

## Pensions Committee

Date: **Tuesday 6 December 2022**

Time: **9:30am**

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

### Membership

#### Members

Cllr Judy Oliver – Chair

Cllr Alison Birmingham  
Cllr Will Richmond  
Cllr Dan Roper  
Cllr Martin Storey

#### Co-opted Members

Cllr John Fuller  
Cllr Alan Waters – Vice Chair

### Member Representative

Steve Aspin

### Advice for members of the public:

This meeting will be held in public and in person.

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

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

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

## **A g e n d a**

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

- 2 Minutes (Page 5 )**

To confirm the minutes of the meeting held on 27 September 2022

- 3 Members to Declare any Interests**

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

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

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

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

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

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

- 4 Administration Report (Page 16)**

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

- 5 Update from the Pensions Oversight Board (Page 68)**

Joint Report by the Executive Director of Finance and Commercial

- |           |   |                   |
|-----------|---|-------------------|
| <b>6</b>  | <b>Audit Results Report</b>   | <b>(Page 78)</b>  |
|           | Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund  |                   |
| <b>7</b>  | <b>Risk Register Report and Compliance with Breaches Policy</b>   | <b>(Page 119)</b> |
|           | Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund  |                   |
| <b>8</b>  | <b>ACCESS Update Unrestricted Items</b>   | <b>(Page 127)</b> |
|           | Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund  |                   |
| <b>9</b>  | <b>Exclusion of the Public (Items 10-18 only)</b>   |                   |
|           | <p>The Committee is asked to consider excluding the public from the meeting under section 100A of the Local Government Act 1972 for consideration of the items below on the grounds they involve the likely disclosure of exempt information as defined by Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Act, and the public interest in maintaining the exemptions outweighs the public interest in disclosing the information.</p> <p>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.</p> <p><b>Comfort break</b></p> |                   |
| <b>10</b> | <b>ACCESS Update - restricted items</b>   | <b>(Page 131)</b> |
|           | Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund  |                   |
| <b>11</b> | <b>Employer Operational Issues</b>  | <b>(Page 138)</b> |
|           | Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund  |                   |
| <b>12</b> | <b>2022 Triennial Valuation –Risk Management Review (Fund Cashflow and III-Health Policy)</b>   | <b>Page 142)</b>  |
|           | Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund and presentation by Hymans   |                   |
| <b>13</b> | <b>2022 Triennial Valuation – Funding Strategy Statement</b>  | <b>(Page 207)</b> |

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

**14 Hymans Quarterly Performance Report (Page 283)**

Presentation

**15 Enhanced Yield Portfolio Review (Interim Update) (Page 302)**

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

**16 Investment Strategy Update (Page 329)**

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

**17 Investment Manager presentation (Page 346)**

Presentation by Fund Manager

**18 Exempt Minutes (Page 386)**

To confirm the exempt minutes of the meeting held on 27 September 2022

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

Date Agenda Published: 28 November 2022.



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## **Pensions Committee**

### **Minutes of the meeting held on Tuesday 27 September 2022 commencing at 9:30 am and held at County Hall, Norwich**

#### **Present:**

Cllr J Oliver	(Chair)
Cllr A Birmingham	
Cllr W Richmond	
Cllr D Roper	(Items 12-17 only)
Cllr J Fuller	
Cllr M Storey	
Cllr A Waters	

#### **Officers Present:**

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

#### **Others Present:**

David Walker	Investment Adviser, Hymans Robertson
Rob Bilton	Fund Actuary, Hymans Robertson
Brian Wigg	Chair of the Pensions Oversight Board
Oliver Miller	Janus Henderson (participating via Microsoft Teams)
Colin Fleury	Janus Henderson (participating via Microsoft Teams)
Matt Argent	Janus Henderson (participating via Microsoft Teams)

## **1 Apologies for Absence**

- 1.1** Apologies for absence were received from Mr S Aspin and Cllr D Roper said that he would be late attending the meeting.
- 1.2** Apologies were also received from Simon George, Executive Director of Finance and Commercial Services and Eunice Walcott, LGPS Governance Manager.

## **2 Minutes**

- 2.1** The minutes of the previous meeting held on 21 June 2022 were confirmed as a correct record and signed by the Chair.

### **3 Declaration of Interest**

The following declaration of interest was received:

- Cllr A Birmingham declared an “other interest” because she was a member of the scheme.
- Cllr A Waters declared an “other interest” because his wife was a member of the scheme.
- Cllr D Roper declared an “other interest” because his wife was a deferred member of the scheme.

### **4 Matters of Urgent Business**

**4.1** There were no matters of urgent business.

### **5 Administration Report**

**5.1** The annexed report (5) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report was the quarterly update for the Pensions Committee on operational and administration matters relating to the Fund. This followed the last full quarterly report to Pensions Committee in June 2022.

**5.2** The Committee’s attention was drawn to the following:

#### **National picture**

- Paul Scully MP confirmed as Minister with responsibility for the LGPS
- Latest LGPS Annual Report published by the SAB
- The Pensions Regulator’s Combined Code now expected later this year and to come into force sometime next year
- The Taskforce on Climate-related Financial Disclosure (TCFD) open consultation published—closes on 24 November 2022 and subject to a presentation later on the agenda
- Pensions Dashboard – end date for LGPS data to be live is September 2024
- Good Governance recommendations – consultation shortly and anticipate into force April 2023

#### **Risk Management**

- Risk movement (Heat Map Appendix C, page 34)

#### **Performance**

- KPI’s (Appendix D, page 35), shows continuing strong performance

#### **Communication and Engagement**

- Annual Benefit Statements published (Appendix E & F, page 36)

- Face to face Clinics in October (the first offered face to face since the pandemic)
- Next Prime Time – November
- First hybrid Employer Forum 21 July; next 29 Nov (actuarial results) will continue with hybrid format
- Employer Newsletter July issue (Appendix G, page 92)

### **Accounts and Financial Reporting**

- Annual Report and Accounts – Item 7 on the agenda for today's meeting
- Pension Fund Accountant post filled (new post holder starts in post next week)

### **Employer Financial Reporting Requirements**

- 31 March (Councils / Scheduled Bodies) reports issued
- July (Colleges) reports issued
- August (Academies) underway—a very large exercise

### **Collaborative Working / Value for Money**

National LGPS Framework update included:

- Investment Manager Consultancy and Legal Framework in progress
- Supporting implementation of Dashboard via Admin Software framework
- Copy of latest newsletter is at Appendix H, page 103

### **Knowledge and Skills**

- Committee and Board members encouraged to participate in National Knowledge Assessment to help assess knowledge and understanding and inform training plans

### **Admission Agreements**

- Four Admission Agreements set out in the report

- 5.4** The Committee noted that the NPF had its own payroll system to pay pensions which was linked to Heywood's software and did not use the Oracle payroll system used by the County Council. The NPF records were updated from the data provided by the County Council and other employers with detailed checks made of them before pension payments were made to those who were due to retire.

### **5.5 RESOLVED**

**That the Committee:**

**Note the contents of the report including Four Admission Agreements in respect of:**

1. Vertas (Nicholas Hamond Academy)
2. Aspens Services (St John the Baptist Catholic MAT)
3. Aspens Services (Diocese of Norwich Education and

**Academies Trust)**  
**4. Aspens Services (Diss Church of England Junior Academy)**

**6 Update from the Pensions Oversight Board**

**6.1** The annexed report (6) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Pensions Committee on the work of the Pensions Oversight Board (POB) which had last met virtually on 6 September 2022 (but was inquorate).

**6.2** The Committee's attention was drawn to the following areas included amongst other items on the POB agenda:

- Current operational issues and regulatory reform.
- 2022 triennial valuation process and planning
- The impact of scheme reforms on administration services, scheme members and employers.
- Arrangements for the appointment of a Vice Chair in the absence of the Independent Chair of POB
- Plans for the observation of ACCESS Joint Committee meetings by Local Pension Board representatives.
- Forward work programme

**6.3 RESOLVED**

**That the Committee note the contents of the report.**

**7 Draft Pension Fund Annual Report and Accounts 2021-22**

**7.1** The annexed report (7) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report presented the draft Annual Report and Accounts of the Norfolk Pension Fund for the year-ended 31 March 2022 based on the agreed service plan.

**7.2** The Committee's attention was drawn to the following:

- Timetable for presentation and approval had changed from previous years
- Accounting and audit process
- Page 83 of the agenda summarised the story of the development of the Fund over the year. Despite volatility it showed that the assets of the Fund had grown by approximately £400m during the year.
- Contribution income was relatively stable.
- For the year ahead some employers would see a rise in contribution rates while others would see a fall in rates. The Committee is due to receive further work on cash flow modelling from the Fund Actuary at their December meeting.



**7.3** In reply to questions, it was pointed out in attempting to rebalance their resources the auditors were unable to complete the audit process as early as in previous years. This was not expected to adversely impact on the timetable for when a recommendation was due to be made to the Audit Committee to complete the audit process. The timetable would be kept under review for future years.

**7.4 It was RESOLVED**

**That In accordance with the terms of reference the Committee:**

**i) Notes the draft 2021-22 Annual Report and Accounts of the Norfolk Pension Fund.**

**ii) Notes the Financial Statements and makes a recommendation to the Audit Committee that they be approved subject to any matters arising in the ISA 260 Audit Results Report and the LOR being delegated to the Chair of the Pension Committee and Executive Director of Finance and Commercial Services to sign the letter on behalf of the Pension Fund.**

**8 Corporate Governance and Shareholder Engagement Report**

**8.1** The annexed report (8) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report provided an update on corporate governance and shareholder engagement matters relating to the Fund including ESG matters relating to the ACCESS Pool.

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

- The six-monthly update on voting and engagement activity by equity managers
- Voting performed via the ACCESS pool
- "TCFD" consultation was covered separately (item 9 on the agenda)
- Summary of Climate Risk Reporting

**8.3 RESOLVED**

**That the Committee note the contents of the report.**

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

**9.1** The annexed report (9) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report explained how the Fund was preparing a response to consultation on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate related risks, in line

with the recommendation of the Taskforce on Climate-related Financial Disclosure (TCFD). The report was accompanied by a presentation from the Investment Consultant.

- 9.2** It was noted that the Fund would prepare a response to the consultation and share this with Members of the Pensions Committee and POB for comment prior to submission.
- 9.3** The accompanying presentation from David Walker (Hymans Robertson) drew attention to the following:
- The main changes since the February TCFD training session
  - Consultation on Governance and reporting of climate risks
  - Closing Date for response to consultation is 24 November 2022
  - Implementation is 2023-24 financial year (first report December 2024)
  - Results will be summarised in an LGPS wide report.
  - The four key themes were Governance, Strategy, Risk Management, Metrics and Targets.
- 9.4** It was noted that the next steps would be:
- Consider response to consultation
  - Understand Responsible Investment and climate goals, consider Fund alignment with objectives
  - Begin initial gap analysis on governance arrangements to prepare for TCFD
  - Develop high level project plan for TCFD compliance.
- 9.5** Members acknowledged the work already undertaken by the Fund to implement climate risk monitoring of its equity portfolios. This information is being used for asset allocation scenario modelling and manager engagement. The consultation provided a clear framework for identifying and assessing climate related risks however these were early days. Detailed data reporting of clear climate goals would be essential to the achievement of success. It was accepted that reporting would improve over time.
- 9.6** The Chair referred to the positive benefits that would come out of the consultation process.
- 9.7** **It was RESOLVED**
- That the Committee note the report.**
- 10** **ACCESS Update Unrestricted Items**
- 10.1** The annexed report (10) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. This report provides an update to the Pensions Committee on the work of the ACCESS Pool.

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

Joint Committee (JC) meetings

- 12 September meeting postponed, rescheduled to 6 October 2022

Business Plan and Budget 2022-23

- Business plan and budget for 2022-23 agreed by JC in December 2022
- The approved budget is £1.366m (£124k per ACCESS authority)
- There is currently a forecast underspend of £80k due to the timing of scheduled procurements
- ASU Client Manager has given notice of his retirement

Amendments to Inter Authority Agreement (IAA)

- The IAA defines the governance and cost sharing arrangements of the ACCESS Pool and is signed by all 11 participating authorities
- Amendments agreed:
  - allowing observers from Local Pension Boards to attend JC meetings
  - greater flexibility for authorities nominating JC member substitutes and s101 Committee Member attendance at JC meetings.
- Amendment awaiting agreement:
  - allowing the JC to recommend the adoption and content of guidelines.

**10.3 RESOLVED**

**That the Committee note the contents of the report.**

**11 Exclusion of the Public Items 12-17 only**

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

**11.2** Paragraph 3 stated "information relating to the financial or business affairs of any particular person" (including the Authority holding the information).

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

**11.3      Item 12- ACCESS Update – Restricted items**

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

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

**11.4      Item 13- 2022 Triennial Valuation – Fund Level Results**

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

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

**11.5      Item 14 - Hymans Robertson Quarterly Performance Report**

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

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

**11.6      Item 15 - Investment Update**

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

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

**11.7      Item 16 - Investment Manager presentation**

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

revealing this activity to competitors.

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

**11.8 Item 17 – Exempt Minutes**

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

**11.9 RESOLVED**

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

**12 ACCESS Update – Restricted items**

**12.1** The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that updated Members on a confidential basis on investment and governance matters pertaining to the ACCESS Pool (A Collaboration of Central, Eastern and Southern Shires). The work of the ACCESS pool was governed by a Joint Committee made up of one Councillor from each Committee's Pensions Committee.

**12.2 RESOLVED**

**That the Committee note the contents of the report.**

**13 2022 Triennial Valuation Fund Level Results**

**13.1** The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that presented the proposal of the Fund Actuary (Hymans Robertson) for setting the assumptions to be used in the completion of the statutory valuation of the Fund at 31 March 2022. As well as being a "health check" on the funding position the valuation would set employer contribution rates payable for the period 1 April 2023 to 31 March 2026.

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

- 13.2** Results for individual employers would vary (dependant on contribution rates and balance sheets).
- 13.3 RESOLVED**
- That the Committee note the content of the report and the presentation.**
- 14 Investment Performance Update by Hymans Robertson**
- 14.1** The Committee received a detailed booklet and presentation on investment performance (containing exempt information) by Hymans Robertson.
- 14.2** The Investment Advisor summarised the investment performance for the second quarter of 2022 which was set out in the report.
- 14 3 RESOLVED**
- That the Committee note the detailed booklet and the work undertaken by Hymans.**
- 15 Investment Update**
- 15.1** The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that dealt with the investment strategy and assets of the Fund. It included details about the onboarding of assets to the ACCESS Pool, an update on class actions, and further forthcoming training sessions for Members on investment issues.
- 15.2 RESOLVED**
- That the Committee note the content of the report.**
- 16 Investment Manager presentation – Janus Henderson**
- 16.1** Three representatives from Janus Henderson (who participated in the meeting remotely via Microsoft Teams) presented a detailed booklet, summarised the main issues, and responded to detailed questions by the Members.
- 16.2** The Chair thanked Janus Henderson for their presentation.
- 16.3 RESOLVED**
- To note the presentations by the Fund Manager.**

**17 Exempt Minutes of the meeting held on 21 June 2022**

**17.1** The exempt minutes of the meeting held on 21 June 2022 were confirmed by the Committee and signed by the Chair.

**The meeting concluded at 14.30 pm**

**Chair**

# Pensions Committee

Item No: 4

**Report title:** Administration Report

**Date of meeting:** 6 December 2022

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

Glenn Cossey, Director of the Norfolk Pension Fund

## Executive Summary

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

## Recommendations

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

Item	Title:	Appendices
1.	<b>Background</b>	
2.	<b>Governance framework for the Norfolk Pension Fund:</b>	
2.1	Government Changes	
2.3	Pensions Oversight Board	
2.5	National Scheme Advisory Board	
2.7	The Pensions Regulator	
2.10	Update on Current Issues	
2.14	Hymans Robertson's 'Current issues in the LGPS' November 2022 edition	Appendix A
3.	<b>Norfolk Pension Fund Performance Data</b>	
3.1	Key Performance Indicators	Appendix B
4.	<b>Communication</b>	
4.1	With Active and Deferred Scheme Members	
4.2	Pensions Clinics	
4.3	Retired Members Forum and Newsletter	Appendix C
4.5	With Employers	
4.7	Employer Forums	
4.11	Employer Webinars	
4.13	Employer Newsletters	Appendix D
4.15	Norfolk Pension Fund Team	
5.	<b>2022 Triennial Valuation</b>	
6.	<b>Accounts and Financial Reporting</b>	
6.1	Financial Year End 2021-22	
7.	<b>Employer Financial Reporting Requirements</b>	
8.	<b>Collaborative Working / Value for Money</b>	
9.	<b>Knowledge and Skills</b>	
10.	<b>Admission Agreements</b>	
11.	<b>Update on Bulk Transfer Values in Progress</b>	
12.	<b>Freedom of Information Act (FOIA)</b>	



13.	<b>Representation on behalf of the Pension Fund</b>	Appendix E
14.	<b>Norfolk Pension Fund – Pensions Committee Forward Plan</b>	Appendix F
15.	<b>Financial and Other Resource Implications</b>	
16.	<b>Other Implications (inc. Equality Impact Assessment (EqIA))</b>	
17.	<b>Data Protection Impact Assessments (DPIA)</b>	
18.	<b>Risk Implications/Assessment</b>	
19.	<b>Recommendations</b>	
20.	<b>Background Papers</b>	
20.1	Appendix A - Hymans Robertson's 'Current issues in the LGPS' November 2022 Appendix B - Key Performance Indicators Appendix C – Primetime Newsletter November 2022 Appendix D - Employer Newsletter November 2022 Appendix E - Representation on behalf of the Norfolk Pension Fund Appendix F - 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 October 2022.

## **2 Governance framework for the Norfolk Pension Fund**

### **2.1 Government changes**

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

### **2.3 Pensions Oversight Board**

- 2.4 The report from the Pensions Oversight Board is covered by Agenda Item 5 at this committee meeting.

### **2.5 National Scheme Advisory Board**

- 2.6 The National Scheme Advisory Board (SAB) met on 6 June 2022. More information about the work of the Board is available on their [website](#).

### **2.7 The Pensions Regulator**

- 2.8 The Pension Regulator (TPR)'s new single Code of Practice has been delayed. The final version of the code is anticipated soon, coming into force next year.
- 2.9 The Norfolk Pension Fund have met the requirements of the TPR to self-certify that we follow the principles of the pledge to combat pension scams.

### **2.10 Update on current issues**

- 2.11 The [SAB](#) have published their LGPS TCFD consultation; the Norfolk update and consultation response is covered under item 16 on the agenda.
- 2.12 The Pensions Dashboard Programme is progressing; the timeline for LGPS funds to be ready to connect and respond to matching requests is 30 September 2024.
- 2.13 In February 2021 the SAB provided recommendations to DLUHC as part of the Good Governance project as a way “to further improve the high standards of governance and administration of the scheme on a consistent and measured basis that will better match the standards expected by the Pensions Regulator”. We are expecting a consultation, including an additional requirement to implement a workplace strategy around planning and resourcing, later this year and guidance early next year.
- 2.14 Hymans Robertson's 'Current issues in the LGPS' November 2022 edition (Appendix A) provides an overview of some of the latest issues.

## **3. Norfolk Pension Fund Performance Data**

### **3.1 Key Performance Indicators**

- 3.2 The latest Norfolk Pension Fund Benefits Administration Key Performance Indicators (KPI's) are at Appendix B.

## **4. Communication**

### **4.1 With Active and Deferred Scheme Members**

#### Annual Allowance and Lifetime Allowance

Pension Savings Statements were issued to all scheme members who exceeded the Annual Allowance in 2020/21 before the statutory deadline of 6 October 2022.

## 4.2 Pensions Clinics

In person Clinics were held in Norwich, Cromer, Great Yarmouth, and Kings Lynn. All clinics were fully subscribed and were appreciated by scheme members.

### **With Retired members**

## 4.3 Retired Members Forum and Newsletter

4.4 As a result of the pandemic, and in line with the revised engagement strategy with retired members during the pandemic, once again no retired members forum is planned for 2023, but an additional Primetime newsletter was posted to retired members at the end of November 2022. A copy can be found at Appendix C.

## 4.5 **With Employers**

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

## 4.7 Employer Forums

4.8 Our second hybrid (combination of face-to-face and virtual) Employer Forum was held on Tuesday 29 November.

4.9 The main focus of this Forum was the evaluation results. Rob Bilton and Alex Morrison from the Fund Actuary, Hymans Robertson, attended and were available to discuss individual results with employer if required.

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

## 4.11 Employer Webinars

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

## 4.13 Employer Newsletters

4.14 The latest Employer Newsletter was published in November. This edition focussed on the valuation, and resources for employers to support scheme members decision making around their LGPS Pension, which we have identified as a priority given the current cost of living challenges. A copy can be found at Appendix D.

## 4.15 **Norfolk Pension Fund Team**

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

4.17 We are also continuing our regular 'Spotlight' sessions, focussing in different areas of the team.

4.18 A whole team meeting is planned later in December.

## 5. **2022 Triennial Valuation**

### 5.1 **Financial Year End 2021-22**

The additional Risk Management work by the Fund Actuary and the Funding Strategy Statement are dealt with under Agenda items 12 and 13.

### 5.2 **Agenda Item 6**

Draft individual employer results were issued to employers prior to the November Employer Forum event alongside contribution prepayment calculations where appropriate. The final version of the report is subject to EY completing outstanding audit procedures. Final sign off of the Pension Fund Report and Accounts cannot be

completed until the Administering Authority audit is completed. We expect final sign off to be made during the first quarter of the 2023 calendar year.

## **6. Accounts and Financial Reporting**

### **6.1 Financial Year End 2021-22**

6.2 The draft Audit Results Report has been provided by EY and is covered under Agenda Item 6.

6.3 The final version of the report is subject to EY completing outstanding audit procedures. Final sign off of the Pension Fund Report and Accounts cannot be completed until the Administering Authority audit is completed. We expect final sign off to be made during the first quarter of the 2023 calendar year.

## **7. Employer Financial Reporting Requirements**

7.1 31 July (colleges) and 31 August reports (academies) have now been issued. The August exercise continues to be the largest we undertake. This year we have produced 127 reports in total (77 individual schools and 50 combined Trust reports).

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

## **8. Collaborative Working / Value for Money**

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

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

8.3 Using the National LGPS Frameworks saves LGPS Funds significant time and money by allowing quicker and more efficient procurement of high-quality and value for money services. The frameworks mean users leverage better prices whilst still making local decisions about service requirements. The LGPS is already collectively benefiting from more than £163m in projected savings as a result of the National LGPS Frameworks programme.

8.4 The Annual Founders Meeting took place on the 24 November, where Founders received operational and financial reports, considered risk and mitigations, and agreed the forward work programme.

8.5 Since the last report to Committee in September 2022, the latest Investment Management Consultancy Services has gone live. The 3<sup>rd</sup> iteration of the Legal Services Frameworks is due to go live in January 2023.

8.6 In the year ahead will be working with Founders across the LGPS to develop the next iteration of the Pensions Administration Software (which will incorporate Member Data services and Integrated Service Providers (ISP) for the Pensions Dashboard); and explore a new framework for AVC providers.

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

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

- 8.9 The National LGPS Frameworks have been shortlisted in the LAPF investment Awards 2022 in the Outstanding Contribution of the Year category

## 9. Knowledge and Skills

- 9.1 There is an ongoing requirement for members of the Pensions Committee, Pensions Oversight Board and Officers to evidence a level of knowledge commensurate with the decisions they are making.
- 9.2 Pensions Committee and Pensions Oversight Board took part in the 2022 LGPS National Knowledge Assessment. Participation helps assess and evidence knowledge and understanding and inform future training plans. At the time of writing the final report has not been received.
- 9.3 Details of training events, conferences and webinars that may be of interest are shared with members of Pensions Committee and the Pensions Oversight Board; and training records are maintained.
- 9.4 All members of Committee and POB have access to the LGPS online learning academy to support them in gaining and maintaining their knowledge.
- 9.5 All mandatory officer training is up to date.

## 10. Admission Agreements

- 10.1 There are no admission agreements to consider.

## 11. Update on Bulk Transfer Values in Progress

- 11.1 There are none to report this quarter.

## 12. Freedom of Information Act (FoIA)

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

ENQ Reference / Requester	Details	Date Received	Action
ENQ-592404-S0X9Y1 PEI Media	Quarterly cash-flow reports from Q1 2022 to Q2 2022 of all private capital investments	18/10/2022	Responded
ENQ-591404-N7M1K1 Bloomberg	Q1 2022 and Q2 2022 alternative investment portfolio records for close-ended funds	13/10/2022	Responded
ENQ-591407-S6R7R2 Local Government Chronicle	1. How many people opted out of the Local Government Pension Scheme; 2 How many people moved to the 50/50 section of the Local Government Pension Scheme for years 2018-19, 2019-20, 2020-21, 2021-22 and 2022	12/10/2022	Responded
ENQ-589770-N5H6P4 Frances Clarke	Member's Annual Benefit Statement had been delivered unsealed and requested details on what has occurred to allow personal data to circulate openly in the postal system and how many others were affected; how many NPF data breached over past 5 years; how many data breaches Norfolk County Council as a whole has had in the last five years.	03/10/2022	Responded
ENQ-588982-T7M2K5 What do they know?	Details of investments in Thurrock Council for Q1 and Q2 2022	29/09/2022	Responded
ENQ-587976-V1D4R3 Preqin	Commitment, Contribution, Distribution, Value, and IRR as of 31 December 2021	23/09/2022	Responded
ENQ-580259-C9M7T1 PitchBook	Details of alternative asset holdings for 1Q 2022	23/08/2022	Responded

### 13. Representation on behalf of the Pension Fund

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

#### 14. Norfolk Pension Fund – Pensions Committee Forward Plan

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

## 15. Financial and Other Resource Implications

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

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

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

## 17. Data Protection Impact Assessments (DPIA)

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

## 18. Risk Implications/Assessment

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

## 19. Recommendations

- 19.1 The Committee is asked to consider and note the content of this report.

## 20. Background Papers

- 20.1 Appendix A - Hymans Robertson's 'Current issues in the LGPS' November 2022  
Appendix B - Key Performance Indicators  
Appendix C – Primetime Newsletter November 2022  
Appendix D - Employer Newsletter November 2022  
Appendix E - Representation on behalf of the Norfolk Pension Fund  
Appendix F - Pensions Committee Forward Plan

## Officer Contact

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

**Officer name:** Glenn Cossey

**Tel No: 01603 228978**

**Email address:** [glenn.cossey@norfolk.gov.uk](mailto:glenn.cossey@norfolk.gov.uk)



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

# Current issues in the LGPS

November 2022

## SAB statement on 2022 valuation contribution rates

The England & Wales Scheme Advisory Board have just issued [a statement](#) advising caution around employer contributions and emphasising the importance of stability at the 2022 valuations. Funds advised by Hymans Robertson's actuarial team should have no concern over the contents of the statement or cause it to review or alter the assumptions, funding plans and contribution rates that have been agreed and set to date. Your actuary should already have been in touch with further detailed thoughts on the statement, but please do make contact with them if you have any further questions.

## Further insights on the 2022 valuation

The latest webinar in our 2022 valuation series took place at the start of October. We focussed on the emerging results at employer level, what current high inflation means for your funding and investment strategy and our consultants' thoughts on the implications for LGPS funds as a result of the recent market volatility. If you missed the webinar, you can watch the recording [here](#).

## The valuation fun begins in Scotland

Although it's still a while until 31 March 2023, Scottish LGPS funds will need to start thinking about the 2023 valuation and putting plans in place. Our 2023 [valuation hub](#) has recently been launched along with a [guide](#) to help you start your thinking about how to make the 2023 valuations the most successful yet.

## The LGPS gender pensions gap

We've recently been looking at whether a gender pensions gap exists in the LGPS (it does) and to what extent (quite significantly). Our recorded [webinar](#) on the topic shared some of our analysis. We were joined by Lauren Wilkinson of the Pensions Policy Institute who explained more about the gap, why it exists and possible ways of improving it. We expect this topic to attract more attention over the coming months and can prepare analysis of your own fund's membership to quantify the level of gender pensions gap that exists in your data. Please contact your usual Hymans Robertson consultant for further details.

## Climate risk reporting

Responses to [DLUHC's consultation](#) on the management of climate risks and TCFD reporting are due by 24 November 2022. We are generally supportive of the proposals although note that they create a framework for action. Much of the detail will follow within statutory guidance although we hope this will not be overly restrictive on funds, particularly during the early years of implementation. Addressing climate risk requires action to create real world impacts and we consider that the required target setting should be linked to identifiable actions and outcomes. We have just published our own consultation response [here](#).

## Spotlight on inflation:

### 1. InflationWatch – the latest indicators and forecasts

Our quarterly publication, [InflationWatch](#), has just been published. Though headline CPI inflation is running at over 10% year-on-year, the Government's energy price guarantee will likely limit further rises. However, tight labour markets and strong wage growth are feeding into core inflation, currently 6.5% year-on-year, which is of far more concern to central bankers than the peak of a headline spike. Near-term risks to headline inflation are more balanced than previously, but the risk that inflation remains elevated over the medium-term have risen. Interest rate expectations have risen substantially, and are already impacting activity via the mortgage markets, but it remains to be seen how quickly inflation returns towards target over the next few years.

### 2. What does soaring inflation mean for the LGPS?

For the LGPS and its employers, the September inflation figure is particularly meaningful as it is normally used to determine the pension increase for the following year. Therefore, the 19 October [announcement from the Office for National Statistics](#) – of a whopping 10.1% increase in the Consumer Prices Index (CPI) – gives rise to many different considerations for LGPS funds. Robbie McInroy examines these in more detail in his [recent article in Room151](#).

## Update on capital markets

Central banks are likely to raise rates to the extent that a period of sub-trend growth returns inflation to target on a sustainable basis. In our [Capital Markets Update Autumn 2022](#) we consider whether sovereign bond markets are now pricing in a degree of tightening that will see central banks achieve their goals, and if risk asset prices are yet reflecting the likely slowdown in economic activity required.

## LGPS governance: best of times or worst of times?

It is looking likely that when the consultation on the Good Governance recommendations lands it will include a requirement for LGPS funds to have a workplace plan. Susan Black uses a Dickens analogy in her [Room151 article](#) to explore how this could be an opportunity to create a future generation of LGPS leaders.

## TPR enforcement (including Public Sector schemes)

The Pensions Regulator (TPR) recently refreshed its [approach](#) to enforcement in relation to occupational pension schemes - including public service pension schemes. A snapshot of the new enforcement approach can be seen in this TPR [blog](#). The two main drivers for the publication of this new approach appear to have been increased a) TPR powers as a result of the Pension Schemes Act 2021, and b) the TPR drive for transparency about how and why they do things. Some key high-level points in the document are clarity on the 'enforcement journey'. This identifies outcomes that might be pursued and provides confirmation that TPR adopts a principles-based approach, focussing on risk and harm factors, when deciding which enforcement cases they pursue.

## LGC Investment Seminar Scotland (20-21 October 2022)

Iain Campbell had the pleasure of presenting at and chairing part of the LGC Investment Seminar Scotland last month. An interesting and relevant agenda covered a wide variety of topics, including what is keeping the LGPS awake at night, reasons to be both positive and negative on markets, stewardship, infrastructure, private debt and even a fund merger. Our [conference highlights](#) provide a summary of the key takeaways from each presentation for those who couldn't make it.

## Upcoming webinars & events

### Effective Business Planning in the LGPS

There's still time to [register for our business planning webinar](#) on 10 November. This is the first of two webinars where we'll discuss the successful implementation and delivery of a business plan. We'll focus on reviewing your previous business plan; things your fund should be thinking about for 2023/24; engaging with your Committee and Board; and how you can plan and manage your resource to best deliver your objectives.



### Room151's LGPS Investment Forum

We were delighted to once again sponsor Room 151's LGPS Investment Forum which took place in London on 2 November. Our very own Chris King took part in a strategic asset allocations panel discussion. Keep an eye out for our conference highlights which will be issued soon.

### Pension Managers' Conference

November also sees the return of the annual Pension Managers' Conference in Torquay. The two-day event takes place on 15-16 November and provides the opportunity to consider a range of current topics and issues in the LGPS. We hope to see lots of you there – we have a stand again this year so do pop by and say hello. You can apply to attend [here](#).

### Could summer be the new winter for mortality rates?

2022 began with lower mortality than usual for the time of year, as discussed in [Douglas Anderson's blog](#). However, spring and summer saw more deaths than expected. By the end of September, the cumulative 'excess' UK deaths exceeded 20,000 – this compares to over 80,000 and 60,000 'excess' deaths during 2020 and 2021 respectively. However, deaths mentioning COVID-19 over this period were relatively low (c.5%).

So, what's causing these extra deaths? Will the pattern continue into the winter season, or could summer be the 'new winter' for 2022 mortality rates? We'll continue to monitor the changing situation over the months ahead.

### In brief....

- **LAPF award shortlist** - We're thrilled to be shortlisted in two categories for this year's LAPF Investment Awards – LGPS Service Provider of the Year and Investment Advisory Service of the Year. Winners will be announced on 15 December. Good luck to all of the nominees.
- **LDI strategies** – the House of Commons Work and Pensions Committee has [called for evidence](#) on the recent problems experienced by DB schemes with LDI. It's planning to conduct a wider enquiry into DB schemes, in 2023, covering funding requirements and 'arrangements to protect pension benefits when a scheme is wound up.' LDI strategies are relatively rare in the LGPS.

## Appendix

### **SAB statement on 2022 valuation contribution rates**

[https://lgpsboard.org/images/Other/October2022\\_SAB\\_statement\\_on\\_employer\\_contributions.pdf](https://lgpsboard.org/images/Other/October2022_SAB_statement_on_employer_contributions.pdf)

### **Further insights on the 2022 valuation**

<https://event.on24.com/wcc/r/3950172/01A7072C4FF888B44849C0E5EB1DB705>

### **The valuation fun begins in Scotland**

<https://www.hymans.co.uk/lgps-2023-valuation/>

[https://www.hymans.co.uk/media/uploads/Preparing\\_for\\_the\\_2023\\_valuations\\_timeline.pdf](https://www.hymans.co.uk/media/uploads/Preparing_for_the_2023_valuations_timeline.pdf)

### **The LGPS gender pensions gap**

<https://event.on24.com/wcc/r/3985777/53D88810914A7CB04C07563268193E3A>

### **Climate risk reporting**

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

<https://www.hymans.co.uk/insights/research-and-publications/publication/consultation-response-governance-and-reporting-of-climate-change-risks/>

### **InflationWatch – the latest indicators and forecasts**

<https://www.hymans.co.uk/insights/research-and-publications/publication/inflationwatch-november-2022/>

### **What does soaring inflation mean for the LGPS?**

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2022>

<https://www.room151.co.uk/local-government-pension-scheme-investment/what-does-soaring-inflation-mean-for-the-lgps/>

### **Update on capital markets**

<https://www.hymans.co.uk/insights/research-and-publications/publication/capital-markets-update-autumn-2022/>

### **LGPS governance: best of times or worst of times?**

<https://www.room151.co.uk/local-government-pension-scheme-investment/lgps-governance-best-of-times-or-worst-of-times/>

### **TPR enforcement (including Public Sector schemes) updated**

<https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-and-enforcement-policies/scheme-management-enforcement-policy/introduction>

<https://blog.thepensionsregulator.gov.uk/2022/10/25/enforcement-strategy-policies-and-procedures/>

### **LGC Investment Seminar Scotland (20-21 October 2022)**

[https://www.hymans.co.uk/media/uploads/Conference\\_Highlights\\_LGC\\_Scotland\\_20-21\\_Oct\\_2022.pdf](https://www.hymans.co.uk/media/uploads/Conference_Highlights_LGC_Scotland_20-21_Oct_2022.pdf)

### **Upcoming webinars & events**

<https://event.on24.com/eventRegistration/EventLobbyServletV2?target=reg20V2.jsp&eventid=3974511&sessionid=1&key=22753AB46F6AC8226EAE27AAD2BF570&groupId=4270946&sourcepage=register>

<https://swcouncils.gov.uk/events/pension-managers-conference/>

**Could summer be the new winter for mortality rates?**

<https://www.clubvita.net/uk/news-and-insights/uk-deaths-now-below-pre-covid-levels-whats-the-long-term-covid-legacy-for-pensioner-longevity>

**In brief....**

<https://committees.parliament.uk/call-for-evidence/2954/>

## Appendix B

### Key Performance Indicators (KPIs)

#### Admin KPIs

Target = 100%

RAG Status

<75%

76% - 84%

>85%

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

Task	Days	Aug-21		Sep-21		Oct-21		Nov-21		Dec-21		Jan-22		Feb-22		Mar-22		Apr-22		May-22		Jun-22		Jul-22		Aug-22		Sep-22		Oct-22		Monthly	
		Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%
Transfer In Quotes	10	18	94	21	100	42	98	38	95	36	94	21	95	23	87	23	91	29	100	38	97	38	97	29	97	22	100	19	95	20	95	28	96
Transfer Out Quotes	10	49	100	41	93	64	92	57	96	42	95	57	98	41	100	46	93	39	100	54	100	54	100	44	89	50	90	63	94	46	96	50	96
Refund Payments	5	47	100	53	100	32	100	53	100	29	100	55	100	49	100	39	100	46	100	68	100	68	100	68	100	45	100	61	100	42	100	50	100
Estimate of Retirement Benefits	10	90	99	101	98	132	96	141	89	103	100	135	96	116	96	107	97	91	82	94	88	94	88	99	95	99	100	84	94	146	93	109	94
Actual Retirement Benefits	5	136	100	197	100	128	100	141	100	102	100	145	97	113	98	165	99	128	94	166	100	166	100	153	99	171	100	180	100	140	99	149	99
Acknowledge Death of Member	5	60	98	73	96	87	98	69	94	77	88	109	92	78	95	65	98	68	99	103	89	103	89	66	98	63	97	68	94	70	94	77	95
Notify Dependant's Benefits	5	24	92	25	84	40	95	32	97	17	88	23	83	32	91	32	100	21	57	31	90	31	90	22	86	22	95	27	96	31	100	27	90
Notify Deferred Benefits	10	118	97	204	99	186	98	234	100	262	99	260	97	221	97	185	97	166	83	179	89	179	89	134	78	123	93	153	99	138	97	183	94
Altair Housekeeping	5	13	69	12	67	13	92	14	93	13	100	14	100	14	100	14	100	14	64	9	89	9	89	9	78	9	78	8	100	9	100	12	88

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



# Primetime

Winter **2022**  
Issue **17**



Pension fund newsletter  
**for retired members**



**Norfolk** Pension Fund  
Delivering the Local Government  
Pension Scheme

# Please keep in touch!

**Keeping us informed of your correct contact details is very important – it could make the difference between your pension being paid or being suspended, whilst we trace your new address.**

So please let us know if you move house or if this edition of Primetime didn't arrive at your correct address. A good way to do this is by using Member Self-Service (please see **page 8** for more details) on our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

## Other ways you can tell us your new address are:

### Email:

**[pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)**

If you email us your new address, please include the following information:

- Your FULL NAME
- Your Norfolk Pension Fund payroll number
- Your date of birth
- The name of the bank to which we pay your pension

### Telephone:

**01603 495788**

Our phone lines are open 8.45am to 5.00pm Monday to Thursday and 8.45am to 4.00pm on Fridays.

### Post:

Norfolk Pension Fund  
County Hall  
Martineau Lane  
Norwich, NR1 2DH

If you are writing to tell us of your new address, please remember to sign your letter with your usual signature.

### Website:

Complete the 'Change of Name or Address' form which you can download from the 'Resources' page on our website

**[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)**

Cover image is of a Red Squirrel, which are bred at the Kelling Heath Holiday Park in Norfolk as part of a national conservation programme.



**Our address is:**  
Norfolk Pension Fund  
County Hall  
Martineau Lane  
Norwich, NR1 2DH



# Season's Greetings

## Welcome to our Winter edition of Primetime.

Pensions have once again been making headlines following the recent financial market volatility. It's reassuring to know that the Local Government Pension Scheme is protected and guaranteed, meaning that ups and downs in investment markets do not affect the Norfolk Pension Fund's ability to pay pensions. You can rest assured that your pension is secure.

In this issue, you'll find an update on the Fund's investments as disclosed in our latest Annual Report and Accounts, a copy of which can be found on the Fund's website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

We also discuss our approach to ESG (Environmental, Social & Governance) investment and new disclosure requirements for the managing and reporting of climate change investment risks.

Please note that we have moved out of Lawrence House, but we're still here looking after your pension and available to help. Our full contact details are shown on **page 2**.

With every good wish for a Merry Christmas and a Happy New Year from us all at the Norfolk Pension Fund.

Best wishes,

Glenn Cossey,  
Director of the  
Norfolk Pension Fund



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# When is my pension paid?

**Your pension goes into your bank account on the last working day of the month.**

## In 2023 payment dates will be...



January 2023	Tuesday 31 January
February 2023	Tuesday 28 February
March 2023	Friday 31 March
April 2023	Friday 28 April
May 2023	Wednesday 31 May
June 2023	Friday 30 June
July 2023	Monday 31 July
August 2023	Thursday 31 August
September 2023	Friday 29 September
October 2023	Tuesday 31 October
November 2023	Thursday 30 November
December 2023	Friday 29 December

## When do I get my payslip?

**Generally, we don't send payslips to all our pensioners every month.**

A full payslip run usually only happens twice a year in April and May.

### We only print payslips to send to you when:

- the amount you receive changes by more than £1 from your last payment, or
- HM Revenue & Customs change your tax code, or
- you change your bank details, or
- you change your address



**When you receive a payslip, look out for any messages printed on the front. There will be months when you will not receive a payslip, but please don't worry as your pension will be paid into your account on the above dates.**



# Pensioner Support Team News



## A message from Paul Stimpson, Pensions Payroll Manager

Another year has flown by, during which we've seen the addition of over 1,000 new retired members. We now have over 28,000 pensioners on our payroll, with the total of our annual payments amounting to more than £155 million.

My team is proud to maintain the highest standards of service, none more so than Helen who's just passed her 'Certificate in Pensions Administration.' Quite an achievement as she only joined us last year - well done Helen!

We're always here to help, but another great way to keep in touch is with Member Self-Service available on our website **[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)** which you can use to tell us if you move, change your bank details and download your payslip and P60. Please see **pages 8 and 9** for more details.

Merry Christmas and very best wishes for 2023!



## Meet the Pensioner Support Team



**Gary Lemmon**



**Helen Hayes**



**James Colk**



**Nichola Symonds**



**Sandra Pye**



**Shenda Hedtke**

# Pensions Committee

**Norfolk County Council is the administering authority of the Norfolk Pension Fund. The Pensions Committee is responsible for decisions about running the Norfolk Pension Fund.**

The eight members of the Pensions Committee (seven elected Councillors and one scheme member representative, nominated by the local trade unions) act as trustees and supervise the management of the Norfolk Pension Fund. Their aim is to manage the Pension Fund in the best interest of scheme members and participating employers. To help them do this, they get advice from Pension Fund officers, professional advisors and external experts.

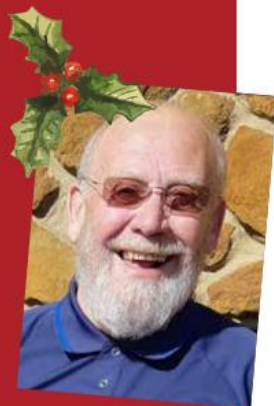
## Pensions Oversight Board

**The Pensions Oversight Board helps the Pensions Committee ensure that the Pension Fund is well managed. Unlike the Pensions Committee, the Pensions Oversight Board doesn't have the authority to make decisions. Its job is to make sure that the Pension Fund carries out all its duties appropriately and well.**



Brian Wigg (pictured right), who many of you will know from his time as retired scheme member on the Board, is the Independent Chairman of the Board.

Peter Baker (pictured left) is the current retired scheme member representative.



For more information about the Pensions Committee and the Pensions Oversight Board, please visit **[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)**

# Our approach to ESG investment

**Understandably there is considerable interest in the investment portfolio, particularly in relation to our policy on ESG (Environmental, Social and Governance) matters. These funds are held solely to meet the pension promise made to our members.**

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

## **The statement covers four key areas:**

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

The Statement is published on the 'Investment and stewardship' page of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) or please contact us to request a copy.

The whole of the LGPS (Local Government Pension Scheme) is currently subject to a consultation on the Governance & Reporting of Climate change risks. This will lead to enhanced reporting requirements for all LGPS funds from 2023-24 onwards.



The Norfolk Pension Fund already provides climate risk reporting on its quoted equity portfolio. This is also available on the 'Investment and stewardship' page of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

# Member Self-Service

## Check out your pension online...

Member Self-Service is a secure, dedicated area on our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) where you can access and view your pension details.



## Member Self-Service allows you to:

- update your contact details including your address and bank account
- see and download your payslips and P60
- upload documents to us
- contact us securely

If you haven't registered for Member Self-Service, please visit our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org), click on **'Member Self-Service'** and then click the **'Register'** button. We will then send you an Activation Key by post or email.

For help with registering, please call us on **01603 222132** or email us at [pensions.mss@norfolk.gov.uk](mailto:pensions.mss@norfolk.gov.uk)

For questions about your pension, please call us on **01603 495788** or email us at [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)

## Member Self-Service Top Tips!

- **Have you got more than one pension account with us?**

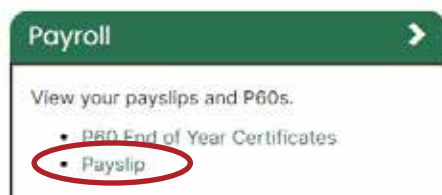
To view all your accounts, click on the arrow towards the top of the screen and then select the one you would like to view.



- **Want to look at your payslips?**

Your payslips can be found under 'Payroll' on your Dashboard.

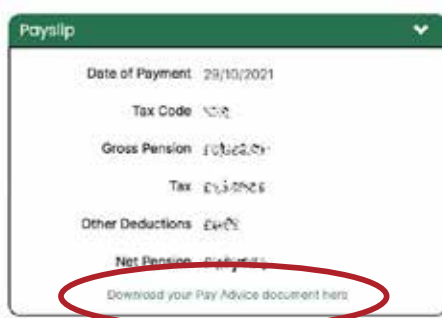
Just click on **'Payslip'**



- Select the payslip you want to see on the left and the details are displayed on the right.



- For payslips **from October 2021** onwards you can click on the words **'Download your Pay Advice document here!'** This will download a copy of your payslip to your device which you can save or print as you wish.



- **Want to look at your P60?**  
You can view your P60s under the 'Payroll' section on your dashboard. Just click on **'P60 End of Year Certificates'**  
Your 2022-23 P60 will be available online from the end of April 2023.



To download your P60 click on the words **'Download your P60 document here'**

# Retirement isn't everyone's cup of tea

**Retirement doesn't suit everyone. With lots of life experience behind you, maybe you're ready for a new challenge. And maybe you'd appreciate the chance to supplement your pension too?**

Whatever career you had before, if you're caring, compassionate and have a can-do attitude, a new job in adult social care might be right up your street.

There are all sorts of jobs available with flexible and part-time hours available.

You could bring your life experience to a day centre for people with learning disabilities or physical disabilities. You could help people to take their medication, with the gardening or to go to the shops. You could bring your administration or maintenance skills to a team, or help people to enjoy social activities such as arts, crafts or piano playing.

To give you more of an idea, go to [www.norfolkcarecareers.co.uk](http://www.norfolkcarecareers.co.uk) and watch some of our films showcasing the different types of jobs on offer. You'll soon see what a huge variety of jobs there are.

Or if you want to find out more about what a job in adult social care would really mean for you, sign up for a free online Care Academy. Give us a week of your time, and with the help of a dedicated mentor, you'll soon find out if a role in adult social care could be a new departure for you.

Find out more online [www.norfolkandsuffolkcaresupport.co.uk/care-careers/care-academies](http://www.norfolkandsuffolkcaresupport.co.uk/care-careers/care-academies)







## Care Bank

### Are you retired but experienced in the care profession?

Norfolk County Council has several temporary positions, initially over the winter period, with a variety of shift patterns available to cover days, evenings, nights and weekends across Norfolk.

Norfolk First Response is a specialist service which provides short-term support for up to six weeks for people in their own homes, or in a short-term care home setting. We help people to recover from illness or injury, providing support with daily living activities and helping to regain every-day skills and confidence lost following an illness or hospital admission.

If you are interested in finding out more, email [jobs@norfolk.gov.uk](mailto:jobs@norfolk.gov.uk) with your full name and preferred contact details. A member of our team will get in touch with you to talk through the positions on offer.

## Useful reminders

You may remember these items from previous editions of Primetime. We often get questions about them so feel they are worth repeating...



### Swap your pension for a lump sum

If you receive just a small annual pension from us (eligible annual pensions are usually in the hundreds rather than thousands) you may be able to swap it for a one off lump sum (known as Trivial Commutation). Contact us to find out if you're eligible.

### Change of Address

Keeping us up to date with your current address is really important. If any mail from us to you comes back undelivered we will stop paying your pension while we try to find out what your situation is.

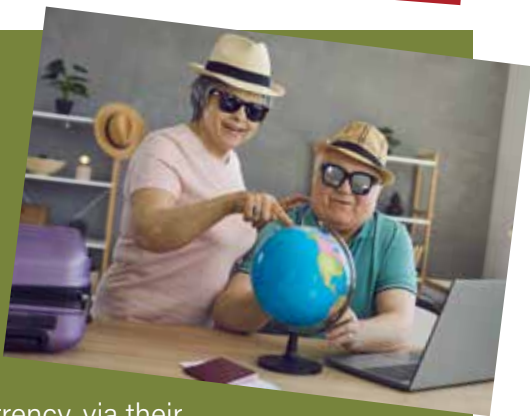
**Please see page 2 on how to tell us if you move.**

### Living abroad?

**Are you one of our pensioners who live abroad?**

If so, you may be interested in a service provided by Citibank. For just £2.74 a month – collected from your payment – Citibank will pay your pension directly to your overseas bank account in local currency, via their WorldLink system.

Payment this way does take a little longer to process, so your pension will arrive a few days after the UK credit date. If you would like to know more then please contact the Pensioner Support Team on **01603 495788** or email **pensions@norfolk.gov.uk**





## Changes to your bank details

Please let us know if your bank details change by using Member Self-Service (please see **page 8** for more details) on our website **[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)**

Alternatively, please send a letter or return the 'Bank or Building Society Payment Details' form (which you can download from our website **[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)** under the 'Resources' section) to us at the address shown on the back page.

**Please remember to sign your letter or form.**

## Power of Attorney (POA)

If a family member or friend is dealing with your financial affairs by way of a Power of Attorney, please send us a copy of the full document or the online LPA access code to enable us to view online. Please do not send the original document. We can then work with your Attorney. Remember though, we only need to see a POA if it is being used – **please do not send us a POA if you are still managing your finances.**

If you don't have a POA but need someone to act on your behalf, our Appointee Indemnity Form may be used – please ask us for more details.



# Vision Norfolk

**Supporting people with sight loss to enjoy independent and fulfilled lives**



Vision Norfolk has been supporting people across the county living with sight loss for over 200 years. We provide practical and emotional support to people at every stage of their sight loss journey with hubs in Norwich, King's Lynn and Great Yarmouth.

- **Community Hubs:** People can come in with their family to discuss their sight loss, find the best products to help with daily tasks, develop living strategies, and learn about other resources.
- **Social and Wellbeing Activities:** provide those living with sight loss the chance to explore their passions and talk to others facing the same challenges. Our range of activities include crafts, guided walking trips, bowling, audiobook clubs and many more.
- **Eye Clinic Liaison Officers:** based at The Norfolk and Norwich University Hospital, Queen Elizabeth University Hospital and James Paget University Hospital are there to help individuals to navigate the journey from diagnosis to independent living.
- **Supported Housing:** Hammond Court is home to a vibrant community of residents with visual impairment, who live independently with on-site warden assistance.



**We are here to support people with all degrees of sight loss and we love to talk!**

[visionnorfolk.org.uk](http://visionnorfolk.org.uk)  
01603 573000  
[office@visionnorfolk.org.uk](mailto:office@visionnorfolk.org.uk)

## Join the Team

With more than 200 volunteers across the county, our team undertake a huge range of activities, including organising or driving someone to an activity, guiding or working alongside our eye clinic team. We can tailor a role to suit your time, skills and interests.



## Have Some Fun... Raising Funds

Get the kettle on and hold a bake sale, walk a historic route, run a marathon, take a sky dive, get crafting, immerse yourself in a bean bath or dress up to raise money for local people living with sight loss.

**[visionnorfolk.org.uk](http://visionnorfolk.org.uk) - 01603 573000 - [office@visionnorfolk.org.uk](mailto:office@visionnorfolk.org.uk)**



# Accounts and investments

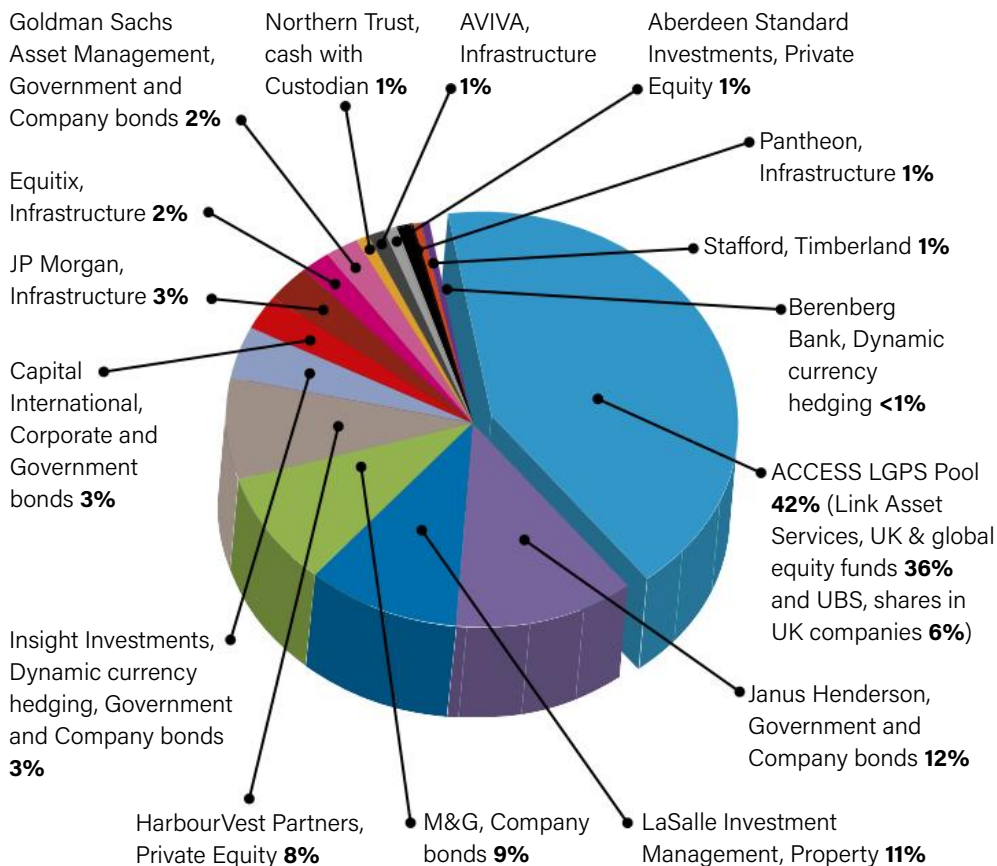
## Accounts and investments

This is a summary of the Norfolk Pension Fund accounts and investments. Our full accounts for 2021-22 will be published on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) following full external audit.

Also published on the website is our Investment Strategy Statement, which includes details of our Socially Responsible Investment and Corporate Governance activities. If you would like a paper copy of either document please call us on **01603 222824**.

	2021-22 £000s	2020-21 £000s
<b>Opening net assets of the scheme</b>	<b>4,527,097</b>	<b>3,621,120</b>
Employees' contribution to the Fund	35,093	33,058
Employers' contribution to the Fund	134,717	130,437
Transfer values received	7,819	13,944
Payments to pensioners and dependants	-155,016	-148,973
Transfers out and other payments to leavers	-12,648	-5,006
Advisor fees and general administration costs	-26,760	-28,966
Net investment return – including income and the change in value of investments	401,878	911,483
<b>Closing net assets of the scheme</b>	<b>4,912,180</b>	<b>4,527,097</b>

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



**Please note:** due to rounding, disclosures in the chart may not sum to 100%.

Our diversified approach means that we always have a mix of investment methods and asset types as we aim to get the best return on investment we can, whilst at the same time managing risk. Through the ACCESS pool we are working with 10 other like-minded LGPS Funds to bring the management of many of our investments together, in order to reduce costs whilst maintaining investment performance.

The pooling arrangements currently encompass the assets above managed by Link Asset Services and UBS. This does not change Pensions Committee's overall responsibility for the Norfolk Pension Fund.

# Don't be a victim of scams

**A scam is something designed to illegally con you out of your money.**

The financial effects can be devastating, so watch out for these common types of scam.



## Doorstep scams

A scammer may pretend to be a trader offering to do repairs or maintenance work on your property, a charity collector, from a utility supplier offering a free insulation or boiler assessment.

They may seem polite and friendly – but they could be trying to get your money or charge you an excessive amount of money for unnecessary work.

Always ask for ID, but if in doubt never be afraid to say “No” or call the Police on 999.

## Post, email, text and internet

Keep a look out for fraudulent letters, emails and websites offering HMRC tax refunds, high investment returns, claiming that you have won a prize draw or lottery or saying you've inherited a large amount of money from someone you've never heard of.

## Phone scams

Be wary of uninvited or unexpected calls even if they claim to be the police, your local council, broadband supplier, a charity or your bank or insurance company. If you receive any kind of contact out of the blue, it's best to avoid it.

There's helpful information on scams on the Age UK website at [www.ageuk.org.uk/information-advice/money-legal/scams-fraud/](http://www.ageuk.org.uk/information-advice/money-legal/scams-fraud/)

To report a suspected scam, please contact the Citizens Advice Consumer Helpline on **0808 223 1133**.



To help us all be aware and protect ourselves from scams, the Norfolk County Council Trading Standards team gives regular alerts at [www.norfolk.gov.uk/business/trading-standards/scams](http://www.norfolk.gov.uk/business/trading-standards/scams) about the latest scams in our area.

**In 2022 there have already been dozens of scams reported in Norfolk including:**

- Cold doorstep callers claiming to be from a charity and requesting personal and financial details
- Telephone cold calls claiming to be from Citizens Advice asking financial questions about debts
- Doorstep callers claiming to be doing work in the area for the Council offering to do driveway repairs
- Doorstep callers claiming to be BT engineers in an attempt to gain access to properties for repairs or broadband testing
- Fake parcel delivery mobile texts which contain links to bogus websites in attempts to gain personal information or take payments for 'redelivery'
- Text messages which appear to be sent from GOV.UK claiming you are owed a £400 from the Energy Bills Support Scheme – these are fraudulent as all households automatically qualify for the scheme and no application is required



# Age UK Norfolk

Improving later life in Norfolk



**Age UK Norfolk is an independent, local charity dedicated to supporting older people and their families living in Norfolk.**

**Our services include:**

## Information and Advice Help Line

Our free information and advice service is available to anyone aged 50+, their family, carers or professionals and can help with Community Care, Welfare Benefits, Grants and Support, Travel and more.

## Advocacy

Our Advocacy service supports and enables people 50+ to have their voice heard; we can help you with making phone calls and writing letters to ensure you do not experience any inequality or discrimination. We also offer support with specialist bereavement advocacy and NHS complaints.

## Money Matters

Our Money Matters service offers one-to-one support to assist and empower over 65s to remain independent when handling the day-to-day management of household finances and paperwork.

## Befriending

This service offers people 50+ companionship by phone with a dedicated befriender who will call weekly for a friendly chat to help to ease feelings of loneliness and isolation.

## Let's Get Digital

Let's Get Digital provides one-to-one support for people 50+ on how to use a digital device, either their own or one that we loan to them for a 12-week period. Sessions will focus on a range of skills, from setting up messaging apps and making/answering video calls, to more advanced support like online shopping and setting up an email account.



## Travel Companions

Would you like to feel more confident getting out and about? This free service will pair you with a Travelling Companion who can accompany you on any kind of journey - whether it's by foot, public transport or taxi and will help you build the confidence you need to travel independently.

**Contact our Information and Advice Help Line to find out more about our services today: 0300 500 1217 [advice@ageuknorfolk.org.uk](mailto:advice@ageuknorfolk.org.uk) open Monday-Friday 10am to 4pm.**



## Volunteering Opportunities

We have a number of voluntary roles available, some only requiring as little as 30 minutes a week from your own home. If you have any spare time to give and would like to help others, we'd love to hear from you! **Contact our volunteering co-ordinator on 01603 785 210 [volunteering@ageuknorfolk.org.uk](mailto:volunteering@ageuknorfolk.org.uk)**





## Tell Us Once

**The Norfolk Pension Fund is signed up to Tell Us Once, a service that lets you report a death to the relevant Government departments and local authorities in one go.**

As part of this service, we are **automatically notified** once the death of any of our scheme members is reported to a **Registrar** as long as the National Insurance number has been recorded.

This means the scheme member's records can be processed more **quickly and simply** than would otherwise be the case.

If you live in Norfolk, you can book an appointment with the Registrar online at **[www.norfolk.gov.uk](http://www.norfolk.gov.uk)** or by calling **0344 800 8020**.

## Bereavement support



**If you, or someone you know, has suffered a loss, you'll find information on where to go for help and support at [www.norfolk.gov.uk/grief](http://www.norfolk.gov.uk/grief)**

### Finding support

If you feel you need additional support, there are many ways to get help. Volunteer bereavement support workers, self-help groups, faith groups and community groups can all provide support. You can also seek professional counselling if you feel like you need it.

### You can find these groups in the following ways:

- Search for local support groups using the **[www.norfolk.gov.uk/directory](http://www.norfolk.gov.uk/directory)**
- Ataloss can help you find national help groups and services **[www.ataloss.org](http://www.ataloss.org)**
- Cruse Bereavement support offers a helpful tool that can help you identify what type of support will be best for you. Please call **0808 808 1677** or visit **[www.cruse.org.uk](http://www.cruse.org.uk)**

# Please tell us what you think

**Our aim is to provide you with the best possible service to help you with your pension.**

We would therefore love to hear your feedback on Primetime and the service that you receive from the Norfolk Pension Fund. We would really appreciate it if you could spare a couple of minutes to complete our online survey at

**[www.smartsurvey.co.uk/s/N2012H/](http://www.smartsurvey.co.uk/s/N2012H/)**



It is only a very short survey and your views will help us provide you with the service you need. If you would like us to post you a paper copy of the survey, please call us on **01603 222824**.

## Looking after your data...

Norfolk County Council (as administrator of the Norfolk Pension Fund) on behalf of the Norfolk Pension Fund is a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services.

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

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



## Do you have a query about your pension?

Please let us know as soon as possible if you have a query, or think there has been an error with your pension. Most issues are easily sorted out this way. However, if you disagree with any decision about your membership of the Local Government Pension Scheme, you're entitled to put your complaint through the official dispute procedure.

You can find a guide to the dispute procedure on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

Alternatively, please contact us and we will send you a copy.



## Contact Details

**Post** Norfolk Pension Fund, County Hall, Martineau Lane,  
Norwich, NR1 2DH

**Telephone** 01603 495788

**Email** [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)

**Website** [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

**Disclaimer:** the information in this newsletter is for general use only and does not cover every personal circumstance. If there is any disagreement over your pension benefits due under the Local Government Pension Scheme, the appropriate legislation will apply. This newsletter does not give you any contractual or legal rights, and is provided for information purposes only.

Printed on paper sourced from sustainable forests using vegetable based inks.



## Employer Newsletter November 2022

### Welcome to our Employer Newsletter

In this edition we bring you up to date with the Triennial Valuation of the Fund, the results from which are used to set your contribution rates for the three years from 1 April 2023. I hope you find the information useful, but please remember the team are here to help you and can be contacted at our dedicated valuation email address at:

[valuation.2022@norfolk.gov.uk](mailto:valuation.2022@norfolk.gov.uk)

With the rise in the cost of living, you may find it a good time to remind your employees of the benefits of being in the LGPS. To help you do this in this issue you will find details on a range of resources available for your use. Plus, there's a reminder of the highlights of the LGPS and the 50/50 section of the scheme which may be of interest to members who are struggling financially at the moment.

Although it's not quite December, on behalf of the whole team, may we thank you for all your support during the year and take this opportunity to wish you a Merry Christmas and very best wishes for 2023.

Glenn Cossey  
Director of the Norfolk  
Pension Fund



### In this issue

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- **New Member Joiner Pack**
- **Staff transfers**
- **Pre Retirement Course**
- **Employer's Pension Policy**
- **Contact details**

### Christmas Opening Hours

**Please note**, the Norfolk Pension Fund will close for the festive holiday period from 12.00pm midday on Friday 23 December 2022.

We will reopen at 8.45am on Tuesday 3 January 2023.



## Triennial Valuation

**The 2022 Valuation** is now at the output and engagement stage.

All employers present in the Fund as at 31 March 2022 should now have received their valuation results and the associated consultation on the Funding Strategy Statement (FSS).

The FSS is formally reviewed every three years as part of the governance requirements around each valuation. The results, and consultation were provided as a single electronic mailing.

A separate mailing on the FSS only will be provided to employers that have joined since 1 April 2022 and contractors with pass through admission agreements with a fixed employer contribution rate. Employers in these categories will not have received a valuation results schedule.

The results schedules you have received provide you with your calculated employer contribution rates for the period 1 April 2023 to 31 March 2026, your current funding position and information on how that position has developed since the last valuation (31 March 2019) or your date of joining the Fund if later.

The Fund Actuary (Hymans Robertson) calculates the employer contribution rate appropriate to your individual circumstances, historic pension funding position and current membership.

This means that individual employers may have very different employer contribution rates. The approach taken to calculating these is set out in the FSS alongside policies on managing other funding aspects e.g. employer exits, ill-health risk management etc.

If you have any queries on the FSS or your results schedule, please send these to [valuation.2022@norfolk.gov.uk](mailto:valuation.2022@norfolk.gov.uk)

### Virtual meetings

#### Discuss your results with the Fund Actuary

You can arrange to have a short (30 minute) virtual meeting with the Fund Actuary on 8 December 2022 to discuss your own results in more detail.

Please contact

[laura.copeman@norfolk.gov.uk](mailto:laura.copeman@norfolk.gov.uk) to book your meeting.

We appreciate that some employers with more complex funding positions may require additional discussion and we will be pleased to arrange this as required.

### Employer Forum

#### An overview of the Valuation from the Fund Actuary

The Fund Actuary will be providing an overview of the Valuation at our hybrid Employer Forum event on Tuesday 29 November which is being held virtually via MS Teams and face-to-face in Norwich.

Generally, we find this is our best attended Forum during the three-year valuation cycle and we hope that it supports you in understanding your pension funding position and the financial health of the Fund.

Colleagues from Hymans Robertson and the Fund will be on-hand to discuss your results or any other aspect of your participation in the scheme as part of the meeting.

If you would like to come along, please contact [richard.ewles@norfolk.gov.uk](mailto:richard.ewles@norfolk.gov.uk)

## Triennial Valuation

### Fund Level Results

There are many factors at play in any valuation but for the majority of employers, the past service funding position has improved.

The headline funding snapshot as at 31 March 2022 for the whole fund is a solvency position (the value of assets held versus the estimated current value of future liabilities) of 106% (99% at 31 March 2019).

This improvement equates to a surplus of £289 million (deficit £29 million at 31 March 2019). As those that have participated in a number of valuation cycles have seen, pension funding can be extremely volatile, but this is the first formal valuation since 2001 when the Fund has been able to report a small surplus.

That said, we would caution that this is always just a snapshot at a single point in time and since the valuation date we have seen considerable volatility in financial markets arising from geopolitical tension, heightened inflation concerns, concerns about recession and rising interest rates.

These factors have impacted on the value of our investment holdings and the valuation attributed to liabilities, which use some market-based assumptions.

Ultimately, these will all fall into the inter valuation experience when are talking about the results of the next valuation in autumn 2025 but it is always worth remembering that events in the outside world do directly impact upon the Fund.

The main factors driving the funding position improvement is stronger than expected investment returns since the last valuation.



At a whole Fund level these have more than offset the increase in short- to medium-term inflation expectations, which are a negative for the funding position.

The approach that we take recognises that any surplus or deficit is only a snapshot at a point in time. It is true to say that the results would have been different a couple of days before or a couple of days after the 31 March and they will be different again when we come to repeat the exercise at 31 March 2025.

This is why when the Fund Actuary sets employer contribution rates, they are establishing the amount required to secure long term funding over an appropriate timescale rather than how much money may be required to provide funding equilibrium at a now historic date.

In general, whilst funding positions have improved, some employers will have experienced upward pressure on employer contribution rates at the 2022 valuation.

The recent better than expected investment returns have fed through to higher funding levels and reduced costs to fund benefits accrued up to the valuation date (reflected in the Secondary Rate).

Cont...

## Triennial Valuation

### Fund Level Results cont...

However, increased inflation expectations at 2022 result in higher costs for benefits being earned in the future (which are reflected in the Primary Rate).

If your split of pension costs is weighted more towards future service benefits (particularly an issue where you participated in the Fund as a standalone employer for a relatively short timeframe), the upward pressure on Primary Rate more than offsets any reduction in Secondary Rate.

This commentary is in general terms, there will be variation between employers depending on each employer's membership and funding profile.

Employers that are working towards exit from the Fund will often see greater volatility in contribution rates than those who expect to be an ongoing participant.

The valuation will be subject to the external scrutiny of the Government Actuary's Department (GAD) who will be assessing and reporting on the valuation approach of all LGPS funds. This report is publicly available and provides genuine comparison between funds. GAD can ask a fund and its actuary to formally respond if they feel there is insufficient prudence in the funding approach adopted.

The Pensions Regulator (TPR) also retains a focus on the Local Government Pension Scheme.

### Funding vs accounting

If you receive IAS19 / FRS102 accounting disclosures, the key differences between funding and accounting valuation results are:

1. The purpose of the funding valuation is to assess the ongoing financial position of the Fund and to determine each participating employer's cash contribution rates for the following three-year period. Whereas the purpose of an employer's accounting valuation is to facilitate consistent comparison of pension positions between companies/entities. The accounting valuation results do not have an effect on the cash contributions that will be certified for an employer.
2. The funding valuation is carried out using a method and assumptions specific to each LGPS fund, whereas an accounting valuation



is carried out using a more standardised method to assumption setting which is prescribed by the accounting standard. An accounting valuation is not an appropriate mechanism for setting employer contribution rates.

3. Importantly, the method and assumptions underlying the funding and accounting calculations are different, so accounting calculations can (and generally do) produce significantly different results from the funding valuation calculations.



## Triennial Valuation

### Next steps

**We will be writing to you** in the New Year confirming your employer contribution payable for the three years from 1 April 2023 to 31 March 2026.

When you receive your Valuation results letter, please could you return the acknowledgement slip to us as soon as possible.

We are working to strict deadlines, so your assistance to keep us on schedule will be greatly appreciated!

The Fund Actuary will sign the final valuation report prior to the statutory deadline of 31 March

2023 including the certification of employer contribution rates.

The final report will be published on our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

The consultation on the FSS closes on 31 January 2023. This is in response to requests across the LGPS to provide a longer period for comment than has been the case previously.

After consideration of any consultation responses received, the Pensions Committee will approve the final FSS at their March 2023 meeting.

In the meantime if you have an questions or need additional support, please do not hesitate to contact us at [valuation.2022@norfolk.gov.uk](mailto:valuation.2022@norfolk.gov.uk)

## Our approach to ESG investment

**Understandably there is considerable** interest in the investment portfolio, particularly in relation to our policy on ESG (Environmental, Social and Governance) matters. These funds are held solely to meet the pension promise made to our members.

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

The statement covers four key areas:

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

The Statement is published on the 'Investment



and stewardship' page of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) or please contact us to request a copy.

The whole of the LGPS (Local Government Pension Scheme) is currently subject to a consultation on the Governance & Reporting of Climate change risks. This will lead to enhanced reporting requirements for all LGPS funds from 2023-24 onwards. The Norfolk Pension Fund already provides climate risk reporting on its quoted equity portfolio. This is also available on the 'Investment and stewardship' page of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

## A reminder of LGPS benefits

**The rising cost of living** means many people are struggling to cope with everyday finances.

With money tight, some may be reconsidering their LGPS membership.

With these challenges, you may want to remind your employees of the benefits of their LGPS membership and, if they are struggling financially, there's the flexibility to reduce monthly contributions using the 50/50 option as an alternative to opting out of the scheme - please see pages 7 and 8 for more details.

To help you help your scheme members understand their pension, the Norfolk Pension Fund and the LGPS provide a range of resources with information on the Scheme.

A good starting point is to visit our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) and by reading the *A Brief Guide to the LGPS* booklet.

There's also a range of posters and short videos which you could use to promote LGPS to your employees.

### Posters

To help signpost members to the benefits of the LGPS, we provide a range of five posters as PDFs which you can print and display locally or use electronically via email or on your intranet site.

The posters are aimed at members, or potential members, at different stages of their working life and can be download at the links below.

### Approaching retirement?



### Thinking about your pension?



### Keep in touch with your pension online



### Want to boost your pension?



### Planning your future?



## A reminder of LGPS benefits

### *Pensions made simple* videos

The LGPS provides a range *Pensions made simple* videos to help members learn more the options and benefits the Scheme offers.

#### What is a pension?

The importance of saving for later life, how you join the LGPS and your employer pays in too.

#### How your pension works

How pension accounts work and what happens if you leave the LGPS before you take your pension.

#### Looking after your pension

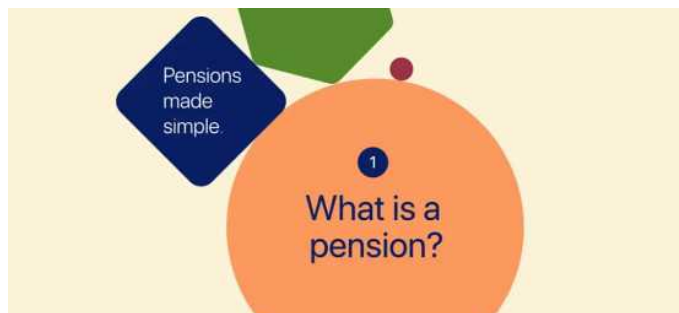
How much you pay and how you can increase or decrease your payments.

#### Protection for you and your family

How the LGPS looks after you and your loved ones by providing protection if you have to retire due to ill health and a range of death benefits.

#### Life after work

How and when you can take your pension and the decisions you will have to make.



#### Your annual allowance

Tax rules limit how much pension you can build up each year without having to pay a tax charge. This video explains how the annual allowance works.

#### Your lifetime allowance

Tax rules limit how much pension you can build up over your lifetime without having to pay a tax charge. This video explains how the lifetime allowance works.

#### Transferring your pension

What to consider if you are thinking about transferring your pension to a defined contribution scheme.

### The LGPS is a valuable benefit

The LGPS is one of the main public sector pension schemes and is considered to be one of the best in the country.

Membership provides a secure, regular **income in retirement linked to inflation**, along with other valuable benefits including:

- A **reliable pension for life** in retirement, based on membership and pay – not linked to the ups and downs of financial markets
- Option to take a **lump sum** on retirement
- A **pension for dependants** on death of the member
- **Valuable life cover** – if an active scheme member dies, their nominated beneficiary will receive a lump sum death grant based on 3 x member's assumed pensionable pay.

(If the member has either a separate deferred benefit or are receiving a pension in the LGPS when they die, this may impact on the death grant payable)

- A member may qualify for an **early pension** if they have to retire through ill health at any age or are made redundant after age 55

#### Other LGPS benefits your employees get:

- Your **employer contribution** into their pension is typically twice as much as they pay!
- They **may pay less tax** as their pension contributions are taken out of their pay before tax. For example, if they pay £100 a month into their pension, their tax is reduced by £20 a month (if they are paying tax at the basic 20% rate).

## A reminder of LGPS benefits

### 50/50 option for when money is tight

**When times are hard** and a member needs to pay less for a while, they could join the 50/50 section.

For any period spent in the 50/50 section the member pays half of their normal monthly contributions and build up half of their normal pension in return. They will still get the same level of life and ill-health cover as they would in the main section of the scheme.

Members can choose to move to the 50/50 section at any time and can switch between the main and 50/50 section as many times as they like - they just need to send an Option to switch between sections of the Scheme form to you.



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

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

## Member Self-Service

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

Member Self-Service can be used to :

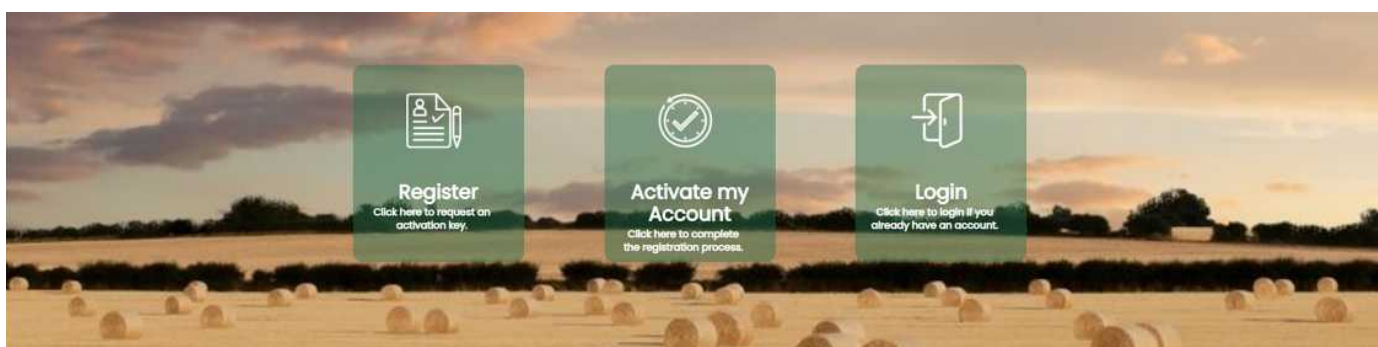
- View pension account benefits
- Amend personal details
- Update Death Grant nomination details
- Calculate pension benefits with the Benefit Projectors
- View the Annual Benefit Statement
- Upload documents and queries
- Contact us securely

The new service can be accessed from the homepage of our website at

[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) by clicking 'Member Self-Service' on the menu bar or on the 'Member Self-Service' icon.

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

To help you promote Member Self Service to your employees, we have produced a 'Keep in touch with your pension online' PDF, which can be [downloaded here](#) to print or email.





## Be scam aware!

**The Pension Regulator (TPR)** expects there to be an increase in scam activity in relation to the rising cost of living.

Fraudulent activity can take many forms (texts, emails, phone calls, fake websites etc) and relate to pension transfers, insurance policies, high risk investments and crypto assets and currencies.

Scammers are sophisticated and opportunistic and target the vulnerable. Beware of investments or offers that appear to be too good to be true, as they are more than likely to be a scam.

Please protect yourself, and encourage your employees to protect themselves by:

- rejecting offers that come out of the blue
- beware of adverts on social media channels and paid for or sponsored adverts online

- use the FCA's (Financial Conduct Authority) Financial Services Register and Warning list to check who you are dealing with
- not click links or open emails from senders you don't know
- avoid being rushed or pressured into making a decision
- not give out personal details, bank account details, your address or information about your existing insurance policies, pensions or investments.

**If you suspect a scam, call  
Action Fraud straight away on  
0300 123 2040**

## The TPR Pledge

**The Norfolk Pension Fund** recently signed up to The Pension Regulator's (TPR) pledge in an effort to combat pension scams.

The Pledge means that we will combat pension scams by raising awareness, educating and protecting scheme members in a number of ways including:

- Regularly warning members about pension scams
- Encouraging members asking for cash drawdown to get impartial guidance from Pension Wise

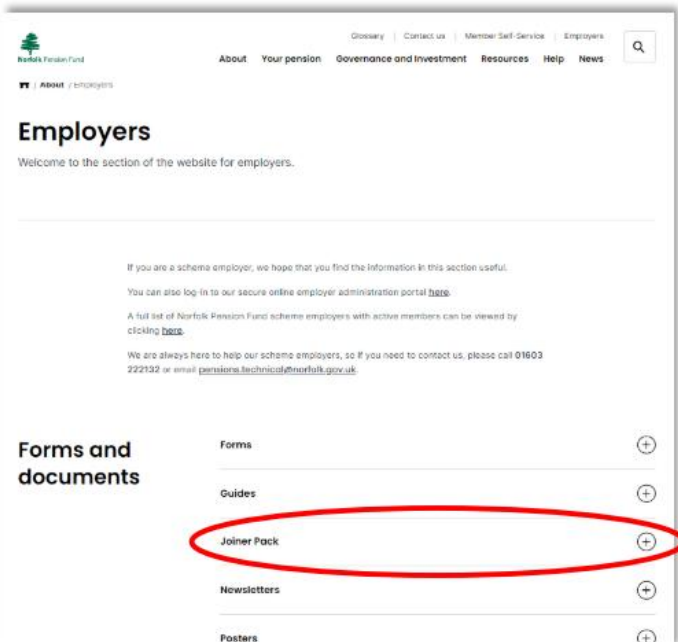


- Getting to know the warning signs of a scam and best practice for transfers
- Using resources on the Financial Conduct Authority (FCA) ScamSmart website
- Reporting concerns about a scam to the authorities and communicating this to the scheme member

Please visit the [TPR website here](#) for more information.

## New Member Joiner Pack

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



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

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

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



## Staff transfers

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

What you are considering could have significant pension implications...

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



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

## Pre Retirement Course

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

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

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

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



### Next Course Dates

- 16 & 23 January 2023 (two half days)
- 16 & 23 March 2023 (two half days)

**To book a place please contact**

**Norfolk Development Team**

**01603 224114**

[hrld@norfolk.gov.uk](mailto:hrld@norfolk.gov.uk)

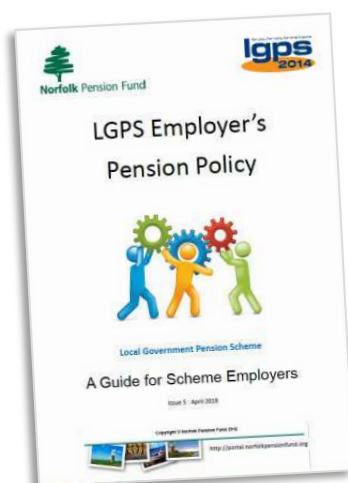
Norfolk County Council employees can book via myOracle Learn.

## Employer's Pension Policy and Internal Disputes

**Just a reminder of the importance** of keeping your Employer Pension Policy up to date.

Your Employer Pension Policy should be sent to [graham.trussell@norfolk.gov.uk](mailto:graham.trussell@norfolk.gov.uk) within one month of joining the scheme and as soon as possible after making any update.

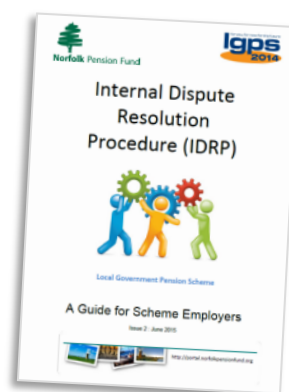
For more information, please see the [Employer Pensions Policy Guide \(G060\)](#) available on the Employers section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) under 'Forms and documents/Guides'.



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

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

There is also the [Scheme Member Guide to Disputes \(G071\)](#) available at [www.norfolkpensionfund.org/help/compliments-complaints-and-disputes/](http://www.norfolkpensionfund.org/help/compliments-complaints-and-disputes/)



## Contact Details

**Norfolk Pension Fund**  
**County Hall**  
**Martineau Lane**  
**Norwich**  
**NR1 2DH**

**Pensions Administration**  
**[pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)**  
**01603 495923**

**Investment, Accountancy and Actuarial Services**  
**[pensions.finance@norfolk.gov.uk](mailto:pensions.finance@norfolk.gov.uk)**  
**01603 222139**

**Online, Technical and i-Connect Queries**  
**[pensions.technical@norfolk.gov.uk](mailto:pensions.technical@norfolk.gov.uk)**  
**01603 222132**

**[www.norfolkpensionfund.org](http://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](mailto:pensions@norfolk.gov.uk)**



## Officer Representation on behalf of the Pension Fund

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

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

### ACCESS regular meetings

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

### Other regular meetings

MA/DK attend SECSOG (monthly)

### Investment / Fund Managers

Monthly updates with GC/AY

### National LGPS Frameworks

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

### Regular Webinars

LGPS Live Webinar Series

### Other meetings and events

Date	What	Who
<b>Sept</b>		
30	Practitioners Group Meeting	AY
<b>Oct</b>		
4	Hymans – FSS discussion	AY/SA/LC
5	Stafford Annual Investor Conference	AY
6	Stafford Advisory Board Meeting	AY
12	HarbourVest Review meeting	AY/GC/CA
13	Pantheon Update meeting	AY
17	Review Meeting with Director of ACCESS	GC/AY/JQ
18	InfraCapital Quarterly Call	AY
19 & 20	Pension Clinics	Member Services staff
21	Additional Practitioner Meeting (Climate reporting consultation)	AY
<b>Nov</b>		
4	Heywood CEO meeting	GC/JQ/MA
8	POB meeting	JQ/EW/GC
9 & 10	Baillie Gifford LGPS Seminar	SA/AY/CA
15	Aviva Investors Infrastructure Advisory Committee	AY
15	HarbourVest Asia Pacific Advisory Boards	AY
15	Abrdn SOF Advisory Boards	AY
15 & 16	Torquay Pensions Admin Conference	JQ/LT
16	HarbourVest Dover Street Advisory Boards	AY
24	Frameworks Annual Founders Meeting	GC/LT/JQ/AY

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

## Pensions Committee forward programme – as at 6 December 2022

<b>Pensions Committee</b>	<b>Pensions Committee</b>	<b>Pensions Committee</b>	<b>Pensions Committee</b>	<b>Committee Training</b>
<b>21 March 2023</b>	<b>June tbc</b>	<b>September tbc</b>	<b>December tbc</b>	
Administration Report	Administration Report	Administration Report	Administration Report	<ul style="list-style-type: none"> <li>• Risk Attitude/Boundaries</li> <li>• Valuation</li> <li>• TCFD</li> <li>• LGSP Pooling</li> <li>• LGPS Good Governance</li> <li>• tPR's Combined Code</li> <li>• Enhanced Yield Assets</li> </ul>
Update from Pensions Oversight Board	Update from Pensions Oversight Board	Update from Pensions Oversight Board	Update from Pensions Oversight Board	
ACCESS Pooling Update	ACCESS Pooling Update	ACCESS Pooling Update	ACCESS Pooling Update	
Corporate Governance and Shareholder Engagement Report (including Carbon Reporting)	Risk Register Report and Compliance with Breaches Policy	Corporate Governance and Shareholder Engagement Report (including Carbon Reporting)	Risk Register Report and Compliance with Breaches Policy	
Investment Strategy Update	Investment Strategy Update	Investment Strategy Update	Investment Strategy Update	
Enhanced Yield Portfolio Review				
2022 Triennial Valuation – Final Valuation Report Sign-off				
Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	

# Pensions Committee

Item No: 5

<b>Report title:</b>	<b>Update from the Pensions Oversight Board</b>
<b>Date of meeting:</b>	<b>6 December 2022</b>
<b>Responsible Director:</b>	<b>Simon George, Executive Director of Finance and Commercial Services</b> <b>Glenn Cossey, Director of the Norfolk Pension Fund</b>
<b>Executive Summary</b> This report updates the Pensions Committee on the work of the Pensions Oversight Board.	
<b>Recommendations</b> Pensions Committee is invited to note the contents of this report.	

## 1. Background

- 1.1 This report updates the Pensions Committee on the work of the Pensions Oversight Board (POB). The last update was given at the 27 September 2022 Committee Meeting.

## 2. Pensions Oversight Board meetings

- 2.1 The Board last met on the 8 November 2022. This was their first in person meeting since February 2020. The agenda for this meeting is at Appendix A.
- 2.2 The Board received an update on strategic and operational progress and issues. The Board noted the increasing risk associated with the issues with a major scheme employer in providing accurate and timely data to the Pension Fund, and the steps the pension Fund are taking to address the issue with the employer.
- 2.3 The Board received an update on the 2022 triennial valuation plans and process, delivered by Julie Baillie, Hymans Robertson.
- 2.4 The Board also received a detailed update on the Norfolk Pension Funds risk management framework, and cyber and data management controls.
- 2.5 The Board confirmed the arrangements for the appointment of a Vice Chair for the day in the absence of the Independent POB Chairman, and an update on the proposed arrangements for observation of ACCESS Joint Committee meetings by Local Pension Boards.
- 2.6 The notes of the Board meeting of the 6 September 2022 are at Appendix B.
- 2.7 The Board next meets on 28 February 2023, when they will be provided with an overview of the budget setting process, and an update on Employer Services.

## 3. Board membership

- 3.1 There is currently one vacancy on the Board, following the resignation of Jonathan Dunning as the trade union representative.

## 4. Knowledge and Skills

- 4.1 Along with members of Pensions Committee and Fund Officers, Board members have access to the LGPS Online Learning Academy and took part in the recent National Knowledge Assessment exercise.

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

## **5. Financial and other Resource Implications**

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

## **6. Risk Implications/Assessment**

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

## **7. Other Implications (Inc. Equality Impact Assessment (EqIA))**

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

## **8. Data Protection Impact Assessments (DPIA)**

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

## **9. Recommendation**

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

## **10. Background Papers**

- 10.1 Appendix A: POB Agenda 8 November 2022  
Appendix B: POB notes 6 September 2022

### **Officer Contact**

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

**Officer name:** Glenn Cossey

**Tel No:** 01603 228978

**Email address:** [glenn.cossey@norfolk.gov.uk](mailto:glenn.cossey@norfolk.gov.uk)



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

## Norfolk Pension Fund Pensions Oversight Board



Date: **Tuesday 8 November 2022**  
Time: **10:00am**  
Venue: **Council Chamber, County hall**

### Membership

Chairman  
Brian Wigg

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

Scheme Member representatives  
Frances Crum         Active / Deferred member  
Peter Baker           Pensioner member  
Vacancy               Trade Union

### Agenda

10.00  
start

1. Welcome and Introduction
2. Apologies  
    To receive apologies

10.05

3. Minutes and matters arising  
    To agree the notes of the meeting held on the 6 September 2022.

.....

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

Therefore, a conflict of interest may arise when a member of a Local Pension Board:

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

## Norfolk Pension Fund Pensions Oversight Board

- 10.10**  
*(5 mins)* 5. Vice Chair  
To confirm the arrangements for the day in the absence of the Chairman of the Pensions Oversight Board
- 10.15**  
*(5 mins)* 6. Items of urgent business  
To receive any items of business which the Chairman decides should be considered as a matter of urgency.
- 10.20**  
*(10mins)* 7. Pensions Committee  
Feedback from the Pensions Committee meeting on 27 September 2022 and items to be raised at the 6 December 2022 meeting.
- 10.30**  
*(10 mins)* 8. LGPS Reform  
Update on latest reform
- 10.40**  
*(20 mins)* 9. Norfolk Pension Fund operational update  
An update on operational performance and issues, including ACCESS update.
- 11.00**  
*30 mins to*  
*11.30* 10. Hymans Robertson Valuation update  
A presentation by Julie Baillie, Hymans Robertson, on progress with the 2022 triennial valuation plans and process.  
**15 min comfort break**
- 11.45**  
*15 mins* 11. Risk Management  
An update on the Norfolk Pension Fund's Risk management framework, to include the latest risk update and heat map.
- 12.00**  
*15 mins* 12. Cyber and data management  
An overview of cybersecurity and data risks and management within the Norfolk Pension Fund.
- 12.15**  
*5 mins* 13. Internal Audit reports  
To receive the latest internal audit reports
- 12.20**  
*5 mins* 14. Knowledge, skills and training
- 12.25**  
*12.30* 15. Forward work programme for the Pensions Oversight Board
- 12.30** 16. Date of next meeting: to confirm the dates of the next meetings
- 12.30 close** Contact for questions about this agenda: Jo Quarterman, Head of Governance, Norfolk Pension Fund jo.quarterman@norfolk.gov.uk Tel.: 01603 223950 Date agenda published: 1 November 2022



## **Notes of the Norfolk Pension Fund Pensions Oversight Board informal meeting held on Tuesday 6 September 2022**

### **Present:**

#### **Employer Representatives**

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

#### **Scheme Member Representatives**

Frances Crum	Active / Deferred member
Peter Baker	Pensioner member

#### **Also Present**

Glenn Cossey	Director of the Norfolk Pension Fund
Jo Quarterman	Head of Governance
Mark Alexander	Pensions Services Manager
Eunice Walcott	Governance Manager
Rob Bilton	Hymans Robertson – Fund Actuary
Elaine Otway	Note Taker

### **1. Welcome and Introduction**

- 1.1** Glenn Cossey welcomed everyone to the meeting and apologised for the late changes in running order to the agenda. The meeting will be informal due to apologies due to illness from the Independent Chairman, Brian Wigg. Informal notes will be taken.

### **2 Apologies for Absence**

- 2.1** Apologies for absence were received from Brian Wigg, Jonathan Dunning and Tim Shaw.

### **3. Minutes**

- 3.1** The Board was unable to confirm the minutes of its previous meeting because this was an informal, inquorate meeting. Informal notes were being taken of today's meeting and a report of the proceedings would be presented to the next meeting of the Pensions Committee.



- 3.2** The POB would be able to confirm the minutes of its previous formal meeting and to receive the notes of today's informal meeting when it next meets on 8 November 2022.

#### **4. Declarations of Interest**

- 4.1** There were no additional declarations of interest.

#### **5 Scheme Administration – reform and development update**

- 5.1** A presentation by Mark Alexander, Pension Services Manager, on ongoing scheme reform and the impact on scheme members, employers, and the Norfolk Pension Fund.

- 5.2** The presentation by Mark Alexander covered the following proposed reforms:

- Goodwin
- McCloud
- Pensions Dashboards
- Member Benefit Payments – Exit Cap

The Pension Fund will keep POB updated on all of these reforms as they progress.

- 5.3** Thanks were placed on record to Mark Alexander for the presentation.

#### **6 Hymans Robertson Update on the 2022 Valuation**

- 6.1** POB received a presentation by Rob Bilton of Hymans Robertson on progress with the 2022 triennial valuation plans and process, and an update on what is on the horizon.

- 6.2** Valuation update included:

- Actuarial valuation refresher – why we do a valuation
- Communicating the valuation output and timetable
- Approach to reviewing assumptions – NPF followed the best in-practice approach
- Review of Academy strategy – presented to Committee in June
- Membership data is of very high quality (accuracy and completeness)
- Valuation next steps – initial results to September Committee
- A 2-day review meeting on 15-16 September with NPF Officers to discuss the initial employer results and review the Funding Strategy Statement (FSS) to make it more accessible

- 6.3** What else is on the horizon?

- TCFD consultation published (Climate related disclosures) – incorporate into the funding and investment strategy review and is also part of the Fund's regular monitoring framework.

- Levelling up – Government white paper
- New statutory pooling guidance

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

*POB had a 15-minute break at this point in the proceedings.*

## **7 Vice-Chair**

**7.1** Consideration of the appointment of a Vice-Chairman. Officers had taken advice on this matter from Democratic Services and discussed options with the Independent Chairman.

**7.2** Proposed that rather than appointing a Vice-Chair for a set period, that POB should appoint a Vice Chairman for the day in the event that the Independent Chairman was unable to attend a meeting, to enable the meeting to be quorate and proceed.

**7.3** POB members supported this process of a Vice Chair being appointed for the day if the Chair is absent for any reason. This will be ratified at the meeting in November.

## **8 Items of Urgent Business**

**8.1** There were no items of urgent business.

## **9 Feedback from the Pensions Committee meeting on 21 June 2022 and a summary of items on the agenda for the meeting on 27 September 2022.**

**9.1** Glenn updated the meeting on the agenda items from 21 June Pensions Committee meeting, which had been observed (in part) by Frances Crum.

**9.2** The POB noted that today's meeting would be the subject of a report to the Pensions Committee on 27 September 2022.

**9.3** A summary of agenda items was given, and POB will receive a set of the Committee papers in advance of Committee meeting on 27 September.

## **10 LGPS Reform**

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

**10.2** The presentation provided an update on the following regulatory Reforms in addition to the earlier presentations:

### **1. Climate reporting (TCFD) Consultation**

DLUHC (Department for Levelling Up, Housing and Communities) has [launched its consultation](#) regarding governance and reporting of climate change risks.

**10.3** POB was given a summary of the highlights of the TCFD consultation document containing 4 key areas. The consultation will be the subject of a report and presentation at Pensions Committee.

**10.4** POB was also updated on latest position with Pooling guidance, the Good Governance project recommendations, Levelling up and the TPR Revised Code.

## **11 Norfolk Pension Fund operational update**

**11.1** POB received an update on operational performance and issues that included an update on future service delivery.

**11.2** POB received the latest Key Performance Indicators (KPIs) chart.

**11.3** POB noted the results and congratulated the continued good work by the administration team, also noting that it was alongside year end activities and a valuation year. This message will be shared with the team.

**11.4** It was noted that a large employer was having operational issues providing member and contribution data via iConnect. This is impacting on the Funds ability to meet its service standards and may if not resolved affect the ability to meet regulatory requirements. The issue has been escalated with the employer and the Fund are working closely with the employer to resolve the situation as swiftly as possible.

## **11.5 Future service delivery**

**11.6** POB was updated on the latest progress following on from the report to Pensions Committee and plans for future accommodation and service delivery as agreed by Committee

**11.8** POB was given on update on the final decommissioning of Lawrence House; keys were handed back at the end of July as planned.

**11.9** The new base of operation is the South Mezzanine at County Hall. Positive feedback received from staff on the new office space which is supporting a hybrid working framework.

**11.10** A progress report was given to POB on future service delivery plans and developments post pandemic, including the 5 themes being addressed.

## **12 ACCESS**

- 12.1** POB received an update on ACCESS, including arrangements for Local Pension Board observation of ACCESS Joint Committee meetings (JC).
- 12.2** The next joint committee meeting is 12 September – the agenda and papers will be shared when received
- 12.3** Formal observation of the JC by Board members will commence after the IAA (Inter Authority Agreement) amendment is signed off by all 11 authorities. In the meantime, the Chairman of the JC has agreed that informal observation can commence. Norfolk is likely to be invited to observe the March 2023 JC meeting and therefore the Board needs to consider who will observe prior to March 2023.

## **13 Internal Audit Reports**

- 13.1** No new audit reports have been published since the last POB meeting.

## **14 Risk Management**

- 14.1** POB received the latest risk update and heat map that showed risk movement in terms of governance, funding and investment and benefits administration. The heat map would be further updated for the September 2022 meeting of the Pensions Committee.
- 14.2**
  - Future Service Delivery was added as a risk following POB's last meeting.
  - Operational employer issues delaying the provision of data to the Norfolk Pension Fund via iConnect is being added as a new risk
- 14.3** An overview of the Risk Management framework is part of the POB forward work programme to be considered at the November POB meeting.

## **15 Knowledge, Skills, and Training**

- 15.1** POB receives regular updates on the latest knowledge and skills training, including :
  - Online Learning Academy (LOLA) developed by Hymans which could be taken in bite sizes with some new topics added.
  - Webinars.
  - Conferences
  - LGA Fundamentals Training (this is a general overview for new Board members, presented in three sessions)

- 15.2** The POB and Pensions Committee will be invited to participate in the National Knowledge Assessment later this year. Participation helps assess knowledge and skills and plan future training needs.

**16 Forward Work Programme for the Pensions Oversight Board**

- 16.1** POB's forward work programme was confirmed as follows:
- 8<sup>th</sup> November – Risk and Cyber updates
  - 28<sup>th</sup> February – Budget setting and also Employer Services
  - May 2023 – Strategic Review: BAU update and Review of the valuation process

**17 Future Meeting dates**

- 17.1**
- 8<sup>th</sup> November 2022 to be an in-person meeting at County Hall, Council Chambers
  - 28<sup>th</sup> Feb 2023

**Meeting ends**

# Pensions Committee

Item No. 6

<b>Report title:</b>	<b>Audit Results Report (ISA 260)</b>
<b>Date of meeting:</b>	<b>6 December 2022</b>
<b>Responsible Director:</b>	<b>Simon George, Executive Director of Finance and Commercial Services</b> <b>Glenn Cossey, Director of the Norfolk Pension Fund</b>

## Executive Summary

The draft Annual Report & Accounts were presented to the Pensions Committee at their September 2022 meeting. The committee resolved the following:

“That In accordance with the terms of reference the Committee:

- i) Notes the draft 2021-22 Annual Report and Accounts of the Norfolk Pension Fund.
- ii) Notes the Financial Statements and makes a recommendation to the Audit Committee that they be approved subject to any matters arising in the ISA 260 Audit Results Report and the Letter of Representation (LOR) being delegated to the Chair of the Pension Committee and Executive Director of Finance and Commercial Services to sign the letter on behalf of the Pension Fund.”

At this time, it was planned that the Report & Accounts would be signed off alongside the expected timetable of the County Council by the end of November 2022.

Under the original timetable the ISA 260 was to be distributed to Pension Committee members outside of a formal committee meeting for information and comment prior to the recommendation to November Audit Committee.

Unfortunately, the audit of the Pension Fund cannot now be concluded until the audit of the County Council accounts is finished. The Council audit and sign off is impacted by a national issue relating to accounting for infrastructure assets. This is not an issue that arises on pension fund investments in infrastructure. This issue is not expected to be resolved until the first quarter of 2023.

In the meantime, the provisional ISA260 has been issued by EY including a draft letter of representation within the appendices. This has been considered by Audit Committee at their meeting on 28 November 2022. The change in timetable for accounts sign off means Pensions Committee are also able to review the report as part of a formal meeting and have the opportunity to note any concerns that may arise to the Audit Committee and make a final recommendation to Audit Committee for the approval of the 2021-22 Pension Fund Annual Report and Accounts. The Audit Committee are aware that Pensions Committee are considering the matter at this meeting.

The items outstanding in the Audit Results report are all expected matters that cannot be completed until close to the final sign off of the Report and Accounts.

After this meeting the delegation to the Chair and the Executive Director of Finance and Commercial Services to sign the Letter of Representation from the September Committee resolution will still apply.

The Audit Results Report is provided as Appendix A.

## Recommendation

It is recommended that the Committee note this report including the provisional audit results report and make final recommendation to the Audit Committee that the 2021-22 Financial Statements be approved.

### 1. Background

- 1.1 The draft Annual Report & Accounts were presented to the Pensions Committee at their September 2022 meeting. The committee resolved the following:

“That In accordance with the terms of reference the Committee:

- i. Notes the draft 2021-22 Annual Report and Accounts of the Norfolk Pension Fund.
- ii. Notes the Financial Statements and makes a recommendation to the Audit Committee that they be approved subject to any matters arising in the ISA 260 Audit Results Report and the Letter of Representation (LOR) being delegated to the Chair of the Pension Committee and Executive Director of Finance and Commercial Services to sign the letter on behalf of the Pension Fund.”

At this time, it was planned that the Report & Accounts would be signed off alongside the expected timetable of the County Council by the end of November 2022.

- 1.2 Under the original timetable the ISA 260 was to be distributed to Pension Committee members outside of a formal committee meeting for information and comment prior to the recommendation to November Audit Committee.
- 1.3 Unfortunately, the audit of the Pension Fund cannot now be concluded until the audit of the County Council accounts is finished. The Council audit and sign off is impacted by a national issue relating to accounting for infrastructure assets. This is not an issue that arises on pension fund investments in infrastructure. This issue is not expected to be resolved until the first quarter of 2023.
- 1.4 In the meantime, the provisional ISA260 has been issued including a draft letter of representation within the appendices.
- 1.5 Each year, the External Auditors (Ernst and Young) produce an Audit Results Report summarising their work and findings from their audit of the Pension Fund. This is a formal communication they must provide to the those charged with governance.
- 1.6 The Provisional Audit Results Report was considered by Audit Committee at their meeting on 28 November 2022. The change in timetable for accounts sign off means Pensions Committee are also able to review the report as part of a formal meeting and have the opportunity to note any concerns that may arise to the Audit Committee and make a final recommendation to Audit Committee for the approval of the 2021-22 Pension Fund Annual Report and Accounts. The Audit Committee are aware that Pensions Committee are considering the matter at this meeting.
- 1.7 After this meeting the delegation to the Chair and the Executive Director of Finance and Commercial Services to sign the Letter of Representation from the September Committee resolution will still apply.
- 1.8 Given the known delay to the final accounts sign-off into the first quarter of next year, the Annual report and accounts will be published on the Funds website prior to or on 1 December 2022 in draft form (without signatures or audit opinion), as required by LGPS regulations

## **2. Provisional Audit Results Report**

- 2.1 The Audit Results Report is provided as Appendix A.
- 2.2 There were no uncorrected audit differences in the accounts.
- 2.3 There were a limited number of minor audit differences in the financial statements, which were adjusted for.
- 2.4 The items outstanding in the Audit Results report are all expected matters that cannot be completed until close to the final sign off of the Report and Accounts.

## **3. Financial and other Resource Implications**

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

## **4. Other Implications (Inc. Equality Impact Assessment (EqIA))**

- 4.1 The Norfolk Pension Fund has considered the impact of the changes in service delivery as a result of the COVID-19 global pandemic.
- 4.2 Officers have considered all the implications which members should be aware of. Apart from those listed (if any), there are no other implications to take into account. There are no issues relevant to equality in this report.
- 4.3 **Data Protection Impact Assessments (DPIA)**
- 4.4 We have not identified any data protection implications for the content of this report.

## **5.0 Risk Implications/Assessment**

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

## **6. Recommendation**

- 6.1 It is recommended that the Committee note this report including the provisional Audit Results Report and make final recommendation to the Audit Committee that the 2021-22 Financial Statements be approved.

## **7. Background Paper**

- 7.1 Appendix A: EY Norfolk Pension Fund Provisional Audit Results Report (ISA 260)

### **Officer Contact**

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

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

**Email address:** [glenn.cossey@norfolk.gov.uk](mailto:glenn.cossey@norfolk.gov.uk)



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



# **Norfolk Pension Fund**

## **Provisional Audit Results Report**

Year ended 31 March 2022  
22 November 2022

22 November 2022



Audit Committee / Pensions Committee Members,  
Norfolk County Council  
County Hall  
Martineau Lane  
Norfolk - NR1 2DH

Dear Audit Committee/ Pension Fund Committee Members

### 2021/22 Provisional Audit Results Report

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

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

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on the 28 November 2022.

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Enc

# Contents

## 01 Executive Summary

## 02 Areas of Audit Focus

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## 04 Audit Differences



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

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

This report is made solely to the Audit Committee, Pension Fund Committee, and management of Norfolk County Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, Pension Fund Committee, and management of Norfolk County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, Pension Fund Committee, and management of Norfolk County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary



# Executive Summary

## Scope update

In our Provision Audit Plan presented to the 28 July 2022 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan. We revisited our materiality calculation and confirmed that the level of £49 million set at planning stage remained appropriate. Performance materiality also remained unchanged at £36.8 million.

We have not made any revisions to the audit risks and planned audit procedures set out within the Provisional Audit Plan.

## Status of the audit

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

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

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

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

## Audit differences

### Uncorrected audit differences

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

### Corrected audit differences

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

## Control observations

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

## Other reporting issues

We have no other matters to report.



## Executive Summary

### Areas of audit focus

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

*Misstatements due to fraud or error - management override relating to investment income and asset valuation - investment journals.*

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

*Valuation of complex investments (unquoted investments) (significant risk)*

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

*Change of custodian (significant risk)*

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

*IAS 26 disclosure - actuarial value of promised retirement benefits (area of audit focus)*

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

*Going concern disclosure (area of audit focus)*

- ▶ We have requested an updated going concern assessment and cashflow forecast, covering a period of at least 12 months from the date of our audit report. We have not concluded our work in this area, and will complete this as part of our closing procedures. We cannot conclude the audit of the Pension Fund until we are able to also conclude the audit of the County Council accounts, which is impacted by a national issue relating to accounting for infrastructure assets. Note that this was not identified separately in our Provisional Audit Plan, but is always an area of focus and so is included here for completeness.

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

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

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

### Independence

Please refer to Section 7 for our update on Independence.



## 02 Areas of Audit Focus



## Areas of Audit Focus

### Significant risk

#### Misstatements due to fraud or error – management override relating to Investment income and asset valuations – investment Journals

##### What is the risk?

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

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

We have identified the main areas as being around the investment income (£69.6 million) and asset valuations (£4.89 billion) from the Custodian reports being incorrectly posted to the general ledger specifically through journal postings, to secure a more favourable reported financial position.

##### What did we do?

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

- ▶ We identified fraud risks during the planning stage;
- ▶ We inquired of management about risks of fraud and the controls put in place to address those risks;
- ▶ We obtained an understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ We considered the effectiveness of management's controls designed to address the risk of fraud;
- ▶ We performed mandatory procedures regardless of specifically identified fraud risks, including;
  - ▶ testing of journal entries and other adjustments in the preparation of the financial statements and assessed them for evidence of management bias and evaluated them to understand their business rationale;
  - ▶ reviewing accounting estimates for evidence of management bias; and
  - ▶ evaluating the business rationale for significant unusual transactions.
- ▶ We utilised our data analytics capabilities to assist with our work, including journal entry testing;
- ▶ To address the specific risk we identified relating to posting of investment journals, we:
  - ▶ Tested journals at year-end to ensure there are no unexpected or unusual postings;
  - ▶ Undertook a review of the reconciliation to the fund managers and custodian reports;
  - ▶ Re-performed the detailed investment note using the reports we obtained directly from the custodian or fund managers; and
  - ▶ Checked the reconciliation of holdings included in the Net Assets Statements back to the source reports.

##### What are our conclusions?

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

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

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

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





## Areas of Audit Focus

### Significant risk

#### Valuation of complex investments (unquoted investments)

##### What is the risk?

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

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

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

In 2021/22, approximately 30% of the overall fund fell within this investment type. As these investments are more complex to value, we have identified the Fund's investments in private equity, infrastructure and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.

##### What did we do?

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

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

##### What are our conclusions?

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

Our additional procedures, including the review of the latest set of audited accounts and the internal control reports for the fund managers, identified one matter to bring to your attention. Last year, we reported that the Aviva Infrastructure fund accounts had been qualified due to insufficient information being made available to the auditor due to an ongoing legal case. This qualification is still in place for the same reason. The value of the Pension Fund's investment is £43 million and we have concluded that it was unlikely to this would have a material impact on the Pension Fund. Management have included an enhanced disclosure in Note 5 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty in relation to this matter. We have not identified any material valuation differences in the reported funds valuation within the financial statements.

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



## Areas of Audit Focus

### Significant risk

#### Change in custodian

##### What is the risk?

In November 2021, the Pension Fund made a change of custodian from HSBC to Northern Trust.

Given the nature of the custodian's role to the Pension Fund and their key role for the provision of information upon which the financial statements are based, we therefore consider that this presents a significant audit risk.

The audit risk is that information may be incorrectly transferred leading to errors within or reported within the 2021/22 financial statements.

##### What did we do?

In response to this risk, we:

- ▶ Obtained an understanding of the custodian change process and updated our understanding of the custodian as a service organisation;
- ▶ Understood management's process for gaining assurance that all relevant information was transferred from HSBC to Northern Trust, thereby mitigating any potential risk over the transfer date; and
- ▶ Undertook a review of Management's reconciliations between the closing custodian reports from HSBC and the opening custodian reports from Northern Trust to ensure completeness of investments and investigate any reconciling differences.

##### What are our conclusions?

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

## Other areas of audit focus

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

### What is the risk/area of focus?

#### IAS26 - Actuarial present value of promised retirement benefits

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £6,651 million as at 31 March 2022.

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

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

### What did we do and what are our conclusions?

In response to this risk, we

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

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

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

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

## Other areas of audit focus

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

### What is the risk/area of focus?

#### Going concern disclosure

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

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

### What did we do and what are our conclusions?

We cannot conclude the audit of the Pension Fund until we are able to also conclude the audit of the County Council accounts, which is impacted by a national issue relating to accounting for infrastructure assets.

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

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

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

Note that this was not identified separately in our Provisional Audit Plan, but is always an area of focus and so is included here for completeness



## 03 Audit Report



## Our proposed opinion on the financial statements

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORFOLK COUNTY COUNCIL

#### Opinion

We have audited the pension fund financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the pension fund financial statements:

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

#### Basis for opinion

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

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

#### Conclusions relating to going concern

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

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

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



## Our proposed opinion on the financial statements

### Other information

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

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

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

We have nothing to report in this regard.

### Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.



## Our proposed opinion on the financial statements

### Responsibility of the Chief Financial Officer

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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





# Audit Report

# DRAFT

## Our proposed opinion on the financial statements

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

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

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

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

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

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

### Use of our report

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



## 04 Audit Differences



## Audit Differences

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

### Summary of unadjusted differences

At the date of this report, there are no unadjusted audit differences arising from our audit.

### Summary of adjusted differences

Our audit identified a limited number of minor misstatements in disclosures which our team have highlighted to management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in the Annual Accounts and the accounts included within the Annual Report.





## 05 Other reporting issues

01

## Other reporting issues

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

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

### Other powers and duties

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

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

### Other matters

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

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

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



06

## Assessment of Control Environment





# Assessment of Control Environment

## Financial controls

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

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

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

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

### Update on prior year recommendations:

In the prior year, we identified a management control deficiency around the disclosure of level 2 and level 3 investments in Note 16 Fair Value - Basis of Valuation. We have not identified any similar occurrences in the current year.



07

## Independence



## Relationships, services and related threats and safeguards

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

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

### Services provided by Ernst & Young

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

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

## Other communications

### EY Transparency Report 2020

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

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

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

## Relationships, services and related threats and safeguards

### Services provided by Ernst & Young

Description	Planned Fee 2021/22 £	Scale Fee 2021/22 £	Final Fee 2020/21 £
Total Fee - Code work	20,866	20,866	20,866
<b>Total agreed fees:</b>	<b>20,866</b>	<b>20,866</b>	<b>20,866</b>
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	50,006 (provisional)	-	TBC
Additional audit fee in respect of work on behalf of admitted body auditors (charged to the Pension Fund) (Note 2)	15,000	-	10,400
<b>Total fees</b>	<b>85,872</b>	<b>20,866</b>	<b>TBC</b>

### All fees exclude VAT

**Note 1:** We proposed an increase to the base scale fee of £40,005 for 2020/21 to reflect the cost of increased regulatory requirements. We also undertook additional work in regards to ISA 540, prior period adjustments and going concern. We have submitted a scale fee variation to PSAA for 2020/21 of £54,699 and are awaiting PSAA determination on this.

For 2021/22, the scale fee will again be impacted by the increased regulatory requirements as well as other factors which will result in additional work, including some of those that were present in the prior year. We have proposed an increase of £50,006 in relation to the increased regulatory requirements, and will confirm our proposed additional fee to reflect work on other specific risks once we have concluded the audit. These additional fees will be again determined by PSAA.

**Note 2:** We plan to charge an additional fee of £15,000 in 2021/22 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. The Pension Fund can recharge this fee to the relevant admitted bodies.







## 08 Appendices





## Appendix A

# Required communications with the Audit Committee





There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	Provisional Audit Plan - 15 July 2022
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Provisional Audit Plan - 15 July 2022
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee

## Appendix A




		 Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>Management;</li> <li>Employees who have significant roles in internal control; or</li> <li>Others where the fraud results in a material misstatement in the financial statements</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to Audit Committee responsibility</li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee

## Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> <li>▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable:               <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul> </li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Provisional Audit Plan - 15 July 2022</p> <p>Audit Results Report - 28 November 2022 - Audit Committee</p>
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee






## Appendix A

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Internal controls	<ul style="list-style-type: none"> <li>Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit Results Report - 28 November 2022 - Audit Committee
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - 28 November 2022 - Audit Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - 28 November 2022 - Audit Committee
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report - 28 November 2022 - Audit Committee
Fee reporting	<ul style="list-style-type: none"> <li>Breakdown of fee information when the audit plan is agreed</li> <li>Breakdown of fee information at the completion of the audit</li> <li>Any non-audit work</li> </ul>	Provisional Audit Plan - 15 July 2022  Audit Results Report - 28 November 2022 - Audit Committee

## Appendix B

# Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Going concern assessment and disclosure	Managements going concern assessment and disclosures will require updating to cover a period of at least 12 months from the anticipated opinion date, which will require review by EY.	EY and Management
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report.	EY and Management
Agreement of revised and approved set of Financial Statements	Agree all changes made to draft accounts are updated in the final set of accounts.	EY and Management
Management Representation Letter	Receipt of signed management representation letter.	Management
Final Manager and Engagement Partner Review Procedures	Final review of areas listed above.	EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point, no issues have been identified that would cause us to modify our opinion. A draft of the current opinion is included in Section 3.



## Management representation letter - draft

This is our draft letter of management representation. This could be subject to change following the completion of the final audit procedures

### Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

[Address]

This letter of representations is provided in connection with your audit of the financial statements of Norfolk Pension Fund ("the Fund") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2021 to 31 March 2022 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2022, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We understand that the purpose of our audit of the Fund's financial statements is to express an opinion thereon and that our audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related

data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We confirm that the Fund is a Registered Pension Scheme. You are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, we believe that the Fund have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 that are free from material misstatement, whether due to fraud or error.

We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflicts and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.

# Management representation letter

## Management Rep Letter

6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

7. We confirm the Fund does not have securities (debt or equity) listed on a recognized exchange.

### B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Fund (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:

- ▶ involving financial statements;
- ▶ related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements;
- ▶ related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund's activities, its ability to continue to operate, or to avoid material penalties;
- ▶ involving management, or employees who have significant roles in internal controls, or others; or

in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- ▶ Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- ▶ Additional information that you have requested from us for the purpose of the audit; and
- ▶ Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Fund's financial statements.

# Management representation letter

## Management Rep Letter

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

6. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter on 13 December 2021 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact on the financial statements, in each case or in the aggregate, and ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent.

### E. Going Concern

1. Note 5 to the financial statements discloses all the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

### F. Subsequent Events

1. Other than..... described in Note 2 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to year end which require adjustment of or disclosure in the financial statements or notes thereto.

### G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information in the Statement of Accounts 2021/22, other than the financial statements.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### H. Independence

1. We confirm, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

# Management representation letter

## Management Rep Letter

### I. Derivative Financial Instruments

1. We confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016. The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.

2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

### J. Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

### K. Actuarial valuation

1. The latest report of the actuary Hymans as at 31<sup>st</sup> March 2019 has been provided to us. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

### L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to value unquoted investments which include Illiquid Debt, Infrastructure, Timberlands and Private Equity Investments and IAS26 actuarial valuation disclosures and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

### M. Estimates

#### Valuation of Investments

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the applicable financial reporting framework (the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22).

2. We confirm that the significant assumptions used in making the valuation of investments appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete including the effects of the COVID-19 pandemic on the valuation of investments and made in accordance with the applicable financial reporting framework.

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

# Management representation letter

## Management Rep Letter

### Actuarial Present Value of Promised Retirement Benefits Estimate

1. We confirm that the significant judgements made in making the actuarial present value of promised retirement benefit estimate have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the actuarial present value of promised retirement benefit estimate.
3. We confirm that the significant assumptions used in making the actuarial present value of promised retirement benefit estimate appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. We confirm that appropriate specialized skills or expertise has been applied in making the actuarial present value of promised retirement benefit estimate.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.

Yours faithfully,

\_\_\_\_\_  
(Executive Director of Finance and Commercial Services)

\_\_\_\_\_  
(Chairman of Audit Committee)

## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

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# Report to Pensions Committee

Item No. 7

<b>Report title:</b>	<b>Risk Register Report and Compliance with Breaches Policy</b>
<b>Date of meeting:</b>	<b>6 December 2022</b>
<b>Responsible Director:</b>	<b>Simon George, Executive Director of Finance and Commercial Services</b> <b>Glenn Cossey, Director of the Norfolk Pension Fund</b>

## **Executive Summary**

Norfolk County Council's Risk Management Framework requires reporting on all aspects of the Council's Risk Management responsibilities to the relevant Committee on a regular basis.

This report updates the Pensions Committee on the Norfolk Pension Fund's Risk Register and Breaches Policy. The summary Risk Heat map was reported to Pensions Committee in September 2022, and the last full report to Pensions Committee was in June 2022.

## **Recommendations**

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

## **1. Background and Purpose**

- 1.1 Risks are categorised under the headings of Governance; Benefits Administration; and Investment and Funding. Risks are scored using the methodology at Appendix A.
- 1.2 The Norfolk Pension Fund maintains a detailed Risk Register. The Risk Register incorporates an assessment of likelihood and impact as well as control measures in place and an overall risk score.
- 1.3 The Register is regularly reviewed by the Management Team and appropriate action taken.
- 1.4 A single page Heat Map summarising all risks is attached at Appendix B. The Heat Map shows risk movement since September 2022. Risks are shown as either Low (green), Medium (amber) or High (red) by their respective category (governance, benefits administration and investment and funding) and symbols indicate movement in risk scores since the last update to Pensions Committee.
- 1.5 Our risk management continues to be effective in delivering and maintaining a resilient operational service.
- 1.6 The Strategic Review was intended to reduce a number of long-term high-risk areas; whilst the pandemic delayed the impact of the review, we have now seen a number of high risks effectively reduced over the last 12 months.

## **2. Risk Movement**

- 2.1 The Heat Map at Appendix B highlights risk movement since the last report to Committee in September.
- 2.2 NPFA1 Failure to meet regulatory and performance requirements (Administration)  
The risk that we fail to meet all regulatory and performance requirements is increasing as a result of the current operational employer issues (Risk NPFA6) – risk remains AMBER.

2.3 NPFA6 Employer Operational Issues (administration)

This was a new amber risk at the last report to Committee. This risk is now categorised as RED.

2.4 NPFF12 Lack of skilled resource (Finding and Investment)

As a result of progress with the team restructure, this risk is reduced from red to AMBER.

2.5 NPFG8 lack of skilled resource (Governance)

Maddie Mitchell has taken up the role of Project and Policy Management Officer in the Governance team, completing the restructure. This risk has reduced, remaining AMBER.

2.6 All other risks remain stable.

### **3. Areas of High Risk**

3.1 Appendix C shows movement in areas identified as High Risk over time.

3.2 We currently have two areas identified as High Risk, across Governance, Funding and Investment, and Benefits Administration. Since the last report to Committee, Lack of skilled resource in Funding and Investment (NPFF12) has been reduced from High Risk to Medium Risk.

3.3 Employer operational Issues (NPFA6)

3.4 This relatively new risk has increased from amber to red. This risk is detailed further under a separate report at Item 11 on this agenda.

3.5 Cyber and Financial Crime (ref. NPFG11)

3.6 Cyber and Financial Crime is identified as an area of high risk, with a constantly evolving landscape, with complex interdependencies and an accelerating rate of change. Pensions are identified by the FCA and the Pensions Regulator as a prime target with an increasing threat level. The global pandemic, changes to working practices, including working from home, and pressure on individuals' personal circumstances add to this risk.

3.7 A comprehensive review of Norfolk Pension Fund's cyber security arrangements was completed as part of the Strategic Review Programme, and an action plan developed. This is being monitored and maintained.

3.8 The Pensions Oversight Board continue their oversight of progress with the action plan as part of their forward work programme in 2022 and received a detailed update at their November 2022 meeting.

3.9 With the support of NCC ICT, we will issue the annual cyber and data standards survey to 3<sup>rd</sup> party providers in December.

3.10 The Norfolk Pension Fund participated in a recent Cyber Risk Scorecard exercise, developed by Aon in association with the Pensions and Lifetime Savings Association. This indicated that we had strengthened our controls since last year. This year the Norfolk Pension Fund scored 56.6 (against an average score of 42.5). A summary of the overall assessment is attached at Appendix D.

3.11 Following a review on internal operational policy and controls, the Norfolk Pension Fund has self-certified compliance with the principles of The Pension Regulators pledge to combat pension scams.



#### **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 reported 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 Data Protection
- 4.4 Since the last full risk report to Pensions Committee in June 2022 there has been one data protection incident, where a small number of unsealed Annual Benefit Statements were received because of issues with envelope gumming. This has been reported to the Information Management Team. The cause of the problem has been traced via the third-party service provider, who confirmed that there had been a failure of compliance with specified gum standards.
- 4.5 Late pay over of employees and employers' contributions
- 4.6 The late pay over of employees and employers' contributions is one of the areas monitored for reportable breaches. An extract from the breaches log is detailed below. None of the late pay overs were deemed material and therefore reportable to the Regulator.
- 4.7 There has not been a significant increase in delayed contribution payments as a result of the pandemic.

4.8

Month	Summary Description of Breaches
June 2022	16 employers were late paying over their June contributions. The latest payment was 126 days late through to 3 days late.
July 2022	34 employers were late paying over their July contributions. The latest payment was 95 days late through to 1 day late.
August 2022	21 employers were late paying over their August contributions. The latest payment was 64 days late through to 1 day late.

- 4.9 All the above late payments were identified by the Fund's contribution monitoring process and chase communications were sent to ensure overdue amounts were received.

#### **5. Financial and Other Resource Implications**

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

#### **6. Risk Implications/Assessment**

- 6.1 Risk implications relating to this report will be recorded on the Fund's risk register.

#### **7. Other Implications (inc. Equality Impact Assessment (EqIA))**

- 7.1 Officers have considered all the implications which members should be aware of. Apart from those listed (if any), there are no other implications to take into account.

#### **8. Data Protection Impact Assessments (DPIA)**

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

#### **9. Recommendation**

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

## 10. Background Papers

- 10.1 Appendix A – Risk Scoring Methodology  
Appendix B – Risk Heat Map movement since September 2022  
Appendix C – High Risk movement tracking over time  
Appendix D – 2022 Cyber Risk Scorecard

## Officer Contact

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

**Officer name:** Glenn Cossey **Tel No:** 01603 222171  
**Email address:** glenn.cossey@norfolk.gov.uk



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# Methodology

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

## Project Risk Impact Criteria Model

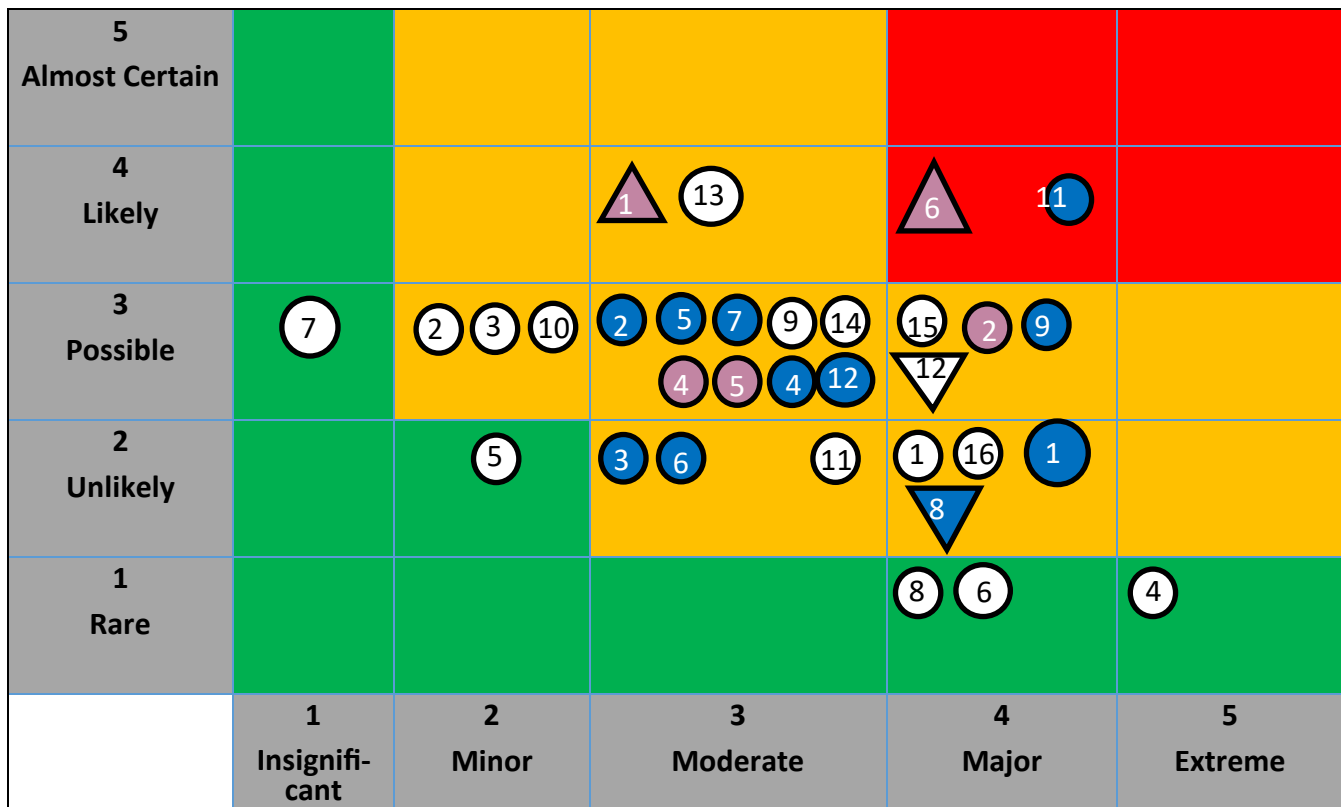
Likelihood of risk occurring		
Likelihood	Definition	Value
Almost Certain	The event is expected to occur before the target date in most circumstances	5
Likely	The event will probably occur before the target date in most circumstances	4
Possible	The event might occur at some time before the target date	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				
Likelihood		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
<b>High 16-25 (Red Risks)</b>	Risks analysed at this level are so significant that risk treatment is mandatory
<b>Medium 6-15 (Amber Risks)</b>	Risks analysed at this level require a cost/benefit analysis to take place to determine the most appropriate treatment
<b>Low 1-5 (Green Risks)</b>	Risks analysed at this level can be regarded as negligible, or so small that no risk treatment is required

showing movement since September 2022



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

Becoming more of a risk



Risk is stable



Becoming less of a risk



High risk movement tracking over time

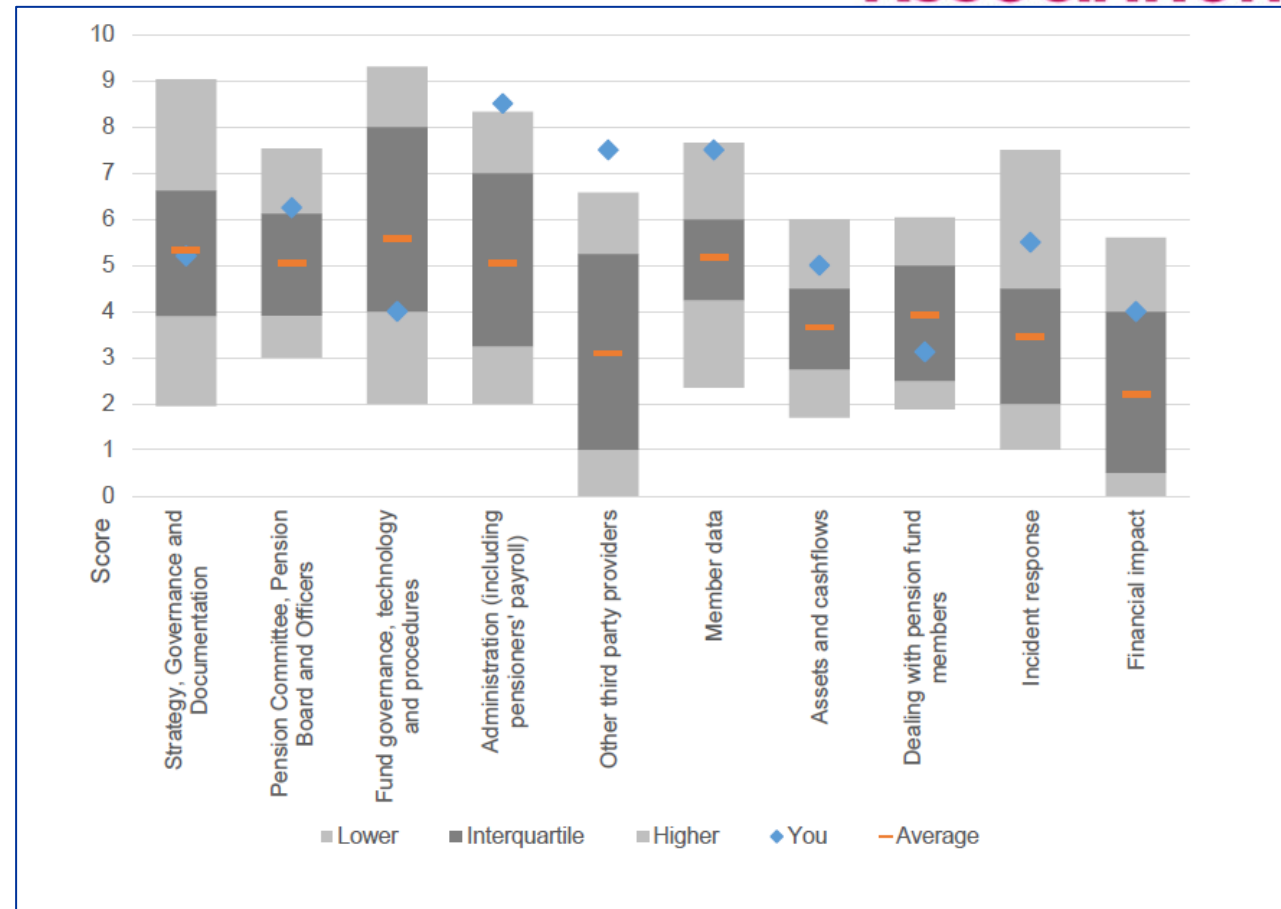
Area of high risk	Sept 20	Nov 20	Feb 21	June 21	Nov 21	Feb 22	May 22	Sept 22	Nov 22
Insufficient skilled resource Governance NPFG8	➡	➡	➡	➡	⬇	⬇	➡	➡	⬇
Insufficient skilled resource Investment and Funding NPFF12	➡	➡	⬇	➡	⬇	➡	➡	➡	⬇
Insufficient skilled resource Administration NPFA2	➡	➡	⬇	➡	➡	➡	⬇	⬇	➡
Regulatory & performance reqt's failure Governance NPFG1	➡	⬆	➡	⬇	⬇	➡	➡	➡	➡
Cyber and Financial crime Governance NPFG11	➡	➡	➡	⬇	➡	➡	➡	➡	➡
Pooling of assets Investment and Funding NPFF13	➡	⬇	➡	➡	➡	➡	➡	➡	➡
Employer operational issues NPFA6	New							⬆	⬆
National LGPS Frameworks Governance NPFG9	➡	➡	⬆	➡	➡	⬇	➡	➡	➡

# AON Cyber Risk Scorecard 2022 in association with

**PENSIONS AND  
LIFETIME SAVINGS  
ASSOCIATION**

## Norfolk Pension Fund

- **2022 score: 56.6**
- **(2021 score: 49.2 )**
- **Average score is 42.5**



Date : 6 October 2022

The Aon LGPS Pension Cyber Scorecard is a high level assessment of the actions being taken by a LGPS administering authority in relation to cyber resilience. It is based on the results of around 50 multiple choice questions which have been completed for the fund.

# Pensions Committee

Item No: 8

<b>Report title:</b>	<b>ACCESS Update Unrestricted Items</b>
<b>Date of meeting:</b>	<b>6 December 2022</b>
<b>Responsible Director:</b>	<b>Simon George, Executive Director of Finance and Commercial Services</b> <b>Glenn Cossey, Director of the Norfolk Pension Fund</b>
<b>Executive Summary</b> <p>The Government requires LGPS Funds to work together to “pool” investments to significantly reduce costs, while maintaining investment performance”.</p> <p>Since December 2016 the Norfolk Pension Fund has been working with 10 other ‘like-minded’ Administering Authorities to operate the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, West Northamptonshire, Suffolk, and West Sussex.</p> <p>An Inter-Authority Agreement (IAA) has been signed by all 11 authorities defining governance and cost sharing arrangements for the ACCESS Pool.</p> <p>The ACCESS Pool is governed by a Joint Committee (JC) made up of one elected councillor from each authority’s Pensions Committee. The Norfolk Pension Fund is represented by the Chair of Pensions Committee.</p> <p>This report provides an update to the Pensions Committee on the work of the ACCESS Pool.</p> <b>Recommendations</b> <p>The Pensions Committee is invited to consider and note the contents of this report.</p>	

## 1. Background and Purpose

- 1.1 The ACCESS Joint Committee (JC) last met on 5<sup>th</sup> December 2022. A full set of restricted and unrestricted agenda papers relating to this meeting was circulated to members of this Committee and the Pensions Oversight Board for information.
- 1.2 This report briefs Pensions Committee on the unrestricted items considered by the JC on 5<sup>th</sup> December 2022. The restricted items discussed by the JC are considered elsewhere on this agenda. The JC is due to meet again on 6<sup>th</sup> March 2023.

## 2. Business Plan and Budget

- 2.1 The ACCESS Section 151 (S151) Officer Group is responsible for making recommendations to the Joint Committee on budget and business plan matters and reviewing/advising on budget variations throughout the financial year.
- 2.2 The business plan for 2022-23 was agreed by the JC in December 2021. At the same meeting the JC also determined the budget necessary to implement the business plan and recharge the relevant ACCESS Authorities.
- 2.3 Activities within this year’s 2022/23 Business Plan include:
  - Implementation of alternative / non-listed assets solution
  - Third-party procurements
  - Monitoring of investment performance

- Responsible Investment Guidelines
- Sub-fund implementation
- Contract management and business as usual evaluation

2.4 The approved budget for the delivery of the 2022-23 Business Plan is £1,366m (£124k per ACCESS Authority). Details of the agreed budget and forecast outturn are shown in the table below.

	Agreed Budget 2022/2023 £	Actual Costs as at 31 Oct plus forecast 2022/2023 £	Proposed Budget 2023/24 £
<b>ASU</b>			
ASU Salaries (incl. on cost)	465,000	461,127	499,833
ASU Operational	23,000	19,852	23,000
ASU Host Authority Recharge	35,000	34,000	35,700
Technical Lead Recharge	45,000	34,063	40,000
<b>ASU Total</b>	<b>568,000</b>	<b>549,042</b>	<b>598,533</b>
<b>Professional Costs</b>			
<i>Internal Professional Costs</i>			
JC Secretariat	22,000	22,495	23,100
Procurement	60,000	77,000	145,000
<i>Internal Professional Costs</i>	<b>82,000</b>	<b>99,495</b>	<b>168,100</b>
<i>External Professional Costs</i>			
Strategic & Technical	546,000	445,895	602,000
Legal & Governance	170,000	169,750	190,400
<i>External Professional Costs</i>	<b>716,000</b>	<b>615,645</b>	<b>792,400</b>
<b>Professional Costs Total</b>	<b>798,000</b>	<b>715,140</b>	<b>960,500</b>
<b>Total Costs</b>	<b>1,366,000</b>	<b>1,264,182</b>	<b>1,559,033</b>
<b>Cost Per Authority</b>	<b>124,182</b>	<b>114,926</b>	<b>141,730</b>

2.5 The forecast outturn position is largely driven by the timing of a scheduled procurement being pushed back towards the end of the year rather than at the start, impacting on the budget for external professional costs.



- 2.6 Having previously been shared with S151 officers, details of the draft 2023-24 Business Plan and Budget were presented to the JC. Key areas of activity include:
- **Actively managed listed assets:** further pooling of active-listed assets within the Authorised Contractual Scheme (ACS)
  - **Alternative / non-listed assets:** work on the procurement of pooled asset solutions for private debt and private equity.
  - **Passive assets:** ongoing monitoring and engagement with UBS.
  - **Governance:** the continued application of appropriate forms of governance throughout ACCESS; the procurement & commencement of RI reporting support for the pool and the commencement of the second contract for communications support.
  - **ACCESS Support Unit (ASU):** the implementation of the outcomes of the external review of the ASU.
- 2.7 The budget (shown in the table at 2.4) for the delivery the 2023-24 Business Plan is estimated to be £1,559,033, which equates to £141,730 per ACCESS Authority.
- 2.8 Amendments to the Inter Authority Agreement (IAA) have been progressed. Monitoring Officers from all eleven ACCESS authorities have agreed amendments in relation to:
- An express provision for the JC to make recommendations to ACCESS Authorities about the adoption and content of guidelines for the Pool.
  - Allowing observers from nominated Local Pension Boards (LBP) to attend the JC.
  - Greater flexibility for Authorities nominating JC substitutes and s101 Committee Member attendance at JC meetings.
- 2.9 Arrangements are in progress for each Authority to conduct local governance sign-off of the IAA amendments.
- 2.10 The ASU's Client Manager is retiring at the end of March 2023. In liaison with S151 Officers, the ASU will make arrangements to advertise the vacancy.
- 3. Financial and Other Resource Implications**
- 3.1 At the time of writing this report there are no additional financial or other resource implications beyond those already budgeted for and approved by Committee.
- 4. Other Implications (Inc. Equality Impact Assessment (EqIA))**
- 4.1 Officers have considered all the implications which members should be aware of. Apart from those listed (if any), there are no other implications to consider. There are no issues relevant to equality in this report.
- 5. Data Protection Impact Assessments (DPIA)**
- 5.1 We have not identified any data protection implications for the content of this report.
- 6. Risk Implications/Assessment**
- 6.1 Any risk implications relating to this report will be recorded on the Fund's risk register.
- 7. Recommendations**
- 7.1 The Pensions Committee is invited to consider and note the contents of this report.
- 8. Background Papers**

- 8.1 A full set of restricted and unrestricted agenda papers relating to the 5<sup>th</sup> December meeting of the JC was circulated by email to members of this Committee and the Pensions Oversight Board.

## Officer Contact

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

**Officer name:** Glenn Cossey

**Tel No.:** 01603 228978

**Email address:** [glenn.cossey@norfolk.gov.uk](mailto:glenn.cossey@norfolk.gov.uk)



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