

Pensions Committee

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

Present:

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

Officers Present:

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

Others Present:

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

1 Apologies for Absence

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

2 Minutes

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

3 Declaration of Interest

The following declaration of interest was received:

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

4 Matters of Urgent Business

4.1 There were no matters of urgent business.

5 Administration Report

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

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

National picture

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

Risk Management

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

Performance

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

Communication and Engagement

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

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

Accounts and Financial Reporting

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

Employer Financial Reporting Requirements

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

Collaborative Working / Value for Money

National LGPS Framework update included:

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

Knowledge and Skills

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

Admission Agreements

- Four Admission Agreements set out in the report

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

5.5 RESOLVED

That the Committee:

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

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

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

6 Update from the Pensions Oversight Board

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

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

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

6.3 RESOLVED

That the Committee note the contents of the report.

7 Draft Pension Fund Annual Report and Accounts 2021-22

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

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

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

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

7.4 It was RESOLVED

That In accordance with the terms of reference the Committee:

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

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

8 Corporate Governance and Shareholder Engagement Report

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

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

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

8.3 RESOLVED

That the Committee note the contents of the report.

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

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

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

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

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

Joint Committee (JC) meetings

- 12 September meeting postponed, rescheduled to 6 October 2022

Business Plan and Budget 2022-23

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

Amendments to Inter Authority Agreement (IAA)

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

10.3 RESOLVED

That the Committee note the contents of the report.

11 Exclusion of the Public Items 12-17 only

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

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

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

11.3 Item 12- ACCESS Update – Restricted items

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

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

11.4 Item 13- 2022 Triennial Valuation – Fund Level Results

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

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

11.5 Item 14 - Hymans Robertson Quarterly Performance Report

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

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

11.6 Item 15 - Investment Update

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

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

11.7 Item 16 - Investment Manager presentation

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

revealing this activity to competitors.

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

11.8 Item 17 – Exempt Minutes

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

11.9 RESOLVED

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

12 ACCESS Update – Restricted items

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

12.2 RESOLVED

That the Committee note the contents of the report.

13 2022 Triennial Valuation Fund Level Results

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

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

13.2 Results for individual employers would vary (dependant on contribution rates and balance sheets).

13.3 RESOLVED

That the Committee note the content of the report and the presentation.

14 Investment Performance Update by Hymans Robertson

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

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

14 3 RESOLVED

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

15 Investment Update

15.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that dealt with the investment strategy and assets of the Fund. It included details about the onboarding of assets to the ACCESS Pool, an update on class actions, and further forthcoming training sessions for Members on investment issues.

15.2 RESOLVED

That the Committee note the content of the report.

16 Investment Manager presentation – Janus Henderson

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

16.2 The Chair thanked Janus Henderson for their presentation.

16.3 RESOLVED

To note the presentations by the Fund Manager.

17 Exempt Minutes of the meeting held on 21 June 2022

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

The meeting concluded at 14.30 pm

Chair