.org**

You may wish to get professional independent advice if you are affected by the Lifetime Allowance or Annual Allowance limits.

Freedom and Choice

From 6 April 2015, people in **defined contribution pension schemes** were given far more choice on accessing their pension pots.

Does this affect my Local Government Pension?

The **Freedom and Choice** changes affect people in **defined contribution schemes**. The LGPS is a different type of scheme, known as a **defined benefit scheme**.

As a member of a **defined benefit scheme** you pay in a set amount to build up a **defined** range of benefits, based on your pay and length of service. This provides you with **a guaranteed income in retirement** – unaffected by the ups and downs of the financial markets – so there is no need to buy an **annuity**.

Also, there is already a feature built into your benefits package allowing you to give up some of your pension in exchange for **tax-free cash**.

So what is a defined contribution scheme?

In a **defined contribution scheme** members pay in a set amount – a defined contribution – which is invested in the financial markets to provide a pension pot. Until now members have had to use this pension pot to buy an **annuity** – an annual income paid to them for the rest of their life.

The **Freedom and Choice** changes remove the requirement to buy an **annuity**.

People in these types of scheme will still be able to buy an **annuity** if they wish, but if they prefer they will be able to draw all their pension savings as **one 'cash' amount**.

That sounds great but only the first 25% will be tax-free, with the rest being taxed. There is also the risk that some people may take all their pension savings in one go and spend them all, leaving themselves with no money to live on in retirement.

Could I join a defined contribution scheme instead?

Yes, it's not compulsory to be in the LGPS. There is nothing to stop you opting out of the scheme and joining a **defined contribution scheme**, then using the **Freedom and Choice** rules to access the new pot with more freedom.

However:

- Most of our employers will only contribute to the LGPS, so you would **miss out** on what they currently pay in (typically twice as much as you do).
- You would be swapping your **secure, guaranteed defined benefits** for a pension pot that relies on the ups and downs of the investment markets.

Given that people opting out of the LGPS could also transfer the value of their current benefits into a **defined contribution scheme**, there is the risk that the benefits they have built up could be adversely affected by a fall in the stock market.

Getting the right advice

Where people are considering transferring benefits from a **defined benefit scheme** like the LGPS to a **defined contribution scheme**, they will have to take independent financial advice if the transfer value is £30,000 or more.

The Government provides an advice service called Money Helper, offering free, impartial help on money and pensions choices. Please visit **www.moneyhelper.org.uk** or call **0800 011 3797**.

You can also get personal help with your finances from Citizens Advice. They won't advise what to do, but they will offer guidance by helping you understand different financial options. For more information, please visit **www.citizensadvice.org.uk** or call **0800 144 8848**.

Keep in touch with your pension online...

The **Member Self-Service** area available on our website **www.norfolkpensionfund.org** offers a great way to access your pension details quickly and securely.

You can use Member Self-Service to:

- View your pension account benefits and latest valuation
- Amend your personal details, such as home address
- Update your Death Grant nomination details
- Use the Benefit Projectors to calculate how much pension you might get
- Upload documents and queries
- Contact us securely

To register on **Member Self-Service**, please visit our website at **www.norfolkpensionfund.org** click on **'Member Self-Service'** and then on the **'Register'** button. We will then send you an Activation Key by post or email.

For help with registering, please call us on **01603 222132** or email us at **pensions.mss@norfolk.gov.uk**

Want to know more about your pension?

Please come and talk to us...

We will be holding a series of Pension Clinics in October, giving you the opportunity to discuss your pension with one of our team members.

You can book an appointment for one of the dates shown below at County Hall or at the offices of Great Yarmouth, King's Lynn and West Norfolk or North Norfolk Councils.

Norwich 19, 20 and 25 October 2022
Great Yarmouth 26 October 2022
King's Lynn 27 October 2022
Cromer 24 October 2022

To book a place at one of our Clinics, please call us on **01603 495923.** Don't worry if you can't make the dates above – please let us know and we will arrange an appointment for a more convenient time at County Hall.

Please note, the Fund's Annual Meeting is due to be held at 6pm on 1 November 2022. If you would like more details on how to attend, please call us on 01603 223950.

Financial advice

We are very happy to help you understand your LGPS pension and pension options, however we are not able to offer financial advice.

For a list of Independent Financial Advisers in your area you can contact IFA Promotions at **www.unbiased.co.uk**
You can find help in choosing one at **www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser**
Always remember to check that the advisor is authorised by the Financial Conduct Authority at **www.fca.org.uk/register**
Please be aware that you may be charged a fee for any advice.

Pre-Retirement Planning Course

To help scheme members within two years of retirement, we provide a Pre-Retirement Planning Course to prepare for life after work.

Delivered virtually via Zoom over two half day sessions, attendance is **FREE** for all members of the Norfolk Pension Fund.

Topics covered include:

- Creating a new future and managing change
- Information about the LGPS (Local Government Pension Scheme)
- Investment and financial planning
- Ideas for leisure, health, cultural and learning activities
- Volunteering opportunities

For course dates, and to book your place, please contact the Norfolk Development Academy team at **hrld@norfolk.gov.uk** or call **01603 224114.**

If you work for Norfolk County Council, you can book a place via myOracle Learn.

Who do you want to benefit when you die?

A lump sum death grant of **three times your assumed pensionable pay** is payable if you die in service. Even if you die in retirement or as a deferred member, a death grant may still be payable.

You can nominate who you want this money paid to in the event of your death by completing an **Expression of Wish** form. If you have done this already the details are shown on page 13 of this booklet.

To update your Expression of Wish details, you can either use Member Self-Service or download the 'Expression of wish for payment of death grant' form from the Resources section of our website **www.norfolkpensionfund.org**

The Fund

Pensions Committee

Pensions Committee is responsible for the Norfolk Pension Fund. The Committee meets four times a year and meetings are open to the public. You can find **Pensions Committee** dates, agendas and reports on the Norfolk County Council website at **www.norfolk.gov.uk** under **What we do and how we work**.

Pensions Oversight Board

In Norfolk our local pension board is called the **Norfolk Pension Fund Pensions Oversight Board**.

Its role is to assist **Pensions Committee** in complying with all legislative requirements, making sure the scheme is being effectively and efficiently governed and managed.

The Board has an **equal number of scheme member and employer representatives**, along with an **Independent Chairman** to oversee its smooth running.

You can find out more about the Pensions Oversight Board on our website at **www.norfolkpensionfund.org**

Queries and disputes

If you think the details in your benefit statement are wrong (for example your pay details) please let us, or your employer, know as soon as possible. Most queries are easily sorted out this way. However, if you disagree with any decision about your membership of the Local Government Pension Scheme, you're entitled to put your complaint through the official dispute procedure.

For more information, please refer to our 'Dispute Procedure Guide for Members' which can be found on the Resources section of our website **www.norfolkpensionfund.org**

Be scam aware!

Pension scams are on the increase. Every day fraudsters are using sophisticated ways to steal your money. A lifetime's savings can be lost in moments.

Be on high alert. Scammers will try to con you with promises of upfront cash and investments with guaranteed high returns.

How to spot a pensions scam

Some things you should look out for

- Offers of a free pension review, high investment returns or ways to avoid paying tax
- Claims about unlocking your pension before the age of 55 – this is usually only allowed in the case of very poor health
- Don't be encouraged to take your entire pension as cash or as a lump sum and hand it over to someone else to invest for you
- When you're forced to make a quick decision
- Pressure to transfer your pension quickly
- Don't be fooled by professional looking websites

Get independent advice

Before you make any decision about your pension savings, speak to an independent adviser authorised by the Financial Conduct Authority (FCA).

Scammers will claim to be FCA authorised, so always check the firm or person you're dealing with is listed on the FCA register at **www.fca.org.uk/register**

For more information about protecting yourself from pension and investment scams, visit **www.fca.org.uk/scamsmart**

Our approach to ESG investment

The Norfolk Pension Fund gets much interest in its investment portfolio, particularly in relation to our policy on ESG (Environmental, Social and Governance) matters.

As our investment policy is formally documented in several different policies, we have produced a 'Statement on Disinvestment/ Exclusion & ESG (Environmental, Social & Governance) Aspects of Investment Strategy' which brings together our approach to this area of investment in one document.

The statement covers four key areas:

- Purpose and Governance of the Fund
- Disinvestment & Exclusion
- Responsible Investment
- Climate Risk

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Data protection information

Norfolk County Council on behalf of the Norfolk Pension Fund is a Data Controller under the General Data Protection Regulations.

This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services.

To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances.

For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit **www.norfolkpensionfund.org**

Accounts and investments

Accounts and Investments

This is a summary of the Norfolk Pension Fund accounts and investments. Our full accounts for 2021-22 will be published on our website at **www.norfolkpensionfund.org** following full external audit. Also published on the website is our **Investment Strategy Statement**, which includes details of our Socially Responsible Investment and Corporate Governance activities. If you would like a paper copy of either document please call us on **01603 222824**.

	2021-22 £000s	2020-21 £000s
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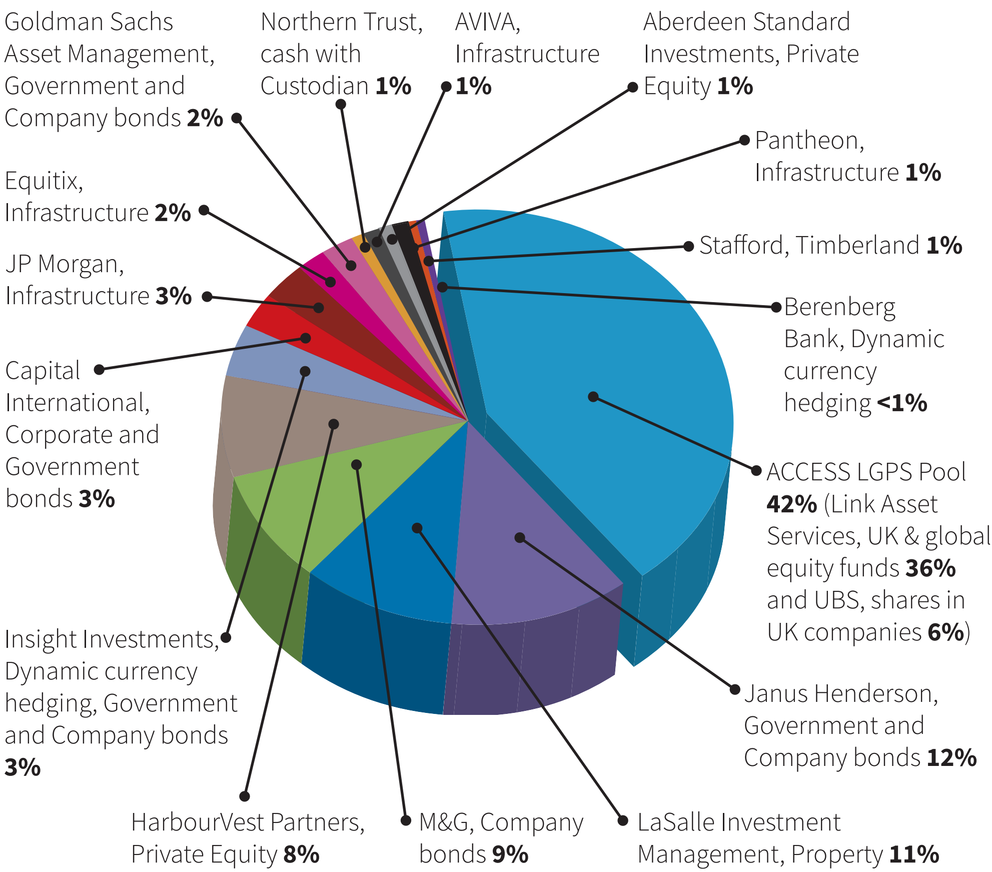
Following a strong performance at the start of the year, some asset values suffered as financial markets became concerned about the path of future interest rates and inflation towards the end of the calendar year. In the final quarter, the tragic events in the Ukraine saw financial markets suffer further volatility as the impact of war and the resulting supply chain disruptions and sanction regimes became a reality. Overall, the total assets of the Fund increased by 8.5% during 2021-22.



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IN TRAN
communication for all

If you need this booklet in large print, audio, Braille, alternative format or in a different language, please contact 01603 495923 or email pensions@norfolk.gov.uk

06/0000001/X/999
Mr AB Sample
1 Sample Street
Anywhere
Any Town
Any City
Any County
AB1 1BA

015262/06/JW/0000001/32 of 32/B0110/00000000

Norfolk Pension Fund

Delivering the Local Government Pension Scheme

Your Personal Annual Benefit Statement

Ab SAMPLE

August 2022

This booklet contains important information about **your pension**
Please read it carefully and keep it in a safe place

Deferred scheme member statement

lgps | Local Government Pension Scheme

www.norfolkpensionfund.org

Contents

Please note, we have moved out of Lawrence House - please see our contact details on the back cover.

Cover image: Wheat field in Norfolk.

Welcome to your personal benefit statement for 2022

Your name	**Mr Ab SAMPLE**
Date of birth	**21st January 1974**
National Insurance number	**XX999999X**
Your LGPS employer	**SAMPLE LOCATION**
Employer payroll reference	**9999**
Date of leaving scheme	**18th July 2008**

This booklet includes your annual personal benefit statement and the latest information about the **Local Government Pension Scheme (LGPS).**

For members paying into the scheme in April 2014 the LGPS changed from a **Final Salary** scheme to a **Career Average** scheme, called LGPS 2014. **If you left the scheme before 1 April 2014 this won't have affected you.**

If you left the scheme **from** April 2014 onwards you may have built up some **Career Average** benefits in the scheme, alongside any **Final Salary** benefits up to April 2014.

Benefits you have built up in the scheme are included in this statement.

You will receive a separate statement at different times of the year if you have an Additional Voluntary Contribution (AVC) plan with Clerical Medical, Utmost Pensions (formerly Equitable Life) or Prudential.

As always, if you have any questions or would like to talk to us about your pension, please get in touch. You can find our contact details on the back cover.

We would also love to hear any feedback you have on your statement. You can complete our online survey at
www.smartsurvey.co.uk/s/S3G1J4/
It only takes a few minutes and will help us provide you with the service you need.

Your LGPS
(Local Government Pension Scheme)

Your LGPS membership may be more valuable than you think

The LGPS is one of the main public sector pension schemes and is considered to be one of the best in the country. Membership provides you with a **secure, regular income in retirement** linked to inflation, along with other valuable benefits including:

- **A secure pension for life** when you retire, based on your membership and pay – not linked to the ups and downs of financial markets
- The option to take a **lump sum** when you retire
- A **pension for your dependants** after you die
- Valuable **'peace of mind' life cover** at no extra charge – if you die before payment of your benefits, your nominated beneficiary will receive a lump sum death grant based on 5 x your deferred benefit. If you are either an active member or are receiving a pension in the LGPS when you die, this may impact on the death grant payable
- You may qualify for an **early pension** if you have to retire through ill health

More details on the scheme benefits can be found in **'A Brief Guide to the LGPS'**, available on the Resources section of our website at **www.norfolkpensionfund.org** or by contacting us using the details on the back of this booklet.

Guaranteed income in retirement – unaffected by the ups and downs of the financial markets

Your pension is linked to the cost of living

Keep in touch with your pension online...

The Member Self-Service area available on our website **www.norfolkpensionfund.org** offers a great way to access your pension details quickly and securely.

You can use Member Self-Service to:

- View your pension account benefits and latest valuation
- Amend your personal details, such as home address
- Update your Death Grant nomination details
- Use the Benefit Projectors to calculate how much pension you might get
- Upload documents and queries
- Contact us securely

To register on **Member Self-Service**, please visit our website at **www.norfolkpensionfund.org** click on **'Member Self-Service'** and then on the **'Register'** button. We will then send you an Activation Key by post or email.

For help with registering, please call us on **01603 222132** or email us at **pensions.mss@norfolk.gov.uk**

Your personal benefit statement

Over the next few pages we will show you the benefits you have built up and an indication of what you might get when you retire.

If you have an Additional Voluntary Contributions (AVC) plan with Clerical Medical, Utmost Pensions (formerly Equitable Life) or Prudential, details are not included in this statement. Separate annual statements are sent out at different times of the year for these. However, if you were buying additional membership or pension within the scheme then these details are included in this statement.

The figures and projections in this statement are based on the information held on our records and the relevant scheme regulations. While we have taken every care with the figures, they should not be seen as a definitive statement of the benefits payable and they may not take into account the maximum level of benefits allowed by HM Revenue & Customs. Any Annual Allowance scheme pays reductions, or divorce pension debits, have not been included as these deductions will vary based on when benefits are taken.

If you are thinking of retiring, please either contact us for a personal quotation or, if you have registered for Member Self-Service, you can generate a request from your secure account.

Financial advice

We are very happy to help you understand your LGPS pension and pension options, however we are not able to offer financial advice. For a list of Independent Financial Advisers in your area you can contact IFA Promotions at **www.unbiased.co.uk** You can find help in choosing one at **www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/top-tips-for-your-pension/choosing-a-regulated-financial-adviser** Always remember to check that the advisor is authorised by the Financial Conduct Authority at **www.fca.org.uk/register**
Please be aware that you may be charged a fee for any advice.

Details of your membership

This is the record of your membership we hold. We received the information from your employer. If you have transferred membership into the LGPS from another scheme this is also shown.

If you think that any of these details are wrong, please let us know.

Employer or scheme	From	To
SAMPLE LOCATION	09/07/2007	18/07/2008
SAMPLE C.C.	04/10/2004	08/07/2007
SAMPLE C.C.	02/06/2003	30/09/2004

Only the most recent details of your membership are shown, although all periods are used when we work out your benefits.

The current value of your benefits

Normal Pension Date

21st January 2039

Total annual pension

£1,602.97

+

Automatic tax-free lump sum

£4,316.55

The above is an indication of the current value of your benefits, assuming you retire at your **Normal Pension Date.** This is the date you can retire and take your benefits without any early payment reductions.

If you left the scheme before 1 April 2014 your **Normal Pension Date** is fixed at the date shown above. However, you may be able to voluntarily retire and take your benefits at any time from age 55 onwards, subject to an early payment reduction.

The figures on these pages don't take into account any pension sharing on divorce or annual allowance pays reductions

If you left the scheme after 31 March 2014 your **Normal Pension Date** is linked to the **State Pension Age,** for any pension built up from 1 April 2014. It would change in line with any future increases to the **State Pension Age.** However, you may be able to voluntarily retire and take your benefits at any time from age 55 onwards, subject to an early payment reduction.

You can find out your **State Pension Age** at **www.gov.uk/state-pension-age**

Inflation-proofing

Pensions increase applied	34.1723%
Date of latest increase	11th April 2022

Your benefits are reviewed each year from the date you left the scheme so they keep pace with inflation. This is called **pensions increase** and applies to your **annual pension** and any **automatic tax-free lump sum**.

Your options

The **automatic tax-free lump sum** shown on page 8 only applies to pre-2008 benefits. However, when you retire you could choose to give up part of your pension for an extra tax-free lump sum – a **smaller annual pension** and a **bigger lump sum**.

You get £12 extra lump sum for every £1 of pension you give up; although there are limits on the size of the tax-free lump sum you can take.

If you have registered for Member Self-Service, your online statement will show the maximum lump sum available. Member Self-Service also has a Voluntary Retirement Benefit Projector which you can use to see how increasing your lump sum will impact your pension.

The value of your death benefits

The value of your death benefits at 31 March 2022 were:

One-off lump sum life cover	**£8,014.85**

+

Annual partner's pension **£780.98**

The figure shown above is an indication of the amount of pension we would pay to one of the following:

Your husband or wife or **Your civil partner** or **Your cohabiting partner**

Cohabiting partner

A 'cohabiting partner' is someone you are living with but are not married to or in a civil partnership with – some people call this a 'common law' marriage or partnership. **The LGPS does not provide a cohabiting partner benefit if you left before April 2008.**

If you were contributing to the LGPS from April 2008 to March 2014, you were allowed to nominate your cohabiting partner providing you had lived with them for at least 2 years, were free to marry or enter into a civil partnership and were financially interdependent.

Since 1 April 2014 you no longer have to nominate a cohabiting partner to be eligible for a cohabiting partner's pension. We would require your partner to provide proof of eligibility before any cohabiting partner's pension would be paid. However, if you have nominated a cohabiting partner in the past, their details are shown here:

To update your Expression of Wish details, you can either use Member Self-Service or download the 'Expression of wish for payment of death grant' form from the Resources section of our website www.norfolkpensionfund.org

Expression of Wish details for payment of lump sum life cover

Name	Percentage
Mr AB Sample	100%

If you have re-joined the LGPS in England and Wales, or do so in the future, the one-off lump sum life cover payable would be the greater of 5 x your deferred pension or 3 x your pay in your new job.

The partner's pension shown is an indication of the amount payable to the person you were married to, in a civil partnership with at the date you left the scheme, or have nominated to receive a partner's pension in the event of your death.

If you have married or entered into a civil partnership since leaving, then different amounts may be payable. Please contact us if you would like more details.

Any eligible children under the age of 18, up to the age of 23 and in full-time education, or with a physical or mental impairment, would be entitled to a child's pension in addition to the amounts shown on page 10.

Freedom and Choice

From 6 April 2015, people in **defined contribution pension schemes** were given far more choice on accessing their pension pots.

Does this affect my Local Government Pension?

The **Freedom and Choice** changes affect people in **defined contribution schemes**. The LGPS is a different type of scheme, known as a **defined benefit scheme**.

As a member of a **defined benefit scheme** you paid in a set amount to build up a **defined** range of benefits, based on your pay and length of service. This provides you with **a guaranteed income in retirement** – unaffected by the ups and downs of the financial markets – so there is no need to buy an **annuity**.

Also, there is already a feature built into your benefits package allowing you to give up some of your pension in exchange for **tax-free cash**.

So what is a defined contribution scheme?

In a **defined contribution scheme** members pay in a set amount – a defined contribution – which is invested in the financial markets to provide a pension pot. Until now members have had to use this pension pot to buy an **annuity** – an annual income is paid to them for the rest of their life.

The **Freedom and Choice** changes remove the requirement to buy an **annuity.**

People in these types of scheme will still be able to buy an **annuity** if they wish, but if they prefer they will be able to draw all their pension savings as **one 'cash' amount**.

That sounds great but only the first 25% will be tax-free, with the rest being taxed. There is also the risk that some people may take all their pension savings in one go and spend them all, leaving themselves with no money to live on in retirement.

Could I transfer my deferred LGPS pension into a defined contribution scheme?

You could transfer the value of your deferred LGPS pension into a **defined contribution scheme.** However, you could be swapping your secure, **guaranteed defined benefits** for a pension pot that relies on the performance of investment markets.

Getting the right advice

Where people are considering transferring benefits from a **defined benefit scheme** like the LGPS to a **defined contribution scheme**, they will have to take independent financial advice if the transfer value is £30,000 or more.

The Government provides an advice service called Money Helper, offering free, impartial help on money and pensions choices. Please visit **www.moneyhelper.org.uk** or call **0800 011 3797.**

You can also get personal help with your finances from Citizens Advice. They won't advise what to do, but they will offer guidance by helping you understand different financial options. For more information, please visit **www.citizensadvice.org.uk** or call **0800 144 8848.**

Want to know more about your pension?

Please come and talk to us...

We will be holding a series of Pension Clinics in October, giving you the opportunity to discuss your pension with one of our team members.

You can book an appointment for one of the dates shown below at County Hall or at the offices of Great Yarmouth, King's Lynn and West Norfolk or North Norfolk Councils.

Norwich 19, 20 and 25 October 2022
Great Yarmouth 26 October 2022
King's Lynn 27 October 2022
Cromer 24 October 2022

To book a place at one of our Clinics, please call us on **01603 495923.** Don't worry if you can't make the dates above – please let us know and we will arrange an appointment for a more convenient time at County Hall.

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The McCloud judgement

What is the McCloud judgement?

The reform of public service pension schemes in 2014/15 introduced new protections for older members. However, in December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' pension schemes were discriminated against because the protections do not apply to them. This ruling is often called the 'McCloud judgment'.

The Government subsequently confirmed changes will be made to all the main public service pension schemes, including the LGPS, to remove the age discrimination.

Will the changes apply to you?

The LGPS understand that the changes will apply to members who:

- were in service on 31 March 2012
- have service after 31 March 2014 (even if you have left the Scheme), and
- do not have a disqualifying break of more than five years when you were not a member of a public service pension scheme.

If you left the LGPS before 1 April 2014, you built up benefits in the final salary scheme only. These changes will not affect your pension.

There will be no change to your pension until you take it.

Most members are unlikely to see an increase to their pension. Where there is an increase, it is likely to be small.

What happens next?

We do not expect any changes to be introduced before April 2023.

You do not need to take any action. The Government has confirmed that members who qualify for protection do not need to make a claim for the changes to apply to them.

There is more information on the LGPS website **www.lgpsmember.org** by searching 'McCloud'.

Have you re-joined the LGPS?

If you have re-joined the LGPS with another Fund in England and Wales, or if you do so in the future, there are a few things you need to do:

- Please let your new LGPS Fund know you have a deferred benefit in the Norfolk Pension Fund (and any other LGPS Funds you may have deferred benefits with)
- You will also need to let them know of any intervening service you may have had in any other public service pension scheme (even if you received a refund of contributions for that service)
- Let us know you are an active member of another LGPS Fund in England and Wales

This will help make sure you are given the appropriate options regarding aggregation of your benefits and certain statutory rights are applied.

Queries and disputes

Please check the information in this statement carefully and let us know if you think any of the details are wrong. Most queries are easily sorted out this way; however, if you still disagree with our decision you have the right to appeal via our official dispute procedure. For more information, please refer to our 'Dispute Procedure Guide for Members' which can be found on the Resources section of our website **www.norfolkpensionfund.org**

Disclaimer

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Be scam aware!

Pension scams are on the increase. Every day fraudsters are using sophisticated ways to steal your money. A lifetime's savings can be lost in moments.

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- Don't be fooled by professional looking websites

Get independent advice

Before you make any decision about your pension savings, speak to an independent adviser authorised by the Financial Conduct Authority (FCA).

Scammers will claim to be FCA authorised, so always check the firm or person you're dealing with is listed on the FCA register at **www.fca.org.uk/register**

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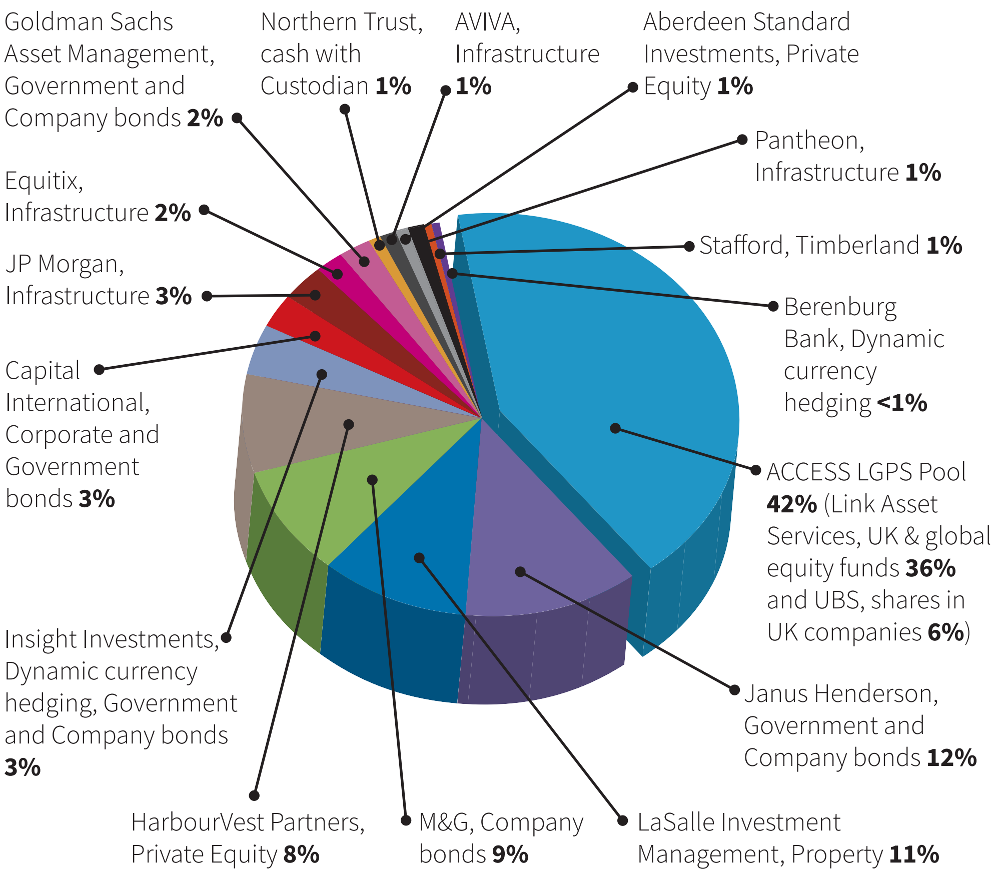

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Pensions Committee is responsible for the Norfolk Pension Fund. The Committee meets four times a year and meetings are open to the public. You can find **Pensions Committee** dates, agendas and reports on the Norfolk County Council website at **www.norfolk.gov.uk** under **What we do and how we work**.

Pensions Oversight Board

In Norfolk our local pension board is called the **Norfolk Pension Fund Pensions Oversight Board**.

Its role is to assist **Pensions Committee** in complying with all legislative requirements, making sure the scheme is being effectively and efficiently governed and managed.

The Board has an **equal number of scheme member and employer representatives**, along with an **Independent Chairman** to oversee its smooth running.

You can find out more about the Pensions Oversight Board on our website at **www.norfolkpensionfund.org**

Data protection information

Norfolk County Council on behalf of the Norfolk Pension Fund is a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit **www.norfolkpensionfund.org**

Please keep in touch!

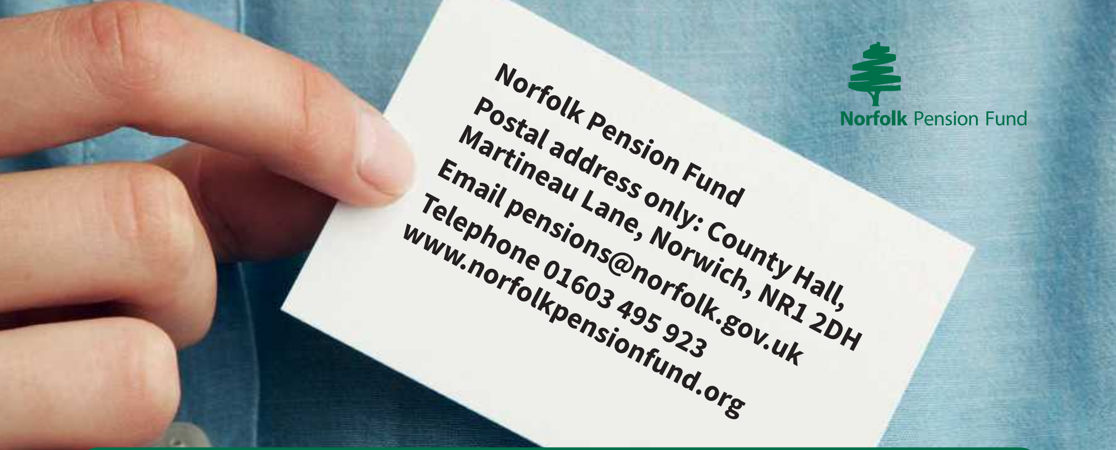
Keeping us informed of your correct contact details is very important, so please let us know if you move house or if this Annual Benefit Statement didn't arrive at your correct address.

The easiest way is to update your address details by using **Member Self-Service** on our website **www.norfolkpensionfund.org** (please see page 5 for more details if you haven't already registered.) Please do not register with an old address as we may need to send an activation letter to you.

For any other changes i.e. change of name, please upload a copy of the appropriate documentation via the secure Member Self-Service Document Upload facility.

Alternatively, you can inform us of your new details by writing to Norfolk Pension Fund, County Hall, Martineau Lane, Norwich, NR1 2DH.

Please make sure you provide your full name and National Insurance number together with the appropriate documents in any correspondence.



Norfolk Pension Fund

IN TRAN communication for all

If you need this booklet in large print, audio, Braille, alternative format or in a different language, please contact 01603 495923 or email pensions@norfolk.gov.uk

01/0000001/X/999
Mr AB Sample
1 Sample Street
Anywhere
Any Town
Any City
Any County
AB1 1BA

Employer Newsletter July 2022

Welcome to our Employer Newsletter

In this issue we focus on the Triennial Valuation of the Fund, the results of which will be used to set employer contribution rates for the three years commencing from 1 April 2023.

You can read more about the Valuation on page 2, but I'd also recommend you join us for our Employer Forum on Thursday 21 July, when Rob Bilton from the Fund Actuary (Hymans Robertson) will give an in-depth overview of the Valuation process and what it means for you as a scheme employer. The session also offers a great opportunity to ask questions about the Valuation and speak 1:1 with Rob and members of the Norfolk Pension Fund team. For the first time at this Forum, we will be trialling a hybrid format giving you the choice of joining us in person at the Norwich Professional Development Centre or virtually via MS Teams. Please see page 5 for more details.

As we approach the holiday season, I hope you get the opportunity to enjoy the summer and take a break from work.

Best wishes,

Glenn Cossey
Director the Norfolk Pension Fund

In this issue

Triennial Valuation

As you might expect for such a critical exercise, there is always a long lead into any Triennial Valuation.

Now that the 31 March deadline has passed, we are now firmly into the work to get it completed, so we are ready to communicate the results and impact to you in the late autumn.

This timescale reflects not only the complexity of the exercise, but also its importance to the Fund, our members and to you as an employer.

The Valuation (as a regulatory requirement to be undertaken every three years) is the health check on the Fund that sets the employer contribution rates for the following three years, in this case payable from 1 April 2023 to 31 March 2026. For those of you that like to look ahead, the next exercise will be at 31 March 2025.

Data Quality – a big 'thank you' and keep up the good work!

We are extremely grateful for all the hard work by so many of you to ensure we can provide high quality data to the Fund Actuary (Hymans Robertson). We recognise your efforts in moving to the i-Connect system and the benefits this brings in processing ever higher quantities of data, timeliness and data integrity. Along with our investment and accounting records, it is your data that underpins the whole process.

The focus on data quality delivers real benefits as it can reduce the margins of prudence (and ultimately cost) otherwise required where there is data uncertainty.

Regulators regularly express concerns about poor data quality and the impact this can have on members. We consistently receive positive feedback for the quality of our underlying member data and this is in no small part thanks to the work of you, our scheme employers.

Whole Fund and Individual Employer results

In June of this year, the Pensions Committee approved the assumptions (financial and demographic) that underpin the Valuation.

In early October they will be presented with initial whole Fund results. During the autumn, we will work with the Fund Actuary to validate and check individual employer level Valuation positions.

We plan to issue draft employer results to you in November so that you have time to consider them in advance of our Employer Forum event on 29 November, which we would encourage you to attend if you are able.

It will provide you with the opportunity to hear from, and talk to, the Fund Actuary (and the Fund if necessary) on your own circumstances.

We do expect a mixed range of outcomes this time, particularly in terms of the impact on employer contribution rates. Whether your employer contribution rate increases, falls, or stays the same, is a function of the specific characteristics of your historic pension liabilities and current active membership, your inter-valuation experience and the level of contributions you have paid historically.

We will also be reaching out to some employers individually where there are specific issues relating to their Valuation results and participation in the Fund. We would encourage you to actively engage in this process if it applies to you e.g. if you are on a flightpath to exit the Fund.

Triennial Valuation

Funding Strategy Statement

Work on the Valuation leads to amendments being made to the Funding Strategy Statement (FSS).

We are working with the Fund Actuary to consult on the FSS earlier in the Valuation year this time than has been possible previously. We haven't confirmed dates yet, but you should be thinking more autumn/Christmas than Christmas/New Year.

As ever we encourage you to engage with this process and take the time to fully consider the FSS.

One of the main reasons a valuation is carried out is to ensure that funding plans and strategies are appropriate for employers in light of changes that may have occurred in the financial, political and regulatory environment since the last valuation. All of these are considered as part of the Valuation exercise. Of particular interest this year is some work around the impact of climate risk on funding plans.

Rob Bilton from Hymans will be talking more about the Valuation at our hybrid Employer Forum on

Thursday 21 July. We hope that as many of you as possible take the opportunity to hear from Rob - you have the option of joining us face-to-face at the Norwich Professional Development Centre or virtually via MS Teams - please see page 5 for more details.

In the meantime, if you have any questions, please do not hesitate to call us on 01603 222139 or email us at pensions.finance@norfolk.gov.uk

National LGPS consultations and reforms

After some delay, we understand that the Department for Levelling-Up Housing and Communities (DLUHC) intends to issue an LGPS investment consultation document in the autumn.

This is likely to include the Task Force on Climate-related Financial Disclosures (TCFD) for the LGPS (which we understand will closely mirror the disclosure requirements of occupational pension scheme trustees previously issued by the Department for Work and Pensions).

The Task Force will look at the framework within which LGPS funds in England and Wales make investment decisions, how they can and should take into account environmental, social and governance issues, including the risks and opportunities associated with climate change and investment in infrastructure.

LGPS asset pooling will also feature in the consultation, as will the implications for the LGPS following the Government's levelling-up white paper.

In terms of levelling-up, we understand the Government will expect LGPS funds to publish plans for increasing UK infrastructure, housing and regeneration investments, including setting an ambition of up to 5% of assets invested in UK projects which support local areas, with the potential to unlock £16bn of LGPS investment.

i-Connect

i-Connect submissions

Remember to keep submitting your i-Connect file to us each month before the last day of the month.

You need to ensure the same values appear on your SR71 monthly remittance advice for the month as in your i-Connect file.

Data quality

As part of our ongoing data quality checks and preparation for the Triennial Valuation, we may contact you to verify and validate some member data.

If you do receive a request from us, please ensure that you respond fully and promptly.

Any delays, even by just one employer, can have an impact on key activities, such as the Valuation process, for the whole Pension Fund.

Member forms

Remember, you can use i-Connect to securely upload member forms.

Contact us

If you have any questions about i-Connect or need more users in order to submit forms to us, please contact the Technical Services Team on **01603 222132** or email **pensions.technical@norfolk.gov.uk**

Changes to employer contact details

Please let us know as soon as possible if there are any changes to the contacts within your organisation so we can update our records by completing the ***Employer Contact Details*** form available to download from the Employers page of our website **www.norfolkpensionfund.org** or by **clicking here**. You can use the form to tell us of changes to your:

- Pensions Liaison Officer (PLO)
- HR Officer
- Financial contact
- Contributions contact
- FRS102 contact
- Chief Executive Officer

Latest on the McCloud judgement

Over the last year or two we have been giving you updates on the McCloud judgement, the aims of which is to end any discrimination of protections available for younger members in public sector pension schemes, including the Local Government Pension Scheme (LGPS).

The latest news is that the Department for Levelling Up, Housing and Communities (DLUHC) response to its consultation on McCloud changes for the LGPS, expected in July, is now expected to be delayed until the autumn, with draft regulations shortly afterwards. The changes will come into force by 1 October 2023.

We will keep you up to date with any further developments.

Hybrid Employer Forum

Thursday 21 July

Please join us on Thursday 21 July when we will be trialling our first hybrid Employer Forum allowing you to participate by either:

- Attending in person at the **Norwich Professional Development Centre**, 144 Woodside Road, Norwich, NR7 9QL or;
- Virtually online via MS Teams.

This is an important session, focussing on the **Triennial Valuation** of the Fund which establishes the funding position (solvency) of scheme employers, setting your contribution rate for the three years from 1 April 2023.

The Forum also offers a great opportunity to get an update on the latest news from the Norfolk Pension Fund, the LGPS and other relevant pension issues and understand what it all means for you as an employer.

The Agenda includes the following items:

- Update on the Triennial Valuation - including the modelling of climate change risk
- Latest news on the LGPS – current LGPS issues and their impact on employers
- Investment update - focussing on our Responsible Investment (RI) strategy including ESG (Environmental, Social and Governance)
- Administration update – including the latest on i-Connect
- Ask the Panel – your opportunity to put your questions to the Fund Actuary (Hymans Robertson) and the Norfolk Pension Fund.

The meeting starts at 10.00am. If you plan to attend at the PDC, you're welcome to join us for a coffee and register from 9.30am – we hope to finish at approximately 12.15pm, followed by a buffet lunch, giving you the opportunity to speak 1:1 with Hymans, the Norfolk Pension Fund team and other colleagues.

If you would like to join the Forum virtually, or in person, please email:
pensionss@norfolk.gov.uk
by Friday 15 July.

Please also let us know if there's anything else you'd like covered or have any questions you would like addressed during the Forum.

Norfolk Pension Fund governance

Norfolk County Council, as Administering Authority of the Norfolk Pension Fund, delegates its pensions functions to **Pensions Committee** to administer the scheme on behalf of all participating employers and scheme members.

All public sector pension schemes are also required to have a local pensions board (known in Norfolk as the **Pensions Oversight Board**), to assist the Administering Authority in ensuring the effective and efficient governance and administration of the scheme.

The Governance Strategy Statement details our governance arrangements. It can be viewed on our website **www.norfolkpensionfund.org** under the 'Resources' section.

Pensions Committee news

The Pensions Committee met on 21 June 2022 with the usual contributions from Norfolk Pension Fund officers and advisors.

Alongside its regular oversight of investment and administration performance, and progress reports on the ACCESS investment pool, the Committee also considered the 2022 Triennial Valuation and an update on the Norfolk Pension Fund Strategic Review.

You can watch a recording of the public section of the meeting on the Norfolk County Council YouTube channel **here.**

The next Pensions Committee meeting is on 27 September 2022.

Pensions Committee papers can be viewed on the Norfolk County Council website **here.**

Norfolk County Councillors

Judy Oliver (Chairman)

Alison Birmingham

William Richmond

Daniel Roper

Martin Storey

District County Councillors

John Fuller

Alan Waters (Vice Chairman)

Staff representative

Steve Aspin

Pensions Oversight Board news

The Pensions Oversight Board (POB) met on 24 May 2022.

In addition to the usual administration and Pensions Committee update, the Board considered the Triennial Valuation, LGPS reform and an update on the Norfolk Pension Fund strategic review.

More information on the work of POB, and copies of meeting agenda and minutes, can be found on the Governance and Investment section of our website here.

Member Self-Service

Please remind your employees that our new Member Self-Service (MSS) online portal offers a great way for them to view their pension details quickly and securely.

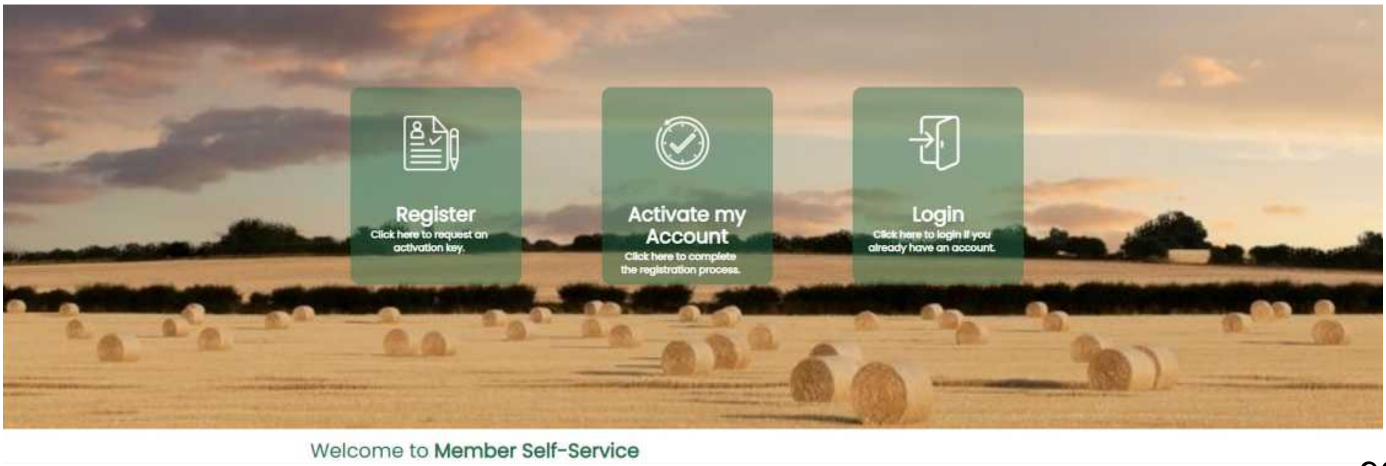
Member Self-Service can be used to :

- View pension account benefits and latest valuation
- Amend personal details, such as home address
- Update Death Grant nomination details
- Calculate pension benefits with the Benefit Projectors
- View the Annual Benefit Statement
- Upload documents and queries
- Contact us securely

The new service can be accessed from the homepage of our website at **www.norfolkpensionfund.org** by clicking 'Member Self-Service' on the menu bar or on the 'Member Self-Service' icon.

For support, we have a dedicated Member Self-Service helpline on **01603 222132** and email address **pensions.mss@norfolk.gov.uk**

To help you promote **Member Self Service** to your employees, we have produced a ***Keep in touch with your pension online*** PDF, which can be downloaded here for you to print or email.



A reminder on scams

Criminals are working harder than ever to target public sector organisations, businesses and individuals, by taking advantage of the uncertainty caused by the Covid pandemic, and people working from home.

The Norfolk Pension Fund never shares personal information in emails and would encourage you to use i-Connect to send us data and submit forms. At the Fund, we also conduct an annual audit of all our suppliers to ensure they meet data protection regulations.

National Trading Standards have a Friends Against Scams scheme which provides the following key messages, which you might find helpful when reminding employees on identifying and preventing criminal activity.

STOP - Be aware of suspicious communications such as:

- Email or text messages claiming to be from a senior person in your organisation asking for business information or to make a payment
- Emails claiming to be from a regular or new supplier asking for Direct Debit instructions to be changed
- Phone calls offering technical support for home IT network or equipment
- Government offering to help you claim for grants or tax relief

CHALLENGE - Encourage your employees to question communications

- Take time to think about what people are asking of you
- Understand that emails and texts can be spoofed to make them look genuine
- If you are in doubt speak to a colleague or line manager to get a second opinion
- Report all suspicious activity to Action Fraud
- Check requests have come from a genuine source by using contact information you know to be correct
- Only use your trusted IT support desk

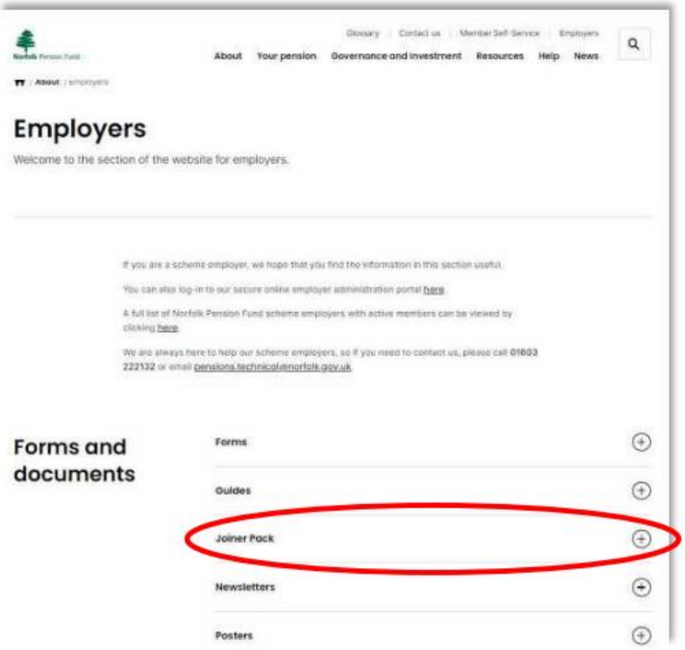
PROTECT - Report all suspicious activity

To report a scam, call **Action Fraud** on **0300 123 2040.**

For more information on Friends Against Scams, please visit: www.friendsagainstscams.org.uk

New member joiner pack

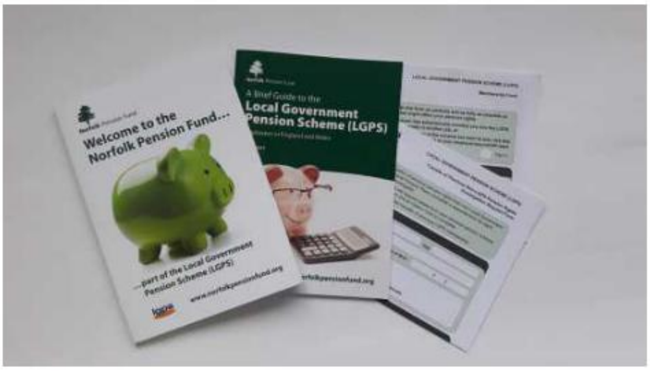
When you have a new employee, you can download PDFs of the joiner pack items for from the 'Employers' section of our website **www.norfolkpensionfund.org** under 'Forms and documents/Joiner Pack'.



You can also download the documents by clicking on the item names below.

- **A Brief Guide to the LGPS**
- **Membership Form (SR95)**
- **Non LGPS Benefits Transfer-In Request (SR96)**
- **Death Grant Form (SR81)**

The forms can be completed electronically, so you can email a copy to the employee and submit the completed form via i-Connect.



Staff transfers

Just a reminder that if you are considering options for reshaping and/or reorganising your service delivery, such as outsourcing, please let us know at the earliest stage of your planning.

What you are considering could have significant pension implications…

We can help you understand these and take account of them upfront, for example, considering what pension information you may need to include in tender documentation.

If you are considering making any changes to your service delivery, please contact **Alex Younger** at **alexander.younger@norfolk.gov.uk**

Pre-Retirement Course

If you have any employees within two years of retirement, they may benefit from the Pre-Retirement Course delivered by Norfolk County Council on our behalf.

The course, which is currently being held virtually over two half day sessions via Zoom, covers general LGPS scheme information, the process of retiring and information members should know before they leave work.

The course is free to all members of the Norfolk Pension Fund and the content includes:

- Creating a new future and managing change
- Investment and finance planning
- Ideas for leisure, sporting, and cultural activities
- Volunteering opportunities
- Information about the Local Government Pension Scheme

Next Course Dates

- 22 & 29 September 2022 (two half days)
- 8 & 15 November 2022 (two half days)

To book a place please contact

Norfolk Development Team

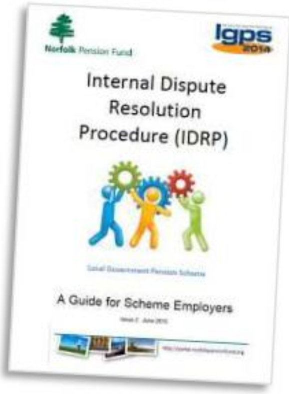
01603 224114

hrld@norfolk.gov.uk

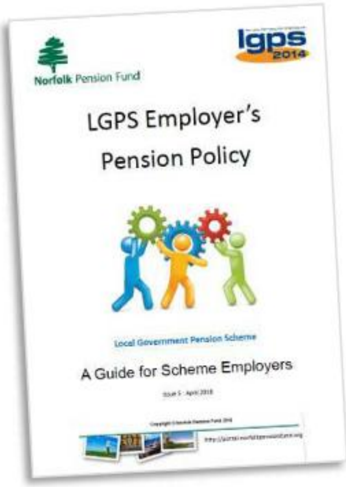
Norfolk County Council employees can book via myOracle Learn.

Employer's Pension Policy and Internal Disputes

Just a reminder of the importance of keeping your Employer Pension Policy up to date. Your Employer Pension Policy should be sent to **graham.trussell@norfolk.gov.uk** within one month of joining the scheme and as soon as possible after making any update.



For more information, please see the **Employer Pension Policy Guide (G060)** available on the Employers section of our website **www.norfolkpensionfund.org** under 'Forms and documents/Guides'.



The Policy usually specifies the person that your employees should contact in the first instance of any dispute.

For more information about managing Internal Disputes, please refer to the **Employer IDRP Guide (G070)** which can be found on the Employers section of our website **www.norfolkpensionfund.org** under 'Forms and documents/Guides'.

There is also the **Scheme Member Guide to Disputes (G071)** available at **www.norfolkpensionfund.org/help/compliments-complaints-and-disputes/**

Contact Details

(Postal address only)
County Hall
Martineau Lane
Norwich
NR1 2DH

Pensions Administration
pensions@norfolk.gov.uk
01603 495923

Investment, Accountancy and Actuarial Services
pensions.finance@norfolk.gov.uk
01603 222139

Online, Technical and i-Connect Queries
pensions.technical@norfolk.gov.uk
01603 222132

www.norfolkpensionfund.org

Norfolk Pension Fund

lgps | Local Government Pension Scheme

IN TRAN communication for all

If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please call 01603 222824 or email pensions@norfolk.gov.uk

10 YEARS

10 Years of Collaboration
National LGPS
Frameworks
By the LGPS, for the LGPS

News Bulletin

Edition 7 – August 2022

‘by the LGPS, for the LGPS’

Welcome to the Summer Edition of our Newsletter.

Where is 2022 going? Our last bulletin back in January seems only 5 minutes ago and now we are already well into August! We hope you are managing to get a well earned break this summer.

As ever it has been a busy few months for the National LGPS Frameworks team with the launch of both the Stewardship Services Framework and the Pensions Administration Operational Support Services Framework. More information about both of these can be found in this bulletin.

Two further Framework procurements - Investment Management Consultancy Services and Legal Services - are also well underway, with many thanks to the Founders who are supporting these.

It has also been great to be able to catch-up with so many of you in person again either at the PLSA Local Authority Conference in June or at the LAPF Strategic Investment Forum in July.

We hope you find the News Bulletin informative. As always please do get in contact if you have any questions. Thank you for your continued support.

Jo Quarterman,
Director, National LGPS Frameworks

Leon Thorpe,
Head of Operational Services and Support

Highlights in this edition…

What the National LGPS Frameworks offer

The National LGPS Frameworks save time and money by reducing the time and costs associated with the procurement process by offering a facility that has already been competitively tendered. Each Framework also has a comprehensive set of user documentation to help you in your Further Competition or Direct Award. You can find further information on all Frameworks at www.nationallgpsframeworks.org or by calling our helpline on **01603 306846**.

You can see more about all the services available under current Frameworks later in the Bulletin.

IMPORTANT: Please make sure you note the end dates of Frameworks when you are planning and preparing your call-off. If you are planning to use a Framework which is expiring this year, your Contract Award must be completed by the expiry date of the Framework (although contracts let under the Framework can be for longer periods).

Services available via the National LGPS Frameworks

There are currently nine live National LGPS Frameworks available to all LGPS Funds, LGPS Pools and Employers and the wider public sector nationally for the procurement of pensions related services from a range of specialist qualified providers:

- Actuarial, Benefits and Governance Consultancy Services
- Global Custody Services
- **Investment Management Consultancy Services** **(expires October 2022)**
- Legal Services
- **Member Data Services** **(expires September 2022)**
- Pensions Administration Operational Support Services
- Pensions Administration Software
- **Transition Management and Implementation Services** **(expires November 2022)**
- Stewardship Services Framework

IMPORTANT: Please make sure you note the end dates of Frameworks when you are planning and preparing your call-off, especially if you are planning on using the Investment Management Consultancy Services, Member Data Services or the Transition Management and Implementation Services Frameworks in the coming weeks. If you are planning to use a Framework which is expiring this year, your Contract Award must be completed by the expiry date of the Framework (although contracts let under the Framework can be for longer periods).

For further information and services included regarding a particular Framework and joining information please refer to our website https://www.nationallgpsframeworks.org/. You can also contact our team via nationalLGPSframeworks@norfolk.gov.uk or by calling our helpline on 01603 306846 and we will be happy to help you.

Framework update - Member Data Services

The National LGPS Framework for Member Data Services is due to expire to expire on 9th September 2022. Please remember that if you are planning to run a Further Competition via this Framework, your Contract Award must be completed by the expiry date of the Framework (although contracts let under the Framework can be for longer periods).

We are exploring the possible use of other, perhaps more suitable procurement vehicles to deliver the services provided under this Framework going forward. This means that there will be a gap in service between the expiration of this Framework and the commencement of any new procurement vehicle. We aim to have the best solution in place as soon as possible.

If you have a query regarding the expiration of this Framework or any thoughts and ideas for the future of this Framework and the services it should cover these would be most welcome. You can get in touch with us by email at nationalLGPSframeworks@norfolk.gov.uk or by calling our helpline on 01603 306846.

Website News

The National LGPS Frameworks website has recently undergone a series of tests and updates, to improve security and user experience, and to ensure that the site is working to its full capacity. This included a penetration test undertaken by a government accredited company.

If you experience any issues with the website, or if you would like access to the secure Document Portal, please contact the Frameworks team.

Latest Frameworks Recently Launched

The beginning of 2022 has been a busy time for the National LGPS Frameworks– since our last Bulletin back in January, with the support of Funds and Pools acting as Founders, we have launched two new Frameworks (Stewardship Services and Pensions Administration Operational Support Services) and kicked off the procurement process for the new Investment Management Consultancy Services Framework (planned to be available in November 2022) and Legal Services Framework (planned to be available in January 2023).

Stewardship Services Framework

The second iteration of this Framework went live in May 2022 and will be available for Further Competition and Direct Award until 31 March 2026.

There are 11 Providers on the Framework split across four Lots. The Framework now includes a Lot designed for Stewardship Reporting and Projects (Lot 4) where you can Direct Award to a chosen Provider:

- **Lot 1:** Voting Services
- **Lot 2:** Engagement Services
- **Lot 3:** Voting and Engagement Services
- **Lot 4:** Stewardship Reporting and Projects

To find out more details about the services available through the Framework then please visit our website by clicking here.

Pension Administration Operational Support Services Framework

This new Framework builds upon some of the most used services within the earlier Third Party Administration Services Framework. The Framework went live in May 2022 and will be available for Further Competition and Direct Award until 30 April 2026.

There are 14 Providers on the Framework split across two Lots.

- **Lot 1:** Pensions Administration Operations Services
- **Lot2:** Specialist Pension Communications and Engagement Services

To find out more details about the services available through the Framework then please visit our website by clicking here.

Frameworks Launching 2022/2023

The Procurement process has already kicked off for a couple of Frameworks which will launch in 2022 and early 2023, these are:

- **Investment Management Consultancy Services Framework 2022**

  This is the third iteration of this Framework. We are in the process of letting this Framework, which we hope will launch in November 2022. This will replace the current Framework which is due to expire in October. The new framework will include an additional Lot for Investment Management Cost Monitoring and Reporting which was previously included in the expired Investment Management Performance and Cost Monitoring and Reporting Services Framework

- **Legal Services Framework 2023**

  This is also the third iteration of this Framework. We are in the process of letting this Framework which we hope will launch in early January 2023 upon expiry of the existing Framework.

We will keep you updated with progress on both of these Frameworks over the coming months. In the meantime, if you would like to get in touch with us about any of the Frameworks mention above, please contact us using our contact details which can be found at the bottom of this Bulletin.

Global Custody Services Framework - Form X update

In February this year, the National LGPS Frameworks team worked with technical advisors Mercer Sentinel to update the Form X scores for each of the providers on the Global Custody Services Framework.

When the Framework was first set up, Mercer independently evaluated and scored each Service Provider, based on the technical proposals submitted in Providers' applications to join the Framework. These scores are then provided to users of the Global Custody Services Framework to assist them with their Further Competitions, so a yearly refresh of the scores occurs in order to ensure that information is completely up to date.

The new scores for the providers have been updated and are now included in the documentation for the Global Custody Services Framework, so users can use these to inform their decisions when running a Further Competition.

If you are looking to run a Further Competition through the Global Custody Services Framework, please make sure you have the latest issue of the documents. Please contact us if you are unsure if you have the latest version, or if you would like any information on the Global Custody Services Framework.

PLSA Viewpoint Summer Article 2022

The Team were delighted to contribute an article for the Summer 2022 PLSA Viewpoint online publication celebrating 10 years of successful collaboration 'By the LGPS, For the LGPS'.

The article looks back to 2012, the year the Queen celebrated her diamond jubilee and we all enjoyed the London Olympics. It was also the time when the LGPS responded to the Lord Hutton Independent Public Services Pensions Commission report published in 2011. One of the recommendations in the report was for greater collaboration between Pension Funds — and in 2012 the first National LGPS Framework was let!

Over the last 10 years Funds and Pools, supported by the National LGPS Frameworks team, have worked together to offer a total of 18 Frameworks (nine expired and nine live) and currently have two Frameworks being re-let, with 99% of LGPS Funds and all LGPS Pools accessing at least one of the Frameworks.

You can read the full article on pages 31 and 32 https://www.plsa.co.uk/Viewpoint/Read-online .

Recently awarded a contract?

If you have recently awarded a contract under a National LGPS Framework please let us know by emailing nationalLGPSframeworks@norfolk.gov.uk.

This helps us monitor the amount of work going through each Framework along with ensuring any rebate (Framework dependent) due to users can be correctly distributed at the end of each financial year.

Transforming Public Procurement

The recent introduction of the Public Procurement Green Paper to the House of Lords has resulted in an increased focus on the subject matter.

At the National LGPS Framework team, we are also following the progress of the Green Paper. The Bill is currently at the Committee stage with a proposed 'go live' date of 2023 at the earliest. Whilst the drafting may change during the Parliament transition, a summary of the Bill has been published to the gov.uk website The Procurement Bill - a summary guide to the provisions - GOV.UK (www.gov.uk) This first stage of the Bill addresses the primary legislation, with the secondary legislation to follow prior to the Royal Assent.

Pensions Dashboard readiness

Integrated Service Provider requirements for the Pensions Dashboard Programme

We are mindful of the progress with the Pensions Dashboard programme and have written to all providers on the Pensions Administration Software Framework asking them to confirm their intention to become an Integrated Service Provider (ISP) in this context.

We have also asked them to share more detail about their proposed offerings including:

- any requirement for ISP specific Terms and Condition (above what is currently contained within the Call-off Terms and Conditions for the existing Pensions Administration Software Framework)
- estimated timescales for availability
- Implementation and running costs

We hope to provide a further update to PAS Framework users later this month.

Go Awards

The National LGPS Frameworks team were delighted to be shortlisted for 'Procurement Team of the Year - Other Organisations' at the 2022 UK National GO Awards.

The award ceremony was held at the Hilton Metropole Birmingham on the 25th of May and hosted by TV presenter Holly Hamilton, and a fantastic night was had by all!

While we were disappointed not to win, we are proud to have been shortlisted and to achieve recognition for the hard work done by the team and by the wider Founder group. At next year's awards, we will be aiming to come back with the trophy!

National LGPS Framework welcomes new team members

Due to the continued growth of the project, the National LGPS Frameworks have recently recruited two new team members, who joined the team in April and May this year.

Aaron Copeman and Emma Riley have joined the team as National LGPS Framework Officers. You will get to know them more over the coming months but we would like to take this opportunity to introduce them and give them a big welcome to the Team!

Aaron Copeman

I have recently joined the National LGPS Frameworks team as a Frameworks Officer. To date I have been following a Procurement career path within the private sector. A key part of my previous role was to deliver value to the stakeholders and to navigate the, often tricky, supply of raw materials.

Last year I completed the CIPS Diploma qualification and have recently started the next level. The industries I have previously worked in are Engineering, Agriculture and Construction so Pensions is a new area for me. I look forward to working with you all.

Emma Riley

I have recently joined the National LGPS Frameworks team as a Frameworks Officer. My working background has been predominantly in Pensions. Prior to this new role, I worked for the Local Government Pension Scheme here in Norwich, in the Member Services team for 17 years.

I have a good knowledge and understanding of the LGPS having seen the scheme develop and change over the years. I am excited to begin working within the procurement team and I look forward to meeting and working with you!

The National LGPS Frameworks Team

Jo Quarterman
Director, National LGPS Frameworks
Jo.quarterman@norfolk.gov.uk

Leon Thorpe
Head of Operational Services and Support
Leon.thorpe@norfolk.gov.uk

Katie Willson
Senior Frameworks Officer
katie.willson@norfolk.gov.uk

Aaron Copeman
Framework Officer
aaron.copeman@norfolk.gov.uk

Emma Riley
Framework Officer
emma.riley@norfolk.gov.uk

Jamie Freeman
Frameworks Officer
jamie.freeman2@norfolk.gov.uk

Louise Reeves
Business Support Officer
louise.reeves@norfolk.gov.uk

Holly Glasson
Frameworks Assistant Officer
holly.glasson2@norfolk.gov.uk

Want to know more?

If you would like to find out more about the Frameworks mentioned above, or any other National LGPS Frameworks please visit https://www.nationallgpsframeworks.org/ or contact us on the details below.

We also have a news section on our website where you can keep up to date with news articles we publish, along with the entire back catalogue of National LGPS Frameworks news bulletins!

www.nationallgpsframeworks.org

Helpline 01603 306846

General Enquires nationaLGPSframeworks@norfolk.gov.uk

Officer Representation on behalf of the Pension Fund

During the period since the last Pension Committee, the following meetings and events have occurred – *the majority of meetings were 'virtual' due to the Covid-19 Pandemic:*

GC: Glenn Cossey, **AY:** Alex Younger, **JQ:** Jo Quarterman, **MA:** Mark Alexander, **EW:** Eunice Walcott, **DK:** Debra Keeling, **LT:** Leon Thorpe, **SJ:** Sarah Jukes, **SA:** Sam Ayling, **LC:** Laura Carter-Rigg, **MT:** Management Team

ACCESS regular meetings
AY / GC (JQ sub) attend Officer Working Group (fortnightly)
AY attend Investment User Group (monthly)
AY attend Non-Listed Sub-Group (monthly)
AY attend Active Listed Sub-Group (monthly)
GC attend quarterly Joint Committee meetings

Other regular meetings
MA/DK attend SECSOG (monthly)

Investment / Fund Managers
Monthly updates with GC/AY

National LGPS Frameworks
The National Frameworks team have held meetings with Funds, Pools and Service providers

Regular Webinars
LGPS Live Webinar Series

Other meetings and events

Date	What	Who
June		
22/06/22	Capital Quarterly Review Call	AY
22/06/22	HarbourVest Review Call	AY
28/06/22	LGPS Practitioner Meeting	GC
July		
05/07/2022	LAPF Strategic Investment Forum	AY/SA/LT
11/07/22	Stafford Review Meeting	AY
21/07/22	Employer Forum	All
26/07/22	DLUCH re LGPS Frameworks	JQ/LT
28/07/22	ACCESS Linked-in training	GC
August		
03/08/22	Janus Henderson Portfolio Review	GC/AY
17/08/22	S151 meeting	AY
17/08/22	InfraCapital Review Meeting	AY
September		
02/09/22	Janus Henderson Transition Meeting	AY/SJ
05/09/22	LGPS Live Webinar	AY (presenter)
06/09/22	POB meeting	GC/JQ/EW/MA
8 & 9 09/22	LGC Conference	JQ/LT/EW
15 & 16 09/22	Valuation employer results meeting with Hymans	GC/AY/SA

CIPFA – Chartered Institute of Public Finance and Accountancy	LAPF – Local Authority Pension Fund
LGA – Local Government Association	LGC – Local Government Chronicle
LGPS – Local Government Pension Scheme	PLSA - The Pensions and Lifetime Savings Association

APPENDIX J

Pensions Committee forward programme – as at 27 September 2022

Pensions Committee	Pensions Committee	Pensions Committee	Pensions Committee	Committee Training
6 December 2022	**21 March 2023**	**June tbc**	**September tbc**	
Administration Report	Administration Report	Administration Report	Administration Report	• Risk Attitude/Boundaries • Valuation • TCFD • LGSP Pooling • LGPS Good Governance • tPR's Combine Code • Enhanced Yield Assets
Update from Pensions Oversight Board	Update from Pensions Oversight Board	Update from Pensions Oversight Board	Update from Pensions Oversight Board	
ACCESS Pooling Update	ACCESS Pooling Update	ACCESS Pooling Update	ACCESS Pooling Update	
Risk Register Report and Compliance with Breaches Policy	Corporate Governance and Shareholder Engagement Report (including Carbon Reporting)	Risk Register Report and Compliance with Breaches Policy	Corporate Governance and Shareholder Engagement Report (including Carbon Reporting)	
Investment Strategy Update	Investment Strategy Update	Investment Strategy Update	Investment Strategy Update	
Enhanced Yield Portfolio Review	Enhanced Yield Portfolio Review			
2022 Triennial Valuation – Funding Strategy Statement	2022 Triennial Valuation – Final Valuation Report Sign-off			
Investment Manager: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	

Pensions Committee

Item No: 6

Report title:	**Update from the Pensions Oversight Board**
Date of meeting:	**27 September 2022**
Responsible Director:	**Simon George, Executive Director of Finance and Commercial Services** **Glenn Cossey, Director of the Norfolk Pension Fund**

Executive Summary

This report updates the Pensions Committee on the work of the Pensions Oversight Board.

Recommendations

Pensions Committee is invited to note the contents of this report.

1. Background

1.1 This report updates the Pensions Committee on the work of the Pensions Oversight Board (POB). The last update was given at the 21 June 2022 Committee Meeting.

2. Pensions Oversight Board meetings

2.1 The Board last met on the 6 September 2022. The agenda for this meeting is at Appendix A.

2.2 In addition to the regular strategic and operational oversight and updates, the Board received an update on the 2022 triennial valuation plans and process, delivered by Rob Bilton, Hymans Robertson, and a detailed update on the impact of scheme reform on administration services, scheme members and employers from Mark Alexander, Norfolk Pension Fund's Pension Services Manager. The Board also considered arrangements for the appointment of a Vice Chair in the absence of the Independent POB Chairman, and an update on the proposed arrangements for observation of ACCESS Joint Committee meetings by Local Pension Boards.

2.3 The minutes of the Board meeting of the 24 May 2022 are at Appendix B.

2.4 The Board next meets on 8 November 2022, when they will be provided with an update on the Norfolk Pension Fund's Risk Management and Cyber and Data Security frameworks and controls.

2.5 Whilst the Board continues to meet regularly on a virtual basis (and has done throughout the pandemic), this meeting will be the first in person Board meeting since February 2020.

3. Knowledge and Skills

3.1 Along with members of Pensions Committee and Fund Officers, Board members have access to the LGPS Online Learning Academy.

3.2 Induction training has been provided for all new Board members and POB are invited to attend training and webinars alongside Pensions Committee, in line with the Norfolk Pension Fund training strategy.

4. Financial and other Resource Implications

4.1 At the time of writing this report there are no additional financial or other resource implications beyond those already budgeted for and approved by Committee.

5. Risk Implications/Assessment

5.1 Any risk implications relating to this report will be recorded on the Fund's risk register.

6. Other Implications (Inc. Equality Impact Assessment (EqIA))

6.1 Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

7. Data Protection Impact Assessments (DPIA)

7.1 We have not identified any data protection implications for the content of this report.

8. Recommendation

8.1 Pensions Committee is invited to note the contents of this report.

9. Background Papers

9.1 Appendix A: POB Agenda 6 September 2022

Appendix B: POB minutes 24 May 2022

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

Officer name : **Glenn Cossey** **Tel No. :** **01603 228978**

Email address : **glenn.cossey@norfolk.gov.uk**

IN TRAN communication for all

If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

APPENDIX A

Norfolk Pension Fund

Date: **Tuesday 6 September 2022**

Time: **10:00am**

Venue: **Virtual Teams Meeting**

Membership

Chairman
Brian Wigg

Employer Representatives

Cllr Chris Walker	Poringland Parish Council
Sally Albrow	Norfolk County Council
Howard Nelson	DNEAT

Scheme Member representatives

Frances Crum	Active / Deferred member
Jonathan Dunning	Trade Union
Peter Baker	Pensioner member

Agenda

1. Welcome and Introduction

2. Apologies
   To receive apologies

3. Minutes and matters arising
   To agree the minutes of the meeting held on the 24 May 2022.

4. Declarations of interest
   Members to declare any conflict of interest. For the purposes of a member of a Local Pension Board (the Pension Oversight Board), a 'conflict of interest' may be defined as a financial or other interest which is likely to prejudice a person's exercise of functions of a Local Pension Board. (A conflict does not include a financial or other interest arising merely by virtue of being a member of the LGPS / Norfolk Pension Fund).

   Therefore, a conflict of interest may arise when a member of a Local Pension Board:
   - must fulfil their legal duty to assist the Administering Authority; and
   - at the same time they have:
     - a separate personal interest (financial or otherwise); or
     - another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility as a Local Pension Board member.

5. Vice Chair
   To confirm arrangements for the day in the absence of the Chairman of the Pensions Oversight Board

6. Items of urgent business
   To receive any items of business which the Chairman decides should be considered as a matter of urgency.

7. Pensions Committee
   Feedback from the Pensions Committee meeting on 21 June 2022 and items to be raised at the 27 September 2022 meeting.

8. LGPS Reform
   Update on latest reform

9. Norfolk Pension Fund operational update
   An update on operational performance and issues and an update on future service delivery.

10. Hymans Robertson Valuation update
    A presentation by Rob Bilton, Hymans Robertson, on progress with the 2022 triennial valuation plans and process.

11. Scheme Administration – reform and development update
    A presentation by Mark Alexander, Pension Services Manager, on ongoing scheme reform and the impact on scheme members, employer and the Norfolk Pension Fund.

12. ACCESS
    To receive an update on ACCESS, including arrangements for Local Pension Board observation of Joint Committee meetings

13. Internal Audit reports
    To receive the latest internal audit reports:

14. Risk Management
    To receive the risk update and heat map.

15. Knowledge, skills and training

16. Forward work programme for the Pensions Oversight Board

17. Date of next meeting: to confirm the dates of the next meetings

Contact for questions about this agenda: Jo Quarterman, Head of Governance, Norfolk Pension Fund jo.quarterman@norfolk.gov.uk Tel.: 01603 223950 Date agenda published: 30 August 2022

APPENDIX B

Norfolk Pension Fund

Minutes of the Norfolk Pension Fund Pensions Oversight Board meeting held on Tuesday 24 May 2022

Present:

Chairman
Brian Wigg

Employer Representatives	
Sally Albrow	Norfolk County Council
Scheme Member Representatives	
Frances Crum	Active / Deferred member
Jonathan Dunning	Trade Union
Peter Baker	Pensioner member
Also Present	
Jo Quarterman	Business Development and Project Manager, Norfolk Pension Fund
Glenn Cossey	Director of the Norfolk Pension Fund
Tim Shaw	Committee Clerk

1. Welcome and Introduction

1.1 The Chairman welcomed Sally Albrow (Norfolk County Council and Jonathan Dunning (Trade Union) to their first meeting of this "virtual" Teams meeting of the Pensions Oversight Board.

2 Apologies for Absence

2.1 Apologies for absence were received from Howard Nelson and Cllr Chris Walker.

3. Minutes

3.1 The POB agreed the minutes of the meeting held on 9 February 2022.

4. Declarations of Interest

4.1 There were no declarations of interest, but it was noted during the meeting that Frances Crum would be declaring her membership of the branch executive of UNISON on the declaration form in the conflicts section. This would mean that she did not need to repeat the declaration at every POB meeting and would only need to raise it again should there be an agenda item that gave rise to a potential conflict of interest.

5 Vice-Chair

It was agreed that the appointment of a Vice-Chairman should be an item on the agenda for the next meeting of the Board when it would be possible to hear the views of those members who were unable to attend today's meeting.

6 Items of Urgent Business

6.1 There were no items of urgent business.

7 Feedback from the Pensions Committee meeting on 1 March 2022 and items to be raised at the meeting on 21 June 2022.

7.1 The POB noted that today's meeting would be the subject of a report to the Pensions Committee on 21 June 2022.

7.2 The Pensions Committee on 1 March 2022 had approved the Norfolk Pension Fund operational budget for 2022/23 (at just under £4m). This budget was administered separately from that of the County Council. The Committee had also received several regular operational reports.

7.3 The June 2022 meeting was due to receive a report on risk management and a presentation from the Fund Actuary about the latest position with the Fund's triennial valuation exercise. This would examine the strategy for academy schools and seek approval for the assumptions that underpin the valuation on such issues as investment return, pension increases, longevity, mortality, salary increases etc.

8 LGPS Reform

8.1 POB received an update about the ongoing national reform programme and other issues within the LGPS.

8.2 The presentation provided an update on the following regulatory reforms:

- £95k payment cap and reform: consultation was expected later this year.
- McCloud: the final regulations were expected in Summer 2022 with guidance in Autumn/Winter 2022 and the remedy implemented in Autumn 2023: Mark Alexander continued to

assist Heywood’s (the NPF software provider) in finding a software solution based on the draft guidance. The remedy was expected to impact scheme members who were already retired. They together with those active/ deferred members who were coming up to retirement would be treated as a priority.

- Regulatory reforms on climate reporting (TCFD) and the next steps on pooling were now anticipated in Autumn 2022.
- The Autumn consultation was also expected to cover issues arising from the Levelling Up White Paper. An important aspect of this consultation for the LGPS was expected to be the Government’s ambition for LGPS funds to put in place plans to have up to 5% of the value of their funds in UK wide local investment for regeneration purposes. This would not be a mandatory requirement. The consultation could include existing infrastructure and regional investment allocations. The Pensions Committee had already started on this route in 2018/19 with an allocation to infrastructure projects.
- Good Governance: recommendations were presented by the SAB to DLUCH ; statutory guidance is anticipated as a result.
- TPR combined code: this new code, combining and updating the current 15 Codes, is expected to come into force in the Autumn.
- Pensions Dashboard: this national software portal is intended to provided individuals with a single source of pensions information that was specific to them. This was expected to be rolled out starting sometime in 2023, with ‘go live ‘ for the LGPS in 2024.
- Goodwin: an update was requested for the next meeting.

8.3 It was noted that everyone within the LGPS was working together to find common solutions to issues that arose from the national reform programme.

9 Norfolk Pension Fund operational update and future service delivery)

9.1 POB received an update on operational performance and issues that included the latest CIPFA benchmarking data and an update on future service delivery.

9.2 POB noted the following about the Key Performance Indicators (KPIs):

- Estimate of Retirement Benefits and Actual Retirement Benefits took priority over other tasks.
- KPI data for April/ May 2022 showed how a change in service priorities had impacted on functions and activities that were carried out by the Pensions Payroll Team. During this period the team had to focus their efforts on making sure that pensions increase calculations and tax changes were processed without delay. This had temporarily impacted on the

team’s ability to meet some of the other delivery targets.

9.3 CIPFA Benchmarking Club data showed a comparatively strong set of performance data figures for the Norfolk Pension Fund on KPI data when compared to other LGPS funds. The Benchmarking Club data also showed Norfolk to be in a favourable position regarding the administrative costs per member. The data showed a club average cost per member of £21.53 compared to the Norfolk Pension Fund at £19.56. When these figures were previously reported to POB they had shown the NPF position to be closer to the club average.

9.4 It was suggested that POB’s thanks to the staff for the above average benchmarking performance data should be mentioned in the next staff newsletter.

9.5 Future Service Delivery

- Background
  - ➢ Reviewing service delivery & accommodation requirements, post pandemic and in light of Lawrence House lease ending soon (Feb 2023)
  - ➢ Build on best of pre-and pandemic working experiences –to offer better service looking ahead
  - ➢ Evidence based approach used: gathered, tested and analysed data from Scheme Members and Employers
  - ➢ Also considering the needs of the Pension Fund, teams and individuals.
- Findings
  - ➢ Convenience of a digital service alongside the assurance of more ‘traditional’ services
  - ➢ Pension Fund (and teams and individuals) would benefit from more flexible facilities to support training & development, wellbeing & support etc. alongside service delivery
  - ➢ Would like to explore a new service model based on a central HQ supplemented by in person opportunities in more accessible locations, including outside Norwich, e.g. member clinics.
- Costings
  - ➢ Self contained office facility at County Hall offered “free of charge” saving the Fund £180K pa in rent/service charge.
  - ➢ Dilapidation costs upon exit of Lawrence House estimated to be in the region of £120 to £180K.
  - ➢ One-off relocation expenses £20K.
  - ➢ Any costs associated with supporting service clinics will be brought back to Committee for approval.
- Current position
  - ➢ Using Mezz as a base (although still work to be completed) –proving popular with the team so far and provides a private space for sensitive discussions. There

was an accessibility lift for the Mezz area and a single meeting room in the office space provided.
- ➢ Decommissioning process started at Lawrence House.
- ➢ Next steps / future ways of working: analysis / design progressing.
- ➢ Group phone numbers were used to access the team without going through the County Hall system.

POB had a 10- minute break at this point in the proceedings and agreed to change the order in which items would be considered during the remainder of the meeting although for ease of reference items remain listed in these minutes in the order in which they appear on the agenda.

10 Strategic Review Update

10.1 POB received an update on progress across the different workstreams as the Strategic Review Programme was completed and the steps that followed started to take shape.

10.2 A full closure report would be presented to the Pensions Committee in June 2022 (a draft of the report was presented to POB Members with the agenda for today's meeting).

10.3 For the benefit of new POB Members, the seven project workstreams and the overall purpose of the review were explained. The overall aim was defined as "to reduce some of the high-risk areas identified and establish a secure basis for the administration of the scheme."
Work on any outstanding individual workstreams would continue as part of the usual service planning process.

10.4 The presentation to POB provided an update on the review workstreams:

- Information was contained in regular reports to Committee and POB.
- Progress was interrupted by COVID.
- The Programme was closing.
- A Project Closure report was being prepared for Committee setting out:
  - ➢ Progress against each recommendation
  - ➢ Next steps under BAU
  - ➢ Draft copy shared with POB
  - ➢ Also includes key lessons learnt

11 Hymans Robertson Valuation Update

11.1 POB received a presentation by Rob Bilton of Hymans Robertson on progress with the 2022 triennial valuation which was a key risk management exercise for the Fund.

11.2 The presentation by Rob Bilton explained:

- The reasons why there was a triennial valuation for the benefit of new POB members.
- Outputs of the valuation in terms of liabilities and assets.
- The ways in which the valuation outputs would be communicated to Committee, employers and other stakeholders.
- Progress to date
    - The valuation timetable.
    - Engagement with NPF officers to date.
    - The detailed week-by-week plan in place to smoothly delivery the valuation
    - Data cleansing
    - Identification of any material issues present in data – none found.
    - Review of funding and investment strategy
    - Considering climate change risk.
    - Next steps on funding strategy-including the investment strategy for academies and the assumptions that underpin the Fund.
    - What was coming up next—and the aim to give employers as much notice as possible in terms of contribution rates.

11.3 It was agreed that background paperwork from previous presentations on climate change risks and how this impacted on the triennial valuation would be circulated to POB members.

11.4 Thanks were placed on record to Rob Bilton for the presentation.

12 ACCESS

12.1 POB received an update on ACCESS, including arrangements for Local Pension Board observation of ACCESS Joint Committee meetings (JC) which were circulated with the agenda for today's meeting.

12.2 For the benefit of new POB Members, it was pointed out the Government required LGPS Funds to work together to "pool investments to significantly reduce costs, while maintaining investment performance". The ACCESS Pool (of which the Norfolk Pension Fund was one of 10 members) was governed by a Joint Committee (JC) made up of one elected councillor from each authority's Pensions Committee. The Norfolk Pension Fund was represented by the Chair of Pensions Committee.

12.2 It was not possible to say at this stage when the POB would be invited to observe the JC, which depended on the date by which every authority signed their inter-authority agreement. The two Norfolk POB observers on the JC would need to be considered at a future POB meeting.

13 Internal Audit Reports

13.1 POB was informed about progress as part of the internal audit work plan against Strategic Review recommendations which was done as a Management Letter rather than as part of an internal audit and provided an assurance for all interested parties as the strategic review came to an end.

13.2 The Management Letter showed that the Norfolk Pension Fund had delivered (or had plans in place to deliver) against all 18 strategic review recommendations.

14 Risk Management

14.1 POB received the latest risk update and heat map that showed risk movement in terms of governance, funding and investment and benefits administration. The heat map included a new risk identified at a previous POB meeting about smarter working and new ways of working. The heat map would be further updated for the June 2022 meeting of the Pensions Committee.

14.2 In reply to questions, it was pointed out that the new means of delivering the service would be treated as an amber risk and carefully monitored. The risk register was continually updated and reported regularly to POB and Pensions Committee.

14.3 The risk management framework would be added to the forward work programme to be considered at a future POB meeting.

14.4 The Norfolk Pension Fund had changed its approach to the recruitment of benefits administration staff and other posts where there was a lack of skilled resource. The person specifications for such posts no longer listed previous experience of the LGPS as an essential requirement. The NPF was successfully taking on staff from other suitable backgrounds and then providing them with in depth training about the LGPS.

15 Knowledge, Skills and Training

15.1 POB received an update on:

- Online Learning Academy developed by Hymans which could be taken in bite sizes.
- Webinars. These were often recorded and catalogued for training purposes. It was important for the Norfolk Pension Fund to maintain a record of POB members understanding of the LGPS.

- Conferences

15.2 It was noted that the issue of “knowledge and skills” was largely addressed with Board Members between Board meetings but would continue to be included in the agenda for meetings so that sufficient time could be allocated for this purpose.

16 Forward Work Programme for the Pensions Oversight Board

16.1 The following issues taken from the 2021/22 work programme would continue in 2022/23:

- New Employer Services team
- Cybersecurity. This was seen as a big challenge for the Pension Committee and a high priority for POB
- Valuation oversight
- Future Service Delivery
- Overview of budget setting process
- Risk management framework (added as an additional forward work item earlier in this meeting).

17 Future Meeting dates

17.1 Meeting dates for the coming year:

- 6th Sept 2022
- 8th November 2022 to be an in person meeting at County Hall
- 28th Feb 2023

Chair

Pensions Committee

Item No: 7

Report title:	**Draft Pension Fund Annual Report and Accounts 2021-22**
Date of meeting:	**27 September 2022**
Responsible Director:	**Simon George, Executive Director of Finance and Commercial Services** **Glenn Cossey, Director of Pensions**

Executive Summary

This report presents the draft Annual Report and Accounts of the Norfolk Pension Fund for the year-ended 31 March 2022 based on our agreed service plan, for consideration by the Committee. The accounts section of the annual report in particular, should be noted by the Committee prior to presentation to the County Council's Audit Committee for approval.

The letter of representation and the Ernst & Young (EY) ISA 260 Audit Results Report will be distributed to Committee for comment as soon as these are available. Subject to any comments that may arise the Committee is asked to delegate to the Chair of the Pension Committee and the Executive Director of Finance and Commercial Services to sign the letter of representation (LOR) on behalf of the Pension Fund.

Recommendations

In accordance with the terms of reference (see paragraph 3.8 to this report), it is recommended that the Committee:

i) Receives and considers the draft 2021-22 Annual Report and Accounts of the Norfolk Pension Fund, attached at Appendix A.

ii) That the Committee comments on the Financial Statements and makes recommendation to the Audit Committee that they be approved/not approved subject to any matters arising in the ISA 260 below.

It is recommended that subject to any comment arising in the ISA 260 Audit Results Report and the LOR, Committee delegates to the Chair of the Pension Committee and Executive Director of Finance and Commercial Services to sign the letter on behalf of the Pension Fund.

1. Background and Purpose

1.1 The Annual Report has been prepared in accordance with guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The annual accounts have been prepared using the CIPFA example accounts and disclosure checklist, and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 governing the preparation of the 2021-22 financial statements for Local Government Pension Scheme funds.

1.2 The preparation of a Pension Fund Annual Report is a requirement of the Local Government Pension Scheme Regulations, which also prescribe certain items for inclusion. The regulations require that an annual report is published by the Fund by 1 December following the year-end. The accounts are prepared as part of the Fund's own annual report and for inclusion within the Statement of Accounts of Norfolk County Council as Administering Authority of the Norfolk Pension Fund.

2. Approval timetable

2.1 As reported to Committee in July, the plan and timetable for preparing and approving the Norfolk Pension Fund Annual Report and Accounts has been revised. The table below shows the original timeline reported to Committee and the revised timeline taking into account the changes to DLUHC deadlines for public inspection, audit opinion and Committee meetings.

2.2

	Timetable
NPF Draft Annual Report and Accounts Prepared by NPF	31/07/2021
Draft Accounts available for public inspection (NCC)	31/07/2021
External Audit	August/September 2022
Pensions Committee	27/09/2022
Audit Committee	27/10/2022
Audit Opinion planned to be issued by	30/11/2022
Publication Date	01/12/2022

2.3 The above revised timetable requires the annual report and accounts to be approved by Audit Committee on 27 October 2022. Prior to Member approval, the Statement of Accounts of the Administering Authority (incorporating the accounts of the Fund) were certified by the responsible financial officer (Executive Director of Finance and Commercial Services) on or before the 31 July 2022. The draft accounts were submitted to EY for audit prior to the commencement of the audit at the end of August 2022.

2.4 Pension Committee are required to consider the Funds Annual Report and Accounts as shown at Appendix A. In addition, the Pension Committee should consider the Auditor's ISA 260 report and endorse the letter of representation when available. As these are not currently available the Committee is requested to delegate signing the letter of representation to the Chair of the Pension Committee and Executive on behalf of the Pension Fund. The letter of representation and the Ernst & Young (EY) ISA 260 Audit Results Report will be distributed to Committee for comment as soon as these are available.

2.5 On 27 October 2022 the Pension Fund financial statements will be presented to the Audit Committee for approval as part of the Norfolk County Council Statement of Accounts. Final sign off of the Letter of representation by the Chair of the Audit Committee will also be completed.

2.6 Following the approval process set out above, the Annual Report and accounts will be published after approval by Audit Committee and final sign off by the Executive Director of Finance and Commercial services and the issuing of the EY, audit opinion. The Annual report and accounts will be published on the Funds website prior to or on 1 December 2022 as required by LGPS regulations.

3. Accounting and Audit process

3.1 The finance team successfully closed the accounts on the accounting system in accordance with the Funds year-end closing timetable and had a first draft of the accounts ready by 31 July 2022 for submission to the Executive Director of Finance and Commercial Services for sign off.

3.2 Where actual valuations are not available at the financial year end, the Fund has used estimated 31 March 2022 valuations in the accounts as is standard practice during the draft accounts stage.

3.3 The Fund has not made any additional valuation adjustment to Russian assets as the applicable write downs had been reflected in asset valuations prior to 31 March 2022.

3.4 In previous years the Fund has not been in receipt of the actual valuations for certain complex and illiquid assets prior to the issue of the audit opinion, and therefore not been able to make an adjustment according to materiality thresholds. However, due to changes to the reporting and auditing period for this and the previous financial year, more actual valuations are available specifically relating to private equity. The valuations received have been considered alongside the estimated values and a decision has been made to adjust the values disclosed where these are available.

3.5 Employer Financial Reporting Requirements - The Fund has also worked with the Actuary to prepare, check, and review financial reporting (IAS19/FRS102) of pension obligations and costs for the 31 Fund employers with a financial year-end of 31 March 2022. The checks undertaken by the Fund form part of the assurance regime for E&Y where they are the appointed auditor to the employer.

3.6 31 March is now the second largest of the employer financial reporting dates for the Fund. Exercises are also conducted on 31 July, 31 August, and 31 December. The August exercise has grown significantly as many more schools gain academy status, which brings with it a requirement to report and consider their individual pension positions.

3.7 The Fund is subject to a separate external audit appointment. This is the tenth year EY have audited the Fund. At the time of writing EY are still finalising some minor aspects of their field work.

3.8 The Terms of Reference of the Pensions Committee provide the following:

i. That the Committee receives and considers the draft financial statements for the Norfolk Pension Fund

ii. That the Committee comments on the Financial Statements and makes recommendation to the Audit Committee that they be approved/not approved.

4. Financial and other Resource Implications

4.1 At the time of writing this report there are no additional financial or other resource implications beyond those already budgeted for and approved by Committee.

5. Other Implications (Inc. Equality Impact Assessment (EqIA)

5.1 The Norfolk Pension Fund has considered the impact of the changes in service delivery as a result of the COVID-19 global pandemic.

5.2 Officers have considered all the implications which members should be aware of. Apart from those listed (if any), there are no other implications to take into account. There are no issues relevant to equality in this report.

5.3 **Data Protection Impact Assessments (DPIA)**

5.4 We have not identified any data protection implications for the content of this report.

6. Risk Implications/Assessment

6.1 Any risk implications relating to this report will be recorded on the Fund's risk register.

7. Recommendations

7.1 In accordance with the terms of reference (see paragraph 3.8 to this report), it is recommended that the Committee:

i) Receives and considers the draft 2021-22 Annual Report and Accounts of the Norfolk Pension Fund, attached at Appendix A.

ii) That the Committee comments on the Financial Statements and makes recommendation to the Audit Committee that they be approved/not approved subject to any matters arising in the ISA 260 below.

7.2 It is recommended that subject to any comment arising on the ISA 260 Audit Results Report and the Letter of Representation, Committee delegates to the Chair of the Pension Committee and Executive Director of Finance and Commercial Services to sign the letter on behalf of the Pension Fund.

8. Background Papers

8.1 Appendix A - Draft Annual Report and Accounts 2021-22

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

Officer name: Glenn Cossey **Tel No.:** 01603 228978

Email address: glenn.cossey@norfolk.gov.uk

If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

APPENDIX A

Norfolk Pension Fund

Annual Report and Accounts 2021-22

Contents

If you need this document in large print, audio, Braille, alternative format or in a different language please call 01603 222824 or email pensions@norfolk.gov.uk and we will do our best to help.

We have referred to several documents in this report that are available online.

If you are unable to access any of these documents, or would like a hard copy, please don’t hesitate to contact us on 01603 222824 or email pensions@norfolk.gov.uk.

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Introduction

As Chairman of the Norfolk Pension Fund Committee, and on behalf of my fellow committee members, I am pleased to introduce the 2021-2022 annual report and accounts.

This has been yet another challenging year for everyone. As stewards of the Norfolk Pension Fund, on behalf of its nearly 100,000 scheme members and 400+ employers, the Norfolk Pension Fund remains focussed on our priorities of supporting our scheme members and employers through very challenging economic times, alongside fulfilling our fiduciary duties to our stakeholders to ensure that benefits are paid as they fall due now and in the future, whilst continuing to meet our evolving regulatory responsibilities and best practice requirements.

The current and anticipated cost of living challenges reminds us once again how important membership of the LGPS is for scheme members, offering them the stability of a reliable and inflation linked income in retirement.

The average pension in payment at the Norfolk Pension Fund remains around £5,000 p.a., reflecting the scheme membership, in large part female and part time, with many lower paid employees engaged in delivering public services on behalf of local government.

We recognise that membership is a very significant financial commitment for scheme members, investing today for their future financial security. As the cost of living squeeze continues, meeting membership contributions may become increasingly challenging for some members.

Our aim therefore continues to be to support scheme members in understanding their LGPS pension arrangements so that they can make well informed decisions. The ’50:50’ facility within the scheme may offer an important safety valve for those who may struggle to afford full membership, allowing them to maintain valuable protection such as ill health cover and life insurance whilst continuing to accrue pension, albeit at a reduced level.

We continue to invest in developing services and resources to best support our scheme members. Last year this included a refreshed and updated website and a replacement ‘Member Self Service’ to support our members as they plan their pension journey. Alongside these important digital improvements, we also recognise many members cannot, or prefer not, to engage with services in this way, and therefore we also continue to support more ‘traditional’ communication channels. This hybrid approach gives members the choice of how they want to engage with us. More recently we have been pleased to offer once again face to face meetings with scheme members.

We have also worked closely with our employers during the last year and appreciate their support as together we transitioned to i-connect, our new operational employer

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engagement system. This moves us from annual to monthly employer returns, in line with best practice. We were also delighted to hold our first hybrid employer forum since the pandemic. The development of our new employer team will enable us to further enhance and continue our support to employers in the years ahead.

The Norfolk Pension Fund is committed to the highest standards of governance and performance. My fellow Committee Members and Fund Officers actively engage with advisers and work with colleagues in other Funds and Pools, the Scheme Advisory Board, The Pensions Regulator and the Pensions and Lifetime Savings Association, to make a positive contribution to national debate and reform, to strengthen strategic governance, decision making and accountability across the LGPS, and to ensure that we maintain proper arrangements and structures so that we and other LGPS Funds can continue to discharge our responsibilities and obligations to beneficiaries and employers.

The implementation of the recommendations of the strategic review of the Norfolk Pension Fund has increased resilience across the Fund, including strengthening our governance and compliance oversight during the year. This has helped reinforce our overall risk management framework, including controls we have in place around cyber security and scams prevention, and prepare for the Pensions Regulators' new Combined Code and implementation of the Good Governance Project recommendations.

As I write we are mid-way through our 2022 formal valuation, the triennial health check on the Fund to ensure that funding plans remain on track. We expect that this will confirm that the funding position has continued to improve and that at the valuation date (31 March 2022) we will be reporting that overall we are fully funded. This reflects three years of positive investment returns in the inter-valuation period.

Although 2022 has been challenging for us all, the Fund delivered a positive investment return over the twelve months to 31 March 2022. We cannot ignore the tragic events in the Ukraine and the correct response of the international community to sanction the Russian State, companies and individuals. Inevitably this has resulted in losses to investors that held Russian assets. While the Fund had some exposures to Russian assets, these were small compared to the overall scale of the investments and have been written down in our year-end balance sheet. We should not pretend that the impact of financial markets generally has not been far greater and we expect a period of higher volatility given the considerable economic and geo-political headwinds the world currently faces. The Fund intentionally maintains a diversified investment portfolio but is not and will not be immune to these impacts as we move forward. The Committee will continue to monitor and review the portfolio, but we remain committed to a long-term investment approach, as we have been through periods of previous crisis and falling asset prices.

While never losing sight of the purpose of the Fund to pay pensions, we take our environmental, social and governance (ESG) responsibilities seriously with documented policies and reporting of voting, engagement and climate risk measurement. This is consistent with a long-term approach to investment.

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We are preparing to implement the outcome of the recent consultation on the Governance and Reporting of Climate Risks, the application of the Taskforce on Climate Related Financial Disclosure (TCFD) to the LGPS. We have already started preparing for the required 2023-24 implementation, not least with the work around measurement in our equity portfolios but we accept that this will be a challenge for the entire industry as we require ever higher standards of reporting and disclosure.

We continue to be an active participant in the ACCESS Pool. At the 31 March 2022 the total value of our assets directly pooled or considered under pooled governance was £2.3 billion. The total savings because of pooling for this Fund were £1.4 million during the last financial year. During the current financial year, we expect to transition a further £460 million of liquid assets to the Pool. ACCESS has now begun to focus on illiquid assets, which we expect to bring the benefits of pooling to our alternative asset portfolios in areas including real estate, private equity, infrastructure and private debt. We are pleased to note that during the year ACCESS has introduced observer status for Pension Oversight Boards to its Joint Committee.

We continue to invest in knowledge and skills across all areas of the Fund, with Committee Members, Board Members and Officers attending webinars and conferences, bespoke training and online learning, in line with the Fund’s training strategy.

As hosts of the National LGPS Frameworks we are also pleased to continue to support and develop this national LGPS collaboration facilitating efficient, timely access to professional services for Pools and Funds across the LGPS.

May I take this opportunity to record my sincere thanks at the end of an extraordinary year to all my colleagues on Pension Committee, to Alan Waters the Vice-Chairman, to the Pensions Oversight Board and to our external advisors for their commitment and support over the last year. We are also most grateful to our employers who have worked so closely with us through the pandemic and with the roll out of new and improved ways of working.

And finally, and most importantly, on behalf of my colleagues may I record our grateful thanks for the excellent work and commitment of the Norfolk Pension Fund team.

Cllr Judy Oliver
Chairman of the Pensions Committee

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The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a statutory pension scheme.

This means that it is very secure as its benefits are defined and set out in law.

Under regulation 57 of The Local Government Pension Scheme Regulations 2013, all LGPS Funds are required to publish an Annual Report.

This document is the Annual Report of the Norfolk Pension Fund for 2021-22.

The LGPS in England and Wales

- The LGPS is one of the largest public-sector pension schemes in the UK
- It is a nationwide pension scheme for people working in local government or for other types of employer participating in the scheme
- The LGPS is administered locally by 86 regional pension funds – one of which is the Norfolk Pension Fund
- It is a funded scheme, which means that the fund income and assets are invested to meet future pension fund commitments
- Benefits are defined and related to members' salaries and years of service, so they are not dependant on investment performance
- The scheme is regulated by Parliament

The LGPS in England and Wales changed on 1 April 2014. It is now a 'Career Average' scheme for benefits built up from 1 April 2014. All benefits built up before this date are protected as 'Final Salary'. For more information visit www.norfolkpensionfund.org or www.lgpsmember.org.

lgps | Local Government Pension Scheme

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Contact Us

General enquiries about this document:	Alex Younger Head of Funding and Investment
Tel:	01603 222995
Email:	alexander.younger@norfolk.gov.uk

The Pension Administration Team offer dedicated helplines, operated by experienced staff. The team can help with all aspects of scheme membership and benefits for active, deferred and retired members.

General enquiries:	01603 495923
Retired members helpline:	01603 495788
Email:	pensions@norfolk.gov.uk
Post:	Norfolk Pension Fund County Hall Martineau Lane Norwich NR1 2DH
Opening hours:	Monday to Friday, 8.45am – 5.30pm (4.30pm on Friday)
Website:	www.norfolkpensionfund.org

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Scheme Management and Advisers

Administering Authority:	Norfolk County Council (NCC) County Hall Martineau Lane Norwich NR1 2DH
Scheme Administrator:	Simon George, Executive Director of Finance and Commercial Services (NCC)
Norfolk Pension Fund Officers:	Glenn Cossey, Director of the Norfolk Pension Fund Alex Younger, Head of Funding and Investment Jo Quarterman, Head of Governance Mark Alexander, Pensions Manager
Asset Pooling:	Norfolk Pension Fund participates in ACCESS (A Collaboration of Central, Eastern and Southern Shires), an investment asset pool of eleven Administering Authorities under an Inter-Authority Agreement which facilitates joint working between the ACCESS authorities and a Joint Committee, made up of one elected councillor from each authority, which provides governance oversight. Link Fund Solutions Ltd acts as the regulated Operator for ACCESS.
Legal Advisors:	nplaw (Norfolk Public Law)
Fund Custodian:	Northern Trust (HSBC to 30 October 2021)
Fund Actuary:	Hymans Robertson LLP
Investment Advisor:	Hymans Robertson LLP
Fund Managers:	abrdn Capital Partners LLP Aviva Investors Berenberg Bank Capital International Limited Equitix

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	Goldman Sachs Asset Management HarbourVest Partners Insight Investment Management Janus Henderson Investors JP Morgan Asset Management La Salle Investment Management Link Fund Solutions M&G Investments Pantheon Stafford Capital Partners UBS
Bankers:	Barclays Bank
Fund Auditor:	EY
Performance Measurement:	Portfolio Evaluation Ltd
AVC Providers:	Clerical Medical Prudential Utmost Pensions (formerly Equitable Life) - legacy only

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National Representation and Involvement

Our officers, and elected Members on the Pensions Committee, work closely with the Department for Levelling Up, Housing and Communities (DLUHC) and The Pensions Regulator (TPR) (the scheme regulators), the Scheme Advisory Board (SAB) and the Local Government Pensions Committee (LGPC), to contribute to the development of the LGPS.

Councillor John Fuller (Norfolk Pension Fund Pensions Committee Member) sits on the Local Government Pensions Scheme Advisory Board representing non-administering authorities. The Scheme Advisory Board advises the Secretary of State on LGPS matters.

Councillor John Fuller and Councillor Alan Waters are members of the Local Government Pensions Committee (LGPC).

Norfolk Pension Fund is represented at the Chartered Institute of Public Finance Accountants (CIPFA) Pensions Network and Benchmarking Group.

Norfolk Pension Fund is a member of the Pensions and Lifetime Savings Association (PLSA), which helps us contribute to the national pensions' debate.

Norfolk Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF). The LAPFF was established to help local authority pension funds share information and ideas about how we can be responsible owners of the companies in which we invest and to present a clear, aligned voice on issues of common concern.

Along with other senior officers, Mark Alexander (Norfolk Pension Fund Pensions Manager), is a member of the South Eastern Counties Superannuation Officers Group (SECSOG). The group is made up of administering authorities in the region who meet to share information and best practice, ensuring uniform interpretation of the rules governing the scheme.

Norfolk Pension Fund actively engages with supplier forums, including the Heywood Administration CLASS (Computerised Local Authority Superannuation Scheme) and payroll system user groups.

Norfolk Pension Fund officers attend and speak at seminars and conferences, with the purpose of continuing their professional development, maintaining knowledge levels and contributing to the development of the LGPS and the wider pensions industry.

Risk Management

Norfolk Pension Fund maintains a Risk Register and Business Continuity Plan, which are regularly monitored, reviewed and updated.

- The Fund's management team monitor and maintain the Risk Register and the Business Continuity plan
- The Business Continuity plan is regularly exercised
- All risks are evaluated and monitored considering their likelihood and impact, with any mitigating action taken as necessary
- All Pensions Committee and Local Pension Board meetings include an update on Risk Management
- Risks are categorised under the headings of Governance, Benefits Administration, and Investment and Funding
- The Fund's approach to Investment Risk is further set out in the Funding Strategy Statement which is available on our website at www.norfolkpensionfund.org/about/governance-and-investment/investment-and-stewardship/
- Hymans Robertson LLP provide advice and support to both the Pensions Committee and Fund Officers
- Further information on the nature and extent of risks arising from financial instruments is detailed in note 18 of the Statement of Accounts that accompanies this report
- Third party risks (e.g. payments of contributions) are robustly monitored. Assurance over third party operations is provided by obtaining and reviewing formal third-party Internal Control reports prepared under the appropriate audit regime or appropriate certification
- An on-going framework of inspection and review by the Fund's internal auditors (Norfolk Audit Services) and external auditors supports and assists with the management of risks

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Internal Controls

Internal Control reports are reviewed on a rolling basis with any material issues reported to the Pensions Committee on an annual basis. Fund Managers marked with an asterisk submit only a part Internal Control report. Assurance for these managers is gained via a separate internal procedure.

Fund Manager	Report Type	Review completed
abrdn Capital Partners LLP	AAF 01-06	Yes
Aviva Investors	ISAE3402/AAF 01-06	Yes
Berenberg Bank *	ISAE 3402 Type II	Yes
Capital International Limited	SSAE16/ ISAE3402	Yes
Equitix**	Internal Control	Yes
Goldman Sachs Asset Management	report not produced	Yes
HarbourVest Partners	SSAE16/ ISAE3402	Yes
Janus Henderson Investors	SSAE16/ ISAE3402	Yes
HSBC	ISAE3402	Yes
Insight Investment Management	SSAE16/ ISAE3402	Yes
J.P. Morgan Asset Management	SOC1	Yes
LaSalle Investment Management	ISAE3402/AAF 01-06	Yes
Link Fund Solutions	ISAE 3402 Type II	Yes
M&G Investments	AAF 01-06	Yes
Mondrian Investment Partners	SSAE18/ ISAE3402	Yes
Northern Trust	SOC 1	Yes
Pantheon	ISAE3402/AT-C320	Yes
Stafford Capital Partners **	Internal Control report not produced	Yes
UBS	SOC1	Yes

AAF – Audit and Assurance Framework
ISAE – International Standard on Assurance Engagements
SOC - Service Organisation Controls
SSAE - Statement on Standards for Attestation Engagements

* The report received from Berenberg Bank is a partial report covering only the Overlay Management element of the organisation. A mechanism to review all internal controls for the whole organisation has been developed and agreed between the Fund and Berenberg

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Bank.

** Equitix and Stafford Capital Partners do not produce an internal controls report. A mechanism to review internal controls has been developed and agreed between the Fund and these managers pending further discussion around production of an industry standard report.

Internal Audit Testing

The Pension Fund is subject to internal audit scrutiny.

The audit universe is set out in the audit plan which is reported to and agreed by Pensions Committee on an annual basis. All audits during 2021-22 received an "Acceptable" (Low priority Findings) opinion.

Audit Universe	Testing Frequency
Governance and Strategy	1 to 3 audits annually
Admin Processes and Systems	2 to 3 audits annually
Investment Management	1 to 2 audits every year
Receivables (incl. Employer and Employee contributions)	Audited every 2 years
Member benefit payments	Audited every 2 years.

Financial Performance

Revenue and Fund Account

The Norfolk Pension Fund prepares an annual budget which is reviewed and approved by the Pensions Committee and monitored by the Pension Fund management team. Details of the expenditure incurred during 2021-22 are provided in the accounts section accompanying this report.

A summary budget and outturn for 2021-22 for Fund administration, oversight and governance is shown below. The net underspend mainly relates to the Fund's project budget where the phasing of spend is variable and dependant on project timelines.

	Budget £'000	Actual £'000	Net Underspend £'000
2021-22 Fund administration costs	3,645	3,189	456
2020-21 Fund administration costs	3,843	2,906	937

Key Fund income and expenditure items are detailed below and lifted from the Revenue and Fund Account section in the Statement of Accounts accompanying this report. Fund receivables and payables are reconciled and monitored on a monthly basis.

Investment income, expenditure, profit and losses on disposal of investments and changes in the market value of investments are processed by the Fund's custodian bank and reported to the Fund on a monthly basis. The Fund was net cashflow negative from dealings with members and including Fund management expenses. However, the Fund was cashflow positive after including investment income.

Extract from the Revenue and Fund Account	2020-21 Actual £'M	2021-22 Actual £'M
Fund receivables (contributions and transfers in)	177.4	177.6
Fund payables (benefits and transfers out)	-154.0	-167.7
Management expenses	-28.9	-26.8
Net additions/withdrawals from dealings with members Including Fund management expenses	**-5.5**	**-16.9**
Investment income (less taxation)	73.4	69.6
Profit and losses on disposal of investments and changes in the market value of investments	838.1	332.3
Net increase/decrease in the net assets available for benefits during the year	**906.0**	**385.0**

There were no notifiable late payments of contributions by scheme employers during 2021-22. All contributions outstanding at 31 March 2022 were collected within statutory timeframes.

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Net Asset Statement

The net investment assets and liabilities held by the Fund are detailed below and lifted from the Net Asset Statement in the accounts section accompanying this report. Except for direct property, all investment assets and liabilities are held in safe custody and reported through the Fund's custodian bank. Investment data is submitted monthly to the Fund and monthly accounting records maintained.

2021-22	Pooled and freehold property, private equity, derivatives & cash £000	UK £000	Overseas £000	Total £000
Fixed interest securities				
Public sector quoted		65,047		**65,047**
Pooled funds				
Unit trusts		195,909	80,332	**276,241**
Unitised insurance policies		310,701		**310,701**
Other managed funds		2,754,638	511,658	**3,266,296**
Pooled and freehold property, private equity & derivatives				
Pooled property investments	521,833			**521,833**
Private equity	414,125			**414,125**
Direct property	1,046			**1,046**
Forward currency contracts	-5,295			**-5,295**
Cash deposits	36,160			**36,160**
Amounts receivable for sales/ Amounts payable for purchases	5,016			**5,016**
Net investment assets	**972,885**	**3,326,295**	**591,990**	**4,891,170**

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2020-21	Pooled and freehold property, private equity, derivatives & cash £000	UK £000	Overseas £000	Total £000
Fixed interest securities				
Public sector quoted		65,088		**65,088**
Pooled funds				
Unit trusts		192,541	73,540	**266,081**
Unitised insurance policies		270,520		**270,520**
Other managed funds		2,629,598	423,812	**3,053,410**
Pooled and freehold property, private equity & derivatives				
Pooled property investments	409,086			**409,086**
Private equity	353,184			**353,184**
Direct property	1,210			**1,210**
Forward currency contracts	-447			**-447**
Cash deposits	82,133			**82,133**
Amounts receivable for sales/ Amounts payable for purchases	-1,000			**-1,000**
Net investment assets	**844,166**	**3,157,747**	**497,352**	**4,499,265**

Further commentary on the movements in assets and liabilities are discussed in the following Investment Policy and Performance section.

Funding Arrangements

Full details of the Fund's funding arrangements are detailed in Note 19 in the Statement of Accounts accompanying this report. The table below summarises the whole Fund primary and secondary contribution rates at this triennial valuation. The primary rate is the payroll weighted average of the underlying individual employer primary rates and the secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or capitalisation of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

2019 Valuation			
Primary rate (% of pay)	**Secondary rate**		
1 April 2020 - 31 March 2023	**2020-21**	**2021-22**	**2022-23**
19.5%	£29,020,000	£30,689,000	£32,182,000

2016 Valuation			
Primary rate (% of pay)	**Secondary rate**		
1 April 2017 - 31 March 2020	**2017-18**	**2018-19**	**2019-20**
19.4%	£26,306,000	£27,463,000	£31,810,000

A list of contributing employers can be found at Appendix I in the Statement of Accounts section accompanying this report. The amount of contributions received from each organisation during the year split between employees and employers is shown below.

	2020-21 £000	2021-22 £000
Employers – normal	128,979	133,823
Employers – special	5	70
Employers – strain	1,453	824
Members – normal	32,540	34,527
Members – purchase of additional scheme benefits	518	566
TOTAL	**163,495**	**169,810**

By Employer Type

	2020-21 £000	2021-22 £000
Administering authority	69,854	72,799
Other scheduled bodies	73,606	78,252
Community admission bodies	4,635	4,350
Transferee admission bodies	2,645	2,592
Resolution bodies	12,755	11,817
TOTAL	**163,495**	**169,810**

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The late pay over of employee and employer contributions is monitored for reportable breaches in accordance with Fund policy. In addition to monthly reconciliation and monitoring of contributions, compliance with breaches policy is reported quarterly to Pensions Committee. All contributions outstanding at the 31 March have now been received.

Pension Overpayments

The tables below analyse the pension overpayments, recoveries, any amounts written off and the results of participation in National Fraud Initiative (NFI) exercises (data matches, overpayments identified, actions taken, etc).

The National Fraud Initiative (NFI) runs every two years. For the year in between NFI Life Certificates are sent out to overseas pensioners and UK members over the age of 92.

		2021-22
Number of Pension Overpayments		190
Number of Recoveries by Invoice	143	
Number of Recoveries from Spouse	47	
Total Recoveries		190

Number/Amounts of Recoveries Written Off	9	£2,254.62

Life Certificates sent out	1,043
Un-returned Life Certificates	44

		2020-21
Number of Pension Overpayments		178
Number of Recoveries by Invoice	154	
Number of Recoveries from Spouse	24	
Total Recoveries		178

Number/Amounts of Recoveries Written Off	6	£784.22

The NFI initiative in 2020-21 identified 152 deaths within our data set and all but one of these deaths had been identified through the Fund's processes and is resolved.

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Investment Policy and Performance Report

Fund Performance Review for the year 2021-22

Introduction

The Administering Authority invests the Fund in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Fund's Investment Advisor is Hymans Robertson LLP.

During 2021-22 fifteen external investment managers directly managed the Fund's assets:

- LaSalle (property)
- Link Asset Services (UK and overseas equities) – ACCESS pool operator
- Capital International (emerging market and high yield debt)
- Pantheon (global infrastructure)
- Goldman Sachs Asset Management (absolute return fixed interest)
- HarbourVest (North American, European, global secondary and Asia Pacific focused private equity, private debt and secondary real assets)
- Insight (UK Government debt & securitised debt)
- Janus Henderson (fixed income, absolute return fixed income and multi-asset credit)
- M&G – including Infracapital (absolute return fixed income, distressed and private debt and European infrastructure)
- Equitix (UK infrastructure)
- abrdn Capital Partners (European and global secondary focused private equity)
- UBS (UK equities - passive)
- Stafford (overseas timberland)
- Aviva Investors (UK infrastructure)
- JP Morgan (global infrastructure)

The global custodian changed from HSBC to Northern Trust in November 2021 following a joint procurement exercise with other ACCESS funds.

The asset allocation has evolved over the year as the Fund has continued to provide further funding to its enhanced yield portfolios particularly the illiquid long-term assets.

Three direct property assets are managed internally. Most of the cash holdings are swept to AAA rated money market funds managed by HSBC and Northern Trust (the global custodians of the assets) and Goldman Sachs.

Insight and Berenberg Bank are employed to dynamically hedge the main overseas currency exposures arising on the overseas equity holdings.

Manager Changes

During the year additional commitments were made to the Fund's private markets programs (private equity, debt and infrastructure). These commitments are designed to maintain the strategic allocation to these assets.

2021-22 Investment Results

The overall story of investment return for 2021-22 is one of positive returns on risk assets. This performance is despite the volatility experienced around the turn of the year and through the final quarter of the year. These returns have resulted in the Fund reaching its highest ever value at the end of a financial year. This is a continuation of 2020-21 when the Fund participated in the strong recovery from of global markets from COVID-19 lows. Strategy performance has very much been driven by the level of growth assets in the strategic benchmark e.g., the returns were higher in the strategies containing a significant proportion of risk assets. The returns for each of the strategies is shown below against their relevant CPI based benchmarks.

Strategy	One-year return to 31 March 2022	Benchmark return to 31 March 2022	Benchmark
1 (previously Core Strategy A)	8.86%	9.90%	CPI plus 2.9%
2 (previously Alternative Strategy A)	9.38%	10.20%	CPI plus 3.2%
3 (previously Alternative Strategy B)	-0.04%	7.00%	CPI
4 (from inception on 1 May 2021)	6.06%	8.8%	CPI plus 2.5%

Details of the strategy components are provided in the Funding Strategy Statement. The inception date for the multi-strategy approach was 1 July 2017. The agreed fourth strategy was funded at the start of May 2021. Strategies are now ahead of their benchmark returns since the inception of the multi-strategy approach in 2017.

As may be expected in a diversified portfolio, the performance of the individual active fund managers was mixed over the last twelve months. This was after very strong relative performance generally in the previous twelve-month period.

The strongest absolute returns came from the private equity portfolio, which performed substantially better than quoted equity portfolios. This has been supported by strong cash returns. Property saw strong absolute returns although the mandate lagged the benchmark. LaSalle have struggled to add value above the benchmark return. The approach to managing property exposure is being reviewed as part of the development of the ACCESS pool. With the exception of the passive UK mandate, the public equity portfolios lagged their benchmarks. The best absolute performance came from the Mondrian (LINK) value equity mandate and the passive UK mandate. All equity mandates produced positive returns over the UK although this was marginal for the Baillie Gifford (LINK) UK equity mandate. On longer term metrics Fidelity and Capital remain ahead of benchmark. The other active managers have performance closer to their benchmarks.

It is too early to comment on the performance of the infrastructure and real asset appointments, but funding activity has been strong which will allow this to become a significant component of the investment strategy going forward. Early performance has been extremely encouraging.

The Pensions Committee and its advisors remain committed to taking a long-term view of asset manager performance. In practice this means a period of at least five years while monitoring closely the stability of the business, its people and processes.

The Fund has continued to make funding commitments across its private market allocations. The ACCESS pool has now commenced work on implementing pooling solutions for illiquid assets. The Fund expects to make use of these arrangements in future years.

The Fund has continued to receive six-monthly climate risk monitoring. A public summary of this information is published after consideration by the Pensions Committee.

Ultimately, strategic asset allocation policies will have a greater impact on Fund performance than the ability of individual investment managers to deliver performance in excess of their benchmarks.

It is important to consider the risk framework in which the investment results are achieved. If the Fund takes more risk in its asset allocation decisions, it offers the potential for higher returns, but it also increases the uncertainty of the outcome potentially increasing the changes of a negative downside.

The Fund is committed to ongoing review of its asset allocation and achieving an appropriate balance between risk and reward. While the Fund is a long-term investor of capital through investment cycles, it is also committed to holding investment managers to account for the results they achieve.

Triennial Valuation

The triennial valuation of the Fund at 31 March 2019 was completed during 2019-20 in accordance with regulatory requirements. The valuation showed an improvement in the overall funding position to 99% (equivalent to a deficit of £28 million at the valuation date

(£710 million deficit at 31 March 2016 (funding level 80%)). The estimated funding level at 31 March 2022 has risen but remains within the expected range of actuarial outcomes used when setting contribution rates for long-term participating employers. This represents a continued improvement in the funding position.

A full 2019 Triennial Valuation report, including formal actuarial commentary, is available on our website at www.norfolkpensionfund.org.

The Formal valuation at 31 March 2022 is now underway and the final valuation report will be published by 31 March 2023. This valuation will set employer contribution rates for the period 1 April 2023 to 31 March 2026.

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Market Review of Global Financial Markets – 1 Year to 31 March 2022

There has been little to cheer about over the past 12 months. From the unfolding humanitarian crisis in Afghanistan, to the shock of the invasion of Ukraine, events have been unnerving. Beyond the ensuing unbearable horror for its population, the disaster in Ukraine has rapidly triggered further economic dislocation much further afield.

The already well-established spectre of inflation has been exacerbated by the immediate impacts of energy and other supply chain disruptions. Central banks have already been rushing to tighten previously super loose monetary policy to curb rising prices and may well now have to go faster and further, even in the face of the new uncertainties from this latest large external shock. The inevitable hit to business and consumer confidence from rising costs and higher interest rates will muddy the economic outlook, both in Europe and in America. Elsewhere, the latest significant lock downs in China's largest city of Shanghai are a reminder that the economic impact of Covid is not yet behind us. The world feels riskier and more uncertain than it did not very long ago.

And yet there is also another, perhaps less obvious, observation. Under the circumstances it almost feels inappropriate to mention it. But this is an investment update after all, so we hope it is not distasteful to highlight that most developed equity markets have been remarkably resilient in the face of these multiple challenges. For example, our local UK stock market delivered robust returns during the year. Part of this can be attributed to the fact that the broad UK index is heavily skewed to a small number of large companies particularly in the oil & gas, banking and pharmaceutical sectors which have been outperforming as oil prices hit record highs, interest rates are expected to rise further, and some investors are seeking safety in more defensive names. The US stock market also posted overall strong gains during the period, in a continuation of the extraordinary bull run it has had over recent years. Many other assets including real estate, infrastructure, private equity and timberland have also delivered positive returns. For a Sterling (GBP) denominated investor the relative weakness of the pound particularly compared to the US Dollar has been a tail wind on returns.

However, the twelve months to end March 2022 has been more challenging for emerging market stocks as the Russian invasion of Ukraine and sweeping changes in Chinese regulation weighed on economic activity and returns for investors. Within China, the Chinese Communist Party has clearly decided to assert its primacy over the private sector, which has rattled parts of the market. In Japan, borders remained largely closed, and it seems unlikely that the stance on this will change until after the Upper House elections in July. Inbound tourism was a structural growth story before the pandemic and, with this remaining conspicuously absent, the environment remains challenging for bricks and mortar retailers. At its peak almost half of inbound tourism spend came from China so a reopening of its borders with Japan would be a helpful development.

Elsewhere, rising inflationary pressures led the market to reprice expectations of interest rate rises and bond yields rose sharply as a result. Corporate bonds had performed relatively well against a backdrop of positive growth, but with rapidly rising yields and concerns about future growth prospects, they underperformed government bonds in the first quarter of 2022. Over 12 months sterling investment grade bonds delivered a return of -5.1%. High yields bonds were less affected and over the 12-month period delivered a return of -2.0%.

Inflation has become a major problem for governments and central banks and for the moment its control is the key priority. Unwinding the huge monetary support packages that central banks have undertaken since the pandemic is now front and centre of the battle against inflation, and the market is anticipating a rapid unwind of the Federal Reserve and Bank of England’s balance sheets with continued regular rate hikes.

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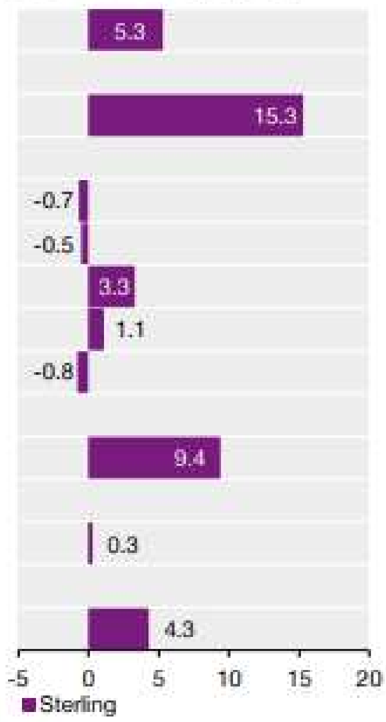
Returns for World Markets to 31 March 2022

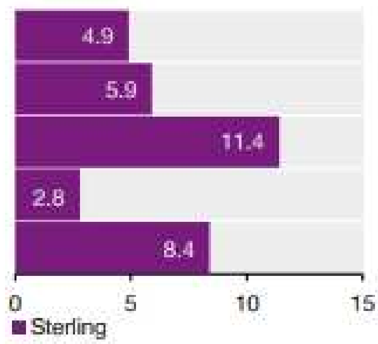
Major Classes – 12 Months (%)

Major Classes – 3 Years (% p.a.)

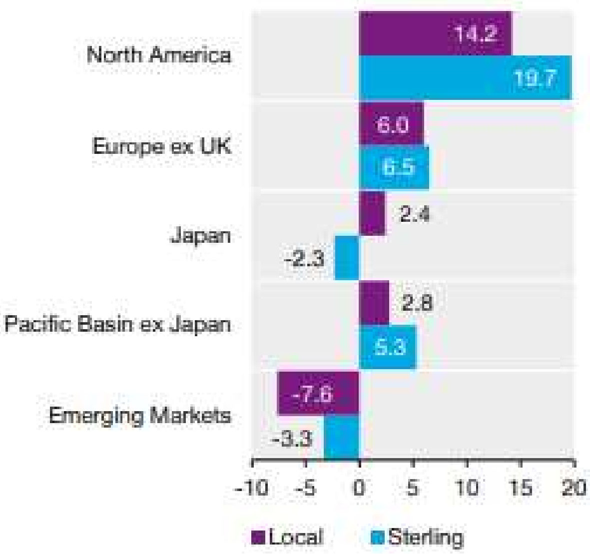


UK Market – 12 Months (%)

UK Market – 3 Years (% p.a.)



Overseas Equities– 12 Months (%)



Overseas Equities– 3 Years (% p.a.)

Source: StatPro, Datastream content from Refinitiv, FTSE, MSCI, ICE Data Indices.

Legal Notices

Contracting Entity

Baillie Gifford Overseas Limited

MSCI

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Scheme Administration

Value for money statement

The Norfolk Pension Fund is committed to delivering a consistently high level of performance and customer service, fully compliant with legislative requirements and recognised best practice, to meet the different needs of all its stakeholders in a responsive, effective, efficient and equitable way.

The Fund's operational financial performance is reviewed by the Pensions Committee, which approves the annual budget. Actual spend is monitored throughout the year by the Fund's management team and is reported in the Annual Accounts.

We operate within a three-year Service Development Plan to review and set out the strategic and operational administration objectives to maximise efficiencies and service standards. The Plan is shared with all the team and linked into the performance appraisal process.

The Fund has absorbed an increasing workload over the last few years, particularly in respect of governance, investment pooling, member and employer administration. The associated risks and issues of the changing regulatory and operational landscape are being addressed via the Norfolk Pension Fund Strategic Review and associated reform programme.

We take part in the CIPFA benchmarking club for pensions administration, which allows us to compare our performance and costs against other LGPS funds, as well as national performance statistics.

The average cost per member (CPM) to administer the Norfolk Pension Fund for 2020-21 (the latest available at time of publication) was £19.84, which is just below the average £21.91 CPM achieved by other local authorities who participated in the CIPFA Pensions Administration Benchmarking Club over the same period.

Average Cost per Member

	2016-17	2017-18	2018-19	2019-20	2020-21
Norfolk Pension Fund	£19.43	£18.97	£20.01	£19.97	£19.84
CIPFA Benchmarking Average	£20.14	£21.16	£21.34	£20.00	£21.91

We consistently deliver high service levels to our members and employers. For example, during 2020-21, over six CIPFA Industry Standard Performance Indicators, the Norfolk Pension Fund has delivered 93.8% within the CIPFA target timescale, 12% higher than the average of 83.3% for other local authorities who participated in the CIPFA Benchmarking Club for the same period. Please see the ‘Key Performance Data’ section below for more details.

We receive positive feedback from our stakeholders on our service, as shown in the ‘Customer Satisfaction’ section below.

The Norfolk Pension Fund scores highly on data quality and, as reported in the ‘Data Quality’ section below, for 2021 we achieved a common data score of 95.54% and a conditional data score of 99.9%.

How the service is delivered

All aspects of the Norfolk Pension Fund service are managed in-house, including administration and investments.

This holistic approach delivers benefits to the service as experience and skills are widely shared, extending knowledge and resilience.

To deliver the Fund’s administrative requirements we use a software package which provides the following functions:

- Supports the whole member lifecycle from joining, through benefits accrual, to retirement and pension payments
- Automated workflow-driven processing ensures accurate and streamlined back-office administration
- Automated employer management for regular uploads of HR data, contribution reconciliation and strain calculations
- Built-in document management and bulk processing pensioner payroll from a single member database

The Fund’s website www.norfolkpensionfund.org provides advice, information and news about the Fund and the LGPS for scheme members and employers.

We have an area of the website where scheme members can register to securely view their personal pension details. Once registered, scheme members can view and update their personal details, see their benefit statements and use our online pension calculator.

The Fund has an online employer portal giving scheme employers access to view their own data, securely exchange data and submit requests and changes online.

Scheme members, employers and our other stakeholders can contact the Norfolk Pension Fund team by telephone or email as follows:

Member Pensions Administration
Telephone 01603 495923
Email pensions@norfolk.gov.uk

Online, Technical and i-Connect Helpdesk
Telephone 01603 222132
Email pensions.technical@norfolk.gov.uk

Investment, Accountancy and Actuarial Services
Telephone 01603 222139
Email pensions.finance@norfolk.gov.uk

The Pensions Team is accountable to the Pensions Committee, participating employers and scheme members. The team are fully committed to providing a quality service to meet the needs of the Fund's various stakeholders and to delivering excellent customer care.

The Pensions Team administer the Norfolk Pension Fund in accordance with legislative requirements, including:

- Setting the strategic direction for all aspects of the service
- Managing and overseeing the investment of Fund monies
- Monitoring investment performance
- Preparing and maintaining Pension Fund accounts
- Supporting the Trustees of the Pension Fund in their decision making
- The administration of pensions records, including the preparation and distribution of the Annual Benefit Statements to all scheme members
- The timely collection of contributions
- The calculation and payment of pensions, including the administration of the annual pensions increase
- Advice and guidance to scheme members
- Advice and guidance to employers
- Early retirement schemes for Fund employers
- Early retirement schemes for Norfolk LEA Teachers and Colleges

Data Security

Norfolk Pension Fund is responsible for managing and processing personal data and sensitive information. We have the following arrangements in place to safeguard this data:

- All staff are regularly made aware of Norfolk County Council policies in respect of Confidentiality, Data Protection and Information Security
- New staff have these responsibilities and policies explained to them as part of their induction and their understanding is checked
- All administration data is stored electronically and paper records are safely destroyed
- Encrypted laptops are provided to all staff as part of their regular role or as part of our business continuity plan
- Where data has to be transferred off site we use either secure FTP, VPN, secure email or encrypted storage devices
- Norfolk Pension Fund staff have access to the secure Government Connect network

Internal Dispute Resolution Procedure

We operate an Internal Dispute Resolution Procedure (IDRP) which is defined by statute. This is used where a member disagrees with the benefits awarded or a decision made by their employer which affected their benefits.

Full details of the procedure can be found on our website at www.norfolkpensionfund.org/help/compliments-complaints-and-disputes/

During 2021-22 there were no IDRP complaints logged with the Ombudsman.

Professional Development

We consider the people who work for us as one of the Norfolk Pension Fund’s biggest assets and value them accordingly:

- We invest in the continuing professional development of staff, for the benefit of our stakeholders and the Fund overall
- We operate a standard appraisal process across the team, linked into the Fund’s service plan

Equality and Diversity

Norfolk Pension Fund has a workforce that reflects and is part of the community it serves. It is the policy of Norfolk County Council to ensure that all its employees are selected, trained and promoted on the basis of their ability, the requirements of the job and other similar non-discriminatory criteria. All employment decisions are based purely on relevant and objective criteria.

We aim to deliver accessible, high-quality and value for money services to all our customers, without discrimination on grounds of group memberships; for example sex, race, disability, sexual orientation, religion, belief or age.

Summary of significant projects

1. **COVID-19 global pandemic**

   The Fund's risk mitigation and resilience planning helped the Fund quickly adapt and maintain critical services remotely throughout the global pandemic; the Fund is now designing and transitioning to a future service delivery framework, that retains the best of pre-pandemic and current work experiences, as well as identifying opportunities for further improving services in the future.

2. **Strategic Review and operation developments**

   Despite the pandemic, the Fund made significant progress in delivering the recommendations outlined in the comprehensive review of the Norfolk Pension Fund, designed to ensure that the Fund is well placed to continue to support scheme members and employers as we look forward. This has included the establishment of a strengthened governance and compliance function, the transition to the new Member Self-Service function and rollout of i-Connect to all employers. Several areas of long-term high risk have been reduced as a result with plans in place for the completion of remaining recommendations, including the establishment of a new employer services team, being delivered under business as usual.

3. **ACCESS Investment Pool**

   We have continued to work as a member of the ACCESS pool collaborating on a number of projects including the development of comprehensive Responsible Investment guidelines for the Pool. Although we did not have any assets scheduled to transition to the pool this year, we have been undertaking the background work that will expect to see circa £500 million of additional liquid assets transitioned in 2022-23. We have also continued to participate as ACCESS has developed its illiquid asset capability. These solutions are expected to come on stream in 2023-25.

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4. 2022 Valuation

The complexity of the Triennial Valuation and funding policy has continued to grow. We began the planning process for the 2022 Valuation in late 2021 and Pensions Committee approved the timetable at their December 2021 meeting. In the last quarter of 2021-22 we presented the results of investment and contribution strategy modelling (HEAT) to a number of our large, stable long-term employers. This was reported to the Pensions Committee in March 2022. This work included draft employer contribution rates for the three-year period 1 April 2023-31 March 2026 to support these employers in their medium-term financial planning.

5. Custodian Transition

Following a joint procurement with our ACCESS partner funds, utilising the National LGPS Custody Framework, we selected Northern Trust as incoming custodian to the Fund, replacing HSBC. The transition to the new custodian was undertaken in November 2021.

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Data Quality

We published our Report on Data Quality in January 2022. The Report was prepared using guidance from the Pension Regulator on Record-keeping and detailed the steps taken to maintain and improve the quality of membership data maintained by Norfolk Pension Fund.

- ### Common Data

  Common data has been suggested by the Pension Regulator. It is basic data which is common to all membership types.

  The common data score which is used measure of all common data items averaged across all items for Norfolk Pension Fund was 95.54%

  Whilst it is certainly good practice to keep in touch with deferred pensioners, the fact that we don't know their current whereabouts does not cause problems in terms of paying out money due or accounting for money due to be paid.

  We carry out regular mortality screening (see above) which highlights where payments may due to be paid. Members not failing the mortality screening are assumed to be still alive and therefore will be entitled to receive benefits on retirement.

  As part of our Data Quality exercises we have scheduled to trace our deferred pensioners addresses using our tracing service. We repeat this exercise every 18 months or so in order to keep records as up to date as possible whilst bearing in mind the cost of such exercises and the response rates achieved.

  When deferred members reach retirement age and benefits are payable, individual tracing services are employed in order to ensure benefits are paid on time.

Conditional Data

Conditional data is data which the Norfolk Pension Fund considers is essential to ensure correct recording of liabilities for actuarial purposes, correct calculations and payment of benefits.

The conditional data score averaged across all items for the Norfolk Pension Fund was 99.9%

The only significant area of fail is "deferreds passed due date". Regular reports are run against the system to highlight any cases where benefits are still being deferred but should possibly be in payment. The small numbers of cases shown as currently failing are those where we are currently carrying out tracing activities. We have instigated a write-off process where benefit amounts are small or beneficiaries cannot be traced after exhaustive search. This will reduce the number of cases that we are accounting for, but in practice will never pay out.

Where deferred benefits have not been put into payment by retirement age, this could be due to un-notified mortality, or “gone aways”. Large numbers of such cases could affect funding of schemes; however, the small numbers involved here do not represent any significant funding issues.

Data cleansing is an ongoing exercise and therefore does not have timescales associated with it.

From 2016 we have been running regular checks on deferreds addresses with an external tracing company. This gives us likely addresses for our deferred members who have moved house but not informed us.

It is recognised by the Pension Fund Actuary that the Norfolk Pension Fund data is among the cleanest in local government, however we are not complacent and know that we must strive to keep standards up.

Regular monitoring of the measures identified in this report will be carried out and any actions necessary to ensure data quality is maintained.

The Norfolk Pension Fund will review best practice of other pension funds to ensure that appropriate measures are used and where appropriate additional data monitoring will be put in place.

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Key Performance Data

Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Administration Benchmarking Club

Norfolk Pension Fund takes part in the annual Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Administration Benchmarking Club.

CIPFA Benchmarking results for Industry Standard Performance Indicators and LGPS Management Expenses are shown below for 1 April 2020 to 31 March 2021 (the latest available at time of publication).

Industry Standard Performance Indicators

Task	Target	Norfolk Results	Club Average
Letter detailing transfer in quote	10 days	87.1%	79.6%
Letter detailing transfer out quote	10 days	91.5%	81.7%
Process and pay refund	10 days	97.8%	90.8%
Initial letter acknowledging death of member	5 days	90.2%	80.8%
Letter notifying amount of dependent's benefits	10 days	98.8%	82.2%
Calculate and notify deferred benefits	30 days	97.9%	85.0%
AVERAGE		**93.8%**	**83.3%**

We use this data to target areas of improvement in our service provision. It helps us to understand the specific service pressures that the Fund faces and to operate as effectively and efficiently as we can.

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Top Case Types

The table shows the top case types processed by the Norfolk Pension Fund during the period 1 April to 31 March.

		2020-21		2021-22	
Case Type	**CIPFA Standard**	**Volume**	**% within CIPFA Standard**	**Volume**	**% within CIPFA Standard**
Transfer In Quotes	10 days	209	86.3	308	94.1
Transfer Out Quotes	10 days	525	91.8	562	96.8
Refund Payments	5 days	507	96.9	496	100.0
Estimate of Retirement Benefits	10 days	1,272	90.3	1,464	96.0
Actual Retirement Benefits	5 days	1,565	98.8	1,671	99.2
Acknowledgement Death of Member	5 days	902	74.0	838	91.8
Notify Dependant's Benefits	5 days	302	66.9	323	85.1
Notify Deferred Benefits	10 days	1,905	97.9	2,297	98.0
TOTAL		**7,187**	**87.9**	**7,959**	**95.1**

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Analysis of Scheme Membership

The Norfolk Pension Fund Unit Cost per Member for the period 1 April 2021 to 31 March 2022 is shown in the table below.

Process	2017-18	2018-19	2019-20	2020-21	2021-22
Investment Expenses					
Total cost £'000	15,748	17,960	21,782	26,204	23,095
Total Membership (Nos)	89,568	91,368	92,360	94,733	98,780
Cost per member (£)	175.82	196.57	235.84	276.61	233.80
Administration Costs					
Total cost £'000	1,749	1,858	1,858	2,109	2,111
Total Membership (Nos)	89,568	91,368	92,360	94,733	98,780
Cost per member (£)	19.53	20.34	20.12	22.26	21.37
Oversight and Governance Costs					
Total cost £'000	495	816	887	653	906
Total Membership (Nos)	89,568	91,368	92,360	94,733	98,780
Cost per member (£)	5.53	8.93	9.60	6.89	9.17

[Please note, the cost per member figures in the table above are based on the administrative costs disclosed in note 11. Management Expenses of the attached Statement of Accounts. This differs to CIPFA cost per member calculations which use different criteria for administration costs and make adjustments to remove one-off project costs and an element of staffing.]

The table below shows a 10% increase in scheme membership since 2017-18. There has been a 4% increase in active scheme members, an 10% increase in deferred members and an 18% increase in pensioners (retired members).

	2017-18	2018-19	2019-20	2020-21	2021-22
Active	28,837	29,067	29,317	30,257	29,985
Deferred	36,520	36,947	36,700	37,106	40,305
Pensioner	24,211	25,354	26,343	27,370	28,490
Total	**89,568**	**91,368**	**92,360**	**94,733**	**98,780**

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Membership Age Profile

The following tables show the age profile of active, deferred and retired scheme members.

Active Scheme Member Age Profile

Age Band	Percentage of Members	Number of Members
0-16	0.1%	22
17-32	18.1%	5,441
33-48	37.2%	11,162
49-64	41.8%	12,530
65-69	2.3%	704
70+	0.4%	126

Deferred Scheme Member Age Profile

Age Band	Percentage of Members	Number of Members
0-16	0.0%	1
17-32	13.4%	5,408
33-48	37.6%	15,168
49-64	46.7%	18,842
65-69	1.6%	661
70+	0.6%	225

Retired Scheme Member Age profile

Age Band	Percentage of Members	Number of Members
0-49	0.9%	247
50-54	0.6%	172
55-59	4.4%	1,266
60-64	14.5%	4,145
65-69	24.5%	6,967
70+	55.1%	15,693

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Breakdown of retirements

1,550 scheme members retired during 2021-22, broken down into the different retirement types shown in the table below.

Retirement Type	Number of Retirements
55 to State Pension Age Voluntary	1,037
Over State Pension Age (Late)	253
Employer consent	97
Redundancy/Efficiency	48
Flexible	59
Incapacity/Ill health	56
TOTAL	**1,550**

Employer contributions

As at 31 March 2021 there were 427 employers with active members in the Fund.

A list of contributing employers is show at Appendix I.

The table below provides a split of contributions analysed by employer body.

2021-22	£'000
Administering authority	72,799
Other scheduled bodies	78,252
Community admission bodies	4,350
Transferee admission bodies	2,592
Resolution bodies	11,817
Total	**169,810**

All employers are required to lodge employer discretion policies with the Fund and these are reviewed annually. Pension advice for employers undertaking TUPE staff transfers are encouraged to contact the fund in the first instance.

Details of the admission policy for new admitted bodies is contained in Appendix VI, the Funding Strategy Statement.

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Customer Satisfaction

We gather feedback on our service from our customers that helps us identify areas of improvement and opportunities for efficiency.

As a result of COVID-19, we have been unable to hold our usual face-to-face stakeholder meetings during 2021-22, but we have maintained our usual printed and online communications as well as introducing virtual webinar events.

Employer Forums, 8 July 2021 and 9 December 2020
84% of respondents gave an overall assessment of the Forums as Excellent/Very Good.

Future Service Delivery
In November 2021 we invited all scheme members to tell us how they would like us to keep in touch with them to inform our future service delivery planning.

The results confirmed members value being able to engage with the Pension Fund both digitally and ‘traditionally’, depending upon the person and the circumstances.

We are also working with our employers and team members to ensure that post pandemic we retain the best of the old alongside building on what we have learnt from the last couple of years.

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Key Staffing Indicators

The chart below details the Norfolk Pension Fund Key Staffing Indicators including staff turnover, ratio of staff to scheme members and ratio of staff to the number of case items. The results are for the period 1 April to 31 March.

	2017-18		2018-19		2019-20		2020-21		2021-22	
Staff Joining	1	4%	2	7%	4	14%	2	7%	3	11%
Staff Leaving	1	4%	2	7%	1	4%	1	4%	1	4%
Total Staff (FTE)	28.5		28.5		28		28		28.9	
LGPS Admin Staff (FTE)	22		22		22		22		22.3	
Total Scheme Membership	89,568		91,368		92,360		94,733		98,780	
Members per LGPS Admin Staff (FTE)	4,071		4,153		4,198		4,306		4,429	
Staff to Member Ratio	1:185		1:189		1:191		1:195		1:199	
Case Items	7,532		8,819		8,891		7,187		7,959	
Case Items per LGS Admin Staff (FTE)	342		401		404		327		357	
Staff to Case Item Ratio	1:16		1:18		1:18		1:15		1:16	

(FTE) = Full-time equivalent

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National LGPS Frameworks

National LGPS Frameworks is a ‘not for profit’ national collaboration between LGPS funds and pools to efficiently procure specialist pension related services.

The National LGPS Frameworks operate on a self-funding model, with liability shared between all Founding Authorities. They are hosted by the Norfolk Pension Fund, supported by a dedicated team of professionals with assistance from other external support as necessary (for example, legal and procurement specialists from Norfolk County Council).

Using the National LGPS Frameworks saves LGPS funds and pools significant time and money by allowing quicker and more efficient procurement of high-quality and value for money services. The frameworks allow users to leverage better prices whilst still making local decisions about service requirements.

Since the inception of National LGPS Frameworks in 2012, the LGPS has already collectively benefited from more than £163m in savings:

- 9 live frameworks in place
- 42 funds and pools have acted as ‘Founding Authorities’
- 108 funds and pools joining the Frameworks (plus nine non-LGPS users)
- 481 contracts awarded
- 194 years of estimated effort saved by procuring through the Frameworks

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National LGPS
Frameworks

www.nationallgpsframeworks.org

Helpline: 01603 306846

General enquiries: nationalLGPSframeworks@norfolk.gov.uk

Actuarial Report on Funds

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), dated March 2020. 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 a 75% 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 £3,835 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 £28 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood 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	4.2% p.a.
Salary increase assumption	3.0% p.a.
Benefit increase assumption (CPI)	2.3% p.a.

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	21.7 years	23.9 years
Future Pensioners*	22.8 years	25.5 years

*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2020

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.

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Governance

Governance Strategy Statement

The Norfolk Pension Fund publishes a Governance Strategy Statement each year. The latest version of this document can be viewed at Appendix XI and on our website at www.norfolkpensionfund.org.

The Governance Strategy Statement reflects the Fund's commitment to transparency and engagement with employers and scheme members.

We monitor, review and consult where appropriate to ensure that our governance arrangements continue to be effective and relevant.

Norfolk Pension Fund is committed to the principles of good governance.

Governance Compliance Statement

The Norfolk Pension Fund is fully compliant with the principles set out in the Local Government Pension Scheme Regulations 2013 (as amended) Regulation 55.

The full Governance Compliance Statement is at Appendix IV.

Administering Authority

Norfolk County Council (NCC) is the Administering Authority of the Norfolk Pension Fund and administers the LGPS on behalf of its participating employers.

- NCC has delegated its pensions functions to the Pensions Committee
- NCC has delegated responsibility for the administration and financial accounting of the Fund to the Executive Director of Finance and Commercial Services
- The Norfolk Pension Fund has established a Local Pension Board (known locally as the Pensions Oversight Board)
- This report supports NCC's Annual Governance Statement, which is published in the NCC Annual Statement of Accounts

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Pensions Committee

The Pensions Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pensions Committee meets quarterly to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary

Pensions Committee Membership 2021-22

Chairman:	**Norfolk County Councillor**	Cllr Judy Oliver
Vice-Chairman:	**District Councillor (co-opted by the Local Government Association)**	Cllr Alan Waters
	Norfolk County Councillor	Alison Birmingham (from September 2021)
	Norfolk County Councillor	Cllr Danny Douglas (to May 2021)
	Norfolk County Councillor	Cllr Tom FitzPatrick (to May 2021)
	Norfolk County Councillor	William Richmond (from May 2021)
	Norfolk County Councillor	Daniel Roper (from May 2021)
	Norfolk County Councillor	Robert Savage (May to September 2021)
	Norfolk County Councillor	Cllr Martin Storey
	Norfolk County Councillor	Cllr Brian Watkins (to May 2021)
	District Councillor (co-opted by the Local Government Association)	Cllr John Fuller

	Staff Representative	Steve Aspin
	Observer	Any participating employers
Other attendees:	**Administrator of the Fund (NCC Executive Director of Finance and Commercial Services)**	Simon George
	Director of the Norfolk Pension Fund	Glenn Cossey
	Investment Advisor to the Fund	David Walker (Hymans Robertson LLP)

Pensions Committee Training

A Training Strategy is maintained to develop and maintain knowledge and skills to support good and timely decision making.

The training needs of the Pensions Committee is considered in line with CIPFA Knowledge and Skills Framework alongside the 12-month agenda planning process. Training is business driven, therefore the programme is flexible. This allows us to effectively align training with operational needs and current agenda items, helping to support member decision making.

All Pensions Committee and Pension Oversight Board Members have access to the LGPS Online Learning Academy (LOLA)

All new Committee Members attend induction training.

Member training is supplemented by attendance at Local Government Association (LGA) and other associated events.

A training log is maintained.

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Pensions Committee Meetings and Training

		Steve Aspin	Alison Birmingham	Danny Douglas	Tom FitzPatrick	John Fuller	Judy Oliver	William Richmond	Daniel Roper	Robert Savage	Martin Storey	Alan Waters	Brian Watkins
March 2022	Pensions Committee	√				√	√	√	√			√	
January 2022	ESG (Environmental, Social & Governance)/RI (Responsible Investment) Workshop		√				√	√				√	
January 2022	LGPS (Local Government Pension Scheme) Annual Governance Conference: Pensions in the 21st Century						√					√	
December 2021	Pensions Committee	√	√			√	√	√	√		√	√	
November 2021	ACCESS (A Collaboration of Central, Eastern and Southern Shires) Investor Training: The ESG (Environmental, Social & Governance) Challenge		√				√					√	
October 2021	Pensions Committee	√	√				√	√			√	√	
September 2021	Workshop on Environmental, Social & Governance Approach (ESG)	√					√		√			√	
July 2021	Pensions Committee						√	√	√		√	√	

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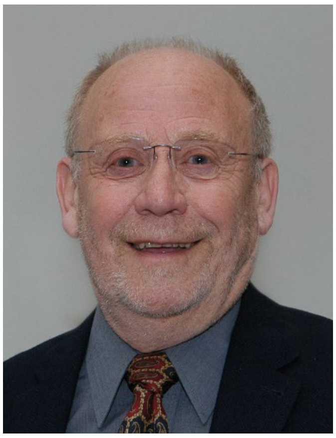
Annual Report from the Pensions Oversight Board



This is the Annual Report of the Norfolk Pension Fund Pensions Oversight Board (POB), covering the period from 1 April 2021 to 31 March 2022.

Role and Function

The Norfolk Pension Fund Pensions Oversight Board was established as the Local Pension Board for the Norfolk Pension Fund in accordance with section 5 of the Public Service Pension Act 2013 and Part 3 of the LGPS Regulations 2013.

The remit of the POB includes assisting the Administering Authority as Scheme Manager:

- to secure compliance with the LGPS regulations and any other legislation relating to governance and administration of the LGPS

- to secure compliance with requirements imposed in relation to the LGPS by the Pension Regulator.

The Terms of Reference for the Norfolk Pension Fund Pensions Oversight Board (Local Pension Board) are available on the Norfolk Pension Fund's website: www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/

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Membership

Membership of the Pensions Oversight Board is structured as follows:

- three scheme member representatives of which one has been nominated by the trade unions and the rest drawn from the total scheme membership
- three employer representatives made up of Norfolk County Council (one), precepting/levying employers (one), other employers (one)
- one independent non-voting chairman

Membership of the Board during the period April 2021 to March 2022 was as follows:

Role	Representing	Appointment
Independent Chair		Brian Wigg
Scheme Member representatives	Trade Union nominee	Rachel Farmer (UNISON)
	Active/Deferred representative	John Harries (Vice Chairman) Resigned December 2021
		Frances Crum From January 2022
	Pensioner representative	Peter Baker
Employer representatives	Norfolk County Council representative	Debbie Beck Resigned December 2021
		Sally Albrow From February 2021
	Precepting/levying employers representative	Councillor Chris Walker, Poringland Parish Council
	Other employers representative	Howard Nelson, Diocese of Norwich Education and Academies Trust

Pensions Oversight Board Meetings

The Pensions Oversight Board met four times during the year – in May 2021, September 2021, November 2021 and February 2022. All meetings have been virtual.

In addition to these meetings, Pensions Oversight Board Members have attended each of the Pensions Committee meetings between April 2021 and March 2022.

During the reporting period the areas reviewed and contributed to have included:

- The impact of and response to the coronavirus pandemic on the operations of the Norfolk Pension Fund on behalf of its stakeholders
- Norfolk Pension Fund's internal structural review programme, including the replacement pensions administration system, and the impact on employers and scheme members
- Investment pooling (including transition of assets to the ACCESS pool)
- LGPS reform (including the Good Governance Project)
- Benefits and Regulatory changes, response and compliance
- Risk Management and reporting
- Accessibility guidelines and compliance
- Future service delivery and smarter working
- Audit Reports
- Cyber and data security

The Pensions Oversight Board maintain a forward work programme, aligned to the Pensions Committee work programme.

Attendance at POB meetings was 57%.

Pension Oversight Board Member Training

In order to fulfil their role effectively and to comply with requirements imposed by regulations which are enforced by the Pensions Regulator, the members of the Pensions Oversight Board are required to maintain their knowledge and understanding of the LGPS and pensions in general, so receive appropriate training.

All Pensions Oversight Board members receive introductory training and resources. Pensions Oversight Board members are currently undertaking the Pensions Regulators public sector trustee toolkit modules and are encouraged and make use of other resources and training opportunities.

Together with members of Pensions Committee, Pensions Oversight Board members participated in the National Knowledge Assessment Survey. The results of the Survey helped inform the development of a new Training Strategy for the Norfolk Pension Fund.

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Together with members of Pensions Committee and Officers, Pensions Oversight Board members attended bespoke joint training in October 2020 and February 2021. Board members have also attended a wide range of virtual training offered through the year, including webinars and conferences

Knowledge and skills are considered at each meeting, to help shape future development needs aligned with their forward work programme. Details of observing at Pensions Committee meetings and training events (internal and external) are recorded throughout the year.

The Board acknowledges the opportunity of working closely with Pensions Committee.

Brian Wigg
Chairman of the Norfolk Pension Fund Pensions Oversight Board
14 July 2022

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Pensions Committee and Pensions Oversight Board Members Codes of Conduct

Pensions Committee Members must comply with the Norfolk County Council Members Code of Conduct which focuses upon 'The 7 Nolan principles of public life' of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

It sets an objective, non-political and high standard the purpose of which is to remind members of the Authority of the behaviour expected of them in public life and to set out clearly the key principles against which their conduct will be measured.

A copy of the 'Members' Code of Conduct' is available at Appendix VII.

Pensions Oversight Board Members are also required to comply with the 'The 7 Nolan principles of public life' as detailed at https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2.

Conflict of interest: Pensions Committee

There is a standing agenda item at each Pensions Committee meeting for Members to declare any interests:

"If you have Disclosable Pecuniary Interest in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on that matter.
If you have a Disclosable Pecuniary Interest in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter.

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave while the matter is dealt with. If you do not have a Disclosable Pecuniary Interest you may nevertheless have an Other Interest in a matter to be discussed if it affects:

- *your wellbeing or financial position*
- *that of your family or close friends*
- *that of a club or society in which you have a management role*
- *that of another public body of which you are a member to a greater extent than others in your ward*

If that is the case then you must declare such an interest but can speak and vote on the matter."

Conflict of Interests: Pensions Oversight Board

There is a standing agenda item at each Pensions Oversight Board meeting for Members to declare any interests:

"Declarations of interest

> *Members to declare any conflict of interest. For the purposes of a member of a Local Pension Board (the Pension Oversight Board), a 'conflict of interest' may be defined as a financial or other interest which is likely to prejudice a persons exercise of functions of a Local Pension Board. (A conflict does not include a financial or other interest arising merely by virtue of being a member of the LGPS / Norfolk Pension Fund).*
>
> *Therefore, a conflict of interest may arise when a member of a Local Pension Board:*
>
> - *must fulfil their legal duty to assist the Administering Authority; and*
> - *at the same time they have:*
>   - *a separate personal interest (financial or otherwise); or*
>   - *another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility as a Local Pension Board member."*

Accountability and Transparency

Pensions Committee agendas, reports and minutes are published on the Norfolk County Council website at www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetings-decisions-and-elections/committees-agendas-and-recent-decisions under Other Committees.

Pensions Committee meetings are open to members of the public.

Pensions Oversight Board agendas, reports and minutes are published on the Norfolk Pension Fund website at www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/

ACCESS Joint Committee

The eleven ACCESS participating Funds are each administering authorities within the Local Government Pension Scheme, as set out in the Local Government Pension Scheme regulations 2013.

Each authority administers, maintains and invests their own respective funds within the LGPS in accordance with these regulations and the LGPS investment Regulations.
The ACCESS authorities have signed an Inter Authority Agreement which sets out how

they will work together.

The Inter Authority Agreement is at http://www.accesspool.org/document/366.

The Inter Authority Agreement (Schedule 1) confirms the ACCESS governing principles, which can be viewed at http://www.accesspool.org/document/17.

Administering Authority Section 101 Committees ('Pensions Committees') are represented at the Joint Committee. A list of Joint Committee Members can be viewed at https://www.accesspool.org/governance/governance-1/.

The Norfolk Pension Fund Pensions Committee and Pensions Oversight Board are regularly updated and review the work of the Joint Committee, the Operator and ACCESS investment performance.

Reference Material

The following documents can be viewed or downloaded from the Norfolk Pension Fund's website at www.norfolkpensionfund.org:

- Annual Report and Accounts
- Customer Care and Communication Strategy
- Employer Newsletters
- Funding Strategy Statement
- Governance Strategy Statement
- Primetime (retired members newsletter)
- Sample Annual Benefit Statements
- Investment Strategy Statement
- Voting Records
- Pensions Administration Strategy
- Climate risk reporting

In addition, the following documents are available from the Norfolk Pension Fund:

- Confidentiality Policy
- Full Privacy Notice (including data protection policy)
- Governance Compliance Statement
- Information Security Policy

National Asset Pools
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.

Mark N. Kemp-Gee

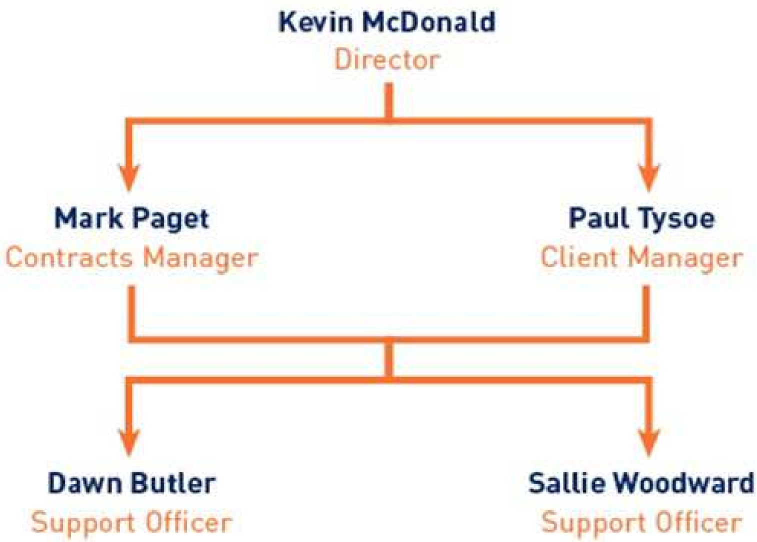
Cllr Mark Kemp-Gee
Chairman, ACCESS Joint Committee

ACCESS
Effective • Collective • Investment

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 (ACS) 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 pf 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

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Background to ACCESS

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 Isle of Wight Council

2 Hampshire County Council

3 West Sussex County Council

4 East Sussex County Council

5 Kent County Council

6 Hertfordshire

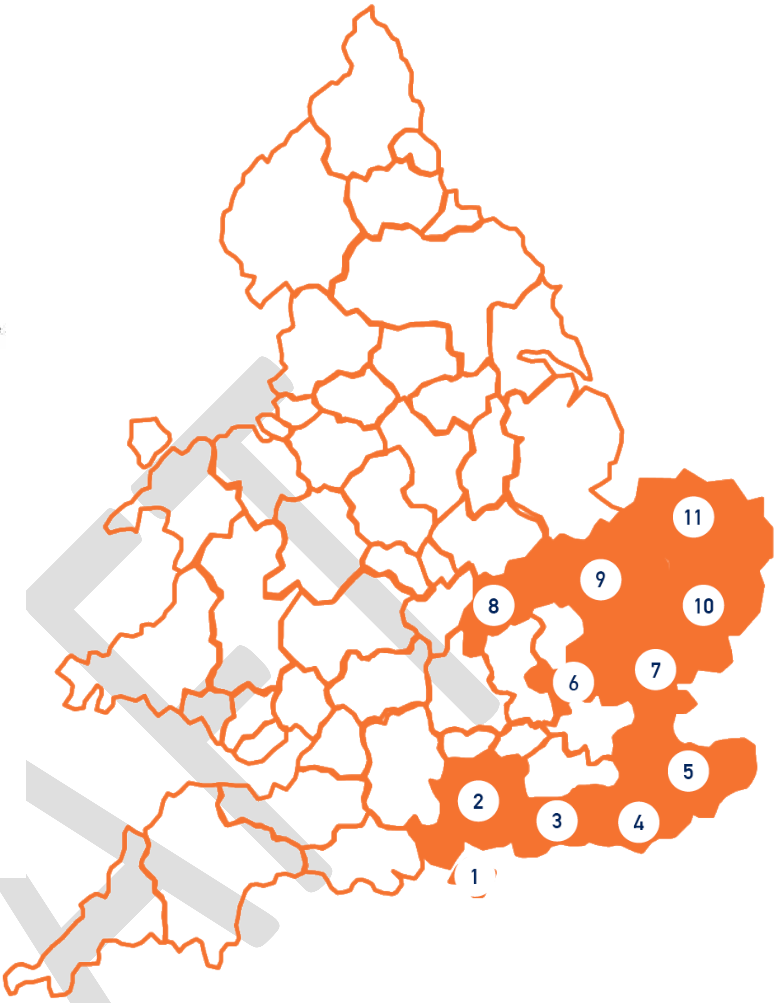
7 Essex County Council

8 West Northamptonshire Council

9 Cambridgeshire County Council

10 Suffolk County Council

11 Norfolk County Council



3,500 Employers
1.1 million Members
310,000 Pensioners

ACCESS pool

Joint Committee (JC)
11 Councillors representing 11 Authorities

Officers
Section 151 Officers, Monitoring Officers, Officer Working Group (OWG)

ACCESS Support Unit (ASU)
Programme, contract and client management

No FCA regulated decisions in client side functions

Active-listed assets, ACS operator: LINK Group

Passive-listed assets jointly procured manager: UBS

Non-listed assets implementation advice: MJ HUDSON

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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

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

	2021-22		2021-22	
	Actual	Budget	Actual	Budget
	In Year	In Year	Cumulative to date	Cumulative to date
	£'000	£'000	£'000	£'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 & Depository 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.

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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 polices 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.

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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.

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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 it influence on companies. The voting activity is reported to the Joint Committee on a quarterly basis.

During the year ACCESS voted at 2,391 meeting 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.

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Pool Costs

Details of the set-up costs, transition costs and ongoing operational costs incurred by the Norfolk Pension Fund in respect of the ACCESS Pool are detailed below. The table reflects the costs incurred in financial year 2021-22 and shows the cumulative costs to date since financial year 2015-16 when the initial set up of the ACCESS Pool commenced. During 2021-22 there were no transitions of assets into ACCESS Pool.

Whilst the fund has incurred costs associated with the set up of the Pool and transition of the assets, the Fund has also benefitted from a number of savings. The table below shows the savings made in 2021-22 and the total savings to date since financial year 2015-16.

	2021-22	
	Actual	Actual
	In Year	Cumulative to date
	£'000	£'000
Set Up Costs	0	183
Transition Costs	**0**	335
Ongoing Operational Costs	94	440
Total Costs	**94**	**958**
Pool Fee Savings	**1,428**	**10,177**
Net Savings Realised	**1,335**	**9,220**

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The analysis below shows the investment expenses incurred during the financial year 2021-22 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the pool. The analysis includes costs captured through the cost transparency code.

2021-22	Asset Pool				Non-Asset Pool				Fund Total	
Management Fees	**Direct £000s**	**Indirect £000s**	**Total £000s**	**bps**	**Direct £000s**	**Indirect £000s**	**Total £000s**	**bps**	**£000s**	**bps**
Invoice Fees (excl VAT)	0	0	**0**	0	3,444	0	**3,444**	10	**3,444**	10
Performance	0	0	**0**	0	240	486	**726**	2	**726**	2
Fees paid from NAV Pooled Funds	0	5,813	**5,813**	17	0	20,340	**20,340**	58	**26,153**	75
Broker Commission	385	0	**385**	1	74	0	**74**	0	**459**	1
Transaction Taxes	0	0	**0**	0	3	0	**3**	0	**3**	0
Implicit Costs	4,154	0	**4,154**	12	-2,871	0	**-2871**	-8	**1,283**	4
Legal and Advisory Fees	0	0	**0**	0	0	0	**0**	0	**0**	0
Other Transaction Costs	401	0	**401**	1	186	0	**186**	1	**587**	2
Indirect Transaction costs	0	0	**0**	0	0	2,490	**2,490**	6	**2,490**	6
Custody	0	0	**0**	0	34	0	**34**	0	**34**	0
Other	0	0	**0**	0	0	0	**0**	0	**0**	0
Total	**4,940**	**5,813**	**10,753**	**31**	**1,110**	**23,316**	**24,426**	**69**	**35,179**	**100**

The analysis below shows the investment assets that transitioned to the ACCESS Pool during financial year 2021-22 and the investment held outside of the pool.

2021-22	Opening Value		Closing Value	
	£'000	%	£'000	%
Asset Pool managed investments				
Pooled Investment - Equities - active	1,742,187	38.72%	1,750,032	35.78%
Total	**1,742,187**	**38.72%**	**1,750,032**	**35.78%**
Non-Asset Pool managed investments				
UK Public Sector Quoted - active	31,832	0.71%	32,257	0.66%
UK Quoted - active	33,256	0.74%	32,790	0.67%
Equities - active	0	0.00%	0	0.00%
Pooled Investment vehicles - active	1,303,656	28.97%	1,401,418	28.65%
Pooled Investment vehicles - passive	270,520	6.01%	310,701	6.35%
Derivatives - Forward Currency	-447	-0.01%	-5,295	-0.11%
Property Funds	409,086	9.09%	521,833	10.67%
Property - directly held	1,210	0.03%	1,046	0.02%
Private Equity	353,184	7.85%	414,125	8.47%
Infrastructure	261,144	5.80%	372,010	7.61%
Timberland	12,504	0.28%	19,077	0.39%
Cash	81,133	1.80%	41,176	0.84%
Total	**2,757,078**	**61.28%**	**3,141,138**	**64.22%**
Total Fund	**4,499,265**	**100.00%**	**4,891,170**	**100.00%**

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2020-21	Opening Value		Closing Value	
	£'000	%	£'000	%
Asset Pool managed investments				
Pooled Investment - Equities - active	770,300	21.37%	1,742,187	38.72%
Total	**770,300**	**21.37%**	**1,742,187**	**38.72%**
Non-Asset Pool managed investments				
UK Public Sector Quoted - active	32,474	0.90%	31,832	0.71%
UK Quoted - active	33,425	0.93%	33,256	0.74%
Equities - active	534,057	14.81%	0	0.00%
Pooled Investment vehicles	1,246,686	34.59%	1,303,656	28.97%
Pooled Investment vehicles	207,776	5.76%	270,520	6.01%
Derivatives - Forward Currency	-4,180	-0.12%	-447	-0.01%
Property Funds	363,109	10.07%	409,086	9.09%
Property - directly held	1,089	0.03%	1,210	0.03%
Private Equity	222,058	6.16%	353,184	7.85%
Infrastructure	89,447	2.48%	261,144	5.80%
Timberland	20,821	0.58%	12,504	0.28%
Cash	87,991	2.44%	81,133	1.80%
Total	**2,834,753**	**78.63%**	**2,757,078**	**61.28%**
Total Fund	**3,605,053**	**100.00%**	**4,499,265**	**100.00%**

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Pension Administration Strategy Report

The Norfolk Pension Fund Pension Administration Strategy (PAS) sets out the requirements of employers which will enable them and the Norfolk Pension Fund to meet their legal obligations in respect of the Local Government Pension Scheme (LGPS).

The aim of the PAS is to detail requirements for liaison and communication between employers and the Norfolk Pension Fund and to establish minimum levels of administrative performance required by all parties to meet their statutory obligations. The PAS aims to promote good working relationships and improve transparency, efficiency and quality.

Norfolk Pension Fund works closely with employers to identify areas of poor performance and ensure where necessary training and development are undertaken to address any shortcomings.

This close working relationship has ensured that all our scheme employers have met required service standards in respect of providing the Fund with:

- the name of an employer contact (Pension Liaison Officer)
- an employer discretions policy document
- a statement of compliance regarding the administration of the scheme
- timely data submissions
- timely response to enquiries by the Fund

This collaborative approach means during 2021-22 that the Fund has not been required to:

- issue any employer Improvement Notice
- recharge any employer for administration costs due to failure to comply with requirements
- recover any costs from any employer for excessive service requests
- recharge any employer with other charges or obligations (e.g. fine imposed on the Norfolk Pension Fund by regulatory bodies) which relate to performance of the employer
- issue a penalty to any employer for failure to meet their statutory obligations

A copy of the Pension Administration Strategy is available at Appendix XII and on our website at [www.norfolkpensionfund.org.](http://www.norfolkpensionfund.org)

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Customer Care and Communication Strategy Statement

The Norfolk Pension Fund is committed to delivering a consistently high level of performance and customer service. Excellent communication is core to this commitment.

In all our communications we aim to:

- Provide clear, relevant, accurate, accessible and timely information
- Carefully listen, consider and respond to communications we receive
- Use plain English where possible and avoid unnecessary jargon
- Use the communication method that best suits the audience and the information being passed on

How we achieve these objectives is detailed in our Customer Care and Communication Strategy Statement, which can be found at Appendix X and on our website at www.norfolkpensionfund.org/help/how-we-keep-in-touch/

The Statement sets out who our main customers and contacts are, detailing how and when we communicate with them. We continually review and monitor our communications and the Statement is formally reviewed and endorsed each year by the Pensions Committee.

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Norfolk Pension Fund

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Statement of Accounts 2021-22

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Finance and Commercial Services;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the statement of accounts.

The Executive Director of Finance's and Commercial Services Responsibilities

The Executive Director of Finance and Commercial Services is responsible for the preparation of the Pension Fund statement of accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this statement of accounts, the Executive Director of Finance and Commercial Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Executive Director of Finance and Commercial Services has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate by the Executive Director of Finance and Commercial services

I certify the statement of accounts set out on pages XX to XX presents a true and fair view of the financial position of the Norfolk Pension Fund at the accounting date and its income and expenditure for the year ended 31 March 2022.

Signed: ....

Simon George Executive Director of Finance and Commercial Services and Fund Administrator

Date: XX XXXXXXX 2022

Independent Auditor’s Report

Independent Auditor’s Statement to the Members of Norfolk County Council on the Pension Fund Financial Statements

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Revenue and Fund Account

For the Year Ended 31 March 2022

2020-21 £000		Notes	2021-22 £000
	Dealings with members, employers and others directly involved in the Fund		
163,495	Contributions	7	169,810
13,944	Transfers in from other pension funds	8	7,819
177,439			**177,629**
-148,973	Benefits	9	-155,016
-5,006	Payments to and on account of leavers	10	-12,648
-153,979			**-167,664**
23,460	**Net additions/withdrawals from dealings with members**		**9,965**
-28,966	Management Expenses	11	-26,760
-5,506	**Net additions/withdrawals from dealings with members Including Fund Management Expenses**		**-16,795**
	Returns on investments		
73,699	Investment income	12	69,637
-302	Taxes on income	13a	-25
838,086	Profit and losses on disposal of investments and changes in the market value of investments	14a	332,266
911,483	**Net return on investments**		401,878
905,977	**Net increase/decrease in the net assets available for benefits during the year**		**385,083**
3,621,120	**Opening net assets of the scheme**		**4,527,097**
4,527,097	**Closing net assets of the scheme**		**4,912,180**

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Net Assets Statement

As at 31 March 2022

2020-21 £000			Notes	2021-22 £000	
4,504,775		Investment assets	14	4,901,001	
-5,510		Investment liabilities	14	-9,831	
	4,499,265	**Total Net Investments**			**4,891,170**
579		Long term debtors	21	506	
	579				**506**
		Current Assets			
20,292		Debtors	21	19,006	
13,887		Cash in hand	21	10,350	
34,179				**29,356**	
		Current Liabilities			
-6,926		Creditors	22	-8,852	
-6,926				**-8,852**	
	27,253	**Net current assets**			**20,504**
	4,527,097	**Net assets of the Fund available to fund benefits at the period end**			**4,912,180**

The Fund account and the net assets statement do not take account of liabilities to pay pensions and other benefits after the period end. The ability to meet these future liabilities is considered by the Fund actuary as part of the triennial formal valuation process. Information relating to the valuation of these liabilities is shown in note 20.

Signed: ....

Simon George
Executive Director of Finance and Commercial Services and Fund Administrator

Date: XX XXXXXX 2022

Notes to the Accounts

1. Description of Fund

The Norfolk Pension Fund ("the Fund") is part of the Local Government Pension Scheme and is administered by Norfolk County Council (“the Administering Authority”). The Administering Authority is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Norfolk Pension Fund Annual Report 2021-22 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

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

It is a contributory defined benefit pension scheme administered by Norfolk County Council to provide pensions and other benefits for pensionable employees of Norfolk County Council, the district councils in Norfolk and a range of other scheduled and admitted bodies. Teachers, police officers and fire fighters are not included as they come within other national public sector pension schemes.

The Council has delegated its pension functions to the Pensions Committee. Responsibility for the administration and financial management of the Fund has been delegated to the Executive Director of Finance and Commercial Services.

The Pension Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Committee meets quarterly in order to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to ensure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Norfolk Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector

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There are currently 427 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below. This is a net increase of two employers since 31 March 2021.

	31 March 2021	31 March 2022
Number of Employers with Active Members	**425**	**427**
Full membership including employers with deferred and legacy pension commitments		
Number of Employees in Scheme		
Norfolk County Council	12,809	13,257
Other Employers	17,448	16,728
Total	**30,257**	**29,985**
Number of Pensioners		
Norfolk County Council	13,940	14,432
Other Employers	13,430	14,058
Total	**27,370**	**28,490**
Deferred Pensioners		
Norfolk County Council	19,707	20,343
Other Employers	17,399	19,964
Total	**37,106**	**40,307**
Total Members membership including employers with deferred and legacy pension commitments	**94,733**	**98,782**

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The movement in employer numbers is due to the following employers leaving or joining the Fund during the financial year:

Employers ceasing to have active employees in the Fund:	Employers joining the active section of the Fund:
1. Churchill Services (Paston College)	1. Ormesby St Margaret with Scratby Parish Council
2. Oulton Parish Council	2. Duke of Lancaster School
3. Ringland Parish Council	3. Walcott Parish Council
4. Norwich Regeneration Ltd	4. Aspens Services (Wroughton Infant Academy)
5. KWEST Multi Academy Trust	5. Chartwell (Eastern Multi Academy Trust)
6. Caterlink (City of Norwich School)	6. Churchill Services (Eastern Multi Academy Trust)
7. West Raynham Church of England Primary Academy	7. Bure Park Specialist Academy
8. Sentinel Leisure Trust	8. Holy Cross Church of England Primary School
9. Garvestone, Reymerston & Thuxton Parish Council	9. Docking Church of England Primary Academy and Nursery
10. Wormegay Church of England Primary School	10. Brancaster CofE VA Primary School
11. Runcton Holme Church of England Primary School	11. Overstrand Parish Council
12. Hethel Innovation Ltd	12. Docking Parish Council
13. Snettisham Parish Council	13. Coltishall Parish Council
14. Serco (Breckland Grounds)	14. Great Dunham Primary School
15. Norwich Norse	15. Norwich City Services Ltd
16. Cherry Blossom Nursery	16. Serco (Breckland Refuse)
17. Swannington with Alderford & Little Witchingham Parish Council	17. Access Community Trust
18. Caterlink (College of West Anglia)	18. Marlingford & Colton Parish Council
	19. Bradwell Parish Council
	20. Churchill Services (Wensum Trust)

A full list of participating employers is shown is Appendix I.

c) Funding

Benefits are funded by employee and employer contributions and investment earnings. For the financial year ending 31 March 2022, employee contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of actual pensionable pay.

Banding depends on a member’s actual annual pay rate. The table below shows the bands for 2021-22 and 2022-23.

Employee contribution rates are prescribed by the governing regulations and cannot be varied locally. Employers' contributions are set based on triennial actuarial funding valuations.

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The March 2019 triennial valuation set the rates payable by employers for the period 1st April 2020 to 31st March 2023. Excluding lump sum deficit recovery payments these rates range from 0% to 34.5% of actual pensionable pay.

Actual Pensionable Pay 2021-22	Contribution rate per year	Actual Pensionable Pay 2022-23	Contribution rate per year
Up to £14,600	5.5%	Up to £15,000	5.5%
£14,601 to £22,900	5.8%	£15,001 to £23,600	5.8%
£22,901 to £37,200	6.5%	£23,601 to £38,300	6.5%
£37,201 to £47,100	6.8%	£38,301 to £48,500	6.8%
£47,101 to £65,900	8.5%	£48,501 to £67,900	8.5%
£65,901 to £93,400	9.9%	£67,901 to £96,200	9.9%
£93,401 to £110,000	10.5%	£96,201 to £113,400	10.5%
£110,001 to £165,000	11.4%	£113,401 to £170,100	11.4%
£165,001 or more	12.5%	£170,101 or more	12.5%

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d) Benefits

Pension benefits under the LGPS (until March 2014) were based on final pensionable pay and length of pensionable service. From 1st April 2014 the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th.

	Membership before April 2008	Membership April 2008 to March 2014	Membership from April 2014
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary	1/49 of pensionable pay in each year
Lump Sum	Automatic lump sum of 3 x salary	No automatic lump sum	No automatic lump sum
Additional Lump sum	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up

Benefits are index-linked in order to keep pace with inflation. In June 2010, the Government announced that the method of indexation would change from the retail prices index (RPI) to the consumer prices index (CPI). This change took effect from 1 April 2011. The appropriate index for April 2022 is 3.1% (0.5% April 2021).

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For details, please contact the Fund.

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2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2021-22 financial year and its position at year-end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits are disclosed in accordance with the requirements of International Accounting Standard (IAS) 26. Full details of this approach are disclosed at note 20 of these accounts.

The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 30th November 2022, management of the 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;
- 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 2021-22 financial year, or within 2022-23 to date;
- The fund does not have any external borrowing; and
  The fund has an allocation of circa 43% to public equities, circa 7% to liquid fixed income and holds around 2% of the Fund in cash (investment and current cash balances). These are assets that can be liquidated to pay benefits should the need arise.

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

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3. Summary of Significant Accounting Policies

Fund Account - Revenue Recognition

a) Contribution income

Employees' normal and additional contributions are accounted for when deducted from pay. Employer contributions are accounted for on the same basis as they are expressed in the Rates & Adjustments certificate to the relevant formal valuation. Employee and employer normal contributions are accounted for on an accruals basis.

Employer 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 or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions 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. Amounts not due until future years are classed as long-term financial assets.

b) 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 Local Government Pension Scheme Regulations (see notes 8 and 10).

Individual transfers in and out are accounted for on a cash basis when received or paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

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ii) Dividend income

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 assets statement as a current financial asset.

iii) Distributions from pooled funds

Income distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iv) Property-related income

Property-related income consists of rental income and income from pooled property investment vehicles. Income from pooled property investment vehicles is recognised as in iii) above.

v) Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account - Expense Items

d) 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 assets statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

i) Administrative expenses

All administrative expenses are accounted for on an accruals basis. All costs incurred in respect of the administration of the Fund by the Administering Authority are charged to the Fund. These include staff, accommodation and IT costs.

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ii) Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management and other overheads are apportioned to this activity and charged as expenses to the fund.

iii) Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. Fund Manager fees are broadly based on the market value of the assets under management and therefore increase or reduce as the value of these investments change. Fees payable to external investment managers and the custodian are in accordance with the contractual agreements with the Fund.

In addition, the Fund has agreements with the following managers that an element of their fee is performance related:

Manager	Asset Class
Janus Henderson Global Investors	Fixed Income
Pantheon	Infrastructure
J.P. Morgan Asset Management	Infrastructure
Equitix	Infrastructure
Stafford International	Timberland
M&G	Fixed Income

	2020-21 £000	2021-22 £000
Performance-related fees	802	725

Where an investment managers' fee invoice has not been received by the Net Asset Statement date, an estimate based upon the market value of their mandate as at the end of the year plus any appropriate performance allowance is used for inclusion in the Fund account.

	2020-21 £000	2021-22 £000
Value of invoiced fees based on estimates (excluding performance fees and fee rebates)	5,062	3,408

The cost of obtaining investment advice from external consultants, investment performance measurement, governance and voting and custody is included within management expenses under the relevant heading.

Net Assets Statement

g) Financial assets

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

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the code of practice and IFRS13 (see note 16a). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Freehold and leasehold properties

The direct freehold property holding was valued as at 31 March 2022. The direct freehold property holding is valued every 3 years at the year-end date in line with the triennial valuation of the Fund. The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition). The next valuation will be as at 31 March 2025.

i) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

j) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

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Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

k) Cash and cash equivalents

Cash comprises cash in hand and demand deposits as arising. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash and cash equivalents held with the global custodian (Northern Trust) are classified as cash deposits within other investment balances. Operational cash balances managed by the Administering Authority's treasury management operations are disclosed as cash in hand within current assets.

l) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

m) 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 standards.

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 assets statement (note 20).

n) Additional voluntary contributions (AVCs)

The Fund has three appointed providers of AVCs; Prudential, Clerical Medical and Utmost Life and Pensions (previously Equitable Life - a legacy arrangement that is not open to new contributors).

AVCs are held by the providers and do not form part of the Fund's assets. These amounts are not included in the main Fund accounts in accordance with Regulation 4 (1) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (note 23).

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Members participating in these arrangements receive an annual statement at 31 March each year showing the amount held in their account and the movements in the year. Contributions are deducted from member salaries by their employer and paid directly to the AVC providers. AVCs may be used to fund additional retirement benefits or to purchase additional life cover at a level higher than that provided by the main scheme.

Upon retirement the value of an individual AVC account may be used in some or all the following ways depending on the circumstances of the retiring member:

1. Buy an annuity from a third-party provider
2. Buy an annuity within the LGPS
3. Take some of or the entire accumulated AVC fund as cash, if within limits set down in the scheme regulations and by HMRC
4. Under certain specific circumstances buy extra membership within the LGPS (this is a legacy right associated with some members only)

Accounting Standards issued but not yet adopted

o) The Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 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 2022-23 code:

- IFRS 16 *Leases* (but **only** for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards: • IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS

  • IAS 37 (Onerous contracts) – clarifies the intention of the standard

  • IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

  • IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16.

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 for 2021–2022.

Contingent Assets and contingent liabilities

p) Contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

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4. Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many factors.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Norfolk Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Funds managed by HarbourVest are subject to full valuations at 31 March each year. abrdn Capital Partners funds are valued at 31 December and rolled forward for cash flows to 31 March.

	2020-21 £000	2021-22 £000
Value of unquoted private equity	353,184	414,125

Pooled Investment Vehicle – Property/Freehold Property

Pooled 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. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax.
Pooled property funds and Limited Partnerships in property have derived underlying assets that have been valued by independent external valuers on a fair value basis and generally in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition). The valuation of freehold property is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).

	2020-21 £000	2021-22 £000
Value of Pooled Investment Vehicle – Property/Freehold Property	410,296	522,878

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Infrastructure Equity Pooled Fund

Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. All assets are valued using income or discounted cash flows. Audited valuation is carried out annually and is based on the Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

	2020-21 £000	2021-22 £000
Value of Infrastructure Equity Pooled Fund	261,144	372,010

Timberland Equity Pooled Fund

Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments. Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows. Audited valuations are carried out annually and based on the Fair value of the fund.

	2020-21 £000	2021-22 £000
Value of Timberland Equity Pooled Fund	12,504	20,502

Pooled Debt Funds

Pooled investment vehicle is valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is reinvested in the Fund, net of applicable withholding tax. The credit fund is valued monthly on a Net Asset Value basis. The three debt funds are valued quarterly on a Net Asset Value basis.

	2020-21 £000	2021-22 £000
Value of Pooled Debt Funds	139,679	167,100

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary. The assumptions underpinning the valuations are agreed with the actuary and are summarised in note 19. In accordance with IAS26 the Fund is also required to disclose

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on an annual basis the actuarial present value of promised retirement benefits (see note 20). Actuarial methodology used in triennial valuations is different from that used in IAS26, therefore they will produce different liability values at a common valuation date.

The liability estimates in notes 19 and 20 are subject to significant variances based on changes to the underlying assumptions and actual future experience related to the development of pension liabilities.

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5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

q) The preparation of financial statements requires the Administering Authority to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates

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

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (measured under IAS26)	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 is engaged to provide the Fund with expert advice about the	CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2022	**Approximate % increase to liabilities**	**Approximate monetary amount (£m)**
0.1% p.a. increase in the Pension Increase Rate	2%	£120m
1 year increase in member life expectancy	4%	£266m
0.1% p.a. increase in the Salary Increase Rate	0%	£12m
0.1% p.a. decrease in the Real Discount Rate	2%	£133m

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Item	Uncertainties	Effect if actual results differ from assumptions
	assumptions to be applied.	
Private Equity	Private equity investments are valued at fair value in accordance with appropriate standards and guidance. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £414.1m. There is a risk that this investment may be under or overstated in the accounts. Generally, these investments are valued a minimum of a quarter in arrears. Actual valuations as at 31 March 2022 for all HarbourVest private equity investments have been used in the accounts. Estimated valuations (valued at 31 December 21 and rolled forward for cash flows to 31 March 22) for abrdn Capital Partners have been used in the accounts. Final statements for three (European Strategic Partners 2008 'B', SL Capital SOF III Feeder LP and SL Capital SOF IV Feeder LP) of the six abrdn Capital Partners assets were received after the preparation of the accounts. If adjusted for, the final valuations would have resulted in an uplift of £0.6 million.
Pooled Property/Freehold Property	Pooled 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. In the case of pooled investment vehicles that are accumulation funds, change in market value also	The total pooled property/freehold property investments in the financial statements are £522.9m. There is a risk that this investment may be under or overstated in the accounts.

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Item	Uncertainties	Effect if actual results differ from assumptions
	includes income which is reinvested in the Fund, net of applicable withholding tax. For freehold property the valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).	
Pooled Infrastructure Equity	Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. All assets are valued using income or discounted cash flows. Audited valuation is carried out annually and	The total Pooled Infrastructure Equity investments in the financial statements are £372.0m. There is a risk that this investment may be under or overstated in the accounts. The auditors to the Aviva Investors Infrastructure Income Limited Partnership have issued a qualified audit opinion as they have been unable to gain sufficient appropriate audit evidence to the accuracy and sufficiency of any provision required on a legal claim representing less than 9% of the total NAV of the Fund. The carrying value of the Norfolk Investment in these accounts is £43.0m.

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Item	Uncertainties	Effect if actual results differ from assumptions
	is based on the Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.	
Timberland Equity Pooled Fund	Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments. Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows. Audited valuations are carried out annually and based on the Fair value of the fund.	The total Pooled Timberland Equity investments in the financial statements are £20.5m. There is a risk that this investment may be under or overstated in the accounts.

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Item	Uncertainties	Effect if actual results differ from assumptions
Pooled Debt Funds	Pooled investment vehicle is valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax. The credit fund is valued monthly on a Net Asset Value basis. The three debt funds are valued quarterly on a Net Asset Value basis.	The total Pooled Debt Fund investments in the financial statements are £167.1m. There is a risk that this investment may be under or overstated in the accounts. An estimated valuation for the HarbourVest Direct Lending AIF (L) SCSp has been used in the accounts as the final statement was received after the preparation of the accounts. If adjusted for, the final valuation would have resulted in an uplift of £0.45 million.

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Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges as at 31 March.

Pooled Property/Direct Freehold Property	10.00%
Private Equity	15.00%
Pooled Infrastructure Equity	10.00%
Pooled Timberland Equity	10.00%
Pooled Debt Funds	Between 6.00 % and 10.00 %

Full details of the impact on asset values are detailed in note 16.

6. Events after the Net Asset Statement Date

There have been no events since 31 March 2022, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

7. Contributions Receivable

By Category

2020-21 £000		2021-22 £000
128,979	Employers – normal	133,823
5	Employers – special	70
1,453	Employers – strain	824
32,540	Members – normal	34,527
518	Members – purchase of additional scheme benefits	566
163,495		**169,810**

Employer Normal contributions include deficit recovery contributions as shown below. Where applicable the actuarial certification of the employers' contribution rate includes an element in respect of deficit funding estimated to recover the deficit on that employers section of the Fund over an agreed period.

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2020-21 £000		2021-22 £000
36,521	Deficit recovery contribution included in employer normal contributions	38,546
36,521		**38,546**

Special contributions represent amounts paid by employers in excess of the minimum contribution levels required by the Actuary (in the Rates and Adjustment Certificate to the applicable triennial valuation) and to termination settlements agreed by scheduled bodies ceasing participation in the Fund. They do not relate to augmentation and strain arising on non ill-health early retirements.

Pension benefits are funded to be paid from normal retirement age. If any employee is allowed to take their pension benefits early this places an additional cost (strain) on the Pension Fund. Employers are required to reimburse the Pension Fund in respect of the "strain costs" arising from an employee taking early retirement. In some cases, the cost can be paid in full at the date of retirement or by instalments over 3 years in which case interest is added.

By Authority

2020-21 £000		2021-22 £000
69,854	Administering authority	72,799
73,606	Other scheduled bodies	78,252
4,635	Community admission bodies	4,350
2,645	Transferee admission bodies	2,592
12,755	Resolution bodies	11,817
163,495		**169,810**

The LGPS provides scope for employers to award additional years of membership on retirement. If an employer opts to award augmented membership, the employer is required to purchase the additional period from the Pension Fund. Again, in some cases the cost can be paid in one instalment or over 3 years with an appropriate interest adjustment.

The outstanding instalments due after 31 March were:

2020-21 £000		2021-22 £000
2	Strain instalments due after the Net Asset Statement date	1
2		**1**

The debtors figure for augmentation/strain due in note 21 comprises the total of these balances plus the outstanding invoiced balances in respect of augmentation/strain due from Fund employers at 31 March 2022.

8. Transfers In From Other Pension Funds

2020-21 £000		2021-22 £000
4,814	Group transfers	0
9,130	Individual transfers	7,819
13,944		**7,819**

There were no group transfers in 2021-22. The group transfers figure in 2020-21 represents the transfer of staff from the Cambridgeshire Pension Fund in respect of Norwich City Council. The individual transfers figure represents the payments received by the Fund in relation to individual members' transfers of benefit into the Fund from other pension arrangements.

9. Benefits Payable

By Category

2020-21 £000		2021-22 £000
125,997	Pensions	129,561
19,534	Commutation and lump sum retirement benefits	21,194
3,442	Lump sum death benefits	4,261
148,973		**155,016**

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By Authority

2020-21 £000		2021-22 £000
68,284	Administering authority	70,286
54,271	Other scheduled bodies	58,209
7,400	Community admission bodies	7,329
4,475	Transferee admission bodies	4,162
14,543	Resolution bodies	15,030
148,973		**155,016**

10. Payments To and On Account of Leavers

2020-21 £000		2021-22 £000
0	Group transfers	3,686
323	Refunds to members leaving service	355
4,683	Individual transfers	8,607
5,006		**12,648**

The 2021-22 Group Transfers figure is made up of one transfer in respect of Otley College Suffolk (none in 2020-21).

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11. Management Expenses

Pension Fund management expenses for 2021-22 are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Note 11 Management Expenses now includes fund administration costs, oversight and governance costs (previously included with the fund administration cost figure) and investment management expenses (including Transaction Costs previously included in investment Purchases and Sales).

2020-21 £000		2021-22 £000
2,109	Administrative costs	2,111
26,204	Investment management expenses	23,743
653	Oversight and governance costs	906
28,966		**26,760**

The Local Government Pension Scheme Regulations enables administration expenses (including Oversight and Governance) to be charged to the Fund.

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11a. Investment Expenses

	31 March 2022 Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000
Fixed Interest Securities	**497**	497	0	0
Equities	**0**	0	0	0
Pooled Investments	**10,188**	9,375	694	119
Private equity	**5,439**	5,439	0	0
Infrastructure (Incl. Timberland)	**3,815**	3,784	31	0
Direct Freehold Property	**25**	25	0	0
Derivatives forward Currency	**1,310**	1,310	0	0
	21,274	**20,430**	**725**	**119**
Fees and Other expenses	**2,435**			
Custody fees	**34**			
Total	**23,743**			

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	31 March 2021 Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000
Fixed Interest Securities	**457**	457	0	0
Equities	**1,773**	1,603	0	170
Pooled Investments	**8,266**	7,120	801	345
Private equity	**7,731**	7,731	0	0
Infrastructure (Incl. Timberland)	**3,055**	3,054	1	0
Derivatives forward Currency	**1,571**	1,571	0	0
	22,853	**21,536**	**802**	**515**
Fees and Other expenses	**3,277**			
Custody fees	**74**			
Total	**26,204**			

12. Investment Income

2020-21 £000		2021-22 £000
532	Income from fixed interest securities	617
35	Income from index linked securities	38
6,995	Equity dividends	0
13,285	Pooled Property investments	18,389
45,683	Pooled fund income - unit trusts and other managed funds	45,217
1,970	Private equity income	483
3,903	Pooled funds rebate	4,791
64	Stock lending	0
166	Interest on cash deposits	19
50	Rents from Property (note 12a)	55
1,016	Other	28
73,699		**69,637**

12a. Property Income

2020-21 £000		2021-22 £000
50	Rental income	55
-78	Direct operating expenses	-25
-28	**Net income**	**30**

13. Other Fund Disclosures

13a. Taxes on Income

2020-21 £000		2021-22 £000
247	Withholding tax - equities	0
55	Withholding tax – pooled investments	25
302		**25**

13b. External Audit costs

2020-21 £000		2021-22 £000
132	Payable in respect of external Audit	22
132		**22**

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14. Investments

Market Value 31 March 2021 £000		Market Value 31 March 2022 £000
	Investment assets	
65,088	Fixed Interest Securities	65,047
3,590,011	Pooled Investments	3,853,238
409,086	Pooled property investments	521,833
353,184	Private equity Partnerships	414,125
1,210	Direct Freehold Property	1,046
4,063	Derivatives – forward currency	4,536
82,133	Cash deposits	36,160
0	Amounts receivable for sales	5,016
4,504,775	**Total investment assets**	**4,901,001**
	Investment liabilities	
-4,510	Derivatives - forward currency	-9,831
-1,000	Amounts payable for purchases	0
-5,510	**Total investment liabilities**	**-9,831**
4,499,265	**Net investment assets**	**4,891,170**

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14a. Reconciliation of Movements in Investments and Derivatives 2021-22

	Market value 31 March 2021 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31 March 2022 £000
Fixed Interest Securities	**65,088**	33,334	-32,824	-551	**65,047**
Equities	**0**	0	0	0	**0**
Pooled property investments	**409,086**	81,252	-33,362	64,857	**521,833**
Pooled investments	**3,590,011**	261,682	-154,255	155,800	**3,853,238**
Private equity	**353,184**	57,970	-108,872	111,843	**414,125**
Direct Freehold Property	**1,210**	0	0	-164	**1,046**
	4,418,579	**434,238**	**-329,313**	**331,785**	**4,855,289**
Derivative contracts:					
- Forward currency contracts	**-447**	53,290	-54,040	-4,098	**-5,295**
	-447	**53,290**	**-54,040**	**-4,098**	**-5,295**
Other investment balances:					
- Cash deposits	**82,133**			3,477	**36,160**
- Amount receivable for sales of investments	**0**			0	**5,016**
- Amount payable for purchases of investments	**-1,000**			1,102	**0**
Net investment assets	**4,499,265**			**332,266**	**4,891,170**

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14a. Reconciliation of Movements in Investments and Derivatives 2020-21

	Market value 31 March 2020 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31 March 2021 £000
Fixed Interest Securities	**65,899**	567	0	-1,378	**65,088**
Equities	**534,057**	147,953	-863,297	181,287	**0**
Pooled property investments	**363,109**	24,344	-11,360	32,993	**409,086**
Pooled investments	**2,335,030**	1,095,809	-334,163	493,335	**3,590,011**
Private equity	**222,058**	57,013	-57,003	131,116	**353,184**
Direct Freehold Property	**1,089**	0	0	121	**1,210**
	3,521,242	**1,325,686**	**-1,265,823**	**837,474**	**4,418,579**
Derivative contracts:					
- Futures	**-4,180**	41,021	-41,342	4,054	**-447**
- Forward currency contracts	**-4,180**	**41,021**	**-41,342**	**4,054**	**-447**
Other investment balances:					
- Cash deposits	**89,977**			0	**82,133**
- Amount receivable for sales of investments	**1,291**			0	**0**
- Amount payable for purchases of investments	**-3,277**			-3,442	**-1,000**
Net investment assets	**3,605,053**			**838,086**	**4,499,265**

Transaction costs are included in the cost of purchases and in sale proceeds. These include costs charged directly to the Fund, such as fees, commissions, stamp duty and other fees. In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within pooled investments.

Transaction costs incurred during 2021-22	119,000
Transaction costs incurred during 2020-21	515,000

14b. Investments Analysed by Fund Manager

Market Value 31 March 2021 £000	%		Market Value 31 March 2022 £000	%
Investments Managed by the ACCESS Pool (Link Fund Solutions)				
720,759	16.02%	LF ACCESS Global Equity (ex UK) Fund	719,188	14.70%
453,664	10.08%	LF ACCESS Globe Equity Capital Fund	432,717	8.85%
277,395	6.17%	LF ACCESS Globe Equity Mondrian Fund	303,451	6.20%
290,369	6.45%	LF ACCESS UK Equity Core Fund	294,676	6.02%
1,742,187	**38.72%**		**1,750,032**	**35.77%**
Investments Managed outside of the ACCESS Pool				
569,410	12.67%	Janus Henderson Global Investors	585,867	11.98%
432,270	9.61%	LaSalle Investment Management	531,532	10.87%
393,308	8.74%	M&G – (Incl. Infracapital)	437,423	8.94%
322,722	7.17%	HarbourVest Partners	408,700	8.36%
270,521	6.01%	UBS	310,701	6.35%
175,054	3.89%	Insight Investment **	173.826	3.55%
161,475	3.59%	Capital International Limited	171.919	3.51%
120,287	2.67%	J.P. Morgan Asset Management	169.495	3.47%
81,077	1.80%	Equitix	114.613	2.34%
73,539	1.63%	Goldman Sachs Asset Management	80.332	1.64%
39,157	0.87%	AVIVA Investors	42,985	0.88%
21,097	0.47%	Pantheon	38,295	0.78%
55,817	1.24%	Global Custodian*	29,230	0.60%

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Market Value 31 March 2021 £000	%		Market Value 31 March 2022 £000	%
32,371	0.72%	abrdn Capital Partners	25,052	0.51%
12,505	0.28%	Stafford Capital Partners	20,858	0.43%
-3,532	-0.08%	Berenberg Bank**	310	0.02%
2,757,078	**61.28%**		**3,141,138**	**64.23%**
4,499,265	**100.00%**		**4,891,170**	**100.00%**

All the above companies are registered in the United Kingdom.

* The assets held by the Global Custodian(s) represent cash held in money market funds primarily to meet the cash flow requirements of the Fund's private markets programme.

**Currency hedging contracts in respect of the Fund's overseas equity holdings are reported in the Insight Investment and Berenberg Bank holdings. The market value of the contracts could represent a payable or receivable. The Insight Investment holding includes the Fixed Interest Securities (Gilts).

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The following Investments Representing More Than 5% of the Net Assets of the Scheme

Security	Market Value 31 March 2021 £000	Percentage of total fund %	Market Value 31 March 2022 £000	Percentage of total fund %
LF ACCESS Global Equity (ex UK) Fund	720,759	15.9	719,188	14.6
LF ACCESS Globe Equity Capital Fund	453,664	10.0	432,717	8.8
UBS Life UK Equity Tracker	270,520	6.0	310,701	6.3
LF ACCESS Globe Equity Mondrian Fund	277,395	6.1	303,451	6.2
LF ACCESS UK Equity Core Fund	290,369	6.4	294,676	6.0
Janus Henderson Managed Multi Asset Credit Fund	276,891	6.1	289,669	5.9
M&G Alpha Opportunities Fund	250,104	5.5	283,328	5.8

During the year there were no individual investment (a single security) exceeding 5% of the total value of the net assets. Seven pooled holdings (seven in 2020-21) represent over 5% of the total value of the net assets of the scheme. Each holding is a pooled investment vehicle and comprises the following:

- As at 31 March 2022 the LF ACCESS Global Equity ex UK A INC fund held 206 (204) stocks.
- As at 31 March 2022 the M&G Alpha Opportunities Fund has 539 (478) positions, across 433 (361) issuers.
- At 31 March 2022 the Janus Henderson Multi Asset Credit Fund held 350 (349) individual issues from issuers 250 (271).
- As at 31 March 2022 the Link Fund Sol Ltd Access UK Equity Core A Inc fund held 57 (54) stocks.
- At 31 March 2022 the UBS Life UK Equity Tracker Fund held 616 securities (629).
- As at 31 March 2022 the Link Fund Sol Ltd Access Globe Eq Mondrian A Inc fund held 45 (45).
- As at 31 March 2022 the Link Fund Sol Ltd Access Globe Equity Cap A Inc fund held 303 (319).

The UBS investment is a unit linked contract of long term insurance (“the policy”) issued by UBS Asset Management Life Ltd (“UBS Life”). Units in the range of pooled investment funds operated by UBS Life ("Life Funds") are allocated to the Policyholders. The value of the units in a Life Fund are directly linked to the assets legally and beneficially owned by UBS Life and held in that Life Fund. Such units may be surrendered and their value realised in accordance with the conditions applying to the

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Policy (including by a transfer of assets in specie). The underlying assets are predominantly quoted investments which are listed or admitted to trading on a stock exchange (or similar public market) and may also include uninvested cash and derivatives. The policy falls within Class III of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, and is not a "with profits" contract.

14c. Stock Lending

In November 2020 the Fund transitioned its remaining directly held equity mandates to the ACCESS pool. As a result, the stock lending programme with the funds Custodian Bank has ceased. All stocks on loan were recalled and included in the transition.

Stock lending income for the period 1 April 2020 to the point of transition is captured in investment income (Note 12).

Therefore, as at 31 March 2022, there are no securities on loan.

14d. Property Holdings

Details of the Funds directly owned freehold properties are as follows:

Year Ending 31 March 2021 £000		Year Ending 31 March 2022 £000
1,089	Opening balance	1,210
0	Additions	0
0	Disposals	0
0	Net increase in market value	0
121	Other changes in fair value	-164
1,210	**Closing balance**	**1,046**

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligations to purchase, construct or develop the property. Nor does it have any responsibility for any repairs, maintenance or enhancements relating to properties that are occupied. The Pension Fund has undertaken a programme of works during the 2020-21 financial year on one of its unoccupied properties.

15. Analysis of Derivatives

Objectives and policies for holding derivatives

The holdings in derivatives are to hedge exposures to reduce risk in the Fund. The use of derivatives is managed in line with the investment management agreements between the Fund and the investment managers holding mandates that permit the use of these instruments.

a) Futures

Futures contracts are exchange traded contracts to buy or sell a standard quantity of a specific asset at a pre-determined future date. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

The Fund has also authorised the use of futures by Janus Henderson to assist in meeting the investment objectives that they have been set. Janus Henderson did not hold any futures contracts in its portfolio at 31 March 2022 (2021 nil).

b) Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment opportunities, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund has a currency hedging programme in place. The hedging programme is managed between two currency managers, Berenberg Bank and Insight Investment.

The Fund also requires LaSalle to hedge 100% of the currency exposure arising from its discretionary (off-benchmark) investments in global (ex-UK) property funds. This hedging activity covers US Dollar, Euro, and Australian Dollar exposures. In addition to these mandate positions short term contracts may also arise in portfolios investing in non-Sterling denominated assets as a consequence of the need to settle transactions in foreign currencies. These tend to be shorter term contracts than those undertaken for other purposes but settlement may span the balance sheet date.

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15a. Open forward currency contracts

Settlement	Currency bought	Local value 000	Currency sold	Local value 000	Asset value £000	Liability value £000
Up to one month	EUR	52,000	GBP	-43,642	317	0
Up to one month	GBP	29,328	AUD	-55,483	0	-2,327
Up to one month	GBP	119,399	EUR	-142,326	0	-928
Up to one month	GBP	80,005	JPY	-12,636,000	915	0
Up to one month	GBP	10,404	USD	-13,854	0	-120
Up to one month	JPY	11,056,500	GBP	-69,681	0	-477
Between one & three months	EUR	55,480	GBP	-46,423	553	0
Between one & three months	GBP	141,210	EUR	-167,540	0	-649
Between one & three months	GBP	96,791	JPY	-15,174,500	1,705	0
Between one & three months	GBP	191,415	USD	-257,940	0	-4,541
Between one & three months	JPY	7,094,900	GBP	-45,247	0	-789
Between one & three months	USD	257,940	GBP	-194,909	1,046	0
Open forward currency contacts at 31 March 2022					**4,536**	**-9,831**
Net forward currency contracts at 31 March 2022						**-5,295**
Prior year Comparative						
Open forward currency contacts at 31 March 2021					**4,063**	**-4,510**
Net forward currency contracts at 31 March 2021						**-447**

At the 31 March 2022, the fund held £0m (£0m 2021) cash collateral posted against gains on its Forward foreign currency contracts with Berenberg Bank. The collateral is held in a separate account and is not included in the Revenue Account or Net Asset Statement.

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Following financial market regulation changes during 2017-18 the Fund uses its segregated fixed Interest securities holding (£65m) as a collateral pool against the notional gains and losses on the Insight Investment currency contracts.

Contracts with a common underlying currency profile and similar maturity profile have been amalgamated for the purpose of disclosure. A key to the currencies referred to in the table is provided below:

Symbol / Acronym	Currency
£	British pound (Sterling)
$	United States dollar
AUD	Australian dollar
EUR	Euro
JPY	Japanese yen

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16. Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Equities	Level 1	The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.	Not required	Not required
UK Gilts and Quoted Bonds	Level 1	Fixed interest securities are valued at a market value based on current yields.	Not required	Not required
FX	Level 1	Market forward exchange rates at the year-end.	Exchange rate risk	Not required
Equity Futures	Level 1	Published exchange prices at year end.	Not required	Not required
Pooled Investment Vehicle – Equity and Debt	Level 2	Valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax.	The valuation is undertaken by the investment manager or responsible entity and advised as a unit or security price. Observable inputs are used. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.	Not required

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Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investment Vehicle - Property	Level 3	Pooled 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. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax.	Investments in unquoted property pooled funds are valued at the net asset value or a single price advised by the fund manager. Pooled property funds and Limited Partnerships in property have derived underlying assets that have been valued by independent external valuers on a fair value basis and generally in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).	Valuations could be affected by Material events.
Direct Freehold Property	Level 3	The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition)	Existing lease terms and rentals; Independent market Research; Nature of tenancies; Covenant strength for existing tenants; Assumed vacancy Levels; Estimated rental Growth; Discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.

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Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private Equity	Level 3	Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the appropriate industry guidelines. Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.	Observable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.	Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Infrastructure Equity Pooled Fund	Level 3	Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. Assets are valued using income or discounted cash flows. Audited valuations are carried out annually and based on the Limited partnerships valued at Fair value or based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.	Unobservable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.	Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.
Timberland Equity Pooled Fund	Level 3	Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments. Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows. Audited valuations are carried out annually and based on the Fair value of the fund.	Observable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.	Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.

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Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Debt Funds – Credit	Level 3	The fund is valued monthly on a Net Asset Value basis.	The Fund primarily invest in Asset Backed Securities (ABS) and ABS securities issued by special purpose which are collateralised primarily by a portfolio that includes commercial and industrial bank loans ("CLO"). The portfolio is valued using a number of unobservable inputs, such as internal credit ratings for internally-valued instruments (valued by the AIFM), which is used when deciding the comparable public bonds for the discount rate calculation, and single broker quotes for CLO instruments.	
Pooled Debt Funds – Special Situations	Level 3	The funds are valued quarterly on a Net Asset Value basis.	The funds primarily invest in debt and equity instruments that have or are in the process of being restructured, covering both public and private instruments. The portfolios are valued primarily using unobservable inputs due to the large weighting to private instruments. Unobservable inputs include but are not limited to discount rates, valuation multiples and land valuations.	

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Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Debt Funds – Real Estate Debt	Level 3	The funds are valued quarterly on a Net Asset Value basis.	The fund primarily invests in private junior loans that are secured against real estate assets. The primary unobservable input within the valuations is the internal credit rating, which is used when deciding the comparable public bonds for the discount rate calculation.	

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Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the potential impact on the closing value of investments held at 31 March 2022.

Description of Asset	Assessed Valuation Range (+/-)	Value at 31 March 2022 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	10.00%	522,879	575,166	470,591
Private Equity	15.00%	414,125	476,244	352,007
Pooled Infrastructure Equity	10.00%	372,010	409,211	334,809
Pooled Timberland Equity	10.00%	20,502	22,553	18,452
Pooled Private Debt/Credit Funds	10.00%	134,422	147,864	120,980
Pooled Real Estate Debt Fund	6.00%	32,677	34,638	30,717
Net Investment Assets		**1,496,615**	**1,665,676**	**1,327,556**

The potential movement of +/- 10.00% for Pooled Property/Direct Freehold Property represents a combination of factors, the key one is market prices, which is derived from other factors, such as vacancy levels, rental movements and the discount rate.

Private Equity, Pooled Infrastructure Equity and Pooled Timberland Equity unrealised investments are typically valued in accordance with fair market value principles set out in the valuation policy and applicable valuation guidelines set out in international accounting standards. Actual realised returns on unrealised investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale. Accordingly, the actual valuations on these unrealized investments may differ materially from those indicated and could be up to 10.00% for Infrastructure, Timberland and Private Debt/Credit Funds, 6% for Real Estate Debt Funds and 15.00% for Private Equity investments (or higher or lower).

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Description of Asset	Assessed Valuation Range (+/-)	Value at 31 March 2021 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	10.00%	410,296	451,326	369,267
Private Equity	15.00%	353,184	406,162	300,207
Pooled Infrastructure Equity	10.00%	261,144	287,258	235,029
Pooled Timberland Equity	10.00%	12,504	13,755	11,254
Pooled Private Debt/Credit Funds	10.00%	117,507	129,258	105,757
Pooled Real Estate Debt Fund	6.00%	22,172	23,502	20,841
Net Investment Assets		**1,176,807**	**1,311,261**	**1,042,355**

16a. Fair Value Hierarchy

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

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

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

Level 2

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

Level 3

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

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Such instruments would include unquoted equity investments and fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable:

Fair Value Hierarchy

Values at 31 March 2022	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Investment assets				
Fixed interest securities	65,047	0	0	65,047
Pooled investments	0	3,293,626	559,612	3,853,238
Pooled property investments	0	0	521,833	521,833
Private equity partnerships	0	0	414,125	414,125
Derivatives - forward currency	4,536	0	0	4,536
Cash deposits	36,160	0	0	36,160
Amounts receivable for sales	5,016	0	0	5,016
Total Investment Assets	**110,759**	**3,293,626**	**1,495,570**	**4,899,955**
Non-Financial assets at fair value through profit and loss				
Direct Freehold Property	0	0	1,046	1,046
Financial liabilities at fair value through profit and loss				
Derivatives - forward currency	-9,831	0	0	-9,831
Net Investment Assets	**100,928**	**3 293 627**	**1,496,616**	**4 891,170**

Values at 31 March 2021	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Investment assets				
Fixed interest securities	65,088	0	0	65,088
Pooled investments	0	3,176,684	413,327	3,590,011
Pooled property investments	0	0	409,086	409,086
Private equity partnerships	0	0	353,184	353,184
Derivatives - forward currency	4,063	0	0	4,063
Cash deposits	82,133	0	0	82,133
Total Investment Assets	**151,284**	**3,176,684**	**1,175,597**	**4,503,565**
Non-Financial assets at fair value through profit and loss				
Direct Freehold Property	0	0	1,210	1,210
Financial liabilities at fair value through profit and loss				
Payable for Investment purchases	-5,510	0	0	-5,510
Net Investment Assets	**145,774**	**3,176,684**	**1,176,807**	**4,499,265**

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16b. Transfers between Levels 1 and 2

There were no transfers between Level 1 and 2 in 2021-22 (no transfers during 2020-21).

During the year six new investments were made and classified as Level 3 in accordance with the classification guidelines in the Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

16c. Reconciliation of Fair Value Measurements within Level 3

	Pooled Property/ Freehold Property £'000	Private Equity £'000	Infrastructure Pooled Fund £'000	Timberland Pooled Fund £'000	Pooled Debt Funds £'000	Total £'000
Market value 1 April 2021	**410,296**	**353,184**	**261,144**	**12,504**	**139,679**	**1,176,807**
Transfers into Level 3	0	0	0	0	0	**0**
Transfers out of Level 3	0	0	0	0	0	**0**
Purchases during the year and derivative payments	81,252	57,970	105,265	4,770	12,695	**261,952**
Sales during the year and derivative receipts	-33,362	-108,872	-18,879	-273	-6,803	**-168,189**
Unrealised gains/losses	-6,789	59,799	1,079	0	0	**54,089**
Realised gains/losses	71,482	52,044	23,401	3,501	21,529	**171,957**
Market value 31 March 2022	**522,879**	**414,125**	**372,010**	**20,502**	**167,100**	**1,496,616**

The Fund reclassified a Direct Lending Fund from Private Equity into Pooled Debt Funds during the financial year. Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account.

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	Pooled Property/ Freehold Property £'000	Private Equity £'000	Infrastructure Pooled Fund £'000	Timberland Pooled Fund £'000	Pooled Debt Funds (Restated) £'000	Total £'000
Market value 1 April 2020	364,198	222,058	89,447	20,821	54,410	**750,934**
Transfers into Level 3	0	0	0	0	57,379	**57,379**
Transfers out of Level 3	0	0	0	0	0	**0**
Purchases during the year and derivative payments	24,344	57,013	188,406	1,928	30,712	**302,403**
Sales during the year and derivative receipts	-11,360	-57,003	-4,994	-10,001	-16,625	**-99,983**
Unrealised gains/losses	42,198	100,707	-11,890	-508	13,803	**144,310**
Realised gains/losses	-9,084	30,409	175	264	0	**21,764**
Market value 31 March 2021	**410,296**	**353,184**	**261,144**	**12,504**	**139,679**	**1,176,807**

Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account.

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17. Financial Instruments

17a. Financial Instruments – Classification

31-Mar-21 Fair value through profit and loss £000	31-Mar-21 Assets amortised at cost £000	31-Mar-21 Liabilities at amortised cost £000		31-Mar-22 Fair value through profit and loss £000	31-Mar-22 Assets amortised at cost £000	31-Mar-22 Liabilities at amortised cost £000
			Financial assets			
65,088			Fixed Interest Securities	65,047		
3,590,011			Pooled Investments	3,853,238		
409,086			Pooled Property	521,833		
353,184			Private equity	414,125		
4,063			Derivative contracts	4,536		
	96,020		Cash		46,510	
6,372			Other investment balances	7,893		
	76		Debtors		67	
4,427,804	**96,096**	**0**		**4,866,672**	**46,577**	**0**
			Financial liabilities			
-4,510			Derivative contracts	-9,831		
		-3,462	Creditors			-3,972
-1,000			Other Investment Balances	0		
-5,510	**0**	**-3,462**		**-9,831**	**0**	**-3,972**
4,422,294	**96,096**	**-3,462**		**4,856,841**	**46,577**	**-3,972**

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17b. Net Gains and Losses on Financial Instruments

31 March 2021 £000		31 March 2022 £000
	Financial assets	
875,253	Fair value through profit and loss	390,567
0	Assets amortised at cost	0
	Financial liabilities	
-37,288	Fair value through profit and loss	-58,137
0	Liabilities at amortised cost	0
837,965	**Total**	**332,430**
	Reconciliation to Revenue and Fund Account - Profit and losses on disposal of investments and changes in the market value of investments	
121	Direct Freehold Property Holding - Not classified as a financial Instrument	**-164**
838,086		**332,266**

In accordance with our accounting policies, financial assets and liabilities are included in the accounts on a fair value basis. The Authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

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18. Nature and Extent of Risks Arising from Financial Instruments

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim 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. As there is an essential contradiction in these two aims the investment strategy aims to achieve an acceptable overall balance between “risk and reward”. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall risk management programme.

Responsibility for the Fund's risk management and investments strategies rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

18a. Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objectives of the Fund’s risk management strategy are to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return at a given level of risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investment presents a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited but restrictions are in place on managers undertaking this activity.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the council to ensure it is within limits specified in the Fund's investment strategy.

Other Price Risk - Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's performance monitoring advisor, the Fund has determined that the following movements in market price risk are reasonably possible for the 2021-22 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.10
Long Index-Linked Gilts	9.20
UK Equities including pooled	19.90
Overseas Equities including pooled	20.10
Infrastructure Equity	14.60
UK Bonds including pooled	6.80
Index Linked Gilts including pooled	9.20
Bonds including pooled	7.40
Cash and Cash Equivalents (Including Payables and Receivables)	0.30
Pooled Property Investments/Direct Freehold Property	15.00
Private Equity	31.20
Private Debt	9.00
Timberland Equity	14.60
Total	**12.10**

* The total % and value on increase/decrease totals are an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is also shown below):

Asset Type	Value as at 31 March 2022 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	35 881	0.30	35,989	35,773
Investment Portfolio Assets:				
Short Index-Linked Gilts	23,149	4.10	24,098	22,200
Long Index-Linked Gilts	9,108	9.2	9,946	8,270
UK Equities including pooled	605,377	19.9	725,847	484,907
Overseas Equities including pooled	1,455,356	20.10	1,747,883	1,162,829
Infrastructure Equity	372,010	14.6	426,323	317,697
UK Bonds including pooled	655,117	6.8	699,665	610,569
Index Linked Gilts including pooled	32,789	9.2	35,806	29,772
Bonds including pooled	653,330	7.4	701,676	604,984
Pooled Property Investments/ Direct Freehold Property	522,879	15	601,311	444,447
Private Equity	414,125	31.2	543,332	284,918
Private Debt	91,547	9	99,786	83,308
Timberland	20,502	14.6	23,495	17,509
Total Assets Available to Pay Benefits	**4,891,170**	**12.10**	**5,483,002***	**4,299,338***

* The total % is an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

Asset Type	Value as at 31 March 2021 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	80,686	0.30	80,928	80,444
Investment Portfolio Assets:				
Short Index-Linked Gilts	20,085	4.10	20,908	19,262
Long Index-Linked Gilts	11,747	9.50	12,863	10,631
UK Equities including pooled	560,890	16.70	654,559	467,221
Overseas Equities including pooled	1,451,817	17.40	1,704,433	1,199,201
Infrastructure Equity	261,144	21.00	315,984	206,304
UK Bonds including pooled	663,859	7.30	712,321	615,397
Index Linked Gilts including pooled	33,256	9.50	36,415	30,097
Bonds including pooled	576,472	6.20	612,213	540,731
Pooled Property Investments/ Direct Freehold Property	410,296	14.20	468,558	352,034
Private Equity	343,678	28.50	453,841	245,730
Private Debt	72,832	4.6	76,182	69,482
Timberland	12,504	21.00	15,130	9,878
Total Assets Available to Pay Benefits	**4,499,265**	**11.50**	**5,016,680***	**3,981,850***

* The total % is an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

18b Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's direct exposure to interest rate movements through its gross cash holdings as at 31 March 2021 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

Asset Type	Value as at 31 March 2021 £000	Value as at 31 March 2022 £000
Investment Cash Balances	82,133	36,160
Cash in hand	13,887	10,350
Fixed Interest Securities	65,088	65,047
Total	**161,108**	**111,557**

Asset Type	Interest Receivable 31 March 2021 £000	Interest Receivable 31 March 2022 £000
Investment Cash Balances	145	6
Cash in hand	21	13
Fixed Interest Securities	567	654
Total	**733**	**673**

Interest Rate Risk Sensitivity Analysis

The council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied by the Administering Authority when considering risk in its own treasury management activities.

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The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1%) change in interest rates:

Asset Type	Asset values at 31 March 2022 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	36,160	36,522	35,798
Cash in hand	10,350	10,454	10,246
Fixed Interest Bonds	65,047	65,697	64,397
	111,557	**112,673**	**110,441**

Asset Type	Asset values at 31 March 2021 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	82,133	82,954	81,312
Cash in hand	13,887	14,026	13,748
Fixed Interest Bonds	65,088	65,739	64,437
	161,108	**162,719**	**159,497**

Asset Type	Interest Receivable 31 March 2022 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	6	6	6
Cash in hand	13	13	13
Fixed Interest Bonds	654	661	647
	673	**680**	**666**

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Asset Type	Interest Receivable 31 March 2021 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	145	146	144
Cash in hand	21	21	21
Fixed Interest Bonds	567	573	561
	733	**740**	**726**

In addition, the above interest receivable the fund holds debt pooled fund investments. These are a mix of multi asset credit vehicles including fixed and variable interest rate securities.

18c Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (Sterling). The Fund holds both monetary and non-monetary assets denominated in currencies other than Sterling and Sterling denominated pooled investment vehicles where the underlying assets are denominated in other currencies. As detailed in note 15b the Fund has various hedging strategies in place to reduce the impact of currency volatility on the Fund assets. The table below the page is prepared after consideration of the hedging strategies in place.

Currency Risk Sensitivity Analysis

Following analysis of historical data in consultation with the Fund's performance measurers, the council considers the likely annualised volatility associated with foreign exchange movements to be 9.50% in respect of non-sterling assets including those partially hedged to Sterling but excluding those where full hedging is in place (see note 15b).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 9.50% strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows (values shown are for non-Sterling denominated assets were full hedging of currency risk is not in place):

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Currency Exposure – Asset Type	Asset Value as at 31 March 2022 £000	Change to net assets available to pay benefits +9.50% £000	-9.50% £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,455,356	138,259	-138,259
Infrastructure	207,791	19,740	-19,740
Timberland	20,502	1,948	-1,948
Private Equity	414,210	39,350	-39,350
Change in net assets available to pay benefits		**199,297**	**-199,297**

The comparator table has been restated to reflect additional asset with currency exposure.

Currency Exposure – Asset Type	Asset Value as at 31 March 2021 £000	Change to net assets available to pay benefits +10.00% £000	-10.00% £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,451,817	142,278	-142,278
Infrastructure	141,384	13,856	-13,856
Timberland	12,504	1,225	-1,225
Private Equity	353,184	34,612	-34,612
Change in net assets available to pay benefits		**191,971**	**-191,971**

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18d Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Where a direct counterparty relationship exists, cash collateral is posted when the value of unrealised profit due to the Fund exceeds an agreed limit.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. Money market funds that are used all have AAA rating from a leading ratings agency.

The non-investment cash holding was managed through the treasury management arrangements of the Administering Authority:

The credit exposure was as follows:

Summary	Short term Rating (S&P) 31st March 2021	Balances at 31 March 2021 £000	Short term Rating (S&P) 31st March 2022	Balances at 31 March 2022 £000
Bank Deposit Accounts				
Aberdeen Money Market Fund	AAA	6,953	AAA	5,097
Barclays Bank Fixed Interest Bearing Call Account	A-1	6,954	A-1	5,098
Bank Current Accounts				
Barclays Bank	A-1	-20	A-1	155
Total		**13,887**		**10,350**

The majority of Custodied Investment cash is swept overnight to the AAA rated constant NAV money market funds of the custodian(s). The credit exposure on investment cash balances at 31 March 2022 comprise £32.6 million (31 March 2021, £73.1m) deposited with AAA rated money market funds, £5.7 million (£9.1m) with the custodian Northern Trust (rated A-1+), £2.9 million (£0.0m) posted as variation

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margin to account held by Northern Trust and deposited overnight in the AAA money market funds detailed above. The current account figure includes control account balances.

18e Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments.

The Council has immediate access to its pension fund cash holdings, there were no deposits with fixed periods at 31 March 2022 (2021 nil).

Liquid Assets

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. The Fund classifies property (pooled and direct) and private equity partnerships in this category. The comparator figure has been restated in line with current liquidity profile of the Fund.

Balances at 31 March 2021 £000	Percentage of Total Fund Assets %	Balances at 31 March 2022 £000	Percentage of Total Fund Assets %
3,322,457	73.8	3,394,555	69.4

The Fund regularly monitors and forecasts future cash flow to understand and manage the timing of the Fund's cash flow obligations.

All financial liabilities at 31 March 2022 are due within one year.

Refinancing Risk

The key risk is that the Council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury and investment strategies.

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19. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013 (“The Regulations”), the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last valuation took place as at 31 March 2019. The 2022 Triennial valuation is underway.

The funding policy is set out in the administering authority’s Funding Strategy Statement. The key elements of the funding policy are:

- 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 aim is to achieve 100% solvency over a period of approximately 20 years and to provide stability in employer contribution rates where prudently possible. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet the expected future pension benefits payable. When an employer's funding level is less than 100% of the funding target (full solvency), then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

	Funded %	*Deficit £ millions*
2019 actuarial valuation	99%	28
2016 actuarial valuation	80%	710

The table below summarises the whole fund Primary and Secondary Contribution rates at this triennial valuation. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or capitalisation of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

2019 Valuation			
Primary Rate (% of Pay) 1 April 2020 - 31 March 2023	Secondary Rate 2020-21	2021-22	2022-23
19.5%	£29,020,000	£30,689,000	£32,182,000

2016 Valuation			
Primary Rate (% of Pay) 1 April 2017 - 31 March 2020	Secondary Rate 2017-18	2018-19	2019-20
19.4%	£26,306,000	£27,463,000	£31,813,000

The employer contribution rates payable (plus cash sums as applicable) arising from the 2019 Valuation are as follows:

Year	*Employers Contribution Rates (% of actual pensionable pay)*
1 April 2020 to 31 March 2021	Range from nil to 34.5
1 April 2021 to 31 March 2022	Range from nil to 34.5
1 April 2022 to 31 March 2023	Range from nil to 34.5

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 Actuarial Valuation Report and the Funding Strategy Statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave

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active service by death, retirement or withdrawal from service. The principal assumptions were:

Financial Assumptions at 31 March 2019

	% per annum Nominal	% per annum Real
Price Inflation (CPI)	2.3	-
Pay increases	3.0	0.7
Investment Return (Discount rate)	4.2	1.9

Mortality Assumptions

The Fund is member of Club Vita which provides bespoke set of longevity assumptions specifically tailored to the membership profile of the Fund. 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:

Mortality assumption at age 65	Male	Female
Current Pensioners	21.7 years	23.9 years
Future Pensioners (current age 45)	22.8 years	25.5 years

The assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2019 Triennial valuation.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

0.2% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

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 and concerns around interest rates and inflation, during the first quarter of 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.

20. Actuarial Present Value of Promised Retirement Benefits

Under IAS26 the Fund is required to disclose the actuarial present value of promised retirement benefits. These represent the present value of the whole fund liabilities to pay future retirement benefits.

The required valuation is carried out by the Hymans Robertson LLP using a similar approach to that employed for individual participating employers reporting pension liabilities under either FRS102 (previously FRS17) or IAS19. For the avoidance of doubt this approach will result in a different valuation of liabilities than the methodology employed at the triennial funding valuation.

Under the IAS19/FRS102 basis reporting is produced using the same base data as the last completed funding valuation rolled forward to the latest reporting date, taking account of material changes in membership numbers and updating assumptions to the current year and requirements of the reporting approach.

In order to assess the value of the benefits on this basis, the Fund Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see note 19).

	31 March 2021 £M	31 March 2022 £M
Actuarial present value of promised retirement benefits	-6,893	-6,651
Fair Value of scheme assets (bid value)	4,527	4,912
Net Liability	**-2,366**	**-1,739**

The promised retirement benefits at 31 March 2022 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, there is no allowance made for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2022 and 31 March 2021. I estimate that the impact of the change in financial assumptions to 31 March 2022 is to decrease the actuarial present value by £516m. I estimate that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £31m.

Financial assumptions

Year ended (% p.a.)	31 March 2022	31 March 2021
Pension Increase Rate	3.20%	2.85%
Salary Increase Rate	3.90%	3.55%
Discount Rate	2.70%	2.00%

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.7 years	24.1 years
Future pensioners (assumed to be aged 45 at the latest formal valuation date)	22.9 years	26.0 years

Please note that the longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

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Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2022	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	133
1 year increase in member life expectancy	4%	266
0.1% p.a. increase in the Salary Increase Rate	0%	12
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	120

The liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation (see note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

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21. Current Assets

31 March 2021 £000		31 March 2022 £000
	Cash In Hand	
13,887	Cash In Hand**	10,350
	Debtors:	
2,547	Contributions due - employees*	3,046
9,314	Contributions due - employers*	11,088
0	Employers special contributions	69
357	Augmentation & strain due	282
5,498	Dividends receivable**	1,949
873	Pooled funds rebate due**	918
526	UK tax receivable	526
1,006	Overseas tax receivable	1,002
90	VAT refund due	39
1	Interest due**	10
65	Recharge of fees**	50
4	Prepayments	10
11	Sundry **	17
20,292	**Debtors**	**19,006**
34,179	**Current Assets**	**29,356**

*Principally represents amounts due in respect of March payrolls but payable the following month. **Cash and Debtors classed as financial instruments (assets) note 17a.

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31 March 2021 £000		31 March 2022 £000
	Long term debtors:	
577	Employer contributions	505
2	Augmentation & strain due	1
579		**506**

Long term debtors comprise of amounts not due to be paid to the Fund for a period of more than 12 months from the balance sheet date.

Analysis of Debtors (including Long Term Debtors)

31 March 2021 £000		31 March 2022 £000
	Debtors:	
1,622	Central government bodies	1,567
8,166	Other local authorities	10,278
11,083	Other entities and individuals	7,667
20,871		**19,512**

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22. Current Liabilities

31 March 2021 £000		31 March 2022 £000
	Creditors:	
523	Transfer values payable (leavers)	1,645
1,754	Benefits payable	1,960
881	Investment Management Fees**	1,361
14	Receipt in Advance**	14
2,567	Other Fees & Charges**	2,589
1,187	UK Taxation payable	1,275
0	Sundry creditors	8
6,926		**8,852**

**Creditors classed as financial instruments (liabilities) note 17a.

Analysis of Creditors

31 March 2021 £000		31 March 2022 £000
	Creditors:	
1,187	Central government bodies	1,276
2,458	Other local authorities	2,500
3,281	Other entities and individuals	5,076
6,926		**8,852**

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23. Additional Voluntary Contributions

The Fund has three in-house AVC providers; Prudential, Clerical Medical and Utmost Life and Pensions (previously Equitable Life - a legacy arrangement that is not open to new contributors). The value of AVC investments and contributions paid directly to the providers by scheme employers during the year is shown below.

Market Value 31 March 2021 £000		Market Value 31 March 2022 £000
6,431	Separately Invested AVC Funds	7,606

2020-21 £000		2021-22 £000
1,208	AVC contributions paid directly during the year	1,601

The 2020 -21 comparator values have been re-stated to include actuals received from Prudential after publication of the 2020-21 accounts.

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24. Agency Contracted Services

The Norfolk Pension Fund pays discretionary awards to the former employees of Norfolk County Council, the seven Norfolk district councils and 23 other employers. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed below:

31 March 2021 £000		31 March 2022 £000
1,171	Norwich City Council	1,137
1,160	Norfolk County Council	1,093
256	North Norfolk District Council	249
223	Borough Council of Kings Lynn & West Norfolk	215
173	Great Yarmouth Borough Council	159
102	Breckland District Council	99
100	Broadland District Council	88
53	South Norfolk District Council	53
150	Other	141
3,388		**3,234**

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25. Related Party Transactions

Norfolk County Council

The Fund is administered by Norfolk County Council. Consequently, there is a close relationship between the council and the Fund.

The council incurred costs in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Local Government Pension Scheme Regulations enables administration expenses to be charged to the Fund. Internal Audit Services are provided by Norfolk Audit Services, the internal audit function of the Administering Authority. Internal legal fees represent the total cost of internal advice provided by the legal services unit of the Administering Authority (NPLaw).

The council is also the single largest employer of members in the pension fund.

	2020-21 £000	2021-22 £000
Norfolk County Council incurred administration and Investments costs reimbursed by the Fund	2,458	2,500
All monies owing to and due from the Fund were paid within statutory timescales.		
Norfolk County Council Employer Contributions	55,136	56,893

All contributions were paid in accordance with the rates and adjustment certificate.

Part of the pension fund cash holdings are invested on the money markets by the treasury management operations of Norfolk County Council. The arrangement is managed through a service level agreement.

	2020-21 £000	2021-22 £000
Average investment balance held by NCC Treasury Management Operation	15,730	16,291
Interest earned on balances invested by NCC Treasury Management Operation	21	13

Governance

Each member of the Pension Fund Committee is required to declare their interests at each meeting. Declarations of interest are recorded in the minutes of each Committee meeting as part of the public record and a copy can be found on the Norfolk County Council website under Pensions Committee papers at www.norfolk.gov.uk.

Personnel Employed in the Delivery of the Pensions Function by the Administering Authority

All employees of Norfolk County Council (other than those whose profession grants them access to other public service schemes) may join the Local Government Pension Scheme. This includes personnel employed in delivering the pensions function through the Norfolk Pension Fund. Benefits are accrued and employee contributions calculated on a standard national, statutory basis.

Disclosure of senior officer remuneration is made in note 13 of the Statement of Accounts of the Administering Authority (Norfolk County Council). This disclosure includes the Executive Director of Finance and Commercial Services who has responsibility under S151 of the Local Government Act 1972 for the proper financial administration of the Fund and holds the role of Fund Administrator.

The Administering Authority (Norfolk County Council) disclosure of senior officer remuneration includes the Executive Director of Finance and Commercial Services who has responsibility under S151 of the Local Government Act 1972, for the proper financial administration of the Fund and holds the role of Fund Administrator. For 2021-22 the remuneration amount incurred by the Fund was £9,000 (£9,000 2020-21).

Remuneration is deemed to include:

- Gross pay (before the deduction of employees' pension contributions).
- Expense allowances chargeable to tax and other benefits (as declared on HM Revenue & Customs form P11D).
- Compensation for loss of office and any other payments receivable on termination of employment transfer.

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26. Contractual Commitments, Contingent Assets and Liabilities

26a Contractual Commitments

Outstanding Capital Commitments	31 March 2021 £000	31 March 2022 £000
Private equity partnerships	260,296	369,385
Property investment vehicles	28,690	20,698
Pooled Debt Funds	18,771	20,780
Pooled Infrastructure	159,400	126,333
Pooled Timberland	32,002	28,632
Total	**499,159**	**565,828**

At 31 March 2022 the Fund had made contractual commitments to private equity funds managed by abrdn Capital Partners LLP (previously Aberdeen Standard Investments) and HarbourVest Partners. Commitments are made in the underlying currency of the Fund (Euros and US Dollars respectively) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both on the value of unfunded commitments in Sterling terms and the valuation of the funded interest and monies received as distributions.

The Fund's private equity programme is now maturing. The commitments are paid over the investment timeframe of the underlying partnerships. Concurrently as these partnerships mature they distribute capital back to investors.

The current value of the funded commitment net of distributions in these funds at 31 March 2022 is included in the net asset statement.

In addition to the private equity commitments, within the LaSalle property portfolio there are unfunded commitments to various property investment vehicles. This total potentially includes Sterling and US Dollar denominated commitments as at 31 March 2022. The foreign exchange exposure on the funded portion of these positions is hedged within the LaSalle portfolio but the unfunded commitments are impacted by exchange rate volatility. There are also commitments on the M&G Debt and Credit opportunities portfolios.

During 2020, the Fund entered in to contractual relationships with two further Infrastructure managers. The contractual commitments associated with the new investments are shown above.

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26b Contingent Assets

There were no contingent assets as at 31 March 2022 (Nil for 31 March 2021).

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APPENDICES

Appendix I – Participating Employers

(Employers with active members during the year)

Employer	Type
Access Community Trust	Admitted Body
Acle Academy	Scheduled/Resolution Body
Acle Parish Council	Scheduled/Resolution Body
Action for Children Early Childhood and Family Services	Scheduled/Resolution Body
Ad Meliora Academy Trust	Scheduled/Resolution Body
Admirals Academy	Scheduled/Resolution Body
Alderman Peel High School	Scheduled/Resolution Body
Alive West Norfolk Ltd	Scheduled/Resolution Body
All Saints Academy	Scheduled/Resolution Body
Angel Road Infant School	Scheduled/Resolution Body
Angel Road Junior School	Scheduled/Resolution Body
Anglia Maintenance Services	Admitted Body
Anthony Curton CofE Primary School Academy	Scheduled/Resolution Body
Antingham & Southrepps Community Primary School	Scheduled/Resolution Body
Archbishop Sancroft High School	Scheduled/Resolution Body
Arden Grove Infant and Nursery School	Scheduled/Resolution Body
Aslacton Primary School	Scheduled/Resolution Body
Aspens Services (Caister Academy)	Admitted Body
Aspens Services (Wroughton Infant Academy)	Admitted Body
Astley Primary School	Scheduled/Resolution Body
Attleborough Academy	Scheduled/Resolution Body
Attleborough Town Council	Scheduled/Resolution Body
Aylsham Town Council	Scheduled/Resolution Body
Banham Community Primary School	Scheduled/Resolution Body
Barford & Wramplingham Parish Council	Scheduled/Resolution Body
Bawdeswell Community Primary School	Scheduled/Resolution Body
Beeston Primary School	Scheduled/Resolution Body
Beighton Parish Council	Scheduled/Resolution Body
Belton with Browston Parish Council	Scheduled/Resolution Body
Biffa Municipal Ltd	Admitted Body
Bignold Primary School	Scheduled/Resolution Body
Blenheim Park Academy	Scheduled/Resolution Body
Blofield Parish Council	Scheduled/Resolution Body
Bluebell Primary School	Scheduled/Resolution Body
Borough Council of King's Lynn & West Norfolk	Scheduled/Resolution Body
Boudica Schools Trust (previously Right for Success)	Scheduled/Resolution Body
Bradwell Parish Council	Scheduled/Resolution Body
Brancaster CofE VA Primary School	Scheduled/Resolution Body

Brancaster Parish Council	Scheduled/Resolution Body
Breckland Council	Scheduled/Resolution Body
Brisley Church of England Primary Academy	Scheduled/Resolution Body
Broadland District Council	Scheduled/Resolution Body
Broadland High Ormiston Academy	Scheduled/Resolution Body
Broads (2006) Internal Drainage Board	Scheduled/Resolution Body
Broads Authority	Scheduled/Resolution Body
Brundall Parish Council	Scheduled/Resolution Body
Bunwell Primary School	Scheduled/Resolution Body
Bure Park Specialist Academy	Scheduled/Resolution Body
Burnham Market Parish Council	Scheduled/Resolution Body
Burnham Market Primary School	Scheduled/Resolution Body
Burston Primary School	Scheduled/Resolution Body
Butterflies Nursery	Scheduled/Resolution Body
Buxton With Lamas Parish Council	Scheduled/Resolution Body
Caister Academy	Scheduled/Resolution Body
Capita (Breckland Contract)	Admitted Body
Castle Acre Church of England Primary Academy	Scheduled/Resolution Body
Caston Church of England Primary Academy	Scheduled/Resolution Body
Cawston Parish Council	Scheduled/Resolution Body
Cawston Church of England Primary Academy	Scheduled/Resolution Body
Change Grow Live	Admitted Body
Charles Darwin Primary	Scheduled/Resolution Body
Chartwells (Eastern Multi Academy Trust)	Admitted Body
Chartwells (Iceni Academy)	Admitted Body
Cherry Tree Academy Marham Infant	Scheduled/Resolution Body
Cherry Tree Academy Marham Junior	Scheduled/Resolution Body
Cherry Tree Academy Trust Marham	Scheduled/Resolution Body
Childhood First	Admitted Body
Churchill Park Academy	Scheduled/Resolution Body
Churchill Services (Acle Academy)	Admitted Body
Churchill Services (Eastern Multi Academy Trust)	Admitted Body
Churchill Services (Wensum Trust)	Admitted Body
Clarion Housing Association	Admitted Body
City Academy Norwich	Scheduled/Resolution Body
City College Norwich	Scheduled/Resolution Body
City of Norwich School	Scheduled/Resolution Body
Clarion Academy Trust	Scheduled/Resolution Body
Clenchwarton Primary School	Scheduled/Resolution Body
Cliff Park Ormiston Academy	Scheduled/Resolution Body
Cliff Park Primary Academy	Scheduled/Resolution Body
Cobholm Primary Academy	Scheduled/Resolution Body
Colkirk Church of England Primary Academy	Scheduled/Resolution Body
College of West Anglia	Scheduled/Resolution Body
Coltishall Parish Council	Scheduled/Resolution Body

Corpusty Primary School	Scheduled/Resolution Body
Costessey Primary School	Scheduled/Resolution Body
Costessey Town Council	Scheduled/Resolution Body
Cranworth Parish Council	Scheduled/Resolution Body
Cringleford Parish Council	Scheduled/Resolution Body
Cromer Academy	Scheduled/Resolution Body
Cromer Junior School	Scheduled/Resolution Body
Cromer Town Council	Scheduled/Resolution Body
Dereham Church of England Junior Academy	Scheduled/Resolution Body
Dereham Neatherd High School	Scheduled/Resolution Body
Dereham Town Council	Scheduled/Resolution Body
Dersingham Parish Council	Scheduled/Resolution Body
Diamond Academy	Scheduled/Resolution Body
Dickleburgh Church of England Primary Academy	Scheduled/Resolution Body
Diocese of Norwich Education and Academies Trust	Scheduled/Resolution Body
Diocese of Norwich Education Services Company	Scheduled/Resolution Body
Diocese of Norwich St Benet’s Multi-Academy Trust	Scheduled/Resolution Body
Diss Church of England Junior Academy	Scheduled/Resolution Body
Diss High School	Scheduled/Resolution Body
Diss Infant Academy and Nursery	Scheduled/Resolution Body
Diss Town Council	Scheduled/Resolution Body
Ditchingham Church of England Primary Academy	Scheduled/Resolution Body
Docking Church of England Primary Academy and Nursery	Scheduled/Resolution Body
Docking Parish Council	Scheduled/Resolution Body
Downham & Stow Bardolph Internal Drainage Board	Scheduled/Resolution Bod
Downham Market Academy	Scheduled/Resolution Body
Downham Market Town Council	Scheduled/Resolution Body
Drayton Community Infant School	Scheduled/Resolution Body
Drayton Parish Council	Scheduled/Resolution Body
Duchy of Lancaster Methwold Church of England Primary School	Scheduled/Resolution Body
Duke of Lancaster School	Scheduled/Resolution Body
Dussindale Primary School	Scheduled/Resolution Body
East Coast College (previously Great Yarmouth College of Further Education)	Scheduled/Resolution Body
East Norfolk Sixth Form College	Scheduled/Resolution Body
East of Ouse, Polver & Nar Internal Drainage Board	Scheduled/Resolution Body
East Ruston Infant School and Nursery	Scheduled/Resolution Body
Eastern Inshore Fisheries and Conservation Authority	Scheduled/Resolution Body
Eastern Multi-Academy Trust	Scheduled/Resolution Body
Eastgate Academy	Scheduled/Resolution Body
Eaton Hall Specialist Academy	Scheduled/Resolution Body
Eaton Primary School	Scheduled/Resolution Body
Edith Cavell Academy	Scheduled/Resolution Body

Edward Worlledge Ormiston Academy	Scheduled/Resolution Body
Edwards & Blake	Admitted Body
Edwards & Blake (Cherry Tree Marham Infant Academy)	Admitted Body
Edwards & Blake (Fakenham Infant and Nursery School)	Admitted Body
Edwards & Blake (Fred Nicholson School)	Admitted Body
Edwards & Blake (Magdalen Gates Primary School)	Admitted Body
Edwards & Blake (Reepham High)	Admitted Body
Edwards & Blake (Unity Trust Kings Park)	Admitted Body
Edwards & Blake (Wymondham Academy)	Admitted Body
Emneth Academy	Scheduled/Resolution Body
Enrich Learning Trust (previously IE Trust)	Scheduled/Resolution Body
Evolution Academy Trust	Scheduled/Resolution Body
Fakenham Academy	Scheduled/Resolution Body
Fakenham Infant and Nursery School	Scheduled/Resolution Body
Fakenham Junior School	Scheduled/Resolution Body
Fakenham Town Council	Scheduled/Resolution Body
Filby Primary School	Scheduled/Resolution Body
Firside Junior School	Scheduled/Resolution Body
Flagship Housing Group	Admitted Body
Flegg High Ormiston Academy	Scheduled/Resolution Body
Flitcham Church of England Primary Academy	Scheduled/Resolution Body
Foulsham Primary School Academy	Scheduled/Resolution Body
Framingham Earl High School	Scheduled/Resolution Body
Framingham Earl Parish Council	Scheduled/Resolution Body
Freebridge Community Housing Ltd	Admitted Body
Gardoldisham Church Primary School	Scheduled/Resolution Body
Garrick Green Infant School	Scheduled/Resolution Body
Garvestone Primary School	Scheduled/Resolution Body
Gayton Church of England Primary Academy	Scheduled/Resolution Body
Gaywood Primary School	Scheduled/Resolution Body
George White Junior School	Scheduled/Resolution Body
Ghost Hill Infant & Nursery School	Scheduled/Resolution Body
Gillingham St Michael's CofE Primary Academy	Scheduled/Resolution Body
Glebeland Primary School	Scheduled/Resolution Body
Gooderstone Church of England Primary Academy	Scheduled/Resolution Body
Great and Little Plumstead Parish Council	Scheduled/Resolution Body
Great Dunham Primary School	Scheduled/Resolution Body
Great Hockham Primary	Scheduled/Resolution Body
Great Snoring Parish Council	Scheduled/Resolution Body
Great Witchingham Church of England Primary Academy	Scheduled/Resolution Body
Great Witchingham Parish Council	Scheduled/Resolution Body
Great Yarmouth Borough Council	Scheduled/Resolution Body
Great Yarmouth Charter Academy	Scheduled/Resolution Body
Great Yarmouth Norse	Scheduled/Resolution Body

Great Yarmouth Port Authority	Admitted Body
Great Yarmouth Port Company	Admitted Body
Great Yarmouth Primary Academy	Scheduled/Resolution Body
Greenpark Academy (previously St Edmunds Academy)	Scheduled/Resolution Body
Gresham Village School	Scheduled/Resolution Body
Greyfriars Academy	Scheduled/Resolution Body
Grove House Nursery Primary School	Scheduled/Resolution Body
GYB Services Ltd	Scheduled/Resolution Body
Happisburgh Parish Council	Scheduled/Resolution Body
Hardingham Parish Council	Scheduled/Resolution Body
Harleston CE Primary Academy	Scheduled/Resolution Body
Harling Parish Council	Scheduled/Resolution Body
Harrison Catering (Dussindale Primary School)	Admitted Body
Heacham Infant School	Scheduled/Resolution Body
Heacham Junior School	Scheduled/Resolution Body
Heart Education Trust	Scheduled/Resolution Body
Heartsease Primary Academy	Scheduled/Resolution Body
Heather Avenue Infant School	Scheduled/Resolution Body
Hellesdon High School	Scheduled/Resolution Body
Hellesdon Parish Council	Scheduled/Resolution Body
Hemblington Parish Council	Scheduled/Resolution Body
Hemblington Primary School	Scheduled/Resolution Body
Hemsby Parish Council	Scheduled/Resolution Body
Henderson Green Primary Academy	Scheduled/Resolution Body
Hethersett Academy	Scheduled/Resolution Body
Hethersett Parish Council	Scheduled/Resolution Body
Highgate Infant School	Scheduled/Resolution Body
Hilgay Riverside Academy	Scheduled/Resolution Body
Hillside Avenue Primary and Nursery School	Scheduled/Resolution Body
Hindolveston Parish Council	Scheduled/Resolution Body
Hobart High School	Scheduled/Resolution Body
Hockering Church of England Primary Academy	Scheduled/Resolution Body
Holt Town Council	Scheduled/Resolution Body
Holy Cross Church of England Primary School	Scheduled/Resolution Body
Hopton Church of England Primary Academy	Scheduled/Resolution Body
Hoveton Parish Council	Scheduled/Resolution Body
Howard Junior School (Academy)	Scheduled/Resolution Body
Hunstanton Town Council	Scheduled/Resolution Body
Iceni Academy	Scheduled/Resolution Body
Inclusive Schools Trust	Scheduled/Resolution Body
Independence Matters	Admitted Body
Inspiration Trust	Scheduled/Resolution Body
Jane Austen College	Scheduled/Resolution Body
Kenninghall Primary School	Scheduled/Resolution Body
Kettlestone Parish Council	Scheduled/Resolution Body

King Edward VII Academy	Scheduled/Resolution Body
King's Lynn Academy	Scheduled/Resolution Body
King’s Lynn Internal Drainage Board	Scheduled/Resolution Body
King's Lynn Water Management Alliance	Scheduled/Resolution Body
King’s Oak Academy	Scheduled/Resolution Body
King’s Park Infant School	Scheduled/Resolution Body
Kinsale Junior School	Scheduled/Resolution Body
Kirby Cane and Ellingham Parish Council	Scheduled/Resolution Body
Konectbus Ltd	Admitted Body
Lingwood and Burlingham Parish Council	Scheduled/Resolution Body
Lingwood Primary Academy	Scheduled/Resolution Body
Lionwood Infant and Nursery School	Scheduled/Resolution Body
Lionwood Junior School	Scheduled/Resolution Body
Litcham School	Scheduled/Resolution Body
Little Snoring Community Primary Academy	Scheduled/Resolution Body
Little Snoring Parish Council	Scheduled/Resolution Body
Loddon Parish Council	Scheduled/Resolution Body
Lodge Lane Infant School	Scheduled/Resolution Body
Long Stratton High School	Scheduled/Resolution Body
Ludham Parish Council	Scheduled/Resolution Body
Lynn Grove High Academy	Scheduled/Resolution Body
Magdalen Academy	Scheduled/Resolution Body
Manor Field Infant and Nursery School	Scheduled/Resolution Body
Marlingford & Colton Parish Council	Scheduled/Resolution Body
Marshland High School	Scheduled/Resolution Body
Marshland St. James Primary School	Scheduled/Resolution Body
Martham Academy	Scheduled/Resolution Body
Martham Parish Council	Scheduled/Resolution Body
Mattishall Parish Council	Scheduled/Resolution Body
Mattishall Primary School	Scheduled/Resolution Body
Middleton Church of England Primary Academy	Scheduled/Resolution Body
Moorlands Church of England Primary Academy	Scheduled/Resolution Body
Mousehold Infant and Nursery School	Scheduled/Resolution Body
Mundesley Parish Council	Scheduled/Resolution Body
Mundford Church of England Primary Academy	Scheduled/Resolution Body
Narborough Church of England Primary Academy	Scheduled/Resolution Body
NCS (Assistive Technology)	Scheduled/Resolution Body
NCS Transport Ltd	Scheduled/Resolution Body
Nelson Academy	Scheduled/Resolution Body
Nelson Infant School	Scheduled/Resolution Body
New Anglia Local Enterprise Council	Admitted Body
New Buckenham Parish Council	Scheduled/Resolution Body
Newton Flotman Church of England Primary Academy	Scheduled/Resolution Body
Newton Flotman Parish Council	Scheduled/Resolution Body
Nightingale Infant & Nursery School	Scheduled/Resolution Body

Norfolk Chief Constable	Scheduled/Resolution Body
Norfolk County Council	Scheduled/Resolution Body
Norfolk Educational Services (NES)	Scheduled/Resolution Body
Norfolk Heritage Fleet Trust	Admitted Body
Norfolk Police and Crime Commissioner	Scheduled/Resolution Body
Norfolk Rivers Internal Drainage Board	Scheduled/Resolution Body
Norman Church of England Primary School	Scheduled/Resolution Body
Norse Care Limited	Scheduled/Resolution Body
Norse Care Services	Scheduled/Resolution Body
Norse Commercial Services	Scheduled/Resolution Body
Norse Eastern	Scheduled/Resolution Body
Norse Eastern (Highways)	Scheduled/Resolution Body
North Norfolk District Council	Scheduled/Resolution Body
North Walsham High School	Scheduled/Resolution Body
North Walsham Infant School & Nursery	Scheduled/Resolution Body
North Walsham Junior School	Scheduled/Resolution Body
North Walsham Town Council	Scheduled/Resolution Body
North Wootton Academy	Scheduled/Resolution Body
Northgate High School	Scheduled/Resolution Body
Northgate Primary School	Scheduled/Resolution Body
Northrepps Parish Council	Scheduled/Resolution Body
Norwich City Council	Scheduled/Resolution Body
Norwich City Services Ltd	Admitted Body
Norwich Primary Academy	Scheduled/Resolution Body
Norwich Road Academy	Scheduled/Resolution Body
Norwich University of the Arts	Scheduled/Resolution Body
Notre Dame High School	Scheduled/Resolution Body
NPS (London) Ltd	Scheduled/Resolution Body
NPS (Norwich) Ltd	Scheduled/Resolution Body
NPS (South East) Ltd	Scheduled/Resolution Body
NPS (South West) Ltd	Scheduled/Resolution Body
NPS Property Consultants Ltd	Scheduled/Resolution Body
Old Buckenham High School	Scheduled/Resolution Body
Old Buckenham Primary School	Scheduled/Resolution Body
Old Catton Parish Council	Scheduled/Resolution Body
Open Academy - Heartsease	Scheduled/Resolution Body
Ormesby St Margaret with Scratby Parish Council	Scheduled/Resolution Body
Ormiston Herman Academy	Scheduled/Resolution Body
Ormiston Venture Academy	Scheduled/Resolution Body
Ormiston Victory Academy	Scheduled/Resolution Body
Overstrand Parish Council	Scheduled/Resolution Body
Ovington Parish Council	Scheduled/Resolution Body
Parker’s Church of England Primary Academy	Scheduled/Resolution Body
Peterhouse Church of England Primary Academy	Scheduled/Resolution Body
Poringland Parish Council	Scheduled/Resolution Body

Postwick with Witton Parish Council	Scheduled/Resolution Body
Queensway Infant Academy and Nursery	Scheduled/Resolution Body
Raleigh Infant Academy	Scheduled/Resolution Body
Redenhall with Harleston Town Council	Scheduled/Resolution Body
Reedham Parish Council	Scheduled/Resolution Body
Reepham High School and College	Scheduled/Resolution Body
Reepham Primary School	Scheduled/Resolution Body
Reepham Town Council	Scheduled/Resolution Body
Reffley Academy	Scheduled/Resolution Body
Rockland St. Mary Primary School	Scheduled/Resolution Body
Rollesby Parish Council	Scheduled/Resolution Body
Rudham Church of England Primary Academy	Scheduled/Resolution Body
Sacred Heart Catholic V A Primary	Scheduled/Resolution Body
Saffron Housing Trust	Admitted Body
Salhouse Parish Council	Scheduled/Resolution Body
Sandringham And West Newton Church Of England Primary	Scheduled/Resolution Body
Saxlingham Nethergate Parish Council	Scheduled/Resolution Body
Scoulton Parish Council	Scheduled/Resolution Body
Sculthorpe Church of England Primary Academy	Scheduled/Resolution Body
Seething and Mundham Primary School	Scheduled/Resolution Body
Serco (Breckland Refuse)	Admitted Body
Serco Group Plc (North Norfolk District Council)	Admitted Body
Sewell Park Academy	Scheduled/Resolution Body
Sheringham High School	Scheduled/Resolution Body
Sheringham Town Council	Scheduled/Resolution Body
Short Stay School for Norfolk	Scheduled/Resolution Body
Sir Isaac Newton Sixth Form Free School	Scheduled/Resolution Body
Smithdon High School	Scheduled/Resolution Body
Snettisham Primary School	Scheduled/Resolution Body
South Norfolk District Council	Scheduled/Resolution Body
South Walsham Parish Council	Scheduled/Resolution Body
South Wootton Parish Council	Scheduled/Resolution Body
Southery & District Internal Drainage Board	Scheduled/Resolution Body
Southery Academy	Scheduled/Resolution Body
Southtown Primary School	Scheduled/Resolution Body
Spixworth Parish Council	Scheduled/Resolution Body
Spooner Row Primary School	Scheduled/Resolution Body
Sporle Church of England Primary School	Scheduled/Resolution Body
Sports & Leisure Management Ltd	Admitted Body
Springwood High School	Scheduled/Resolution Body
Sprowston Community Academy	Scheduled/Resolution Body
Sprowston Town Council	Scheduled/Resolution Body
St Augustine's Catholic Primary School	Scheduled/Resolution Body
St Clements High School	Scheduled/Resolution Body

St Francis of Assisi Catholic Primary School	Scheduled/Resolution Body
St Germans Academy	Scheduled/Resolution Body
St John the Baptist Multi-Academy Trust	Scheduled/Resolution Body
St Martha’s Catholic Primary School	Scheduled/Resolution Body
St Martin at Shouldham Church of England VA Primary Academy	Scheduled/Resolution Body
St Mary & St Peter Catholic Primary School	Scheduled/Resolution Body
St Mary's Church of England Junior Academy	Scheduled/Resolution Body
St Michael's Church of England Academy (King's Lynn)	Scheduled/Resolution Body
St Peter & St Paul Carbrooke Church of England Primary Academy	Scheduled/Resolution Body
St Peters Church of England Primary Academy	Scheduled/Resolution Body
St. Clements Hill Primary Academy	Scheduled/Resolution Body
Stalham Academy	Scheduled/Resolution Body
Stalham High School	Scheduled/Resolution Body
Stalham Infant School and Nursery	Scheduled/Resolution Body
Stalham Town Council	Scheduled/Resolution Body
Stradbroke Primary Academy	Scheduled/Resolution Body
Strumpshaw Parish Council	Scheduled/Resolution Body
Suffolk Coastal Services	Scheduled/Resolution Body
Surlingham Primary	Scheduled/Resolution Body
Swaffham Church of England Junior Academy	Scheduled/Resolution Body
Swaffham Town Council	Scheduled/Resolution Body
Swanton Morley Parish Council	Scheduled/Resolution Body
Synergy Academy Trust (previously North Norfolk Academy Trust)	Scheduled/Resolution Body
Tarmac	Admitted Body
Tasburgh Parish Council	Scheduled/Resolution Body
Taverham High School	Scheduled/Resolution Body
Taverham Parish Council	Scheduled/Resolution Body
Ten Mile Bank Riverside Academy	Scheduled/Resolution Body
Tharston and Hapton Parish Council	Scheduled/Resolution Body
The Bishop’s CE Primary Academy	Scheduled/Resolution Body
The Fen Rivers Academy	Scheduled/Resolution Body
The Free School Norwich	Scheduled/Resolution Body
The Hewett Academy	Scheduled/Resolution Body
The Nicholas Hamond Academy	Scheduled/Resolution Body
The Pinetree School (previously Thetford Free School)	Scheduled/Resolution Body
The Thetford Academy	Scheduled/Resolution Body
The Wensum Trust	Scheduled/Resolution Body
The Wherry School	Scheduled/Resolution Body
The Yare Education Trust	Scheduled/Resolution Body
Thetford Town Council	Scheduled/Resolution Body
Thomas Bullock CE Primary Academy	Scheduled/Resolution Body
Thompson Primary School	Scheduled/Resolution Body

Thorpe St Andrew School and Sixth Form	Scheduled/Resolution Body
Thorpe St. Andrew Town Council	Scheduled/Resolution Body
Thurlton Primary	Scheduled/Resolution Body
Tilney All Saints C of E Primary School	Scheduled/Resolution Body
Tivetshall Primary School	Scheduled/Resolution Body
Tuckswood Academy and Nursery	Scheduled/Resolution Body
Unity Education Trust	Scheduled/Resolution Body
University Technical College Norfolk	Scheduled/Resolution Body
Upton with Fishley Parish Council	Scheduled/Resolution Body
Upwell Academy	Scheduled/Resolution Body
Valley Primary Academy	Scheduled/Resolution Body
Wacton Parish Council	Scheduled/Resolution Body
Walcott Parish Council	Scheduled/Resolution Body
Walpole Cross Keys Primary School	Scheduled/Resolution Body
Walsingham Parish Council	Scheduled/Resolution Body
Watton Town Council	Scheduled/Resolution Body
Watton Westfield Infant & Nursery School	Scheduled/Resolution Body
Watton Junior School (Wayland Junior)	Scheduled/Resolution Body
Wayland Academy	Scheduled/Resolution Body
Weasenham Church of England Primary Academy	Scheduled/Resolution Body
Weeting VC Primary School	Scheduled/Resolution Body
Wells-next-the-Sea Primary	Scheduled/Resolution Body
Wells-next-the-Sea Town Council	Scheduled/Resolution Body
Wensum Junior School	Scheduled/Resolution Body
West Lynn Primary School	Scheduled/Resolution Body
Whitefriars Church of England Primary Academy	Scheduled/Resolution Body
White House Farm Primary School	Scheduled/Resolution Body
Wimbotsham and Stow Academy	Scheduled/Resolution Body
Winterton-on-Sea Parish Council	Scheduled/Resolution Body
Winterton Primary School and Nursery	Scheduled/Resolution Body
Woodlands Primary Academy	Scheduled/Resolution Body
Wroughton Infant Academy	Scheduled/Resolution Body
Wroughton Junior Academy	Scheduled/Resolution Body
Wroxham Parish Council	Scheduled/Resolution Body
Wymondham College	Scheduled/Resolution Body

Appendix II – Disclosure Regulations

The Government introduced Disclosure of Information Regulations as a step towards protecting the interests of pension fund members after the occurrence of a few well-known cases of misuse of pension fund assets. These regulations extended the items of basic information to be disclosed and introduced fixed time limits for their disclosure.

Pensions Registry

There is a registry of all schemes and information about this Scheme has been passed to:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

http://www.thepensionsregulator.gov.uk/

Investment Strategy Statement and Funding Strategy Statement

With effect from the 1st April 2017 the Pension Fund is required to publish an Investment Strategy Statement in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”) and supersedes all previously published Statement of Investment Principles.

The Investment Strategy Statement and Funding Strategy Statement can be found on the Pension Funds website at the following location under the “Investment” and “Funding” sections:

https://www.norfolkpensionfund.org/about-us/forms-and-publications/

Alternatively, a copy can be obtained by contacting the Norfolk Pension Fund at:

Norfolk Pension Fund
County Hall
Martineau Lane
Norwich
NR1 2DH

Telephone: 01603 222870

Appendix III – The Fund

Norfolk County Council administers a Pension Fund to provide retirement benefits for all its employees who are members of the Local Government Pension Scheme. Also included in the Fund are employees of the seven District Councils in Norfolk and 417 other bodies who actively participate in the Scheme.

Teachers and fire-fighters have their own pension schemes and are not included in the Fund.

The County Council has delegated to its Pensions Committee responsibility for deciding upon the best way in which the Pension Fund is invested. The Committee consists of 7 members, 5 appointed by the County Council plus 2 co-opted members representing the District Councils. The Head of Norfolk Pension Fund, the external Investment Managers, the Fund's Actuary and an employee representative also attend. This Committee meets quarterly.

The Executive Director of Finance and Commercial Services, together with the Director of Pensions and other staff member, control the investment administration and accounting functions relating to the Fund. The investment performance of the Fund is monitored throughout the year in conjunction with the Fund's Actuary. The Executive Director of Finance and Commercial Services also decides matters relating to policy on benefits.

Appendix IV – Governance Compliance Statement

The Norfolk Pension Fund
Governance Compliance Statement as at June 2022
Local Government Pension Scheme Regulations 2013 (as amended)
Regulation 55

Principle A – Structure

	Not compliant*				Fully compliant
a					√
b					√
c					√
d					√

a. The management of the administration of benefits and strategic management of fund assets rests clearly with the main committee established by the appointing council.
Full Council have delegated responsibility to Pensions Committee to administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the scheme, and on behalf of NCC as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members). The Norfolk Pension Fund is part of the ACCESS investment pool, and is represented at the ACCESS Joint Committee, however all strategic asset allocation decisions remain with the Norfolk Pension Fund Pensions Committee.

b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.
In addition to the Norfolk County Council members, 2 district councillors elected by the Local Government Association represent the largest group of employers; an observer seat is available to all other employers. Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative. Pensions Committee is observed by members of the Local Pension Board (known locally as the Pensions Oversight Board [POB]), made up of employer and employee representatives, and an independent Chair.

c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.
There is no formal secondary committee or panel. Regular employers' forums and other activities detailed within the communication strategy ensure effective communication. The Local Pension Board (known locally as the Pensions Oversight Board [POB]) regularly reports to Pensions Committee and POB members observe all Pensions Committee meetings.

d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.
No formal secondary committee or panel has been established. However, employers are regularly reminded via the Employers' Forum and Employers newsletters of the observer opportunity at Committee. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. Some Committee and POB Members also attend Employer Forum meetings and member events

Principle B – Representation

	Not compliant*				Fully compliant
a.i					√
.ii					√
.iii					√
.iiii					√

a That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:

i Employing authorities (including non-scheme employers, e.g. admitted bodies)
Two district councillors elected by the Local Government Association represent the largest group of employers. An observer place is available to all other employers. POB: 3 employer representatives; all employers are invited to stand for election to POB.

ii Scheme members (including deferred and pensioner scheme members)
Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative, who has full voting rights. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. POB: 3 scheme member representatives; all scheme members invited to stand for election.

iii Independent professional observers
Hymans Robertson, as Advisers to the Norfolk Pension Fund, attend Committee; they also attend POB as required.

iv Expert advisors (on an ad-hoc basis)
Expert advisors are invited to attend committee and POB as and when necessary.

Principle C – Selection and role of lay members

	Not compliant*				Fully compliant
a					√
b					√

a That committee or panel members are made fully aware of the status, role and function that they are required to perform on either a main or secondary committee.
In addition to general Councillor Induction for newly elected members, Pensions Committee / POB members are briefed on appointment to Pensions Committee / POB by the Director of the Norfolk Pension Fund and senior officers. Other elected members who do not sit on Pensions Committee are briefed as required / requested. An on going training strategy is maintained and delivered.

b That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.
This is a standing agenda item for each committee and POB meeting.

Principle D – Voting

	Not compliant*				Fully compliant
A					√

a The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.
Voting rights are set out in the Norfolk Pension Funds Governance statement which is published on the Funds website, www.norfolkpensionfund.org. All members of Pensions Committee have voting rights, including the Staff Representative. All Employer and Scheme member representatives on POB have voting rights.

Principle E – Training / facility time / expenses

	Not compliant*				Fully compliant
A					√
B					√
C					√

a That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process. *We use Norfolk County Councils' generic elected member remuneration policy, which includes*

Travel and Subsistence allowances. POB members can claim travel and subsistence costs incurred. In addition, the Fund maintains a training budget for Pensions Committee and POB for the delivery of our on-going members training programme, and related expenses.

b That where such a policy exists it applies equally to all members of committees, sub-committees, advisory panels or any form of secondary forum.
All relevant individuals / bodies are treated equally, including for example the Staff Representative on Pensions Committee, members of the Pensions Oversight Board (Local Pension Board).

c That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.
The Fund maintains and delivers a training strategy. Committee member and POB training needs are considered alongside the 12 month committee agenda planning process. Some aspects of training are business driven and therefore the programme is flexible. This allows us to align training most effectively with operational need / current agenda items, and therefore support member decision making. Regular Member training is supplemented by attending LGA and other associated events, webinars, virtual and in person conferences and training, as well as an annual (more frequently if required) comprehensive bespoke Knowledge and Understanding event, talking to leading experts about all aspects of LGPS Investment and Governance and current issues. A Training Log is maintained.

Principle F – Meetings (frequency / quorum)

	Not compliant*				Fully compliant
a					√
b					√
c					√

a That an administering authority's main committee or committees meet at least quarterly.
The Pensions Committee meets quarterly.

b That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.
There is no formal secondary committee or panel. The Employers' Forum meets regularly, planned around operational requirements; POB meets quarterly, aligned to Committee timetable.

c That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented. *A*

Staff Representative (who represents all current, deferred and retired scheme members) sits on Pensions Committee, alongside 2 district councillors elected by the Local Government Association to represent the largest employers. An Observer Seat at Committee is also available to Employers not directly represented. Regular Employers' Forums take place. Retired Members engagement is maintained via a dedicated newsletter (in person events were suspended during the pandemic during which period an additional newsletter was introduced); in person Pensions Clinics for all scheme members (including Deferred) were also suspended due to coronavirus from March 2020 but we anticipate they will be reintroduced in Autumn 2022; meantime communications with scheme members is maintained via publications to home addresses, website and employers, and an Annual Meeting is offered. The Pensions Oversight Board (Local Pension Board) has equal employer /scheme member membership.

Principle G – Access

	Not compliant*				Fully compliant
a					√

a That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.
All committee and POB members have equal access to committee papers, documents and advice. POB members observe Committee meetings. Public Minutes of Committee Meetings are published on Norfolk County Councils website:
http://norfolkcc.cmis.uk.com/norfolkcc/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/30/Default.aspx
POB minutes are published on the Norfolk Pension Fund's website:
https://www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/

Principle H – Scope

	Not compliant*				Fully compliant
a					√

a That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.
The Norfolk Pension Fund adopts a holistic approach to pension fund management. Pensions Committee is responsible for all aspects of the management of the pension fund (investment and administration) and delivery of its services, including all relevant budgets, strategies and service planning.

Principle I – Publicity

	Not compliant*				Fully compliant
a					√

a That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.
The Norfolk Pension Funds' Governance Statement and Communication and Customer Care Strategy are published on the Funds' website www.norfolkpensionfund.org, and included within the Pension Fund Annual Report (which is also published on our website), with hard copies of each available on request. Employers are reminded via the Employers Forum and Employers Newsletters that there is an observer seat at Committee for Employers not directly represented. Scheme Members receive an annual booklet with news of the Funds performance, legislative changes and other relevant pension's news, and are invited to a formal annual meeting. Whilst Retired members cannot currently attend in person events, a second annual newsletter has been introduced. All scheme members and employers are invited to stand for membership of the Pensions Oversight Board (Local Pensions Board).

Appendix V – Actuarial Statement for 2021-22 by Hymans Robertson LLP

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), dated March 2020. 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 a 75% 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 £3,835 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 £28 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood 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	4.2%
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	21.7 years	23.9 years
Future Pensioners*	22.8 years	25.5 years

*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

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.

Robert Bilton FFA
20 April 2022
For and on behalf of Hymans Robertson LLP

Appendix VI – Glossary

Active Management
A style of investment management which seeks to provide outperformance of a relevant benchmark through asset allocation, market timing or stock selection (or a combination of these). Directly contrasted with passive management that seeks to replicate the performance of a selected benchmark.

Actuarial Valuation
A review of the Pension Fund by a qualified Actuary, which takes place every three years to ensure that employers' contributions are sufficient to maintain the solvency of the Fund in the long-term.

Actuary
An independent qualified consultant who carries out the Actuarial Valuation and advises on new investment strategies or changes to the benefit structure.

Administering Authority
A local authority required to maintain a pension fund under LGPS regulations. Within the geographical boundary of Norfolk this is Norfolk County Council.

Admitted Bodies
An organisation, which, under the Pension Scheme Regulations, is able to apply to the Administering Authority to join the Scheme (e.g. a contractor providing services to the Council or another scheduled body). Upon acceptance, an Admission Agreement is prepared admitting the organisation and allowing its employees to join.

Asset Allocation/Asset Mix
The apportionment of a Fund's assets between asset classes and/or markets. Asset allocation may be either strategic i.e. long-term, or Tactical i.e. short-term, aiming to take advantage of relative market movements.

Assumed Pensionable Pay
Where an employee loses pay due to sickness or reduced pay family related leave, the pay actually received is substituted with "Assumed Pensionable Pay" when calculating "career average" benefits and employer contributions. Assumed Pensionable Pay is the average of pay in the three months prior to the month in which the reduced pay occurs.

Auditor
An independent qualified accountant who is required to verify and agree the Pension Fund Accounts and issue an opinion on their accuracy.

Benchmark
A “notional” fund or model portfolio which is developed to provide a standard against which a manager’s performance is measured e.g. for a global equity fund the benchmark against which it will be measured could be made up 70%/30% by UK equities / overseas equities. A target return is generally expressed as some margin over the benchmark.

Bond
A certificate of debt, paying a fixed rate of interest, issued by companies, governments or government agencies.

Collateral
An asset (cash or securities) posted from one counterparty to another, and held as a guarantee against the value of a specified portfolio of trades or other transactions. Commonly referred to as margin, the collateral acts as a credit-risk mitigant. A collateral call is the demand by a derivatives counterparty for an investor to transfer cash or securities to collateralise movements in the value of a derivatives contract.

Currency Forward
An agreement between two counterparties to buy/sell a specified quantity of the underlying currency at a specified future date. Contracts are settled in cash on the expiration date.

Custody/Custodian
Safekeeping of securities by a financial institution. The custodian keeps a register of holdings and will collect income and distribute monies according to client instructions.

Exchange Traded Derivatives Contract
Standardised derivatives contracts (e.g. futures contracts and options) that are transacted on an organised futures exchange.

Equities
Ownership positions (shares) in companies that can be traded on public markets. Often produce income that is paid in the form of dividends. In the event of a company going bankrupt, equity holders’ claims are subordinate to the claims of bond holders and preferred stock holders.

Final Pay
This is the figure used to calculate members' benefits that have built up on the "final salary" basis. This is the pay in the last year before leaving, or one of the previous two years' pay if that amount is higher. For a part-time employee, the figure used is the pay an equivalent whole-time employee would have received. Pay lost on account of sickness or reduced pay family leave is added back.

Fixed Interest Securities
Investments in stocks mainly issued by governments, which guarantee a fixed rate of interest.

FTSE
A company that specialises in index calculation. Although not part of a stock exchange, co-owners include the London Stock Exchange and the Financial Times. They are best known for the FTSE 100, an index of the top 100 UK companies (ranked by size).

Fund Manager
A firm of professionals appointed by the Pensions Committee to carry out day to day investment decisions for the Fund within the terms of their Investment Management Agreement.

Futures
Futures contracts are exchange traded contracts to buy or sell a standard quantity of a specific asset at a pre-determined future date. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

Gilts
Bonds issued by the British government. They are the equivalent of U.S. Treasury securities

Hedging
A strategy which aims to eliminate a risk in an investment transaction (both upside and downside potential). Often used in the context of overseas investments to eliminate the impact of currency movements.

Index
A benchmark for the performance of a group of shares or bonds.

Index-Linked Securities
U.K. Government issue stocks on which the interest, and eventual repayment of the loan, is based on movements in the Retail Price Index.

Initial Margin
The upfront collateral requirement, set aside as a guarantee to an underlying futures contract, generally a percentage of the notional amount of the contract.

Investment Advisor
A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals.

Mandate
A set of instructions given to the fund manager by the client as to how a Fund is to be managed (e.g. targets for performance against a benchmark may be set or the manager may be prohibited from investing in certain stocks or sectors).

Market Value
The “on paper” value of a security at a specific point in time. It is calculated by multiplying the number of shares held by market price of that share in sterling terms.

Outperformance/underperformance
The difference in returns gained by a particular Fund against the “average” Fund or an index over a specified time period i.e. a target for a Fund may be outperformance of a given benchmark over a 3-year period.

Passive Management
An investment strategy that seeks to match the return and risk characteristics of a market segment or index, by mirroring its composition. also called passive portfolio strategy.

Pensionable Pay
This is the pay on which employee and employer pension contributions and "career average" benefits are based. Where an employee loses pay due to sickness or reduced pay family related leave then "Assumed Pensionable Pay" is used instead to calculate employer contributions and benefits.

Performance
A measure, usually expressed in percentage terms, of how well a Fund has done over a particular time period – either in absolute terms or as measured against the “average” Fund of a particular benchmark.

Portfolio
Term used to describe all investments held.

Private Equity
Investments in new or existing companies and enterprises which are not publicly traded on a recognised stock exchange.

Regulations
The Scheme is governed by Regulation approved by Parliament. Necessary amendments are made to these Regulations by means of Statutory Instruments.

Resolution Body (designating body)
A resolution body is an organisation which has the right to join the Scheme if it elects to do so (e.g. a Parish Council). Membership may apply to some or all of its employees.

Risk
Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more "stable" investments before investors will buy them.

Scheduled Bodies
These are organisations as listed in the Local Government Pension Scheme Regulations 1997 (Schedule 2) such as County Councils and District Councils etc, the employees of which may join the Scheme as of right.

Securities
Investment in company shares, fixed interest or index-linked stocks.

Statement of Investment Principles
Requirement, arising from the Pensions Act 1995, that all occupational pension plan trustees must prepare and maintain a written Statement of Investment Principles outlining policy on various investment matters (e.g. risk, balance between real and monetary assets, realisability of assets etc).

Transfer Values
Capital value transferred to or from a scheme in respect of a contributor's previous periods of pensionable employment.

Unit Trusts
A method which allows investors' money to be pooled and used by fund managers to buy a variety of securities.

Variation Margin
A cash collateral requirement that moves up and down with the value of a futures contract.

Yield Curve
A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates. For bonds, it typically compares the two- or five-year Treasury with the 30-year Treasury.

PART 8.1

MEMBERS' CODE OF CONDUCT

I ……………………………………………….. undertake to observe Norfolk County Council's Members' Code of Conduct.

Signed: ……………………………………... Date: …………………………………………..

Introduction to the Code

This Code of Conduct is a key part of the Authority's discharge of its statutory duty to promote and maintain high standards of conduct by its members and co-opted members. It is very much focused upon the principles of conduct in public life of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership and it is the intention of the Authority that the Code be used exclusively in that context and not for any other purpose. It sets an objective, non political and high standard whose purpose is to remind members of the Authority of the behaviour expected of them in public life and to set out clearly the key principles against which their conduct will be measured.

The Code also contains provisions for registration and declaration of interests the breach of which will now attract potential criminal sanctions.

The Council's Standards Committee hears breaches of the Code and decides on sanctions against members found to be in default. Working closely with the Council's Monitoring Officer and Independent Person, the Standards Committee will oversee a straightforward and robust regime dealing only with substantial ethics and standards issues and filtering out the inconsequential, trivial and vexatious. The Code will deal in broad common sense principles and neither it nor the supporting arrangements are intended to be over-technical or over-procedural. To return to the wording of the statute, the Code is the Authority's public statement on the promotion and maintenance of high standards of conduct in public life.

Every member and co-opted member of Norfolk County Council, must sign an undertaking to observe the Code in the terms set out below.

The Code

As a member or co-opted member of Norfolk County Council, I have a responsibility to represent the community and work constructively with our staff and partner organisations to secure better social, economic and environmental outcomes for all.

In accordance with the Localism Act 2011 provisions, when acting in this capacity I am committed to behaving in a manner that is consistent with the following principles to achieve best value for our residents and maintain public confidence in this authority.

SELFLESSNESS: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP: Holders of public office should promote and support these principles by leadership and example.

As a Member of Norfolk County Council my conduct will in particular address the statutory principles of the Code by:

- Championing the needs of residents – the whole community and in a special way all my constituents and putting their interests first.

- Dealing with representations or enquiries from residents, members of our communities and visitors fairly, appropriately and impartially.

- Not allowing other pressures, including the financial interests of myself or others connected to me, to deter me from pursuing constituents' casework, the interests of Norfolk nor the good governance of the authority in a proper manner.

- Exercising independent judgement and not compromising my position by placing myself under obligations to outside individuals or organisations who might seek to influence the way I perform my duties as a member/co-opted member of this authority.

- Listening to the interests of all parties, including relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit.

- Being accountable for my decisions and co-operating when scrutinised internally and externally, including by local residents.

- Contributing to making this authority's decision-making processes as open and transparent as possible to enable residents to understand the reasoning behind those decisions and to be informed when holding me and other members to account but restricting access to information when the wider public interest or the law requires it.

- Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the Authority's resources.

- Valuing my colleagues and staff and engaging with them in an appropriate manner and one that underpins the mutual respect between us that is essential to good local government.

- Always treating people with respect, including the organisations and public I engage with and those I work alongside.

- Providing leadership through behaving in accordance with these principles when championing the interests of the community with other organisations as well as within this authority.

The Localism Act provides for the disclosure and registration of Disclosable Pecuniary Interests ("DPIs"). I agree to notify the Monitoring Officer of my DPIs as soon as I become aware of them and in any event within 28 days. The Monitoring Officer will retain a register of my DIPs and will publish these on the Authority's website. If I have a DPI in a matter to be considered at a meeting and I have not notified the Monitoring Officer of that DPI, I shall disclose it to the meeting. In all cases where I have a DPI in a matter to be considered at a meeting I will not speak or vote at that meeting.

If a matter to be considered at a meeting affects, to a greater extent than others in my division:

- my wellbeing or financial position or
- that of family or close friends
- that of a club or society in which I have a management role
- that of another public body of which I am a member

then I will declare an interest (an "Other Interest") but provided it is not a DPI I may speak and vote on the matter.

Appendix VIII

Norfolk Pension Fund

Investment Strategy Statement

July 2021

IN TRAN
communication for all

If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please call 01603 222824 or email pensions@norfolk.gov.uk

1.0 Introduction and Background

1.1 This is the Investment Strategy Statement ("ISS") of the Norfolk Pension Fund ("the Fund"), which is administered by Norfolk Council, ("the Administering Authority"). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations").

1.2 The ISS has been approved by the Fund's Pension Committee ("the Committee") having taken advice from the Fund's investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.

1.3 The ISS is subject to periodic review at least every three years and without undue delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund's investment strategy with such persons it considers appropriate.

1.4 The Committee seeks to invest in accordance with the ISS any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

1.5 The Committee strongly believe that well governed pension schemes benefit from improved outcomes over the long-term. The Committee has developed a set of investment beliefs (Appendix 1) which promote good governance by providing a framework for all investment decisions.

2.0 Investment of Money

2.1 The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

2.2 The Fund has built up assets over the years and continues to receive contribution and investment income. All of this must be invested in a suitable manner, which is the investment strategy.

2.3 The investment strategy is set for the long-term but is reviewed from time to time. Normally a full review is carried out as part of each actuarial valuation and is kept under review annually between actuarial valuations to ensure that it remains appropriate to the Fund's objectives.

2.4 The LGPS continues to see increased numbers and diversity of participating employers. Following the post 2016 actuarial valuation investment strategy review, it was agreed to move from one to three investment strategies, each with different asset allocations. A fourth investment strategy was introduced in April 2020 and was first funded in April 2021. Employers were allocated to the investment strategy that was deemed most appropriate to their funding objectives, liability characteristics and current funding position. For further details please refer to Appendix H of the Funding Strategy Statement.

2.5 The approach taken by the Fund in setting and maintaining its funding and investment objectives is detailed below.

2.6 Funding Objectives - Ongoing Plan

2.6.1 The Committee aims to fund the Fund in such a manner that there is a sufficiently high likelihood of achieving the funding target (the estimated amount of assets needed to pay for members' benefits) in 20 years for both accrued benefits to date and those earned in the future. For employee members, accrued benefits will be valued on service completed but will take account of future salary and/or inflation increases.

2.6.2 The assumptions used to set funding plans to achieve this aim, correspond with those used in the latest Actuarial Valuation, which are shown in Appendix 2. The funding plans will be reviewed at least at each triennial Actuarial Valuation. The Committee will be advised of any material changes to the Fund or the funding plans during the period between valuations.

2.7 Funding Objectives – Funding Strategy Statement

2.7.1 The Fund has published a Funding Strategy Statement (FSS). Its purpose is:

- "to establish a clear and transparent Fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities."

2.7.2 We recognise that these objectives are desirable individually, but, may be mutually conflicting. The FSS sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions, and prudence in the funding basis.

2.7.3 Copies of the FSS can be obtained from the publication section of the Fund's website at www.norfolkpensionfund.org or by writing to the Fund at the address at the end of this document.

2.8 Investment objectives and strategy

2.8.1 The Fund aims to achieve, over the long term, an overall return on investment assets which, in addition to contributions received from employers and members, results in sufficient monies to pay members' benefits in the future.

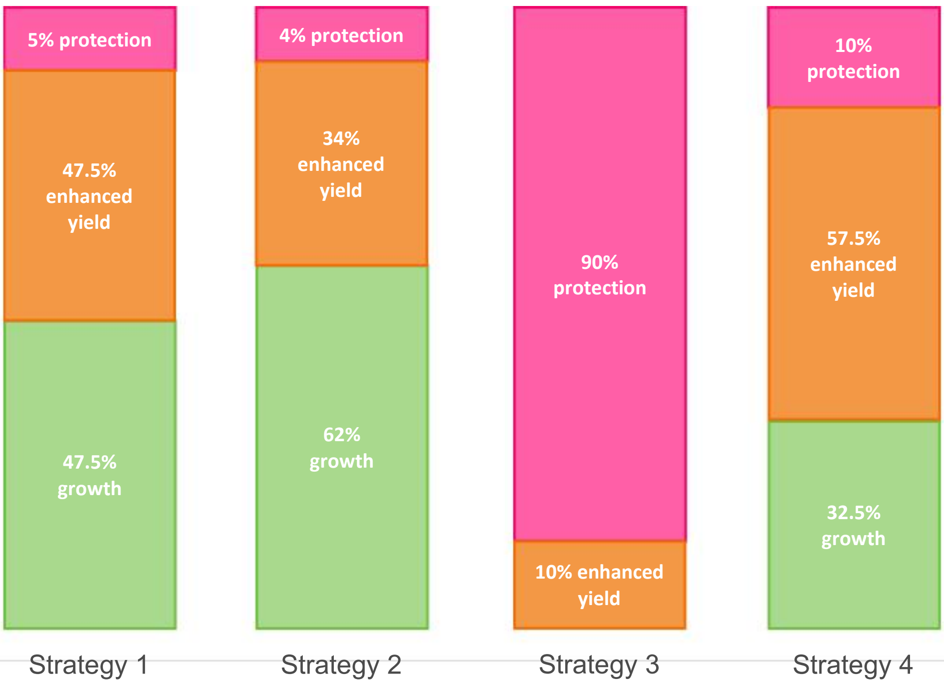
2.8.2 The investment strategy was formally reviewed in 2016-17 through an asset-liability modelling exercise which incorporated the results of the 2016 Actuarial Valuation. A health-check of the investment strategy was carried out as part of the 2019 Actuarial Valuation process.

2.8.3 The exercise took account of the following: -

- The liability profile of the Fund;
- The solvency of the Fund (i.e. ratio of assets to liabilities);
- The expected contributions;
- The risk tolerance of the Committee.

2.8.4 As a result of the review, a number of changes to the asset allocation strategy were approved by the Committee. From July 2017, the Fund moved from operating a single investment strategy for all employers to three distinct investment strategies with different allocations to growth, enhanced yield and protection assets. A fourth investment strategy was added in April 2020.

2.8.5 The Fund continues to operate a core investment strategy which the majority of employers participate in (Strategy 1). Alongside the core strategy, the Fund now also operates three additional investment strategies. The high level investment strategies are illustrated below (target allocations shown):



2.8.6 Strategy 2 has a higher allocation to growth assets than Strategy 1. As a result, this strategy is targeting a higher level of returns and therefore is taking a higher level of investment risk.

2.8.7 Strategy 3 has no allocation to growth assets. As a result, this strategy is targeting a lower level of returns and therefore is taking a lower level of investment risk.

2.8.8 Strategy 4 has a higher allocation to enhanced yield and protection assets than Strategy 1. As a result, this strategy is targeting a lower level of returns and lower level of risk and volatility than Strategy 1.

2.9 Rebalancing of assets

2.9.1 Having approved the asset allocations, the Committee monitors the Fund's actual asset allocation on a regular basis to ensure it does not notably deviate from the target allocations. The Fund's approach to asset class rebalancing is set out in Appendix 3.

3.0 Suitability of Particular Investment Types

3.1 Asset classes

3.1.1 The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities, bonds, cash, property, infrastructure and timberland either directly or through pooled funds. The Fund may also make use of derivative contracts either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

3.1.2 The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered (and training provided) to ensure its suitability and diversification.

3.1.3 The target asset allocation within each asset portfolio is set out below (Tables 1-3). The asset allocation within each asset class portfolio is maintained by asset rebalancing (Appendix 3). The intention is that the maximum invested in a particular asset class will be the target allocation plus a 2% rebalancing tolerance. The target allocation and the rebalancing tolerance is subject to periodic review.

Table 1: Growth asset portfolio allocation

Asset class	% of Growth Portfolio
UK equities	26.0
Global equities	30.5
Overseas equities	31.0
Private equity	12.5
Total Growth Assets	**100.0**

Table 2: Enhanced Yield asset portfolio allocation

Asset class	% of Enhanced Yield Portfolio
Property	25.0
Infrastructure	22.5
Timberland	2.5
Multi-asset credit	25.0
Investment grade corporate bonds	4.0
Secured finance	6.0
High yield and emerging market debt	6.0
Distressed debt	4.0
Real estate debt	3.0
Specialist credit	2.0
Total Enhanced Yield Assets	**100.0**

Table 3: Protection asset portfolio allocation

Asset class	% of Protection Portfolio
Gilts	50.0
Index-linked gilts	50.0
Total Protection Assets	**100.0**

3.2. Restrictions on investment

3.2.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 have largely removed the investment restrictions that formed part of the previous regulations. The Fund will monitor the appropriateness of imposing its own investment restrictions relevant to the particular asset class and having taken appropriate professional advice. In line with the Regulations, the Fund's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the administering authority (within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007).

3.3 Managers

3.3.1 The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

3.3.2 The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that they reflect the Fund's strategic objectives. The Investment Managers are given discretion over the management of their portfolio against the specified benchmark but within agreed investment guidelines. Investment Managers are expected to maintain a diversified portfolio within the guidelines provided to them.

3.3.3 The Managers appointed to manage the Fund's assets are summarised in Appendix 4, this includes the investments made via the ACCESS pool, which provides indirect access to specific managers and mandates. The current structure embraces specialist management. A range of different Managers are employed, with different benchmarks and targets to reflect their specific mandates.

3.3.4 A management agreement and/or prospectus is in place for each Investment Manager which sets out the relevant benchmark, performance target, asset allocation ranges and any restrictions, as determined by the Committee. The kinds of investments which the Managers may hold, together with a summary of each Manager's brief, are summarised in Appendix 4.

3.3.5 The Fund's assets are predominantly managed on an active basis and the managers are expected to outperform their respective benchmarks over the long term. The exception to this approach is a proportion of the UK equity holdings and government bonds, which are managed on a passive basis. The return on these mandates are intended to track the return of the benchmark index.

3.3.6 The majority of stocks held are quoted on major stock markets and may be realised quickly if required in normal market conditions. The Fund also has currency hedging mandates in place. The underlying instruments in these mandates tend to be highly liquid. Property, distressed debt, direct lending, specialist credit investments, infrastructure and private equity partnerships, which are relatively illiquid, currently make up a lower (albeit still notable) proportion of the Fund's assets. In periods of market volatility, the liquidity of most investment classes will fall.

3.4 Custody

3.4.1 HSBC has been appointed as Global Custodian of the Fund's assets.

4.0 Approach to Investment Risk

4.1 The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where appropriate and possible) mitigate the risks being taken. One of the Committee's overarching beliefs is to only to take as much investment risk as is necessary.

4.2 The principal risks affecting the Fund are set out below, we also discuss the Fund's approach to managing these risks and the contingency plans that are in place.

4.3 Funding risks

4.3.1 Funding risks include:

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics –The risk that longevity improves ,and other demographic factors change, increasing the cost of Fund benefits.
- Environmental, social and governance ("ESG") – The risk that ESG related factors reduce the Fund's ability to generate the long-term returns and also may impact the Fund's liabilities.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

4.3.2 The Committee measures and manages financial mismatch in two ways. As indicated above, the Committee has set strategic asset allocation benchmarks for the Fund. These benchmarks were set taking into account asset liability modelling which focused on probability of success and level of downside risk. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocations and investment returns relative to these benchmarks. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

4.3.3 The Committee also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.

4.3.4 The Fund's longevity assumptions are reviewed as part of the Fund's triennial valuation process.

4.3.5 Details of the Fund's approach to managing ESG risks is set out later in this document.

4.3.6 The Committee seeks to mitigate systemic risk through a diversified portfolio, but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

4.4 Asset risks

4.4.1 Asset risks include:

- Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk – The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.
- Credit – the risk that one of the Fund's bond/credit holdings investments defaults on its obligations

4.4.2 The Committee measure and manage asset risks as follows:

- The Fund invests in a diversified range of asset classes. The Committee has put in place rebalancing arrangements to ensure the 'actual allocation' within each asset class portfolio does not deviate substantially from its target. Similarly, there are rebalancing arrangements in place to ensure that the allocation to growth, enhanced yield and protection assets in each strategy does not deviate substantially from its target allocation.
- The Fund invests in a range of investment mandates each of which has a defined objective, investment universe and performance benchmark which, when taken in aggregate, helps reduce the Fund's asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, the Committee has recognised the need for access to liquidity in the short term. When assessing managers, the Committee gives considerable

focus to managers' ability to assess the credit worthiness of their underlying investments.

- The Committee assess the Fund's currency risk during their risk analysis. The Fund invests in a range of overseas markets which provides a diversified approach to currency markets. The Fund also has a dynamic currency hedging mandate in place that helps to manage this risk.

- The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager and having a proportion of the Fund's assets managed on a passive basis. The Committee assess the Fund's managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

4.5 Other provider risk

4.5.1 Other provider risks include:

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.

- Custody risk - The risk of losing economic rights to Fund assets, when held in custody or when being traded.

- Credit default - The possibility of default of a counterparty in meeting its obligations.

- Stock-lending – The possibility of default and loss of economic rights to Fund assets.

4.5.2 The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers (including the Pool – see comments below), and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

4.6 Monitoring and reporting risks

4.6.1 A more comprehensive breakdown of the risks to which the Fund is exposed and the approach to managing these risks is set out in the Fund's Risk Register. The Risk Register is reviewed by Committee every six months and is available from the Fund's web site.

5.0 Approach to Asset Pooling

5.1 The Fund is a participating scheme in the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex. The structure and basis on which the ACCESS Pool operates was set out in the July 2016 submission to Government and subsequent updates to Government.

5.2 Assets to be invested in the Pool

5.2.1 The Fund's intention is to invest its assets through the ACCESS Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. The key criteria for assessment of Pool solutions will be as follows:

- That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund.
- That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

5.2.2 At 31 December 2020, the Fund had 46% of assets (c£2bn) invested in the ACCESS pool, with investments in the Baillie Gifford, Capital, Mondrian and Fidelity equity ACS sub-funds and the UBS passive mandate. A collateralised stock lending program is undertaken for each of these mandates within the ACS by the pool custodian Northern Trust.

5.2.3 The Fund has elected not to pool certain illiquid assets (e.g. direct property and private equity) and assets held within closed ended pooled vehicles (e.g. indirect property) at this time, on the basis that it is not economically viable to transition these assets to the pool. Any asset that remain outside of the Pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. ACCESS is currently developing its illiquid asset solution, which the Fund will consider in due course.

5.3 Structure and governance of the ACCESS Pool

5.3.1 The July 2016 submission to Government of the ACCESS Pool provided a statement addressing the structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured.

5.3.2 An Inter-Authority Agreement (IAA) has been signed by all 11 authorities defining governance and cost sharing arrangements for the ACCESS Pool.

5.3.3 The ACCESS Pool is governed by a joint Committee (JC) made up of one elected councillor from each authority's Pension Committee.

6.0 Environmental, Social and Corporate Governance

6.1 At the present time, the Committee does not take into account non-financial factors when selecting, retaining, or realising its investments. It does however recognise that environment, social and governance (ESG) factors can influence long term investment performance and the ability to achieve long term sustainable returns. The Committee therefore considers the following two key areas of responsible investment:

- **Corporate Governance / Stewardship** – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.
- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors on its investments.

6.2 The Committee takes ESG matters very seriously and will regularly conduct reviews of its policies in this area and its investment managers' approach to ESG. The Committee has developed a set of responsible investment beliefs as one of its four core Investment Beliefs. These are detailed in Appendix 1.

6.3 Corporate Governance / Stewardship

6.3.1 The Fund takes the following approach to Corporate Governance / Stewardship:

- The Committee believe that the adoption of good practice in Corporate Governance will improve the management of companies and thereby increase long term shareholder value. The Committee expect the Investment Managers to make regular contact at senior executive level with the companies in which the Fund's assets are invested, both as an important element of the investment process and to ensure good Corporate Governance. The Committee have developed their own corporate governance engagement policy which includes specific consideration of environmental and social matters. Details of the current policy are set out in Appendix 5.

- The Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

- All shares in the ACCESS ACS are voted in accordance with the Pool voting policy by fund managers. If the manager believes that specific rationale exists to depart from this policy this must be explained to the Pool.

6.4 Sustainable Investment / ESG factors

6.4.1 The Fund takes the following approach to Sustainable Investment / ESG factors:

- The Committee recognise that social, environmental and governance considerations are among the factors that can affect the financial return on investments. The Committee expects the managers to engage with the companies in which the Fund invests with the objective of seeking to enhance shareholder value over the long term.

- Appendix 5 sets out in detail the Fund's approach to responsible engagement.

6.5 Compliance with Myners Principles

6.5.1 The Myners report on Institutional Investment in the UK was published in 2001. Following pension industry consultation in 2007, the ten principles of good investment practice, were consolidated into six overarching principals. Norfolk's compliance with these investment principles is detailed in Appendix 6.

APPENDIX 1 – Investment Beliefs

Norfolk Pension Fund investment beliefs

1. The Committee of the Norfolk Pension Fund ("the Fund") strongly believe that well governed pension schemes benefit from improved outcomes over the long-term. They also take the view that a clear set of investment beliefs can help achieve good governance by providing a framework for all investment decisions. The Committee has four headline beliefs, with a number of sub-beliefs sitting underneath these headlines. Details of the Fund's investment beliefs are provided in this document. All beliefs will be reviewed on an ongoing basis to ensure that they remain appropriate.

Chart 1: Headline beliefs

Governance Effective governance and decision-making structure will add value to the Fund over the long-term	**Strategic** Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager will stock selection
Structural Structural matters can improve efficiency but implementation approach must be aligned to the Fund's governance resource	**Responsible investment** Effective management of financially material ESG risks should enhance the Fund's long-term outcomes

2. Governance

A well-run Fund offers a number of benefits, most notably improving funding outcomes, but also to the local economy given a large number of people in the area relies on the Fund for their pension and the local employer base.

Clear and well defined objectives are essential to reflect the Fund's long-term[1] strategic direction of travel and to help build a plan for achieving these objectives.

[1] (1) The Committee view long-term as typically being greater than 15 years, medium-term typically being between 3-15 years and short-term being less than 3 years

The Committee supports long term investing as a means of enhancing returns, reducing transaction costs and encouraging improved governance at a corporate level.

There are a number of factors that lead to good decision making, most notably taking a long-term approach to any decisions, Members' having a clear understanding of their fiduciary duties and the Committee and Officers having the appropriate levels of knowledge and understanding, hence the Fund's commitment to high quality Member training.

Fees and costs matter. It is important to get the best value from the Fund's providers and to understand and minimise, as far as possible, any cost leakages from the investment process.

The Committee believes in full and transparent disclosure of investment and administration costs. It recognises the importance of adequate resources to operate effective financial reporting and controls and effective and efficient provision of scheme administration and related activities. It recognises the importance of these functions in facilitating and demonstrating good oversight and governance to multiple stakeholders.

The Fund should maintain access to skilled, high quality internal and external professional advice to support effective implementation and management of its investment and administration activities.

3. Strategic

Clear investment objectives are essential. Return and risk should be considered relative to the Fund's liabilities, funding position and contribution strategy. The information in the Fund's Funding Strategy Statement should be taken into consideration when setting investment strategy.

Employer covenant is a factor when it comes to setting investment strategy. In most cases, the strength of employers' covenants allows the Fund to take a long term view of investment strategy. However, it is appreciated there may be certain employers when a short-term to medium-term horizon is more appropriate and there is a need to develop technical solutions to accommodate this. As such the Fund has implemented three employer-specific investment strategies to reflect this belief.

Ongoing risk assessment is essential. This assessment can take many forms including (but not limited to):

- To understand progress relative to the long-term plan at an individual investment strategy level
- The implications of the increasing diversity and maturity of the Fund's underlying employers, including the impact on the Fund's net cash flow position, and;

- The risks associated with the Fund's managers and counterparties.

4. Structural

There exists a relationship between the level of investment risk taken and the rate of expected investment return. However, for certain investments, it may take a long period of time for this relationship to be established.

Markets are not always efficient, which can create opportunities for investors. For the majority of such opportunities, the Fund's investment managers are likely to be in the best position to exploit them.

Equities are expected to generate superior long-term returns relative to government bonds.

Alternative asset class investments are designed to further diversify the Fund and improve its risk-return characteristics. A premium return (net of fees) is required for any illiquid investments.

Currency volatility increases the Fund's risks and therefore should be managed.

Active management can add value but it is not guaranteed. If accessing active management, it is important that a manager's philosophy and processes are well defined, fees are good value and the manager is given an appropriate timescale to achieve their performance target.

Passive management has a role to play in the Fund's investment structure, most notably in more efficient investment markets.

Transitions between managers and asset classes can result in considerable transaction costs and market risks. It is important such transitions are carefully managed.

5. Responsible investment

Effective management of financially material environmental, social and governance ("ESG") risks should enhance the Fund's long-term outcomes.

The Committee prefer to take a holistic approach to ESG matters, rather than to focus on single issues.

Proactive engagement with the companies in which the Fund invests is the most effective means of understanding and influencing their social, environmental and business policies.

Investment managers should sign up and comply with the Financial Reporting Council's Stewardship Code. If they are not signed up, there should be a clear response as to why not.

The Fund's investment managers should review investee companies' approaches to employee rights and the risks within this. Managers should engage with companies where they believe there is room for improvement. This should be done on a global basis and reported on at least six-monthly. The Committee will hold the managers to account on the level and quality of their engagement.

APPENDIX 2 – Funding Objectives (Actuarial Assumptions)

1. For the purpose of setting funding plans at the 2019 valuation, an economic scenario generator has been used to project a range of possible outcomes for the future behaviour of asset returns and inflation. The table below shows a summary of the returns and volatilities as used at the 31 March 2019 valuation:

		Annualised Total Returns									
		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	UK Equity	Overseas Equity	Property	A Rated Corporate Bonds (medium)	RPI Inflation Expectation	17 Year Real Govt Bond Yield	17 Year Govt Bond Yield
5 years	16th %ile	-0.4%	-2.3%	-2.9%	-4.1%	-4.1%	-3.5%	-2.7%	1.9%	-2.5%	0.8%
	50th %ile	0.7%	0.5%	0.3%	4.0%	4.1%	2.4%	0.8%	3.3%	-1.7%	2.1%
	84th %ile	2.0%	3.3%	3.4%	12.7%	12.5%	8.8%	4.0%	4.9%	-0.8%	3.6%
10 years	16th %ile	-0.2%	-1.8%	-1.3%	-1.5%	-1.4%	-1.5%	-0.9%	1.9%	-2.0%	1.2%
	50th %ile	1.3%	0.0%	0.2%	4.6%	4.7%	3.1%	0.8%	3.3%	-0.8%	2.8%
	84th %ile	2.9%	1.9%	1.7%	10.9%	10.8%	7.8%	2.5%	4.9%	0.4%	4.8%
20 years	16th %ile	0.7%	-1.1%	0.1%	1.2%	1.3%	0.6%	0.7%	2.0%	-0.7%	2.2%
	50th %ile	2.4%	0.3%	1.0%	5.7%	5.8%	4.3%	1.9%	3.2%	0.8%	4.0%
	84th %ile	4.5%	2.0%	2.0%	10.3%	10.4%	8.1%	3.0%	4.7%	2.2%	6.3%
	Volatility (Disp) (1 year)	1%	7%	10%	17%	17%	14%	11%	1%		

2. For the purpose of disclosing a current funding position, the actuarial assumptions used at the 31 March 2019 valuation were:

	Nominal ***per annum***	***Real*** ***per annum***
Price Inflation (CPI)	*2.3%*	-
Pay Increases	*3.0%*	*0.7%*
Investment return (discount rate)	*4.2%*	*1.9%*

3. For the purpose of disclosing the funding position, the Actuarial Valuation as at 31 March 2019 was carried out using a “mark to market” approach meaning the Fund’s assets have been taken into account at their market value for the period ended 31 March 2019, consistent with the approach of valuing liabilities by reference to a single set of assumptions based on market indicators as at the valuation date. In addition, an allowance has been made for payments in respect of early retirement strain and augmentation costs granted prior to the valuation date for consistency with the valuation of liabilities.

4. It should be noted that the absolute return figures as given above are not critical to the results of the Valuation - it is the returns relative to one another which are more significant (in particular, the return achieved in excess of inflation).

   The actuarial assumptions also include statistical assumptions; for example, rates of ill health and mortality. All assumptions are reviewed as part of the formal actuarial valuation that is carried out every 3 years.

5. For full details please see the 2019 Valuation Report and the Funding Strategy Statement which are both available from the Fund’s website at www.norfolkpensionfund.org.

6. Past Service Funding Position at 31 March 2019

Accrued (Past Service) Liabilities	*£m*
Past service liabilities:	
Employee Members	*1,217*
Deferred Pensioners	*806*
Pensioners	*1,840*
Total	***3,863***
Assets	
Market Value of Assets	*3,835*
Total Value of Assets	***3,835***
Surplus (Deficit)	***(28)***
Funding Level	***99%***

7. At the time of producing the 31 March 2019 results, the LGPS benefit structure was under review following the Government's loss of the right to appeal the McCloud and other similar court cases. The scope and format of any benefit changes in light of McCloud is still unknown. Therefore, in line with the advice issued by the Scheme Advisory Board in May 2019, the above funding position results include no allowance for the potential impact of McCloud.

APPENDIX 3 – Asset Mix and Rebalancing

The Fund operates four investment strategies. Each strategy has a target allocation to the underlying Growth, Enhanced Yield ("EY") and Protection asset portfolios as outlined in the table below.

Appendix 3 – Table 1

	Strategy 1	Strategy 2	Strategy 3	Strategy 4
Growth portfolio	47.5%	62.0%	0.0%	32.5%
EY portfolio	47.5%	34.0%	10.0%	57.5%
Protection portfolio	5.0%	4.0%	90.0%	10.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The target asset allocations within each of the asset portfolios is outlined in the tables below.

Appendix 3 – Table 2: Growth asset portfolio allocation

Asset class	% of Growth Portfolio
UK equities	26.0
Global equities*	30.5
Overseas equities*	31.0
Private equity	12.5
Total Growth Assets	**100.0**

* The Fund has a dynamic currency hedging programme in place with Berenberg Bank and Insight to hedge the Euro, US Dollar and Japanese Yen denominated positions within the portfolios of Fidelity, Mondrian and Capital. The benchmark hedge ratio (the proportion hedged to Sterling) is 0%.

Appendix 3 – Table 3: Enhanced Yield asset portfolio allocation

Asset class	% of Enhanced Yield Portfolio
Property	25.0
Infrastructure	22.5
Timberland	2.5
Multi-asset credit[1]	25.0
Investment grade corporate bonds	4.0
Secured finance	6.0

High yield and emerging market debt	6.0
Distressed debt	4.0
Real estate debt	3.0
Specialist credit	2.0
Total Enhanced Yield Assets	**100.0**

[1] Includes mandates with Janus Henderson and M&G

Appendix 3 – Table 4: Protection asset portfolio allocation

Asset class	% of Protection Portfolio
Gilts	50.0
Index-linked gilts	50.0
Total Protection Assets	**100.0**

Rebalancing

Table 1 above provides detail the strategic benchmark for each investment strategy, for which the Committee considers has the appropriate risk and reward characteristics for each employer grouping. Tables 2, 3 and 4 above provides detail the strategic benchmark for each portfolio. The Committee has appointed a portfolio of investment managers to provide exposure to the asset classes in the strategic benchmark. The managers are expected to provide the market return (beta) for the asset classes in their mandates plus (for the actively managed mandates) additional returns from the active management (alpha).

1. Over time the differential relative performance of the asset classes and managers will mean that asset allocations (both at a strategic and portfolio level) deviates from the agreed targets and the amount of money invested with each manager deviates from their target proportion of the Fund. Deviations from the targets result in tracking error, which is undesirable. Therefore, rebalancing is required to tighten the distribution of returns around the expected return from each investment strategy.

2. Rebalancing entails portfolio transactions, so the benefit has to be weighed against the costs incurred, both in trading and indirectly in the market. Costs of rebalancing are broadly linear (selling twice as much of an asset will cost roughly twice as much). The net benefit of rebalancing is therefore the impact of tracking error less the costs of rebalancing. The exception to this is certain pooled funds where a dilution levy may be triggered if a seller is liquidating a significant holding in the Fund.

3. Hymans Robertson have advised that the trigger point for a rebalance should be when the benefits of the switch outweigh the costs involved. Historical evidence has indicated that such a point is when there is 2% deviation from target (at a strategic level) under normal market conditions.

4. The trigger determines when to rebalance, but not by how much. Hymans Robertson has advised that it does not pay to rebalance all the way to the target allocation, as the costs of rebalancing all the way tend to outweigh the benefits. The Fund's policy is rebalance to 1% from the target allocation and in graduated steps were possible.

5. The key risk being run within a pension fund is the proportion invested in growth assets. The Fund's rebalancing procedures for the three portfolios: growth, enhanced yield and protection, are as follows. The rebalancing will take place when one of the portfolios deviates by more than 2% from its target allocation. When rebalancing is required, the portfolio will be taken back to within 1% of the target allocation.

6. In periods of heightened market volatility or other uncertainty the rebalancing process may be temporarily suspended or the pace of rebalancing may be slowed.

7. Rebalancing decisions will be made with due consideration of the liquidity of the underlying assets.

8. The principles for rebalancing the Fund's investment strategies will be applied to the Fund's asset portfolio and manager rebalancing.

APPENDIX 4 – Appointed Managers and Cash Management Strategy

Kinds of Investments held by Each Manager

		Equities		Bonds		Index-linked		Property	Infra-structure	Timber-land
		UK	Overseas	UK	Overseas	UK	Overseas			
GSAM	Fixed Interest (Absolute Return)			See note below on Absolute Return Fixed Interest						
Janus Henderson	Fixed Interest (Credit)			✓						
Janus Henderson	Fixed Interest (Gilts and index link)			✓						
Insight	Fixed Interest (Gilts and index link)			✓						
Capital	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
Janus Henderson	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
Insight	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
M&G	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
UBS (via Pool)	UK Equity	✓								
Baillie Gifford (via Pool)	UK Equity[1]	✓								
Fidelity (via Pool)	Overseas Equity		✓							
Capital (via Pool)	Global Equity	✓	✓							
Mondrian (via Pool)	Global Equity	✓	✓							
La Salle	Property[2]							✓		
M&G	Distressed Debt/Real Estate Debt/ Specialist	See note on Specialist Mandates								
JP Morgan	Infrastructure								✓	
Equitix	Infrastructure								✓	
Aviva	Infrastructure								✓	
Pantheon	Infrastructure								✓	
M&G	Infrastructure								✓	
Stafford	Timberland									✓

[1] Baillie Gifford has the discretion to invest up to 10% of the value of their mandate in overseas equities.

[2] La Salle has the discretion to invest up to 30% of the property allocation in overseas property funds.

Private Equity

The Fund has a 12.5% target allocation to Private Equity in the Growth Portfolio. Diversification is achieved through geography, stages (venture and buyout) and a mix of primary and secondary allocations. Two Private Equity funds of funds mangers have been appointed:

1. Aberdeen Standard Investments (European and secondary fund of funds)
2. HarbourVest (North American, European and Asia Pacific including specialist secondary, Clean-Tech, debt and real asset funds)

It is a characteristic of the asset class that committed funds are drawn down by the managers over time to achieve time diversification within the overall investment. The Fund will continue to make follow on investments to new funds with these managers (subject to suitable due diligence) to maintain its allocation and an appropriate time (vintage year) diversification. The Fund will not commit more than 2% of its value to any individual private equity partnership.

Fixed Interest Mandates

Absolute Return

GSAM has been appointed to run fixed interest mandates against an absolute return (cash) benchmark. GSAM use a pooled vehicle to target the required benchmark. The pooled vehicle invests in a wide range of bonds and financial instruments to target the benchmark return. This mandate is currently in wind-down.

Multi-Credit

Janus Henderson, M&G, Insight and Capital have been appointed to run multi-asset credit mandates against a cash benchmark. All managers use pooled vehicles to target the required benchmark. The pooled vehicles invest in a wide range of bonds and financial instruments both in the UK and globally.

Specialist

M&G have been appointed to run three specialist mandates for the Fund ranging across distressed debt, real estate debt and specialist credit. M&G use closed-ended funds which invest in UK and global markets (predominately European).

Benchmark Information

The table below provides details of the target allocation for each Manager.

Growth portfolio*

	Baillie Gifford	UBS	Fidelity	Capital	Mondrian	Aberdeen Standard	HarbourVest
Proportion of the growth portfolio %	***13.0***	***13.0***	***31.0***	***18.5***	***12.0***	***5.0***	***7.5***
UK Equities	100.0	100.0					
Global Equities (inc UK)				100.0	100.0		
Overseas Equities (ex UK)			100.0				
US Equities			33.3				
European Equities			30.0				
Japanese Equities			16.7				
Pacific Equities			10.0				
Emerging Equities			10.0				
Private Equity						100.0	100.0

* The Fund has a dynamic currency hedging programme in place with Berenberg Bank and Insight to hedge the Euro, US Dollar and Japanese Yen denominated positions within the portfolios of Fidelity, Mondrian and Capital. The currency managers are tasked to produce an outcome superior to the fixed hedge, with a particular emphasis on protecting the Fund in periods of drawdown (Sterling weakness). At 31 March 2021, the benchmark currency hedge ratio was 0%.

Enhanced yield portfolio

	La Salle Property	Aviva Infrastructure	JP Morgan Infrastructure	Equitix Infrastructure	Pantheon Infrastructure	M&G Infracapital	Stafford Timberland
Proportion of the EY portfolio %	**25.0**	**2.5**	**10.0**	**5.0**	**2.5**	**2.5**	**2.5**
Property	100.0						
Infrastructure		100.0	100.0	100.0	100.0	100.0	
Timberland							100.0

	Janus Henderson Corporate bonds	GSAM	Janus Henderson MAC	Capital	Insight	M&G MAC	M&G Distressed Debt	M&G Real Estate Debt	M&G Specialist Credit
Proportion of the EY portfolio %	**4.0**	**0.0**	**12.5**	**6.0**	**6.0**	**12.5**	**4.0**	**3.0**	**2.0**
Investment grade corporate bonds	100.0								
Fixed Interest Absolute Return		100.0							
Distressed debt							100.0		
Multi-asset credit			100.0			100.0			
Secured finance					100.0				
High yield debt				50.0					
Emerging market debt				50.0					
Direct lending								100.0	
Specialist credit									100.0

Protection portfolio

	Janus Henderson	Insight[1]
Proportion of the protection portfolio %	**100.0**	**0.0**
UK Government gilts	50.0	50.0
UK Government index-linked	50.0	50.0

[1] There is no formal target allocation to Insight's bond mandate. At 31 March 2021, c.25% of the protection portfolio was managed by Insight (c.75% with Janus Henderson).

Performance Objectives and Fee Arrangements

Aviva	Internal Rate of Return of 7-8% pa (net of fees) Flat rate fees
Baillie Gifford (ACCESS)	Benchmark Return + 1.25% pa net of fees Flat rate fees plus performance related element
Berenberg Bank and Insight Investment	To produce an outcome (net of fees) superior to a fixed hedge ratio
Capital International (ACCESS)	Benchmark Return + 1.5% pa net of fees Flat rate fees plus performance related element
Capital International (Multi-Asset Credit)	Outperform a blended benchmark (c.50% High Yield Debt, 50% Emerging Market Debt) by +1.5% Flat rate fees
Equitix	Internal Rate of Return of 8.5% p.a. (net of fees) Flat rate fees plus a performance related element
Fidelity (ACCESS)	Benchmark Return + 1.5% pa net of fees Flat rate fees
Goldman Sachs Asset Management (Absolute Return – Strategic Income Bonds)	Benchmark Return + 4% pa net of fees Flat rate fees
Insight (Multi-Asset Credit)	Benchmark Return + 4% pa net of fees Flat rate fees
Janus Henderson (Non-Government Bonds)	Benchmark Return + 1.0% pa gross of fees Flat rate fees plus performance related element
Janus Henderson (Government Bonds)	Benchmark Return + 1.4% pa gross of fees Flat rate fees plus performance related element
Janus Henderson (Multi Asset Credit)	Benchmark return + 5% pa net of fees Flat rate fees
JP Morgan	Internal Rate of Return of 8-12% pa (net of fees) Flat rate fees plus performance related element
La Salle	Benchmark Return + 0.75% pa net of fees Flat rate fees
M&G (Absolute Return - Alpha Opportunities)	Benchmark return +3% pa net of fees Flat rate fees

M&G (Distressed Debt)	Internal Rate of Return of 15% pa (gross of fees) Flat rate fees plus performance element
M&G (Real Estate Debt)	Benchmark + 5% pa (net of fees) Flat rate fees plus performance related element
M&G (Specialist Credit)	Benchmark Return + 8-12% pa gross of fees Flat rate fees plus performance related element
M&G (Infracapital)	Internal Rate of Return of mid-teens (gross of fees) Flat rate fees plus performance related element
Mondrian (ACCESS)	Benchmark Return + 2% pa net of fees Flat rate fees
Pantheon	Internal Rate of Return of 10-12% pa (net of fees) Flat rate fees plus performance related element
Stafford	Internal Rate of Return of 8.0% pa (net of fees) Flat rate fees plus performance related element
UBS (under ACCESS pooled governance)	Benchmark Return Flat rate fees

Benchmark Indices

Growth portfolio

	Index
Baillie Gifford	FTSE All Share
UBS	FTSE All Share
Fidelity	MSCI North America, FTSE AWD Europe, FTSE AWD Japan, FTSE AWD Asia Pacific ex Japan, MSCI Emerging Markets
Capital	MSCI AC World
Mondrian	MSCI AC World Value
Aberdeen Standard	FTSE AWD Europe
Harbourvest	FTSE USA and FTSE AWD Asia Pacific ex Japan

Enhanced yield portfolio

	Index
La Salle	IPD PPF All Balanced Funds Index
Janus Henderson (Corporate bonds)	iBoxx Sterling Non-Gilts >15 years TR index
GSAM	Cash
Janus Henderson (MAC)	Cash
Capital	50% Barclays US HY (2%), 20% JPM EMBI, 20% JPM GBI-EM Global Div, 10% JPM CEMBI Broad Div
Insight	Cash
M&G Multi-asset credit	Cash
M&G Distressed debt	N/A
M&G Real estate debt	Cash
M&G Specialist credit	Euribor

Protection portfolio

	Index
Janus Henderson	FTSE-A UK Government All Stocks TR Index, FTSE-A UK Government All Stocks >5years TR Index
Insight	FTSE-A UK Government All Stocks TR Index, FTSE-A UK Government All Stocks >5years TR Index

Pension Fund Cash Management Strategy

The Cash Management Strategy for the Fund is approved annually by the Pensions Committee.

There are two aspects to cash management within the Fund:

- The cash held on the Pension Fund bank account that is managed using a range of term and overnight deposits by the Norfolk County Council (NCC) treasury team.

- The “frictional” cash held on managers’ accounts within the HSBC custody system. This arises for timing reasons on income, sales and purchases or as a more strategic decision (within mandate limits) taken by the manager.

The management of cash by the NCC treasury team is undertaken in accordance with the treasury management strategy approved by Norfolk County Council, including specified counterparties and maximum individual exposure limits. The arrangement is under-pinned by a formal Service Level Agreement (SLA) between the Pension Fund and Norfolk County Council.

The NCC team may manage the cash using a range of overnight, term deposits, call accounts and money market funds. The cash balances and returns attributable to the Fund are recorded separately from those of NCC or the other organisations for which the team undertakes treasury management activities.

There are three options for frictional cash held by managers:

- Each manager has the option of managing the cash as part of their own treasury management operations, using the counterparty list and lending limits provided by the NCC treasury team. The deals undertaken are monitored for yield comparison and compliance with the NCC counterparty list by the Pension Fund Accounting Team on a monthly basis.

- The manager may opt to sweep the cash to an agreed money market fund. Any fund used in this way must be available for Pension Fund purposes on the NCC approved list (and if appropriate, identified for Pension Fund use only).

- For all other US Dollar and Sterling denominated cash holdings within the HSBC custody system, an overnight sweep is undertaken by the custodian into AAA rated constant NAV (net asset value) money-market funds (US Dollar and Sterling denominated).

APPENDIX 5 – Environmental, Social and Governance Engagement Policy

Fund Policy

The Fund has an overriding fiduciary duty to maximise investment returns for the benefit of the pension fund members. We consider proactive engagement with the companies in which we invest to be the most effective means of understanding and influencing the social, environmental and business policies of those companies. We therefore encourage our investment managers to actively engage with the top management of the companies they invest in.

The Fund maintains membership of the Local Authority Pension Fund Forum (LAPFF) and supports and participates in its engagement activities on behalf of member funds.

Environmental factors are of particular concern because fossil fuels and climate change, the cost of pollution clean-ups and opportunities for the exploitation of green technology and services can be directly linked to long term investment returns. The risks and opportunities from exposure to climate change and fossil fuels should be incorporated on an on-going basis.

As part of their Environmental, Social and Governance (ESG) considerations, the Pension Fund's Investment Managers should review investee companies' approaches to employee rights and the risks within this, including employee safety, working conditions, working hours and pay (including where appropriate the UK Living Wage campaign as detailed below). They should engage with companies where they believe there is room for improvement. This should be done on a global basis and reported on at least six monthly.

The Fund has made Investment Managers aware of its consideration of the Living Wage Campaign. Where appropriate, Managers may consider employee compensation and minimum wages as part of their ESG analysis on companies and on a discretionary basis engage with companies to the extent that these issues have a material impact on business operations and where engagement is judged to be in the best interest of the Fund.

Application

The Fund expects companies to:

- Demonstrate a positive response to all matters of social responsibility.
- Take environmental matters seriously and produce an environmental policy on how their impact can be minimised.
- Monitor risks and opportunities associated with climate change and fossil fuels and take all reasonable and practical steps to reduce environmental damage.

- Make regular and detailed reports of progress on environmental issues available to shareholders.

- Openly discuss the environmental impacts of their business with shareholders.

- Establish procedures that will incrementally reduce their environmental impact.

- Comply with all environmental and other relevant legislation and seek to anticipate future legislative requirements.

Monitoring the Engagement Process

All the fund managers have robust statements which detail the principles by which they invest in and engage with companies. The fund managers carry out engagement as a matter of course and report progress to us on a quarterly basis.

Managers engage on behalf of all their clients, not just the Norfolk Fund and therefore the Fund will monitor engagement and encourage fund managers to engage on the issues that we consider of primary importance.

1. The Fund will receive regular updates from its managers to understand the issues on which they are engaging and to reassure ourselves of the robustness of their questioning.

2. The Fund will participate in the LAPFF to leverage engagement with other LGPS funds.

The Fund expects its external investment managers to sign up and comply with the Financial Reporting Council's Stewardship Code. If they are not signed up, there should be a clear response as to why not.

Voting Policy

Voting is undertaken in accordance with the ACCESS Pool voting policy.

Climate Risk Monitoring

From 31 December 2020 the Committee receives six-monthly reporting of climate risk metrics for its public equity holdings. These are used to monitor risk exposures and as a source of engagement and discussion with the individual investment managers. A bi-annual summary of this monitoring is published by the Fund.

APPENDIX 6 – Level of Compliance with the 6 Principles of Good Investment Practice

	Description of Principle	*Norfolk's position*	*Further development opportunity*
1	**Effective Decision Making** Administering authorities should ensure that: ➢ Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and ➢ Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.	**Our compliance** Norfolk County Council has delegated its pension functions to Pensions Committee. Pensions Committee act as 'quasi trustees'. ➢ Regular training is arranged for Committee. ➢ Long term membership is encouraged, which allows all members to become familiar with investment issues. ➢ Substitute Members are not permitted. ➢ Conflicts of interest are actively managed. Pensions Committee have delegated day to day running of the Fund to the Head of Finance. Pensions Committee are supported by the Head of Finance, the Head of Pensions and the pension team on investment and administration issues. Pensions Committee and Norfolk Pension Fund officers involved in investment decisions commission advice as and when required. Hymans Robertson are our current Investment Advisors. Norfolk Pension Fund Committee Members and Officers are supported in developing and maintaining their knowledge and qualifications. Pension Fund investment officers hold relevant financial qualifications and maintain appropriate ongoing professional development (CPD). The Norfolk Pension Fund's Governance Statement is published on our website www.norfolkpensionfund.org.uk The Norfolk Pension Fund is a member of CIPFA's Pensions Network.	Use the CIPFA Knowledge and Understanding Framework to identify additional training needs for Members and Officers Consider sponsoring officers to achieve further professional qualifications.
2	**Clear Objectives** ➢ An overall investment objective(s) should be set for the fund that takes account of the scheme's liabilities,	**Our Compliance** The Funding Strategy Statement (FSS) and the Investment Strategy Statement (ISS) set out the Norfolk Pension Funds primary funding objectives.	

	Description of Principle	Norfolk's position	Further development opportunity
	the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisors and investment managers.	The Fund, in accordance with regulatory requirements, has an objective of keeping the employers' contribution rate as level as possible while maintaining its solvency. This is achieved by regular actuarial valuations and Asset Liability Modelling. Investment Managers contracts or mandates define the objectives, including targets based on 'customised' and 'bespoke' benchmarks and risk parameters. The Funds policy on Risk is set out in its Investment Strategy Statement (ISS). (Section 4 gives more details of our Risk Management strategy). The Funding Strategy Statement (FSS) and the Investment Strategy Statement (ISS) are published on our website www.norfolkpensionfund.org.uk During inter-valuation years, interim valuation of liabilities are undertaken to monitor our liability and asset match.	
3	**Risk and Liabilities** ➢ In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. ➢ These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.	**Our Compliance** The Triennial Valuation exercise looks in detail at each participating employer's liability and is used to inform the setting of employers' contribution rates, as well as informing the investment strategy and objectives of the Fund. We also monitor via interim valuations. The Fund undertakes an Asset Liability Modelling (ALM) exercise every three years, following the Triennial Valuation. Any appointment made between the ALM exercise is re-evaluated in terms of risk and appropriateness prior to the procurement process proceeding. The strength of the covenant of participating employers is also considered as part of the exercise establishing contribution rates. The 2016 valuation exercise considered employer covenant in even greater depth. The Fund also participates in Club Vita to help manage and monitor longevity experience.	

	Description of Principle	Norfolk's position	Further development opportunity
		New Admission Agreements are not granted without the presence of a tax backed guarantor. A risk register is monitored monthly and maintained. Pensions Committee review the Risk Register every 6 months. Regular internal audit on the adequacy and effectiveness of risk management and internal control is undertaken and outcomes reported to the Pensions Committee. The Annual Report and Accounts of the Norfolk Pension Fund are subject to a separate external audit and an independent audit opinion is given.	
4	**Performance Assessment** ➢ Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors. ➢ Administering Authorities should also periodically make a formal assessment of their own effectiveness as a decision making body and report on this to scheme members.	**Our Compliance** Investment Managers are measured against their targets, which in turn are based on the Fund's bespoke benchmarks. Performance is also monitored annually against the peer group. Market testing of providers is undertaken when appropriate. This includes the use of specialist advisors to undertake reviews, e.g. Custodian The Head of Pensions and the investment team formally meet Investment Managers twice a year to discuss performance, and additionally as required. The aim is for each Investment Manager to report in person to the Committee at least once a year. The Fund maintains a Governance Statement which is available from the Funds website www.norfolkpensionfund.org.uk The Fund also publishes an annual governance compliance statement, which is included within the Annual Report. Pensions Committee attendance and training is monitored and reviewed on a quarterly basis.	The CIPFA Knowledge and Understanding Framework will be used identify additional training needs for Members and Officers Further develop Committee's Terms of Reference to strengthen the monitoring of decision making and performance.

	Description of Principle	*Norfolk's position*	*Further development opportunity*
		All active and deferred scheme members receive the 'Your Pension' publication along with their Annual Benefit Statements which includes information on the Funds activity and a summary of the accounts; all retired members receive an annual newsletter with information on Fund developments and a summary of the accounts. The Fund produces a detailed annual report covering all aspects of its performance which is published on the website : www.norfolkpensionfund.org.uk	
5	**Responsible Ownership** Administering authorities should: ➢ adopt, or ensure their investment managers adopt the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents ➢ include a statement of their policy on responsible ownership in the Investment Strategy Statement (ISS) ➢ report periodically to scheme members on the discharge of such responsibilities.	**Our compliance** The Norfolk Pension Fund monitors Fund Manager adoption of the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents. The Norfolk Pension Funds' Investment Strategy Statement (ISS) (available from the Funds website at www.norfolkpensionfund.org.uk sets out its policy with regard to corporate governance and socially responsible investment. The Norfolk Pension Fund is member of the Local Authority Pension Fund Forum (LAPFF). LAPFF exists to promote the investment interests of local authority pension funds, and to maximize their influence as shareholders whilst promoting corporate social responsibility and high standards of corporate governance amongst the companies in which they invest. . The voting activity in respect of the Pension Fund investments is reported to Pensions Committee twice a year. Pensions Committee papers are available on the Norfolk County Council website. The Fund has introduced twice yearly climate risk monitoring of its public equity portfolios. The summary of this analysis is published on our website.	. Working within ACCESS to further develop its voting and ESG policy.

	Description of Principle	Norfolk's position	Further development opportunity
		Managers have policies on responsible investment which include the issues on which they engage, and there are links to these from our website: www.norfolkpensionfund.org.uk Engagement monitoring is reported to the Pensions Committee twice a year, at the same time as our voting activity.	
6	**Transparency and Reporting** Administering Authorities should: ➢ Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives. ➢ Provide regular communication to scheme members in the form they consider most appropriate.	**Our compliance** The Norfolk Pension Fund maintains a Communication Strategy, which is subject to regular review and monitoring. The Communication Strategy sets out how the Fund communicates with all stakeholders of the Fund. The Fund's Investment Strategy Statement (ISS), Funding Strategy Statement (FSS) and the Annual Report and Accounts (which includes a review of investment results) are published on our website, www.norfolkpensionfund.org.uk along with the Communications Strategy, Governance Statement and Voting Record. The Fund has a well-established Employers Forum, backed up by newsletters and targeted training and support. Scheme members (active and deferred) receive an annual newsletter and invitation to the Funds' annual meeting and Clinics together with their Annual Benefit Statement. Retired Members receive an annual newsletter and an invitation to Retired Members week events. The Fund actively manages risks. Pensions Committee review the risk register on a regular basis. Pensions Committee meetings are open to the public, and agendas, papers and minutes are available on Norfolk County Councils website, www.norfolk.gov.uk	

Glossary of Terms in Investment Management

Active Management

A style of investment management which seeks to provide outperformance of a relevant benchmark through either asset allocation, market timing or stock selection (or a combination of these). Directly contrasted with Indexation or Passive Management.

Actuary

An independent consultant who carries out the Actuarial Valuation and advises on new investment strategies or changes to the benefit structure.

Actuarial Value of Assets

The value placed on the assets by the actuary. This may be market value, present value of estimated income and proceeds of sales or redemptions, or some other value.

Asset Allocation

The apportionment of a fund's assets between asset classes and/or markets (also see "bet"). Asset allocation may be either strategic i.e. long-term, or Tactical i.e. short-term, aiming to take advantage of relative market movements.

Asset Classes

A specific category of assets or investments, such as stocks, bonds, cash, international securities and real estate. Assets within the same class generally exhibit similar characteristics, behave similarly in the marketplace, and are subject to the same laws and regulations.

Asset / Liability Modelling

A statistical tool designed to help establish the most appropriate asset mix for a pension fund, in the context of its liabilities.

Benchmark

A "notional" fund or model portfolio which is developed to provide a standard against which a manager's performance is measured e.g. for a global equity fund the benchmark against which it will be measured could be made up 70%/30% by UK equities / overseas equities. A target return is generally expressed as some margin over the benchmark.

Bond

A certificate of debt, paying a fixed rate of interest, issued by companies, governments or government agencies.

Corporate Bond

A debt security issued by a corporation, as opposed to those issued by the government.

Corporate Governance

Shareholders' right to vote on issues relating to the governance of publicly quoted companies (usually at the AGM).

Custody/Custodian

Safe-keeping of securities by a financial institution. The custodian keeps a register of holdings and will collect income and distribute monies according to client instructions.

Diversification

The spreading of a fund's investments among different asset classes, markets and geographical areas in order to reduce risk – not "putting all your eggs in one basket". Diversification is a basic principle of multi-asset management.

Equities

Ordinary shares in U.K. and overseas companies.

Fixed Interest Security

An investment that provides a return in the form of fixed periodic payments and eventual return of principle at maturity. Unlike a variable-income security where payments change based on some underlying measure, such as short-term interest rates, fixed-income securities payments are known in advance.

FTSE

A company that specialises in index calculation. Although not part of a stock exchange, co-owners include the London Stock Exchange and the Financial Times. They are best known for the FTSE 100, an index of the top 100 UK companies (ranked by size).

Hedging

A strategy which aims to eliminate the possibility of loss in an investment transaction. Often used in the context of overseas investments to eliminate any potential currency loss (or profit).

Index-Linked Securities

U.K. Government issue stocks on which the interest, and eventual repayment of the loan, are based on movements in the Retail Price Index.

Infrastructure

Investments in new or existing companies and enterprises that are needed for the operation of society.

Investment Advisor

A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals, for a stated fee.

Objectives

Objectives for a pension fund may be expressed in several ways – in terms of performance against the “average”, against a specified benchmark or as a target real rate of return. For example, a reasonable objective for a UK equity fund might be to outperform the FTSE All Share for UK equities by 1% per annum over rolling 3-year periods.

Passive Management

The management of an asset portfolio to replicate the return on a specified index. This may also be referred to as index tracking.

Performance

A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period – either in absolute terms or as measured against the “average” fund of a particular benchmark.

Pooled Fund

A fund managed by a fund manager in which investors hold units. Stocks, bonds, properties etc. are not held directly by each client, but as part of a “pool”. Contrasts with a segregated fund.

Private Equity

Investments in new or existing companies and enterprises which are not publicly traded on a recognised stock exchange.

Rebalancing

The process of realigning the weightings of the portfolio of the Fund’s assets.

Risk

Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more “stable” investments before investors will buy them.

Scrip Dividend

A dividend paid in the form of additional shares rather than cash.

Share Blocking

In certain overseas stock markets there are restrictions on dealing shares around meetings which the holder has exercised the associated voting rights.

Share Buy-back

The buying back of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market. Companies will buyback shares either to increase the value of shares still available (reducing supply), or to eliminate any threats by shareholders who may be looking for a controlling stake.

Socially Responsible Investment (SRI)

Investment where social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investment, and the responsible use of rights (such as voting rights) attaching to investments.

Spot Market Conditions

The “cash market” or “physical market”, where prices are settled in cash on the spot at current market prices, as opposed to forward prices.

Stock-lending

The temporary transfer of securities to a borrower, with agreement by the borrower to return equivalent securities at a pre-agreed time. The returns on the underlying portfolio is increased by receiving a fee for making the investments available to the borrower.

Change Control Table

Version Name	Updated by	Date sent live
Investment Strategy Statement	Robert Mayes	November 16
Investment Strategy Statement v2	Glenn Cossey	February 17
Investment Strategy Statement v3	Hymans Robertson	March 17
Investment Strategy Statement v4	Glenn Cossey	March 17
Investment Strategy Statement v5	Hymans Robertson	December 17
Investment Strategy Statement v6	Glenn Cossey	February 18
Investment Strategy Statement v6	Hymans Robertson/Glenn Cossey	March 2019
Investment Strategy Statement v6	Richard Ewles	July 2019
Investment Strategy Statement v7	Alex Younger/Hymans Robertson	July 2021

Norfolk Pension Fund

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Appendix IX

Norfolk Pension Fund

Funding Strategy Statement
March 2020




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Funding Strategy Statement

Appendices

1 Introduction

1.1 What is this document?

This is the Funding Strategy Statement (FSS) of the Norfolk Pension Fund ("the Fund"), which is administered by Norfolk County Council, ("the Administering Authority").

It has been prepared by the Administering Authority in collaboration with the Fund's actuary, Hymans Robertson LLP, and after consultation with the Fund's employers and investment adviser. It is effective from [date of publication].

The FSS is reviewed in detail at least every three years as part of the triennial valuation process. The next full review is due to be completed as part of the valuation process at 31 March 2022. A revised statement will also be issued in the event of significant or material change arising.

If you have any queries, please contact Alex Younger in the first instance at alexander.younger@norfolk.gov.uk or telephone 01603 222995.

1.2 What is the Norfolk Pension Fund?

The Fund is part of the national Local Government Pension Scheme (LGPS). The LGPS was set up by the UK Government to provide retirement and death benefits for local government employees, and those employed in similar or related bodies, across the whole of the UK. The Administering Authority runs the Norfolk Fund, in effect the LGPS for the Norfolk area, to make sure it:

- receives the proper amount of contributions from employees and employers, and any transfer payments;
- invests the contributions appropriately, with the aim that the Fund's assets grow over time with investment income and capital growth; and
- uses the assets to pay Fund benefits to the members (as and when they retire, for the rest of their lives), and to their dependants (as and when members die), as defined in the LGPS Regulations. Assets are also used to pay transfer values and administration costs.

The roles and responsibilities of the key parties involved in the management of the Fund are summarised in Appendix B.

1.3 Why does the Fund need a Funding Strategy Statement?

Employees' benefits are guaranteed by the LGPS Regulations, and do not change with market values or employer contributions. Investment returns will help pay for some of the benefits, but probably not all, and certainly with no guarantee. Employees' contributions are fixed in those Regulations also, at a level which covers only part of the cost of the benefits.

Therefore, employers need to pay the balance of the cost of delivering the benefits to members and their dependants.

The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers or pools of employers pay for their own liabilities. This statement sets out how the Administering Authority has balanced the conflicting aims of:

- affordability of employer contributions,
- transparency of processes,
- stability of employers' contributions, and
- prudence in the funding basis.

There are also regulatory requirements for an FSS, as given in Appendix A.

The FSS is a summary of the Fund's approach to funding its liabilities, and this includes reference to the Fund's other policies; it is not an exhaustive statement of policy on all issues. The FSS forms part of a framework which includes:

- the LGPS Regulations;
- the Rates and Adjustments Certificate (confirming employer contribution rates for the next three years) which can be found in an appendix to the formal valuation report;
- actuarial factors for valuing individual transfers, early retirement costs and the costs of buying added service; and
- the Fund's Investment Strategy Statement (see Section 4)

1.4 How does the Fund and this FSS affect me?

This depends who you are:

- a member of the Fund, i.e. a current or former employee, or a dependant the Fund needs to be sure it is collecting and holding enough money so that your benefits are always paid in full;
- an employer in the Fund (or which is considering joining the Fund): you will want to know how your contributions are calculated from time to time, that these are fair by comparison to other employers in the Fund, in what circumstances you might need to pay more and what happens if you cease to be an employer in the Fund. Note that the FSS applies to all employers participating in the Fund;
- an Elected Member whose council participates in the Fund: you will want to be sure that the council balances the need to hold prudent reserves for members' retirement and death benefits, with the other competing demands for council money;
- a Council Tax payer: your council seeks to strike the balance above, and to minimize cross-subsidies between different generations of taxpayers.

1.5 What does the FSS aim to do?

The FSS sets out the objectives of the Fund's funding strategy, such as:

- 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'/dependents' 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 (**NB** 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.

1.6 How do I find my way around this document?

In Section 2 there is a brief introduction to some of the main principles behind funding, i.e. deciding how much an employer should contribute to the Fund from time to time.

In Section 3 we outline how the Fund calculates the contributions payable by different employers in different situations.

In Section 4 we show how the funding strategy is linked with the Fund's investment strategy.

In the Appendices we cover various issues in more detail if you are interested:

A. the regulatory background, including how and when the FSS is reviewed,

B. who is responsible for what?

C. what issues the Fund needs to monitor, and how it manages its risks,

D. some more details about the actuarial calculations required,

E. the assumptions which the Fund actuary currently makes about the future,

F. a glossary explaining the technical terms occasionally used here.

2 Basic Funding Issues

(More detailed and extensive descriptions are given in Appendix D).

2.1 How does the actuary calculate the required contribution rate?

This is a three-step process:

1. Calculate the funding target for the employer, i.e. the estimated amount of assets it should hold to be able to pay all its members' benefits. See Appendix E for more details of what assumptions we make to determine that funding target;
2. Determine the time horizon over which the employer should aim to achieve that funding target. See the table in 3.3 and Note (c) for more details;
3. Calculate the employer contribution rate such that it has at least a given likelihood of achieving that funding target over that time horizon, allowing for various possible economic outcomes over that time horizon. See 2.3 below, and the table in 3.3 Note (e) for more details.

2.2 What is each employer's contribution rate?

This is described in more detail in Appendix D. Employer contributions are normally made up of two elements:

a) the estimated cost of benefits being built up each year, after deducting the members' own contributions and including an allowance for administration expenses. This is referred to as the "*Primary rate*", and is expressed as a percentage of members' pensionable pay; plus

b) an adjustment for the difference between the Primary rate above, and the actual contribution the employer needs to pay, referred to as the "*Secondary rate*". In broad terms, payment of the Secondary rate is in respect of benefits already accrued at the valuation date. The Secondary rate may be expressed as a percentage of pay and/or a monetary amount in each year.

The rates for all employers are shown in the Fund's Rates and Adjustments Certificate, which forms part of the formal Actuarial Valuation Report. Employers' contributions are expressed as minima, with employers able to pay contributions at a higher rate. Account of any higher rate will be taken by the Fund actuary at subsequent valuations, i.e. will be reflected as a credit when next calculating the employer's contributions.

2.3 What different types of employer participate in the Fund?

Historically the LGPS was intended for local authority employees only. However, over the years, with the diversification and changes to delivery of local services, many more types and numbers of employers now participate. There are currently more employers in the Fund than ever before, a significant part of this being due to new academies.

In essence, participation in the LGPS is open to public sector employers providing some form of service to the local community. Whilst most members will be local authority employees (and ex-employees), the majority of participating employers are those providing services in place of (or alongside) local authority services: academy schools, contractors, housing associations, charities, etc.

The LGPS Regulations define various types of employer as follows:

Scheduled bodies - councils, and other specified employers such as academies and further education establishments. These must provide access to the LGPS in respect of their employees who are not eligible to join another public-sector scheme (such as the Teachers Scheme). These employers are so-called because they are specified in a schedule to the LGPS Regulations.

It is now possible for Local Education Authority schools to convert to academy status, and for other forms of school (such as Free Schools) to be established under the academies legislation. All such **academies (or Multi Academy Trusts)**, as employers of non-teaching staff, become separate new employers in the Fund. As academies are defined in the LGPS Regulations as "Scheduled Bodies", the Administering Authority has no discretion over whether to admit them to the Fund, and the academy has no discretion whether to continue to allow its non-teaching staff to join the Fund. There has also been guidance issued by the MHCLG regarding the terms of academies' membership in LGPS Funds.

Designating employers - employers such as town and parish councils can participate in the LGPS via resolution (and the Fund cannot refuse them entry where the resolution is passed). These employers can designate which of their employees are eligible to join the scheme.

Other employers are able to participate in the Fund via an admission agreement and are referred to as 'admission bodies'. These employers are generally those with a "community of interest" with another scheme employer – **community admission bodies** ("CAB") or those providing a service on behalf of a scheme employer – **transferee admission bodies** ("TAB"). CABs will include housing associations and charities, TABs will generally be contractors. The Fund can set its criteria for participation by these employers and can refuse entry if the requirements as set out in the Fund's admissions policy are not met. (NB the terminology CAB and TAB has been dropped from the current LGPS Regulations, which instead combine both under the single term 'admission bodies'; however, we have retained the old terminology here as we consider it to be helpful in setting funding strategies for these different employers).

2.4 How does the calculated contribution rate vary for different employers?

All three steps above are considered when setting contributions (more details are given in Section 3 and Appendix D).

1. The **funding target** is based on a set of assumptions about the future, (e.g. investment returns, inflation, pensioners' life expectancies). If an employer is approaching the end of its participation in the Fund then its funding target may be set on a more prudent basis, so that its liabilities are less likely to be spread among other employers after its cessation;
2. The **time horizon** is the period given to reach the funding target. Employers may be given a lower time horizon if they have a less permanent anticipated membership, or do not have tax-raising powers to increase contributions if investment returns under-perform; and

3. The **likelihood of achieving** the funding target over the time horizon will be dependent on the Fund's view of the strength of employer covenant and its funding profile. Where an employer is considered to be weaker than the required likelihood will be set higher, which in turn will increase the required contributions (and vice versa).

For some employers it may be agreed to pool contributions, see 3.4.

Any costs of non-ill-health early retirements must be paid by the employer, see 3.6.

Costs of ill-health early retirements are covered in 3.7 and 3.8.

2.5 How is a funding level calculated?

An employer's "funding level" is defined as the ratio of:

- the market value of the employer's share of assets (see Appendix D, section D5, for further details of how this is calculated), to
- the value placed by the actuary on the benefits built up to date for the employer's employees and ex-employees (the "liabilities"). The Fund actuary agrees with the Administering Authority the assumptions to be used in calculating this value.

If this is less than 100% then it means the employer has a shortfall, which is the employer's "deficit"; if it is more than 100% then the employer is said to be in "surplus". The amount of deficit or shortfall is the difference between the asset value and the liabilities value.

It is important to note that the funding level and deficit/surplus are only measurements at a particular point in time, on a particular set of assumptions about the future. Whilst we recognise that various parties will take an interest in these measures, for most employers the key issue is how likely it is that their contributions will be sufficient to pay for their members' benefits (when added to their existing asset share and anticipated investment returns).

2.6 How does the Fund recognise that contribution levels can affect council and employer service provision, and council tax?

The Administering Authority and the Fund actuary are acutely aware that, all other things being equal, a higher contribution required to be paid to the Fund will mean less cash available for the employer to spend on the provision of services. For instance:

- Higher Pension Fund contributions may result in reduced council spending, which in turn could affect the resources available for council services, and/or greater pressure on council tax levels;
- Contributions which Academies pay to the Fund will therefore not be available to pay for providing education; and
- Other employers will provide various services to the local community, perhaps through housing associations, charitable work, or contracting council services. If they are

required to pay more in pension contributions to the LGPS then this may affect their ability to provide the local services at a reasonable cost.

Whilst all this is true, it should also be borne in mind that:

- The Fund provides invaluable financial security to local families, whether to those who formerly worked in the service of the local community who have now retired, or to their families after their death;
- The Fund must have the assets available to meet these retirement and death benefits, which in turn means that the various employers must each pay their own way. Lower contributions today will mean higher contributions tomorrow: deferring payments does not alter the employer's ultimate obligation to the Fund in respect of its current and former employees;
- Each employer will generally only pay for its own employees and ex-employees (and their dependants), not for those of other employers in the Fund;
- The Fund strives to maintain reasonably stable employer contribution rates where appropriate and possible. However, a recent shift in regulatory focus means that solvency within each generation is considered by the Government to be a higher priority than stability of contribution rates;
- The Fund wishes to avoid the situation where an employer falls so far behind in managing its funding shortfall that its deficit becomes unmanageable in practice: such a situation may lead to employer insolvency and the resulting deficit falling on the other Fund employers. In that situation, those employers' services would in turn suffer as a result;
- Council contributions to the Fund should be at a suitable level, to protect the interests of different generations of council tax payers. For instance, underpayment of contributions for some years will need to be balanced by overpayment in other years; the council will wish to minimise the extent to which council tax payers in one period are in effect benefitting at the expense of those paying in a different period.

Overall, therefore, there is clearly a balance to be struck between the Fund's need for maintaining prudent funding levels, and the employers' need to allocate their resources appropriately. The Fund achieves this through various techniques which affect contribution increases to various degrees (see 3.1). In deciding which of these techniques to apply to any given employer, the Fund will make a risk-based judgement of the employer. This judgement will have regard to the type of employer, its membership profile and funding position, any guarantors or other security provision, material changes anticipated, etc. This helps the Fund to establish a picture of the financial standing of the employer, i.e. its ability to meet its long-term Fund commitments.

For instance, where the Administering Authority has reasonable confidence that an employer will be able to meet its funding commitments, then the Fund will permit options such as stabilisation (see 3.3 Note (b)), a longer time horizon relative to other employers, and/or a lower likelihood of achieving their funding target. Such options will temporarily produce lower contribution levels than would otherwise have applied. This is permitted in the expectation that the employer will still be able to meet its obligations for many years to come.

On the other hand, where there is doubt that an employer will be able to meet its funding commitments or withstand a significant change in its commitments, then a higher funding target, and/or a shorter time horizon relative to other employers, and/or a higher likelihood of achieving the target may be required.

The Fund actively seeks employer input, including to its funding arrangements, through various means: see Appendix A.

2.7 What approach has the Fund taken to dealing with uncertainty arising from the McCloud court case and its potential impact on the LGPS benefit structure?

The LGPS benefit structure from 1 April 2014 is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. The courts have ruled that the 'transitional protections' awarded to some members of public service pension schemes when the schemes were reformed (on 1 April 2014 in the case of the LGPS) were unlawful on the grounds of age discrimination. At the time of writing, the Ministry of Housing, Communities and Local Government (MHCLG) has not provided any details of changes to the LGPS benefit structure as a result of the case. However, it is expected that benefits changes will be required, and they will likely increase the value of liabilities. At present, the scale and nature of any increase in liabilities are unknown, which limits the ability of the Fund to make an accurate allowance.

The LGPS Scheme Advisory Board (SAB) issued advice to LGPS funds in May 2019. As there was no finalised outcome of the McCloud case by 31 August 2019, the Fund Actuary has acted in line with SAB's advice and valued all member benefits in line with the current LGPS Regulations.

The Fund, in line with the advice in the SAB's note, has considered how to allow for this risk in the setting of employer contribution rates. The Fund has increased the prudence margin in funding plans by raising the minimum likelihood of achieving the funding target for all employers from 66% to 75%.

Once the outcome of the McCloud case is known, the Fund may revisit the contribution rates set to ensure they remain appropriate.

The Fund has also considered the McCloud judgement in its approach to cessation valuations. Please see note (j) to table 3.3 for further information.

2.8 When will the next actuarial valuation be?

On 8 May 2019 MHCLG issued a consultation seeking views on (among other things) proposals to amend the LGPS valuation cycle in England and Wales from a three-year (triennial) valuation cycle to a four-year (quadrennial) cycle.

On 7 October 2019 MHCLG confirmed the next LGPS valuation cycle in England and Wales will be 31 March 2022, regardless of the ongoing consultation. The Fund therefore instructed the Fund Actuary to certify contribution rates for employers for the period 1 April 2020 to 31 March 2023 as part of the 2019 valuation of the Fund.

3 Calculating Employer Contribution Rates

3.1 General comments

A key challenge for the Administering Authority is to balance the need for stable, affordable employer contributions with the requirement to take a prudent, longer-term view of funding and ensure the solvency of the Fund. With this in mind, the Fund's three-step process identifies the key issues:

1. What is a suitably (but not overly) prudent funding target?
2. How long should the employer be permitted to reach that target? This should be realistic but not so long that the funding target is in danger of never actually being achieved.
3. What likelihood is required to reach that funding target? This will always be less than 100% as we cannot be certain of the future. Higher likelihood "bars" can be used for employers where the Fund wishes to reduce the risk that the employer ceases leaving a deficit to be picked up by other employers.

These and associated issues are covered in this Section.

The Administering Authority recognises that there may occasionally be circumstances affecting individual employers that are not easily managed within the rules and policies set out in the Funding Strategy Statement. Therefore, the Administering Authority reserves the right to direct the actuary to adopt alternative funding approaches on a case by case basis for specific employers.

3.2 The effect of paying lower contributions

In limited circumstances the Administering Authority may permit employers to pay contributions at a lower level than is assessed for the employer using the three-step process above. At their absolute discretion the Administering Authority may:

- extend the time horizon over which an employer meets the funding target;
- adjust the required likelihood of meeting the funding target;
- permit an employer to participate in the Fund's stabilisation mechanisms;
- permit extended phasing in of contribution rises or reductions;
- pool contributions amongst employers with similar characteristics; and/or
- accept some form of security or guarantee in lieu of a higher contribution rate than would otherwise be the case.

Employers which are permitted to use one or more of the above methods will often be paying, for a time, contributions less than required to meet their funding target, over the appropriate time horizon with the required likelihood of success. Such employers should appreciate that:

- their true long-term liability (i.e. the actual eventual cost of benefits payable to their employees and ex-employees) is not affected by the pace of paying contributions;

- lower contributions in the short term may lead to higher contributions in the long term; and
- it may take longer to reach their funding target, all other things being equal.

Overleaf (3.3) is a summary of how the main funding policies differ for different types of employer, followed by more detailed notes where necessary.

Section 3.4 onwards deals with various other funding issues which apply to all employers.

3.3 The different approaches used for different employers

Type of employer	Scheduled Bodies			Community Admission Bodies and Designating Employers		Transferee Admission Bodies*
Sub-type	**Local Authorities and Police**	**Colleges and other FE establishments**	**Academies**	**Open to new entrants**	**Closed to new entrants**	**(all)**
Funding Target Basis used	Ongoing participation basis assumes long-term Fund participation (see Appendix E)			Ongoing participation basis, but may move to "gilts exit basis" - see Note (a)		Contractor exit basis, assumes fixed contract term in the Fund (see Appendix E)
Primary rate approach	(see Appendix D – D.2)					
Stabilised contribution rate?	Yes - see Note (b)	No	Yes - see Note (b)	No	No	No
Maximum time horizon – Note (c)	20 years	15 years	20 years	15 years	Future Working Lifetime, subject to 15 years maximum	Outstanding contract term, subject to 15 years maximum
Secondary rate – Note (d)	Monetary	Monetary	Monetary	Monetary	Monetary	Monetary
Treatment of surplus	Covered by stabilisation arrangement	Contributions kept at Primary Rate	Covered by stabilisation arrangement	Preferred approach: contributions kept at Primary rate. Reductions may be permitted by the Admin. Authority		Reduce contributions by spreading the surplus over the remaining contract term
Minimum likelihood of achieving target – Note (e)	75%	75%	75%	75%	75%	75%
Phasing of contribution changes	Covered by stabilisation arrangement	3 years	Covered by stabilisation arrangement	3 years	None	None
Review of rates – Note (f)	Administering Authority reserves the right to review contribution rates and amounts, and the level of security provided, at regular intervals between valuations					Particularly reviewed in last 3 years of contract
New employer	n/a	n/a	Note (g)	Note (h)		Notes (h) & (i)
Cessation of participation: exit debt/credit payable	Cessation is assumed not to occur, as Scheduled Bodies are legally obliged to participate in the LGPS. In the rare event of cessation occurring (machinery of Government changes for example), the cessation calculation principles applied would be as per Note (j).			Can be ceased subject to terms of admission agreement. Exit debt/credit will be calculated on a basis appropriate to the circumstances of cessation – see Note (j).		Participation is assumed to expire at the end of the contract. Cessation debt/credit calculated on the contractor exit basis. Awarding Authority will be liable for future deficits and contributions arising – see Note (j)

*Where the Administering Authority recognises a fixed contribution rate agreement between a letting authority and a contractor, the certified employer contribution rate will be derived in line with the methodology specified in the risk sharing agreement. Additionally, in these cases, upon cessation the contractor's assets and liabilities will transfer back to the awarding authority with no crystallisation of any deficit or surplus. Further detail on fixed contribution rate agreements is set out in note (i).

Note (a) (Gilts exit basis for CABs and Designating Employers closed to new entrants)

In the circumstances where:

- the employer is a Designating Employer, or an Admission Body but not a Transferee Admission Body, and
- the employer has no guarantor, and
- the admission agreement is likely to terminate, or the employer is likely to lose its last active member, within a timeframe considered appropriate by the Administering Authority to prompt a change in funding,

the Administering Authority may set a higher funding target (e.g. based on the return from long-term gilt yields) by the time the agreement terminates or the last active member leaves, to protect other employers in the Fund. This policy will increase regular contributions and reduce, but not entirely eliminate, the possibility of a final deficit payment being required from the employer when a cessation valuation is carried out.

The Administering Authority also reserves the right to adopt the above approach in respect of those Designating Employers and Admission Bodies with no guarantor, where the strength of covenant is considered to be weak but there is no immediate expectation that the admission agreement will cease, or the Designating Employer alters its designation.

Note (b) (Stabilisation)

Stabilisation is a mechanism where employer contribution rate variations from year to year are kept within a pre-determined range, thus allowing those employers' rates to be relatively stable. In the interests of stability and affordability of employer contributions, the Administering Authority, on the advice of the Fund Actuary, believes that stabilising contributions can still be viewed as a prudent longer-term approach. However, employers whose contribution rates have been "stabilised" (and may therefore be paying less than their theoretical contribution rate) should be aware of the risks of this approach and should consider making additional payments to the Fund if possible.

This stabilisation mechanism allows short term investment market volatility to be managed so as not to cause volatility in employer contribution rates, on the basis that a long-term view can be taken on net cash inflow, investment returns and strength of employer covenant.

The current stabilisation mechanism applies if:

- the employer satisfies the eligibility criteria set by the Administering Authority (see below) and;
- there are no material events which cause the employer to become ineligible, e.g. significant reductions in active membership (due to outsourcing or redundancies), or changes in the nature of the employer (perhaps due to Government restructuring), or changes in the security of the employer.

Based on extensive modelling carried out for the 2019 valuation exercise (see Section 4), the stabilised details are as follows:

Type of employer	Precepting Category 1	Precepting Category 2	Precepting Category 3	Academies
Max cont increase	+0.5% of pay p.a.	+1% of pay p.a.	+2% of pay pa	+0.5% of pay pa
Max cont decrease	-0.5% of pay p.a.	-0.5% of pay p.a.	-1% of pay pa	-0.5% of pay pa

The categorisation applies to the Councils and other precepting bodies and the stabilisation parameters are set which is most appropriate to each employer's funding position.

The stabilisation criteria, categories and limits will be reviewed at the 31 March 2022 valuation, to take effect from 1 April 2023. However, the Administering Authority reserves the right to review the stabilisation criteria and limits at any time before then, based on membership and/or employer changes as described above.

The Administering Authority may review an employer's eligibility for stabilisation at any time in the event of significant changes in the employer's membership (due for example to redundancies or outsourcing) or if there is a significant change in the Administering Authority's assessment of an employer's security.

Stabilisation rules and eligibility may be reviewed at any time in the event of changes to scheme benefits. Changes in scheme benefits may arise because of changes in regulations or other events that have a material impact.

The stabilisation rules and eligibility criteria will be reviewed at each formal valuation (next undertaken at 31 March 2022), with any changes in contribution strategy taking effect from 1 April 2023 with the revised Rates & Adjustment Certificate. The review will consider factors including but not necessarily restricted to market conditions (the long-term risk-based analysis will be recalibrated to market conditions as at 31 March 2022), the Administering Authority's assessment of employer's security and the maturity of each employer's membership profile.

The stabilisation mechanism limits increases and reductions in contribution rates for public sector bodies. Therefore, any emerging surplus will not reduce their contributions outside the pre-determined range.

Note (c) (Maximum time horizon)

The maximum time horizon starts at the commencement of the revised contribution rate (1 April 2020 for the 2019 valuation). The Administering Authority would normally expect the same period to be used at successive triennial valuations but would reserve the right to propose alternative time horizons, for example where there were no new entrants.

Note (d) (Secondary rate)

For employers where stabilisation is not being applied, the Secondary contribution rate for each employer covering the period until the next formal valuation will often be set as an annual monetary amount payable on a monthly basis. However, the Administering Authority reserves the right to amend these rates between valuations and/or to require these payments in percentage of pay terms instead.

Note (e) (Likelihood of achieving funding target)

Each employer has its funding target calculated, and a relevant time horizon over which to reach that target. Contributions are set such that, combined with the employer's current asset share and anticipated market movements over the time horizon, the funding target is achieved with a given minimum likelihood. A higher required likelihood bar will give rise to higher required contributions, and vice versa.

The way in which contributions are set using these three steps, and relevant economic projections, is described in further detail in Appendix D.

Different likelihoods are set for different employers depending on their nature and circumstances: in broad terms, a higher likelihood will apply due to one or more of the following:

- the Fund believes the employer poses a greater funding risk than other employers,
- the employer does not have tax-raising powers;
- the employer does not have a guarantor or other sufficient security backing its funding position; and/or
- the employer is likely to cease participation in the Fund in the short or medium term.

Note (f) (Regular Reviews)

Such reviews may be triggered by significant events including but not limited to: significant reductions in payroll, altered employer circumstances, Government restructuring affecting the employer's business, or failure to pay contributions or arrange appropriate security as required by the Administering Authority.

The result of a review may be to require increased contributions (by strengthening the actuarial assumptions adopted and/or moving to monetary levels of deficit recovery contributions), and/or an increased level of security or guarantee

Note (g) (New Academy conversions)

At the time of writing, the Fund's policies on academies' funding issues are as follows:

i. The new academy will be regarded as a separate employer in its own right and will not be pooled with other employers in the Fund. The only exception is where the academy is part of a Multi Academy Trust (MAT) in which case the academy's figures will be calculated as below but can be combined with those of the other academies in the MAT;

ii. The new academy's past service liabilities on conversion will be calculated based on its active Fund members on the day before conversion. For the avoidance of doubt, these liabilities will include all past service of those members, but will exclude the liabilities relating to any ex-employees of the school who have deferred or pensioner status;

iii. The new academy will be allocated an initial asset share from the Schools' Pool's assets in the Fund. This asset share will be calculated using the estimated funding position of the Schools' Pool ceding council at the date of academy conversion. The share will be based on the active members' funding level, having first allocated assets in the Schools' Pool share to fully fund deferred and pensioner members. The assets allocated to the academy will be limited if necessary so that its initial funding level is subject to a maximum of 100%. The asset allocation will be based on market conditions and the academy's active Fund membership on the day prior to conversion;

iv. The new academy's calculated contribution rate will be based on the time horizon and likelihood of achieving the funding target outlined for Academies in section 3.3. above;

v. As an alternative to (iv), the academy will have the option to elect to pay contributions over the period to 31 March 2023 at the same rate as that payable by the ceding LEA. This approach will be assumed by the Fund unless the academy specifies otherwise. However, using this approach will not alter its asset or liability allocation as per (ii) and (iii) above. Ultimately, all academies remain responsible for their own pension funding position.

The Fund's policies on academies are subject to change in the light of any amendments to MHCLG and/or DfE guidance (or removal of the formal guarantee currently provided to academies by the DfE). Any changes will be notified to academies and will be reflected in a subsequent version of this FSS. In particular, policies (iv) and (v) above will be reconsidered at each valuation.

Note (h) (New Admission Bodies)

With effect from 1 October 2012, the LGPS 2012 Miscellaneous Regulations introduced mandatory new requirements for all Admission Bodies brought into the Fund from that date. Under these Regulations, all new Admission Bodies will be required to provide some form of security, such as a guarantee from the letting employer, an indemnity or a bond. The security is required to cover some or all of the following:

- the strain cost of any redundancy early retirements resulting from the premature termination of the contract;
- allowance for the risk of asset underperformance;
- allowance for the risk of a greater than expected rise in liabilities;
- allowance for the possible non-payment of employer and member contributions to the Fund; and/or
- the current deficit.

Transferee Admission Bodies: For all TABs, the security must be to the satisfaction of the Administering Authority as well as the letting employer and will be reassessed on an annual basis. See also Note (i) below.

Community Admission Bodies: The Administering Authority will only consider requests from CABs (or other similar bodies, such as section 75 NHS partnerships) to join the Fund if they are sponsored by a Scheduled Body with tax raising powers, guaranteeing their liabilities and providing a form of security as above.

The above approaches reduce the risk, to other employers in the Fund, of potentially having to pick up any shortfall in respect of Admission Bodies ceasing with an unpaid deficit.

Note (i) (New Transferee Admission Bodies)

A new TAB usually joins the Fund as a result of the letting/outsourcing of some services from an existing employer (normally a Scheduled Body such as a council or academy) to another organisation (a "contractor"). This involves the TUPE transfer of some staff from the letting employer to the contractor. Consequently, for the duration of the contract, the contractor is a new participating employer in the Fund so that the transferring employees maintain their eligibility for LGPS membership. At the end of the contract the employees revert to the letting employer or to a replacement contractor.

Ordinarily, the TAB would be set up in the Fund as a new employer with responsibility for all the accrued benefits of the transferring employees; in this case, the contractor would usually be assigned an initial asset allocation equal to the past service liability value of the employees' Fund benefits. The quid pro quo is that the contractor is then expected to ensure that its share of the Fund is also fully funded at the end of the contract: see Note (j).

The Fund may consider modifications to this approach on request with the agreement of all parties and having taken appropriate advice.

For staff transfers on or after 1 October 2018, the Administering Authority requires that a new TAB will participate in the Fund via a fixed contribution rate arrangement with the letting employer. The certified employer contribution rate will be set equal to the fixed contribution rate agreed between the letting authority and the contactor. The fixed rate that will be paid is at the discretion of the letting authority and contractor subject to a minimum rate equal to the letting authority's primary rate when assessed on a probability of achieving funding target of 75% (the funding target and time horizon remain unchanged). Upon cessation the contractor's assets and liabilities will transfer back to the awarding authority with no crystallisation of any deficit or surplus.

In order to avoid the Administering Authority becoming involved in any disputes relating to risk sharing and to protect the other participating employers, the Fund will not be party to any risk sharing agreement between any employer (awarding authority) and a contractor. Accordingly, any such arrangements will not be detailed in the admission agreement and the admission body will be required to follow the principles of the agreement as if no such risk sharing was in place and as if they were any other employer within the Norfolk Pension Fund. It is at the sole discretion of the Administering Authority as to whether any risk sharing agreement is recognised in the certified employer contribution rate. If the risk arrangement is not recognised, then it will then be up to the awarding authority and the contractor to put in place separate steps to allow the risk sharing to be implemented (e.g. via the contract payments). Accordingly, the contractor will be required to pay the certified employer contribution rate to the Fund and any other contributions required e.g. early retirement strain costs, regardless of risk sharing arrangement in place.

Note (j) (Admission Bodies Ceasing)

Notwithstanding the provisions of the Admission Agreement, the Administering Authority may consider any of the following as triggers for the cessation of an admission agreement with any type of body:

- Last active member ceasing participation in the Fund (**NB** recent LGPS Regulation changes mean that the Administering Authority has the discretion to defer acting for up to three years, so that if the employer acquires one or more active Fund members during that period then cessation is not triggered. The current Fund policy is that this is left as a discretion and may or may not be applied in any given case);
- The insolvency, winding up or liquidation of the Admission Body;
- Any breach by the Admission Body of any of its obligations under the Agreement that they have failed to remedy to the satisfaction of the Fund;
- A failure by the Admission Body to pay any sums due to the Fund within the period required by the Fund; or
- The failure by the Admission Body to renew or adjust the level of the bond or indemnity, or to confirm an appropriate alternative guarantor, as required by the Fund.

On cessation, the Administering Authority will instruct the Fund actuary to carry out a cessation valuation to determine whether there is any deficit or surplus. Where there is a deficit, payment of this amount in full would normally be sought from the Admission Body, where there is a surplus, following the LGPS (Amendment) Regulations 2018 which came into effect on 14th May 2018, this will normally result in an exit credit payment to the Admission Body within three months of the cessation date (or another date agreed between the Administering Authority and the Admission Body). If a risk-sharing agreement has been put in place no cessation debt or exit credit may be payable, depending on the terms of the agreement.

As discussed in Section 2.7, the LGPS benefit structure from 1 April 2014 is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. The Fund has considered how it will reflect the current uncertainty regarding the outcome of this judgement in its approach to cessation valuations. For cessation valuations that are carried out before any changes to the LGPS benefit structure (from 1 April 2014) are confirmed, the Fund's policy is that the Fund Actuary will include a 1% loading to the value of the liabilities at the cessation date.

The Fund Actuary charges a fee for carrying out an employer's cessation valuation, and there will be other Fund administration expenses associated with the cessation, both of which the Fund will reserve the right to recharge to the employer. For the purposes of the cessation valuation, this fee will usually be treated as an expense incurred by the employer and the Administering Authority will deduct the amount from the employer's cessation surplus or add it to the employer's cessation deficit, as appropriate. This process improves administrative efficiency as it reduces the number of transactions required to be made between the employer and the Fund following an employer's cessation.

For non-Transferee Admission Bodies whose participation is voluntarily ended either by themselves or the Fund, or where a cessation event has been triggered, the Administering Authority must look to protect the interests of other ongoing employers. The actuary will therefore adopt an approach which, to the extent reasonably practicable, protects the other employers from the likelihood of any material loss emerging in future:

(a) Where a guarantor does not exist then, to protect other employers in the Fund, the cessation liabilities and final surplus/deficit will normally be calculated using a "gilts exit basis", which is more prudent than the ongoing participation basis. This has no allowance for potential future investment outperformance above gilt yields and has added allowance for future improvements in life expectancy. This could give rise to significant cessation debts being required.

(b) Where there is a guarantor for future deficits and contributions, the details of the guarantee will be considered prior to the cessation valuation being carried out. In some cases, the guarantor is simply guarantor of last resort and therefore the cessation valuation will be carried out consistently with the approach taken had there been no guarantor in place. Alternatively, where the guarantor is not simply guarantor of last resort, the cessation may be calculated using the ongoing participation basis or contractor exit basis as described in Appendix E;

(c) Again, depending on the nature of the guarantee, it may be possible to simply transfer the former Admission Body's liabilities and assets to the guarantor, without needing to crystallise any deficit or surplus. This approach may be adopted where the employer cannot pay the contributions due, and this is within the terms of the guarantee.

Under (a) and (c), any shortfall would usually be levied on the departing Admission Body as a single lump sum payment. If this is not possible then the Fund may spread the payment generally subject to there being some security in place for the employer such as a bond indemnity or guarantee.

If the Fund is not able to recover the required payment in full, then the unpaid amounts fall to be shared amongst all the other employers in the Fund. This may require an immediate revision to the Rates and Adjustments Certificate affecting other employers in the Fund, or instead be reflected in the contribution rates set at the next formal valuation following the cessation date.

As an alternative, where the ceasing Admission Body is continuing in business, the Fund at its absolute discretion reserves the right to enter into an agreement with the ceasing Admission Body. Under this agreement the Fund would accept an appropriate alternative security to be held against any deficit on the gilts exit basis and would carry out the cessation valuation on the ongoing participation basis. Secondary contributions would be derived from this cessation debt. This approach would be monitored as part of each formal valuation and secondary contributions would be reassessed as required. The Admission Body may terminate the agreement only via payment of the outstanding debt assessed on the gilts exit basis. Furthermore, the Fund reserves the right to revert to the "gilts exit basis" and seek immediate payment of any funding shortfall identified. The Administering Authority may need to seek legal advice in such cases, as the Admission Body would have no contributing members.

3.4 Pooled contributions

From time to time, with the advice of the Actuary, the Administering Authority may set up pools for employers with similar or complementary characteristics. This will always be in line with its broader funding strategy.

The intention of the pool is to minimise contribution rate volatility which would otherwise occur when members join, leave, take early retirement, receive pay rises markedly different from expectations, etc. Such events can cause large changes in contribution rates for very small employers in particular, unless these are smoothed out for instance by pooling across a number of employers.

On the other hand, it should be noted that the employers in the pool will still have their own individual funding positions tracked by the Actuary, so that some employers will be much better funded, and others much more poorly funded, than the pool average. This therefore means that if any given employer was funding on a stand-alone basis, as opposed to being in the pool, then its contribution rate could be much higher or lower than the pool contribution rate.

It should also be noted that, if an employer is considering ceasing from the Fund, its required contributions would be based on its own funding position (rather than the pool average), and the cessation terms would also apply: this would mean potentially very different (and possibly much higher) contributions would be required from the employer in that situation.

Community Admission Bodies that are deemed by the Administering Authority to have closed to new entrants are not usually permitted to participate in a pool. Transferee Admission Bodies are usually also ineligible for pooling.

The Fund may consider requests for smaller admitted bodies to be pooled with the letting employer, provided all parties (particularly the letting employer) agree.

Employers who are permitted to enter (or remain in) a pool at the 2019 valuation will not normally be advised of their individual contribution rate unless agreed by the Administering Authority.

Those employers which have been pooled are identified in the Rates and Adjustments Certificate.

3.5 Additional flexibility in return for added security

The Administering Authority may permit greater flexibility to the employer’s contributions if the employer provides added security to the satisfaction of the Administering Authority.

Such flexibility includes a reduced rate of contribution, an extended time horizon, or permission to join a pool with another body (e.g. the Local Authority).

Such security may include, but is not limited to, a suitable bond, a legally-binding guarantee from an appropriate third party, or security over an employer asset of sufficient value.

The degree of flexibility given may consider factors such as:

- the extent of the employer’s deficit;
- the amount and quality of the security offered;
- the employer’s financial security and business plan; and

- whether the admission agreement is likely to be open or closed to new entrants.

3.6 Non-ill health early retirement costs

It is assumed that members' benefits are payable from the earliest age that the employee could retire without incurring a reduction to their benefit (and without requiring their employer's consent to retire). (**NB** the relevant age may be different for different periods of service, following the benefit changes from April 2008 and April 2014).

Employers are required to pay additional contributions ('strain') wherever an employee retires before attaining this age. The actuary's funding basis makes no allowance for premature retirement except on grounds of ill-health.

At the discretion of the Administering Authority the payment may be spread over a period of up to 3 years (but no more that the outstanding contract term for a Transferee Admission Body).

3.7 Ill health early retirement costs

If a member retires early due to ill-health, an additional funding strain will usually arise, which can be very large. Such strain costs are the responsibility of the member's employer to pay. However, from 1 April 2019, these strains are met by a Fund-operated ill health risk management solution (see 3.8 below).

3.8 Ill health risk management

The Fund recognises ill health early retirement costs can have a significant impact on an employer's funding and contribution rate, which could ultimately jeopardise their continued operation.

The Administering Authority therefore has put in place an approach to help manage ill health early retirement costs. The current approach was put in place on 1 April 2019 and will next be due for review as part of the 2022 valuation (note that the Fund may review the policy earlier if felt necessary).

The Fund operates a form of cost-sharing between employers whereby all ill health early retirement strain costs are spread across all employers. When a member retires on ill health early retirement the strain cost is spread across employers in proportion to their asset share (i.e. versus the total of all employers receiving the risk protection). The asset share of the employer whose member has retired on ill health grounds, will then be credited with the strain cost amount.

It should be noted that this approach does not completely indemnify the employer from future costs associated with the ill health retirement. The strain cost is an estimate and as such the actual cost may be higher or lower.

3.9 Employers with no remaining active members

In general, an employer ceasing in the Fund due to the departure of the last active member, will pay a cessation debt or receive an exit credit on an appropriate basis (see 3.3, Note (j)) and consequently have no further obligation to the Fund. Thereafter it is expected that one of two situations will eventually arise:

a) The employer's asset share runs out before all its ex-employees' benefits have been paid. In this situation the other Fund employers will be required to contribute to pay all remaining benefits: this will be done by the Fund actuary apportioning the remaining liabilities on a pro-rata basis at successive formal valuations;

b) The last ex-employee or dependant dies before the employer's asset share has been fully utilised. In this situation the remaining assets would be apportioned pro-rata by the Fund's actuary to the other Fund employers after satisfying any requirements arising from situation a) above.

In exceptional circumstances, the Fund may permit an employer with no remaining active members and a cessation deficit to continue contributing to the Fund. This would require the provision of a suitable security or guarantee, as well as a written ongoing commitment to fund the remainder of the employer's obligations over an appropriate period.

The Fund would reserve the right to invoke the cessation requirements in the future, however. The Administering Authority may need to seek legal advice in such cases, as the employer would have no contributing members.

3.10 Policies on bulk transfers

Each case will be treated on its own merits, but in general:

- The Fund will not pay bulk transfers greater than the lesser of (a) the asset share of the transferring employer in the Fund, and (b) the value of the past service liabilities of the transferring members;
- The Fund will not grant added benefits to members bringing in entitlements from another Fund unless the asset transfer is sufficient to meet the added liabilities; and
- The Fund may permit shortfalls to arise on bulk transfers if the Fund employer has suitable strength of covenant and commits to meeting that shortfall in an appropriate period. This may require the employer's Fund contributions to increase between valuations.

3.11 Salary strain recharge mechanism

The Fund operates a salary strain recharge mechanism to recoup any funding strain associated with salary increases above expectations. Further detail of this mechanism is detailed in Appendix G.

4 Funding Strategy and Links to Investment Strategy

4.1 What is the Fund's investment strategy?

The Fund has built up assets over the years and continues to receive contribution and other income. All of this must be invested in a suitable manner, which is the investment strategy.

Investment strategy is set by the Administering Authority, after consultation with the employers and after taking investment advice. The precise mix, manager make up and target returns are set out in the Investment Strategy Statement, which is available to members and employers.

The investment strategy is set for the long-term but is reviewed from time to time. Normally a full review is carried out as part of each actuarial valuation and is kept under review annually between actuarial valuations to ensure that it remains appropriate to the Fund's liability profile.

Currently there are three investment strategies in the Fund, with a range of allocations to growth, enhanced yield and protection assets. Employers are allocated to the investment strategy that is most appropriate given the employers funding objective and current funding position. Please see Appendix H for further details.

4.2 What is the link between funding strategy and investment strategy?

The Fund must be able to meet all benefit payments as and when they fall due. These payments will be met by contributions (resulting from the funding strategy) or asset returns and income (resulting from the investment strategy). To the extent that investment returns, or income fall short, then higher cash contributions are required from employers, and vice versa

Therefore, the funding and investment strategies are inextricably linked.

4.3 How does the funding strategy reflect the Fund's investment strategy?

In the opinion of the Fund actuary, the current funding policy is consistent with the current investment strategy of the Fund. The actuary's assumptions for future investment returns (described further in Appendix E) are based on each employer's investment strategy. The future investment return assumptions underlying each of the Fund's three funding bases include a margin for prudence and are therefore also considered to be consistent with the requirement to take a "prudent longer-term view" of the funding of liabilities as required by the UK Government (see Appendix A1).

In the short term – such as the three yearly assessments at formal valuations – there is the scope for considerable volatility in asset values. However, the actuary takes a long-term view when assessing employer contribution rates and the contribution rate setting methodology takes into account this potential variability.

The Fund does not hold a contingency reserve to protect it against the volatility of equity investments.

4.4 Does the Fund monitor its overall funding position?

The Administering Authority monitors the relative funding position, i.e. changes in the relationship between asset values and the liabilities value, when felt necessary.

5 Statutory Reporting and Comparison to other LGPS Funds

5.1 Purpose

Under Section 13(4)(c) of the Public Service Pensions Act 2013 (“Section 13”), the Government Actuary’s Department must, following each triennial actuarial valuation, report to the MHCLG on each of the LGPS Funds in England & Wales. This report will cover whether, for each Fund, the rate of employer contributions is set at an appropriate level to ensure both the solvency and the long-term cost efficiency of the Fund.

This additional MHCLG oversight may have an impact on the strategy for setting contribution rates at future valuations.

5.2 Solvency

For the purposes of Section 13, the rate of employer contributions shall be deemed to have been set at an appropriate level to ensure solvency if:

- the rate of employer contributions is set to target a funding level for the Fund of 100%, over an appropriate period and using appropriate actuarial assumptions (where appropriateness is considered in both absolute and relative terms in comparison with other funds); and either
- employers collectively have the financial capacity to increase employer contributions, and/or the Fund can realise contingent assets should future circumstances require, to continue to target a funding level of 100%; or
- there is an appropriate plan in place should there be, or if there is expected in future to be, a material reduction in the capacity of fund employers to increase contributions as might be needed.

5.3 Long Term Cost Efficiency

The rate of employer contributions shall be deemed to have been set at an appropriate level to ensure long term cost efficiency if:

i. the rate of employer contributions is sufficient to make provision for the cost of current benefit accrual,

ii. with an appropriate adjustment to that rate for any surplus or deficit in the Fund.

In assessing whether the above condition is met, MHCLG may have regard to various absolute and relative considerations. A relative consideration is primarily concerned with comparing LGPS pension funds with other LGPS pension funds. An absolute consideration is primarily concerned with comparing Funds with a given objective benchmark.

Relative considerations include:

i. the implied deficit recovery period; and

ii. the investment return required to achieve full funding after 20 years.

Absolute considerations include:

i. the extent to which the contributions payable are sufficient to cover the cost of current benefit accrual and the interest cost on any deficit;

ii. how the required investment return under "relative considerations" above compares to the estimated future return being targeted by the Fund's current investment strategy;

iii. the extent to which contributions paid have been in line with the expected contributions based on the extant rates and adjustment certificate; and

iv. the extent to which any new deficit recovery plan can be directly reconciled with, and can be demonstrated to be a continuation of, any previous deficit recovery plan, after allowing for actual Fund experience.

MHCLG may assess and compare these metrics on a suitable standardised market-related basis, for example where the local funds' actuarial bases do not make comparisons straightforward.

Appendix A – Regulatory Framework

A1 Why does the Fund need an FSS?

The Ministry for Housing, Communities and Local Government (MHCLG) has stated that the purpose of the FSS is:

- *"to establish a **clear and transparent fund-specific strategy** which will identify how employers' pension liabilities are best met going forward;*
- *to support the regulatory framework to maintain **as nearly constant employer contribution rates as possible**; and*
- *to take a **prudent longer-term view** of funding those liabilities."*

These objectives are desirable individually but may be mutually conflicting.

The requirement to maintain and publish a FSS is contained in LGPS Regulations which are updated from time to time. In publishing the FSS the Administering Authority must have regard to any guidance published by Chartered Institute of Public Finance and Accountancy (CIPFA) (most recently in 2016) and to its Statement of Investment Principles / Investment Strategy Statement.

This is the framework within which the Fund's actuary carries out triennial valuations to set employers' contributions and provides recommendations to the Administering Authority when other funding decisions are required, such as when employers join or leave the Fund. The FSS applies to all employers participating in the Fund.

A2 Does the Administering Authority consult anyone on the FSS?

Yes. This is required by LGPS Regulations. It is covered in more detail by the most recent CIPFA guidance, which states that the FSS must first be subject to "consultation with such persons as the authority considers appropriate" and should include "a meaningful dialogue at officer and elected member level with council tax raising authorities and with corresponding representatives of other participating employers".

In practice, for the Fund, the consultation process for this FSS was as follows:

a) A draft version of the FSS was issued to all participating employers for comment;

b) Comments were requested within 45 days;

c) Following the end of the consultation period the FSS was updated where required and then published on 31 March 2020.

d) The funding principles of the FSS were discussed with employers at Forum events in July and November 2019.

A3 How is the FSS published?

The FSS is made available through the following routes:

- Published on the website at www.norfolkpensionfund.org
- A full copy linked from the annual report and accounts of the Fund;
- Copies made available on request.

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the triennial valuation (which may move to every four years in future – see Section 2.8). This version is expected to remain unaltered until it is consulted upon as part of the formal process for the next valuation in 2022.

It is possible that (usually slight) amendments may be needed within the three-year period. These would be needed to reflect any regulatory changes, or alterations to the way the Fund operates (e.g. to accommodate a new class of employer). Any such amendments would be consulted upon as appropriate:

- trivial amendments would be simply notified at the next round of employer communications,
- amendments affecting only one class of employer would be consulted with those employers,
- other more significant amendments would be subject to full consultation.

In any event, changes to the FSS would need agreement by the Pensions Committee and would be included in the relevant Committee Meeting minutes.

A5 How does the FSS fit into other Fund documents?

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues, for example there are several separate statements published by the Fund including the Investment Strategy Statement, Governance Strategy and Communications Strategy. In addition, the Fund publishes an Annual Report and Accounts with up to date information on the Fund. These documents can be found on the web at www.norfolkpensionfund.org.

Appendix B – Responsibilities of Key Parties

The efficient and effective operation of the Fund needs various parties to each play their part.

B1 The Administering Authority should: -

1. operate the Fund as per the LGPS Regulations;
2. effectively manage any potential conflicts of interest arising from its dual role as Administering Authority and a Fund employer;
3. collect employer and employee contributions, and investment income and other amounts due to the Fund;
4. ensure that cash is available to meet benefit payments as and when they fall due;
5. pay from the Fund the relevant benefits and entitlements that are due;
6. invest surplus monies (i.e. contributions and other income which are not immediately needed to pay benefits) in accordance with the Fund's Investment Strategy Statement (ISS) and LGPS Regulations;
7. communicate appropriately with employers so that they fully understand their obligations to the Fund;
8. take appropriate measures to safeguard the Fund against the consequences of employer default;
9. manage the valuation process in consultation with the Fund's actuary;
10. provide data and information as required by the Government Actuary's Department to carry out their statutory obligations (see Section 5);
11. prepare and maintain an FSS and an ISS, after consultation;
12. notify the Fund's actuary of material changes which could affect funding (this is covered in a separate agreement with the actuary); and
13. monitor all aspects of the fund's performance and funding and amend the FSS and ISS as necessary and appropriate.

B2 The Individual Employer should: -

1. deduct contributions from employees' pay correctly;
2. pay all contributions, including their own as determined by the actuary, promptly by the due date;
3. have a policy and exercise discretions within the regulatory framework;
4. make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain; and
5. notify the Administering Authority promptly of all changes to its circumstances, prospects or membership, which could affect future funding.

B3 The Fund Actuary should: -

1. prepare valuations, including the setting of employers' contribution rates. This will involve agreeing assumptions with the Administering Authority, having regard to the FSS and LGPS Regulations, and targeting each employer's solvency appropriately;
2. provide data and information as required by the Government Actuary's Department to carry out their statutory obligations (see Section 5);
3. provide advice relating to new employers in the Fund, including the level and type of bonds or other forms of security (and the monitoring of these);
4. prepare advice and calculations in connection with bulk transfers and individual benefit-related matters;
5. assist the Administering Authority in considering possible changes to employer contributions between formal valuations, where circumstances suggest this may be necessary;
6. advise on the termination of employers' participation in the Fund; and
7. fully reflect actuarial professional guidance and requirements in the advice given to the Administering Authority.

B4 Other parties: -

1. investment advisers (either internal or external) should ensure the Fund's ISS remains appropriate, and consistent with this FSS;
2. investment managers, custodians and bankers should all play their part in the effective investment (and dis-investment) of Fund assets, in line with the ISS;
3. auditors should comply with their auditing standards, ensure Fund compliance with all requirements, monitor and advise on fraud detection, and sign off annual reports and financial statements as required;
4. governance advisers may be appointed to advise the Administering Authority on efficient processes and working methods in managing the Fund;
5. legal advisers (either internal or external) should ensure the Fund's operation and management remains fully compliant with all regulations and broader local government requirements, including the Administering Authority's own procedures;
6. MHCLG (assisted by the Government Actuary's Department) and the Scheme Advisory Board, should work with LGPS Funds to meet Section 13 requirements.

Appendix C – Key Risks and Controls

C1 Types of risk

The Administering Authority has an active risk management programme in place. The measures that it has in place to control key risks are summarised below under the following headings:

Financial;

Demographic;

Regulatory; and

Governance.

C2 Financial risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities and contribution rates over the long-term.	Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing. Assets invested based on specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc. Analyze progress at three yearly valuations for all employers. Inter-valuation roll-forward of liabilities between valuations at whole Fund level. Consider Environmental, Social and Governance aspects in initial and ongoing investment decision making and monitoring including where appropriate consideration of climate change risk on investment returns.
Inappropriate long-term investment strategy.	Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure 4 key outcomes. Chosen option considered to provide the best balance. Operation of three investment strategies to meet the needs of a diverse employer group.

Risk	Summary of Control Mechanisms
Active investment manager under-performance relative to benchmark.	Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark.
Pay and price inflation significantly more than anticipated.	The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. Inter-valuation monitoring, as above, gives early warning. Some investment in bonds also helps to mitigate this risk. Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	An explicit stabilisation mechanism has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions.
Orphaned employers give rise to added costs for the Fund	The Fund seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future. If it occurs, the Actuary calculates the added cost spread pro-rata among all employers – (see 3.9).

C3 Demographic risks

Risk	Summary of Control Mechanisms
Pensioners living longer, thus increasing cost to Fund.	Set mortality assumptions with some allowance for future increases in life expectancy. The Fund Actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation.

Risk	Summary of Control Mechanisms
Maturing Fund – i.e. proportion of actively contributing employees declines relative to retired employees.	Continue to monitor at each valuation, consider seeking monetary amounts rather than % of pay and consider alternative investment strategies.
Deteriorating patterns of early retirements	Employers are charged the extra cost of non-ill-health retirements following each individual decision. The Fund operates a form of internal insurance whereby any ill-health early retirement strain costs are in effect spread among all employers
Reductions in payroll causing insufficient deficit recovery payments	In many cases this may not be sufficient cause for concern and will in effect be caught at the next formal valuation. However, there are protections where there is concern, as follows: Employers in the stabilisation mechanism may be brought out of that mechanism to permit appropriate contribution increases (see Note (b) to 3.3). For other employers, review of contributions is permitted in general between valuations (see Note (f) to 3.3) and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.

C4 Regulatory risks

Risk	Summary of Control Mechanisms
Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.	The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. The Administering Authority is monitoring the progress on the McCloud court case and will consider an interim valuation or other appropriate action once more information is known. The government's long-term preferred solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits - was built into the 2019 valuation.

Time, cost and/or reputational risks associated with any MHCLG intervention triggered by the Section 13 analysis (see Section 5).	Take advice from Fund Actuary on position of Fund as at prior valuation, and consideration of proposed valuation approach relative to anticipated Section 13 analysis.
Changes by Government to employer participation in LGPS Funds, leading to impacts on funding and/or investment strategies.	The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. Take advice from Fund Actuary on impact of changes on the Fund and amend strategy as appropriate.

C5 Governance risks

Risk	**Summary of Control Mechanisms**
Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants.	The Administering Authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data. The Actuary may revise the rates and Adjustments certificate to increase an employer's contributions between triennial valuations Deficit contributions may be expressed as monetary amounts.
Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way	The Administering Authority maintains close contact with its specialist advisers. Advice is delivered via formal meetings involving Elected Members and recorded appropriately. Actuarial advice is subject to professional requirements such as peer review.
Administering Authority failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body.	The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes. Community Admission Bodies' memberships are monitored and, if active membership decreases, steps will be taken.

Risk	Summary of Control Mechanisms
An employer ceasing to exist with insufficient funding or adequacy of a bond.	The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure. The risk is mitigated by: Seeking a funding guarantee from another scheme employer, or external body, where-ever possible (see Notes (h) and (j) to 3.3). Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. Vetting prospective employers before admission. Where permitted under the regulations requiring a bond to protect the Fund from various risks. Requiring new Community Admission Bodies to have a guarantor. Reviewing bond or guarantor arrangements at regular intervals (see Note (f) to 3.3). Reviewing contributions well ahead of cessation if thought appropriate (see Note (a) to 3.3).
An employer ceasing to exist resulting in an exit credit being payable	The Administering Authority regularly monitors admission bodies coming up to cessation where exit credits may be payable. The Administering Authority invests in liquid assets to ensure that exit credits can be paid when required. Employers able to exit make up a relatively small proportion of the total assets and liabilities.

Appendix D – The Calculation of Employer Contributions

In Section 2 there was a broad description of the way in which contribution rates are calculated. This Appendix considers these calculations in much more detail.

As discussed in Section 2, the actuary calculates the required contribution rate for each employer using a three-step process:

- Calculate the funding target for that employer, i.e. the estimated amount of assets it should hold in order to be able to pay all its members' benefits. See Appendix E for more details of what assumptions we make to determine that funding target;
- Determine the time horizon over which the employer should aim to achieve that funding target. See the table in 3.3 and Note (c) for more details;
- Calculate the employer contribution rate such that it has at least a given likelihood of achieving that funding target over that time horizon, allowing for various possible economic outcomes over that time horizon. See the table in 3.3 and Note (e) for more details.

The calculations involve actuarial assumptions about future experience, and these are described in detail in Appendix E.

D1 What is the difference between calculations across the whole Fund and calculations for an individual employer?

Employer contributions are normally made up of two elements:

a) the estimated cost of ongoing benefits being accrued, referred to as the “Primary contribution rate” (see D2 below); plus

b) an adjustment for the difference between the Primary rate above, and the actual contribution the employer needs to pay, referred to as the “Secondary contribution rate” (see D3 below).

The contribution rate for each employer is measured as above, appropriate for each employer’s assets, liabilities and membership. The whole Fund position, including that used in reporting to MHCLG (see section 5), is calculated in effect as the sum of all the individual employer rates. MHCLG currently only regulates at whole Fund level, without monitoring individual employer positions.

D2 How is the Primary contribution rate calculated?

The Primary element of the employer contribution rate is calculated with the aim that these contributions will meet benefit payments in respect of members’ **future** service in the Fund.

This is based upon the cost (in excess of members' contributions) of the benefits which employee members earn from their service each year.

The Primary rate is calculated separately for all the employers, although employers within a pool will pay the contribution rate applicable to the pool as a whole. The Primary rate is calculated such that it is projected to:

1. meet the required funding target for all future years' accrual of benefits*, excluding any accrued assets,
2. within the determined time horizon (see note 3.3 Note (c) for further details),
3. with a sufficiently high likelihood, as set by the Fund's strategy for the category of employer (see 3.3 Note (e) for further details).

* The projection is for the current active membership where the employer no longer admits new entrants, or additionally allows for new entrants where this is appropriate.

The projections are carried out using an economic modeller (the "Economic Scenario Service") developed by the Fund's actuary Hymans Robertson: this allows for a wide range of outcomes about key factors such as asset returns (based on the Fund's investment strategy), inflation, and bond yields. Further information about this model is included in Appendix E. The measured contributions are calculated such that the proportion of outcomes meeting the employer's funding target (at the end of the time horizon) is equal to the required likelihood.

The approach includes expenses of administration to the extent that they are borne by the Fund and includes allowances for benefits payable on death in service and on ill health retirement.

The Primary rate for Councils has not been set in the way described above. For operational reasons, the Primary rate certified for the period 1 April 2020 to 31 March 2023 has been set equal to the percentage of pay rate payable over the 2019/20 year. This has no impact on the total rate payable by these employers, which is determined in line with the stabilisation parameters set out in 3.3 Note (b).

D3 How is the Secondary contribution rate calculated?

The Fund aims for the employer to have assets sufficient to meet 100% of its accrued liabilities at the end of its funding time horizon based on the employer's funding target assumptions (see Appendix E).

The Secondary rate is calculated as the balance over and above the Primary rate, such that the total contribution rate is projected to:

1. meet the required funding target relating to combined past and future service benefit accrual, including accrued asset share (see D5 below)

2. at the end of the determined time horizon (see 3.3 Note (c) for further details)
3. with a sufficiently high likelihood, as set by the Fund's strategy for the category of employer (see 3.3 Note (e) for further details).

The projections are carried out using an economic modeller (the "Economic Scenario Service") developed by the Fund Actuary Hymans Robertson: this allows for a wide range of outcomes about key factors such as asset returns (based on the Fund's investment strategy), inflation, and bond yields. Further information about this model is included in Appendix E. The measured contributions are calculated such that the proportion of outcomes meeting the employer's funding target (at the end of the time horizon) is equal to the required likelihood.

D4 What affects a given employer's valuation results?

The results of these calculations for a given individual employer will be affected by:

1. past contributions relative to the cost of accruals of benefits;
2. different liability profiles of employers (e.g. mix of members by age, gender, service vs. salary);
3. the effect of any differences in the funding target, i.e. the valuation basis used to value the employer's liabilities at the end of the time horizon;
4. any different time horizons;
5. the difference between actual and assumed rises in pensionable pay;
6. the difference between actual and assumed increases to pensions in payment and deferred pensions;
7. the difference between actual and assumed retirements on grounds of ill-health from active status;
8. the difference between actual and assumed amounts of pension ceasing on death;
9. the additional costs of any non-ill-health retirements relative to any extra payments made; and/or
10. differences in the required likelihood of achieving the funding target.

D5 How is each employer's asset share calculated?

Individual asset shares are calculated monthly by the Fund Actuary using the HEAT system. This system uses monthly income and expenditure amounts split by each employer and provides a full audit trail of calculations.

D6 How is each employer's asset share calculated?

Under the cashflow approach for tracking employer asset shares, the Fund has allowed for any individual members transferring from one employer in the Fund to another, via the transfer of a sum from the ceding employer's asset share to the receiving employer's asset share. This sum is equal to the member's Cash Equivalent Transfer Value (CETV) as advised by the Fund's administrators.

Appendix E – Actuarial Assumptions

E1 What are the actuarial assumptions used to calculate employer contribution rates?

These are expectations of future experience used to place a value on future benefit payments (“the liabilities”) and future asset values. Assumptions are made about the amount of benefit payable to members (the financial assumptions) and the likelihood or timing of payments (the demographic assumptions). For example, financial assumptions include investment returns, salary growth and pension increases; demographic assumptions include life expectancy, probabilities of ill-health early retirement, and proportions of member deaths giving rise to dependants’ benefits.

Changes in assumptions will affect the funding target and required contribution rate. However, different assumptions will not of course affect the actual benefits payable by the Fund in future.

The actuary’s approach to calculating employer contribution rates involves the projection of each employer’s future benefit payments, contributions and investment returns into the future under 5,000 possible economic scenarios. Future inflation (and therefore benefit payments) and investment returns for each asset class (and therefore employer asset values) are variables in the projections. By projecting the evolution of an employer’s assets and benefit payments 5,000 times, a contribution rate can be set that results in a sufficient number of these future projections (determined by the employer’s required likelihood) being successful at the end of the employer’s time horizon. In this context, a successful contribution rate is one which results in the employer having met its funding target at the end of the time horizon.

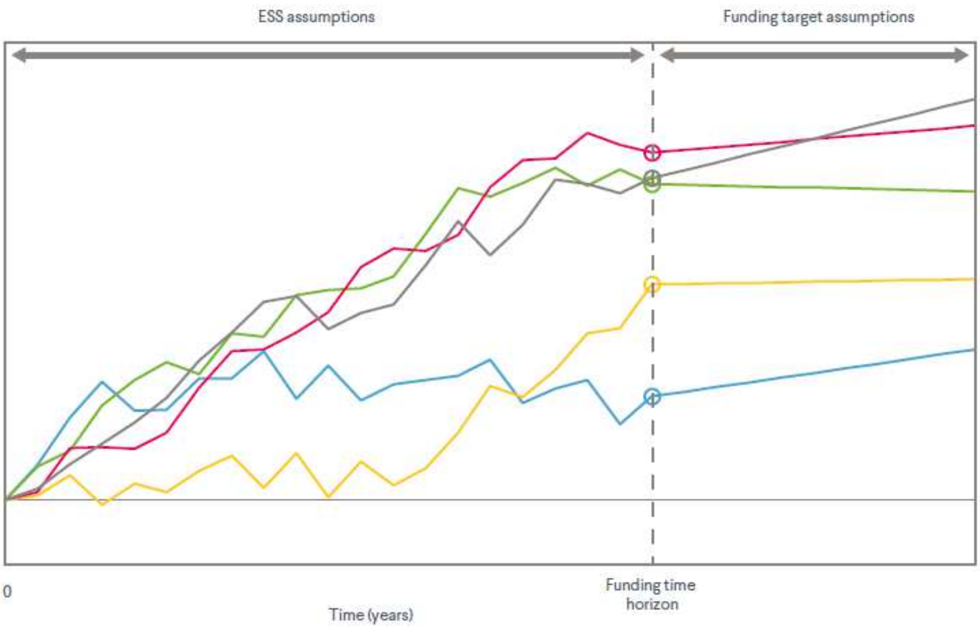
Setting employer contribution rates therefore requires two types of assumptions to be made about the future:

1. Assumptions to project the employer’s assets, benefits and cashflows to the end of the funding time horizon. For this purpose, the actuary uses Hymans Robertson’s proprietary stochastic economic model - the Economic Scenario Service (“ESS”). These assumptions vary in two ways: between each of the 5,000 scenarios *and* between each year. Some assumptions might be high in the first few years but then reduce later (e.g. the blue line in the illustration below) or vice versa (e.g. the yellow line).

2. Assumptions to assess whether, for a given projection, the funding target is satisfied at the end of the time horizon. For this purpose, the Fund has three different funding bases. These assumptions vary between each of the 5,000 scenarios but are fixed from year to year e.g. one scenario might assume a fixed level of inflation of 5% per year (e.g. the grey or blue lines) whereas another might assume a fixed inflation level of near zero (e.g. the yellow line).

The difference between the two assumptions is represented graphically in the following diagram, where each line represents one of the 5,000 scenarios. Up to the end of the time horizon, the assumptions vary between scenarios and from year to year (these are the ESS assumptions). Beyond this point they vary between scenarios but are fixed from year to year (these are the funding target assumptions).

The diagram is illustrative so the height of the vertical lines above the axis does not represent any particular variable, but it could be thought of as the cumulative total investment return or inflation, for example.



Details on the ESS assumptions and funding target assumptions are included below (in E2 and E3 respectively).

E2 What assumptions are used in the ESS?

The actuary uses Hymans Robertson's ESS model to project a range of possible outcomes for the future behaviour of asset returns and economic variables. With this type of modelling, there is no single figure for an assumption about future inflation or investment returns. Instead, there is a range of what future inflation or returns will be which leads to likelihoods of the assumption being higher or lower than a certain value.

The ESS is a complex model to reflect the interactions and correlations between different asset classes and wider economic variables. The table below shows the calibration of the model as at 31 March 2019. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years, except for the yields which refer to the simulated yields at that time horizon.

		Annualised total returns									
		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	UK Equity	Overseas Equity	Property	A rated corporate bonds (medium)	RPI inflation expectation	17 year real govt bond yield	17 year govt bond yield
5 years	16th %'ile	-0.4%	-2.3%	-2.9%	-4.1%	-4.1%	-3.5%	-2.7%	1.9%	-2.5%	0.8%
	50th %'ile	0.7%	0.5%	0.3%	4.0%	4.1%	2.4%	0.8%	3.3%	-1.7%	2.1%
	84th %'ile	2.0%	3.3%	3.4%	12.7%	12.5%	8.8%	4.0%	4.9%	-0.8%	3.6%
10 years	16th %'ile	-0.2%	-1.8%	-1.3%	-1.5%	-1.4%	-1.5%	-0.9%	1.9%	-2.0%	1.2%
	50th %'ile	1.3%	0.0%	0.2%	4.6%	4.7%	3.1%	0.8%	3.3%	-0.8%	2.8%
	84th %'ile	2.9%	1.9%	1.7%	10.9%	10.8%	7.8%	2.5%	4.9%	0.4%	4.8%
20 years	16th %'ile	0.7%	-1.1%	0.1%	1.2%	1.3%	0.6%	0.7%	2.0%	-0.7%	2.2%
	50th %'ile	2.4%	0.3%	1.0%	5.7%	5.8%	4.3%	1.9%	3.2%	0.8%	4.0%
	84th %'ile	4.5%	2.0%	2.0%	10.3%	10.4%	8.1%	3.0%	4.7%	2.2%	6.3%
	Volatility (Disp) (1 yr)	1%	7%	10%	17%	17%	14%	11%	1%		

E3 What assumptions are used in the funding target?

At the end of an employer's funding time horizon, an assessment will be made – for each of the 5,000 projections – of how the assets held compare to the value of assets required to meet the future benefit payments (the funding target). Valuing the cost of future benefits requires the actuary to make assumptions about the following financial factors:

- Benefit increases and CARE revaluation
- Salary growth
- Investment returns (the "discount rate")

Each of the 5,000 projections represents a different prevailing economic environment at the end of the funding time horizon and so a single, fixed value for each assumption is unlikely to be appropriate for every projection. For example, a high assumed future investment return (discount rate) would not be prudent in projections with a weak outlook for economic growth. Therefore, instead of using a fixed value for each assumption, the actuary references economic indicators to ensure the assumptions remain appropriate for the prevailing economic environment in each projection. The economic indicators the actuary uses are: future inflation expectations and the prevailing risk-free rate of return (the yield on long term UK government bonds is used as a proxy for this rate).

The Fund has three funding bases which will apply to different employers depending on their type. Each funding basis has a different assumption for future investment returns when determining the employer's funding target.

Funding basis	**Ongoing participation basis**	**Contractor exit basis**	**Low risk exit basis**
Employer type	All employers except Transferee Admission Bodies and closed Community Admission Bodies	Transferee Admission Bodies	Community Admission Bodies that are closed to new entrants
Investment return assumption underlying the employer's funding target (at the end of its time horizon)	Long term government bond yields plus an asset outperformance assumption (AOA) of 1.6% p.a.	Long term government bond yields plus an AOA equal to the AOA used to allocate assets to the employer on joining the Fund	Long term government bond yields with no allowance for outperformance on the Fund's assets

E4 What other assumptions apply?

The following assumptions are those of the most significance used in both the projection of the assets, benefits and cashflows and in the funding target.

a) Salary growth

The salary increase assumption at the 2019 valuation has been set to be a blended rate combined of:

1. 2% p.a. until 31 March 2020, followed by
2. Retail prices index (RPI) thereafter.

This gives a single “blended” assumption of CPI plus 0.7%. This is a change from the previous valuation, which assumed a blended assumption of CPI plus 0.3%. This change has led to an increase in the funding target (all other things being equal).

b) Pension increases

Since 2011 the consumer prices index (CPI), rather than RPI, has been the basis for increases to public sector pensions in deferment and in payment. Note that the basis of such increases is set by the Government and is not under the control of the Fund or any employers.

At this valuation, the Fund has continued to assume that CPI is 1.0% per annum lower than RPI.

c) Life expectancy

The demographic assumptions are intended to be best estimates of future experience in the Fund based on experience of LGPS funds which participate in Club Vita, the longevity analytics service used by the Fund, and endorsed by the actuary.

The longevity assumptions that have been adopted at this valuation are a bespoke set of “VitaCurves”, produced by the Club Vita’s detailed analysis, which are specifically tailored to fit the membership profile of the Fund. These curves are based on the data provided by the Fund for the purposes of this valuation.

Allowance has been made in the ongoing valuation basis for future improvements in line with the 2018 version of the Continuous Mortality Investigation model published by the Actuarial Profession and a 1.25% per annum minimum underpin to future reductions in mortality rates. This updated allowance for future improvements will generally result in lower life expectancy assumptions and hence a reduced funding target (all other things being equal).

The approach taken is considered reasonable considering the long-term nature of the Fund and the assumed level of security underpinning members’ benefits.

d) General

The same financial assumptions are adopted for most employers (on the ongoing participation basis identified above), in deriving the funding target underpinning the Primary and Secondary rates: as described in (3.3), these calculated figures are translated in different ways into employer contributions, depending on the employer’s circumstances.

The demographic assumptions, the life expectancy assumption, in effect vary by type of member and so reflect the different membership profiles of employers.

Appendix F – Glossary

Funding basis	The combined set of assumptions made by the actuary, regarding the future, to calculate the value of the funding target at the end of the employer's time horizon. The main assumptions will relate to the level of future investment return, salary growth, pension increases and longevity. More prudent assumptions will give a higher funding target, whereas more optimistic assumptions will give a lower funding target.
Administering Authority	The council with statutory responsibility for running the Fund, in effect the Fund's "trustees".
Admission Bodies	Employers where there is an Admission Agreement setting out the employer's obligations. These can be Community Admission Bodies or Transferee Admission Bodies. For more details (see 2.3).
Covenant	The assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term.
Designating Employer	Employers such as town and parish councils that can participate in the LGPS via resolution. These employers can designate which of their employees are eligible to join the Fund.
Employer	An individual participating body in the Fund, which employs (or used to employ) **members** of the Fund. Normally the assets and **funding target** values for each employer are individually tracked, together with its **Primary rate** at each **valuation**.

Gilt	A UK Government bond, i.e. a promise by the Government to pay interest and capital as per the terms of that particular gilt, in return for an initial payment of capital by the purchaser. Gilts can be "fixed interest", where the interest payments are level throughout the gilt's term, or "index-linked" where the interest payments vary each year in line with a specified index (usually RPI). Gilts can be bought as assets by the Fund, but are also used in funding as an objective measure of a risk-free rate of return.
Guarantee / guarantor	A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's **covenant** to be as strong as its guarantor's.
Letting employer	An employer which outsources or transfers a part of its services and workforce to another employer (usually a contractor). The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer. A letting employer will usually be a local authority but can sometimes be another type of employer such as an Academy.
LGPS	The Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements. The LGPS is divided into 100 Funds which map the UK. Each LGPS Fund is autonomous to the extent not dictated by Regulations, e.g. regarding investment strategy, employer contributions and choice of advisers.
Maturity	A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.
Members	The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferred (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees).
Primary contribution rate	The employer contribution rate required to pay for ongoing accrual of active members' benefits (including an allowance for administrative expenses). See Appendix D for further details.

Profile	The profile of an employer's membership or liability reflects various measurements of that employer's **members**, i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs their salary levels, etc. A membership (or liability) profile might be measured for its **maturity** also.
Rates and Adjustments Certificate	A formal document required by the LGPS Regulations, which must be updated at the end of the formal **valuation**. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the period until the next valuation is completed.
Scheduled Bodies	Types of employer explicitly defined in the LGPS Regulations, whose employees must be offered membership of their local LGPS Fund. These include Councils, colleges, universities, academies, police and fire authorities etc, other than employees who have entitlement to a different public sector pension scheme (e.g. teachers, police and fire officers, university lecturers).
Secondary contribution rate	The difference between the employer's actual and **Primary contribution rates**. See Appendix D for further details
Stabilisation	Any method used to smooth out changes in employer contributions from one year to the next. This is very broadly required by the LGPS Regulations, but in practice is particularly employed for large stable employers in the Fund.
Valuation	A risk management exercise to review the **Primary and Secondary contribution rates**, and other statutory information for a Fund, and usually individual employers too.

Appendix G - Salary Growth: Managing the Risk

G1 What is salary growth strain?

Prior to 1st April 2014, the Local Government Pension Scheme (LGPS) was a 'final salary' scheme, so a member's pension accrued before 1st April 2014 is directly linked to their salary at retirement. This means that salary increases awarded to your employees have a direct impact on your total pension costs. At each triennial valuation of the pension fund, the actuary assumes about the level of future salary growth. At the next valuation, the actuary then assesses the difference between the increases awarded over the last three years compared to those assumed. If salary increases were higher than anticipated, then this will lead to higher pension costs. This increase in costs is referred to as 'salary growth strain'.

G2 Why is the salary growth strain calculated?

At the 2019 valuation, the fund has discussed the appropriateness of such an assumption considering recent economic conditions and the outlook for future long term pay awards. The actuary has agreed to use a lower assumption at this valuation, equal to an equivalent long-term rate of consumer price inflation ("CPI") plus 0.7% p.a. A lower salary increases assumption benefits employers in that the value placed on their pension costs are reduced via an improved balance sheet position and lower calculated contribution rate (all else being equal).

However, this places a greater risk on the fund of employers awarding larger than expected pay increases and not being able to meet the additional pension costs in the future. Therefore, it is appropriate for the fund to put in place a mechanism that helps control this risk.

G3 How will the mechanism work?

Salary increases will be monitored annually and any salary growth strain arising will be immediately billed to the responsible employer.

At each period end, the Fund will provide salary data for all your employees to the actuary who will calculate whether any salary growth strain has occurred over the year. The actuary will compare each member's salary at the period-end (e.g. 31 March 2020) against the salary at the previous period end (e.g. 31 March 2019). For those members who have left during the period, the period-end salary will be that at the date of leaving. For those members who have joined during the period, the previous period end salary will be that at the date of joining.

If a strain has occurred, the Fund will recharge the additional liabilities incurred to you in the form of an additional one-off top up contribution. Assessing and managing pay growth strain on an annual basis means that there will be no nasty surprises resulting from pay awards at the 2022 valuation.

It is important to realise that these additional contributions are not an extra cost of participating in the fund. Any salary strain payments have historically been met via higher ongoing pension contributions (due to a higher salary growth assumption being used) or they have emerged at the next valuation resulting in a funding deficit and caused future contributions to rise.

G4 What if salary increases are less than expected?

It is not permissible under the LGPS Regulations to reduce the level of an employer's contributions between actuarial valuations. You will therefore not be permitted a reduction in your certified contributions because of pay increases being less than expected. If, however, a pay award gain is calculated in one year, then we would allow this to offset a strain occurring in any future year up to the next formal valuation date. If the overall impact of salary increases between valuations is a gain, then this will be credited to you in your balance sheet position at the next valuation and this will help to reduce your contribution rate going forward (all other things being equal).

Appendix H – Details of the Fund’s Multiple Investment Strategies

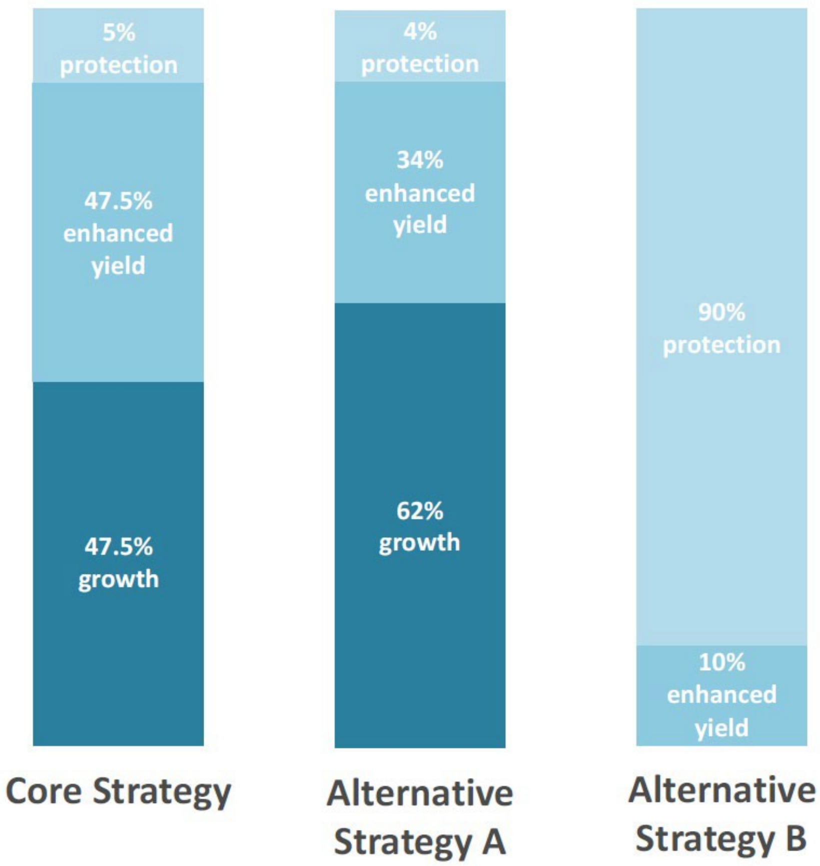
Historically the Fund operated a single investment strategy for all employers. However, due to the increasing diversity amongst the Fund’s employers, this approach was changed.

From June 2017, the Fund continues to operate a Core Investment Strategy which most employers participate in. Alongside the Core Strategy, the Fund now also operates two additional investment strategies:

• Alternative Strategy A: this investment strategy has a higher allocation to growth assets than the Core Strategy. The purpose of this strategy is to generate additional investment returns to help improve funding positions. With higher allocation to growth assets does increase the investment risk in the strategy is increased.

• Alternative Strategy B: this investment strategy has no allocation to growth assets. The purpose of this strategy is to protect the funding positions for employers who have ceased participation in the Fund and reduce the risk to remaining employers of having to fund these residual liabilities.

At a high level, the investment strategies are:



Further details can be found in the Fund's Investment Strategy Statement.

An employer is allocated into one of the alternative investment strategies if the Fund deems this to be an appropriate change in strategy given an employer's funding profile and objective.

The following factors are considered when making this decision:

• Employer body type e.g. admitted body

• Funding target i.e. ongoing or cessation

• Approach to new entrants i.e. open or closed

• Other factors depending on employer's funding objective:

- Open, non-admitted Body: maturity, net cashflow
- Closed, non-admitted body: funding level
- Admitted body: funding level, maturity, net cashflow

Employers with active members who are deemed to fit the criteria for participating in one of the alternative investment strategies are consulted with before any change in strategy is implemented.

Appendix X

Norfolk Pension Fund

Customer Care and Communication Strategy Statement May 2022

The Norfolk Pension Fund is committed to delivering a consistently high level of performance and customer service.

Good communication is core to this commitment.

This document sets out how we do this.

Please note, we continue to review and amend our Customer Care and Communication Strategy in line with the latest COVID-19 situation.

lgps | Local Government Pension Scheme

Customer Care and Communication Strategy Statement

This Customer Care and Communication Strategy Statement aims to ensure that the Norfolk Pension Fund:

- provides clear, relevant, accurate, accessible and timely information
- listens, considers and responds appropriately to communication we receive
- uses plain English wherever possible, and avoids unnecessary jargon
- uses communication channels which best fit the audience and the information being passed on

Communication is ‘to share or exchange information or ideas’

Our Core Customer Care Standards

In normal times these are our core customer service standards. These are currently are impacted by COVID-19, but we still aim to meet the standards where possible.

- To answer the telephone within 15 seconds, and respond to enquiries within five working days
- To respond to letters within five working days
- To respond to email enquiries within three working days
- To meet visitors within five minutes of appointment time
- When visiting, to agree a time in advance and show an identity card

Who are we in regular communication with?

- Pensions Committee (the Trustees)
- Pensions Oversight Board
- Participating employers
- Scheme members
- Prospective members
- Scheme member representatives
- Norfolk Pension Fund staff
- Other bodies, including
    - Investment managers
    - The media
    - Actuaries
    - Other pension funds
    - Department for Levelling Up, Housing and Communities and The Pensions Regulator (regulators of the scheme)

How does the Norfolk Pension Fund communicate?

When deciding how to communicate, we consider the audience, the message and the cost to the Fund.

We want to get our messages over and to make ourselves available to hear queries, opinions and concerns.

We make use of make use of telephone, email, post, internet, social media and paper publications. However, face-to-face conversations and meetings, seminars, road shows, attendance at conferences and other forums have been limited due to COVID-19.

Our website meets accessibility guidelines and our Accessibility Statement can be found on our website **www.norfolkpensionfund.org**.

Data Protection Statement

Norfolk County Council on behalf of Norfolk Pension Fund is a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit **www.norfolkpensionfund.org**.

Pension Committee Trustees

The Pensions Committee act as trustees and oversee the management of the Norfolk Pension Fund. The Members of the Committee are committed to ensuring the best possible outcomes for the Norfolk Pension Fund, its participating employers and scheme members. Their knowledge is supplemented by professional advice from Norfolk Pension Fund staff, professional advisers and external experts.

The Trustees

Norfolk County Councillors

Judy Oliver (Chairman)

Alison Birmingham

William Richmond

Daniel Roper

Martin Storey

District County Councillors

John Fuller

Alan Waters (Vice Chairman)

Staff representative

Steve Aspin

Sharing information

Committee Meetings

The Pensions Committee meets quarterly, to consider all investment and administration (the calculation and payment of benefits) issues related to the Norfolk Pension Fund. It monitors performance, discusses significant issues and makes all decisions related to the Fund. The Executive Director of Finance and Commercial Services, Norfolk Pension Fund staff and other professional advisors prepare reports, briefings and make recommendations for the Committee to consider and act upon.

Observers

People who would like to see the Pensions Committee in action can view meetings on the Norfolk County Council Democratic Services **www.youtube.com** channel.

Internet

Pensions Committee reports, agendas and minutes are available via the Norfolk County Council internet and intranet sites at **www.norfolk.gov.uk** under **Council and Democracy** then **Meetings**.

Pensions Oversight Board

The Pensions Oversight Board helps ensure that the Norfolk Pension Fund continues to be well run and properly managed. The purpose of the Board is to assist Pensions Committee and Officers with responsibilities for managing the Norfolk Pension Fund by helping to:

- Secure compliance with the Regulations, any other legislation relating to the governance and administration of the scheme, and requirements imposed by The Pensions Regulator in relation to the scheme and;
- Ensure the effective and efficient governance and administration of the scheme

The full **Terms of Reference** for the **Pensions Oversight Board** are on the Norfolk Pension Fund website at **www.norfolkpensionfund.org**.

Board Members

Independent Chair	Brian Wigg
Scheme Member Representative	Frances Crum (Active/Deferred member)
Scheme Member Representative	Peter Baker (Pensioner member)
Scheme Member Representative	Jonathan Dunning (Trade Union)
Scheme Employer Representative	Cllr Chris Walker, Poringland Parish Council (Levying/precepting employers)
Scheme Employer Representative	Howard Nelson, Diocese of Norwich Education and Academies Trust (Non levying/precepting employers)
Scheme Employer Representative	Sally Albrow (Norfolk County Council)

Sharing information

There are at least two **Pensions Oversight Board** meetings a year. Papers, agendas and minutes of these meetings are published on the Norfolk Pension Fund website at **www.norfolkpensionfund.org**.

In addition, the **Pensions Oversight Board** produce an annual report in accordance with any regulatory requirements.

Scheme members

Norfolk Pension Fund scheme members come from a range of private, public and quasi-public organisations across the county.

It is essential that scheme members are provided with detailed information about the scheme and be able to understand what pension and benefits they may be entitled to in the future.

Communication with members reflects the varying interests and concerns of the different groups of scheme members:

Active members (29,985)
People currently in the employment of a participating employer.

Deferred members (40,305)
People who have left the employment of a participating employer, but who have not yet retired.

Pensioner members (28,490)
People in receipt of a pension from the Norfolk Pension Fund.
(Membership numbers as at 31 March 2022)

Telephone Helpline

A dedicated helpline for scheme members is operated by our experienced Pension Administration Team.

The team gives advice to active, deferred and retired members on scheme membership and benefits.

01603 495923

Phone lines open

Monday to Thursday 8.45am - 5.00pm

Friday 8.45am - 4.00pm

Sharing information with scheme members… *Item currently restricted due to COVID-19	Active	Deferred	Pensioner
Internet The Norfolk Pension Fund website provides advice, information and news as well as **direct and secure access to members personal data,** including a pensions calculator for active members at **www.norfolkpensionfund.org**	✓	✓	✓
Scheme guide A scheme guide is supplied to all members and published on the website.	✓	✓	✓
Annual Benefit Statement and newsletter Annual Benefit Statement booklets are sent to members' home addresses. The booklet also gives information on changes to the scheme and other topical issues, including a summary of the accounts and a general review.	✓	✓	✗
Annual Meeting and Pension Clinics* Scheme members can raise questions directly with Pensions Committee at the Annual Meeting. Due to COVID-19, our annual Pension Clinics have been suspended but members can request a virtual meeting to discuss their LGPS pension.	✓	✓	✗
Pay Advice and Pensions Increase Notification Payslips are posted to all pensioners when the pension payment after tax is more that £1.00 different to the last monthly payment. Members can view their monthly payment details on our website. We write to members about the annual pensions increase and other important messages. We also send them a P60 Tax Form each year.	✗	✗	✓
Pensions roadshows* Roadshows are run as, when and most importantly where they are needed.	✓	✗	✗
Pre-retirement course The Pension Fund supports a pre-retirement course, to help members approaching retirement prepare for the financial and lifestyle changes retirement brings. The course is currently being delivered virtually via Zoom.	✓	✗	✗
Retired members events* An annual event for pensioners takes place at a number of venues across the County. Speakers cover a range of pensions, financial and lifestyle subjects, including an update on the LGPS. These events are made possible by kind donations from our fund managers, Custodian and Actuary.	✗	✗	✓
Retired members newsletter Primetime, our newsletter for retired members (currently published twice a year) is to posted to home addresses and covers the latest information about pensions and the Fund.	✗	✗	✓

Prospective and new scheme members

Most people coming to work for any of the employers participating in the Norfolk Pension Fund are able to join the Local Government Pension Scheme (LGPS).

An up-to-date list of all the employers who participate in the scheme is posted on our website at: **www.norfolkpensionfund.org**

Most employers automatically enrol eligible new employees into the LGPS. They then have the right to 'opt out' of the Fund and cease to be a member.

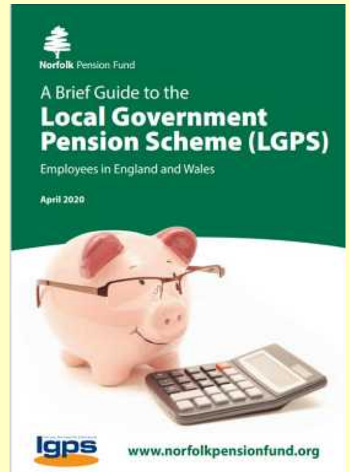
Some members will have circumstances that may make it appropriate to opt out of the Fund.

We want people to make well informed decisions. We work closely with employers to help prospective members understand the wider benefits of membership and to encourage new members not to give up scheme membership without careful consideration.

Sharing information with prospective/new scheme members

New joiner information

A number of items are published on our website with information for new scheme members including the 'Brief Guide to the Local Government Pension Scheme (LGPS)' booklet.



Online

The Norfolk Pension Fund website has an area for joiners with details of the scheme benefits, costs, who can join and how to join. **www.norfolkpensionfund.org**

Induction courses

The benefits of membership are highlighted by scheme employers during their induction procedures.

Recruitment

Recruitment exercises highlight the opportunity of joining the scheme to potential employees.

Member representatives

The staff representative member of the Pensions Committee is also a representative of UNISON.

We maintain positive relations with member representatives and meet as requested or needed.

Employers

At the end of March 2021, the Norfolk Pension Fund had 425 contributing employers. This included Norfolk County Council, non-uniformed police authority and fire service staff, district councils, parish councils and drainage boards, a range of charities and quasi-government organisations such as the Citizens Advice and housing associations, increasingly some private companies delivering services on behalf of local authorities, and a growing number of academy schools.

Sharing information with our employers

Employer Forum and webinars

All employers are invited to regular Employer Forums (currently virtual) and webinars. These offer a great opportunity for employers and Norfolk Pension Fund colleagues to get together, to exchange news and views. Norfolk Pension Fund staff update employers with the latest news affecting the Norfolk Pension Fund, and external speakers provide insights into the wider pensions world. Webinars and virtual Employer Forums are recorded for colleagues unable to attend the live events.

Employer Manual

Our interactive Employer Manual is provided via the Norfolk Pension Fund website, and aims to provide all the information needed to take part effectively in the pension scheme.

Employer Newsletter

The Fund publishes a regular newsletter, aimed specifically at employers. It covers topical issues under debate, technical changes that need their attention and changes to regulations that impact on their duties and responsibilities. The frequency of publication has been increased during COVID-19 to keep employers up to date with all the latest developments.

Annual Report and Accounts

The audited accounts of the Norfolk Pension Fund are prepared as at 31 March each year and published on our website.

Specialist advice

Professional advice can be provided/arranged, related to specific pensions activities undertaken by employers, for example transfer of staff, external contracts, etc.

Internet - www.norfolkpensionfund.org and i-Connect (employer portal)

The Fund's website hosts an area for employers. It has lots of information about the scheme and the Norfolk Pension Fund. The employer manual, information, forms and employer newsletters are all available online. Our employer portal, i-Connect, gives employers access to view their own data, securely exchange data and submit requests and changes online.

Contacts database

We maintain an employer contact database.

Email

Updates on relevant topics are emailed to employer contacts as appropriate.

Fact sheets

Pension Fund fact sheets are maintained on issues such as early retirements.

Individual employer meetings

Pension Fund staff arrange virtual meetings with employers on request.

Other bodies we communicate with

Department for Levelling Up, Housing and Communities: We have regular contact with the Department for Levelling Up, Housing and Communities , as regulator of the scheme, and participate in a number of working groups where new developments are discussed.

The Pensions Regulator (TPR): to ensure good governance and standards of administration and compliance with Public Service Code of Practice 14.

ACCESS (A Collaboration of Central, Eastern and Southern Shires): The Norfolk Pension Fund is one of 11 LGPS Funds in the ACCESS investment pool.

The Society of County Treasurers

Chartered Institute of Public Finance Accountants (CIPFA): The Norfolk Pension Fund takes part in the annual CIPFA Pensions Administration Benchmarking Club.

Local Authority Pension Fund Forum (LAPFF): The Norfolk Pension Fund is a member of the LAPFF, which was established to help local authority funds share information and ideas about how we can be socially responsible owners of the companies in which we invest.

Pensions and Lifetime Savings Association (PLSA): The Norfolk Pension Fund is a member of the PLSA, which helps us be a part of the national pensions debate. Jo Quarterman, Head of Governance, sits on the PLSA Local Authority Committee.

South Eastern Counties Superannuation Officers Group: Pension Officers from administering authorities in the region meet regularly to share information and ensure uniform interpretation of the rules governing the scheme.

Investment Managers, Professional Advisors and Actuaries: We have regular meetings with fund managers who invest the monies belonging to the Fund. We also meet the Fund’s actuaries who measure and value the assets and liabilities of the Fund, and calculate the necessary employer contribution rates to keep the Fund solvent.

Heywoods CLASS and Payroll User Groups: We are active members of the Heywood's Administration CLASS (Computerised Local Authority Superannuation System) and Payroll system users groups.

Pension Fund Custodian: The Fund’s custodian is Northern Trust, who ensure the safekeeping of the Fund’s investment transactions and all related share certificates, etc.

Barclays Bank: provide banking services to the Fund.

The Press: The Fund has a good working relationship with professional pension publications and the local media.

Seminars and conferences: Norfolk Pension Fund staff regularly attend and speak at seminars and conferences, to continue their professional development, maintain knowledge levels and to contribute to pensions development.

Norfolk Pension Fund staff

The Norfolk Pension Fund is administered by Norfolk County Council.

Administrator of the Norfolk Pension Fund

Norfolk County Council Executive Director of Finance and Commercial Services, Simon George.

Head of Service

Director of the Norfolk Pension Fund, Glenn Cossey, leads the Service.

Administration Management

Pensions Manager, Mark Alexander and **Pension Member Services Manager,** Debra Keeling, and their team provide benefit administration services to scheme members and participating employers.

Investment Management

Head of Funding and Investment, Alex Younger, and his team manage the pension fund investments and accounts, as well as providing support to employers and the Trustees in their stewardship of the Fund.

Governance

Head of Governance, Jo Quarterman, supports the Fund's governance, communication, service development and project management.

Sharing information

Management meetings

The Management Team meets regularly, for strategic and development planning and review, as well as operational performance issues and monitoring.

Team meetings and weekly newsletter

Team meetings take place regularly, and are supplemented by additional or informal meetings for specific issues as required.

A weekly newsletter is also circulated to the team.

Service Plan

The Fund maintains a three year service plan, which sets out the agenda for the future. All the team share the plan, and discuss at team meetings.

Team development

A budget is allocated for training and development. A combination of formal and informal training and development is maintained.

Performance development framework

The performance development framework includes conversations between managers and team members to establish clear goals in work aligned to organisational plans; maximising the strengths of contribution to the service; and reviewing performance and future development plans.

Intranet, internet and email

All staff have access to the Norfolk County Council intranet, the internet and email.

Norfolk Pension Fund

Norfolk Pension Fund
County Hall
Martineau Lane
Norwich
NR2 1AD
Telephone: 01603 495923
Email: pensions@norfolk.gov.uk
www.norfolkpensionfund.org

Norfolk Pension Fund publications

Communication material	Paper based	Online	Large sight copy	Braille/ Audio	When published	When reviewed
Website: **www.norfolkpensionfund.org**		✓	Help available	Help available	Constantly available	Ongoing
Scheme Booklet	✓	✓	On request	On request	Constantly available	Ongoing
A Guide to the LGPS	✓	✓	On request	On request	Constantly available	Ongoing
Annual Benefit Statement, members newsletter and accounts	✓	✓	On request	On request	Annually	Annually
Pay advice slip	✓	✓	On request	On request	Online - Monthly Paper - only if payment changes	Monthly
Retired members newsletter	✓	✓	On request	On request	Twice yearly	Twice yearly
Information sheets (various)	✓	✓	On request	On request	As required	Ongoing
Employer Manual	✓	✓	On request	On request	Constantly available	Ongoing
Employer Newsletter	✓	✓	On request	On request	3-4 times a year	3-4 times a year
Report and Accounts	✓	✓	On request	On request	Annually	Annually
Pensions Committee Papers	✓	✓	On request	On request	Quarterly	Quarterly
Pensions Oversight Board Papers	✓	✓	On request	On request	3-4 times a year	3-4 times a year
Press articles	✓	✓	On request	On request	As required	As required

IN TRAN ® communication for all

If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please call 01603 222824 or email pensions@norfolk.gov.uk

Norfolk Pension Fund Events

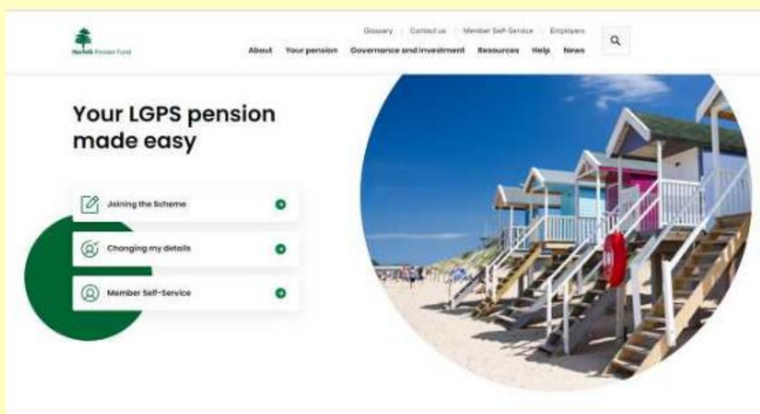
Pensions Committee	Four times a year
Pensions Oversight Board	Four times a year
Employer Forum and webinars	Approximately four a year
Annual Meeting and Pension Clinics (virtual as requested)	October/November
Pre-retirement course	Bi-monthly
Norfolk Pension Fund member roadshow	As requested
Induction sessions for employers (new HR and Finance staff)	As requested

Visit the Norfolk Pension Fund at

www.norfolkpensionfund.org

For information on

- Benefits
- Fund performance
- Fund literature and guides
- Events
- Latest news
- Contact information



Register for online services for

- Personal details
- Annual Benefit Statement
- Pension payments
- Online requests

Norfolk Pension Fund

Norfolk Pension Fund

Governance Strategy Statement

This document sets out the

governance arrangements

for the

Norfolk Pension Fund

as at May 2022

lgps | Local Government Pension Scheme

Administering Authority

Norfolk County Council (NCC) is the **Administering Authority** of the Norfolk Pension Fund and administers the Local Government Pension Scheme (LGPS) on behalf of participating employers and scheme members.

- Norfolk County Council has delegated its pensions functions to the **Pensions Committee**
- Norfolk County Council has delegated responsibility for the administration and financial accounting of the Norfolk Pension Fund to the **Executive Director of Finance and Commercial Services**
- The **Norfolk Pension Fund Pensions Oversight Board** acts as the **Local Pension Board** for the Norfolk Pension Fund

Pensions Committee

The Pensions Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pensions Committee meets quarterly in order to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary

Pensions Committee Trustees*

- The Pensions Committee act as Trustees and oversee the management of the Norfolk Pension Fund
- As Trustees, their overriding duty is to ensure the best possible outcomes for the Pension Fund, its participating employers and scheme members
- Their knowledge is supplemented by professional advice from Pension Fund staff, professional advisers and external experts
- To meet the requirements set out by the Pensions Regulator's Code of Practice, Trustees need a certain level of expertise. An ongoing programme of trustee training is delivered and no substitutions are allowed at Committee

Pensions Committee Membership

There are eight members of the Pensions Committee:

Chairman	Norfolk County Councillor	Judy Oliver
	Norfolk County Councillor	Alison Birmingham
	Norfolk County Councillor	William Richmond
	Norfolk County Councillor	Daniel Roper
	Norfolk County Councillor	Martin Storey
Vice-Chairman	District Councillor (elected by the Local Government Association)	Alan Waters
	District Councillor (elected by the Local Government Association)	John Fuller
	Staff Representative	Steve Aspin
	Observer**	Open to all participating employers
Other attendees	Administrator of the Fund (NCC Executive Director of Finance and Commercial Services)	Simon George
	Director of the Norfolk Pension Fund	Glenn Cossey
	Investment Advisor to the Fund (Hymans Robertson)	David Walker

* Pensions Committee members act as Trustees but do not have legal status as Trustees.

** The observer seat is not currently part of the formal Constitution and does not have voting rights. However, the observer seat is an equal member of the Committee in all other ways, with access to all Committee papers, officers, meetings and training, along with the opportunity to contribute to the decision making process.

Local Pension Board

In line with all public service pension schemes, each Local Government Pension Scheme (LGPS) Fund is required to have a Local Pension Board.

The Local Pension Board for the Norfolk Pension Fund is called the **Norfolk Pension Fund Pensions Oversight Board**.

Role of the Pensions Oversight Board

The role of the **Pensions Oversight Board**, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013, ("the Regulations") is to:

- Assist the **Administering Authority** to secure compliance with:
  - the Regulations and any other legislation relating to the governance and administration of the Local Government Pension Scheme (LGPS);
  - requirements imposed in relation to the LGPS by the Pensions Regulator (tPR); and
  - such other matters as the LGPS regulations may specify
- Assist the **Administering Authority** to ensure the effective and efficient governance and administration of the Norfolk Pension Fund
- Provide the **Administering Authority** with such information as it requires ensuring that any member of the **Pensions Oversight Board** or person to be appointed to the **Pensions Oversight Board** does not have a conflict of interest

The **Pensions Oversight Board** also helps ensure that the Norfolk Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by The Pensions Regulator.

The creation of the **Pensions Oversight Board** does not change the core role of the **Administering Authority** nor the way it delegates its pension functions to the **Pensions Committee**. The **Pensions Oversight Board** does not replace the **Administering Authority** nor make decisions which are the responsibility of the **Administering Authority** under both the Regulations and other relevant legislation.

The **Pensions Oversight Board** only has the power to oversee decisions made by the **Administering Authority** and to make recommendations to improve the efficient and effective administration and governance of the pensions function, including funding and investments.

The full **Terms of Reference** for the **Pensions Oversight Board** are on the Norfolk Pension Fund website at www.norfolkpensionsfund.org.

Pensions Oversight Board Membership

The **Pensions Oversight Board** has an equal number of scheme member and scheme employer representatives (three of each), along with an Independent Chairman:

Independent Chair	Brian Wigg
Scheme Member Representative	Frances Crum Active/deferred member
Scheme Member Representative	Peter Baker Pensioner member
Scheme Member Representative	Jonathan Dunning Trade union
Scheme Employer Representative	Cllr Chris Walker, Poringland Parish Council Levying/precepting employer
Scheme Employer Representative	Howard Nelson, Diocese of Norwich Education and Academies Trust Non-levying/precepting employer
Scheme Employer Representative	Sally Albrow, Norfolk County Council

Pensions Oversight Board members comply with the Norfolk Pension Fund training policy, and training opportunities are as far as possible are shared with the **Pensions Committee**.

Each member of the **Pensions Oversight Board** is responsible for complying with the knowledge and understanding requirements of section 248A of the Pensions Act 2004.

Pensions Oversight Board Meetings

There are at least two **Pensions Oversight Board** meetings a year and it normally meets quarterly.

Papers, agendas and minutes of these meetings are published on the Norfolk Pension Fund website at www.norfolkpensionfund.org.

In addition, the **Pensions Oversight Board** produce an annual report in accordance with any regulatory requirements.

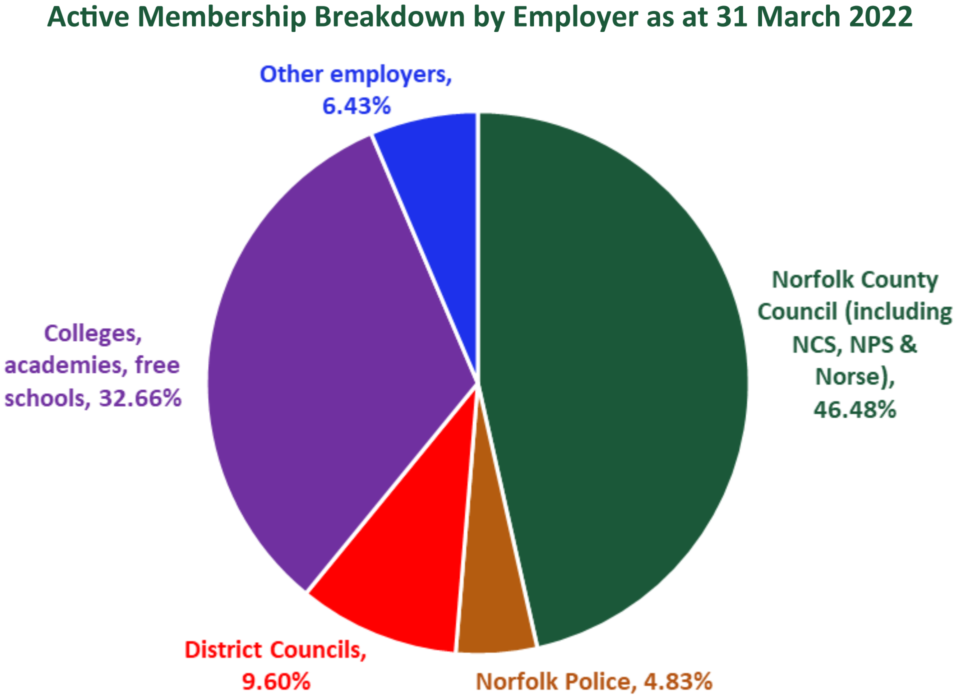
Executive Director of Finance and Commercial Services

- The **Executive Director of Finance and Commercial Services** is Norfolk County Council's Chief Finance Officer and Section 151 Officer
- As Administrator of the Fund he is responsible for:
    - The administration and financial accounting of the Fund
    - The preparation of the Pension Fund Annual Statement of Accounts

Legislation and Regulations

- The Norfolk Pension Fund administers the Local Government Pension Scheme (LGPS) in Norfolk and is governed by the:
    - Local Government Pension Scheme Regulations 2013
    - Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014
    - Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
    - Local Government Pension Scheme (Amendment) Regulations 2015
    - Local Government Pension Scheme (Management and Investment of funds) Regulations 2009, and subsequent amendments
- **Pensions Committee** is governed by Norfolk County Council's procedural rules under the Council's Constitution. The Committee's **Terms of Reference** are:
- "To administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the Local Government Pension Scheme, and on behalf of Norfolk County Council as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members) including:
    - Functions relating to local government pensions etc under regulations made under Sections 7, 12 and 24 of the Superannuation Act 1972
    - To receive and consider the draft Financial Statements for the Norfolk Pension Fund
    - To comment on the draft Financial Statements and make a recommendation to the Audit Committee that they be approved/not approved"
- Financial affairs are conducted in compliance with Norfolk County Council's Financial Regulations
- Funds are invested in compliance with the Norfolk Pension Fund's Investment Strategy Statement

Membership of the Fund and Local Accountability



Local Accountability - Representation

Employers

- Employers are directly represented on Pensions Committee and the Pensions Oversight Board
- All employers are invited to regular Employer Forums and the Annual Meeting

Scheme Members

- Scheme Members are directly represented on Pensions Committee and the Pensions Oversight Board
- All active and deferred scheme members are invited to the Annual Meeting and Pensions Clinics; retired members receive two annual newsletters and are directly represented on the Pensions Oversight Board

Membership as at 31 March 2022

426 Contributing Employers

28,490 Pensioners

(members in receipt of a pension from the Fund)

29,985 Active members

(members who are currently in the employment of a participating employer)

40,305 Deferred members

(members who have left the employment of a participating employer, but who are not yet in receipt of their pension)

Local Accountability - Transparency

- The Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders
- How it does this is set out in the annually updated Customer Care and Communication Strategy Statement. This is on our website at **www.norfolkpensionfund.org**
- Pensions Committee reports, agendas and minutes are published on the Norfolk County Council website at **www.norfolk.gov.uk**
- Pensions Committee meetings are open to the public
- Pensions Oversight Board reports, agendas and minutes are published on the Norfolk Pension Fund website at **www.norfolkpensionfund.org**
- The Annual Pension Fund Report and Accounts, reporting on the activities and investment performance of the Fund, and including the Pensions Oversight Board annual report, are on our website at **www.norfolkpensionfund.org**
- Payments over £500 are published on the Norfolk County Council website at **https://www.norfolk.gov.uk/what-we-do-and-how-we-work/open-data-fois-and-data-protection/open-data/payments-to-suppliers**
- Extracts from the Annual Report and a signpost to the whole document are included in the Annual Benefit Statement sent to all scheme members, and in Primetime, the annual newsletter sent to all retired members
- All scheme members and employers are invited to an Annual Meeting
- All employers and members of the Pensions Committee and Pensions Oversight Board are invited to our Employer Forums. These are an opportunity for employers to discuss matters of interest to their organisations with officers and members

ACCESS Investment Pool

The Norfolk Pension Fund participates in ACCESS (A Collaboration of Central, Eastern and Southern Shires), an investment asset pool of eleven Administering Authorities within the Local Government Pension Scheme (LGPS).

The ACCESS authorities have signed an Inter Authority Agreement which established a Joint Committee at which the Chair from each Administering Authority Section 101 Committee (‘Pensions Committee’) is represented.

The Norfolk Pension Fund Pensions Committee and Pensions Oversight Board are regularly updated and review the work of the Joint Committee and the Operator, and ACCESS investment performance.

More information can be found on the ACCESS website at www.accesspool.org.

Norfolk Pension Fund

County Hall

Martineau Lane

Norwich

NR1 2DH

Pensions Administration

01603 495923

pensions@norfolk.gov.uk

Investment, Accountancy and Actuarial Services

01603 222139

pensions.finance@norfolk.gov.uk

Online, Technical and i-Connect Queries

01603 222132

pensions.technical@norfolk.gov.uk

www.norfolkpensionfund.org

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Norfolk Pension Fund

LOCAL GOVERNMENT PENSION SCHEME

Pension Administration Strategy

Introduction

The Norfolk Pension Fund is responsible for administering the Local Government Pension Scheme on behalf of Norfolk County Council (the Administering Authority).

The Pension Administration Strategy (PAS) sets out the requirements of employers which will enable them and Norfolk Pension Fund to meet their legal obligations in respect of the Local Government Pension Scheme (LGPS) within a regulatory regime which has increasingly high levels of external scrutiny.

Approximately 250 employers participate in the Norfolk Pension Fund at October 2015 which includes the County, District, City, Borough, Town and Parish Councils together with Norfolk Police (non-uniformed), Academies and Free Schools (non-teaching), many charities and voluntary organisations and an increasing number of private sector companies.

In preparing the PAS, Norfolk Pension Fund has consulted on the principles of this strategy with scheme employers. This document sets out the PAS incorporating those principles.

The PAS will be kept under review and any appropriate revisions made to this document. Any material change will come back to Pensions Committee for consideration. The latest version is always available from our website www.norfolkpensionfund.org.

Aims and Objectives

The aim of the PAS is to detail requirements for liaison and communication between employers and Norfolk Pension Fund and to establish minimum levels of administrative performance required by all parties to meet their statutory obligations. The PAS aims to promote good working relationships and improve transparency, efficiency and quality.

The efficient operation of the scheme is dependent upon stakeholders carrying out their responsibilities diligently and in accordance with agreed and well documented processes. The actions of employers have a significant impact on the performance and quality of pension administration.

Administration fees are spread proportionately among all employers of the fund via an allowance (defined by the scheme actuary) within the employer pensions contributions. Where an employer puts a disproportionate burden on administration through its poor performance then this could in effect be subsidised by other employers. This strategy enables Norfolk Pension Fund to reserve the right to re-charge such employers for the additional costs they cause.

The objective of the PAS is to ensure that Norfolk Pension Fund can provide an efficient and value for money service at fair cost to **all** its stakeholders.

Regulatory Framework

The LGPS is a statutory scheme set up under the Public Sector Pensions Act. Its scheme rules are contained within the Local Government Pension Scheme Regulations 2013 (as amended). The relevant regulations for this Strategy document are:

Regulation 59 – Pension Administration Strategy
Regulation 70 – Additional Costs arising from Scheme Employer's Level of Performance
Regulation 71 – Interest on Late Payments by Scheme Employers
Regulation 80 – Exchange of Information

Other relevant legislation and guidance:
- Pensions Regulator's "Code of Practice" Number 14: "Governance and Administration of Public Sector Pension Schemes"
- Data Protection Act
- Pensions Acts
- Finance Acts
- Occupational Pension Schemes (Disclosure of Information) Regulations

Supporting Employers

All new employers are given appropriate support and training including a walk-through of online services (PensionsWeb) and the Employer Handbook (G001).

All employers have access to all our Employer Guides, policy and strategy documents on our website or they are available in hardcopy on request.

Additionally, Norfolk Pension Fund hold regular Employer Forum, training events and issue Employer newsletters.

Relevant Norfolk Pension Fund Documents

These are available on our website:
AD1 - Administering Authority Policy
G001 - Employer Handbook
G010 - Pensionable Pay Guide
G020 - Contributions Guide
G030 - Absence Guide
G040 - Leavers and Retirements Guide
G050 - Guide to the Employer Portal
G060 - Employer Pensions Policy Guide
G070 - Employer IDRP Guide
G080 - Prospective Employer Guide
G100 - HR Guide to the 2014 Scheme
G101 - Payroll Guide to the 2014 Scheme

Customer Care and Communications Strategy
Governance Strategy Statement
Pension Administration Strategy – AD2 (this document)

Scheme Employer Main Responsibilities

The main responsibilities of all scheme employers are set out below. The performance standards are required to enable the Norfolk Pension Fund to deliver an efficient, high quality, value for money service within the regulatory framework it operates under.

Where an employer uses a third party (e.g. payroll or HR provider) to carry out the functions on their behalf the employer still retains the legal responsibility for ensuring those functions are carried out correctly and on time.

Function / Task	Performance Expectation / Target
Provide details to Norfolk Pension Fund of a person to be the main point of contact for LGPS pension matters (the Pensions Liaison Officer – PLO)	Notify Norfolk Pension Fund 1 month before a new employer joins the scheme. Notify Norfolk Pension Fund within 1 week of any change to the PLO
Ensure that the PLO has access to PensionsWeb (secure website)	Within 1 week of being notified a Norfolk Pension Fund account has been set up
PLO should ensure that contact details are maintained on PensionsWeb for all relevant staff of the employer including "online users"	Update the relevant details within 1 week of any changes
Publish a Pensions Policy Statement and send a copy to Norfolk Pension Fund	Within 1 month of employer joining the fund or within 1 month of any changes to the policy
Nominate an adjudicator for disputes	Within 1 month of employer joining the fund or within 1 month of any changes
Nominated representative(s) attend Employer Training Events, Employer Forum, Employer Briefing held by NPF	Attendance at such events
Respond to enquiries from Norfolk Pension Fund	Within 10 days of the enquiry or such other timescale requested by Norfolk Pension Fund
Distribute information provided by NPF for information of active scheme members	Within 10 days of being provided with the information
Implement correct or amended Employer Contribution Rate or monthly deficit payment	From the appropriate date notified by Norfolk Pension Fund
Pay over monthly employee and contributions to Norfolk Pension Fund by BACS or similar electronic method and provision of SR71 form	By date shown on SR71 forms (e.g. 7th or 15th (or earlier working day) of the month following the deduction of employee contributions)
Pay over monthly employee AVC contributions to the relevant AVC provider by BACS or similar electronic method	By 15th (or earlier working day) of the month following the deduction of employee contributions
Make payment of invoices issued by Norfolk Pension Fund in respect of additional employer contributions, missing employee contributions, early retirement strain, early retirement compensation payments, or additional costs associated with non-compliance of the PAS	Within 30 days of the date of the invoice

*Remit the Annual Contribution Return to Norfolk Pension Fund in required format	By 30 April following 31 March year end
Notify Norfolk Pension Fund of any contracting out of services/outsourcing etc. involves a TUPE transfer of staff	As soon as possible. Preferably up to 6 months before any such event
Issue New Member Packs to new or prospective scheme members	Preferably before employment begins, but within 1 month of starting
Deduct appropriate amount of employee contributions from employees pay inc additional contributions as notified by Norfolk Pension Fund or AVC provider	From next available payroll
Maintain individual (unique) reference (e.g. payroll reference or job reference) for each separate job an individual has. So that separate pension accounts can be identified and maintained for each.	Include this reference on all notifications and correspondence to Norfolk Pension Fund
* Notify NPF of new joiners. Including additional jobs for existing members	Within 1 month of joining
*Notify Norfolk Pension Fund of relevant changes to members circumstances (name, address, part-time hours, break in service)	Within 1 month of the change
* Early notification to Norfolk Pension Fund of forthcoming retirements	1 month before date of retirement (where possible – i.e. notice given by employee or employer)
Notification to Norfolk Pension Fund of death of active member including details of spouse, next of kin etc. by telephone	Within 2 days of the event
* Notify Norfolk Pension Fund of any leavers, retirements, deaths, opt outs	Within 1 month of the event to include all relevant paperwork and certificates

* Notification to Norfolk Pension Fund should be in the prescribed format. See section "Notifying Norfolk Pension Fund"

Notifying Norfolk Pension Fund

Norfolk Pension Fund currently provides several channels for employers to provide information. All notifications must be by one of the prescribed forms/methods. Options available currently include, paper forms (sent by post or delivered by hand), online forms, online bulk processes, secure email, fax transmission.

There is an overhead to the multi-channel approach as several systems have to be maintained and operated. Therefore, Norfolk Pension Fund is moving to an online format (PensionsWeb) only for most forms where third party completion is not required. Online facilities exist for:

- Employers to maintain their contact details with us
- Notification of New Starters in bulk
- Notification of Changes
- Early Notification of Retirement
- Notification of Leaver
- Secure transmission of standard spreadsheets for Year End Return, notification of TUPE transfers, any other documents required to be sent to Norfolk Pension Fund

Forms requiring third party completion that cannot be catered for directly online include:

- New Member Form (completed by scheme member)
- Opt Out Notification (part completed by the scheme member)
- Il Health Certificate (completed by the Medical Advisor)

However, completed versions of all these forms could be scanned by the employer and uploaded to the secure online facility.

From October 2016 it is expected that all employers will use online services only (PensionsWeb) where the appropriate facility exists.

Employer Performance Monitoring

Norfolk Pension Fund will look to work closely with employers where areas of poor performance are identified to ensure the necessary training and development are undertaken in order to address any shortcomings.

Pension Fund Responsibilities in Relation to Scheme Members

The main responsibilities of Norfolk Pension Fund in relation to scheme members are set out below, together with the performance standard expected to be met in order to demonstrate an efficient and high quality service.

Function / Task	Performance Expectation / Target
Provide Transfer In Quotes to scheme member	Within 10 working days of receipt of request and all information required
Provide Transfer Out Quotes to scheme member	Within 10 working days of receipt of request and all information required
Make Refund Payments to scheme member	Within 5 working days of receipt of request and all information required
Provide Estimate of Retirement Benefits in respect of scheme member	Within 10 working days of receipt of request and all information required
Calculate and Notify scheme member of Actual Retirement Benefits	Within 5 working days of receipt of request and all information required
Acknowledge Death of Member	Within 5 working days of receipt of request and all information required
Notify Dependants' Benefits	Within 5 working days of receipt of request and all information required
Notify Deferred Benefits	Within 10 working days of receipt of request and all information required
Response to general member enquiries	Within 5 working days of receipt of request and all information required
Make Monthly Pension Payments	On or before last banking day of each month
Issue Annual Benefit Statements	By 31 August following year end

Pension Fund Performance Monitoring

Norfolk Pension Fund carries out continual performance monitoring against its performance targets. These are measured against its peers in annual benchmarking exercises which are reported to employers, the pensions committee and details included in Norfolk Pension Fund annual report.

Policy on Re-charging Employers Direct for Administration Costs due to Failure to Comply with Requirements

Where ongoing performance issues are identified Norfolk Pension Fund will pro-actively seek to put an improvement plan in place. An ***Improvement Notice*** would be sent to the employer detailing the areas of concern, set timescales for improvement and confirm possible fees that Norfolk Pension Fund would seek to charge to the employer should performance not improve (see section **Administration Fees for Employer Work**).

Should performance not improve within the timescale set out in the ***Improvement Notice*** the breach will be reported to the Head of Norfolk Pension Fund in the first instance for consideration. Norfolk Pension Fund reserves the right to invoke the appropriate administration fees. Any events of this type will be reported to Pensions Committee.

Where performance issues are related to one-off events (e.g. provision of annual contribution return), and no extenuating circumstances are known to Norfolk Pension Fund, then an ***Improvement Notice*** will be sent by Norfolk Pension Fund. Fees (see section **Administration Fees for Employer Work**) may be incurred immediately and reported to the Pensions Committee. Serious non-compliance will also be reported to the Pensions Regulator.

Policy on Recovering Costs from Employers where Excessive Service Requested

In exceptional circumstances, Norfolk Pension Fund reserves the right to charge an administration fee. Examples of where this may apply include:

• Disproportionate or excessive employer requests for non-standard information (e.g. bespoke lists of its members' data etc.)

• An employer requests Norfolk Pension Funds significant assistance in ensuring that its own pension records are up-to-date.

• Where an employer changes payroll provider; the additional costs incurred in updating pension fund records may be recovered and also costs associated with processing multiple year end returns.

Norfolk Pension Fund may need to agree non-standard turnaround times for certain work in order to keep any administration costs to a reasonable level. Norfolk Pension Fund also reserve the right to charge fees (to cover the additional cost) to employers at the discretion of the Head of Norfolk Pension Fund.

Policy on Re-charging Employer with Other Charges or Obligations

Any fines, fees or other charges made on Norfolk Pension Fund, but which relate to performance of the employer (e.g. by Pensions Ombudsman, the Pensions Regulator or other regulatory bodies) will be recharged to the employer.

Interest on late payment of contributions as defined in the Local Government Pension Scheme may be charged to the employer in addition to any administration fee.

Any event that seriously jeopardises the Norfolk Pension Fund's ability to meet statutory requirements may invoke an immediate fine e.g. failure to provide annual contribution returns.

Penalties for Failure by Employers to Meet their Statutory Obligations

Administration fees shown below are charged at the discretion of the Head of Norfolk Pension Fund and would only be invoked if an employer has consistently failed to meet its obligations and an ***Improvement Notice*** has been issued but not complied with.

Regulatory Task	Administration Fee/Charge
Failure to appoint a Pension Liaison Officer (PLO) or keep NPF informed of PLO or change to contact details	£50 per occurrence plus £50 for each month of continued non provision
Late payment of employee and/or employer contributions	£50 per occurrence plus interest as defined in the LGPS Regulations
Non provision of the monthly SR71 contributions schedule	£50 per occurrence, plus £50 per week of continued non provision
Late provision of year end contribution return in prescribed format*****	£1,000 per occurrence plus £100 for each week or part week of continued non provision
Late provision of starter notification	£50 initial charge plus £50 per month or part month of continued non provision
Late provision of leaver notification	£50 initial charge plus £50 per month or part month of continued non provision

***** Due to the serious impact of this requirement, a penalty charge will apply for late submission and will only be waived in exceptional circumstances, as agreed by the Head of the Norfolk Pension Fund.

Apart from the requirement above, these fees and charges will only be made in exceptional circumstances and Norfolk Pension Fund will do everything possible to support employers in order to avoid them.

Postal Address Only:
Norfolk Pension Fund
County Hall
Martineau Lane
NORWICH
NR1 2DH
www.norfolkpensionfund.org

Pensions Administration
Telephone: 01603 495923
Fax: 01603 495795
Email: pensions@norfolk.gov.uk

Online, Technical and i-Connect Queries
Telephone: 01603 222132
Email: pensions.technical@norfolk.gov.uk

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LOCAL GOVERNMENT PENSION SCHEME

Pension Administration Strategy

Addendum

This addendum applies to those employers and their payroll providers from the point they are onboarded to the i-Connect system

It is an employer's responsibility to ensure the Norfolk Pension Fund (NPF) receives accurate and timely member data. Where an employer uses a third party (e.g. payroll or HR provider) to carry out the functions on their behalf the employer still retains the legal responsibility for ensuring those functions are carried out correctly and on time.

i-Connect enables employers and their payroll providers to transfer and update data electronically to the NPF on a monthly basis. The process interfaces directly to the pensions administration system. This will enable the provision of accurate and timely data to the NPF to ensure compliance with statutory requirements.

NPF has a phased implementation programme of onboarding employers to the i-Connect system. This is due to be completed by 31 October 2021.

It will be the responsibility of employers and their payroll providers to use i-Connect to submit a return for each payroll period (normally monthly) by the end of the month the payroll relates to. The submission of data via i-Connect is mandatory. Failure to implement i-Connect in accordance with the onboarding programme may result in administration fees being charged to cover the cost of non-standard processing.

Retirement of Pensions Web

PensionWeb is being retired at 31 October and further updates to this addendum will be made to ensure that employers and their payroll providers are aware of any revised processes.

Revised Processes – Phase 1

Function/Task	Performance Expectation/Target
Notify NPF of new joiners	Submission of monthly payroll data to i-Connect (in the payroll period to which it relates) by the cut-off date
Notify NPF of all relevant changes to members circumstances (name, address, part-time hours, break in service)	
Notify NPF of all leavers, retirements, deaths, opt-outs	

Fees for Failure by Employer to Meet their Obligations

There will inevitably be a period of settling down, but if after 3 months from the point of onboarding an employer continues to submit monthly member data after the agreed cut-off date, NPF may levy an administration fee/charge of £1,000 plus £100 per week or part week of continued non submission.

Existing processes to continue – Phase 1

Employers should continue to provide the information and forms required as follows:-

Payment of contributions due to Norfolk Pension Fund

- Payment of employee and employer contributions due each month should be made to NPF by the due date shown on SR71 forms. A single payment should be made electronically quoting the reference detailed on the SR71.

  SR71 Remittance Advice (summarising payment due including any deficit payment) must be completed and emailed to NPF before payment is received by NPF. The figures on the SR71 should match the i-Connect submission.

Submission of the following employer online forms through the Employer portal (PensionsWeb):

- L45 Termination forms
- MISC89 Estimate of Benefits request
- R16 Retirement Discretions
- R25 Advance Warning of Retirements
- SR47B Notification of Unpaid leave

Submission of the following employer interactive PDF forms through My Documents on the Employer Portal:

- Opt Out forms. Employer notification SR88 & Member opt out form SR97
- Ill-health retirement forms R18, R45, R46 & R53
- SR90 Pension option reduced Pay
- SR108 Option to pay contributions for Unpaid leave

Submission of the following member interactive PDF forms through My Documents on the Employer Portal:

- SR81 Expression of wish form
- SR95 Membership form
- SR96 Non LGPS benefits transfer form

Update Contacts to be used by NPF via the Employer Portal:

- Employers should continue to keep their contact details up to date.

This addendum was reviewed by the Pensions Committee at their meeting on 5 October 2021

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If you would like this guide in large print, audio, Braille, alternative format or in a different language, please email pensions@norfolk.gov.uk or call 01603 222824.

Pensions Committee

Item No: 8

Report title:	**Corporate Governance and Shareholder Engagement Report**
Date of meeting:	**27 September 2022**
Responsible Director:	**Simon George, Executive Director of Finance and Commercial Services** **Glenn Cossey, Director of the Norfolk Pension Fund**

Executive Summary

This report is 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. The report covers the period 1 January 2022 to 30 June 2022.

Recommendations

The Pensions Committee is asked to consider and note the contents of this report.

1. Background and Purpose

1.1 Over many years, the Committee have developed their own policy on Corporate Governance in line with industry best practice. Details of the current policies on Voting and Engagement are set out in Appendix 5 of the Norfolk Pension Fund Investment Strategy Statement (ISS). A copy of the ISS can be found on our website at www.norfolkpensionfund.org (type ISS into the 'Site Search' box).

1.2 The Fund believes that through the adoption of good practice in corporate governance, environmental and social matters, the management of companies will improve, and long-term shareholder value will increase. The Fund's policy expects Investment Managers to make regular contact at senior executive level with the companies in which the Fund's assets are invested, both as an important element of the investment process and to ensure good Corporate Governance and raise awareness of Environmental, Social and Environmental (ESG) issues.

1.3 The key themes of the engagement policy are as follows.

The Fund expects companies to:

- Demonstrate a positive response to all matters of social responsibility
- Take environmental matters seriously and produce an environmental policy on how any detrimental impact can be minimised
- Monitor risks and opportunities associated with climate change and fossil fuels and take all reasonable and practical steps to reduce environmental damage
- Make regular and detailed reports of progress on environmental issues available to shareholders
- Openly discuss the environmental impacts of their business with shareholders
- Establish procedures that will incrementally reduce their environmental impact
- Comply with all environmental and other relevant legislation and seek to anticipate future legislative requirements.

1.4 During the period between January and June 2022, voting has been undertaken by the investment managers in accordance with the ACCESS Pool policy. Key AGM voting, and manager discussion themes are as follows:

- Board structure
- Chairman independence
- Executive remuneration
- AGM proposals

1.5 The investment managers used by the Fund continue to engage with companies and markets to improve governance generally. We disclose manager engagement policies on our website including a direct link to the Managers ESG/RI websites.

2. Voting

2.1 Details of all votes cast for UK and overseas companies can be found on our website at www.norfolkpensionfund.org.

2.2 During the first and second quarters of 2022 (01 January 2022 to 30 June 2022) there were 47 UK company meetings, including Annual General Meetings (AGMs), Extraordinary General Meeting (EGMs) etc., covering 1048 resolutions relating to the Fund's shareholdings. Further analysis of the votes cast at UK Company meetings by the Norfolk Pension Fund is shown below. These votes are now made entirely through the LINK platform.

Votes "For"	1037
Votes "Against"	10
Votes Abstained from	1
Total Votes	1048

2.3 Votes against the management of UK companies on the LINK platform where the Fund Manager has elected to override the ACCESS policy (comply or explain) are shown in Appendix A.

3. Engagement

3.1 Norfolk Pension Fund expects the fund managers to engage with the companies in which we invest, with an emphasis on environmental issues. The fund managers have supplied us with highlights of their engagement, which is summarised in Appendix B.

4. Voting and Engagement - Pooled Funds

4.1 UBS invest in pooled passive funds on behalf of the Fund. Accordingly, we are not able to exert direct control over their voting or engagement activity. However, at previous Committee meetings it has been noted that UBS operate a high-quality programme of corporate governance. An update of all the managers activity is included in Appendix B.

5. Responsible Investment Active Equity Manager Ratings

5.1 Hymans have developed an approach to rate investment managers and products by considering how responsible investment (RI) matters are addressed and integrated within investment manager's decision making. The premise being that investment managers who effectively integrate responsible investment into their investment decision making can help deliver better risk adjusted returns.

5.2 Hymans include an RI rating for Norfolk's equity managers in the quarterly performance report.

6. Local Authority Pension Fund Forum

6.1 The Norfolk Pension Fund is a member of The Local Authority Pension Fund Forum (LAPFF). LAPFF exists to promote the investment interests of local authority pension funds and to maximise their influence as shareholders, whilst promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.

6.2 LAPFF Business Meetings were held in January and April 2022. Items discussed at these meetings are detailed in the following table:

Date of Meeting:	Items Discussed:
26 January 2022	• Mining and Human Rights • Joint Ventures • Water companies and Sewage • Executive discussion on LAPFF Exec Diversity Taskforce
13 April 2022	• LAPFF and the UK Accounting Standards Endorsement Board • Human Rights Strategy Paper • Industrial Livestock Companies • Investor Engagement on Social Protection • LAPFF Workplan 2022/2023

7. LGPS Pooling

7.1 The Fund's participation in the ACCESS Pool includes the development of corporate governance and socially responsible investment policies to enable the pool to continue to discharge its responsibility in respect of LGPS regulations and corporate governance activity.

7.2 The latest update on the ACCESS responsible investment / environmental, social and governance guidelines is covered under Item 10.

8.0 Portfolio Carbon Measurement

8.1 The Fund has worked with Hymans Robertson to develop a regular climate risk report across its public equity portfolios on a six-monthly basis. The detailed report is presented as part of the investment update report at item 15. The public summary of this reporting is shown as Appendix D to this item. This summary will be available from our website after the date of this meeting.

9. Financial and other Resource Implications

9.1 At the time of writing this report there are no additional financial or other resource implications beyond those already budgeted for and approved by Committee.

10. Other Implications (Inc. Equality Impact Assessment (EqIA))

10.1 The Norfolk Pension Fund has considered the impact of the changes in service delivery as a result of the COVID-19 global pandemic.

10.2 Officers have considered all the implications which members should be aware of. Apart from those listed (if any), there are no other implications to take into account. There are no issues relevant to equality in this report.

10.3 **Data Protection Impact Assessments (DPIA)**

10.4 We have not identified any data protection implications for the content of this report.

11. Risk Implications/Assessment

11.1 Any risk implications relating to this report will be recorded on the Fund's risk register.

12. Recommendations

12.1 The Pensions Committee is asked to consider and note the contents of this report

13. Background Papers

13.1 Appendix A – 2022 Q1 & Q2 Voting and Results UK
Appendix B – Engagement 01 January 2022 to 30 June 2022
Appendix C – Summary Climate Risk Analysis

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Votes: Quarters 1 and 2 - 2022

APPENDIX A

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote		For		Against		Abstain
17	rio tinto plc	to approve rio tinto group's climate action plan, as set out on pages 16 and 17 of the company's "our approach to climate change 2021" report	A Vote AGAINST due to opposing the climate action plan. They believe that the company should make more ambitious commitments, including on its scope 3 emissions.	08-Apr-2022	Management	Against	927,804,087	82.1%	172,923,756	15.3%	29,413,160	2.6%
2	persimmon plc	approve remuneration report	A Vote AGAINST due to not believing the performance conditions within the annual bonus are sufficiently stretching.	27-Apr-2022	Management	Against	204,416,579	89.691%	21,547,079	9.454%	1,947,554	0.855%
4	standard chartered plc	to approve the annual report on remuneration contained in the directors remuneration report for the year ended 31 december 2021	A Vote AGAINST due to having concerns with how the company is choosing to calculate pension contribution and variable incentives.	04-May-2022	Management	Against	408,109,378	66.66%	149,094,072	24.35%	55,027,858	8.99%
5	standard chartered plc	to approve the directors remuneration policy contained in the directors remuneration report for the year ended 31 december 2021	A Vote AGAINST due to having concerns with how the company is choosing to calculate pension contribution and variable incentives.	04-May-2022	Management	Against	404,531,068	66.1%	183,344,607	29.9%	24,340,637	4.0%
15	prudential plc	to reappoint kpmg llp as the company's auditor	A Vote AGAINST as Capital have outsourced voting on this mandate to ISS, in order to ensure they vote in line with Link's voting policy.	26-May-2022	Management	Against	2,060,354,646	92.8%	149,552,978	6.7%	11,124,330	0.5%
16	prudential plc	to authorise the audit committee to determine the amount of the auditor's remuneration	A Vote AGAINST as Capital have outsourced voting on this mandate to ISS, in order to ensure they vote in line with Link's voting policy.	26-May-2022	Management	Against	2,172,186,266	97.8%	37,804,301	1.7%	11,041,387	0.5%
14	informa plc	to approve the directors' remuneration report set out on pages 132 to 155 of the annual report	A Vote AGAINST due to not believing that bonus payout outcomes aligned with shareholder experience.	16-Jun-2022	Management	Against	334,437,455	28.0%	831,216,642	69.6%	28,973,913	2.4%

Engagement during the period 1 January 2022 to 30 June 2022

UBS

In quarter one, UBS met with Exxon Mobil investor relations and climate specialists and learned the close involvement of the newly composed Board has been a key factor in the company accelerating its approach to climate change transition. As a result of this the company has upgraded its Greenhouse Gas (GHG) reduction targets for Scope 1 and 2 and these now also extend to 2030. UBS await further clarity on the actions required to achieve these new targets and this will likely follow completion of abatement plans for all key assets over the next twelve months.

Exxon Mobil clearly communicated that its overall strategy remains focused on oil & gas activities and expanding its options through technology development. UBS will continue to engage with a view to monitoring progress and encouraging more ambitious actions to address climate change.

Nestlé is identified by the Healthy Market Initiative as a manufacturing company with an outsized potential to impact public health. As part of the Healthy Markets Coalition, UBS sought to get a further insight into Nestlé's work on health and nutrition and discuss the company's aspirations in terms of increasing healthiness of product portfolio and sales and improving transparency. UBS participated in a collaborative engagement with other investors. The meeting provided an opportunity to encourage the company to disclose and set targets to achieve a healthier product portfolio and increase sales of healthier products, using a government-endorsed independent Nutrient Profiling Model (NPM).

UBS were pleased to hear that health and nutrition remain high on Nestlé's agenda. The company has made steps in improving the nutritional value of its products through product reformulation and acknowledged the importance of increased transparency and the need for a level playing field across the sector. Nestlé is already working on assessing the various government endorsed NPMs but has not yet committed to disclosing against any of those or setting targets to increase healthiness of its product portfolio. UBS will continue to engage with the company to encourage them toward this direction.

In quarter two, UBS met with Advanced Drainage Systems to discuss environmental and good-work-related topics. Advance Drainage Systems is one of the largest users of recycled plastic in the US. The company translates the reuse of plastic waste in terms of the GHG emissions avoided and targets to recycle 1bn pound of plastic in 2023, as well as to decrease scrap rate by improving manufacturing process, organic initiatives to reduce their footprint and a 10-year plan for renewable energy through a Power Purchase Agreement. Facing an increase in recycled plastic material price, the company is adding manufacturing capacity for plastic conversion. It is also developing long-term purchasing agreements with recycling companies and partnering with others in the value chain.

With regard to Human Capital Management, Advanced Drainage Systems communicated that topics such as diversity, health and safety and labour management are highly prioritised. It has developed a Diversity, Equity and Inclusion strategy and UBS encouraged the company to disclose diversity data, such as gender breakdown for the corporate office headcount and to set targets on female representation. UBS also highlighted their interest in employee turnover rate data, as indicative of the effectiveness of labour management practices. Advanced Drainage Systems is making progress in terms of Health & Safety, having a specific, time-bound target to reduce their incident rate and a strategy in place to achieve it, including the appointment of a dedicated H&S team and the implementation of a hazard identification system. UBS will continue to engage with a view to monitoring progress and encouraging enhanced reporting.

Ahead of the Standard Chartered plc AGM in May, UBS took the opportunity to engage through a collaborative engagement on its climate strategy, following the filing of both a shareholder proposal submitted by Market Forces, and a management proposal related to its climate strategy. During the call Standard Chartered plc walked through the strategy and explained how the Bank evaluates the transition plans of its clients and its commitments to put its strategy to vote at a future AGM. Overall, the meeting was positive. However, UBS recognised that the Company had not committed to an absolute phase out of coal power financing which was a lagging practice relative to peers with a UK listing.

Furthermore, the disclosure provided by the Company could be improved with a further breakdown of Oil & Gas lending by region and setting absolute targets for reductions (as intensity targets could be met even when absolute exposures to (or financed emissions from) oil and gas increase). Both issues were communicated to the Company as areas of improvement. At the same time, having spoken to Market Forces on prior occasions UBS had a good understanding of the shareholder proposal. As a result of these conversations, UBS decided not to support the company's say-on-climate given their lack of commitment to fully phase out all coal financing after 2040.

Given its advisory nature UBS hope to send a message to the Company that they need to improve on this aspect and will be engaging throughout the year to help drive change. UBS also chose not to support the Market Forces proposal. While the Company may not meet current expectations, UBS recognise that there has been some improvement and the shareholder proposal was not necessary at this point in time.

Link Asset Services - Capital

The airline industry faces several significant challenges. The Covid pandemic severely curbed global travel, weighing on revenues and limiting companies' ability to invest. Longer term, the industry faces environmental challenges and is under pressure to reduce its impact. In quarter one, Capital met with the Japan Airlines CFO for an update in the face of the Omicron variant and the company's approach to cutting CO_2 emissions. When the pandemic hit and travel restrictions were imposed, Japan Airlines did not lay off cabin attendants or international flight-related staff. Instead, the company organised online training courses for staff to strengthen its professional capability. As a result, the airline does not anticipate any bottlenecks as passenger volumes increase.

In terms of environmental impact, Japan Airlines has a significant number of A350 and B787 models which are 15%-25% more fuel efficient than prior aircraft models. It has also committed to expanding use of sustainable aviation fuel (SAF), aiming to replace 10% of fuel loads by 2030. This is in line with Japan government guidance for all Japanese airlines. Capital continues to follow the company closely noting that it aims to improve its ESG disclosures further by including carbon emissions comparisons against other major flag carriers.

Despite strong growth in the electric vehicle (EV) market, there is still some way to go for the auto industry in the transition to EVs. Capital attended an investor day with BMW which included a factory tour and the opportunity to test drive two of its new electric vehicles through 400km of mountainous terrain in the Bavarian Alps. The release of these new vehicles is significant for BMW. To date, BMW has largely relied on Plug-in hybrid EVs (PHEV) to lower emissions because its fully electric, battery powered EV (BEV) offering has been relatively limited.

The two new models represent a more enhanced offering. The iX fits into the best-selling SUV segment and is built on a one-off dedicated platform. The i4 M50 is BMW's first BEV sedan and is built on the same assembly line as the ICE (internal combustion engine) versions of the BMW 4 series. Both vehicles have impressive range, charging capabilities and performance metrics. The iX has particularly impressive battery performance with real-world range of more than 500km.

BMW's CFO noted that these models address the barrier to wider EV adoption of range limitation, although he acknowledged the issues of cost and charging remain. BMW's pragmatic approach to EV development, leveraging existing ICE technology for EV production, shows disciplined capital allocation and is an example of a cost-efficient approach in facilitating the EV transition.

Toyo Suisan Kaisha is a leading Japanese instant noodle marker and in its domestic market, is the second largest supplier. In the US and Mexico, it has the number one spot. Capital engaged with the company and noted its efforts around reducing its environmental impact. To tackle its environmental impact Toyo Suisan aims to reduce the volume of materials used and CO_2 discharged not only in its production processes but also in procurement and logistics. By 2020, it had reduced its CO_2 emissions (by unit of sale) by 20% compared with 2010.

Toyo Suisan's efforts to minimise leakage of chlorofluorocarbon (CFC) refrigerants have also been significant. It is systematically switching machinery and equipment to use natural refrigerants, containing ammonia and CO_2, which have a relatively lower impact. These efforts have resulted in a reduction in CFC leakage of more than 70% over the past five years. Capital commended the company's efforts on the environmental front and continues to monitor improvements around corporate governance, including its use of cash, given the high level of cash as a percentage of its market cap and pay-out ratio, which is low given its earnings generation.

Despite efforts across the aviation industry to reduce greenhouse gas (GHG) emissions by ramping up the use of sustainable aviation fuels (SAFs), the path to net zero GHG emissions remains challenging. Capital has examined various scenarios for potential decarbonisation pathways to 2050, assessing regulatory risks and potential opportunities. Using a range of forecasts and scenarios from consulting and industry groups, the bulk of emissions cuts are anticipated to come from new fuels and aircraft technologies. About 80% or more of projected CO_2 emissions reductions in 2050, from a business-as-usual path, can be achieved through a combination of SAFs and advanced aircraft technologies, primarily the use of liquid hydrogen fuel.

Some aircraft and engine manufacturers, like Airbus, are considering liquid hydrogen-fuelled planes. This fuel requires new aircraft designs and technology development because hydrogen's low volumetric density makes storage a challenge. One estimate indicated fuel tanks would need to be 4x the size of jet fuel tanks, requiring a new airframe design. Further technological innovation is needed for the aviation industry to meet its decarbonisation targets. Given regulatory pressures and the extended timelines required for equipment development, companies need to act quickly or risk being uncompetitive in an industry pursuing a path to net-zero.

Link Asset Services - Mondrian

An important element of Mondrian's process is actively meeting with and engaging with management and the board of current and prospective investments. In order to support their analysis, at meetings with management analysts will discuss:

1. The current and long-term outlook for the business
2. The risks to that outlook and the company's business
3. The company's future business strategy
4. Governance policies and structures that support or hinder confidence in the future outlook

The latter will potentially include a discussion of governance policies, corporate structure, management and board experience and composition, remuneration policies, board oversight policies and procedures as well as policies on shareholder returns. To the extent that issues such as climate change, carbon emissions, human capital concerns and energy usage have been identified as potential risk factors to consider in evaluating the investment case of a particular company, analysts will conduct further investigation into the extent of these risks as well as risk mitigation. The findings from this questioning and disclosure will be incorporated into an overall investment evaluation of the company and highlighted in the ESG Summary Report.

Where it is found that the approach of direct engagement with the management and board of a company is ineffectual in dealing with Mondrian's concerns, subject to any regulatory restrictions and where it is in the clients' best interests to do so, Mondrian may act collectively with other shareholders and governance organisations. While Mondrian recognises the benefits of working alongside other likeminded investors and the likelihood that such engagement may be the most effective means of securing the required change, Mondrian would generally only participate in collective engagement on critical issues which may have a material impact on shareholder value. Any engagement would be reviewed on a case-by-case basis and would require the knowledge of the product CIO and the Compliance Officer.

Time Period:	Quarter 1 2022	Quarter 2 2022
Total Engagements Across Equity Teams:	366	363
Total Engagements with Global Equity strategy-related Companies:	193	184
Total Engagements with Norfolk Portfolio Companies:	24	25
Top Five Engagement Issues Across Equity Teams:	1. Supply Chain	1. Supply Chain
	2. Labour	2. Other Governance
	3. Green Opportunities	3. Green Opportunities
	4. Other Governance	4. Labour
	5. Board	5. Board
Top Five Engagement Issues with Norfolk Portfolio Companies:	1. Board	1. Board
	2. Labour	2. Supply Chain
	3. Other Governance	3. Green Opportunities
	4. Green Opportunities	4. Diversity and Inclusion
	5. Supply Chain	5. Other Governance

Mondrian systematically assess investments on their human capital risks and opportunities, and where financially material, incorporate these factors within valuations.

Link Asset Services - LF ACCESS UK Equity Core Fund (Baillie Gifford)

During the first quarter, Baillie Gifford engaged with Genus to understand various aspects of the company's decarbonisation plan that contribute to meeting both the 2030 interim and 2050 net zero targets. Initial discussions took place with the CEO, CFO and Head of Sustainability at Genus about various proposed projects that had been recently presented to the board, including a pilot biogas capture project at one of the company's nucleus pig herds.

Baillie Gifford will continue to engage with and monitor the company's progress, particularly regarding the biogas capture project and the company's consultation with the science-based targets initiative to verify the company's decarbonisation commitments. Another priority will be to encourage the company to engage more forthrightly with the wider livestock farming industry to encourage faster decarbonisation ambitions.

Baillie Gifford also engaged with Prudential to explore the leadership transition and the board's decision that the new CEO and CFO will be based in Asia. Baillie Gifford had a call with the chair, Shriti Vadera, following the announcement that the CEO is stepping down. The CFO, Mark FitzPatrick, will serve as interim CEO to provide continuity and will help with the transition before he too steps down. Both the new CEO and CFO will be based in Asia. The search for a new CEO has started. The chair is experienced in CEO searches and Baillie Gifford were satisfied with the succession management process and, as most of the business and growth potential is in Asia, with the decision to base the executives there.

In quarter two, Baillie Gifford met Marks and Spencer to discuss the succession plan following the announcement that the CEO, Steve Rowe, will be stepping down. The board decided on an unusual executive structure whereby Stuart Machin will be the successor as CEO with Katie Bickerstaffe appointed as Co-CEO, reporting to Steve. The CFO has been given additional responsibility as the lead on strategy. Both the CEO and Co-CEO will retain their previous responsibilities for Food and Fashion & Home respectively.

Baillie Gifford were told these are three very capable and ambitious leaders who each have the ability to drive growth in the business. They have already been working well together and will monitor the effectiveness of the arrangement.

Baillie Gifford also met with Rio Tinto to discuss the company Climate Action Plan ahead of the AGM. The company has strengthened its decarbonisation targets for scope 1 and 2 emissions in the last year, aiming to reduce its operational footprint by 50 per cent by 2030. Baillie Gifford commended the company for this work but also outlined concerns that it is not doing enough to address the large scope 3, downstream emissions in its value chain. These emissions represent approximately 95 per cent of Rio Tinto's carbon footprint, the majority of which is attributed to its steel manufacturing customers.

Baillie Gifford understand the difficulties in addressing indirect emissions but think the company can show more ambition and greater urgency in its climate strategy. In addition to developing partnerships and funding research, the company should consider setting scope 3 emissions targets and Baillie Gifford would support greater financial investment to futureproof this part of the business. Baillie Gifford did not support the Climate Action Plan at the AGM and communicated the rationale to the company. Dialogue with the company will continue and concerns will be raised with the incoming Chair, Dominic Barton, at the earliest opportunity.

The Breedon Group hosted a site visit for Baillie Gifford at one of its limestone quarries in the East Midlands providing an opportunity to tour company operations at one of its largest sites as well as spend time meeting with management to discuss the business, including progress in decarbonisation. The site tour was informative, providing context to the company's daily operations and near-term expansion plans. Despite significant price inflation across the construction materials industry, the company's outlook remains positive, particularly as Breedon remains a beneficiary of national infrastructure projects, such as HS2.

The CEO and the company's head of sustainability recently attended the Global Cement and Concrete Association (GCCA) conference in the US, which was focused on decarbonisation across the sector. It was apparent how focused the industry has become on tackling the problem of emissions at a collective level. The GCCA membership now covers almost 80 per cent of global production outside of China and requires companies to commit to net zero by 2050. Membership also involves aligning to the GCCA decarbonisation pathway, including interim targets, and external audits by GCCA to ensure sufficient progress. Breedon is due for an audit shortly. In the meantime, the company continues to explore the possibility to reduce emissions through the use of substitute cementitious material (fillers). One of the CEO's largest frustrations with these efforts is the UK government's slow progress in accepting greater levels of filler, despite approval in other jurisdictions, such as the EU.

Link Asset Services – LF ACCESS Global Ex UK Fund (Fidelity)

Following ongoing engagement with Central Asia Metals PLC (UK) over the last couple of years, Fidelity engaged with the company in quarter one to continue to press them on climate progress, in particular with respect to setting emissions reductions targets and disclosure of Scope 3 emissions. Fidelity recognised significant progress. Following climate voting policy communications with the company, outlining expectations that companies measure their emissions and set associated reduction targets, the company announced its 2050 net zero ambitions, complemented by an interim 2030 helping to provide a glide path to net zero and hold the company accountable for real world emissions reductions in the near term. The board has agreed to set a target to reduce GHG emission by 50% by 2030 vs a 2020 baseline. The company will drive emissions reductions through investment in renewables, as well as operational efficiency gains. The company has also committed to measure scope three emissions in 2023, reporting results in 2024. These developments contribute to the company’s longer-term ambitions. The company will be incorporating a net zero by 2050 policy into their updated business development strategy with current mining operations set to close by 2037.

Fidelity recognised the significant progress the company has made in addressing their GHG emissions in the last year. However, there is still room for improvement and the company needs to deliver on its targets. Moreover, Central Asia Metals PLC (UK) still falls short of expectations in their disclosure of toxic emissions. Compared to peers, toxic emissions should be low and therefore disclosure should be beneficial for the company. Fidelity also reiterated their gender voting policy, requiring 30% female representation at the board level.

Fidelity also engaged with Solaria (a Spanish solar energy producer) to find out more about their progress on several sustainability topics including supply chain management, products end of life, and employee retention and incentives. Last year, some suppliers of solar panels were allegedly involved in forced labour in Xinjiang, China. As a result, the company updated its suppliers' code of ethics and introduced a new human rights policy, which requires they visit suppliers' facilities before onboarding a new supplier and use a third party for conducting regular due diligence. The company did not find evidence of modern slavery at their suppliers.

Employee turnover continues to be very high at Solaria and the company has no intention to introduce a share-based incentive scheme for employees. On end-of-life of solar farms, the company explained they have a decommissioning plan for site that have generally an expected life of 30 years. Fidelity will continue to engage with the company on these issues.

In quarter two, Fidelity met with the CEO of Konica Minolta to provide understanding on an investors' perspective of the company. Fidelity highlighted two main problems as the reasons for the company's subpar share price performance. First and foremost, despite being a company of business portfolios, the company had hitherto been entrenched with inside directors from the different businesses, hindering any objective decision making.

Secondly, the company's lack of execution following its announcement of business portfolio restructuring has disappointed investors and the company's continued capital allocation to low growth or low profitability segments drew questions. In other words, their governance which on the surface looks good (rated highly by third party ESG rating providers), is actually ineffective and hindered effective business portfolio management which depressed the share price.

However, Fidelity have reason to be cautiously optimistic as the board is chaired by an external director and has majority independence. Additionally, office term for outside directors has been extended from 4 to 6 years (still with annual election) so that they can feel more comfortable speaking up against longer-tenured internal members. Fidelity hopes this enhanced monitoring board functions effectively to catapult the business restructuring that it desperately needs.

In the last two years, Barclays Bank has significantly scaled up its capabilities regarding the integration of climate change considerations into its financing practices, including launching a proprietary tool to measure and track portfolio emissions and being among the first global diversified banks to set sectoral financed emission reduction targets. After having received 99% approval from shareholders for its climate plan at the 2020 AGM, it held an advisory vote in 2022 on its revised climate financing targets and progress. The bank continues to be heavily scrutinised by NGOs and shareholders for its high exposure to fossil fuels, and it was the target of shareholder proposals at both its 2020 and 2021 AGMs. In both cases, the proposals were aimed at forcing the bank to adopt a more exclusion-led decarbonisation approach.

In 2022, the bank introduced new, more ambitious financed emission targets for the energy and power sectors and announced targets for two new sectors (cement and steel). It also announced new restrictive policies for thermal coal mining and power, albeit with a longer phase-out timeline for the US. It reported good progress on reducing financed emissions, though with global economic activity during 2021 having been severely impacted by Covid-19, it is not yet clear how durable these reductions are. Fidelity held a 1:1 meeting with the company and participated in a group engagement before reaching a final decision.

Fidelity probed several aspects of the bank's climate policies, including the US coal phase-out timeline, its use of financed emission reduction target 'bands', and the attribution of financed emissions for the bank's capital markets activities. Fidelity ultimately concluded that the climate report merited support on balance, taking note of the bank's progress and positioning relative to peers. The report was approved, though with substantial dissent: c. 19% of votes were cast against the resolution.

Fidelity can understand why the climate report received pushback from some shareholders: the bank currently remains one of the largest financiers of the fossil fuel industry, and while it appears to be making strong progress in scaling up its climate expertise, assessing its carbon impact, and beginning to take action to reduce financed emissions, there are certain aspects of its policies which have provoked concern e.g., its US coal phase out date. Fidelity decided that the bank's progress to date merited support on balance but see scope for improvement in several areas. Fidelity have found the bank to be very open to dialogue on its climate progress in the last several years, and plan to continue engaging on this going forward.

APPENDIX C

Climate risk reporting

Introduction

Climate risk is a systemic risk that can have a material financial impact on a pension fund's assets and liabilities. As such the Pensions Committee of the Norfolk Pension Fund is committed to understanding and monitoring its exposure to climate related risks. The Committee will monitor and report on the climate related exposures within the Fund on a regular basis across a number of key metrics and review how the exposure to these risk factors evolves and develops over time.

Climate risk metrics

The key climate risk metrics the Fund will monitor are as follows:

Weighted average carbon intensity

This is a measure of a portfolio's exposure to carbon-intense companies. This is expressed in terms of tons of CO2 equivalent emitted per million dollars of revenue, weighted by the size of the allocation to each company. It is measured using scope 1 and scope 2 emissions. Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel. Scope 2 emissions are those caused by the generation of electricity purchased by the company.

Total carbon emissions per £m invested

This represents a portfolio's estimated scope 1 and scope 2 greenhouse gas emissions per £m of invested capital. This is expressed in terms of tons of CO2 equivalent emitted by the companies invested in by a portfolio, weighted by the size of each company.

% of portfolio with ties to fossil fuels

The percentage of a portfolio invested in companies with an industry tie to fossil fuels (thermal coal, oil and gas), in particular reserve ownership, related revenues and power generation. It does not include companies providing evidence of owning metallurgical coal reserves.

Pension Fund portfolio analysis – June 2022

The Committee have carried out analysis of the Fund's listed equity portfolios against the metrics outlined above. For comparison purposes the Committee have also included the corresponding metrics for the MSCI ACWI global equity benchmark and the analysis indicates that the Fund has lower exposures to carbon intensive companies, carbon emissions per £m invested, and companies with ties to fossil fuels than the global index. The climate related exposures of the Fund as at 30 June 2022 are set out in the table below.

	Weighted Average Carbon Intensity (tCO2/$m Sales)	Carbon Emissions (tCO2)/£m Invested	% Of Portfolio With Ties to Fossil Fuels
Norfolk Pension Fund	**89.8**	**74.3**	**7.8**
World Equity	**169.6**	**107.7**	**12.7**
Relative	***-79.8***	***-33.5***	***-4.9***

Source: Hymans Robertson using data provided and owned by MSCI ESG Research LLC and its affiliates. Reproduced with permission

The Committee will update the analysis on a regular basis and review the potential to expand the analysis beyond the Fund's listed equity holdings.

Pensions Committee

Item No. 9

Report title:	**Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks (TCFD) - open consultation**
Date of meeting:	**27 September 2022**
Responsible Director:	**Simon George, Executive Director of Finance and Commercial Services** **Glenn Cossey, Director of the Norfolk Pension Fund**

Executive Summary

The consultation on the application of TCFD (Taskforce on Climate Related Financial Disclosure) to the LGPS was published on 1 September. Formally this is titled ”Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks”. It is an open consultation.

The closing date for responses is **24 November 2022.**

The consultation seeks views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate related risks, in line with the recommendation of the Taskforce on Climate-related Financial Disclosure (TCFD).

This consultation seeks views on policy proposals to require administering authorities of the Local Government Pension Scheme (LGPS) to have effective governance, strategy and risk management, alongside accompanying metrics and targets for the assessment and management of climate risks and opportunities. The consultation invites responses on proposals to disclose these in line with the recommendations of the international industry led TCFD.

It is proposed that LGPS administering authorities would calculate the ‘carbon footprint’ of their assets and assess how the value of each fund’s assets or liabilities would be affected by different temperature rise scenarios, including the ambition to limit the global average temperature rise to below 2 degrees set out in the Paris Agreement.

It is proposed that administering authorities should report on this annually, and that these reports will be summarised in an LGPS-wide report, including the overall carbon emissions of the scheme.

The Fund will prepare a response to the consultation. This will be shared with Pensions Committee for comment prior to submission.

The consultation document is attached as Appendix A.

This report will also be accompanied by a presentation from the Investment Consultant.

Recommendation

It is recommended that the Committee note the content of this report.

1. Approach & Consultation

1.1. The long-awaited consultation on the application of TCFD (Taskforce on Climate Related Financial Disclosure) to the LGPS was published on 1 September 2022. Formally this is titled "Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks". It is an open consultation.

1.2. The closing date for responses is **24 November 2022.**

1.3. The consultation seeks views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate related risks, in line with the recommendation of the Taskforce on Climate-related Financial Disclosure (TCFD).

1.4. This consultation seeks opinions on policy proposals to require administering authorities of the Local Government Pension Scheme (LGPS) to have effective governance, strategy and risk management alongside accompanying metrics and targets for the assessment and management of climate risks and opportunities. The consultation invites responses on proposals to disclose these in line with the recommendations of the international industry led TCFD.

1.5. It is proposed that LGPS administering authorities would calculate the 'carbon footprint' of their assets and assess how the value of each fund's assets or liabilities would be affected by different temperature rise scenarios, including the ambition to limit the global average temperature rise to below 2 degrees set out in the Paris Agreement.

1.6. It is proposed that administering authorities should report on this annually, and that these reports will be summarised in an LGPS-wide report, including the overall carbon emissions of the scheme.

1.7. The expected implementation date for this is 2023-24 with the first report required by December 2024 (covering the year 2023-24). This will give funds a reasonable lead time to prepare for the new reporting and governance requirements that arise. The Fund has already begun work in this area with the adoption of six-monthly reporting of climate risk reporting within quoted equity portfolios and the incorporation of climate change scenarios in the risk modelling undertaken as part of the 2022 Triennial Valuation. We are aware that a number of those that manage investments on our behalf are also working hard to ensure that they can provide information and reporting that clients will require going forward.

1.8. The Fund will prepare a response to the consultation. This will be shared with Pensions Committee for comment prior to submission.

2. Financial Implications

2.1 There are no additional cost implications other than identified in the report.

3. Risk Implications/Assessment

3.1 Any risk implications relating to this report will be recorded on the Fund's risk register.

4. Other Implications (inc. Equality Impact Assessment (EqIA))

4.1 Officers have considered all the implications which members should be aware of. Apart from those listed (if any), there are no other implications to take into account. There are no issues relevant to equality in this report.

5.0 Data Protection Impact Assessments (DPIA)

5.1 We have not identified any data protection implications for the content of this report.

6. Recommendations

6.1 It is recommended that the Committee note the content of this report.

7. Background Paper

7.1 Appendix A: Consultation - Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

Officer name:	**Glenn Cossey**	**Tel No.:**	**01603 228978**
Email address:	glenn.cossey@norfolk.gov.uk		

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APPENDIX A

Open Consultation

Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks

Published 1 September 2022

Applies to England and Wales

Contents

Scope of the consultation

Topic of this consultation:
This consultation seeks views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Scope of this consultation:
DLUHC is consulting on proposals for new requirements on LGPS administering authorities.

Geographical scope:
This consultation applies to England and Wales.

Impact assessment:
The proposed interventions affect the investment of assets by local government pension scheme administering authorities. These authorities are all public sector organisations, so no impact assessment is required.

Body responsible for the consultation:
Department for Levelling Up, Housing and Communities (DLUHC)

Duration:
This consultation will last for 12 weeks from 1 September 2022 to 24 November 2022.

Enquiries:
For any enquiries about the consultation please contact: LGPensions@levellingup.gov.uk

How to respond:
Please respond by completing an online survey.
Alternatively, please email your response to the consultation to LGPensions@levellingup.gov.uk.
Alternatively, please send postal responses to:

LGF Pensions Team
Department for Levelling Up, Housing and Communities
2nd Floor
Fry Building
2 Marsham Street
London
SW1P 4DF

When you reply, it would be very useful if you could make it clear which questions you are responding to. Additionally, please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name
- your position (if applicable)
- the name of organisation (if applicable)
- an email address

1. Introduction and summary of proposals

1. Addressing climate change is one of the major challenges we face in the UK and globally. The UK government is a world leader in commitments to transition to a low carbon economy and in 2019 set the target of achieving net-zero greenhouse gas emissions by 2050.

2. Investment in more sustainable projects and activities is essential in order to reduce climate change and to mitigate its impacts. Investors will also need to understand and manage the financial risks and opportunities arising from climate change in order to protect and grow their assets and cashflow.

3. To enable investors to make high-quality decisions and to encourage better pricing and capital allocation in markets, high quality disclosures will be needed regarding how their assets will affect and be affected by climate change.

4. The international Taskforce on Climate-related Financial Disclosures (TCFD) published a set of recommendations in 2017 with the aims of improving assessment, management, and disclosure of climate-related financial risks. In November 2020, the government announced the UK's intention to make TCFD-aligned disclosures mandatory in the UK across the economy by 2025, with a significant portion of mandatory requirements in place by 2023. The joint Government Regulators Taskforce's Interim Report, and accompanying roadmap, published alongside the announcement, sets out an indicative pathway to achieving that ambition.

5. In July 2021, the government went further by announcing its new, economy-wide Sustainability Disclosure Requirements (SDR) regime. This regime will build on the UK's world-leading implementation of the TCFD recommendations and streamline UK sustainability reporting. SDR will be broader than financial risk, extending to environmental impact (including disclosures based on definitions contained in the UK Green Taxonomy), and over time, to factors beyond climate, including broader sustainability factors such as environmental and social considerations.

6. In October 2021, the government published details of the regime, along with an implementation pathway, in its publication Greening Finance: A Roadmap to Sustainable Investing. This announced the intention to set up an endorsement and adoption function in the UK for standards issued by the International Sustainability Standards Board (ISSB). Standards issued by the ISSB will not have any legal force in the UK until they have been endorsed and adopted to ensure that the Standards applied in the UK reflect UK

circumstances. The government will consult on proposals for a framework to introduce reporting against IFRS Sustainability Disclosure Standards in the UK in due course. SDR for the LGPS is not covered in this consultation but we will work with the Scheme Advisory Board to develop proposals.

Role of the LGPS

7. The LGPS is one of the largest pension schemes in the UK with 6.2 million members and a significant UK and global investor with £342 billion of assets in 2022. It is locally managed and funded by 86 administering authorities (AAs). The primary purpose of LGPS investments is to meet the scheme's long-term pension liabilities by balancing risk and return appropriately. However, the LGPS's scale and market power give it an opportunity to drive change through the investment chain through asset managers to investee companies.

8. AAs are already required to consider factors that are financially material to the performance of their investments, including environmental, social, and corporate governance considerations. They also must have a policy stating how such considerations will be considered in setting their investment strategy. The aim of the proposals in this consultation document is to build on that position by ensuring that the financial risks and opportunities arising specifically from climate change are properly understood and effectively managed by AAs, and that they report transparently on their approach in line with broader UK policy.

9. The government's view is that the requirements for the LGPS should set as high a standard as for private schemes. We have therefore made the requirements for private schemes the starting point for our proposals but have aimed to take account of the unique features of the LGPS including its local administration and democratic accountability through the AAs.

10. The UK Energy Security Strategy was published in April 2022 and emphasises the importance of investment in energy by the private sector to improve energy security and support the transition to clean energy. The LGPS has an important role to play as a major investor with a commitment to stewardship and engagement. These proposals seek to support that approach to addressing high carbon emissions and discourage any pursuit of lower emissions through withdrawing investment from energy companies.

Summary of proposals

11. The new requirements on which we are consulting are discussed throughout this document. For ease, we have summarised the key proposals below.

Area	Proposal
Overall	Each LGPS AA must complete the actions listed below and summarise their work in an annual Climate Risk Report.
Scope and Timing	The proposed regulations will apply to all LGPS AAs. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.
Governance	AAs will be expected to establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. They must also maintain a process or processes by which they can satisfy themselves that officers and advisors are assessing and managing climate-related risks and opportunities.

Area	Proposal
Strategy	AAs will be expected to identify climate-related risks and opportunities on an ongoing basis and assess their impact on their funding and investment strategies.
Scenario Analysis	AAs will be required to carry out two sets of scenario analysis. This must involve an assessment of their investment and funding strategies. One scenario must be Paris-aligned (meaning it assumes a 1.5 to 2-degree temperature rise above pre-industrial levels) and one scenario will be at the choice of the AA. Scenario analysis must be conducted at least once in each valuation period.
Risk Management	AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.
Metrics	AAs will be expected to report on metrics as defined in supporting guidance. The proposed metrics are set out below. Metric 1 will be an absolute emissions metric. Under this metric, AAs must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions. Metric 2 will be an emissions intensity metric. We propose that all AAs should report the Carbon Footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as Weighted Average Carbon Intensity (WACI) will be permitted, but AAs will be asked to explain their reasoning for doing so in their Climate Risk Report. Metric 3 will be the Data Quality metric. Under the Data Quality metric, AAs will report the proportion the value of its assets for which its total reported emissions were Verified*, Reported**, Estimated or Unavailable. Metric 4 will be the Paris Alignment Metric. Under the Paris Alignment Metric, AAs will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner. Metrics must be measured and disclosed annually.
Targets	AAs will be expected to set a target in relation to one metric, chosen by the AA. The target will not be binding. Progress against the target must be assessed once a year, and the target revised if appropriate. The chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD.
Disclosure	AAs will be expected to publish an annual Climate Risk Report. This may be a standalone report, or a section in the AA's annual report The deadline for publishing the Climate Risk Report will be 1 December, as for the AA's Annual Report, with the first Climate Risk Report due in December 2024. We propose that scheme members must be informed that the Climate Risk Report is available in an appropriate way.
Scheme Climate Report	We propose that the Scheme Advisory Board (SAB) should prepare an annual Scheme Climate Report including a link to each individual AA's Climate Risk Report (or a note that none has been published) and aggregate figures for the four mandatory metrics. We also propose that a list of the targets which have been adopted by AAs. We are open to views as to whether any other information should be included in the Scheme Climate Report.
Proper advice	We propose to require that each AA take proper advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.

*This refers to reported emissions calculated in line with the GHG Protocol and verified by a third-party.
**This refers to reported emissions calculated in line with the GHG Protocol without verification by a third-party.

12. The remainder of this chapter sets out the background to the proposals. In chapter 2, the proposed actions to be undertaken by LGPS AAs are discussed, and chapter 3 sets out the disclosure requirements. Chapter 4 discusses other issues, including our proposal for a Scheme Climate Report and the role of the LGPS asset pools. A summary of the consultation questions is at the end of the document.

Background

The TCFD recommendations

13. The TCFD is a global, private sector led group assembled in December 2015 at the instigation of the Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system. Following extensive public consultation, they published their recommended disclosures in June 2017.

14. The recommendations were designed to be adoptable by all organisations, including those inside and outside the financial industry, from asset managers to asset owners, including banks, insurers, and pension schemes.

15. The TCFD designed the set of recommendations as a flexible framework for these organisations. The framework is meant to produce decision-useful, forward-looking information on the financial impacts of climate change. It is also meant to accommodate continued rapid evolution in climate-related modelling, management, and reporting.

16. The final report included 11 recommendations. These are split into Governance, Strategy, Risk Management, and Metrics and Targets.

Core elements of recommended climate-related financial disclosures

Governance: The organisation's governance around climate-related risks and opportunities.

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Risk Management: The processes used by the organisation to identify, assess, and manage climate-related risks.

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Benefits of the TCFD recommendations for the LGPS

17. A TCFD-aligned approach to climate risks will offer the opportunity for LGPS AAs to build on the relatively high-level requirements of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016. It permits them to demonstrate how the consideration of climate change risks and opportunities are integrated into the AA's entire decision-making process.

18. Carrying out scenario analysis, reporting on appropriate metrics that include greenhouse gas emissions, and setting appropriate targets, would provide valuable inputs to inform an AA's investment strategy. It would also allow AAs to monitor and review progress and to make amendments to the investment strategy where necessary. Disclosing this information would provide greater transparency to members and taxpayers about how their money is being managed.

19. The flexible structure of the TCFD recommendations also allows AAs to continuously improve climate risk governance and reporting in the light of rapidly increasing data quality and completeness and emerging best practice.

20. Many aspects of the tools and data used for climate-related analysis are still in development, but AAs can take substantive action now to address climate risk and to report on it as part of their duties to scheme members, employers, and the public. There are already enough data, analysis, and tools to effect real change when AAs use the data to manage risks and opportunities.

Comparison with regime for private pension schemes

21. The Department for Work and Pensions (DWP) has already introduced requirements on climate risk management and reporting for private pension schemes, in regulations which came into force on 1 October 2021. Implementation will be staged for private pension schemes. Private schemes with £5 billion or more in assets were immediately in scope, with those with £1 billion or more to follow in October 2022. Schemes with less than £1 billion in assets are not currently covered. The DWP has published statutory guidance on the requirements.

22. DWP's intention to implement the UK's new Sustainability Disclosure Requirements (SDR) regime for private pension scheme is outlined in Greening Finance: A Roadmap to Sustainable Investing. SDR requirements for the LGPS are not covered by this consultation.

23. The proposals set out in this consultation are broadly similar to the requirements for private pension schemes, and encompass the same four areas of governance, strategy, risk management and metrics and targets. However, a key difference is that our proposed requirements will apply to all LGPS AAs from 2023/24 regardless of fund size. Currently the assets held by LGPS funds range from around £0.5 billion to £25 billion with 65 funds holding less than £5 billion and 8 funds holding less than £1 billion.

24. We recognise that larger LGPS funds are likely to have more capacity to meet new requirements than smaller funds. However, our view is that it would not be right to stage implementation within a single pension scheme in which all funds face climate risks, are democratically accountable and subject to high external scrutiny. We also believe that the LGPS asset pools can play a key role in supporting implementation (see discussion in Chapter 4).

25. Another key difference is the proposed requirement to report data quality as a mandatory metric. This aims to help the LGPS use its scale and market power to drive improvements in the quality of emissions data, which will be a critical factor in raising the quality of climate risk management.

Other relevant regulated areas

26. Pension schemes sit at the top of an investment chain, whereby the assets are usually invested in products via a financial intermediary, who may then invest directly in products

such as equities. Therefore, schemes rely on high quality data being provided up the chain to produce meaningful climate related disclosures. In preparing these proposals we have been mindful of regulation in other areas which may impact the ability of LGPS AAs to carry out the requirements.

27. The Department for Business, Energy, and Industrial Strategy (BEIS) has consulted on TCFD-aligned regulations for certain publicly quoted companies, large private companies, and Limited Liability Partnerships (LLPs). The requirements came into effect in April 2022[footnote 1].

28. The Financial Conduct Authority (FCA) have introduced a new listing rule and guidance which requires commercial companies with a UK premium listing to include a compliance statement in their annual financial report. This statement must indicate whether the company has made disclosures consistent with the recommendations of the TCFD or provide an explanation if it has not done so.

29. In addition, the FCA has introduced TCFD related rules and guidance at the portfolio and entity level for asset managers, life insurers, and FCA-regulated pension providers. This is particularly relevant to the LGPS as some of the LGPS asset pools will be subject to these requirements in their capacity as asset managers.

30. The Pensions Regulator (TPR) also has a role in this area. It has published guidance intended to help trustees of private sector occupational pension schemes. While TPR has no remit regarding the investments of LGPS funds, their advice and guidance may be useful for LGPS AAs wishing to adopt best practice. In addition, TPR has a role in overseeing the governance of LGPS AAs, which would include the governance requirements outlined here.

31. Our proposals are intended to facilitate consistency across the investment chain and take account of these consultations and requirements by other regulators.

32. Finally, we view these proposals as the first step on the journey to implementing in full the new UK Sustainability Disclosures Regime, announced by the then Chancellor in July 2021.

2. Proposed requirements

33. The TCFD recommendations cover requirements in four areas: governance, strategy, risk management, and metrics and targets. In this chapter, we discuss how these recommendations can be implemented in the LGPS, taking account of its existing structure and framework. We also set out our proposed requirements for AAs. Proposals on disclosure in relation to each area are discussed in Chapter 3.
34. The proposed requirements relate only to the assets and liabilities in respect of the pension scheme and not to other AA activity. For example, emissions caused by travel to meetings, or office provision, would not need to be disclosed as they are not directly attributable to the assets of the LGPS.

Governance

35. The TCFD recommendations on governance aim to place development of a robust climate governance framework at the centre of an organisation’s operations. The framework itself is designed to be adoptable by all organisations and easily translatable into sector-specific arrangements.

36. For LGPS AAs, however, we believe that the governance requirements in particular may require some adjustment in order to reflect the nature of their existing governance.

37. The role of the AA's scheme manager is broadly similar to that of the board, as described in the TCFD recommendations. The scheme manager of an LGPS AA usually takes the form of a pensions committee and is assisted by the local pensions board. The scheme manager is accountable for funding strategy, investment strategy, asset allocation, and overall risk management. It will therefore be responsible for the assessment and management of climate risks and opportunities in relation to the investments.
The LGPS asset pool in which the AA is a partner, in turn, is responsible for implementation of the investment strategy except in respect of non-pooled assets which remain with the fund.

38. Decisions on investment matters may therefore be taken by the scheme manager, informed by advice from external advisers and officers, or delegated to an officer or to the pool. All have important roles in effectively assessing and managing climate change risk and opportunities, and all will be central to the AA's efforts to fully embed climate risks into their governance processes.

39. The scheme manager will need to appoint properly qualified advisers, fully consider their advice, and take appropriate action in order to address these risks. The committee's officers and advisers and the pool, where appropriate, will need to provide advice which is accessible for non-specialists and adequately addresses climate risks to the fund, bringing in additional expertise where needed. We propose to provide statutory guidance to assist AAs. The role of the LGPS asset pools and knowledge and skills requirements are discussed further in Chapter 4.

40. However, we are not proposing to place any legal duties on individuals, whether officers or advisers, or on the pool. Our proposal is to place new duties on AAs to:
    - establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities
    - establish and maintain processes by which they can, on an ongoing basis, satisfy themselves that those who undertake climate-related governance activities, advisors, and those who assist the AA (including officers and advisors) with respect to climate related governance are doing so effectively.

Question 1: Do you agree with our proposed requirements in relation to governance?

Strategy

41. The TCFD's recommendations on strategy are intended to promote continuous assessment of the implications of climate change for an organisation's strategy.

42. For AAs, climate risks will be relevant to both their investment and funding strategies. AAs will need to consider what physical and transition risks and opportunities may affect both strategies and over what time periods. These may include a wide range of factors, including carbon pricing, adoption of new technology or lower carbon alternatives, and extreme weather events.

43. AAs will also need to assess the impacts of the identified risks and opportunities over the same time periods on their strategies. They also need to consider what actions to take in response. The assessment will need to take account of the materiality of the risks, and the liquidity and time horizon of the assets, as well as the cashflow and liabilities of the fund. It will be for the AA to determine the appropriate time periods and to take a view on materiality of risks taking account of these factors.

44. We propose to provide statutory guidance to assist AAs to identify risks and opportunities, and to assess the impacts, including consideration of factors to be taken into account.

45. Our proposal is to place new duties on AAs to:
    - identify, on an ongoing basis, climate-related risks and opportunities that will impact the investment and funding strategy of the AA, over the short, medium, and long term.
    - assess, on an ongoing basis, the impact of the identified risks and opportunities on the AA's investment and funding strategy.

Question 2: Do you agree with our proposed requirements in relation to strategy?

Scenario analysis

46. The TCFD recommends that organisations undertake scenario analysis in order to improve the quality of strategies. It recommends that organisations consider credible, distinctive, and relevant scenarios for the future path of climate change and that they test the assessment of impacts and the proposed actions against these scenarios.

47. Scenario analysis is particularly relevant to AAs seeking to assess the medium- and long-term impacts of climate change on their assets, liabilities, and strategies. These longer-term potential impacts, as well as sudden events such as climate tipping points, may not be captured by traditional risk management, particularly where there are high levels of uncertainty. Scenario analysis can also help to create and maintain strategies which take full account of climate risks and opportunities.

48. We recognise that at present the use of climate scenarios is still new and that current assumptions and methodologies vary. Data quality and availability may also be a problem particularly for some asset classes. Nevertheless, we expect the development of expertise, methodologies, and data to accelerate rapidly in the next few years and hope to see greater consensus in the future.

49. We therefore propose that regulations would require AAs to conduct scenario analysis as far as they are able to. This analysis may be qualitative or quantitative, but we would expect AAs to carry out quantitative analysis where possible and to expand the assets covered by quantitative analysis as quickly as possible.

50. We also propose to provide statutory guidance on scenario analysis to assist AAs, including guidance on dealing with missing or poor-quality data and other barriers. We would expect AAs to aim to do the best scenario analysis that they can, and to aim to improve their scenario analysis over time.

51. The TCFD also recommends that organisations consider a range of climate scenarios, including a scenario based on global temperatures increasing by 2°C or lower over pre-industrial levels. The 2° or lower scenario is important because this level of temperature rise is believed to limit catastrophic physical risks such as flooding and droughts, but there may still be significant short term transition risks due to changes to policy, technology, and markets. Scenarios based on higher temperature rises may see more impacts from physical risks both in the short and long term, with lower transition risks.

52. We therefore believe that AAs must consider two or more climate-related scenarios, at least one of which must be a scenario of 2°C or lower temperature rise. AAs will need to assess their assets and liabilities, and their investment and funding strategies against these scenarios.

53. Investment and funding decisions are made triennially in accordance with the valuation cycle. As scenario analysis should feed into these decisions, we recommend that it is incorporated into the valuation cycle and carried out at least every three years. In the interim years, AAs should consider whether a new scenario analysis should be carried out to reflect any changes in the fund. In a normal year, where there have been only minor changes in the scheme, we would not expect AAs to repeat scenario analysis given it is a substantial piece of work.

54. We propose to place a new duty on AAs to:
    - assess their assets, liabilities, investment strategy and funding strategy against climate risks and opportunities in at least two climate scenarios. This assessment must include at least one scenario based on a global temperature rise of 2°C or lower on pre-industrial levels. This assessment must occur at least once every valuation cycle. In interim years, AAs must consider whether any changes in the fund have been substantial enough to require scenario analysis to be repeated.

Question 3: Do you agree with our suggested requirements in relation to scenario analysis?

Risk management

55. The TCFD's recommendations aim to ensure that risk management in relation to climate risks is rigorous, comprehensive, and fully integrated into wider risk management.

56. In line with the TCFD recommendations, we propose that regulations require that AAs identify and assess their fund's exposure to climate-related risks and take action to manage the risks identified. This will include consideration of both physical and transition risks and the materiality of those risks, as well as proximity and likelihood.

57. This means having effective processes for identifying climate-related risks and opportunities, and assessing their likely impact on assets, liabilities, investment, and funding strategies. We propose that guidance will support AAs in ensuring they have the most appropriate processes in place and that they consider the full range of relevant factors and types of risk and opportunity.

58. AAs will already have risk management processes in place to manage investment risks. We therefore propose to require AAs to integrate these climate-related processes in their existing risk management processes. AAs may also wish to identify, assess, and take action on climate-related opportunities, and integrate the consideration of these opportunities in their risk management. We propose to provide statutory guidance to assist AAs.

59. Our proposed requirements are for AAs to:
    - Establish and maintain processes for the purpose of enabling them to identify and assess climate-related risks.
    - Establish and maintain processes for the purpose of enabling them to effectively manage climate-related risks.
    - Ensure, on an ongoing basis, climate-related risk management processes are integrated into their overall risk management.

Question 4: Do you agree with our proposed requirements in relation to risk management?

Metrics

60. The TCFD recommends that organisations select and disclose metrics to assess and monitor climate risks and opportunities over time. This section discusses the various metrics under consideration.

61. We propose to require AAs to measure and disclose four metrics: Total Carbon Emissions, Carbon Footprint, Data Quality, and a Paris Alignment Metric. Total Carbon Emissions and Carbon Footprint both use emissions which can be divided into Scope 1, 2 and 3. The metrics relate to assets held by the AA in respect of paying benefits, not to other activity carried out by the AA such as travel.

Scope 1, Scope 2, and Scope 3 emissions

62. Scope 1 emissions are all direct emissions from the activities of an organisation or activities under its control. These emissions include fuel combustion on site such as gas boilers.

63. Scope 2 emissions are indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy which is eventually used by the organisation.

64. Scope 3 emissions are all other indirect emissions from activities of the organisation, occurring from sources that they do not directly control. These are sometimes the greatest share of a carbon footprint, covering emissions associated with business travel, procurement, production of inputs, use of outputs, waste, and water.

65. Scope 1 and Scope 2 emissions are much more widely available and reliable statistics, which are highly desirable features in understanding an asset's carbon exposure. Scope 3 emissions are less widely reported, and when they are reported, they are often calculated on an approximate basis.

66. For many assets, Scope 3 will be by far the largest single category of emissions, and therefore excluding Scope 3 would significantly underreport total emissions. Excluding Scope 3 emissions will also favour some industries such as online retailers which have low Scope 1 and 2 but high Scope 3 emissions.

67. Therefore, in including Scope 3 emissions in reporting there is a trade-off. Reporting a figure which includes Scope 3 emissions is subject to more inaccuracy than Scopes 1 and 2. However, we propose to require reporting on all three types of emission as this gives the fullest picture of carbon exposure.

Absolute emissions metric: Total carbon emissions

68. Absolute emissions metrics measure the overall carbon emissions attributable to the fund's invested assets. A figure for total carbon emissions enables the AA to set a baseline for climate action and to understand the scale of the climate impact of its investments. Without a clear baseline, AAs cannot assess the impact of different scenarios.

69. We propose to require AAs to obtain, as far as they are able to Scope 1, Scope 2 and Scope 3 GHG emissions for the fund's assets – that is, the pension scheme's financed emissions. These are the emissions referred to as category 15 (investment emissions) in the Greenhouse Gas (GHG) Protocol Technical guidance. This measure is referred to as Total Carbon Emissions.

70. We propose that Scope 1, Scope 2, and Scope 3 emissions should be recorded separately and that the sum of the three should also be reported. Therefore, four figures should be reported to comply with the Total Carbon Emissions Metric.

71. There are different methodologies for attributing carbon emissions to investments. We propose to clarify the appropriate methodology in supporting guidance.

72. We propose that Total Carbon Emissions is calculated and reported annually via the Climate Risk Report (see Chapter 3).

73. The Total Carbon Emissions should be reported at the level of the whole of the fund. That is, it should be the total of the carbon emissions of all of the investments it holds. If the AA wishes, they may wish to consider the Total Carbon Emissions for each of its investments separately as well, as doing so may give the AA a clearer picture of where its carbon exposures lie. However, investment level reporting is not required in the annal Climate Risk Report.

Emissions intensity metric: Carbon footprint

74. Absolute emissions are a useful baseline to assess the fund's overall carbon exposure. However, they are hard to compare across assets and across funds, because larger investments naturally will have larger emissions.

75. We therefore propose that an Emissions Intensity Metric is calculated in addition. This should be calculated by dividing the Total Carbon Emissions by the total assets held by the fund for which data was available or estimated. This calculation we refer to as Carbon Footprint.

76. Carbon Footprint is easier to interpret as it does not depend on the size of the investment. A disadvantage of this metric however is that an increase in market capitalisation or revenue, all else being equal, will result in a decrease in the AA's emissions per £ million invested.

77. As explained above, using Scope 1 and 2 emissions only produces a more reliable but less complete picture of carbon exposure. We propose that Carbon Footprint is reported for Scope 1, Scope 2, and Scope 3 emissions, in each case calculated as Scope X Emissions divided by Assets for which Scope X emissions were available or estimated.

78. We propose that Carbon Footprint is calculated and reported annually via the Climate Risk Report (see Chapter 3).

79. We propose that only the top-level figure at the whole fund level is required to be produced and reported by AAs.

80. We propose that funds should report Carbon Footprint, however if they cannot do so they should report another similar metric such as Weighted Average Carbon Intensity. In these cases, the administering authority should explain why they have done this.

Data quality and the data quality metric

81. The lack of available data is a commonly reported pitfall when schemes seek to calculate the TCFD's emissions metrics. Few, if any, AAs will be able to obtain full underlying data to allow the calculation of metrics across their whole fund at present.

82. Where gaps in data do exist, it should be regarded as preferable to use modelling or estimation to fill them, rather than to leave them unaddressed or reporting as null.

Beginning with estimated or proxy data can help identify carbon-intensive areas within investments. This also serves as a benchmark for asset-specific data points as and when they become available. AAs may choose to calculate metrics and set targets only for assets for which reliable data can be found. AAs may also request that service providers analyse their funds using market average techniques and assumption-based modelling.

83. We regard the inevitable gaps in data as being an important part of the challenge AAs face. We believe that the level of certainty in the data should be understood by those making decisions and should also be visible externally.

84. We also believe that the LGPS can play its part in increasing data availability and quality through increasing transparency on data quality and by adopting metrics consistent across the LGPS and private pension schemes. We therefore propose that regulations require that AAs obtain data on data quality as far as they are able and calculate a data quality metric. We also propose that guidance should set out how AAs should assess and disclose the quality and availability of data.

85. We propose that AAs should state the percentage of the value of their assets for which emissions have been Verified, Reported, Estimated or are Unavailable.

86. “Verified” and “Reported” are defined as data produced using the methodology for reporting and verifying carbon emissions given in the GHG protocol. Data can be verified by an independent third party, not necessarily an audit firm. “Estimated” includes data which has been estimated, for example using industry averages or modelling based on assumptions.

87. Where an asset has associated emissions data, but the data quality as defined above cannot be confirmed, then it should be classed as estimated. “Unavailable” means that emissions data was unavailable, not that confirmation of the data quality was unavailable.

88. The data quality metric should be reported for Scope 1, Scope 2, and Scope 3 emissions separately.

89. The data quality metric on its own does not replace proper scrutiny of data. Examples of this include data which is “reported” but may not have been reported recently and it may not be completely clear whether emissions relate to a whole company or a subsection of it. “Unknown” data may be known to the company but not submitted to investors. AAs are encouraged to ask questions of their fund managers to be effective stewards of their data. Third party firms may be used to investigate and summarise issues such as these into an overall narrative to be included in the Climate Risk Report.

90. We propose that only the top-level figure for each Scope of emissions is required to be produced and reported by AAs in the Climate Risk Report.

Paris alignment metric

91. The TCFD’s guidance recommends that financial institutions should describe the extent to which their activities are aligned with a well-below 2°C scenario (i.e., with the goals of the Paris agreement), which is consistent with net zero carbon emissions by 2050.

92. We propose to introduce a requirement that the LGPS AAs should report a Paris Alignment Metric in line with the TCFD’s recommendation.

93. Paris Alignment Metrics look at the future trajectory of emissions, whereas Total Carbon Emissions and Carbon Footprint only measure emissions which have already taken place.

Forward-looking metrics such as Paris Alignment are more useful for active decision making than historic ones. They will be key to investors robustly assessing and reporting their portfolios' alignment with their own climate goals and may help address exposure to transition risk. They are also useful for plotting trends over time.

94. There are multiple ways to report Paris Alignment Metrics, which are explored in the Portfolio Alignment Team's Measuring portfolio alignment: Technical Considerations, which was commissioned by the TCFD. This states that financial institutions should use whichever portfolio alignment tool best suits their institutional context and capabilities, and describes three main types of portfolio alignment metrics, as follows:
    - binary target measurements: This tool measures the alignment of a portfolio with a given climate outcome based on the percentage of investments in that portfolio that either have declared net zero/Paris-alignment targets or are already net zero/Paris-aligned.
    - benchmark divergence models: These tools assess portfolio alignment by comparing the forecast emissions performance of investments or counterparties in the portfolio against benchmarks.
    - implied temperature rise (ITR) models: these tools translate an assessment of alignment with a benchmark into a measure of the consequences of that alignment in the form of a temperature score.

95. These metrics are ambitious and if calculated reliably can create an extremely useful picture of a fund's climate risks. ITR in particular links a portfolio to a specific climate outcome in a way which is scientific, incentivises action and is comprehensible to the lay audience.

96. The main problem with Paris Alignment Metrics is data, as in most cases only limited or approximate data is available. At best this means only a partial view is possible, and at worst it can create a false picture of the true exposure of a fund by over- or underestimating the metric.

97. However, we believe that an imperfect metric will still be useful. Calculating ITR will be useful for funds to understand their carbon trajectories. Moreover, the more funds choose to calculate the ITR the faster the data will improve.

98. The LGPS has a responsibility to its members, employers and the public, and the Government considers it important that publicly accessible data is accurate and as useful as possible. In addition, it is useful for funds to report consistently with each other and for the results to be possible to aggregate into an overall scheme view for the LGPS.

99. We regard the Binary Target Measure to be the most appropriate for the LGPS at this point having taken these factors into account. It is simple to understand while still providing useful insights, and less subject to the data issues which exist for the other metrics. As data improves, the Government may change its approach to reflect this, and we encourage the LGPS and the sector to take a lead in promoting the most useful metrics.

100. Therefore, we propose that all AAs should report the percentage of their total assets with declared net zero or Paris-aligned targets. This is the Binary Target Measurement described above.

101. We also encourage AAs to calculate other Paris Alignment Metrics which they consider to be useful in managing their climate risks. We note that it is not only the commitment to net zero but also the pathway towards net zero which dictates Paris-alignment. For instance, a company may have made a net zero commitment, but still be making insufficient

emissions reductions in the short term. For this reason, AAs should consider whether collecting and reporting an additional Paris Alignment Metric would be useful.

102. We propose that only the top-level figure at the whole fund level is required to be produced and reported by AAs.

Other metrics

103. We have proposed requirements for four metrics. However, we do not intend to limit the range of additional and more ambitious metrics AAs may select. The Government encourages AAs to calculate other metrics which are endorsed by the TCFD, such as Climate Value at Risk (VAR)[footnote 2].

Guidance and regulation

104. We propose that the requirement to publish metrics is set out in regulations, but that the metrics themselves are defined in statutory guidance. This has the advantage that as metrics become more available and accurate over time, changes may be made to update the metrics without amending regulations.

Summary of metrics proposals

105. We propose to require AAs to calculate and report the following metrics:

- Metric 1 (absolute emissions metric) - Total Carbon Emissions, which includes the Scope 1, 2 and 3 emissions reported separately, as well as the sum of the three.
- Metric 2 (emissions intensity metric) - Carbon Footprint. This is Carbon Emissions divided by the total assets of the fund to which the data relates. It should be calculated separately for Scope 1, Scope 2, and Scope 3 emissions.
- Metric 3 (data quality metric) – the percentage of assets for which Scope 1, 2 and 3 emissions are verified, reported, estimated or unavailable, in line with the GHG Protocol.
- Metric 4 (Paris Alignment Metric) – the percentage of the fund's assets for which a public Paris aligned commitment has been made, i.e., net zero by 2050.

106. We also propose to recommend in statutory guidance that AAs consider whether they wish to calculate any other climate related metrics recommended by the TCFD in order to inform assessment of climate risks.

Question 5: Do you agree with our proposed requirements in relation to metrics?

Targets

107. The TCFD recommends that organisations set targets based on the metrics they select, including a target date, baseline, and performance indicators, in order to focus efforts on managing climate risk.

108. The metrics proposed support AAs to assess the current climate risks and opportunities to their assets. Targets will assist AAs to take the next step to set their strategy for managing climate risks and opportunities to the fund and to measure their progress, as well as increasing accountability.

109. We therefore propose that regulations require at least one target to be set either for one of the mandatory metrics listed above or another TCFD-endorsed metric. This additional metric may be one of the more ambitious climate-related metrics, such as Climate VAR or Implied Temperature Rise, but must be limited to metrics endorsed by the TCFD or any of the mandatory metrics.

110. We also propose that AAs should be required to measure and report performance against their targets annually, as far as they are able, as for the requirement on obtaining data.

This recognises that measuring and disclosing performance is dependent on data provided by others in the investment chain, in the same way as the requirement to obtain data for metrics. In order to ensure that targets are used and kept up to date, AAs will also be required to consider annually whether to continue with the target or replace it. We propose to provide statutory guidance to assist AAs.

111. Our proposed requirements for AAs are:
   - AAs must set a target for their fund in relation to one of the metrics which they have selected. The target may be in relation to one of the mandatory metrics (absolute emissions, emissions intensity, data quality or Paris alignment), or any other climate-related metric endorsed by the TCFD which the AA chooses.
   - AAs must annually measure, as far as they are able, the performance of their fund against the target they have set and taking into account that performance, determine whether the target should be retained or replaced.

112. There is no expectation that AAs should set targets which require them to divest or invest in a given way, and the targets are not legally binding.

Question 6: Do you agree with our proposed requirements in relation to targets?

As far as able

113. We propose that AAs must carry out scenario analysis, obtain data, calculate, and use metrics and measure performance against AA-set targets ‘as far as they are able’. This means that AAs are expected to take all reasonable and proportionate steps given costs and time constraints. However, we recognise that there will inevitably be some gaps in the work produced, and while we would expect AAs to do as much as they can we recognise that some elements are outside of their control. Therefore, where authorities are not able to comply with these proposals, they must include in their report both the areas and reasons where they are not able to comply in full.

114. The requirement for AAs to comply as far as they are able will enable them to produce metrics for only part of the portfolio or using estimation or incomplete data sets. This will still be decision-useful information for AAs. The urgency of climate change means that the AAs cannot wait until they have perfect data before they start putting it to use.

Ongoing and annual duties

115. We distinguish between ongoing and discrete duties. For duties which are regular discrete events such as reporting, we have proposed specific time intervals for AAs to follow. Ongoing duties on the other hand are those which do not take place as a distinct event but a continuous requirement. For example, AAs should always be managing the risks of the fund, and so we would think of risk management as an ongoing requirement. In practice, we recognise that these requirements will be considered at regular intervals as well, but the requirement itself would be ongoing.

116. All duties are ongoing, except requirements to conduct scenario analysis, calculate metrics, and set and review performance against targets.

117. Scenario analysis must be carried out in the reporting year 2023/24 and at least every three years thereafter. In the intervening years, AAs should review whether circumstances have changed enough to refresh their analysis. This decision should take account of availability of data, or a significant change in investment or funding strategy. AAs should explain in their Climate Risk Report whether they have carried out a new analysis, and if not give a short explanation as to why.

118. Underlying data for metrics and targets must be obtained, the metrics calculated, and performance against targets measured, at least annually.

3. Reporting on climate risks

119. High quality reporting on climate risks is central to the TCFD's recommendations. The aim is to enable stakeholders to understand as fully as possible their climate exposures and the AA's approach to addressing those risks, in the short, medium, and long term. Transparency will also enable users of the reports to measure and monitor current performance against targets and the planned trajectory and to assess the implications for future performance.

120. To achieve these aims in the LGPS, reporting will need to be clear, comprehensive and consistent, as well as timely, verifiable and comparable across the sector, in line with the TCFD's principles for effective disclosure[footnote 3]. This chapter sets out our proposals ensuring that reporting both at AA and at scheme level meets these standards, and delivers proper accountability to members, locally and across the scheme.

Annual climate risk report

121. We propose that each AA publishes a Climate Risk Report every year, at the same time as the AA's annual report is published – i.e., 1 December for the reporting year which ended the previous 31 March. Once published, the Climate Risk Report must be easily and freely accessible online and members must be informed of where to find it. In addition, links to each AA's Climate Risk Report will be included in the Scheme Climate Report and may be shown on the Scheme Advisory Board's (SAB) website. The Climate Risk Report may be a constituent part of the AA's Annual Report, or a standalone report.

122. This means that the first report for the year 2023/24 must be available by 1 December 2024.

123. The Climate Risk Report should be accessible to two distinct types of user: specialist and non-specialist. The Climate Risk Report will contain detailed and useful data, and we hope that the metrics, targets, and scenario analysis in particular will be important resources for specialist audiences. This role of the Climate Risk Report may require it to be technical in content, and dense with information.

124. In addition, various non-specialist stakeholders including scheme members, members of the public and other parties will also need to be considered. The Climate Risk Report should include enough information to be understood by the lay reader.

125. The AA will have to decide on how best to approach these dual requirements. One approach is to split the Climate Risk Report into two sections: a body and a short executive summary. The executive summary would be written to explain the AA's approach and high-level findings to the lay reader. This allows the body of the Climate Risk Report to be technical as is useful to specialist audiences. We regard this as a very effective way to address this balance, although other approaches would also be valid.

126. We would like to stress that the narrative provided in the Climate Risk Report will be as valuable as the data for most audiences. Metrics by themselves are difficult to interpret for the lay reader.

127. For example, differences in an AA's investment allocation, such as its strategic allocations between the main asset types will affect its carbon emissions. Moreover, a high carbon

exposure or poor alignment with the Paris climate goals may be managed by effective stewardship and engagement from the AA. AAs should ensure that messages such as these are presented in a way to help the lay reader interpret the report and understand the fund's strategy towards managing the risks from climate change.

128. It is important that the report must be easily accessible to scheme members, on the AA's website and via an internet search. We propose that AAs must at least inform members of the Climate Risk Report and how to find it when they issue their annual benefit statements. This does not necessarily mean including wording in the annual benefit statement itself.

129. Climate Risk Reports should be produced in line with the Local government transparency code 2015.

130. We propose that the Climate Risk Report must include the following information:

Area	Disclosure Requirement
Governance	Describe the AA's oversight of climate-related risks and opportunities Describe the role of any person other than the scheme manager who undertakes relevant governance activities and the process by which the committee satisfy themselves that this is being done Describe the role of any person who (other than a legal advisor) advises the scheme manager on relevant governance activities and the process by which the committee satisfies itself that adequate steps are being taken
Strategy	Describe the climate-related risks and opportunities which the scheme manager has identified Describe the scheme manager's definition of short term, medium term, and long term
Scenario Analysis	Describe the most recent scenarios the scheme manager has analysed Describe the impact of the climate-related risks and opportunities on the AA's investment and funding strategies Describe the potential impacts on the AA's assets and liabilities which the AA has identified in the most recent scenarios and the reason for any data which is missing from the analysis Describe the resilience of the AA's investment and funding strategies in the most recent scenarios the AAs have analysed
Risk Management	Describe the processes which the AA has established for identifying and assessing climate-related risks to their fund Describe the processes which the AA has established for managing climate-related risks to the AA Describe how these processes are integrated into the AA's overall risk management
Metrics	Report the metrics which the AA has calculated (or an explanation as to why these were not possible to calculate)
Targets	Report the target which the AAs have set and the performance of the AA against that target.

Question 7: Do you agree with our approach to reporting?

Scheme climate risk report

131. In addition to the Climate Risk Reports published by each AA, we are proposing an annual Scheme Climate Risk Report to provide an overview of the LGPS and climate risks, produced by the Scheme Advisory Board (SAB). Such an overview would be useful for scheme members and other stakeholders. It would also enable the LGPS to demonstrate progress and impact and showcase good practice.

132. We therefore propose as a minimum that the Scheme Climate Risk Report would include links to each AA's Climate Risk Report and the four aggregated metrics for the whole LGPS.

133. In relation to metrics, we propose that Total Carbon Emissions and Carbon Footprint should be calculated and reported at an aggregate level. This would involve a simple sum of Total Carbon Emissions for Aggregate Total Carbon Emissions. In order to calculate Aggregate Carbon Footprint, this would be calculated as Aggregate Total Carbon Emissions divided by the overall size of the LGPS investment portfolio for which total emissions are at least estimated. This would be done separately for Scope 1, Scope 2, and Scope 3 emissions.

134. When reporting the data quality metric, each AA must report the proportion of its assets for which overall emissions data is: Verified, Reported, Estimated or Unavailable. One reason that we have proposed this metric is that it can be aggregated across AAs. As risk management is a key objective of TCFD reporting, we believe that visibility of data quality, which is essential to the understanding of risk, will be a useful way to measure progress. Therefore, we propose to show overall data quality in the Scheme Climate Report, whereby the LGPS's entire assets will be divided into verified, reported, estimated and unknown.

135. We propose that the SAB reports on an aggregate Paris Alignment Metric based on AA level reports. This would show the proportion of the value of the whole LGPS's assets for which there is a net zero commitment in line with the Paris goals.

136. In the above paragraphs we have outlined our minimum proposals for the Scheme Climate Risk Report. In addition, we are inviting views about whether emissions, data quality and Paris-alignment metrics for each AA should be shown in the Scheme Climate Risk Report.

137. Emissions and data quality metrics will already be available in the Climate Risk Reports published by each AA, and it will be possible to make comparisons between AAs. AAs may be concerned about being compared unfairly and may fear that this may lead to pressure to reduce emissions through divestment. There is no expectation from Government that AAs should reduce emissions via divestment.

138. We recognise that transparency is an important feature of the LGPS's approach to managing climate risks. It is important for all those to whom the Scheme is accountable have easy access to climate-related information.

139. We do not propose to include any aggregate data on the scenario analysis requirement. This is because scenario analysis may be very difficult to aggregate in a meaningful way.

Question 8: Do you agree with our proposals on the Scheme Climate Risk Report?

4. Other issues

140. This chapter deals with a number of other issues relevant to the implementation of the TCFD recommendations in the LGPS.

The role of the LGPS asset pools

141. Since 2015, 8 LGPS pools have been set up with the aim of securing the benefits of scale including more professional management, reduced investment costs, increased net returns, improved resilience, and access to a wider range of assets, including infrastructure. Many of the pools have developed significant capabilities in relation to climate risks and responsible investment more broadly.

142. As of March 2021 around 80% of the Scheme's assets are either pooled, in a transition plan to be pooled, or have some oversight by their pool, although the proportion varies widely across AAs and across pools. For pooled assets, we expect that the pools will be able to provide data, calculate metrics and carry out scenario analysis on these assets where that data is available. There are differing views on the extent to which pools will be able to deliver these services for assets that are not held by the pool, especially where there are already contracts with data providers in place. Some pools will already be able to provide advice on data, metrics and scenario analysis and other relevant issues or will wish to develop or jointly commission such advice.

143. In this landscape there is potential for a multiplicity of different analyses and reports to be required on the same LGPS assets. Pool operators are required to report on climate risks in relation to pooled assets by the Financial Conduct Authority. If AAs' strategies significantly differ it will be resource intensive for their pool to produce analysis for them.

144. We expect to see this issue reduce in importance over time as more assets transition into the pools. AAs which have transferred close to 100% of their assets excluding cash to their pools would be able to use the analyses conducted by their pool for their own purposes. AAs could also minimise this issue by aligning their strategies and targets within their pool and ensuring as shareholders that the pool's strategy also aligns with that of the partner AAs. This would enable AAs to commission their pool to conduct analyses for both pooled and non-pooled assets on a consistent basis with the pool's own reporting. Both completing transition and aligning strategies would also have significant wider benefits for costs and performance through delivering greater scale.

Question 9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?

Guidance and reporting template for administering authorities

145. DLUHC intends to provide high level statutory guidance to accompany changes to regulations. This will include guidance relating to the governance activities required of AAs and the Climate Risk Report. We have also asked the SAB to produce more detailed operational guidance.

146. The SAB will also be asked to produce a standard template which AAs will be required to follow in producing their Climate Risk Report. This will help AAs to comply with the requirements and help to ensure that the Scheme Climate Risk Report is as comprehensive and consistent as possible.

Question 10: Do you agree with our proposed approach to guidance?

Knowledge, skills, and advice

147. It is important that individuals making decisions in response to climate-risk management processes have the adequate skills and information to make choices. While we will not be imposing any legal requirement on an individual's knowledge and skills, we wish to promote best practice in our approach. It is important to note that scheme managers are not expected to be technical experts in climate science or climate finance. However, a base knowledge regarding climate risks will be necessary in order to, for example, interpret the results of scenario analysis.

148. Firstly, we propose to require that AAs must take proper advice regarding assessing and managing climate risks. This should help the scheme manager, who may not be a technical expert to take proper account of climate risks in setting their investment strategy and asset allocation.

149. AAs will need to satisfy themselves that the advice is high quality and provided by appropriately qualified people. We welcome views as to how this may be practically ensured. We welcome responses on whether and how pools could jointly procure expert advice for their partner funds.

Question 11: Do you agree with our proposed approach to knowledge, skills, and advice?

Consideration of impact on protected groups

150. Section 149 of the Equality Act 2010 requires Government to have due regard to the potential impact of new decisions, policies, or policy changes on particular groups with protected characteristics and to avoid disproportionate negative impacts (the public sector equality duty).

151. We have made an initial assessment under the duty and do not believe there would be impacts on protected groups from the proposals in this consultation, as they do not affect member contributions or benefits. We have considered whether the reporting requirements could give rise to negative impacts on certain groups with protected characteristics and believe they would not. However, administering authorities and the Scheme Advisory Board are also subject to the public sector equality duty and we would expect them to take steps to ensure compliance with the duty, including that their reports under these proposals are available in accessible formats.

Question 12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?

Summary of consultation questions

This section contains a summary of the questions contained above, for ease.

Question 1: Do you agree with our proposed requirements in relation to governance?
Question 2: Do you agree with our proposed requirements in relation to strategy?
Question 3: Do you agree with our suggested requirements in relation to scenario analysis?
Question 4: Do you agree with our proposed requirements in relation to risk management?
Question 5: Do you agree with our proposed requirements in relation to metrics?
Question 6: Do you agree with our proposed requirements in relation to targets?
Question 7: Do you agree with our approach to reporting?

Question 8: Do you agree with our proposals on the Scheme Climate Risk Report?

Question 9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?

Question 10: Do you agree with our proposed approach to guidance?

Question 11: Do you agree with our proposed approach to knowledge, skills, and advice?

Question 12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?

About this consultation
This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Levelling Up, Housing and Communities will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the complaints procedure.

Personal data
The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

1. The identity of the data controller and contact details of our Data Protection Officer
The Department for Levelling Up, Housing and Communities (DLUHC) is the data controller. The Data Protection Officer can be contacted at dataprotection@levellingup.gov.uk or by writing to the following address:

Data Protection Officer
Department for Levelling Up, Housing and Communities
Fry Building
2 Marsham Street
London SW1P 4DF

2. Why we are collecting your personal data
Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

We will collect your IP address if you complete a consultation online. We may use this to ensure that each person only completes a survey once. We will not use this data for any other purpose.

Sensitive types of personal data
Please do not share special category personal data or criminal offence data if we have not asked for this unless absolutely necessary for the purposes of your consultation response. By 'special category personal data', we mean information about a living individual's:

- race
- ethnic origin
- political opinions
- religious or philosophical beliefs
- trade union membership
- genetics
- biometrics
- health (including disability-related information)
- sex life; or
- sexual orientation.

By 'criminal offence data', we mean information relating to a living individual's criminal convictions or offences or related security measures.

3. Our legal basis for processing your personal data
The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by DLUHC of a task in the public interest/in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown, or a government department i.e., in this case a consultation.

Where necessary for the purposes of this consultation, our lawful basis for the processing of any special category personal data or 'criminal offence' data (terms explained under 'Sensitive Types of Data') which you submit in response to this consultation is as follows. The relevant lawful basis for the processing of special category personal data is Article 9(2)(g) UK GDPR ('substantial public interest'), and Schedule 1 paragraph 6 of the Data Protection Act 2018 ('statutory etc and government purposes'). The relevant lawful basis in relation to personal data relating to criminal convictions and offences data is likewise provided by Schedule 1 paragraph 6 of the Data Protection Act 2018.

4. With whom we will be sharing your personal data
We will not be sharing your data with any organisation outside of the Department for Levelling Up, Communities and Housing.

5. For how long we will keep your personal data, or criteria used to determine the retention period
Your personal data will be held for two years from the closure of the consultation.

6. Your rights, e.g., access, rectification, restriction, objection
The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

a. to see what data we have about you
b. to ask us to stop using your data, but keep it on record
c. to ask to have your data corrected if it is incorrect or incomplete
d. to object to our use of your personal data in certain circumstances
e. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at https://ico.org.uk/, or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the ICO: dataprotection@levellingup.gov.uk or
Knowledge and Information Access Team
Department for Levelling Up, Housing and Communities
Fry Building, 2 Marsham Street, London SW1P 4DF

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making

9. Your personal data will be stored in a secure government IT system

1. The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022; The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.↩

2. Value at Risk measures a funds exposure to a worst-case scenario.↩

3. TCFD’s principles for effective disclosure: 1. Disclosure should represent relevant information; 2. Disclosure should be specific and complete; 3. Disclosure should be clear, balanced and understandable; 4. Disclosure should be consistent over time; 5. Disclosure should be comparable among companies within a sector industry or portfolio; 6. Disclosure should be reliable, verifiable and objective; and 7. Disclosure should be provided on a timely basis.↩

TCFD Update: Government Consultation

David Walker – Partner

September 2022

Hymans Robertson LLP is authorised and
regulated by the Financial Conduct Authority

What we will cover today…

- A recap on the 4 key themes of TCFD
- Explore what we know so far from the government consultation
- Highlight any key differences from the February 2022 training session
- Suggest an outline of activities for the Norfolk Pension Fund to ensure compliance

A reminder: the 4 key themes…

TCFD
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD recommendations are structured around **four thematic areas** that represent core elements of how organisations operate:

- **Governance:** Disclose the Fund's governance around climate-related risks and opportunities
- **Strategy:** Disclose the actual and potential impacts of climate-related risks and opportunities on the Fund where such information is material
- **Risk management:** Disclose how the Fund identifies, assesses, and manages climate-related risks
- **Metrics and targets:** Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

These 4 themes are **unchanged** and remain core to the consultation

Consultation on Governance and Reporting of climate risks

What is happening?

- The Department for Department for Levelling Up, Housing & Communities ("DLUHC") has just launched its consultation on Governance and Reporting of Climate change risks
- This will run until 24th November, following which responses will be considered and final rules published subsequently.

What are the headline requirements proposed in the consultation?

All LGPS Funds (regardless of size) will need to carry out reporting in line with TCFD covering the following areas:

- Establish and maintain a **Governance approach** for oversight of climate risks and opportunities.
- Ensure appropriate **advice is received**, with decision-makers having the knowledge and skills required
- **Assess the impact of climate-related risks and opportunities** on funding and investment strategies.
- Carry out **scenario analysis** reflecting different temperature pathway alignments (one being Paris aligned).
- **Establish and maintain processes** for identifying and managing climate-related risks and opportunities.
- **Report** on a minimum of four prescribed climate metrics, which need to be measured and disclosed annually.
- Set a (non-binding) **target** in relation to one metric, chosen by the Authority.
- **Publish an annual Climate Risk Report** (with the Scheme Advisory Board also preparing an annual report linking to individual reports and aggregate figures for the prescribed metrics).

When do the requirements commence?

- The regulations are expected to be in force by April 2023, with Authorities' **first report due by December 2024** (covering the year 2023/24)

What else is proposed in the consultation?

Action over perfection

- Recognition of data challenges (quality and availability), however Funds are expected to follow requirements “as far as they are able”
- Expectation for Funds to take action to address climate-related risks and opportunities even in the absence of perfect data

Dual reporting requirements

- Given the complexities of climate reporting, Funds will need to ensure the Climate Risk Report is accessible to two distinct types of user: “specialist and non-specialist”
- No particular format to achieve this is prescribed (though a template for the SAB is under consideration), however Funds may wish to target the “non-specialist” user via an executive summary, with “specialist” users referring to the main body for the more technical details

Statuary guidance

- The DLUHC intends to publish statutory guidance to support Authorities in the implementation of the proposals
- Likely to draw on existing guidance, whilst seeking to establish consistency across the LGPS

Scheme wide reporting

- Intended to generate consistency of metrics and data reporting to allow aggregate reporting on emissions, data quality and Paris Alignment

Alignment with Pools

- The consultation emphasises the importance and role of Pools in responding to climate change
- While individual Funds retain responsibility for their own TCFD activities, collaboration with Pools will likely drive consistency of analysis or bring further benefits of economies of scale

The main changes since our February training session

- **Scope and timing -** will require all funds to comply regardless of size by ~~(2022/23)~~ **December 2024**
- **Governance –** requirement to establish and maintain oversight and management of climate related risks and opportunities (roles and responsibilities/processes)
- **Strategy –** identify short, medium and long term risks and opportunities, assess impact of climate related risks and opportunities including use of scenario analysis
- **Risk –** clear process for identifying and assessing climate related risks – concise information on risk tools used and how risks have been identified and managed, both transition and physical
- **Metrics and targets –** ~~minimum of one absolute emissions metric, one emissions intensity metric or one additional climate change metric~~. **No discretion to select metrics; these must be (as a minimum) Total Carbon Emissions, Carbon Footprint, Data Quality and a Paris Alignment Metric. Emissions must include scope 1, 2 and 3 data and alignment metric binary**. One metric must to used as a target and reported annually
- **Knowledge and understanding –** guidance and best practice on knowledge, requirement to take proper advice
- **Disclosure –** annual report to be published and accessible through public website, potentially free standing. SAB will also publish a scheme wide report annually.

Next steps

- Consider response to consultation
- Understand Responsible Investment and climate goals, consider Fund alignment with objectives
- Begin initial gap analysis on governance arrangements to prepare for TCFD
- Develop high-level project plan for TCFD compliance

Any questions?

Pensions Committee

Item No: 10

Report title:	**ACCESS Update Unrestricted Items**
Date of meeting:	**27 September 2022**
Responsible Director:	**Simon George, Executive Director of Finance and Commercial Services** **Glenn Cossey, Director of the Norfolk Pension Fund**

Executive Summary

The Government requires LGPS Funds to work together to “pool” investments to significantly reduce costs, while maintaining investment performance”.

Since December 2016 the Norfolk Pension Fund has been working with 10 other ‘like-minded’ Administering Authorities to operate the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, West Northamptonshire, Suffolk, and West Sussex.

An Inter-Authority Agreement (IAA) has been signed by all 11 authorities defining governance and cost sharing arrangements for the ACCESS Pool.

The ACCESS Pool is governed by a Joint Committee (JC) made up of one elected councillor from each authority’s Pensions Committee. The Norfolk Pension Fund is represented by the Chair of Pensions Committee.

This report provides an update to the Pensions Committee on the work of the ACCESS Pool.

Recommendations

The Pensions Committee is invited to consider and note the contents of this report.

1. Background and Purpose

1.1 This report briefs Pensions Committee on the unrestricted agenda items which were due to be considered by the ACCESS Joint Committee (JC) on 12 September 2022. Following the death of Her Majesty Queen Elizabeth II, the meeting was postponed and rescheduled to 6 October 2022.

1.2 Prior to the September meeting being postponed, a full set of restricted and unrestricted agenda papers relating to the meeting was circulated to members of this Committee and the Pensions Oversight Board for information. This briefing is based upon the papers circulated.

2. Business Plan and Budget 2022-23

2.1 The business plan for 2022-23 was agreed by the JC in December 2022. At the same meeting the JC also determined the budget necessary to implement the business plan and recharge the relevant ACCESS Authorities.

2.2 Activities within this year’s 2022/23 Business Plan include:

- Implementation of alternative / non-listed assets solution
- Third-party procurements
- Monitoring of investment performance
- Annual Report and annual return for Department for Levelling Up Housing &

Communities (DLUHC)

- Sub-fund implementation (tranches 5b to 7b)
- Contract management and business as usual evaluation

2.3 The approved budget for the delivery of the 2022-23 Business Plan is £1,366m (£124k per ACCESS Authority). Details of the agreed budget, spend to date and forecast over/under spends are shown in the table below.

	Agreed Budget 2022/2023 £	Actual Costs as at 31 July plus forecast 2022/2023 £	Overspend / (Underspend) 2022/2023 £
ASU			
ASU Salaries (incl. on cost)	465,000	462,923	(2,077)
ASU Operational	23,000	16,675	(6,325)
ASU Host Authority Recharge	35,000	34,000	(1,000)
Technical Lead Recharge Costs	45,000	37,893	(7,107)
ASU Total	**568,000**	**551,491**	**(16,509)**
Professional Costs			
Internal Professional Costs			
JC Secretariat	22,000	22,000	0
Procurement	60,000	77,000	17,000
Internal Professional Costs	82,000	99,000	17,000
External Professional Costs			
Strategic & Technical	546,000	470,895	(75,105)
Legal & Governance	170,000	164,995	(5,005)
External Professional Costs	716,000	635,890	(80,110)
Professional Costs Total	**798,000**	**734,890**	**(63,110)**
Total Costs per 2022/2023	**1,366,000**	**1,286,381**	**(79,619)**
Cost Per Authority	**124,182**	**116,944**	**(7,238)**

2.4 The forecast outturn position is largely driven by the timing of a scheduled procurement being pushed back towards the end of the year rather than at the start, impacting on the budget for external professional costs.

2.5 Amendments to the Inter Authority Agreement (IAA) have been progressed. ACCESS authorities have agreed amendments in relation to:

- Allowing observers from nominated Local Pension Boards (LBP) to attend the JC.
- Greater flexibility for Authorities nominating JC substitutes and s101 Committee Member attendance at JC meetings.

2.6 As the amendment relating to LPB observers has not been formally ratified, representatives from Cambridgeshire, East Sussex and Essex LPBs will be invited to attend the October JC meeting on an informal basis. Formal arrangements will then be in place for LPB to observe the December JC.

2.7 A further amendment to the IAA allowing the JC to make recommendations to ACCESS authorities about the adoption and content of guidelines for the Pool has been revised following comment and recirculated to authorities for sign-off. Once agreed, this amendment will enable the JC to formally agree to the publication of the ACCESS Responsible Investment Guidelines which were approved in principle at the June meeting.

2.8 Work being progressed by the Environmental, Social and Governance officer sub-group includes the procurement of advice to support the development of RI reporting and the exploration of ACCESS becoming a signatory to the UK Stewardship Code and a Pool member of the Local Authority Pension Fund Forum.

3. Financial and Other Resource Implications

3.1 At the time of writing this report there are no additional financial or other resource implications beyond those already budgeted for and approved by Committee.

4. Other Implications (Inc. Equality Impact Assessment (EqIA))

4.1 Officers have considered all the implications which members should be aware of. Apart from those listed (if any), there are no other implications to consider.

There are no issues relevant to equality in this report.

5. Data Protection Impact Assessments (DPIA)

5.1 We have not identified any data protection implications for the content of this report.

6. Risk Implications/Assessment

6.1 Any risk implications relating to this report will be recorded on the Fund's risk register.

7. Recommendations

7.1 The Pensions Committee is invited to consider and note the contents of this report.

8. Background Papers

8.1 A full set of restricted and unrestricted agenda papers relating to this briefing was circulated by email to members of this Committee and the Pensions Oversight Board.

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

Officer name: **Glenn Cossey** **Tel No.:** **01603 228978**

Email address: glenn.cossey@norfolk.gov.uk

IN TRAN communication for all

If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.