

Pensions Committee

Date: **Tuesday, 1st October 2019**

Time: **9:30am**

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

Membership

Members

Cllr Judy Oliver – Chairman

Cllr Danny Douglas
Cllr Tom FitzPatrick
Cllr Martin Storey
Cllr Brian Watkins

Co-opted Members

Cllr John Fuller
Cllr Alan Waters – Vice-Chairman

Member Representative

Steve Aspin

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

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

A g e n d a

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

2. **Minutes**

(Page 5)

To confirm the minutes of the meeting held on 9 July 2019.

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 on your Register of Interests you must not speak or vote on the matter.

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

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

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

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

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

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

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

- 5 **Exclusion of the Public (Items 6-13 only)**

The Committee is asked to consider excluding the public from the meeting under section 100A of the Local Government Act 1972 for consideration of the items below on the grounds that they involve the likely disclosure of exempt information as defined by Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Act, and that the public interest in maintaining the exemptions outweighs the public interest in disclosing the information.

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

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|----------------------|---|----------------------------|
| 6 | 2019 Valuation: Whole Fund Results and Review of Funding Strategy
Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | (Page 17) |
| Comfort Break | | |
| 7 | Class Actions – Latest Plaintiff Update
Verbal Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | |
| 8 | LGPS Pooling/ACCESS update
Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | (Page 31) |
| 9 | Norfolk Pension Fund Governance Review – Update
Presentation and Slides by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | |
| 10 | Investment Performance Update by Hymans Robertson (inc. Brexit Briefing) | (Page 52) |
| LUNCH | | |
| 11 | Investment Update – Global Equities & Setting Investment Consultant Objectives
Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | (Page 79) |
| 12 | Investment Manager
Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | (Not yet available) |
| 13 | Exempt Minutes
To confirm the exempt minutes from the meeting held on 9 July 2019 | (Page 103) |

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| 14 | Administration Report
Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund. | (Page 109) |
| 15 | Update from the Pensions Oversight Board
Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | (Page 200) |
| 16 | Pensions Oversight Board Independent Chair Arrangements
Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | (Page 202) |
| 17 | Corporate Governance and Shareholder Report
Report by the Executive Director of Finance and Commercial Services and the Head of the Norfolk Pension Fund | (Page 205) |

Chris Walton
Head of Democratic Services
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Date Agenda Published: 23 September 2019



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Pensions Committee

Minutes of the meeting held on Tuesday 9 July 2019 commencing at 9:30 am at County Hall, Norwich

Present:

Cllr Judy Oliver	Chairman
Steve Aspin	
Cllr Danny Douglas	
Cllr Tom FitzPatrick	
Cllr John Fuller	
Cllr Alan Waters	Vice-Chairman
Cllr Brian Watkins	

Officers Present:

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

Others Present:

William Marshall	Investment Consultant, Hymans Robertson
Gemma Sefton	Fund Actuary, Hymans Robertson
Alexandra Morrison	Trainee Actuary, Hymans Robertson
Brian Wigg	Pensions Oversight Board

(For ease of reference, items appear in these minutes in the order in which they appear on the agenda. This was not necessarily the order in which these items were considered at the meeting).

1 Apologies

- 1.1 An apology for absence was received from Cllr Martin Storey. Cllr John Fuller apologised to the Chairman for his late arrival.

2 Minutes

- 2.1 The minutes of the Pensions Committee meeting held on 19 February 2019 were confirmed as a correct record and signed by the Chairman.

3 Declaration of Interest

3.1 The following declarations of interest were received:

- Cllr Waters declared an “other interest” because his wife was a member of the scheme.
- Cllr Douglas declared an “other interest” because he was a member of the scheme.
- Mr S Aspin declared an “other interest” because he was a member of the scheme and had investments with Fidelity and Standard Life who were fund managers.
- Cllr Oliver declared an “other interest” in agenda item 12 (Investment Mandate Review) as her son, Cllr Rhodri Oliver worked at Goldman Sachs.

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

- 4.1.1 The Committee was asked to note an additional recommendation under item 15 (Administration Report) regarding a Late Admissions Agreement from Harrisons Catering who had been awarded a school catering contract.
- 4.1.2 The revised recommendations for item 5 (Norwich City Council Motion – Local Investment) and item 13 (Investment Strategy Update – Funding of Enhanced Yield) were circulated. The Committee would be asked to consider the revised recommendations when they discussed the reports.

5 Norwich City Council Motion – Local Investment

- 5.1 The Committee received the report by the Executive Director of Finance & Commercial Services and the Head of the Norfolk Pension Fund.
- 5.2 Norwich City Council had asked the Norfolk Pensions Committee to consider the following motion regarding local housing investment, passed by the City Council on 19 March 2019. The Pensions Committee was asked to respond regarding the viability of the actions called for in point 2.

“Council **RESOLVED** to:

1. Recognise the importance of the Norfolk Pension Fund as a potential source of investment in the local economy; particularly for encouraging house building, when bringing forward derelict brown field sites for development in Norwich; giving emphasis to the positive impact of local house building on employment and training opportunities, creating local jobs and providing work for local companies in Norwich.
2. Ask Councillor Waters, as Vice-Chair of the Pensions Committee of the Norfolk Pension Fund, to call on the fund to work up a business

case for using its investments to benefit the local community through local housing building, stressing that as well as benefiting the local community, this could provide a significant financial benefit to the fund”.

- 5.3 The Head of the Norfolk Pension Fund advised that the revised recommendation, as set out below, reflected the fact that one Council could not amend or reject another Council's motion recommendation.

“The Norfolk Pension Committee notes the motion passed by Norwich City Council, including the specific request made of Cllr Waters, as Vice-Chair of Pensions Committee, and after careful consideration of the report, rejects the request for the Fund to develop ‘business cases’ for specific local investment opportunities”.

- 5.4 Cllr Alan Waters, in introducing the report, advised that the proposal mainly related to housing through the Homes and Communities Agency (HCA) Homes for England scheme. He added that there were a number of ways to build housing locally which could be delivered through Government Policy. Therefore, rather than opposing the motion, he had asked for it to be circulated to the Pensions Committee for consideration. He added that other Pension Funds, such as Greater Manchester, had invested heavily in local developments and therefore there may be opportunities which could make investment in housing a possibility for Pension Funds.
- 5.5 The Chief Investment Manager drew the Committee's attention to the Governance Framework set out in the report, particularly how the Investment Strategy was set and the decision-making process. He added that the Pension Fund did not develop business cases for specific opportunities and therefore the recommendation was to refuse the request.
- 5.5.1 Cllr Waters advised that he supported the amended recommendation to reject the request to develop ‘business cases’ for specific local investment opportunities.
- 5.5.2 The Chief Investment Manager advised that the Greater Manchester Pension Fund had a long and established track record of local property investment which was mainly due to the scale and size of its Pension Fund and the specific nature of its local economy.
- 5.5.3 The Head of the Norfolk Pension Fund added that Manchester was part of the Northern Powerhouse which had attracted significant funding to develop the region. Although she understood the reasons for the motion, this case was unlikely to be a viable proposition.
- 5.6 Cllr Douglas and Cllr Watkins considered that whilst still recognising their fiduciary responsibilities, they felt that LGPS Funds may be able to consider opportunities such as local housing investment in the future. They acknowledged that pension funds must continue to target an appropriate level of return, with an acceptable level of risk, in order to pay

pensions. It was agreed that the investment returns must be sufficient to pay scheme members' pensions and to protect local taxpayers and employers from high pension costs.

- 5.7 The Chairman advised that the draft Pooling Guidance should be published soon which may address the issue. She considered that the Committee wait until the guidance had been published in order to ensure the Fund remained lawful and compliant with its obligations. This view was supported.
- 5.8 Cllr Douglas proposed an amendment to the recommendation – to ask the Membership for their views on how they felt about investing in the local economy.
- 5.8.1 The Head of Norfolk Pension Fund advised that this was something more pertinent to Defined Contribution pension schemes whereby individuals can often make a choice about where their individual investment pots were invested. This was very different to the LGPS which was a scheme where benefits were guaranteed by statute and contributions were treated as deferred pay.
- 5.8.2 The Chairman reiterated the need to await the publication of the Statutory Guidance. It was expected that the guidance would be published before Christmas 2019.
- 5.9 Cllr Douglas proposed adding an additional sentence to the recommendation that “Norfolk Pension Fund would review its position regarding local investment once the new Statutory Guidance was available. This amendment was agreed.
- 5.10 **RESOLVED** that
- The Norfolk Pension Committee notes the motion passed by Norwich City Council including the specific request made by Cllr Waters, as Vice-Chair of Pensions Committee and after careful consideration of the report, reject the request for the Fund to develop “business cases” for specific local investment opportunities.
 - The Norfolk Pension Fund would review its position regarding local investment once the new Statutory Guidance was available.

6 Exclusion of the Public Items 6-14

- 6.1 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 paragraphs 3 and 5 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.

- 6.2** 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:-

6.3 Item 7- Valuation Planning – Assumptions plus national issues/consultations affecting the valuation – Hyman Robertson.

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

6.4 Item 8 – Class Actions – Latest Filing

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

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

6.5 Item 9 - ACCESS Update

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

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

6.6 Item 10 - Norfolk Pension Fund Governance Review - Update

The consideration of this item involved the discussion of 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.

6.7 Item 11 – Investment Performance Update by Hymans Robertson inc. recap on performance benchmarks.

The consideration of this item involved the discussion of 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 might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

6.8 Item 12 – Investment Mandate Review – Hymans Robertson

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

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

6.9 Item 13 – Investment Strategy Update – Funding of Enhanced Yield

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

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

6.10 Item 14 - Exempt Minutes

The 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.

6.11 RESOLVED

That the above items be excluded from public disclosure by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and the text applied above, confirming that the public interest in maintaining the exemption out-weighted the public interest in disclosing the information.

7. Valuation Planning – Assumptions plus national issues/ consultations affecting the valuation.

7.1 The Committee received a report (containing exempt information) by the Executive Director of Finance & Commercial Services and Head of Pensions presenting a proposal of the Fund Actuary for setting assumptions to be used in the completion of the statutory valuation of the Fund at 31 March 2019.

7.2 The Committee considered the report, and

7.3 RESOLVED to

Approve the adoption of the assumptions proposed by the Fund actuary (Hymans Robertson) for the 2019 Valuation.

The meeting adjourned at 11.10am and reconvened at 11.20 am.

8 Class Actions – Latest Filing

8.1 The Committee received the report, containing confidential information by the Executive Director of Finance & Commercial Services and the Head of Norfolk Pension Fund.

8.2 RESOLVED to

Note the report.

9 ACCESS Update

9.1 The Committee received the report, containing confidential information by the Executive Director of Finance & Commercial Services and the Head of Norfolk Pension Fund

9.2 RESOLVED

To note the contents of the report.

10 Norfolk Pension Fund Governance Review - Update

10.1 The Committee received the presentation from the Head of Norfolk Pension Fund.

10.2 RESOLVED

To note the presentation.

Cllr John Fuller joined the meeting at 12.30pm.

The Committee adjourned at 12.25pm and reconvened at 1pm.

11 Investment Performance Update by Hymans Robertson inc. recap on performance benchmarks.

11.1 The Committee received the report, containing exempt information, setting out the Review of Investment Managers' Performance for the first quarter of 2019.

11.2 RESOLVED

To note the report.

12 Investment Mandate Review

12.1 The Committee received the report by the Executive Director of Finance & Commercial Services and the Head of the Norfolk Pension Fund, containing confidential information about the review of a Funds holding.

12.2 RESOLVED

To agree the recommendation in the report.

13 Investment Strategy Update

13.1 The Committee received an update report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Head of Pensions about the Investment Strategy.

13.2 RESOLVED

That the Committee approve and note the recommendations contained in the report.

14 Exempt Minutes of the meeting held on 19 February 2019

14.1 The exempt minutes of the meeting held on 19 February 2019 were confirmed by the Committee and signed by the Chairman.

The meeting returned to public session.

15 Administration Report

15.1 The Committee received the report by the Executive Director of Finance

& Commercial Services and the Head of the Norfolk Pension Fund providing a quarterly update for the Pensions Committee on operational and administration matters relating to the Fund.

15.2 In introducing the report, the Head of the Norfolk Pension Fund highlighted the following:

- The Scheme Advisory Board's Annual Report which highlighted that the total membership of the LGPS continued to grow, which was partially due to auto-enrolment.
- The Public Sector Exit Cap proposal to set a £95,000 limit on anyone leaving Local Government (to include pension strain costs as well as any other compensation) closed on 3 July 2019. The LGA had responded to the Government proposal. A copy of the link to the response document would be circulated to the Committee
- The Norfolk Pension Fund had responded to The Pensions Regulator's annual governance survey in December 2018.
- The Pensions Regulators 'Public service governance and administration survey results and commentary' (Appendix D of the agenda), highlight the continued focus on governance and administration in the LGPS by the Regulator.
- The Norfolk Pension Fund's Communication and Customer Care Strategy had been updated. It was a regulatory requirement for all LGPS Funds to maintain and publish a Communication Strategy.
- The next Employer Forum would be held at the Space, Roundtree Way on Wednesday 10 July 2019.

15.3 The Committee discussed the Public Sector Exit Cap proposal from Government and felt that it probably should be included on the corporate risk registers of the administering authority and other employers as it may impact individual staff members decision making. The risk to workforce planning was also recognised.

15.4 The Committee discussed the potential for reducing number of paper copies of future Pensions Committee agendas and supporting documents. There was a variety of views, due to the volume and complexity of the papers. Given these comments it was agreed that the Head of the Norfolk Pension Fund would consider options for reducing the number of paper copies including whether it would be acceptable for Members of the Committee to receive paper copies of the pink papers only, with the remaining papers sent via email, or downloading them from the Committee pages of the website.

15.5 The Investment and Actuarial Services Manager advised that a late request for a new admission agreement had been received by Harrisons Catering in respect of a catering contract let by Dussindale School (Yare Academy Trust). The Committee would be asked to note this admission application alongside that of Edwards & Black in respect of a contract at Redcastle Family School.

15.6 RESOLVED

That the Committee:

- 1. Note the contents of the update report, and.**
- 2. Specifically the noting of the applications from Edwards & Black (Redcastle Family School Contract) and Harrison's Catering (Yare Academy Trust).**

16 Update from the Pensions Oversight Board

- 16.1** The Committee received the report by the Executive Director of Finance & Commercial Services and the Head of the Norfolk Pension Fund updating it on the work of the Pensions Oversight Board.
- 16.2** The Chairman welcomed Mr Brian Wigg, Retired Member Representative on the Pensions Oversight Board who advised that working together with the Section 101 Committee and the sharing of all information and Pensions Committee papers was appreciated by the Pensions Oversight Board.
- 16.3** The Chairman advised that Mr Wigg had attended all the recent Retired Member Forums in King's Lynn, Great Yarmouth and Norwich and had met many of the 800 retired pension fund members, exhibitors and speakers who attended.

16.4 RESOLVED

That the Committee note the contents of the report.

17 Norfolk Audit Services Annual Internal Audit Report 2018-19

- 17.1** The Committee received the report by the Executive Director of Finance & Commercial Services introducing and summarising the Chief Internal Auditor's Annual Internal Audit Report for 2018-19 and the key messages it contained.
- 17.2** The Committee welcomed Ms Caron Bye, Principal Client Manager who presented the report, during which the following points were noted:
- All 6 audits carried out in 2018-19 had been "acceptable".
 - All audits were delivered within the number of budget days allocated.
 - All the planned audits for 2018-19 had been completed.
 - There were 7 planned audits included in the 2019-20 audit plan.
- 17.3** The Head of the Norfolk Pension Fund confirmed that threat of fraud was identified as a high risk in the Fund's Risk Register and fraud prevention

work was identified as a key priority which was included in the Fund's forward work plan. The work would be completed without adding significantly to the team's workload.

17.4 The Committee thanked the Principal Client Manager, Norfolk Audit Services for her work and for attending the meeting to present the report.

17.5 The Committee considered the report and RESOLVED to

- **Agree the key messages featured in Appendix A of Norfolk Audit Service's Annual Audit Report 2018/19 in respect of the Norfolk Pension Fund.**

18 Draft Annual Report and Accounts 2018-19

18.1 The Committee received the report by the Executive Director of Finance & Commercial Services and the Head of the Norfolk Pension Fund presenting the draft Annual Report and Accounts of the Norfolk Pension Fund for the year ended 31 March 2019 based on the agreed service plan. The accounts section in particular should be noted by the Pensions Committee before it was presented to the County Council's Audit Committee for approval.

18.2 The Chief Investment Manager introduced the draft accounts for 2018-19, during which the following points were noted:

- Appendix B set out the Ernst & Young ISA 260 Audit Results Report.
- The Auditors had completed their audit field work of the Norfolk Pension Fund Accounts and subject to final review, would issue an unqualified audit opinion
- The Norfolk Pension Fund Accounts would be considered and approved by the Audit Committee at its meeting on Monday 29 July 2019.
- If the Committee approved the recommendations, the Chairman and Executive Director of Finance & Commercial Services would sign the Draft Letter of Representation which would be considered at the Audit Committee meeting on Monday 29 July 2019.

18.3 RESOLVED

That the Committee:

- 1. Note the draft 2018-19 Annual Report and Accounts of the Norfolk Pension Fund.**
- 2. Note the Ernst & Young (EY) ISA 260 Report.**
- 3. Endorse the letter of representation and agree that the Chair of the Pension Committee and the Executive Director of Finance & Commercial Services sign the letter on behalf of the Pension Fund.**

4. Note the National LGPS Procurement Framework 2018-19 Outturn.

19 Risk Register and Compliance with Breaches Policy

- 19.1** The Committee received the report by the Executive Director of Finance & Commercial Services and the Head of the Norfolk Pension Fund updating it on the Norfolk Pension Fund's Risk Register and Breaches Policy, last report in December 2018.
- 19.2** The Chief Investment Manager introduced the report, including highlighting the increased risk of cyber-crime. He also highlighted the Breaches Policy, adding that a daily monitoring process was in place to ensure late payments were chased. The Committee was reassured that the breaches set out in the summary description of breaches were not material breaches and therefore were not reported to the Regulator.
- 19.3 RESOLVED to**
- **Note the contents of the Risk Register and the summary of breaches.**

The meeting closed at 3.10 pm.

Chairman

Report to Pensions Committee

Item No. 14

Report title:	Administration Report
Date of meeting:	1st October 2019
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Nicola Mark, Head of the Norfolk Pension Fund
<p>Executive Summary</p> <p>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 July 2019.</p> <p>Recommendations</p> <p>The Committee note the content of this report and specifically note the admission application by Aspen Services.</p> <p>The Committee agree that the Fund (Administering Authority) votes in favour of the proposal set out in section 4 (the transfer of Equitable Life to Utmost Life and Pensions).</p>	

<u>Item No.</u>	<u>Title</u>	<u>Appendices</u>
1	Background	
2	Governance framework for the Norfolk Pension Fund: Governance Statement Pensions Oversight Board National Scheme Advisory Board Ministry of Housing, Communities and Local Government (MHCLG) The Pensions Regulator	Appendix A
3	Communications With active and deferred scheme members Employer Forum Data and Feedback With Employers	Appendices B & C Appendix D Appendix E
4	Equitable Life Transfer to Utmost Life and Pensions	
5	Year End Scheme Administration Year End Financial Year End – Statutory Accounts Employer Financial Reporting Requirements	
6	Guaranteed Minimum Pension (GMP) Reconciliation	
7	Collaborative Working / Value for Money	
8	Knowledge and Skills	
9	Awards	
10	Admission Agreement – Aspen Services	

11	Freedom of Information Act (FoIA)	
12	Update on Bulk Transfer Values in Progress	
13	Representation on behalf of the Pension Fund	Appendix F
14	Norfolk Pension Fund – Pensions Committee Forward Plan	Appendix G
15	Other Implications	
	Equality Impact Assessment (EqIA)	
	Any other Implications	
16	Section 17 – Crime and Disorder Act	
17	Recommendations	

Appendix A - July 19 Scheme Advisory Board Update

Appendix B - ABS Example (Active)

Appendix C - ABS Example (Deferred)

Appendix D - Employer Forum July 2019 Feedback

Appendix E - Summer 2019 Employer Newsletter

Appendix F - Representation on behalf of the Pension Fund

Appendix G - Norfolk Pension Fund – 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 July 2019.

2 Governance framework for the Norfolk Pension Fund

2.1 Pensions Oversight Board

- 2.2 Matters relating to the Pensions Oversight Board are covered by agenda items 15 and 16 at this committee meeting.

2.3 National Scheme Advisory Board

- 2.4 The latest update following the July meeting of the National Scheme Advisory Board (SAB) is at Appendix A.

2.5 Good Governance Report

- 2.6 The SAB published its Good Governance Report at the end of July.
- 2.7 To move the project forward two stakeholder working groups, supported by Hymans Robertson, have been established, one to focus on defining good governance outcomes and the guidance needed to clearly set them out and the other to focus on options for the independent assessment of outcomes and mechanisms to improve the delivery of those outcomes.
- 2.8 The aim is for an options report to be considered by the SAB in November. Any proposals agreed by the Board would be subject to a stakeholder consultation before being put to MHCLG.
- 2.9 A copy of the Good Governance Report is available [here](https://lgpsboard.org/images/PDF/GGreport.pdf).
<https://lgpsboard.org/images/PDF/GGreport.pdf>

2.10 Code of Transparency (Investment Manager Costs)

- 2.11 The SAB has appointed Byhiras to develop and host a system designed to enable managers to evidence compliance with its Code of Transparency and provide a range of reporting and comparison tools for LGPS funds and pool companies.

2.12 Ministry of Housing, Communities and Local Government (MHCLG)

2.13 New Minister

- 2.14 On 31st July it was announced that Luke Hall MP had been appointed Parliamentary Under Secretary of State, Minister for Local Government and Homelessness.
- 2.15 Luke Hall MP is the 6th holder of the post since 2010 following in the footsteps of Bob Neil MP: May 2010 to September 2012, Brandon Lewis MP: Sept 2012 to July 2014, Kris Hopkins MP: July 2014 to May 2015, Marcus Jones MP: May 2015 to January 2018 and Rishi Sunak MP who served from January 2018 until his move to become Chief Secretary to the Treasury in July 2019.

2.16 Updated investment pooling guidance (informal consultation)

2.17 The informal consultation has closed. The previous Minister, Rishi Sunack, indicated at the PLSA LA Conference in May that a formal consultation would now take place following the re-drafting of the guidance.

2.18 Other consultations

2.19 No further updates have been received since the closure of consultations on New Fair Deal, the Public Sector Exit Cap and Changes to the Local Valuation Cycle and Management of Employer Risk.

2.20 The Pensions Regulator

2.21 We reported on the outcome of the TPR's annual Public Service Governance Survey at July Committee, and their intention to focus casework activities on the LGPS in the coming year.

2.22 TPR have also announced a new consultation on the future of trusteeship and governance stating the vision that all savers are "in schemes that have excellent standards of governance that deliver good value".

2.23 In an accompanying blog post, TPR signposts clearly that it intends to "make life more uncomfortable" for those DB and DC schemes where governance is not up to standard, including levying fines for breaches of regulation.

2.4 As an indication on TPR's direction of travel, this consultation is another reminder to LGPS funds that the Regulator has ever increasing expectations on those managing schemes/funds.

3 Communications

3.1 With active and deferred scheme members

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

3.3 Hard copies of this year's Annual Benefit Statements have been posted to the home addresses of all scheme members (both active and deferred) in mid-September (total cost of ABS design, production and postage is £36,093 – cost per member based on 52,800 members, this averages out at £0.68 per member).

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

- A summary of benefits in the LGPS
- Information about the implications of opting out
- Advice on options for increasing your pension, including Additional Pension Contributions (APCs) and Additional Voluntary Contributions (AVCs)
- The 50/50 option
- Freedom and Choice
- Information about tax limits (Lifetime Allowance and Annual Allowance)
- Information about our Pensions Clinics and the Annual Meeting
- Information about the Pre-Retirement Course
- Death grant nominations

- Information about the Fund, including Pensions Committee and the Pensions Oversight Board, and an Accounts and Investments overview
- Information about the State Pension, National Insurance Contributions and State Pension forecasts
- Legislative changes over the past year
- Information about the dispute process
- Signposts to our website and the pensions calculator

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

- Appendix B – Active Member Sample Annual Benefit Statement 2019
- Appendix C – Deferred Member Sample Annual Benefit Statement 2019

3.6 Pension Clinics and Annual Meeting

3.7 Pension Clinics (where members are invited for one-to-one meetings with our pension advisors following receipt of their annual benefit statements) are being held in Norwich on 22, 23 and 29 October 2019, in Kings Lynn 25 and 28 October 2019 and in Great Yarmouth on 24 October 2019.

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

3.9 Members have also been invited to attend the Fund's Annual Meeting at 6pm, 29 October 2019 in our Norwich offices. Although we offer an annual meeting (although not an Annual General Meeting) to Scheme Members every year as part of our commitment to accountability and transparency, interest has historically been very low. This is in contrast to the pension clinics which have been very well attended, with approximately 100 individual appointments made last year. Scheme members have already been contacting us to book a slot at this years clinics.

3.10 Annual Allowance and Lifetime Allowance

3.11 Pension Savings Statements will be issued to all scheme members who exceeded the Annual Allowance in 2018/19 by the end of September 2019 to meet the statutory obligation. The deadline for issuing statements is 6 October 2019.

3.12 Revaluation of Benefits

3.13 The revaluation of career average pension benefits for the LGPS (the inflationary uplift applied to members individual career average pensions) as at 31st March was 2.4%.

3.14 **With retired members**

3.15 Retired Members Forum

3.16 Invitations for the next Retired Members events (scheduled for 11th to 14th May 2020) will be sent to all pensioners with their November payslips.

3.17 As in previous years we will be seeking donations from our Custodian, Investment Advisor and Fund Managers to fund these events.

3.18 **With employers**

3.19 Employer Forum

3.20 The Employer Forum met on Wednesday 10 July.

3.21 In addition to regular updates, sessions focussed on:

- Triennial Valuation update
- National Issues affecting the Valuation
- An update on LGPS consultations
- Administration updates
- An 'Ask the Panel' session

3.22 The Forum continues to be a well attended and valued resource for Employers. Data and feedback from the most recent forum is at Appendix D.

3.23 Employer Newsletter

3.24 We published our latest Employer Newsletter in August. As usual, this covered a wide range of current news and relevant guidance and reminders.

3.25 A copy of the newsletter is at Appendix E.

4 **Equitable Life transfer to Utmost Life and Pensions**

4.1 LGPS administering authorities are required to provide an (AVC) arrangement for members of the Fund. The Norfolk Fund has a legacy AVC arrangement with Equitable Life. The problems of this business have been well documented over the last two decades.

4.2 Equitable Life

4.3 Because of this legal requirement, all LGPS administering authorities have entered into arrangements with one or more AVC providers. When the requirement was first introduced Equitable Life were a big player in the market and many funds appointed Equitable Life as their sole or joint AVC provider.

4.4 In 1999, Equitable Life launched court proceedings to enable it to force policyholders to accept bonus cuts. It won the first stage of its battle only to lose in the Court of Appeal and then the House of Lords.

4.5 Following the House of Lords ruling in July 2000 Equitable Life decided it was in the interest of members to find a purchaser for the Society. This failed and on 8 December 2000 it announced that it would not write any new business – it has been operating in run-off since then.

4.6 As a result, most LGPS administering authorities only hold AVC policies with Equitable Life in respect of historical AVCs.

4.7 The Norfolk Pension Fund currently has 89 active and deferred members with an Equitable Life AVC, with 58 of those holding With Profits funds.

4.8 The Proposal

4.9 On 15 June 2018, Equitable Life announced that it has entered into an agreement to transfer its business to Utmost Life and Pensions (previously Reliance Mutual).

4.10 Equitable Life's Proposal is made up of two main parts:

1. The Scheme –

- increasing with-profits investments with an immediate one-off 'Uplift'
- removing any investment guarantees, and
- converting with-profits policies to unit-linked investments

2. The Transfer -

To transfer to Utmost all of the business of Equitable Life except for certain excluded policies.

4.11 The Proposal involves three legal processes:

- I. the 'Scheme', which is the legal process which would make the changes to the with-profits policies
- II. the Change to Articles, which would make Utmost the Equitable Life's only Member
- III. the Transfer, which is the legal process which would transfer the transferring business to Utmost.

4.12 In August 2019, Equitable Life wrote to all the LGPS administering authorities affected by the transfer (about 45) to advise them that as both 'Scheme Policy Holders' and 'Eligible Members' they are able to vote:

1. to approve the 'Scheme'
2. to 'Change the Articles'

4.13 Administering authorities are also able to object to the transfer of Equitable Life's business to Utmost Life and Pensions (which does not require a vote but does need the approval of the High Court).

4.14 The deadline for the receipt of postal and online votes is 10am on 30 October 2019.

4.15 Key points

- 4.16
1. If enough Scheme Policyholders vote for the Scheme and the Change to Articles is passed, Equitable Life intends to return to the High Court to ask it to approve (or "sanction") the Scheme and the Transfer. This hearing is likely to take place on 22 November 2019.
 2. If the Proposal does not become effective, no Scheme Policyholder would receive any uplift and Equitable would continue to run as it does currently. They would try to find a different solution to the challenges they currently face, which they state include:
 - policyholders choosing to retire or take their benefits later than Equitable expect
 - regulatory requirements to set aside assets to provide for risks, rather than distribute them to their With-Profits Policyholders
 - Equitable becoming too small to function efficiently or cost effectively, and
 - other risks that materialise which mean that future policy payments have to decrease.

- 4.17 The LGA has taken Counsel's opinion confirming that Administering Authorities are entitled to vote, have a duty to secure "reasonable " value, that it is for the Authority to determine how they exercise their votes and they must not abdicate this responsibility, the Authority must not be dictated to by scheme members and that the Authority would not generally be liable if it acts "reasonably".
- 4.18 Given the risks to the members highlighted in 4.17 (2), with the agreement of the Committee it is proposed that the Authority exercises its vote in favour of the proposals.
- 4.19 If the Committee are in agreement with this a letter will be sent out to all current Equitable AVC holders in the Fund confirming this course of action.

5 Year End

5.1 Scheme Administration Year End

- 5.2 Thanks to the hard work of the administration team and efforts of our employers, year end was completed in time to publish Annual Benefit Statements in August, in compliance with the regulatory requirement.
- 5.3 As in previous years, the administration team worked very closely with employers to facilitate an efficient close down, and we are very grateful to all the employers who worked with us to achieve this.
- 5.4 As reported previously, we expect the Scheme Advisory Board and The Pensions Regulator's focus on data quality and timeliness to continue and increase. We will continue working with our employers to help them understand and meet their LGPS administrative responsibilities.

5.5 Financial Year End

- 5.6 Following the presentation of the draft Annual Report and Accounts to Committee in July, our external auditors (Ernst & Young) completed their audit of the accounts and annual report and issued an 'un-qualified' audit opinion.
- 5.7 The Pension Fund Annual Report and Accounts were presented at Audit Committee on 29th July 2019.
- 5.8 The Annual Report and Accounts 2018/19 were published on the Norfolk Pension Fund website on the 1st August, well ahead of the statutory deadline of 1st December.

6 Guaranteed Minimum Pension (GMP) Reconciliation

- 6.1 HMRC are gradually responding to the outstanding cases and the project is coming to an end.
- 6.2 HMRC have refunded £65,261.63 to us as part of their Financial Reconciliation.
- 6.3 We are still working towards having as many records updated on our Altair system as possible by the time we submit the data to the actuary for the 2019 Triennial Valuation.

- 6.4 HMRC have re-run the Scheme financial billing exercise and as a result have requested payment of £54,571.02. The member's involved will be shown on the final data cuts to be issued in November and December 2019.

7 Collaborative Working/Value for Money

7.1 National LGPS Procurement Frameworks

- 7.2 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).
- 7.3 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 £105m in savings as a result of the National LGPS Frameworks programme.
- 7.4 In recognition of this collaboration, the National LGPS Frameworks have again been shortlisted as LGPS Finalists at the LAPF Investment Awards for an award in the 'Collaboration Award' category.
- 7.5 The new framework for Pensions Administration Software is progressing well and should be available in time for use in anticipation of the end of the Norfolk Pension Funds' current contracts with Heywoods (for Altair administration software) and Civica (for the online portals).

8 Knowledge and Skills

- 8.1 There is an ongoing requirement for members of the Pensions Committee to demonstrate a level of knowledge commensurate with the decisions they are making.
- 8.2 Members of Pensions Committee, the Pensions Oversight Board and Officers will be attending 2 days focussed training on November 14-15th.
- 8.3 To help address the challenges in recruitment and retention, the Pension Fund, together with HR, has established an Apprenticeship programme in scheme administration. We are pleased to say we have recruited 2 new members of staff to the role of Apprentice Senior Pension Administrator, and 1 new Senior Pension Administrator. All 3 will be joining the Team in October.
- 8.4 A full Norfolk Pension Fund Team meeting was held on 10th July (following immediately after the Employer Forum). The next will be on 26th November (following the next Employer Forum).

9 Awards

9.1 Lifetime Achievement Award

- 9.2 Nicola Mark, Head of the Norfolk Pension Fund was presented with the LGC Investment - Lifetime Achievement Award when she attended and chaired at the LGC Investment & Pensions Summit in early September.
- 9.3 LGPS Finalists in the following Categories
- 9.4 Norfolk Pension Fund has been shortlisted in a number of categories at this year's [LAPF Investment Awards](#), as follows:
- LGPS Investment Strategy of the Year
 - Private Markets Award
 - Scheme Governance Award
 - Collaboration Award (National LGPS Frameworks)

10 Admission Agreement – Aspen Services

- 10.1 We have received application for a new admission agreement from the catering contractor Aspen Services, as they onboard a new contract win.
- 10.2 The admission is in respect of a contract at Caister Academy, part of the Creative Education Trust.
- 10.3 The ceding contractor is Edwards & Blake, which will bring one of their admissions with the Fund to an end.
- 10.4 The admission agreement will cover only those staff transferring in respect of this contract, with the current right to LGPS membership. It will not cover any other staff of the contractor and will be closed to new hires working on the contract.
- 10.5 The Scheme Employer (Creative Education Trust) will be party to the admission agreement.
- 10.6 The admission agreement will be constructed on the "pass through" basis agreed at the September 2018 meeting of Committee for new agreements with staff transfer dates on or after 1 October 2018.
- 10.7 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.

11 Freedom of Information Act (FoIA)

- 11.1 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.

11.2	04/07/2019	Bloomberg Private Equity Data	Request for copies of alternative investment portfolio records specifically for close-ended	Responded
	31/07/2019	Preqin Ltd	A list of ALL hedge funds and fund of hedge funds with monthly market value, monthly amount invested and monthly net returns	Responded
	20/08/2019	PitchBook Data	Copy of the quarterly public records from 1Q 2019	Responded

12 Update on Bulk Transfer Values in Progress

12.1 No current live transfers to report.

13 Representation on behalf of the Pension Fund

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

14 Norfolk Pension Fund – Pensions Committee Forward Plan

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

15 Other Implications

15.1 Equality Impact Assessment (EqIA)

There are no issues relevant to equality in this report.

Any Other Implications

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

16 Section 17 – Crime and Disorder Act

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

17 Recommendations

- 17.1 The Committee note the content of this report and specifically note the Admission Application by Aspen Services.

Background Papers

Appendix A - July 19 Scheme Advisory Board Update
Appendix B - ABS Example (Active)
Appendix C - ABS Example (Deferred)
Appendix D - Employer Forum July 2019 Feedback
Appendix E - Summer 2019 Employer Newsletter
Appendix F - Representation on behalf of the Pension Committee
Appendix G - Pensions Committee Forward Plan – October

Officer Contact

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

Officer name : Nicola Mark **Tel No. :** 01603 222171

Email address : nicola.s.mark@norfolk.gov.uk



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



Board updates

July 2019

An archive of all previously published Advisory Board updates is available [here](#).

This note summarises the meeting of the Scheme Advisory Board on the 8th July 2019. Full details of the meeting and agenda papers can be found on this website.

The Chair opened the meeting by thanking former Councillor, Denise Le Gal, for all the help and support she has given during her membership of the Board.

Under “Actions and Agreements” the Board was asked to seek further clarification from the Pensions Regulator about the scope of Codes of Practice and other guidance, apart from Code of Practice 14, that LGPS administering authorities need to have regard to. This follows a case involving one English shire county fund who has been fined for failing to alert all their scheme members to a late payment of contributions. The Secretariat will be meeting the Pension Regulator’s public service pension team on the 13th August and will raise this matter with them. Contrary to what was reported, the Pensions Regulator has since confirmed that no fine was imposed and no enforcement action was taken in this specific case.

The project team at Hymans Robertson presented the final draft report to the Board. The Board agreed that the report should be published before the end of July to allow Board members a short period to submit any comments they may have. The Board also agreed that following publication of the report, the Secretariat should commence work, in conjunction with scheme stakeholders, to outline the practical steps necessary to implement the main options set out in the report for consideration by the Board in November. Once approved, scheme stakeholders will be given the opportunity to comment on the Board’s recommendations before any formal approach is made to MHCLG Ministers for changes to the scheme’s regulations or guidance.

The Board was advised that there were still four administering authorities who have yet to pay SAB levy invoices dating back to 2017/18. The Secretariat will continue to discuss payment with these authorities but for the future, the Board agreed that failure to pay the SAB levy within a reasonable timeframe could result in non-payees being identified in summary reports and with certain services and access to LGA/SAB events being withdrawn.

A: 95k Cap

Following consultation with Board members and those of the Cost Management, Benefit Design and Administration committee, a response to HM Treasury’s consultation was submitted. The response included individual examples where the proposed 95K cap was impacting on the local government workforce unfairly and disproportionately with long serving members as well as the high paid being subjected to the proposed cap. A response from the LGA has also been submitted.

B : Fair Deal

The Board was advised that discussions are continuing with MHCLG, in particular, on what the default position should be if negotiations between employer and contractor fail to reach agreement. The Board agreed that the “deemed employer” option should be the default position given that it would give employers, contractors and scheme members complete clarity about the position should no agreement be reached on whether the “deemed employer” or “admitted body” should apply. The Board agreed the draft response.

C : Four Year Valuation period; exit payments/credits and HE/FE

On the proposal to move local fund valuations in the scheme to a four yearly valuation cycle in line with valuations undertaken by unfunded public service pension schemes and all scheme valuations. The next round of scheme valuations will be undertaken in 2020 and 2024 which means that there would be a potential 5 years between the current 2019 LGPS local valuations and the first of the four year period valuations. The Board agreed that five years without local valuations would not be the best way forward and that despite the administrative complexities of the alternative of an interim full set of valuations after 3 years, that is, in 2022 followed by another set in 2024, this was marginally the better of the two options. The Board also agreed that the response should record some concern about allowing administering authorities too much flexibility in exercising the proposed facility to hold an interim valuation. The Board took the view that the regulations and guidance must be clear that the circumstances in which the interim valuation power is to be used must be fully set out in an authority's Funding Strategy Statement.

On exit payments, the Board was advised that the proposals included a new concept of "deferred employer" that would allow employers to continue to be recognised as such despite having no active members and having exited the scheme. The Board agreed the draft response on exit payments and noted that supplementary guidance would help to provide a robust framework to govern the exercise of the proposed power.

On exit credits, the Board was advised that the draft response included representations to close an unintended loophole whereby administering authorities were liable to pay exit credits at the end of a contract even though steps had been taken by the employer to remove any risk from the contractor. The draft response agreed by the Board proposes that the amending regulations should include a provision requiring fund actuaries to take any side agreement into consideration when assessing exit credit payments.

On the proposal in the consultation to change the status of HE/FE bodies from scheduled to designated bodies, although a view was expressed that the proposed response was too negative regarding the potential impact on the scheme; the substantive view taken was that that this part of the consultation should be deferred until the outcome of the Third Tier Employer's project is concluded and that such a delay was necessary to properly assess the impact of the proposed changes on scheme membership and cash flow positions. The Board agreed that the Board Secretary should re-draft the relevant section of the consultation response to reflect the different views expressed by Board members.

Copies of all the draft responses referred to above can be found at <http://lgpsboard.org/index.php/about-the-board/prev-meetings>

The Board was advised that HM Treasury is willing to hear representations from public service pension schemes concerned about the impact annual and lifetime allowances are having on the effectiveness of their workforces and service delivery. Particular reference was made to the situation in the health sector where it is claimed that waiting list targets are not being met because NHS staff are refusing to work overtime and additional shifts for fear of taking earnings and pension benefits over tax thresholds. It was suggested that some of these claims were being exaggerated. There was also a concern whether any remedy forthcoming from government may apply retrospectively to put right decisions taken in the past to avoid tax thresholds. The Board noted that the Secretariat will continue to attend the working group established by a number of public service pension schemes to lobby HM Treasury.

The Board was advised that a meeting between MHCLG, external auditors and GAD would take place shortly to discuss the implications of the Supreme Court's decision to refuse the government's application to appeal the McCloud judgement and, in particular, the impact this is having for signing off local authority accounts. Although there is now certainly that the McCloud judgement stands and that the case will now go back to the Employment Tribunal for remedy, there was clear support for the Board to issue a message to scheme stakeholders clarifying the uncertainties that remain. The Board agreed that the Secretariat should prepare a draft statement for consideration and approval of the Chair.

The Board agreed that members should be given until the end of July to comment on the draft survey prepared by the Investment, Governance and Engagement committee. The Secretariat will then prepare the survey for publication in August with a deadline of completion by the end of November. This will allow provisional findings to be reported to the Board when it next meets on the 4th November. The Secretariat was also tasked to open discussions with stakeholders on the best way of distributing the survey to ensure a good response.

These are scheduled for the 4th November and the 3rd February, 11th May, 3rd August and the 2nd November 2020.



Norfolk Pension Fund

Delivering the Local Government
Pension Scheme

This booklet
contains important
information about
your pension

Please read it
carefully and keep it
in a safe place

Your Personal Annual Benefit Statement

A B SAMPLE

August 2019



**Active scheme
member statement**



Contents

4 Your LGPS (Local Government Pension Scheme)

6 The LGPS - A reminder of the scheme

8 Your personal benefit statement

18 Your choices

19 50/50 option

20 Freedom and Choice

22 Tax limits and your pension

23 Your pension online

24 Want to know more about your pension?

25 Are you preparing for retirement?

25 Who do you want to benefit when you die?

26 The Fund

26 Disputes

27 The State Pension

28 Changes to the LGPS since September 2018

29 Data protection information

30 Accounts and investments

Back cover Contact details



Cover image: Sheringham Park, Norfolk

Welcome to your personal benefit statement for 2019

Your name **Mr A B SAMPLE**

Date of birth **21st February 1953**

National Insurance number **XX999980X**

Your current employer **XXXXXXXXXXXXXXXXXXXXXXXXXXXX**

Employer payroll reference **99999**

This booklet is **your personal benefit statement** from the Norfolk Pension Fund and is based on your service up to 31 March 2019. If you think any of the details in this statement are wrong, please let us know.

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

As always, if you have any questions or would like to talk to us about your pension, we are happy to hear from you.

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

Your LGPS (Local Government Pension Scheme)

Your LGPS membership provides more than you might think

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

- A **pension for life** when you retire, based on your membership and pay – no need to worry about what happens in the ‘financial markets’
- The option to take a **lump sum** when you retire
- A **pension for your dependants** after you die
- Valuable ‘**peace of mind**’ **life cover** at no extra charge – if you die while paying into the scheme a lump sum death grant of 3 x your assumed pensionable pay is payable. So, if you earn £20,000 a year we would pay out £60,000 if you died
- You may qualify for an **early pension** if you have to retire through ill health at any age or are made redundant after age 55



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



**Your pension
is linked to
the cost of
living**

Did you know, as a member of the LGPS:

- **Your employer pays more**

Your employer pays in to your pension too – **typically twice as much as you contribute!**

- **You may pay less**

You may pay less tax as your pension contributions are taken out of your pay before tax. So for example, if you pay £100 a month to your pension, this reduces your tax bill by £20 a month (if you are paying tax at the basic 20% rate).

This is just a summary of the main scheme benefits. You can find out more in our **Brief Guide to the LGPS**, available on our website at **www.norfolkpensionfund.org** or by contacting us using the details on the back of this booklet.



The LGPS

A reminder of the scheme

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

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



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

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

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

How much does it cost to be in the scheme?

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

These bands are reviewed each year in line with inflation.

The employee contribution bands from 1 April 2019 are:

Band	If your actual pensionable pay is:	You pay a contribution rate of:
1	£0 to £14,400	5.5%
2	£14,401 to £22,500	5.8%
3	£22,501 to £36,500	6.5%
4	£36,501 to £46,200	6.8%
5	£46,201 to £64,600	8.5%
6	£64,601 to £91,500	9.9%
7	£91,501 to £107,700	10.5%
8	£107,701 to £161,500	11.4%
9	£161,501 or more	12.5%

Your contribution is based on your actual pay

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

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

Your personal benefit statement

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

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

Date you joined the Norfolk Pension Fund
Section of the Scheme you were in at 31 March 2019

02/11/2005
MAIN

Pensionable Pay for the Year Ending 31 March 2019 **£99,999.99**

This is the actual pay you received for 2018/19, including pay for non-contractual overtime or additional hours worked. It is used to calculate the Career Average Pension you built up in 2018/19.

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

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

Final Salary Pay for Year Ending 31 March 2019 **£99,999.99**

This is the average pay for 2018/19 as supplied to us by your employer. It is used to calculate Final Salary Benefits. If you work part-time this is a whole-time equivalent figure.

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

Current value of your benefits	page 10
The value of your death benefits	page 12
What might you get when you retire?	page 14
Details of your final salary membership	page 16

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

The figures and projections in this statement are based on the information held on our records and the relevant scheme regulations. While we have taken every care with the figures, they should not be seen as a definitive statement of the benefits payable and they may not take into account the maximum level of benefits allowed by HM Revenue & Customs.

Before making any decision about your pension or retirement, please **contact us** for a personal quotation of the benefits payable.

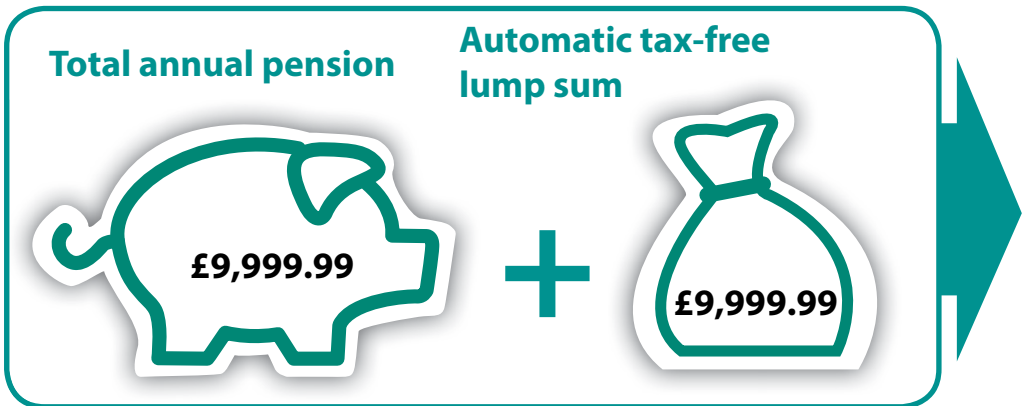
Financial advice

We are very happy to help you understand your LGPS pension and options; however we are not able to offer financial advice. If you need financial advice you should contact an Independent Financial Advisor (IFA) who is regulated by the Financial Conduct Authority (FCA). You can find a list of regulated IFAs in your area at **www.unbiased.co.uk**.

Current value of your benefits

We have shown your retirement benefits built up to 31 March 2019 **assuming you retire at your Normal Pension Date** (see page 14). You can choose to retire earlier and take your benefits **from age 55** but they may be reduced for early payment.

Total benefits built up to 31 March 2019



Your options

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

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

Your **Career Average** pension is **re-valued on 1 April** each year, in line with the cost of living.

This statement shows the value of your benefits up to **31 March 2019**.

How your benefits are calculated

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

Value of Career Average Benefits at 31 March 2019

Pensionable Pay in Main Section (2018/19)	£99,999.99
Pensionable Pay in 50/50 Section (2018/19)	£9.99
Pension at 31/03/2018 (if any)	£9,999.99
Adjustment for Cost of Living	£99.99
<u>Amount of Pension Build up in 2018/19:</u>	
Main Section (£99,999.99 / 49)	£999.99
50/50 Section (£9.99 / 98)	£9.99
Additional Pension Bought	£9.99
Transfers in	£9.99

Total Annual Career Average Pension £9,999.99
(including actuarial increase of £999.99)

Value of Final Salary benefits at 31 March 2019

Final Salary Pay	£99,999.99
Total Final Salary Annual Pension	£9,999.99
Includes Pension at 80ths	£999.99
and Pension at 60ths	£9,999.99

Total Automatic Final Salary Lump Sum £9,999.99

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

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



The value of your death benefits

If you die 'in service' the value of your death benefits at 31 March 2019 were:

One-off lump sum life cover

£99,999.99



Annual partner's pension

£9,999.99

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

Your
husband
or wife

or

Your civil
partner

or

Your
cohabiting
partner

Cohabiting partner

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

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

Want to set up or change your Expression of Wish details?
You can download a form at www.norfolkpensionfund.org
or contact us (see back of this booklet)

Expression of Wish details for payment of lump sum life cover

Name	Percentage
Mr A B Sample	50%
Mrs A B Sample	50%

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

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



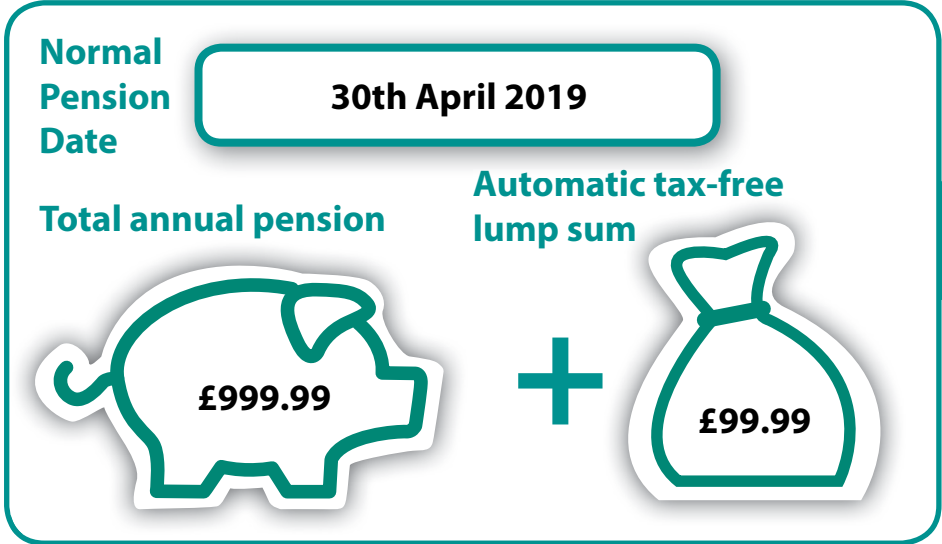
The figures on these pages don't take into account any pension sharing on divorce



Please see page 25 for more on death benefits

What might you get when you retire?

This is an indication of the value of your benefits should you **continue paying into the scheme as now** and retire at your **Normal Pension Date**. It is based on the section of the scheme you were in at 31 March 2019.



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

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

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

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



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

Projected Career Average Benefits

Annual Career Average Pension (including actuarial increase of £999.99)	£0.00
--	-------

Projected Final Salary Benefits

Annual Final salary Pension (including actuarial increase of £0.00)	£0.00
--	-------

Automatic Lump Sum (including actuarial increase of £0.00)	£99.99
---	--------

Projected Partners Annual Pension	£0.00
--	-------

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

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

Your Final Salary membership up to 31 March 2014

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

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

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

Employer or scheme	Membership from	Membership to
XXXXXXXXXXXXXXXXXXXXXXXXXXXX	01/04/2013	31/03/2014
XXXXXXXXXXXXXXXXXXXXXXXXXXXX	01/12/2010	31/03/2013
XXXXXXXXXXXXXXXXXXXXXXXXXXXX	01/04/2010	30/11/2010
XXXXXXXXXXXXXXXXXXXXXXXXXXXX	01/06/2006	31/03/2010
XXXXXXXXXXXXXXXXXXXXXXXXXXXX	02/11/2005	31/05/2006

Only the most recent details of your membership are shown,

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

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

Additional membership / pension purchased

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

Calendar length	Percentage of whole time	Period of membership
01 years 000 days	91.621600%	00 years 334 days
02 years 121 days	91.621600%	02 years 050 days
00 years 244 days	90.837838%	00 years 222 days
03 years 304 days	88.891892%	03 years 149 days
00 years 211 days	86.675675%	00 years 183 days

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

Your choices

Want to save more?

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

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

Additional Pension Contributions (APCs)

You can buy extra LGPS pension for your retirement by paying APCs, either as a regular monthly amount or a one-off lump sum. This buys you a set amount of extra annual LGPS pension, up to a current maximum of £7,026.

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

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

Additional Voluntary Contributions (AVCs)

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

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

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

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



50/50 option

Need to pay less for a while?

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

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



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

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



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

Freedom and Choice

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

Does this affect my Local Government Pension?

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

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

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

So what is a defined contribution scheme?

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

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

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

That sounds great but only the first 25% will be tax-free, with the rest being taxed. There is also the risk that some people may take all their

pension savings in one go and spend them all, leaving themselves with no money to live on in retirement.

Could I join a defined contribution scheme instead?

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

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

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

Getting the right advice

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

The Government has set up a service called **Pension Wise**, which offers online help at **www.pensionwise.gov.uk**. There is also one to one information available from bodies like **Citizens Advice**. They won't advise people what to do but they will offer guidance by helping them weigh up their options.

Tax limits and your pension

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

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

The **Lifetime Allowance** is the maximum value of tax relieved pension savings an individual can build up over their lifetime before any additional tax is due. The standard rate for 2018-19 tax year was £1,030,000 and for 2019-20 tax year it has been increased to £1,055,000.

The **Annual Allowance** is the amount that the value of your pension savings can increase in any one year before any additional tax is due. The standard allowance is currently £40,000 a year (although this may be reduced for those with "Threshold Income" of more than £110,000 or those that have already started taking some pension from their fund).

Members that have exceeded the **Annual Allowance** for 2018-19 in respect of their Norfolk Pension Fund pension rights will be sent a Pensions Savings Statement with more details later in the year.

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

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

Your pension online

Keep in touch with your pension **online...**

www.norfolkpensionfund.org

Visit the Norfolk Pension Fund website for all the latest news and information about the Local Government Pension Scheme.

Register online with us to:

- Use your own pension calculator
- See your personal pension details
- Update your personal details

If you would like some help to register please call us on 01603 222132 or email pensions.systems@norfolk.gov.uk

Tip
Have your
National Insurance
number handy
when you
register for
the first time

**Over
15,500**
scheme members
have signed up
so far!



Want to know more about your pension?

Please come and talk to us...

We are holding our very popular annual Pension Clinics in October 2019.



You can book an appointment to speak with one of our LGPS experts about your pension, either at our offices in the centre of Norwich or the offices of Great Yarmouth or King's Lynn and West Norfolk Borough Councils.

**The Fund's
Annual Meeting
is at 6pm on
29 October
2019**

Norwich

22, 23 and 29 October 2019

Great Yarmouth

24 October 2019

King's Lynn

25 and 28 October 2019

To book a place at any of our Clinics or to attend our Annual Meeting please call us on **01603 495923**. Don't worry if you can't make the dates above – please let us know and we will arrange an appointment for a more convenient time at our Norwich office.

Financial advice

We are very happy to help you understand your LGPS pension and pension options; however we are not able to offer financial advice. If you need financial advice you should contact an Independent Financial Advisor (IFA) who is regulated by the Financial Conduct Authority (FCA). You can find a list of regulated IFAs in your area at **www.unbiased.co.uk**.

Are you preparing for retirement?



We provide regular **pre-retirement courses** to help our scheme members prepare for retirement. The course is aimed at people who will be, or are considering, retiring in the next 18 months to two years.

The course covers:

- Creating a new future and managing change
- Making the most of your retirement, leisure and learning opportunities
- Information about the Local Government Pension Scheme
- Investment options and where to get financial advice
- Opportunities in the voluntary sector

To find out more, including course dates and how to book a place, please contact **HR Direct at Norfolk County Council** on **01603 222212** or **HRDirect@norfolk.gov.uk**.

Courses
are open to
**all scheme
members**

Who do you want to benefit when you die?

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

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

If you wish to complete or update your **Expression of Wish** you can download a form from our website at **www.norfolkpensionfund.org** or contact us.

Looking
after your
loved ones



The Fund

Pensions Committee

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

Pensions Oversight Board

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

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

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

You can find out more about the Pensions Oversight Board on our website at **www.norfolkpensionfund.org** under **About us** then **Local Pension Board**.

Disputes

If you think the details in your benefit statement are wrong (for example your pay details) please let us, or your employer, know as soon as possible. Most queries are easily sorted out this way. However if you disagree with any decision about your membership of the Local Government Pension Scheme, you're entitled to put your complaint through the official dispute procedure. You can find a guide and application form to the dispute procedure on our website at **www.norfolkpensionfund.org**. Alternatively please contact us and we will send you a copy.

The State Pension

There is a new **State Pension Scheme** for people who reach **State Pension Age** on or after 6 April 2016. You can claim the new State Pension if you are:

- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953

If you reached State Pension Age **before 6 April 2016**, you will get your State Pension under the old scheme instead.

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



Department
for Work &
Pensions

National Insurance Contributions

The LGPS was a contracted-out scheme until 5 April 2016. This meant members who paid National Insurance Contributions paid them at a lower rate, as they were contracted-out of the Additional State Pension.

From 6 April 2016 as part of the changes to the State Pension contracting-out was abolished and so you may have been paying more National Insurance Contributions since that date.

For more information about the State Pension see **www.gov.uk/new-state-pension**.

Your State Pension Forecast

You can get an estimate of your State Pension by contacting the Department of Work and Pensions Future Pension Centre on **0800 731 0175** or at **www.gov.uk/check-state-pension**.

Changes to the LGPS since September 2018

Early payment of deferred benefits for leavers before 1 April 1998

Changes in LGPS regulations mean that a scheme member can now choose early payment of their deferred pension from age 55. This can now be done even if the member is still in local government employment in another post.

This change has been backdated to 17 April 2018.

Changes to survivor benefits for same sex spouses and civil partners

A change to the scheme rules has been made to provide that survivor benefits payable to a same sex spouse or a civil partner are equal to those paid to a widow.

The change is backdated to the date the civil partnerships and same sex marriages were introduced, which is 5 December 2005 for civil partnerships and 13 March 2014 for same sex marriages.

We are in the process of reviewing the impact of this change and will be contacting affected civil partners and same sex spouses in due course.

The change will automatically be taken into account in survivor benefits paid to civil partners and same sex spouses in the future.

Data protection information

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

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

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

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



Disclaimer

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

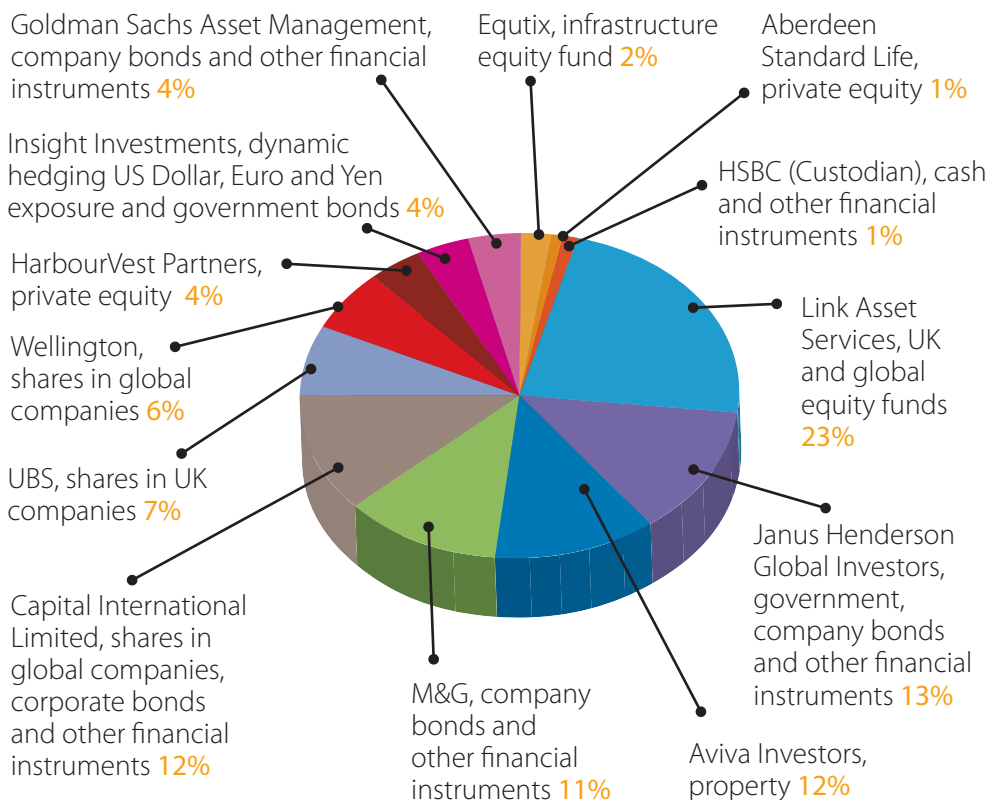
Accounts and investments

Accounts and investments

This is a summary of the Norfolk Pension Fund accounts and investments. Our **full accounts** for 2018-19 are published on our website at **www.norfolkpensionfund.org** following full external audit. You can also find there a copy of 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**.

	2018-19 £000s	2017-18 £000s
Opening net assets of the scheme	3,603,370	3,429,247
Employees' contribution to the Fund	29,705	28,786
Employers' contribution to the Fund	117,522	118,361
Transfer values received	14,336	11,637
Payments to pensioners and dependants	-138,635	-134,314
Transfers out and other payments to leavers	-6,949	-7,706
Advisor fees and general administration costs	-20,634	-17,992
Net investment return – including income and the change in value of investments	210,477	175,351
Closing net assets of the scheme	3,809,192	3,603,370

The Funds diversified investment portfolio has performed well contributing to an increase in Fund assets of more than 5.8% over the year.



We always have a mix of investment approaches and asset types as we aim to get the best return on investment we can, whilst at the same time managing risk.

We are working with 10 other like-minded LGPS Funds to bring the management of our investments together in a pooled arrangement, in order to reduce costs whilst maintaining investment performance. This will not change Pensions Committee's overall responsibility for the Norfolk Pension Fund.



If you need this booklet in large print, audio, Braille, alternative format or in a different language, please contact 01603 495923 or email pensions@norfolk.gov.uk and we will do our best to help.



05/0000001/A/999
Mr A B Sample
2 Sample Road
Anywhere
Any Town
Any County
AB1 1BA





Norfolk Pension Fund

Delivering the Local Government
Pension Scheme

This booklet
contains important
information about
your pension

Please read it
carefully and keep it
in a safe place

Your Personal Annual Benefit Statement

A B SAMPLE

August 2019



**Deferred scheme
member statement**



Contents

4 Your LGPS (Local Government Pension Scheme)

5 Your pension online

6 Your personal benefit statement

12 Freedom and Choice

14 Want to know more about your pension?

15 Are you preparing for retirement?

15 Who do you want to benefit when you die?

16 The Fund

16 Queries

17 Changes to the LGPS since September 2018

18 Have you re-joined the LGPS?

19 The State Pension

20 Accounts and investments

22 Data protection information

23 Moving house?

Back cover Contact details



Cover image: Brancaster Staithe, Norfolk

Welcome to your personal benefit statement for 2019

Your name **Mr A B SAMPLE**

Date of birth **21st January 1974**

National Insurance number **XX999980X**

Your employer **XXXXXXXXXXXXXXXXXXXXXXX**

Employer payroll reference **9999**

Date of leaving scheme **18th July 2008**

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

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

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

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

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

As always, if you have any questions or would like to talk to us about your pension, we are happy to hear from you.

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

Your LGPS (Local Government Pension Scheme)

Your LGPS membership provides more than you might think

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

- A **pension for life** when you retire, based on your membership and pay – no need to worry about what happens in the ‘financial markets’
- The option to take a **lump sum** when you retire
- A **pension for your dependants** after you die
- Valuable **‘peace of mind’ life cover** if you die before payment of your benefits, at no extra charge (and if you die in retirement we will still pay out a small lump sum if you haven’t drawn a minimum amount of pension)
- You may qualify for an **early pension** if you have to retire through ill health

The above is just a summary of the main scheme benefits. You can find out more in our **Brief Guide to the LGPS**, available on our website at **www.norfolkpensionfund.org** or by contacting us using the details on the back of this booklet.



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



Your pension is linked to the cost of living

Your pension online

Keep in touch with your pension **online...**

www.norfolkpensionfund.org

Visit the Norfolk Pension Fund website for all the latest news and information about the Local Government Pension Scheme.

Register online with us to:

- See your personal pension details
- Update your personal details

If you would like some help to register please call us on 01603 222132 or email pensions.systems@norfolk.gov.uk

Tip
Have your
National Insurance
number handy
when you
register for
the first time

**Over
15,500**
scheme members
have signed up
so far!



Your personal benefit statement

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

Details of your membership	page 7
Current value of your benefits	page 8
The value of your death benefits	page 10

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

The figures and projections in this statement are based on the information held on our records and the relevant scheme regulations. While we have taken every care with the figures, they should not be seen as a definitive statement of the benefits payable and they may not take into account the maximum level of benefits allowed by HM Revenue & Customs.

Before making any decision about your pension or retirement, please **contact us** for a personal quotation of the benefits payable.

Financial advice

We are very happy to help you understand your LGPS pension and options; however we are not able to offer financial advice. If you need financial advice you should contact an Independent Financial Advisor (IFA) who is regulated by the Financial Conduct Authority (FCA). You can find a list of regulated IFAs in your area at **www.unbiased.co.uk**.

Details of your membership

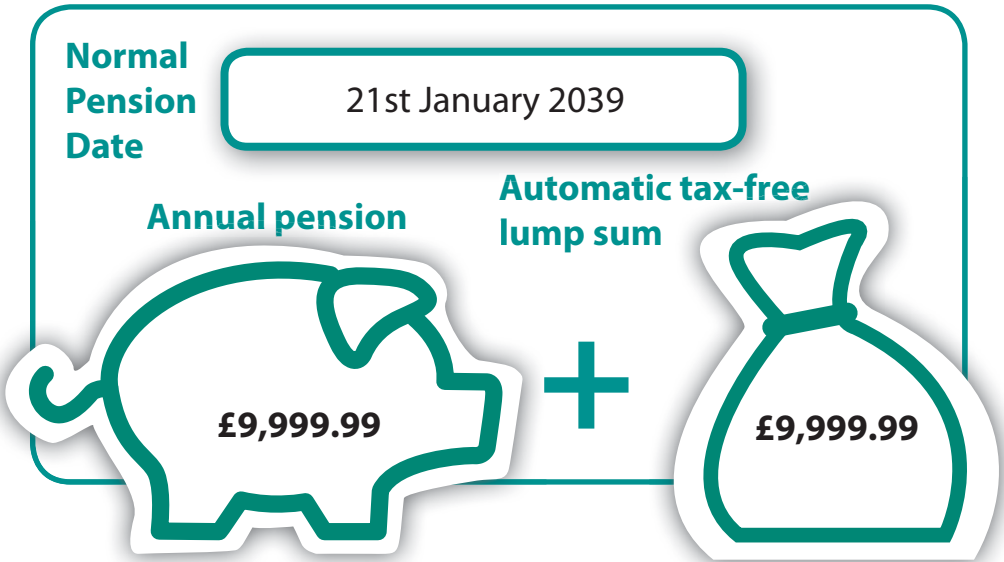
This is the record of your membership we hold. We received the information from your employer. If you have transferred membership into the LGPS from another scheme this is also shown.

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

Employer or scheme	From	To
XXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXX	09/07/2007 04/10/2004 02/06/2003	18/07/2008 08/07/2007 30/09/2004

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

Current value of your benefits



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

If you left the scheme prior to 1 April 1998 your **Normal Pension Date** is fixed at the date shown above. However, you may be able to voluntarily retire and take your benefits at age 55, subject to an early payment reduction.

If you left the scheme after 31 March 1998 and before 1 April 2014 your **Normal Pension Date** is fixed at the date shown above. However, you may be able to voluntarily retire and take your benefits at any time from age 55 onwards, subject to an early payment reduction.

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



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

Inflation-proofing

Pensions increase applied 99.9999%

Date of latest increase 8th April 2019

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

Your options

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

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

The value of your death benefits

If you die before you retire, the current value of your death benefits is:

One-off lump sum life cover £9,999.99



Annual partner's pension £999.99

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

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

Cohabiting partner

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

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

If you have nominated a cohabiting partner their details are shown here:

From April 2014 you no longer need to make a nomination. We would require your partner to provide proof of eligibility before any cohabiting partner's pension would be paid.

Want to set up or change your Expression of Wish details?
You can download a form at www.norfolkpensionfund.org
or contact us (see back of this booklet)

Expression of Wish details for payment of lump sum life cover

Name	Percentage
Sample A B	100%

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

The partner's pension shown is an indication of the amount payable to the person you were married to, in a civil partnership with at the date you left the scheme, or have nominated to receive a partner's pension in the event of your death. If you have married or entered into a civil partnership since leaving, then different amounts may be payable. Please contact us if you would like more details.



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

Freedom and Choice

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

Does this affect my Local Government Pension?

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

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

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

So what is a defined contribution scheme?

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

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

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

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

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

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

Getting the right advice

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

The Government has set up a service called **Pension Wise**, which offers online help at **www.pensionwise.gov.uk**. There is also one to one information available from bodies like **Citizens Advice**. They won't advise people what to do but they will offer guidance by helping them weigh up their options.

Want to know more about your pension?

Please come and talk to us...

We are holding our very popular annual Pension Clinics in October 2019.

You can book an appointment to speak with one of our LGPS experts about your pension, either at our offices in the centre of Norwich or the offices of Great Yarmouth or King's Lynn and West Norfolk Borough Councils.



**The Fund's
Annual Meeting
is at 6pm on
29 October
2019**

Norwich

22, 23 and 29 October 2019

Great Yarmouth

24 October 2019

King's Lynn

25 and 28 October 2019

To book a place at any of our Clinics or to attend our Annual Meeting please call us on **01603 495923**. Don't worry if you can't make the dates above – please let us know and we will arrange an appointment for a more convenient time at our Norwich office.

Financial advice

We are very happy to help you understand your LGPS pension and pension options; however we are not able to offer financial advice. If you need financial advice you should contact an Independent Financial Advisor (IFA) who is regulated by the Financial Conduct Authority (FCA). You can find a list of regulated IFAs in your area at **www.unbiased.co.uk**.

Are you preparing for retirement?



We run regular **pre-retirement courses** to help our scheme members prepare for retirement. The course is aimed at people who will be, or are considering, retiring in the next 18 months to two years.

The course covers:

- Creating a new future and managing change
- Making the most of your retirement, leisure and learning opportunities
- Information about the Local Government Pension Scheme
- Investment options and where to get financial advice
- Opportunities in the voluntary sector

To find out more, including course dates and how to book a place, please contact **HR Direct at Norfolk County Council** on **01603 222212** or **HRDirect@norfolk.gov.uk**.

**Courses
are open to
all scheme
members**

Who do you want to benefit when you die?

Even if you die in retirement or as a deferred member, a death grant may still be payable.

You can nominate who you want this money paid to in the event of your death by completing an **Expression of Wish** form. If you have done this already the details are shown on page 11 of this booklet.

If you wish to complete or update your **Expression of Wish** you can download a form from our website at **www.norfolkpensionfund.org** or contact us.

**Looking
after your
loved ones**

The Fund

Pensions Committee

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

Pensions Oversight Board

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

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

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

You can find out more about the Pensions Oversight Board on our website at **www.norfolkpensionfund.org** under **About us** then **Local Pension Board**.

Queries

If you think the details in your benefit statement are wrong (for example your pay details) please let us, or your former employer, know as soon as possible. Most queries are easily sorted out this way.

However if you disagree with any decision about your membership of the Local Government Pension Scheme, you're entitled to put your complaint through the official dispute procedure.

Changes to the LGPS since September 2018

Early payment of deferred benefits for leavers before 1 April 1998

Changes in LGPS regulations mean that a scheme member can now choose early payment of their deferred pension from age 55. This can now be done even if the member is still in local government employment in another post.

This change has been backdated to 17 April 2018.

Changes to survivor benefits for same sex spouses and civil partners

A change to the scheme rules has been made to provide that survivor benefits payable to a same sex spouse or a civil partner are equal to those paid to a widow.

The change is backdated to the date the civil partnerships and same sex marriages were introduced, which is 5 December 2005 for civil partnerships and 13 March 2014 for same sex marriages.

We are in the process of reviewing the impact of this change and will be contacting affected civil partners and same sex spouses in due course.

The change will automatically be taken into account in survivor benefits paid to civil partners and same sex spouses in the future.

Have you re-joined the Local Government Pension Scheme?

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

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

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

Norfolk Pension Fund Dispute Procedure

Please check the information in this statement carefully and let us know if you think any of the details are wrong.

Most queries are easily sorted out this way; however if you still disagree with our decision you have the right to appeal via our official dispute procedure.

You can find a guide to the dispute procedure on our website at **www.norfolkpensionfund.org**. Alternatively, please contact us and we will send you a copy.

The State Pension

There is a new **State Pension Scheme** for people who reach **State Pension Age** on or after 6 April 2016. You can claim the new State Pension if you are:

- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953

If you reached State Pension Age **before 6 April 2016**, you will get your State Pension under the old scheme instead.

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



Department
for Work &
Pensions

National Insurance Contributions

The LGPS was a contracted-out scheme until 5 April 2016. This meant members who paid National Insurance Contributions paid them at a lower rate, as they were contracted-out of the Additional State Pension.

From 6 April 2016 as part of the changes to the State Pension contracting-out was abolished and so you may have been paying more National Insurance Contributions since that date.

For more information about the State Pension see **www.gov.uk/new-state-pension**.

Your State Pension Forecast

You can get an estimate of your State Pension by contacting the Department of Work and Pensions Future Pension Centre on **0800 731 0175** or at **www.gov.uk/check-state-pension**.

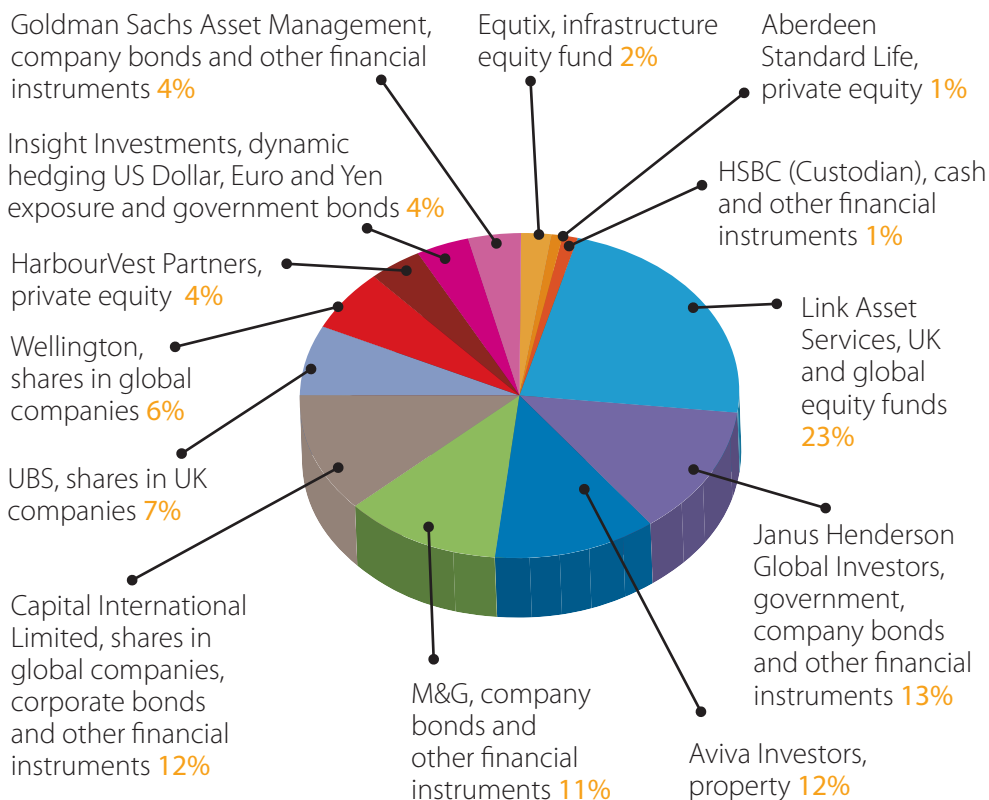
Accounts and investments

Accounts and investments

This is a summary of the Norfolk Pension Fund accounts and investments. Our **full accounts** for 2018-19 are published on our website at **www.norfolkpensionfund.org** following full external audit. You can also find there a copy of 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**.

	2018-19 £000s	2017-18 £000s
Opening net assets of the scheme	3,603,370	3,429,247
Employees' contribution to the Fund	29,705	28,786
Employers' contribution to the Fund	117,522	118,361
Transfer values received	14,336	11,637
Payments to pensioners and dependants	-138,635	-134,314
Transfers out and other payments to leavers	-6,949	-7,706
Advisor fees and general administration costs	-20,634	-17,992
Net investment return – including income and the change in value of investments	210,477	175,351
Closing net assets of the scheme	3,809,192	3,603,370

The Funds diversified investment portfolio has performed well contributing to an increase in Fund assets of more than 5.8% over the year.



We always have a mix of investment approaches and asset types as we aim to get the best return on investment we can, whilst at the same time managing risk.

We are working with 10 other like-minded LGPS Funds to bring the management of our investments together in a pooled arrangement, in order to reduce costs whilst maintaining investment performance. This will not change Pensions Committee's overall responsibility for the Norfolk Pension Fund.

Data protection information

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

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

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

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



Disclaimer

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



Please remember to keep us in the picture if you move house, or if this booklet didn't come to the right address.

- You can fill in and post the form below to us if your address details are not correct or up to date. Our address is on the back page of this booklet.
- If you have registered to use our online service, you can update your address details online (see page 5) at **www.norfolkpensionfund.org**.

Please use block capitals

Name

National Insurance number

Please update my address details as follows:

.....

.....

.....

.....

Postcode.....

Signed Date





If you need this booklet in large print, audio, Braille, alternative format or in a different language, please contact 01603 495923 or email pensions@norfolk.gov.uk and we will do our best to help.



01/0000001/A/999
 Mr A B Sample
 2 Sample Road
 Anywhere
 Any Town
 Any County
 AB1 1BA

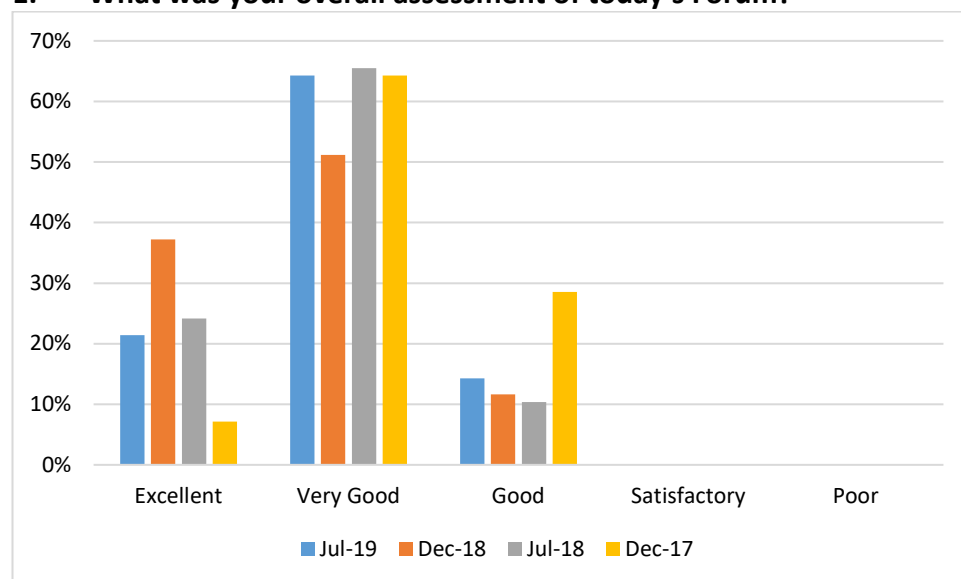


Employer Forum Survey Results

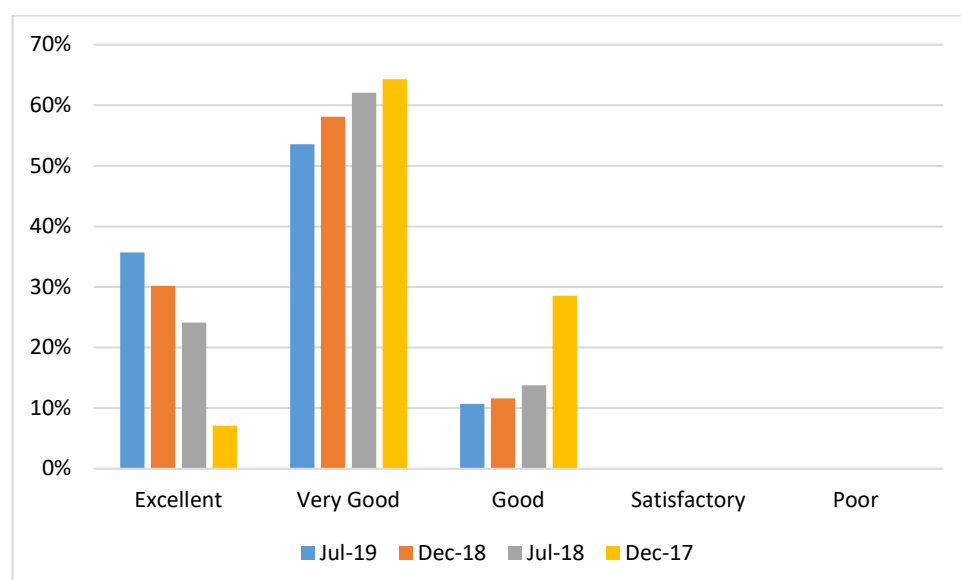
Wednesday 10 July 2019

- The Forum was attended by 45 delegates (37 delegates attended the July 2018 Forum) representing 29 employers (27 employers were represented at the July 2018 Forum).
- There were 28 returned Surveys (29 Surveys were received from the July 2018 Forum), although some respondents did not answer all the questions.

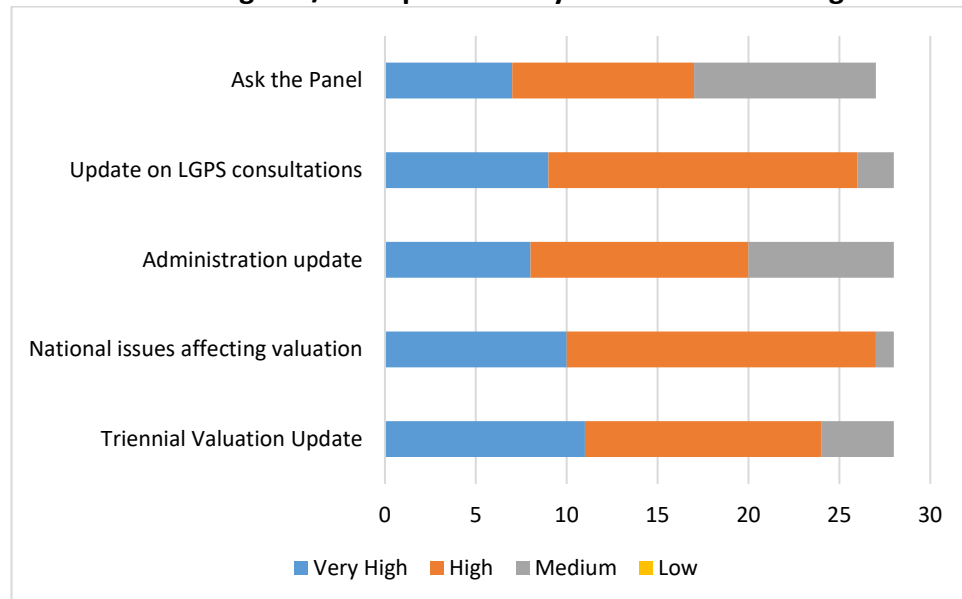
1. What was your overall assessment of today's Forum?



2. How would you rate the content of today's Forum overall?



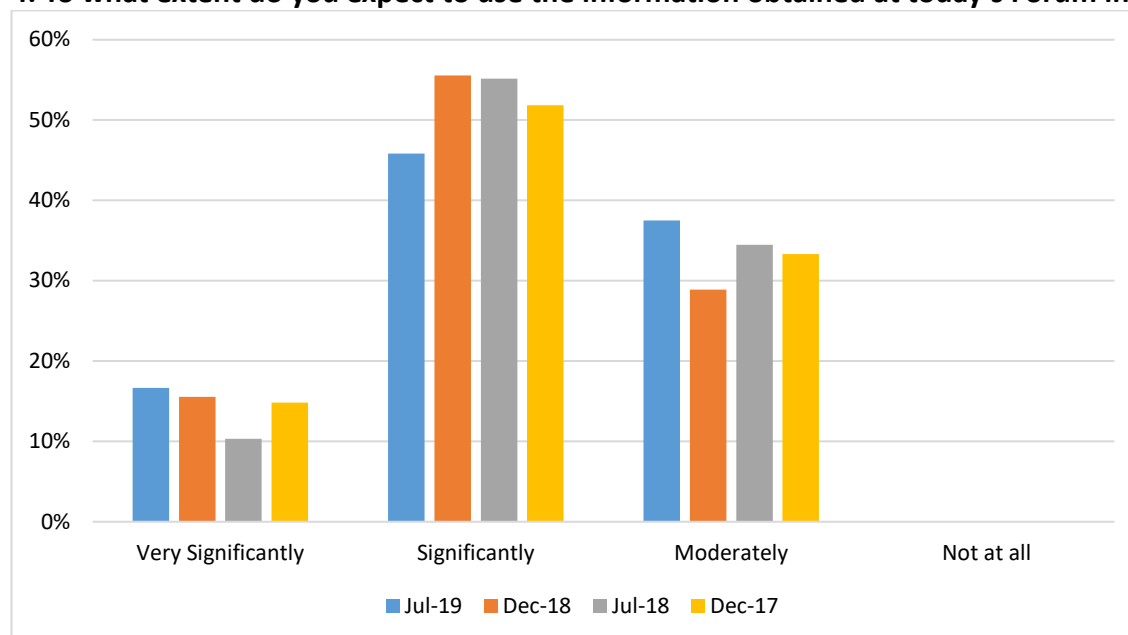
3. How interesting and/or helpful would you rate the following areas of today's Forum?



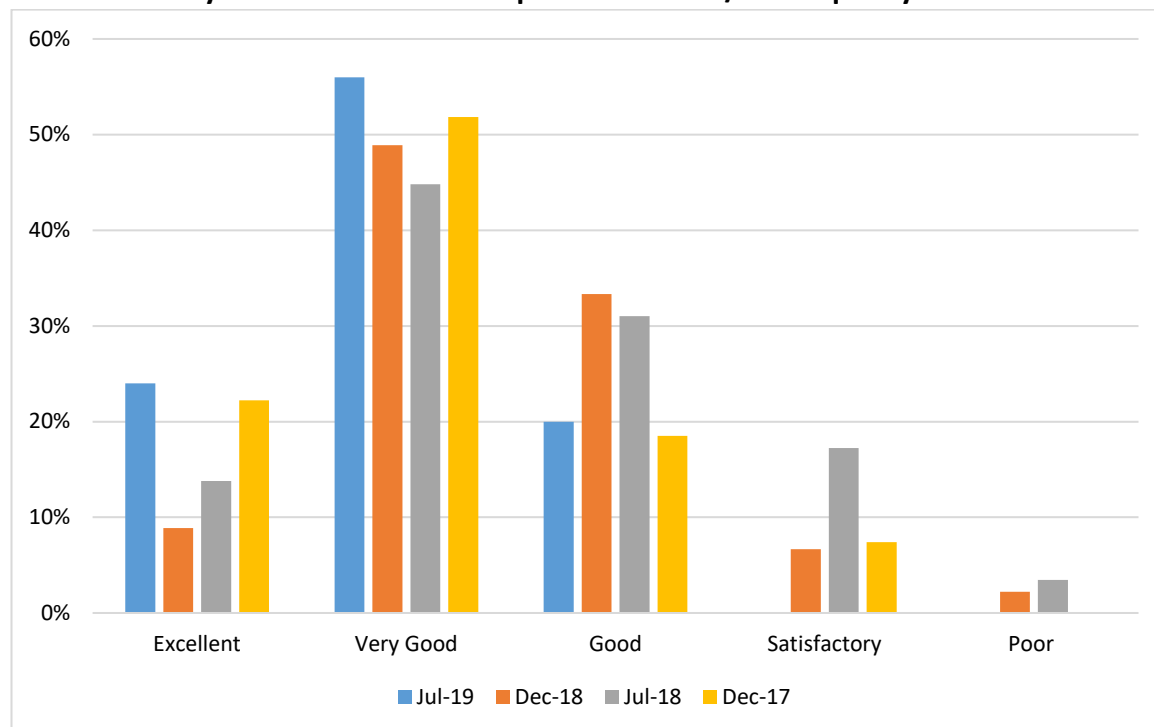
Other comments:

- Good update. Thank you! Electronic surveys and handouts may cut out paper for some.
- This is the second of these events that I've attended – as before the quality of presentation is excellent. Making highly technical content understandable! Thank you.
- Please share Apprenticeships on LinkedIn.

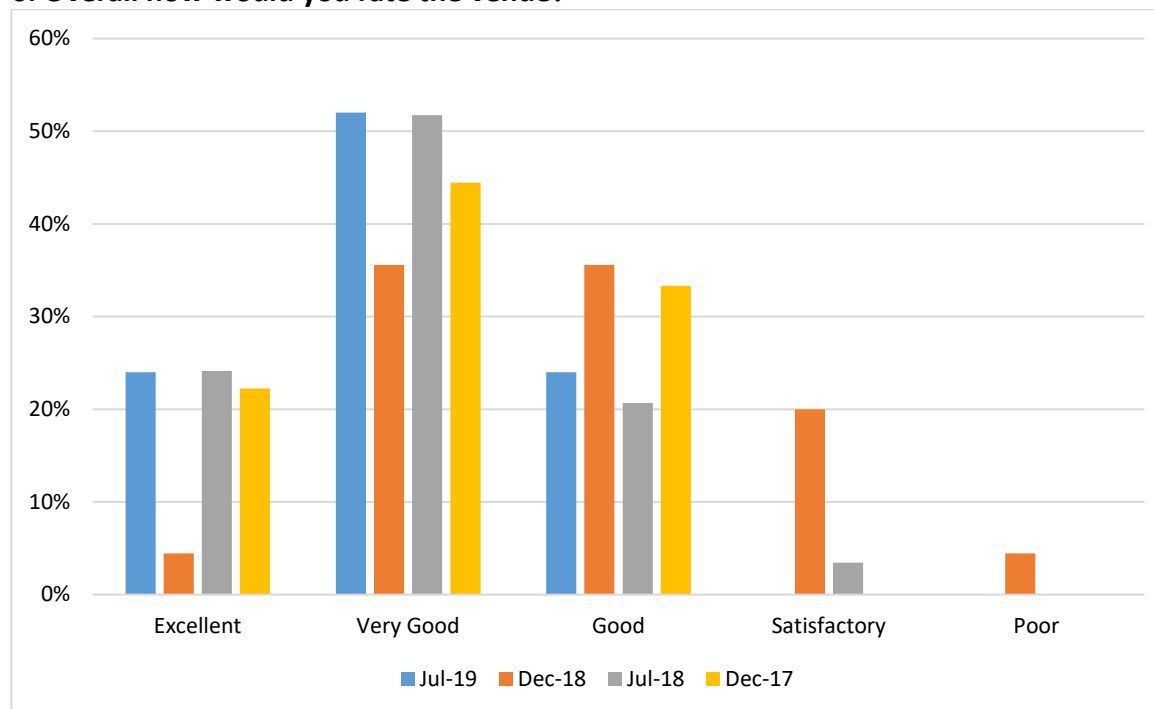
4. To what extent do you expect to use the information obtained at today's Forum in your role?



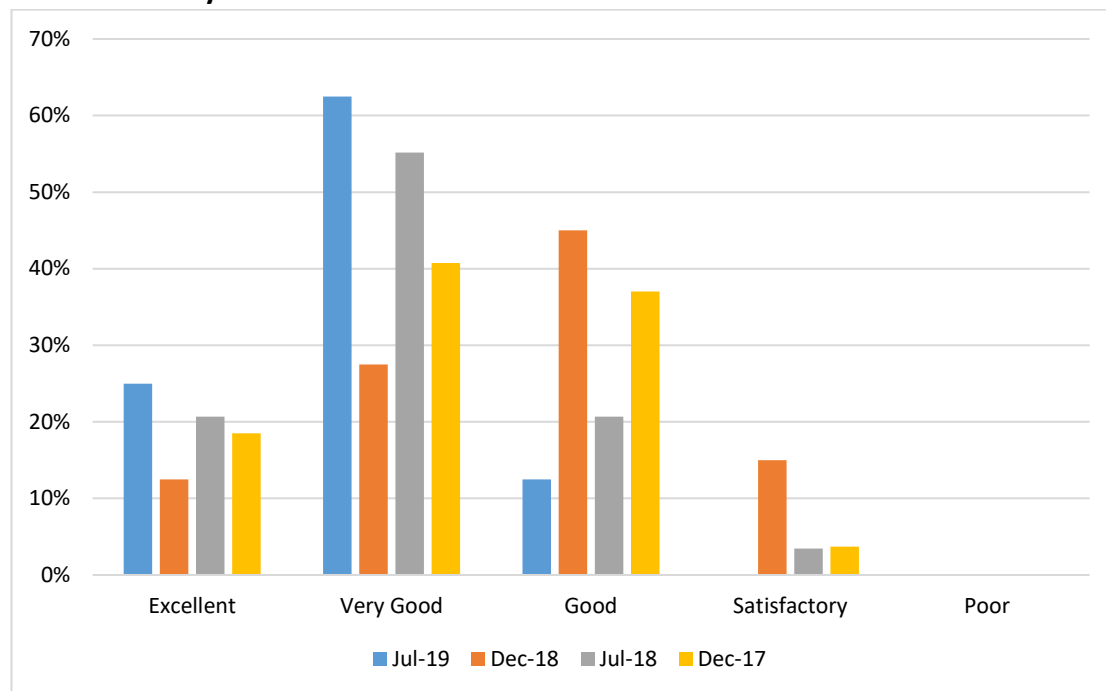
5. How would you rate the room set up and the audio/visual quality?



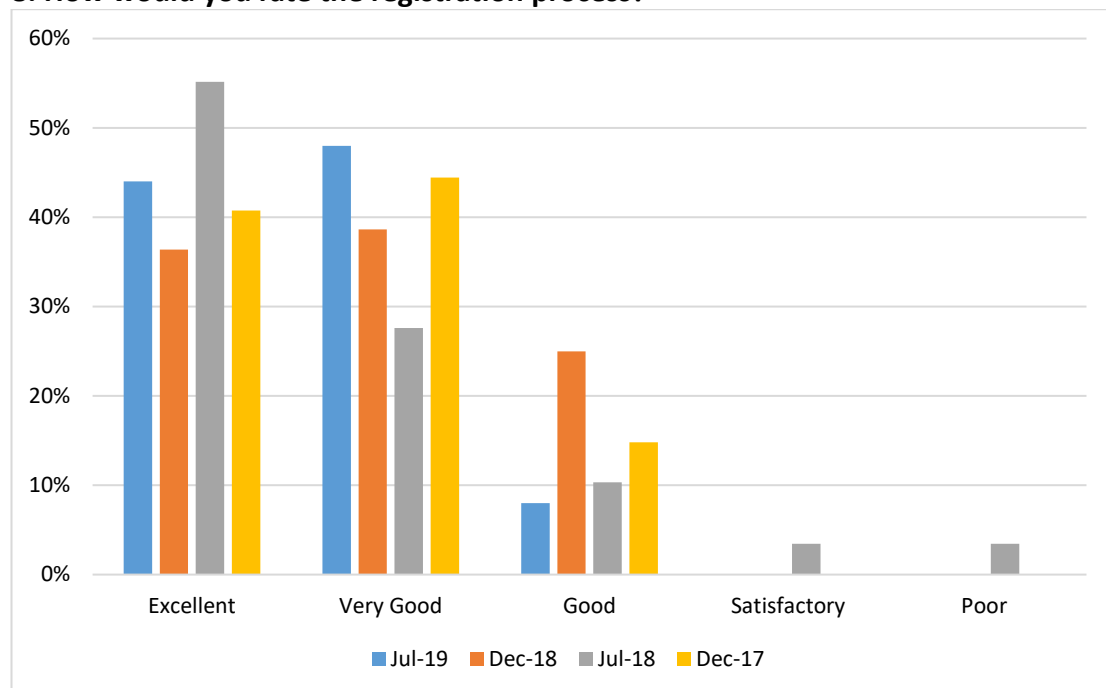
6. Overall how would you rate the venue?



7. How would you rate the food and drinks?



8. How would you rate the registration process?



9. Are there any topics that you would like to see covered at future Forums?

- Updates on developments e.g. cap
- Deep dive into documents employers are required to hold for Admin Strategy etc
- Ill-Health retirement pension strain
- Employer case studies are always reliable e.g. impact of inaccurate data...had 'this' impact etc
- AVC process and relationship with providers

10. Are there any other ways that you think we could improve future Forums?

- More of the same please
- Norwich Pension Fund staff wear different colour badge, so they can be easily identified.
Maybe introduce some Norwich Pension Fund staff at Forums



Norfolk Pension Fund

Employer Newsletter Summer 2019

Welcome to our Summer Employer Newsletter

Since our last Newsletter, work has continued apace with the Triennial Valuation and I would like to take this opportunity to thank you all for the timely and accurate submission of your Year End data. Meeting the 30 April 2019 deadline was key in allowing the Fund Actuary to assess your pension funding position as at 31 March 2019, which is used to set your contribution rates for the three years commencing from 1 April 2020.

Our next Valuation milestone is for the Pensions Committee to consider the initial whole-fund valuation results from the Fund Actuary in October 2019. We then expect to issue individual employer results in November 2019. We will discuss the results at our next Employer Forum, which will be held on 26 November 2019. If you would like to reserve a place, please email elaine.otway@norfolk.gov.uk.

On another important note, please could I ask you to inform your employees that their Annual Benefit Statement, which provides an estimated forecast of their pension benefits, will be available to view online by the end of August on our secure member portal at www.norfolkpensionfund.org.

Many thanks again for your help.

Best wishes,

Nicola Mark MBE
Head of the Norfolk Pension Fund



In this issue

- TPR Governance and Administration Survey 2018
- Retired Members Forum
- Annual Benefit Statement
- Employer Forum
- Triennial Valuation
- National Issues Affecting the Valuation
- Investment Reform - ACCESS Pooling
- Member Pension Clinics
- Accounts and Investments
- Keep Us Up To Date
- Norfolk Pension Fund Governance
- Pensions Committee News
- Pension Oversight Board News
- Employer Clinics
- Pre-Retirement Course
- Online Services
- Employer Pension Policy and Internal Disputes
- New Joiner Pack

TPR Governance and Administration Survey 2018

It's been over four years since the responsibility of the Pensions Regulator (TPR) increased across public sector service pension schemes.

Part of TPR remit is to work with employers and scheme administrators to protect workplace pensions in the UK so members have the reassurance of saving safely for their retirement.

With this in mind, TPR focus has been to ensure that the key foundations of governance are in place and in November/December 2018 it conducted the fourth annual governance and administration survey of public service pension schemes.

Overall survey results showed that most LGPS funds believe that key governance and administration foundations are in place (such as Local Pension Boards, risk registers and data improvement plans). However, TPR now expects schemes to build on these foundations, particularly when it comes to the provision and accuracy of member data.

The expectation of TPR is that schemes, particularly local government pension schemes (LGPS), need to do more to facilitate the electronic collection of

data from employers.

The survey found that only half of LGPS schemes said that all their employers submitted data electronically and just two-fifths said that all their employers submitted their data monthly.

TPR believes that by moving to electronic data submissions, aligned with payroll cycles, would help employers comply with scheme requirements making their data submission process quicker and more efficient, providing greater data accuracy.

Other key areas of improvement highlighted by the survey include administration, with more focus required in this area by Pensions Committees and Local Pensions Boards, and cyber security with TPR wanting to ensure public service pension schemes give this issue due prominence.

TPR has said that it will use the 2018 survey results to inform future regulatory initiatives and schemes will see greater engagement from TPR through its new supervisory processes.

A summary of the survey results can be found at www.pensionsregulator.gov.uk.

Retired Members Forum

During May we held our popular annual Retired Members Forum in Norwich (two days), Great Yarmouth and King's Lynn.

The event gives our retired members a chance to get an update from the Norfolk Pension Fund and ask questions about their LGPS pension. It also gives them the opportunity to connect with community and volunteer groups offering information and help to people who have left work.

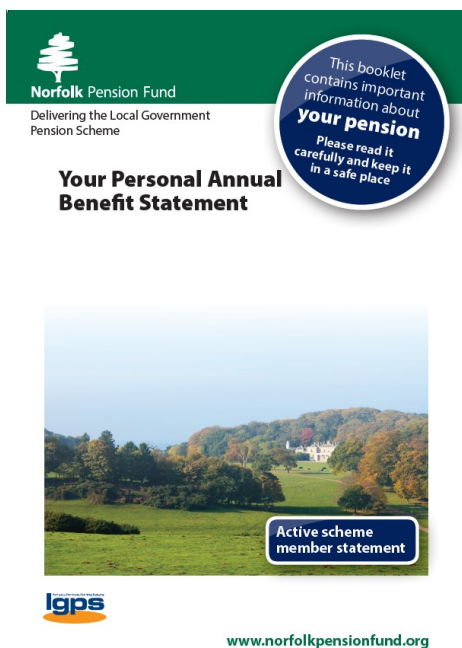
About 600 members attended this year and, in a packed programme, enjoyed presentations and exhibitor stands representing organisations including the Norfolk Pension Fund, Age UK, Citizens Advice, Trading Standards, Norfolk Fire & Rescue Service, Norfolk Library Service, Norfolk Deaf Association and Notcutts Garden Centre.



Annual Benefit Statement

The **Annual Benefit Statement** we send to scheme members gives them an estimated forecast of their pension at retirement age, based on the data you have given us and we hold.

It's an important document as it helps members plan and make decisions for their future.



Norfolk Pension Fund
Delivering the Local Government Pension Scheme

Your Personal Annual Benefit Statement

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

Active scheme member statement

lgps

www.norfolkpensionfund.org

Members can view their **Annual Benefit Statement**, showing accrued scheme benefits as at **31 March 2019**, online by the end of August.

Please could you inform your employees that they can access their Annual Benefit Statement by registering on our secure member website at www.norfolkpensionfund.org.

The paper version of the Annual Benefit Statement will then be posted to members' home addresses during September.

Please let your employees know they can view their Annual Benefit Statement online by the end of August on our secure members website at www.norfolkpensionfund.org

Employer Forum

Valuation special



The next **Employer Forum** will be held on **Tuesday 26 November 2019** at

**Norwich Professional Development Centre,
144 Woodside Rd, Norwich, NR7 9QL**

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

The Forum will finish at **approximately 12.45pm**, followed by lunch

To book your place, please call **01603 222139** or email elaine.otway@norfolk.gov.uk

Please note change of venue!

Triennial Valuation

It feels like we have been talking about the 2019 Valuation for a long time now, both in the lead-up to 31 March 2019 and in the period since.

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

The valuation (currently undertaken every three years) is the health check on the Fund that sets the employer contribution rates, in this case payable from 1 April 2020.

Data Quality – A big ‘thank you’

We are extremely grateful for all the hard work by so many of you to ensure we could provide high quality data to the Fund Actuary.

Along with our investment and accounting records, it is your data that underpins the whole process.

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

We consistently receive positive feedback for the quality of our underlying member data and this is in no small part thanks to the work of you, our scheme employers.

Whole Fund and Individual Employer results

In July of this year the Pensions Committee approved the assumptions (financial and demographic) that underpin the valuation.

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



individual employer level valuation positions.

We plan to issue draft employer results to you in November so that you have time to consider them in advance of our Employers Forum event on Tuesday 26 November.

We would encourage all employers to attend the November Forum if you are able.

It provides an opportunity to hear from, and talk to, the Fund Actuary (and the Fund if necessary) on your specific circumstances.

We are also looking to arrange some one-to-one employer sessions around this time.

Funding Strategy Statement

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

Changes to the FSS will be put to Pensions Committee in December in order to consult with you, as a scheme employer, on an updated FSS early in the New Year.

If you have any questions, please do not hesitate to contact us on 01603 222139 or at pensions.finance@norfolk.gov.uk.

National Issues Affecting the Valuation

One of the main reasons a valuation is carried out is to ensure that funding plans and strategies are appropriate for employers in light of changes that may have occurred in the financial, political and regulatory environment since the last Valuation.

At this Valuation, there are two national issues which have received quite a lot of attention in the past few months – GMP indexation and the ‘McCloud’ judgement. We focus on each of these issues below and what they may mean at the 2019 Valuation.

GMP indexation

The introduction of the single tier state pension affected how cost of living increases are paid on Guaranteed Minimum Pensions (GMP).

The mechanics of this are complicated and go back decades. In summary, where before the Government paid for some of the increases on the GMP element of members’ pensions, it now falls to employers.

At face value this means an increase in pension costs for employers, however given the historic nature of these pensions (they stop being earned by members in 1997) and the underlying detail, the increase for the average employer is expected to be minimal (less than 1% of liabilities).

However, if you have a particularly mature workforce, there could be more impact such as increased contributions.



McCloud judgement

As part of the introduction of the LGPS 2014 scheme, transitional protections were given to scheme members within 10 years of their retirement age at 2012. These protections allowed a member to receive, for service accrued from 1 April 2014, the best of a 1/60th final salary benefit or a 1/49th CARE (career average revalued earnings) benefit.



Similar protections were also introduced in the other public service pension schemes. Over the last couple of years, legal cases (including the McCloud case) have been brought against the Government that claimed these protections were age discriminatory. The courts found against the Government and these rulings have recently been upheld on appeal. The Government now needs to consider how to ‘level up’ all members affected. At present, there is no clear understanding of what changes will be made to the LGPS benefit structure and the resulting cost to employers.

This uncertainty is similar to many other risks that the Norfolk Pension Fund manages during the valuation process, and over the next few weeks we will be discussing with the Fund Actuary how best to manage this particular issue.

Further details will be provided on GMP indexation and the McCloud judgement at the Employer Forum on 26 November 2019.

Investment Reform – ACCESS pooling

You will recall from previous newsletters that the ACCESS Pool is a collaboration between Norfolk Pension Fund and 10 other administering authorities – Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Northamptonshire, Suffolk and West Sussex.

ACCESS (A Collaboration of Central, Eastern and Southern Shires) was formed in response to the government requiring LGPS Funds to work together to “pool investments to significantly reduce costs, while maintaining investment performance”.

Collectively the ACCESS Pool has significant scale with assets of £46bn, managed on behalf of 3,250 employers and over one million members.

During 2018-19 Funds began transferring assets to the “Pool”, which is managed by a third-party operator called Link Fund Solutions.

At the 31st March 2019 ACCESS authorities had transferred assets of £8.1bn into the Pool and

switched a further £11.4bn of passive investments (assets that track an index) to a jointly procured arrangement. Collectively ACCESS authorities (including Norfolk) have pooled nearly £20bn of assets in their first full operational year.

As more assets are moved into the Pool, savings will accrue as the value of assets under management increases and investment manager fees reduce.

Whilst these cost savings may have a positive impact on employer contribution rates in the longer term, other factors such as changes in life expectancy, workforce profiles and deficit recovery periods will continue to be the main driver for future employer contribution rates.



Member Pension Clinics

We will be holding our annual Pension Clinics for scheme members in October 2019.

The clinics offer members the opportunity to discuss their LGPS pension face-to-face with one of the Norfolk Pension Fund team.

We always receive very positive feedback from members who attend the clinics as they find it a useful way of getting a clear understanding of their pension and the benefits that they can expect to receive from the LGPS.

Members can make an appointment to see a member of our team at our offices in the centre of Norwich or the offices of Great Yarmouth or King's Lynn and West Norfolk Borough Councils, who we would like to thank for providing meeting rooms.

To book an appointment, members should call us on 01603 495923.

If a member can't make any of the dates shown below, we will be pleased to arrange an appointment for a more convenient time at our Norwich office.

Lawrence House, Norwich
22, 23 and 29 October 2019

Great Yarmouth Borough Council offices
24 October 2019

**King's Lynn and West Norfolk
Borough Council offices**
25 and 28 October 2019

Accounts and Investments

The **Norfolk Pension Fund** Annual Report and Accounts for 2018-19 was published on 1 August 2019 and is available to view online on our website at www.norfolkpensionfund.org.

The document gives an update on the financial and investment position of the Fund as well as an update on governance and administration.

The table below gives a summary of our accounts and investments, detailed in the Annual Report and Accounts.

We have a mix of investment approaches and asset types to get the best return on investment whilst, at the same time, managing risk.

As at 31 March 2019 our assets were managed by 13 investment managers and our Custodian bank, HSBC.

The Fund's investment portfolio has performed well over the last year, contributing to an increase in Fund assets of more than 5.8% during 2018-19.

	2018-19 £000s	2017-18 £000s
Opening net assets of the scheme	3,603,370	3,429,247
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Net investment return – including income and the change in value of investments	210,477	175,351
Closing net assets of the scheme	3,809,192	3,603,370

Keep Us Up To Date

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 your tender documentation.



contact me

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

Norfolk Pension Fund Governance

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

All public sector pension schemes are also required to have a local pensions board (known in Norfolk as the **Pensions Oversight Board**), to assist the

Administering Authority in ensuring the effective and efficient governance and administration of the scheme.

The Governance Strategy Statement details our governance arrangements, which can be viewed on our website at:

www.norfolkpensionfund.org/governance/the-pensions-committee/

Pensions Committee News

The Pensions Committee meets four times a year with the last meeting held on 19 July 2019.

Alongside its regular oversight of investment and administration performance, and progress reports on the ACCESS investment pool, the Committee recently considered:

- the draft Norfolk Pension Fund Annual Report and Accounts 2018-19
- the proposed Public Sector Exit Cap
- a motion from Norwich City Council regarding the Fund investing in local developments
- the Norfolk Audit Services Annual Internal Audit Report 2018-19.

The Committee next meets on 1 October 2019.

Pensions Committee papers are published on the [Norfolk County Council](http://www.norfolkpensionfund.org/governance/the-pensions-committee/) website.

Pensions Committee

Norfolk County Councillors

Judy Oliver (Chairman)

Danny Douglas

Tom FitzPatrick

Martin Storey

Brian Watkins

District County Councillors

John Fuller

Alan Waters (Vice Chairman)

Staff representative

Steve Aspin



Pensions Oversight Board News

In addition to observing Pensions Committee meetings, the Pensions Oversight Board met on 2 April 2019 and 18 June 2019.

Alongside its regular oversight of governance and decision making, during the April meeting, the Board considered LGPS Reform (including the role of the Pensions Regulator), the LGPS Fair Deal consultation, the LGPS Asset pooling consultation and the transition of assets to ACCESS.

In the June meeting, the Board considered the LGPS Good Governance Review, latest Scheme Advisory Board (SAB) news, the Public Sector Exit Cap consultation, the Norfolk Pension Fund Annual Data Quality report and recent audit reports (including one on information security).

The Pension Oversight Board next meets on 15 October 2019. Pensions Oversight Board papers are published on www.norfolkpensionfund.org.

Employer Clinics

Are you unsure of your responsibilities as an employer under the LGPS, not clear on how to complete your Employer Pension Policy or have questions about the Guide to Online Services?

Don't worry, we're here to help!

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

If you would like to arrange an appointment, please call
Graham Trussell on 01603 222086 or email
graham.trussell@norfolk.gov.uk



Pre-Retirement Course

Do you have any employees who are scheme members within two years of retirement?

This is often an uncertain time for people as they start thinking about the personal and financial move into retirement. To help guide people through this challenging period, Norfolk County Council delivers a bi-monthly Pre-Retirement Course on our behalf at County Hall.

This event is specifically designed for anyone within two years of retiring and 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 one-day session 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

Course Dates

- 9 September 2019
- 12 November 2019
- 14 January 2020



For more information and to book a place please contact
HR Direct, Norfolk County Council
01603 222212
HRdirect@norfolk.gov.uk

Online Services

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

- Retirement Estimate Request
- Retirement Discretions
- Advance Warning of Retirement
- Auto Move from 50/50 to Main
- Notification of Unpaid Leave/Absence
- Leaving Pensionable Employment
- Change of Contractual Hours
- Secure Message Form



For help with online services or if you would like to register, please call us on 01603 222132

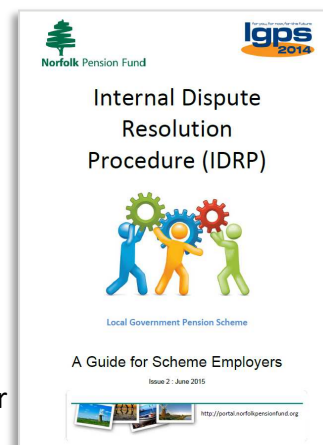
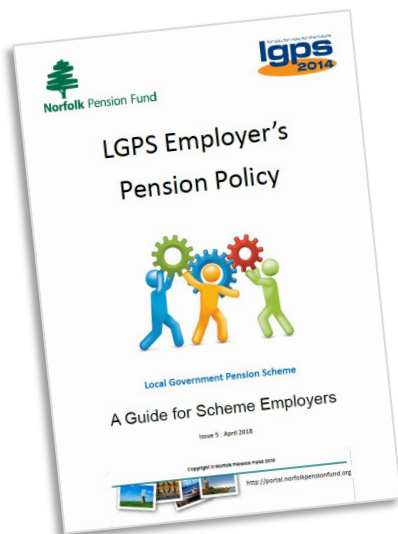
Employer Pension Policy and Internal Disputes

Just a reminder of the importance of keeping your Employer Pension Policy up to date. Your Employer Pension Policy should be sent to

graham.trussell@norfolk.gov.uk within one month of joining the scheme and as soon as possible after making any update. For more information, please see the Employer Pensions Policy Guide (G60) available at www.norfolkpensionfund.org/employers/forms-and-documents under the 'Guides' tab.

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 IDRPs (G070)' by visiting www.norfolkpensionfund.org/employers/forms-and-documents under the 'Guides' tab.

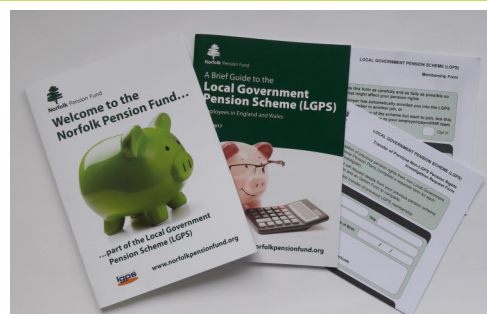
There is also a 'Scheme Member Guide to disputes (G071)' available at www.norfolkpensionfund.org/governance/complaints-and-disputes



New Joiner Pack

As an employer you are required to give any new staff member a copy of the Norfolk Pension Fund joiner pack as soon as they commence employment. The pack includes 'A Brief Guide to the LGPS' booklet and forms for Membership Application, Expression of Wish and Transfer of Previous Non-LGPS Pension Rights.

To place your order for packs, please contact us on 01603 495923 or email pensions@norfolk.gov.uk.



Norfolk Pension Fund

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NR2 1AD**

Pensions Administration

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pensions@norfolk.gov.uk**

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Website, Technical and Employer Queries

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www.norfolkpensionfund.org



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Representation on behalf of the Pension Fund

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

Date	What	Who
July 2019		
10	Employer Forum & Team Meeting	Pension Team
17	Local Authority Pension Fund Forum	Alex Younger
18	ACCESS Onboarding Sub-Group	Glenn Cossey, Alex Younger
22	CIPFA Pensions Panel	Nicola Mark
23	Pensions & Lifetime Savings Association Local Authority Committee	Nicola Mark
23	Norfolk County Council HR & Finance System Replacement	Jo Quarterman, Glenn Cossey, Robert Mayes
25	ACCESS Officer Working Group	Glenn Cossey
30	Capital – Manager Review Meeting	Alex Younger & Glenn Cossey
Aug 2019		
1	ACCESS Onboarding Sub-Group	Alex Younger
7	Project Planning day with Hymans	Nicola Mark, Jo Quarterman, Glenn Cossey, Mark Alexander, Debra Keeling
12 / 13	Class Action Lead Plaintiff Application	Alex Younger
20	Pensions Admin Software Framework Specification review	Pippa Bestwick, Leon Thorpe, Debra Keeling, Mark Alexander
29	ACCESS Officer Working Group	Alex Younger
September 2019		
5 & 6	LGC Summit – Investment Conference	Nicola Mark (Chairing), various officers, Steve Aspin
9	ACCESS Joint Committee	Nicola Mark, Judy Oliver
10-11	Hymans Valuation – Results review	Glenn Cossey, Robert Mayes, Alex Younger, Sam Ayling, Laura Carter-Rigg
12	ACCESS - procurement moderation meeting	Alex Younger
18	LGA Good Governance Working Group	Nicola Mark
19	Local Authority Pension Fund Forum Awards	Judy Oliver plus officers
20	Equitix Review Meeting	Alex Younger & Glenn Cossey

20	PLSA Policy Board	Nicola Mark
24	ACCESS Governance Sub Group	Nicola Mark, Jo Quarterman
24	TPR Review of Codes & Practice Meeting	Nicola Mark, Jo Quarterman
24	Henderson Review Meeting	Alex Younger & Robert Mayes
25	Essex Pension Fund Advisory Board	Nicola Mark
26	ACCESS Officer Working Group	Alex Younger

National LGPS Frameworks

July 2019		
1	Squire Patton Boggs – Legal Advisor Meeting	Pippa Bestwick, Leon Thorpe
2 & 3	CLASS Local Authority Pensions Group Conference (Aquila Heywood)	Pippa Bestwick, Katie Willson
11 & 12	Pensions Administration Software Framework Supplier Engagement	Pippa Bestwick, Leon Thorpe
15	Pensions Administration Software Framework Supplier Engagement	Pippa Bestwick, Leon Thorpe
17	National LGPS Frameworks Presentation - Cambs/Northants Committee training	Pippa Bestwick
18	Pensions Administration Software Framework Supplier Engagement	Pippa Bestwick, Leon Thorpe
22	Pensions Administration Software Framework Supplier Engagement	Pippa Bestwick, Leon Thorpe
24	AON - Specialist Advisor Meeting	Pippa Bestwick, Leon Thorpe
25	Hymans – quarterly supplier review	Pippa Bestwick, Jamie Freeman
August		
20	Pensions Admin Software Framework Specification Review Meeting - AON	Leon Thorpe
22	National LGPS Frameworks/Pension Protection Fund (PPF) Meeting	Leon Thorpe, Jo Quarterman
Sept		
11	National LGPS Frameworks/CEM Benchmarking Meeting	Pippa Bestwick, Katie Willson, Jamie Freeman
17	Pensions Admin Software Framework Founders Meeting	Pippa Bestwick, Leon Thorpe

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

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

Date	What
October 2019	
1	Pensions Committee
3	LGA Fundamentals Training (Judy Oliver)
8-10	Baillie Gifford LGPS Investment & Training Seminar
15	Pensions Oversight Board
16	ACCESS Investor Day
16 - 18	PLSA Annual Conference
21	CIPFA Pension Panel
22 - 25	Norfolk Pension Fund Scheme Member Clinics
29	Norfolk Pension Fund Annual Meeting
November 2019	
6	LGA Fundamentals Training (Judy Oliver)
14	SPS ESG & Topical Investment Issues for Local Authority Pension Investors (Danny Douglas)
14 & 15	Trustee Training in London
12	PLSA LA Update Conference
December 2019	
4 - 6	Local Authority Pension Fund Forum Conference – Bournemouth Danny Douglas / Alex Younger
10	Pensions Oversight Board
13	ACCESS Joint Committee
18	Fundamentals Training (Judy Oliver)
January 2020	
23 & 24	Local Government Association - LGPS Governance Conference - York

CIPFA – Chartered Institute of Public Finance and Accountancy

ACCA – Association of Chartered Certified Accountants

MHCLG – Ministry for Housing, Communities and Local Government

LAPF – Local Authority Pension Fund

LGA – Local Government Association

LGC – Local Government Chronicle

LGPS – Local Government Pensions Scheme

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

Pensions Committee forward programme – as at 1st October 2019

Pensions Committee	Pensions Committee	Pensions Committee	Pensions Committee	Committee Training
3rd December 2019	25th February 2020	TBC	TBC	2019/20
Administration Report	Administration Report	Administration Report	Administration Report	Triennial Valuation Role of Pool Operator ESG - Climate Change Class Actions
LGPS Pooling/ACCESS Update	LGPS Pooling/ACCESS Update	LGPS Pooling/ACCESS Update	LGPS Pooling/ACCESS Update	
Update from the Pensions Oversight Board	Update from the Pensions Oversight Board	Update from the Pensions Oversight Board	Update from the Pensions Oversight Board	
Risk Register Report and Compliance with Breaches Policy	Corporate Governance and Shareholder Engagement Report	Risk Register Report and Compliance with Breaches Policy	Corporate Governance and Shareholder Engagement Report	
2019 Triennial Valuation	2019 Triennial Valuation – Rates Adjustment Certificate and Funding Strategy Statement	Draft Annual Report and Accounts		
	Pension Fund Budget Report			
Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	

Report to Pensions Committee

Item No. 15

Report title:	Update from the Pensions Oversight Board
Date of meeting:	1st October 2019
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Nicola Mark, Head of the Norfolk Pension Fund
Executive Summary This report updates the Pensions Committee on the work of the Pensions Oversight Board. Recommendations Pensions Committee is invited to note the contents of this report.	

1. **Background**

- 1.1 This report updates the Pensions Committee on the work of the Pensions Oversight Board. A further verbal report may be given by members of the Pensions Oversight Board who will also attend committee. The last update was given at the July 2019 Committee Meeting.

2. **Pensions Oversight Board meetings**

- 2.1. The Pensions Oversight Board (POB) has not met since the last report to Pensions Committee in July. The Board next meets on the 15th October 2019.

3 **Knowledge and Skills**

- 3.1 Members of POB will be attending the Norfolk Pension Fund training on 14th and 15th November 2019, along with members of Pensions Committee and Fund Officers.
- 3.2 Members of POB have also been invited to attend the ACCESS Investor Day on the 16 October 2019.

4 **Resource Implications**

- 4.1 There are no resource implications associated with this report.

5 **Other Implications**

- 5.1 **Equality Impact Assessment (EqIA):**

5.2 There are no equality issues arising from this report.

5.3 **Any Other Implications:**

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

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

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

7 **Recommendation**

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

Background Papers

None

Officer Contact

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

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



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Report to Pensions Committee

Item No. 16

Report title:	Pensions Oversight Board Independent Chair Arrangements
Date of meeting:	1st October 2019
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Nicola Mark, Head of the Norfolk Pension Fund
Executive Summary <p>This report updates the Pensions Committee on the Interim Independent Chairing arrangements for the Pensions Oversight Board and proposes future arrangements.</p> Recommendations <p>Pensions Committee is invited to:</p> <ul style="list-style-type: none">• Note the contents of this report, including the end of the current reciprocal chairing arrangement between the Norfolk and Essex Pension Funds, and record they're thanks to Mr Kevin MacDonald for his contribution to the establishment of and support to the Norfolk Pensions Oversight Board since its inception.• Consider the proposals set out in this report and agree how to take forward the replacement of the existing Independent Chairing arrangements, including compensation, recruitment and subsequent updating of the Pensions Oversight Board's Terms of Reference.	

1 Background

- 1.1 The Local Government Pension Scheme Local Pension Boards were established under the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013.
- 1.2 The regulations required equal membership within the Board of Employer and Employee representatives and allowed for the appointment of an Independent Chair (without voting rights).

2 Current arrangement in Norfolk

- 2.1 In Norfolk, the Pensions Oversight Board (POB) was established as our Local Pension Board and an Interim Independent Chair was appointed under a reciprocal Chairing arrangement with the Essex Pension Fund.
- 2.2 This arrangement has been successful in supporting the establishment of a knowledgeable and effective Pensions Oversight Board for the Norfolk Pension Fund, which works well in helping secure the efficient and effective management of the Pension Fund and ensuring compliance with regulatory obligations and best practice.

3 Developments since establishment

- 3.1 Since the reciprocal arrangements was established our relationship with the Essex Pension Fund has changed, mainly as a result of our joint participation in the ACCESS pool.
- 3.2 Most recently, Kevin MacDonald, previously Director of the Essex Pension Fund and Independent Chair of the Pensions Oversight Board, has taken up the role of ACCESS Programme Director. He has therefore stepped down from his role with POB.
- 3.3 This therefore is the appropriate time to review the interim arrangement and establish a new model.

4 Future Independent Chairing proposal

4.1 Retention of an Independent Chair

- 4.2 The establishment of an Independent Chair has delivered positive benefits for the POB and the Norfolk Pension Fund and supported the Board in effectively and collectively fulfilling its obligations.
- 4.3 It is therefore recommended that the Pensions Oversight Board retains an Independent Chair. We estimate this role requires a commitment of between 8-12 days per annum.

4.4 Costs and remuneration

- 4.5 Under the reciprocal arrangement, there has been no cost to the Norfolk Pension Fund for an Independent Chair.
- 4.6 A review of Independent Chairing arrangements in other Administering Authorities shows a wide diversity of practice, ranging from a purely voluntary role through to costs of £15K p.a. plus expenses. A number of authorities do not explicitly state their commercial arrangements.
- 4.7 Whilst not a direct role equivalent, the experience in Norfolk with co-opted members of the Norfolk Police and Crime Panel in Norfolk may be a useful exemplar, where members are entitled to claim an allowance of £1040 p.a.. This evidences that this role isn't a job with an associated salary but an allowance and confirms that this figure in Norfolk attracts people with a sense of public responsibility.

4.8 Recruitment and Appointment

- 4.9 In light of the nature of the role we would recommend that the position is advertised on the Norfolk Pension Fund and Norfolk County Council websites, and that the and Head of the Pension Fund, in consultation with the Chairman of the Pensions Committee, shortlist and interview candidates.

5 Resource Implications

- 5.1 There will be no cost anticipated with the advertising of this role. Costs associated with the recruitment and appointment to this role will be met from the Pensions Oversight Board budget. This budget will be reviewed for 2020/21 in light of the final outcome of the process.

5.2 **Other Implications**

5.3 **Equality Impact Assessment (EqIA):**

5.4 There are no equality issues arising from this report.

5.5 **Any Other Implications:**

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

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

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

7 **Recommendation**

7.1 Pensions Committee is invited to:

7.2 note the contents of this report, including the end of the current reciprocal chairing arrangement between Norfolk and Essex Pension Funds, and record their thanks to Mr Kevin MacDonald for his contribution to the establishment of and support to the Norfolk Pensions Oversight Board since its inception.

7.3 Consider the proposals set out in this report and agree how to take forward the replacement of the existing Independent Chairing arrangements, including compensation, recruitment and subsequent updating of the Pensions Oversight Board's Terms of Reference.

Background Papers

None

Officer Contact

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

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



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Report to Pensions Committee

Item No. 17

Report title:	Corporate Governance and Shareholder Engagement Report
Date of meeting:	1st October 2019
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Nicola Mark, Head of the Norfolk Pension Fund
Executive Summary This report is the six-month update for the Pensions Committee on corporate governance and shareholder engagement matters relating to the Fund. This follows the last full report to Pensions Committee in February 2019. Recommendations The Pensions Committee is asked to consider and note the contents of this report.	

1. Background and Purpose

- 1.1 Over many years, the Committee have developed their own policy on Corporate Governance in line with industry best practice. Details of the current policies on Voting and Engagement are set out in Appendix 5 of the Norfolk Pension Fund Investment Strategy Statement (ISS). A copy of the ISS can be found on our website at www.norfolkpensionfund.org (type ISS into the 'Site Search' box).
- 1.2 The Fund believes that through the adoption of good practice in corporate governance, environmental and social matters, the management of companies will improve, and long-term shareholder value will increase. The Fund's policy expects Investment Managers to make regular contact at senior executive level with the companies in which the Fund's assets are invested, both as an important element of the investment process and to ensure good Corporate Governance and raise awareness of Environmental, Social and Environmental (ESG) issues. Key AGM voting, and manager discussion themes are as follows:
 - Board structure
 - Chairman independence
 - Executive remuneration
 - AGM proposals
- 1.3 The key themes of the engagement policy are as follows.
The Fund expects companies to:
 - Demonstrate a positive response to all matters of social responsibility
 - Take environmental matters seriously and produce an environmental policy on how any detrimental impact can be minimised

- Monitor risks and opportunities associated with climate change and fossil fuels and take all reasonable and practical steps to reduce environmental damage
- Make regular and detailed reports of progress on environmental issues available to shareholders
- Openly discuss the environmental impacts of their business with shareholders
- Establish procedures that will incrementally reduce their environmental impact
- Comply with all environmental and other relevant legislation and seek to anticipate future legislative requirements

1.4 Voting has been undertaken in accordance with the Pension Fund's policy by the Research Recommendations and Electronic Voting organisation (RREV). For those Norfolk equity assets transferred to the ACCESS Pool (Baillie Gifford and Fidelity mandates) voting has been undertaken by the investment managers in accordance with Pool policy, see section 8 for more detail. The Fund's investment managers have continued to engage with companies and markets to improve governance generally.

2. Voting

2.1 Details of all votes cast for UK and overseas companies can be found on our website at www.norfolkpensionfund.org.

2.2 During the first and second quarters of 2019 (01 January 2019 to 30 June 2019) there were 53 UK company meetings, including Annual General Meetings (AGMs), Extraordinary General Meeting (EGMs) etc., covering 1,226 resolutions relating to the Fund's shareholdings. Further analysis of the votes cast at UK Company meetings by the Norfolk Pension fund is shown below.

Votes "For"	1,151
Votes "Against"	74
Votes Abstained from	<u>1</u>
Total Votes	1,226

2.3 Votes against the management of UK companies only are shown in Appendix A.

3. Engagement

3.1 Norfolk Pension Fund expects the fund managers to engage with the companies in which we invest, with an emphasis on environmental issues. The fund managers have supplied us with highlights of their engagement, which is summarised in Appendix B.

4. Voting and Engagement - Pooled Funds

4.1 UBS invest in pooled passive funds on behalf of the Fund. Accordingly, we are not able to exert direct control over their voting or engagement activity. However, at previous Committee meetings it has been noted that UBS operate a high-quality programme of corporate governance. An update of all the managers activity is included in Appendix B.

5. Living Wage Campaign

5.1 The UK Living Wage, as calculated by the Living Wage Foundation. The living wage is calculated according to the cost of living and is therefore different to the

Government's National Living Wage which is calculated with reference to median earnings. The UK Living Wage is currently £10.55 in London and £9.00 throughout the rest of the UK.

- 5.2 As part of engagement reviews with the Fund's equity managers, officers will specifically discuss manager engagement with companies on the UK Living Wage and more widely on employment rights; particularly in respect of overseas investments.
- 5.3 ShareAction have reported continued progress with regards their UK Living Wage campaign. During 2018 there has been a further three UK FTSE 100 company accreditations and a good many dialogues with new FTSE firms and firms that had previously been unengaged. Over one-third of the FSTE 100 are now accredited Living Wage employers.
- 5.4 Pensions Committee has previously agreed that the Fund acts as a co-signatory on engagement letters to UK FTSE 100 companies encouraging progress on adoption of the UK Living Wage

6. Responsible Investment Active Equity Manager Ratings

- 6.1 Hymans have developed an approach to rate investment managers and products by considering how responsible investment (RI) matters are addressed and integrated within investment manager's decision making. The premise being that investment managers who effectively integrate responsible investment into their investment decision making can help deliver better risk adjusted returns.
- 6.2 Hymans include an RI rating for Norfolk's equity managers in the quarterly performance report (Item 10).

7. Local Authority Pension Fund Forum

- 7.1 The Norfolk Pension Fund is a member of The Local Authority Pension Fund Forum (LAPFF). LAPFF exists to promote the investment interests of local authority pension funds and to maximise their influence as shareholders, whilst promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.

LAPFF Business Meetings were held in January 2019 and April 2019. Items discussed at these meetings are detailed in the following table:

Date of Meeting:	Items Discussed:
30 January 2019	<ul style="list-style-type: none"> • Competition & Markets Authority Review • Kingman review of the FRC • Tobacco companies & LAPFF engagements • Fracking & LAPFF engagement • Disruptive technology update • Modern Slavery Act
17 April 2019	<ul style="list-style-type: none"> • Reliable Accounts: Kingman and Competition & Markets Authority • Defence Industry and Human Rights Scoping Paper • Board level employee representation survey • Update on Scheme Advisory Board • Pooling update

8. LGPS Pooling

- 8.1 The Funds participation in the ACCESS Pool includes the development of corporate governance and socially responsible investment policies to enable the pool to continue to discharge its responsibility in respect of LGPS regulations and corporate governance activity.
- 8.2 The ACCESS Joint Committee has approved voting guidelines for ACCESS Equity sub-funds. The guidelines are based on ACCESS Fund's current voting practice as well as from guidance issued by the investment association. Pensions Committee considered the ACCESS sub-fund voting guidelines at its June 2018 meeting.

9. Proposals

- 9.1 That the Committee considers and notes the contents of this report.

10. Impact of the Proposal

- 10.1 None.

11. Evidence and Reasons for Decision

- 11.1 N/A

12. Alternative Options

- 12.1 N/A

13. Financial Implications

- 13.1 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.

14. Other Implications

- 14.1 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.

15. Risk Implications/Assessment

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

16. Select Committee comments

- 16.1 N/A

17. Recommendation

- 17.1 The Pensions Committee is asked to consider and note the contents of this report.

18. Background Papers

- 18.1 Appendix A – 2019 Q1 & Q2 Voting and Results UK
Appendix B – Engagement 01 January 2019 to 30 June 2019

Officer Contact

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

Officer name : Nicola Mark

Tel No. : 01603 222171

Email address : nicola.s.mark@norfolk.gov.uk



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Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote	For	Against	Abstain
3	Mitchells & Butlers Plc	Re-elect Keith Browne as Director	Vote AGAINST as the company does not respect the combined code recommendation that the board comprises at least half of independents non-executive directors.	22-Jan-19	Management	Against	75.95%	20.32%	3.73%
5	Mitchells & Butlers Plc	Re-elect Eddie Irwin as Director	Vote AGAINST as Norfolk will vote against any Non independent non-executive directors sitting on the Audit and Remuneration Committee	22-Jan-19	Management	Against	69.32%	26.73%	3.95%
6	Mitchells & Butlers Plc	Re-elect Bob Ivell as Director	Vote AGAINST as the director is considered to be ultimately responsible for corporate governance standards on the Board. The Board and key sub-committee' composition falls short of the UK code recommendations and this has been a long standing issue.	22-Jan-19	Management	Against	79%	21%	0%
8	Mitchells & Butlers Plc	Re-elect Josh Levy as Director	Vote AGAINST as Norfolk will vote against any Non independent non-executive directors sitting on the Audit and Remuneration Committee	22-Jan-19	Management	Against	73.2%	22.9%	3.9%
9	Mitchells & Butlers Plc	Re-elect Ron Robson as Director	Vote AGAINST as Norfolk will vote against any Non independent non-executive directors sitting on the Audit Committee	22-Jan-19	Management	Against	69.32%	26.73%	3.95%
11	Mitchells & Butlers Plc	Re-elect Phil Urban as Director	Vote AGAINST as the company does not respect the combined code recommendation that the board comprises at least half of independents non-executive directors.	22-Jan-19	Management	Against	99.3%	0.7%	0.0%
2	Euromoney Institutional Investor Plc	Approve Remuneration Report	A Vote AGAINST as concerns around the level of stretch available under the normal bonus scheme- Target bonus level is greater than 50% maximum bonus payable, notwithstanding the slight reduction in target bonus for CEO on account of his temporary US move.	01-Feb-19	Management	Against	81.9%	18.1%	0.0%
7	Euromoney Institutional Investor Plc	Re-elect Kevin Beatty as Director	A Vote AGAINST any non-independent non-executive directors sitting audit or remuneration committee	01-Feb-19	Management	Against	89.2%	10.7%	0.1%
8	Euromoney Institutional Investor Plc	Re-elect Tim Collier as Director	A Vote AGAINST any non-independent non-executive directors sitting audit or remuneration committee	01-Feb-19	Management	Against	88.3%	11.6%	0.1%
11	Euromoney Institutional Investor Plc	Re-elect David Pritchard as Director	A Vote AGAINST the chairman of the Nomination Committee when the company has not appointed a senior independent director.	01-Feb-19	Management	Against	94.18%	5.26%	0.56%
13	Euromoney Institutional Investor Plc	Re-elect Lorna Tilbian as Director	A Vote AGAINST the company does not respect the combined code recommendation that the board comprises at least half of independents non-executive directors.	01-Feb-19	Management	Against	91%	9%	0%
3	Micro Focus International Plc	Approve Remuneration Report	A Vote AGAINST Recruitment incentives have been awarded to the new CFO without a compelling explanation.	29-Mar-19	Management	Against	47.9%	48.5%	3.6%

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote	For	Against	Abstain
2	Barclays Plc	Approve Remuneration Report	A Vote AGAINST "Jes Staley's attempt to identify a whistleblower in 2016" Remuneration Committee's response to the outcomes of these investigations is considered inadequate, given the loss of USD 15 million in shareholder funds and the broader reputational damage and regulatory oversight incurred by the Group as a result of this issue.	02-May-19	Management	Against	68.2%	28.1%	3.7%
6	Spirax-Sarco Engineering Plc	Re-elect Jamie Pike as Director	A Vote AGAINST the Chair of Nomination committee is warranted as the company has not appointed a Senior Independent Director.	15-May-19	Management	Against	92.8%	3.7%	3.5%
8	Coca-Cola European Partners Plc	Re-elect Irial Finan as Director	A Vote AGAINST any Non independent non-executive directors sitting on the Remuneration Committee.	29-May-19	Management	Against	86.2%	13.8%	0.0%
12	Coca-Cola European Partners Plc	Re-elect Mario Rotllant Sola as Director	A Vote AGAINST any Non independent non-executive directors sitting on the Remuneration Committee.	29-May-19	Management	Against	86.7%	13.3%	0.0%
17	Coca-Cola European Partners Plc	Approve Waiver on Tender-Bid Requirement	A Vote AGAINST All Rule 9 waivers are deemed contentious as institutional investors are concerned about the risk of creeping control. In light of this guidance.	29-May-19	Management	Against	49.6%	11.1%	39.3%
22	Coca-Cola European Partners Plc	Adopt New Articles of Association	A Vote AGAINST this resolution is warranted because the proposed adoption of new Articles includes a clause allowing for the appointment of alternate directors, which is not in line with the recommended best practice.	29-May-19	Management	Against	81.1%	18.9%	0.0%
17	Bodycote	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	24-May-19	Management	Against	94%	6%	0%
13	Breedon Group	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	30-Apr-19	Management	Against	98.2%	1.8%	0.0%
2	British American Tobacco	Directors Remuneration	We opposed the executive remuneration report and policy due to concerns regarding the potential size of the pay award.	25-Apr-19	Management	Against	92.5%	7.4%	0.1%
3	British American Tobacco	Remuneration Report	We opposed the executive remuneration report and policy due to concerns regarding the potential size of the pay award.	25-Apr-19	Management	Against	87.6%	12.3%	0.1%
12	British American Tobacco	Elect Director(s)	We opposed the election of the Chairman of the remuneration committee due to ongoing concerns regarding the remuneration policy.	25-Apr-19	Management	Against	97.9%	2.0%	0.1%

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote	For	Against	Abstain
16	British American Tobacco	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	25-Apr-19	Management	Against	74.3%	25.6%	0.1%
13	Bunzl	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	17-Apr-19	Management	Against	83.8%	16.2%	0.0%
15	Bunzl	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	17-Apr-19	Management	Against	94.0%	5.8%	0.2%
13	Carnival	Directors Remuneration	We opposed remuneration due to poor disclosure of targets that determine reward outcomes.	16-Apr-19	Management	Against	90.1%	4.1%	5.8%
14	Carnival	Remuneration Report	We opposed remuneration due to poor disclosure of targets that determine reward outcomes.	16-Apr-19	Management	Against	95.36%	4.28%	0.36%
18	Carnival	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	16-Apr-19	Management	Against	95.3%	4.3%	0.4%
2	Compass	Remuneration - Report	We opposed the resolution to approve the Remuneration Report.	07-Feb-19	Management	Against	96.8%	2.0%	1.2%
18	Compass	Amendment of Share Capital	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	07-Feb-19	Management	Against	91.1%	8.9%	0.0%
20	Compass	Amendment of Share Capital	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	07-Feb-19	Management	Against	94.8%	5.0%	0.2%
13	Enquest	Remuneration Policy	We opposed the remuneration report due to changes made to the targets linked to incentive plans.	23-May-19	Management	Against	81.4%	18.6%	0.0%

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote	For	Against	Abstain
15	Enquest	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	23-May-19	Management	Against	88.57%	10.88%	0.55%
17	Enquest	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	23-May-19	Management	Against	86.2%	13.3%	0.5%
16	Fisher (James) & Sons	Issue Equity with Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	02-May-19	Management	Against	91.7%	8.3%	0.0%
16	Hikma Pharmaceuticals	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	17-May-19	Management	Against	85.2%	14.8%	0.0%
18	Hikma Pharmaceuticals	Routine Business	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	17-May-19	Management	Against	98.5%	1.5%	0.0%
17	Hiscox	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	16-May-19	Management	Against	90.3%	9.4%	0.3%
19	Hiscox	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	16-May-19	Management	Against	91.77%	7.97%	0.26%
17	Howden Joinery Group	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	02-May-19	Management	Against	90.4%	9.6%	0.0%
2	HSBC	Remuneration Report	We opposed two resolutions to approve the remuneration report and remuneration policy due to the continued use of fixed pay allowances.	12-Apr-19	Management	Against	96.37%	3.18%	0.45%

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote	For	Against	Abstain
3	HSBC	Remuneration Policy	We opposed two resolutions to approve the remuneration report and remuneration policy due to the continued use of fixed pay allowances.	12-Apr-19	Management	Against	96.9%	2.6%	0.5%
8	HSBC	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	12-Apr-19	Management	Against	95.0%	4.5%	0.5%
10	HSBC	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	12-Apr-19	Management	Against	96.6%	2.9%	0.5%
17	HSBC	Shareholder Resolution - Governance	We opposed a shareholder resolution relating to the payment of Midland Bank pensions. The board has taken external legal advice on the matter and has undertaken an extensive review of scheme documentation and communications. We are satisfied that the board has taken the matter seriously, has committed resource to investigating it and that the outcome of that work is supportive of the board's position.	12-Apr-19	Management	Against	3.5%	95.2%	1.3%
17	Inchcape	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	23-May-19	Management	Against	87.8%	12.2%	0.0%
21	Informa	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	24-May-19	Management	Against	95.2%	4.8%	0.0%
14	IntegraFin	Amendment of Share Capital	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	21-Feb-19	Management	Against	96.8%	3.2%	0.0%
16	IntegraFin	Amendment of Share Capital	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	21-Feb-19	Management	Against	96%	4%	0%
2	Just Group	Remuneration Report	We opposed remuneration because we do not consider the executive bonus outcome to be aligned with shareholder experience.	13-Jun-19	Management	Against	87%	13%	0%
14	Just Group	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	13-Jun-19	Management	Against	78.9%	21.1%	0.0%

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote	For	Against	Abstain
16	Just Group	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	13-Jun-19	Management	Against	76.3%	23.7%	0.0%
16	Keller	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	16-May-19	Management	Against	47%	3%	50%
18	Keller	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	16-May-19	Management	Against	92.66%	6.07%	1.27%
23	Legal & General	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	23-May-19	Management	Against	97.3%	2.7%	0.0%
2	Meggitt	Remuneration Report	We have opposed remuneration due the high level of pension payment to an executive director.	25-Apr-19	Management	Against	93.2%	6.7%	0.1%
18	Meggitt	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	25-Apr-19	Management	Against	88.68%	11.26%	0.06%
2	Melrose Industries	Remuneration Report	We opposed the remuneration report due to concerns around the potential quantum available.	09-May-19	Management	Against	83.6%	11.6%	4.8%
15	Melrose Industries	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	09-May-19	Management	Against	95.34%	4.64%	0.02%
17	Melrose Industries	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	09-May-19	Management	Against	96.5%	3.5%	0.0%
16	RELX	Amendment of Share Capital	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	25-Apr-19	Management	Against	94.1%	5.9%	0.0%

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote	For	Against	Abstain
18	RELX	Amendment of Share Capital	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	25-Apr-19	Management	Against	97.2%	2.4%	0.4%
15	Rightmove	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	10-May-19	Management	Against	89.8%	10.1%	0.1%
17	Rio Tinto	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	10-Apr-19	Management	Against	87.8%	10.6%	1.6%
20	Rolls-Royce	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	02-May-19	Management	Against	82.7%	17.1%	0.2%
2	Royal Dutch Shell B Shares	Remuneration Report	We opposed the remuneration report as we consider the structure of reward and the outcome in respect of FY2018 to be generous.	21-May-19	Management	Against	87.6%	9.8%	2.6%
3	Standard Chartered	Remuneration Report	We opposed the remuneration report due to the use of fixed pay allowances.	08-May-19	Management	Against	88.6%	10.7%	0.7%
4	Standard Chartered	Directors Remuneration	We opposed the remuneration policy as it contains several elements of poor practice which are not in the interests of shareholders.	08-May-19	Management	Against	62.3%	35.3%	2.4%
17	Ted Baker	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	11-Jun-19	Management	Against	93.3%	6.7%	0.0%
14	Travis Perkins	Issue Equity with Pre-emption Rights	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	08-May-19	Management	Against	85.1%	14.9%	0.0%
22	Unilever	Issue Equity without Pre-emption Rights	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	02-May-19	Management	Against	97.0%	2.8%	0.2%

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote	For	Against	Abstain
20	Victrex	Amendment of Share Capital	We opposed the proposal that gave the company the right to issue up to two-thirds of its issued share capital via a rights issue under Section 551 of the Companies Act 2006, whereas ACCESS guidelines recommended supporting. We do not believe that it is in our clients' best interests to forego the right to vote on a large rights issue at an EGM.	06-Feb-19	Management	Against	94.5%	5.5%	0.0%
22	Victrex	Amendment of Share Capital	We opposed the resolution which sought authority to issue equity, whereas ACCESS guidelines recommended supporting. We believe the potential dilution levels are not in the interests of shareholders.	06-Feb-19	Management	Against	88.74%	11.25%	0.01%

Engagement during the period 1 January 2019 to 30 June 2019

Capital International Limited

In February 2019, Capital engaged with First Republic's CFO to discuss ESG integration in its business practices. First Republic's primary focus is to provide an extraordinary service to clients, employees, regulators and communities. The company's founder and CEO thinks it is important to build a service-oriented culture and support the long-term vision and growth of the company by improving diversity in the board. According to the CFO, there is a high priority placed on bringing in the right people to the company, which starts with a very rigorous selection process. The First Republic team acknowledges that it is hard to attach metrics to diversity targets but noted that the company sees value in diversity of all kinds: ethnicity, gender, education, and experience. When growing their teams, unit leaders look for diverse skills to ensure more neurodiversity. Beyond financial proficiency, the company is looking for varied cultural backgrounds and will expand the search beyond the core banking sector to find candidates and employees from different industries. This, management believes, will allow teams within the organisation to have different perspectives, which will support better overall corporate performance.

Capital met with HeidelbergCement's outgoing and incoming CEOs to discuss the approaching management transition in March 2019. After 15 years at the helm of Europe's second-biggest cement maker, Bernd Scheifele will be replaced by his deputy CEO, Dominik von Achten, as part of a well-planned succession strategy. Capital carefully monitored this CEO transition to identify the company's strategic direction and capacity to adapt. HeidelbergCement is an energy-intensive company facing tighter European regulations on CO2 emissions. The new CEO is technology-oriented and is eager to build a strong network of internationally leading scientists to explore innovative approaches to collect and recycle CO2 in a purified way. HeidelbergCement is already involved in several projects. As part of the research project "CO2MIN," the company has explored the absorption of CO2 from flue gas with RWTH Aachen University. It plays a major role in the research consortium LEILAC (Low Emissions Intensity Lime and Cement), which explores carbon capture technologies. The company is also further developing oxy-fuel technology, which uses oxygen instead of air to burn fuel, producing less flue gas.

In quarter two, Capital engaged with Yamato Kogyo discussing strategy, capital allocation and corporate governance - topics which could unlock a lot of value in this rare cash machine within the global steel industry and could even trigger a re-rating in the stock. Encouragingly, less than two months after Yamato Kogyo announced that it had increased the previously disclosed final dividend for the 2018 financial year from JPY 25 per share to JPY 40 per share and had also doubled the 2019 dividend estimate to JPY 100. At its June shareholder meeting, the company also added a second external director to the board. During the meeting, Capital also commented to the management team that the combination of cash hoarding, a lack of investor relations efforts, poor transparency, and a shortage of documents in English makes it difficult for investors to even hear about Yamato Kogyo, let alone become interested enough to invest. Capital also encouraged the company to appoint more external directors and the CEO seemed very engaged.

Utility companies are becoming increasingly focused in their pursuit of decarbonisation. Enel has taken huge strides in transforming itself into a renewables leader, bringing green and affordable energy to the world at scale. Capital's approach to ESG is based on sustainability of earnings. The only way for an electricity generation business to have earnings in 20 years

is to seek leadership in renewables, which will ultimately replace most thermal generation because of lower all-in costs. Environmental sustainability and financial sustainability go together. On a recent visit to one of Enel's innovation hubs in Sicily, Capital saw an innovative company that is considered materially different from the market's general perception. Enel is typically treated as a sprawling, complex machine, exposed to Italy's macro risks. However, Capital's impression was that Enel's innovation efforts to reduce costs, increase safety and drive revenue opportunities could open a significant competitive wedge against other utilities unable to innovate at scale. Innovative projects ranged from "heterojunction bifacial" solar panels that capture 30% more solar energy, to customised, inflatable motorcycle jackets for line-workers, which are equipped with technology to detect falls. By devoting significant resources to on-the-ground research, Capital can gather material ESG information without relying on external data providers, while linking it to the business case.

UBS

During the first quarter UBS carried out 54 engagement meetings with 45 companies covering a range of issues including corporate governance, climate change, business conduct & culture and impact.

UBS met with the Chair of the Remuneration Committee of British American Tobacco to discuss proposed changes to the remuneration policy. The company has made positive changes to simplify the structure on the short-term incentive plan and brought executive pension payments in line with the wider workforce from 35% to 15% of basic salary. The dismissal of individual performance multiplier removes discretion from the annual bonus, but an appropriate ESG metric, such as health and safety, has not been added despite suggestions to do so from multiple investors. Overall the changes are supportable and while the plans' thresholds and maximum levels are only disclosed 1.5 years post due to commercial sensitivity, there is assurance in the cap at 250% of salary for the short-term incentive plan. UBS also used the meeting to raise questions on the Board structure, regulation, lobbying and human rights.

UBS also met with sustainability experts and investor relations of Conagra Brands – a large manufacturer and seller of processed and packaged foods. UBS encouraged them to enhance their focus on offering nutritious food products whilst doing so in a way that minimises their environmental impact and optimises their positive influence on society and shared examples of what their peers have done as well as views on best practice. UBS encouraged the company to 1) set targets to operate within the defined scientific boundaries that would ensure a safe operating space within six earth systems (climate change, biodiversity loss, land system use, freshwater use, and nitrogen and phosphorus flows) and 2) reduce waste generation through prevention, reduction, recycling and reuse and set targets to do so by 2030. UBS also discussed the lack of reporting on talent attraction and retention and encouraged enhanced disclosure in their next annual report.

During the second quarter UBS carried out 71 engagement meetings with 66 companies, covering a range of financial and ESG issues, including governance, strategy and business model and climate change.

Ahead of the 2019 BP plc AGM, UBS joined with other investors to co-file a shareholder resolution, which was approved with a positive recommendation by corporate management and which was subsequently supported by 99% of shareholders. The resolution requested

that the company align its business strategy with the goals set out in the Paris agreement, with respect to new material capital expenditure and targets on climate change. It also asked the company to disclose anticipated levels of investment in oil and gas resources and reserves and other energy sources, the estimated carbon intensity of the company's energy products and any linkage between climate change targets and executive remuneration. During the meeting with company representatives in May, UBS were able to clarify information on the plans by the company to deliver on the content of the resolution. As a group of investors UBS will have regular meetings with management to provide feedback on the carbon footprint of the entire value chain (including scope 3 emissions) and capital expenditure alignment with below 2-degree scenarios. UBS have also recently asked the company to clarify their lobbying positions in the US and are pleased to hear its commitment to undertake a global review of climate change policy dialogue similarly to the work done by peers.

UBS continued their active engagement with Stericycle regarding governance, internal controls and financial accounting issues, auditor tenure and remuneration, along with timelines for their Enterprise Resource Plan implementation. The company's board is on course to be refreshed, with six new members appointed in the last two years, which alleviated prior concerns with respect to director tenure. Over the past two years the company implemented several processes, new governance structures and system changes, improving the auditor's assessment from "pervasive weakness" to "weakness", but considerable work remains. UBS expressed concern with severance packages where the immediate cash payment is more than 2x base salary plus annual average bonus, with a proposal to increase this to 3x. UBS further discussed auditor's tenure, which extends beyond 20 years and would normally under UBS AM voting policy trigger a vote against their appointment. However, this auditor is the one which identified material concerns in the business across IT, financial and other reporting controls and it is believed that retaining the auditors until the material weaknesses have been resolved is the best possible action.

Wellington

In the first quarter of 2019, Wellington engaged with the lead independent director of a UK drug company to discuss succession planning, leadership changes, executive compensation, and drug pricing. Two board members are retiring this year, one new director with oncology expertise has been added, and the board continues to look for members who have experience in artificial intelligence and emerging markets health care. The lead director shared that directors with scientific backgrounds are especially valuable for their ability to challenge management and encourage strategic dialogue. A few highly regarded executives have left the company in the past year, recruited by competitors within and outside of the UK. The company admitted that while it cannot match most compensation offers from US biotechnology companies, its talent pipeline remains strong. The CEO, CFO, and chair also plan to retire over the next five years, and the board intends to stagger these departures to limit business disruptions.

The company, like its local peers, has faced significant shareholder opposition, mainly from domestic investors, to total executive pay for the past several years. Political scrutiny and general focus on pay equity broadly have been most intense in the UK. Ironically, overall pay levels are lower in the UK than in the US, and this company's executive directors are paid at the top of the domestic peer group, but at the bottom relative to developed market peers. The lead director acknowledged that continued social and political pressure could

impact the company's ability to recruit US talent and may even contribute to further talent drift out of the UK.

Wellington also debated whether the financial and operating targets in the company's compensation plan are rigorous enough. The board intends to increase the value required to achieve the maximum pay out for each metric, creating more challenging stretch goals. The full board oversees the drug pricing strategy, and the CEO has spoken publicly on the issue. The company's strategy is to be more transparent and offer constructive solutions, including using innovative pricing models and value-based pricing. Wellington were impressed with the board's thoughtful succession plan and encouraged by the prospective changes to the compensation plan structure and believe the longer-term talent succession risks arising from compensation scrutiny in the UK apply to the entire market,

In quarter two, Wellington engaged with the board chair, chair of the remuneration committee, and lead independent director of an Irish building materials company to discuss carbon emissions regulation, board composition and management succession, and executive compensation. The company is considering setting an emissions reduction target in line with the Paris Agreement after 2020. It has already made considerable progress in emissions reductions over the last five years, surpassing several peers. The CEO is leading an industry association dedicated to sustainable development, and the company is an industry leader in the use of alternative fuels and materials, with 75% of its largest production facility powered by alternative energy sources. The company has modest business exposure to countries subject to the European Union (EU) Emissions Trading System (ETS) and is short carbon-credit permits, requiring small annual payments. Management has committed to establishing an internal carbon price in the next few years and suggested that the EU could enact tariffs on imports to prevent domestic companies from becoming less competitive due to the ETS. In recognition of the importance of climate change for this industry — including both physical risks and transition risks from changing regulation — the board has set up a new Safety, Environment & Social Responsibility Committee to work with management on emissions targets, among other ESG issues. Wellington were impressed with the company's ongoing emissions reduction and its awareness of the impact of carbon regulation on the business and will continue to monitor the EU's approach to tariffs on imports in this segment.

Wellington also met with the chair of the board of a UK-based household and personal products company to discuss a recent leadership transition, executive compensation, and best practices the chair learned while serving on another high-profile board. The former CEO was known for his long-term vision, upholding the company's central purpose, and support for sustainability. In searching for a replacement, the board interviewed a dozen external candidates but decided instead to promote from within. The new CEO is charged with achieving medium-term financial goals. The chair indicated that while corporate purpose and sustainability are still important, they will be emphasised to a lesser degree. This CEO is more dedicated to the digital transformation of operations, which the company sees as critical to remaining competitive.

Consistent with an ongoing trend in the UK, shareholder opposition to high absolute pay continues, with more than one-third of shareholders voting against a proposal to approve prior-year pay-outs for executives. The chair assured that this scrutiny did not present a challenge to recruiting the new CEO but did acknowledge that the company is struggling to pay lower-level managers competitively. The chair emphasised that the board remains committed to developing a compensation plan that incentivises appropriate behaviour. Wellington were pleased to hear the chair mention several lessons learned while serving on the board of a large company that has struggled recently. He agrees with the importance of

keeping board size manageable to ensure accountability, separating CEO and chair roles, considering board turnover relative to CEO tenure, and assessing whether directors' compensation is commensurate with their board responsibilities. The chair also observed that activists tend to take advantage of boards with weak, noncollaborative cultures.

Wellington believe the board's succession plan led to a smooth leadership transition, although they expect that a shift in corporate culture could result from the change in leadership focus and style. Wellington appreciate the chair's candid perspective regarding board practices and expect his leadership to translate into a strong board culture.

Baillie Gifford

In the first quarter of 2019 Baillie Gifford met with the Chairman and Senior Independent Director (SID) of Prudential plc and discussed the recent turnover of long-serving senior management, succession planning, matters relating to regional divisions (including US, Indonesia, China), board structure, functioning and diversity. The group is preparing to demerge into two separately listed companies; this is a lengthy and complicated process, so the progress and timescales were reviewed. Following discussion with the SID, Baillie Gifford expressed support for the proposed extension of the chairman's tenure until the 2021 AGM. This extension means it would exceed the revised UK Corporate Governance Code's guidance of nine years from the date of appointment to the board. However, as the demerger is expected to complete in late 2019 or early 2020, the extension would provide appropriate continuity and accountability. The Chairman of the Remuneration Committee also engaged in relation to executive pay; limited changes are being made pending the demerger which Baillie Gifford support. Towards the end of the quarter, Baillie Gifford also met with the CFO to discuss matters arising from the recent financial results and longer-term strategy for the two businesses that will become separately listed companies.

In January, Baillie Gifford engaged with the Chairman of Just Eat plc, following the unexpected departure of the company's CEO. Discussion centred on the background to this change, the appointment of Peter Duffy as interim CEO and the succession process and participated in a lengthy consultation on executive remuneration. During the period an activist investor with a small shareholding continued to agitate for changes to strategy, personnel and executive pay. This sort of activity can be a distraction for any board, particularly for a company operating in a competitive industry. Baillie Gifford will continue to monitor the evolving situation.

The Baillie Gifford UK equity mandate successfully transitioned into the ACCESS Pool on the 28th January 2019 as a sub fund of the operator Link Asset Services.

Fidelity

In quarter one, Fidelity met with the Head of Investor Relations for Ryanair regarding its approach to cybersecurity. Ryanair highlighted its efforts to learn from other companies' experiences with breaches, even beyond the airline industry. The company is a member of the Aviation Information Sharing and Analysis Centre (ISAC) where it collaborates with other airlines on combating cyber security attacks. Staff training and internally and externally administered phishing tests are regular components of Ryanair's approach to ensuring its staff is equipped to identify cyber security risk. In addition, the company reported a significant investment in upgrading its technology platform in recent years. Ryanair's Chief

Technology Officer reports directly to the CEO. Fidelity will continue to engage Ryanair and other companies within the airline industry to better understand their preparedness for, response and resilience to cyber security attacks.

Fidelity also hosted a CDP (formerly Carbon Disclosure Project) roundtable discussion between oil & gas companies and investors around the sector's role in a transition to a low-carbon economy and the risks and opportunities posed by low carbon technologies and regulatory change. Several oil & gas companies and consultants provided their perspectives on the evolution of their activities and the sector, including investments in new energies, hydrogen carbon capture, utilisation and storage (CCUS), and natural sinks such as forestry. Companies also highlighted that this transition will require a cultural change at oil & gas companies and employee training.

Fidelity also became a partner of the Climate Bond Initiative in March 2019. The Climate Bonds Initiative is an international not-for-profit organisation, promoting large-scale investment in the low carbon economy. As a Climate Bond Partner, Fidelity has committed to support investor and stakeholder outreach and education projects centred on growing robust and sustainable green bond markets that contribute to climate action and low-carbon investment. Fidelity will also assist in developing initiatives to grow investment in climate finance solutions, participate in different market development committees and help define policy agendas for sector, country and sub-national green bond development programmes.

The Fidelity Global Equity mandate successfully transitioned into the ACCESS Pool on the 11th February 2019 as a sub fund of the operator Link Asset Services.

Link Asset Services - LF ACCESS UK Equity Core Fund

In quarter two of 2019, Baillie Gifford initiated a call with the chief maritime officer at Carnival Corporation following a court-imposed fine of \$20 million for shortfalls in environmental compliance standards and the falsification of employee training records. This came during a period when the company is still on probation following a \$40 million fine in 2016 for unacceptable environmental practices including the discharge of fuel at sea. Baillie Gifford expressed, in the strongest possible terms, frustration with the self-inflicted damage to the company's reputation and the cost to shareholders. Baillie Gifford were told that there was a misalignment between the structure of the group's compliance function and the structure expected by the court-appointed monitor. The compliance structure is now being centralised in accordance with the monitor's expectations and will be strengthened by the appointment of new senior personnel. The individuals who falsified training records are no longer working for the company.

Baillie Gifford also participated in a Rolls Royce event led by board directors that focused on ESG-related risks and opportunities for the company. Earlier in the quarter Baillie Gifford had met the executive team and the ESG event built on the discussion about the cost and application of R&D investment, how technological developments are shared across the group and the importance of partnerships with customers. In 2018, R&D spend was £1.4 billion, with two-thirds of that dedicated to improving the environmental performance of products. In addition to revitalising its existing product portfolio, the group is nurturing emerging businesses with a focus on advancing electrification.

Link Asset Services – LF ACCESS Global Ex UK Fund

In quarter two of 2019, Fidelity met with Rio Tinto's Chairman and discussed the company's efforts to reduce carbon emissions among other topics. Whilst it is challenging to reduce emissions in the aluminium smelting process, Rio Tinto has been pressed by clients to offer recycled or low carbon aluminium. In 2018, it formed a partnership with Apple and other stakeholders to develop technology removing GHG emissions from smelting. 71% of the company's electricity consumption comes from renewable sources. The bulk of the company's scope 2 emissions comes from aluminium and titanium assets relying on coal power. As the power contracts come to an end, Rio Tinto will be considering renewable alternatives where possible. Regarding scope 3 emissions, Rio Tinto highlighted the difficulty of reducing emissions in the steel industry which uses its iron ore. Earlier in the year, the company published its first climate change report including the results of its 2-degree scenario analysis. Under the IEA SDS, its Pilbara iron ore would be subject to both potential transition and physical risks associated with climate change

Fidelity also had a call with Walt Disney Investor Relations team to discuss several ESG related topics, among which executive remuneration, data privacy, human capital and supply chain risk. The company suffered from a couple of data breaches and have been accused of wrongfully collecting minors' data in the past and now see the area of data privacy and cybersecurity as a material risk for the company. Data privacy sits with the Chief Information Security Officer (enterprise wide), reporting directly to the CEO; however, Investor Relations could not confirm whether any board member have specific skills or background in cybersecurity, the extent to which this topic is discussed at Board meetings, nor whether the company's IT Infrastructure have been externally certified. They assured that all employees are trained to cybersecurity and trainings are tailored to their functional area, showcasing a pro-active approach in reducing the human risk factor, which is a key contributor to cybersecurity risk.