

Pensions Committee

Date: **Tuesday, 26 June 2018**

Time: **9:30am**

Venue: **Edwards Room, County Hall, Norwich**

Membership

Members

Mr D Douglas
Mr T FitzPatrick
Ms J Oliver
Mr M Storey
Mr B Watkins

Co-opted Members

Mr J Fuller
Mr A Waters

Member Representative

Mr S Aspin

Under the Council's protocol on the use of media equipment at meetings held in public, this meeting may be filmed, recorded or photographed. Anyone who wishes to do so must inform the Chairman and ensure that it is done in a manner clearly visible to anyone present. The wishes of any individual not to be recorded or filmed must be appropriately respected.

**For further details and general enquiries about this Agenda
please contact the Committee Officer:**

Tim Shaw on 01603 222948
or email timothy.shaw@norfolk.gov.uk

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 **Election of Chairman**

- 3 **Election of Vice-Chairman**

4. **Minutes**

(Page 5)

To confirm the minutes of the meetings held on 20 February 2018.

5. **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 on your Register of Interests you must not speak or vote on the 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 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:

- your well being 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.

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

7. **Administration Report**

(Page 13)

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

- 8. Update from the Pensions Oversight Board (Page 70)**
- Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund
- 9. Norfolk Audit Services Annual Internal Audit Report 2017-18 for the Norfolk Pension Fund (Page 77)**
- Report by the Executive Director of Finance and Commercial Services
- 10. Draft Pension Fund Annual Report and Accounts (Page 88)**
- Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund
- 11 Risk Register Report and Compliance with Breaches Policy (Page 228)**
- Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund
- 12. Exclusion of the Public (Items 13-18)**
- 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 that 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 that 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.
- 13 ACCESS Update (Page 239)**
- Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund
- 14 Securities Fraud Class Action (Page 330)**
- Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund
- 15 Investment Performance update by Hymans Robertson (Page 334)**
- Booklet for Members of the Committee.

16 Fund Manager Report and Presentation

- **HabourVest**

(Not yet available)

Colour copies of the presentation will be available for Members of the Committee on the day of the meeting.

17 Investment Strategies Implementation – Considerations for Long-Term Enhanced Yield Portfolio

(Page 355)

Joint Report by the Executive Director of Finance & Commercial Services, Head of Pensions and Hymans Robertson (Hymans)

18 Exempt Minutes

To confirm the exempt minutes of the meeting held on 20 February 2018. **(Page 375)**

Chris Walton
Head of Democratic Services

County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 18 June 2018



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Pensions Committee

Minutes of the meeting held on Tuesday, 20 February 2018 commencing at 9:30 am at County Hall, Norwich

Present:

Mr C Jordan	(Chairman)
Mr S Aspin	
Mr D Douglas	
Mr J Fuller	
Ms J Oliver	
Mr M Storey	
Mr A Waters	
Mr B Watkins	

Officers Present:

Simon George	Executive Director of Finance and Commercial Services
Nicola Mark	Head of the Norfolk Pension Fund
Glenn Cossey	Chief Investment Manager
Alex Younger	Investment and Actuarial Services Manager
Jo Quarterman	Norfolk Pension Fund Project and Development Manager
Tim Shaw	Committee Officer

Others Present:

William Marshall	Investment Adviser, Hymans Robertson
Alistair Dryer	Aviva
Sarah Emberson	Aviva
Debbie Beck	Pensions Oversight Board
Rachel Farmer	Pensions Oversight Board
Chris Walker	Pensions Oversight Board
Brian Wigg	Pensions Oversight Board

1 Apologies

1.1 There were no apologies for absence.

2 Minutes

2.1 The minutes of the previous meeting held on 5 December 2017 were confirmed as a correct record and signed by the Chairman.

3 Declarations of Interest

3.1 There were no declarations of interest.

4. Matter of Urgent Business

- 4.1** There were no items of urgent business.
- 4.2** The Committee also received on the table a booklet (containing exempt information) from Hymans about Investment Managers' performance for the fourth quarter of 2017 (item 11).

5 Administration Report

- 5.1** The annexed report (5) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received.
- 5.2** The report that the Committee received was a quarterly update on all operational and administration matters relating to the Fund. The report included updates on the Governance framework for the Norfolk Pension Fund, Norfolk Pension Fund Membership Data, Communications, Annual Data Quality Report (February cycle), Guaranteed Minimum Pension (GMP) Reconciliation, Guaranteed Minimum Pension (GMP) Indexation & Equalisation, Further Consultation: Exit Payments, Fire Administration, Norfolk Audit Services 2018-19 Audit Plan for the Norfolk Pension Fund, Financial Year End, Cash Management Strategy for the Pension Fund –Management of Cash Balances, Cash Management Strategy – Approved Counter Parties for Dynamic Currency Programme, General Data Protection Regulation (GDPR), Collaborative Working / Value for Money, Markets in Financial Instruments Directive II (MiFIDII) and Knowledge and Skills, Freedom of information Act (FoIA), Update on Bulk Transfer Values in Progress, Representation on behalf of the Pension Fund, Norfolk Pension Fund – Pensions Committee Forward Plan, Changes to the Funding Strategy Statement and Investment Strategy Statement, Other Implications, Section 17 – Crime and Disorder Act and Recommendations.
- 5.3** Members' attention was drawn to the significant increase in the Fund's administration workload in respect of starters and leavers and member transfer arrangements.
- 5.4** Members' focused their discussion on the continuing rapid increase in employer numbers and the work that was needed to support the growing and increasingly complex employer data base, mainly driven by Academy conversions. The Committee were informed that the number of employers in the Fund was now approaching 370 and likely to continue to increase. The Norfolk Pension Fund sought to work closely with all employers to support them in meeting their regulatory responsibilities.
- 5.5** In reply to questions, it was pointed out that in addition to the extensive support that was available from the Norfolk Pension Fund, Academies could seek advice on meeting their statutory pension obligations from the Department for Education. The Department for Education had set up a working group that was reviewing the arrangements for academy conversions. Should there be significant changes in the current conversion arrangements that had implications for the Norfolk Pension

Fund then they would be reported to the Committee. There were no cases of Academies in Norfolk failing to meet their pension commitments and currently no plans to change their risk rating within the Pensions Committee risk register.

5.6 RESOLVED

That the Committee note the content of the Administration report and specifically:

- 1. Approve the 2018-19 Internal Audit Plan for the Norfolk Pension Fund (paragraph 11 of the report).**
- 2. Approve the cash management strategies for the management of the Fund's cash balances and dynamic currency programme (paragraphs 13 and 14 of the report).**
- 3. Approve the changes to the FSS and ISS (paragraph 23 of the report).**

6 Update from the Pensions Oversight Board

- 6.1** The annexed report (6) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received.
- 6.2** The Committee received an update on the work of the Pension Oversight Board from Jo Quarterman, Norfolk Pension Fund Project and Development Manager.

6.3 RESOLVED

That the Committee note the report.

7 Responsible Investment and Shareholder Engagement Report

- 7.1** The annexed report (7) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received.
- 7.2** It was pointed out that the Government was considering recommendations to the Law Commission regarding consideration of non-financial matters when trustees were making investments decisions
- 7.3** In response, Members were reminded that the Committee had a long history of engagement on important issues such as global climate change. The Committee had reviewed their policy on corporate governance on a number of occasions and had given considerable attention to the issues surrounding Responsible Investment. In addition, the Committee had insisted that the fund managers actively 'engage' on these issues with the management of the companies in which the Fund had investments. The Fund's Responsible Investment Policy and voting records were published on the Pension Fund website.
- 7.4** Members were assured that should there be consultation with Local Authority Pension Funds about a change of advice in relation to Responsible Investment then this issue would be placed on the Committee's agenda.

7.5 RESOLVED

That the Pensions Committee notes the contents of the report.

8 Pension Fund Budget Report

- 8.1** The annexed report (8) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received.
- 8.2** The proposed budget for 2018-19 of £3.417m included a number of significant projects many of which had previously been highlighted to Committee in including, for example, Norfolk's participation in the ACCESS Pool and managing the impact of wider Government Pensions Reform, including policy changes required by the Pension's Regulator.

8.3 RESOLVED

That the Pensions Committee approves the Pension Fund 2018-19 budget.

9 Exclusion of the Public (Agenda Items 10-14 only)

- 9.1** 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.
- 9.2** 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:-

9.3 Item 10- ACCESS Pool Update

The consideration of this item involved the discussion of business and commercial information including details about third party company operations, which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

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

9.4 Item 11 – Investment Performance Update – Hymans Robertson

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

activity to competitors.

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

9.5 Item 12 – Fund Managers Reports – Aviva

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

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

9.6 Item 13 – Investment Strategies Implementation – Considerations for Long-Term Enhanced Yield Portfolio

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

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

9.7 Item 14- 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.

9.8 RESOLVED

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

Public Summary of the Exempt Minutes (Agenda Items 10-14 only).

10 ACCESS Pool Update

10.1 The Committee received a report (containing exempt information) by the

Executive Director of Finance and Commercial Services and the Head of Pensions about the ACCESS Pool. The report provided an update to the Pensions Committee on the work of the ACCESS Pool since the last update was given at the December 2017 Committee.

- 10.2** A full set of agenda papers including both restricted and unrestricted items relating to the December and January ACCESS Joint Committee meetings were made available to Members of the Committee.

Note: Kent County Council (as 'host' authority for the secretariat) published electronic copies of the agenda and unrestricted public items on their website (Kent CC - Access Joint Committee Page).

- 10.3** The report included updates on the following:

- The role of the ACCESS Joint Committee that was made up of one elected councillor from each authority's Pensions Committee.
- The arrangements that were being made to review the interim and future governance arrangements of the ACCESS Pool.
- Consideration of the ACCESS work plan and budget.
- An update on the Operator Appointment.
- The newly launched ACCESS website www.accesspool.org

10.4 RESOLVED

That the Committee note the current position and that Members of the Committee would be kept informed of developments at future meetings.

11 Investment Performance Update by Hymans Robertson

- 11.1** Members received a detailed booklet by Hymans (containing exempt information) that reviewed Investment Managers' performance for the third quarter of 2017.

- 11.2** The Investment Advisor summarised the main issues.

11.3 RESOLVED

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

12 Fund Managers Report and Presentation

- **Aviva**

- 12.1** Two representatives from Aviva presented a detailed booklet that was laid on the table. The representatives from Aviva introduced the booklet, summarised the main issues, and responded to detailed questions by the Members.

- 12.2** The Chairman thanked Aviva for their presentations.

12.3 RESOLVED

To note the presentations by the Fund Manager.

13 Investment Strategies Implementation – Considerations for Long-Term Enhanced Yield Portfolio

13.1 The Committee received on the table a joint report (containing exempt information) by the Executive Director of Finance & Commercial Services, Head of Pensions and Hymans Robertson (Hymans) that accompanied a paper from Hymans (“Investment strategies implementation -Review of Growth and Enhanced Yield portfolios”) that was included with the agenda.

13.2 Members carefully considered the developments in the implementation of investment strategies that had taken place since the previous meeting and the action report authors recommended should take place following this meeting.

13.3 RESOLVED

That the Committee agree to the action set out in the report.

14 Exempt Minutes of the meeting held on 5 December 2017

14.1 The exempt minutes of the meeting held on 5 December 2017 were confirmed by the Committee and signed by the Chairman.

The meeting concluded at 2.10 pm

Chairman

Administration Report

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

<u>Item No.</u>	<u>Title</u>	<u>Appendices</u>
1.	Background	
2.	Summary of Highlights and Recommendations	
3.	Governance framework for the Norfolk Pension Fund	Appendix A
4.	Norfolk Pension Fund Governance Review	
5.	Communications	Appendix B Appendix C
6.	Year End	
7.	Pensions Administration Strategy	
8.	Guaranteed Minimum Pension (GMP) Reconciliation	
9.	Fire Administration	
10.	Service Planning	Appendix D
11.	General Data Protection Regulation (GDPR)	
12.	Collaborative Working / Value for Money	
13.	Knowledge and Skills	Appendix E
14.	East Norfolk Sixth Form College – conversion to academy status	
15.	Repayment of Surplus to Employer when an Admission Agreement Ends.	
16.	Admission Agreements	
17.	Freedom of information Act (FoIA)	
18.	Update on Bulk Transfer Values in Progress	Appendix F
19.	Representation on behalf of the Pension Fund	Appendix G
20.	Norfolk Pension Fund – Pensions Committee Forward Plan	Appendix H
21.	Other Implications	
22.	Equality Impact Assessment (EqIA)	
23.	Any other Implications	
24.	Section 17 – Crime and Disorder Ac	
25.	Recommendations	

Appendix A - Norfolk Pension Fund Governance Statement

Appendix B - Customer Care and Communication Strategy

Appendix C - Employer Newsletter Spring 2018

Appendix D - Service Planning – Plan on a page

Appendix E - LGA Fundamentals Training

Appendix F – Bulk Transfer

Appendix G – Representation on behalf of the Pension Fund

Appendix H – 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 February 2018.

2. Summary of Highlights and Recommendations

- 2.1 Item 14; It is recommended that the Committee approve entering into a deed with East Norfolk Sixth Form College (the college) and East Norfolk Sixth Form College Multi Academy Trust (the academy) to transfer the pension assets and liabilities of the college to the academy, noting that the deed will avoid the crystallisation of a pension deficit.
- 2.2 Item 16; note the application for an admission agreement by Change, Grow, Live.
- 2.3 Item 17; note the application for an admission agreement by Compass T/A Chartwells
- 2.4 Item 18; note the application for admission agreements by Edwards & Blake
- 2.5 Item 19: note the application for an admission agreement by Churchill Services.

3. Governance framework for the Norfolk Pension Fund

3.1 Governance Statement

- 3.2 It is a regulatory requirement for all LGPS Funds to maintain and publish a Governance Statement. The Norfolk Pension Fund's Governance Statement has been updated and a copy of the latest version is at Appendix A.

3.3 Pensions Oversight Board

- 3.4 The report from the Pensions Oversight Board is covered by agenda item 6 at this committee meeting.

3.5 National Scheme Advisory Board

3.6 Annual Report

- 3.7 The Scheme Advisory Board has published the fifth Annual Report for the LGPS in England and Wales. Its report is based on information collated from the Annual Reports and audited Financial Statements of the LGPS funds in England and Wales to 31st March 2017.
- 3.8 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 over 14,000 employers, 5.6m members and assets of £263bn.
- 3.9 The report highlighted the following for 2017:
- 3.10 The total membership of the LGPS grew by 394,000 (6.9%) to 5.6m members in 2017 from 5.2m in 2016.

- 3.11 The total assets of the LGPS increased to £263bn. These assets were invested in pooled investment vehicles (52%), public equities (32%), bonds (7%), direct property (3%), as well as other asset classes (6%).
- 3.12 The Local Authority return on investment over 2016/2017 was 19.5%. This was reflective of the better market conditions during the year and set against the UK Return of 22%.
- 3.13 The scheme maintained a positive cash-flow position overall. Scheme income was lower than total scheme outgoings by £484m; this was excluding investment income, however.
- 3.14 The funds all received unqualified external financial audit certificates from the Scheme's external statutory auditors.
- 3.15 Over 1.6m pensioners were paid over the year.
- 3.16 Fewer than 39 formal complaints about scheme benefit administration were determined and less than 13% were upheld by the Pensions Ombudsman. Overall the LGPS has had relatively few upheld complaints.
- 3.17 As the LGPS investment pools are being established, the Scheme Advisory Board are working with CIPFA and other stakeholders to ensure that the reporting of investments remains transparent at all levels within the Scheme.
- 3.18 LGPS Code of Transparency
- 3.19 The move toward investment fee transparency and consistency is seen by the Scheme Advisory Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and included in the government's criteria for pooling investments.
- 3.20 To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis the Board has developed a voluntary Code of Transparency for LGPS asset managers.
- 3.21 At the PLSA conference in May 2018 Jeff Houston (Head of Pensions, LGA), reported that 65 managers have signed up the Scheme Advisory Board's Code of transparency, covering £164bn (almost 2/3rds) of LGPS assets. 220 managers have not signed the Code – of those, 158 have just one LGPS Client. Two Pools have signed to date.
- 3.22 Of Norfolk's thirteen investment managers, ten have already signed up to the Code. The Fund is actively encouraging the participation of the remaining three managers.
- 3.23 **Ministry of Housing, Communities and Local Government (MHCLG)**
- 3.24 Speaking at the PLSA Conference, Rishi Sunak (Minister for Local Government) underlined the scale of the LGPS (6th largest in the world) and its primary purpose for delivering secure pensions to Local Authority employees.
- 3.25 His speech highlighted:
- 3.26 Outsourcings: over 16,000 participating employers. A consultation will be launched to consider how to manage the diversity and ease rules around admission (including Fair Deal).

- 3.27 Pooling: c £40m savings already; key challenges are governance and clear reporting on savings and performance.
- 3.28 Infrastructure: keen to see the LGPS invest more but will not set arbitrary targets. Made specific reference to the housing investment in the private rented sector.
- 3.29 Data: looking for concerted action on improving data quality.

3.30 The Pensions Regulator

- 3.31 The Pensions Regulator undertakes an annual Public Service Governance Survey. The regulator expects all public service schemes to participate in the research, to help understand what schemes are doing to improve their standards of governance and administration, so it can focus on the areas where schemes may need more support and education. The Norfolk Pension Fund responded to The Pensions Regulator's annual public-sector governance survey in December 2017.
- 3.32 The results of the 2017 governance and administration survey have been now published. It identified significant improvements overall in performance across most areas covered by the survey although some levels of performance are still too low. However, it noted that process improvements have 'stalled' in some LGPS funds. LGPS funds were also the least likely to respond to the survey which is a concern to the Regulator.
- 3.33 We anticipate the Regulator to focus their resources on the LGPS space in the coming year.
- 3.34 The Regulators summary report can be accessed here:

<http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2018.pdf>

The back-ground research can be found here:

<http://www.thepensionsregulator.gov.uk/docs/public-service-research-2018.pdf>

4 Norfolk Pension Fund Governance Review

- 4.1 The LGPS landscape has changed considerably in the last few years, since the last structural review of the Norfolk Pension Fund, across all our service areas (administration, accounting and investment).
- 4.2 This is not just because of changes to the LGPS scheme itself, the on-going reform of public sector pensions, and the national agenda around pensions generally, but also contextually as we have seen significant structural changes in the wider public sector (for example, Academies) and changes to service delivery models (e.g. outsourcing, social enterprise etc).
- 4.3 At the Norfolk Pension Fund, we have seen employer numbers more than quadruple in the last few years, and churn in scheme membership on an unprecedented scale.
- 4.4 Accounting and regulatory changes alongside asset pooling are significant changes for investment and accounting, with significant governance implications.

- 4.5 The focus on compliance, transparency and responsible stewardship continues, alongside ensuring effective, efficient service delivery and local accountability (and the creation of a local Pensions Oversight Board is an example of this).
- 4.6 Alongside this there are changes in technology (which offers opportunities and risks), and rising expectations of service delivery from our stakeholders (who also need our help and support more than ever before).
- 4.7 As discussed at previous committees, in this context, and the identified high-risk areas of key man risk, resilience and succession planning, Hymans Robertsons' governance and administration advisors have been invited to undertake fact finding, and identify options and opportunities for the Pension Fund as we take stock of where we are and look to the future, to help ensure that the Pension Fund is on a secure and sustainable footing.
- 4.8 All team members were invited to meet with Hymans in early June as part of their data gathering. We intend to involve other stakeholder groups in the review and will report progress to Pensions Committee in September.

5 Communications

- 5.1 It is a regulatory requirement for all LGPS Funds to maintain and publish a Communication Strategy. The Norfolk Pension Fund's Communication and Customer Care strategy has been updated and a copy of the latest version is at Appendix B.
- 5.2 In accordance with the Fund's communications strategy we make every effort to use electronic means of communication alongside more traditional formats, including; email pensions@norfolk.gov.uk, website www.norfolkpensionfund.org (including employer online services) and Twitter [@Norfolkpensions](https://twitter.com/Norfolkpensions).
- 5.3 With active and deferred scheme members**
- 5.4 Preparations are underway for the production and distribution of Annual Benefit Statements.
- 5.5 As last year, and in line with the regulatory requirement, we are planning to make all statements available on line by the end of August. However, this deadline remains very challenging.
- 5.6 After a competitive tender process, we have awarded the contract for the production and distribution of hard copy statements (incorporated within the annual scheme member newsletter and delivered to home addresses in September) to Adare, who submitted the most economically advantageous proposal that met our quality requirements. We have worked with Adare previously.
- 5.7 With retired members**
- 5.8 Pensions Increase Notifications
- 5.9 Pensions increased by 3% in April, reflecting the Consumer Price Index (CPI) as at September 2017. This was communicated to retired members via their April payslip.
- 5.10 P60 End of Year Certificates

P60 tax statements were sent to all retired members at the beginning of May.

- 5.11 Printed payslips
- 5.12 As a result of the Pensions Increase or tax changes most retired members were sent a payslip in April and May. (Printed payslips are generally only sent when the pension payment varies, otherwise they are suppressed. All payslip details are available to scheme members via our secure online service).
- 5.13 Retired members forum
- 5.14 This year's retired member's fora were held across the County in mid May 2017.
- 5.15 As in previous years the event was generously supported by donations from our investment managers, actuary and other service providers.
- 5.16 As in the last few years 4 events were held, rather than 5, and we continue to work to reduce costs as far as possible without diminishing the effectiveness of this valued service for our retired members.
- 5.17 As in previous years the event was oversubscribed. Those members unable to attend this year will be given priority next year.
- 5.18 In addition to information about their pensions, delegates had access to a wide range of financial, health and wellbeing information and advice, including presentations from:
- 5.19 In Good Company at Norfolk Libraries (helping reduce loneliness across the County)
- 5.20 Norfolk Community Directory (useful sources of information to help stay independent)
- 5.21 Trading Standards (Scams and the 'powers of persuasion' techniques used)
- 5.22 Gressenhall Museum (Voices from the Workhouse)
- 5.23 Retired Members Annual Newsletter
- 5.24 The annual newsletter for retired members, Primetime, was published in early March. A copy of Prime Time is on our website and can be viewed here:
- <https://www.norfolkpensionfund.org/media/1003-primetime-2018-draft-11-print-version.pdf>
- 5.25 Hard copies will be available at Pensions Committee.
- 5.26 **With employers**
- 5.27 Employer Newsletter
- 5.28 The Spring edition was sent out in May and covered a wide variety of topics, including:
- 5.29
- Latest regulatory amendments
 - Revaluation of benefits
 - Pay strain monitoring
 - Managing scheme member disputes
 - Public sector exit payment reforms
 - General Data Protection Regulation reminder
 - Employer Clinics

- Investment reform – pooling update
- 5.30 A copy of the newsletter is at Appendix C.
- 5.31 Employer Forum
- 5.32 The next Employer Forum will be held at the Norwich Professional Development Centre on Wednesday 4th July.
- 5.33 In addition to regular updates, the session will focus on:
- Latest LGPS regulations and developments and implications for employers (including cessation surplus)
 - Accountancy requirements (FRS102)
 - Looking ahead to the next Valuation
 - Administration updates
 - What employers want looking forward

6 Year End

6.1 Scheme Administration Year End

- 6.2 The very tight regulatory requirement for Annual Benefit Statement publication by the end of August means that a smooth and timely year end closedown is essential if we are to meet our regulatory obligations.
- 6.3 As always, we try to work closely with our employers to help deliver this, and we are grateful to the vast majority of our employers who recognise their responsibilities and work with us to help deliver timely and accurate year end returns.
- 6.4 As in previous years there are a small number of employers who do not provide their returns on time or do not respond promptly to our requests for clarification or correction of data. This places increased pressure on staff as the timeframe for completing the year end work and dealing with queries before Annual Benefit Statements have to be produced is fixed.
- 6.5 As reported above, we expect the Scheme Advisory Board and The Pensions Regulator's focus on data quality and timeliness to continue and increase. We will continue working with our employers to help them understand and meet their LGPS administrative responsibilities.

6.6 Financial Year End

- 6.7 All Local Authorities and LGPS Funds were required to 'close' their financial accounts faster this year following financial year end on the 31st March 2018. The statutory period for the closure of the Pension Fund accounts and production of the Fund's annual report has reduced by 2 months from 30th September to 31st July.
- 6.8 While the majority of the Fund's accounting transactions were posted to the general ledger by the middle of April, reconciliation work continued until the end of April to ensure all transactions were included in the final general ledger balance.
- 6.9 The Pension Fund submitted its draft financial accounts to Director of Finance and Commercial Services for sign off on 31st May. The Pension Funds draft accounts are

included at item 8 on the agenda. Our external auditors (E&Y) will completed the audit of the accounts and issue their audit opinion by the 31st July.

6.10 Employer Financial Reporting Requirements

- 6.11 The Fund has also worked with the Actuary to prepare, check and review financial reporting (IAS19/FRS102) of pension obligations and costs for the 33 Fund employers with a financial year-end of 31 March 2017. The checks undertaken by the Fund form part of the assurance regime for E&Y where they are the appointed auditor to the employer.
- 6.12 31 March is now the second largest of the employer financial reporting dates for the Fund. Exercises are also conducted at 31 July, 31 August and 31 December. The August exercise in particular has grown significantly as many more schools gain academy status, which brings with it a requirement to report and consider their individual pension positions.

7 Pensions Administration Strategy

- 7.1 The Funds' Pensions Administration Strategy has been in place since April 2016.
- 7.2 The Pension Fund has not to date used powers to seek compensation from employers in respect of breaches of standards, preferring to work with employers to improve standards and performance wherever possible.

8 Guaranteed Minimum Pension (GMP) Reconciliation

- 8.1 'GMP reconciliation' is national requirement, affecting all public and private sector pension schemes, to carry out an exercise to reconcile its records with those held by HM Revenue and Customs (HMRC).
- 8.2 The Norfolk Pension Fund has completed the Fire Scheme reconciliation in preparation for the transfer of the Fire Scheme administration service to West Yorkshire Pension Fund.
- 8.3 The LGPS reconciliation is nearing completion, and is on schedule to complete by the end of December. Follow up queries are being processed, but we are dependent upon receiving responses from HMRC and other pension schemes to complete the exercise.

9 Fire Administration

- 9.1 As reported previously, the administration of the Norfolk Fire Pension Schemes is due to transfer to West Yorkshire Pension Fund. We are working to an agreed date of 1st August 2018 to complete the handover.
- 9.2 The Fire Service are arranging communications with their all stakeholders to support a smooth transition. This includes pensioners who may find the change confusing and need some reassurance – whilst there is no change to their pension amount or pay day, they will need to get used to the new administrator and a new style of pension payslip.

10 Service Planning

- 10.1 The Norfolk Pension Fund has submitted a 'plan on a page' as part of the overall Norfolk County Council service planning and development programme. This remains as 'work in progress' however, in the context of the overall review and updating of the Norfolk Pension Fund's full three-year Service Plan.
- 10.2 A copy of the latest 'Plan on a Page' is at Appendix D

11 General Data Protection Regulation (GDPR)

- 11.1 The General Data Protection Regulation (GDPR) came into effect throughout the EU from 25 May 2018. The government has confirmed that, despite Brexit, the GDPR will be enforceable in the UK from May next year.
- 11.2 The Norfolk Pension Fund and National LGPS Frameworks teams are working closely with NPLaw and Norfolk Procurement to ensure that all contracts are compliant with the new regulations. GDPR contract variations are in the process of being agreed and sealed for all contracts let under the National LGPS Frameworks.
- 11.3 All Norfolk Pension Fund communications have been reviewed and updated as appropriate. The Norfolk Pension Funds full privacy notice is published on our website:

<https://www.norfolkpensionfund.org/about-us/norfolk-pension-fund-full-privacy-notice/>
- 11.4 Employers also have enhanced responsibilities under GDPR. All employers have received Norfolk Pension Fund's Memorandum of Understanding regarding Compliance with Data Protection Law (based on the LGA template), which sets out the respective rights and obligations of participating employers regarding Norfolk Pension Fund member data.

12 Collaborative Working/Value for Money

- 12.1 **National LGPS Procurement Frameworks**
- 12.2 National LGPS Frameworks is a national initiative hosted by the Norfolk Pension Fund, supported by NPLaw and Norfolk Procurement, operating on behalf of and accountable to the Local Government Pension Schemes (LGPS) across the UK. Its services are also increasingly being used by the wider public-sector pension schemes beyond the LGPS.
- 12.3 In addition to providing individual Funds with an effective, efficient procurement service, the frameworks are an important tool in support of the governments pooling agenda.
- 12.4 Since the inception of National LGPS Frameworks:
- 30 Funds have acted as 'Founding Authorities'
 - 91 funds and pools have used the frameworks (plus 2 non-LGPS users)
 - More than 169 contracts have been let via the frameworks
 - Estimated projected savings of £98+million across the LGPS
- 12.5 National LGPS Frameworks operate on a self-funding model, with liability shared between all Founding Authorities.

- 12.6 A new framework is being developed for Member Data Services covering mortality screening, address tracing and overseas mortality screening and address tracing. Working with Bedfordshire Pension Fund, London Borough of Hackney, Lothian Pension Fund, Norfolk Pension Fund, Merseyside Pension Fund and West Midlands Pension Fund the tender documentation has been issued with the service commencement planned for September.

13 Knowledge and Skills

- 13.1 There is an ongoing requirement for members of the Pensions Committee to demonstrate a level of knowledge commensurate with the decisions they are making.
- 13.2 Details of this years LGPS Trustees' training programme 'Fundamentals' (organised by the Local Government Pensions Committee LGPC), and the Annual LGPS Governance Conference (formerly known as the 'Trustees' Conference) organised by the LGA are at Appendix E.
- 13.3 Each Autumn for the last few years Pensions Committee have attended a 2-day bespoke training package, designed to ensure that Pensions Committee are up to date and equipped with the knowledge and information they need to effectively fulfil their responsibilities.
- 13.4 Now would be a useful opportunity to review whether or not Pensions Committee are happy to pursue the same approach this year or consider alternative approaches to skills and knowledge development; also, to identify any specific areas that Pensions Committee would wish to focus on.
- 13.5 A full Norfolk Pension Fund Team meeting is scheduled for the afternoon of the 4th July (following immediately after the Employer Forum).

14 East Norfolk Sixth Form College – conversion to academy status

- 14.1 East Norfolk Sixth Form College is currently working towards conversion to academy status. This is the first time that the Fund has experienced an academy conversion that is not from a current local authority controlled school. It is relatively rare but not without precedent in the wider LGPS.
- 14.2 When a local authority school controlled school converts to academy status the controlling local authority retains responsibility for the long-term funding of the pensioner and deferred pensioner liabilities. Only the liabilities in respect of the active members of the fund (the LGPS members that are transferring to the new academy under TUPE) pass to the academy employer. These liabilities are themselves funded on a share of fund basis at the point of transfer in accordance with the provisions of the Funding Strategy Statement (FSS).
- 14.3 The approach outlined in 14.2 would not be possible in this case because there is no on-going employer to retain responsibility for the non-active member liabilities. In the absence of any other action this would mean that a capital cessation payment would be required from the existing employer. This would render the conversion, which is otherwise deemed to be in the best interests of the college and the education provision it provides non-viable.
- 14.4 In order to reflect the fact that the new academy (East Norfolk Sixth Form Multi-Academy Trust) is the successor organisation to East Norfolk Sixth Form NPLaw have prepared a deed with the college and the new academy that will allow all

pension assets, liabilities and funding responsibilities to pass from the college to the new academy without triggering the requirement for a cessation assessment. This reflects that the employer is essentially ongoing, albeit with a change to its legal form and status.

- 14.5 The substance and form of the deed are as for that used in the merger of City College Norwich and Paston College to avoid an unintended cessation event occurring.
- 14.6 After conversion to an academy the college will fall under the guarantee provided by the Department for Education (DfE) in respect of the participation of academy employers in the LGPS. On a like for like basis this would represent a theoretical improvement over the existing covenant of the college.
- 14.7 The expected conversion date is currently 1 August 2018 but this may be subject to change

15 Repayment of Surplus to Employer when an Admission Agreement Ends

- 15.1 On 14 May 2018 the new LGPS (Amendment) Regulations 2018 came into force.
- 15.2 These regulations contained a number of revisions, the most notable of which was the change to the treatment of any employer surplus deemed to be present by the Fund Actuary when an admission agreement comes to an end.
- 15.3 Previously such surpluses have been described as “trapped” since the exiting employer was not able to take a refund from the scheme. Under the new regulations this is now possible.
- 15.4 This sounds simple in principle. However, it raises a number of complex funding, risk and tax issues for which we await full clarification, guidance and advice from Government and HMRC.
- 15.5 In the meantime, we are working with Hymans Robertson to ensure that we have a robust funding and policy approach to deal with this change.
- 15.6 We have highlighted to employers, who may provide pension indemnities to contractors entering into admission agreements in TUPE situations, that they may wish to consider the provisions of the indemnity (new and existing) to ensure that appropriate consideration is given for any surplus that may now be returned and who would benefit.

16 Admission Agreement – Change, Grow, Live (CGL)

- 16.1 We have received an application from CGL for an admission agreement in respect of a contract let by Norfolk County Council for the Norfolk Alcohol and Drug Behaviour Change Service.
- 16.2 This is a second-generation contract let and the staff are transferring to CGL from the previous contractor.
- 16.3 The admission agreement will cover only those staff transferring in respect of this contract with the current right to LGPS membership (3 employees). It will not cover

any other staff of the contractor and will be closed to new hires working on the contract.

16.4

The County Council will be party to the admission agreement in its capacity as Scheme Employer (letting body).

16.5

If the contractor is unable to meet any of its financial obligations to the Fund, all liabilities in respect of the admission agreement automatically revert to the Scheme Employer. Therefore, no liability should fall to other scheme employers if the contractor fails.

16.6

The Fund Actuary will calculate an employer contribution rate specific to the transferring employee group and allocate the initial assets and liabilities in accordance with the Funding Strategy Statement.

16.7

Any risk sharing arrangements between the scheme employer and the contractor are out with the admission agreement.

16.8

The contract is for five years with the possibility of two additional two-year extensions plus a final one-year extension.

16.9

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

17 Admission Agreement – Compass Group T/a Chartwells (Inspiration Trust contract)

17.1

We have an application from Compass Group (T/a Chartwells) for an admission agreement in respect of a contract let by the Inspiration Trust in respect of catering services at the Great Yarmouth Charter Academy.

17.2

The initial contract term is two years.

17.3

The admission agreement will cover only those staff transferring in respect of this contract with the current right to LGPS membership (1 active member and 2 with retained membership rights). It will not cover any other staff of the contractor and will be closed to new hires working on the contract.

17.4

The Academy Trust will be party to the admission agreement in its capacity as Scheme Employer (letting body).

17.5

If the contractor is unable to meet any of its financial obligations to the Fund, all liabilities in respect of the admission agreement automatically revert to the Scheme Employer. Therefore, no liability should fall to other scheme employers if the contractor fails.

17.6

The Fund Actuary will calculate an employer contribution rate specific to the transferring employee group and allocate the initial assets and liabilities in accordance with the Funding Strategy Statement.

17.7

Any risk sharing arrangements between the scheme employer and the contractor are out with the admission agreement.

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

18 Admission Agreements – Edwards & Blake

- 18.1 We have received application for multiple admission agreements from the catering contractor Edwards & Blake as they onboard new contract wins. These are summarised in the table below:

School	Scheme employer
Fred Nicholson	Norfolk County Council
Marham	Academy
Edmund de Mountford	Norfolk County Council
Stibbard Primary (and North Elmham)	Norfolk County Council
West Walton (Windmill Federation)	Norfolk County Council

- 18.2
- 18.3 A separate admission is required for each separate contract. These contracts are let at school level.
- 18.4 The admission agreements will cover only those staff transferring in respect of these contracts 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.
- 18.5 The Scheme Employers will be party to the admission agreements.
- 18.6 If the contractor is unable to meet any of its financial obligations to the Fund, all liabilities in respect of the admission agreements automatically revert to the Scheme Employers. Therefore, no liability should fall to other employers if the contractor fails.
- 18.7 The Fund Actuary will calculate an employer contribution rate specific to each transferring employee group and allocate the initial assets and liabilities in accordance with the Funding Strategy Statement.
- 18.7 Any risk sharing arrangements between the scheme employers and the contractor are out with the admission agreement.
- 18.8 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.

19 Admission Agreement – Churchill Services

- 19.1 We have an application from Churchill Services for an admission agreement in respect of a contract let by the Acle Academy.
- 19.2 The contract is for a period of 3 years.
- 19.3 The admission agreement will cover only those staff transferring in respect of this contract with the current right to LGPS membership (approximately 4 members). It will not cover any other staff of the contractor and will be closed to new hires working on the contract.
- 19.4 The Academy Trust will be party to the admission agreement in its capacity as Scheme Employer (letting body).

- 19.5 If the contractor is unable to meet any of its financial obligations to the Fund, all liabilities in respect of the admission agreement automatically revert to the Scheme Employer. Therefore, no liability should fall to other scheme employers if the contractor fails.
- 19.6 The Fund Actuary will calculate an employer contribution rate specific to the transferring employee group and allocate the initial assets and liabilities in accordance with the Funding Strategy Statement.
- 19.7 Any risk sharing arrangements between the scheme employer and the contractor are out with the admission agreement.
- 19.8 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.

20 Freedom of Information Act (FoIA)

- 19.1 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.

19.2

Date Received	Requestor	Details	Status
19/3/2018	Prequin Ltd	Q2 & Q3 2017 further investment details following request in Dec 17	Responded
22/3/2018	Bloomberg	Investment Information	Responded
22/3/2018	PEI Alternative Insight	Investment Information	Responded
17/4/2018	Journalist	Tobacco shares Investment Information	Responded
24/4/2018	Individual	Financial reviews & recoveries	Responded
17/5/2018	Pitchbook Data	Alternative Asset Holdings Q4 17 & Q1 2018	Responded
22/5/2018	Prequin Ltd	Investment Information Q3 2017	Responded

20 Update on Bulk Transfer Values in Progress

Please see Appendix F for Bulk Transfer Values in Progress.

21 Representation on behalf of the Pension Fund

Please see Appendix G for meetings and events which have taken place since the last Pension Committee and ones which may be of interest to trustees or officers of the Fund.

22 Norfolk Pension Fund – Pensions Committee Forward Plan

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

23 Other Implications

24 Equality Impact Assessment (EqIA)

There are no issues relevant to equality in this report.

25 Any Other Implications

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.

26 Section 17 – Crime and Disorder Act

There are no implications under the Crime and Disorder Act.

25 Recommendations

The Committee note the content of this report and;

25.1 Item 14

It is recommended that the Committee approve entering into a deed with East Norfolk Sixth Form College (the college) and East Norfolk Sixth Form College Multi Academy Trust (the academy) to transfer the pension assets and liabilities of the college to the academy, noting that the deed will avoid the crystallisation of a pension deficit.

25.2 Item 16

The Committee specifically note the admission application by Change, Grow, Live.

25.3 Item 17

The Committee specifically note the admission application by Compass T/a Chartwells

25.4 Item 18

The Committee specifically note the admission applications by Edwards & Blake.

25.5 Item 19

The Committee specifically note the admission application by Churchill Services.

Background Papers

Appendix A - Norfolk Pension Fund Governance Statement
Appendix B - Customer Care and Communication Strategy
Appendix C - Employer Newsletter Spring 2018
Appendix D - NPF Plan on a page
Appendix E - LGA LGPS Fundamentals Training 2018
Appendix F – Bulk Transfer
Appendix G – Representation on behalf of the Pensions Committee
Appendix H – Forward Plan

Officer Contact

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

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Tel 01603 222171
email nicola.mark@norfolk.gov.uk



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Norfolk Pension Fund

This document sets out the
Governance arrangements
for the
Norfolk Pension Fund
as at June 2018



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**

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:

	Norfolk County Councillor	Danny Douglas
	Norfolk County Councillor	Tom FitzPatrick
	Norfolk County Councillor	Judy Oliver
	Norfolk County Councillor	Martin Storey
	Norfolk County Councillor	Brian Watkins
	District Councillor (elected by the Local Government Association)	John Fuller
	District Councillor (elected by the Local Government Association)	Alan Waters
	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
	Head of the Norfolk Pension Fund	Nicola Mark
	Investment Advisor to the Fund (Hymans Robertson)	Gemma Sefton/Rob Bilton

* 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** and is known colloquially as the **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	Kevin McDonald, Director of Pensions, Essex Pension Fund
Scheme Member Representative	John Harries (Active/Deferred member)
Scheme Member Representative	Brian Wigg (Pensioner member)
Scheme Member Representative	Rachel Farmer (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	Debbie Beck, Norfolk County Council

Scheme member and employer representatives are appointed to the board for an initial term of two years, to be extended to up to four years.

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.

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

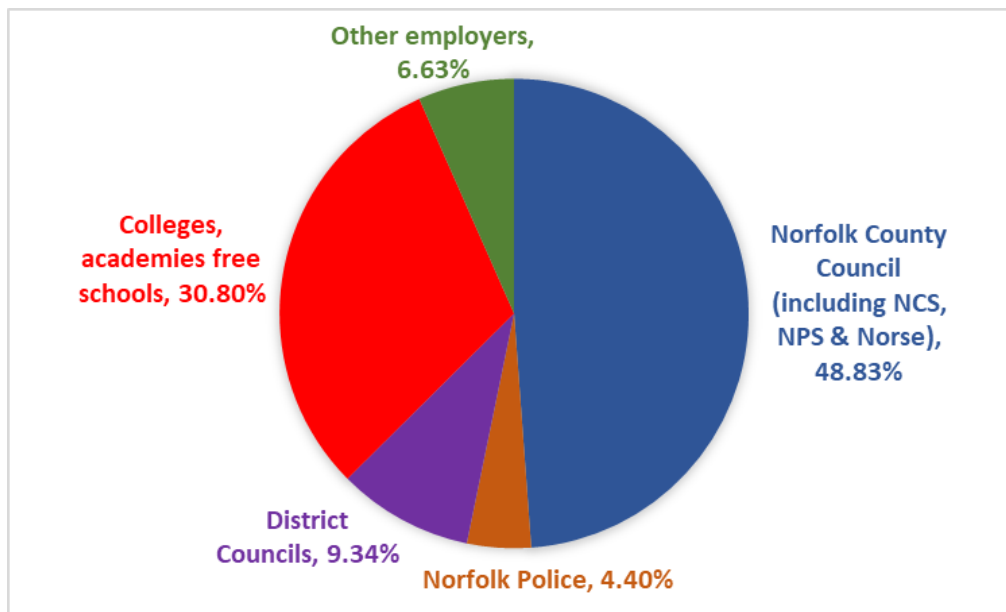
- The **Executive Director of Finance and Commercial Services** is Norfolk County Council's Chief Finance Officer and Section 151 Officer
- As Administrator of the Fund he is responsible for:
 - The administration and financial accounting of the Fund
 - The preparation of the Pension Fund Annual Statement 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 Statement of Investment Principles

Membership of the Fund and Local Accountability

Active Membership Breakdown by Employer as at 31 March 2018



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 are invited to the Retired Members Forum

Membership as at 31 March 2018

369 Contributing Employers

24,211 Pensioners

(members in receipt of a pension from the Fund)

28,837 Active Members

(members who are currently in the employment of a participating employer)

36,520 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 magazine sent to all retired members
- All scheme members and employers are invited to an Annual Meeting
- All employers and members of the Pensions Committee are invited to our Employer Forums, held twice a year. These are an opportunity for employers to discuss matters of interest to their organisations with officers and members



Norfolk Pension Fund

Norfolk Pension Fund

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Norwich, NR2 1AD

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Website: www.norfolkpensionfund.org



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

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.



Customer Care and Communications 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: “to share or exchange information or ideas”

Our Core Customer Care Standards

- To answer the telephone within 15 seconds, and respond to enquiries within 3 working days
- To respond to letters and faxes within 5 working days
- To respond to e-mail or text phone enquiries within 3 working days
- To meet visitors within five minutes of appointment time
- When visiting, to agree a time in advance and show 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
- Pension Fund Staff
- “Other Bodies”, including
 - Investment Managers
 - The media
 - Actuaries
 - Other Funds
 - Department of Communities and Local Government (DCLG) and The Pensions Regulator (Regulators of the scheme)

How does the 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 telephone, e-mail, surface mail, fax, internet, social media, paper publications, face to face conversations and meetings, seminars, road shows, attendance at conferences and other forums.

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 Pensions Fund, its participating employers and scheme members. Their knowledge is supplemented by professional advice from Pension Fund staff, professional advisers and external experts.

The Trustees

Norfolk County Councillors

Danny Douglas

Tom FitzPatrick

Judy Oliver

Martin Storey

Brian Watkins

Two District Councillors

John Fuller

Alan Waters (Vice Chair)

Staff representative

Steve Aspin



Sharing information ...

Committee Meetings

The Pension Committee meets quarterly, to consider all investment and administration (the calculation and payment of benefits) issues related to the Pension Fund. It monitors performance, discusses significant issues and makes all decisions related to the Fund. The Head of Finance, 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 are always welcome to attend their meetings as observers.

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**.

General information is available on our website at www.norfolkpensionfund.org

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	Kevin McDonald, Director of Pensions, Essex Pension Fund
Scheme Member Representative	John Harries (Active/Deferred member)
Scheme Member Representative	Brian Wigg (Pensioner member)
Scheme Member Representative	Rachel Farmer (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	Debbie Beck, 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 (28,837)

People who are currently in the employment of a participating employer.

“Deferred” Members (36,520)

People who have left the employment of a participating employer, but who have not yet retired.

“Pensioner” Members (24,211)

People who are in receipt of a pension from the Fund.
(Membership numbers as at 31 March 2018)

Telephone Help Line

A dedicated help line for Scheme Members is operated by experienced members of the Pension Administration Team.

The team offer advice on all aspects of scheme membership and benefits for all active, deferred and pensioner members.

01603 495923

Phone lines open

Monday to Thursday 8.45am - 5.30pm

Friday 8.45am - 4.30pm

Scheme Members

Sharing information with Scheme Members...	"Active"	"Deferred"	"Pensioner"
Internet The Fund's 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 Booklet A scheme guide is supplied to all members and published on the website.	✓	✓	✓
Benefits Statements and annual newsletter Benefit Statement booklets are sent annually to members' home addresses. When available from the Department of Works and Pensions a summary of state benefits is included. The booklet also gives information on changes to the scheme and other topical issues, including a summary of the accounts and a general review of the years progress.	✓	✓	✗
Annual Meeting and Pension Clinics Scheme members can raise questions directly with Pensions Committee at the Annual Meeting or discuss their LGPS pension face to face at a Pension Clinic.	✓	✓	✗
Pay Advice and Pensions Increase Notification Payslips are posted to all pensioners when the pension payment after tax is more than £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 Seminars The Pension Fund supports a pre-retirement course, to help members approaching retirement prepare for the financial and lifestyle changes retirement brings.	✓	✗	✗
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 sponsored by the Fund Managers, Custodian and Actuary. The annual Christmas Card , sent to all retired members, acts as the invitation to this event.	✗	✗	✓
Retired Members Newsletter Our annual newsletter for retired members, Primetime, covers the latest information about Pensions and related information and is sent to all retired members.	✗	✗	✓

Prospective / 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:

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 Pack

All new members receive a 'New Joiner' pack that includes a summary of the scheme benefits and costs, relevant forms and a full scheme booklet.



Online

The Fund's website has an area just for joiners with details of the scheme benefits and 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.

Members' Representatives

The staff representative member of the Pension Committee is also a representative of UNISON.

We maintain positive relations with members' representatives and meet as requested or needed.

Employers

At the end of March 2017, the Norfolk Pension Fund had 322 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 Citizens' Advice Bureaux 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

All Employers are invited twice a year to the Employer Forum. This is a great opportunity for Employers and Pension Fund colleagues to get together, to exchange news and views. Pension Fund staff update Employers with the latest news affecting the Norfolk Pension Fund, and external speakers provide insights into the wider pensions world.

Employer Manual

Our interactive employer manual is provided via the Fund's website, and aims to provide all the information needed to take part effectively in the pension scheme.

Employer Newsletter

The Fund publishes a newsletter at least twice a year, 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.

Annual Report and Accounts

The audited accounts of the 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 PensionsWeb

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, year end packs, information, forms and employer newsletters are all available online. Our online services give employers access to view their own data, securely exchange data and submit requests and changes online.

Contacts database

We maintain an employer contact database, which we regularly update.

E-mail

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 will attend pensions related meetings at employers premises on request.

Other Bodies we communicate with...

The Department of Communities and Local Government (DCLG): We have regular contact with DCLG, as regulator of the scheme, and participate in a number of working groups where new developments are discussed, including the LGPS 2014 Project.

National Scheme Advisory Board: Head of the Norfolk Pension Fund, Nicola Mark, is the elected practitioner representative on the National Scheme Advisory Board and also sits on the Value for Money and Collaboration Sub Committee.

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 Head of the Norfolk Pension Fund, Nicola Mark, sits on the CIPFA Pensions Panel.

Local Authority Pension Fund Forum (LAPFF): 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): Norfolk Pension Fund is a member of the PLSA, which helps us be a part of the national pensions debate. The Fund is very active in the Local Authority Liaison Group. The Head of the Norfolk Pension Fund sits on the Local Authority Steering Group. And the Defined Benefit Steering Group.

Pensions User Group: A network of over 30 LGPS Funds meet regularly to debate and exchange views on LGPS investment matters. The group normally meets twice a year.

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 the 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 HSBC, 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: 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.

Pension Fund Staff

The Norfolk Pension Fund is managed 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

Nicola Mark, **Head of the Norfolk Pension Fund**, leads the Service.



Pension Administration

The Pensions Manager, Mark Alexander, and his team, provide benefit administration services to the scheme members and participating employers.



Investment

Chief Investment Manager, Glenn Cossey, with his team, manages the pension fund investments and accounts, as well as providing support to the Trustees in their stewardship of the fund.



Business Manager

Jo Quartermann supports 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

Team meetings take place regularly, and are supplemented by additional or informal meetings for specific issues as required.

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.

Appraisal process

The appraisal process provides a formal opportunity for discussion between staff and their managers, in addition to informal day to day communication. Objectives are linked to the Service Plan.

Intranet, Internet and e-mail

All staff have access to the (Norfolk County Council) intranet, the internet, e-mail and a shared electronic diary system.



The Norfolk Pension Fund Team

Norfolk Pension Fund,
4th/5th Floor Lawrence House,
5 St Andrews Hill, Norwich, NR2 1AD
Telephone: 01603 495923
Fax: 01603 495795
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
Summary Guide to the LGPS	✓	✓	On Request	On Request	Constantly available	Ongoing
Benefit Statements, 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	Annually	Annually
Information Sheets (Various)	✓	✓	On Request	On Request	As Required	Ongoing
Employers' Manual	✓	✓	On Request	On Request	Constantly Available	Ongoing
Employers' Newsletter	✓	✓	On Request	On Request	Twice a year	Twice 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	Twice a year	Twice a year
Press articles	✓	✓	On Request	On Request	As Required	As Required



communication for all

If you would like this document in large print, audio, Braille, alternative format or language please contact us, using the details on the previous page, and we will do our best to help you.

Norfolk Pension Fund Events

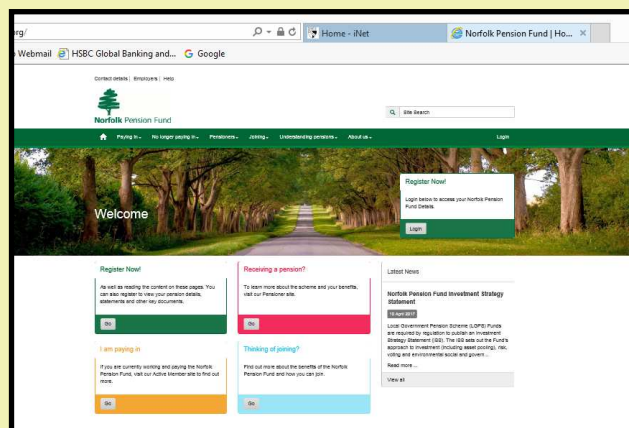
Pensions Committee	Four times a year
Pensions Oversight Board	Twice a year (minimum)
Employers Forums	Twice a year
Annual Meeting and Pension Clinic	October / November
Pensioners Events	April / May
Pre-retirement Seminars	Monthly
Pension Fund Employee Road Show	At employers premises, as requested
Induction sessions for employers (new HR and Finance staff)	As requested

Visit the Norfolk Pension Fund at:

www.norfolkpensionfund.org

Register for online services

- Personal details
- Benefit Statements
- Pension payments
- Online requests



With information on



- Benefits
- Fund performance
- Events
- Latest news
- Contact information



Norfolk Pension Fund

Employer Newsletter Spring 2018

Welcome to our Spring Employer Newsletter.

I expect, like here at the Fund, you've been particularly busy over the past few weeks completing all the important year end tasks. Please could I take this opportunity to thank you very much for submitting Year End Returns by the 30 April 2018 deadline. Meeting the time limit is essential as a delay by a single employer can hold up the process for the other 400 or so employers and your cooperation is greatly appreciated.

The next big challenge for us all is the implementation of GDPR (General Data Protection Regulation), which takes place on 25 May 2018. I hope that you are progressing well with your arrangements to comply with the new regulations. Please see the GDPR update on page 6 for more information.

Finally, please make a date in your diary for our next **Employer Forum**, which is on **Wednesday 4 July** at the Norwich Professional Development Centre. The Forum is always a good opportunity to share information between employers and the Fund, so I hope to see you there.

Thank you for reading and I hope that you find our Newsletter informative.

Best wishes,

Nicola Mark MBE
Head of Norfolk Pension Fund



In this issue

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- Stop Press! LGPS Regulations 2018
- Revaluation of Benefits
- Joiner Pack
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- Pay Strain Monitoring
- Investment Reform - Asset Pooling
- General Data Protection Regulation (GDPR) - Reminder
- Managing Scheme Member Disputes
- Norfolk Pension Fund Governance
- Latest Pensions Committee News
- Latest Pensions Oversight Board News
- Online Services
- Outsourcing? Keep us up to date
- Public Sector Exit Payment Reforms
- Retired Members Events 2018
- Pre-Retirement Courses
- Norfolk Pension Fund contact details

Diary Date - Employer Forum



The next **Employer Forum** will be held on **Wednesday 4 July** at the

Norwich Professional Development Centre,
144 Woodside Road, Norwich, NR7 9QL.

Registration and coffee from **9.30am** for a **10.00am** start.

Finish at approximately 12.30pm, followed by lunch.

To book your place, please call **01603 222824**

Stop Press!

LGPS (Amendment) Regulations 2018

A piece of news hot off the press is that from **14 May 2018** new LGPS (Amendment) Regulations 2018 come into force. This will change the treatment of any surplus upon the ending of an admission agreement.

What does this mean for employers?

Previously such surpluses have been described as “trapped” since the exiting employer was not able to take a refund from the scheme. Under the new regulations this is now possible.

This sounds simple in principle. However, it raises a number of complex funding, risk and tax issues for which we await full clarification, guidance and advice

from the Government and HMRC.

As an employer, who may provide pension indemnities to your contractors needing to enter into admission agreements in TUPE situations, you may wish to consider the provisions of the indemnity (new and existing) to ensure that appropriate consideration is given for any surplus that may now be returned and who would benefit.

In the meantime the Fund is reviewing the appropriate approach in respect of existing admissions and thinking about how to reflect this in admissions granted after the change comes into force.

We will update you as this review comes together.

Revaluation of Benefits

Under the LGPS CARE (Career Average Revalued Earnings) scheme, benefits for active scheme members are revalued each year to take into account any change in the Consumer Price Index (CPI). The CPI rate as at the previous September is used.

The revaluation of career average pension benefits for the LGPS as at 31 March 2018 was 3%.

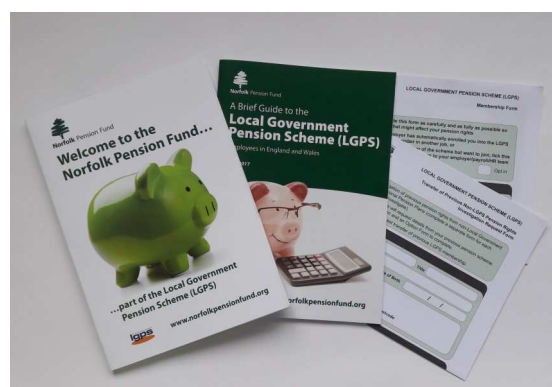
This inflationary uplift has been applied to members individual career average pensions. This means that the value of CARE benefits have been increased from 1 April 2018.



Joiner Pack

As an eligible employer, the Scheme requires you to give any new staff member a copy of the Norfolk Pension Fund joiner pack as soon as they commence employment.

If you require copies of the pack, please call us on **01603 495923** or email **pensions@norfolk.gov.uk** to place your order.



One-to-One 'Clinics' for Employers

If you are an employer unsure of your responsibilities under the LGPS, not sure how to complete your Employer Pension Policy or have questions on the Guide to Online Services.... help is at hand!

We are pleased to offer employers the opportunity of a one-to-one clinic with a member of our team to help you with your pension duties.



To arrange an appointment, please call **Graham Trussell** on **01603 222086**.

Pay Strain Monitoring

At previous Employer Forums, and as part of the communication of the 2016 Valuation results, we have frequently discussed pay strain monitoring and recharging.

You may recall that when you signed the acknowledgement slip for employer contribution rates for the three years from 31 March 2017, that we also asked you to confirm you understood the potential to be invoiced for the pension cost of excess increases in pensionable pay. This was in accordance with the principles set out in the Funding Strategy Statement, which itself was subject to statutory consultation with you as part of the 2016 Valuation process.

As a reminder at the 2016 Valuation, we agreed with the Fund Actuary that we would use a lower pay increase assumption to reflect overall public sector pay restraint. The financial effect of this was to lower calculated employer contribution rates.

To allow us to retain appropriate prudence in our approach to the valuation, we also agreed to put in place a “safety valve” to annually monitor pay experience and charge the cost of excess increases to employers where this occurred.

Additional costs will arise where increases in pensionable pay are at a level higher than the assumption made by the Fund Actuary at the 2016 Valuation (2.5% plus a small allowance for promotional increases based on the profile - age etc - of each individual member).

We have now gone through the lengthy exercise of reviewing the pay experience of employers between the years ended 31 March 2016 and 31 March 2017. For most

of those employers participating in the Fund, the pay increase assumption was found to have been appropriate, but for a small minority the increases in pensionable pay were higher than the Fund Actuary had allowed. If this is the case, you will have already been invoiced for the additional cost to avoid the emergence of unexpected funding shortfalls.



What have we learned?

Interestingly the invoicing of employer pay strain has resulted in a number of employers re-examining full-time equivalent pay data which has previously been signed off in year-end returns as correct.

We would therefore urge all employers to take considerable care in their returns, including oversight of service providers that may be completing them on your behalf, and where exceptions are identified to review these thoroughly before they are signed off.

There is a real financial impact in terms of the over or under statement of the pension liabilities for which the employer has responsibility if incorrect data is posted, which will ultimately be reflected in employer contribution rates or invoiced costs such as pay strain.

Investment Reform - Asset Pooling

In previous newsletters we have reported how the Government requires regional LGPS Funds to work together to “pool investments to significantly reduce costs, while maintaining investment performance”.

Norfolk Pension Fund has been working with 10 other ‘like-minded’ Administering Authorities to form 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.

An Inter-Authority Agreement facilitates joint working between the 11 ACCESS authorities and a Joint Committee made up of one elected councillor from each authority’s Pensions Committee provides governance oversight.

Since our last update, the ACCESS authorities have appointed Link Fund Solutions as the pool’s regulated Operator. The Operator is responsible for appointing investment managers on behalf of the authorities participating in the pool. The Operator company is held to account by the administering authorities participating in the pool via a Joint Committee.

Over time investment manager fee savings will accrue as investment assets are moved into the pool and the pool benefits from the scale of assets under management. Whilst these cost savings may have a positive impact on employer contribution rates in the longer term, other factors such as changes in life expectancy, workforce profiles and deficit recovery periods will continue to be the main driver for future contribution rates.

Whilst asset pooling will change the operational aspects of how we invest pension fund monies, strategic investment decisions will remain the responsibility of administering authorities and there are no changes to your local pensions administration arrangements.



General Data Protection Regulation (GDPR) - Reminder



The long awaited **General Data Protection Regulation (GDPR)** will be enforced from 25 May 2018 and organisations failing to comply could face heavy fines.

GDPR is designed to harmonise data privacy laws across the EU, to protect and empower all EU citizens data privacy and to reshape the way organisations across the region approach data privacy. As an employer you will need to make sure of your responsibilities to comply with the GDPR.

The Information Commissioners Office website is a good source of information and contains a '[12 steps to take now](#)' guide and a '[Data protection self assessment toolkit](#)', designed specifically to help small to medium sized organisations from the private, public and third sectors to meet their data protection obligations.

For more information, please visit <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/>

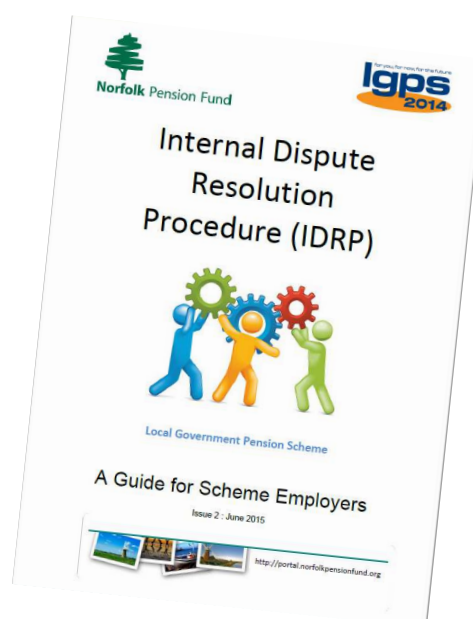
In the meantime, before the enforcement date, we will send you a '**Memorandum of Understanding**', which will set out the respective rights and obligations of participating employers regarding Norfolk Pension Fund member data.

Managing Scheme Member Disputes

Just a reminder of the importance of keeping your Employer Pension Policy up to date. This will usually specify 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)**' by visiting www.norfolkpensionfund.org/employers/forms-and-documents under the '**Guides**' tab.

There is also a '**Scheme Member Guide to disputes**' available at: www.norfolkpensionfund.org/about-us/complaints-and-disputes



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 now 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.

You can find more details about the Norfolk Pension Fund governance arrangements in our [Governance Strategy Statement](#) on our website.

Latest Pensions Committee News

The Pensions Committee has met twice since our last Newsletter, on 5 December 2017 and 20 February 2018.

Alongside its regular oversight of investment and administration performance, and progress reports on the ACCESS investment pool, the Committee reviewed the Funds' Risk and Breach registers and management arrangements in December.

Pensions Committee
Norfolk County Councillors
Danny Douglas
Tom FitzPatrick
Judy Oliver
Martin Storey
Brian Watkins
District County Councillors
John Fuller
Alan Waters
Staff representative
Steve Aspin



In January they also considered the Pension Fund Budget and Responsible Investment and Shareholder Engagement policy and arrangements. They were also updated on the implementation of the updated investment Strategies (please see our Autumn 2017 edition for more details).

The committee next meets on 26 June 2018. Pensions Committee papers are published on the [Norfolk County Council](#) website.

Latest Pensions Oversight Board News

In addition to observing Pensions Committee meetings, the Pensions Oversight Board met on 17 January 2018.

Alongside their regular oversight of governance and decision making, the Board was updated on ongoing reform within the LGPS (including investment pooling).

Norfolk's Chief Auditor also presented the

Annual Audit Plan (approved at the February 2018 Pensions Committee meeting) for the Norfolk Pension Fund and answered questions arising from the Pensions Oversight Board.

The Pension Oversight Board next meets on 15 June 2018. Pensions Oversight Board papers are published on the [Norfolk Pension Fund](#) website.

Online Services

Please remember that you can use the **Employer Portal** to securely access a number of online forms including:

- Retirement Estimate Request
- Retirement Discretions
- Advance Warning of Retirement
- Auto Move from 50/50 to Main
- Notification of unpaid leave or absence
- Leaving Pensionable Employment
- Change of Contractual Hours
- Secure Message Form



If you have any questions about any of our online services, or would like to register, please call us on 01603 222132

Outsourcing? Keep us up to date

Just a reminder that if you are considering options for reshaping and/or reorganising your service delivery (e.g. outsourcing) please let us know at the earliest stage of your thinking.

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 your tender documentation.



If you are considering making any changes to your service delivery, please contact **Alex Younger** on **01603 222995** or **alexander.younger@norfolk.gov.uk**

Public Sector Exit Payment Reforms

As mentioned in our last Newsletter, the Government has confirmed it is to hold a fresh consultation with the public sector on draft regulations governing the exit payment cap and exit payment recovery.

However, no dates appear to have been set for the consultation or for when the reforms, which will require parliamentary approval, will be implemented.

We hope to give a further update in our next Newsletter.

Retired Member Events 2018

Our annual retired member events are due to be held during May 2018.

The events always prove popular, giving retirees an excellent opportunity to get an update on the Fund and introduce them to voluntary and community groups.

It's also a nice way for people to catch up with former work colleagues.

The events are made possible by the kind sponsorship from companies that provide services to the Norfolk Pension Fund.

The full list of dates are:

14 May – Great Yarmouth, Racecourse
15 and 16 May – Norwich, Holiday Inn Norwich North
17 May – King's Lynn, Knights Hill Hotel



Pre-Retirement Courses



Pre-Retirement courses are run regularly at County Hall to help members prepare for retirement. The course is aimed at people who will be, or who are considering, retiring in the next 18 months to two years.

2018 Dates

- Thursday 31 May 2018
- Thursday 26 July 2018
- Thursday 27 September 2018
- Tuesday 20 November 2018

The course includes:

- Creating a new future and managing change
- Leisure and learning
- Maintaining health and fitness
- Information about the LGPS
- Investment options/financial advice
- Estate planning and Wills

Norfolk County Council manage and run courses on our behalf, which are open to all LGPS scheme members.

For more information and to book a place please contact

**HR Direct, Norfolk County Council
01603 222212
HRdirect@norfolk.gov.uk**

Norfolk Pension Fund

**Lawrence House
5 St Andrews Hill
Norwich
NR2 1AD**

Pensions Administration

**01603 495923
Fax 01603 495795
pensions@norfolk.gov.uk**

Investment, Accountancy and Actuarial Services

**01603 222139
Fax 01603 228898
pensions.finance@norfolk.gov.uk**

Website, Technical and Employer Queries

**01603 222132
pensions.systems@norfolk.gov.uk**

www.norfolkpensionfund.org



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

What we'll do

Vision:

Providing a quality pension service to meet all the different needs of stakeholders in a responsive, cost effective and equitable way.

Outcomes:

- Scheme administration, investment and strategy for the Local Government Pension Scheme in Norfolk, including the calculation and payment of pensions.
- Strategy and oversight of the investment of fund monies and the preparation of statutory fund accounts.
- Support to the Pensions Committee and Pensions Oversight Board.
- Advice and support to scheme members and employers.
- Delivery of national LGPS reforms.

Priorities:

- The effective management and governance of the Fund including compliance with all regulatory and best practice requirements.
- Supporting Pensions Committee in their decision making.
- To minimise and stabilise the level of pension contributions required to be paid into the Fund.
- Ensuring the Fund has the right resources to deliver the ever increasing complexities of LGPS
- The proper administration, accounting and reporting of the Fund's financial affairs.
- The accurate and timely calculation and payment of scheme benefits.
- Working collaboratively and in partnership with other LGPS funds and other organisations to deliver higher quality pension services.

How we'll do it

Delivering LGPS scheme administration, investment and strategy functions in a responsive, cost effective and equitable way, and in line with our Customer Care and Communications Strategy and Governance Compliance Statement.

Supporting Pensions Committee (Section 101 Committee, who act as quasi Trustees) in their decision making, including setting the strategic direction for all aspects of the service.

Meeting stakeholder requirements and continually monitoring, reviewing and improving our service delivery to ensure value for money.

Achieving long term investment returns within a managed risk framework that support local scheme employers in meeting their pension contributions.

Setting appropriate investment strategies; having access to high quality investment solutions; and monitoring investment performance, with appropriate action being taken in the event of investment objectives not being met.

Optimising technology to make processes more efficient and effective, and continually looking at developing services in the most cost effective manner following careful consideration of business cases.

Maintaining accurate pension records ensuring they meet regulatory requirements, and supporting employers to ensure they provide accurate and timely information.

Recruiting, training, nurturing and retaining highly motivated staff with the necessary professional, managerial and customer focus skills.

Hosting the collaborative LGPS National Frameworks project which delivers multi-million £'s savings and benefits across the LGPS and wider public sector pension schemes

Collaborating with 10 other LGPS Funds in the south east of England in response to Government direction to **"pool" pension fund investment assets from April 2018.**

How we'll know if we've made a difference

- Achieve upper quartile performance across pension industry KPIs;
- 'Cost per member' remains below national benchmark average;
- Achieve or exceed the return on investment assets assumed by the Fund's actuary;
- The timely payment of pensions and collection of contributions as they fall due.
- Successful faster close of statutory accounts with an unqualified audit opinion;
- No breaches of material significance reported to the Pensions Regulator;
- The production and distribution of annual benefit statements within statutory timescales.
- Effective implementation of investment strategy decisions taken by Pensions Committee.
- Effective support to employers and schemes members affirmed by service questionnaires and feedback;
- Continued endorsement by DCLG and HM Treasury of the LGPS National Frameworks; and
- Effective and efficient transition of liquid investment assets to a fully regulated Common Investment Vehicle asset pool;

Values and behaviours that underpin everything

Stakeholder Focused

Commercially Aware

Providing Value for Money

The Local Government Pensions Committee
Secretary: Jeff Houston

CIRCULAR

Please pass on sufficient copies of this Circular to your Treasurer/Director of Finance and to your Personnel and Pensions Officer(s) as quickly as possible

No. 306 – MAY 2018

LGPS “TRUSTEE” TRAINING FUNDAMENTALS XVII and

15th ANNUAL LGPS GOVERNANCE CONFERENCE

Purpose of this circular:

1. This Circular has been issued to advertise our forthcoming LGPS Trustees’ training programme “Fundamentals”, organised by the Local Government Pensions Committee (LGPC) and the Annual LGPS Governance Conference formerly known as the “Trustees” Conference.

FUNDAMENTALS

Background

2. Fundamentals is an A-Z bespoke Local Government Pension Scheme training course, originally aimed at elected members serving on pension committees/panels, and has been attended by over 1,400 delegates since 2002. Not limited solely to elected members, past delegates have included trades union representatives, member and employer representatives, a variety of officers who attend/support committees and some private sector organisations who provide services to administering authorities.
3. In 2015, with the advent of Pension Boards whose role it is to assist the administering authority in its role as scheme manager, the material was modified so it would also be suitable for Board members who had identified a need to upscale their knowledge and understanding in some areas.

4. The 2018 programme is currently being reviewed and will be advertised early June when bookings will become live. We just wanted to alert you to the dates that Fundamentals will be run this year:

5. Fundamentals XVII 2018 will be delivered at three locations as follows:

Leeds	Day 1	2 October
	Day 2	6 November
	Day 3	5 December
London	Day 1	10 October
	Day 2	30 October
	Day 3	4 December
Cardiff	Day 1	23 October
	Day 2	13 November
	Day 3	11 December

6. Fundamentals XVII 2018 is designed as a 3-day course, with identical material being delivered at each location. It is therefore possible to attend the course by visiting different locations should delegates' diaries not allow attendance on all three days at a particular location.

Cost and booking

7. The delegate rate for each session, inclusive of lunch, refreshments and all delegate materials is £260 plus VAT at the standard rate, making the cost of the three-day course £780 plus VAT.

8. If you want to register your interest in attending this year's Fundamentals programme, please send a short-email with "Fundamentals" in the subject line to elaine.english@local.gov.uk who will make sure you receive the circular as soon as it is issued (as places are always on a strictly first-come, first-served basis).

GOVERNANCE CONFERENCE

Background

9. The conference programme will have its popular lunchtime-to-lunchtime format commencing on Thursday 17th and concluding on Friday 18th January 2019. Having previously been held at numerous locations across Great Britain (e.g. Cardiff in 2015; Manchester in 2016 and Bournemouth 2017), the conference heads this year to the Double Tree by Hilton Hotel, Bristol City Centre.

10. The conference is not bookable at this stage - the programme is yet to be finalised and a further Circular will be issued in June 2018.
11. If you wish to discuss speaking or sponsorship opportunities, please contact Karl White Pensions Adviser (Training) in the first instance by email to karl.white@local.gov.uk
12. If you want to register your interest in attending this year's conference, please send a short-email with "Annual in the subject line to Elaine.english@local.gov.uk who will make sure you receive the circular as soon as it is issued (as places are always on a strictly first-come, first-served basis).

ACTIONS FOR ADMINISTERING AUTHORITIES

13. Administering Authorities are urged to bring this Circular to the attention of all Pension Committee/Panel members and those who attend/advise the meetings, sub-committees etc., and also to local pension board members.

Karl White
Pensions Adviser (Training)
17 May 2018

Distribution sheet

Local authorities who have registered for notification of Circulars
Pension managers (internal) of administering authorities
Pension managers (outsourced) and administering authority client managers
Local Government Pensions Committee
Trade unions
MHCLG
COSLA
SPPA
Regional Directors
Private clients
Website

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LGPC
18 Smith Square
Westminster
London, SW1P 3HZ

or email: karl.white@local.gov.uk

Update on Bulk Transfer Values in Progress

Name	Transfer Date	Estimated Completion Date	State of Play
Cambridgeshire County Council to Norwich City Council	April 2017	2018-19	Circa 100 staff transferred back to City Council as part of reorganisation of outsourcing agreement with LGSS. Terms have been received from the Cambridgeshire Fund Actuary and have been reviewed by our actuarial team. Following this review they have asked for a revised basis from Cambridgeshire. The Cambridge Actuary has proposed revised terms but these have been rejected as inconsistent with the basis under which the assets were originally transferred to the Cambridgeshire fund

In addition to this transfer we are also working on a number of outsourcing agreements that potentially involve the transfer of staff under TUPE with both employers being members of the Norfolk Pension Fund.

Representation on behalf of the Pension Fund

During the period since the last Pension Committee, the following meetings and events have occurred:

Date	What	Who
Feb 2018		
21	DB Council	Nicola Mark
22	PLSA Board	Nicola Mark
23	ACCESS Joint OWG / Steering Group meeting	Nicola Mark, Jo Quarterman, Glenn Cossey
26	LGPC Meeting	Nicola Mark
26	Scheme Advisory Board	Nicola Mark
Mar 2018		
6	ACCESS Joint OWG / Steering Group meeting	Glenn Cossey
7-9	PLSA Investment Conference	Nicola Mark, Alex Younger
12	ACCESS Joint Committee	Nicola Mark & Glenn Cossey
27	ACCESS Cross Pool Open Forum Session	Nicola Mark
28	Baillie Gifford – Review Meeting	Nicola Mark, Glenn Cossey & Alex Younger
Apr 2018		
12	ACCESS OWG monthly meeting	Nicola Mark & Glenn Cossey
13	GSAM – Review meeting	Glenn Cossey & Alex Younger
16	Capital International – Review meeting	Nicola Mark, Glenn Cossey & Alex Younger
17	Bloomberg Impact Investment Conference	Nicola Mark
19	Fidelity – Review Meeting	Nicola Mark, Glenn Cossey & Alex Younger
23	CIPFA Pensions Panel	Nicola Mark
24	SL Capital – SOF Advisory Boards	Alex Younger
25	DB Council	Nicola Mark
26	ACCESS Joint Committee	Nicola Mark & Glenn Cossey
May 2018		
9	Hymans Robertson – fund update	Nicola Mark & Glenn Cossey
14-17	Retired Members Week	Nicola Mark & other members of pensions team.
17	PLSA Board	Nicola Mark

21-23	PLSA Local Authority Conference	Nicola Mark & Alex Younger
24	ACCESS OWG monthly meeting	Nicola Mark & Jo Quarterman
29	PLSA Training / Away Day	Nicola Mark
June 2018		
1	Essex County Council Pensions Advisory Board	Nicola Mark
11	ACCESS Joint Committee	Nicola Mark & Glenn Cossey
15	Pensions Oversight Board	Nicola Mark & Jo Quarterman
18	Scheme Advisory Board	Nicola Mark
19	Aviva - Review Meeting & Due Diligence	Alex Younger & Glenn Cossey
21	ACCESS OWG monthly meeting	Nicola Mark, Glenn Cossey & Alex Younger
21	Janus Henderson – Review Meeting & Due Diligence	Glenn Cossey & Alex Younger

In addition to these meetings we have held a number of meetings with managers with whom we do not have a current commercial relationship, meetings in respect of transition and mandate changes and with various fund employers on individual issues. The Fund has attended various other meetings associated with the development of the ACCESS Pool.

The following forthcoming meetings and events have been identified as of possible interest to trustees or officers of the fund:

Date	What
June 2018	
27	LGPC Committee
27	SAB
Jul 2018	
19	ACCESS OWG monthly meeting
23	CIPFA pension panel
26	ACCESS Cross Pool Group
Aug 2018	
16	ACCESS OWG monthly meeting
30	ACCESS OWG monthly meeting
30	ACCESS Cross Pool Group

CIPFA – Chartered Institute of Public Finance and Accountancy

DCLG – Department for Communities and Local Government

LAPF – Local Authority Pension Fund

LGA – Local Government Association

LGC – Local Government Chronicle

LGPS – Local Government Pensions Scheme

PLSA - The Pensions and Lifetime Savings Association
(previously known as NAPF – National Association of Pension Funds)

Pensions Committee forward programme – as at June 2018

Pensions Committee	Pensions Committee	Pensions Committee	Pensions Committee	Committee Training
18 September 2018	11 December 2018	February 2019	26 June 2019	2018
Administration Report	Administration Report	Administration Report <ul style="list-style-type: none"> • Annual Audit Plan • Annual Data Quality Report (recurring every February) 	Administration Report	Illiquid assets
Corporate Governance and Shareholder Engagement Report	Risk Register Report and Compliance with Breaches Policy	Pension Fund Budget Report	Norfolk Audit Services Annual Internal Audit Report	Statutory accounts (prep & oversight)
LGPS Pooling/ACCESS Update	LGPS Pooling/ACCESS Update	Corporate Governance and Shareholder Engagement Report	Risk Register Report and Compliance with Breaches Policy	ACCESS Pool Governance
Update from the Pensions Oversight Board	Update from the Pensions Oversight Board	LGPS Pooling/ACCESS Update	LGPS Pooling/ACCESS Update	Triannual Valuation
Investment Strategy Review – Long-term Enhanced Yield Portfolio	Investment Strategy Review – Long-term Enhanced Yield Portfolio	Update from the Pensions Oversight Board	Update from the Pensions Oversight Board	
		Investment Strategy Review – Long-term Enhanced Yield Portfolio	Draft Annual Report and Accounts	
		2019 Triannual Valuation – Overview and Planning	2019 Triannual Valuation - Assumptions	
Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	

Update from the Pensions Oversight Board

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

1. Background

- 1.1 This report updates the Pensions Committee on the work of the Pensions Oversight Board. A further verbal report may be given by members of the Pensions Oversight Board who will also attend committee. The last update was given at the February 2018 Committee Meeting.

2. Pensions Oversight Board meetings

- 2.1. The Pensions Oversight Board (POB) met on 15 June 2018, and the agenda for the meeting is at Appendix A.

3 Annual report

- 3.1 The Board has produced its second annual report, and this is at Appendix B.

4 Resource Implications

- 4.1 At this time there are no resource implications identified.

5. Other Implications

Equality Impact Assessment (EqIA):

- 5.1 There are no equality issues arising from this report.

Any Other Implications:

- 5.2 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.

6. Section 17 – Crime and Disorder Act

- 6.1 There are no Crime and Disorder implications arising from this report.

7. Recommendation

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

Background Papers

Appendix A: POB agenda 15 June 2018

Appendix B: POB Annual Report 2017/18

Officer Contact

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

Nicola Mark Tel No: 01603 222171 email address: nicola.mark@norfolk.gov.uk



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Norfolk Pension Fund Pensions Oversight Board

Date: **Friday 15 June 2018**

Time: **10:30am**

Venue: **4th Floor Lawrence House, 5 St Andrews Hill,
Norwich, NR2 1AD**

Membership

Chairman

Kevin McDonald Director of Pensions, Essex Pension Fund

Employer Representatives

Cllr Chris Walker	Poringland Parish Council
Debbie Beck	Norfolk County Council
Howard Nelson	DNEAT

Scheme Member representatives

John Harries	Active / Deferred member
Brian Wigg	Pensioner member
Rachel Farmer	Trade Union

Agenda

1. Apologies
To receive apologies
2. Minutes and matters arising
To agree the minutes of the meeting held on the 17th January 2018.

3. 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.
- 4. Items of urgent business
To receive any items of business which the Chairman decides should be considered as a matter of urgency
- 5. Norfolk Pension Fund Governance Review
To update the Pensions Oversight Board and to consider their engagement with the review
- 6. Pensions Committee
Feedback from Pensions Committee meeting of the 20 February 2018 and items to be raised at 26 June 2018 meeting
- 7. LGPS reform
Update on the on-going reform programme within the LGPS, to include:
 - Investment pooling
 - Scheme Advisory Board annual report
 - The Pensions Regulators 2019 governance and administration survey results
- 8. Operational review
Annual report and accounts cycle
- 9. Pensions Oversight Board
To consider the Pensions Oversight Board's annual report
To consider and agree the forward work programme for the Pensions Oversight Board for 2018-19
- 10. Knowledge and skills
- 11. Date of next meeting
To confirm the date of the next meeting

Contact for questions about this agenda:

Jo Quarterman, Business Development and Project Manager, Norfolk Pension Fund
jo.quarterman@norfolk.gov.uk Tel.: 01603 223950

Date agenda published: 8 June 2018

Norfolk Pension Fund Pensions Oversight Board

Annual Report 2017/18

Introduction

This is the Annual Report of the Norfolk Pension Fund Pensions Oversight Board, covering the period from 1 April 2017 to 31 March 2018.

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-us/local-pension-board .

Membership of the Pensions Oversight Board is structured as follows:

- 3 scheme member representatives of which 1 has been nominated by the trade unions and the rest drawn from the total scheme membership
- 3 employer representatives made up of Norfolk County Council (1), precepting / levying employers (1), other employers (1)
- 1 independent non-voting chairman

Membership of the Board during the period April 2017 to March 2018 was as follows:

<u>Role</u>	<u>Representing</u>	<u>Appointment</u>
Independent Chair		Kevin McDonald , Director for Essex Pension Fund, Essex County Council
Scheme Member representatives:	Trade Union nominee	Rachel Farmer (UNISON)
	Active / Deferred representative	John Harries
	Pensioner	Brian Wigg

	representative	
Employer representatives:	Norfolk County Council representative	Debbie Beck
	Precepting / levying employers' representative	Councillor Chris Walker, Poringland Parish Council
	Other employers' representative	David Hicks (resigned May 2017) Howard Nelson (joined September 2017) Diocese of Norwich Education and Academies Trust

Pensions Oversight Board Meetings

The Pensions Oversight Board has met twice during the year - in July 2017 and January 2018.

In addition to these meetings, POB Members have attended as observers each of the Pensions Committee meetings between April 2017 and March 2018.

During the course of the year the areas reviewed have included:

- Effectiveness of Pensions Oversight Board terms of reference and arrangements
- Investment pooling
- LGPS reform
- Norfolk Pension Fund budget and reporting
- Funding Strategy, following on from the completion of the Triennial Valuation
- Annual Audit plan

The Pensions Oversight Board maintain a forward work programme, aligned to the Pensions Committee work programme.

Attendance at POB meetings was 94 %.

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 received introductory training and resources. Pensions Oversight Board members are currently undertaking the Pensions Regulators public sector trustee toolkit modules, and are encouraged to make use of other resources and training opportunities.

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.

Review of the Pensions Oversight Board

In accordance with its terms of Reference, the Pensions Board must undertake an annual review to assess its performance. Following the review of the Pensions Oversight Board terms of reference, POB recommended a minor amendment to the terms of reference to allow for a Vice-Chairman to be appointed to deal with occasions when the Chairman was not present. This was agreed by Pensions Committee in September 2017.

Audit of the Pensions Oversight Board

Norfolk Audit Services completed an audit in May 2017 on 'Pensions Oversight Board – Compliance with their Terms of Reference'. Their opinion was 'acceptable' and that the Board is compliant with all sections of the terms of reference.

(signature when final)

Kevin McDonald

Chairman of the Norfolk Pension Fund Pensions Oversight Board

XX June 2018

Norfolk Audit Services
Annual Internal Audit Report 2017-18
for the Norfolk Pension Fund

Report by the Executive Director of Finance and Commercial Services

This report introduces and summarises the Chief Internal Auditor's Annual Internal Audit Report for 2017-18 and the key messages it contains, in accordance with relevant regulations.

It is recommended that the Pensions Committee should consider the Annual Internal Audit Report 2017-18 (Appendix A) for Norfolk Pension Fund and the key messages that:

- Based on an analysis of the audit work carried out and reports issued, the Executive Director of Finance and Commercial Services can assure the Committee that the adequacy and effectiveness of the systems of internal control including the arrangements for the management of risk during 2017-18 was acceptable and is therefore considered sound
- internal audit was adequate and effective during 2017-18 for the purpose of the latest regulations and standards
- the work of Norfolk Audit services (NAS) for the year and the assurance provided assists the Committee to reasonably assess the risk that the Financial Statements are not materially mis-stated due to fraud. The risks of Fraud and Corruption have been reviewed and planning and resources are considered adequate
- The internal audit function continues to comply with the Accounts and Audit Regulations 2015.

1 Introduction

- 1.1 NAS is responsible for the internal audit of the Norfolk Pension Fund. Its role is to ensure that there is evidence of compliance with the Pension Fund's objectives, rules and procedures. Where such compliance does not exist, NAS makes recommendations to ensure that proper controls are in place. Some audits carried out are based on the perceived risk to the Pension Fund as assessed using our knowledge and best practice, whilst others are requested by the Pension Fund.
- 1.2 The External Auditors are responsible for the external audit of the Norfolk Pension Fund. NAS has a very good working relationship with the External Auditors and NAS work is planned and co-ordinated to ensure that there is no duplication of work, the "audit burden" is minimised and that an efficient "joint" assurance service is provided to the Pension Fund.

The collective assurance roles of internal audit, other internal assurance providers and external audit are coordinated and optimised.

2 NAS Annual Report

- 2.1 The Annual Internal Audit Report appears at Appendix A. The key message included in the report is that the adequacy and effectiveness of the system of internal control including the arrangements of the management of risk within the Pension Fund is “Acceptable” and is therefore considered sound.
- 2.2 The Pension Fund relies on some systems provided by the County Council as host to the fund and the Council’s own Internal Audit Plan contains audits that cover those main financial systems of the Council that feed into the Annual Statement of Accounts. Those audits are reported separately to the County Council’s Audit Committee. Together, these completed audits provide assurance on the adequacy and effectiveness of internal controls for the Pension Fund.
- 2.3 The Council and the Pension Fund had unqualified External Audit Opinions and clear Annual Governance Reports for 2016-17.
- 2.4 The report also comments briefly on the adequacy and effectiveness of the arrangements for anti-fraud and corruption.
- 2.5 The audit plan for 2018-19 had been prepared on a risk assessed basis in consultation with the Head of Norfolk Pension Fund and has been considered by the Executive Director of Finance and Commercial services and the External Auditor. The plan is based on the model recommended for Pension Funds by the Society of County Treasurers (SCT) and covers the key areas; Governance and Strategy, Pensions Administration and Investments. It also takes account of the significant changes taking place for Pensions Funds and the associated risks and controls. The plan has been benchmarked against other Local Authority plans and we are satisfied with the level of proposed coverage. The plan was included in the Norfolk Pension Fund Administration report and approved by the Pensions Committee at its meeting in [February 2018](#)

3 Risk Management

- 3.1 This report has fully taken into account any relevant issues arising from the Pension Fund’s policy, strategy and procedures for risk management and any issues identified in the Pension Fund’s risk register. There is a good working relationship between internal audit and those responsible for monitoring and reporting on risk.

4 Equalities Impact, Resource and Other implications

- 4.1 Resources available for the provision of internal audit in 2017-18 have been assessed as adequate, including the resources deployed to address the risk of fraud and corruption within the organisation.
- 4.2 Consequently, there are no equalities, resources or other implications arising from this report.

5 Section 17 Crime and Disorder Act (1998)

- 5.1 Under section 17 of the Crime and Disorder Act (1998), the County Council and its Committees, including the pensions Committee has a statutory general duty to take account of the crime and disorder implications of all its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 5.2 Internal controls help by aiming to deter crime, or increase the likelihood of detection through making crime difficult, increasing the risk of detection and prosecution and reducing the rewards from crime.

6 Recommendation

- 6.1 It is recommended that the Pension Committee should consider the Pension Fund Annual Internal Audit Report for 2017-18 (Appendix A) and the key messages that:
- Based on an analysis of the audit work carried out and reports issued, the Executive Director of Finance and Commercial Services can assure the Committee that the adequacy and effectiveness of the systems of internal control including the arrangements for the management of risk during 2017-18 was acceptable and is therefore considered sound
 - Internal audit was adequate and effective during 2017-18 for the purpose of the latest regulations and standards.
 - The work of NAS for the year and the assurance provided assists the Committee to reasonably assess the risk that the Financial Statements are not materially mis-stated due to fraud. The risks of Fraud and Corruption have been reviewed and planning and resources are considered adequate.

Officer Contact

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

Adrian Thompson Tel No: (01603) 222784 email: adrian.thompson@norfolk.gov.uk

If you need this report in large print, audio, Braille, alternative format or in a different language please contact Adrian Thompson on telephone 01603 222784 and we will do our best to help.



Appendix A

Norfolk Pension Fund Norfolk Audit Services (NAS) Annual Internal Audit Report 2017-18

Section Numbers	Contents
1	Introduction
2	Background and Audit Opinion Explanation
3	Key Messages
4	Pension Fund Internal Audit Work
5	Review of effectiveness of systems of Internal Audit
6	Quality Assurance
7	Engaging Specialists
8	Annual Governance Statement
9	Responsibilities in relation to fraud
10	Acknowledgement

1. Introduction

- 1.1 The Executive Director of Finance and Commercial Services is responsible for the administration and financial accounting of the Pension Fund. The Pensions Committee is formally briefed by the Executive Director of Finance and Commercial Services and Head of Norfolk Pension Fund on a quarterly basis.
- 1.2 NAS produces this annual report for the Pensions Committee. This Annual Internal Audit Report details the overall opinion on the system of internal control including the arrangements for the management of risk and details the level of audit coverage for the year.
- 1.3 During the year internal audit made detailed reports on every audit to the relevant Manager, including an audit opinion and an agreed action plan.
- 1.4 Internal Audit's role is to ensure that there is evidence of compliance with the Pension Funds objectives, rules and procedures. Where such compliance does not exist, internal audit makes recommendations to ensure that proper controls are in place. Some audits carried out are based on the perceived risk to the Pension Fund as assessed using the internal audit risk model, whilst others are requested by the Pension Fund.
- 1.5 The approach NAS takes to its role is set out in its own Terms of Reference, Code of Ethics and Strategy, as approved by the County Council's Audit Committee.
- 1.6 The Internal Audit team, as part of the system of internal control, has provided an effective, efficient and economic function during the year, supporting Pension Committee, the Pension Fund Management Team and the service.

2. Background and Audit Opinion Explanation

- 2.1 The County Council's Finance and Commercial Services Department exists to provide a financial advisory, transactional and support service to the Council and its customers. The Department is principally focused on delivery of its services to Norfolk County Council, including the Norfolk Pension Fund.
- 2.2 Internal Audit aims to support the Council's strategic ambitions and objectives, including those of the Norfolk Pension Fund. Work is planned and performed with reference to these strategic ambitions.
- 2.3 During the year internal audit reported as follows for Council and Pension Fund as relevant:
 - Detailed reports to the relevant Executive Directors
 - Reporting to the County Leadership Team on corporate high priority findings from audits
 - Quarterly summary reports to the County Leadership Team
 - Quarterly reports to the Audit Committee
 - Relevant topical reports to the Audit Committee as requested
 - Annual report to the Pensions Committee

- Annual Audit Plan to the Pensions Committee

- 2.4 As part of the overall Good Governance Framework, the Executive Director of Finance and Commercial Services provides an annual opinion on the adequacy and effectiveness of the system of internal control including risk management. This informs the reporting of the Annual Governance Statement for the Fund. The latest version of this document is published within the NCC Annual Statement of Accounts and can be viewed on the NCC website.
[Statement of accounts - Norfolk County Council](#)
- 2.5 The Chief Internal Auditor's overall audit opinion, that the adequacy and effectiveness of the system of internal control including risk management for the Norfolk Pension Fund is 'Acceptable' and therefore considered 'sound', is based on work undertaken during the year.
- 2.6 The collective assurance roles of internal audit, other internal assurance providers and external audit are coordinated and optimised. The resourcing of the internal audit function is considered adequate.

3. Key messages

- 3.1 The key message for the Pension Fund for 2017-18 are that:
- There is evidence of compliance with the Pensions Fund's objectives, rules and procedures (1.1)
 - Based on an analysis of the audit work carried out and reports issued, NAS can assure the Pensions Committee that the adequacy and effectiveness of the system of internal control including the arrangement for the management of risk for the Pension Fund during 2017-18 was 'Acceptable' and therefore considered sound. Sufficient audits were performed to support my opinion
 - The Council and the Pension Fund had unqualified External Audit Opinions and clear Annual Governance Reports for 2016-17
 - As a result of the audits undertaken during the year the Executive Director of Finance and Commercial Services and Head of Norfolk Pension Fund clearly understand which of the Pension Fund control systems are operating satisfactorily and where and why strengthening is required
 - The Fund's systems of internal audit were effective during 2017-18 for the purposes of the latest regulations. An independent assessment, by CIPFA, confirmed that the Internal Audit function is sufficiently compliant with the 2017 UK Public Sector Internal Audit Standards
 - NAS has received overall positive feedback on audits during the year ended 31 March 2018.
- 3.2 The work of NAS continues to evolve to cover all areas of risk as well as traditional financial audit. Some audits are carried out based on the perceived risk to the Pension Fund as assessed using the NAS risk model, the Pension Fund risk register whilst others are requested by the Pension Fund Management Team. For more information on how NAS

approach audits please see the NAS Annual Report to Norfolk County Council 2017-18 to the [April 2018 Audit Committee item 8](#) .

3.3 Other significant points to note were that:

- The Pensions Management Team undertake fraud preventative work to reduce the risk of fraud and corruption within the Pension Fund. Further details can be found at part 10 of this report.
- All NPF staff received an up to date information security and confidentiality policy as part of the appraisal process conducted during April to June 2017 and undertake Data Protection training.
- A risk register is regularly reviewed by the Management Team and presented to the Pensions Committee every six months.

4. Pension Fund Internal Audit Work

4.1 The internal audit work was performed through the Annual Internal Audit Plan approved by the Executive Director of Finance and Commercial Services and the Head of Pensions at the start of the year.

4.2 Details of planned and finalised audits are given in the table below:

Audits for 2017/18	Final report issued
Pensions Oversight Board – Compliance with their Terms of Reference and Forward Plan.	✓
The Pension Regulators’ Code of Practice No14 – Assurance that NPF is complying with this Code.	✓
Review of Mortality and Pension Entitlement Screening Processes	✓
Member benefit payments -regular payroll benefit payments, lump sums, transfers, death in service, other	✓
Triennial Valuation	✓
Post implementation review of the new Investment Accounting process	✓

- 4.3 For the final reports above (4.2) we can confirm they were all issued in a timely manner and the scope of the audit work undertaken had met client's expectations.
- 4.4 It is considered that the above work (4.2) and also audits of core systems such as payroll, which are included in the NAS NCC audit plan, provides a reasonable basis to draw a representative opinion as on a risk assessed basis a sufficient amount of work has been completed.
- 4.5 Assurance on risk management has been gained through the risk register being reviewed and monitored by the Pension Fund and Pension Committee on a regular basis.
- 4.6 The total number of planned days was 67. The actual days delivered up to 31 March 2018 was 69, including 2 days for completing 2016-17 audits, which is considered to be sufficient to inform the opinion, as part of the overall Medium Term Internal Audit Plan.
- 4.7 The following audits are included in the 2018-19 audit plan:
- ACCESS pooled arrangements - Governance arrangements and compliance with Inter Authority agreement.
 - National LGPS Procurement Frameworks – Accounting processes and compliance with accounting principles
 - General Data Protection Regulation (GDPR) – ensure compliance with new GDPR requirements
 - Receivables (employee and employer's contributions, AVC's, APCs, transfer values, other receivables, and recharges)
 - NFI (National Fraud Initiative) Full exercise 2018.
 - Early Retirement – costing and recharges, debt collection and write offs
 - Investment Strategy Statement – compliance with DCLG guidance, updated to reflect changes and recommendations from Triennial Valuation and new different strategies

5. Review of effectiveness of systems of internal audit

- 5.1 The Accounts and Audit (Amendment) (England) Regulations 2015 require the effectiveness of the Pension Funds systems of internal audit to be reviewed annually.
- 5.2 The method used in 2017-18 to review the effectiveness of the Pension Funds systems of internal control was to review information on the effectiveness of the Pension Funds management processes and corporate control functions of NCC (legal, financial (including External Audit reporting outcomes), health and safety and human resources) as assessed by the Chief Internal Auditor.
- 5.3 Under UKPSIAS there is a requirement for external assessments of compliance against the UKPSIAS to be conducted at least once every five years by a qualified, independent assessor. An external assessment has been carried out in May 2017 with the results of this review reported through our normal reporting to the Audit Committee.
- 5.4 The Pension Fund's system of internal audit during 2017-18 was sound, adequate and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015.

6. Quality Assurance

- 6.1 A Quality Strategy for Internal Audit is in place, which includes a Quality Assurance Improvement Programme. This was used to review completed audit projects during the year to ensure they met quality standards. Internal Audit procedures are subject to continuous review and are updated during the year. No significant exceptions were noted from that work.
- 6.2 Internal Audit reports progress on the audit plan and feedback from customer satisfaction questionnaires to the County Leadership Team and the Audit Committee quarterly. NAS has received overall positive feedback from the Pension Fund audits during the year ended 31 March 2018.

7. Engaging Specialists

- 7.1 NAS did not engage any specialists from external sources to deliver audits for the Pension Fund during the period.

8. Annual Governance Statements

- 8.1 NAS internal audits undertaken for the Pension Fund provide assurances on the adequacy and effectiveness of internal controls and risk management for the Pensions Committee. The Pensions Committee will receive and approve its own Annual Governance Statement for 2017-18.

9. Responsibilities in relation to Fraud

- 9.1 Under section 17 of the Crime and Disorder Act (1998) the Council has a statutory general duty to take account of the crime and disorder implications of all of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 9.2 Internal Audit work helps to deter crime, or increase the likelihood of detection by making crime difficult, increasing the risks of detection and prosecution and reducing rewards from crime. Internal audit work is planned in order to cover the higher risk areas including where weaknesses in controls might increase the risk of theft, fraud or corruption. An action plan is agreed for any weaknesses that are identified during audits.
- 9.3 An action plan has been agreed to continue the ongoing development of a strong anti-fraud culture within the Council. The Pension Fund has adopted the County Council's Anti Fraud and Corruption Strategy and culture. The Audit Committee receives update reports on the

Anti Fraud and Corruption Strategy. The Council meets the requirements of the International Standard on Auditing (ISA 240).

- 9.4 Actual fraud cases that have been fully investigated would be reported to the Council's Audit Committee. The Chairman would be informed of any significant fraud which had implications for this Committee. There have been no such cases during the last year. The Pensions Committee are therefore aware of the arrangements in place for Chief Officers to report about fraud to the Committee. The Committee and the Council's Audit Committee would therefore have knowledge of actual or suspected fraud and the actions that Chief Officers are taking to address it if it were required.
- 9.5 The Anti Fraud and Corruption Strategy, Whistle blowing Strategy, Money Laundering Policy and the Standards of Conduct are promoted through staff newsletters and on the Council's Intranet site as well as through training for non financial managers. Through the training, inductions and briefings provided by the Head of Pensions, the Committee will be aware of the arrangements Chief Officers have in place for communicating with employees, members, partners and stakeholders regarding ethical governance and standards of conduct and behaviour.
- 9.6 The Pensions Management Team have undertaken fraud preventative work to reduce the risk of fraud and corruption within the Pension Fund, examples include taking part in the annual Club Vita mortality data matching exercise, sending data through each month of all pensions being paid to LexisNexis and they will send back matches for any people whom they believe to be deceased, checking of children's pension entitlements, checking of older and overseas members pension entitlement through Certificates of Entitlement, posting of monthly payslips when changes are made to payment details etc. and annual benefits statements to identify goneaways. NPF are also registered with the Tell Us Once service to receive direct notifications from General Register Office (GRO) of deaths registered where the informant has given consent to pass on details.
- 9.7 NPF staff have used the E-learning training course hub to carry out the 'Fraud Awareness' and the 'Fraud Prevention and Detection' courses.
- 9.8 The County Council is again participated in the Cabinet Office's bi-annual NFI data matching exercise, which will take place during 2018-19, with data being extracted in October 2018 and matches being received at the end of January 2019. Pension Fund staff will ensure that any NFI data matches are followed up effectively.
- 9.9 All NPF staff received up to date information security and confidentiality policies as part of the appraisal process April to June 2017 and undertake Data Protection training where appropriate.
- 9.10 Online services continue to be developed to improve data quality on submission. This has further enhanced security for the communication of personal information between employers/members and the Fund.

10. Acknowledgement

- 10.1 The Internal Audit team has worked with the Pension Fund to deliver assurance on the adequacy of their internal controls and risk management and I would like to thank all the managers and staff of the Pension Fund for their co-operation and assistance during the year.

Adrian Thompson
Chief Internal Auditor
01603 222784
Email: adrian.thompson@norfolk.gov.uk

If you need this report in large print, audio, Braille, alternative format or in a different language please contact Adrian Thompson on telephone 01603 222784 and we will do our best to help.



Draft Pension Fund Annual Report and Accounts

Joint Report by the Executive Director of Finance and Commercial services
and Head of Pensions

1. Introduction

- 1.1 This report presents the draft Annual Report and Accounts of the Norfolk Pension Fund for the year-ended 31 March 2018, for consideration by the Committee. The accounts section in particular should be noted by the Committee prior to presentation to the County Council's Audit Committee for approval.
- 1.2 The Annual Report has been prepared in accordance with guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The 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 2017-18* governing the preparation of the 2017-18 financial statements for Local Government Pension Scheme funds.
- 1.3 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 1st 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.
- 1.4 For the 2017-18 financial year the Norfolk Pension Fund has been subject to faster close. The Fund is now required to have its draft accounts approved by 31st May and publish its final audited and approved accounts by 31st July. The Funds 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 31st May.
- 1.5 The Fund is subject to separate external audit appointment. This is the sixth year EY (Ernst and Young) have audited the Fund. They have completed their field work and we are not aware of any material issues arising.
- 1.6 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

2. **Approval Timetable**

- 2.1 The Accounts and Audit (England) Regulations 2011 require the accounts to be approved by members by 31st July.
- 2.2 Prior to Member approval, the Statement of Accounts of the Administering Authority (incorporating the accounts of the Fund) have been certified by the responsible financial officer (Executive Director of Finance and Commercial Services) on 31st May. The accounts are then submitted to Ernst and Young for audit.
- 2.3 Pension Committee are required consider the Funds Annual Report and Accounts as shown at Appendix A. In addition, the Pension Committee are asked to consider the Auditor's ISA260 report and endorse the letter of representation. This will then allow the Chair of the Pension Committee and Executive Director of Finance and Commercial Services sign the letter on behalf of the Pension Fund.
- 2.4 Due to the faster close timeline, the ISA260 report and Letter of representation (LoR) is unlikely to be available for circulation with agenda papers for Pensions Committee on 26th June. If this is case the ISA260 report and LoR will be either tabled on the day or circulated to Committee for consideration and sign off before the Audit Committee meeting in July.
- 2.5 On 31st July 2018 the Pension Fund financial statements will be presented to the Audit Committee for approval as part of the Norfolk County Council Statement of Accounts.
- 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 Ernst and Young, audit opinion. The Annual report and accounts will be published on the Funds website prior to 1st December 2018 as required by LGPS regulations.

3. **National LGPS Procurement Frameworks project 2017-18 Outturn**

- 3.1 At the February meeting, Pension Committee received as part of the budget report details of the forecasts for the National LGPS Procurement Frameworks project. The outturn position which is separate from Pension Fund Accounts is reported to Committee.
- 3.2 The National LGPS Frameworks is a national initiative hosted by the Norfolk Pension Fund, supported by nplaw and Norfolk Procurement, operating on behalf of and accountable to the Local Government Pension Schemes (LGPS) across the UK. Its services are also increasingly being used by the wider public sector pension schemes beyond the LGPS.
- 3.3 The table below provides a final outturn position for 2017-18. The movement I funds available from that reported in February totals £199,623 and is mainly due to higher than estimated rebates generated from suppliers as a result of call off spend by Funds and additional joiner fees as a result of a focused communications strategy promoting the benefits and services available.

2017-18 Outturn Expenditure and Income (Surplus)/Deficit	2017-18 Forecast Outturn reported to Pension Committee in February £	2017-18 Outturn £	Movement £
Investment Consultancy (2013)	-175,498	-199,012	-23,514
Actuarial Benefit Consultancy (2012)	-114,106	-138,545	-24,439
Actuarial Benefit Consultancy 2	-32,773	-85,408	-52,635
Custodian Consultancy (2013)	-102,179	-119,638	-17,459
Legal Services	-24,302	-35,113	-10,811
Third Party Administration	-962	-2,219	-1,257
ESG Services	-401	4,580	4,981
Passive Investment	-6,934	-28,874	-21,940
Investment Management Cost & Performance Monitoring & Reporting	-8,823	-16,176	-7,353
Investment Consultancy (2017)	-845	-17,935	-17,090
Custodian Consultancy (2019)	0	0	0
Legal Services (2019)	0	0	0
Framework Development and Promotion	0	0	0
Transition Management	12,768	4,800	-7,968
Member Data Verification	47,431	27,293	-20,138
Total	-406,624	-606,247	-199,623

4. **Resource Implications**

4.1 There are no additional resource implications.

5. **Other Implications**

5.1 **Equality Impact Assessment (EqIA)**

There are no issues relevant to equality in this report.

5.2 **Any Other Implications:**

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.

6. **Section 17 – Crime and Disorder Act**

6.1 There are no implications under the Crime and Disorder Act.

7. Recommendation

- 7.1 It is recommended that the Committee receives and considers the draft 2017-18 Annual Report and Accounts of the Norfolk Pension Fund, attached at Appendix A. Upon receipt of the Auditor's IAS260 report, the Committee is asked to endorse the signing of the Letter of Representation by the Chair of Pensions Committee and Executive Director of Finance and Commercial Services, making recommendation to the Audit Committee that the Norfolk Pension Fund's 2017-18 Accounts are approved.
- 7.2 Note the National LGPS Procurement Frameworks 2017-18 Outturn.

Background Papers

Appendix A - Draft Annual Report and Accounts 2017-18

Officer Contact

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

Nicola Mark Tel no: 01603 222171 email address: nicola.mark@norfolk.gov.uk



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Norfolk Pension Fund

**Annual Report and
Accounts 2017-18**



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Cover image of Turf Fenn Drainage Mill by kind permission of www.tournorfolk.co.uk

Introduction

DRAFT

Contact Us

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Pension Fund Investment & Actuarial
Services Manager

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Or: Robert Mayes
Pension Fund Accountant

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Email: robert.mayes@norfolk.gov.uk

Enquiries about pension benefits: Norfolk Pension Fund

Tel: 01603 495923
Fax: 01603 495795
Email: pensions@norfolk.gov.uk
Post: Norfolk Pension Fund
Lawrence House
5 St Andrews Hill
Norwich
NR2 1AD

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 pensioner members.

General Enquiries: 01603 495923
Retired Members helpline: 01603 495788
Opening hours: Monday to Friday, 8.45am – 5.30pm
(4.30pm on Friday)
Website: www.norfolkpensionfund.org

We have referred to a number of 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 using the above General Enquiries telephone number.

Management Structure

Administering Authority:	Norfolk County Council (NCC) County Hall Martineau Lane Norwich NR1 2DW
Scheme Administrator:	Simon George, Executive Director of Finance and Commercial Services (NCC)
Norfolk Pension Fund Officers:	Nicola Mark, Head of the Norfolk Pension Fund Glenn Cossey, Chief Investment Manager Alex Younger, Pension Fund Investment & Actuarial Services Manager Mark Alexander, Pensions Manager
Legal Advisors:	nplaw (Norfolk Public Law)
Fund Custodian:	HSBC
Fund Actuary:	Hymans Robertson LLP
Investment Advisor:	Hymans Robertson LLP
Fund Managers:	Aviva Investors Berenberg Bank Baillie Gifford & Co Capital International Limited Fidelity Pensions Management Goldman Sachs Asset Management HarbourVest Partners Insight Investment Management Janus Henderson Investors Legal & General Investment Management (contract terminated from February 2018) M&G Investments Sarasin & Partners (contract terminated from August 2017) SL Capital Partners (Standard Life) UBS Wellington
Bankers:	Barclays Bank
Fund Auditor:	EY
Performance Measurement:	BNP Paribas

AVC Providers:

Clerical Medical
Prudential
Equitable Life (legacy only)

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 2017-18.

The LGPS in England and Wales

- The LGPS is one of the largest public sector pension schemes in the UK with 5.6 million members in England and Wales as at end of March 2017.
- 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 89 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



Governance

Governance Statement

The Norfolk Pension Fund publishes a Governance Statement each year. The latest version of this document can be viewed on our website at www.norfolkpensionfund.org.

The Governance 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.

Governance Compliance

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 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

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 2017-18

Chair:	Norfolk County Councillor	Cllr Cliff Jordan
Vice Chair:	District Councillor (co-opted by the Local Government Association)	Cllr Alan Waters
	Norfolk County Councillor	Cllr Danny Douglas
	Norfolk County Councillor	Cllr Judy Oliver
	Norfolk County Councillor	Cllr Martin Storey
	Norfolk County Councillor	Cllr Brian Watkins
	District Councillor (co-opted by the Local Government Association)	Cllr John Fuller
	Staff Representative	Steve Aspin
	Observer	Any participating employers
Pensions Committee Membership attendance at the four meetings held during 2017-18 was 87.5%.		
Other attendees:	Administrator of the Fund (NCC Executive Director of Finance and Commercial Services)	Simon George
	Head of the Norfolk Pension Fund (Scheme Manager)	Nicola Mark
	Investment Advisor to the Fund (Hymans Robertson LLP)	William Marshall

Pensions Oversight Board

The Pensions Oversight Board's role is to work closely in partnership and assist the Scheme Manager in relation to the following matters:

- Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;
- Securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;
- Ensuring any breach of duty is considered and followed under the scheme's procedure for reporting to the Pensions Regulator and to the Scheme Manager;
- Such other matters as the scheme regulations may specify;
- Assisting the Scheme Manager to ensure the effective and efficient governance and administration of the scheme.

Pensions Oversight Board Membership 2017-18

Chair

Director of Pensions, Essex Pension Fund

Kevin McDonald

Employer Representatives

Norfolk County Council

Diocese of Norwich Education and Academies Trust

Debbie Beck

David Hicks (resigned
May 2017)

Howard Nelson (joined
September 2017)

Cllr Chris Walker

Poringland Parish Council

Scheme Member Representatives

Active/deferred member

Pensioner member

Trade union

John Harries

Brian Wigg

Rachel Farmer

Other attendees

Head of the Norfolk Pension Fund & Scheme Manager

Business Development & Project Manager

Chief Investment Manager

Pension Fund Investment & Actuarial Services Manager

Pensions Manager

Nicola Mark

Jo Quarterman

Glenn Cossey

Alex Younger

Mark Alexander

Pensions Committee and Pensions Oversight Board Training

The training needs of the Committee and the Pensions Oversight Board Members are considered 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.

Member training is supplemented by attendance at Local Government Association (LGA) and other associated events. A training log is maintained.

In June 2017 an induction training session was held for new Pensions Committee Members covering all aspects of pensions administration, including investment performance monitoring and implementation of investment strategies. In November 2017, Members also attended an annual bespoke and comprehensive knowledge and understanding event, where they talk to leading experts about all aspects of LGPS investment and governance along with any current issues. This included meeting Hymans Robertson for an in-depth review of the Fund's Triannual Valuation and a session with various providers of investment services.

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 (**Pensions Committee**). 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-us/local-pension-board/

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
- Employers Newsletters
- Funding Strategy Statement

- Governance Strategy Statement
- Primetime (retired members newsletter)
- Sample Annual Benefit Statements
- Investment Strategy Statement
- Voting Records
- Pensions Administration Strategy

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

Pensions Administrative Strategy

A Pensions Administrative Strategy was introduced in February 2016.

The Norfolk Pension Fund has not used powers to seek compensation from employers in respect of any breaches of standards, preferring to work with employers to improve standards and performance wherever possible.

Service standards are set out within Fund documentation.

Annual Report from the Pensions Oversight Board

This is the Annual Report of the Norfolk Pension Fund Pensions Oversight Board, covering the period from 1 April 2017 to 31 March 2018.

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 Pensions Oversight Board includes assisting the Administering Authority as Scheme Manager:

- to secure compliance with the Local Government Pension Scheme (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-us/local-pension-board.

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 2017 to March 2018 was as follows:

Role

Representing

Appointment

Independent Chair

Kevin McDonald,
Director for Essex Pension
Fund,
Essex County Council



Kevin McDonald,
Chairman of the Norfolk
Pension Fund Pensions
Oversight Board

Role	Representing	Appointment
Scheme Member representatives	Trade Union nominee	Rachel Farmer (UNISON)
	Active/Deferred representative	John Harries
	Pensioner representative	Brian Wigg
Employer representatives	Norfolk County Council representative	Debbie Beck
	Precepting/levying employers representative	Councillor Chris Walker, Poringland Parish Council
	Other employers representative	David Hicks (resigned May 2017) Howard Nelson (joined September 2017), Diocese of Norwich Education and Academies Trust

Pensions Oversight Board Meetings

The Pensions Oversight Board has met twice during the year - in July 2017 and January 2018.

In addition to these meetings, Pensions Oversight Board Members have attended, as observers, each of the Pensions Committee meetings between April 2017 and March 2018.

During the course of the year the areas reviewed have included:

- Effectiveness of Pensions Oversight Board terms of reference and arrangements
- Investment pooling
- LGPS reform
- Norfolk Pension Fund budget and reporting
- Funding Strategy, following on from the completion of the Triennial Valuation
- Annual Audit plan

The Pensions Oversight Board maintain a forward work programme, aligned to the Pensions Committee work programme.

Attendance at Pensions Oversight Board meetings was 94%.

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 received introductory training and resources. Pensions Oversight Board members are currently undertaking the Pensions Regulators public sector trustee toolkit modules, and are encouraged to make use of other resources and training opportunities.

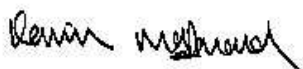
Knowledge and skills are considered at each meeting, to help shape future development needs aligned with their forward work programme. Details of observing at Pensions Committee meetings and training events (internal and external) are recorded throughout the year.

Review of the Pensions Oversight Board

In accordance with its terms of Reference, the Pensions Board must undertake an annual review to assess its performance. Following the review of the Pensions Oversight Board terms of reference, Pensions Oversight Board recommended a minor amendment to the terms of reference to allow for a Vice-Chairman to be appointed to deal with occasions when the Chairman was not present. This was agreed by Pensions Committee in September 2017.

Audit of the Pensions Oversight Board

Norfolk Audit Services completed an audit in May 2017 on 'Pensions Oversight Board – Compliance with their Terms of Reference'. Their opinion was 'acceptable' and that the Board is compliant with all sections of the terms of reference.



Kevin McDonald
Chairman of the Norfolk Pension Fund Pensions Oversight Board
15 June 2018

Scheme Administration

The Norfolk Pension Fund Team

The Norfolk Pension Fund is managed and administered from its central Norwich offices at Lawrence House.

All aspects of the pension 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.

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
- Pensions administration services for the Fire-fighters Pension Scheme/New Firefighters Pension Scheme (due to transfer to the West Yorkshire Pension Fund in summer 2018)
- Early retirement schemes for Fund employers
- Early retirement schemes for Norfolk LEA Teachers and Colleges

Operational costs

The Fund's operational financial performance is reviewed by the Pensions Committee, who approves the annual budget.

Actual spend is monitored throughout the year by the Fund's management team and is reported in the Annual Accounts.

Key Performance Indicators

Norfolk Pension Fund takes part in the annual Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Administration Benchmarking Club. Results of the Key Performance Indicators are published each September, for the previous financial year (1 April to 31 March). The results from 2016-17 (the latest available at time of publication) are detailed in the chart below:

Task	Target	Norfolk Results	Club Average
Letter detailing transfer-in quote	10 days	91.5%	87.2%
Letter detailing transfer-out quote	10 days	96.5%	86.5%
Process refund and issue payment voucher	5 days	95.5%	93.8%
Letter notifying estimate of retirement benefit	10 days	98.5%	92.8%
Letter notifying actual retirement benefit	5 days	99.7%	93.4%
Process and pay lump sum retirement grant	5 days	98.7%	93.7%
Letter acknowledging death of member	5 days	99.4%	96.1%
Letter notifying amount of dependant's benefits	5 days	99.4%	89.9%
Calculate and notify deferred benefits	10 days	98.7%	83.8%

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.

Customer Satisfaction

We gather feedback on our service from our customers that help us identify areas of improvement and opportunities for efficiency. We hold events throughout the year so that we can meet key stakeholders face-to-face, which allows us to give updates on the Fund and customers to ask us questions and resolve any queries. Survey feedback that we have received at Retired Member Forums, Scheme Member Pension Clinics and Employer Forums are shown below.

Retired Member Forums, 8 to 11 May 2017 – “full of useful information”, “varied and interesting”, “a good mix of serious and entertaining” and “of exceptional quality”.

Employer Forums, 5 July 2017 and 13 December 2017 – 70% of respondents gave an overall assessment of the Forums as Excellent/Very Good and 70% rated the presentation content as Excellent/Very good. Comments included, “investment strategy was well presented and made a lot of sense”, “very good and useful content” and, “complex information put across very clearly – thank you”.

Scheme Member Pension Clinics, 23 to 31 October 2017 – 84% of respondents said they were “Very satisfied” with the service received at the Clinics and comments received included, “clear information provided”, “answered my queries about the scheme”, “very efficient service, information clearly presented” “explained in simple terms that I can understand” and “great advice which helped me decide the way for the future”.

Key Staffing Indicators

The annual CIPFA Pensions Administration Benchmarking Club also gives us information on Key Staffing Indicators, such as staff turnover and the ratio of staff to scheme members. The results for 2017-18 are detailed in the chart below:

	2013-14		2014-15		2015-16		2016-17		2017-18	
Joining	2	7.0%	2	7.0%	2	7.0%	2	7.0%	1	3.5%
Leaving	0	0.0%	2	7.0%	2	7.0%	2	7.0%	1	3.5%
Total staff (FTE)	28.5		28.5		28.5		28.5		28.5	
LGPS Admin Staff (FTE)	22		22		22		22		22	
Members per Staff (FTE)	3405		3546		3760		3905		4071	
Staff to member ratio	1:155		1:161		1:171		1:178		1:185	

(FTE) = Full-time equivalent

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
- Incremental pay awards are directly linked to performance

Service Planning

We operate within a three-year Service Development Plan. This is shared with all the team and linked into the performance appraisal process.

Data Security

Norfolk Pension Fund is responsible for a lot of 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

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.

Internal Dispute Resolution Procedure

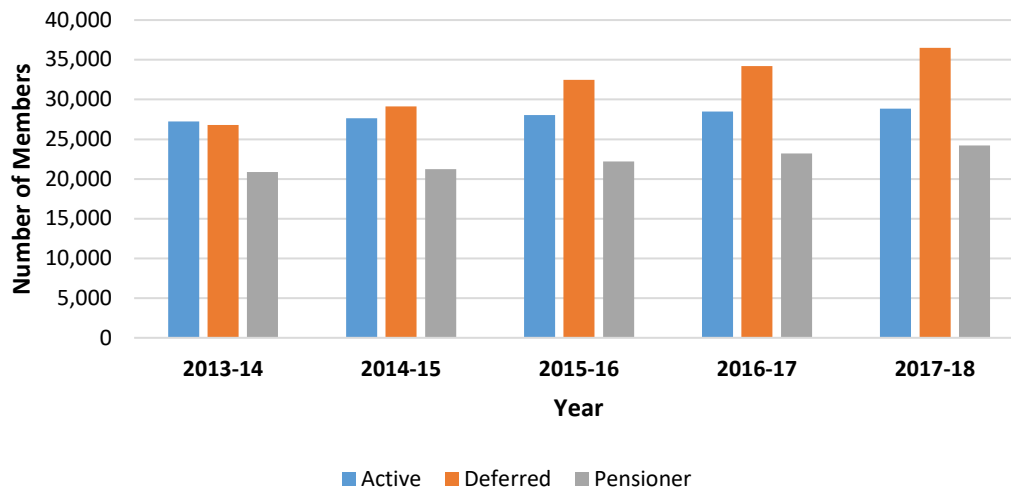
We operate an Internal Dispute Resolution Procedure (IDRP) which is defined by statute. This is used where a member disagrees with the benefits awarded or a decision made by their employer which affected their benefits.

Full details of the procedure can be found on our website at www.norfolkpensionfund.org/about-us/complaints-and-disputes/.

There were no IDRPs logged against Norfolk Pension Fund during 2017-18.

Analysis of Membership

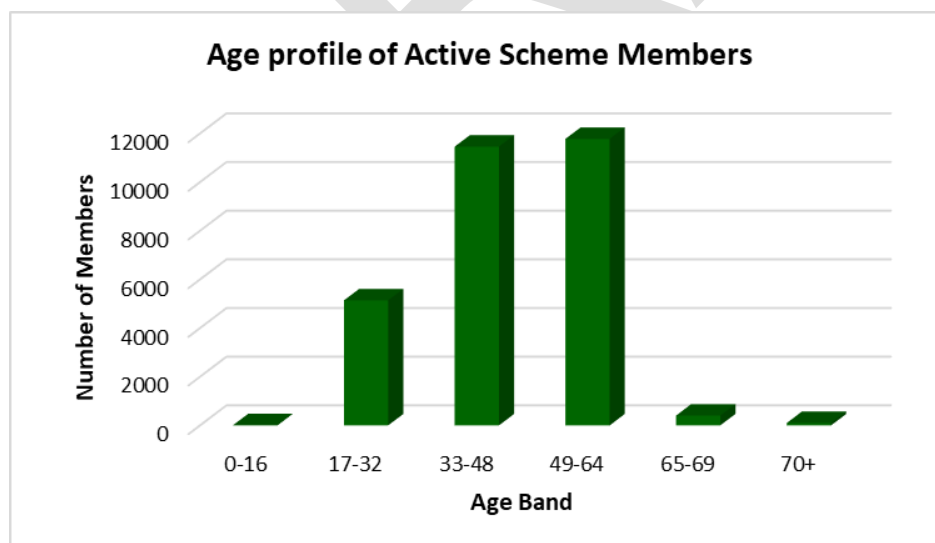
Scheme Membership



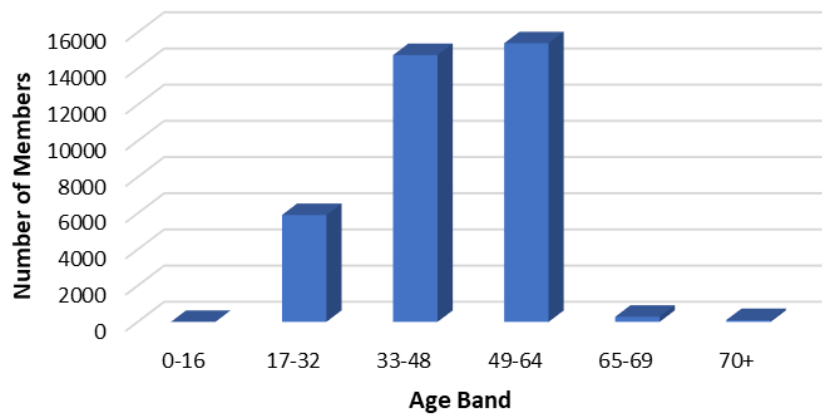
	2013-14	2014-15	2015-16	2016-17	2017-18
Active	27,254	27,638	28,030	28,469	28,837
Deferred	26,776	29,125	32,477	34,216	36,520
Pensioner	20,877	21,247	22,215	23,220	24,211
Total	74,907	78,010	82,722	85,905	89,568

Age Profile

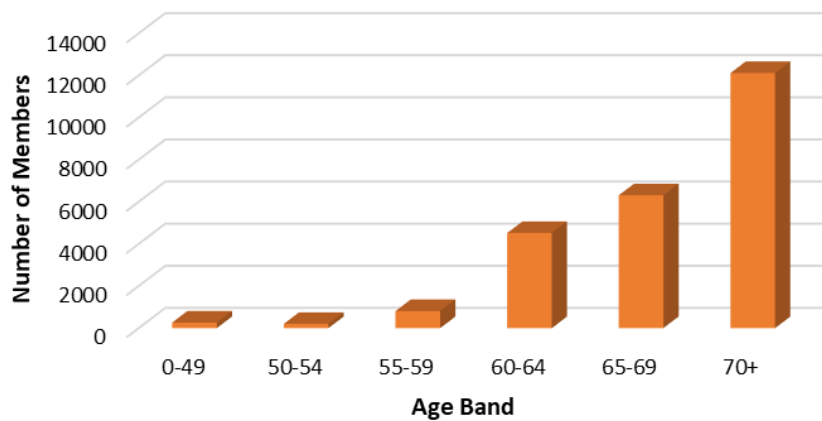
The following charts show the age profile of active, deferred and retired scheme members.



Age profile of Deferred Scheme Members



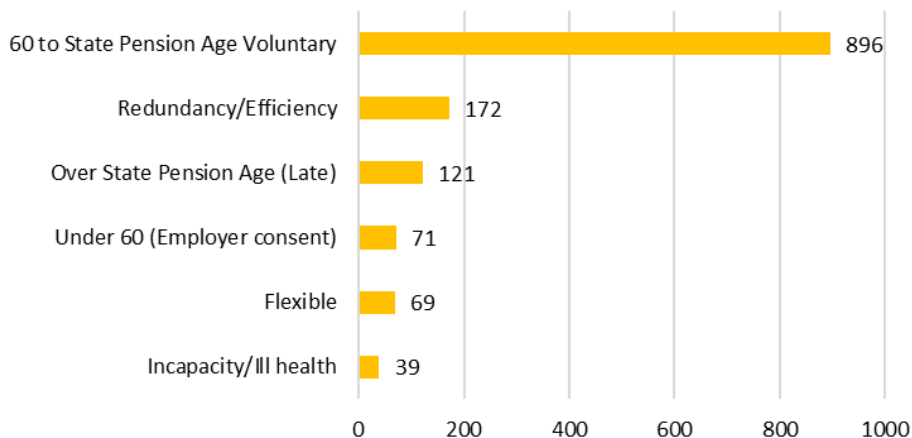
Age profile of Retired Scheme Members



Breakdown of Retirements

1,368 scheme members retired in 2017-18, broken down as shown below.

2017-18 Retirement by Type



Risk Management

Norfolk Pension Fund maintains a **Risk Register** and **Business Continuity Plan** which are regularly monitored and reviewed:

- The Fund's management team regularly review and update the **Risk Register**
- All risks are considered and monitored considering their likelihood and impact, with any mitigating action taken as necessary
- The **Risk Register** is also reviewed twice a year by the Pensions Committee
- Pension Fund Officers regularly monitor and review **investment risk and performance**
- The Pensions Committee review **investment risk and performance** quarterly and meet with investment managers at least once a year to discuss their performance
- Hymans Robertson LLP provide advice and support to both the Pensions Committee and Fund Officers
- A summary of the key risks and controls in place to mitigate investment risks are included in our **Funding Strategy Statement**, which is available in the publications section of our website at www.norfolkpensionfund.org/about-us/investment/
- Third party risks such as 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
- 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
- Further information on the nature and extent of risks arising from financial instruments is detailed in note 17 of the accounts that accompany this report

Breaches of the Law

In accordance with the Pensions Regulator Code of Practice no 14 *Governance and administration of public service pension schemes*, the Norfolk Pension Fund maintains a Breaches of Law policy.

There have been no reportable breaches of law in respect of the Norfolk Pension Fund during 2017-18.

Myners Compliance

The Norfolk Pension Fund complies with the six revised Myners Principles.

A summary of our level of compliance is included in our **Investment Strategy Statement** which is available online at www.norfolkpensionfund.org/about-us/investment/

Communications

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 do all of this is set out in our **Customer Care and Communication Strategy Statement**, which can be found on our website at www.norfolkpensionfund.org/about-us/keeping-you-informed/.

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.

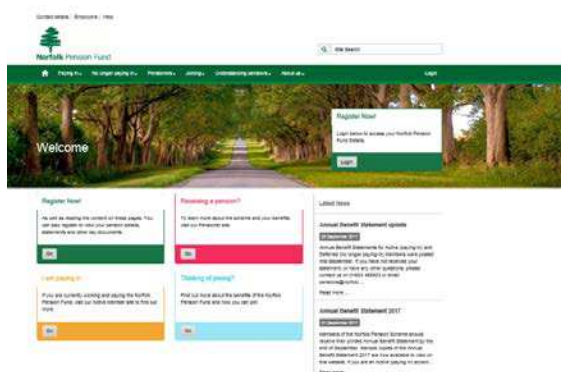
Online services

Our website www.norfolkpensionfund.org offers three separate services.

The main public website is for general viewing and is split into areas for active, deferred and retired scheme members.

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.

We have a dedicated employer portal. This section allows employers to safely, securely and efficiently exchange information with us.



Financial Performance

The Norfolk Pension Fund prepares an Annual Budget which is reviewed and approved by the **Pensions Committee**. Details of the expenditure incurred during 2017-18 are provided in the accounts section accompanying this report.

There were no notifiable late payments of contributions by scheme employers during 2017-18. All contributions outstanding at 31 March 2018 were collected within statutory timeframes.

Movements in assets and liabilities are discussed in the following **Investment Policy and Performance** section.

Investment Reform – LGPS Pooling

The Government is encouraging LGPS Funds to work together to put forward plans to, “pool investments to significantly reduce costs, while maintaining investment performance.” In response eleven like-minded LGPS Funds (including Norfolk Pension Fund) are working together under the name of ACCESS (A Collaboration of Central, Eastern and Southern Shires). Individually the participating funds have a strong performance history and potential for substantial benefits for a group of successful like-minded authorities collaborating and sharing their collective expertise. Collectively the ACCESS Pool has significant scale with assets of £41bn, managed on behalf of c3,000 employers and c900,000 members. It is the Government’s expectation that the asset pools are formed in order for assets to begin being transferred from individual LGPS Funds from 1 April 2018.

The ACCESS Pool submitted their Spring Progress report to the Ministry of Housing, Communities and Local Government (MHCLG) on 4 May 2018. A copy of this report is accessible on the ACCESS website at www.accesspool.org. It sets out the progress made by the ACCESS authorities to meet the Government’s investment reform agenda.

We would like to highlight the following:

- The July 2016 submission to MHCLG indicated that **ACCESS authorities could benefit from eventual projected savings of £30m annually** (excluding any assumptions on asset growth). These estimates of savings remain consistent with current evidence.
- ACCESS authorities have appointed UBS to manage its passive mandates (approximately £11b). The **indicative saving of £5.2m per annum exceeds the estimated saving projection** of £4m per annum stated in our July 2016 submission.

- The ACCESS authorities have **appointed Link Fund Solutions (Link) as the pool's Financial Conduct Authority (FCA) authorised Operator**. The appointment means a significant shift in governance arrangements with the Operator responsible for selecting and contracting with managers on behalf of the authorities participating in the pool.
- With the procurement phase completed, the implementation phase of the project is in train and progressing well. **Link is preparing documentation for the FCA authorisation of an umbrella Authorised Contractual Scheme (ACS) and first sub-fund for submission in May 2018.**
- A key element of governance arrangements focuses on the **robust management of the Operator contract and the Operator** to ensure it is held to account by the administering authorities participating in ACCESS via the Joint Committee. ACCESS is also setting up the ACCESS Support Unit (ASU) which will manage the Operator contract against specified KPIs and provide technical and secretariat support services to the Joint Committee (JC) and Officer Working Group (OWG). Interim arrangements are already in place.
- The Pooling arrangements have been set up to ensure each administering local authority may **exercise proper democratic accountability and continue to meet fiduciary responsibilities.**
- The potential for greater savings in the longer term remains, as the ACCESS pool applies its **leverage as one of the largest asset pools in the UK** and collaborates with other pools to achieve further benefits of scale in investment management including new ways of investing in illiquid assets, in particular infrastructure.
- In addition to the savings in investment management fees due to the reduction in manager numbers and an increase in mandate size, there are **other tangible benefits from pooling including a governance dividend** (potential for reduced risk due to manager diversification achieved at pool level) and tax savings for funds moving from pooled funds to segregated mandates in the pool's tax transparent ACS. For some asset classes such as global equities tax savings alone are material relative to additional costs of implementing pooling.



Investment Policy and Performance

Fund Performance Review for the year 2017-18

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 2017-18 fourteen external investment managers directly managed the Fund's assets:

- Aviva Investors (property)
- Baillie Gifford & Co (UK equities)
- Capital International (global equities and emerging market and high yield debt) – emerging market and high yield debt from December 2017
- Fidelity (overseas equities)
- Goldman Sachs Asset Management (absolute return fixed interest)
- HarbourVest (North American, European, global secondary and Asia Pacific focused private equity and secondary real assets)
- Insight (UK Government debt) – from August 2017
- Janus Henderson (fixed income, absolute return fixed income and multi-asset credit)
- Legal & General Investment Management (UK equities and Index Linked Gilts - passive) – Index linked Gilts only from January 2018
- M&G (absolute return fixed income, distressed and private debt)
- Sarasin & Partners (global equities) – to August 2017
- SL Capital Partners (Standard Life) (European and global secondary focused private equity)
- UBS (UK equities - passive) – from January 2018
- Wellington (global equities)

The global custodian is HSBC.

There were no changes to the strategic asset allocation during the year. Given the strong performance of equity markets and relative weakness of Sterling during the year, rebalance flows continued from overseas equities primarily to fixed income investments.

One direct property asset is managed internally. The majority of the cash holdings are swept to AAA rated money market funds managed by HSBC (the global custodian of the assets) and Goldman Sachs.

Insight (Pareto) and Berenberg Bank are employed to dynamically hedge the main overseas currency exposures arising on the overseas equity holdings.

Manager Changes

In August 2017 the Fund terminated its arrangements with Sarasin & Partners. At this time Insight began running a segregated government bond mandate that will be used as a source of collateral for currency hedging instruments in response to a changing regulatory environment. New investments were established with M&G (private market fixed income), Capital (high yield and emerging market debt) and Insight (structured finance to be funded during the first half of 2018-19). Notably these investments were made as part of the development of relationships with existing commercial suppliers.

In January 2018, following a joint procurement exercise with the ACCESS pool funds, UBS were appointed as the single passive provider to all ACCESS funds. As a result, the majority of the arrangement with Legal & General (passive UK equity) was terminated in January 2018. Legal & General continue to hold a small index linked Gilt holding for us while the fund completes the cessation arrangements for the single employer to which it relates.

During 2017-18 the Fund has begun to move to multiple investment strategies (initially three) for participating employers. This formally began from July 2017. As part of this exercise the core (main) strategy has continued the trend established over a number of valuation cycles to reduce the equity allocation of the Fund and increase the allocation to yield driven (fixed income) investments.

As part of the Government agenda towards pooling LGPS assets the Fund continues to work closely with its ten partners in ACCESS. Together the group holds around £45billion in pension assets. During 2017-18 the Pool has carried out an exercise to jointly review arrangements for passive investment management with the intention of appointing a single provider later in 2017-18 to maximise the economic advantage of the combined buying power of the funds through contractual pooling. This resulted in the transition of commercial arrangements from Legal & General to UBS described previously.

Pooling remains a complex project in a regulated environment with the potential for high up-front costs and longer pay back periods. The aim of the initiative is to deliver long term cost savings and potentially improve investment outcomes for participating funds, while retaining appropriate local fund decision making and accountability.

During 2018-19 the pool will begin to establish its first investible sub-funds and we expect some assets within our portfolio to begin to transition to the pooled arrangement in the current financial year.

2017-18 Investment Results

Financial markets generally had more subdued returns in 2017-18 than 2016-17 albeit generally still ahead of the long-term return assumed by the actuary in setting the funding plan. In absolute terms all three investment strategies used by the Fund demonstrated positive returns. The returns for each of the strategies is shown below against their relevant CPI based benchmarks.

Strategy	12 month return to 31 March 2018	Benchmark return to 31 March 2018	Benchmark
Core Strategy A	TBC	5.2%	CPI plus 2.9%
Alternative Strategy A	TBC	5.5%	CPI plus 3.2%
Alternative Strategy B	TBC	2.3%	CPI

Details of the strategy components are provided in the Funding Strategy Statement.

There is some evidence of a trend towards improving performance against benchmark. This reflects the pro-active changes that the Pensions Committee has made over the last few years. The reduction in equity exposure has continued to reduce overall investment risk in the portfolio.

The performance on the individual active fund managers was mixed over the last twelve months. In the equity space Capital (+2.7%), Fidelity (+1.4%) and Baillie Gifford (+4.9%) all provided significant outperformance after fees compared to their equivalent passive benchmark. Only Wellington provided significant disappointment recording underperformance to their benchmark in the twelve-month period of -1.7%. Over the more relevant five-year performance period each of the current active equity managers other than Wellington have added value net of fees. The passive UK equity mandate originally managed by Legal & General, but now held by UBS, tracked its benchmark as expected during the period. During the financial year the Committee chose to switch the strategy employed on the Capital global equity mandate into the managers "New Perspective" approach, this decision was rewarded with early outperformance of the benchmark index.

The performance of the fixed income managers over the year was generally encouraging, particularly for the various strategies managed by M&G and the Janus Henderson (MAC) mandate. The only notable disappointment within the fixed income assets were those managed by Goldman Sachs, which had a poor absolute and relative year and have been lack lustre since the manager started managing this strategy for the Fund.

The absolute returns from property have made it the stand out investment of the year producing a return of just under 10% but, in common with the multi-manager industry generally, Aviva have struggled to add value above the benchmark return.

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 illiquidity and relative immaturity of the Fund's private equity investments, together with the impact of currency movements and ongoing draw-downs, mean that the performance recorded for the underlying funds continues to be volatile. However, as strong global corporate finance activity continued again this financial year, the Fund saw a strong flow of cash returns from investments made by the private equity managers earlier in the programme. To maintain the programme, we have continued to make new investment commitments through the year primarily with HarbourVest. It has continued to be pleasing to receive early cash returns on some of the secondary investments made by the Fund, which has mitigated the "J-curve" often seen in private programmes.

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 most recent triennial valuation of the Fund at 31 March 2016 was completed during 2016-17 in accordance with regulatory requirements.

A full 2016 Triennial Valuation report, including formal actuarial commentary, is available on our website at www.norfolkpensionfund.org.

The next Triennial Valuation will be undertaken at 31 March 2019. During the current financial year, the Fund will begin planning for this process.

Investment Market Review to 31 March 2018

Introduction

This commentary provides an overview of performance and major events in global financial markets for the three-year period ended 31 March 2018, while focusing in particular on the latest 12 months.

Review of Global Financial Markets

Over the 12-month period, the global economy continued to gain momentum, supported by notable pick-ups in investment, trade, and industrial production. We also witnessed a change in direction for monetary policy, with the Bank of England raising interest rates for the first time in a decade and the European Central Bank announcing its intention to begin reducing its monetary stimulus programme this year.

Against that backdrop, most of the major asset classes finished the year in positive territory, albeit the returns were generally significantly lower than had been achieved in the preceding 12 months. Over the longer three-year period the returns from the major asset classes, for the most part, remain encouraging. Currency gyrations, once again, had a significant impact on the returns achieved for sterling investors. During the 12 months, sterling strength reduced the positive local currency returns achieved in most overseas regions – the notable exception being mainland Europe, where local equity performance was muted and the Euro held its own against Sterling (or vice-versa, depending on your viewpoint).

North American equities performed well, delivering double-digit returns over the period in local currency terms, as markets reached record highs on several occasions in the early part of 2018 before suffering a bout of uncertainty as the likelihood of interest rate rises increased.

After months of delay, the US administration followed through on its promise of trade protectionism. This entailed an imposition of tariffs on \$60bn of imports from China. Although unlikely to have a material macroeconomic impact, it raised concerns over a possible escalation of trade restrictions. However, the most likely outcome was that these developments and the additional US sanctions on Russia were little more than short-term 'noise'.

Elsewhere in emerging markets, several commodity exporting countries have been through sharp corrections from which they continued to recover. The likes of Brazil, Russia and Indonesia saw inflation decline, allowing aggressive interest rate cuts which should kick off a new credit cycle as non-performing loans and bank provisions subside and loan growth returns.

Japan continued to enjoy its longest period of economic expansion since the 1980s, extending its run of Gross Domestic Product (GDP) growth to eight quarters. Strengthening corporate capital expenditure and a continuing fall in unemployment were among the main features. Inflation continued to rise and corporate profits grew strongly, boosting equity returns.

Returns on the UK stock market were lacklustre. This was particularly the case when looking at the UK's largest listed companies (as measured by the FTSE 100 Index), possibly reflecting the fact that a hefty proportion of their revenues and profits originate overseas and the aforementioned translation effect of a stronger sterling exchange rate therefore acted as a drag. Another possible reason is the lingering uncertainty of Brexit.

In fixed income markets, UK government bond yields rose slightly over the period. The emergency interest rate cut made by the Bank of England following the EU membership referendum was reversed in November, taking the bank base rate to 0.5%. UK economic growth was subdued, but the predicted post-Brexit vote recession did not occur. Inflation moderated over the period but remained slightly above the Bank's target.

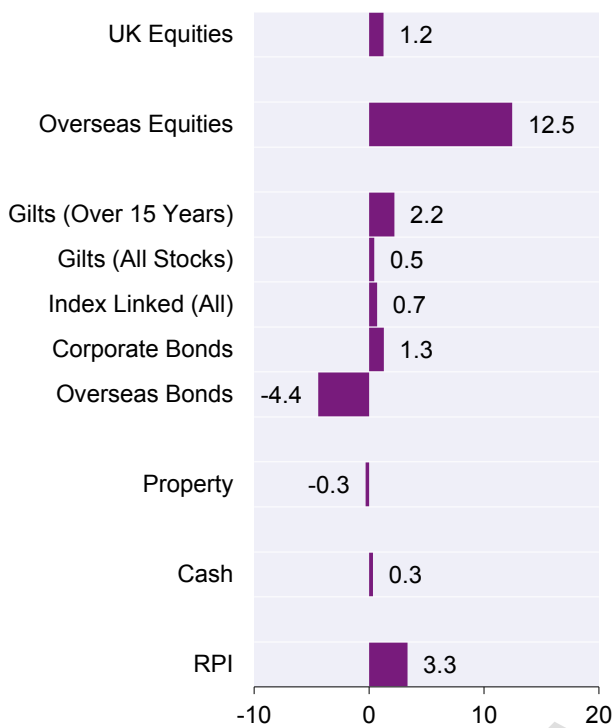
Corporate bond yield spreads – the additional yield over government bonds to compensate for credit risk – fell very slightly. Higher income from investment grade bonds meant that they performed marginally better than equivalent gilts at 0.6%.

Although most asset classes recorded positive performance over the period, property recorded a slight decline of 0.3%.

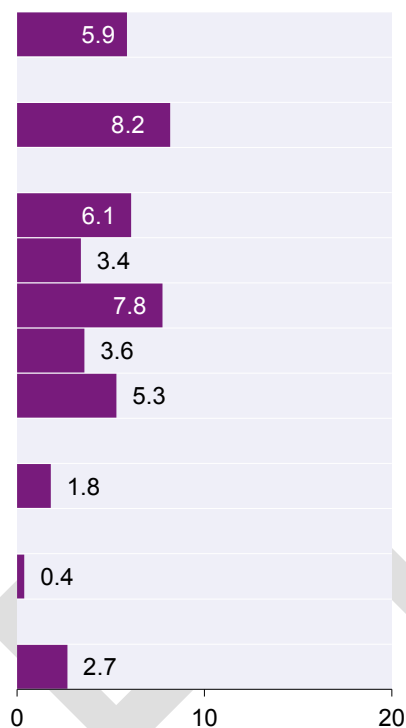
The returns on the main asset classes over 12 months and three years are illustrated in the charts on the following page.

Returns for World Markets to 31 March 2018

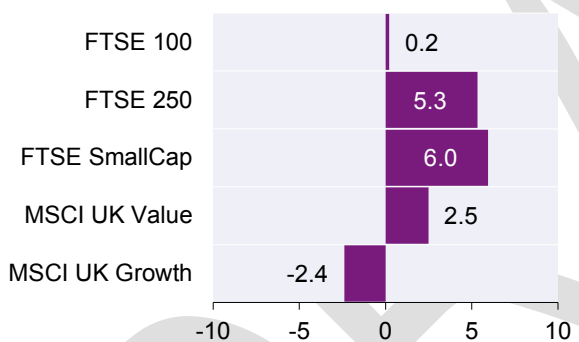
Major Classes – 12 Months (%)



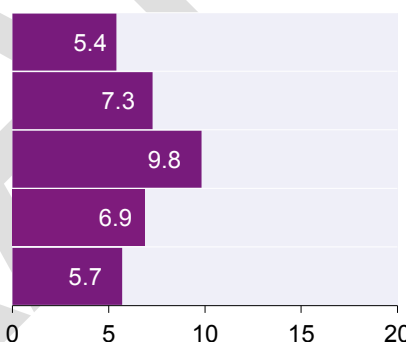
Major Classes – 3 Years (% p.a.)



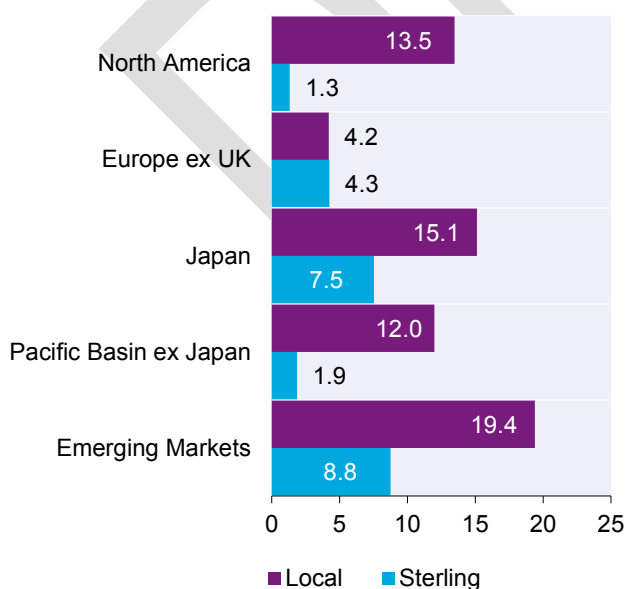
UK Market – 12 Months (%)



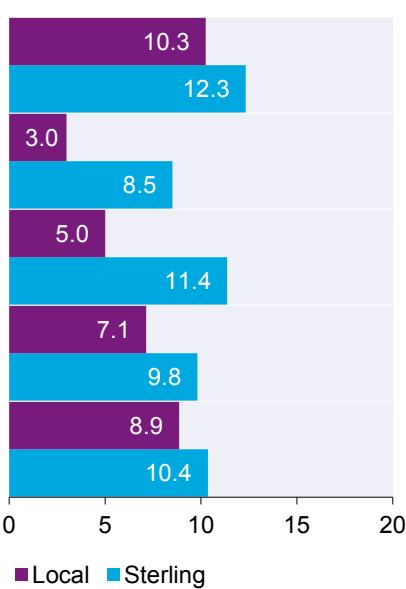
UK Market – 3 Years (% p.a.)



Overseas Equities – 12 Months (%)



Overseas Equities – 3 Years (% p.a.)



*Estimate

Source: Baillie Gifford & Co, Thomson Reuters, FTSE, MSCI.

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World Market Returns - Indices Used

Major Classes

UK Equities
Overseas Equities
Gilts (Over 15
Years)

Gilts (All Stocks)
Index Linked (All)

Corporate Bonds
Overseas Bonds

Property

Cash

RPI

WM Local Auth inc
Prop

WM Local Auth ex
Prop

Indices Used

FTSE All Share

FTSE World ex UK

BOFA Merrill Lynch UK Gilts
15+Y

BOFA Merrill Lynch UK Gilts All
Stocks

FTSE BRIT.GOV.INDEX LINK

BOFA Merrill Lynch £ None Gilts

JPM GLOBAL GOVT.BND X.

IPD Property Index

UK BOE Base Rate

RPI

WM Local Auth inc Prop

WM Local Auth ex Prop

UK Market

FTSE 100

FTSE 250

FTSE SmallCap

FTSE 100

FTSE 250

FTSE SmallCap

MSCI UK Value
MSCI UK Growth

MSCI UK Value
MSCI UK Growth

Overseas Equities

North America
Europe ex UK
Japan
Pacific Basin ex
Japan
Emerging Markets

MSCI North America
MSCI Europe ex UK
MSCI Japan
MSCI Pacific ex Japan
MSCI Emerging Markets

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National Representation and Involvement

Our officers and elected Members on the Pensions Committee, work closely with the Department for Housing, Communities and Local Government (DHCLG) and The Pensions Regulator (TPR) (the scheme regulators), the Scheme Advisory Board (SAB) and the Local Government Pensions Committee (LGPC), in order to contribute to the development of the LGPS.

Councillor John Fuller (Norfolk Pension Fund Pensions Committee Member) and Nicola Mark (Head of the Norfolk Pension Fund) both sit on the Local Government Pensions Scheme Advisory Board: Councillor Fuller representing non-administering authorities; and Nicola Mark as the elected practitioner representative. The Scheme Advisory Board advises the Secretary of State on LGPS matters.

Councillor John Fuller sits on the Firefighters Pension Scheme Advisory Board.

Nicola Mark, 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 and Nicola Mark sits on the CIPFA Pensions Panel.

Norfolk Pension Fund is a member of the Pensions and Lifetime Savings Association (PLSA), which helps us contribute to the national pensions' debate. Nicola Mark sits on the PLSA Board and is the vice chair of the PLSA DB Council.

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.

In her capacity as the elected Scheme Advisory Board (SAB) practitioner representative, Nicola Mark attends the Cross Pool Steering Group (CPSG); and Nigel Keogh (National LGPS Frameworks Development and Operations Manager) represents the National LGPS Frameworks. This is a group representing the LGPS funds supporting the Government investment pooling initiative.

Along with other senior officers, Mark Alexander (Norfolk Pension Fund Pensions Manager), is a member of the South Eastern Counties Superannuation Officers Group (SEC SOG). 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), Payroll system user groups and the Civica user group.

Norfolk Pension Fund officers sometimes 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.

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Norfolk Pension Fund ▶

2017-18 Statement of Accounts

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 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 2018.

Signed: _____

Simon George, Executive Director of Finance and
Commercial Services and Fund Administrator

Date: _____

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 ending 31 March 2018

2016-17 £000		Notes	2017-18 £000
Dealings with members, employers and others directly involved in the Fund			
129,919	Contributions	7	147,147
7,961	Transfers in from other pension funds	8	11,637
137,880			158,784
-127,124	Benefits	9	-134,314
-4,576	Payments to and on account of leavers	10	-7,706
-131,700			-142,020
6180	Net additions/withdrawals from dealings with members		16,764
-17,183	Management Expenses	11	-17,992
-11,003	Net additions/withdrawals from dealings with members Including Fund Management Expenses		-1,228
Returns on investments			
61,663	Investment income	12	60,831
-272	Taxes on income	13a	-489
474,061	Profit and losses on disposal of investments and changes in the market value of investments	15a	115,009
535,452	Net return on investments		175,351
524,449	Net increase/decrease in the net assets available for benefits during the year		174,123
2,904,798	Opening net assets of the scheme		3,429,247
3,429,247	Closing net assets of the scheme		3,603,370

Net Assets Statement

As at 31 March 2018

2016-17 £000		Notes	2017-18 £000
3,414,886	Investment assets	15	3,584,965
-5,484	Investment liabilities	15	-5,056
3,409,402	Total Net Investments		3,579,909
4,541	Long term debtors	20	3,290
4,541			3,290
	Current Assets		
16,535	Debtors	20	19,393
6,233	Cash in hand	20	10,434
22,768			29,827
	Current Liabilities		
-7,464	Creditors	21	-9,656
-7,464			-9,656
15,304	Net current assets		20,171
3,429,247	Net assets of the Fund available to fund benefits at the period end		3,603,370

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 19.

Signed: _____
 Simon George
 Executive Director of Finance and Commercial
 Services and Fund Administrator

Date: _____

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 2017-18 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

There are currently 369 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below. This is an increase of 47 employers since 31 March 2017.

	31 March 2017	31 March 2018
Number of Employers with Active Members	322	369
Full membership including employers with deferred and legacy pension commitments		
Number of Employees in Scheme		
Norfolk County Council	13,606	12,869
Other Employers	14,863	15,968
Total	28,469	28,837
Number of Pensioners		
Norfolk County Council	12,080	12,565
Other Employers	11,140	11,646
Total	23,220	24,211
Deferred Pensioners		
Norfolk County Council	19,946	20,550
Other Employers	14,270	15,970
Total	34,216	36,520

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:
<ol style="list-style-type: none"> 1. Age UK Norfolk 2. Barnham Broom Parish Council 3. Caterlink 4. Edwards + Blake (Marham Infant) 5. Edwards and Blake (Neatherd High) 6. Edwards and Blake (Nicholas Hamond) 7. Paston College 8. Pre – School Learning Alliance (Milestones) 9. Pre – School Learning Alliance (Thorpe) 10. Victory Housing Trust 	<ol style="list-style-type: none"> 1. Action for Children (4Children) 2. Alderman Peel High 3. Astley Primary 4. Bignold Primary School and Nursery 5. Bradwell Parish Council 6. Burnham Market Primary School 7. Burston Community Primary School 8. Butterflies Nursery 9. Churchill Park Academy 10. Corpusty Primary School 11. Drayton Community Infant School 12. Emneth Academy 13. Foulsham Primary School Academy 14. Gaywood Primary School 15. George White Junior School 16. Great Hockham Primary School and Nursery 17. Great Witchingham Parish Council 18. Great Yarmouth Charter Academy 19. Gresham Village School 20. Greyfriars Academy 21. Hardingham Parish Council 22. Heather Avenue Infant School 23. Hemblington Primary School 24. Highgate Infant School 25. Inspire Education Trust 26. Inclusive Schools Trust 27. Kenninghall Community Primary School 28. King's Oak Academy 29. Lionwood Infant and Nursery 30. Lionwood Junior 31. Long Stratton High School 32. Magdalen Village School 33. Mattishall Primary School 34. Mundesley Parish Council 35. Norfolk Academies 36. North Norfolk Academy Trust 37. North Walsham Infant and Nursery 38. North Walsham Junior School 39. Queensway Infant Academy and Nursery 40. Reffley Community School and Nursery

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41. Rockland St Mary Primary School
 42. Salhouse Parish Council
 43. Seething and Mundham Primary School
 44. Spooner Row Primary School
 45. Sprowston Community High School
 46. St Germans Primary School
 47. St John the Baptist Catholic Multi Academy Trust
 48. Surlingham Community Primary School
 49. Swannington with Alderford and Little
Witchingham Parish Council
 50. The Wensum Trust
 51. The Wherry School
 52. Thompson Primary School
 53. Thurlton Primary School
 54. Tivetshall Community Primary School
 55. Wells-Next-The Sea Primary and Nursery School
 56. Wimbotsham and Stow Community School
 57. Wroxham Parish Council

A full list of participating employers is shown in Appendix I.

c) Funding

Benefits are funded by employee and employer contributions and investment earnings. For the financial year ending 31 March 2018, 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 2017-18 and 2018-19.

Employee contribution rates are prescribed by the governing regulations, and cannot be varied locally. Employers' contributions are set based on triennial actuarial funding valuations.

The March 2016 valuation set the rates payable by employers for the period 1 April 2017 to 31 March 2020. Excluding lump sum deficit recovery payments these rates range from 0% to 35.0% of actual pensionable pay.

Actual Pensionable Pay 2017-18	Contribution rate per year	Actual Pensionable Pay 2018-19	Contribution rate per year
Up to £13,700	5.5%	Up to £14,100	5.5%
£13,701 to £21,400	5.8%	£14,101 to £22,000	5.8%
£21,401 to £34,700	6.5%	£22,001 to £35,700	6.5%
£34,701 to £43,900	6.8%	£35,701 to £45,200	6.8%
£43,901 to £61,300	8.5%	£45,201 to £63,100	8.5%
£61,301 to £86,800	9.9%	£63,101 to £89,400	9.9%
£86,801 to £102,200	10.5%	£89,401 to £105,200	10.5%
£102,201 to £153,300	11.4%	£105,201 to £157,800	11.4%
More than £153,301	12.5%	£157,801 or more	12.5%

d) Benefits

Pension benefits under the LGPS (until March 2014) were based on final pensionable pay and length of pensionable service. From 1 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 2018 is 3.0% (for April 2017 was 1%).

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.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2017-18 financial year and its position at year-end as at 31 March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 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 19 of these accounts.

The accounts have been prepared on the normal accruals basis of accounting other than in respect of transfer values.

Generally transfer values are prepared on a cash basis. Where a transaction in respect of a transfer out has already been processed through the pensions administration system but not through the accounts payable system a creditor will be shown.

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. Employees and employers 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.

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

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.

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
Henderson Global Investors	Fixed Income
Fidelity (part year for 2016-17 only)	Overseas Equities
Baillie Gifford & Co	UK Equities
Capital International (part of year for 2017-18)	Global Equities

	2016-17 £000	2017-18 £000
Performance-related fees	528	481

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.

	2016-17 £000	2017-18 £000
Value of fees based on estimates	2,579	2,433

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 16d). 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 property holding was valued as at 31 March 2016. The direct 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 2019.

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.

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 (HSBC) 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 19).

n) Additional voluntary contributions (AVCs)

The Fund has three appointed providers of AVCs; Prudential, Clerical Medical and 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 22).

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 of 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)

o) Accounting Standards issued but not yet adopted

The 2017-18 and 2018-19 Code of Practice on Local Authority Accounting lists a number of accounting standards that have been issued but not yet adopted. Having considered all the standards the Fund has determined there is no material impact on the accounts and no additional disclosure is required.

p) Contingent Assets and contingent liabilities

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.

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. Standard Life funds are valued at 31 December and rolled forward for cash flows to 31 March.

	2016-17 £000	2017-18 £000
Value of unquoted private equity	205,619	194,877

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 18. In accordance with IAS26 the Fund is also required to disclose on an annual basis the actuarial present value of promised retirement benefits (see note 19). 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 18 and 19 are subject to significant variances based on changes to the underlying assumptions and actual future experience related to the development of pension liabilities.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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 assumptions to be applied.	<p>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:</p> <table> <tr> <th>Sensitivity to the assumptions for the year ended 31 March 2018</th><th>Approximate % increase to liabilities</th><th>Approximate monetary amount (£m)</th></tr> <tr> <td>0.5% p.a. increase in the Pension Increase Rate</td><td>8%</td><td>408</td></tr> <tr> <td>0.5% p.a. increase in the Salary Increase Rate</td><td>2%</td><td>71</td></tr> <tr> <td>0.5% p.a. decrease in the Real Discount Rate</td><td>10%</td><td>507</td></tr> </table>	Sensitivity to the assumptions for the year ended 31 March 2018	Approximate % increase to liabilities	Approximate monetary amount (£m)	0.5% p.a. increase in the Pension Increase Rate	8%	408	0.5% p.a. increase in the Salary Increase Rate	2%	71	0.5% p.a. decrease in the Real Discount Rate	10%	507
Sensitivity to the assumptions for the year ended 31 March 2018	Approximate % increase to liabilities	Approximate monetary amount (£m)												
0.5% p.a. increase in the Pension Increase Rate	8%	408												
0.5% p.a. increase in the Salary Increase Rate	2%	71												
0.5% p.a. decrease in the Real Discount Rate	10%	507												
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 £194.9m. There is a risk that this investment may be under or overstated in the accounts.												

6. Events after the Net Asset Statement Date

There have been no events since 31 March 2018, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

7. Contributions Receivable

By Category

2016-17 £000		2017-18 £000
99,924	Employers – normal	114,776
192	Employers – special	736
0	Employers – augmentation	103
1,820	Employers – strain	2,746
27,380	Members – normal	28,138
603	Members – purchase of additional scheme benefits	648
129,919		147,147

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.

2016-17 £000		2017-18 £000
31,539	Deficit recovery contribution included in employers normal contributions	36,323
31,539		36,323

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 it 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

2016-17 £000		2017-18 £000
55,329	Administering authority	56,443
49,519	Other scheduled bodies	60,750
6,311	Community admission bodies	11,157
2,674	Transferee admission bodies	2,633
16,086	Resolution bodies	16,164
129,919		147,147

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:

2016-17 £000		2017-18 £000
62	Strain instalments due after the Net Asset Statement date	434
62		434

The debtors figure for augmentation/strain due in note 20 comprises the total of these balances plus the outstanding invoiced balances in respect of augmentation/strain due from Fund employers at 31 March 2018.

8. Transfers In From Other Pension Funds

2016-17 £000		2017-18 £000
7,961	Individual transfers	11,637
7,961		11,637

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.

With effect from 1 April 2005 the Magistrates Courts Service (a body participating in the Norfolk Pension Fund) became part of the civil service. Terms have been agreed for the transfer of liabilities from all Local Government Pension Schemes (LGPS) to the Principal Civil Service Scheme (PCSPS).

Each affected LGPS Fund's actuary has determined the value of the pensioner and deferred liabilities remaining with the LGPS and calculated the requirement for sufficient retained assets to match these liabilities.

The Actuary has determined that there are insufficient assets to cover the remaining liabilities so a balancing payment is required to the Fund by the Civil Service (Her Majesty's Courts Service), spread over ten annual instalments.

2016-17 £000		2017-18 £000
5,318	HMCS total present value	4,061
5,318		4,061

The discounted value of the outstanding cash flows is included in debtor balances at the year-end. As the payment is being made direct by the sponsoring government department rather than from the PCSPS (a registered pension scheme), the income has been classified as employer special contributions.

9. Benefits Payable

By Category

2016-17 £000		2017-18 £000
103,970	Pensions	108,295
20,674	Commutation and lump sum retirement benefits	23,602
2,480	Lump sum death benefits	2,417
127,124		134,314

By Authority

2016-17 £000		2017-18 £000
60,199	Administering authority	62,960
45,406	Other scheduled bodies	49,521
5,268	Community admission bodies	6,158
3,309	Transferee admission bodies	3,364
12,942	Resolution bodies	12,311
127,124		134,314

10. Payments To and On Account of Leavers

2016-17 £000		2017-18 £000
126	Group Transfers	368
341	Refunds to members leaving service	360
4,109	Individual transfers	6,978
4,576		7,706

The 2017-18 Group Transfers figure is made up of one transfer in respect of Norfolk County Council. The 2016-17 Group Transfers figure is made up of one transfer in respect of Great Yarmouth Borough Council.

11. Management Expenses

Pension fund management expenses for 2017-18 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).

2016-17 £000		2017-18 £000
1,684	Administrative costs	1,749
14,601	Investment management expenses	15,748
898	Oversight and governance costs	495
17,183		17,992

The Local Government Pension Scheme Regulations enables administration expenses (including Oversight and Governance) to be charged to the Fund. The movement in Oversight and governance expenses year on year is mainly due to the cost of the 2016 triennial valuation.

Investment management expenses are analysed further in note 14.

12. Investment Income

2016-17 £000		2017-18 £000
0	Income from fixed interest securities	134
0	Income from index linked securities	21
22,542	Equity dividends	23,553
13,043	Pooled Property investments	13,647
15,713	Pooled fund income - unit trusts and other managed funds	12,486
2,895	Private equity income	2,732
6,607	Pooled funds rebate	7,527
251	Stock lending	161
243	Interest on cash deposits	505
36	Rents from Property (note 12a)	36
295	Windfall Tax	0
38	Other	29
61,663		60,831

The Windfall Tax amount in 2016-17 is made up of a number of legacy payments paid over by the Fund's previous Custodian in respect of tax recovered but previously accounted as non-recoverable.

12a. Property Income

2016-17 £000	2017-18 £000
36 Rental income	36
-2 Direct operating expenses	0
34 Net income	36

13. Other Fund Disclosures

a) Taxes on Income

2016-17 £000	2017-18 £000
256 Withholding tax - equities	422
16 Withholding tax – pooled investments	67
272	489

b) External Audit costs

2016-17 £000	2017-18 £000
27 Payable in respect of external Audit	25
27	25

14. Investment Expenses

2016-17 £000		2017-18 £000
7,991	Management fees – invoiced ad valorem	8,777
528	Management fees – invoiced performance	481
1,545	Management expenses on unit trusts	1,168
3,227	Private Equity – fund of fund fees	3,728
2	Direct Property	0
58	Custody fees	72
442	Fees and Other Expenses	820
808	Transaction Costs	702
14,601		15,748

The increase in Fees and Other Expenses mainly reflects investment review expenses, costs associated with the Governments Pooling agenda and debt write-offs.

15. Investments

Market Value 31 March 2017 £000		Market Value 31 March 2018 £000
Investment assets		
0	Fixed Interest Securities	60,150
985,776	Equities	796,781
1,781,230	Pooled Investments	2,016,462
373,430	Pooled property investments	414,335
205,619	Private equity Partnerships	194,877
444	Property	444
0	Derivatives - futures	4,814
7,248	Derivatives – forward currency	2,882
60,823	Cash deposits	90,787
316	Amounts receivable for sales	3,433
3,414,886	Total investment assets	3,584,965
Investment liabilities		
0	Derivatives - futures	-96
-4,877	Derivatives - forward currency	-1,502
-607	Amounts payable for purchases	-3,458
-5,484	Total investment liabilities	-5,056
3,409,402	Net investment assets	3,579,909

15a. Reconciliation of Movements in Investments and Derivatives 2017-18

	Market value 31 March 2017 £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 2018 £000
Fixed Interest Securities	0	121,394	-60,379	-865	60,150
Equities	985,776	555,916	-771,492	26,581	796,781
Pooled investments	1,781,230	1,042,972	-849,356	41,616	2,016,462
Pooled property investments	373,430	35,461	-19,107	24,551	414,335
Private equity	205,619	38,057	-67,569	18,770	194,877
Property	444	0	0	0	444
	3,346,499	1,793,800	-1,767,903	110,653	3,483,049
Derivative contracts:					
- Futures	0	16,084	-3,005	-8,361	4,718
- Forward currency contracts	2,371	103,888	-121,403	16,524	1,380
	2,371	119,972	-124,408	8,163	6,098
Other investment balances:					
- Cash deposits	60,823			-3,807	90,787
- Amount receivable for sales of investments	316				3,433
- Amount payable for purchases of investments	-607				-3,458
Net investment assets	3,409,402			115,009	3,579,909

15a. Reconciliation of Movements in Investments and Derivatives 2016-17

	Market value 31 March 2016 £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 2017 £000
Equities	787,143	241,145	-258,278	215,766	985,776
Pooled investments	1,499,620	143,025	-118,317	256,902	1,781,230
Pooled property investments	378,335	53,345	-58,573	323	373,430
Private equity	183,489	28,943	-51,153	44,340	205,619
Property	444	0	0	0	444
	2,849,031	466,458	-486,321	517,331	3,346,499
Derivative contracts:					
- Forward currency contracts	-1,204	216,384	-167,243	-45,566	2,371
	-1,204	216,384	-167,243	-45,566	2,371
Other investment balances:					
- Cash deposits	36,068			2,296	60,823
- Amount receivable for sales of investments	4,835				316
- Amount payable for purchases of investments	-1,418				-607
Net investment assets	2,887,312			474,061	3,409,402

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 2017-18

£702,000

Transaction costs incurred during 2016-17

£808,000

15b. Analysis of Investments

31 March 2017 £000		31 March 2018 £000
Fixed Interest Securities		
UK		
0	Quoted	60,150
0		60,150
Equities		
UK		
314,721	Quoted	271,626
Overseas		
671,055	Quoted	525,155
985,776		796,781
Pooled Funds - additional analysis		
UK		
813,403	Unit trusts	830,490
280,957	Unitised insurance policies	253,675
449,931	Other managed funds	730,350
1,544,291		1,814,515
Overseas		
236,939	Unit trusts	201,947
236,939		201,947

**31 March
2017
£000**

**31 March
2018
£000**

Pooled and Freehold Property, Private Equity and Derivatives

373,430	Pooled property investments	414,335
205,619	Private equity	194,877
444	Direct Property	444
0	Derivatives - futures	4,814
7,248	Derivatives - forward currency	2,882
586,741		617,352

Other Investment Balances

60,823	Cash deposits	90,787
316	Amounts receivable for sales	3,433
61,139		94,220

3,414,886 Total investment assets

3,584,965

Investment liabilities

0	Derivatives - futures	-96
-4,877	Derivatives - forward currency	-1,502
-607	Amounts payable for purchases	-3,458
-5,484	Total investment liabilities	-5,056

3,409,402 Net investment assets

3,579,909

15b. 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 Henderson to assist in meeting the investment objectives that they have been set. Henderson did not hold any futures contracts in its portfolio at 31 March 2018 (2017 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 Aviva 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, Yen 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.

Futures

Outstanding exchange traded futures contracts are as follows:

Type	Expires	Economic Exposure £000	Market Value 31 March 2017 £000	Economic Exposure £000	Market Value 31 March 2018 £000
Assets					
UK Equity	Less than 1 year	0	0	54,270	951
Overseas Equity	Less than 1 year	0	0	81,590	3,863
Total assets			0		4,814
Liabilities					
Overseas Equity	Less than 1 year	0	0	-14,957	-96
Total liabilities			0		-96
Net futures			0		4,718

There is £11.6m in respect of initial and variation margins arising on open futures contracts at the year-end included within cash balances (2017 nil).

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	£	11,400	AUD	-19,800	582	0
Up to one month	£	158,296	EUR	-179,685	689	0
Up to one month	£	36,806	JPY	-5,445,975	290	0
Up to one month	£	307,267	\$	-429,645	1,204	0
Up to one month	EUR	35,673	£	-31,517	0	-228
Up to one month	JPY	3,406,972	£	-22,978	0	-134
Up to one month	\$	21,575	£	-15,279	90	0
Between one & three months	£	48,588	EUR	-55,320	0	0
Between one & three months	£	15,257	JPY	-2,290,000	0	-115
Between one & three months	£	228,027	\$	-320,595	27	0
Between one & three months	JPY	520,000	£	-3,547	0	-56
Between one & three months	\$	75,000	£	-54,307	0	-969
Open forward currency contracts at 31 March 2018					2,882	-1,502
Net forward currency contracts at 31 March 2018						1,380
Prior year comparative						
Open forward currency contracts at 31 March 2017					7,248	-4,877
Net forward currency contracts at 31 March 2017						2371

At the 31 March 2018, the fund held £2.6M (Nil 2017) 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. Following financial market regulation changes during 2017-18 the Fund uses its segregated

fixed Interest securities holding (£60.2m) 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

15b. Investments Analysed by Fund Manager

Market Value 31 March 2017			Market Value 31 March 2018	
£000	%		£000	%
583,459	17.11%	Fidelity	599,347	16.74%
410,650	12.04%	Henderson Global Investors	500,312	13.97%
389,953	11.44%	Aviva Investors	429,336	12.00%
257,974	7.57%	M&G	416,936	11.65%
348,299	10.22%	Capital International Limited	391,063	10.92%
275,347	8.08%	Baillie Gifford & Co	255,910	7.15%
0	0.00%	UBS	252,667	7.06%
227,222	6.66%	Wellington International	229,832	6.42%
196,978	5.78%	Goldman Sachs Asset Management	201,947	5.64%
152,041	4.46%	HarbourVest Partners	145,880	4.07%
-304	-0.01%	Insight Investment **	59,052	1.65%
10,632	0.31%	Global Custodian *	54,182	1.52%
53,578	1.57%	SL Capital Partners	48,997	1.37%
1,907	0.06%	Berenberg Bank **	1,608	0.04%
280,957	8.24%	Legal & General Investment Management	1,008	0.03%
220,709	6.47%	Sarasin & Partners	0	0.00%
0	0.00%	Goldman Sachs International	-8,168	-0.23%
3,409,402	100.00%		3,579,909	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 for 2017-18 includes the Fixed Interest Securities (Gilts).

15b. Investments Representing More Than 5% of the Net Assets of the Scheme

Security	Market Value 31 March 2017 £000	Percentage of total fund %	Market Value 31 March 2018 £000	Percentage of total fund %
M&G Alpha Opportunities Fund	240,282	7.0%	348,881	9.7%
UBS Life UK Equity Tracker	0	0.0%	252,667	7.0%
Goldman Sachs Global Strategic Income Bond Portfolio (SIF)	196,978	5.7%	201,947	5.6%
Fidelity Institutional Exempt America Fund	188,758	5.5%	192,735	5.4%
Fidelity Institutional Europe Fund	181,328	5.3%	185,874	5.2%
Legal & General UK Equity Index Fund	279,961	8.2%	0	0.0%

During the year no individual investment (a single security) exceeded 5% of the total value of the net assets. Five pooled holdings (five in 2016-17) 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 2018 the M&G Alpha Opportunities Fund has 391 (363 at 31 March 2017) positions, across 261 (263 at 31 March 2017) issuers.
- At 31 March 2018 the UBS Life UK Equity Tracker Fund held 661 securities (L&G 646 securities at 31 March 2017).
- As at 31 March 2018 the Goldman Sachs SIF Fund held 1,222 (1,345 at 31 March 2017) individual positions.
- The underlying holdings of the Fidelity Institutional Exempt America Fund comprised 170 stocks at 31 March 2018 (164 at 31 March 2017).
- The Fidelity Institutional Europe Fund comprised 44 holdings at 31 March 2018 (52 at 31 March 2017).

During the financial year the Fund exited the L&G UK Equity Index Fund and invested in the UBS Life UK Equity Tracker Fund. This change was part of the joint commercial arrangements with ACCESS Pool. Details of the UBS investment are shown below along with the L&G details for completeness.

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 Policy (including at UBS Life's discretion, 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.

Within the Reconciliation of the Movements in Investments, the following investments represented more than 5% of the asset class or type at 31 March 2018:

Holding/Investment Type	Market Value 31 March 2018 £000	Percentage of asset class %
Fixed Interest Securities		
UK Government Gilts 0.5% 22/07/2022	15,467	57.31%
Index Linked UK Government Gilts 0.125% 22/03/2026	14,635	44.13%
Index Linked UK Government Gilts 0.125% 22/03/2044	10,895	32.85%
UK Government Gilts 3.25% 22/01/2044	8,220	30.46%
Index Linked UK Government Gilts 0.375% 22/03/2062	7,631	23.01%
UK Government Gilts 2.5% 22/07/2065	3,302	12.24%
Pooled investments		
M&G Alpha Opportunities Fund	348,881	17.30%
UBS Life UK Equity Tracker	252,667	12.53%
Goldman Sachs Global Strategic Income Bond Portfolio	201,947	10.01%
Fidelity Institutional Exempt America Fund	192,735	9.56%
Fidelity Institutional Europe Fund	185,874	9.22%
Janus Henderson Managed Multi Asset Credit Fund	160,526	7.96%
Janus Henderson Institutional Long Dated Credit Fund	152,759	7.58%
Fidelity Institutional Japan Fund	101,659	5.04%
Pooled property investments		
Industrial Property Investment Fund	39,206	9.46%
Blackrock UK Property Fund	38,182	9.22%
Janus Henderson Central London Office Property Fund	31,824	7.68%
Lothbury Property Trust Units	26,740	6.45%
Rockspring Hannover Property Unit Trust	22,861	5.52%
Standard Life UK Shopping Centre	22,170	5.35%

Private equity

Harbourvest VIII Cayman Buyout Fund	27,285	14.00%
Standard Life European Strategic 2008	25,103	12.88%
Harbourvest IX Cayman Buyout Fund	19,732	10.13%
Harbourvest VIII Cayman Venture Fund	18,163	9.32%
Harbourvest HIPEP VII Europe Feeder Fund	15,627	8.02%
Harbourvest IX Cayman Venture Fund	14,144	7.26%

Direct Property

Hamlin Way, King's Lynn	444	100.00%
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15c. Stock Lending

	31 March 2018 £000	31 March 2017 £000
Value of quoted equities on loan	109,147	63,510
Value of un-quoted equities on loan	0	6,148
Fair value of collateral held by Custodian	115,762	73,589
Collateral relative to stock on loan (percentage coverage)	106%	106%

Stock Lending is a programme of lending eligible securities, such as domestic and overseas equities, corporate bonds, and sovereign government securities, from the portfolios of participating clients to approved borrowers, in return for a fee. The Fund's stock lending programme is managed by the Global Custodian (HSBC).

All loans are fully collateralised with government securities, bank letters of credit, certificates of deposit or UK equities settled in CREST. HSBC provides certain additional indemnifications as part of the lending agreement with them, to protect the Fund in the event of a borrower default coupled with a collateral shortfall relative to the defaulting position.

The maximum value of stock that may be on loan is £150m and an individual borrower limit (applied at the parent borrower level) of £25m is applied.

The following table provides an analysis of the securities on loan at 31 March:

Asset Type	Value on loan at 31 March 2018 £000	Value on loan at 31 March 2017 £000
UK Equities	46,217	12,314
Overseas Equities	62,929	57,344

At 31 March 2018, securities were on loan to 10 separate borrowers representing 10 parent groups. The largest single parent exposure was 23% of the lending programme.

15d. Property Holdings

Details of the Funds directly owned properties are as follows:

Year Ending 31 March 2017 £000	Year Ending 31 March 2018 £000
444 Opening balance	444
0 Additions	0
0 Disposals	0
0 Net increase in market value	0
0 Other changes in fair value	0
444 Closing balance	444

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.

15e. 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.	<p>The valuation is undertaken by the investment manager or responsible entity and advised as a unit or security price. Observable inputs are used.</p> <p>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.</p>	Not required

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.
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.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private Equity	Level 3	<p>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.</p> <p>Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.</p>	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.
Delisted securities		Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the council expects to receive on wind-up, less estimated realisation costs.		
Securities subject to takeover		Securities subject to takeover offer - the value of the consideration offered under the offer, less estimated realisation costs.		

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 consequent potential impact on the closing value of investments held at 31 March 2018.

Description of Asset	Assed Valuation Range (+/-)	Value at 31 March 2018 £000	Value on Increase £000	Value on Decrease £000
Pooled Property Investments	14.3%	414,779	474,092	355,466
Private Equity	28.3%	194,877	250,027	139,727
Total		609,656	724,119	495,193

16. Fair Value Hierarchy

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.

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.

Private Equity

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. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Pooled Property

The values of the investment in private real estate are based on valuations provided by the underlying funds in which the Norfolk Pension Fund has invested. These underlying real estate valuations are generally prepared on an independent basis in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, which are consistent generally with IFRS. Valuations are usually undertaken on a quarterly basis.

Freehold Property

The direct 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 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 (Agrees to table 15a excluding Other Investment Balances)

Values at 31 March 2018	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets				
Financial assets at fair value through profit and loss	864,627	2,016,462	609,212	3,490,301
Non-Financial assets at fair value through profit and loss (See Note 15d)	0	0	444	444
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-1,598	0	0	-1,598
Net Investment Assets	863,029	2,016,462	609,656	3,489,147

Values at 31 March 2017	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets				
Financial assets at fair value through profit and loss	993,024	1,781,230	579,049	3,353,303
Non-Financial assets at fair value through profit and loss (See Note 15d)	0	0	444	444
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-4,877	0	0	-4,877
Net Investment Assets	988,147	1,781,230	579,493	3,348,870

16b. Transfers between Levels 1 and 2

There were no transfers between Level 1 and 2 in 2017-18. In 2016-17 the Equity and debt Pooled Funds totalling £1,781.2m were re-classified from level 1 to level 2 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

	Market value 1 April 2017	Transfers into Level 3	Transfers out of Level 3	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31 March 2018
	£000	£000	£000	£000	£000	£000	£000	£000
Pooled and Freehold Property Investments	373,874	0	0	35,461	-19,107	4,503	20,048	414,779
Private Equity	205,619	0	0	38,057	-67,569	32,661	-13,891	194,877
	579,493	0	0	73,518	-86,676	37,164	6,157	609,656

16d. Financial Instruments – Classification

Designated as fair value through profit and loss £000	31 March 2017		Designated as fair value through profit and loss £000	31 March 2018		
	Loans and receivables £000	Financial liabilities at amortised cost £000		Loans and receivables £000	Financial liabilities at amortised cost £000	
Financial assets						
0			Fixed Interest Securities	60,150		
985,776			Equities	796,781		
1,781,230			Pooled Investments	2,016,462		
373,430			Pooled Property	414,335		
205,619			Private equity	194,877		
7,248			Derivative contracts	7,696		
	67,056		Cash		101,221	
4,728			Other investment balances	8,102		
	31		Debtors		127	
3,358,031	67,087	0		3,498,403	101,348	0
Financial liabilities						
-4,877			Derivative contracts	-1,598		
		-5,005	Creditors			-4,736
-607			Other Investment Balances	-3,458		
-5,484	0	-5,005		-5,056	0	-4,736
3,352,547	67,087	-5,005		3,493,347	101,348	-4,736

16e. Net Gains and Losses on Financial Instruments

31 March 17 £000		31 March 18 £000
Financial assets		
689,241	Fair value through profit and loss	234,981
0	Loans and receivables	0
0	Financial liabilities measured at amortised cost	0
Financial liabilities		
-215,180	Fair value through profit and loss	-119,972
0	Loans and receivables	0
0	Financial liabilities measured at amortised cost	0
474,061	Total	115,009

16f. Fair Value of Financial Instruments and Liabilities

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.

17. 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.

a. 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 2017-18 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.10%
Long Index-Linked Gilts	9.20%
UK Equities including pooled	16.80%
Overseas Equities including pooled	17.90%
UK Bonds including pooled	9.50%
Index Linked Gilts including pooled	9.20%
Bonds including pooled	8.40%
Cash and Cash Equivalents (Including Payables and Receivables)	0.05%
Pooled Property Investments	14.30%
Private Equity	28.30%
Total	9.30%*

* 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.

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 2018 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	96,860	0.05%	96,908	96,812
Investment Portfolio Assets:				
Short Index-Linked Gilts	15,467	4.10%	16,101	14,833
Long Index-Linked Gilts	11,522	9.20%	12,582	10,462
UK Equities including pooled	534,850	16.80%	624,706	444,996
Overseas Equities including pooled	1,124,503	17.90%	1,325,789	923,217
UK Bonds including pooled	795,308	9.50%	870,862	719,754
Index Linked Gilts including pooled	170,567	9.20%	186,259	154,875
Bonds including pooled	221,176	8.40%	239,755	202,597
Pooled Property Investments	414,779	14.30%	474,092	355,466
Private Equity	194,877	28.30%	250,027	139,727
Total Assets Available to Pay Benefits	3,579,909	9.30%	3,883,343*	3,222,499*

Asset Type	Value as at 31 March 2017 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	62,903	0.00%	62,903	62,903
Investment Portfolio Assets:				
UK Equities including pooled	606,182	15.80%	701,959	510,405
Overseas Equities including pooled	1,294,475	18.40%	1,532,658	1,056,292
UK Bonds including pooled	731,033	9.50%	800,481	661,585
Index Linked Gilts including pooled	68,345	9.00%	74,496	62,194
Bonds including pooled	66,971	7.10%	71,726	62,216
Pooled & Direct Property Investments	373,874	14.20%	426,964	320,784
Private Equity	205,619	28.50%	264,220	147,018
Total Assets Available to Pay Benefits	3,409,402	11.60%	3,804,893*	3,013,911*

*The % change for Total Assets includes the impact of correlation across asset classes, which lowers the total increase and increases the total decrease at an aggregate level.

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 2018 and 31 March 2017 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

Asset Type	Value as at 31 March 2018 £000	Value as at 31 March 2017 £000
Investment Cash Balances	90,787	60,823
Cash in hand	10,434	6,233
Total	101,221	67,056

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.

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	Carrying Amount as at 31 March 2018 £000	Change in year in the net assets available to pay benefits	
		+100 BPS £000	-100 BPS £000
Investment Cash Balances	90,787	908	-908
Cash in hand	10,434	104	-104
	101,221	1,012	-1,012

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 3.10% 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 3.10% 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):

Currency Exposure – Asset Type	Asset Value as at 31 March 2018 £000	Change to net assets available to pay benefits	
		+3.10% £000	-3.10 % £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,124,503	34,860	-34,860
Private Equity	194,877	6,041	-6,041
Change in net assets available to pay benefits		40,901	-40,901

b) 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) 31 March 2018	Balances at 31 March 2018 £000	Short term Rating (S&P) 31 March 2017	Balances at 31 March 2017 £000
Bank Deposit Accounts				
Standard Life Money Market Fund			AAA	3,197
Barclays Bank PLC	A-1	3,302	A-2	3,198
Federated Money Market Fund	AAA	3,301		
Bank Current Accounts				
Barclays Bank	A-1	3,831	A-2	-162
Total		10,434		6,233

The majority of Custodied Investment cash is swept overnight to the AAA rated constant NAV money market funds of the custodian(s) and one other provider (Goldman Sachs Asset Management). The credit exposure on investment cash balances at 31 March 2018 comprise £76.4m (£60.8m at 31 March 2017) deposited with AAA rated money market funds, £2.7m (£1.5m overdrawn at 31 March 2017) with the custodian HSBC (rated A-1+), £11.6m (£0m at 31 March 2017) posted as variation margin to account held by HSBC and deposited overnight in the AAA money market funds detailed above.

c. 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 2018 (Nil at 31 March 2017).

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.

Balances at 31 March 2018 £000	Percentage of Total Fund Assets %	Balances at 31 March 2017 £000	Percentage of Total Fund Assets %
609,656	17.0%	579,493	16.8%

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 2018 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.

18. 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 2016.

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 i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are stable where appropriate;
- to minimise the long-term cost of the Fund by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- 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 Taxpayer 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.

	<i>Funded %</i>	<i>Deficit £ millions</i>
2016 actuarial valuation	80%	710
2013 actuarial valuation	78%	705

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. For 2013 the common rate was 29.6%.

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

The employer contribution rates payable (plus cash sums as applicable) arising from the 2016 Valuation are as follows:

<i>Year</i>	<i>Employers Contribution Rates (% of actual pensionable pay)</i>
1 April 2017 to 31 March 2018	Range from nil to 35.0%
1 April 2018 to 31 March 2019	Range from nil to 35.0%
1 April 2019 to 31 March 2020	Range from nil to 35.0%

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 2016 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 active service by death, retirement or withdrawal from service. The principal assumptions were:

Financial Assumptions at 31 March 2016

	% per annum Nominal	% per annum Real
Price Inflation (CPI)	2.2%	-
Pay increases	2.5%	0.3%
Investment Return (Discount rate)	3.8%	1.6%

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_2013 model, assuming the current rate of improvements has reached a peak and will converge to 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	22.1 years	24.4 years
Future Pensioners (current age 45)	24.1 years	26.4 years

The assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2016 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.

5.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

19. 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 IAS 19/FRS102 (previously FRS17) 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 18).

	31 March 2018 £000	31 March 2017 £000
Actuarial present value of promised retirement benefits	-4,999,000	-4,916,000
Fair Value of scheme assets (bid value)	<u>3,603,370</u>	<u>3,429,247</u>
Net Liability	-1,395,630	-1,486,753

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2016 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.

Assumptions Used	31 March 2018 %	31 March 2017 %
Inflation/Pension Increase Rate Assumption	2.4%	2.4%
Salary Increase Rate	2.7%	2.7%
Discount Rate	2.7%	2.6%

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20. Current Assets

31 March 2017 £000		31 March 2018 £000
Cash In Hand		
6,233	Cash In Hand**	10,434
Debtors:		
1,930	Contributions due - employees*	2,220
6,667	Contributions due - employers*	8,007
1,407	Employers special contributions	1,819
783	Augmentation & strain due	945
2,680	Dividends receivable**	2,920
1,705	Pooled funds rebate due**	1,740
478	UK tax receivable	749
545	Overseas tax receivable	625
278	VAT refund due	229
7	Interest due**	9
20	Stock lending/commission recapture**	0
21	Recharge of fees**	114
4	Prepayments	3
10	Sundry **	13
16,535	Debtors	19,393
22,768	Current Assets	29,827

*Principally represents amounts due in respect of March payrolls but payable the following month

**Cash and Debtors classed as financial instruments (assets) note 16a

31 March 2017 £000		31 March 2018 £000
Long term debtors:		
3,914	Employer contributions	2,658
627	Augmentation & strain due	632
4,541		3,290

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

31 March 2017 £000		31 March 2018 £000
6,621	Central government bodies	5,667
5,885	Other local authorities	7,009
8,570	Other entities and individuals	10,007
21,076		22,683

21. Current Liabilities

31 March 2017 £000		31 March 2018 £000
Creditors:		
0	Transfer values payable (leavers)	175
1,422	Benefits payable	3,702
2,579	Investment Management Fees**	2,433
2,426	Other Fees & Charges**	2,296
1,037	UK Taxation payable	1,043
0	Sundry creditors**	7
7,464		9,656

**Creditors classed as financial instruments (liabilities) note 16a

Analysis of Creditors

31 March 2017 £000		31 March 2018 £000
1,035	Central government bodies	1,058
2,246	Other local authorities	2,165
4,183	Other entities and individuals	6,433
7,464		9,656

22. Additional Voluntary Contributions

The Fund has three in-house AVC providers; Prudential, Clerical Medical and 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 2017 £000	Market Value 31 March 2018 £000
5,272	5,229
Separately Invested AVC Funds	
2016-17 £000	2017-18 £000
423	654
AVC contributions paid directly during the year	

23. 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.

	2016-17 £000	2017-18 £000
Norfolk County Council incurred administration and Investments costs reimbursed by the Fund	2,238	2,161
Norfolk County Council Employer Contributions	42,198	43,018

All monies owing to and due from the Fund were paid within statutory timescales.

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.

	2016-17 £000	2017-18 £000
Average investment balance held by NCC Treasury Management Operation	8,075	9,066
Interest earned on balances invested by NCC Treasury Management Operation	31	28

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.

The Administering Authority (Norfolk County Council) disclosure of senior officer remuneration includes the Head of Finance 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 following table sets out the senior officer remuneration disclosure.

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.

Figures in the table have been rounded to the nearest hundred pounds.

Position & Post holder		Salary	Expenses Allowances	Compensation for loss of office	Sub Total	Employer Pension contributions	Total
Executive Director of Finance and Commercial Services (S George)	2017-18	137,100	0	0	137,100	21,300	158,400
Executive Director of Finance and Commercial Services (S George)	2016-17	128,500	0	0	128,500	19,900	148,400

24. Contractual Commitments

Outstanding Capital Commitments	31 March 2017 £000	31 March 2018 £000
Private equity partnerships	210,163	166,012
Property investment vehicles	19,099	19,314
Pooled Debt Funds	14,032	538

At 31 March 2018 the Fund had made contractual commitments to private equity funds managed by SL Capital 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 still relatively immature. 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 2018 is included in the net asset statement.

In addition to the private equity commitments, within the Aviva 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

2018. The foreign exchange exposure on the funded portion of these positions is hedged within the Aviva portfolio but the unfunded commitments are impacted by exchange rate volatility. There are also commitments on the M&G Debt opportunities portfolio.

25. Contingent Assets

The Administering Authority holds charges on property, relating to funding agreements put in place with one employer. This agreement allows the employer to extend their deficit recovery periods and therefore reduce the contributions immediately payable in return for providing additional security to the Fund. In the event that the employer that is party to the agreement fails to pay contributions due to the Fund at any point in the future these charges may be invoked. The total charge on one property is £0.233 million (£0.233 million).

26. Agency Contracted Services

The Norfolk Pension Fund pays discretionary awards to the former employees of Norfolk County Council, the seven Norfolk district councils and twenty five 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 2017 £000		31 March 2018 £000
1,277	Norfolk County Council	1,245
1,181	Norwich City Council	1,175
257	North Norfolk District Council	253
243	Borough Council of Kings Lynn & West Norfolk	241
199	Great Yarmouth Borough Council	188
106	Broadland District Council	105
101	Breckland District Council	99
58	South Norfolk District Council	57
159	Other	158
3,581		3,521

Appendices

Appendix I – Participating Employers ***(Employers with active members during the year)***

<u>Employer</u>	<u>Type</u>
Acle Academy	Scheduled/Resolution Body
Acle Parish Council	Scheduled/Resolution Body
Action for Children (4 Children)	Admitted Body
Action for Children (Dereham)	Admitted Body
Action for Children (Hethersett)	Admitted Body
Action for Children (Thorpe)	Admitted Body
Action for Children (Wells)	Admitted Body
Admirals Academy	Scheduled/Resolution Body
Alderman Peel High	Scheduled/Resolution Body
Alive Leisure Trust	Admitted Body
Alive Management Ltd	Scheduled/Resolution Body
All Saints Academy	Scheduled/Resolution Body
Anglia Maintenance Services	Admitted Body
Anthony Curton Primary School	Scheduled/Resolution Body
Antingham & Southrepps Community Primary School	Scheduled/Resolution Body
Arden Grove Infant and Nursery Academy	Scheduled/Resolution Body
Aslacton Primary School	Scheduled/Resolution Body
Astley Primary	Scheduled/Resolution Body
Attleborough High School Academy	Scheduled/Resolution Body
Attleborough Town Council	Scheduled/Resolution Body
Aylsham Town Council	Scheduled/Resolution Body
Banham Community Primary School	Scheduled/Resolution Body
Barford & Wrampingham Parish Council	Scheduled/Resolution Body
Bawdeswell Community Primary School	Scheduled/Resolution Body
Beeston Primary	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 and Nursery	Scheduled/Resolution Body
Bishop's Primary School	Scheduled/Resolution Body
Blenheim Park Primary School	Scheduled/Resolution Body
Blofield Parish Council	Scheduled/Resolution Body
Borough Council of King's Lynn & West Norfolk	Scheduled/Resolution Body
Bradwell Parish Council	Scheduled/Resolution Body
Breckland Council	Scheduled/Resolution Body
Broadland District Council	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
Burnham Market Primary School	Scheduled/Resolution Body
Burston Community Primary School	Scheduled/Resolution Body
Butterflies Nursery	Scheduled/Resolution Body
Buxton With Lamas Parish Council	Scheduled/Resolution Body
Caister Academy	Scheduled/Resolution Body
Castle Acre Church of England Primary School	Scheduled/Resolution Body
Cawston Parish Council	Scheduled/Resolution Body
Cawston Primary School	Scheduled/Resolution Body
Charles Darwin Primary School	Scheduled/Resolution 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
City Academy Norwich	Scheduled/Resolution Body
City College Norwich	Scheduled/Resolution Body
City of Norwich School	Scheduled/Resolution Body

Clarion Housing Group	Admitted Body
Clenchwarton Primary School	Scheduled/Resolution Body
Cliff Park Ormiston Academy	Scheduled/Resolution Body
Cliff Park Schools Trust Ltd	Scheduled/Resolution Body
Cobholm Primary Academy	Scheduled/Resolution Body
Colkirk Church of England Primary School	Scheduled/Resolution Body
College of West Anglia	Scheduled/Resolution Body
Corpusty Primary School	Scheduled/Resolution Body
Costessey Infant School (Academy)	Scheduled/Resolution Body
Costessey Junior School (Academy)	Scheduled/Resolution Body
Costessey Town Council	Scheduled/Resolution Body
Cranworth Parish Council	Scheduled/Resolution Body
Cringleford Parish Council	Scheduled/Resolution Body
Cromer Academy Trust	Scheduled/Resolution Body
Cromer Town Council	Scheduled/Resolution Body
Dereham Church of England Junior Academy	Scheduled/Resolution Body
Dereham Town Council	Scheduled/Resolution Body
Dersingham Parish Council	Scheduled/Resolution Body
Diamond Academy	Scheduled/Resolution Body
Diocese of Norwich Education and Academies Trust (formerly Diocese of Norwich Multi-Academy Trust)	Scheduled/Resolution Body
Diss High School (Academy)	Scheduled/Resolution Body
Diss Town Council	Scheduled/Resolution Body
Ditchingham Church of England Primary Academy	Scheduled/Resolution Body
Downham & Stow Bardolph Internal Drainage Board	Scheduled/Resolution Body
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	Scheduled/Resolution Body
Dussindale Primary School	Scheduled/Resolution Body

East City Children's Centre	Scheduled/Resolution Body
East Norfolk Sixth Form College	Scheduled/Resolution Body
East of Ouse, Polver & Nar Internal Drainage Board	Scheduled/Resolution Body
Eastern Inshore Fisheries and Conservation Authority	Scheduled/Resolution Body
Eastgate Academy	Scheduled/Resolution Body
Easton and Otley College	Scheduled/Resolution Body
Eaton Hall Specialist Academy	Scheduled/Resolution Body
Eaton Primary School	Scheduled/Resolution Body
Edith Cavell Academy	Scheduled/Resolution Body
Edward and Blake (Caister Academy)	Admitted Body
Edward Worlledge Primary	Scheduled/Resolution Body
Edwards & Blake (Wymondham Academy)	Admitted Body
Edwards and Blake	Admitted Body
Edwards and Blake (Reepham High)	Admitted Body
Emneth Academy	Scheduled/Resolution Body
Engage Educational Services	Scheduled/Resolution Body
Fakenham Academy Norfolk	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 School	Scheduled/Resolution Body
Flitcham Church of England Primary Academy	Scheduled/Resolution Body
Foulsham Primary School Academy	Scheduled/Resolution Body
Framingham Earl Parish Council	Scheduled/Resolution Body
Freebridge Community Housing Ltd	Admitted Body
Garrick Green Academy	Scheduled/Resolution Body
Garvestone Primary School	Scheduled/Resolution Body
Garvestone, Remerston and Thuxton Parish Council	Scheduled/Resolution Body
Gaywood Primary School	Scheduled/Resolution Body
George White Junior School	Scheduled/Resolution Body

Gillingham St Michael's Primary	Scheduled/Resolution Body
Glebeland Primary School	Scheduled/Resolution Body
Gooderstone Church of England Primary Academy	Scheduled/Resolution Body
Great Hockham Primary School and Nursery	Scheduled/Resolution Body
Great Snoring Parish Council	Scheduled/Resolution Body
Great Witchingham Church of England Primary School	Scheduled/Resolution Body
Great Witchingham Parish Council	Scheduled/Resolution Body
Great Yarmouth Borough Council	Scheduled/Resolution Body
Great Yarmouth Charter Academy	Scheduled/Resolution Body
East Coast College	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
Great Yarmouth Racecourse Ltd	Admitted 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
Hardingham Parish Council	Scheduled/Resolution Body
Harling Parish Council	Scheduled/Resolution 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 Academy	Scheduled/Resolution Body
Hellesdon Parish Council	Scheduled/Resolution Body
Hemblington Parish Council	Scheduled/Resolution Body
Hemblington Primary School	Scheduled/Resolution Body
Henderson Green Primary Academy	Scheduled/Resolution Body

Hethel Innovation Ltd	Admitted Body
Hethersett Academy	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 Academy	Scheduled/Resolution Body
Hockering Primary Academy	Scheduled/Resolution Body
Holt Town Council	Scheduled/Resolution Body
Hoveton Parish Council	Scheduled/Resolution Body
Hunstanton Town Council	Scheduled/Resolution Body
Inspire Education Trust	Scheduled/Resolution Body
Iceni Academy	Scheduled/Resolution Body
Inclusive Schools Trust	Scheduled/Resolution Body
Independence Matters	Admitted Body
Inspiration Trust	Scheduled/Resolution Body
Jane Austin College	Scheduled/Resolution Body
Kenninghall Community Primary School	Scheduled/Resolution Body
Kettlestone Parish Council	Scheduled/Resolution Body
Kier Support Services	Admitted Body
King Edward VII Academy	Scheduled/Resolution Body
King's Lynn Internal Drainage Board	Scheduled/Resolution Body
King's Park Infant School	Scheduled/Resolution Body
King's Lynn Academy	Scheduled/Resolution Body
King's Lynn Internal Drainage Board	Scheduled/Resolution Body
Kings Oak Academy	Scheduled/Resolution Body
Kirby Cane and Ellingham Parish Council	Scheduled/Resolution Body
Konectbus Ltd	Admitted Body
Lafarge Tarmac	Admitted Body
Lingwood and Burlingham Parish Council	Scheduled/Resolution Body
Lingwood Primary Academy	Scheduled/Resolution Body

Lionwood Infant and Nursery	Scheduled/Resolution Body
Lionwood Junior	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
Lynn Grove High School (Academy)	Scheduled/Resolution Body
Magdalen Village School	Scheduled/Resolution Body
Manor Field Infant Nursery School	Scheduled/Resolution Body
Marlingford and Colton Parish Council	Scheduled/Resolution Body
Marshland High School	Scheduled/Resolution Body
Marshland St. James Primary School	Scheduled/Resolution Body
Martham Parish Council	Scheduled/Resolution Body
Martham School Trust	Scheduled/Resolution Body
Mattishall Parish Council	Scheduled/Resolution Body
Mattishall Primary School	Scheduled/Resolution Body
Mid Norfolk Citizens Advice Bureau	Admitted Body
Middleton Primary School	Scheduled/Resolution Body
Moorlands Church of England Primary Academy	Scheduled/Resolution Body
Mundesley Parish Council	Scheduled/Resolution Body
Mundford Church of England Primary	Scheduled/Resolution Body
Nar and St Clement's Children's Centre	Scheduled/Resolution Body
Narborough Church of England Primary Academy	Scheduled/Resolution Body
NCS (Assistive Technology)	Scheduled/Resolution Body
NCS Transport Ltd	Scheduled/Resolution Body
Neatherd High School	Scheduled/Resolution Body
Nelson Academy	Scheduled/Resolution Body
New Anglia Enterprise Council	Admitted Body
New Buckenham Parish Council	Scheduled/Resolution Body
Newton Flotman Parish Council	Scheduled/Resolution Body
Norfolk Academies	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
North Norfolk Academy Trust	Scheduled/Resolution Body
North Norfolk District Council	Scheduled/Resolution Body
North Walsham Infant and Nursery	Scheduled/Resolution Body
North Walsham Junior School	Scheduled/Resolution Body
North Walsham Town Council	Scheduled/Resolution Body
North Wootton Community School	Scheduled/Resolution Body
Northgate High School	Scheduled/Resolution Body
Northrepps Parish Council	Scheduled/Resolution Body
Norwich Airport Limited	Admitted Body
Norwich City Council	Scheduled/Resolution Body
Norwich Norse	Scheduled/Resolution 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 Academy	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 Primary School	Scheduled/Resolution Body
Old Catton Parish Council	Scheduled/Resolution Body
Open Academy - Heartsease	Scheduled/Resolution Body
Ormiston Herman Academy	Scheduled/Resolution Body
Ormiston Venture Academy	Scheduled/Resolution Body
Ormiston Victory Academy	Scheduled/Resolution Body
Ovington Parish Council	Scheduled/Resolution Body
Peterhouse Primary School	Scheduled/Resolution Body
Poringland Parish Council	Scheduled/Resolution Body
Queensway Infant Academy and Nursery	Scheduled/Resolution Body
Rackheath Parish Council	Scheduled/Resolution Body
Redenhall with Harleston Town 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 Community School and Nursery	Scheduled/Resolution Body
Right for Success Academy Sponsorship Trust	Scheduled/Resolution Body
RM Education	Admitted Body
Rockland St Mary Primary School	Scheduled/Resolution Body
Rudham Church of England Primary School	Scheduled/Resolution Body
Runcton Holme Church of England Primary School	Scheduled/Resolution Body
Saffron Housing Trust Limited	Admitted Body
Salhouse Parish Council	Scheduled/Resolution Body
Saxlingham Nethergate Parish Council	Scheduled/Resolution Body
Scoulton Parish Council	Scheduled/Resolution Body
Sculthorpe Church of England Primary School	Scheduled/Resolution Body
Seething and Mundham Primary School	Scheduled/Resolution Body
Sentinel Leisure Trust	Admitted Body
Serco Government Services	Admitted Body
Sewell Park Academy	Scheduled/Resolution Body
Sheringham High School (Academy)	Scheduled/Resolution Body

Sheringham Town Council	Scheduled/Resolution Body
Short Stay School for Norfolk	Scheduled/Resolution Body
Sir Isaac Newton Free School	Scheduled/Resolution Body
Smithdon High School	Scheduled/Resolution Body
Snettisham Parish Council	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
Spixworth Parish Council	Scheduled/Resolution Body
Spooner Row Primary School	Scheduled/Resolution Body
Sporle Church of England Primary School	Scheduled/Resolution Body
Springwood High School Academy Trust	Scheduled/Resolution Body
Sprowston Community High School	Scheduled/Resolution Body
Sprowston Town Council	Scheduled/Resolution Body
St Andrews Primary School	Scheduled/Resolution Body
St Augustine's Catholic Primary School	Scheduled/Resolution Body
St Clements HS Academy	Scheduled/Resolution Body
St Edmunds Academy	Scheduled/Resolution Body
St Francis of Assisi Catholic School	Scheduled/Resolution Body
St Germans Primary School	Scheduled/Resolution Body
St John the Baptist Catholic Multi Academy Trust	Scheduled/Resolution Body
St Martin at Shouldham Church of England Primary Academy	Scheduled/Resolution Body
St Mary & St Peter Catholic Primary School	Scheduled/Resolution Body
St Mary's Church of England Junior School (Academy)	Scheduled/Resolution Body
St Michael's Church of England Academy (King's Lynn)	Scheduled/Resolution Body
St Peter & St Paul Carbroke Church of England Primary Academy	Scheduled/Resolution Body
St Peters Church of England Primary Academy	Scheduled/Resolution Body

Stalham Academy	Scheduled/Resolution Body
Stalham High School	Scheduled/Resolution Body
Stalham Town Council	Scheduled/Resolution Body
Stonham	Admitted Body
Stradbroke Primary	Scheduled/Resolution Body
Strumpshaw Parish Council	Scheduled/Resolution Body
Suffolk Coastal Services	Scheduled/Resolution Body
Surlingham Community Primary School	Scheduled/Resolution Body
Swaffham Church of England Junior School	Scheduled/Resolution Body
Swaffham Town Council	Scheduled/Resolution Body
Swannington with Alderford and Little Witchingham Parish Council	Scheduled/Resolution Body
Swanton Morley Parish Council	Scheduled/Resolution Body
Tasburgh Parish Council	Scheduled/Resolution Body
Taverham High School	Scheduled/Resolution Body
Taverham Parish Council	Scheduled/Resolution Body
Ten Mile Bank Community Primary School	Scheduled/Resolution Body
The Free School Norwich	Scheduled/Resolution Body
The Hewett Academy	Scheduled/Resolution Body
The Howard Junior	Scheduled/Resolution Body
The Matthew Project	Admitted Body
The Nicholas Hamond Academy	Scheduled/Resolution Body
The Wensum Trust	Scheduled/Resolution Body
The Wherry School	Scheduled/Resolution Body
Thetford Academy	Scheduled/Resolution Body
Thetford Free School	Scheduled/Resolution Body
Thetford Town Council	Scheduled/Resolution Body
Thomas Bullock Primary	Scheduled/Resolution Body
Thompson Primary School	Scheduled/Resolution Body
Thorpe St Andrew School and 6th Form	Scheduled/Resolution Body
Thorpe St. Andrew Town Council	Scheduled/Resolution Body
Thurlton Primary School	Scheduled/Resolution Body

Tilney All Saints VC Primary School	Scheduled/Resolution Body
Tivetshall Community Primary School	Scheduled/Resolution Body
Trafalgar College	Scheduled/Resolution Body
Trowse with Newton Parish Council	Scheduled/Resolution Body
Tuckswood Academy and Nursery	Scheduled/Resolution Body
University Technical College Norfolk	Scheduled/Resolution Body
Upton with Fishley Parish Council	Scheduled/Resolution Body
Upwell Community Primary School	Scheduled/Resolution Body
Valley Primary Academy	Scheduled/Resolution Body
Village Green Children's Centre	Scheduled/Resolution Body
Village Green Nursery	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
Wayland High School Academy	Scheduled/Resolution Body
Wayland Junior Academy	Scheduled/Resolution Body
Weasenham Church of England Primary School	Scheduled/Resolution Body
Weeting VC Primary School	Scheduled/Resolution Body
Wells-next-the-Sea Primary and Nursery School	Scheduled/Resolution Body
Wells-next-the-Sea Town Council	Scheduled/Resolution Body
Wensum Junior School	Scheduled/Resolution Body
West Lynn Primary	Scheduled/Resolution Body
West Raynham VC Primary School	Scheduled/Resolution Body
Whitefriars Church of England Primary Academy	Scheduled/Resolution Body
Wimbotsham and Stow Community School	Scheduled/Resolution Body
Winterton on Sea Parish Council	Scheduled/Resolution Body
Woodlands Primary Academy	Scheduled/Resolution Body
Wormegay Primary	Scheduled/Resolution Body
Wroughton Infant Academy	Scheduled/Resolution Body
Wroughton Junior Academy	Scheduled/Resolution Body

Wroxham Parish Council
Wymondham Academy College
Wymondham High Academy
Wymondham Town Council

Scheduled/Resolution Body
Scheduled/Resolution Body
Scheduled/Resolution Body
Scheduled/Resolution Body

DRAFT

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 1 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 from the Norfolk Pension Fund:

Norfolk Pension Fund
Lawrence House
5 St Andrews Hill
Norwich
NR2 1AD

Telephone: 01603 222870

Appendix III – The Fund

Norfolk County Council administers the Norfolk Pension Fund to provide retirement benefits for all its employees who are members of the Local Government Pension Scheme. Also included in the Norfolk Pension Fund are employees of the seven District Councils in Norfolk and 361 other bodies who actively participate in the Scheme.

Teachers and fire-fighters have their own pension schemes which are not included in the Norfolk Pension Fund.

Norfolk County Council has delegated responsibility for deciding upon the best way in which the Norfolk Pension Fund is invested to its Pensions Committee. The Committee consists of eight members, five appointed by the County Council, two co-opted members representing the District Councils and one staff representative. 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 Head of Norfolk Pension Fund and other staff, 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 May 2018
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, two district councillors elected by the Local Government Association represent the largest group of employers; an additional observer seat is available to all other employers. Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative.
- 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. A Local Pension Board has been established (known locally as the Pensions Oversight Board [POB]). 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 seat 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 additional observer is seat available to all other employers. POB: three employer representatives; all employers are invited to stand for 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. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. POB: three 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 Head of Pensions. Other elected members who do not sit on Pensions Committee are briefed as required/requested.*
- 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.
We give the same allowances to other individuals/bodies where necessary, for example the Staff Representative, 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.
Committee member and POB training needs are considered alongside the 12 month committee agenda planning process. However, training is 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. Member training is supplemented by attending LGA and other associated events, as well as an annual 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 regularly, 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. An Observer Seat at Committee is also available to Employers not directly represented, and Employers are reminded of this at Forums and via other publications. In addition, regular Employers' Forums, an Annual Meeting for all scheme members (including Deferreds) and Retired Members annual events are

held. Pensions Oversight Board (Local Pension Board) 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. 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-us/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 Fund Governance Statement and Customer Care and Communication Strategy documents are published on the Norfolk Pension Fund 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, other relevant pension news and are invited to a formal annual meeting. Retired members are invited to the annual retired members' events and receive an annual newsletter. All scheme members and employers were invited to stand for membership of the Pensions Oversight Board (Local Pensions Board).

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Appendix V – Actuarial Statement for 2017-18 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 2017. 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;
- 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 return their portion of the Fund to full funding over 20 years if the valuation assumptions are borne out. 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 still a sufficiently high chance that the Fund will return to full funding 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 2016. This valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £2,901m, were sufficient to meet 80% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £710m. Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 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 2016 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 2016 valuation were as follows:

Financial assumptions	31 March 2016
Discount rate	3.8% p.a.
Salary increase assumption	2.5% p.a.
Benefit increase assumption (CPI)	2.2% 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 2013 model, assuming the current rate of improvements has reached a peak and will converge to 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	22.1 years	24.4 years
Future Pensioners*	24.1 years	26.4 years

*Aged 45 at the 2016 Valuation.

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund or on the Fund's website.

Experience over the period since 31 March 2016

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities and there have been strong asset returns, particularly during 2016-17. Both events are of broadly similar magnitude with regards to the impact on the funding position.

The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy Statement will also be reviewed at that time.



Robert Bilton FFA
For and on behalf of Hymans Robertson LLP
24 April 2018

Hymans Robertson LLP
20 Waterloo Street, Glasgow, G2 6DB

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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.

Risk Register Report and Compliance with Breaches Policy

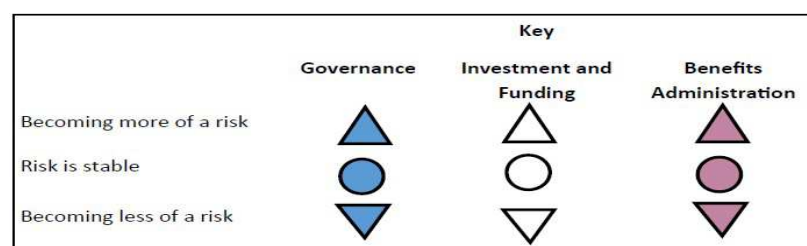
Report by the Executive Director of Finance and Commercial Services and
Head of the Norfolk Pension Fund

1. Background

- 1.1 Norfolk County Council's Risk Management Framework requires reporting on all aspects of the Council's Risk Management responsibilities to the relevant review panel or Committee on a regular basis.
- 1.2 This report updates the Pensions Committee on the Norfolk Pension Fund's Risk Register and compliance with the Norfolk Pension Funds Breaches Policy. The last update was given at the December 2017 meeting.

2. Risk Register and Heat Map

- 2.1 Risks have been categorised under the headings of Governance, Benefits Administration and Investment and Funding using the scoring methodology at Appendix A.
- 2.2 An extract from the Fund's Risk Heat Map is included below showing risks as either Low (green), Medium (amber) or High (red) by their respective category (governance, benefits administration and investment and funding). All risks are stable, with no movement (either up or down) since being reported to Committee in December 2017.



- 2.3 A single page Heat Map summarising all risks is attached at Appendix B. The latest version of the full Risk Register is at Appendix C (Benefits Administration), Appendix D (Funding and Investment) and Appendix E (Governance).
- 2.3 The Risk Register incorporates an assessment of likelihood and impact as well as control measures in place and an overall risk score.
- 2.4 The Register is regularly reviewed by the Management Team and appropriate action taken.

3. **Areas of High Risk**

- 3.1 Asset Pooling (ref. NPFG2, NPFF13) is identified as an area of High Risk for both Governance, and Investment and Funding.
- 3.2 The Norfolk Pension Fund is providing significant resource to support the development of detailed ACCESS governance and on-going support needs (including client / contract management arrangements and communication).
- 3.3 The ACCESS Governance manual (which includes a comprehensive decision matrix) is being developed, establishing a clear governance framework for all stakeholders. Proposals for the establishment of a permanent ACCESS Support Unit were presented to the ACCESS Joint Committee in June 2018. This will provide ACCESS with a dedicated intelligent client base. Interim ACCESS Support Unit arrangements remain in place in the meantime.
- 3.4 ACCESS Officers and the pool operator (LINK Fund Solutions) are finalising the prospectus document for the first sub-fund (tranche 1). The prospectus must be submitted to the Financial Conduct Authority (FCA) for authorisation. The first sub-fund launch is scheduled for the end of August but this is dependent upon the eventual submission date of the prospectus and time required by the FCA to process the documentation. Delay may cause slippage to the launch of subsequent sub-funds. Three Norfolk mandates totalling £1.2bn are being considered for the second and third sub-fund tranches, scheduled for launch between November 2018 and January 2019.
- 3.5 Insufficient Skilled Resource (ref. NPFG3, NPFF12) is another area of High Risk for both Governance, and Investment and Funding.
- 3.6 The pace and scale of LGPS and pension reform can make it difficult to ascertain and evaluate risks and effectively plan mitigating action, this is particularly the case with resource planning. What is clear is that there is significant impact upon key individuals at a time when resourcing is already stretched.
- 3.7 As discussed in the Administration Report at item 5, the Fund has commissioned Hymans Robertson to undertake a review of Fund governance including key man risk, resilience and succession planning.

4 **Compliance with Breaches Policy**

- 4.1 Following a review of our compliance with the Pensions Regulator's Code of Practice (originally reported to Pensions Committee in June 2016), Committee approved the procedure for the reporting of breaches of law to the Pensions Regulator in December 2016.

- 4.2 Only breaches of 'material significance' should be report to the Regulator. Criteria for determining whether a breach is material, together with examples of reportable breaches are detailed in the procedural document.
- 4.3 The late paying over of employees and employers contributions is monitored for reportable breaches. An extract from the contributions breaches log is detailed below. None of the late pay overs were deemed material and therefore reportable to the Regulator.

4.4

Month	Summary Description of Breaches
September 2017	24 employers were late paying over their September contributions. The latest payment was 26 days late owing contributions of £440.14.
October 2017	10 employers were late paying over their October contributions. The latest payment was 19 days late owing contributions of £56.91.
November 2017	11 employers were late paying over their November contributions. The latest payment was 7 days late owing contributions of £114.92.
December 2017	16 employers were late paying over their December contributions. The latest payment was 21 days late owing contributions of £56.91.
January 2018	10 employers were late paying over their January contributions. The latest payment was 15 days late owing contributions of £2,127.14.
February 2018	12 employers were late paying over their February contributions. The latest payment was 22 days late owing contributions of £56.91.
March 2018	16 employers were late paying over their March contributions. The latest payment was 12 days late owing contributions of £78.80.
April 2018	27 employers were late paying over their April contributions. The latest payment was 15 days late owing contributions of £378.30. The increase in late payments was mainly due to a number of new employers joining the Fund making their first pay over of contributions.

5 Other Implications

5.1 Equality Impact Assessment (EqIA):

There are no equality issues arising from this report.

5.2 Any Other Implications:

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.

6. Section 17 – Crime and Disorder Act

- 6.1 There are no Crime and Disorder implications arising from this report.

7. Recommendation

- 7.1 Pensions Committee is invited to note the contents of the Risk Register and summary of breaches.

Background Papers

Appendix A – Risk Scoring Methodology

Appendix B – Risk Heat Map

Appendix C – Risk Register November 2017 (Benefits Administration)

Appendix D – Risk Register November 2017 (Funding and Investment)

Appendix E – Risk Register November 2017 (Governance)

Officer Contact

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

Glenn Cossey Tel No: 01603 228978 email address: glenn.cossey@norfolk.gov.uk



If you need this document in large print, audio, Braille, alternative format or in a different language, please contact Customer Services on 0344 800 8020 or Text Relay on 18001 0344 800 8020 (textphone) and we will do our best to help.

Methodology

Methodology

Project Name	Project XYZ
Prepared by	Project / Programme Manager
Date RAIDD Log opened	01 April 2011

Project Risk Impact Criteria Model

Likelihood of risk occurring

Likelihood	Definition	Value
Almost Certain	The event is expected to occur before the target date in most circumstances	5
Likely	The event will probably occur before the target date in most circumstances	4
Possible	The event might occur at some time before the target date	3
Unlikely	The event is not expected to occur before the target date	2
Rare	The event may occur only in exceptional circumstances before the target date	1

Impact if risk occurs (finalise and agree criteria with Project Board)

Schedule	Costs	Performance / Quality	Value
<2 weeks delay	<1% of budget	Cosmetic impact only	1 Insignificant
2 weeks– 1 month	1%–<2%	Some minor elements of objectives affected	2 Minor
1 month–<2 months	2%–<8%	Significant areas of some objectives affected	3 Moderate
2 months–<4 months	8%–<12%	Wide area impact on some objectives	4 Major
>4 months delay	>12% of budget	Significant failure resulting in the project not meeting its objectives	5 Extreme

Impact

	5	4	3	2	1
5	25	20	15	10	5
4	20	16	12	8	4
3	15	12	9	6	3
2	10	8	6	4	2
1	5	4	3	2	1

Risk Level Tolerances

Band	Risk Treatment
High 16-25 (Red Risks)	Risks analysed at this level are so significant that risk treatment is mandatory
Medium 6-15 (Amber Risks)	Risks analysed at this level require a cost/benefit analysis to take place to determine the most appropriate treatment
Low 1-5 (Green Risks)	Risks analysed at this level can be regarded as negligible, or so small that no risk treatment is required

Cost / Benefit Analysis

Cost

Cost	Cost Definition	Value
Savings Made	Outlay for new controls will be less than anticipated savings across the organisation	1
Nil Cost	Cost neutral	2
Minimal Costs Incurred	Minimal costs, including an appreciation of resource time and provision of facilities. Not exceeding £25,000	3
Significant Costs Incurred	Significant costs, in terms of resources, finance, provision of facilities etc. Above £25,000 but not exceeding £100,000	4
Major Costs Incurred	Costs would be a serious concern to the recommendation's viability. Above £100,000 but not exceeding £500,000	5
Substantial Costs Incurred	Costs would be very heavy so very clear tangible benefits would need to be apparent. A further examination of benefits may be required. Exceeding £500,000	6

Benefit

Score	Benefit Definition
1	Must Do : There is a legal requirement for this control action to be done, or the control action will assist the Council in the delivery of all its corporate objective/s in a clear and tangible way, which can be easily demonstrated
2	Should Do : The control action is not legally required but it does constitute best practice, or the control action will assist the Council in the delivery of one or more of its objective/s in a clear and tangible way, which can be easily demonstrated
3	Could Do : The control action is good practice, or the control action is not vital but may assist with the delivery of one or more of the Council's objectives

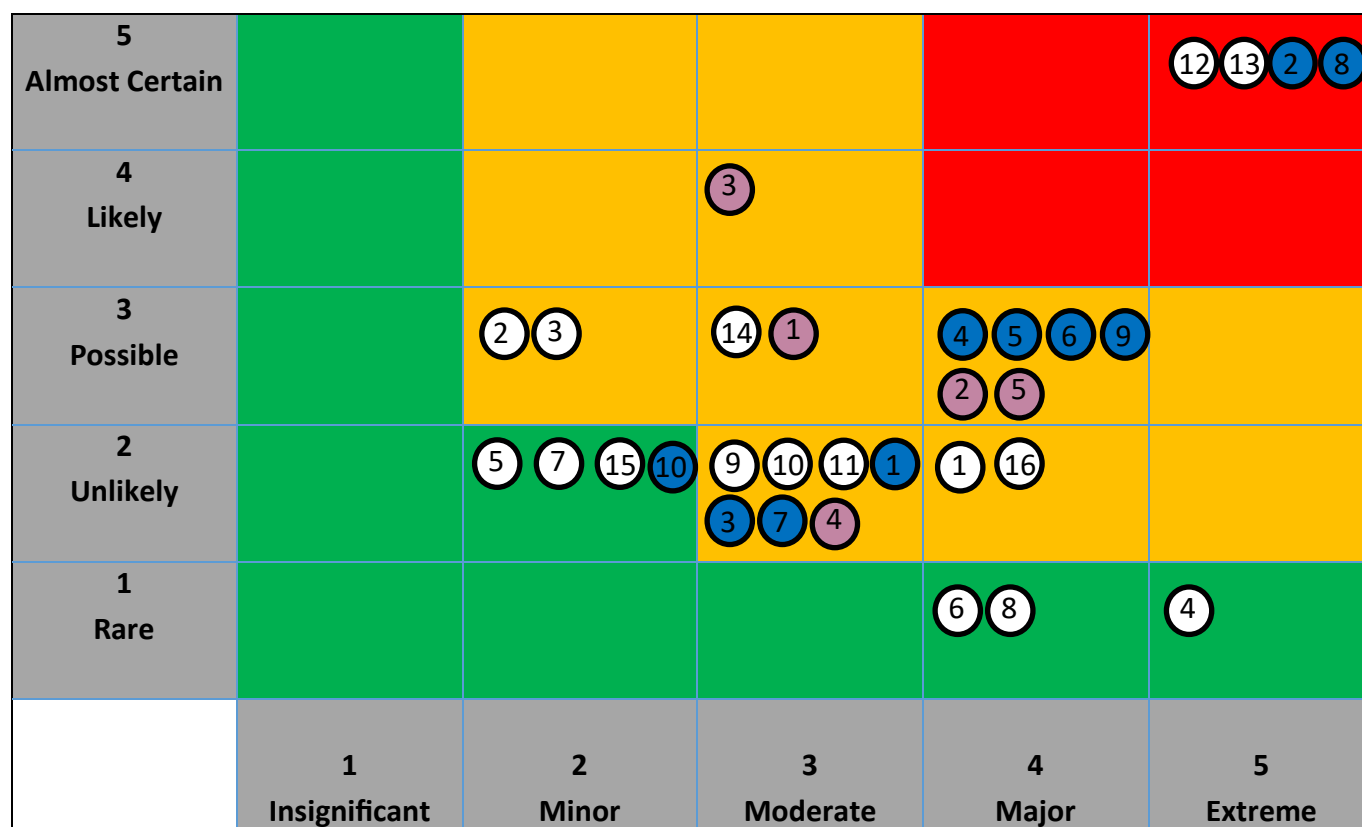
Benefit

	1	2	3
1	1	2	3
2	2	4	6
3	3	6	9
4	4	8	12
5	5	10	15
6	6	12	18


Risk Level Tolerances


Band	Risk Treatment
Green 1-4	Controls cost little and benefits are high, control should be pursued.
Amber 5-10	Control costs are significant and have some benefits. A decision should be made as to whether to proceed or not based on local factors.
Red 12-18	Control costs outweigh the benefits and should not be pursued.


Norfolk Pension Fund Risk Heat Map June 2018 : single page summary



	Governance	Funding and Investment	Benefits Administration
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 (LGPS)
3	Knowledge & understanding (O)	Manager underperformance	Lack of skilled resource (Fire)
4	Knowledge & understanding PC	Systemic risk	Business continuity (Admin)
5	Knowledge & understanding POB	Credit default - Counterparty failure	Employer and Employee on line services
6	Business continuity (Gov)	Illiquidity	
7	Communication	Default by participating employer	
8	Lack of skilled resource (gov)	Poor advice	
9	National LGPS Frameworks	Changing demographics (Assumptions v Experience)	
10	Brexit	Business Continuity (F & Inv)	
11		Communication	
12		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 

Benefit Administration

Risk Register - Norfolk Pension Fund - Benefits Administration																												
Norfolk Pension Fund										Benefit Administration																		
Prepared by:										Norfolk Pension Fund Management Team										H	High					Red	Significant concerns requiring urgent action by the risk owner.	
Date updated:										01 June 2018										M	Medium					Green	On schedule to meet the target risk score by the target date.	
Next update due:										01 December 2018										L	Low					Met	The target score for the risk has been met and the score is now being monitored.	
Risk Number	Risk Name	Risk Description	Date Entered on Risk Register	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Current Likelihood	Current Impact	Current Risk Score	Rating	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting the Target Risk Score by the Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update	Status							
NPFA1	Failure to meet regulatory and performance requirements	If Fund fails to meet regulatory and service commitments could negatively impact on scheme members and employers and result in reputational financial and / or regulatory consequences.	c/f	4	4	16	3	3	9	M	The Fund participates in national forums; the impact of current reform is being monitored and reflected in the Funds service development plan and operational budget where appropriate. On going communication with members and employers about the impact and timing of changes Monitor performance against TPR's Code of Practice 14; on going monitoring, testing and review of processes, documentation. Contractual arrangement with leading LGPS system provider and resources dedicated to system and technical areas. Appraisal and training programmes maintained. Maintain good relationships with employers and service providers.	Engage with SEC SOG, LGA, SAB, advisors; data quality audit annually (last Feb 18); regular internally delivered reviews; internal (NCC) audit plan delivered - data quality; member benefit payments and online services in 2016; external audit. System, process and performance controls framework in place and monitored daily. Employer engagement via Forums, newsletters, guides, workshops, 1:1's.. Team members supported through professional IPP qualifications. Appraisals completed and training needs followed up. Team briefings in place. All statutory policies in place (e.g. comms strategy, governance compliance, breaches etc). ABS issued to members August (online) and September (paper); clinics well attended in Oct / Nov. Regular and Employer newsletter and forum minimum twice a year. Invitation to retired members events sent in November.	2	2	4	on going	Green	Pensions Manager	Management team	01/06/2018	Open							
NPFA2	Lack of skilled resource - LGPS	An unforeseen increase in workload from employers – competing for pension resources (e.g. structural changes within employers, year end or other regulatory processes or changes to ICT). Unable to deliver in time against operational or legislative requirements -reputation impact.	c/f	3	4	12	3	4	12	M	Maintain close relationships with employers to be aware of likely changes. Education of employers of the need to take account of pensions issues when considering restructuring or contracting out and to provide early warning of possible changes. Work closely with DCLG and other bodies to assess impact and timing of regulatory changes. Work closely with software providers and ICT Services to manage development, upgrade and planned maintenance to minimise impact. Keep staffing and structures under review ; invest in knowledge and skills of staff. Review of staffing levels Autumn 2017.	Rapid increase in employers creating additional workload / pressure, movement of members between employers and continued trend of employer activity. 3rd Party admin framework may provide access to short term skilled resources.Engaging with employers to try to avoid surprises. Monitoring trends in activity and business intelligence to predict needs (e.g. academy conversions). Some temporary staff engaged in short term. Permanent recruitments (starting May / June 2018). 2 members of staff on maternity leave. Future options to be informed by Hymans review (commenced June 2018).	2	2	4	on going	Red	Pensions Manager	Pensions Committee	01/06/2018	Open							
NPFA3	Lack of skilled resource - Fire Scheme Administration	If we are unable to maintain / retain necessary skills and staffing to effectively support the Fire Service Schemes, unable to deliver effective service as contracted with the Norfolk Fire Service, leading to reputational financial and regulatory consequences. Fire Schemes (3) increasingly complex and membership small.	Nov-16	4	3	12	4	3	12	M	Consider the contractual position; share skills and knowledge more widely; promote centralisation of Fire Schemes admin. Fire Administration due to transfer to West Yorkshire Pension Fund from 1 August 2018.	Some skills transfer underway and updating internal work instructions and processes; Pensions Manager engaging with Fire Scheme Local Pension Board. Transfer to West Yorkshire Pension Fund due 1 August 2018; once all tasks completed risk will be removed.	2	2	4	30/09/2018	Amber	Pensions Manager	Management Team	01/06/2018	Open							
NPFA4	Business Continuity - Administration	Catastrophic event (e.g. fire, flood, cyber attack etc.) could affect pensions infrastructure (e.g. premises, ICT), or other event could seriously impact on ability to deliver pension administration, e.g. unavailability of staff (epidemic, severe weather); system failure; loss of pension records; error / omission fraud.; inability to deal with enquiries effectively. Failure to meet statutory service obligations e.e. pay pensions on time, or corporate data requirements; impact on Pension Fund reputation; possible compensation claims. Data maybe corrupted or compromised.	c/f	3	4	12	2	3	6	M	Business continuity plans in place. Pension records imaged, reducing dependency on paper. Robust systems and processes in place; altair (admin) system hosted remotely with back up and recovery procedures in place. DNA enables remote access. BC plan being updated (see NPFG6).	Existing control measures in operation. Business Continuity plan revised and published Feb 2017. NCC audit of cloud service providers completed. W10 rollout has resolved most problems with remote access. See NPFG6 for update re BC plan.	2	3	6	on going	Green	Pensions Manager / Management Team	Pensions Committee	01/06/2018	Open							

NPFF 9	Changing Demographics Actuarial Assumptions versus Fund Experience	Actuarial assumptions and fund experience relating to longevity, early retirements and ill health prove to be inaccurate versus actual experience, resulting in increase costs to employers. For example; the risk that longevity improves increasing the cost of Fund benefits; higher than expected increases in early retirements and ill-health retirements exceed the 'budget' assumed by the Fund Actuary.	c/f	3	3	9	2	3	6	M	Regular monitoring through triennial and interim valuations. Prudent assumption in accordance with Actuarial profession. The Fund subscribes to a longevity monitoring service (Club Vita) which allows the Actuary to adopt more sophisticated mortality assumptions, allowing for regional and industry-focused differences in mortality. Employer engagement to ensure understanding of implications and costs of early retirement. LGPS regulations require employers to make capital contributions in respect of pensions strain arising from early retirements as a result of redundancy or efficiency. Employer experience monitored through the triennial valuation process and incorporated if required in Employers ongoing contribution rates. Non ill-health retirements prior to Normal Retirement Date (NRD) are ultimately controlled by participating employers who bear the cost. Ill health experience in inter valuation period monitored. Experience is captured (both plus & minus) and reflected in the employer contribution rate. LGPS regulations allow the administering authority to invoice excess amounts if required. Annual monitoring of employer pay experience with invoicing of excessive increases in pensionable pay above level assumed by the Actuary in the triennial valuation.	Existing control measures in operation and being monitored.	2	3	6	on going	Green	Management Team	Pensions Committee	26/06/2018	Open
NPFF 10	Business Continuity - Investment and Funding	Catastrophic event (e.g. fire, flood, etc.) could affect pensions infrastructure (e.g. premises, ICT), or other event could seriously impact on ability to manage investments, accounts and cash flow, e.g. unavailability of staff (epidemic, severe weather). Systems failure could result in loss of investment / accounting records; the ability to deal with enquires effectively and meet statutory or financial obligations which impact on Pension Fund reputation.	c/f	3	4	12	2	3	6	M	Business Continuity Plans have undergone a full refresh and have been subject examination by Internal Audit.	Existing control measures in operation and being monitored.	2	3	6	on going	Amber	Chief Investment Manager / Management Team	Pensions Committee	26/06/2018	Open
NPFF 11	Communication	Failure to communicate or engage with scheme employers / potential scheme employers could limit their ability to make informed decisions, policy, planning and non-compliance with legislation and/or best practice. Reputation risk; financial penalty risk.	c/f	2	3	6	2	3	6	M	Maintain a communication and governance strategy, subject to regular review. Maintain good working relationships with employers. Utilise a range of formal and informal communication routes with stakeholders, e.g. dedicated website, newsletters, roadshows, regular forums. Changes to the investment strategy (NPFF 1) have been communicated via newsletter and at the Employers Forum. Where an employer has moved from the core strategy, meetings have taken place and formal notification given.	Existing control measures in operation and being monitored.	2	3	6	on going	Amber	Chief Investment Manager / Management Team	Pensions Committee	26/06/2018	Open
NPFF 12	Lack of skilled resource - Funding and Investment	An unforeseen increase in workload (e.g arising from ACCESS pooling) meaning that insufficient resource available with right knowledge and skills to safely and effectively manage investment and funding risks and operational / regulatory requirements, including engagement with managers, advisers, employers. Reputation and financial risk may result. Resource may not be sufficiently skilled/qualified to comply with changing regulatory environment.	c/f	5	5	25	5	5	25	H	Management team continues to monitor impact of changes in volumes, regulatory reform and Access pooling upon resources (estimated to be 1 FTE over the last 12 months). A new Finance Assistant role has been created to support employer contribution monitoring/reconciliation and assist with daily investment transaction processing. Continued Professional Development and officer Skills and Knowledge training being provided in areas such as Pooling, MIFID II, GDPR, Investment Strategy Statement, Valuation and Statutory Accounts. A governance review by Hymans to identify / inform options to reduce risk is underway.	Existing control measures in operation and being monitored. As FCA approval is obtained for the creation of sub-funds by the ACCESS Pool Operator, planning will begin on the transition of assets to sub-funds. Three Norfolk mandates totalling £1.2bn are being considered for the second and third tranches of Phase 1 seeding, between November 2018 and January 2019. These transitions will require considerable officer time in terms of due diligence and project oversight. Workloads will have to be carefully managed as the Fund will also be undertaking a search for long-term enhanced yield opportunities around the same time.	3	3	9	on going	Red	Management Team	Pensions Committee	26/06/2018	Open
NPFF 13	Pooling of Assets (ACCESS) - Funding & Investment	Failure or delay by the Operator to make application to the FCA for the establishment of sub-funds. Failure or delay by ACCESS authorities to transition assets into sub-funds and realise manager fee savings.	c/f	5	5	25	5	5	25	H	Governance arrangements to oversee the set-up and operation of the Pool include; an Inter Authority Agreement (IAA), a Joint Committee (JC) of Chairs, an Officer Working Group (OWG), an On-Boarding Group and a Governance Group. Professional advice is received from consultants and legal advisors. An ACCESS Support Unit is in the process of being set up. A cross-pool group has been established to share knowledge. On-boarding meetings to discuss the FCA prospectus and seeding of sub-funds are held every two weeks - with project calls as required. Progress is reported to the OWG and JC.	Existing control measures in operation and being monitored. A pooling progress report has been sent to the Ministry of Housing, Communities and Local Government in May 2018 confirming the appointment of Link Fund Solutions as the pool operator, the timetable for seeding of sub-funds and projected savings. Work is progressing on finalising outstanding points in the sub-fund prospectus for submission to the FCA. The first sub-fund launch is scheduled for the end of August but this is dependent upon submission of the prospectus and ACS deed to the FCA and the time required by the FCA to process the documentation.	2	2	4	on going	Red	Management Team	Pensions Committee	26/06/2018	Open
NPFF 14	Currency Risk	The Fund invests in a range of overseas financial markets. While this provides investment diversification, currency volatility increases the Fund's risks and therefore should be managed. Currency risk being the risk that the currency of the Fund's overseas assets underperform relative to Sterling.	c/f	4	3	12	3	3	9	M	The Fund has a Dynamic Currency Hedging programme which is managed by two external fund managers. The programme hedges the US Dollar, Euro and Japanese Yen, these being the largest exposures to overseas equity holdings. The combined benchmark hedge ratio (the proportion hedged to Sterling) is 25% for USD and Euro and 12.5% Yen. The managers are tasked to produce an outcome superior to the hedge, with a particular emphasis on protecting the Fund in periods of drawdown (Sterling weakness). Changes to EMIR (European Market Infrastructure Regulations) for derivative trades have been reflected in the processing of the Fund's FX collateral positions.	Existing control measures in operation and being monitored.	3	3	9	on going	Amber	Chief Investment Manager	Pensions Committee	26/06/2018	Open
NPFF 15	Environmental, Social & Governance (ESG)	The risk that ESG related factors reduce the Fund's ability to generate the long-term returns.	c/f	2	2	4	2	2	4	L	Effective management of financially material environmental, social and governance (ESG) risks should enhance the Fund's long-term outcomes. The Fund takes a holistic approach to ESG matters, rather than focusing on single issues. The Fund's external investment managers proactively engage with the companies in which the Fund invests. The Fund believes this the most effective means of understanding and influencing the social, environmental and business policies of companies. The Fund expects it's external investment managers to sign up and comply with the Financial Reporting Council's Stewardship Code. The Fund participates in the LAPFF to leverage engagement with other LGPS funds and is a signatory to the Carbon Disclosure Project. Share voting is undertaken in accordance with the Fund's voting guidelines, contained within the Investment Strategy Statement. ACCESS has developed voting guidelines for pool sub-funds in-line with recognised best practice.	Existing control measures in operation and being monitored.	2	2	4	on going	Green	Head of the Norfolk Pension Fund	Pensions Committee	26/06/2018	Open
NPFF 16	Custody, Stock Lending, Transition	The risk of losing economic rights to Fund assets when held in Custody, the possibility of default through stock lending or incurring unexpected costs in relation to the transition of assets among managers.	c/f	2	4	8	2	4	8	M	Risks are monitored and managed in these areas through a process of regular scrutiny of its providers and the audit of the operations they conduct. Credit ratings of financial institutions are monitored and Internal Control Reports (ISAE3402, SSAE16 & AAF106) are reviewed and discussed with investment managers and the custodian before relevant finding are reported to committee. Were appropriate the Fund has delegated monitoring and management of these risks to the appointed investment managers or custodian having set appropriate criteria. Indemnification and collateral arrangements (stock lending) offer further protection.	Existing control measures in operation and being monitored.	2	4	8	on going	Amber	Chief Investment Manager	Pensions Committee	26/06/2018	Open

Risk Register - Norfolk Pension Fund - Governance																												
Norfolk Pension Fund										Governance														Red	Significant concerns requiring urgent action by the risk owner.			
Prepared by:										Norfolk Pension Fund Management Team														H	High	Amber	Some concerns but the risk owner is confident that actions taken will resolve any issues.	
Date updated:										01 June 2018														M	Medium	Green	On schedule to meet the target risk score by the target date.	
Next update due:										01 December 2018														L	Low	Met	The target score for the risk has been met and the score is now being monitored.	
Risk Number	Risk Name	Risk Description	Date Entered on Risk Register	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Current Likelihood	Current Impact	Current Risk Score	Rating	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting the Target Risk Score by the Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update	Status							
NPFG1	Failure to meet regulatory and performance requirements	Failure to comply with regulations (including investment and accounting regulations and TPR's Code of Practice for public sector schemes) could lead to criticism, reputational damage and financial penalties	c/f	3	4	12	2	3	6	M	Use of professional advisors with experience across a number of LGPS funds. Professionally qualified investment consultant and actuary bound by professional standards. Engagement with MHCLG, LGA, SAB etc. Performance monitored against Code of Practice and reported to Committee, reviewed by POB.	Existing control measures in place. Code of Practice action plan in place after initial review in Feb 2016 and action plan updated June 2017. Expect Regulator focus on LGPS strolngly in year ahead; and data quality to remain major focus.	1	3	3	on going	Green	Management Team	Pensions Committee / Pensions Oversight Board	01/06/2018	Open							
NPFG2	Pooling of Assets (ACCESS) - Governance	There is a risk that the ACCESS pool is unable to deliver in accordance with the Governments' timetable and deliver the benefits as set out in the proposal put to Government in Autumn 2016 if an appropriate and effective governance and decision making framework and supporting infrastructure isn't agreed, established and supported by the 11 participating authorities within the timescale leading to poor decision making, lost opportunity, reputation risk, financial loss / penalties, unintended consequences, government intervention.	c/f	5	5	25	5	5	25	H	Approach based on agreed ACCESS principles. Specialist technical, legal and project management support in place. Regular planning and review of critical past and associated task and resources. Inter Authority Agreement (IAA) signed by all 11 ACCESS authorities, including Terms of Refence of Joint Committee and Officer Working Group. On going DCLG / LGA engagement. LGPS wide X-pool and infrastructure officer working group. Operator procurement lead by Kent procurement with specialist technical and legal support from Hymans and Squires respectively. ACCESS Support Unit needs to be established.	Monitoring Officers, Chairs and OWG developed IAA and associated schedules (e.g. cost sharing mechanism) - agreed by all 11 authorities by March 2-16. Joint Committee and Officer Workign Group established and meeting regularly. ACCESS Meeting with Minister to confirm approach in November 2016 - direction on approach received Feb 2017; on going updates to DCLG (Spring 2018). Comprehensive plan reviewed and maintained; resourcing needs and options being debated / agreed; risks and issue management on going within project. Operator Procurement completed and preparation for on boarding being finalised. MUSE (governance specialists) and Squries supporting further development of governance infrastructure and on going ACCESS support needs. ACCESS Support Unit (ASU) interim arrangements in palce and proposal for permanent to Joint Committee 11 June 2018.	3	3	9	on going	Red	Management Team	Pensions Committee	01/06/2018	Open							
NPFG3	Knowledge and understanding - Officers	Failure by Officers to develop adequate knowledge of LGPS scheme specific and investment issues (including pooling) would meant that they were unable to provide advice to senior management/ trustees on the regulatory, contractual, investment and funding arrangements and carry out the associated administrative and accounting support.	c/f	3	4	12	2	3	6	M	On going Professional Development (including training and technical reading); liaison with other Funds and professional bodies (e.g. CIPFA) and networks (e.g. LAPP, LGA). Use of external advisors where appropriate. Staff training events continue to be organised for alls taff on LGPS reforms. The effectiveness of training and development is monitored through the annual appraisal process. Qualified staff recruited when necessary. Training and development needs monitored through the appraisal process.	Consideration and evaluation of the CIPFA Pensions and/or the Pensions Regulator's Knowledge and Skills Framework to further inform training and development needs.The Fund combines some Trustee and Officer training, via customised training programme delivered by Fund Managers and Service providers. Additional training via ACCESS programme on pooling related areas organised as required (steep curve / significant commitment).	1	2	2	on-going	Amber	Management Team	Pensions Committee	01/06/2018	Open							

NPFG4	Knowledge and understanding - Pensions Committee	Failure by Trustees to develop adequate knowledge of national and local LGPS regulations and issues together with an appreciation of investments and financial markets could mean inappropriate decisions are taken leading to increased employers costs and / or contravention of regulations.	c/f	3	4	12	3	4	12	M	Training material and resources available to Trustees to help develop knowledge and understanding. Trustee training programme maintained. Use of consultants/Actuary with experience across a number of LGPS funds. Professionally qualified investment consultant and actuary bound by professional standards. Training log maintained. Regular briefings re pooling.	Consideration and evaluation of the CIPFA Pensions and/or the Pensions Regulator's Knowledge and Skills Framework to further inform training and development needs.The Fund combines some Trustee and Officer training, via customised training programme delivered by Fund Managers and Service providers. Additional training via ACCESS programme on pooling related areas organised as required (steep curve / significant commitment). Additional training day June 13 2017 as induction for new committee members. New members attending LGA Fundamentals training; Officer and Trustee bespoke training each Autumn.	2	4	8	on-going	Amber	Pensions Committee	Pensions Committee	01/06/2018	Open
NPFG5	Knowledge and understanding - Pensions Oversight Board	Failure by Local Pension Board members to acquire and maintain levels of knowledge and skills required by TPR meaning unable to effectively fulfill their role supporting the Norfolk Pension Fund in ensuring compliance and vfm service delivery.	c/f	3	4	12	3	4	12	M	Induction programme for all POB members, and K&S regular agenda item. TNA completed. POB members using tPR online training and resources, and able to attend pensions committee training. Training budget established for POB. Training log maintained.	Dedicated training day March 2017. new member induction. Programme of ongoing training (utilising tPR resources) built into ongoing POB programme.	2	2	4	on-going	Green	Pensions Oversight Board	Pensions Committee	01/06/2018	Open
NPFG6	Business Continuity - Governance	Catastrophic event (e.g. fire, flood, epidemic, cyber crime etc.) could affect pensions infrastructure (e.g. premises, data, ICT), or other event could seriously impact on ability of Committee to make timely, informed decisions to manage investments, accounts and cash flow and administration leading to reputational damage, poor service, sub optimal investment management, financial penalty. Data may become corrupted or compromised.	c/f	3	4	12	3	4	12	M	Existing control measures in operation. Business Continuity plan refreshed and updated / published Feb 2017; full refresh / review due Jan 2018.	Existing control measures in operation. Business Continuity plan full refresh and review completed Feb 2017. Plan tested by NCC power outage; minor amends made and feedback provided to BR team for inclusion in full review. BIA reviewed and updated Autumn 2017. Full BC plan review commenced; PDC visit planned prior to exercise.	2	3	6	on-going	Green	Management Team	Pensions Committee	01/06/2018	Open
NPFG7	Communication	Failure to communicate or engage with scheme stakeholders e.g. pensions committee, pensions board, admin Auth, ACCESS colleagues, DCLG,e tc) could lead to poor decisions decisions, policy, planning and non-compliance with legislation and/or best practice. Reputation risk; financial penalty risk.	c/f	2	3	6	2	3	6	M	Maintain a communication and governance strategy, subject to regular review. Maintain good working relationships with all stakeholders;utilise a range of formal and informal communication routes with stakeholders	Employer survey established. Employer survey and Forum feedback regularly sought and used to inform on going support. Member survey and feedback from ABS and Pensions Clinics used to inform on going support. Retired member feedback from retired member events used to inform on going support.	2	3	6	on going	Green	Management Team	Pensions Committee	01/06/2018	Open
NPFG8	Lack of skilled resource - Governance	Insufficient resource available with right knowledge and skills to safely and effectively develop and determine policy, strategy, make decisions and ensure regulatory compliance and performance could lead to reputational damage, poor service, sub optimal investment management, regulatory non compliance and financial penalty.	c/f	5	5	25	5	5	25	H	Full committee membership maintained; training and development programme maintained. Officer resources stretched. Committee and Management team monitor resourcing and in particular new requirements arising from pensions reform (e.g. POB, tPR Code of Practice) and impact of Access pooling upon resources (Member and Officer). Governance review by Hymans to identify / inform options to reduce risk.	Committee training day June 13 2017 for new committee members. Replacement POB member (non levying / precepting representative) appointed and met with Officers for induction. Norfolk officers supporting ACCESS Client, Contract Management and Governance workstreams; MUSE (governance experts) appointed to assist in development of cohesive ACCESS governance arrangements. Governance review commenced;key stakeholder interviews underway.	3	3	9	on going	Red	Management Team	Head of the Pension Fund / Pensions Committee	01/06/2018	Open
NPFG9	National LGPS Frameworks	National LGPS Frameworks are a high profile initiative led and hosted by NPF, and supported by Norfolk Procurement and nPLaw, delivering multi £ million savings across the LGPS. Risk if project fails or legal challenge could reputationally and financially impact on Norfolk Pension Fund and Norfolk County Council; and not deliver potential benefits of project nationally; risk that resources needed for project could negatively impact on the Pension Fund / norfolk County Council (e.g. nPLaw); and the other way round.Risk that project takes on more than can be safely delivered in response to needs identified within LGPS community.	c/f	3	4	12	3	4	12	M	Legal agreements in place to protect Norfolk County Council. Full time manager and officers dedicated to project (self funding model), underwritten by participating Funds across the LGPS. Resourced service plan agreed by F/W manager with National Framework founding authorities; regular reporting and accountability by Framework manager to NPF and Founding Authorities; closer co-operation and engagement between Framework manger and nPLaw / Norfolk Procurement. regular engagement with x-pool group, MHCLG, LGA.	Legal agreements in place to protect Norfolk County Council. Full time manager and officer dedicated to project (self funding model), underwritten by participating Funds across the LGPS. Additional resource put in place - National LGPS Frameworks Support Officer (permanent); Programme Manager (secondment). Seeking Intern for 2018/19.	2	2	4	on going	Amber	National Frameworks Manager	Head of the Pension Fund / Pensions Committee	01/06/2018	Open
NPFG10	Brexit - The UK's exit from the EU	The UK Government has triggered Article 50 which starts the formal process of leaving the EU. There are now 2 years during which the details of the UK's exit will be negotiated.	New	2	2	4	2	2	4	L	There is likely to be a period of uncertainty as the UK negotiates its exit from the EU. This may result in economic, regulatory, political and social risks which could impact on the Fund. This situation is set to continue for some time to come. While Brexit negotiations are on-going, significant EU regulations like the General Data Protection Regulation and MiFID II will be implemented in the UK and the Fund will need to comply as appropriate.	Existing control measure are in operation. Arrangements for Brexit will be closely monitored and their potential impact upon the Fund evaluated as information becomes available.	2	2	4	on going	Green	Management Team	Head of the Pension Fund / Pensions Committee	01/06/2018	Open