

## Pensions Committee

### Minutes of the meeting held on Tuesday 13 June 2023 commencing at 9:30 am and held at County Hall, Norwich

#### Present:

Cllr J Oliver (Chair)  
Mr S Aspin  
Cllr A Birmingham  
Cllr R Colwell  
Cllr W Richmond  
Cllr M Storey

#### 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
Madeline Mitchell	Project and Policy Management Officer
John Baldwin	Assistant Director of Finance
Charlotte Alexander	Norfolk Pension Fund Accountant
Tim Shaw	Committee Officer

#### Others Present:

Ross MacLeod	Investment Adviser, Hymans Robertson
David Walker	Investment Adviser, Hymans Robertson
Aileen Gann	Mondrian (participating via Microsoft Teams)
Russell J. Mackie	Mondrian (participating via Microsoft Teams)
James Francken	Mondrian (participating via Microsoft Teams)

#### 1 Apologies for Absence

1.1 Apologies for absence were received from Cllr J Fuller and Mr Brian Wigg, Chair of the Pensions Oversight Board.

#### 2 Chair and Vice-Chair

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

2.2 The Committee agreed to defer electing a Vice-Chair until after the Norfolk Leaders' Group had appointed to two District Council positions on the Pensions Committee.

### **3 Minutes**

- 3.1 The minutes of the previous meeting held on 21 March 2023 were confirmed as a correct record and signed by the Chair.

### **4 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.

### **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 March 2023.

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

#### **Governance Framework**

- The Fund’s Governance Statement had been updated
- The Fund’s refreshed Mission and strategic objectives, previously circulated, that will inform future service design and delivery

#### **National picture**

- TPR single code – now anticipated in the Autumn, which will include greater emphasis on cyber security
- Pensions Dashboard – the pensions minister has announced a revised mandatory final on-boarding date of the 31 October 2026. Specific details regarding the LGPS are awaited.
- LGPS Pooling Consultation – could be published before the summer Parliamentary recess
- Good Governance - no news as to when consultation will take place but understood that drafting is underway and likely to be well developed proposal.

#### **Performance data**

- Strong quarterly performance against KPI’s for benefits administration, pension payroll and systems(Appendix C - page 32)

#### **Communication and Engagement**

- Communication & Customer Care Strategy
  - Strategy updated with a link provided in the report to the latest version on the Norfolk Pension Fund website
- Members

- Primetime Newsletter distributed to more than 23,000 retired members in April
- Pensions annual increase (10.1%) successfully applied in April and P60 certificates produced following the end of the tax year.
- Employers
  - Employer Newsletter published in March; next edition planned for the end of June.
  - Hybrid Employer Forum -12 July. This will include an external speaker from the Money and Pension Services organisation to present how they can work with scheme employers to support financial well-being for employees.
- Team
  - Whole team meeting -12 July to explore service delivery in the context of the revised Mission Statement and Service Objectives.
  - New induction programme, adapted for hybrid working, is about to be launched.

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

- CIPFA benchmarking cost per member
  - The Fund participates in the CIPFA pensions administration benchmarking club
  - Compares our service provision and cost with other similar LGPS Funds
  - Norfolk compares well against other Funds – exceeding ‘club average’ for all performance targets
  - Norfolk’s cost per scheme member is £20.28 compared with the ‘club average’ of £22.46.
- National LGPS Frameworks
  - Finalists in the 2023 UK National Go Awards for Collaborative Procurement 2022/23

### **Knowledge and Skills**

- Induction training delivered for new members (Committee, POB) as they come on board
- Autumn training for Pensions Committee and POB Members (this will be a combined event in London at the beginning of November)

### **Norfolk Audit Services**

- Annual Internal Audit report 2022/23:” Acceptable” – noting good systems of internal controls, at Appendix F of the report
- 2023-26 medium term plan of audit work to be undertaken, presented at Appendix G.

### **Admission Agreements:**

- Aspens Services (Scole Church of England Primary Academy)
- Lewis & Graves Partnership (Eastern Multi Academy Trust)

### 5.3 RESOLVED

That the Committee:

1. **Note the contents of the report, including the following two Admission Agreements in respect of:**
  - **Aspens Services (Scole Church of England Primary Academy)**
  - **Lewis & Graves Partnership (Eastern Multi Academy Trust)**
2. **Agree the Mission Statement and underpinning of strategic objectives, discussed at paragraph 2.3 of the report.**

### 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 21 March 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 16 May 2023:

#### **POB met on 16 May 2023**

- Updated on LGPS Reform, strategic and operational issues including progress with the employer operational issues and team news at the Pension Fund
- Updated on cyber security and data management – the Board continues to receive progress reports in this area
- Latest risk management and progress

#### **ACCESS Joint Committee**

- Brian Wigg (Chair) and Peter Baker (retired member representative) observed ACCESS Joint Committee on 6 March – report to POB at Appendix C to the report

#### **Annual Report**

- The Board has produced its Annual Report for 2022 – 2023 – at Appendix D to the report

#### **Board Membership**

- Chris Walker (representing tax raising employers) stepped down – now two employer representative vacancies and a Trade Union vacancy. A recruitment programme is underway to fill all three vacancies.

#### **Forward work programme (proposed)**

##### **5 September 2023**

- Strategic review: operational update including Employer Services and Member Services
- TPR Code of Practice if available in time

##### **7 November 2023 (face to face)**

- Risk management overview, with focus on Cyber and Data security.

### **6.3 RESOLVED**

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

## **7 Risk Register Report and Compliance with Breaches Policy**

**7.1** The annexed report (7) by the Director of Strategic Finance and the Director of the Norfolk Pension Fund was received. The report updated the Pensions Committee on the Norfolk Pension Fund's Risk Register and Breaches Policy. The summary Risk Heat map was last reported to Pensions Committee in March 2023, and the last full report to Pensions Committee was in December 2022.

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

The Fund operates a risk management framework which evaluates the likelihood and impact of a risk and records mitigating action. The report updated Committee on:

- High risk areas and mitigation plans
- Risk movement
- Breaches
- During the quarter there were four areas of reduced risk, two closed risks, two new risks and one increased (high risk)
- The Fund remained effective in delivering and maintaining a resilient operational service

**7.3** In reply to questions, Members noted that while there no risks in the register associated with artificial intelligence, pension fund software providers were aware of the potential issues and opportunities when designing software solutions for LGPS Funds

### **7.4 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 presentation and approval
- Accounting and audit process

### **Financial Accounts Highlights**

- **Contributions** – Increased 8.9% to £185m from £170m
- **Benefits** – Increased 3.7% to £161m from £155m

- **Investment Income** – Increased to £74m from £70m
- **Closing Net Assets** – Decreased 0.8% to £4.872bn from £4.912bn
- **Proportion of Investments Managed by the ACCESS Pool** increased to 45.3% from 35.8%

**8.3** In reply to questions, it was pointed out in attempting to rebalance their resources following the pandemic the auditors were unable to complete the audit process as early as in previous years. At this stage, it was not clear whether this would adversely impact on the timetable for 2022-23 accounts sign off and the audit process, however, the auditor's timetable would be kept under review noting that the Pension Fund accounts were held to the sign off of those of the Administering Authority

#### **8.4 RESOLVED**

**That the Committee note the draft 2022-23 Accounts of the Norfolk Pension Fund (Appendix A of the report).**

### **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 held on 5 June 2023
- Next meeting 4 September 2023

#### **Business Plan & Budget 2022-23**

- 2022-23 Business Plan includes a number of 'In-progress' activities carried forward to 2023-24
- 2022-23 outturn expenditure totals £1.175m (£107k per ACCESS authority)
- The outturn underspend of £191k mainly due to the timing of procurements

#### **Business Plan and Budget 2023-24**

- Approved budget for current year totals £1.559m (£142k per ACCESS authority)

#### **ACCESS Procurements**

- Following evaluation over the summer, the preferred supplier for the Communications Partner contract will be reported to the September 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 is underway, with the appointed consultant, Barnett Waddingham, holding discussions with Fund Officers and Committee Chairs.
- New Client Manager appointed

## **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).

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

### **10.3 Item 11- 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.

### **10.4 Item 12- Employer Operational Issues**

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.

### **10.5 Item 13 - 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.

#### **10.6 Item 14 – Enhanced Yield Portfolio Review (part 2)**

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.

#### **10.7 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.

#### **10.8 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.

#### **10.9 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.



**10.10 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.

**11 ACCESS Update – Restricted items**

**11.1** The Committee received a report (containing exempt information) by the Director of Strategic Finance 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.

**11.2 RESOLVED**

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

**12 Employer Operational Issues**

**12.1** The Committee received a report (containing exempt information) by the Director of Strategic Finance and the Director of the Norfolk Pension Fund about the arrangements that were in place to monitor progress against the agreed recovery plan for employer operational issues considered at previous meetings where there was a risk of failure to meet Administration Regulatory and Performance requirements.

**12.2 RESOLVED**

**That the Committee note the contents of the report and continue to take appropriate action to resolve the situation.**

**13 Investment Performance Update by Hymans Robertson**

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

**13.2** The Investment Advisor summarised the investment performance for the first quarter of 2023 which was set out in the report.

**13.3 RESOLVED**

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

**14 Enhanced Yield Portfolio Review (part 2)**

**14.1** The Committee received a report (containing exempt information) by the Director of Strategic Finance and the Director of the Norfolk Pension Fund and a presentation by Hymans that presented additional implementation recommendations and identified where further work was required since this matter was last considered in March 2023.

**14.2 RESOLVED**

**That the Committee agree to the recommendations set out in the report.**

**15 Investment Update**

**15.1** The Committee received a report (containing exempt information) by the Director of Strategic Finance 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, private market commitments and currency hedging.

**15.2 RESOLVED**

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

**16 Investment Manager presentation – Mondrian**

**17.1** Three representatives from Mondrian (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.

**17.2** The Chair thanked Mondrian for their presentations.

**17.3 RESOLVED**

**To note the presentations by the Fund Manager.**

**18 Exempt Minutes of the meeting held on 21 March 2023**

**18.1** The exempt minutes of the meeting held on 21 March 2023 were confirmed by the Committee and signed by the Chair.

**The meeting concluded at 13.40**

**Chair**