

Pensions Committee

Minutes of the meeting held on Tuesday 12th September commencing at 9:30 am and held at County Hall, Norwich

Present:

Cllr J Oliver	(Chair)
Cllr W Richmond	(Vice Chair)
Cllr A Birmingham	
Cllr J Fuller	
Cllr M Storey	
Cllr P Hewett	

Officers Present:

Glenn Cossey	Director of the Norfolk Pension Fund
Alex Younger	Head of Funding & Investment
Jo Quarterman	Head of Governance
Debra Keeling	Pension Services Manager
Charlotte Alexander	Norfolk Pension Fund Accountant
Eunice Walcott	Governance Manager
Jonathan Hall	Committee Officer

Others Present:

David Walker	Investment Adviser, Hymans Robertson
Brian Wigg	Chair of the Pensions Oversight Board

Participating via Microsoft Teams

John Wright	Hymans Robertson
Clifford Sims	Squire Patton Boggs

1 Apologies for Absence

1.1 Apologies for absence were received from Cllr Colwell and Mr Aspin.

2 Chair and Vice-Chair

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

2.2 Cllr Richmond was proposed for the position of Vice Chair by Cllr Storey and seconded by Cllr Fuller. With no other nominations forthcoming, Cllr Richmond was appointed Vice Chair of the Pension Committee.

3 Minutes

- 3.1 The minutes of the previous meeting held on 13th June 2023 were confirmed as a correct record and signed by the Chair.

4 Declaration of Interest

- 4.1 The following declaration of interest was received:
- Cllr Birmingham declared an “other interest” because she is a member of the scheme.

5 Administration Report

- 5.1 The annexed report (5) by the Director of Strategic Finance 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 2023.

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

Governance - National picture

- Publication of the 10th LGPS Scheme Annual Report by the Scheme Advisory Board (SAB)
- Pension Dashboards – the pensions minister has announced a revised mandatory final on-boarding date of the 31 October 2026. All occupational pension schemes (including the LGPS) must be connected by this deadline.
- LGPS Pooling Consultation – launched on the 11 July with a deadline for consultation responses of 2 October 2023.
- Good Governance - no update as to when the Department for Levelling Up, Housing and Communities (DLUHC) will be consulting on SAB’s Good Governance recommendations.

Performance data

- Strong quarterly performance against Key Performance Indicators (KPI’s) for benefits administration, pension payroll and systems.

Communication and Engagement

- Members
 - Annual Benefit Statements were published online in advance of the statutory deadline of the end of August. Approximately 63,000 booklets will now be distributed to scheme members.
 - Face to face member meetings are scheduled later this year, to take place in Cromer, Great Yarmouth, King’s Lynn, and Norwich.

- Primetime Newsletter for retired members will be published in November 2023.
- Employers
 - The latest Employer Newsletter was published in June 2023
 - A hybrid Employer Forum held in July 2023.
- Team
 - A whole team meeting took place on the 12 July 2023, focussed on the Fund's Mission and Service Objectives.
 - Committee and Board training is scheduled for the 1st and 2nd November 2023 in London. Travel and accommodation arrangements are to be arranged.

Admission Agreements:

- Aspens Services (Heart Education Trust)
- Aspens Services (Diocese of Ely Multi-Academy Trust)
- Spire Cleaning (St. Francis of Assisi Catholic Primary School)

5.3 RESOLVED

That the Committee:

- 1. Note the contents of the report, including the following three Admission Agreements in respect of:**
 - **Aspens Services (Heart Education Trust)**
 - **Aspens Services (Diocese of Ely Multi-Academy Trust)**
 - **Spire Cleaning (St. Francis of Assisi Catholic Primary School)**

6 Update from the Pensions Oversight Board

6.1 The annexed report (6) by the Director of Strategic Finance 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 last reported to the Committee on 13 June 2023.

6.2 The Committee's attention was drawn to the following areas included amongst other items on the POB agenda when they last met virtually on 5 September 2023:

POB met on 5 September 2023

- Updated on LGPS reform, strategic and operational issues including progress with the employer operational issues and team news at the Pension Fund.
- Hymans Robertson presented an overview of the 'Next Steps on Investment (Pooling) consultation.
- The Board also received the latest internal audit reports.

Board Membership

- Cllr Liz Marsham has replaced Cllr Chris Walker on the board, representing precepting employers.
- The non-levying employers' seat and Trade Union seat on the Pensions Oversight Board remain vacant.

Forward work programme

7 November 2023 (face to face meeting) will focus on risk management, including cyber and data security (current highest risk area).

Knowledge and Skills

- Members of POB will join Pensions Committee for the training in London on 1st and 2nd November.

6.3 RESOLVED

That the Committee note the contents of the report.

7 Corporate Governance and Shareholder Engagement Report

7.1 The annexed report (7) by the Director of Strategic Finance and the Director of the Norfolk Pension Fund was received. The report provided a six-month update for the Pensions Committee on corporate governance and shareholder engagement matters relating to the Fund including Environmental, Social and Governance (ESG) matters relating to the ACCESS Pool. The report covered the period 1 January 2023 to 30 June 2023.

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

- Six monthly updates on voting and engagement activity by equity managers
- Voting performed via the ACCESS pool.
- Summary of Climate Risk Reporting.

7.3 Cllr Fuller queried whether ESG investments are appropriate in the current economic climate, given the fiduciary duties of the committee, as they could result in additional costs to the scheme. Cllr Fuller added that the Norfolk Pension Fund benefits from having the widest possible array of companies to invest in, and that to avoid certain companies due to ESG concerns could limit investment opportunities.

7.4 Cllr Birmingham stated that a large percentage of members would prefer "green" investments rather than in petrochemicals. Cllr Hewett expressed concern that ESG was acting as more of a deterrent to investment instead of an incentive and there may be an over concentration on environmental factors.

7.5 Alex Younger, Head of Funding and Investment, reminded Committee that through the adoption of good practice in corporate

governance, environmental and social matters, the management of companies is likely to improve and long-term shareholder value increase. The current investment policy of the Fund does not preclude investment in any companies or sectors but acknowledges that the incorporation of ESG factors in investment decision making should assist in optimising long-term returns. It does not invest solely in focused ESG strategies but believes they should be factors incorporated across a diverse portfolio.

7.6 RESOLVED

That the committee note the contents of the report.

8 Draft Pension Fund Accounts 2022-23

8.1 The annexed report (8) by the Director of Strategic Finance and the Director of the Norfolk Pension Fund was received. The report presented the draft annual accounts of the Norfolk Pension Fund for the year ended 31 March 2023, for consideration by the Committee.

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

Draft Annual Accounts

- Timetable for preparation and approval of the annual report and accounts. The Local Government Pension Scheme (LGPS) deadline for publication is the 1 December 2023.
- The stages involved in the accounting and audit process.

8.3 RESOLVED

That In accordance with the terms of reference the Committee:

- i) Notes the draft 2022-23 Annual Report and Accounts of the Norfolk Pension Fund.**
- ii) Notes the Financial Statements and makes a recommendation to the Audit Committee that they be approved subject to any matters arising in the ISA 260 Audit Results Report and the Letter of Representation being delegated to the Chair of the Pension Committee and Director of Strategic Finance to sign the letter on behalf of the Pension Fund.**

9 ACCESS Update Unrestricted Items

9.1 The annexed report (9) by the Director of Strategic Finance 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.

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

Joint Committee meetings

- Last meeting was held on 4th September 2023.

Business Plan & Budget 2022-23

- Reports were sent to the Pensions Committee and Pensions Oversight Board.

Business Plan and Budget 2023-24

- Approved operational budget for current year totals £1.559m (£142k per ACCESS authority)
- There was a net underspend of £52,000.

ACCESS Procurements

- Following evaluation during the autumn, the preferred supplier for the Communications Partner contract will be reported to the December Joint Committee
- Procurement for Phase II of Responsible Investment (monitoring and reporting) is currently underway.

ACCESS Support Unit

- The third-party review of the ACCESS pool including the ACCESS Support Unit has been concluded by the appointed consultant, Barnett Waddingham. Their report is to be presented to the Joint Committee in December.

9.3 RESOLVED

That the committee note the contents of the report.

10 Exclusion of the Public Items 11-17 only

10.1 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.

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

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

10.4 Items 11 to 18

The reports contain 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.

10.5 In addition, agenda items 15 to 17 also included details of individual stock "buy and sell" activity which could significantly weaken their position in a competitive environment by revealing the activity to competitors.

10.6 RESOLVED

That agenda items 11-18 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.

Public meeting closed at 10.12am