

# Pensions Committee

Date: **Tuesday 12 September 2023**  
Time: **9:30am**  
Venue: **Council Chamber, County Hall, Martineau Lane,  
Norwich NR1 2DH**

## Membership

### Members

Cllr Judy Oliver – Chair

Cllr Alison Birmingham  
Cllr Robert Colwell  
Cllr Will Richmond  
Cllr Martin Storey

### Co-opted Members

Cllr John Fuller  
Cllr Paul Hewett

## Member Representative

Steve Aspin

## Advice for members of the public:

This meeting will be held in public and in person.

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

We also welcome attendance in person, but public seating is limited, so if you wish to attend, please indicate in advance by emailing [committees@norfolk.gov.uk](mailto:committees@norfolk.gov.uk)

Current practice for respiratory infections requests that we still ask everyone attending to maintain good hand and respiratory hygiene and, at times of high prevalence and in busy areas, please consider wearing a face covering.

Please stay at home if you are unwell, have tested positive for COVID 19, have symptoms of a respiratory infection or if you are a close contact of a positive COVID 19 case. This will help make the event safe for attendees and limit the transmission of respiratory infections including COVID-19.

# A g e n d a

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

**2 Election of the Vice Chair**

**3 Minutes**

**(Page 5 )**

To confirm the minutes of the meeting held on 13 June 2023

**4 Members to Declare any Interests**

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

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

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

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

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

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

**5 Administration Report**

**(Page15)**

Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund

- 6 Update from the Pensions Oversight Board (Page 176)**
- Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund
- 7 Corporate Governance & Shareholder Engagement Report (Page 186)**
- Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund
- 8 Draft Norfolk Pension Fund Annual Report & Accounts 2022 – 2023 (Page 204)**
- Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund
- 9 ACCESS Update Unrestricted Items (Page 547)**
- Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund
- 10 Exclusion of the Public (Items 11-18 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 they involve the likely disclosure of exempt information as defined by Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Act, and the public interest in maintaining the exemptions outweighs the public interest in disclosing the information.
- 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.
- Comfort break**
- 11 ACCESS Update - Restricted Items (Page 550)**
- Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund
- 12 Pensions Oversight Board – Independent Chair (Page 566)**
- Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund
- 13 Employer Operational Issues (Page 569)**
- Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund

**14 LGPS: Next Steps on Investments (Pooling Consultation) (Page 572)**

Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund and presentation by Hymans

**15 Hymans Quarterly Performance Report (Page 609)**

Joint Report by the Director of Strategic Finance and the Director of the Norfolk Pension Fund

**Comfort break**

**16 Enhanced Yield Portfolio Review (Part 3) (Page 628)**

Presentation by Fund Manager

**17 Investment Update (Page 653)**

**18 Exempt Minutes (Page 677)**

To confirm the exempt minutes of the meeting held on 13 June 2023



**Tom McCabe  
Chief Executive  
County Hall  
Martineau Lane  
Norwich  
NR1 2DH.**

Date Agenda Published: 4 September 2023.



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## 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**

# Pensions Committee

Item No: 5

**Report title: Administration Report**

**Date of meeting: 12 September 2023**

**Responsible Director: Harvey Bullen, Director of Strategic Finance**

**Glenn Cossey, Director of Norfolk Pension Fund**

## Executive Summary

This report is the quarterly update for the Pensions Committee on operational and administration matters relating to the Fund. This follows the last full quarterly report to Pensions Committee in June 2023.

## Recommendations

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

Item	Title:	Appendices
<b>1.</b>	<b>Background</b>	
<b>2.</b>	<b>Governance framework for the Norfolk Pension Fund:</b>	
2.1	Pensions Oversight Board	
2.4	National Scheme Advisory Board	
2.16	Update on Current Issues	
2.17	○ Hymans Robertsons 'Current Issues in the LGPS' August 2023	Appendix A
2.18	○ Government Consultation: Next Steps on investment Pooling	
2.16	○ Hymans Robertsons 60 second summary	Appendix B
2.21	○ The Pensions Dashboard	Appendix C
2.23	○ LGPS: Views from Inside the Scheme survey	Appendix D
2.27	○ Risk Management – Risk Heat Map (at August 2023)	Appendix E
<b>3.</b>	<b>Norfolk Pension Fund Performance Data</b>	
3.1	○ Key Performance Indicators	Appendix F
<b>4.</b>	<b>Communication</b>	
4.1	With Scheme Members	
4.2	Annual Benefit Statements for active and deferred members	
4.6	○ Annual Benefit Statement 2023 Active Member	Appendix G
	○ Annual Benefit Statement 2023 Deferred Member	Appendix H
4.7	Pension Clinics and Annual Meeting	
4.11	Newsletter for Retired Members	
4.13	Annual Allowance	
4.15	With Employers	
4.16	○ Employer Newsletters	Appendix I
4.27	○ Employer Forums – feedback	Appendix J
4.28	Norfolk Pension Fund Team	
<b>5</b>	<b>Collaborative Working / Value for Money</b>	
5.1	National LGPS Procurement Frameworks	
<b>6.</b>	<b>Knowledge and Skills</b>	

7.	<b>Monitoring Custodian and Investment Managers Internal Control Reports</b>	
8.	<b>Admission Agreements</b>	
8.2	○ Aspens Services (Heart Education Trust)	
8.9	○ Aspens Services (Diocese of Ely Multi-Academy Trust)	
8.16	○ Spire Cleaning (St Francis of Assisi Catholic Primary School)	
9.	<b>Update on Bulk Transfer Values in progress</b>	Appendix K
10.	<b>Freedom of Information Act (FoIA)</b>	
11	<b>Representation on behalf of the Pension Fund</b>	Appendix L
12.	<b>Norfolk Pension Fund – Pensions Committee Forward Plan</b>	Appendix M
13.	<b>Financial and Other Resource Implications</b>	
14.	<b>Other Implications (inc. Equality Impact Assessment (EqIA)</b>	
15.	<b>Data Protection Impact Assessments (DPIA)</b>	
16.	<b>Risk Implications/Assessment</b>	
17.	<b>Recommendations</b>	
18.	<b>Background Papers</b>	
18.1	Appendix A – Hymans Robertson’s ‘Current issues in the LGPS’ August 2023 Appendix B - Hymans Robertson’s 60 second summary Appendix C – House of Commons Library updated Pensions Dashboard briefing. Appendix D - LGPS: Views from Inside the Scheme Survey Appendix E – Risk Heat Map as August 2023 Appendix F - Key Performance Indicators Appendix G - Annual Benefit Statement 2023 Active Member Appendix H – Annual Benefit Statement 2023 Deferred Member Appendix I – Employer Newsletter June 2023 Appendix J – Feedback from July Employer Forum Appendix K – Update on Bulk Transfer Values in progress Appendix L - Representation on behalf of the Norfolk Pension Fund Appendix M - 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 June 2023.

## 2. Governance framework for the Norfolk Pension Fund

### 2.1 Pensions Oversight Board

- 2.2 The report from the Pensions Oversight Board is covered by Agenda Item 6 at this committee meeting.
- 2.3 A report on the independent chairing arrangement for the Pensions Oversight Board is covered by Agenda Item 12 at this committee meeting.

### 2.4 National Scheme Advisory Board

- 2.5 The National Scheme Advisory Board (SAB) met on 17 July 2023, and a summary note of their meeting can be found [here](#).
- 2.6 The tenth [Scheme Annual Report \(England and Wales\)](#) was published by the SAB on 27th June 2023. The aim of this Annual Report is to provide a single source of information about the status of the LGPS for its members, employers, and other stakeholders. This report aggregates information supplied in the eighty-six fund annual reports, as of 31 March 2022.



- 2.7 Key LGPS highlights for 2022 include:
- 2.8 • Total membership of the LGPS increased slightly, growing by 161,871 (2.6%) to 6.39m members in 2022 from 6.23m in 2021
  - 2.9 • The total assets of the LGPS increased to £369bn (a change of 7.8%). These assets were invested in pooled investment vehicles (67%), public equities (12%) bonds (3%), direct property (3%), as well as other asset classes (15%)
  - 2.10 • The Local Authority return on investment over 2021/22 was 8.1%. This compares to UK CPI year on year inflation of 8.8% (Sept – Sept)
  - 2.11 • The scheme maintained a positive cash-flow position overall, including investment income.
  - 2.12 • Over 1.95m pensioners were paid over the year
  - 2.13 • Life expectancy rebounded to similar levels pre-covid with an increase by 0.8 years & 0.6 years for males and females respectively (2021 figures v 2022)
  - 2.14 • Total management charges increased by £385m (+22.5%) from £1,711m. This was primarily driven by a £381m (25.6%) rise in investment management charges, while administration and oversight and governance costs remained broadly stable.
- 2.15 More information about the work of the Board is available on their [website](#).
- 2.16 **Update on current issues**
- 2.17 Hymans Robertson's 'Current issues in the LGPS' August 2023 edition (Appendix A) provides an overview of some of the latest issues.
- 2.18 Government Consultation: Next Steps on investment Pooling
- 2.19 On 11 July, the government published a consultation on LGPS investments, including their future vision for pooling, the LGPS's role in levelling up and private equity, as well as CMA requirements, investment definitions and the LGPS's equality duty.
- 2.20 Hymans Robertson's 60 second summary at Appendix B provides an initial overview. This item will be covered in more detail under Agenda item 14 at this Committee.
- 2.21 The Pensions Dashboard
- 2.22 The revised timeline for the Pensions Dashboard confirms a single, 31 October 2026 connection deadline. An updated briefing paper on dashboards has been published by the House of Commons Library and is at Appendix C for reference.
- 2.23 LGPS: Views from Inside the Scheme
- 2.24 The PLSA's latest scheme survey has been published and is at Appendix D.
- 2.25 The survey results show the vast majority of respondents (85%) remain positive about working within the scheme. However, concerns about resourcing persist – with a quarter not feeling they have the right staff in place (23%) – and almost half of respondents noting Tier 3 employers expressed a desire to leave (45%).
- 2.26 When questioned about the topics government and regulators should be focusing on, three-quarters identified good governance as a priority. Responsible investment and stewardship, alongside Pensions Dashboards, are also high on the priority list, while only 18 per cent feel they should focus on pooling.

## 2.27 **Risk Management**

2.28 Management Team regularly monitor risks and mitigation.

2.29 The latest summary Risk Heat Map (at August 2023) is at Appendix E.

2.30 The heat map identifies one reduced risk: employer operational issues is reduced from Red to Amber. This risk is covered in more detail under Agenda Item 13 of this Committee's agenda.

2.31 All other risks remain stable

2.32 The detailed Risk Report will be presented to the next Pensions Committee meeting on 5 December 2023.

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

### **3.1 Key Performance Indicators**

3.2 The latest Norfolk Pension Fund benefits Administration Key Performance Indicators (KPI's) are at Appendix F.

## **4. Communication**

### **4.1 With Scheme Members**

#### 4.2 Annual Benefit Statements for active and deferred members

4.3 Annual Benefit Statements (ABS) were made available online to scheme members before the end of August, in line with the regulatory requirement.

4.4 Hard copies of this year's Annual Benefit Statements will be posted to the home addresses of all scheme members (active, deferred, deferred pensioner and pension credit members) in mid-September. The estimated total cost of ABS design, production and postage is £55,736. 62,831 booklets will be sent out at an average cost of £0.89 per membership.

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

- A summary of benefits in the LGPS and scheme information
- Information on options for increasing your pension, including Additional Pension Contributions (APCs) and Additional Voluntary Contributions (AVCs)
- Information about the '50/50' option
- Information about tax limits (Lifetime Allowance and Annual Allowance)
- Information about Member Self Service and Pension Clinics (in person meetings)
- Information about the McCloud judgement
- Information about the Pre-Retirement Course
- Advice about pension scams and how to avoid them.
- Information about death grant nominations
- Information about the Fund, including Pensions Committee and the Pensions Oversight Board, and an Accounts and Investments overview.
- Information about the Fund's approach to ESG
- Information about the dispute process

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

- Appendix G – Annual Benefit Statement 2023 Active Member
- Appendix H – Annual Benefit Statement 2023 Deferred Member

- 4.7 Pension Clinics and Annual Meeting
- 4.8 This Autumn we are offering face to face meetings with scheme members at Pension Clinics, being held in Norwich, Cromer, Great Yarmouth, and King's Lynn.
- 4.9 Although we offer this service at any time, the annual statements function as a valuable prompt to members to follow up any questions or concerns they may have about their pensions.
- 4.10 Members have been advised of the Fund's Annual Meeting scheduled for 6pm on 28 November. 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.
- 4.11 Newsletter for Retired Members
- 4.12 The next newsletter for retired members will be published in November.
- 4.13 Annual Allowance
- 4.14 Pension Savings Statements will be issued to all scheme members who exceeded the Annual Allowance in 2022/23 by the end of September 2023 to meet the statutory obligation. The deadline for issuing statements is 6 October 2023.
- 4.15 **With Employers**
- 4.16 Employer Newsletters
- 4.17 The latest Employer Newsletter was distributed in June 2023. Amongst other regular items it included updates on:
- 4.18
- DfE Academy Trust LGPS Guarantee policy.
  - Early Retirement Strain Cost Factors
  - Pensions Oversight Board employer representative vacancies
  - A reminder of LGPS benefits and help with the rising cost of living
- 4.19 A copy of the Newsletter is at Appendix I.
- 4.20 Employer Forums
- 4.21 We held our latest hybrid Employer Forum on Wednesday 12 July.
- 4.22 The agenda included:
- An update from the Fund Actuary, Rob Bilton, Hymans Robertson
  - Financial Wellbeing – helping your employees with the rising cost of living, presented by Claudine Bell, MaPS (Money and Pensions Service)
  - Governance update
  - 'Ask the panel'
- 4.23 The Forum is recorded and made available to all employers after the event.
- 4.24 The update from the Fund Actuary included further discussion of the DfE Academy Trust LGPS Guarantee policy that was also included in the June Employer newsletter (paragraph 4.18).
- 4.25 The Funding Strategy Statement (FSS) has been updated to reflect the Academy Trust LGPS Guarantee policy and its impact on outsourcings (section 5 and associated appendices). Advised by the Fund Actuary further clarification was made to appendix D of the FSS relating to cessation assumptions. The updated FSS has been published on the website.
- 4.26 Although well received by those attending, either in person or online, the number of live attendees at recent Forums has reduced since before the pandemic. We

continue to try to engage with Employers to make sure that we are most effectively supporting them.

4.27 Feedback from the July Forum is at Appendix J.

#### 4.28 **Norfolk Pension Fund Team**

4.29 We continue to maintain a weekly newssheet to help keep the team connected, supported, and informed while hybrid remote working, alongside regular team meetings and less formal connections.

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

4.31 We held our most recent whole team meeting after the Employer Forum on 12 July, where we explored how the Fund's Mission Statement and underpinning objectives will help us shape how we deliver our services.

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

#### 5.1 **National LGPS Procurement Frameworks**

5.2 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).

5.3 Using the National LGPS Frameworks saves LGPS Funds considerable 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 projected savings estimated in excess of £163m, as well as 195 years effort saved to date since 2012. £3.4m+ cumulative rebate has been shared between 98 funds as a result of the National LGPS Frameworks programme.

5.4 The team is currently working with Founders on an Integrated Service Provider (ISP, required for pensions dashboards) and Member Data Services Framework to support scheme administration; and an AVC Framework for Funds; both due to go live in 2024.

5.5 The current Pensions Administration Software Framework is being extended so that the replacement Framework can be let under the new Procurement regulations. The new Procurement Bill will offer greater flexibility in some areas which we anticipate will benefit this marketplace.

5.6 Following a competitive procurement exercise, a new provider, Zengenti, has been appointed to deliver and host a new website for the National LGPS Frameworks. Work has begun to develop the new website in readiness to transition early next year.

### **6. Knowledge and Skills**

6.1 There is an ongoing requirement for members of the Pensions Committee, Pensions Oversight Board and Officers to evidence a level of knowledge commensurate with the decisions they are making. The Fund maintains a Training Strategy to support Pensions Committee, Pensions Oversight Board and Officers.

6.2 We are planning bespoke training days for Committee and Board on 1 and 2 November in London. The programme will include a range of relevant subjects and speakers and will also address some of the areas highlighted by participation in the 2022 LGPS National Knowledge Assessment.

- 6.3 Details of training events, conferences and webinars that may be of interest are shared with members of Pensions Committee and the Pensions Oversight Board; and training records are maintained.
- 6.4 All members of Committee and POB have access to the LGPS online learning academy to support them in gaining and maintaining their knowledge.
- 6.5 All mandatory officer training is up to date.

## 7. Monitoring Custodian and Investment Managers Internal Control Reports

- 7.1 The Norfolk Pension Fund uses third-party investment managers to manage the Fund assets on its behalf and employs a custodian to ensure assets are held in safe custody. These organisations have internal control structures and procedures in place to safeguard client assets against loss through error or fraud and to ensure that client reporting is accurate.
- 7.2 Best practice internal control reporting frameworks have been developed by the investment industry to provide ‘reasonable assurance’ to third parties that internal controls are working effectively. UK reports are referred to as AAF 01/20 reports, the US report is an SSAE18, and the international reporting standard is ISAE3402. There is not a common reporting period between managers as this is determined by the requirements of each organisation.
- 7.3 Scrutiny of control procedures is undertaken by ‘reporting accountants’ (usually the service organisation’s external auditors) and requires them to deliver an opinion on the control environment in order to give ‘reasonable assurance’ that the controls operated effectively.
- 7.4 A comparison between the UK AAF 01/20 and the international ISAE3402 report is shown below:

Topic	AAF 01/20	ISAE 3402
Scope	AAF 01/20 covers internal controls within a service organisation – not necessarily just those concerning financial transactions	Report can be extended beyond financial reporting.
Opinion/ assertion	In addition to the auditor’s opinion, the management of the service organisation provides a formal assertion affirming its responsibilities for the controls in the report.	In addition to the auditor’s opinion, the management of the service organisation provides a formal assertion affirming its responsibilities for the controls in the report.
Disclosure requirement for use of internal audit	N/A	Work performed by the organisations internal audit function can be used in part to form the service auditor’s opinion. The report can include a description of the internal auditor’s work and of the service auditor’s procedures with respect to that work.
Audit Guidance	Guidance for the auditor is included in the AAF 01/20 and includes illustrative control objectives	Guidance for the service auditor is solely contained in the ISAE itself and does not contain illustrative control objectives. The US will continue to provide audit guidance to support the SSAE standards.
Example of terminology differences	<b>Type (i)</b> – report to service organisation and their customers on fairness of the description of controls, whether they are suitably designed and their operational effectiveness	<b>Type A</b> - report on the fairness of the description of controls and whether those controls were suitably designed.

	<b>Type (ii)</b> – report to service organisation only on fairness of the description of controls, whether they are suitably designed and their operational effectiveness	<b>Type B</b> - report also includes an opinion on the operating effectiveness of the controls.
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7.6 A summary of all the reports received is provided below. Following our review, there are no specific issues to report to Committee. Future reports will continue to be monitored.

Fund Manager	Report Type	Date of Last	Review completed	Next	Issues to bring to Committee's Attention
Janus Henderson	ISAE3402	01/07/21-30/06/22	Yes	Jun-23	Expected Sep-23
LaSalle	ISAE3402/AAF 01/20	01/01/22-31/12/22	Yes	Dec-23	Expected May-24
Capital	ISAE3402/AAF 01/20	01/10/21-30/09/22	Yes	Sep-23	Expected Jan-24
Aberdeen Standard Life	SOC1	01/10/21-30/09/22	Yes	Sep-23	Expected Jan-24
HarbourVest	SOC1	01/10/21-30/09/22	Yes	Sep-23	Expected Jan-24
GSAM	AAF 01/20	01/01/22-31/12/22	Review in Progress	Dec-23	Expected May-24
M&G (incl. Infracapital)	SSAE18/ ISAE3402	01/10/21-30/09/22	Review in Progress	Sep-23	Expected Jan-24
Insight	SOC1	01/01/22-31/12/22	Yes	Dec-23	Expected Jun-24
UBS	SSAE18	01/07/21-30/06/22	Review in Progress	Jun-23	Expected Sep-23
Link Asset Services	ISAE 3402 Type II	01/01/22-31/12/22	Yes	Dec-23	Expected May-24
Aviva (Infrastructure)	ISAE3402/AAF 01-20	01/10/21-30/09/22	Yes	Sep-23	Expected Jan-24
Equitix (N2)	No report produced				
JPMorgan	SOC1	01/10/21-30/09/22	Yes	Sep-23	Expected Jan-24
Pantheon	SSAE18/ISAE3402	01/10/21-30/09/22	Yes	Sep-23	Expected Jan-24
Stafford	ISAE 3402 Type II	01/01/22-31/12/22	Yes	Dec-23	Expected May-24
Northern Trust	SOC1	01/04/22-31/03/23	Review in Progress	Sep-23	Expected Jan-24

*N1. The report received from Berenberg Bank is a partial report covering only the Overlay Management element of the organisation. A mechanism to review all internal controls has been developed and agreed between the Fund and Berenberg Bank.*

*N2. Equitix do not produce an internal controls report. A mechanism to review internal controls has been developed and agreed between the Fund and these managers.*

## 8. Admission Agreements

8.1 There are three additional admission agreements for the Committee to note.

### 8.2 Admission Agreement – Aspens Services (Heart Education Trust)

8.3 We have received application for a new admission agreement from the catering contractor Aspens Services, as they onboard a new contract win.

- 8.4 The admission application is in respect of a catering contract with Heart Education Trust at the sites Heartsease Primary Academy, Henderson Green Primary Academy, Lingwood Primary Academy and Valley Primary Academy commencing 1 May 2023 for a contract length of 3 years and possible extension of 2 years.
- 8.5 The admission agreement will cover one member of staff transferring in respect of the 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.
- 8.6 The Scheme Employer (Heart Education Trust) will be party to the admission agreement.
- 8.7 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.
- 8.8 The legal agreements will be sealed under Chief Officer powers by the Director of Strategic Finance.
- 8.9 **Admission Agreement – Aspens Services (Diocese of Ely Multi-Academy Trust)**
- 8.10 We have received application for a new admission agreement from the catering contractor Aspens Services, as they onboard a new contract win.
- 8.11 The admission application is in respect of a catering contract with Diocese of Ely Multi-Academy Trust at the Tilney All Saints Primary School and Anthony Curton Primary School sites commencing 1 September 2023 for a contract length of 3 years.
- 8.12 The admission agreement will cover three members of staff transferring in respect of the 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.
- 8.13 The Scheme Employer (Diocese of Ely Multi-Academy Trust) will be party to the admission agreement.
- 8.14 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.
- 8.15 The legal agreements will be sealed under Chief Officer powers by the Director of Strategic Finance.
- 8.16 **Admission Agreement – Spire Cleaning (St Francis of Assisi Catholic Primary School)**
- 8.17 We have received application for a new admission agreement from the cleaning contractor Spire Cleaning.
- 8.18 The admission application is in respect of a cleaning contract with St John the Baptist Catholic Multi-Academy Trust at the St Francis of Assisi Catholic Primary School site, which commenced 1 August 2022 for a contract length of 1 year. The contractor had not previously identified the need for a separate admission agreement aligned with this contract.
- 8.19 The admission agreement will cover one member of staff transferring in respect of the 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.
- 8.20 The Scheme Employer (St John the Baptist Catholic Multi-Academy Trust) will be party to the admission agreement.

- 8.21 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.
- 8.22 The legal agreements will be sealed under Chief Officer powers by the Director of Strategic Finance.

## 9. Update on Bulk Transfer Values in progress

- 9.1 Please see Appendix K for Bulk Transfer Values in progress.

## 10. Freedom of Information Act (FoIA)

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

ENQ Reference / Requester	Details	Date Received	Action
ENQ-646254-G0H2B8 PEI Group	Cash-flow reports for Q4 2022 and Q1 2023 for all private capital investments	21/07/2023	Responded
ENQ-645613-B1Z8Y2 Secondary Link	Details of alternative investments for years 2019-22	15/07/2023	Responded
ENQ-644511-W3L4T8 Bloomberg	Q2 2023 alternative investment portfolio records for close-ended funds	11/07/2023	Data requested not available until October 2023. Response TBC in December Admin Report
ENQ-641022-W2J7T2 Factset.com	Fund level performance reports for private equity, private debt, real asset, and real estate portfolios Q4 2022	22/06/2023	Responded
ENQ-637087-T5J5H4 Secondary Link	Details of alternative investments	06/06/2023	Responded
ENQ-635797-C8S5Q4 PitchBook Data	Details of alternative asset holdings for Q4 2022	30/05/2023	Responded
ENQ-635774-D8F4W0 Preqin	Horizon returns including 1 month, 3-month, 12 month and 3-year annualized returns earned from initial investment in Open-Ended Funds to 31 March 2023.	26/05/2023	Responded
ENQ-635666-W1R1S9 Preqin	Commitment, Contribution, Distribution, Value, and IRR as of 30 September 2022 and 31 December 2022	26/05/2023	Responded

## 11. Representation on behalf of the Pension Fund

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

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

- 12.1 The rolling one-year Pensions Committee Forward Plan is attached at Appendix M.



### **13. Financial and Other Resource 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 (Inc. Equality Impact Assessment (EqIA))**

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

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

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

### **16. Risk Implications/Assessment**

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

### **17. Recommendations**

17.1 The Committee is asked to consider and note the content of this report including the 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)

### **18. Background Papers**

18.1 Appendix A – Hymans Robertson's 'Current issues in the LGPS' August 2023  
Appendix B - Hymans Robertson's 60 second summary  
Appendix C – House of Commons Library updated Pensions Dashboard briefing.  
Appendix D - LGPS: Views from Inside the Scheme Survey  
Appendix E – Risk Heat Map as August 2023  
Appendix F - Key Performance Indicators  
Appendix G - Annual Benefit Statement 2023 Active Member  
Appendix H – Annual Benefit Statement 2023 Deferred Member  
Appendix I – Employer Newsletter June 2023  
Appendix J – Feedback from July Employer Forum  
Appendix K – Update on Bulk Transfer Values in progress  
Appendix L - Representation on behalf of the Norfolk Pension Fund  
Appendix M - Pensions Committee Forward Plan

#### **Officer Contact**

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

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

# Current issues in the LGPS

August 2023

## Summer accounting exercises

As (hopefully) the March accounting exercise wraps up, the July (colleges) and August (academies) exercises begin. With the current high yield on UK corporate bonds, we expect a large number of employers will have a net asset in their accounting disclosure and will need to discuss its treatment with their auditor. Further information on this subject, and other aspects of the accounting exercise, are set out in the correspondence that we've recently shared with funds and employers. Please get in touch with [LGPSCentralAccountingTeam@Hymans.co.uk](mailto:LGPSCentralAccountingTeam@Hymans.co.uk) if you have any queries in relation to the accounting exercises.

## Working together to improve year-end accounting

During July we attended the second meeting of the SAB's working group on year-end accounting. The group, which comprises of audit firms, fund actuaries, regulators and fund officers, is looking at ways to streamline the year-end accounting process in relation to LGPS employer positions. Discussions were positive with commitment to further explore areas that may reduce the number of LGPS-related queries during the preparation and audit of accounts.

## Introducing OFLOG

The [Office for Local Government](#) (Oflog), a new performance assessment government body, has been established to support the improvement of Local Government. Oflog aims to

- improve the transparency of local government performance through use of the new Local Authority Data Explorer.
- seek improvements across the sector through a greater use of data interpretation and the streamlining of how, and how much, data is collected.
- be the authoritative source of information on Local government performance.

At present, there has been no indication if this new departments reach will also extend to the LGPS.

## Training skills, capability and culture – a call for evidence

With the expected upcoming release of both Good Governance (E&W only) and TPR's General Code of Practice, there has never been a more pertinent time for funds to assess the skills and knowledge of their Committee and Board members. Furthermore, a call for [evidence](#) has been launched by the Department for Work and Pensions and HM Treasury to support the development of policy options for improving the skills and capability of pension trustees. Please get in touch with [Andrew McKerns](#) if you would like to discuss your training strategy, plans and support options.

## Scottish McCloud consultation

The [Scottish Public Pensions Agency's \(SPPA\) further consultation](#) asking key stakeholders for their views on changes to the LGPS in Scotland, relating to the McCloud remedy closed on 31<sup>st</sup> July. We responded to the consultation, with our responses in line with those given for the recent consultation on the McCloud remedy in England and Wales. You can read the consultation response [here](#).

## Accessing the latest longevity data insights

In order to set appropriate baseline longevity assumptions, we use Club Vita life expectancy tables (known as VitaCurves). VitaCurves are tailored to fit each individual member of the fund and therefore, take account of the specific demographic characteristics of a fund's membership.

The latest edition of VitaCurves, based on the most recently available DB pensioner longevity data, is now available. This is the second edition of VitaCurves to include the Covid-19 pandemic period, calibrated to mortality data spanning January 2019 to December 2021. You can see what this means for longevity in your area by using [Club Vita's interactive longevity map](#).

## Digital update

This month, our digital team have continued to deliver Data Portal improvements for the Scottish valuations whilst laying the groundwork for further automated testing. We've also delivered some reporting improvements to the FRM application based on client feedback.

## Events and webinars

### Understanding LGPS academy accounting disclosures

[On 23 August](#), Craig Alexander and Adrian Loughlin are running a webinar to help academies fully understand their upcoming 31 August 2023 LGPS accounting disclosures. Our accounting experts will cover the differences between funding and accounting valuations, how accounting figures are determined and what's changed in the accounting environment since 31 August 2022. Please do [share details](#) with your academy contacts who would be interested in attending.

### Managing risk in the LGPS – a spotlight on employer investment strategies

The third webinar in our risk management series is [available to watch on-demand](#). Robbie McInroy and Julie Baillie were joined by Alex Younger from Norfolk Pension Fund, for a discussion on employer investment strategies. During the webinar, we discussed how funds can use employer investment strategies to manage their risk, how Norfolk Pension Fund optimised their employer investment strategies and debunked some myths around setting up individual investment strategies. Our next webinar will focus on longevity risk – look out for the invite coming soon. We've also launched [our risk management hub page](#)! We'll update this hub page throughout the year with our webinars, insights and useful resources.

## In brief

### Inflation

The latest [ONS figures](#) over the year to June 2023 show 7.9% for CPI and 10.7% for RPI.

### Pensions tax

- The [Finance \(No. 2\) Act 2023](#), which includes the abolition of the lifetime allowance (LTA) charge and increases to annual allowances with effect from 2023/24, is now in force.
- [Draft Finance Bill measures](#) cover upcoming changes to the pensions tax regime, including the abolition of the LTA on 6 April 2024. Broadly speaking, it would create two new limits on the payment of tax-free lump sums; 1) a 'lump sum allowance' of £268,275, and 2) an overarching 'lump sum and death benefit allowance' of £1,073,100. More detail is in an accompanying [policy paper](#) and [explanatory note](#).
- HMRC has published a [policy paper and draft regulations](#) to modernise the way registered pension schemes, using relief-at-source arrangements, claim tax relief on members' pension contributions from 6 April 2025.

## Dashboards

TPR has revised its [initial guidance](#) in light of the connection-staging 'reset'. It contains a section that explains how schemes will be expected to demonstrate how they have had regard to the forthcoming guidance on staging timelines (failing to do so will be a breach). The [Pensions Dashboards \(Amendment\) Regulations 2023](#) come into force on 9 August and confirm a single, 31 October 2026 connection deadline. If you want to learn more about dashboards, an updated [briefing paper](#) is available at the Commons Library.

## Scottish Care Service

The Scottish Government has [announced](#) that an initial agreement has been reached with the NHS and local government over accountability arrangements for its new National Care Service (NCS). It mentions that staff will continue to be employed by local authorities, which suggests that they will retain eligibility for the LGPS, although further detail is awaited.

## New actuarial factors

Following the recent SCAPE rate change, the Government Actuary's Department has released its third batch of updated factors for use by funds in England and Wales. These cover commutation (trivial and inverse respectively) and Scheme Pays (AA and LTA respectively) and are effective from 28 July 2023. Guidance on the transition from old to new factors is [here](#).

## Appendix

### Introducing OFLOG

<https://www.gov.uk/government/organisations/office-for-local-government>

### Training skills, capability, and culture – a call for evidence

<https://www.gov.uk/government/consultations/pension-trustee-skills-capability-and-culture-a-call-for-evidence/pension-trustee-skills-capability-and-culture-a-call-for-evidence>

### Scottish McCloud consultation

<https://pensions.gov.scot/sites/default/files/2023-06/Local%20Government%20Pension%20Scheme%20%28Scotland%29%20%20Consultation%20on%20the%20Implementation%20of%202015%20Remedy.pdf>

[https://www.hymans.co.uk/media/uploads/Consultation\\_Response\\_-\\_%E2%80%98McCloud%E2%80%99\\_remedy\\_in\\_the\\_LGPS\\_%E2%80%93\\_supplementary\\_issues\\_and\\_scheme\\_regulations.pdf](https://www.hymans.co.uk/media/uploads/Consultation_Response_-_%E2%80%98McCloud%E2%80%99_remedy_in_the_LGPS_%E2%80%93_supplementary_issues_and_scheme_regulations.pdf)

### Accessing the latest longevity data insights

<https://maps.clubvita.co.uk/>

### Events and webinars

<https://event.on24.com/wcc/r/4303494/D05F6FAA1FC0DE7A7BF01121B88568B1>

<https://event.on24.com/wcc/r/4286820/7AE45E6A33EC5905E7D4557D8E3F8539>

<https://www.hymans.co.uk/managing-risk-in-the-lgps/>

### In brief...

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

[https://www.legislation.gov.uk/ukpga/2023/30/pdfs/ukpga\\_20230030\\_en.pdf](https://www.legislation.gov.uk/ukpga/2023/30/pdfs/ukpga_20230030_en.pdf)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1171549/Draft\\_1\\_egislation\\_-\\_abolishing\\_the\\_pensions\\_lifetime\\_allowance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1171549/Draft_1_egislation_-_abolishing_the_pensions_lifetime_allowance.pdf)

<https://www.gov.uk/government/publications/abolishing-the-pensions-lifetime-allowance/abolition-of-the-lifetime-allowance>

<https://www.gov.uk/government/publications/abolishing-the-pensions-lifetime-allowance/explanatory-note-accessible-version>

[https://www.gov.uk/government/publications/pensions-tax-relief-amendments-to-the-relief-at-source-legislation?utm\\_medium=email&utm\\_campaign=govuk-notifications-topic&utm\\_source=e5ec79a4-345f-4484-993a-7d1ae0de45d2&utm\\_content=immediately](https://www.gov.uk/government/publications/pensions-tax-relief-amendments-to-the-relief-at-source-legislation?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=e5ec79a4-345f-4484-993a-7d1ae0de45d2&utm_content=immediately)

<https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/dashboards-guidance>

<https://www.legislation.gov.uk/uksi/2023/858/made>

<https://commonslibrary.parliament.uk/research-briefings/cbp-8407/>



<https://www.gov.scot/news/partnership-on-national-care-service/>

<https://lgpslibrary.org/assets/bulletins/2023/236EWSCAPE.pdf>

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# 60-second summary

Government consultation - LGPS (England & Wales): next steps on investments



Iain Campbell  
Senior Investment Consultant

The government released their long-awaited consultation on Local Government Pension Scheme investments on 11 July. This set out their vision for the important matters of pooling, the LGPS's role in levelling up and private equity, as well as CMA requirements, investment definitions and the LGPS's equality duty. Here we provide a summary of the consultation's main issues.

## Clear support for pooling

The consultation sets out a clear preference for pooling to go further and faster. While the government acknowledges the benefits achieved by pooling in its current guise, there's a belief that greater scale can achieve more. They therefore set out ambitions for:

- Increased scale, with a smaller number of pools in excess of £50bn of assets, to achieve further fee reductions and access to larger investment projects. Merger may be required for any pools which remain below £50bn even after all assets are pooled.
- All liquid assets to be pooled by 31 March 2025, with a preference for assets to be under pool "ownership", rather than the pool serving an oversight role. Pooling of illiquid assets is also to be considered within this timeframe, but no firm deadline has been set for these.
- In-house investment management within the pools to grow, reducing or removing the additional layer of third-party manager fees.
- Pools to specialise and collaborate, with funds to access in-house management in specific investment areas in other pools if their own pool doesn't provide this. Competition between pools is explicitly discouraged.
- Increased reporting by funds of progress on pooling assets in the Investment Strategy Statement and annual report, including explanations for assets that are not intended to be pooled.
- The setting of investment strategy is to remain with administering authorities, but with this defined as the "broad instruction regarding asset classes and level of risk". The implementation decisions below that broad definition are to be delegated to pools, including the ability to move quickly with assets as opportunities arise. The consultation also states that pools should be "actively advising funds regarding investment decisions, including investment strategies".

- Formal training of pension committee members will be required, with regular reporting of training undertaken.
- Increased transparency of reporting of assets held by funds, with greater detail on asset allocation and pooling progress in annual reports and by the LGPS Scheme Advisory Board.

## Some details offered on levelling up

Michael Gove's levelling up white paper mentioned a potential requirement for the LGPS to invest 5% in assets that assist with the government's levelling up agenda. Further notes were dropped into the Edinburgh Reforms and most recent Budget regarding "venture and growth capital". While this generally raised more questions than answers, it's helpful to see more clarity around the future path, including:

- A clear view that levelling up investments can be wholly compatible with fiduciary duty.
- 12 levelling up missions that, if investments contribute to, will count towards the 5% target.
- All asset classes will count towards the target, along with investments anywhere in the UK.
- A requirement for funds to publish a plan of how up to 5% of assets will be invested in projects that support the levelling up agenda (funds may invest more than 5% if they wish).
- Annual reporting of progress against this plan.
- Reliance on pools to access these opportunities, partly to manage issues with conflicts of interest, with a preference for opportunities to be sought out and developed by funds and pools, rather than simply joining auctions of already established opportunities.
- Funds to be able to access local investments through other pools.
- Funds should also be able to demonstrate how they assess levelling up investment opportunities.

## A surprise push for private equity?

While wording around levelling up shifted towards "venture and growth capital" in government communication, it was perhaps surprising to see a separate consideration of requirements to invest in private equity. Much of the discussion in the consultation is intertwined with levelling up; however, the potential requirement to invest 10% in private equity doesn't explicitly state this should be within the UK. The government's rationales for greater investment in this area are:

- Making more capital available to support UK companies, and the UK's attractiveness for company listings.
- The LGPS's long investment time horizon, and the asset class's historically high returns.

The government also discussed the potential for working with the British Business Bank to build capabilities to invest in this area.

## Summary

The future of pooling and potential requirements placed on funds by the levelling up agenda have been significant uncertainties hanging over the LGPS. At times these have prevented actions being taken and progress being made. While it's positive to have the further clarity provided by the release of this consultation, many questions remain. We'll follow up with another note setting out our views on the consultation and areas where we feel more clarity is required.



Research Briefing

21 July 2023

By James Mirza-Davies



Summary

- 1 What is a pensions dashboard?
- 2 Development of pensions dashboards and legislation
- 3 Delivering pensions dashboards
- 4 Issues and debate

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# Summary

## What is a pensions dashboard?

Pensions dashboards enable people to access information about their pensions online. Pensions dashboards [are being developed in the UK](#), which will allow people to access information about pensions held in different schemes, with different providers and the state pension in a single place.

## Why are pension dashboards being developed?

[Changes to the labour market and pension reforms](#) are expected to increase the complexity of some decisions people need to make about their pensions. In 2012, the Department for Work and Pensions estimated that people would [work for eleven different employers](#) during their working life. In April 2019 the Government said [pensions dashboards would increase people's awareness and understanding of their pensions](#), help them find lost pension pots, and enable them to make more informed decisions about how they choose to access their pensions.

## Who will provide pension dashboards?

In the UK, private sector organisations will be able to provide their own pension dashboard services by connecting to a single digital architecture. The digital architecture is being developed by a [Pensions Dashboards Programme](#). The Money and Pensions Service, which is a public body supported by the Department for Work and Pensions, [will also develop its own non-commercial dashboard](#).

## Delivering pensions dashboards

The [Pension Schemes Act 2021](#) provided the legislative framework for pension dashboards. The [Pension Dashboards Regulations 2022](#) set out the detailed framework for pension dashboards in England, Wales and Scotland. Corresponding regulations are set out in [The Pensions Dashboards Regulations \(Northern Ireland\) 2023](#).

The [Pensions Minister announced in June 2023](#) that pension schemes will need to be connected to the pensions dashboards digital architecture by 31 October 2026. This is a year later than the initial last date for connection.

Responsibility for delivering pension dashboards is spread across several organisations:

- The [Pensions Dashboard Programme](#) is responsible for designing and implementing the infrastructure for pension dashboards.
- The [Money and Pensions Service](#) has responsibility for creating a non-commercial pensions dashboard. It was also given initial responsibility for bringing together the Pensions Dashboards Programme team.
- The [Pensions Regulator](#) regulates trust-based occupational pension schemes. It is required to monitor and enforce the legislative requirements relating to pensions dashboards placed on the trustees of these schemes.
- The [Financial Conduct Authority](#) regulates contract-based pension schemes. It will also have a role in authorising and regulating the operators of pension dashboard services and their conduct.

## Issues and debate

Some of the key issues which have been debated include:

- One or multiple dashboards: there was significant debate about [whether there should be multiple dashboards](#), or a single one, hosted by a public body. The Government is supporting an industry-led, government facilitated approach with multiple dashboards, including one non-commercial dashboard, hosted by the Money and Pensions Service.
- Protecting consumers: [data breaches, scams and fraud](#) are potential risks of pension dashboards. The Government has said “[safeguarding the data and protecting consumers will be paramount](#)”. In February 2020, the Government committed to [make the provision of pensions dashboards a Financial Conduct Authority regulated activity](#).
- Making transactions within pension dashboards: when the Pension Schemes Act 2021 was before Parliament, there was debate about when they should facilitate transactions. A Lords Opposition amendment which would have prevented this [was overturned in the House of Commons](#). The government said that future enhancements, including transactions, should not be decided until the “[initial offer has been tested with users and any behavioural effects are understood](#).”

---

# 1

## What is a pensions dashboard?

Pensions dashboards enable people to access information about their pensions online.<sup>1</sup> Pensions dashboards are being developed in the UK which will allow people to access information about pensions held in different schemes, with different providers and the state pension in a single place.<sup>2</sup>

### 1.1

## Why are pension dashboards being developed?

In April 2019 the Government outlined its rationale for developing pension dashboards in the UK, which it said would:

- increase people's awareness and understanding of their pensions;
- build a greater sense of individual control and ownership of pensions;
- increase engagement;
- support pensions guidance and advice;
- help people find lost pension pots; and
- enable people to make more informed decisions about how they choose to access their pensions.<sup>3</sup>

For example, auto-enrolment, introduced in 2012, requires employers to enrol eligible employees into a workplace pension scheme.<sup>4</sup> Unless those employees opt-out, they and their employer will contribute to the workplace scheme.<sup>5</sup> This means that many people may join a new pension scheme each time they move job, which is likely to increase the number of people reaching retirement with multiple pension pots.<sup>6</sup>

It is expected that changes to the labour market and pension reforms are likely to increase the complexity of some decisions people need to make

<sup>1</sup> Pensions Dashboard Programme, [UK Pensions Dashboards Programme](#) [accessed 5 July 2023]

<sup>2</sup> Pensions Dashboard Programme, [About us](#) [accessed 5 July 2023]

<sup>3</sup> Department for Work and Pensions, [Pensions dashboards: Government response to the consultation](#), 4 April 2019

<sup>4</sup> [Pensions Act 2008](#)

<sup>5</sup> [Pensions Act 2008](#)

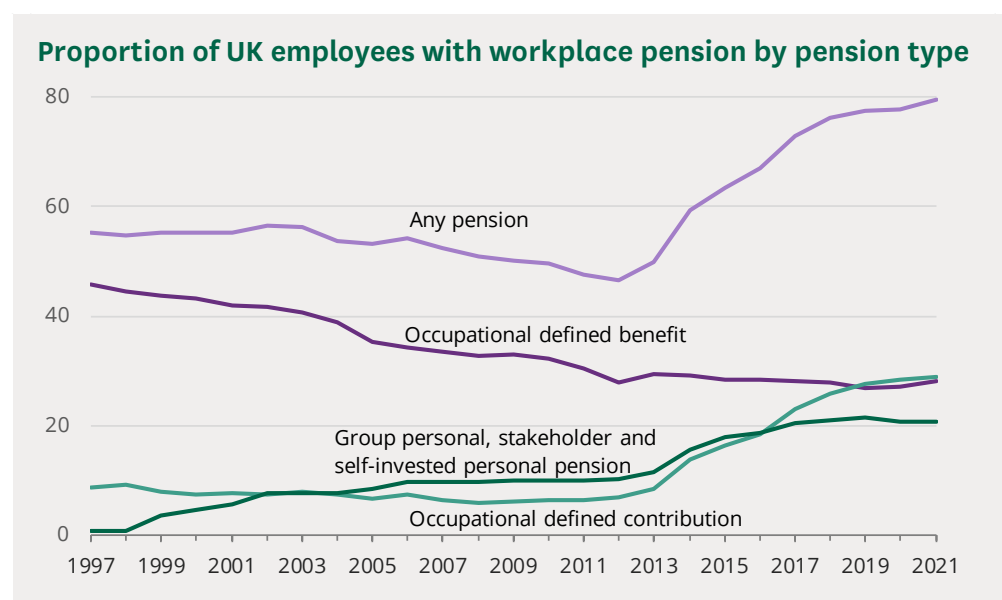
<sup>6</sup> Joe Elvin, [Half of over-50s don't know value of their pension](#), Which?, 8 March 2016

about their pensions.<sup>7</sup> In 2012, the Department for Work and Pensions estimated that people would work for eleven different employers during their working life.<sup>8</sup> More recent estimates suggest people aged 18-24 may expect to have an average of twelve jobs in their lifetime.<sup>9</sup>

There are two main types of pension schemes in the UK. These are:

- Defined benefit schemes which pay a promised pension which is based on factors such as salary and length of service.
- Defined contribution schemes do not provide a guaranteed pension and instead provide a pot of money which can be used in retirement.

While auto-enrolment has significantly increased the proportion of employees with a workplace pension, the number of employees in defined benefit schemes has been declining.<sup>10</sup>



Source: Office for National Statistics, [Employee workplace pensions in the UK](#), 20 April 2022

In a 2021 impact assessment the Government explained that introducing pension dashboards was necessary because the decision making responsibility on individuals had been increased by auto-enrolment and a shift from pensions which provide a guaranteed income to those which do not.<sup>11</sup>

The financial choices taken at retirement can be highly complex. Since April 2015 people with defined contribution pots have had greater choice about how they access their pensions after the introduction of the pension

<sup>7</sup> [Impact Assessment to the Pension Schemes Act 2021 Annex H: Pensions Dashboard](#)

<sup>8</sup> Department for Work and Pensions, [Small pots working group report](#), 17 December 2020

<sup>9</sup> [As above](#)

<sup>10</sup> [Employee workplace pensions in the UK - Office for National Statistics](#)

<sup>11</sup> [Impact Assessment to the Pension Schemes Act 2021 Annex H: Pensions Dashboard](#)

freedoms.<sup>12</sup> In 2016, consumer firm Which? published research showing half of people over-50 don't know the value of their pension.<sup>13</sup> Further, Which? said consumers were worried about value of their pensions.<sup>14</sup>

The Financial Conduct Authority, which regulates financial services firms and financial markets in the UK, said that evidence from the Netherlands showed that pension dashboard type interventions had “encouraged consumer engagement with pensions by making them more tangible and visible”.<sup>15</sup>

## 1.2 What will UK pension dashboards do?

In the UK, private sector organisations will be able to provide their own pension dashboard services by connecting to a single digital architecture.<sup>16</sup> This is being developed by a Pensions Dashboard Programme. The Money and Pensions Service, which is a public body supported by the Department for Work and Pensions, will also develop its own non-commercial dashboard.<sup>17</sup>

UK pensions dashboards will enable people to see their private and state pensions through a single digital tool.<sup>18</sup>

## 1.3 Where do pension dashboards already exist?

Pensions dashboards are already active in several countries, including Australia, Belgium, Denmark, Israel, the Netherlands and Sweden.<sup>19</sup> There is not a uniform approach to pensions dashboards across these countries with differing levels of involvement from governments and the private sector.<sup>20</sup> In 2018, the Department for Work and Pensions said that five of eight countries it had looked at had a single industry supported non-commercial dashboard.<sup>21</sup> However, it also noted that only positive outcomes were reported in the examples with multiple dashboards.<sup>22</sup>

<sup>12</sup> Further information about the pension freedoms is available in the Library briefing [Pension flexibilities: the 'freedom and choice' reforms](#)

<sup>13</sup> Joe Elvin, [Half of over-50s don't know value of their pension](#), Which?, 8 March 2016

<sup>14</sup> [As above](#)

<sup>15</sup> Financial Conduct Authority, [Retirement Income Market Study: interim report](#), December 2014, p71

<sup>16</sup> Department for Work and Pensions, [Pensions dashboards: Government response to the consultation](#), 4 April 2019

<sup>17</sup> Money and Pensions Service, [Pensions Dashboards](#) [accessed 6 July 2023]

<sup>18</sup> Pensions Dashboard Programme, [UK Pensions Dashboards Programme](#) [accessed 5 July 2023]

<sup>19</sup> Department for Work and Pensions, [Pensions Dashboards, Working together for the consumer](#), December 2018

<sup>20</sup> [As above](#)

<sup>21</sup> [As above](#), p24

<sup>22</sup> [As above](#), p26



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## 2

# Development of pensions dashboards and legislation

### 2.1

## Development and feasibility study 2015-2018

In March 2015, the Financial Conduct Authority, which regulates financial services and markets in the UK, said it was in discussions with Government to explore the most effective and efficient way to develop pensions dashboards, with a view to implementation in the “next few years”.<sup>23</sup> In 2016, the FCA returned to the idea in its Financial Advice Market Review, as part of a package of measures to encourage consumer uptake and awareness of advice.<sup>24</sup> It said HM Treasury should “challenge the industry to make a pensions dashboard available to consumers by 2019”.<sup>25</sup>

In the 2016 Budget the Government said it would ensure the pensions industry designed, funded and launched a pensions dashboard by 2019.<sup>26</sup> This deadline was not met. As discussed in [section 2.7](#) in this briefing below, the deadline for schemes to connect to the dashboards digital architecture will be 31 October 2026.<sup>27</sup>

### Prototype project

In September 2016, the Government announced that a prototype would be ready by March 2017.<sup>28</sup> On 21 December 2016, the Association of British Insurers, which was managing the project on behalf of HM Treasury, said six firms had been chosen as technology development partners.<sup>29</sup>

The project designed and developed a prototype, demonstrating that it was possible for people to view multiple pensions in one place.<sup>30</sup> On 2 April 2017, the then Economic Secretary to the Treasury, Simon Kirby, said he had been impressed at progress:

<sup>23</sup> Financial Conduct Authority, [Retirement Income Market Study: final report](#), March 2015, para 1.12

<sup>24</sup> Financial Conduct Authority, [Financial Advice Market Review – Final Review](#), March 2016

<sup>25</sup> [As above](#), p48

<sup>26</sup> HM Treasury, [Budget 2016](#), HC 901, March 2016

<sup>27</sup> [HCWS836](#)

<sup>28</sup> HM Treasury, [Pensions Dashboard prototype to be ready by spring 2017](#), 11 September 2016

<sup>29</sup> Association of British Insurers, [Pensions Dashboard project announces FinTech pioneers](#), 21 December 2016

<sup>30</sup> Pensions Dashboard Project, [Reconnecting people with their pensions](#), October 2017

With a few clicks I could access an example dashboard which showed what pension pots our test user had, how much money was in them, and an estimate of his income at retirement.<sup>31</sup>

## Feasibility study

In October 2017, the then Work and Pensions Minister, Baroness Buscombe, said the Government would carry out a feasibility study.<sup>32</sup>

The study took longer than expected to be published. Ambitions to report by March 2018 slipped to the 2018 summer recess.<sup>33</sup> In February 2018, the then Minister for Pensions and Financial Inclusion, Guy Opperman, said the delays were because of the complex issues to resolve:

There are a considerable number of complexities with the dashboard: the retention of a huge amount of different types of data, whether from state pension data or private pensions; who has access to that data; who controls it; and whether that is something that should be done by the Government, as ultimately the most trusted provider—regardless of whether one trusts or does not trust any particular Government—or by a relatively independent quango such as the single financial guidance body. There is an issue about what body would take it forward and hold the data, and the extent to which the data is accessible, to whom and in what way.<sup>34</sup>

These delays led to speculation that the Secretary of State was considering abandoning plans for a national pensions dashboard.<sup>35</sup> However, the Government published the findings of its feasibility study on 3 December 2018, confirming it planned to support an industry-led, Government facilitated approach.<sup>36</sup>

Key decisions set out in the feasibility study were that:

- Industry would design and develop its own dashboards. The Money and Pensions Service (which was called the Single Financial Guidance Body until April 2019) would convene a delivery group to help ensure that “industry safely and securely deliver their part in making dashboards happen.”
- The Government thought multiple dashboards would improve consumer choice, allowing them to use the dashboard that most met their needs. The Money and Pensions service would impartially provide a non-commercial dashboard.

<sup>31</sup> [Pensions Dashboard will fundamentally change how people access their pensions – Simon Kirby](#), 12 April 2017

<sup>32</sup> [HL Deb 24 October 2017 c878](#)

<sup>33</sup> [HC Deb 22 January 2018 c45](#) and [PCB Deb 1 February 2018, c23](#); [HC Deb 22 January 2018 c45](#)

<sup>34</sup> [PCB Deb 1 February 2018, c23](#); [HC Deb 22 January 2018 c45](#)

<sup>35</sup> Work and Pensions Committee, [Committee publishes ABI view on pensions dashboards](#), 18 July 2018.

<sup>36</sup> Department for Work and Pensions, [Pensions dashboards: Working together for the consumer](#), Cm 9719, December 2018

- The Government would legislate to require pension schemes to provide individuals' data (with their consent) via pensions dashboards.
- Some schemes may be exempted from compulsory participation, such as Small Self-Administered Schemes and Executive Pension Plans.
- The Government would work with the industry delivery group to integrate the State Pension into pensions dashboards.<sup>37</sup>

## 2.2

## 2018 Consultation

### Consultation

In December 2018, the Government launched a consultation alongside the publication of its feasibility study.<sup>38</sup> The consultation document posed questions, to which responses were requested by 28 January 2019.<sup>39</sup>

Initial responses were positive. The Association for British Insurers said that it was “pleased to see the project moving forward with industry consensus, cross-party support and the endorsement of key consumer groups”.<sup>40</sup> The then Director of policy at Royal London and former pensions minister, Steve Webb, said there was much that was positive about the plans including the planned inclusion of state pension data, compulsion on most schemes to supply data, the potential to share data with an adviser and an industry-wide funding base for the project, but he was concerned about the slow rollout.<sup>41</sup> The Pensions and Lifetime Savings Association said it was supportive of the plans and felt the government had listened to industry views.<sup>42</sup>

### Consultation response

In its [response to the consultation in April 2019](#), the Government set out its approach to developing pensions dashboards.<sup>43</sup> It said the initial phase of work to develop pensions dashboards is “intended to be a foundation, providing consumers with clear information, before considering the scope for future industry developments.”<sup>44</sup> To implement this, the Government said:

<sup>37</sup> Department for Work and Pensions, [Pensions dashboards: Working together for the consumer](#), Cm 9719, December 2018

<sup>38</sup> [As above](#)

<sup>39</sup> [As above](#)

<sup>40</sup> Association of British Insurers, [ABI responds to DWP Pensions Dashboards Feasibility Study Consultation](#), 22 January 2019

<sup>41</sup> Royal London, [Slow rollout of pensions dashboard a ‘real concern’ – reaction from Steve Webb](#), 6 December 2018

<sup>42</sup> Professional Pensions, [Industry welcome dashboard feasibility report but strong governance ‘essential’](#), 5 December 2018

<sup>43</sup> Department for Work and Pensions, [Pensions Dashboards Government response to the consultation](#) (PDF), **CP 75**, April 2019

<sup>44</sup> [As above](#) (PDF)

- It would legislate to compel pensions schemes to make consumers' data available through their chosen dashboard. This requirement would be phased in.
- The Money and Pensions Service should lead the delivery of the initial phase of the project by establishing an industry delivery group accountable to the Department with priorities to:
  - Create a clear and comprehensive roadmap for delivering the digital architecture to enable multiple dashboards to be developed alongside a non-commercial offering.
  - Work with industry on setting data standards.
  - Design a robust governance and security framework for information supplied by schemes to consumers through dashboards.
  - Work with industry on their readiness to provide data for dashboards.
- It expected most schemes to be providing data via dashboards within 3 to 4-years and many large defined contribution schemes to be providing data on a voluntary basis from 2019/20.
- It would continue to work towards including State Pension data in dashboards at the earliest possible opportunity.<sup>45</sup>

## 2.3 Establishing Pensions Dashboards Programme

The Money and Pensions Service (MaPS) set up an industry delivery group to be responsible for “developing the required data standards, technology and governance to enable data to be made available via multiple dashboards delivered by the industry, as well as one delivered by MaPS.”<sup>46</sup> The industry delivery group was chaired by Chris Curry of the Pensions Policy Institute and its members were from the pension industry, financial technology, financial services and consumer representatives. MaPS is also working to creating a non-commercial pensions dashboard – the MaPS dashboard.<sup>47</sup>

In April 2020, the Pensions Dashboards Programme published a programme update and said it would do so every six months.<sup>48</sup> It explained that:

<sup>45</sup> Department for Work and Pensions, [Pensions Dashboards Government response to the consultation](#) (PDF), **CP 75**, April 2019

<sup>46</sup> [As above](#) (PDF), 3 Jun 2019

<sup>47</sup> Money and Pensions Service, [Pensions dashboards](#) [accessed 10 July 2023]; Money and Pensions Service, [Pensions dashboards: moving forward with working groups](#), 25 February 2020

<sup>48</sup> Money and Pensions Service, [Pensions Dashboards Programme Progress Update](#) (PDF), April 2020

- Given the scale and complexity of the UK pensions industry, there would be a staged approach to onboarding schemes;
- Initially, the information on the dashboards would be no more than is already provided in annual statements.<sup>49</sup>

The key challenges it identified included:

- Sourcing a secure online identity verification service;
- Finding a way to match individuals with their pension records;
- Specifying a consistent set of data standards so that all of an individual's pensions information can be displayed on a constituent basis. A particularly important issue is the way in which estimated retirement income is shown.<sup>50</sup>

In its second progress update in October 2020, the Pensions Dashboard Programme published an indicative phase plan for implementation:

- **Phase one - from 2020:** setting up the programme, start procurement for supplier(s) for the digital architecture and setting the first iteration of data standards.
- **Phase two - from 2021:** work with chosen supplier(s) to begin building, integration and testing the digital architecture. Continue to develop design and service standards.
- **Phase three - from 2022:** connect volunteer schemes and providers using real data.
- **Phase four - from 2023:** schemes and providers start to be compelled to connect to the ecosystem by law.
- **Phase 5 - timing to be determined:** transition to business as usual where the service is running in a steady state for ongoing delivery and maintenance.<sup>51</sup>

It stressed the complexity of the plan and its dependence on different organisations completing actions at a specific times.<sup>52</sup> Many activities would be interdependent. For example, providers would need clarity about the standards they would need to adhere to in order to prepare.<sup>53</sup> As covered in [section 2.7](#) of this briefing below the programme reset in 2023 means that there will be changes to this phasing.

<sup>49</sup> Money and Pensions Service, [Pensions Dashboards Programme Progress Update](#) (PDF), April 2020, p5

<sup>50</sup> [As above](#) (PDF)

<sup>51</sup> Pensions Dashboards Programme, [Progress Update Report](#) (PDF), October 2020, p11

<sup>52</sup> [As above](#) (PDF), p13-14

<sup>53</sup> [As above](#) (PDF)

## 2.4

# Pension Schemes Act 2021

Part 4 of the [Pension Schemes Act 2021](#) provided the legislative framework for pension dashboards.<sup>54</sup> This included powers to create secondary legislation which would ensure pension schemes participate in pension dashboards.<sup>55</sup>

## Debate in the Lords

The Bill was published in the House of Lords on 7 January 2020. Report stage on 30 June 2020 saw Government and Opposition amendments to the Bill:

- The Government tabled an amendment introducing a requirement for MaPS to provide a pensions dashboard service.<sup>56</sup>
- The Opposition successfully made two amendments to the Bill that would:
  - Exclude financial transactions from the Pensions Dashboard.<sup>57</sup>
  - Require the MaPS dashboard to be up and running for a year, and for the Secretary of State to lay a report to Parliament on the operation of that service before other commercial dashboards could be launched.<sup>58</sup>

## Debate in the Commons

In the Commons there was cross-party support for the introduction of pensions dashboards. Opposition parties argued for retention of the Lords' amendments to require a publicly-run dashboard to have been in force for a year before commercial dashboards were introduced and for careful consideration and parliamentary scrutiny before dashboards were able to facilitate transactions (such as pension pot consolidation).<sup>59</sup>

The then Minister for Pensions and Financial Inclusion, Guy Opperman, said the Government was keen that there should be a detailed authorisation regime and that there were suitable restraints in place to ensure that the system was not open to abuse.<sup>60</sup> The Government was committed to there being a public dashboard from the start but thought that a variety of

<sup>54</sup> [Pension Schemes Act 2021](#), part 4

<sup>55</sup> [As above](#)

<sup>56</sup> HL Deb 30 June 2020 [c673](#)

<sup>57</sup> [Amendment 52 to Clause 118](#)

<sup>58</sup> [Amendment 63 to clause 122](#)

<sup>59</sup> [HC Deb 7 October 2020 c915](#) [Jonathan Reynolds], c957 [Jack Dromey], c911 [Neil Gray]

<sup>60</sup> [As above](#) c959

dashboards would help as customers had different needs and some already had a relationship with a provider.<sup>61</sup>

At Committee Stage on 3 November 2020, the Lords' Opposition amendments were overturned.<sup>62</sup>

Further detail on the Act is available in the Library briefing [Pension Schemes Bill 2019-21](#).

## 2.5

### Pension Dashboards Regulations 2022

The Pension Dashboards Regulations 2022, which came into force on 12 December 2022, set out the detailed framework for pension dashboards in England, Wales and Scotland.<sup>63</sup> Corresponding regulations are set out in The Pensions Dashboards Regulations (Northern Ireland) 2023.<sup>64</sup>

The regulations require occupational pension schemes with more than 100 members (excluding pensioners) to cooperate with the Money and Pensions Service to connect to pension dashboards.<sup>65</sup> The regulations allow the Pensions Regulator to issue penalty notices of up to £5,000 for individual pension trustees or managers (up to £50,000 for a corporate body) for a single breach of the dashboard regulations.<sup>66</sup>

The regulations also set out the data that must be included in pension dashboards and staging dates for when pension schemes must have connected to the dashboard digital infrastructure.<sup>67</sup> The first staging date would have required large master trusts with 20,000 or more members to be connected by 31 August 2023.<sup>68</sup> The last set of medium size schemes would have been required to connect by 31 October 2025.<sup>69</sup>

<sup>61</sup> [HC Deb 7 October 2020 c962](#); Department for Work and Pensions [Government establishes cross-sector working group to help address multiple small pension pots](#), 22 September 2020

<sup>62</sup> [PBC Deb 3 November 2020 c56 and 73-4 \(divisions 2 and 8\)](#)

<sup>63</sup> [The Pensions Dashboards Regulations 2022](#)

<sup>64</sup> [The Pensions Dashboards Regulations \(Northern Ireland\) 2023](#)

<sup>65</sup> [The Pensions Dashboards Regulations 2022](#)

<sup>66</sup> [As above](#)

<sup>67</sup> [As above](#)

<sup>68</sup> [As above](#)

<sup>69</sup> [As above](#)

## 2.6

# Pensions Dashboards (Prohibition of Indemnification) Act 2023

The Pensions Dashboard (Prohibition of Indemnification) Act 2023 received Royal Assent in May 2023.<sup>70</sup> The Act was introduced as a Private Members Presentation Bill in the House of Commons. The Act made it a criminal offence for pension scheme trustees who receive a penalty under the pensions dashboard regulations to reimburse themselves from the pension scheme's assets.<sup>71</sup> The Act passed through both Houses without amendment.<sup>72</sup>

## 2.7

# Statements

### March 2023 Ministerial statement

In a March 2023 Ministerial statement the Pensions Minister, Laura Trott, said that additional time would be required to deliver pension dashboards and that the first connection deadline in the pension dashboard regulations of 31 August 2023 would not be met.<sup>73</sup> Given the delays she announced that a “reset of the Pensions Dashboard Programme”.<sup>74</sup>

### June 2023 Ministerial statement

The Pensions Minister announced in June 2023 that new regulations would be laid to change the staging dates for connection to the pensions dashboards.<sup>75</sup> The new regulations, the Pensions Dashboards (Amendment) Regulations 2023, which were laid before both Houses in June 2023, will remove the staging deadlines and replace them with a single connection deadline of 31 October 2026. This is a year later than the initial last date for connection.<sup>76</sup>

<sup>70</sup> [Pensions Dashboards \(Prohibition of Indemnification\) Act 2023](#)

<sup>71</sup> [Pensions Dashboards \(Prohibition of Indemnification\) Act 2023](#)

<sup>72</sup> [Pensions Dashboards \(Prohibition of Indemnification\) Act 2023 publications](#)

<sup>73</sup> [HCWS594](#)

<sup>74</sup> [HCWS594](#)

<sup>75</sup> [HCWS836](#)

<sup>76</sup> [HCWS836](#)



## 3

# Delivering pensions dashboards

## 3.1

### The Pensions Dashboards Programme

The Pensions Dashboard Programme is responsible for designing and implementing the infrastructure for pension dashboards.<sup>77</sup> In March 2023 the Pensions Minister announced that the programme would be reset to establish a new achievable timeline for delivery.<sup>78</sup>

The programme publishes [progress update reports](#) and a [programme timeline](#) on its website.<sup>79</sup>

The programme has been consulting on and published four sets of standards and a code:

- [Data standards](#) which set out the data schemes will receive and need to provide to through the digital architecture for pensions dashboards.<sup>80</sup>
- [Technical standards](#) which set out what data and dashboard providers will use to interface with the technical architecture or each other.<sup>81</sup>
- [Reporting standards](#) which set out the information that both pension and dashboard providers need to supply to the Money and Pensions Service and the Pensions Regulator.<sup>82</sup>
- [Design standards](#) which, after consultation, will set out requirements about the how pension dashboards should be presented, including messages which need to be displayed.<sup>83</sup>
- [Code of connections](#) which sets out the security and standards required to connect to the pensions dashboards digital architecture.<sup>84</sup>

<sup>77</sup> Pensions Dashboards Programme, [About Us](#) [accessed 10 July 2023]

<sup>78</sup> [HCWS594](#)

<sup>79</sup> Pensions Dashboards Programme, [Progress update report](#) [accessed 10 July 2023] and Pensions Dashboards Programme, [Programme timeline](#) [accessed 10 July 2023]

<sup>80</sup> Pensions Dashboards Programme, [Data Standards](#) [accessed 10 July 2023]

<sup>81</sup> Pensions Dashboards Programme, [Technical standards](#) [accessed 10 July 2023]

<sup>82</sup> Pensions Dashboards Programme, [Reporting standards](#) [accessed 10 July 2023]

<sup>83</sup> Pensions Dashboards Programme, [Design standards consultation](#), 1 December 2022

<sup>84</sup> Pensions Dashboards Programme, [Code of connection](#) [accessed 10 July 2023]

The programme is supported by a steering group which acts as a link between the programme, industry and consumers.<sup>85</sup>

## 3.2 The Money and Pensions Service

The Money and Pensions Service has responsibility for creating a non-commercial pensions dashboard.<sup>86</sup> It was also given initial responsibility for bringing together the Pensions Dashboards Programme team and convening the Pensions Dashboards Programme steering group.<sup>87</sup>

## 3.3 The Pensions Regulator

The Pensions Regulator regulates trust-based occupational pension schemes.<sup>88</sup> It is required to monitor and enforce the legislative requirements placed on the trustees of these schemes under the Pension Schemes Act 2021 and subsequent regulations.<sup>89</sup>

The Pensions Regulator is able to issue penalty notices of up to £5,000 for individual pension trustees or managers (up to £50,000 for a corporate body) for a single breach of the dashboard regulations.<sup>90</sup> It has published [initial guidance](#) for pension schemes on the pension dashboards on its website.<sup>91</sup>

## 3.4 The Financial Conduct Authority

The Financial Conduct authority regulates contract-based pension schemes alongside financial service firms and financial markets in the UK.<sup>92</sup> It has a statutory duty to make rules for FCA regulated pension providers to provide information for personal and stakeholder pension schemes to pensions dashboards.<sup>93</sup> It will also have a role in authorising and regulating the operators of pension dashboard services and their conduct.<sup>94</sup> This is covered further in [section 4.3](#) of this briefing.

<sup>85</sup> Pensions Dashboards Programme, [Moving the dials: Pensions Dashboards Programme](#), 25 July 2019

<sup>86</sup> Money and Pensions Service, [Pensions dashboards](#) [accessed 10 July 2023]

<sup>87</sup> [As above](#)

<sup>88</sup> [Pensions Act 2004](#)

<sup>89</sup> [Pension Schemes Act 2021](#)

<sup>90</sup> [The Pensions Dashboards Regulations 2022, part 4](#)

<sup>91</sup> The Pensions Regulator, [Pensions dashboards: initial guidance](#), 8 June 2023

<sup>92</sup> [Financial Services and Markets Act 2000](#)

<sup>93</sup> Pensions Dashboards Programme, [FCA regulation of pensions dashboard providers](#) [accessed 10 July 2023]

<sup>94</sup> Financial Conduct Authority, [PS22/12: Pensions Dashboards rules for pension providers](#), 1 November 2022

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## 4

## Issues and debate

### 4.1

### One or multiple dashboards

Prior to the Pensions Act 2021, there was significant debate about whether there should be multiple dashboards, or a single one, hosted by a public body. The Government is supporting an industry-led, government facilitated approach with multiple dashboards, including one non-commercial dashboard, hosted by the Money and Pensions Service.

This issue was addressed during debates during the passage of the Financial Guidance and Claims Act 2018.<sup>95</sup> Former member of the Pensions Commission, Baroness Drake, argued that the dashboard should be hosted by the single financial guidance body (now MaPS) due to the challenge of protecting savers “from bad behaviour by providers, unregulated providers and scammers”.<sup>96</sup> Baroness Drake also said research had shown consumers had a “clear preference for the single-destination model for the dashboard and an anticipation or implicit assumption that it would be run by the Government or a government-backed service.”<sup>97</sup>

In its April 2018 [report on the pension freedoms](#), the Work and Pensions Committee said multiple dashboards “would add complexity to a problem crying out for simplicity.” The Committee recommended that a single dashboard should be hosted by the single financial guidance body.<sup>98</sup>

In its response to the committee, the Government said users expressed a preference for government involvement in a dashboard.<sup>99</sup> In September 2018, the Government announced that the dashboard would be industry-led and facilitated by government.<sup>100</sup> The then Shadow Pensions Minister Jack Dromey commented that there was “no indication of whether the State Pension will be included” and the proposal would centralise “huge amounts of financial information for the private sector to access.”<sup>101</sup>

<sup>95</sup> [HL Deb 19 July 2017 c1708](#)

<sup>96</sup> [HL Deb 19 July 2017 c1708](#)

<sup>97</sup> [HL Deb 19 July 2017 c1708](#)

<sup>98</sup> Work and Pensions Committee, [Pension Freedoms](#), HC 917, April 2018, para 49

<sup>99</sup> Work and Pensions Committee, [Government response to the Work and Pensions Select Committee Report on Pension Freedoms](#), HC1231, 22 June 2018

<sup>100</sup> [HCWS933 Pensions Update: written statement, 4 September 2018](#)

<sup>101</sup> Labour, [Jack Dromey responds to Written Statement on the Pensions Dashboard](#), 4 September 2023

## 4.2

# Information requirements

The Pensions Dashboards Programme said in April 2020 that, as a starting position the incomes supplied by pension providers and schemes for display on dashboards could be defined as follows:

- For defined benefit schemes active members (those still building up a pension) from their latest annual statement. For deferred members (those are no longer contributing to but are not yet receiving a pension) their pension at leaving revalued within the previous 12 months.
- For defined contribution schemes this could be the standard valuation, known as the Standard Money Purchase Illustration (SMPI) projected retirement income, that appeared on the last annual statement.<sup>102</sup>

A priority element of its work is the development of data standards.<sup>103</sup> One of the key challenges is to specify the minimum information that should be displayed about each pension.<sup>104</sup> About half of schemes expect to be able to have some of their data ready within 18 months of data (and other technical) standards being set.<sup>105</sup> The Pensions Dashboard Programme published its initial data standards on 15 December 2020.<sup>106</sup>

In debate on the Pension Schemes Act 2021, the then Minister for Pensions and Financial Inclusion, Guy Opperman, said the Government intended that the State Pension would be “part of the original provision of the dashboard.”<sup>107</sup> The Department for Work and Pensions was “working with HMRC, which is responsible for that information, so that we can identify the date of state pension age and the amount that people might be expected to receive at the present stage.”<sup>108</sup>

At Commons Committee stage, Opposition MPs raised questions about the information that would be provided from occupational and personal pensions in relation to costs and charges, and the scheme’s performance against environmental, social, and corporate governance (ESG) targets.<sup>109</sup> Responding, Mr Opperman said he wanted dashboards to start with simple information.<sup>110</sup> Costs and charges would be part of dashboards in the future, the question was when and how.<sup>111</sup>

<sup>102</sup> Pensions Dashboards Programme, [Progress Update](#) (PDF), April 2020, p17

<sup>103</sup> [As above](#) (PDF), p18

<sup>104</sup> Pensions Dashboards Programme, [Progress update report](#) (PDF), October 2020, p23

<sup>105</sup> [As above](#) p28

<sup>106</sup> Pensions Dashboards Programme, [Data Standards Guide](#), 15 December 2020

<sup>107</sup> [PBC Deb. 3 November 2020, c41](#)

<sup>108</sup> [PBC Deb. 3 November 2020, c41](#)

<sup>109</sup> [PBC Deb. 3 November 2020, c45 and c58](#)

<sup>110</sup> [PBC Deb. 3 November 2020, c61](#)

<sup>111</sup> [PBC Deb. 3 November 2020, c61](#)

## 4.3

# Protecting consumers

Alongside the potential for pensions dashboards to help people navigate their retirement and pensions choices, there are associated risks for consumers. A [report prepared for Which?](#) in February 2018 explained that the greater availability of data through dashboards increases the risks of data breaches, fraud and scams.<sup>112</sup>

The [Government’s 2018 consultation](#) said “safeguarding the data and protecting consumers will be paramount” in the development of dashboards.<sup>113</sup> The Government further said it would work with industry and the regulators to develop an appropriate regulatory framework, including a clear liability model and process for dealing with complaints.<sup>114</sup>

The Pension and Lifetime Savings Association called for a full consumer protection regime to be put in place before any dashboard goes live and for “greater clarity from the government that multiple dashboards will not be allowed until a full consumer protection regime is put in place.”<sup>115</sup>

In February 2020, the Government committed to make the provision of pensions dashboards a Financial Conduct Authority regulated activity.<sup>116</sup>

## How will the provision of pension dashboards be regulated?

Providing a pensions dashboard service will become a Financial Conduct Authority regulated activity.<sup>117</sup> Other than the Money and Pensions Service, providers will need to be authorised to provide a Qualifying Pensions Dashboard Service.<sup>118</sup>

The Financial Conduct Authority ran a consultation on its proposed regulatory framework between December 2022 and February 2023.<sup>119</sup> It has yet to publish its response.

<sup>112</sup> Which?, [The pensions dashboard - How can we make sure it works for consumers](#), February 2018, p5

<sup>113</sup> Department for Work and Pensions, [Pensions Dashboards – working together for the consumer](#) (PDF), Cm 9719, December 2018

<sup>114</sup> [As above](#) (PDF)

<sup>115</sup> Pensions and Lifetime Savings Association, [Written evidence to Pension Schemes Bill Committee](#), 23 October 2020

<sup>116</sup> [PBC Deb 2 November 2020 c42-3; HL Deb 26 February 2020 c183GC](#)

<sup>117</sup> Financial Conduct Authority, [CP22/25: Proposed regulatory framework for pensions dashboard service firms](#), 1 December 2022

<sup>118</sup> [As above](#)

<sup>119</sup> [As above](#)

A legislative amendment would need to be made to introduce operating pensions dashboard services as a regulated activity.<sup>120</sup> Firms wishing to operate a pensions dashboard service will be required to:

- be FCA authorised
- obtain the relevant regulatory permissions
- meet the requirements set by the Financial Conduct Authority.<sup>121</sup>

Firms providing pension dashboard services will be subject to the Financial Conduct Authority's complaints handling requirements and users will have recourse to the Financial Ombudsman Service.<sup>122</sup> Under the Financial Conduct Authority's proposals, these firms will be required to pay a levy to contribute to the budget of the Financial Ombudsman Service from the year in which they are granted permission to provide a pensions dashboard service.<sup>123</sup>

## 4.4

## Funding and costs

### Who will pay for the dashboards?

In the Autumn Budget 2018, the Government committed funding for 2019/20 to “help fulfil its role in facilitating industry to make dashboards a reality”.<sup>124</sup> It said that in the longer term, the costs should be met by the pensions industry.<sup>125</sup>

### How much will dashboards cost?

The Money and Pensions Service has been allocated £91.1 million to deliver the Pensions Dashboard Programme between 2019/20 and 2024/25.<sup>126</sup> By the end of May 2023 the Pensions Dashboard Programme had spent £45.3 million.<sup>127</sup>

In February 2020, the Government published an [impact assessment on the Pensions Dashboard](#). This lists the primary costs to industry as being:

- Familiarisation costs for the pensions industry to understand new requirements

<sup>120</sup> Financial Conduct Authority, [CP22/25: Proposed regulatory framework for pensions dashboard service firms](#), 1 December 2022

<sup>121</sup> [As above](#)

<sup>122</sup> [As above](#)

<sup>123</sup> [As above](#)

<sup>124</sup> [Autumn Budget 2018](#), Table 2.1, line 18

<sup>125</sup> Department for Work and Pensions, [Pensions Dashboards – working together for the consumer](#) (PDF), Cm 9719, December 2018

<sup>126</sup> [PQ 193574](#)

<sup>127</sup> [As above](#)

- Implementation costs for schemes and providers to invest in new software/IT architecture to provide data to dashboard
- Ongoing costs to provide data, governance, and regulatory compliance.<sup>128</sup>

The estimates of these costs, as presented in the Impact Assessment, cover a wide range with:

- One-off implementation costs of between £200 million and £580 million over 10 years; and
- Ongoing costs of between £245 million and £1.48 billion over 10 years.<sup>129</sup>

## 4.5 Making transactions within pension dashboards

In the initial phase, pension dashboards will offer a simple ‘find and view’ function.<sup>130</sup>

When the Pension Schemes Act 2021 was before Parliament, there was debate about whether and when they should facilitate transactions (for example, so as to enable pension pots to be consolidated). A Lords Opposition amendment would have prevented this, so that new primary legislation would have been needed to allow it.<sup>131</sup> This was overturned at Commons Committee Stage.<sup>132</sup> The then Minister for Pensions and Financial Inclusion, Guy Opperman said the Government wanted to allow the service to evolve and that if financial transactions were prevented, the idea of consolidation would be hard to progress with.<sup>133</sup> Dashboard providers would be subject to a “robust regime”, including Financial Conduct Authority authorisation and supervision.<sup>134</sup>

In its 2022 report on accessing pension savings, the Work and Pensions Committee said it understood why people were calling for transactions through dashboards.<sup>135</sup> However, it recommended that, due to the need to build trust, “no consideration is given to allowing transactions through

<sup>128</sup> Department for Work and Pensions, [Pension Dashboards Impact Assessment](#), (PDF), 5 February 2020

<sup>129</sup> Pension Schemes Act 2021, [Annex H: Pension Dashboards Impact Assessment](#), 15 January 2020

<sup>130</sup> Department for Work and Pensions, [Pensions Dashboards: Government response to the consultation](#) (PDF), CP 75, April 2019

<sup>131</sup> New section 238A (3), [Bill 165](#)

<sup>132</sup> [PBC Deb 3 November 2020 c56](#)

<sup>133</sup> [PBC Deb 3 November 2020 c40](#)

<sup>134</sup> [PBC Deb 3 November 2020 c40](#)

<sup>135</sup> Work and Pensions Committee, [Protecting pension savers—five years on from the Pension Freedoms: Accessing pension savings](#), 18 January 2022, HC 237 2021-22, para 110

dashboards until they are well established.”<sup>136</sup> In its response to the Committee’s report the government agreed that it was important to establish trust in dashboards before transactions were enabled.<sup>137</sup> The government said that future enhancements, including dashboards, should not be decided until the “initial offer has been tested with users and any behavioural effects are understood.”<sup>138</sup>

## 4.6

### Small pots

The requirement to auto-enrol eligible employees into a pension scheme is expected to lead to a proliferation of small pension pots as people change jobs multiple times during working life. The Pensions Policy Institute found that the number of deferred pension pots in the UK defined contribution master trusts was likely to rise from 8 million in 2020 to around 27 million in 2035.<sup>139</sup> This was a problem because small pots could be eroded over time by member charges and could become uneconomic for providers to manage.<sup>140</sup>

The government has set up a working group to look at this issue.<sup>141</sup>

#### Small pots working group

As discussed in [section 4.5](#) in this briefing above, the Government overturned the Lords amendment that would have prevented financial transactions via pensions dashboards. This was because pension pot consolidation via dashboards was part of a potential solution to the ‘small pots’ issue.<sup>142</sup> In its consultation on the draft Pensions Dashboard Regulations 2022, the Government reconfirmed its commitment that initially dashboards would not “be able to offer any functionality which enables transactions, such as consolidating pension pots or transferring pensions, to take place.”<sup>143</sup>

The government set up a working group to identify a solution to this issue in September 2020.<sup>144</sup> At the same time, the Pensions Policy Institute published a report which looked at potential solutions, one of which involved using

<sup>136</sup> [As above](#)

<sup>137</sup> Work and Pensions Committee, [Protecting pension savers—five years on from the pension freedoms: Accessing pension savings: Government and the Financial Conduct Authority Responses to the Committee’s Fifth Report, 27 April 2022](#), HC 1270 2021-22

<sup>138</sup> [As above](#)

<sup>139</sup> Pensions Policy Institute, [Policy options for tackling the growing number of deferred members with small pots](#), September 2020

<sup>140</sup> [As above](#)

<sup>141</sup> Department for Work and Pensions, [Small pension pots working group](#), 17 December 2020

<sup>142</sup> [PBC Deb 3 November 2020 c56](#)

<sup>143</sup> Department for Work and Pensions, [Pensions dashboards: consultation on the draft Pensions Dashboards Regulations 2022](#), 15 July 2022

<sup>144</sup> Department for Work and Pensions, [Government establishes cross-sector working group to help address multiple small pension pots](#), 22 September 2020



pension dashboards to facilitate consolidation.<sup>145</sup> It said dashboards alone could result in relatively low levels of consolidation because they require active engagement from members.<sup>146</sup> However, dashboards could be used to complement one or more additional policy approaches.<sup>147</sup>

In July 2023, the Department for Work and Pensions opened a consultation which proposes a small number of schemes acting as consolidators for deferred small pots.<sup>148</sup>

<sup>145</sup> Pensions Policy Institute, [Policy options for tackling the growing number of deferred members with small pots](#), September 2020

<sup>146</sup> Pensions Policy Institute, [Policy options for tackling the growing number of deferred members with small pots](#), September 2020

<sup>147</sup> [As above](#), p 4

<sup>148</sup> Department for Work and Pensions, [Ending the proliferation of deferred small pension pots](#), 11 July 2023

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THE INSIGHT  
SHARING  
PENSIONS AND  
LIFETIME SAVINGS  
ASSOCIATION

# LGPS: VIEWS FROM INSIDE THE SCHEME

A RESEARCH REPORT

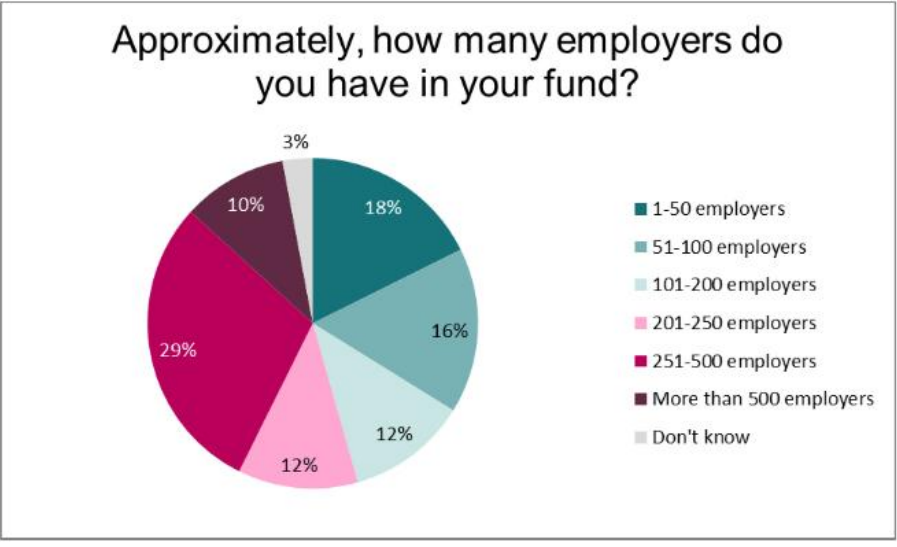
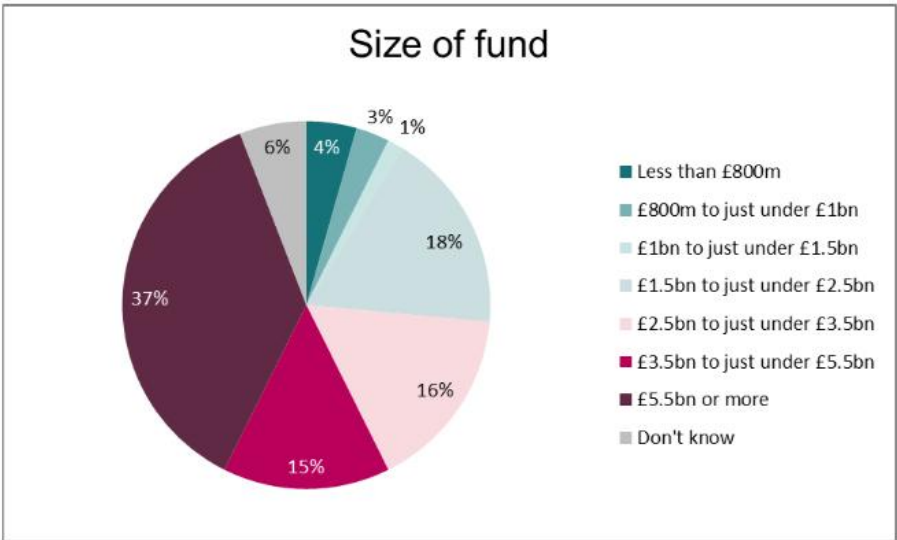
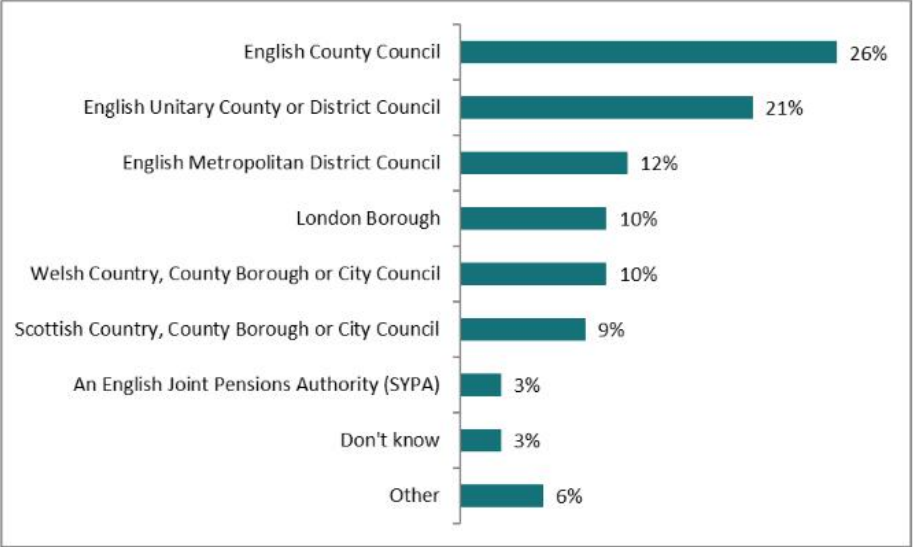
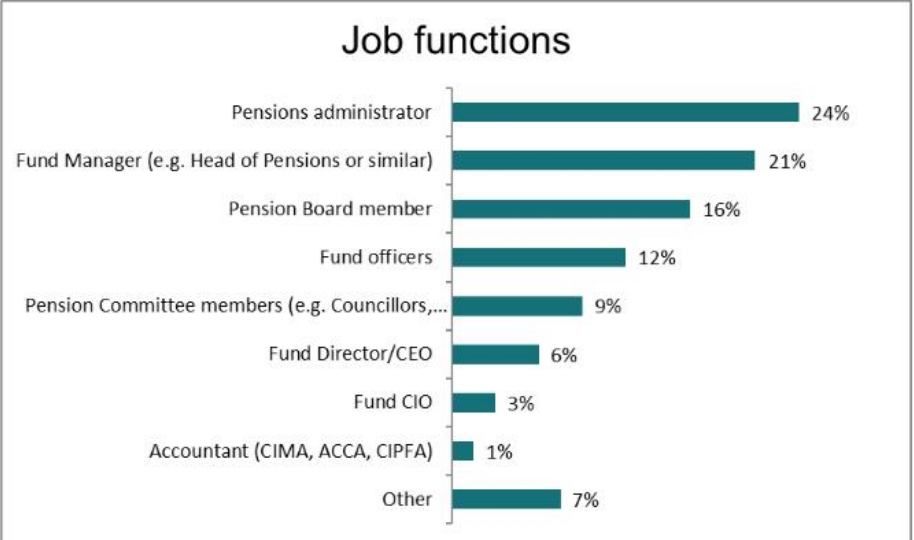


# RESEARCH BACKGROUND



92 interviews

4 – 24 May 2023



# EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY

The Local Government Pension Scheme (LGPS) is the largest funded defined benefit (DB) pension scheme in the UK, and one of the biggest in the world. Recent figures show that it has 7.1 million members, over 15,500 employers, and assets of over £425 billion.

In July 2022, the PLSA published the report *The Local Government Pension Scheme: Today's Challenges, Tomorrow's Opportunities*, which identified areas where existing good practice can be fortified and where action can be taken to address the ever-increasing regulatory and environmental challenges facing the scheme.

At the time of the report launch, the PLSA undertook a survey of our LGPS members, which we will carry regularly, to capture and assess the issues that significantly impact local authority pension funds.

The 2023 edition of the survey was conducted in May and included responses from 92 LGPS representatives. It includes important findings in areas including key stakeholders, resources, employers and members, working environment and views for the future.

The survey results show the vast majority of respondents (85%) remain positive about working within the scheme. However, concerns about resourcing persist – with a quarter not feeling they have the right staff in place (23%) – and almost half of respondents noting Tier 3 employers expressed a desire to leave (45%).

When questioned about the topics government and regulators should be focusing on, three-quarters identified good governance as a priority. Responsible investment and stewardship, alongside Pensions Dashboards, are also high on the priority list, while only 18 per cent feel they should focus on pooling.

# EXECUTIVE SUMMARY

Following the Budget announcement of future changes to LGPS investments, with a view to speed up the consolidation of assets in pools, we sought views on this topic. Opinions are fragmented, with almost half of LGPS representatives (49%) disagreeing with such a move to further consolidate, while 47% of respondents are undecided.

In relation to the future, and when asked to choose from a range of suggestions on what LGPS representatives would like to see change in the scheme, simpler and clearer regulations was the top choice.

The PLSA pledges to keep engaging with Government and key stakeholders to draw attention to these important results.

# SUMMARY OF KEY FINDINGS



# SUMMARY OF KEY FINDINGS

Views of people working in the LGPS have remained largely unchanged over the last 2 years, with many of the results similar to that found in 2021.

## ▶ Working within the LGPS

- Most remain positive about working within the LGPS (85%), with over half continuing to enjoy their colleagues (53%), while around three in ten continue to enjoy the learning opportunities (39%) and the work/life balance (31%).
- Aspects that many dislike include the remuneration/benefits (42%), lack of opportunities for progression (22%), and lack of support (16%).

## ▶ Key stakeholders

- The DLUHC, TPR and SAB continue to be seen as the organisations that have the most impact on those working within the LGPS. Two-thirds believe the DLUHC has the most impact (66%), while around half feel that TPR (57%) and the SAB in England and Wales has the most impact (46%). Fewer feel HMT, FCA or DWP have the most impact on their work.
- However, most continue to believe that the main legislation or regulatory requirements that govern their work are overlapping between different organisations/regulators (66%), with a similar proportion finding it causes them confusion (63%).
- More than half (54%) now feel that the legislation/regulatory requirements are too complex to execute (up 6% from 48% since 2021), while two in five continue to feel legislation/regulatory requirements hinder them from doing their job effectively (43%).

# SUMMARY OF KEY FINDINGS

## ▶ **Key stakeholders – cont.**

- Three-quarters believe government and regulators should focus on good governance (74%). Over half (55%) feel they should focus on responsible investment and stewardship, while two fifths (41%) feel they should focus on Pensions Dashboards. Fewer feel they should focus on pooling (18%).
- Most believe the expectations of LGPS among employers, members and internal stakeholders have either improved or stayed the same (82%, 79% and 78% respectively). However, many continue to feel that Government departments' expectations have got worse (31%) rather than better (4%).

## ▶ **Employers and members**

- As found in 2021, most say their fund has a good relationship with their employers (85%). However, two in five say they have had Tier 3 employers express a desire to leave (45%). Fewer this year say they have had Tier 2 employers saying they wish to leave (5% vs 16% in 2021).
- The main reason employers have expressed a desire to leave the LGPS continues to be affordability (88%). More employers have said they wish to leave due to simplification/consolidation of different types of pension scheme (47%) than in 2021 (31%).
- Most funds continue to say they believe their organisation understands the characteristics of their beneficiary/pension members (88%). However, levels of understanding have declined since 2021. Indeed, one in ten say they don't understand the characteristics of their beneficiary/pension members (11%), compared to just 5% in 2021.

# SUMMARY OF KEY FINDINGS

## ► Resources

- A third continue to say their ability to secure resources has improved (32%), but fewer now say that it has got worse (12%) compared to one in five in 2021 (22%). Half say that it has remained unchanged (49%).
- Two-thirds continue to believe they have the right staff in place to carry out their day-to-day job (65%). However, a quarter do not feel they have the right staff in place (23%).
- The main reasons why they do not believe they have the right staff in place is due to the difficulty in recruiting staff (78%). Possibly reflecting the cost-of-living crisis, more than two-thirds now mention low pay and rewards (67%), up from less than half in 2021 (47%).
- The main reasons why staff have exited the fund over the last three years is due to a desire to progress their career (61%), having better pay in the private sector (51%) and also the increasing demands /complexity of working for the fund (32%).
- If money and time were no object more than half say paying staff more (55%) up from a third (38%) in 2021 would have the biggest impact on their fund.
- Half continue to feel that spending more time on communication tools and services with scheme members would have the biggest impact on their fund (51%), while a similar number feel spending more time working with employers (48%) or getting state of the art technology (42%) would have the biggest impact.

# SUMMARY OF KEY FINDINGS

## ▶ **Views on pooling**

- Few feel that the pools need to be consolidated (4%). Half disagree (49%), while almost half are undecided (46%).
- Indeed, over half are concerned about the potential for further mandatory consolidation of pools (57%), with less than one in five not concerned (17%).
- The main reasons why funds feel that there is no need for pools to be consolidated are due to it being early days for the current pools (5 mentions), feelings that there will be a loss of control and the pool not being specific enough for their fund (5 mentions), that governance will be difficult (3 mentions) and that it is a politically motivated move (3 mentions).

## ▶ **Governance**

- Six in ten feel the current governance set up of the LGPS works (59%). However, one in five (17%) feel it does not work (17%).

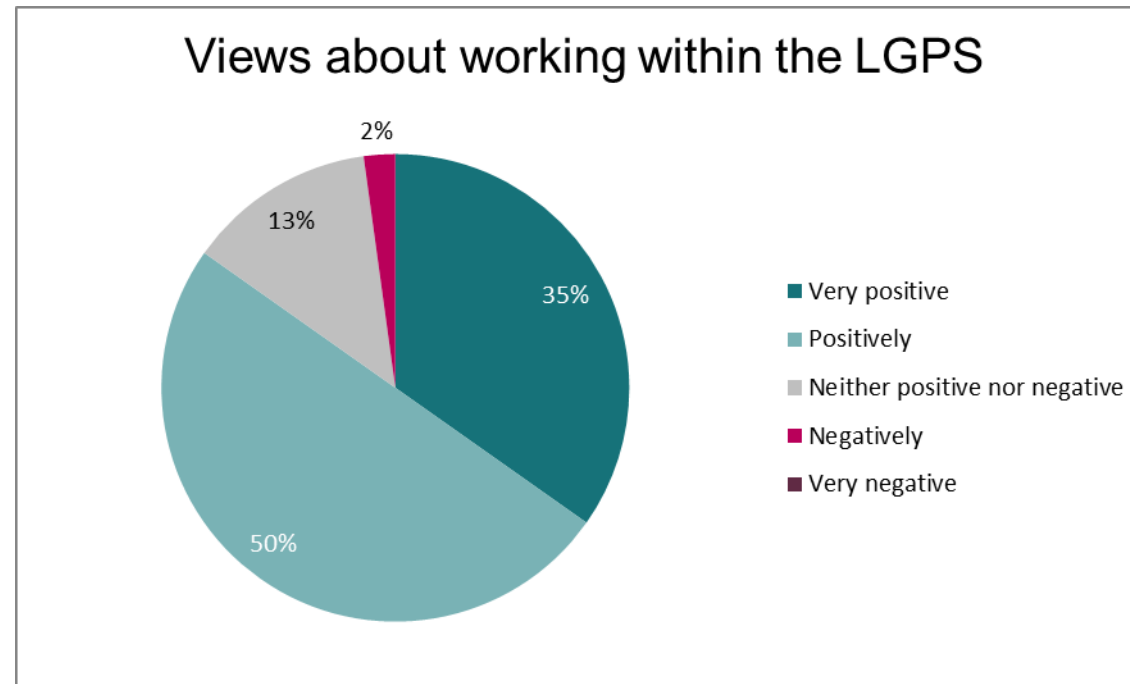
## ▶ **One thing respondents would like to change**

- A range of suggestions were put forward, with the greatest number relating to simpler/clearer regulations (7 mentions), less political interference (3 mentions), no more change (3 mentions) and better recognition of the admin role (3 mentions).

# WORKING WITHIN THE LGPS

# ATTITUDES TOWARDS WORKING WITHIN THE LGPS

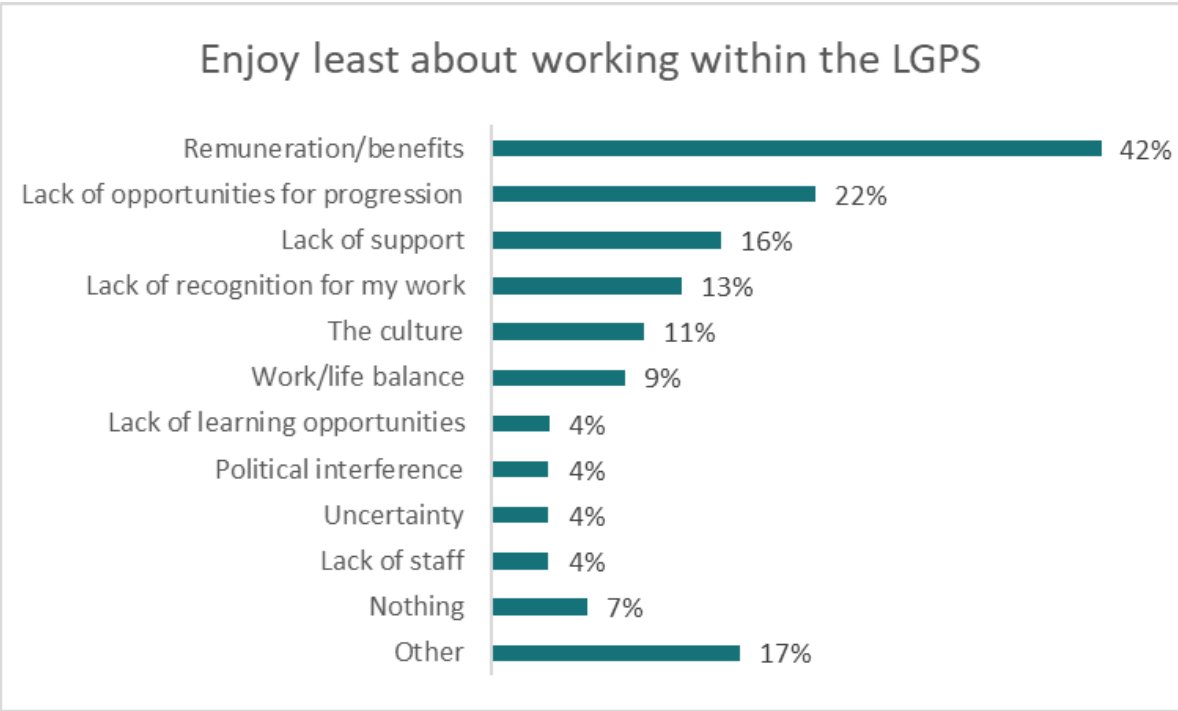
► Overall, do you feel positively or negatively about working within the LGPS? All respondents (92)



- Most are positive about working within the LGPS (85%), with over a third being very positive (35%).
- Only 2% are negative about working within the LGPS, while just over one in ten are neutral (13%).

# ENJOY MOST/LEAST ABOUT WORKING WITHIN LGPS

- ▶ Which of the following best describes what you enjoy most about working within the LGPS? All respondents (83)
- ▶ Which of the following best describes what you dislike about working within the LGPS? All respondents (76)



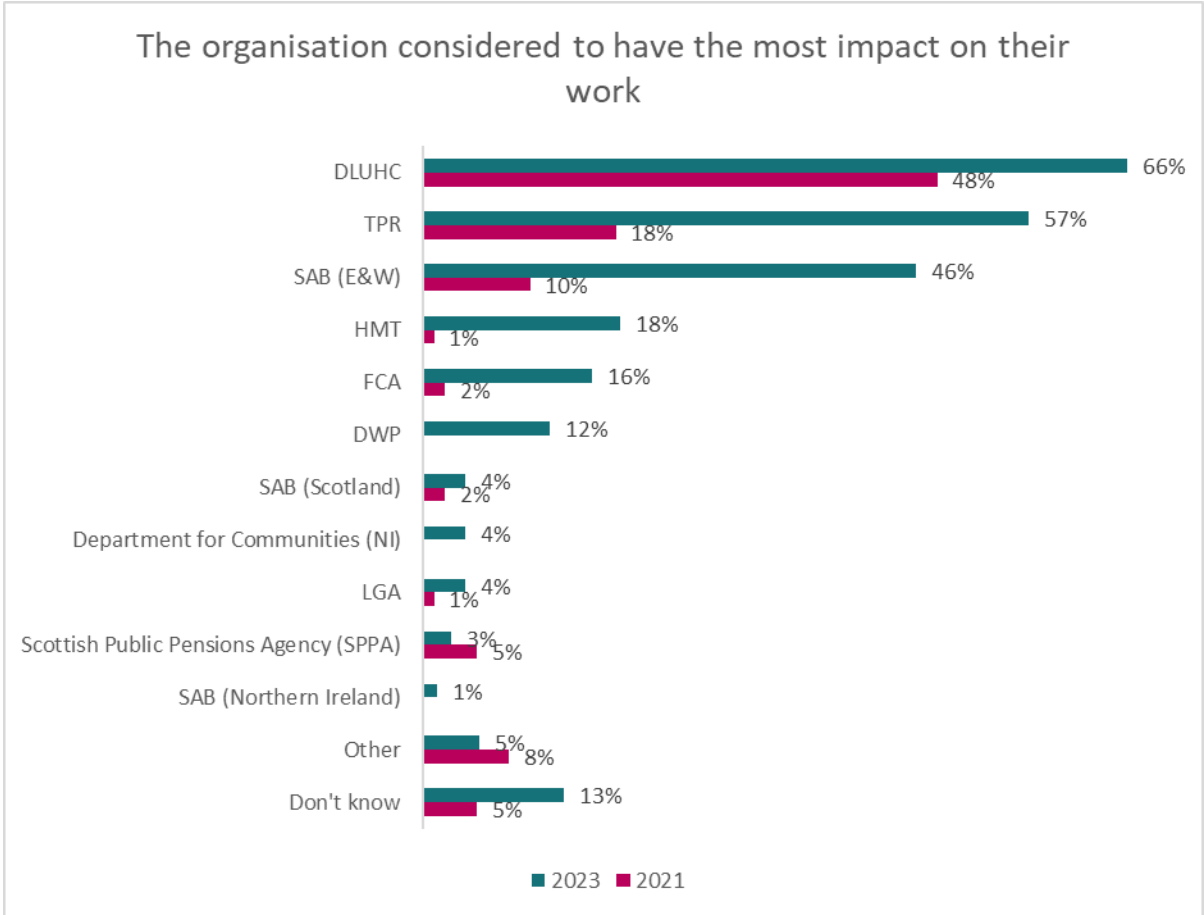
- The main aspect that people enjoy about working within the LGPS continues to be their colleagues (53%). However, more than three in ten continue to enjoy the learning opportunities (39%) and the work/life balance (31%).
- Aspects that many dislike include the remuneration/benefits (42%), lack of opportunities for progression (22%) and lack of support (16%)

# KEY STAKEHOLDERS



# ORGANISATIONS PERCEIVED TO HAVE AN IMPACT ON THEIR WORK

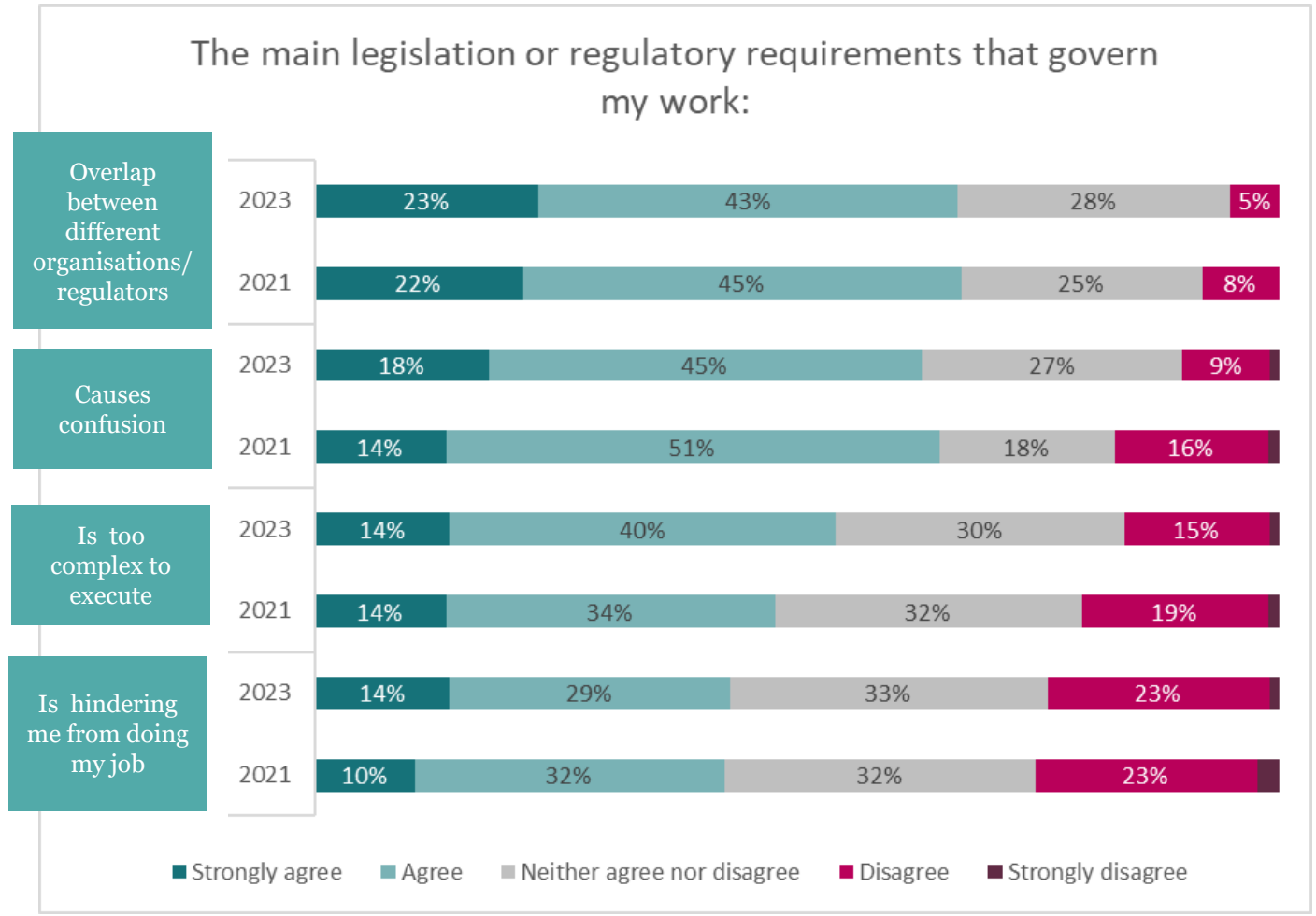
► Which, if any, of the following organisations have the most impact on your work? All respondents (76)



- The DLUHC, TPR and SAB continue to be seen as the organisations that have most impact on those working within the LGPS.
- Two-thirds believe the DLUHC has the most impact (66%).
- Over half also feel that TPR has a high impact on their work (57%), while almost half feel that the SAB in England and Wales has the most impact (46%).
- Fewer feel HMT, FCA or DWP have the most impact on their work.

# PERCEPTIONS OF THE LEGISLATION/REGULATORY REQUIREMENTS

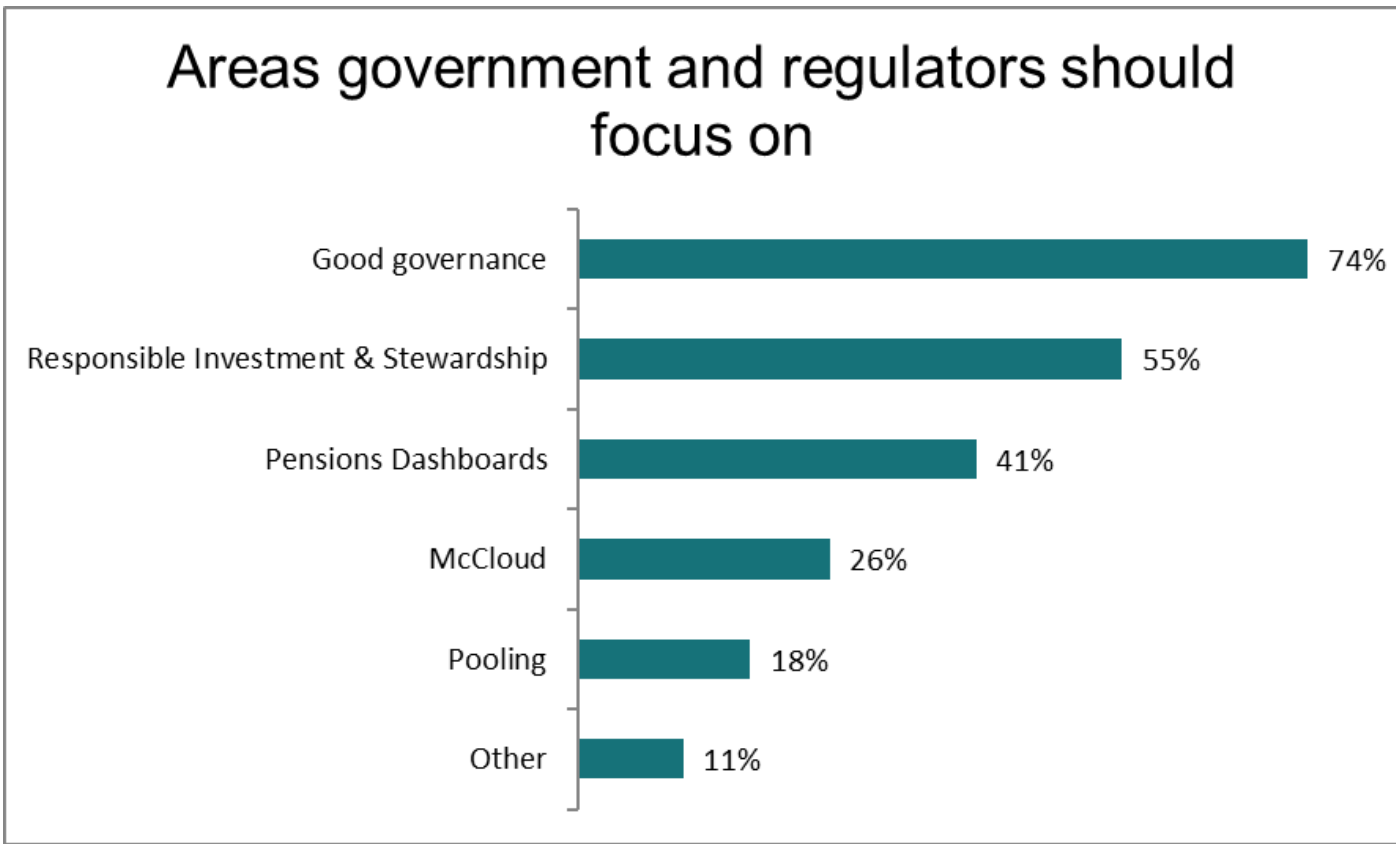
► To what extent do you agree or disagree with the following statements? The main legislation or regulatory requirements that govern my work:? All respondents (74)



- Most continue to believe that the main legislation or regulatory requirements that govern their work are overlapping between different organisations/regulators (66%), with a similar proportion finding it causes them confusion (63%).
- More than half (54%) now feel that the legislation/regulatory requirements are too complex to execute (up 6% from 48% since 2021), while two in five continue to feel legislation/regulatory requirements are hindering them from doing their job effectively (43%).

# AREAS WHERE GOVERNMENT/REGULATORS SHOULD FOCUS ON

► In which, if any, of the following areas do you believe government and regulators should focus on? All respondents (74)

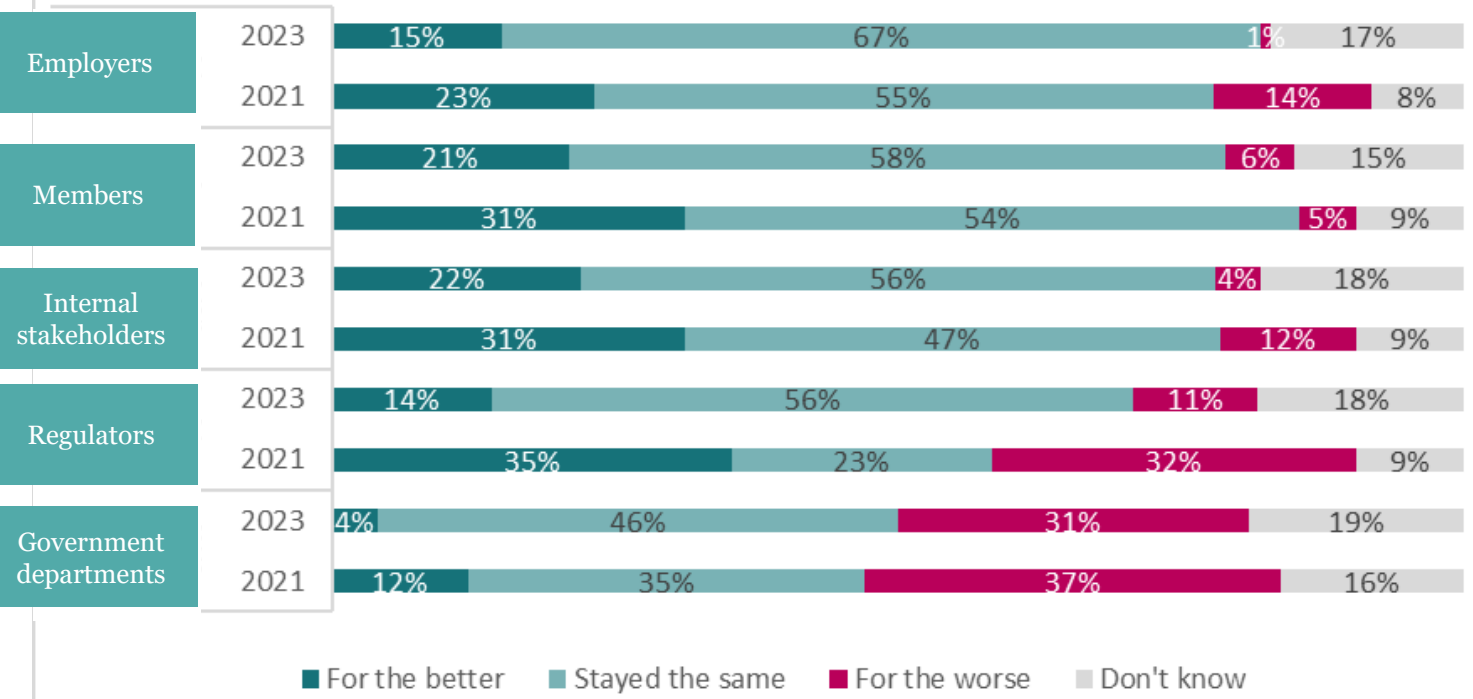


- Three-quarters believe government and regulators should focus on good governance (74%). Over half (55%) feel they should focus on responsible investment and stewardship, while two fifths (41%) feel they should focus on Pensions Dashboards.
- Fewer feel they should focus on pooling (18%).

# AREAS WHERE GOVERNMENT/REGULATORS SHOULD FOCUS ON

Over the last 12 months, have the expectations of LGPS changed for the better, for the worse or stayed the same among: All respondents (72)

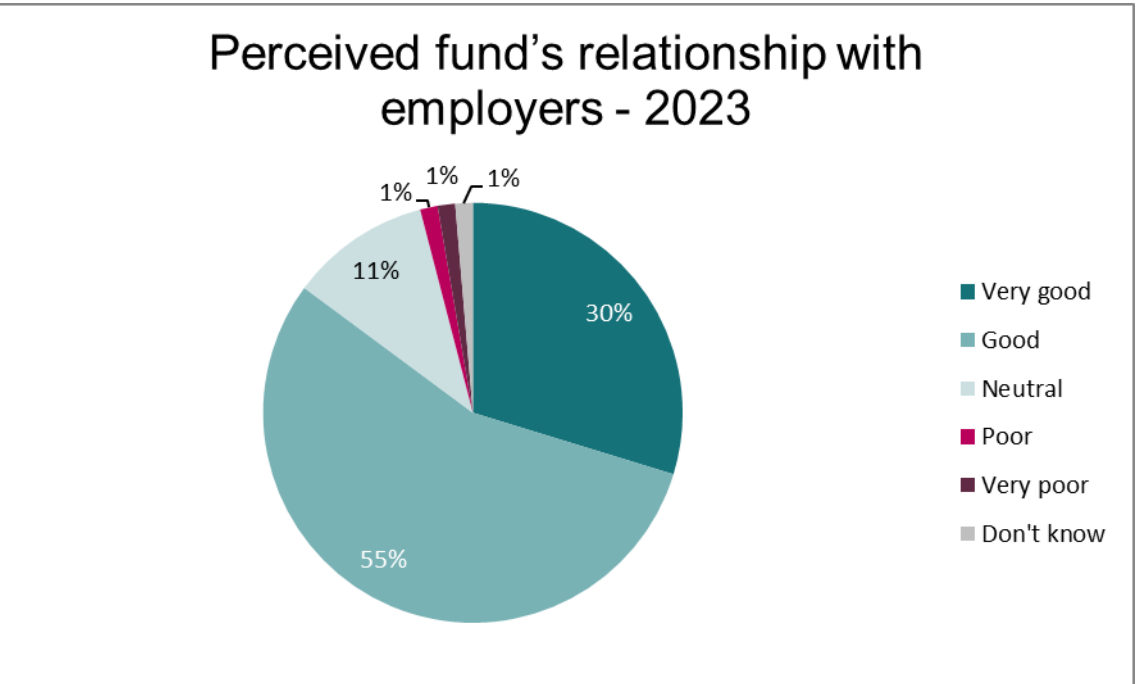
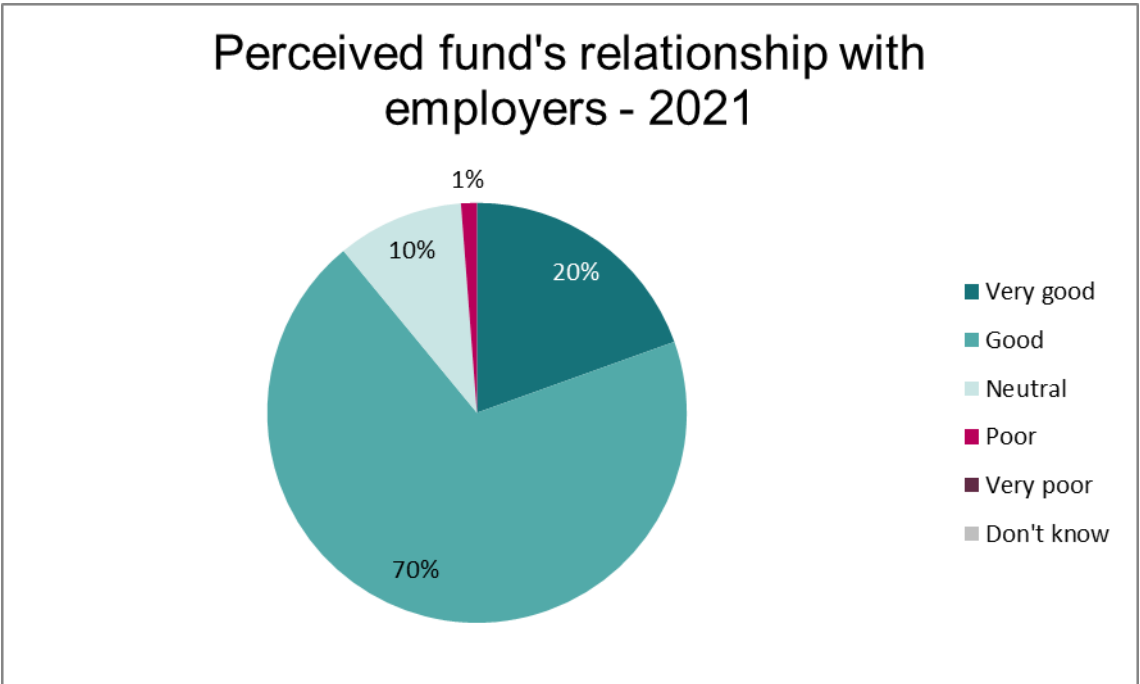
Expectations of LGPS changed among:



- Most believe the expectations of LGPS among employers, members and internal stakeholders have either improved or stayed the same (82%, 79% and 78% respectively).
- However, many continue to feel that Government departments' expectations have got worse (31%) rather than better (4%).
- In contrast, views of regulators continue to be polarised with one in ten (14%) believing they have got better, while a similar proportion think they have got worse (11%), although fewer now feel they have got worse than in 2021 (32%).

# RELATIONSHIP WITH EMPLOYERS

► Overall, how would you rate your fund's relationship with employers? All respondents (74)

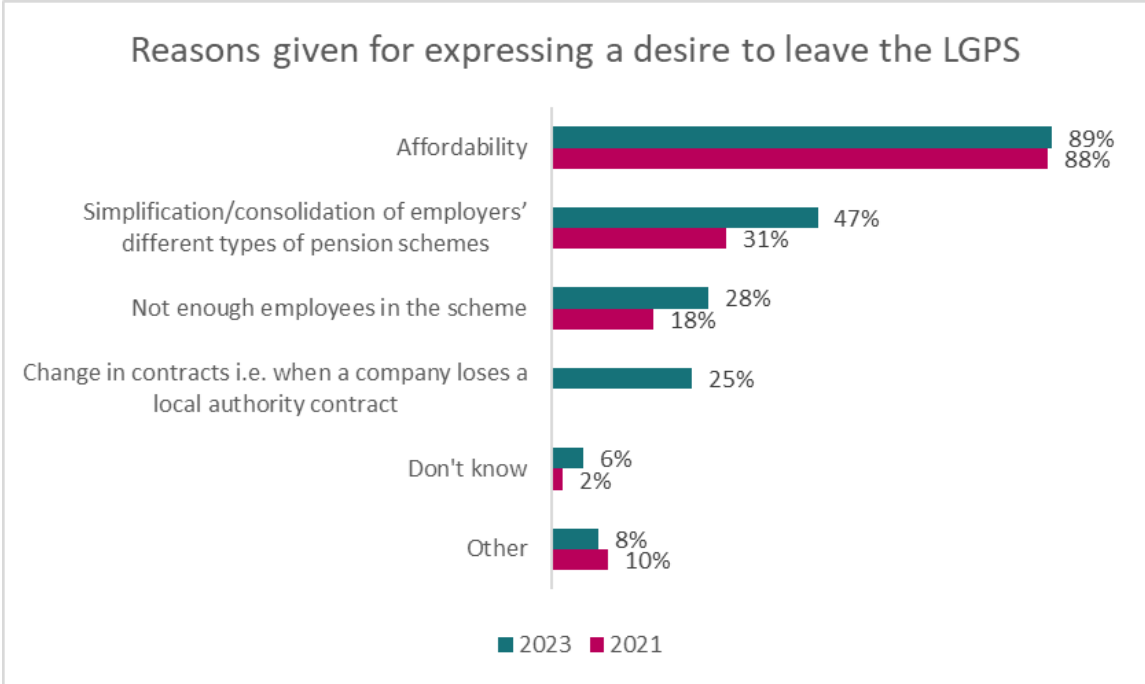
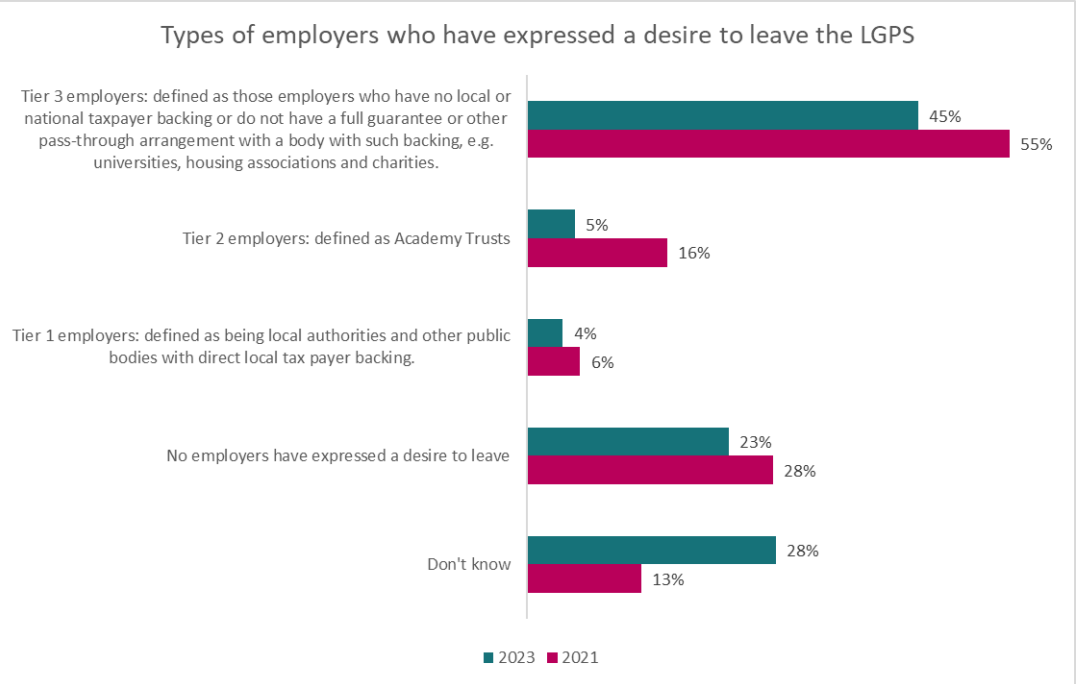


• As found in 2021, most say their fund has a good relationship with their employers (85%), with one in ten saying they have a neutral relationship (11%). Only two believe they have a poor relationship with their employers.

# EMPLOYERS AND MEMBERS

# EMPLOYERS WHO EXPRESSED DESIRE TO LEAVE

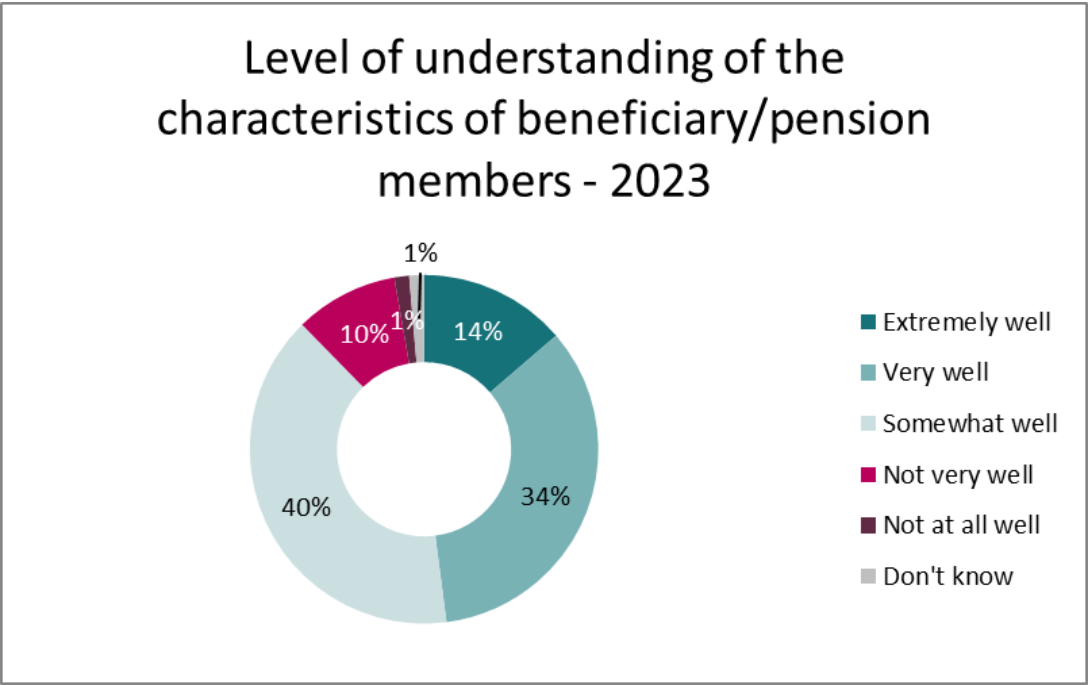
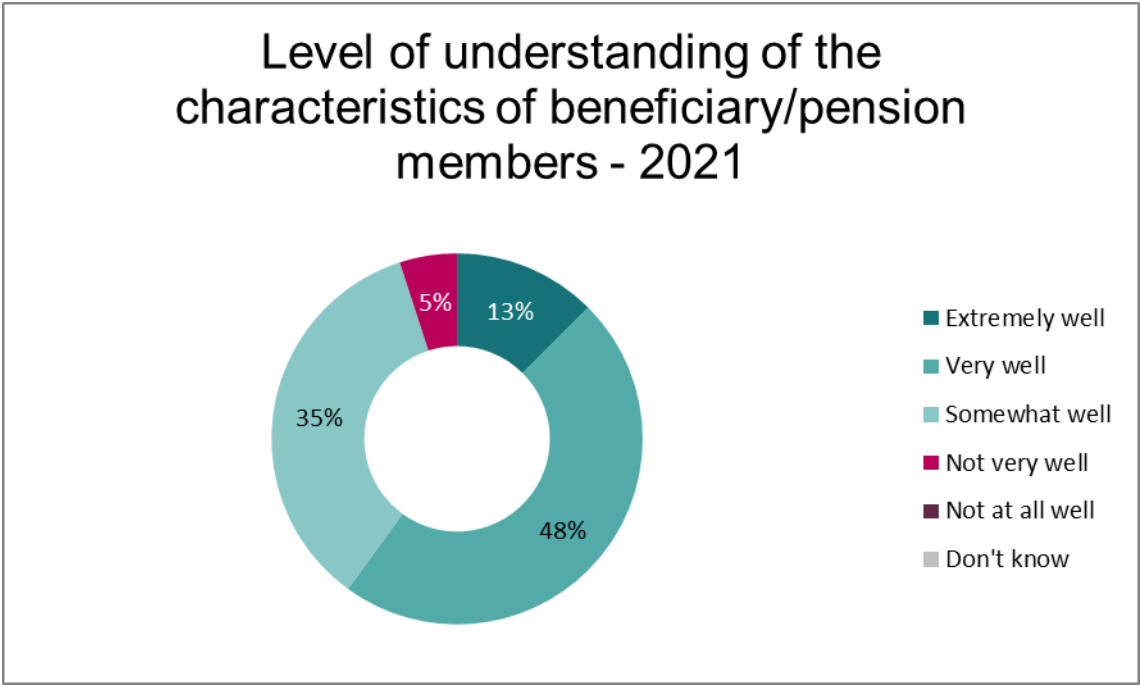
- ▶ Which, if any, of the following types of employers covered by your fund, have expressed a desire to leave the LGPS? All respondents (74)
- ▶ Which, if any, of the following reasons were given for expressing a desire to leave the LGPS? All respondents (36)



- As found in 2021, most funds say they have had Tier 3 employers express a desire to leave (45%). Fewer this year say they have had Tier 2 employers saying they wish to leave (5% vs 16% in 2021). A quarter (23%) continue to say none of their employers have expressed a desire to leave the LGPS, while a quarter don't know if any employers wish to leave the LGPS (28%).
- The main reason employers have expressed a desire to leave the LGPS continues to be affordability (88%). More now say this is due to simplification/consolidation of different types of pension scheme (47%) than in 2021 (31%). Over a quarter say it is because there are not enough employees in the scheme (28%), while others say it is due to a change in contracts (25%).

# UNDERSTANDING OF BENEFICIARY/PENSION MEMBERS' CHARACTERISTICS

▶ How well do you feel your organisation understands the characteristics of your beneficiary/pension members? All respondents (73)



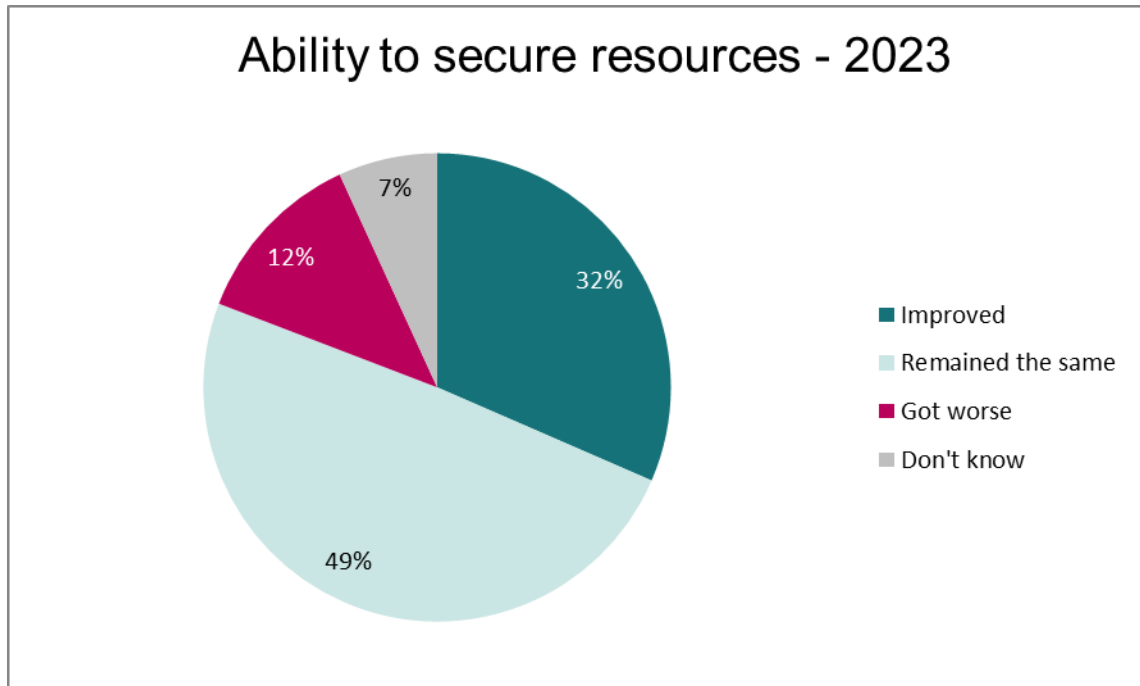
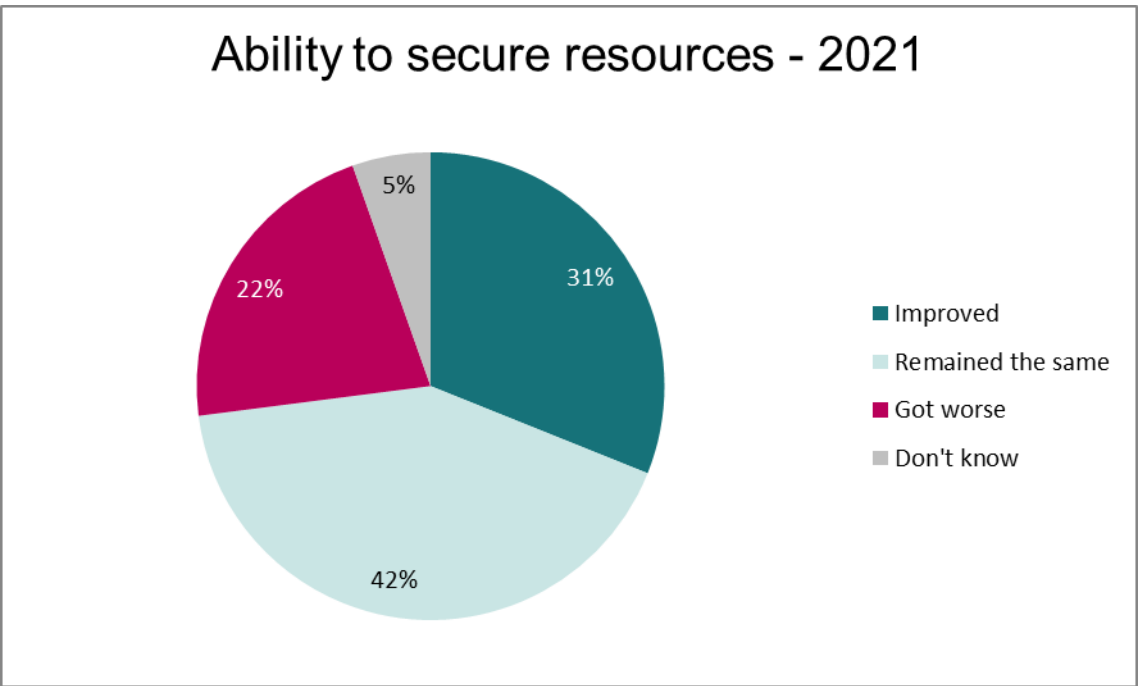
- Most funds continue to say they believe their organisation understands the characteristics of their beneficiary/pension members (88%), with half believing they understand their characteristics either extremely (14%) or very well (34%).
- However, levels of understanding have declined since 2021. Indeed, one in ten say they don't understand the characteristics of their beneficiary/pension members (11%), compared to just 5% in 2021.



# RESOURCES

# ABILITY TO SECURE RESOURCES

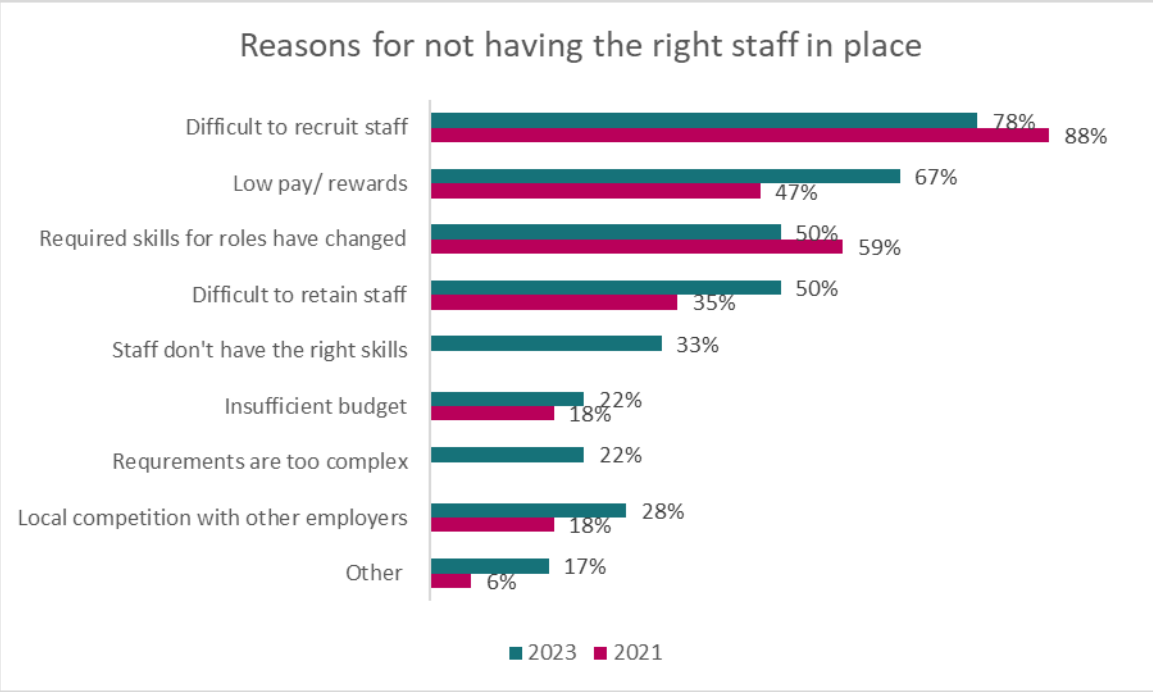
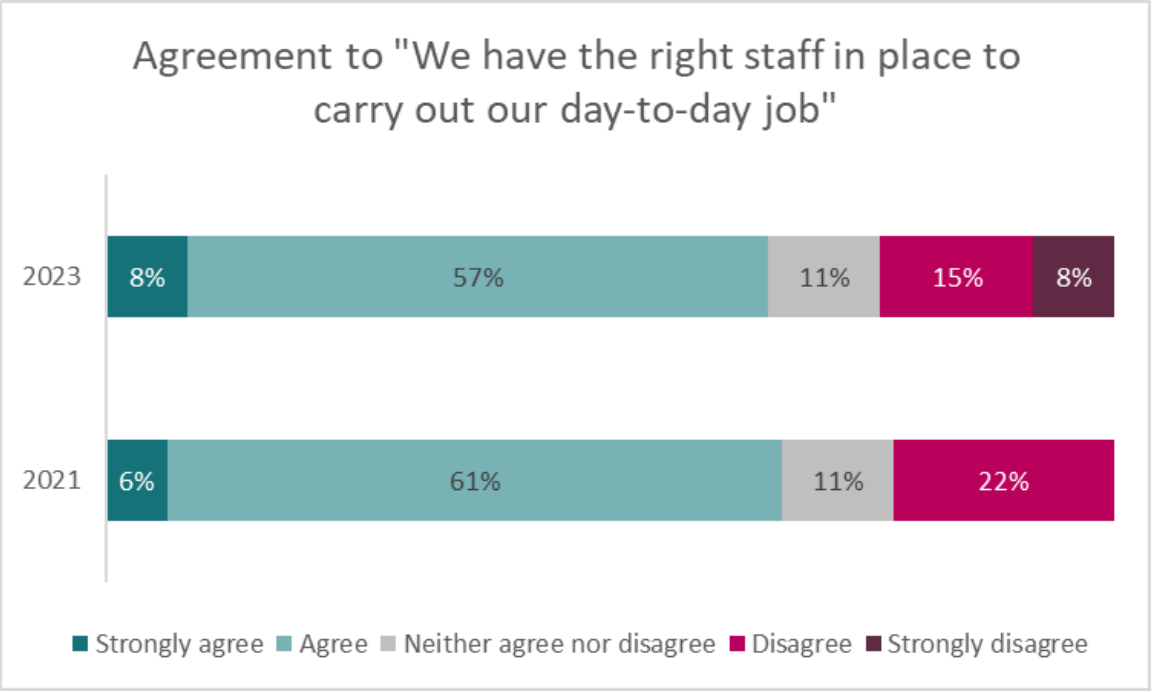
Over the past 12 months, has your funds'/pensions teams' ability to secure resources improved, got worse or stayed the same? All respondents (73)



- A third continue to say their ability to secure resources has improved (32%), but fewer now say that it is worse (12%) compared to one in five in 2021 (22%). Half say that it has remained unchanged (49%).

# RIGHT STAFF IN PLACE

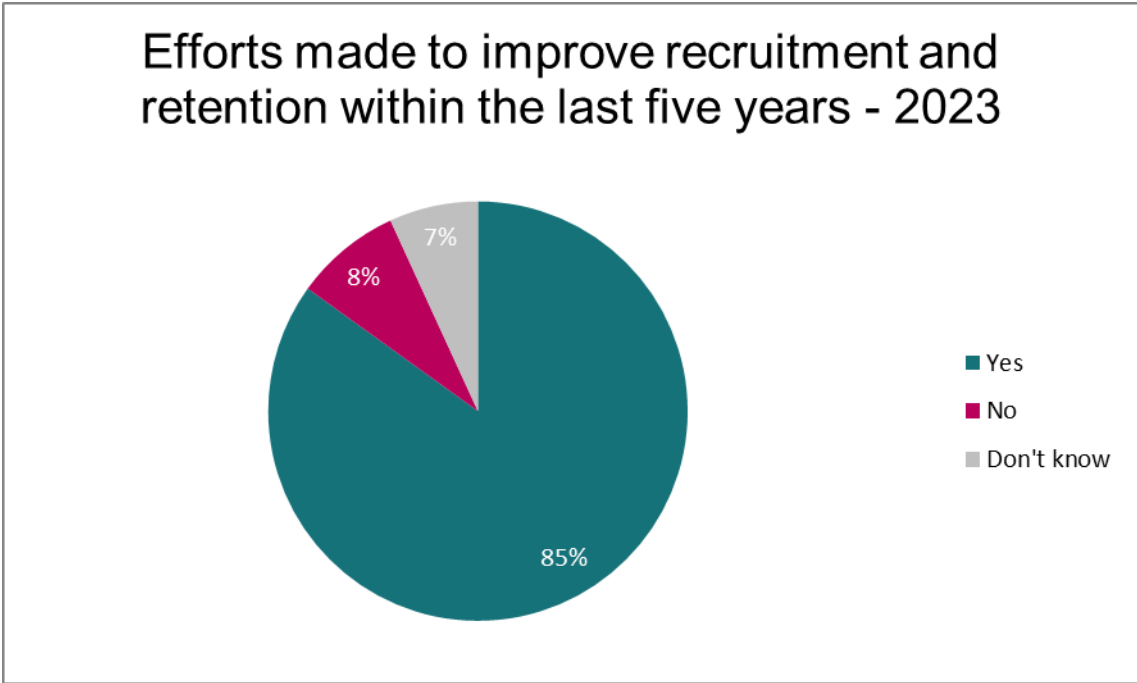
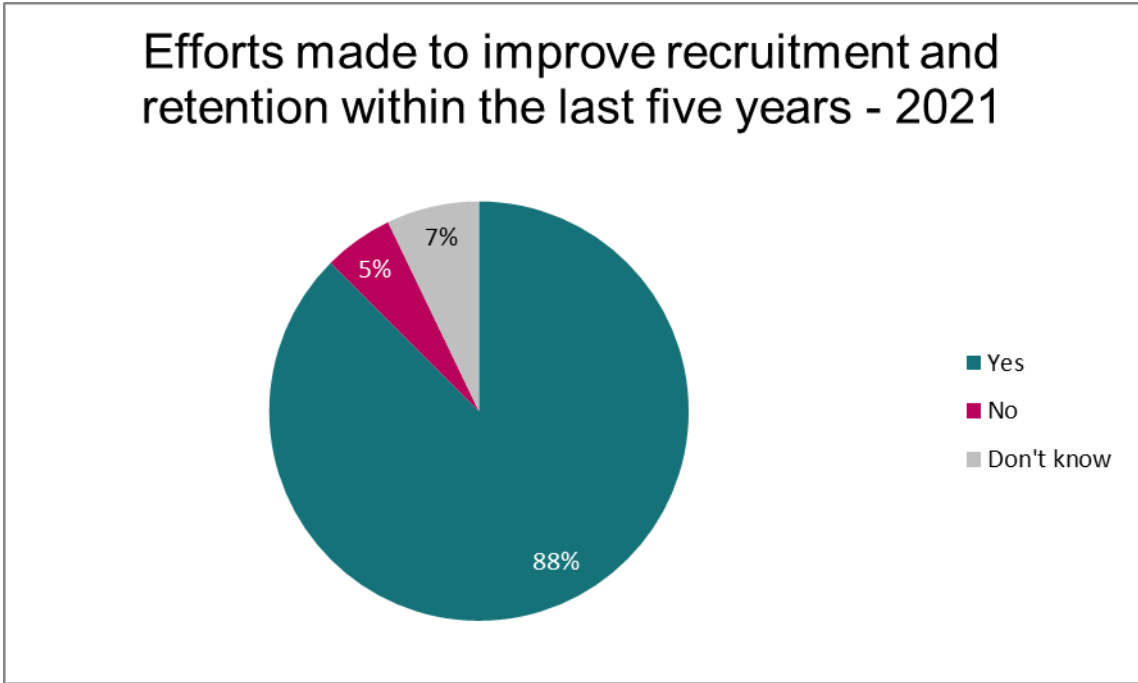
- ▶ To what extent do you agree or disagree with the following: We have the right staff in place to carry out our day-to-day job? All respondents (72)
- ▶ Which, if any, of the following best describes the reasons why you do not feel you have the right staff in place? All respondents (18)



- Two-thirds continue to believe they have the right staff in place to carry out their day-to-day jobs (65%). However, a quarter do not feel they have the right staff in place (23%).
- The main reasons they do not believe they have the right staff in place is due to the difficulty in recruiting staff (78%). More than two-thirds mention low pay and rewards (67%), up from less than half in 2021 (47%). Half also continue to mention that it is due to the required skills having changed for some roles (50%). Half also say it is difficult to retain staff (50%), with a third saying staff don't have the right skills (33%).

# RECRUITMENT EFFORTS

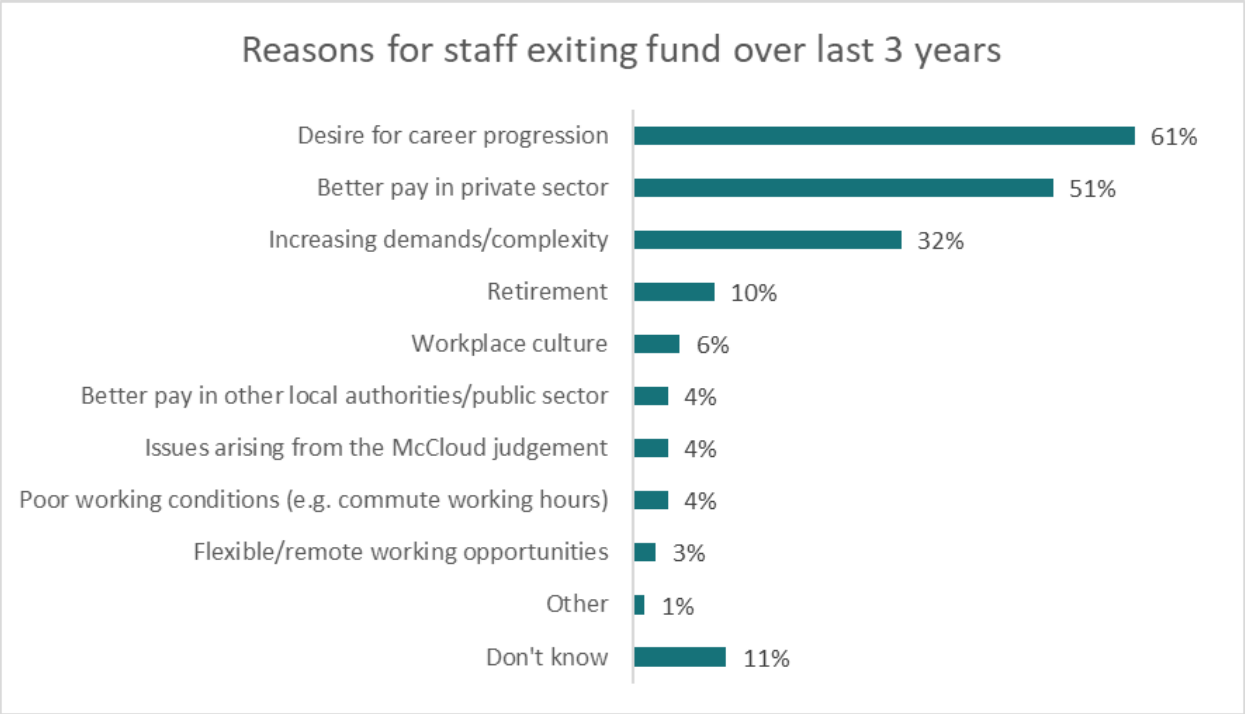
▶ Have you or your organisation made efforts to improve recruitment and retention within the last five years? All respondents (73)



- Almost nine in ten (85%) continue to say they have made efforts to improve recruitment and retention within the last five years. Indeed, only 8% say they have not tried to improve recruitment and retention.

# REASONS FOR STAFF EXISTING FUND

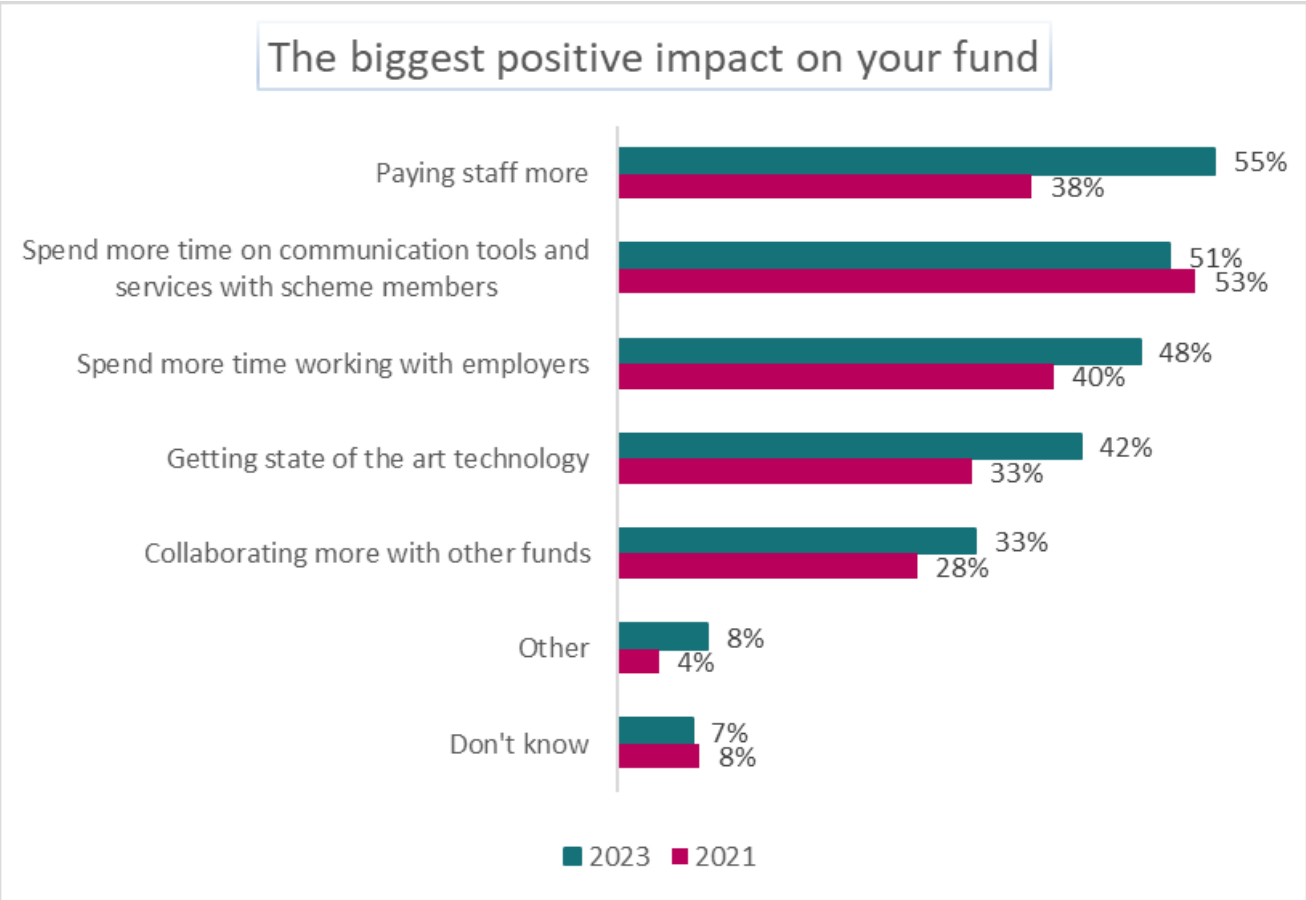
Which, if any, of the following reasons best describe the reasons for your staff exiting your fund, over the last three years? All respondents (71)



- The main reasons staff have exited the fund over the last three years is due to a desire to progress their career (61%), having better pay in the private sector (51%) and the increasing demands /complexity of working for the fund (32%).

# THE BIGGEST POSITIVE IMPACT ON FUND

▶ If money and time were no object, which of the following would have the biggest positive impact on your fund? All respondents (73)

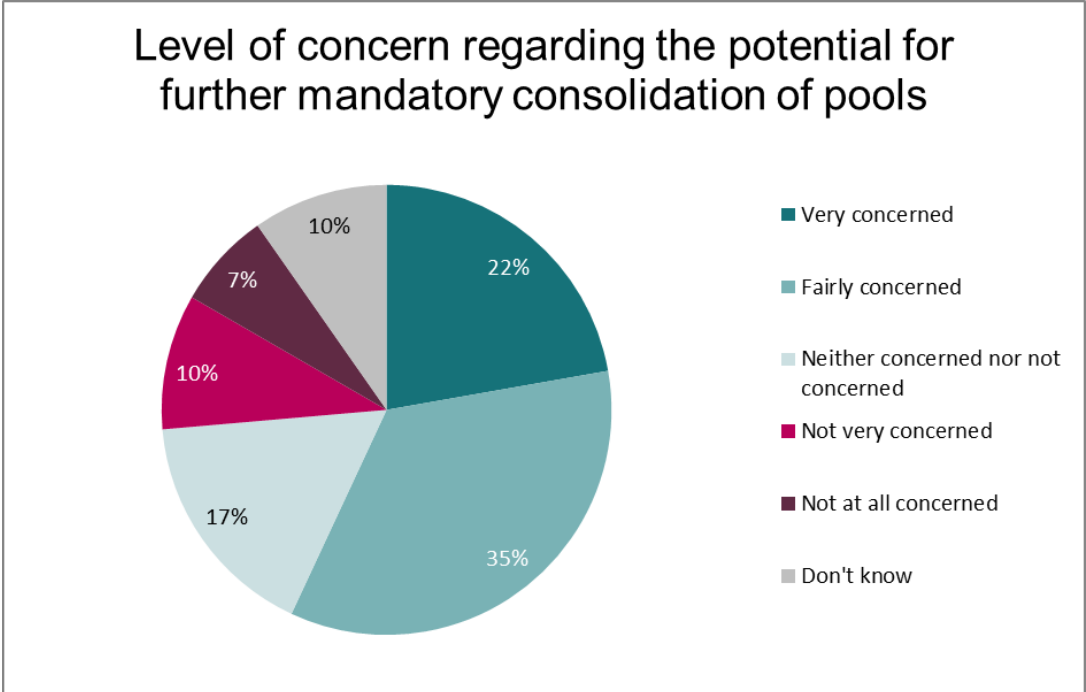
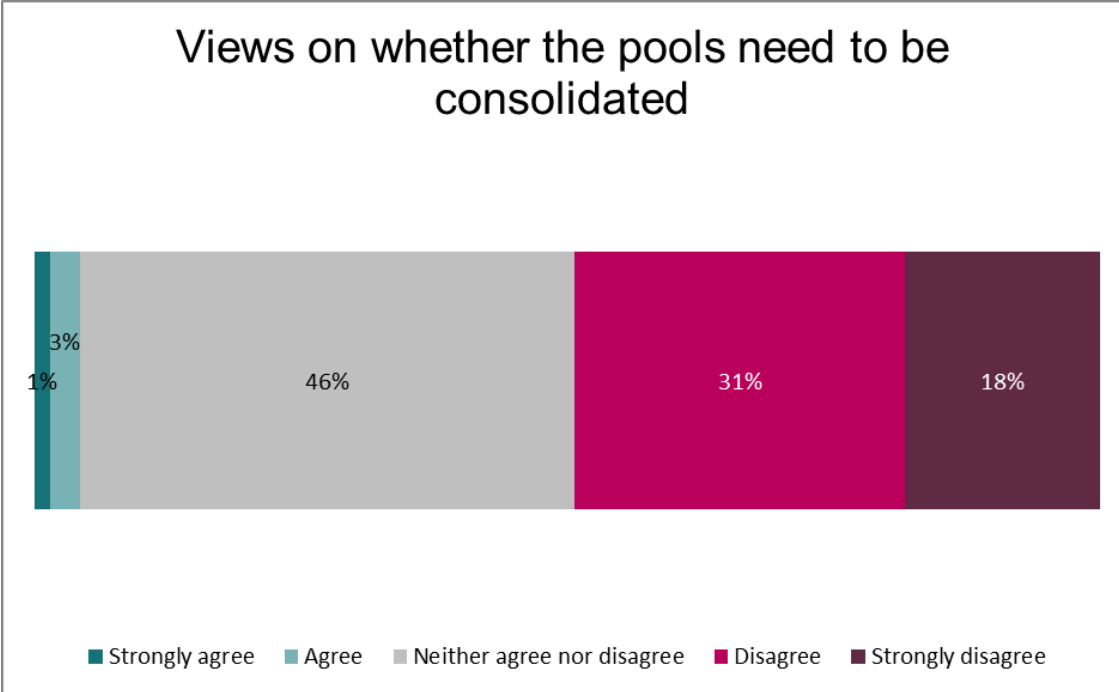


- If money and time were no object more than half say paying staff more (55%) up from a third (38%) in 2021 would have the biggest impact on their fund.
- Half continue to feel that spending more time on communication tools and services with scheme members would have the biggest impact on their fund (51%), while a similar number feel spending more time working with employers (48%) or getting state of the art technology (42%) would have the biggest impact.
- A third (33%) say that collaborating more with other funds would have the biggest impact.

# VIEWS ON POOLING

# VIEWS ON POOLING

- ▶ To what extent do you agree or disagree that the pools need to be consolidated? All respondents (71)
- ▶ How concerned are you about the potential for further mandatory consolidation of pools? All respondents (72)



- Few feel that the pools need to be consolidated (4%), while almost half disagree (49%). However, almost half are undecided (46%).
- Indeed, over half are concerned about the potential for further mandatory consolidation of pools (57%), with less than one in five not concerned (17%).



# MAIN REASONS FOR VIEWS ON WHETHER POOLS SHOULD BE CONSOLIDATED

- ▶ Among those that agree pools should be consolidated this is due to the economies of scale.
- ▶ The main reasons funds feel that there is no need for pools to be consolidated are due to it still being early days for the current pools (5 mentions), feelings that there will be a loss of control and the pool not being specific enough for their fund (5 mentions), that governance will be difficult (3 mentions) and that it is a politically motivated move (3 mentions).
- ▶ However, some are neutral with some saying more time is needed to understand what are the benefits of consolidation and what are the key learnings.

Efficiency of larger scale.

Our 'voice' is diluted as pools grow and take on more member Funds.

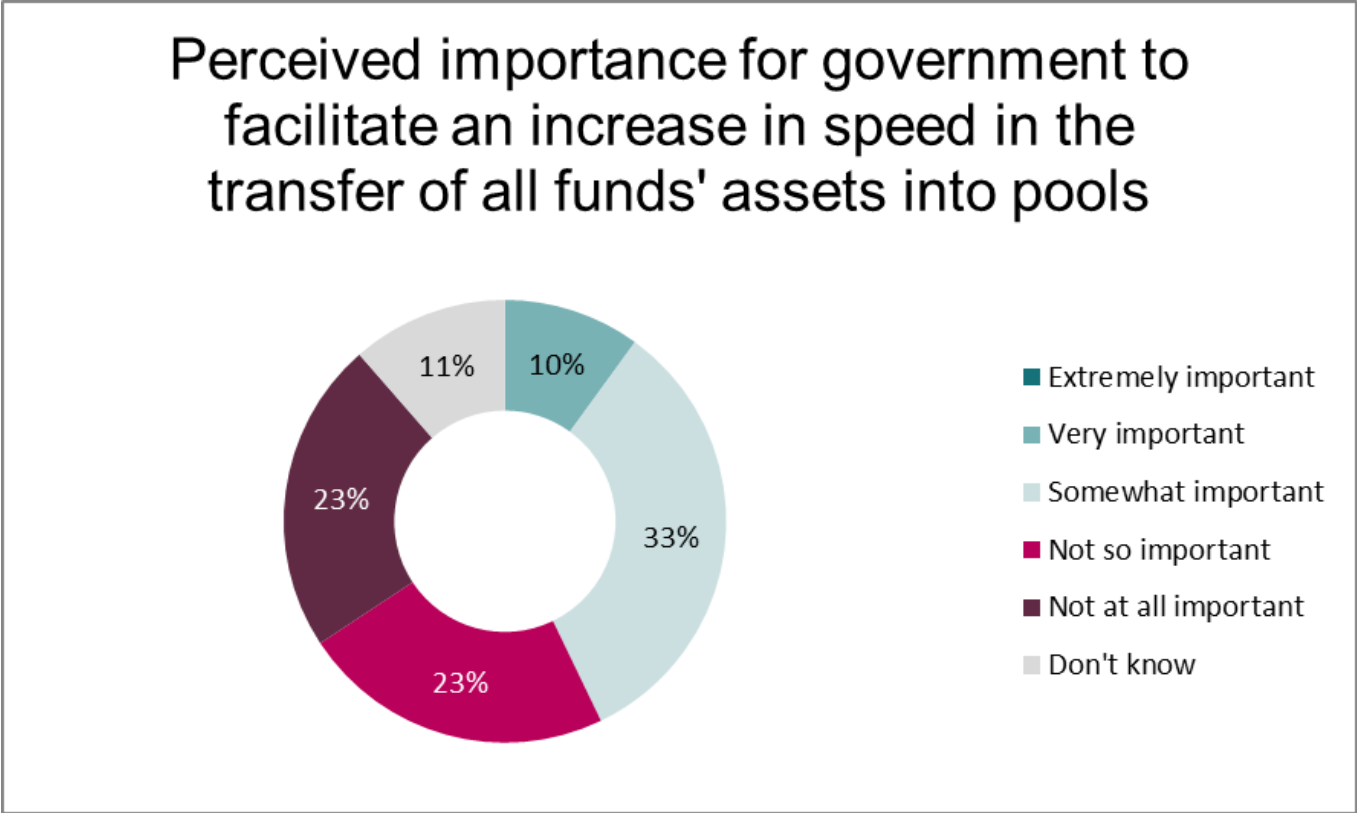
Pools should be created with like-minded members. Forcing others to join has the potential to be detrimental to the pool and the joiner.

Theoretically I agree with further consolidation given potential scale advantages. However, the initial pooling process is still in its implementation phase - a period of bedding down of the established pools would seem reasonable before implementing additional changes.

Our 'voice' is diluted as pools grow and take on more member Funds. Danger of watering down to the lowest common denominator especially where current pool is so successful.

# IMPORTANCE IN GOVERNMENT FACILITATING SPEED IN TRANSFER OF FUNDS' ASSET INTO POOLS

▶ How important do you think it is for government to facilitate an increase in speed in the transfer of all funds' assets into pools? All respondents (70)

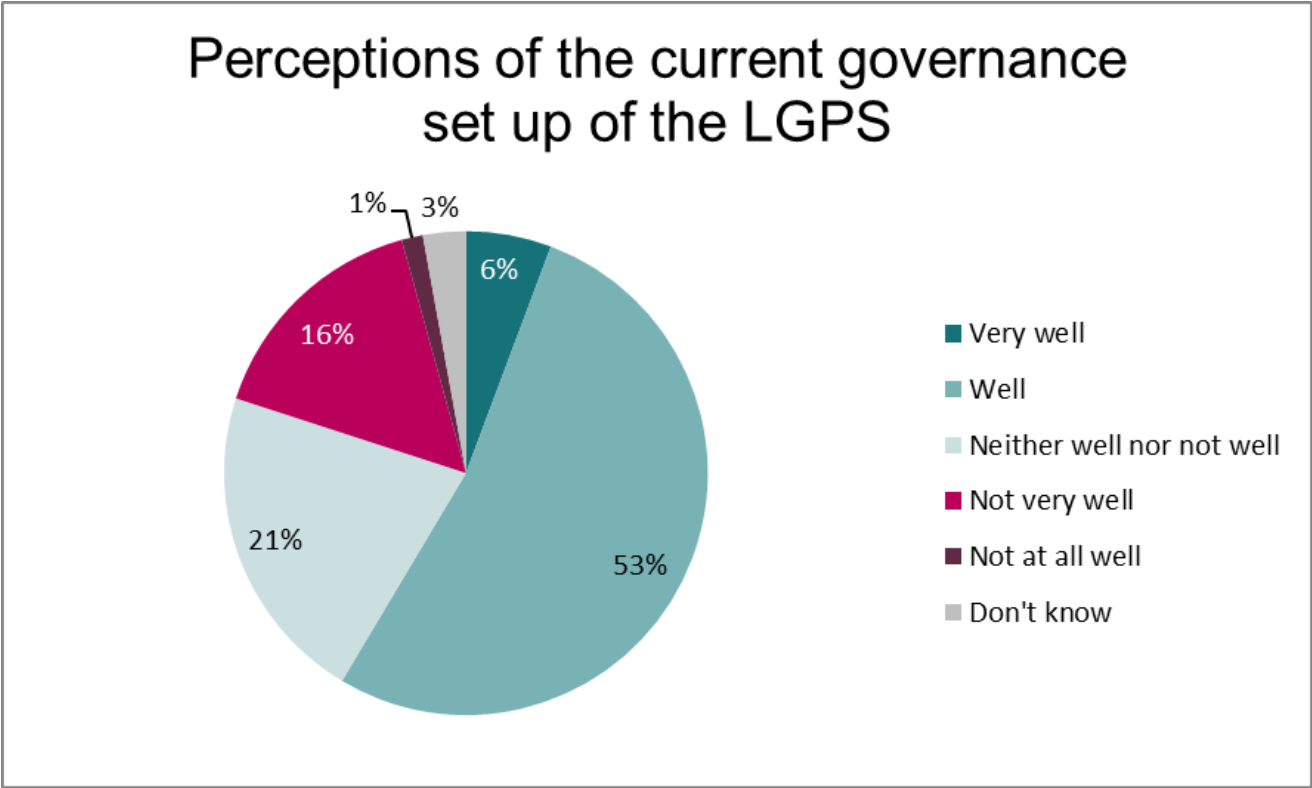


- Under half (43%) feel it is important for government to facilitate an increase in speed in transfer of all funds' assets into pools, with none feeling it is very important.
- Indeed, almost half disagree (46%)

# VIEWS ON GOVERNANCE

# PERCEPTIONS OF THE CURRENT GOVERNANCE SET UP OF THE LGPS

▶ How well do you feel the current governance set up of the LGPS works? All respondents (70)



• Six in ten feel the current governance set up of the LGPS works (59%). However, one in five (17%) feel it does not work (17%).

# WHAT THEY WOULD LIKE TO CHANGE

# ONE THING THEY WOULD LIKE TO CHANGE

- A range of suggestions were put forward with the greatest number of mentions relating to simpler/clearer regulations (7 mentions), less political interference (3 mentions), no more change (3 mentions) and better recognition of the admin role (3 mentions).

Clearer regulations i.e. less interpretation by individual Funds or Pools.

Recruitment and retention of staff is our biggest challenge. Increasingly complex regulations and a growing fund requiring a more complex investment strategy, raises the need for an increase in resources.

The constant change from Government - would love a period of stability.

Recognition of the importance of governance in administering authority; understanding from admin authority that pensions is more than paying benefits, and that paying benefits is not a transactional function.

Simplification of pensions regulations governing pensions administration.

Stop the constant churn caused by attempts at political interference. The LGPS exists to pay pensions and for no other reason.



**Pensions and Lifetime  
Savings Association**

T: 020 7601 1700  
E: [plsa@plsa.co.uk](mailto:plsa@plsa.co.uk)

**[www.plsa.co.uk](http://www.plsa.co.uk)**

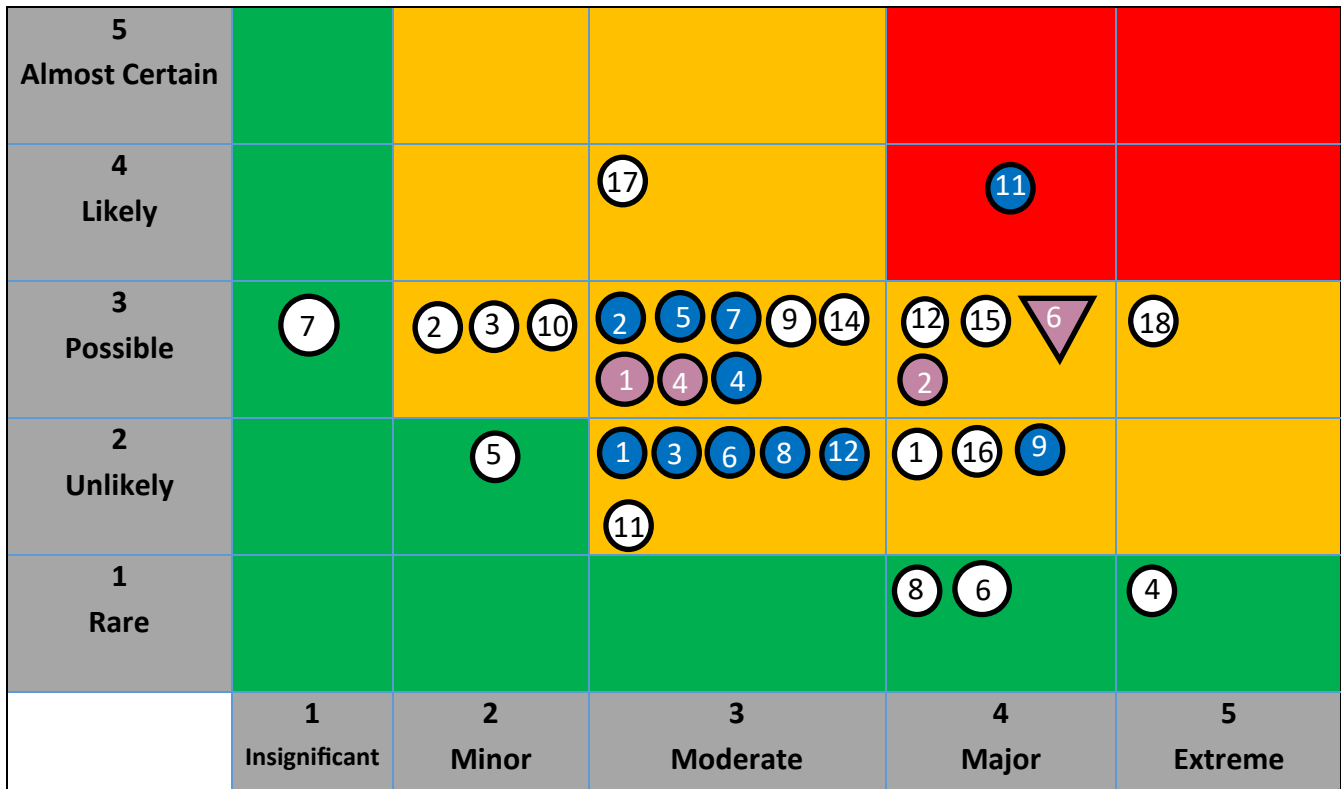
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July 2023

This guide is for information only and is not  
advice about investment and must not be  
relied upon to make any financial decisions.

# Norfolk Pension Fund Risk Heat Map August 2023 showing movement since May 2023

## APPENDIX E



	Governance (NPFG)	Funding & Investment (NPF)	Benefits Administration (NPFA)
1	Regulatory and performance requirements failure	Financial mismatch	Failure to meet regulatory and performance requirements
2	Asset pooling (ACCESS) (Gov)	Concentration	Lack of skilled resource (Admin)
3	Knowledge & understanding (O)	Manager underperformance	-
4	Knowledge & understanding PC	Systemic risk	Business continuity (Admin)
5	Knowledge & understanding POB	Credit default - Counterparty failure	System implementation and transition
6	Business continuity (Gov)	Illiquidity	Employer operational issues
7	Communication & Engagement	Default by participating employer	
8	Lack of skilled resource (gov)	Poor advice	
9	National LGPS Frameworks	Changing demographics (Assumptions v Experience)	
10	-	Business Continuity (F & Inv)	
11	Cyber Security	Communication	
12	Future service delivery	Lack of skilled resource (F & Inv)	
13		Asset pooling (ACCESS) (F & Inv)	
14		Currency risk	
15		Environmental, Social & Governance (ESG)	
16		Custody, Stock Lending, Transition	
17		ACCESS Asset Class availability	
18		ACCESS Operator contract	

Becoming more of a risk

Risk is stable

Becoming less of a risk



Admin KPIs

Target = 100%

RAG Status

<75%

76% - 84%

>85%

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

Task	Days	May-22		Jun-22		Jul-22		Aug-22		Sep-22		Oct-22		Nov-22		Dec-22		Jan-23		Feb-23		Mar-23		Apr-23		May-23		Jun-23		Jul-23		Monthly Average	
		Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	Vol	%
Transfer In Quotes	10	38	97	38	97	29	97	22	100	19	95	20	95	16	100	9	89	21	86	18	94	21	86	3	33	3	100	1	100	23	52	19	88
Transfer Out Quotes	10	54	100	54	100	44	89	50	90	63	94	46	96	39	90	25	88	23	65	29	100	35	94	6	100	4	100	34	97	33	94	36	93
Refund Payments	5	68	100	68	100	68	100	45	100	61	100	42	100	57	100	28	100	71	100	52	100	57	100	39	100	49	100	44	100	55	100	54	100
Estimate of Retirement Benefits	10	94	88	94	88	99	95	99	100	84	94	146	93	94	99	72	96	92	100	123	100	96	98	117	99	98	96	136	100	113	97	104	96
Actual Retirement Benefits	5	166	100	166	100	153	99	171	100	180	100	140	99	158	99	85	100	138	99	108	100	102	95	100	95	123	99	139	100	122	100	137	99
Acknowledge Death of Member	5	103	89	103	89	66	98	63	97	68	94	70	94	79	95	65	97	83	98	96	92	82	94	42	95	76	88	85	100	69	97	77	95
Notify Dependant's Benefits	5	31	90	31	90	22	86	22	95	27	96	31	100	29	100	11	100	18	89	25	56	38	97	27	70	36	86	26	77	37	92	27	88
Notify Deferred Benefits	10	179	89	179	89	134	78	123	93	153	99	138	97	251	92	180	99	212	98	175	99	175	98	79	96	159	99	224	99	149	99	167	95
Altair Housekeeping	5	9	89	9	89	9	78	9	78	8	100	9	100	8	88	9	100	9	100	8	100	9	100	8	100	9	100	9	100	8	50	9	91

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

# 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



# Contents

4	Your LGPS (Local Government Pension Scheme)
5	Want to know more about your pension?
6	The LGPS – a reminder of the scheme
8	Your personal benefit statement
18	Keep in touch with your pension online
20	Want to save more?
22	The 50/50 option
22	State Pension forecast
23	Tax limits and your pension
24	The McCloud judgement
25	Pre-Retirement Planning Course
26	Be scam aware!
27	About the Norfolk Pension Fund
28	Disclaimer
28	Data protection information
28	Norfolk Pension Fund’s approach to ESG (Environmental, Social and Governance) investment
29	Queries and disputes
29	Please tell us what you think
30	Accounts and investments
	<b>Back cover</b> Contact details



Nomination death grant details can be updated via Member Self-Service or downloaded from the Resources section of our website.

# Welcome to your personal benefit statement for 2023

Your name

National Insurance number

Your current employer

Employer payroll reference

**If you have any deferred LGPS pension records within the Norfolk Pension Fund, these will be sent separately.**

This booklet is your **personal benefit statement** from the Norfolk Pension Fund and is based on your service up to 31 March 2023. 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.

If you need further information, please read our 'Active Annual Benefit Statement FAQs' document available on the Resources section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

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

As always, if you have any questions or would like to talk to us about your pension, please get in touch. You can find our contact details on the back cover.

# Your LGPS (Local Government Pension Scheme)

## Your LGPS membership may be more valuable than you 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** linked to inflation, along with other valuable benefits including:

- A **reliable pension for life** when you retire, based on your membership and pay – not linked to the ups and downs of 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 whilst being an active member of the scheme, your nominated beneficiary will receive a lump sum death grant based on 3 x your assumed pensionable pay. If you have either a separate deferred benefit or are receiving a pension in the LGPS when you die, this may impact on the death grant payable
- 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

## Did you know, as a member of the LGPS:

- **Your employer pays in** to your pension too – typically twice as much as you contribute! Please remember, your pension is based on your salary and not total contributions paid.
- **You may pay less tax** as your pension contributions are taken out of your pay before tax. For example, if you pay £100 a month into your pension, your tax is reduced by £20 a month (if you are paying tax at the basic 20% rate).

More details on the scheme benefits can be found in **'A Brief Guide to the LGPS'**, available on the Resources section of our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) or by contacting us using the details on the back of this booklet.

# Want to know more about your pension?

## Please come and talk to us...

We will be holding a series of Pension Clinics in November, giving you the opportunity to discuss your pension with one of our team members.

You can book an appointment for one of the dates shown below at County Hall or at the offices of Great Yarmouth, King's Lynn and West Norfolk or North Norfolk Councils.

**Norwich** 21 November and 27 November 2023

**Cromer** 20 November 2023

**Great Yarmouth** 22 November 2023

**King's Lynn** 23 November 2023

To book a place at one of our Clinics, 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 County Hall.

Please remember we're always here to help, so please call us on **01603 495923** anytime during office hours for a chat on the phone or to book a virtual meeting.

Please note, the Fund's Annual Meeting is due to be held at 6pm on 28 November 2023. If you would like more details on how to attend, please call us on **01603 223950**.



# 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**
- For each year you are in the career average LGPS scheme, from April 2014 we will add pension equal to **1/49th of your pay** into your pension account (**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 2023 are:

Band	If your actual pensionable pay is:	You pay a contribution rate of:
1	Up to £16,500	5.5%
2	£16,501 to £25,900	5.8%
3	£25,901 to £42,100	6.5%
4	£42,101 to £53,300	6.8%
5	£53,301 to £74,700	8.5%
6	£74,701 to £105,900	9.9%
7	£105,901 to £124,800	10.5%
8	£124,801 to £187,200	11.4%
9	£187,201 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.

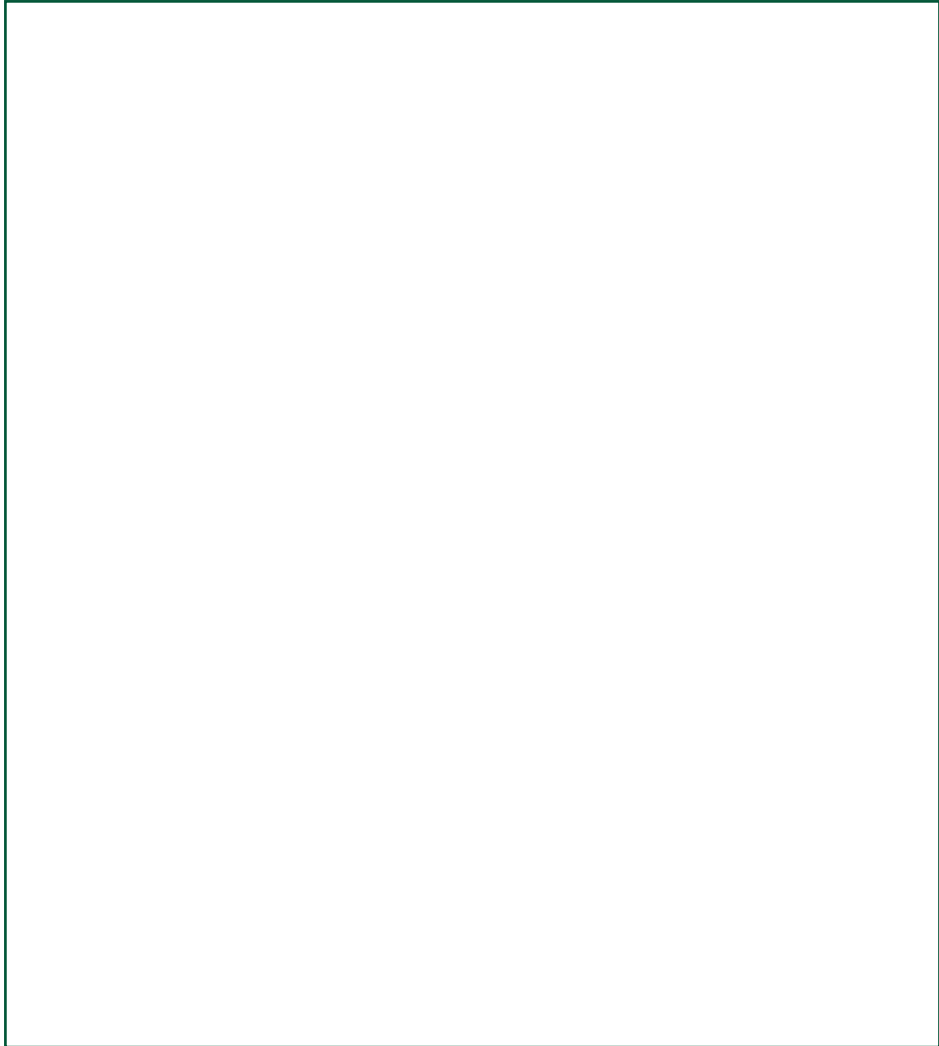
There is more information about the scheme on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) or on the national [www.lgpsmember.org](http://www.lgpsmember.org) site.



# Your personal benefit statement

**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.**

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



## 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.

If you have an Additional Voluntary Contributions (AVC) plan with Clerical Medical, Utmost Pensions (formerly 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. Whilst 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. Any Annual Allowance scheme pays reductions, or divorce pension debits, have not been included as these deductions will vary based on when benefits are taken.

If you are thinking of retiring, please either contact us for a personal quotation (you can find our contact details on the back cover) or, if you have registered for Member Self-Service, you can generate a request from your secure account.

### 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. For a list of Independent Financial Advisers in your area you can contact IFA Promotions at [www.unbiased.co.uk](http://www.unbiased.co.uk)

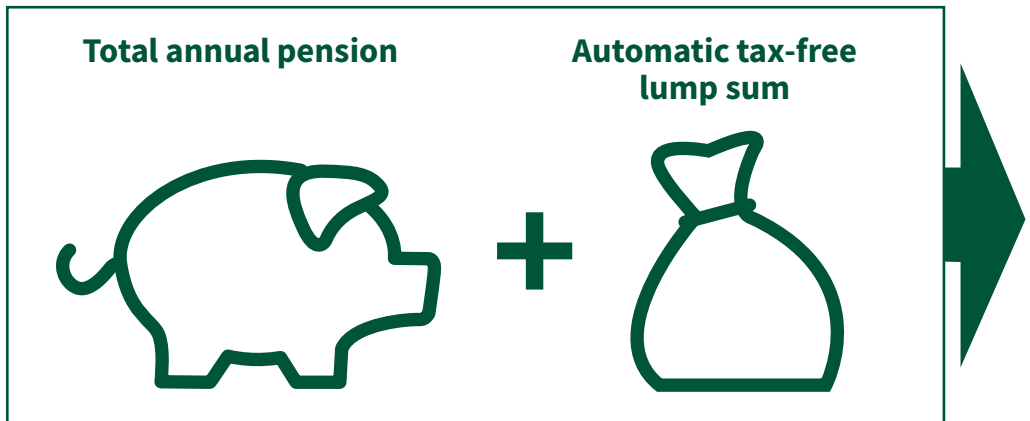
You can find help in choosing one at [www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser](http://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser)

Always remember to check that the advisor is authorised by the Financial Conduct Authority at [www.fca.org.uk/register](http://www.fca.org.uk/register)  
Please be aware that you may be charged a fee for any advice.

# The current value of your benefits

Here are your retirement benefits built up to 31 March 2023 **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 2023



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 2023**.

## 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 an 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.

If you have registered for **Member Self-Service**, your online statement will show the maximum lump sum available. Member Self-Service also has a Voluntary Retirement Benefit Projector which you can use to see how increasing your lump sum will impact your pension.

# How your benefits are calculated

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

The figures on these pages don't take into account any pension sharing on divorce or annual allowance scheme pays reductions



# The value of your death benefits

The value of your death benefits at 31 March 2023 were:

One-off lump sum life cover



## Annual partner's pension

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:

To update your Expression of Wish details, you can either use Member Self-Service or download the 'Expression of wish for payment of death grant' form from the Resources section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

**Expression of Wish** details for payment of lump sum life cover

For further details regarding a lump sum death grant, please read our 'Active Annual Benefit Statement FAQs' document available on the Resources section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

Any eligible children under the age of 18, or up to age 23 and in full-time education, or with a physical or mental impairment could be entitled to a child's pension in addition to the amounts shown on page 12

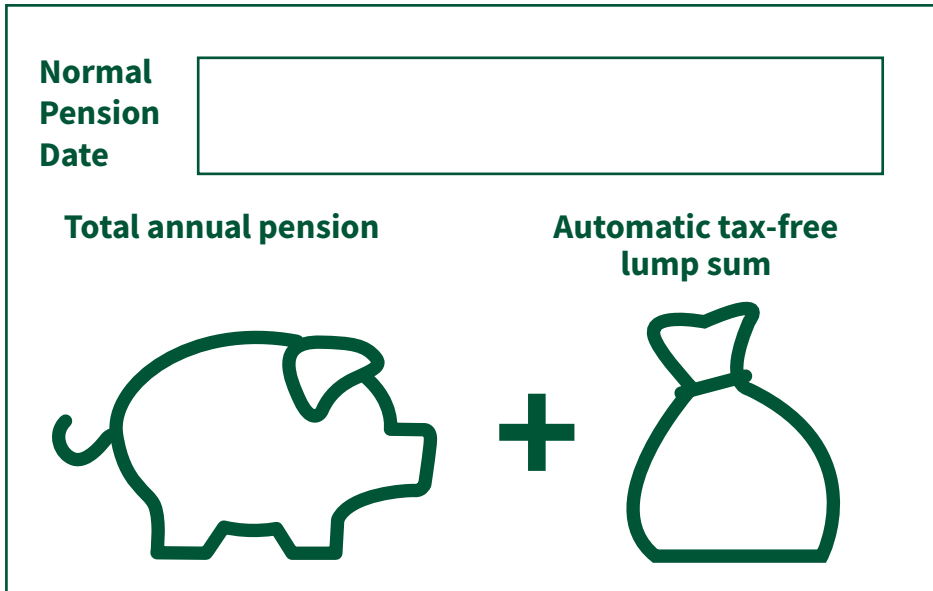


The figures on these pages don't take into account any pension sharing on divorce or annual allowance scheme pays reductions



# 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 2023.



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](http://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**.

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



**The figures on these pages don't take into account any pension sharing on divorce or annual allowance scheme pays reductions**

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

These pages cover your Final Salary Membership only.

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.

Up to	Calendar length	Percentage of whole time	Period of membership

For full benefits, please refer to pages 10 and 11.

# Keep in touch with your pension online

The Member Self-Service area available on our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) offers a great way to access your pension details quickly and securely.

## With Member Self-Service you can:

- View your pension account benefits and latest valuation
- Amend your personal details
- Update your Death Grant nomination details
- Use the Benefit Projectors to calculate how much pension you might get
- Upload documents and queries

View your pension online - register with Member Self-Service today to view your pension details 24/7!

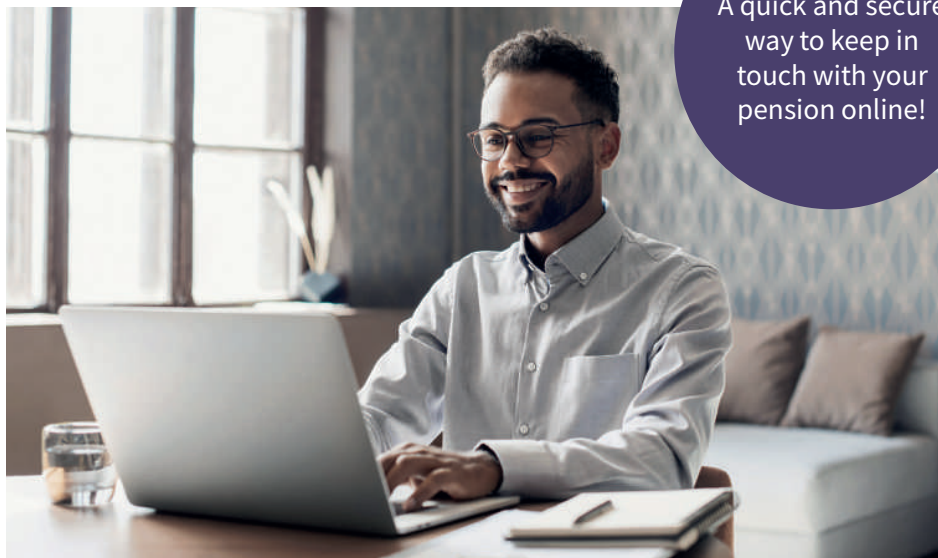
Over  
**10,000**  
**members**  
use Member Self-Service  
to access their pension  
account details!



## How to register for Member Self-Service

1. If your home or email address has changed, please contact us on **01603 495923** before registering.
2. Visit our website at **[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)** and click on 'Member Self-Service'.
3. Click on 'Register' and then 'Register for MSS' and fill in your details.
4. If we have your email address, we will send an activation link via email. Otherwise, an activation key will be posted to you at the home address we hold on our records.
5. Further instructions will be provided in the email/letter to choose your username and password.

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



A quick and secure way to keep in touch with your pension online!

# Want to save more?

There may be times when you consider adding to your pension, for example, 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 £7,579.

You can find out more about APCs and get a quote by either using the online calculator at [www.lgpsmember.org](http://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.**



## Shared Cost AVCs



Some Norfolk Pension Fund employers (including Norfolk County Council, South Norfolk Council, and Broadland District Council) provide LGPS members access to a Shared Cost Additional Voluntary Contribution (Shared Cost AVC) scheme facilitated by AVC Wise.

A Shared Cost AVC scheme differs to a standard AVC because it is a shared cost arrangement, meaning both you and your employer contribute into your Shared Cost AVC fund. The main advantage is that you save money on both Income Tax and National Insurance contributions as you contribute to your pot. Your Shared Cost AVC is paid into a separate pot of money that sits alongside your LGPS benefit. This can help you achieve earlier retirement or simply mean you have more money when you do retire.

### How does it work?

- You choose how much and where your money is invested each month, starting from £2 per contribution up to your maximum contribution amount, depending on limits
- You agree to ‘salary sacrifice’ the equivalent amount, which means you save on Income Tax and National Insurance contributions
- This money is sent to Prudential who hold and invest this money for you\*
- You can amend your contribution amount and change your investment choices at any time
- There are a variety of options to access your money when you decide to take your benefits. This is currently possible from 55 onwards, rising to 57 onwards from 2028

### Find out more

Please visit [www.avcwise.co.uk/norfolk23](http://www.avcwise.co.uk/norfolk23) to register.

\* A pension is a long-term investment; the fund value may fluctuate and can go down. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation. Shared Cost AVCs are available to active LGPS members only. You should consider your affordability before making your Shared Cost AVC application. Please speak to an independent financial adviser if you require financial advice.

# The 50/50 option

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## 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](http://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

## State Pension forecast

Please remember it's important you check your State Pension forecast to understand what you are entitled to receive. You may be eligible to make voluntary National Insurance contributions to buy back any missing years, but you need to do this before you start receiving your State Pension.

Please visit [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension) or call **0800 731 0469** to find out:

- how much State Pension you could get
- when you can get it
- how to increase it (subject to eligibility).

# 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.**

In the Spring 2023 Budget, the Government announced changes to the Lifetime Allowance and the Annual Allowance. Most members won't be affected by these limits; however, if you do exceed either or both 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. From 6 April 2023, we are still required to carry out the lifetime allowance checks based on the limit of £1,073,100 but no lifetime allowance charge will apply. If a lump sum taken at retirement is over the 25% limit, the excess will be subject to tax based on the member's marginal rate.

The Annual Allowance is the amount your pension savings can increase in any one year before any additional tax is due. From 6 April 2023 the standard allowance will increase from £40,000 to £60,000 a year although there is a tapered annual allowance for anyone with income above £260,000 a year.

If you have exceeded the Annual Allowance for 2022-23 in respect of your Norfolk Pension Fund pension rights benefits, you will be sent a Pensions Savings Statement with more details later in the year. If you have not exceeded the Annual Allowance, you can still request a Pensions Savings Statement from us by emailing [pensions.technical@norfolk.gov.uk](mailto:pensions.technical@norfolk.gov.uk)

You can find out more from HMRC's website at [www.gov.uk/tax-on-your-private-pension](http://www.gov.uk/tax-on-your-private-pension)

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



# The McCloud judgement

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## What is the McCloud judgement?

The reform of public service pension schemes in 2014/15 introduced new protections for older members. However, in December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' pension schemes were discriminated against because the protections do not apply to them. This ruling is often called the 'McCloud judgment'.

The Government subsequently confirmed changes will be made to all the main public service pension schemes, including the LGPS, to remove the age discrimination.

## Will the changes apply to you?

The LGPS understand that the changes will apply to members who:

- were in service on 31 March 2012
- have service after 31 March 2014 (even if you have left the Scheme), and
- do not have a disqualifying break of more than five years when you were not a member of a public service pension scheme.

If you left the LGPS before 1 April 2014, you built up benefits in the final salary scheme only. These changes will not affect your pension.

There will be no change to your pension until you take it.

Most members are unlikely to see an increase to their pension.

Where there is an increase, it is likely to be small.

## What happens next?

The new Regulations have been approved by Government and took effect from 6 April 2023. However, we require the LGPS Regulations to be updated before any changes can be implemented. We do not expect this to be before October 2023. You do not need to take any action; we will check all pension records and retrospectively apply the changes to qualifying members. Please visit [www.lgpsmember.org](http://www.lgpsmember.org) and search 'McCloud' for more information.

# Pre-Retirement Planning Course

To help scheme members within two years of retirement, we provide a Pre-Retirement Planning Course to prepare for life after work.

Delivered virtually via MS Teams over two half day sessions, attendance is **FREE** for all members of the Norfolk Pension Fund.

## Topics covered include:

- Creating a new future and managing change
- Information about the LGPS (Local Government Pension Scheme)
- Investment and financial planning
- Ideas for leisure, health, cultural and learning activities
- Volunteering opportunities

For course dates, and to book your place, please contact the Norfolk Development Academy team at [hrlld@norfolk.gov.uk](mailto:hrlld@norfolk.gov.uk) or call **01603 224114**.

If you work for Norfolk County Council, you can book a place via myOracle Learn.



# Be scam aware!

**Pension scams are on the increase.** Every day fraudsters are using sophisticated ways to steal your money. A lifetime's savings can be lost in moments.



Be on high alert. Scammers will try to con you with promises of upfront cash and investments with guaranteed high returns.

## How to spot a pensions scam

### Some things you should look out for

- Offers of a free pension review, high investment returns or ways to avoid paying tax
- Claims about unlocking your pension before the age of 55 – this is usually only allowed in the case of very poor health
- Don't be encouraged to take your entire pension as cash or as a lump sum and hand it over to someone else to invest for you
- When you're forced to make a quick decision
- Pressure to transfer your pension quickly
- Don't be fooled by professional looking websites

## Get independent advice

Before you make any decision about your pension savings, speak to an independent adviser authorised by the Financial Conduct Authority (FCA).

Scammers will claim to be FCA authorised, so always check the firm or person you're dealing with is listed on the FCA register at [www.fca.org.uk/register](http://www.fca.org.uk/register)

For more information about protecting yourself from pension and investment scams, visit [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

# About the Norfolk Pension 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](http://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 **Independent Chairman** to oversee its smooth running.

You can find out more about the Pensions Oversight Board on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)



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## 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.

## Data protection information

Norfolk County Council on behalf of the Norfolk Pension Fund is a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances.

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

## Norfolk Pension Fund's approach to ESG investment

The primary objective of the Norfolk Pension Fund is investing money to provide pension benefits to our members, which we do responsibly.

You can find out more about how we do this by reading our 'Statement on Disinvestment/Exclusion & ESG (Environmental, Social and Governance)' which is available on the Investment and Stewardship page of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) together with the latest 'Climate risk reporting' document on our quoted equity portfolio. Please contact us to request a printed copy of either document.

# Queries and 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.

For more information, please refer to our 'Dispute Procedure Guide for Members' which can be found on the Resources section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

## Please tell us what you think

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

We would therefore love to hear your feedback on your Annual Benefit Statement and the service that you receive from the Norfolk Pension Fund. We would really appreciate it if you could spare a couple of minutes to complete our online survey at [www.smartsurvey.co.uk/s/my pension/](http://www.smartsurvey.co.uk/s/my pension/)

It's only a short survey and your views will help us provide you with the service you need. If you would like a paper copy of the survey please call us on **01603 495923**.



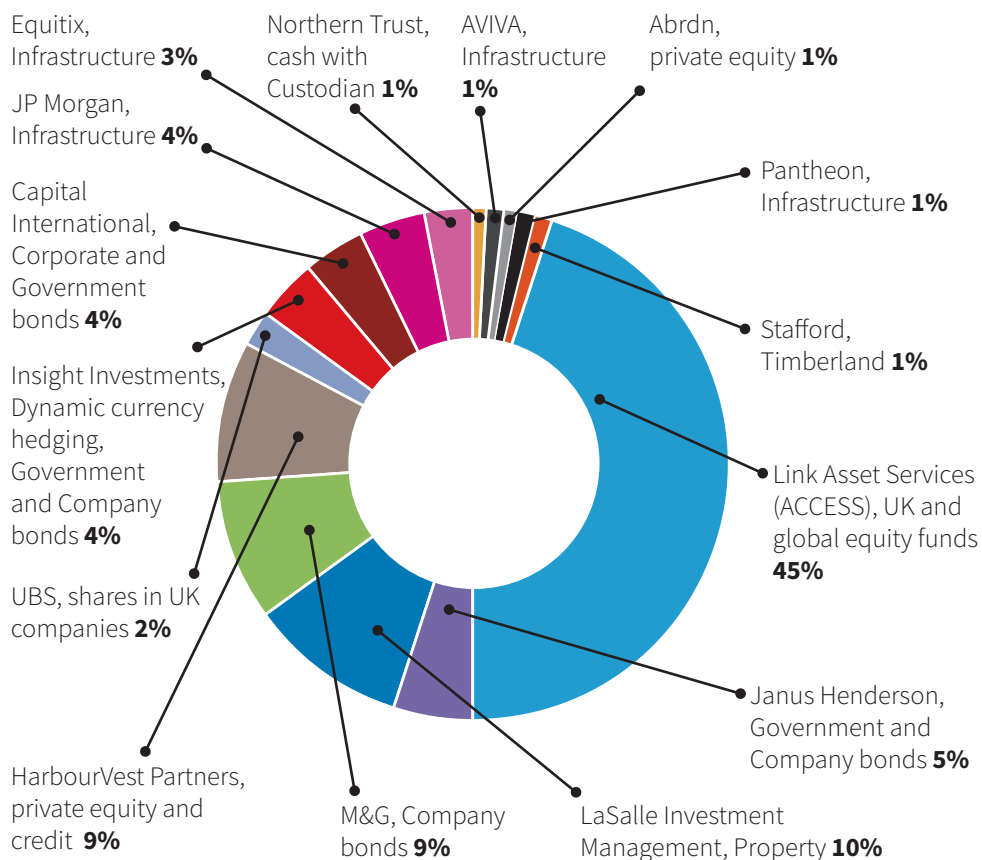
# Accounts and investments

## Accounts and Investments

This is a summary of the Norfolk Pension Fund accounts and investments. Our full accounts for 2022-23 will be published on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) following full external audit. Also published on the website is our **Investment Strategy Statement**, which includes details of our Socially Responsible Investment and Corporate Governance activities. If you would like a paper copy of either document please call us on **01603 222824**.

	2022-23 £000s	2021-22 £000s
<b>Opening net assets of the scheme</b>	<b>4,912,180</b>	<b>4,527,097</b>
Employees' contribution to the Fund	38,193	35,093
Employers' contribution to the Fund	146,765	134,717
Transfer values received	11,626	7,819
Payments to pensioners and dependants	-160,774	-155,016
Transfers out and other payments to leavers	-6,883	-12,648
Investment and administration costs	-31,433	-26,760
Net investment return – including income and the change in value of investments	-30,053	401,878
<b>Closing net assets of the scheme</b>	<b>4,879,621</b>	<b>4,912,180</b>

Following substantial increases in the value of our investments over the last two financial years, 2022-23 was marked by bouts of financial market volatility. However, these ultimately resulted in little movement in the overall value of investments. Markets continue to be concerned with geopolitical risk, potential economic downturn, the spectre of inflation and interest rates at levels that have not been seen for many years. That said, our diversified portfolio has remained resilient, and our total assets were down by less than one percent over the year to 31 March 2023.



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

Our diversified approach means that we always have a mix of investment methods and asset types as we aim to get the best return on investment we can, whilst at the same time managing risk.

Through the ACCESS pool we are working with 10 other like-minded LGPS Funds to bring the management of many of our investments together, in order to reduce costs whilst maintaining investment performance. The pooling arrangements currently encompass the assets above managed by Link Asset Services and UBS. This will not change Pensions Committee’s overall responsibility for the Norfolk Pension Fund.



Norfolk Pension Fund  
Post: County Hall, Martineau Lane,  
Norwich, NR1 2DH  
Email [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)  
Telephone 01603 495923  
[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)



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

# Your Personal Annual Benefit Statement

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

## Deferred scheme member statement



# Contents

4	Your LGPS (Local Government Pension Scheme)
5	Want to know more about your pension?
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	<b>Back cover</b> Contact details

Nomination death grant details can be updated via Member Self-Service or downloaded from the Resources section of our website.

The cover image of reed cutting at Cley Marshes was taken by Pension Fund Officer, Chris Brennan.

# Welcome to your personal benefit statement for 2023

Your name

National Insurance number

Your LGPS employer

Employer payroll reference

Date of leaving scheme

**If you have any active LGPS pension records within the Norfolk Pension Fund, these will be sent separately.**

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.

If you need further information, please read our 'Deferred Annual Benefit Statement FAQs' document available on the Resources section of our website **[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)**

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

As always, if you have any questions or would like to talk to us about your pension, please get in touch. You can find our contact details on the back cover.

# Your LGPS (Local Government Pension Scheme)

## Your LGPS membership may be more valuable than you 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** linked to inflation, along with other valuable benefits including:

- **A secure pension for life** when you retire, based on your membership and pay – not linked to the ups and downs of 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 before payment of your benefits, your nominated beneficiary will receive a lump sum. The lump sum death grant payable depends on when you left the scheme:
  - if you left after 31 March 2008 – five times your deferred annual pension is paid
  - if you left before 1 April 2008 – three times your deferred annual pension is paid

If you are either an active member or are receiving a pension in the LGPS when you die, this may impact on the death grant payable.

- You may qualify for an **early pension** if you have to retire through ill health

More details on the scheme benefits can be found in **‘A Brief Guide to the LGPS’**, available on the Resources section of our website at [www.norfolkpensionfund.org](http://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

# Want to know more about your pension?

## Please come and talk to us...

We will be holding a series of Pension Clinics in November, giving you the opportunity to discuss your pension with one of our team members.

You can book an appointment for one of the dates shown below at County Hall or at the offices of Great Yarmouth, King's Lynn and West Norfolk or North Norfolk Councils.

**Norwich** 21 November and 27 November 2023

**Cromer** 20 November 2023

**Great Yarmouth** 22 November 2023

**King's Lynn** 23 November 2023

To book a place at one of our Clinics, 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 County Hall.

Please remember we're always here to help, so please call us on **01603 495923** anytime during office hours for a chat on the phone or to book a virtual meeting.

Please note, the Fund's Annual Meeting is due to be held at 6pm on 28 November 2023. If you would like more details on how to attend, please call us on **01603 223950**.

## State Pension forecast

Please remember it's important you check your State Pension forecast to understand what you are entitled to receive. You may be eligible to make voluntary National Insurance contributions to buy back any missing years, but you need to do this before you start receiving your State Pension.

Please visit [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension) or call **0800 731 0469** to find out:

- how much State Pension you could get
- when you can get it
- how to increase it (subject to eligibility).

# 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.**

If you have an Additional Voluntary Contributions (AVC) plan with Clerical Medical, Utmost Pensions (formerly 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. Whilst 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. Any Annual Allowance scheme pays reductions, or divorce pension debits, have not been included as these deductions will vary based on when benefits are taken.

If you are thinking of retiring, please either contact us for a personal quotation (you can find our contact details on the back cover) or, if you have registered for Member Self-Service, you can generate a request from your secure account.

## 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. For a list of Independent Financial Advisers in your area you can contact IFA Promotions at [www.unbiased.co.uk](http://www.unbiased.co.uk). You can find help in choosing one at [www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser](http://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser). Always remember to check that the advisor is authorised by the Financial Conduct Authority at [www.fca.org.uk/register](http://www.fca.org.uk/register). Please be aware that you may be charged a fee for any advice.

# Details of your membership

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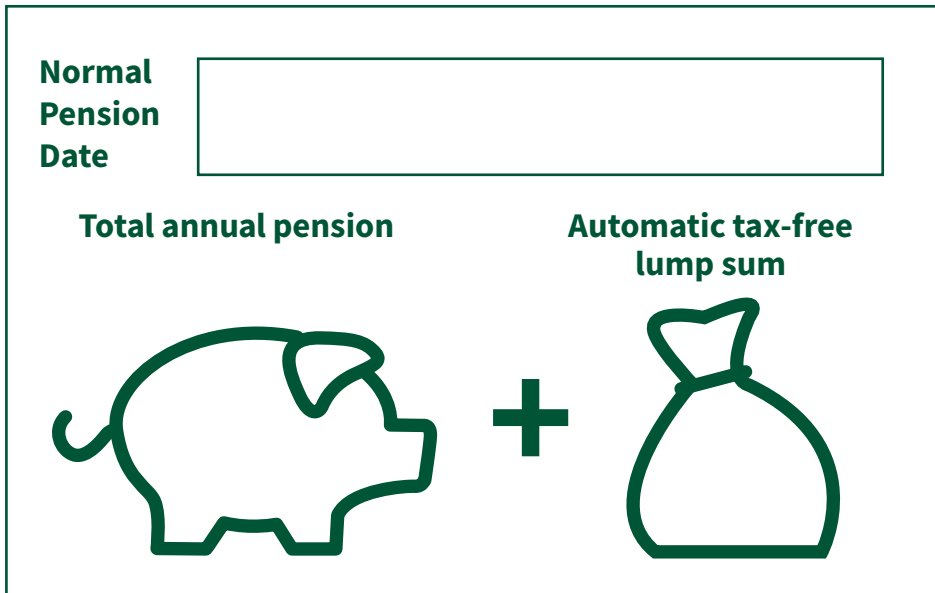
**This is the record of your membership we hold. We received the information from your employer. If you have transferred membership into the LGPS from another scheme this is also shown.**

Employer or scheme	From	To

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



# The 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 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 or annual allowance scheme pays reductions**



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](http://www.gov.uk/state-pension-age)

### **Inflation-proofing**

Pensions increase applied

Date of latest increase

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**

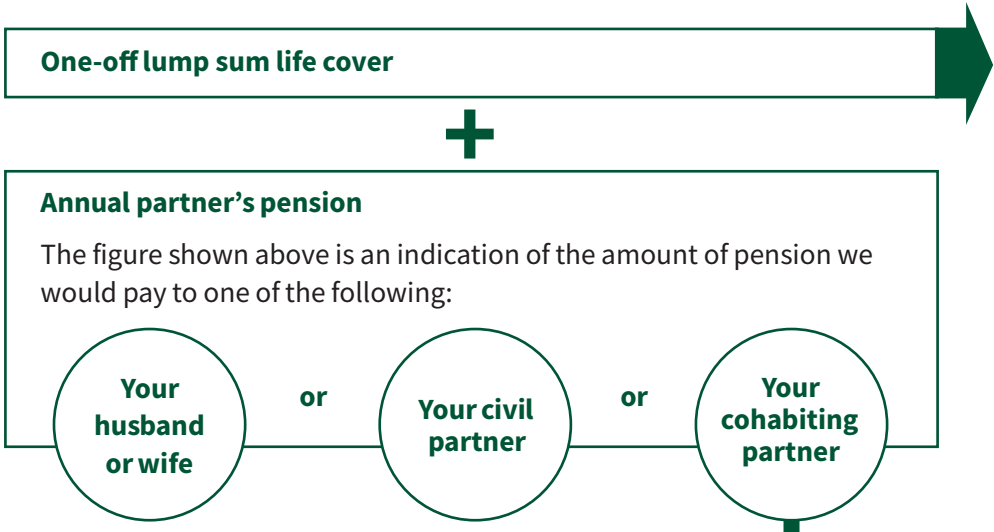
The **automatic tax-free lump sum** shown on page 8 only applies to pre-2008 benefits. However, when you retire you could choose to give up part of your pension for an extra tax-free lump sum – a **smaller annual pension** and a **bigger lump sum**.

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.

If you have registered for Member Self-Service, your online statement will show the maximum lump sum available. Member Self-Service also has a Voluntary Retirement Benefit Projector which you can use to see how increasing your lump sum will impact your pension.

# The value of your death benefits

The value of your death benefits at 31 March 2023 were:



**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.

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:

To update your Expression of Wish details, you can either use Member Self-Service or download the 'Expression of wish for payment of death grant' form from the Resources section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

**Expression of Wish** details for payment of lump sum life cover

**For more information regarding lump sum death grant, please read our 'Deferred Annual Benefit Statement FAQs' document available on the Resources section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)**

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 information. You can find our contact details on the back cover.

Any eligible children under the age of 18, up to the age of 23 and in full-time education, or with a physical or mental impairment, could be entitled to a child's pension in addition to the amounts shown on page 10.

# Keep in touch with your pension online

The Member Self-Service area available on our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) offers a great way to access your pension details quickly and securely.

## With Member Self-Service you can:

- View your pension account benefits and latest valuation
- Amend your personal details
- Update your Death Grant nomination details
- Use the Benefit Projectors to calculate how much pension you might get
- Upload documents and queries

View your pension online - register with Member Self-Service today to view your pension details 24/7!

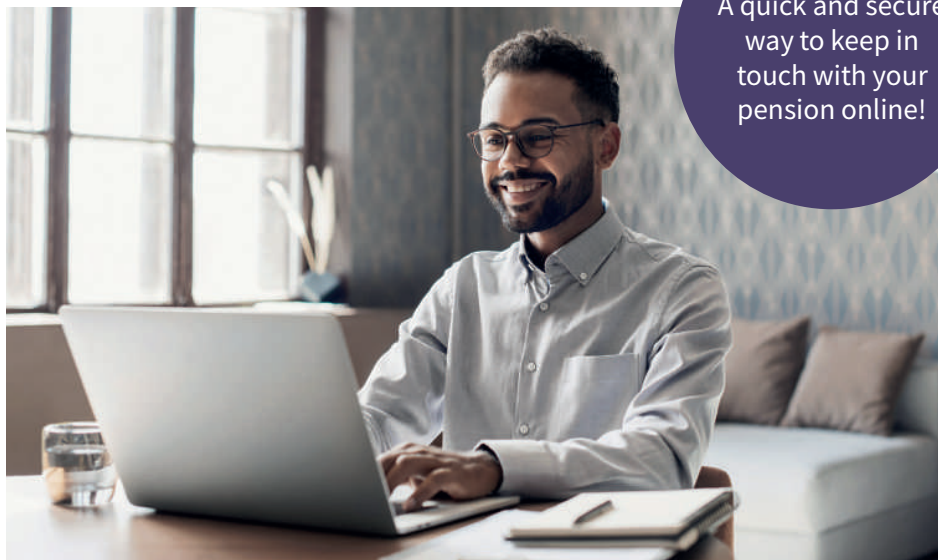
Over  
**10,000**  
**members**  
use Member Self-Service  
to access their pension  
account details!



## How to register for Member Self-Service

1. If your home or email address has changed, please contact us on **01603 495923** before registering.
2. Visit our website at **[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)** and click on 'Member Self-Service'.
3. Click on 'Register' and then 'Register for MSS' and fill in your details.
4. If we have your email address, we will send an activation link via email. Otherwise, an activation key will be posted to you at the home address we hold on our records.
5. Further instructions will be provided in the email/letter to choose your username and password.

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



A quick and secure way to keep in touch with your pension online!

# Have you rejoined the LGPS?

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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.



# Pre-Retirement Planning Course

To help scheme members within two years of retirement, we provide a Pre-Retirement Planning Course to prepare for life after work.

Delivered virtually via MS Teams over two half day sessions, attendance is FREE for all members of the Norfolk Pension Fund.

## Topics covered include:

- Creating a new future and managing change
- Information about the LGPS (Local Government Pension Scheme)
- Investment and financial planning
- Ideas for leisure, health, cultural and learning activities
- Volunteering opportunities

For course dates, and to book your place, please contact the Norfolk Development Academy team at [hrlld@norfolk.gov.uk](mailto:hrlld@norfolk.gov.uk) or call **01603 224114**.

If you work for Norfolk County Council, you can book a place via myOracle Learn.





# The McCloud judgement

## What is the McCloud judgement?

The reform of public service pension schemes in 2014/15 introduced new protections for older members. However, in December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' pension schemes were discriminated against because the protections do not apply to them. This ruling is often called the 'McCloud judgment'.

The Government subsequently confirmed changes will be made to all the main public service pension schemes, including the LGPS, to remove the age discrimination.

## Will the changes apply to you?

The LGPS understand that the changes will apply to members who:

- were in service on 31 March 2012
- have service after 31 March 2014 (even if you have left the Scheme), and
- do not have a disqualifying break of more than five years when you were not a member of a public service pension scheme.

If you left the LGPS before 1 April 2014, you built up benefits in the final salary scheme only. These changes will not affect your pension.

There will be no change to your pension until you take it.

Most members are unlikely to see an increase to their pension.

Where there is an increase, it is likely to be small.

## What happens next?

The new Regulations have been approved by Government and took effect from 6 April 2023. However, we require the LGPS Regulations to be updated before any changes can be implemented. We do not expect this to be before October 2023. You do not need to take any action; we will check all pension records and retrospectively apply the changes to qualifying members. Please visit [www.lgpsmember.org](http://www.lgpsmember.org) and search 'McCloud' for more information.

# Be scam aware!

**Pension scams are on the increase.** Every day fraudsters are using sophisticated ways to steal your money. A lifetime's savings can be lost in moments.



Be on high alert. Scammers will try to con you with promises of upfront cash and investments with guaranteed high returns.

## How to spot a pensions scam

### Some things you should look out for

- Offers of a free pension review, high investment returns or ways to avoid paying tax
- Claims about unlocking your pension before the age of 55 – this is usually only allowed in the case of very poor health
- Don't be encouraged to take your entire pension as cash or as a lump sum and hand it over to someone else to invest for you
- When you're forced to make a quick decision
- Pressure to transfer your pension quickly
- Don't be fooled by professional looking websites

## Get independent advice

Before you make any decision about your pension savings, speak to an independent adviser authorised by the Financial Conduct Authority (FCA).

Scammers will claim to be FCA authorised, so always check the firm or person you're dealing with is listed on the FCA register at [www.fca.org.uk/register](http://www.fca.org.uk/register)

For more information about protecting yourself from pension and investment scams, visit [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

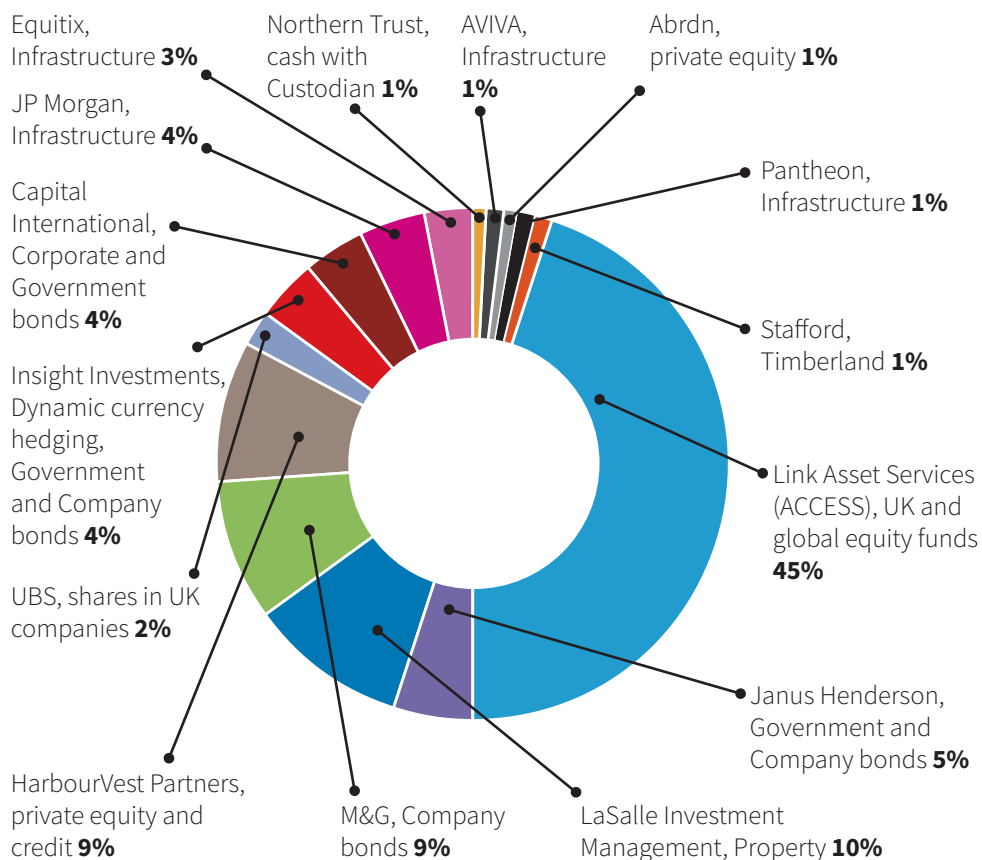
# Accounts and investments

## Accounts and Investments

This is a summary of the Norfolk Pension Fund accounts and investments. Our full accounts for 2022-23 will be published on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) following full external audit. Also published on the website is our **Investment Strategy Statement**, which includes details of our Socially Responsible Investment and Corporate Governance activities. If you would like a paper copy of either document please call us on **01603 222824**.

	2022-23 £000s	2021-22 £000s
<b>Opening net assets of the scheme</b>	<b>4,912,180</b>	<b>4,527,097</b>
Employees' contribution to the Fund	38,193	35,093
Employers' contribution to the Fund	146,765	134,717
Transfer values received	11,626	7,819
Payments to pensioners and dependants	-160,774	-155,016
Transfers out and other payments to leavers	-6,883	-12,648
Investment and administration costs	-31,433	-26,760
Net investment return – including income and the change in value of investments	-30,053	401,878
<b>Closing net assets of the scheme</b>	<b>4,879,621</b>	<b>4,912,180</b>

Following substantial increases in the value of our investments over the last two financial years, 2022-23 was marked by bouts of financial market volatility. However, these ultimately resulted in little movement in the overall value of investments. Markets continue to be concerned with geopolitical risk, potential economic downturn, the spectre of inflation and interest rates at levels that have not been seen for many years. That said, our diversified portfolio has remained resilient, and our total assets were down by less than one percent over the year to 31 March 2023.



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

Our diversified approach means that we always have a mix of investment methods and asset types as we aim to get the best return on investment we can, whilst at the same time managing risk.

Through the ACCESS pool we are working with 10 other like-minded LGPS Funds to bring the management of many of our investments together, in order to reduce costs whilst maintaining investment performance. The pooling arrangements currently encompass the assets above managed by Link Asset Services and UBS. This will not change Pensions Committee's overall responsibility for the Norfolk Pension Fund.

# Norfolk Pension Fund's approach to ESG investment

The primary objective of the Norfolk Pension Fund is investing money to provide pension benefits to our members, which we do responsibly.

You can find out more about how we do this by reading our 'Statement on Disinvestment/Exclusion & ESG (Environmental, Social and Governance)' which is available on the Investment and Stewardship page of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) together with the latest 'Climate risk reporting' document on our quoted equity portfolio. Please contact us to request a printed copy of either document.

## Please tell us what you think

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

We would therefore love to hear your feedback on your Annual Benefit Statement and the service that you receive from the Norfolk Pension Fund. We would really appreciate it if you could spare a couple of minutes to complete our online survey at [www.smartsurvey.co.uk/s/my pension/](http://www.smartsurvey.co.uk/s/my pension/)

It's only a short survey and your views will help us provide you with the service you need. If you would like a paper copy of the survey please call us on **01603 495923**.



# About the Norfolk Pension 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](http://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 **Independent Chairman** to oversee its smooth running.

You can find out more about the Pensions Oversight Board on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)



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## 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.

## Data protection information

Norfolk County Council on behalf of the Norfolk Pension Fund is a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances.

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

## Queries and 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.

For more information, please refer to our 'Dispute Procedure Guide for Members' which can be found on the Resources section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

# Please keep in touch!

**Keeping us informed of your correct contact details is very important, so please let us know if you move house or if this Annual Benefit Statement didn't arrive at your correct address.**

If you are **registered** on **Member Self-Service**, please use your account to update your address.

If you are **not registered** for **Member Self Service**, we may need to send an activation letter to you, so please do not register with an old address. Please see the Member-Self Service registration instructions on page 13.

For any other changes i.e. change of name, please upload a copy of the appropriate documentation via the secure Member Self-Service Document Upload facility.

Alternatively, you can inform us of your new details by writing to Norfolk Pension Fund, County Hall, Martineau Lane, Norwich, NR1 2DH.

**Please make sure you provide your full name and National Insurance number together with the appropriate documents in any correspondence.**







Norfolk Pension Fund

Norfolk Pension Fund  
Post: County Hall, Martineau Lane,  
Norwich, NR1 2DH  
Email [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)  
Telephone 01603 495923  
[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)



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



## Employer Newsletter June 2023

### Welcome to our Employer Newsletter

In this issue we have more details on the recently announced DfE Academy Trust LGPS Guarantee policy, plus an overview of early retirement strain cost factors, which were reviewed as part of the 2022 Valuation.

As part of our governance update, there's a reminder about the two employer representative vacancies on the Pensions Oversight Board. The Board plays a key role to ensure the effective and efficient governance and administration of the scheme, so if you would be interested in making a contribution as an employer representative, please let us know.

We have a packed Agenda for our next hybrid Employer Forum, which will be held on 12 July at The Space in Norwich and online via MS Teams. We will be joined by guest speaker, Alan Nicholls from MaPS (Money and Pensions Service), who will be giving an overview on resources available for employers to help employees access support to cope with the rising cost of living. Please see page 8 for more details.

Best wishes,

Glenn Cossey  
Director of the Norfolk  
Pension Fund



### In this issue

- **DfE Academy Trust LGPS Guarantee policy**
- **Member Self-Service**
- **Early Retirement Strain Cost Factors**
- **Norfolk Pension Fund's approach to ESG investment**
- **Norfolk Pension Fund governance**
- **Pensions Committee news**
- **Pensions Oversight Board vacancies**
- **Norfolk Pension Fund Mission Statement**
- **Employer Forum**
- **Be scam aware!**
- **The TPR Pledge**
- **A reminder of LGPS benefits**
- **Further help with the rising cost of living**
- **New Member Joiner Pack**
- **Staff transfers**
- **Pre Retirement Planning Course**
- **Employer's Pension Policy**
- **Contact details**

## DfE Academy Trust LGPS Guarantee policy

**For a number of years** the Department for Education (Dfe) has provided a financial guarantee for the participation of academy employers in the LGPS nationally, including the Norfolk Pension Fund.

At a local level, this guarantee is a key consideration when setting funding and contribution strategy, and is beneficial to academy employers when contributions rates are being set and in the application of the Employer Contribution Rate Stabilisation Mechanism, which controls the volatility of change in employer contribution rates.

Previously, there was a lack of clarity around the impact of guarantees in outsourcing arrangements.

In a number of cases this has delayed the implementation of contractor admission agreements because academy employers were unable to provide appropriate guarantees.

The Education & Skills Funding Agency (ESFA) has recently released a policy paper regarding the operation of the DfE Academy Guarantee and its application to academy outsourcings. The statement (“the DfE Academy Trust LGPS Guarantee policy”) can be [found here](#).

### The headlines from the new policy are:

- An explicit statement that pension liabilities associated with academy outsourcings in the below scenarios are now guaranteed by the DfE. This is an important development as previously outsourcings in scenarios 2 and 3 below were not being covered by the guarantee. This meant that, technically, the academy could not be a guarantor to the



admission agreement. This issue is now resolved.

- The scenarios covered are set out below. This is only applicable to staff who are eligible for the LGPS and if the admission is operating under a ‘pass-through’ arrangement.
  1. Staff currently working for an academy transfer to an outsourced contractor under TUPE.
  2. Staff who transfer to an outsourced contractor under TUPE before the academy converted (i.e. when it was still a maintained school) and the outsourcing contract passes to the academy following conversion.
  3. Staff who currently work for the local authority which is providing services to the academy under a contract, but the contract is then awarded to another third-party contractor and the staff transfer to the contractor under TUPE.

Continued....

## DfE Academy Trust LGPS Guarantee policy cont...

- Academies do not need to request ESFA approval in the above scenarios. If the outsourcing is not covered under the scenarios, then academies must still contact ESFA for approval.
- ESFA's view is that this now removes the need for a bond for outsourcings in these scenarios. If an administering authority still insists on a bond, then the contractor has to provide it as academies cannot provide bonds for LGPS liabilities.
- The policy is retrospective in its application.

**This is a welcome development as it both streamlines the outsourcing process and closes a**

### **'loophole' in the previous guarantee and its application to outsourcings.**

In Norfolk, our admission policy is standardised to a "pass through" basis and the decision on bond is taken by the letting body (as guarantor of the obligations to protect other participating employers).

We will be following a process to review our internal documents and Funding Strategy Statement to ensure it fully reflects the new policy paper. We believe that it fits well with the current operational arrangements we follow.

In the short term, we hope it will remove barriers that some historic admissions have been caught on the question of guarantee.

## Member Self-Service

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

Member Self-Service can be used to :

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

The service can be accessed from the homepage of our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) by clicking *Member Self-Service* on the menu bar or on the *Member Self-Service* icon.



For support, we have a dedicated Member Self-Service helpline on **01603 22132** and email address [pensions.mss@norfolk.gov.uk](mailto:pensions.mss@norfolk.gov.uk)

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

## Early Retirement Strain Cost Factors

As you will be aware, when an employee, age 55 or over who has a benefit entitlement in the LGPS, leaves employment due to redundancy or business efficiency, there is an additional pension cost or pension strain you must meet in accordance with Scheme regulations.

There may also be strain costs in other circumstances, such as flexible retirement or the waiving of an early payment actuarial reduction.

The Fund Actuary reviews the appropriate level of this cost as part of each Valuation, which is calculated using 'Early Retirement Strain Factors'.

At Valuation, the cost of an early retirement could go up or down depending on the prevailing financial and demographic conditions.

The Fund Actuary has completed the review of these factors as part of the 2022 Valuation and they will be implemented by the Fund for all applicable retirements with a leaving date on or after 1 September 2023.



Although the exact changes in the factors are sensitive to the individual retirement, overall, there is an increase in the average strain cost for an early retirement event compared to the current factors in use.

**If you have any queries regarding this, or are planning a review of your workforce and require potential strain costs, please contact**

**Debra Keeling on 01603 495784 or at**

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

## Norfolk Pension Fund's approach to ESG investment

**The primary objective** of the Norfolk Pension Fund is investing money to provide pension benefits to our members, which we do responsibly.

More details about how we do this can be found in our *Statement on Disinvestment/ Exclusion & ESG (Environmental, Social and Governance)* which is available on the [Investment and stewardship](#) page of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) together with the latest *Climate risk reporting* on our quoted equity portfolio.

Please contact us to request a printed copy of either document.



## 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 Pension Board (known in Norfolk as the **Pensions Oversight Board**), to assist the Ad-

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

The Governance Strategy Statement details our governance arrangements. It can be viewed on our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) under the 'Resources' section.

## Pensions Committee news

**The Pensions Committee met** on 13 June 2023 with the usual contributions from Norfolk Pension Fund officers and advisors.

Following the local elections in May, Cllr Robert Colwell was welcomed as a new member, representing Norfolk County Council. We are awaiting the Norfolk Leaders Board to confirm the second District Councillor member.

One of the items discussed and approved was the Norfolk Pension Fund Mission Statement and the

supporting Strategic Objectives, which you can read more about on page 7.

You can watch a recording of the public section of the meeting on the Norfolk County Council YouTube channel [here](#).

Pensions Committee papers can be viewed on the Norfolk County Council website [here](#).

Pensions Committee next meets on 12 September 2023.

### Norfolk County Councillors

Judy Oliver (Chairman)

Alison Birmingham

Robert Colwell

William Richmond

Martin Storey



### District Councillors

John Fuller

Vacancy - TBC



### Staff representative

Steve Aspin

## Pensions Oversight Board vacancies

Following on from Glenn Cossey's email you will have received in May, just a reminder that there are currently two opportunities to join our Pensions Oversight Board (POB) following the end of Chris Walker and Howard Nelson's tenure on the Board as Employer Representatives.

We would very much welcome expressions of interest for this important and interesting role from our employer colleagues. There is information below about the Board and the role, and on our [website](#), but of course please contact us directly if you have any questions. Terms of appointment are typically for four years.

### What is the Pensions Oversight Board?

The Norfolk Pension Fund Pensions Oversight Board is a regulatory body established in 2015 under the Public Services Act 2013. It is an important part of the governance of the Norfolk Pension Fund, sitting alongside Pensions Committee. Its role is to assist Norfolk County Council as the Administering Authority of Norfolk Pension Fund to secure compliance with regulations and the requirements of The Pensions Regulator, and to ensure the scheme is effectively and efficiently governed and managed.

Pension Boards are required to have an equal number of Scheme Employer and Scheme Member representatives. The Norfolk Pension Fund Pensions Oversight Board has three Employer Representatives (one from Norfolk County Council, two from other employers) and three Scheme Member representatives (one nominated by the trade unions and the rest drawn from the total Norfolk Pension Fund membership). An independent chair (currently Mr Brian Wigg) oversees the smooth running of the Board.

The Board usually meets four times a year



(currently it meets once a year in person and the rest of the meetings are virtual). Meetings typically last for approximately 2.5 hours.

You can find more information about the Board on our [website here](#), and view the Board's [Terms of Reference here](#), and also in the [Pensions Oversight Board Role Description](#).

New Board members have access to full training and support for the role, including on the LGPS scheme, the law relating to pensions and other relevant regulations to give them the appropriate knowledge and understanding to fulfil the role.

**If you would like to know more, to propose someone or nominate yourself for the vacant positions, please contact Jo Quarterman, Head of Governance at [jo.quartermen@norfolk.gov.uk](mailto:jo.quartermen@norfolk.gov.uk)**

## Norfolk Pension Fund Mission Statement

The revised Norfolk Pension Fund Mission Statement and supporting Strategic Objectives were discussed at the Pensions Committee meeting held on Tuesday 13 June.

One of our key objectives is customer focus to ensure we meet the needs of employers and support you in your decision making and listening to your views.

### Our Mission Statement is:

To manage the Norfolk Pension Fund efficiently, effectively and fairly on behalf of our stakeholders so that pensions benefits are paid as they are due.

### Our Strategic Objectives are:



#### Customer focus

to design a service around the need of scheme members and employers, supporting their decision making and ensuring that stakeholder views are heard.



#### Effective and transparent governance

to uphold high standards of effective governance and oversight to ensure compliance with legislation, regulation and best-practice, to effectively manage risk and to support good decision-making in order to deliver our strategic objectives and mission.



#### High quality scheme manager

to maintain high standards of efficient and effective operational performance and delivery, including maintaining the quality, security and integrity of systems, processes and data and to invest in continuous improvement, embracing innovation and new technologies.



#### Investment strategy

to maintain an investment approach which delivers returns (commensurate with appropriate levels of risk) and ensures that the Fund can meet both its immediate and long-term liabilities.



#### Responsible investment

to develop and maintain responsible investment strategies in accordance with the Fund's investment beliefs.



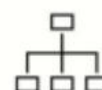
#### Scheme funding

to maintain a funding strategy that ensures sufficient likelihood of having enough monies to pay future benefits, considering the desire for employer contribution rates to be stable and affordable.



#### Our fund

to be active and engaged locally and nationally, to understand the issues and advocate on behalf of our scheme members and employers celebrating success, promoting excellence and supporting careful innovation to influence and inform policy, strategy and solutions that deliver benefits for our stakeholders.



#### Our team

to recruit and retain, invest in and develop a highly skilled professional and motivated workforce to meet the current and future service requirements, committed to our mission and engaged in improving our services.



# Hybrid Employer Forum

**Wednesday 12 July**

Please join us on **Wednesday 12 July** for our next hybrid Employer Forum which you can join by either:

- Attending in person at the **The Space, Roundtree Way, Norwich, NR7 8SQ** or;
- Virtually online via MS Teams.

## AGENDA

The Agenda includes the following items:

- Valuation and general funding update from the Fund Actuary (Hymans Robertson)
- Accounting move to a surplus position, why it's happened and what it means for employers
- Overview of the DfE Academy Trust LGPS Guarantee policy for outsourcing
- Resources available for employers to support employees with the cost of living – a presentation from Alan Nicholls of the Money and Pensions Service (MAPS)
- Pensions Committee and Pensions Oversight Board news – including the latest on the appointment of Pensions Oversight Board employer representatives
- Ask the Panel – your opportunity to put your questions to Hymans Robertson and the Norfolk Pension Fund.



The Forum also offers a great opportunity to get an update on the latest news from the Norfolk Pension Fund, the LGPS and other relevant pension issues and understand their impact on you as an employer.

The meeting will commence at 10.00am. If you plan to attend at The Space, you're welcome to register and join us for a coffee from 9.30am.

We hope to finish by 12.30pm, followed by a buffet lunch, giving you the opportunity to speak 1:1 with Hymans Robertson and our team members, and chat to other employer colleagues.

**If you would like to join the Forum virtually, or in person, please email:**  
[richard.ewles@norfolk.gov.uk](mailto:richard.ewles@norfolk.gov.uk)  
 by Friday 7 July.



## Be scam aware!

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

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

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

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

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

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

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

## The TPR Pledge

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

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

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



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

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

## A reminder of LGPS benefits

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

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

With these challenges, you may want to remind your employees of the benefits of their LGPS membership and, if they are struggling financially, there's the flexibility to reduce monthly contributions using the 50/50 option as an alternative to opting out of the scheme - please see pages 11 and 12 for more details.

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

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

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

### Posters

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

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

[Approaching retirement?](#)



[Thinking about your pension?](#)



[Keep in touch with your pension online](#)



[Want to boost your pension?](#)



[Planning your future?](#)



## A reminder of LGPS benefits

### ***Pensions made simple* videos**

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

#### **What is a pension?**

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

#### **How your pension works**

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

#### **Looking after your pension**

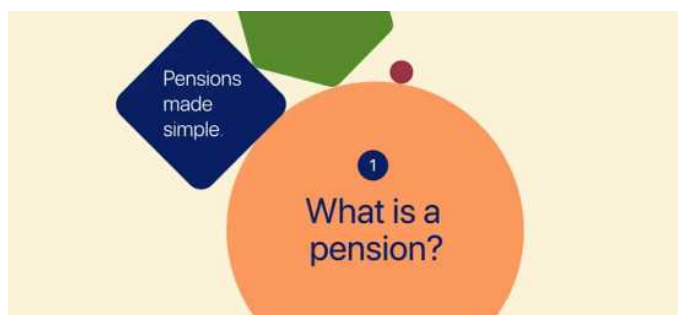
How much you pay and how you can increase or decrease your payments.

#### **Protection for you and your family**

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

#### **Life after work**

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



#### **Your annual allowance**

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

#### **Your lifetime allowance**

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

#### **Transferring your pension**

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

### **The LGPS is a valuable benefit**

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

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

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

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

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

#### **Other LGPS benefits your employees get:**

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

## A reminder of LGPS benefits

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

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

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

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



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

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

## Further help with the rising cost of living

**There are a couple of useful resources** you can direct your employees towards to get information about coping with the rising cost of living.

[MoneyHelper](#) provides help and guidance about managing money in uncertain times – this includes practical advice about living on a squeezed income and help if someone is struggling with bills and payments.

Help is also available from [Citizens Advice](#) – it provides information about what support is available from the local council, the Government and other organisations.



### **Want to know how you can support your employees with the rising cost of living?**

Please join us at our Employer Forum on Wednesday 12 July when Alan Nicholls from MaPS (Money and Pensions Service) will be talking about resources available to employers to help employees manage their costs and finances.

**Please see page 8 for details on how to book your place to join the Forum.**

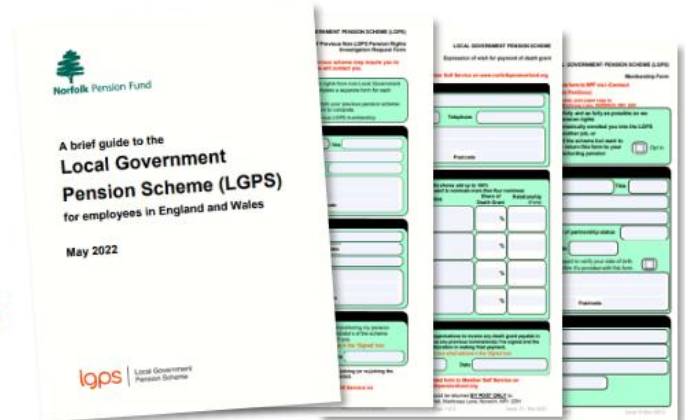
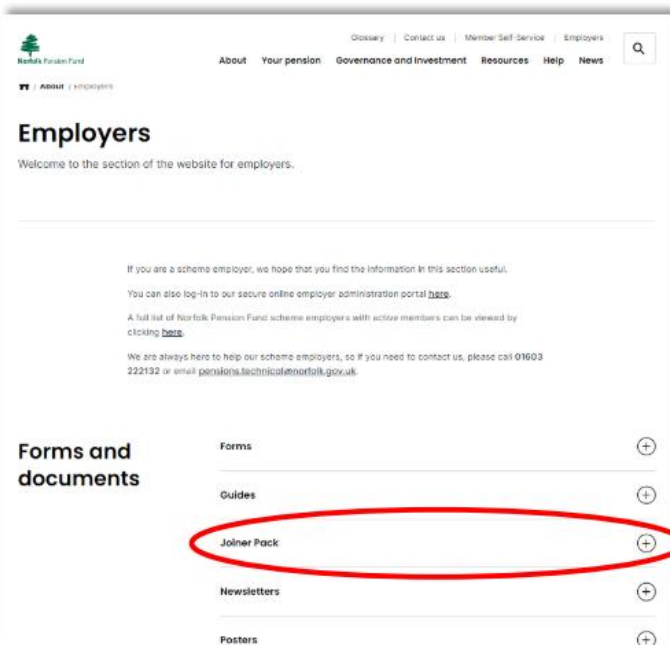
## New Member Joiner Pack

When you have a new employee, please provide them with New Joiner Pack items which can be downloaded from the *Employers* section of [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) under *Forms and documents/Joiner Pack*.

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

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

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



## Staff transfers

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

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

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



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

## Pre Retirement Planning Course

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

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

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

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



### Next Course Dates

- 21 & 28 September 2023 (two half days)
- 7 & 14 November 2023 (two half days)

**To book a place please contact**

**Norfolk Development Team**

**01603 224114**

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

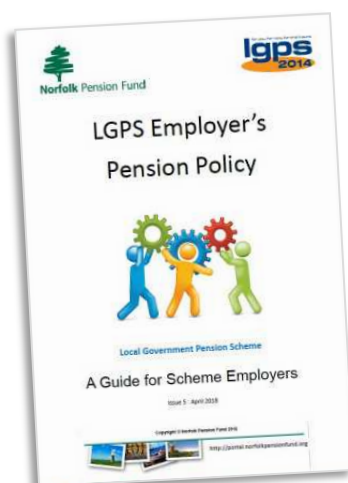
Norfolk County Council employees can book via myOracle Learn.

## Employer's Pension Policy and Internal Disputes

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

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

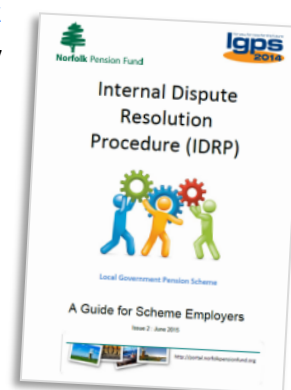
For more information, please see the [Employer Pensions Policy Guide \(G060\)](#) available on the Employers section of our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) under 'Forms and documents/Guides'.



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

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

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



## Contact details

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

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

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

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

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



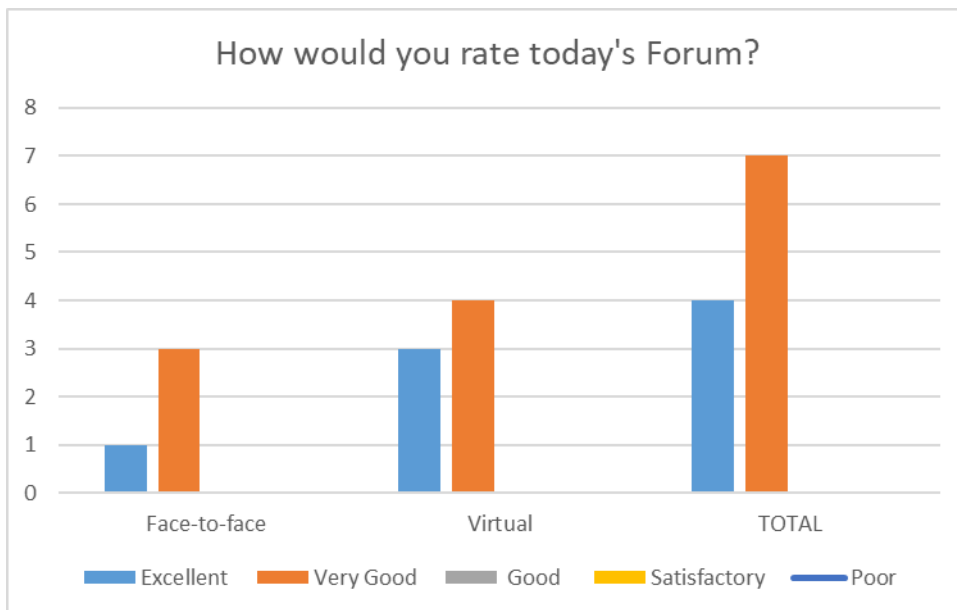
**If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please call 01603 222824 or email [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)**



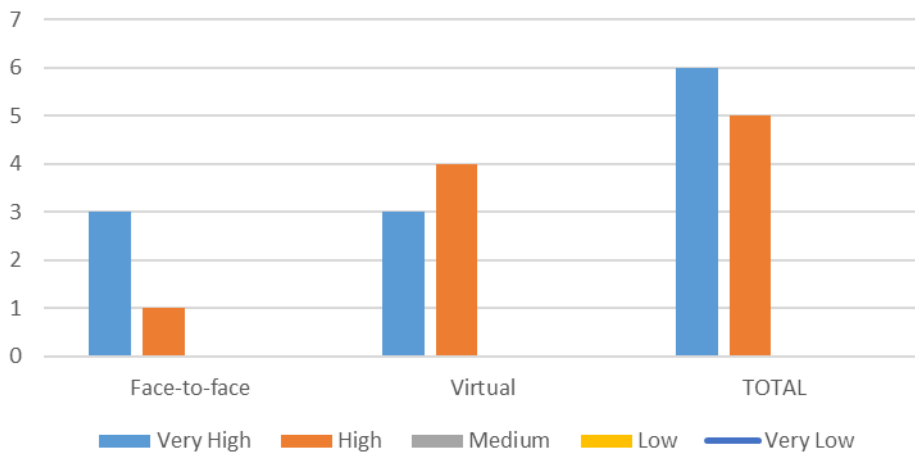
**Employer Forum Survey Results**

**Wednesday 12 July 2023**

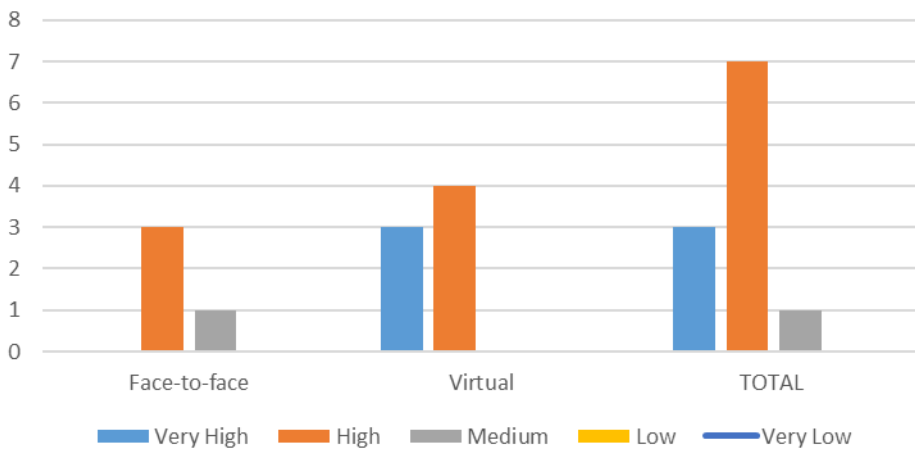
- The Forum was attended by 30 (40 – July 2022) employer delegates.  
Face-to-face: 4 (9 – July 2022)  
Virtual: 26 (31 – July 2022)
- Brian Wigg (Pensions Oversight Board) and Peter Baker (Pensions Oversight Board) attended in person at The Space.
- The Forum was attended by 18 Norfolk Pension Fund officers.  
Face-to-face: 16  
Virtual: 2
- 11 surveys were completed.  
Face-to-face (paper): 4  
Virtual (online): 7  
*Please note, some respondents did not answer all the questions.*



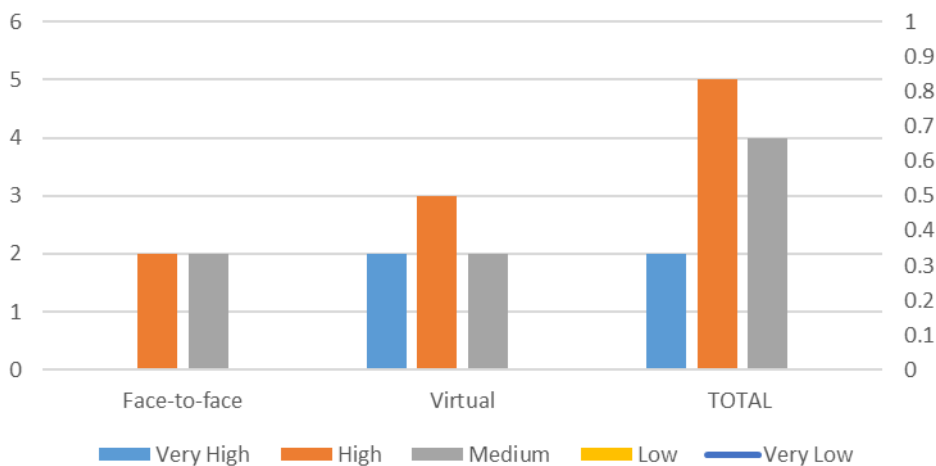
### How helpful would you rate the update from the Fund Actuary, Hymans Roberston?



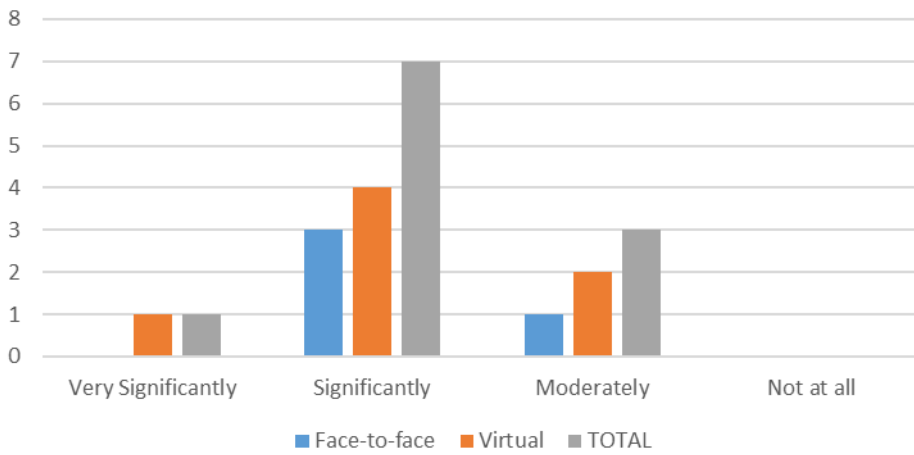
### How helpful would you rate the Financial Wellbeing presentation?



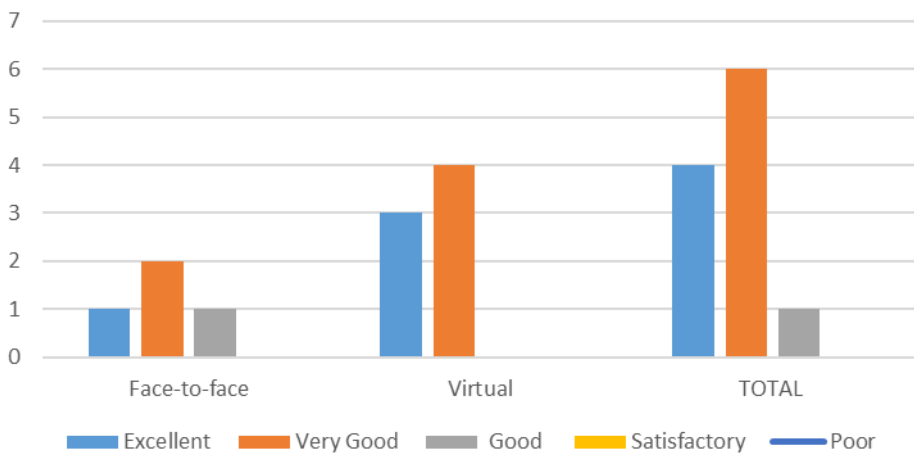
### How helpful would you rate governance update presentation?



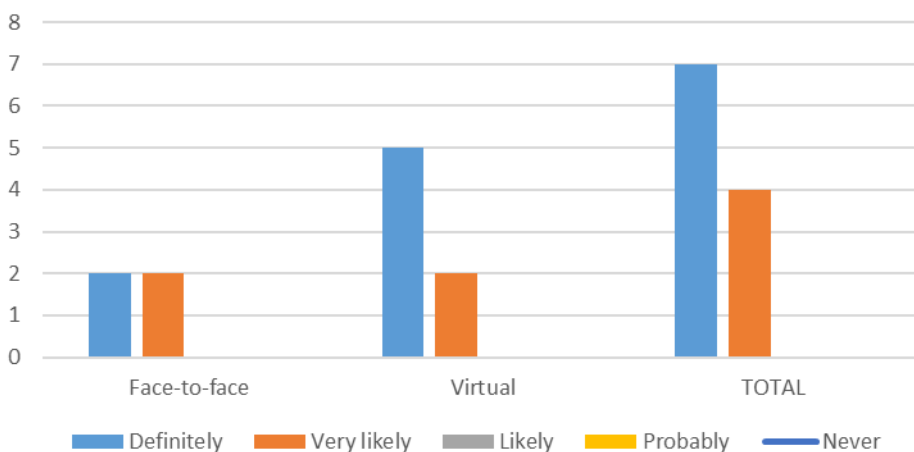
### To what extent do you expect to use the information from today's Forum in your role?

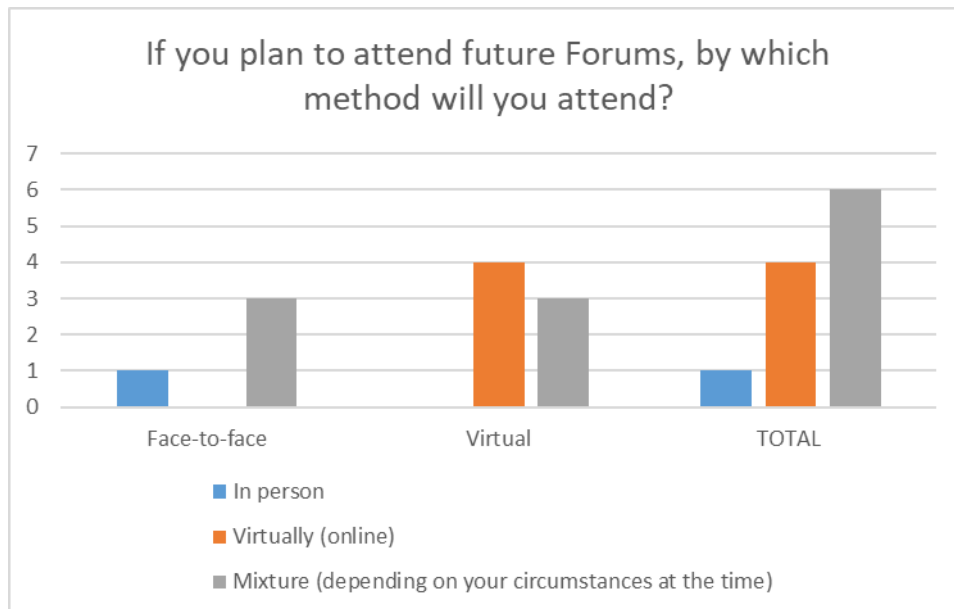


### How well do you think the hybrid format used for today's session worked?



### How likely are you to attend a Forum again in the future?





## Comments

### What was your overall assessment of today's session?

#### ***Face-to-face (paper) survey***

- Mainly very informative.
- Very informative.
- Informative. Useful updates.
- Very informative from Hymans Robertson.

#### ***Virtual (online) survey***

- Very informative
- Good, as an online attendee it was good to have access to all the slides. I felt that the really useful presentation from Money helper was a bit quick for me so it was helpful I could refer back to the slides.
- Very informative and nice to see some different agenda items.
- Overall assessment is that all the topics covered were relevant, well presented and pitched at the right level of information required.

### Are there topics you would like covered at future Forums?

#### ***Face-to-face (paper) survey***

- No comments.

#### ***Virtual (online) survey***

- ESG & Pension Scams

### Please give any thoughts or ideas you have about the hybrid format.

#### ***Face-to-face (paper) survey***

- No comments

#### ***Virtual (online) survey***

- Find hybrid really useful.
- Couple of technical issues but on the whole thought the hybrid format kept things interesting.
- Hybrid format works really well.

**Update on Bulk Transfer Values in Progress**

<b>Name</b>	<b>Transfer Date</b>	<b>Estimated Completion Date</b>	<b>State of Play</b>
Suffolk Coastal Services (Norse) to East Suffolk Council	June 2023	By 31 March 2025 (Triennial Valuation Data)	Circa 60 staff have transferred back to East Suffolk Council following the end of joint venture with the council. We are in the process of finalising data with the exiting employer and the actuary is drafting transfer proposal to the Suffolk Fund. The final exit deficit or credit will be calculated as part of the transfer settlement with the Suffolk Fund. We are targeting agreement on financial settlement by 31 March 2025 (the next triennial valuation).

In addition to this transfer, we are also working on a number of outsourcing agreements that potentially involve the transfer of staff under TUPE with both employers being members of the Norfolk Pension Fund.

## Officer Representation on behalf of the Pension Fund

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

**GC:** Glenn Cossey, **AY:** Alex Younger, **JQ:** Jo Quarterman, **EW:** Eunice Walcott,  
**DK:** Debra Keeling, **LT:** Leon Thorpe, **KW:** Katie Wilson, **CA:** Charlotte Alexander, **LC:** Laura Copeman **MT:** Management Team

### ACCESS regular meetings

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

### Other regular meetings

DK attends SECSOG (monthly)

### Investment / Fund Managers

Monthly updates with GC/AY

### National LGPS Frameworks

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

### Regular Webinars

LGPS Live Webinar Series

### Other meetings and events

Date	What	Who
<b>June</b>		
13	Harbourvest Advisory Committee	AY
14	Harbourvest Update	AY
26-28	PLSA Conference	AY/JQ/EW/CA/LT
<b>July</b>		
4-6	LAPF Strategic Investment Forum	AY/CA
15	New Pensions Committee and POB Member Induction	GC/EW

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

**Pensions Committee forward programme – as at September 2023**

<b>Pensions Committee</b>	<b>Pensions Committee</b>	<b>Pensions Committee</b>	<b>Pensions Committee</b>	<b>Committee Training</b>
<b>5 December 2023</b>	<b>12 March 2024</b>	<b>tbc June 2024</b>	<b>tbc September 2024</b>	
Administration Report	Administration Report	Administration Report	Administration Report	<ul style="list-style-type: none"> <li>• LGPs Pooling</li> <li>• LGPS Good Governance</li> <li>• tPR's Combined Code</li> <li>• Enhanced Yield Assets</li> <li>• TCFD</li> <li>• Pensions Dashboard</li> </ul>
Update from Pensions Oversight Board	Update from Pensions Oversight Board	Update from Pensions Oversight Board	Update from Pensions Oversight Board	
ACCESS Pooling Update	ACCESS Pooling Update	ACCESS Pooling Update	ACCESS Pooling Update	
Risk Register Report and Compliance with Breaches Policy	Corporate Governance and Shareholder Engagement Report (including Carbon Reporting)	Risk Register Report and Compliance with Breaches Policy	Corporate Governance and Shareholder Engagement Report (including Carbon Reporting)	
Investment Update	Investment Update	Draft Accounts	Investment Update	
		Investment Update		
Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	

# Pensions Committee

Item No: 6

<b>Report title:</b>	<b>Update from the Pensions Oversight Board</b>
<b>Date of meeting:</b>	<b>12 September 2023</b>
<b>Responsible Director:</b>	<b>Harvey Bullen, Director of Strategic Finance Glenn Cossey, Director of Norfolk Pension Fund</b>
<b>Executive Summary</b> This report updates the Pensions Committee on the work of the Pensions Oversight Board.	
<b>Recommendations</b> Pensions Committee is invited to note the contents of this report.	

## 1. Background

- 1.1 This report updates the Pensions Committee on the work of the Pensions Oversight Board (POB). The last update was given at the 13 June 2023 Pensions Committee Meeting.

## 2. Board membership

- 2.1 The Board welcomed Cllr Liz Marsham, representing precepting employers.
- 2.2 We are in discussion with colleagues in the Academy sector to fill the non-levying employers' seat on the Board.
- 2.3 The Trade Union seat on the Pensions Oversight Board remains vacant.

## 3. Pensions Oversight Board meetings

- 3.1 The Board last met on the 5 September 2023. The agenda for this meeting is at Appendix A.
- 3.2 The Board received updates on LGPS reforms, strategic and operational performance and issues, including an ACCESS update, feedback from the recent Employer Forum, progress with the employer operational issues and team news at the Norfolk Pension Fund.
- 3.3 Hymans Robertson presented an overview of the 'Next Steps on Investment (Pooling) consultation.
- 3.4 The Board also received the latest internal audit reports.
- 3.5 The minutes of the Board meeting of the 16 May 2023 are at Appendix B.
- 3.6 The Board next meets on 7 November 2023, when they will receive an update on Risk Management, with a continued focus on cyber and data security. This meeting will also be POB's annual in person meeting.

## 4. Knowledge and Skills

- 4.1 It is a regulatory requirement for POB members to develop and maintain their knowledge and skills. All POB members have access to the LGPS Online Learning Academy (LOLA) and are invited to attend training and webinars alongside Pensions Committee, in line with the Norfolk Pension Fund training strategy.
- 4.2 Cllr Marsham attended 'induction' training, together with Cllr Hewett who has recently joined Pensions Committee. Board members will also join Pensions Committee for the training days later this year.



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

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

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

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

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

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

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

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

## **9. Recommendation**

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

## **10. Background Papers**

10.1 Appendix A: POB Agenda 5 September 2023  
Appendix B: POB minutes 16 May 2023

### **Officer Contact**

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

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

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



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Date: **Tuesday 5 September 2023**

Time: **10:00am**

Venue: **Virtual Team meeting**

## **Membership**

Chairman  
Brian Wigg

### Employer Representatives

Cllr Liz Marsham	Loddon Parish Council
Sally Albrow	Norfolk County Council
Vacancy	Employer Rep (non levying)

### Scheme Member representatives

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

## **Agenda**

1. Welcome and Introduction  
To include welcome to new Board Member, Cllr Liz Marsham.
2. Apologies  
To receive apologies
3. Minutes and matters arising  
To agree the minutes of the meeting held on the 16 May 2023.
4. Declarations of interest  
Members to declare any conflict of interest. For the purposes of a member of a Local Pension Board (the Pension Oversight Board), a 'conflict of interest' may be defined as a financial or other interest which is likely to prejudice a person's exercise of functions of a Local Pension Board. (A conflict does not include a financial or other interest arising merely by virtue of being a member of the LGPS / Norfolk Pension Fund).

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

- must fulfil their legal duty to assist the Administering Authority; and
- at the same time they have:
  - a separate personal interest (financial or otherwise); or

- another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility as a Local Pension Board member.
5. Board Membership update  
To note latest Board membership changes and update on recruitment.
  6. Items of urgent business  
To receive any items of business which the Chairman decides should be considered as a matter of urgency.
  7. Pensions Committee  
Feedback from the Pensions Committee meeting on 13 June 2023 and items to be raised at the 12 September 2023 meeting.
  8. LGPS Reform  
Update on latest reform
  9. Norfolk Pension Fund operational update  
An update on operational performance and issues, including ACCESS update, employer forum feedback, employer operational issues and resourcing (strategic review update).
  10. Government Consultation: 'Next Steps on Investments'  
Presentation from Hymans Robertson (Investment Advisors to the Norfolk Pension Fund)
  11. Risk Management  
An update on the Norfolk Pension Fund's Risk management framework, to include the latest risk update and heat map.
  12. Internal Audit reports  
To receive the latest internal audit reports
  13. Knowledge, skills and training
  14. Forward work programme for the Pensions Oversight Board
  16. Date of next meeting: to confirm the dates of the next meetings

Contact for questions about this agenda: Jo Quarterman, Head of Governance, Norfolk Pension Fund [jo.quarterman@norfolk.gov.uk](mailto:jo.quarterman@norfolk.gov.uk) Tel.: 01603 223950 Date agenda published: 29 August 2023



## **Minutes of the Norfolk Pension Fund Pensions Oversight Board meeting held on Tuesday 16 May 2023**

### **Present:**

#### **Chairman**

Brian Wigg

#### **Employer Representatives**

Sally Albrow

Norfolk County Council

#### **Scheme Member Representatives**

Frances Crum

Active / Deferred member

Peter Baker

Pensioner member

#### **Also Present**

Jo Quarterman

Head of Governance, Norfolk Pension Fund

Glenn Cossey

Director of the Norfolk Pension Fund

Eunice Walcott

Governance Manager

Madeleine Mitchell

Project and Policy Management Officer

Elaine Otway

Business Support Officer

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

- 1.1 The Chair welcomed Pensions Oversight Board (POB) members to this virtual meeting of the Pensions Oversight Board.

### **2. Apologies for Absence**

- 2.1 No apologies received.

### **3. Minutes**

- 3.1 POB agreed the minutes of the meeting held on 28 February 2023.

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

- 4.1 There were no declarations of interest.

## 5 **Board Membership Update**

5.1 POB was updated on the news that Tim Shaw is no longer able to support the Board; and that Tim will be retiring in the summer.

- The Chair placed on record the thanks of all POB Members to Tim for the support that he has given to the Board over the years, from advising on the establishment of the Board through to now.

5.2 POB was also advised that since Chris Walker did not stand for re-election at the recent Parish Council election, he is no longer eligible to be an employer representative on the Board.

- The Chair also placed on record the thanks of all POB Members to Cllr Walker for his longstanding service on the Board.

5.3 It was agreed that JQ draft a letter of thanks to both Tim and Chris Walker on behalf of POB.

5.4 POB noted there are now three vacancies on the Board. A letter will be sent to all employers encouraging Employers to consider the 2 employer vacancies, and this will be followed up at the Employer Forum. The trade union seat also remains vacant, Unison will be asked for an update.

## 6 **Items of Urgent Business**

6.1 There were no items of urgent business.

## 7 **Feedback from the last Pensions Committee meeting on 21 March 2023 and items to be raised at the meeting on 13 June 2023.**

7.1 POB noted that today's meeting would be the subject of a report to the Pensions Committee on 13 June 2023.

7.2 In addition to regular standing items, on 21 March the Pensions Committee received a presentation and report from Hymans on the final valuation, including the rates and adjustments certificate, which was approved by Committee. Committee were also updated on the current employer operational issues. Hymans also presented a report on Enhanced Yield Assets of the fund along with recommendations which were approved by Committee.

7.3 In addition to regular standing items on the agenda the 13 June 2023 meeting of Pensions Committee will receive the latest update on progress to resolve the employer operational issues, and a report on the implementation of the enhanced yield review of assets Part 2.

- 7.4 POB was invited to note that at the County Councils AGM, Cllr Judy Oliver was confirmed as the Chair of Pensions Committee. POB also noted Committee will appoint a Vice Chair at the June meeting.
- 7.5 POB recorded their thanks to Cllr Alan Waters, a long standing member of Pensions Committee, who stood down at the recent elections.
- 7.6 Cllr Robert Colwell has replaced Cllr Dan Roper on Pensions Committee. New member Induction training tentatively set for 30 May.

## **8 LGPS Reform**

- 8.1 POB received an update on the ongoing national reform programme and other issues within the LGPS:-
- Pooling guidance: consultation expected at the end of May
  - Climate reporting (TCFD): document was shared with POB in the Autumn. Still awaiting final requirements and implementation dates for LGPS TCFD reporting.
  - Good Governance: consultation further delayed, and may now commence later in the year
  - Levelling up: no further updates
  - TPR revised code: no confirmed date, but imminent
  - McCloud: implementation –many of the required software changes are ready but we are unable to finalise changes until remaining guidance is issued
  - £95K cap: consultation – no update on this
  - Pensions Dashboard: implementation has been delayed.
- 8.2 Where possible the Pension Fund is anticipating reform (eg Good Governance recommendations; TPR revised code).

## **9 POB Annual Report**

- 9.1 POB reviewed and agreed the draft Annual Report. This will be included in the Pension Fund Annual Report and Accounts, which will be published on the website once approved.

## **10 Norfolk Pension Fund Operational Update**

- 10.1 POB received an update on operational performance and issues, included resourcing and operational issues and KPI's, and the latest ACCESS reports.
- 10.2 Member Services interim arrangements were working well; and the Fund is developing longer term plans based upon the refreshed Mission and Strategic Objectives (these have been previously circulated and will be taken to June Committee for review and sign off).

- 10.3 KPI's – The Board were updated on KPI's. GC talked through areas that were below target standard this quarter. These were as a result of recent system changes (Pensions Increase), and suspension of government actuarial factors used by public sector pension scheme including the LGPS, which has delayed the transfer calculations.
- 10.4 The Board noted the high performance of the staff and asked that their thanks be passed on to the teams.
- 10.5 The next ACCESS Joint Committee is on 5 June and will be attended by Cllr Oliver. The Board was updated on the current Operator contract arrangement and progress with illiquid assets.
- 10.6 POB were provided with a summary on current recovery progress of issues resulting from delays receiving member data from an employer. The situation is being closely monitored and a further report will be presented to Pensions Committee in early June. In response to a question, it was noted that scheme members who are contemplating retirement or retiring are still being supported as usual.

## 11 **ACCESS Joint Committee**

- 11.1 Feedback from Board observers at 6 March 2023 ACCESS Joint Committee meeting
- Brian and Peter observed the meeting - comments made regarding use of roving microphones and technology in terms of visual presentations as points of improvements
  - Peter observed the agenda is large, but the meeting is quite focussed and noted the hard work the ASU does to ensure relevant information is provided to members

## 12 **Cyber Security**

- 12.2 Cyber Security Assurance Questionnaire
- Surveys sent out to 32 suppliers
  - Areas covered include governance, system security, staff awareness and training, resilience, and monitoring.
  - 78% response rate as compared to 48% last year including key providers Heywoods, Hymans and Northern Trust and we are continuing to follow up with other smaller low risk providers
  - IMT have not identified any concerns
  - This is the second year we have sent out questionnaires and continue to work with IMT to develop our process
  - Detailed update added to POB Forward Plan later this year

## 13 **Risk Management**

- 13.1 POB received the latest risk update and heat map that showed risk movement in terms of high risk moving to more acceptable levels

- High risks remain as Cyber and Financial Crime and Employer Operational Issues
- Looking at improving how we present the risk management data to POB and Pensions Committee

#### 14 **Internal audit reports**

14.1 POB received the latest Internal Audit report.

- 14.2
- Report issued 01/03/2023
  - Audit opinion: Acceptable

14.3 The audit assessed progress transition to the new structure and ways of working in the Governance and Frameworks team, including recruitment and new processes and whether benefits were being delivered as per the business case.

14.4 An overview of the National LGPS Frameworks was presented to POB.

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

15.1 POB received an update on:

- 2-day training event for Committee and POB planned for 1 and 2 November 2023 - agenda will take into account the results of the LGPS National Knowledge Assessment completed by POB and Committee last year.
- LOLA – reminder this resource is available for POB and Committee for updates and current issues
- Webinars information emailed to members with upcoming webinars
- TPR toolkits are available
- Conferences
  - CIPFA's Annual Conference for Pensions Board Members and Support Officers 18 May 2023 – Peter and Frances attending along with Eunice and Maddie
  - PLSA LA conference 26 –28 June – officers and one board member attending

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

16.1 POB noted the following:

- 5 September 2023
  - Strategic review: BAU update including Employer Services and Members Services
  - 7 November 2023 (face to face). This meeting would cover Risk Management overview, with focus on Cyber and Data security

#### 16 **Future Meeting dates**



16.1 The following future meetings dates were noted:

5 September  
7 November - in person

**2024**  
27 February

**Chair**

# Pensions Committee

Item No: 7

<b>Report title:</b>	<b>Corporate Governance and Shareholder Engagement Report</b>
<b>Date of meeting:</b>	<b>12 September 2023</b>
<b>Responsible Director:</b>	<b>Harvey Bullen, Director of Strategic Finance Glenn Cossey, Director of Norfolk Pension Fund</b>

## Executive Summary

This report is the six-month update for the Pensions Committee on corporate governance and shareholder engagement matters relating to the Fund including Environmental Social Governance matters relating to the ACCESS Pool. The report covers the period 1 January 2023 to 30 June 2023.

## 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](http://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.
- 1.3 The key themes of the engagement policy are as follows.
- 1.4 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.

1.5 During the period between January and June 2023, voting has been undertaken by the investment managers in accordance with the ACCESS Pool policy. Key AGM voting, and manager discussion themes are as follows:

- Board structure
- Chairman independence
- Executive remuneration
- AGM proposals

1.6 The investment managers used by the Fund continue to engage with companies and markets to improve governance generally. We disclose manager engagement policies on our website including a direct link to the Managers ESG/RI websites.

## **2. Voting**

2.1 Details of all votes cast for UK and overseas companies can be found on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

2.2 During the first and second quarters of 2023 (01 January 2023 to 30 June 2023) there were 49 UK company meetings, including Annual General Meetings (AGMs), Extraordinary General Meetings (EGMs) etc., covering 1193 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. These votes are now made entirely through the LINK platform.

Votes "For"	1177
Votes "Against"	15
Votes Abstained from	<u>1</u>
Total Votes	1193

2.3 Votes against the management of UK companies on the LINK platform where the Fund Manager has elected to override the ACCESS policy (comply or explain) 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. Responsible Investment Active Equity Manager Ratings**

5.1 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.

5.2 Hymans include an RI rating for Norfolk's equity managers in the quarterly performance report.

## 6. Local Authority Pension Fund Forum

- 6.1 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.
- 6.2 LAPFF Business Meetings were held in January and April 2023. Items discussed at these meetings are detailed in the following table:

Date of Meeting:	Items Discussed:
25 January 2023	<ul style="list-style-type: none"><li>• Israeli-Palestinian Engagement</li><li>• Understanding Investment Risk in the Brazilian Mining Sector</li><li>• LAPFF Diversity Taskforce</li><li>• LAPFF's Largest Holdings</li></ul>
19 April 2023	<ul style="list-style-type: none"><li>• Update on Liability Driven Investments &amp; the Pension Crisis</li><li>• Energy Companies &amp; the Cost-of-Living Crisis</li><li>• Grupo Mexico – Proposed Engagement</li><li>• Workforce Disclosure Initiative (WDI) Review</li></ul>

## 7. LGPS Pooling

- 7.1 The Fund's participation in the ACCESS Pool includes the development of corporate governance and socially responsible investment guidelines to enable the pool to continue to discharge its responsibility in respect of LGPS regulations and corporate governance activity.
- 7.2 The latest update on the ACCESS responsible investment / environmental, social and governance guidelines is covered under Item 11.

## 8. Portfolio Carbon Measurement

- 8.1 The Fund has worked with Hymans Robertson to develop a regular climate risk report across its public equity portfolios on a six-monthly basis. The detailed report is presented as part of the investment update report at item 17. The public summary of this reporting is shown as Appendix C to this item. This summary will be available from our website after the date of this meeting.

## 9. Financial and other Resource Implications

- 9.1 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.

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

- 10.1 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. There are no issues relevant to equality in this report.

## 11. Data Protection Impact Assessments (DPIA)

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

## **12. Risk Implications/Assessment**

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

## **13. Recommendations**

13.1 The Pensions Committee is asked to consider and note the contents of this report

## **14. Background Papers**

14.1 Appendix A – 2023 Q1 & Q2 Voting and Results UK  
Appendix B – Engagement 01 January 2023 to 30 June 2023  
Appendix C – Summary Climate Risk Analysis

### **Officer Contact**

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

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

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



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Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote		For		Against		Abstain	Total
2	ocado group plc	to approve the directors remuneration report	A Vote AGAINST due to concerns over the tranche of the VCP and the lowered targets, which they do not find sufficiently stretching.	02-May-23	Management	Against	446,931,547	70.7%	184,973,188	29.3%	20,983	0.0%	631,925,718
2	unilever plc	to approve the directors' remuneration report	A Vote AGAINST as Mondrian have voted in line with ISS recommendation rather than management recommendation	03-May-23	Management	Against	721,481,269	40.0%	997,744,371	55.4%	82,534,318	4.6%	1,801,759,958
12	glencore plc	to reappoint deloitte llp as the company's auditors to hold office until the conclusion of the next general meeting at which accounts are laid	A Vote AGAINST as Capital have outsourced voting on this mandate to ISS, in order to ensure they vote in line with Link's voting policy.	26-May-23	Management	Against	9,148,193,638	96.0%	379,963,748	4.0%	2,119,277	0.0%	9,530,276,663
13	glencore plc	to authorise the audit committee to fix the remuneration of the auditors	A Vote AGAINST as Capital have outsourced voting on this mandate to ISS, in order to ensure they vote in line with Link's voting policy.	26-May-23	Management	Against	9,482,537,376	99.5%	45,699,978	0.5%	1,951,310	0.0%	9,530,188,664
14	glencore plc	to approve the company's 2022 climate report	A Vote AGAINST as Capital have outsourced voting on this mandate to ISS, in order to ensure they vote in line with Link's voting policy.	26-May-23	Management	Against	6,500,641,495	68.2%	2,819,339,060	29.6%	209,511,018	2.2%	9,529,491,573
15	breedon group plc	that the directors be authorised in addition to any authority granted under resolution 14, to allot equity securities pursuant to article 6.7	A Vote AGAINST due to believing the potential dilution levels are not in the interests of shareholders.	26-Apr-23	Management	Against	1,218,490,151	92.9%	93,454,278	7.1%	174,412	0.0%	1,312,118,841
22	hikma pharmaceuticals plc	that if resolution 18 is passed, the board be given the power in addition to any power granted under resolution 21 to allot equity securities (as defined in the act) for cash under the authority granted under paragraph a. of resolution 18 and/or to sell ordinary shares held by the company as treasury shares for cash as if section 561 of the act did not apply to any such allotment or sale, such power to be: a. limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of gbp 2,202,628, such power to be used only for the purposes of financing a transaction which the board determines to be either an acquisition or a specified capital investment of a kind contemplated by the statement of principles on disapplying pre-emption rights most recently published by the pre-emption group prior to the date of this notice or for the purposes of refinancing such a transaction within 12 months of its taking place; and b. limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph a. above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph a. above, such power to be used only for the purposes of making a follow-on offer which the board determines to be of a kind contemplated by paragraph 3 of section 2b of the statement of principles on disapplying pre-emption rights most recently published by the pre-emption group prior to the date of this notice, such power to apply until the end of next year's agm (or, if earlier, until the close of business on 28 July 2024) but, in each case, during this period the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended	A Vote AGAINST due to believing the potential dilution levels are not in the interests of shareholders.	28-Apr-23	Management	Against	159,504,839	91.2%	15,401,490	8.8%	3,331	0.0%	174,909,660
2	howden joinery group plc	to approve the directors remuneration report as set out in the report and accounts for the 52 weeks ended 24 december 2022	A Vote AGAINST due to concerns over the long-term performance targets.	04-May-23	Management	Against	353,118,407	85.56%	57,182,970	13.86%	2,392,924	0.58%	412,694,301
20	hiscox ltd	to dis-apply pre-emption rights on an additional 10 percent of shares	A Vote AGAINST due to believing the potential dilution levels are not in the interests of shareholders.	11-May-23	Management	Against	243,291,721	86.45%	38,129,615	13.55%	10,777	0.00%	281,432,113
17	fdm group (holdings) plc	that subject to resolutions 15 and 16, the directors be authorised to allot equity securities for cash as if section 561 did not apply	A Vote AGAINST due to believing the potential dilution levels are not in the interests of shareholders.	16-May-23	Management	Against	72,673,979	82.6%	15,265,671	17.4%	2,310	0.0%	87,941,960
17	sabre insurance group plc	to authorise the disapplication of pre-emption rights specific	A Vote AGAINST due to believing the potential dilution levels are not in the interests of shareholders.	25-May-23	Management	Against	200,388,076	92.6%	16,001,724	7.4%	7,095	0.0%	216,396,895
18	melrose industries plc	to give the directors authority to allot equity securities for the purpose of financing an acquisition of pre-emption rights	A Vote AGAINST due to believing the potential dilution levels are not in the interests of shareholders.	08-Jun-23	Management	Against	842,897,744	79.06%	222,675,591	20.89%	543,941	0.05%	1,066,117,276
20	informa plc	to give additional power to disapply pre-emption rights for acquisitions or capital investments	A Vote AGAINST due to believing the potential dilution levels are not in the interests of shareholders.	15-Jun-23	Management	Against	926,381,703	83.2%	182,915,485	16.4%	4,200,441	0.4%	1,113,497,629
16	bodycote plc	disapplication of pre-emption rights for acquisitions or specified capital investments	A Vote AGAINST due to believing the potential dilution levels are not in the interests of shareholders.	31-May-23	Management	Against	148,373,252	90.6%	15,468,294	9.4%	1,838	0.0%	163,843,384

## Engagement during the period 1 January 2023 to 30 June 2023

### UBS

In quarter one, UBS engaged with Arcelor Mittal as part of their membership to the Investor Alliance for Human Rights. During the meeting, UBS set out their expectations on the company with regards to human rights and encouraged the company to conduct a salient human rights risk mapping exercise, which they had not yet conducted. The company explained that human rights is an area which they are increasingly focused on, in light up the upcoming regulations that will impact the company.

UBS highlighted the importance to implement the United Nations Guiding Principles on Business and Human Rights (UNGP's) across their value chain and the need for strong due diligence processes. They acknowledged the expectations and UBS hope that they will work towards these. UBS also discussed the company's remuneration practices and explained that they would like to see the opportunity value of the long-term incentive plan to be higher than the short-term incentives, to drive a longer-term focus.

UBS also met the Lead Independent Director of Holcim, after the company announced that the current CEO will also assume the position of Board Chair, while retaining his role as CEO on an interim basis of around twelve months. As the transition of a CEO to the Chair position is not considered best governance practice, especially if the individual will also retain the CEO role, UBS sought insights from the Lead Director as to why the Board had taken this decision, and what safeguards have been put in place to prevent an excessive concentration of influence from one individual. Holcim's Vice Chair explained that it was essential for Holcim to retain the CEO's expertise on the Board, but also at the operational level, until a new CEO is appointed. She mentioned that Holcim is currently transforming its business to ensure it can continue to thrive in a lower carbon economy, and that a change of CEO at this time would have caused disruption in terms of execution. It was stressed that the CEO has played a key role in shaping the company's transformation, hence he was considered an ideal candidate for the Chair position, but also acknowledged that his transition to the Chair role had to be accelerated by the departure of the current Chair.

UBS pressed on what governance safeguards to prevent significant influence; the Vice Chair confirmed that her appointment as Lead Director is instrumental to create the appropriate balance on the Board. She will be able to call meetings of only the independent directors and confirmed that she will do so after every Board meeting, to ensure that independent Board members have a regular opportunity to express their views. She also mentioned that the ultimate safeguard will be the personal integrity of each director, in which she had full confidence. While the transition of the CEO to Chair does create concerns, UBS were reassured by the fact that the Lead Director has a strong character, and that she is willing to take her role very seriously, ensuring that the Board acts collectively to preserve the checks and balances that are expected from a well-governed company. Having given feedback, UBS will continue to monitor the situation will engage regularly to keep track of the Board's development.

Starbucks has experienced on-going allegations and strikes from its US workforce in connection with infringements of their rights to unionize and participate in collectively bargain practices. The National Labour Relations Board (NRLB) have outlined that complaints have included that the company has adopted an anti-union approach and used retaliation against individuals or stores. UBS encourage companies to fully respect the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, including

freedom of association and the effective recognition of the right to collective bargaining. To get a clearer understanding of the current status, UBS engaged with the company, and also attended a meeting held by a group of shareholders that had filed a resolution at the AGM that was seeking the company to commission a third-party assessment on its commitment to worker rights. The company has outlined in the dialogue that even though they fully honour the NLRB process, they disagree with the allegations.

After careful review of both the company and shareholder viewpoints on the subject, UBS decided to support the proposal. UBS expect board members to protect and enhance the brand and reputation of the company and feel that the allegations around anti-union practices toward employees are a clear reputational risk to the company. A third-party assessment would benefit shareholders in understanding where the implementation of company policies is falling short and how they can be remedied moving forward. The proposal passed at the AGM held on 23rd March, with majority support of 53%. Following this outcome, UBS will continue to engage with the company on this topic and monitor what steps management is taking to eradicate practices that do not align with policies.

In quarter two, UBS met the Montrose Environmental Group to discuss Montrose's executive remuneration policy, which received a large vote against at this year's AGM, and to discuss and provide feedback on the firm's sustainability strategy. On the remuneration policy discussion, UBS communicated their policy and procedure for voting, as well as the issues with their policy (auto-accelerated vesting of awards and no clawback provision), as well as their expectations on these governance factors. Montrose explained that the board designed their plan to keep the executive team for the next five years and that the Long-Term Incentive Plan (LTIP) in their view aligns to shareholder interests. They clarified that the CEO has to be present at end of the fifth year, as well as two years after, to vest the LTI award. UBS also followed up on the suggestion for the board to conduct a board evaluation. Montrose confirmed they had initiated the selection process from suggested options provided to the team.

On the discussion regarding the sustainability strategy, the Vice President of Sustainability joined in July 2022. She has conducted a materiality assessment, agreed ESG targets and has received board approval to submit the company's emissions reduction targets to Science Based Targets Initiative (SBTI) for verification, and has set a gender balance target to be achieved by 2040. UBS provided feedback on communication of Montrose's real-world impact. Montrose was very open to the feedback to explore how they can enhance their quantitative reporting on polyfluoroalkyl substances (PFAS) and methane leak detection to incorporate the real-world impact that the company has on the community and local environment, and to explore the suggestion to go one step further than its current messaging from; Opportunity, Challenge, Solution (to also including) Impact (what the broader result/affect their solution has had not only with the client directly but on local society/environment). UBS also suggested Montrose set up a Stakeholder Advisory Board suggestion taken onboard to gain insights/ regular, formal feedback from clients and investors.

UBS also engaged with Shell plc as a lead investor as part of the Climate Action 100+ group and co-signed a letter to Shell requesting an engagement with the CEO. The engagement led to voting against Shell's climate progress report and support of the shareholder resolution on climate targets.

As part of the Climate Action 100+ group UBS reiterated to Shell that they expect them to:



- Provide clarity on future oil and gas production - Make it clear that Shell will stand by its commitment to cut crude oil production by 1-2% annually to 2030 and disclose the targeted change in natural gas production over the same timeframe.
- Disclose explicit targets for renewable energy generation: Shell currently has 46 GW of renewable installed capacity in its portfolio pipeline. Disclose how this will evolve in the future and provide clarity on the expected energy mix in 2030.
- Show the contribution to the Paris goal. Connect Shell's 2030 decarbonization targets to changes in absolute emissions. This disclosure should separate emissions reductions associated with upstream production changes, downstream energy marketing changes, and offsetting.

UBS had a meeting with Unilever in June to discuss the topics of nutrition and chemical safety. On nutrition, Unilever is enhancing the healthiness of its portfolio and has a target to make 85% of servings meet their USNC (internally developed NPM) by 2028. Unilever did, due to demand from investors, publish an assessment of the healthiness of its products on a global basis as well as for sixteen key strategic markets in line with six government-endorsed nutrient profiling models (NPMs) in October 2022 and confirmed that they will update this annually. UBS emphasized the significance of an industry-wide standard Nutrient Profile Model that every company in the food industry can report to and encouraged Unilever to strengthen its efforts in collaborating with the industry towards this end.

In terms of chemical safety, Unilever recognises the increase in demand for sustainable products and the growing regulation in this area. Unilever has a safety assessment process in place based on risk, and a target for 100% of their ingredients to be biodegradable by 2030. UBS encouraged the company to consider the assessment of its portfolio using a hazard-based approach to complement its current view. UBS also highlighted the concept of chemical footprint, and the importance of measurement and reduction thereof, while also underscored the importance of setting specific targets to reduce the use of priority chemicals of concern and substitute with safer alternatives.

In addition, UBS met with the Chair of the Remuneration Committee in connection with the failed vote on the company's remuneration report, which saw 58% of shareholders withhold their support. This was a result of the pay package awarded to the incoming CEO, which saw his package increase by €10m from his prior role, and €2m from the prior CEO's pay. The company explained their rationale for the move which centred around awarding a fair market-median compensation package irrespective of prior compensation. UBS provided their views and highlighted that apart from the salary positioning they had no significant issues with the remuneration policy.

### **Link Asset Services - Mondrian**

An important element of Mondrian's process is actively meeting with and engaging with management and the board of current and prospective investments. In order to support their analysis, at meetings with management analysts will discuss:

1. The current and long-term outlook for the business
2. The risks to that outlook and the company's business
3. The company's future business strategy
4. Governance policies and structures that support or hinder confidence in the future outlook

The latter will potentially include a discussion of governance policies, corporate structure, management and board experience and composition, remuneration policies, board oversight policies and procedures as well as policies on shareholder returns. To the extent that issues such as climate change, carbon emissions, human capital concerns and energy usage have been identified as potential risk factors to consider in evaluating the investment case of a particular company, analysts will conduct further investigation into the extent of these risks as well as risk mitigation. The findings from this questioning and disclosure will be incorporated into an overall investment evaluation of the company and highlighted in the ESG Summary Report.

Where it is found that the approach of direct engagement with the management and board of a company is ineffectual in dealing with Mondrian’s concerns, subject to any regulatory restrictions and where it is in the clients’ best interests to do so, Mondrian may act collectively with other shareholders and governance organisations. While Mondrian recognises the benefits of working alongside other likeminded investors and the likelihood that such engagement may be the most effective means of securing the required change, Mondrian would generally only participate in collective engagement on critical issues which may have a material impact on shareholder value. Any engagement would be reviewed on a case-by-case basis and would require the knowledge of the product CIO and the Compliance Officer.

<b>Time Period:</b>	Quarter 1 2023	Quarter 2 2023
<b>Total Engagements Across Equity Teams:</b>	332	381
<b>Total Engagements with Global Equity strategy-related Companies:</b>	170	233
<b>Total Engagements with Norfolk Portfolio Companies:</b>	28	31
<b>Top Five Engagement Issues Across Equity Teams:</b>	1. Other Governance	1. Other Governance
	2. Supply Chain	2. Labour
	3. Labour	3. Green Opportunities
	4. Ownership	4. Supply Chain
	5. Accounting	5. Ownership
<b>Top Five Engagement Issues with Norfolk Portfolio Companies:</b>	1. Other Governance	1. Other Governance
	2. Board	2. Green Opportunities
	3. Pollution and Waste Green Opportunities	3. Board
	4. Pay Labour Supply Chain	4. Product Safety & Governance Labour Supply Chain

Mondrian systematically assess investments on their human capital risks and opportunities, and where financially material, incorporate these factors within valuations.

## **Link Asset Services - LF ACCESS UK Equity Core Fund (Baillie Gifford)**

During the first quarter, Baillie Gifford engaged with Prudential to consider the significant reshaping of the board over the past year as the business has tilted to Asia, through a call with the chair who has led the appointment process for new executive and non-executive directors. From previous discussions with her, it was clear that the CEO and CFO would both be based in Asia. While the CFO is an internal appointment, the CEO has been recruited externally and has significant experience in Asian markets. Baillie Gifford discussed the appointment and induction process for the CEO and his initial priorities. New non-executive recruits reinforce the adaptation of the board for the group's business tilt to Asia. Baillie Gifford were keen to understand how the working of her refreshed board has changed.

While it is early days, changes to board composition better align with the geographic focus of the business. The chair intends to spend time in Asia to oversee the settling of people into roles and the board as a whole. Baillie Gifford learned that board meetings are already different, with more active and focused discussions and look forward to meeting the new CEO shortly after he takes up his new position.

Exscientia is a young, currently unprofitable, early-stage biotech company that is listed in the US with operations based in the UK. The structure of previous executive compensation included long-term incentives that, unfortunately, focused on the company's share price over short periods of time, had minimal holding requirements and also had no links to the company's operational progress. Speaking with individuals who work with the compensation committee directly, Baillie Gifford encouraged the company to focus on operational metrics as appropriate indicators of operational progress and to involve time periods that are more aligned to an investment horizon of multiple years. The company highlighted the need to remain competitive to attract and retain talent within the biotech industry.

In response, Baillie Gifford encouraged the company to avoid reverting to industry conventions and reiterated their willingness to listen to any proposal if there was an interest in speaking with shareholders ahead of the AGM. Baillie Gifford recognise the need for the company to attract capable individuals to run the business. However, they emphasised the importance of focusing remuneration on the long-term success of the company's operations rather than on the short-term share price. Baillie Gifford also indicated their interest in the company's approach to pricing and affordability and scheduled a follow-up call to discuss this topic in more detail. Baillie Gifford will continue to monitor and appropriately engage with the company on pricing, affordability and when further details are provided, the new remuneration proposals.

Baillie Gifford also met with Hargreaves Lansdown to understand the background and the board's management of matters that led to a significant vote against the Chair's re-election at the October AGM. Baillie Gifford spoke with Penny James, the Senior Independent Director (SID). She explained that a founder and former executive of the company who is still a significant shareholder does not support the board's strategy. This has been apparent to the board for some time. The SID explained that despite various conversations that board members had had with the former executive, he decided to oppose the chair's re-election at the October AGM and publicise his views. Baillie Gifford discussed the potential impact on the board and management and are satisfied that the board is managing the difference of views over strategy through private dialogue. This is the approach expected to be taken with any other large investor. Baillie Gifford were reassured that it is not creating a distraction for the board.

In quarter two, Baillie Gifford engaged with Rio Tinto. Following a call with the chair, Baillie Gifford spoke with Nigel Steward, who was an internal appointment to the new role of Chief Scientist in 2021. The objective was to explore the detail behind Rio Tinto's decarbonisation strategy, focusing on its aluminium and iron ore operations, as these account for the vast majority of the company's carbon footprint. The discussion centred on several critical aspects of Rio's carbon reduction programme, which is now supported by an R&D team of more than five hundred people. To put the challenge in context, Rio's direct operations generate c. thirty million tonnes of CO<sub>2</sub> emissions every year. The company's entire supply chain produces c. six hundred million tonnes of CO<sub>2</sub> each year: more than the entirety of the UK.

Baillie Gifford covered the need to develop grid-scale energy storage to support the switching of Rio's aluminium smelter plants from coal-fired power to intermittent renewable power and also discussed how Rio could support the nascent renewable diesel industry as a low-carbon transition fuel, while the company pursues the development of large-scale batteries for haulage trucks. Reducing carbon emissions from processing iron ore into steel is a key challenge. Baillie Gifford learned about specific problems that require breakthrough innovation and subsequently scaling laboratory success to commercial validation. Finally, discussed the range of partnerships developed across academia, industry and the venture-capital community to address specific technology roadblock.

Rio Tinto faces potentially material financial consequences from rising carbon prices if unable to significantly decarbonise. The engagement provided insight into the complexity of the challenge and reassurance that Rio will continue to commit material resources to exploring potential solutions as it pursues carbon reduction targets. However, the pathway to materially lower emissions will require several technological breakthroughs that remain unproven at commercial scale today.

Baillie Gifford also engaged with both the Abcam founder and the Abcam board to assess the challenge to the board from a founder who is a shareholder but is no longer a board member. The founder, Dr Jonathan Milner, was deputy chair when he chose to leave Abcam's board in 2020. Having founded Abcam in 1998, he served as CEO until 2014, when Alan Hirzel, the current CEO, was appointed as his successor. Baillie Gifford discussed with Dr Milner his challenge to the board's performance which is focused on governance, execution of strategy and costs. As part of this, they covered his thoughts on changes that have taken place at Abcam since he left. These have included board composition, a reshaping of executive pay to accommodate the tilt of the business to the US market, Abcam's listing on Nasdaq and progress on implementing the strategy adopted in 2019. Baillie Gifford also discussed an IT project that has not gone smoothly and has been unexpectedly costly to shareholders.

With Abcam's chair and CEO, Baillie Gifford established that the board was responding appropriately, including, for example, giving Dr Milner access to all non-executive directors. Baillie Gifford were told that, following proper consideration by the Nomination Committee, Dr Milner was offered a board position. This offer was rejected by Dr Milner, who stated his intention to call an EGM to have himself elected executive chair, replacing the current chair. Baillie Gifford begin this type of engagement with an open mind and consider what is presented in the context of investment research and engagement. Two of their investors recently visited Abcam's US headquarters in Boston and included in their discussion of the trip the points raised by Dr Milner. Shortly after the engagement, Dr Milner delivered the required EGM notification from which it was clear that he was seeking wider board change.

Baillie Gifford were disappointed that the situation had escalated rather than a workable solution being achieved. However, in an unexpected twist in late June, it was announced that the challenge from Dr Milner had led to the board receiving strategic approaches from multiple parties. Dr Milner then suspended the July EGM pending the outcome of the board's review of the strategic alternatives. Baillie Gifford engaged with five members of the board following the latest disclosure and will consider the outcome of the board's deliberations in due course.

### **Link Asset Services - LF ACCESS Global Alpha Paris-Aligned Equity Fund (Baillie Gifford)**

In quarter one, the CFO of MercadoLibre, Pedro Arnt, facilitated a call between his sustainability team and Baillie Gifford internal climate experts to discuss the company's initiatives on making its business model climate resilient, an important factor for their long-term success and clients' investment outcomes. It was very clear from the outset that Mr Arnt takes the sustainability of MercadoLibre's business model as completely integrated with his CFO role. The sustainability team was able to provide details on its various initiatives, but Mr Arnt's literacy with the subject was evident. This mirrors the Baillie Gifford view that MercadoLibre's continued strong social licence to operate is an important component of the investment case. Discussion centred on how the company views the boundaries of its scope three emissions, particularly the difference between white-label and third-party suppliers, and its recent initiatives making it easier for customers to discover sustainable products. Mr Arnt also described the significant progress it has made in transitioning its logistics to an EV fleet, and outlined some of the challenges in scaling it in the countries it operates in.

Baillie Gifford had a more speculative discussion on MercadoLibre's thinking on sustainability labelling and were encouraged to hear that while it wouldn't go so far as to create criteria itself, it was putting the back-end processes in place so that, should such labelling develop, it would be ready. Baillie Gifford offered its own perspectives and learnings from other platform businesses that they have worked with. Increasingly, Baillie Gifford are finding that sustainability topics are an area in which they can assist companies by sharing learnings from across the portfolio and connecting them with their internal experts. Baillie Gifford believe this is one way in which they can support portfolio holdings' ability to generate long-term returns for clients.

The discussion reinforced Baillie Gifford's belief that MercadoLibre's sustainability initiatives are market-leading and provide a positive contribution to the company's long-term strategy. They demonstrate an appropriate attentiveness to the importance of sustainability for its long-term growth and, therefore, clients' investment outcomes. Baillie Gifford will maintain an ongoing dialogue with the business, to monitor progress and offer support when required.

Sea Limited (SEA) is a consumer internet company. It has three core businesses across digital entertainment, ecommerce and financial services. Baillie Gifford research identified board composition as an area for potential improvement, and they engaged to encourage the addition of directors with requisite skills and independence. Baillie Gifford spoke directly with SEA's founder, CEO and chair, Forrest Li and discussed how he sees the role of the board and how it can support SEA's long-term strategy. In the past year, the board has reduced in size from six to five directors, of which only two are non-executives. Baillie Gifford outlined their belief that the board lacks independence and that the non-executive cohort does not have sufficient expertise in SEA's core business segments. Baillie Gifford believe

this is important, as it could limit the board's ability to oversee management and provide constructive input to strategic decisions.

Mr Li acknowledged that the board is too small and explained his ideal size would be nine directors, split between four from management and five non-executives. He confirmed that recruitment is ongoing, and they hope to add independent directors with domain expertise soon. Desired candidate criteria include research and technology expertise, understanding of macro developments and value creation from operational excellence. Baillie Gifford learned that steps are being taken to ensure SEA's board has the relevant skills, experience and independence to fulfil these responsibilities and will monitor the appointment of new directors and look forward to future engagement opportunities with the company.

In quarter two, engaged with Cloudflare Inc to communicate their concerns regarding the compensation committee's decision to reprice options and amend performance targets for outstanding awards, and to explain the decision to oppose the executive pay resolution. During the year, the compensation committee repriced stock options and amended corresponding performance targets attached to equity awards granted to management. The performance options were granted in February 2022 with a 10-year term. However, in April 2023 the board and committee made significant changes to the exercise price and vesting criteria in response to market conditions which meant the awards were out-of-the-money.

Baillie Gifford had a call with compensation committee member Carl Ledbetter to explain their concerns. Specifically, that this decision does not align with clients' experience as long-term shareholders and that it is inconsistent with the virtues Cloudflare espouses for incentive compensation in its proxy statement. Baillie Gifford outlined their belief that making changes one year into a ten-year plan when short-term conditions had affected the options' value is premature and indicates a lack of resolve by the board. Whilst they are not indifferent to the retention concerns put forward by the board, Baillie Gifford explained that changing vesting conditions for outstanding awards and without shareholder approval is contrary to the principles of pay for performance. Furthermore, it is doubly disappointing given the lengthy conversations last year in relation to executive remuneration when they outlined their expectations. Baillie Gifford opposed the executive compensation resolution, which received a 26% oppose vote at the AGM. Baillie Gifford followed up with a letter to the board reiterating their expectations for executive remuneration and their commitment to be constructive shareholders. Baillie Gifford remain enthusiastic about the prospects for Cloudflare and look forward to future opportunities to engage.

A shareholder resolution proposed that CoStar should report its greenhouse gas (GHG) emissions. CoStar's management wanted to discuss this with Baillie Gifford (and other long-term shareholders). Management disagreed with this resolution and wanted to explain their reasoning, as well as discuss their current approach to handling GHG emissions. During the meeting, CoStar revealed that the company was already monitoring its GHG emissions by the time the resolution was submitted. They wanted Baillie Gifford to oppose the resolution as they preferred to continue working on their emissions and reporting at their own pace. CoStar also mentioned that it had talked with other shareholders, and this prompted the company to commit publicly to reducing GHG emissions sooner. As a result, the company partnered with the Science Based Targets initiative, an organisation that focuses on emissions disclosures.

Baillie Gifford agreed that it is important for CoStar to approach its GHG emissions reporting thoughtfully. This is in line with their approach to sustainability. Baillie Gifford voted against the resolution. This situation demonstrates the importance of engaging in meaningful

discussions around sustainability issues instead of simply checking boxes. Baillie Gifford support CoStar's progress in reporting GHG emissions and plan to follow up with the company to discuss its progress and the specific steps it is taking. Baillie Gifford will also explore how its approach aligns with its long-term business goals.

### **Link Asset Services – LF ACCESS Global Ex UK Fund (Fidelity)**

In quarter one, Fidelity engaged with Cisco as part of the WBA Collective Impact Coalition (CIC) for Digital Inclusion, to better understand the company's approach to responsible or ethical AI, and to encourage high standards and transparency in this critical area. It became clear in the course of the conversation that Cisco is working hard to consider their practices concerning ethical AI and began last year to publish high-standard disclosures on this topic, the most notable and keystone documents being the "Cisco Responsible AI Framework" and the "Cisco Principles for Responsible Artificial Intelligence". The company established a Responsible AI Committee in early 2022, comprised of approximately ten to fifteen cross-functional committee members who meet quarterly and serve in an advisory role.

Additionally, Cisco recently established a board-level Environment, Social and Public Policy Committee that was due to meet for the first time following the engagement. This committee will have board-level responsibility and oversight of AI, and will receive reports from legal, regulatory and the Responsible AI Committee. The company expressed uncertainty and concern regarding regulatory responsibility for ethical AI. They noted that this needs to be worked out: for example, New York has different requirements than New Jersey, not to mention differences among countries. Cisco's view is that it is better for the industry if Vendors primarily bear the responsibility (vs. Customers), especially given that fairness assessments (for example) are quite expensive and inefficient.

An additional topic was that of generative AI, as ChatGPT had recently been released to the public. Cisco said they are having a lot of internal discussion about generative AI: if and how to use it, and with what parameters? They commented that they are very grateful now to have put into place their Responsible AI Framework and Principles, noting: "the issues aren't new, they just show up in different ways." Fidelity established that Cisco's recently disclosed commitments to ethical AI meet current WBA standards for this topic within the DIB (Digital Inclusion Benchmark), although the company had not met the standard as of the time of data gathering for the most recently published benchmark. As time progresses and there is better awareness of ethical AI risks and standards in place to reduce such risks, Fidelity believes the benchmark expectations will become more specific, and that Cisco is committed to try to implement best practices in this regard.

Fidelity also engaged with Boohoo group plc / UK Apparel Retail Company to discuss executive remuneration in quarter one. The board called an EGM to seek shareholder approval for a new replacement long-term incentive plan for senior management. The proposed plan is intended to run for five years and is based on achieving absolute share price performance targets. If the maximum hurdle were to be achieved, three executive directors would receive £95m worth of stock (£50m for the CEO, £25m for the CFO, and £20 for exec director/co-founder) and the founder's son would receive £12.5m. The board had proposed the plan is because the company's current incentives were underwater and unlikely to vest.

Shareholders had recently approved increases to management's future incentive plans at the 2022 AGM, and the board had applied upward discretion on management's FY21 annual

bonus after the company had issued a profit warning. Fidelity had raised concerns about the latter and had voted against the remuneration report at the 2022 AGM.

Prior to the March 2023 EGM, Fidelity engaged with company representatives and explained that the plan did not meet their minimum expectation in respect of the award retention period, that they generally did not support in-flight adjustments to incentives, and that they had concerns about the level of dilution. Fidelity also noted criticism the company had received regarding low pay in its supply chain and the potential for unfavourable comparisons with the treatment of management in this instance. The proposal was approved at the AGM with c. 37% of participating shares voting against. Fidelity will continue to monitor the company's remuneration practices.

Following the publication of Fidelity's Deforestation Framework in December 2022, highlighting their engagement-led approach to addressing commodity-driven deforestation risks across investment strategies, they have conducted a series of engagements with corporates and financial institutions in quarter one. For most banks, deforestation remains a nascent topic. The latest Forest 500 analysis finds that 61% of the 150 financial institutions that are covered by the Forest 500 data have no publicly disclosed deforestation policy, and of the financial institutions who have implemented policies, most fail to adequately address the issues, including consideration of the critical human rights issues associated with deforestation.

Fidelity engaged with two Canadian banks and one European bank, highlighting the importance of deforestation as a material business risk. In all cases, the banks have identified biodiversity, and within this deforestation, as an emerging topic of material importance. Fidelity provided feedback to these banks on how they can develop their approach to addressing deforestation risk, including the importance of addressing both direct exposure and indirect exposure across supply chains, in sectors such as food and retail. Fidelity also discussed the importance tackling deforestation in the context of meeting net-zero commitments: given the intersectionality between climate change and of which deforestation directly overlaps the two themes, banks must articulate a clear strategy, acknowledging both the synergies, as well as the inherent trade-offs banks may face in address these issues.

In both meetings, the banks were receptive to the feedback on their existing policies and disclosures and the recommendations to implement enhanced policies to mitigate deforestation risk, including ongoing monitoring and enhanced due diligence for clients in key sectors, with well-established grievance and remediation processes to address identified incidents of deforestation. Banks must engage with clients to ensure greater traceability across supply chains, such that they are able to obtain better clarity on where financial flows are being directed and hold clients to account on establishing sustainable management of their supply chains, including deforestation risk.

In quarter two, Fidelity met with Domino's Pizza Enterprises Ltd's (DMP) management team to better understand the risk of modern slavery across their operations as well as their supply chains as part of a collaborative engagement with IAST APAC Investor Group. Following the review of DMP's 2022 Modern Slavery Statement ahead of the meeting, the group was underwhelmed with the progress reported in the statement particularly in terms of supply chain mapping, risk assessment and due diligence. However, on connecting with the company, since the reporting period of the statement they shared that they have made considerable progress across several initiatives.



Based on the information DMP shared in the meeting, Fidelity understand DMP's supply chain mapping will not be undertaken until 2024 which is quite a delay. There has been limited progress outside of ANZ supply chain mapping which had been undertaken last year. The concern is that DMP remains behind the curve and their roadmap timeframes are not as ambitious as the IAST APAC group would like in this regard. On the topic of due diligence, DMP has made considerable progress across several aspects. The company has implemented a Business Partner Code of Conduct, a comprehensive due diligence mechanism for their Australian and New Zealand supply chains, and also implemented a selection of a new risk management platforms to replace EthixBase (Impact Buying). The company has also developed detailed 2030 roadmaps to drive organisational focus on modern slavery management.

Fidelity highlighted they would like to see more disclosure on the outputs on these initiatives to assess the level of risk, as well as on their auditing process for high-risk suppliers and what mechanisms they are using. While DMP now provides employee compliant level data through their whistle-blowing platform across the Australian and New Zealand business, in the future Fidelity expect more detail on the types of complaints received and how they are managed. In addition, many of DMP's other jurisdictions have no complaints systems in place. Fidelity will continue to engage on this issue to encourage greater action on complaints management. The company also noted that the underpayment issues raised in their Australian and New Zealand business have largely been addressed. The issues flagged were a key learning from their Australian and New Zealand whistle-blower workstream.

A Wells Fargo & Company shareholder filed a proposal requesting an annual report describing and quantifying the effectiveness and outcomes of company efforts to prevent harassment and discrimination against protected classes of employees in quarter two. The bank has faced multiple allegations of discrimination in its hiring and employee management practices, including a US federal investigation launched in Spring 2022 into accusations that it had conducted sham job interviews to meet diversity targets. This has reportedly led the SEC to investigate the bank's hiring practices.

Fidelity concluded that the proponent's request was reasonable in light of reports on the company's hiring practices, which give rise to concern about potential reputational and legal risks. Fidelity therefore decided to vote in favour of the resolution. The resolution was approved by a majority of 52% of votes cast. Although the resolution was non-binding, Fidelity expect that the board will fulfil the request approved by the general meeting.

Fidelity also met with the Chief Sustainability Officer of Nestle to discuss ways that the company can accelerate progress towards 2025 plastic targets, including scaling reuse and refill solutions. As a leader amongst peers in sustainable packaging, they also encouraged the company to set an absolute plastic reduction target. Nestle has made reasonable progress to date & are confident that they will be able to achieve the 2025 targets set, with a pipeline of initiatives to help accelerate progress. However, lack of regulation and policy action was commonly cited throughout the meeting and could end up being the 'scapegoat' (perhaps justifiably so) if they do not achieve their targets. Nestle has multiple pilots exploring the use case for reuse and refill solutions.

Fidelity highlighted the need for the company scale these solutions, and provide enhanced disclosures on the success of pilots, including KPIs highlighting the uptake of pilots, deposit and reuse rates. The company acknowledged these points, and that greater disclosures on success of pilots would be an improvement on current reporting. As a leader in sustainable

packaging solutions, Fidelity encouraged Nestle to set an absolute plastics reduction target, acknowledging that the planet cannot recycle its way out of the plastic pollution issue. Nestle were clear that for now they are focusing on achieving 2025 target but may consider this in the future.

## Climate risk reporting

### Introduction

Climate risk is a systemic risk that can have a material financial impact on a pension fund's assets and liabilities. As such the Pensions Committee of the Norfolk Pension Fund is committed to understanding and monitoring its exposure to climate related risks. The Committee will monitor and report on the climate related exposures within the Fund on a regular basis across a number of key metrics and review how the exposure to these risk factors evolves and develops over time.

### Climate risk metrics

The key climate risk metrics the Fund will monitor are as follows:

#### Weighted average carbon intensity

This is a measure of a portfolio's exposure to carbon-intensive companies. This is expressed in terms of tons of CO<sub>2</sub> equivalent emitted per million dollars of revenue, weighted by the size of the allocation to each company. It is measured using scope 1 and scope 2 emissions. Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel. Scope 2 emissions are those caused by the generation of electricity purchased by the company.

#### Total carbon emissions per £m invested

This represents a portfolio's estimated scope 1 and scope 2 greenhouse gas emissions per £m of invested capital. This is expressed in terms of tons of CO<sub>2</sub> equivalent emitted by the companies invested in by a portfolio, weighted by the size of each company.

#### % of portfolio with ties to fossil fuels

The percentage of a portfolio invested in companies with an industry tie to fossil fuels (thermal coal, oil and gas), in particular reserve ownership, related revenues and power generation. It does not include companies providing evidence of owning metallurgical coal reserves.

### Pension Fund portfolio analysis – June 2022

The Committee have carried out analysis of the Fund's listed equity portfolios against the metrics outlined above. For comparison purposes the Committee have also included the corresponding metrics for the MSCI ACWI global equity benchmark and the analysis indicates that the Fund has lower exposures to carbon intensive companies, carbon emissions per £m invested, and companies with ties to fossil fuels than the global index. The climate related exposures of the Fund as at 30 June 2022 are set out in the table below.

	Weighted Average Carbon Intensity (tCO <sub>2</sub> /\$m Sales)	Carbon Emissions (tCO <sub>2</sub> )/£m Invested	% Of Portfolio With Ties to Fossil Fuels
Norfolk Pension Fund	89.8	74.3	7.8
World Equity	169.6	107.7	12.7
Relative	-79.8	-33.5	-4.9

*Source: Hymans Robertson using data provided and owned by MSCI ESG Research LLC and its affiliates.  
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The Committee will update the analysis on a regular basis and review the potential to expand the analysis beyond the Fund's listed equity holdings.

# Pensions Committee

Item No: 8

<b>Report title:</b>	<b>Draft Pension Fund Annual Report and Accounts 2022-23</b>
<b>Date of meeting:</b>	<b>12 September 2023</b>
<b>Responsible Director:</b>	<b>Harvey Bullen, Director of Strategic Finance Glenn Cossey, Director of Norfolk Pension Fund</b>

## **Executive Summary**

This report presents the draft Annual Report and Accounts of the Norfolk Pension Fund for the year-ended 31 March 2023 based on our agreed service plan, for consideration by the Committee. The accounts section of the annual report in particular, should be noted by the Committee prior to presentation to the County Council's Audit Committee for approval.

The letter of representation and the Ernst & Young (EY) ISA 260 Audit Results Report will be distributed to Committee for comment as soon as these are available. Subject to any comments that may arise the Committee is asked to delegate to the Chair of the Pension Committee and the Director of Strategic Finance to sign the letter of representation (LOR) on behalf of the Pension Fund.

## **Recommendations**

In accordance with the terms of reference (see paragraph 3.8 to this report), it is recommended that the Committee:

- i) Receives and considers the draft 2022-23 Annual Report and Accounts of the Norfolk Pension Fund, attached at Appendix A.
- ii) That the Committee comments on the Financial Statements and makes recommendation to the Audit Committee that they be approved/not approved subject to any matters arising in the ISA 260 below.

It is recommended that subject to any comment arising in the ISA 260 Audit Results Report and the LOR, Committee delegates to the Chair of the Pension Committee and Director of Strategic Finance to sign the letter on behalf of the Pension Fund.

## **1. Background and Purpose**

- 1.1 The Annual Report has been prepared in accordance with guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The annual accounts have been prepared using the CIPFA example accounts and disclosure checklist, and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 governing the preparation of the 2022-23 financial statements for Local Government Pension Scheme funds.
- 1.2 The preparation of a Pension Fund Annual Report is a requirement of the Local Government Pension Scheme Regulations, which also prescribe certain items for inclusion. The regulations require that an annual report is published by the Fund by 1 December following the year-end. If the accounts are not approved by this date the Annual Report will be published in draft (as per 2021-22) The accounts are prepared as part of the Fund's own annual report and for inclusion within the Statement of Accounts of Norfolk County Council as Administering Authority of the Norfolk Pension Fund.

## 2. Approval timetable

2.1 As reported to Committee in July, the plan and timetable for preparing and approving the Norfolk Pension Fund Annual Report and Accounts has been revised compared to 2021-22.

	<b>Timetable</b>
NPF Draft Annual Report and Accounts Prepared by NPF	31/05/2023
Draft Accounts available for public inspection (NCC)	31/05/2023
External Audit	September 2023
Pensions Committee	12/09/2023
Audit Committee	10/10/2023
Audit Opinion planned to be issued by	30/11/2023
Publication Date	01/12/2023

2.3 The timetable requires the annual report and accounts to be approved by Audit Committee on 10 October 2023. Prior to Member approval, the Statement of Accounts of the Administering Authority (incorporating the accounts of the Fund) were certified by the responsible financial officer (Director of Strategic Finance) on or before the 31 May 2023. The draft accounts were submitted to EY for audit prior to the commencement of the audit field work at the start of September 2023.

2.4 Pensions Committee are required to consider the Funds Annual Report and Accounts as shown at Appendix A. In addition, the Pensions Committee should consider the Auditor's ISA 260 report and endorse the letter of representation when available. As these are not currently available the Committee is requested to delegate signing the letter of representation to the Chair of the Pension Committee and Director of Strategic Finance on behalf of the Pension Fund. The letter of representation and the Ernst & Young (EY) ISA 260 Audit Results Report will be distributed to Committee for comment when these are available.

2.5 On 10 October 2023 the Pension Fund financial statements will be presented to the Audit Committee for approval as part of the Norfolk County Council Statement of Accounts. Final sign-off of the letter of representation by the Chair of the Audit Committee will also be completed.

2.6 Following the approval process set out above, the Annual Report and accounts will be published after approval by Audit Committee and final sign off by the Director Strategic of Finance and the issuing of the EY, audit opinion. The Annual report and accounts will be published on the Funds website prior to or on 1 December 2023 as required by LGPS regulations. If this process is not completed to the proposed timetable the annual report will be published in draft.

## 3. Accounting and Audit process

3.1 The finance team successfully closed the accounts on the accounting system in accordance with the Fund's year-end closing timetable and had a first draft of the accounts ready by 31 May 2023 for submission to the Director of Strategic Finance and for sign off.

3.2 Where actual valuations are not available at the financial year end, the Fund used estimated 31 March 2023 valuations in the accounts as is standard practice during the draft accounts stage.

- 3.3 The Fund believes that final sign-off of the 2021-22 accounts will now occur during September 2023. As for 2021-22 if the sign-off of the administering authority accounts slips, this will have a knock-on impact on the timetable for the Pension Fund.
- 3.4 As in previous years the Fund was not in receipt of the actual valuations for certain complex and illiquid assets prior to the draft accounts preparation and was therefore not been able to make an adjustment according to materiality thresholds. These valuations have now been received, have been considered alongside the estimated values, and a decision has been made to adjust the values disclosed.
- 3.5 Employer Financial Reporting Requirements - The Fund has also worked with the Actuary to prepare, check, and review financial reporting (IAS19/FRS102) of pension obligations and costs for the 31 Fund employers with a financial year-end of 31 March 2023. The checks undertaken by the Fund form part of the assurance regime for E&Y where they are the appointed auditor to the employer.
- 3.6 March is now the second largest of the employer financial reporting dates for the Fund. Exercises are also conducted on 31 July, 31 August, and 31 December. The August exercise has grown significantly as many more schools have moved to academy status, which brings with it a requirement to report and consider their individual pension positions.
- 3.7 The Fund is subject to a separate external audit appointment. This is the eleventh year EY have audited the Fund. At the time of writing EY are engaged on their fieldwork.
- 3.8 The Terms of Reference of the Pensions Committee provide the following:
- i. That the Committee receives and considers the draft financial statements for the Norfolk Pension Fund
  - ii. That the Committee comments on the Financial Statements and makes recommendation to the Audit Committee that they be approved/not approved.

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

- 4.1 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.

#### **5. Risk Implications/Assessment**

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

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

- 6.1 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. There are no issues relevant to equality in this report.

#### **6.2 Data Protection Impact Assessments (DPIA)**

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

#### **7. Recommendations**

- 7.1 In accordance with the terms of reference (see paragraph 3.8 to this report), it is recommended that the Committee:
- i) Receives and considers the draft 2022-23 Annual Report and Accounts of the Norfolk Pension Fund, attached at Appendix A.
  - ii) That the Committee comments on the Financial Statements and makes recommendation to the Audit Committee that they be approved/not approved subject to any matters arising in the ISA 260 below.

7.2 It is recommended that subject to any comment arising on the ISA 260 Audit Results Report and the letter of representation (LOR), Committee delegates to the Chair of the Pensions Committee and Director of Strategic Finance to sign the letter on behalf of the Pension Fund.

## 8. Background Papers

8.1 Appendix A - Draft Annual Report and Accounts 2022-23

### Officer Contact

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

**Officer name:** Glenn Cossey

**Tel No.:** 01603 228978

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



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



**Norfolk Pension Fund**

**Annual Report and  
Accounts 2022-23**





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**communication for all**

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We have referred to several documents in this report that are available online.

If you are unable to access any of these documents, or would like a hard copy, please don't hesitate to contact us on 01603 222824 or email [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk).

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# Introduction

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Judy Oliver TBC

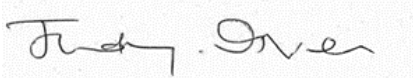


**Judy Oliver**  
Chairman,  
Pensions Committee

DRAFT

DRAFT

Judy Oliver TBC



CLr Judy Oliver  
Chairman of the Pensions Committee

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# The Local Government Pension Scheme

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The Local Government Pension Scheme (LGPS) is a statutory pension scheme.

This means that it is very secure as its benefits are defined and set out in law.

Under regulation 57 of The Local Government Pension Scheme Regulations 2013, all LGPS Funds are required to publish an Annual Report.

This document is the Annual Report of the Norfolk Pension Fund for 2022-23.

## The LGPS in England and Wales

- The LGPS is one of the largest public-sector pension schemes in the UK
- It is a nationwide pension scheme for people working in local government or for other types of employer participating in the scheme
- The LGPS is administered locally by 86 regional pension funds – one of which is the Norfolk Pension Fund
- It is a funded scheme, which means that the fund income and assets are invested to meet future pension fund commitments
- Benefits are defined and related to members' salaries and years of service, so they are not dependant on investment performance
- The scheme is regulated by Parliament

The LGPS in England and Wales changed on 1 April 2014. It is now a 'Career Average' scheme for benefits built up from 1 April 2014. All benefits built up before this date are protected as 'Final Salary'. For more information visit [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) or [www.lgpsmember.org](http://www.lgpsmember.org).



Local Government  
Pension Scheme

## Contact Us

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General enquiries about this document: Alex Younger  
Head of Funding and Investment

Tel: 01603 222995  
Email: [alexander.younger@norfolk.gov.uk](mailto:alexander.younger@norfolk.gov.uk)

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The Pension Administration Team offer dedicated helplines, operated by experienced staff. The team can help with all aspects of scheme membership and benefits for active, deferred and retired members.

General enquiries: 01603 495923

Retired members helpline: 01603 495788

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

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

Opening hours: Monday to Friday, 8.45am – 5.30pm  
(4.30pm on Friday)

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



## Scheme Management and Advisers

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<b>Administering Authority:</b>	Norfolk County Council (NCC) County Hall Martineau Lane Norwich NR1 2DH
<b>Scheme Administrator:</b>	Simon George, Executive Director of Finance and Commercial Services (NCC)
<b>Norfolk Pension Fund Officers:</b>	Glenn Cossey, Director of the Norfolk Pension Fund  Alex Younger, Head of Funding and Investment  Jo Quarterman, Head of Governance  Debra Keeling, Pensions Manager - from 1 March 2023  Mark Alexander, Pensions Manager – to 28 February 2023
<b>Asset Pooling:</b>	Norfolk Pension Fund participates in ACCESS (A Collaboration of Central, Eastern and Southern Shires), an investment asset pool of eleven Administering Authorities under an Inter-Authority Agreement which facilitates joint working between the ACCESS authorities and a Joint Committee, made up of one elected councillor from each authority, which provides governance oversight.  Link Fund Solutions Ltd acts as the regulated Operator for ACCESS.
<b>Legal Advisors:</b>	nplaw (Norfolk Public Law)
<b>Fund Custodian:</b>	Northern Trust
<b>Fund Actuary:</b>	Hymans Robertson LLP
<b>Investment Advisor:</b>	Hymans Robertson LLP
<b>Fund Managers:</b>	abrdn Capital Partners LLP

Aviva Investors  
Capital International Limited  
Equitix  
Goldman Sachs Asset Management (to Oct 2022)  
HarbourVest Partners  
Insight Investment Management  
Janus Henderson Investors  
JP Morgan Asset Management  
La Salle Investment Management  
Link Fund Solutions  
M&G Investments  
Pantheon  
Stafford Capital Partners  
UBS

**Bankers:**

Barclays Bank

**Fund Auditor:**

EY

**Performance Measurement:**

Portfolio Evaluation Ltd

**AVC Providers:**

Clerical Medical  
Prudential  
Utmost Pensions (formerly Equitable Life) - legacy only

## National Representation and Involvement

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Our officers, and elected Members on the Pensions Committee, work closely with the Department for Levelling Up, Housing and Communities (DLUHC) and The Pensions Regulator (TPR) (the scheme regulators), the Scheme Advisory Board (SAB) and the Local Government Pensions Committee (LGPC), to contribute to the development of the LGPS.

Councillor John Fuller (Norfolk Pension Fund Pensions Committee Member) sits on the Local Government Pensions Scheme Advisory Board representing non-administering authorities. The Scheme Advisory Board advises the Secretary of State on LGPS matters.

Councillor John Fuller and Councillor Alan Waters are members of the Local Government Pensions Committee (LGPC).

Norfolk Pension Fund is represented at the Chartered Institute of Public Finance Accountants (CIPFA) Pensions Network and Benchmarking Group.

Norfolk Pension Fund is a member of the Pensions and Lifetime Savings Association (PLSA), which helps us contribute to the national pensions' debate.

Norfolk Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF). The LAPFF was established to help local authority pension funds share information and ideas about how we can be responsible owners of the companies in which we invest and to present a clear, aligned voice on issues of common concern.

Along with other senior officers, Debra Keeling (Norfolk Pension Fund Pensions Manager), is a member of the South Eastern Counties Superannuation Officers Group (SECSOG). The group is made up of administering authorities in the region who meet to share information and best practice, ensuring uniform interpretation of the rules governing the scheme.

Norfolk Pension Fund actively engages with supplier forums, including the Heywood Administration CLASS (Computerised Local Authority Superannuation Scheme) and payroll system user groups.

Norfolk Pension Fund officers attend and speak at seminars and conferences, with the purpose of continuing their professional development, maintaining knowledge levels and contributing to the development of the LGPS and the wider pensions industry.

# Risk Management

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Norfolk Pension Fund maintains a Risk Register and Business Continuity Plan, which are regularly monitored, reviewed and updated.

- The Fund's management team monitor and maintain the Risk Register and the Business Continuity plan
- The Business Continuity plan is regularly exercised
- All risks are evaluated and monitored considering their likelihood and impact, with any mitigating action taken as necessary
- All Pensions Committee and Local Pension Board meetings include an update on Risk Management
- Risks are categorised under the headings of Governance, Benefits Administration, and Investment and Funding
- The Fund's approach to Investment Risk is further set out in the Funding Strategy Statement which is available on our website at [www.norfolkpensionfund.org/about/governance-and-investment/investment-and-stewardship/](http://www.norfolkpensionfund.org/about/governance-and-investment/investment-and-stewardship/)
- Hymans Robertson LLP provide advice and support to both the Pensions Committee and Fund Officers
- Further information on the nature and extent of risks arising from financial instruments is detailed in note 18 of the Statement of Accounts that accompanies this report
- Third party risks (e.g. payments of contributions) are robustly monitored. Assurance over third party operations is provided by obtaining and reviewing formal third-party Internal Control reports prepared under the appropriate audit regime or appropriate certification
- An on-going framework of inspection and review by the Fund's internal auditors (Norfolk Audit Services) and external auditors supports and assists with the management of risks

## Internal Controls

Internal Control reports are reviewed on a rolling basis with any material issues reported to the Pensions Committee on an annual basis. Fund managers marked with an asterisk submit only a part Internal Control report. Assurance for these managers is gained via a separate internal procedure.

Fund Manager	Report Type	Review completed
abrdrn Capital Partners LLP	ISAE3402/AAF 01-20	Yes
Aviva Investors	ISAE3402/AAF 01-20	Yes
Capital International Limited	SSAE18	Yes
Equitix*	Internal Control	Yes
Goldman Sachs Asset Management	SOC 1	Yes
HarbourVest Partners	SOC 1	Yes
Janus Henderson Investors	ISAE3402	Yes
HSBC	ISAE3402	Yes
Insight Investment Management	SSAE18/ ISAE3402	Yes
J.P. Morgan Asset Management	SOC 1	Yes
LaSalle Investment Management	ISAE3402/AAF 01-20	Yes
Link Fund Solutions	ISAE 3402 Type II	Yes
M&G Investments	AAF 01-20	Yes
Mondrian Investment Partners	SSAE18/ ISAE3402	Yes
Northern Trust	SOC 1	Yes
Pantheon	SSAE18/ ISAE3402	Yes
Stafford Capital Partners	ISAE3402	Yes
UBS	SOC 1	Yes

AAF – Audit and Assurance Framework

ISAE – International Standard on Assurance Engagements

SOC - Service Organisation Controls

SSAE - Statement on Standards for Attestation Engagements

\* Equitix do not produce an internal controls report. A mechanism to review internal controls has been developed and agreed between the Fund and this manager pending further discussion around production of an industry standard report.

## Internal Audit Testing

The Pension Fund is subject to internal audit scrutiny.

The audit universe is set out in the audit plan which is reported to and agreed by Pensions Committee on an annual basis. All audits during 2022-23 received an “Acceptable” (Low priority Findings) opinion.

Audit Universe	Testing Frequency
Governance and Strategy	1 to 3 audits annually
Admin Processes and Systems	2 to 3 audits annually
Investment Management	1 to 2 audits every year
Receivables (incl. Employer and Employee contributions)	Audited every 2 years
Member benefit payments	Audited every 2 years.

# Financial Performance

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## Revenue and Fund Account

The Norfolk Pension Fund prepares an Annual Budget which is reviewed and approved by the Pensions Committee and monitored by the Pension Fund Management Team. Details of the expenditure incurred during 2022-23 are provided in the Statement of Accounts section accompanying this report.

A summary budget and outturn for 2022-23 for Fund Administration, Oversight and Governance is shown below. The net underspend mainly relates to the Fund's project budget where the phasing of spend is variable and dependant on project timelines.

	Budget	Actual	Net Underspend
	£'000	£'000	£'000
2022-23 Fund Administration Costs	4,258	3,386	872
2021-22 Fund Administration Costs	3,645	3,189	456

Key fund income and expenditure items are detailed below and lifted from the Revenue and Fund Account in the Statement of Accounts section accompanying this report. Fund receivables and payables are reconciled and monitored on a monthly basis.

Investment Income, expenditure, profit and losses on disposal of investments and changes in the market value of investments are processed by the Funds custodian bank and reported to the Fund on a monthly basis. The Fund was net cashflow negative from dealings with members and including Fund management expenses. However, the Fund was cashflow positive after including investment income.

Extract from the Revenue and Fund Account	2021-22 Actual £'M	2022-23 Actual £'M
Fund Receivables (contributions and Transfers In)	177.6	196.6
Fund Payables (benefits and Transfers Out)	-167.7	-167.7
Management Expenses	-26.8	-28.9
<b>Net additions/withdrawals from dealings with members including Fund Management Expenses</b>	<b>-16.9</b>	<b>-40.0</b>
investment Income (less Taxation)	69.6	74.4
Profit and losses on disposal of investments and changes in the market value of investments	332.3	-115.0
<b>Net increase/decrease in the net assets available for benefits during the year</b>	<b>385.0</b>	<b>-40.6</b>

There were no notifiable late payments of contributions by scheme employers during 2022-23. All contributions outstanding at 31 March 2023 were collected within statutory timeframes.



## Net Asset Statement

The net investment assets and liabilities held by the Fund are detailed below and lifted from the Net Asset Statement in the Statement of Accounts section accompanying this report. With the exception of direct property, all investment assets and liabilities are held in safe custody and reported through the Fund's custodian bank. Investment data is submitted monthly to the Fund and monthly accounting records maintained.

2022-23	Pooled and freehold property, private equity, derivatives & cash £000	UK £000	Overseas £000	Total £000
<b>Fixed interest securities</b>				
Public sector quoted		59,970		<b>59,970</b>
<b>Pooled funds</b>				
Unit trusts		159,693		<b>159,693</b>
Unitised insurance policies		116,250		<b>116,250</b>
Other managed funds		2,988,750	567,140	<b>3,555,890</b>
<b>Pooled and freehold property, private equity &amp; derivatives</b>				
Pooled property investments	462,996			<b>462,996</b>
Private equity	450,517			<b>450,517</b>
Direct property	1,046			<b>1,046</b>
Forward currency contracts	7,029			<b>7,029</b>
Cash deposits	48,546			<b>48,546</b>
Amounts receivable for sales/ Amounts payable for purchases	0			<b>0</b>
<b>Net investment assets</b>	<b>970,134</b>	<b>3,324,663</b>	<b>567,140</b>	<b>4,891,937</b>

2021-22	Pooled and freehold property, private equity, derivatives & cash	UK	Overseas	Total
	£000	£000	£000	£000
<b>Fixed interest securities</b>				
Public sector quoted		65,047		65,047
<b>Pooled funds</b>				
Unit trusts		195,909	80,332	276,241
Unitised insurance policies		310,701		310,701
Other managed funds		2,754,638	511,658	3,266,296
<b>Pooled and freehold property, private equity &amp; derivatives</b>				
Pooled property investments	521,833			521,833
Private equity	414,125			414,125
Direct property	1,046			1,046
Forward currency contracts	-5,295			-5,295
Cash deposits	36,160			36,160
Amounts receivable for sales/ Amounts payable for purchases	5,016			5,016
<b>Net investment assets</b>	<b>972,885</b>	<b>3,326,295</b>	<b>591,990</b>	<b>4,891,170</b>

Further commentary on the movements in assets and liabilities are discussed in the following Investment Policy and Performance section.

## Funding Arrangements

Full details of the Fund's funding arrangements are detailed in Note 19 in the Statement of Accounts section accompanying this report. The table below summarises the whole Fund primary and secondary contribution rates at this triennial valuation. The primary rate is the payroll weighted average of the underlying individual employer primary rates and the secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or capitalisation of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

2022 Valuation			
Primary rate (% of pay)	Secondary rate		
1 April 2023 - 31 March 2026	2023-24	2024-25	2025-26
22.4%	£12,219,000	£11,597,000	£10,947,000

2019 Valuation			
Primary rate (% of pay)	Secondary rate		
1 April 2020 - 31 March 2023	2020-21	2021-22	2022-23
19.5%	£29,020,000	£30,689,000	£32,182,000

A list of contributing employers can be found at Appendix I in the Statement of Accounts section accompanying this report. The amount of contributions received from each organisation during the year split between employees and employers is shown below.

	2021-22	2022-23
	£000	£000
Employers – normal	133,823	145,201
Employers – special	70	0
Employers – strain	824	1,564
Members – normal	34,527	37,797
Members – purchase of additional scheme benefits	566	396
<b>TOTAL</b>	<b>169,810</b>	<b>184,958</b>

### By Employer Type

	2021-22	2022-23
	£000	£000
Administering authority	72,799	79,513
Other scheduled bodies	78,252	87,659
Community admission bodies	4,350	4,495
Transferee admission bodies	2,592	2,652
Resolution bodies	11,817	10,639
<b>TOTAL</b>	<b>169,810</b>	<b>184,958</b>

The late pay over of employee and employer contributions is monitored for reportable breaches in accordance with Fund policy. In addition to monthly reconciliation and monitoring of contributions, compliance with breaches policy is reported quarterly to Pensions Committee. All contributions outstanding at 31 March have now been received.

## Pension Overpayments

The tables below analyse the pension overpayments, recoveries, any amounts written off and the results of participation in National Fraud Initiative (NFI) exercises (data matches, overpayments identified, actions taken, etc).

	2022-23	
Number of Pension Overpayments		264
Number of Recoveries by Invoice	181	
Number of Recoveries from Spouse	83	
Total Recoveries		264

Number/Amounts of Recoveries Written Off	13	£1,940.04
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The National Fraud Initiative (NFI) runs every two years. The NFI initiative in 2022-23 identified 159 deaths within our data set with four of these deaths not being identified through the Fund's processes and all but two of these are resolved.

	2021-22	
Number of Pension Overpayments		190
Number of Recoveries by Invoice	143	
Number of Recoveries from Spouse	47	
Total Recoveries		190

Number/Amounts of Recoveries Written Off	9	£2,254.62
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The National Fraud Initiative (NFI) runs every two years. The NFI initiative in 2020-21 identified 152 deaths within our data set and all but one of these deaths had been identified through the Funds processes and is resolved.

The National Fraud Initiative (NFI) runs every two years. For the year in between NFI Life Certificates are sent out to overseas pensioners and UK members over the age of 92. In 2021-22, 1,043 Life certificates were sent out and 44 were un-returned.

# Investment Policy and Performance Report

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## Fund Performance Review for the year 2022-23

### Introduction

The Administering Authority invests the Fund in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Fund's investment advisor is Hymans Robertson LLP.

During 2022-23 fifteen external investment managers directly managed the Fund's assets:

- LaSalle (property)
- Link Asset Services (UK and overseas equities and multi-asset credit) – ACCESS pool operator
- Capital International (emerging market and high yield debt)
- Pantheon (global infrastructure)
- Goldman Sachs Asset Management (absolute return fixed interest – to October 2022)
- HarbourVest (North American, European, global secondary and Asia Pacific focused private equity, private debt and secondary real assets)
- Insight (UK Government debt & securitised debt)
- Janus Henderson (fixed income, absolute return fixed income and multi-asset credit)
- M&G – including Infracapital (absolute return fixed income, distressed and private debt and European infrastructure)
- Equitix (UK infrastructure)
- abrdn Capital Partners (European and global secondary private equity)
- UBS (UK equities - passive)
- Stafford (overseas timberland)
- Aviva Investors (UK infrastructure)
- JP Morgan (global infrastructure)

The global custodian is Northern Trust.

The asset allocation has evolved over the year as the Fund has continued to provide further funding to its enhanced yield portfolios particularly the illiquid long-term assets.

Three direct property assets are managed internally. Most of the cash holdings are swept to AAA rated money market funds managed by Northern Trust (the global custodian).

Insight and Berenberg Bank are employed to dynamically hedge the main overseas currency exposures arising on the overseas equity holdings.

## Manager Changes

During the year additional commitments were made to the Fund's private markets programs (private equity, debt and infrastructure). These commitments are designed to maintain the strategic allocation to these assets. The UBS mandate (UK passive) was reduced and an additional global equity mandate was funded on the ACCESS (LINK) platform. Goldman Sachs was removed as an asset manager during the period.

## 2022-23 Investment Results

The overall story of investment return for 2022-23 is one of slightly negative returns in the main investment strategies used by the employers that participate in the Fund. As a result, the overall valuation of the Fund is slightly down compared with the last financial year end. Strategy performance has very much been driven by the level of growth assets in the strategic benchmark e.g., the returns were higher in the strategies containing a higher proportion of risk/growth assets. The largest falls in valuation having occurred in real estate, government debt and other fixed income markets with exposure to rising interest rates and inflation. The returns for each of the strategies is shown below against their relevant CPI based benchmarks. Strategy 3 is designed to closer match the liabilities of ceased employers. As a consequence, as financial market factors have resulted in a fall in the fall of those liabilities, there has been a substantial fall in the value of the associated assets.

Strategy	One-year return to 31 March 2023	Benchmark return to 31 March 2023*	Benchmark	Three-year return	Three-year benchmark
1	-1.1%	13.3%	CPI plus 2.9%	33.9% (10.2% pa)	29.3% (8.9% pa)
2	-0.9%	13.6%	CPI plus 3.2%	39.4% (11.7% pa)	30.4% (9.2% pa)
3	-21.0%	10.3%	CPI plus 0.2%	-20.4% (-7.3% pa)	19.3% (6.1% pa)
4	-2.6%	12.9%	CPI plus 2.5%	3.3%** (1.6% pa)	27.8% (8.5% pa)**

\* Based on CPI measure to March 2023 of 10.1% ([Consumer price inflation, UK - Office for National Statistics](#)) and geometric addition for benchmark figure

\*\* Since inception in April 2021

Details of the strategy components are provided in the Funding Strategy Statement. The inception date for the multi-strategy approach was 1 July 2017. The agreed fourth strategy was funded at the start of May 2021. Strategies are now ahead of their benchmark returns since the inception of the multi-strategy approach in 2017.

As may be expected in a diversified portfolio, the performance of the individual fund managers was mixed over the last twelve months.

The strongest absolute returns came from the private equity portfolio, which performed substantially better than quoted equity portfolios. This has been supported by strong cash returns. Property returns were ahead of the benchmark although overall valuations fell sharply. The approach to managing property exposure is being reviewed as part of the development of the ACCESS pool and we are working to develop plans to transition these assets over the next few years. With the exception of the passive UK mandate and Mondrian (LINK), the public equity portfolios lagged their benchmarks. The best absolute performance came from the Mondrian (LINK) value equity mandate and the passive UK mandate. On longer term metrics Fidelity (LINK) and Capital (LINK) remain ahead of benchmarks. The other active managers have performance closer to their benchmarks. During the fourth quarter of the financial year the exposure to UK equities (UBS) was reduced and a further global equity mandate on the ACCESS (LINK) platform was funded. This mandate is Paris aligned i.e. its management is consistent with the objectives of the Paris Agreement on climate change mitigation, adaptation and finance. In the short period to the end of the financial year this mandate had performed broadly in-line with its global market benchmark.

In fixed income those strategies with duration (interest rate exposure) have lost significant value as rates have increased. Elsewhere in the liquid fixed income space the assets have held up well and delivered marginally positive returns in all cases.

It remains too early to comment on the long-term performance of the infrastructure and real asset appointments, but funding activity has been strong which will allow this to become a significant component of the investment strategy going forward. Early performance remains extremely encouraging, which has helped support overall fund returns in what has been a challenging year for investors.

The Pensions Committee and its advisors remain committed to taking a long-term view of asset manager performance. In practice this means a period of at least five years while monitoring closely the stability of the business, its people and processes.

The Fund has continued to make funding commitments across its private market allocations. The ACCESS pool has now commenced work on implementing pooling solutions for illiquid assets. The Fund expects to make use of these arrangements in future years.

The Fund has continued to receive six-monthly climate risk monitoring. A public summary of this information is published after consideration by the Pensions Committee.

Ultimately, strategic asset allocation policies will have a greater impact on Fund performance than the ability of individual investment managers to deliver performance in excess of their benchmarks.

It is important to consider the risk framework in which the investment results are achieved. If the Fund takes more risk in its asset allocation decisions, it offers the potential for higher returns, but it also increases the uncertainty of the outcome potentially increasing the changes of a negative downside.

The Fund is committed to ongoing review of its asset allocation and achieving an appropriate balance between risk and reward. While the Fund is a long-term investor of capital through investment cycles, it is also committed to holding investment managers to account for the results they achieve.

### **Triennial Valuation**

The triennial valuation of the Fund at 31 March 2022 was completed during 2022-23 in accordance with regulatory requirements. The valuation showed an improvement in the overall funding position to 106% (equivalent to a surplus of £289 million at the valuation date (£28 million deficit at 31 March 2019 (funding level 99%)). The estimated funding level at 31 March 2023 has risen but remains within the expected range of actuarial outcomes used when setting contribution rates for long-term participating employers. This represents a continued improvement in the funding position.

A full 2022 Triennial Valuation report, including formal actuarial commentary, is available on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

The Formal valuation of the Fund is at 31 March 2025, which will set employer contribution rates for the period 1 April 2026 to 31 March 2029.



## Market Review of Global Financial Markets – 1 Year to 31 March 2023

### Equities

Global stocks fell over the 12 month period, pressured by rising interest rates, slowing economic growth and extreme inflationary pressures not seen since the 1980s. Several key benchmark indices fell into bear market territory at times. Late in the period, signs that inflation may have peaked in the US, Europe and elsewhere sparked a rally that erased some of the losses.

All but two sectors declined in the MSCI All Country World Index. Real estate, communication services and consumer discretionary stocks suffered the biggest losses. Amazon, Tesla and Alphabet — companies that led the last bull market — were among the largest detractors. Although, these stocks also rallied strongly in the first quarter of 2023, which somewhat offset share price falls over 2022. Energy stocks were supported amid higher oil and gas prices.

Equity index returns (%)	1 year to March 2023	
	U.S. dollar	Local currency
S&P 500	-7.7	-7.7
MSCI ACWI	-7.4	-5.6
MSCI ACWI ex USA	-5.1	-0.1
MSCI World	-7.0	-5.5
MSCI Emerging Markets	-10.7	-6.6
MSCI EAFE	-1.4	3.8
MSCI Europe	1.4	5.0
MSCI Pacific	-6.0	2.2

Source: RIMES

### Fixed income

Bonds also fell in the face of higher inflation. The Bloomberg US Treasury Index lost 4.5% in one of the worst bond market routs in history, although posted positive returns in early 2023. The Federal Reserve and European Central Bank, among others, aggressively raised interest rates in an attempt to bring consumer price increases back to a target of roughly 2%, down from 7% to 10% in many economies.

In foreign exchange markets, a strong US dollar grew stronger for much of the period, particularly as the Fed raised rates at a faster pace than some other central banks. At the end of the period, the dollar posted gains of 6.5% and 9.7% against UK sterling and the yen, respectively.

<b>Fixed income index returns (%)</b>	<b>1-year to March 2023</b>	<b>Exchange rates (% change vs. USD)</b>	<b>1-year to March 2023</b>
Bloomberg US Aggregate	-4.8	Euro	-2.4
Bloomberg Global Aggregate	-8.1	Japanese yen	-8.8
Bloomberg US Corp IG	-5.6	British pound	-6.1
Bloomberg US Corp HY	-3.4	Canadian dollar	-7.7
JPM EMBI Global Diversified	-6.9	Australian dollar	-10.8
JPM GBI-EM Global Diversified	-0.7	Swiss franc	0.7

Source: RIMES. Returns are in USD.

## North America

Persistently high inflation and aggressive rate hikes stoked recession fears that weighed on US equity markets. The S&P 500 Index entered bear market territory in 2022, but stocks posted strong returns in the first quarter of 2023 as the Federal Reserve slowed its pace of interest rate increases and inflation continued to soften. The information technology and communication services sectors led the rally, while the energy sector lost ground Q1 following a 66% gain in 2022.

Inflation hit its highest level in 40 years when the Consumer Price Index (CPI) rose 9.1% year-over-year in June 2022, but moderated to 6% year-over-year by February 2023. Shelter costs were a significant contributor with an 8.1% increase. The Fed raised interest rates by 25 basis points at its March meeting, its ninth consecutive rate hike. Policymakers sustained the inflation fight despite concerns that stress in the banking sector following the failure of Silicon Valley Bank could tighten credit availability and push the economy into a recession.

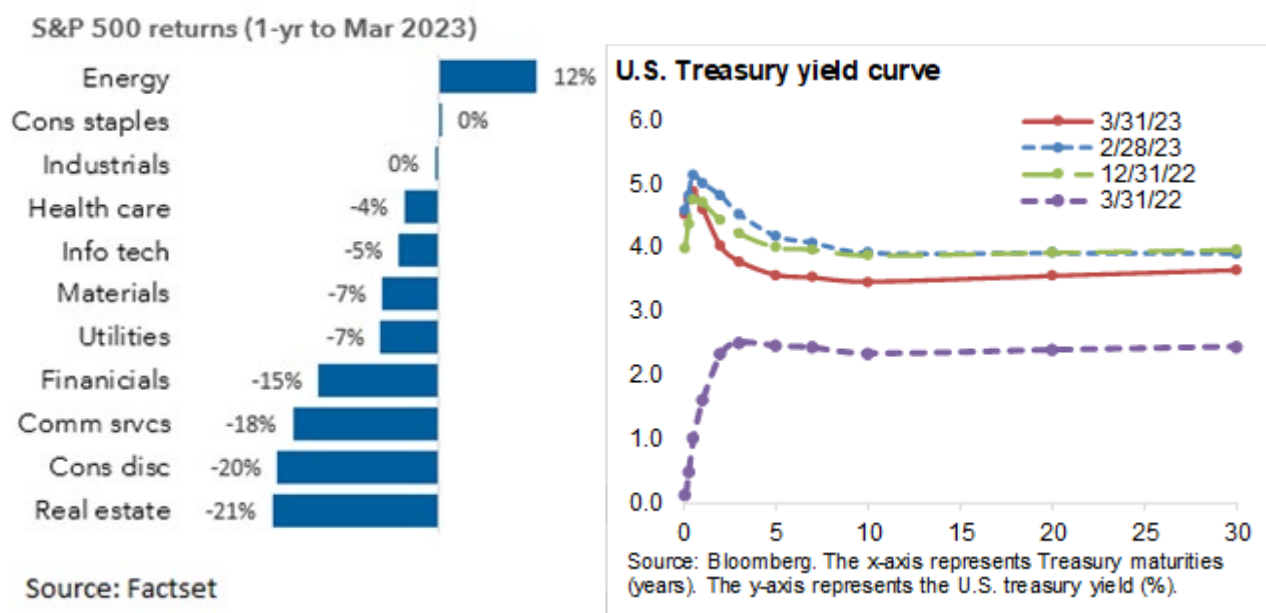
Economic growth slowed. Gross domestic product (GDP) growth fell to an annualized 2.7% in the fourth quarter of 2022 from 3.2% in the prior quarter due in part to weaker consumer spending. The labour market remained strong, with more than 800,000 jobs added in January and February combined. Wage growth cooled, however, supporting market expectations of a more dovish turn for the Fed.

Growth stocks experienced the sharpest declines in 2022, including several tech giants that had been market leaders over the last decade. With the cost of capital rising, investors penalized companies struggling with consistent profitability or declining growth. Shares of Meta Platforms, Tesla, Netflix and Amazon were particularly hit hard. However, these stocks tended to lead the rally in early 2023 less-aggressive monetary policy brought growth stocks back into favour.

The failure of Silicon Valley in March 2023 put pressure on the financial sector in general, and in particular, US regional banks at the end of the period. First Republic plunged even as

a consortium of banks deposited \$30 billion to support its liquidity. Fallout from the crisis rattled investors in Charles Schwab and Truist Financial.

Energy was the top performing sector over the period as crude oil prices spiked in March 2022 after Russia’s invasion of Ukraine upended global oil flows. However, into 2023, the sector dipped amid declining oil and natural gas prices, higher production costs and softening demand.



## Europe

European stocks posted gains despite record-high inflation, rising interest rates and Russia’s invasion of Ukraine all acting as headwinds on the eurozone economy. In early 2023, worries about the health of the European banking system pressured markets while political uncertainty also weighed on sentiment amid contentious leadership changes in Italy and the United Kingdom.

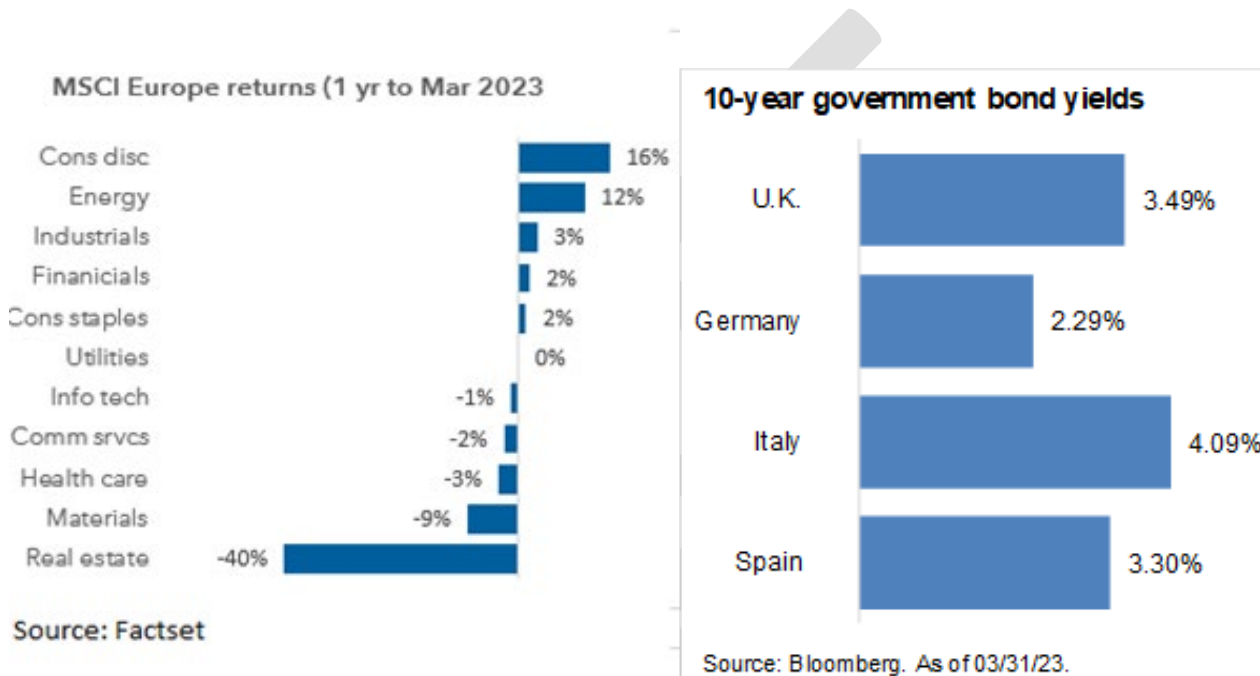
Reacting to inflation data, the European Central Bank (ECB) moved aggressively over 2022 to raise interest rates for the first time since 2011. Starting in July, ECB officials hiked rates at every policy meeting, ending an era of negative interest rates in Europe. Despite fears of a war-induced recession, ECB officials argued that rates must continue to move higher as consumer prices increased across the eurozone.

Following the collapse of Silicon Valley Bank in the US, contagion fears spread to several European financial institutions. Credit Suisse nearly went under before the Swiss government stepped in to shore it up and ultimately arranged an emergency acquisition. On March 19, Swiss banking giant UBS agreed to buy Credit Suisse for more than \$3 billion.

Energy and consumer discretionary stocks led markets higher. The energy sector generated strong gains on higher oil and gas prices over 2022. With the war in Ukraine crimping

supplies, oil and gas prices skyrocketed at times, contributing to higher inflation rates around the world. Among European energy stocks, shares of BP, Shell and TotalEnergies rallied. Consumer discretionary stocks also posted significant gains amid signs that the European economy may avoid a recession this year. Luxury good stocks were particularly strong. LVMH shares advanced after it reported record-high revenue of \$86 billion in 2022, driven largely by the return of international travel and tourism.

Real estate was the weakest sector. Shares of Vonovia, Germany’s largest residential landlord, lost more than 50% during the year amid concerns about the company’s high debt levels, in addition to new government regulations limiting rent increases.



### Asia-Pacific

The Japanese economy struggled with soaring inflation and a weakening yen. The MSCI Japan Index fell 5.2% in US dollar terms, but rose 3.9% in local currency. Japanese stocks rebounded in the fourth quarter of 2022 and in the first quarter of 2023. Much of the negative US dollar return for the Japan index was due to currency movements. The yen dropped 8.8% against the U.S. dollar over the period.

The Bank of Japan (BOJ) intervened in the foreign exchange market in September for the first time in more than 20 years in an effort to stop the yen’s decline against the dollar. The currency slid to a 32-year low in October. It rebounded when the BOJ surprised markets in December by raising the cap on the benchmark 10-year government bond yield to 0.5% from 0.25%. Some market participants viewed this as a pivot away from ultra-loose monetary policy, which BOJ Governor Haruhiko Kuroda denied.

In January 2023, the Bank of Japan kept its ultra-low interest rate unchanged. After hitting a fresh 41-year high in January, inflation abated. The figure had hovered at 4% or above since December 2022 — well ahead of the BOJ’s 2% target. Former BOJ policy board

member, Kazuo Ueda, was appointed as the central bank's next governor, replacing Haruhiko Kuroda, whose five-year term ends in early April.

Australian stocks fell in US dollar terms, but edged higher in Australian dollars. Labor shortages and climbing inflation weighed on the economy. Inflation hit the highest levels since 1990. Ahead of the country's May 2022 general election, the government introduced relief measures to ease the pain of inflation, including a reduction in its gasoline tax. Anthony Albanese was elected as the country's new prime minister in May, breaking nine years of conservative leadership. The Reserve Bank of Australia raised its key interest rate for most of 2022, and in its March 2023 meeting it hiked rates for the 10th consecutive time. The Australian dollar fell 10.8% against the U.S. dollar.

Hong Kong equities lost ground as the economy remained constrained by COVID-19 restrictions in the first half of 2022. Hong Kong entered its second recession in three years in the second quarter as weak global demand continued to weigh on activity. GDP shrank for the fourth consecutive quarter by 4.2% year-over-year in the fourth quarter of 2022. Exports plunged to the sharpest levels in 70 years in January, hurt by sluggish global demand and the Lunar New Year break.

### Emerging markets

Emerging markets stocks fell, hurt by China's economic slowdown, the Federal Reserve's aggressive interest rate hikes and the strength of the U.S. dollar. Rising inflation in developing countries that spurred monetary tightening and rolling lockdowns in China to suppress COVID-19 also weighed on equity prices.

Chinese stocks fell by 4.7%. After weak returns for most of 2022 due to a growing liquidity crisis in the property sector and temporary COVID shutdowns in key manufacturing and technology hubs, Chinese stocks rebounded late in 2022 when Beijing abruptly abandoned its zero-COVID policy after nearly three years. The government lifted travel restrictions and unveiled measures aimed at stabilizing struggling property developers. Gains continued in the first quarter of 2023, but cooled from the previous quarter. Industrial profits and the housing market remained weak.

In March, President Xi Jinping solidified his leadership team for his third term. Top party officials vowed to support private sector businesses and sought to reassure foreign investors about doing business in China. Beijing also set an annual growth target of 5% after the economy grew by 3% in 2022.

Technology giants weighed on index returns in 2022, but delivered strong returns in early 2023. Shares of leading Taiwanese and Korean semiconductor companies sank amid an inventory correction for a range of processors in 2022. Taiwan Semiconductor Manufacturing Company and Samsung Electronics fell heavily. In China, profit and sales growth slowed for internet platform companies as they adjusted their business models following Beijing's stricter regulations on private sector companies in 2021.

In Latin America, Mexican stocks shone. Mexico is becoming a beneficiary of companies seeking to move manufacturing capacity from Asia closer to the United States. The Mexican peso rose 10% against the dollar. Meanwhile, Brazilian stocks slid in 2023 following a strong 2022 when it benefited from higher commodity prices. President Luiz Inacio Lula da Silva continued to question the central bank's independence and monetary policy stance.

Central banks in developing countries raised interest rates to combat inflation. Several Asian countries, including Taiwan, Indonesia and the Philippines, joined their Latin American counterparts in adopting tighter monetary policies. Brazil held its benchmark rate steady at 13.75% following a series of rate hikes since March 2021. The Bank of Mexico in December raised its rate to 11.25%, but the size of the increase slowed to 25 basis points from previous hikes of 50 and 75 basis points.

**1-year to 2023 total returns (%)**

<b>Equity indexes (USD)</b>		<b>Currency</b>	<b>Exchange rate (vs. USD)</b>
MSCI Emerging Markets	-10.7	Brazil	-6.3
MSCI Brazil	-18.7	China	-7.7
MSCI China	-4.7	Indonesia	-4.2
MSCI India	-12.2	Malaysia	-4.7
MSCI Mexico	-8.6	Mexico	10.4
MSCI South Africa	-20.6	Poland	-3.3
MSCI Korea	-14.4	South Africa	-17.6
MSCI Saudi Arabia	-19.0	Turkey	-23.6
MSCI Taiwan	-13.7		
MSCI Thailand	-0.9		

Source: RIMES

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Unless otherwise noted, all returns are in U.S. dollars and assume the reinvestment of dividends. Country stock returns are based on MSCI indexes.

Bond ratings, which typically range from AAA/Aaa (highest) to D (lowest), are assigned by credit rating agencies such as Standard & Poor's, Moody's and/or Fitch, as an indication of an issuer's creditworthiness.

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J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified and related country-specific indexes track total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, eurobonds. J.P. Morgan Government Bond Index – Emerging Markets (GBI-EM) Global Diversified and related country-specific indexes cover the universe of regularly traded, liquid fixed-rate, domestic currency emerging market government bonds to which international investors can gain exposure.

MSCI indexes are free-float-adjusted, market-capitalization weighted indexes. Developed market index results reflect dividends net of withholding taxes. Emerging market index results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter. Each index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes. MSCI All Country World Index (ACWI) is designed to measure results of more than 40 developed and emerging equity markets. MSCI All Country World (ACWI) ex USA Index is designed to measure equity market results in the global developed and emerging markets, excluding the United States. MSCI EAFE® (Europe, Australasia, Far East) Index is designed to measure developed equity market results, excluding the United States and Canada. MSCI Emerging Markets Index is a free-float-adjusted market-capitalization-weighted index designed to measure equity market results in more than 20 global emerging markets. Individual emerging markets listed herein represent a subset of the MSCI Emerging Markets Index. MSCI Europe Index is designed to measure developed equity market results across 15 developed countries in Europe. MSCI Pacific Index is designed to measure the equity market performance of the developed markets in the Pacific region. It consists of Japan, Australia, Hong Kong, New Zealand and Singapore. MSCI World Index is designed to

measure equity market results of developed markets. The index consists of more than 20 developed-market country indexes, including the United States. MSCI Japan Index is designed to measure the equity market results of Japan.

Nasdaq Composite Index is a broad-based market-capitalization-weighted index that measures all domestic and international-based common-type stocks listed on The Nasdaq Stock Market.

S&P 500 Index is a market-capitalization-weighted index based on the results of 500 widely held common stocks. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

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# Scheme Administration

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## Value for money statement

The Norfolk Pension Fund is committed to delivering a consistently high level of performance and customer service, fully compliant with legislative requirements and recognised best practice, to meet the different needs of all its stakeholders in a responsive, effective, efficient and equitable way.

The Fund's operational financial performance is reviewed by the Pensions Committee, which approves the annual budget. Actual spend is monitored throughout the year by the Fund's management team and is reported in the Annual Accounts.

We operate within a three-year Service Development Plan to review and set out the strategic and operational administration objectives to maximise efficiencies and service standards. The Plan is shared with all the team and linked into the performance appraisal process.

The Fund has absorbed an increasing workload over the last few years, particularly in respect of governance, investment pooling, member and employer administration. The associated risks and issues of the changing regulatory and operational landscape are being addressed via the Norfolk Pension Fund Strategic Review and associated reform programme.

We take part in the CIPFA benchmarking club for pensions administration, which allows us to compare our performance and costs against other LGPS funds, as well as national performance statistics.

The average cost per member (CPM) to administer the Norfolk Pension Fund for 2021-22 (the latest available at time of publication) was £20.28, which is 9.7% below the average £22.46 CPM achieved by other local authorities who participated in the CIPFA Pensions Administration Benchmarking Club over the same period.

### Average Cost per Member

	2017-18	2018-19	2019-20	2020-21	2021-22
Norfolk Pension Fund	£18.97	£20.01	£19.97	£19.84	£20.28
CIPFA Benchmarking Average	£21.16	£21.34	£20.00	£21.91	£22.46

We consistently deliver high service levels to our members and employers. For example, during 2021-22, over six CIPFA Industry Standard Performance Indicators, the Norfolk Pension Fund has delivered 94.3% within the CIPFA target timescale, 12% higher than the

average of 88.8% for other local authorities who participated in the CIPFA Benchmarking Club for the same period. Please see the 'Key Performance Data' section below for more details.

We receive positive feedback from our stakeholders on our service, as shown in the 'Customer Satisfaction' section below.

The Norfolk Pension Fund scores highly on data quality and, as reported in the 'Data Quality' section below, for 2022 we achieved a common data score of 95.33% and a conditional data score of 99.9%.

### **How the service is delivered**

All aspects of the Norfolk Pension Fund service are managed in-house, including administration and investments.

This holistic approach delivers benefits to the service as experience and skills are widely shared, extending knowledge and resilience.

To deliver the Fund's administrative requirements we use a software package which provides the following functions:

- Supports the whole member lifecycle from joining, through benefits accrual, to retirement and pension payments
- Automated workflow-driven processing ensures accurate and streamlined back-office administration
- Automated employer management for regular uploads of HR data, contribution reconciliation and strain calculations
- Built-in document management and bulk processing pensioner payroll from a single member database

The Fund's website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) provides advice, information and news about the Fund and the LGPS for scheme members and employers.

We have an area of the website where scheme members can register to securely view their personal pension details. Once registered, scheme members can view and update their personal details, see their benefit statements and use our online pension calculator.

The Fund has an online employer portal giving scheme employers access to view their own data, securely exchange data and submit requests and changes online.

Scheme members, employers and our other stakeholders can contact the Norfolk Pension Fund team by telephone or email as follows:

### **Member Pensions Administration**

Telephone 01603 495923

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

### **Online, Technical and i-Connect Helpdesk**

Telephone 01603 222132

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

### **Investment, Accountancy and Actuarial Services**

Telephone 01603 222139

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

The Pensions Team is accountable to the Pensions Committee, participating employers and scheme members. The team are fully committed to providing a quality service to meet the needs of the Fund's various stakeholders and to delivering excellent customer care.

The Pensions Team administer the Norfolk Pension Fund in accordance with legislative requirements, including:

- Setting the strategic direction for all aspects of the service
- Managing and overseeing the investment of Fund monies
- Monitoring investment performance
- Preparing and maintaining Pension Fund accounts
- Supporting the Trustees of the Pension Fund in their decision making
- The administration of pensions records, including the preparation and distribution of the Annual Benefit Statements to all scheme members
- The timely collection of contributions
- The calculation and payment of pensions, including the administration of the annual pensions increase
- Advice and guidance to scheme members
- Advice and guidance to employers
- Early retirement schemes for Fund employers
- Early retirement schemes for Norfolk LEA Teachers and Colleges

## Data Security

Norfolk Pension Fund is responsible for managing and processing personal data and sensitive information. We have the following arrangements in place to safeguard this data:

- All staff are regularly made aware of Norfolk County Council policies in respect of Confidentiality, Data Protection and Information Security
- New staff have these responsibilities and policies explained to them as part of their induction and their understanding is checked
- All administration data is stored electronically and paper records are safely destroyed
- Encrypted laptops are provided to all staff as part of their regular role or as part of our business continuity plan
- Where data has to be transferred off site we use either secure FTP, VPN, secure email or encrypted storage devices
- Norfolk Pension Fund staff have access to the secure Government Connect network

## Internal Dispute Resolution Procedure

We operate an Internal Dispute Resolution Procedure (IDRP) which is defined by statute. This is used where a member disagrees with the benefits awarded or a decision made by their employer which affected their benefits.

Full details of the procedure can be found on our website at [www.norfolkpensionfund.org/help/compliments-complaints-and-disputes/](http://www.norfolkpensionfund.org/help/compliments-complaints-and-disputes/)

During 2022-23 there were no IDRP complaints logged with the Ombudsman.

## Professional Development

We consider the people who work for us as one of the Norfolk Pension Fund's biggest assets and value them accordingly:

- We invest in the continuing professional development of staff, for the benefit of our stakeholders and the Fund overall
- We operate a standard appraisal process across the team, linked into the Fund's service plan

## **Equality and Diversity**

Norfolk Pension Fund has a workforce that reflects and is part of the community it serves. It is the policy of Norfolk County Council to ensure that all its employees are selected, trained and promoted on the basis of their ability, the requirements of the job and other similar non-discriminatory criteria. All employment decisions are based purely on relevant and objective criteria.

We aim to deliver accessible, high-quality and value for money services to all our customers, without discrimination on grounds of group memberships; for example sex, race, disability, sexual orientation, religion, belief or age.

### **Summary of significant projects**

**TBC**

DRAFT

Summary of significant projects cont...

TBC

DRAFT

## Data Quality

We published our Report on Data Quality in February 2023. The Report was prepared using guidance from the Pension Regulator on Record-keeping and detailed the steps taken to maintain and improve the quality of membership data maintained by Norfolk Pension Fund.

- **Common Data**

Common data has been suggested by the Pension Regulator. It is basic data which is common to all membership types.

The common data score which is used measure of all common data items averaged across all items for Norfolk Pension Fund was 95.33%

Whilst it is certainly good practice to keep in touch with deferred pensioners, the fact that we don't know their current whereabouts does not cause problems in terms of paying out money due or accounting for money due to be paid.

We carry out regular mortality screening (see above) which highlights where payments may be due to be paid. Members not failing the mortality screening are assumed to be still alive and therefore will be entitled to receive benefits on retirement.

As part of our Data Quality exercises, we have scheduled to trace our deferred pensioners addresses using our tracing service. We repeat this exercise every 18 months or so in order to keep records as up to date as possible whilst bearing in mind the cost of such exercises and the response rates achieved.

When deferred members reach retirement age and benefits are payable, individual tracing services are employed in order to ensure benefits are paid on time.

### **Conditional Data**

Conditional data is data which the Norfolk Pension Fund considers is essential to ensure correct recording of liabilities for actuarial purposes, correct calculations and payment of benefits.

The conditional data score averaged across all items for the Norfolk Pension Fund was 99.9%

The only significant area of fail is "deferreds passed due date". Regular reports are run against the system to highlight any cases where benefits are still being deferred but should possibly be in payment. The small numbers of cases shown as currently failing are those where we are currently carrying out tracing activities. We have instigated a write-off process where benefit amounts are small, or beneficiaries cannot be traced after exhaustive search. This will reduce the number of cases that we are accounting for, but in practice will never pay out.

Where deferred benefits have not been put into payment by retirement age, this could be due to un-notified mortality, or "gone aways". Large numbers of such cases could affect funding of schemes; however, the small numbers involved here do not represent any significant funding issues.

Data cleansing is an ongoing exercise and therefore does not have timescales associated with it.

From 2016 we have been running regular checks on deferred addresses with an external tracing company. This gives us likely addresses for our deferred members who have moved house but not informed us.

It is recognised by the Pension Fund Actuary that the Norfolk Pension Fund data is among the cleanest in local government, however we are not complacent and know that we must strive to keep standards up.

Regular monitoring of the measures identified in this report will be carried out and any actions necessary to ensure data quality is maintained.

The Norfolk Pension Fund will review best practice of other pension funds to ensure that appropriate measures are used and where appropriate additional data monitoring will be put in place.



## Key Performance Data

### Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Administration Benchmarking Club

Norfolk Pension Fund takes part in the annual Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Administration Benchmarking Club.

CIPFA Benchmarking results for Industry Standard Performance Indicators and LGPS Management Expenses are shown below for 1 April 2021 to 31 March 2022 (the latest available at time of publication).

#### Industry Standard Performance Indicators

Task	Target	Norfolk Results	Club Average
Letter detailing transfer in quote	10 days	94.5%	88.1%
Letter detailing transfer out quote	10 days	94.6%	82.8%
Process and pay refund	10 days	100.0%	92.9%
Initial letter acknowledging death of member	5 days	92.4%	92.9%
Letter notifying amount of dependent's benefits	10 days	85.5%	89.2%
Calculate and notify deferred benefits	30 days	98.2%	87.2%
<b>AVERAGE</b>		<b>94.2%</b>	<b>88.8%</b>

We use this data to target areas of improvement in our service provision. It helps us to understand the specific service pressures that the Fund faces and to operate as effectively and efficiently as we can.

## Top Case Types

The table shows the top case types processed by the Norfolk Pension Fund during the period 1 April to 31 March.

Case Type	CIPFA Standard	2021-22		2022-23	
		Volume	% within CIPFA Standard	Volume	% within CIPFA Standard
Transfer In Quotes	10 days	308	94.1	280	94.6
Transfer Out Quotes	10 days	562	96.8	501	92.1
Refund Payments	5 days	496	100.0	663	100.0
Estimate of Retirement Benefits	10 days	1,464	96.0	1,184	94.5
Actual Retirement Benefits	5 days	1,671	99.2	1,695	98.7
Acknowledgement Death of Member	5 days	838	91.8	946	94.7
Notify Dependant's Benefits	5 days	323	85.1	306	88.2
Notify Deferred Benefits	10 days	2,297	98.0	2,065	92.8
<b>TOTAL</b>		<b>7,959</b>	<b>95.1</b>	<b>7,640</b>	<b>94.5</b>

## Analysis of Scheme Membership

The Norfolk Pension Fund Unit Cost per Member for the period 1 April 2021 to 31 March 2023 is shown in the table below.

Process	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Investment Expenses</b>					
Total cost £'000	17,960	21,782	26,204	23,095	25,782
Total Membership (Nos)	91,368	92,360	94,733	98,780	99,134
Cost per member (£)	196.57	235.84	276.61	233.80	260.07
<b>Administration Costs</b>					
Total cost £'000	1,858	1,858	2,109	2,111	2,163
Total Membership (Nos)	91,368	92,360	94,733	98,780	99,134
Cost per member (£)	20.34	20.12	22.26	21.37	21.81
<b>Oversight and Governance Costs</b>					
Total cost £'000	816	887	653	906	1,022
Total Membership (Nos)	91,368	92,360	94,733	98,780	99,134
Cost per member (£)	8.93	9.60	6.89	9.17	10.31

[Please note, the cost per member figures in the table above are based on the administrative costs disclosed in note 11. Management Expenses of the attached Statement of Accounts. This differs to CIPFA cost per member calculations which use different criteria for administration costs and make adjustments to remove one-off project costs and an element of staffing.]

The table below shows a 8% increase in scheme membership since 2018-19. There has been a 2% increase in active scheme members, an 7% increase in deferred members and an 17% increase in pensioners (retired members).

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Active</b>	29,067	29,317	30,257	29,985	29,757
<b>Deferred</b>	36,947	36,700	37,106	40,305	39,715
<b>Pensioner</b>	25,354	26,343	27,370	28,490	29,662
<b>Total</b>	<b>91,368</b>	<b>92,360</b>	<b>94,733</b>	<b>98,780</b>	<b>99,134</b>

## Membership Age Profile

The following tables show the age profile of active, deferred and retired scheme members.

### Active Scheme Member Age Profile

Age Band	Percentage of Members	Number of Members
0-16	0.1%	20
17-32	17.3%	5,134
33-48	36.7%	10,925
49-64	42.7%	12,713
65-69	2.7%	809
70+	0.5%	156

### Deferred Scheme Member Age Profile

Age Band	Percentage of Members	Number of Members
0-16	0.0%	3
17-32	12.0%	4,782
33-48	36.9%	14,661
49-64	48.4%	19,210
65-69	1.9%	767
70+	0.7%	292

### Retired Scheme Member Age profile

Age Band	Percentage of Members	Number of Members
0-49	0.8%	243
50-54	0.5%	156
55-59	4.5%	1,333
60-64	13.5%	4,015
65-69	24.4%	7,225
70+	56.3%	16,690

## Breakdown of retirements

1,546 scheme members retired during 2022-23, broken down into the different retirement types shown in the table below.

Retirement Type	Number of Retirements
55 to State Pension Age Voluntary	1,088
Over State Pension Age (Late)	224
Employer consent	85
Redundancy/Efficiency	50
Flexible	47
Incapacity/Ill health	52
<b>TOTAL</b>	<b>1,546</b>

## Employer contributions

As at 31 March 2023 there were 425 employers with active members in the Fund.

A list of contributing employers is show at Appendix I.

The table below provides a split of contributions analysed by employer body.

2022-23	£'000
Administering authority	79,513
Other scheduled bodies	87,659
Community admission bodies	4,495
Transferee admission bodies	2,652
Resolution bodies	10,639
<b>Total</b>	<b>184,958</b>

All employers are required to lodge employer discretion policies with the Fund and these are reviewed annually. Pension advice for employers undertaking TUPE staff transfers are encouraged to contact the fund in the first instance.

Details of the admission policy for new admitted bodies is contained in Appendix VI, the Funding Strategy Statement.

## Customer Satisfaction

We gather feedback on our service from our customers that helps us identify areas of improvement and opportunities for efficiency.

### **Employer Forums, 21 July 2022 and 29 November 2022**

97% of respondents gave an overall assessment of the Forums as Excellent/Very Good.

Comments included: 'Good informative session'; 'Good overview of the Fund's position and upcoming changes it faces'; 'Very informative' and 'Very informative on the overall position of the Norfolk Pension Fund'.

### **Scheme Member Pension Clinics, 24 to 27 October 2022**

100% of respondents said they were 'Very satisfied' or 'Satisfied' with the service received at the Clinics.

Comments included: 'Matters were explained clearly'; 'All very good. Staff very helpful'; 'Staff were very helpful'; 'Answered all my questions'; 'Friendly, punctual service. Answered all the questions I asked'; 'It was brilliant – very methodical'; 'I had very little knowledge of how the scheme worked but now have a much better understanding' and 'Clear information. Answered my queries'.

### **Primetime (retired members newsletter) survey**

100% of respondents rated the service they received from the Norfolk Pension Fund as Excellent/Very Good.

## Key Staffing Indicators

The chart below details the Norfolk Pension Fund Key Staffing Indicators including staff turnover, ratio of staff to scheme members and ratio of staff to the number of case items. The results are for the period 1 April to 31 March.

	2018-19		2019-20		2020-21		2021-22		2022-23	
Staff Joining	7%	4	14%	2	7%	4	14%	2	1	1
Staff Leaving	7%	1	4%	1	7%	1	4%	1	2	2
Total Staff (FTE)	28.5		28		28		28.9		28.6	
LGPS Admin Staff (FTE)	22		22		22		22.3		22.8	
Total Scheme Membership	91,368		92,360		94,733		98,780		99,134	
Members per LGPS Admin Staff (FTE)	4,153		4,198		4,306		4,429		4,348	
Staff to Member Ratio	1:189		1:191		1:195		1:199		1:191	
Case Items	8,819		8,891		7,187		7,959		7,640	
Case Items per LGS Admin Staff (FTE)	401		404		327		357		335	
Staff to Case Item Ratio	1:18		1:18		1:15		1:16		1:15	

(FTE) = Full-time equivalent

## National LGPS Frameworks

National LGPS Frameworks is a 'not for profit' national collaboration between LGPS funds and pools to efficiently procure specialist pension related services.

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).

Using the National LGPS Frameworks saves LGPS funds and pools significant time and money by allowing quicker and more efficient procurement of high-quality and value for money services. The frameworks allow users to leverage better prices whilst still making local decisions about service requirements.

Since the inception of National LGPS Frameworks in 2012, the LGPS has already collectively benefited from more than £163m in savings:

- 7 live frameworks in place and 13 Expired Frameworks being administered and supported
- 45 funds and pools have acted as 'Founding Authorities'
- 108 funds and pools joining the Frameworks (plus 16 non-LGPS users)
- 481 contracts awarded
- 195 years of estimated effort saved by procuring through the Frameworks
- More than £3m cumulative rebate paid since 2012 to 98 Users
- 72 Providers to the Frameworks



National LGPS  
**Frameworks**

[www.nationallgpsframeworks.org](http://www.nationallgpsframeworks.org)

Helpline: 01603 306846

General enquiries: [nationalLGPSframeworks@norfolk.gov.uk](mailto:nationalLGPSframeworks@norfolk.gov.uk)



# Actuarial Report on Funds

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This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

## Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG (Environmental, Social & Governance) policies.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

## Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £4,901 million, were sufficient to meet 106% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £289 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

## Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.3% pa
Salary increase assumption	3.4% pa
Benefit increase assumption (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.6 years
Future Pensioners*	22.9 years	26.2 years

\*Aged 45 at the 2019 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

### Experience over the period since 31 March 2022

Markets continued to be disrupted by the ongoing war in Ukraine and inflationary pressures, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023. Despite this, the funding level of the Fund is likely to be higher than reported at the previous formal valuation at 31 March 2022 due to the significant rise in interest rates which reduces the value placed on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

# Governance

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## Governance Strategy Statement

The Norfolk Pension Fund publishes a Governance Strategy Statement each year. The latest version of this document can be viewed at Appendix XI and on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

The Governance Strategy Statement reflects the Fund's commitment to transparency and engagement with employers and scheme members.

We monitor, review and consult where appropriate to ensure that our governance arrangements continue to be effective and relevant.

Norfolk Pension Fund is committed to the principles of good governance.

## Governance Compliance Statement

The Norfolk Pension Fund is fully compliant with the principles set out in the Local Government Pension Scheme Regulations 2013 (as amended) Regulation 55.

The full Governance Compliance Statement is at Appendix IV.

## Administering Authority

Norfolk County Council (NCC) is the Administering Authority of the Norfolk Pension Fund and administers the LGPS on behalf of its participating employers.

- NCC has delegated its pensions functions to the Pensions Committee
- NCC has delegated responsibility for the administration and financial accounting of the Fund to the Executive Director of Finance and Commercial Services
- The Norfolk Pension Fund has established a Local Pension Board (known locally as the Pensions Oversight Board)
- This report supports NCC's Annual Governance Statement, which is published in the NCC Annual Statement of Accounts

## Pensions Committee

The Pensions Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pensions Committee meets quarterly to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary

### Pensions Committee Membership 2022-23

<b>Chairman:</b>	<b>Norfolk County Councillor</b>	Judy Oliver
<b>Vice-Chairman:</b>	<b>District Councillor (co-opted by the Local Government Association)</b>	Alan Waters
	<b>Norfolk County Councillor</b>	Alison Birmingham
	<b>Norfolk County Councillor</b>	William Richmond
	<b>Norfolk County Councillor</b>	Daniel Roper
	<b>Norfolk County Councillor</b>	Martin Storey
	<b>District Councillor (co-opted by the Local Government Association)</b>	John Fuller
	<b>Staff Representative</b>	Steve Aspin
	<b>Observer</b>	Any participating employers
<b>Other attendees:</b>	<b>Administrator of the Fund (NCC Executive Director of Finance and Commercial Services)</b>	Simon George
	<b>Director of the Norfolk Pension Fund</b>	Glenn Cossey
	<b>Investment Advisor to the Fund</b>	David Walker (Hymans Robertson LLP)

## **Pensions Committee Training**

A Training Strategy is maintained to develop and maintain knowledge and skills to support good and timely decision making.

The training needs of the Pensions Committee is considered in line with CIPFA Knowledge and Skills Framework alongside the 12-month agenda planning process. Training is business driven, therefore the programme is flexible. This allows us to effectively align training with operational needs and current agenda items, helping to support member decision making.

All Pensions Committee and Pension Oversight Board Members have access to the LGPS Online Learning Academy (LOLA) which includes modules on An introduction to the LGPS, LGPS Governance & Oversight Bodies, Administration & Fund Management, Funding and Actuarial Matters, Investments, and Current Issues.

All new Committee Members attend induction training.

Member training is supplemented by attendance at Local Government Association (LGA) and other associated events.

A training log is maintained.

## Pensions Committee Meetings and Training

		Steve Aspin	Alison Birmingham	John Fuller	Judy Oliver	William Richmond	Daniel Roper	Martin Storey	Alan Waters
March 2023	Pensions Committee		✓	✓	✓	✓		✓	✓
February 2023	Link Investor Day				✓				
January 2023	LGPS Governance Conference				✓				
December 2022	Pensions Committee	✓	✓	✓	✓	✓		✓	
November 2022	Baillie Gifford LA Investment & Training Seminar	✓	✓	✓	✓	✓	✓	✓	✓
September 2022	Pensions Committee		✓	✓	✓	✓	✓	✓	✓
September 2022	ESG (Environmental, Social and Governance) Workshop	✓			✓	✓			✓
July 2022	LAPF Strategic Investment Forum	✓							
June 2022	Pensions Committee		✓	✓	✓	✓			

# Annual Report from the Pensions Oversight Board

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This is the Annual Report of the Norfolk Pension Fund Pensions Oversight Board (POB), covering the period from 1 April 2022 to 31 March 2023.

## Role and Function

The Norfolk Pension Fund Pensions Oversight Board was established as the Local Pension Board for the Norfolk Pension Fund in accordance with section 5 of the Public Service Pension Act 2013 and Part 3 of the LGPS Regulations 2013.



**Brian Wigg**  
Chairman, Pensions  
Oversight Board

The remit of the POB includes assisting the Administering Authority as Scheme Manager:

- to secure compliance with the LGPS regulations and any other legislation relating to governance and administration of the LGPS
- to secure compliance with requirements imposed in relation to the LGPS by the Pension Regulator.

The Terms of Reference for the Norfolk Pension Fund Pensions Oversight Board (Local Pension Board) are available on the Norfolk Pension Fund's website:

[www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/](http://www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/)

## Membership

Membership of the Pensions Oversight Board is structured as follows:

- three scheme member representatives of which one has been nominated by the trade unions and the rest drawn from the total scheme membership
- three employer representatives made up of Norfolk County Council (one), precepting/levying employers (one), other employers (one)
- one independent non-voting chairman

Membership of the Board during the period April 2022 to March 2023 was as follows:

<b>Role</b>	<b>Representing</b>	<b>Appointment</b>
<b>Independent Chair</b>		Brian Wigg
<b>Scheme Member representatives</b>	Trade Union nominee	Vacancy
	Active/Deferred representative	Frances Crum
	Pensioner representative	Peter Baker
<b>Employer representatives</b>	Norfolk County Council representative	Sally Albrow
	Precepting/levying employers representative	Councillor Chris Walker, Poringland Parish Council
	Other employers representative	Howard Nelson, Diocese of Norwich Education and Academies Trust (resigned March 2023)



## **Pensions Oversight Board Meetings**

The Pensions Oversight Board met four times during the year – in May 2022, September 2022, November 2022 and February 2023. Whilst the Board meets virtually for most meetings, the November meeting was ‘in person’.

In addition to these meetings, Pensions Oversight Board Members have attended each of the Pensions Committee meetings between April 2022 and March 2023. The Chairman and Retired Members member also observed the ACCESS Joint Committee meeting in March 2023.

During the reporting period the areas reviewed and contributed to have included:

- LGPS reform, and the impact on the Norfolk Pension Fund and its stakeholders
- Norfolk Pension Fund: operational performance, compliance and strategic review
- 2022 triennial valuation
- Investment pooling (including transition of assets to the ACCESS pool)
- Budget setting process
- Risk Management and reporting
- Cyber and data security management
- Audit Reports

The Pensions Oversight Board maintains a forward work programme, aligned to the Pensions Committee work programme.

Average attendance at POB meetings during the year was 82%.

## **Pension Oversight Board Member Training**

In order to fulfil their role effectively and to comply with requirements imposed by regulations which are enforced by the Pensions Regulator, the members of the Pensions Oversight Board are required to maintain their knowledge and understanding of the LGPS and pensions in general, so receive appropriate training.

The Fund maintains a Training Strategy to support Board, Committee and Officers.

All Pensions Oversight Board members receive introductory training and resources. Board members have access to the LGPS Online Learning Academy and are encouraged and make use of other resources and training opportunities. Board members have attended a wide range of virtual and in person training offered through the year, including webinars and conferences.

Together with members of Pensions Committee, Pensions Oversight Board members participated in the National Knowledge Assessment Survey. The results of the Survey help inform the development training plans for the Norfolk Pension Fund.

Knowledge and skills are considered at each meeting, to help shape future development needs aligned with their forward work programme. Details of observing at Pensions Committee meetings and training events (internal and external) are recorded throughout the year.

The Board acknowledges the opportunity of working closely with Pensions Committee.

A handwritten signature in black ink, appearing to read 'B Wigg', written in a cursive style.

**Brian Wigg**  
**Chairman of the Norfolk Pension Fund Pensions Oversight Board**  
**16 May 2023**

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## Pensions Committee and Pensions Oversight Board Members Codes of Conduct

Pensions Committee Members must comply with the Norfolk County Council Members Code of Conduct which focuses upon 'The 7 Nolan principles of public life' of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

It sets an objective, non-political and high standard the purpose of which is to remind members of the Authority of the behaviour expected of them in public life and to set out clearly the key principles against which their conduct will be measured.

A copy of the 'Members' Code of Conduct' is available at Appendix VII.

Pensions Oversight Board Members are also required to comply with the 'The 7 Nolan principles of public life' as detailed at <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>.

### Conflict of interest: Pensions Committee

There is a standing agenda item at each Pensions Committee meeting for Members to declare any interests:

*"If you have 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 that 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 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:*

- *your wellbeing or financial position*
- *that of your family or close friends*
- *that of a club or society in which you have a management role*
- *that of another public body of which you are a member to a greater extent than others in your ward*

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

## Conflict of Interests: Pensions Oversight Board

There is a standing agenda item at each Pensions Oversight Board meeting for Members to declare any interests:

*“Declarations of interest*

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

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

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

## Accountability and Transparency

Pensions Committee agendas, reports and minutes are published on the Norfolk County Council website at [www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetings-decisions-and-elections/committees-agendas-and-recent-decisions](http://www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetings-decisions-and-elections/committees-agendas-and-recent-decisions) under Other Committees.

Pensions Committee meetings are open to members of the public.

Pensions Oversight Board agendas, reports and minutes are published on the Norfolk Pension Fund website at [www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/](http://www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/)

## ACCESS Joint Committee

The eleven ACCESS participating Funds are each administering authorities within the Local Government Pension Scheme, as set out in the Local Government Pension Scheme regulations 2013.

Each authority administers, maintains and invests their own respective funds within the LGPS in accordance with these regulations and the LGPS investment Regulations. The ACCESS authorities have signed an Inter Authority Agreement which sets out how

they will work together.

The Inter Authority Agreement is at <http://www.accesspool.org/document/366>.

The Inter Authority Agreement (Schedule 1) confirms the ACCESS governing principles, which can be viewed at <http://www.accesspool.org/document/17>.

Administering Authority Section 101 Committees ('Pensions Committees') are represented at the Joint Committee. A list of Joint Committee Members can be viewed at <https://www.accesspool.org/governance/governance-1/>.

The Norfolk Pension Fund Pensions Committee and Pensions Oversight Board are regularly updated and review the work of the Joint Committee, the Operator and ACCESS investment performance.

## Reference Material

The following documents can be viewed or downloaded from the Norfolk Pension Fund's website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org):

- Annual Report and Accounts
- Customer Care and Communication Strategy
- Employer Newsletters
- Funding Strategy Statement
- Governance Strategy Statement
- Primetime (retired members newsletter)
- Sample Annual Benefit Statements
- Investment Strategy Statement
- Voting Records
- Pensions Administration Strategy
- Climate risk reporting

In addition, the following documents are available from the Norfolk Pension Fund:

- Confidentiality Policy
- Full Privacy Notice (including data protection policy)
- Governance Compliance Statement
- Information Security Policy

# National Asset Pools ACCESS Annual Report 2022-23

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## Foreword

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**Cllr Mark Kemp-Gee**  
Chairman, ACCESS Joint Committee



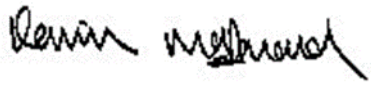
## Introduction

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**Kevin McDonald**

Director of ACCESS Support Unit

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## Pool Costs

Details of the set-up costs, transition costs and ongoing operational costs incurred by the Norfolk Pension Fund in respect of the ACCESS Pool are detailed below. The table reflects the costs incurred in financial year 2022-23 and shows the cumulative costs to date since financial year 2015-16 when the initial set up of the ACCESS Pool commenced. During 2022-23, Janus Henderson Multi Asset Credit was transitioned to the Pool.

Whilst the Fund has incurred costs associated with the set-up of the Pool, and transition of the assets, the Fund has also benefitted from a number of savings. The table below shows the savings made in 2022-23 and the total savings to date since financial year 2015-16.

	2022-23	
	Actual	Actual
	In Year	Cumulative to date
	£'000	£'000
Set Up Costs	0	183
Transition Costs	38	373
Ongoing Operational Costs	107	547
<b>Total Costs</b>	<b>145</b>	<b>1,103</b>
<b>Pool Fee Savings</b>	<b>1,410</b>	<b>11,578</b>
<b>Net Savings Realised</b>	<b>1,265</b>	<b>10,484</b>



The analysis below shows the investment expenses incurred during the financial year 2022-23 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the Pool. The analysis includes costs captured through the cost transparency code.

2022-23	Asset Pool				Non-Asset Pool				Fund Total	
	Direct £000s	Indirect £000s	Total £000s	bps	Direct £000s	Indirect £000s	Total £000s	bps	£000s	bps
<b>Management Fees</b>										
Invoice Fees (excl VAT)	0	0	0	0	1,777	0	1,777	5	1,777	5
Performance	0	0	0	0	0	1,151	1,151	3	1,151	3
Fees paid from NAV Pooled Funds	0	5,774	5,774	15	0	20,453	20,453	53	26,227	68
Broker Commission	345	0	345	1	23	0	23	0	367	1
Transaction Taxes	0	0	0	0	3	0	3	0	3	0
Implicit Costs	541	0	541	1	35	0	35	0	576	1
Legal and Advisory Fees	0	0	0	0	0	0	0	0	0	0
Other Transaction Costs	454	0	454	1	872	0	872	2	1,326	3
Indirect Transaction costs	0	0	0	0	0	6,692	6,692	17	6,692	17
<b>Custody</b>	0	0	0	0	21	0	21	0	21	0
<b>Other</b>	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,340</b>	<b>5,774</b>	<b>7,115</b>	<b>18</b>	<b>2,727</b>	<b>28,296</b>	<b>31,023</b>	<b>80</b>	<b>38,138</b>	<b>98</b>

The analysis below shows the investment assets that transitioned to the ACCESS Pool during financial year 2022-23 and the investment held outside of the Pool.

2022-23	Opening Value		Closing Value	
	£'000	%	£'000	%
<b>Asset Pool managed investments</b>				
Pooled Investment - Equities - active	1,750,032	35.78%	2,197,156	45.19%
<b>Total</b>	<b>1,750,032</b>	<b>35.78%</b>	<b>2,197,156</b>	<b>45.19%</b>
<b>Non-Asset Pool managed investments</b>				
UK Public Sector Quoted - active	32,257	0.66%	29,704	0.61%
UK Quoted - active	32,790	0.67%	30,266	0.62%
Equities - active	0	0.00%	0	0.00%
Pooled Investment vehicles - active	1,401,418	28.65%	989,466	20.35%
Pooled Investment vehicles - passive	310,701	6.35%	116,250	2.39%
Derivatives - Forward Currency	-5,295	-0.11%	7,029	0.14%
Property Funds	521,833	10.67%	462,996	9.52%
Property - directly held	1,046	0.02%	1,046	0.02%
Private Equity	414,125	8.47%	450,517	9.27%
Infrastructure	372,010	7.61%	472,263	9.71%
Timberland	19,077	0.39%	56,698	1.17%
Cash	41,176	0.84%	48,546	1.00%
<b>Total</b>	<b>3,141,138</b>	<b>64.22%</b>	<b>2,664,781</b>	<b>54.81%</b>
<b>Total Fund</b>	<b>4,891,170</b>	<b>100.00%</b>	<b>4,861,937</b>	<b>100.00%</b>

2021-22	Opening Value		Closing Value	
	£'000	%	£'000	%
<b>Asset Pool managed investments</b>				
Pooled Investment - Equities - active	1,742,187	38.72%	1,750,032	35.78%
<b>Total</b>	<b>1,742,187</b>	<b>38.72%</b>	<b>1,750,032</b>	<b>35.78%</b>
<b>Non-Asset Pool managed investments</b>				
UK Public Sector Quoted - active	31,832	0.71%	32,257	0.66%
UK Quoted - active	33,256	0.74%	32,790	0.67%
Equities - active	0	0.00%	0	0.00%
Pooled Investment vehicles - active	1,303,656	28.97%	1,401,418	28.65%
Pooled Investment vehicles - passive	270,520	6.01%	310,701	6.35%
Derivatives - Forward Currency	-447	-0.01%	-5,295	-0.11%
Property Funds	409,086	9.09%	521,833	10.67%
Property - directly held	1,210	0.03%	1,046	0.02%
Private Equity	353,184	7.85%	414,125	8.47%
Infrastructure	261,144	5.80%	372,010	7.61%
Timberland	12,504	0.28%	19,077	0.39%
Cash	81,133	1.80%	41,176	0.84%
<b>Total</b>	<b>2,757,078</b>	<b>61.28%</b>	<b>3,141,138</b>	<b>64.22%</b>
<b>Total Fund</b>	<b>4,499,265</b>	<b>100.00%</b>	<b>4,891,170</b>	<b>100.00%</b>

# Pension Administration Strategy Report

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The Norfolk Pension Fund Pension Administration Strategy (PAS) sets out the requirements of employers which will enable them and the Norfolk Pension Fund to meet their legal obligations in respect of the Local Government Pension Scheme (LGPS).

The aim of the PAS is to detail requirements for liaison and communication between employers and the Norfolk Pension Fund and to establish minimum levels of administrative performance required by all parties to meet their statutory obligations. The PAS aims to promote good working relationships and improve transparency, efficiency and quality.

Norfolk Pension Fund works closely with employers to identify areas of poor performance and ensure where necessary training and development are undertaken to address any shortcomings.

This close working relationship has ensured that all our scheme employers have met required service standards in respect of providing the Fund with:

- the name of an employer contact (Pension Liaison Officer)
- an employer discretions policy document
- a statement of compliance regarding the administration of the scheme
- timely data submissions
- timely response to enquiries by the Fund

This collaborative approach means during 2022-23 that the Fund has not been required to:

- issue any employer Improvement Notice
- recharge any employer for administration costs due to failure to comply with requirements
- recover any costs from any employer for excessive service requests
- recharge any employer with other charges or obligations (e.g. fine imposed on the Norfolk Pension Fund by regulatory bodies) which relate to performance of the employer
- issue a penalty to any employer for failure to meet their statutory obligations

A copy of the Pension Administration Strategy is available at Appendix XII and on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

# Customer Care and Communication Strategy Statement

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The Norfolk Pension Fund is committed to delivering a consistently high level of performance and customer service. Excellent communication is core to this commitment.

In all our communications we aim to:

- Provide clear, relevant, accurate, accessible and timely information
- Carefully listen, consider and respond to communications we receive
- Use plain English where possible and avoid unnecessary jargon
- Use the communication method that best suits the audience and the information being passed on

How we achieve these objectives is detailed in our Customer Care and Communication Strategy Statement, which can be found at Appendix X and on our website at [www.norfolkpensionfund.org/help/how-we-keep-in-touch/](http://www.norfolkpensionfund.org/help/how-we-keep-in-touch/)

The Statement sets out who our main customers and contacts are, detailing how and when we communicate with them. We continually review and monitor our communications and the Statement is formally reviewed and endorsed each year by the Pensions Committee.



# **Norfolk Pension Fund**

## **Statement of Accounts 2022-23**

# Statement of Responsibilities

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## The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Strategic Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the statement of accounts.

## The Director of Strategic Finance's Responsibilities

The Director of Strategic Finance is responsible for the preparation of the Pension Fund statement of accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this statement of accounts, the Director of Strategic Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Director of Strategic Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Certificate by Director of Strategic Finance

I certify the statement of accounts set out on pages **XX** to **XX** presents a true and fair view of the financial position of the Norfolk Pension Fund at the accounting date and its income and expenditure for the year ended 31 March 2023.

Signed: \_\_\_\_\_  
Harvey Bullen  
Director of Strategic Finance

Date: **XX XXXXXXXX** 2023

# Independent Auditor's Report

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## Independent Auditor's Statement to the Members of Norfolk County Council on the Pension Fund Financial Statements

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# Revenue and Fund Account

For the Year Ended 31 March 2023

2021-22 £000		Notes	2022-23 £000
	<b>Dealings with members, employers and others directly involved in the Fund</b>		
169,810	Contributions	7	184,958
7,819	Transfers in from other pension funds	8	11,626
<b>177,629</b>			<b>196,584</b>
-155,016	Benefits	9	-160,774
-12,648	Payments to and on account of leavers	10	-6,883
<b>-167,664</b>			<b>-167,657</b>
<b>9,965</b>	<b>Net additions/withdrawals from dealings with members</b>		<b>28,927</b>
-26,760	Management Expenses	11	-31,433
<b>-16,795</b>	<b>Net additions/withdrawals from dealings with members Including Fund Management Expenses</b>		<b>-2,506</b>
	<b>Returns on investments</b>		
69,637	Investment income	12	76,068
-25	Taxes on income	13a	-1
332,266	Profit and losses on disposal of investments and changes in the market value of investments	14a	-106,120
<b>401,878</b>	<b>Net return on investments</b>		<b>-30,053</b>
<b>385,083</b>	<b>Net increase/decrease in the net assets available for benefits during the year</b>		<b>-32,559</b>
<b>4,527,097</b>	<b>Opening net assets of the scheme</b>		<b>4,912,180</b>
<b>4,912,180</b>	<b>Closing net assets of the scheme</b>		<b>4,879,621</b>

# Net Assets Statement

As at 31 March 2023

2021-22 £000		Notes	2022-23 £000
4,901,001	Investment assets	14	4,862,783
-9,831	Investment liabilities	14	-846
<b>4,891,170</b>	<b>Total Net Investments</b>		<b>4,861,937</b>
506	Long term debtors	21	509
<b>506</b>			<b>509</b>
	<b>Current Assets</b>		
19,006	Debtors	21	16,110
10,350	Cash in hand	21	8,177
<b>29,356</b>			<b>24,287</b>
	<b>Current Liabilities</b>		
-8,852	Creditors	22	-7,112
<b>-8,852</b>			<b>-7,112</b>
<b>20,504</b>	<b>Net current assets</b>		<b>17,175</b>
<b>4,912,180</b>	<b>Net assets of the Fund available to fund benefits at the period end</b>		<b>4,879,621</b>

The Fund account and the net assets statement do not take account of liabilities to pay pensions and other benefits after the period end. The ability to meet these future liabilities is considered by the Fund actuary as part of the triennial formal valuation process. Information relating to the valuation of these liabilities is shown in note 20.

Signed:

.....  
Harvey Bullen  
Director of Strategic Finance

Date: XX XXXXXX 2023

# Notes to the Accounts

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## 1. Description of Fund

The Norfolk Pension Fund ("the Fund") is part of the Local Government Pension Scheme and is administered by Norfolk County Council ("the Administering Authority"). The Administering Authority is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Norfolk Pension Fund Annual Report 2022-23 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

### a) General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016 (as amended)

It is a contributory defined benefit pension scheme administered by Norfolk County Council to provide pensions and other benefits for pensionable employees of Norfolk County Council, the district councils in Norfolk and a range of other scheduled and admitted bodies. Teachers, police officers and fire fighters are not included as they come within other national public sector pension schemes.

The Council has delegated its pension functions to the Pensions Committee. Responsibility for the administration and financial management of the Fund has been delegated to the Director of Strategic Finance.

The Pension Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Committee meets quarterly in order to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to ensure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary

## **b) Membership**

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Norfolk Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector

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There are currently 425 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below. This is a net decrease of two employers since 31 March 2022.

	31 March 2022	31 March 2023
<b>Number of Employers with Active Members</b>	<b>427</b>	<b>425</b>
<b>Full membership including employers with deferred and legacy pension commitments</b>		
<b>Number of Employees in Scheme</b>		
Norfolk County Council	13,257	12,553
Other Employers	16,728	17,204
<b>Total</b>	<b>29,985</b>	<b>29,757</b>
<b>Number of Pensioners</b>		
Norfolk County Council	14,432	14,915
Other Employers	14,058	14,747
<b>Total</b>	<b>28,490</b>	<b>29,662</b>
<b>Deferred Pensioners</b>		
Norfolk County Council	20,343	19,144
Other Employers	19,964	20,571
<b>Total</b>	<b>40,307</b>	<b>39,715</b>
<b>Total Members membership including employers with deferred and legacy pension commitments</b>	<b>98,782</b>	<b>99,134</b>

The movement in employer numbers is due to the following employers leaving or joining the Fund during the financial year:

Employers ceasing to have active employees in the Fund:	Employers joining the active section of the Fund:
1. Aspens Services (Caister Academy)	1. Alburgh with Denton C of E Primary
2. Capita (Breckland Contract)	2. Churchill Services (Broadland District Council)
3. Childhood First	3. Churchill Services (Easton College)
4. Churchill Services (Acle Academy)	4. Morley C of E Primary
5. Churchill Services (Eastern MAT)	5. Mulbarton Parish Council
6. Edwards & Blake (Reepham High)	6. Snettisham Parish Council
7. Harleston CofE Primary	7. St Michaels Family Centre
8. Harrison Catering (Dussindale Primary)	8. Tacolneston C of E Primary
9. Norfolk Educational Services (NES)	9. The Bridge Easton School
10. NPS (Norwich) Ltd	10. TIAA Ltd (South Norfolk District Council)
11. Ormesby St Margaret with Scratby Parish Council	11. Trowse with Newton Parish Council
12. Stalham Town Council	
13. Winterton-on-Sea Parish Council	

A full list of participating employers is shown in Appendix I.

### c) Funding

Benefits are funded by employee and employer contributions and investment earnings. For the financial year ending 31 March 2023, employee contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of actual pensionable pay.

Banding depends on a member's actual annual pay rate. The table below shows the bands for 2022-23 and 2023-24.

Employee contribution rates are prescribed by the governing regulations and cannot be varied locally. Employers' contributions are set based on triennial actuarial funding valuations.

The March 2019 triennial valuation set the rates payable by employers for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2023. Excluding lump sum deficit recovery payments these rates range from 0% to 48.1% of actual pensionable pay.

Actual Pensionable Pay 2022-23	Contribution rate per year	Actual Pensionable Pay 2023-24	Contribution rate per year
Up to £15,000	5.5%	Up to £16,500	5.5%
£15,001 to £23,600	5.8%	£16,501 to £25,900	5.8%
£23,601 to £38,300	6.5%	£25,901 to £42,100	6.5%
£38,301 to £48,500	6.8%	£42,101 to £53,300	6.8%
£48,501 to £67,900	8.5%	£53,301 to £74,700	8.5%
£67,901 to £96,200	9.9%	£74,701 to £105,900	9.9%
£96,201 to £113,400	10.5%	£105,901 to £124,800	10.5%
£113,401 to £170,100	11.4%	£124,801 to £187,200	11.4%
£170,101 or more	12.5%	£187,201 or more	12.5%

#### d) Benefits

Pension benefits under the LGPS (until March 2014) were based on final pensionable pay and length of pensionable service. From 1<sup>st</sup> April 2014 the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49<sup>th</sup>.

	Membership before April 2008	Membership April 2008 to March 2014	Membership from April 2014
<b>Pension</b>	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary	1/49 of pensionable pay in each year
<b>Lump Sum</b>	Automatic lump sum of 3 x salary	No automatic lump sum	No automatic lump sum
<b>Additional Lump sum</b>	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up

Benefits are index-linked in order to keep pace with inflation. In June 2010, the Government announced that the method of indexation would change from the retail prices index (RPI) to the consumer prices index (CPI). This change took effect from 1 April 2011. The appropriate index for April 2023 is 10.1% (3.1% April 2022).

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For details, please contact the Fund.

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## 2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2022-23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the Code) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed in accordance with the requirements of International Accounting Standard (IAS) 26. Full details of this approach are disclosed at note 20 of these accounts.

The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 30<sup>th</sup> November 2023, management of the fund have considered the additional qualitative and quantitative key requirements:

- The basis for preparation is supported by legislation for local authorities, and the Code requirements on the basis of the continuation of services;
- All employers within the fund are paying contributions as per the rates and adjustment certificate. No employer has requested to defer their payments within the 2022-23 financial year, or within 2023-24 to date;
- The fund does not have any external borrowing; and  
The fund has an allocation of 47% to public equities, 19% to liquid fixed income and holds around 1% of the Fund in cash (investment and current cash balances). These are assets that can be liquidated to pay benefits should the need arise.

On this basis, the fund has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

### 3. Summary of Significant Accounting Policies

#### Fund Account - Revenue Recognition

##### a) Contribution income

Employees' normal and additional contributions are accounted for when deducted from pay. Employer contributions are accounted for on the same basis as they are expressed in the Rates & Adjustments certificate to the relevant formal valuation. Employee and employer normal contributions are accounted for on an accruals basis.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

##### b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see notes 8 and 10).

Individual transfers in and out are accounted for on a cash basis when received or paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

##### c) Investment income

###### i) Interest income

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

**ii) Dividend income**

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

**iii) Distributions from pooled funds**

Income distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

**iv) Property-related income**

Property-related income consists of rental income and income from pooled property investment vehicles. Income from pooled property investment vehicles is recognised as in iii) above.

**v) Movement in the net market value of investments**

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

**Fund Account - Expense Items**

**d) Benefits payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

**e) Taxation**

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

**f) Management expenses**

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

**g) Administrative expenses**

All administrative expenses are accounted for on an accruals basis. All costs incurred in respect of the administration of the Fund by the Administering Authority are charged to the Fund. These include staff, accommodation and IT costs.

#### h) Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management and other overheads are apportioned to this activity and charged as expenses to the fund.

#### i) Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. Fund Manager fees are broadly based on the market value of the assets under management and therefore increase or reduce as the value of these investments change. Fees payable to external investment managers and the custodian are in accordance with the contractual agreements with the Fund.

In addition, the Fund has agreements with the following managers that an element of their fee is performance related:

Manager	Asset Class
Janus Henderson Global Investors	Fixed Income
Pantheon	Infrastructure
J.P. Morgan Asset Management	Infrastructure
Equitix	Infrastructure
Stafford International	Timberland
M&G	Fixed Income

	2021-22 £000	2022-23 £000
Performance-related fees	725	1,034

Where an investment managers' fee invoice has not been received by the Net Asset Statement date, an estimate based upon the market value of their mandate as at the end of the year plus any appropriate performance allowance is used for inclusion in the Fund account.



	2021-22 £000	2022-23 £000
Value of invoiced fees based on estimates (excluding performance fees and fee rebates)	3,408	5,019

The cost of obtaining investment advice from external consultants, investment performance measurement, governance and voting and custody is included within management expenses under the relevant heading.

## Net Assets Statement

### j) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised by the Fund in the Fund Account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the code of practice and IFRS13 (see note 16a). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

### k) Freehold and leasehold properties

The direct freehold property holding was valued as at 31 March 2022. The direct freehold property holding is valued every 3 years at the year-end date in line with the triennial valuation of the Fund. The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition). The next valuation will be as at 31 March 2025.

### l) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

### m) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

**n) Cash and cash equivalents**

Cash comprises cash in hand and demand deposits as arising. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash and cash equivalents held with the global custodian (Northern Trust) are classified as cash deposits within other investment balances. Operational cash balances managed by the Administering Authority's treasury management operations are disclosed as cash in hand within current assets.

**o) Financial liabilities**

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

**p) Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

q) As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (note 20).

**r) Additional voluntary contributions (AVCs)**

The Fund has three appointed providers of AVCs; Prudential, Clerical Medical and Utmost Life and Pensions (previously Equitable Life - a legacy arrangement that is not open to new contributors).

s) AVCs are held by the providers and do not form part of the Fund's assets. These amounts are not included in the main Fund accounts in accordance with Regulation 4 (1) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (note 23).

Members participating in these arrangements receive an annual statement at 31 March each year showing the amount held in their account and the movements in the year. Contributions are deducted from member salaries by their employer and paid directly to the AVC providers. AVCs may be used to fund additional retirement benefits or to purchase additional life cover at a level higher than that provided by the main scheme.

Upon retirement the value of an individual AVC account may be used in some or all the following ways depending on the circumstances of the retiring member:

1. Buy an annuity from a third-party provider
2. Buy an annuity within the LGPS
3. Take some of or the entire accumulated AVC fund as cash, if within limits set down in the scheme regulations and by HMRC
4. Under certain specific circumstances buy extra membership within the LGPS (this is a legacy right associated with some members only)

### **Accounting Standards issued but not yet adopted**

- t) The Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted. There are no accounting standards issued but not yet adopted which apply for 2022-23.

### **Contingent Assets and contingent liabilities**

- u) Contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

## 4. Critical Judgements in Applying Accounting Policies

### Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many factors.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Norfolk Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Funds managed by HarbourVest are subject to full valuations at 31 March each year. abrden Capital Partners funds are valued at 31 December and rolled forward for cash flows to 31 March.

	2021-22 £000	2022-23 £000
Value of unquoted private equity	414,125	450,516

### Pooled Investment Vehicle – Property/Freehold Property

Pooled investment vehicles are valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax.

Pooled property funds and Limited Partnerships in property have derived underlying assets that have been valued by independent external valuers on a fair value basis and generally in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition). The valuation of freehold property is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).

	2021-22 £000	2022-23 £000
Value of Pooled Investment Vehicle – Property/Freehold Property	522,878	464,041

### Infrastructure Equity Pooled Fund

Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. All assets are valued using income or discounted cash flows. Audited valuation is carried out annually and is based on the Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

	2021-22 £000	2022-23 £000
Value of Infrastructure Equity Pooled Fund	372,010	472,264

### Timberland Equity Pooled Fund

Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments. Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows. Audited valuations are carried out annually and based on the Fair value of the fund.

	2021-22 £000	2022-23 £000
Value of Timberland Equity Pooled Fund	20,502	56,698

### Pooled Illiquid Closed-Ended Debt Funds

Pooled investment vehicle is valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is reinvested in the Fund, net of applicable withholding tax. The credit fund is valued monthly on a Net Asset Value basis. The five debt funds are valued quarterly on a Net Asset Value basis.

	2021-22 £000	2022-23 £000
Value of Pooled Illiquid Closed-Ended Debt Funds	167,100	167,064

### Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary. The assumptions underpinning the valuations are agreed with the actuary and are summarised in note 19. In accordance with IAS26 the Fund is also required to disclose on an annual basis the actuarial present value of promised retirement benefits (see note 20). Actuarial methodology used in triennial valuations is different from that used

in IAS26, therefore they will produce different liability values at a common valuation date.

The liability estimates in notes 19 and 20 are subject to significant variances based on changes to the underlying assumptions and actual future experience related to the development of pension liabilities.

## 5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

- i) The preparation of financial statements requires the Administering Authority to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates

The key judgements and uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if actual results differ from assumptions		
Actuarial present value of promised retirement benefits (measured under IAS26)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm	CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:		
		<b>Sensitivity to the assumptions for the year ended 31 March 2023</b>	<b>Approximate % increase to liabilities</b>	<b>Approximate monetary amount (£m)</b>
		0.1% p.a. increase in the Pension Increase Rate	2%	£88m
		1 year increase in member life expectancy	4%	£195m
		0.1% p.a. increase in the Salary Increase Rate	0%	£8m
		0.1% p.a. decrease in the Real Discount Rate	2%	£80m

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.</p>	
Private Equity	<p>Private equity investments are valued at fair value in accordance with appropriate standards and guidance. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.</p>	<p>The total private equity investments in the financial statements are £450.5m. There is a risk that this investment may be under or overstated in the accounts.</p> <p>Generally, these investments are valued a minimum of a quarter in arrears. Actual valuations as at 31 March 2023 for all HarbourVest private equity investments have been used in the accounts.</p> <p>Estimated valuations (valued at 31 December 22 and rolled forward for cash flows to 31 March 23) for abrdn Capital Partners have been used in the accounts.</p>
Pooled Property/Freehold Property	<p>Pooled investment vehicles are valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled</p>	<p>The total pooled property/freehold property investments in the financial statements are £464m. There is a risk that this investment may be under or overstated in the accounts.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax. For freehold property the valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).</p>	
<p>Pooled Infrastructure Equity</p>	<p>Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. All assets are valued using</p>	<p>The total Pooled Infrastructure Equity investments in the financial statements are £472.3m. There is a risk that this investment may be under or overstated in the accounts.</p>



Item	Uncertainties	Effect if actual results differ from assumptions
	<p>income or discounted cash flows. Audited valuation is carried out annually and is based on the Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.</p>	
<p>Timberland Equity Pooled Fund</p>	<p>Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments. Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows.</p>	<p>The total Pooled Timberland Equity investments in the financial statements are £56.7m. There is a risk that this investment may be under or overstated in the accounts.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>Audited valuations are carried out annually and based on the Fair value of the fund.</p>	
<p>Pooled Illiquid Closed-Ended Debt Funds</p>	<p>Pooled investment vehicle is valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax. The credit fund is valued monthly on a Net Asset Value basis. The three debt funds are</p>	<p>The total Pooled Debt Fund investments in the financial statements are £167.1m. There is a risk that this investment may be under or overstated in the accounts.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
	valued quarterly on a Net Asset Value basis.	

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges as at 31 March.

Pooled Property/Direct Freehold Property	10.00%
Private Equity	15.00%
Pooled Infrastructure Equity	10.00%
Pooled Timberland Equity	10.00%
Pooled Debt Funds	10.00%
Pooled Real Estate Funds	12.00%

Full details of the impact on asset values are detailed in note 16.

## 6. Events after the Net Asset Statement Date

There have been no events since 31 March 2023, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

## 7. Contributions Receivable

### By Category

2021-22 £000		2022-23 £000
133,823	Employers – normal	145,201
70	Employers – special	0
824	Employers – strain	1,564
34,527	Members – normal	37,797
566	Members – purchase of additional scheme benefits	396
<b>169,810</b>		<b>184,958</b>

Employer Normal contributions include Deficit recovery (Secondary) contributions as shown below. Where applicable the actuarial certification of the employers' contribution rate includes an element in respect of secondary contributions.

2021-22 £000		2022-23 £000
38,546	Deficit recovery (Secondary) contribution included in employer normal contributions	38,730
<b>38,546</b>		<b>38,730</b>

Special contributions represent amounts paid by employers in excess of the minimum contribution levels required by the Actuary (in the Rates and Adjustment Certificate to the applicable triennial valuation) and to termination settlements agreed by scheduled bodies ceasing participation in the Fund. They do not relate to augmentation and strain arising on non ill-health early retirements.

Pension benefits are funded to be paid from normal retirement age. If any employee is allowed to take their pension benefits early this places an additional cost (strain) on the Pension Fund. Employers are required to reimburse the Pension Fund in respect of the "strain costs" arising from an employee taking early retirement. In some cases, the cost can be paid in full at the date of retirement or by instalments over 3 years in which case interest is added.

## By Authority

2021-22 £000		2022-23 £000
72,799	Administering authority	79,513
78,252	Other scheduled bodies	87,659
4,350	Community admission bodies	4,495
2,592	Transferee admission bodies	2,652
11,817	Resolution bodies	10,639
<b>169,810</b>		<b>184,958</b>

The LGPS provides scope for employers to award additional years of membership on retirement. If an employer opts to award augmented membership, the employer is required to purchase the additional period from the Pension Fund. Again, in some cases the cost can be paid in one instalment or over 3 years with an appropriate interest adjustment.

The outstanding instalments due after 31 March were:

2021-22 £000		2022-23 £000
1	Strain instalments due after the Net Asset Statement date	68
<b>1</b>		<b>68</b>

The debtors figure for augmentation/strain due in note 21 comprises the total of these balances plus the outstanding invoiced balances in respect of augmentation/strain due from Fund employers at 31 March 2023.

## 8. Transfers In From Other Pension Funds

2021-22 £000		2022-23 £000
0	Group transfers	0
7,819	Individual transfers	11,626
<b>7,819</b>		<b>11,626</b>

There were no group transfers in 2022-23. The individual transfers figure represents the payments received by the Fund in relation to individual members' transfers of benefit into the Fund from other pension arrangements.

## 9. Benefits Payable

### By Category

2021-22 £000		2022-23 £000
129,561	Pensions	137,276
21,194	Commutation and lump sum retirement benefits	20,599
4,261	Lump sum death benefits	2,899
<b>155,016</b>		<b>160,774</b>

### By Authority

2021-22 £000		2022-23 £000
70,286	Administering authority	72,099
58,209	Other scheduled bodies	60,674
7,329	Community admission bodies	7,397
4,162	Transferee admission bodies	4,840
15,030	Resolution bodies	15,764
<b>155,016</b>		<b>160,774</b>

## 10. Payments To and On Account of Leavers

2021-22 £000		2022-23 £000
3,686	Group transfers	0
355	Refunds to members leaving service	441
8,607	Individual transfers	6,442
<b>12,648</b>		<b>6,883</b>

There were no Group Transfers in 2022-23 (Otley College Suffolk in 2021-22).

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## 11. Management Expenses

Pension Fund management expenses for 2022-23 are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Note 11 Management Expenses now includes fund administration costs, oversight and governance costs (previously included with the fund administration cost figure) and investment management expenses (including Transaction Costs previously included in investment Purchases and Sales).

2021-22 £000		2022-23 £000
2,111	Administrative costs	2,163
23,743	Investment management expenses	28,248
906	Oversight and governance costs	1,022
<b>26,760</b>		<b>31,433</b>

The Local Government Pension Scheme Regulations enables administration expenses (including Oversight and Governance) to be charged to the Fund.



## 11a. Investment Expenses

	31 March 2023 Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000
Fixed Interest Securities	0	0	0	0
Pooled Investments	9,681	9,625	-117	173
Private equity	8,552	8,552	0	0
Infrastructure (Incl. Timberland)	5,983	4,832	1,151	0
Direct Freehold Property	37	37	0	0
Derivatives forward Currency	987	987	0	0
	<b>25,240</b>	<b>24,033</b>	<b>1,034</b>	<b>173</b>
Fees and Other expenses	2,987			
	21			
Custody fees				
<b>Total</b>	<b>28,248</b>			

<b>RESTATED</b>	<b>31 March 2022 Total £000</b>	<b>Management Fees £000</b>	<b>Performance Related Fees £000</b>	<b>Transaction Costs £000</b>
Fixed Interest Securities	0	0	0	0
Pooled Investments	10,685	9,872	694	119
Private equity	5,439	5,439	0	0
Infrastructure (Incl. Timberland)	3,815	3,784	31	0
Direct Freehold Property	25	25	0	0
Derivatives forward Currency	1,310	1,310	0	0
	<b>21,274</b>	<b>20,430</b>	<b>725</b>	<b>119</b>
Fees and Other expenses	2,435			
Custody fees	34			
<b>Total</b>	<b>23,743</b>			

## 12. Investment Income

2021-22 £000		2022-23 £000
617	Income from fixed interest securities	185
38	Income from index linked securities	140
18,389	Pooled Property investments	19,277
45,217	Pooled fund income - unit trusts and other managed funds	50,400
483	Private equity income	1,845
4,791	Pooled funds rebate	2,363
19	Interest on cash deposits	1,413
55	Rents from Property (note 12a)	57
28	Other	388
<b>69,637</b>		<b>76,068</b>

### 12a. Property Income

2021-22 £000		2022-23 £000
55	Rental income	57
-25	Direct operating expenses	-37
<b>30</b>	<b>Net income</b>	<b>20</b>

## 13. Other Fund Disclosures

### 13a. Taxes on Income

2021-22 £000		2022-23 £000
25	Withholding tax – pooled investments	1
<u>25</u>		<u>1</u>

### 13b. External Audit costs

2021-22 £000		2022-23 £000
72	Payable in respect of external Audit	86
<u>72</u>		<u>86</u>

## 14. Investments

Market Value 31 March 2022 £000		Market Value 31 March 2023 £000
<b>Investment assets</b>		
65,047	Fixed Interest Securities	59,970
3,853,238	Pooled Investments	3,831,834
521,833	Pooled property investments	462,996
414,125	Private equity Partnerships	450,516
1,046	Direct Freehold Property	1,046
4,536	Derivatives – forward currency	7,875
36,160	Cash deposits	48,546
5,016	Amounts receivable for sales	0
<b>4,901,001</b>	<b>Total investment assets</b>	<b>4,862,783</b>
<b>Investment liabilities</b>		
-9,831	Derivatives - forward currency	-846
0	Amounts payable for purchases	0
<b>-9,831</b>	<b>Total investment liabilities</b>	<b>-846</b>
<b>4,891,170</b>	<b>Net investment assets</b>	<b>4,861,937</b>

## 14a. Reconciliation of Movements in Investments and Derivatives 2022-23

	Market value 31 March 2022 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31 March 2023 £000
Fixed Interest Securities	65,047	15,738	-5,073	-15,742	59,970
Pooled property investments	521,833	26,413	-20,470	-64,780	462,996
Pooled investments	3,853,238	412,559	-380,074	-53,889	3,831,834
Private equity	414,125	83,097	-67,603	20,897	450,516
Direct Freehold Property	1,046	0	0	0	1,046
	<b>4,855,289</b>	<b>537,807</b>	<b>-473,220</b>	<b>-113,514</b>	<b>4,806,362</b>
<b>Derivative contracts:</b>					
- Forward currency contracts	-5,295	92,610	-85,523	5,237	7,029
	<b>-5,295</b>	<b>92,610</b>	<b>-85,523</b>	<b>5,237</b>	<b>7,029</b>
<b>Other investment balances:</b>					
- Cash deposits	36,160			0	48,546
- Amount receivable for sales of investments	5,016			2,157	0
- Amount payable for purchases of investments	0			0	0
<b>Net investment assets</b>	<b>4,891,170</b>			<b>-106,120</b>	<b>4,861,937</b>

## 14a. Reconciliation of Movements in Investments and Derivatives 2021-22

	Market value 31 March 2021 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31 March 2022 £000
Fixed Interest Securities	65,088	33,334	-32,824	-551	65,047
Pooled property investments	409,086	81,252	-33,362	64,857	521,833
Pooled investments	3,590,011	261,682	-154,255	155,800	3,853,238
Private equity	353,184	57,970	-108,872	111,843	414,125
Direct Freehold Property	1,210	0	0	-164	1,046
	<b>4,418,579</b>	<b>434,238</b>	<b>-329,313</b>	<b>331,785</b>	<b>4,855,289</b>
<b>Derivative contracts:</b>					
- Forward currency contracts	-447	53,290	-54,040	-4,098	-5,295
	<b>-447</b>	<b>53,290</b>	<b>-54,040</b>	<b>-4,098</b>	<b>-5,295</b>
<b>Other investment balances:</b>					
- Cash deposits	82,133			3,477	36,160
- Amount receivable for sales of investments	0			0	5,016
- Amount payable for purchases of investments	-1,000			1,102	0
<b>Net investment assets</b>	<b>4,499,265</b>			<b>332,266</b>	<b>4,891,170</b>

## 14a. Transaction Costs

Transaction costs are included in the cost of purchases and in sale proceeds. These include costs charged directly to the Fund, such as fees, commissions, stamp duty and other fees. In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within pooled investments.

Transaction costs incurred during 2022-23	<u>173,000</u>
Transaction costs incurred during 2021-22	<u>119,000</u>

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## 14b. Investments Analysed by Fund Manager

Market Value 31 March 2022			Market Value 31 March 2023	
£000	%		£000	%
<b>Investments Managed by the ACCESS Pool (Link Fund Solutions)</b>				
719,188	14.70%	LF ACCESS Global Equity (ex UK) Fund	709,657	14.60%
432,717	8.85%	LF ACCESS Globe Equity Capital Fund	414,417	8.52%
303,451	6.20%	LF ACCESS Globe Equity Mondrian Fund	299,388	6.16%
294,676	6.02%	LF ACCESS UK Equity Core Fund	290,236	5.97%
		LF ACCESS Janus Henderson MAC	291,517	6.00%
		LF ACCESS Global Alpha Paris Aligned	191,941	3.95%
<b>1,750,032</b>	<b>35.77%</b>		<b>2,197,156</b>	<b>45.20%</b>
<b>Investments Managed outside of the ACCESS Pool</b>				
585,867	11.98%	Janus Henderson Global Investors	235,067	4.83%
531,532	10.87%	LaSalle Investment Management	475,617	9.77%
437,423	8.94%	M&G – (Incl. Infracapital)	457,809	9.42%
408,700	8.36%	HarbourVest Partners	451,229	9.28%
310,701	6.35%	UBS	116,251	2.39%
173,826	3.55%	Insight Investment **	179,060	3.68%
171,919	3.51%	Capital International Limited	179,769	3.70%
169,495	3.47%	J.P. Morgan Asset Management	219,353	4.51%
114,613	2.34%	Equitix	126,770	2.61%
80,332	1.64%	Goldman Sachs Asset Management	0	0.00%
42,985	0.88%	AVIVA Investors	44,991	0.93%

38,295	0.78%	Pantheon	54,244	1.12%
29,230	0.60%	Global Custodian*	35,565	0.73%
25,052	0.51%	abrdrn Capital Partners	32,358	0.67%
20,858	0.43%	Stafford Capital Partners	56,698	1.16%
310	0.02%	Berenberg Bank**	0	0.00%
<b>3,141,138</b>	<b>64.23%</b>		<b>2,664,781</b>	<b>54.80%</b>
<b>4,891,170</b>	<b>100.00%</b>		<b>4,861,937</b>	<b>100%</b>

All the above companies are registered in the United Kingdom.

\* The assets held by the Global Custodian(s) represent cash held in money market funds primarily to meet the cash flow requirements of the Fund's private markets programme.

\*\*Currency hedging contracts in respect of the Fund's overseas equity holdings are reported in the Insight Investment and Berenberg Bank holdings. The market value of the contracts could represent a payable or receivable. The Insight Investment holding includes the Fixed Interest Securities (Gilts).

**The following Investments Representing More Than 5% of the Net Assets of the Scheme as at 31 March 2023**

Security	Market Value 31 March 2022 £000	Percentage of total fund %	Market Value 31 March 2023 £000	Percentage of total fund %
LF ACCESS Global Equity (ex UK) Fund	719,188	14.6	709,657	14.5
LF ACCESS Globe Equity Capital Fund	432,717	8.8	414,417	8.5
LF ACCESS Globe Equity Mondrian Fund	303,451	6.2	299,388	6.1
M&G Alpha Opportunities Fund	283,328	5.8	293,505	6.0
LF ACCESS Janus Henderson MAC			291,517	6.0
LF ACCESS UK Equity Core Fund	294,676	6.0	290,236	5.9

During the year there were no individual investment (a single security) exceeding 5% of the total value of the net assets. Six pooled holdings (seven in 2021-22) represent over 5% of the total value of the net assets of the scheme. Each holding is a pooled investment vehicle and comprises the following:

- As at 31 March 2023 the LF ACCESS Global Equity ex UK A INC fund held 203 (206) stocks.
- As at 31 March 2023 the M&G Alpha Opportunities Fund has 550 (539) individual issues, across 396 (433) issuers.
- As at 31 March 2023 the Link Fund Sol Ltd Janus Henderson Multi Asset Credit Fund held 387 individual issues from issuers 312 (not held as at 31 March 2022).
- As at 31 March 2023 the Link Fund Sol Ltd Access UK Equity Core A Inc fund held 57 (57) stocks.
- As at 31 March 2023 the Link Fund Sol Ltd Access Globe Eq Mondrian A Inc fund held 47 (45).
- As at 31 March 2023 the Link Fund Sol Ltd Access Globe Equity Cap A Inc fund held 295 (303).

## 14d. Property Holdings

Details of the Funds directly owned freehold properties are as follows:

Year Ending 31 March 2022 £000		Year Ending 31 March 2023 £000
1,210	Opening balance	1,046
0	Additions	0
0	Disposals	0
0	Net increase in market value	0
-164	Other changes in fair value	0
<b>1,046</b>	<b>Closing balance</b>	<b>1,046</b>

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligations to purchase, construct or develop the property. Nor does it have any responsibility for any repairs, maintenance or enhancements relating to properties that are occupied.

## 15. Analysis of Derivatives

### Objectives and policies for holding derivatives

The holdings in derivatives are to hedge exposures to reduce risk in the Fund. The use of derivatives is managed in line with the investment management agreements between the Fund and the investment managers holding mandates that permit the use of these instruments.

#### a) Futures

Futures contracts are exchange traded contracts to buy or sell a standard quantity of a specific asset at a pre-determined future date. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

The Fund has also authorised the use of futures by Janus Henderson to assist in meeting the investment objectives that they have been set. Janus Henderson did not hold any futures contracts in its portfolio at 31 March 2023 (2022 nil).

#### b) Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment opportunities, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund has a currency hedging programme in place, managed by Insight Investment.

The Fund also requires LaSalle to hedge 100% of the currency exposure arising from its discretionary (off-benchmark) investments in global (ex-UK) property funds. This hedging activity covers US Dollar, Euro, and Australian Dollar exposures. In addition to these mandate positions short term contracts may also arise in portfolios investing in non-Sterling denominated assets as a consequence of the need to settle transactions in foreign currencies. These tend to be shorter term contracts than those undertaken for other purposes but settlement may span the balance sheet date.

## 15a. Open forward currency contracts

Settlement	Currency bought	Local value 000	Currency sold	Local value 000	Asset value £000	Liability value £000
Up to one month	GBP	34,014	AUD	-59,255	1,905	0
Up to one month	GBP	23,134	EUR	-26,187	104	0
Up to one month	GBP	544	JPY	-86,719	16	0
Up to one month	GBP	6,678	USD	-8,284	0	-19
Between one & three months	GBP	17,691	EUR	-19,880	193	0
Between one & three months	GBP	244,491	JPY	-39,058,300	5,657	0
Between one & three months	JPY	11,563,700	GBP	-71,537	0	-827
Open forward currency contracts at 31 March 2023					<b>7,875</b>	<b>-846</b>
Net forward currency contracts at 31 March 2023						<b>7,029</b>
<b>Prior year Comparative</b>						
Open forward currency contracts at 31 March 2022					<b>4,536</b>	<b>-9,831</b>
Net forward currency contracts at 31 March 2022						<b>-5,295</b>

## 16. Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Equities	Level 1	The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.	Not required	Not required
UK Gilts and Quoted Bonds	Level 1	Fixed interest securities are valued at a market value based on current yields.	Not required	Not required
FX	Level 1	Market forward exchange rates at the year-end.	Exchange rate risk	Not required
Equity Futures	Level 1	Published exchange prices at year end.	Not required	Not required
Pooled Investment Vehicle – Equity and Debt	Level 2	Valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax.	The valuation is undertaken by the investment manager or responsible entity and advised as a unit or security price. Observable inputs are used. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.	Not required

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investment Vehicle - Property	Level 3	Pooled investment vehicles are valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax.	Investments in unquoted property pooled funds are valued at the net asset value or a single price advised by the fund manager.  Pooled property funds and Limited Partnerships in property have derived underlying assets that have been valued by independent external valuers on a fair value basis and generally in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).	Valuations could be affected by Material events.
Direct Freehold Property	Level 3	The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition)	Existing lease terms and rentals; Independent market Research; Nature of tenancies; Covenant strength for existing tenants; Assumed vacancy Levels; Estimated rental Growth; Discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.



Private Equity	Level 3	<p>Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the appropriate industry guidelines.</p> <p>Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.</p>	<p>Observable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.</p>	<p>Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.</p>
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Infrastructure Equity Pooled Fund	Level 3	<p>Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments.</p> <p>Assets are valued using income or discounted cash flows.</p> <p>Audited valuations are carried out annually and based on the Limited partnerships valued at Fair value or based on the net asset value ascertained from periodic valuations provided by those</p>	<p>Unobservable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.</p>	<p>Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.</p>
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		controlling the partnership.		
Timberland Equity Pooled Fund	Level 3	<p>Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments. Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows.</p> <p>Audited valuations are carried out annually and based on the Fair value of the fund.</p>	<p>Observable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.</p>	<p>Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.</p>
Pooled Debt Funds – Credit	Level 3	<p>The fund is valued monthly on a Net Asset Value basis.</p>	<p>The Fund primarily invest in Asset Backed Securities (ABS) and ABS securities issued by special purpose which are collateralised primarily by a portfolio that includes commercial and industrial bank loans (“CLO”).</p> <p>The portfolio is valued using a number of unobservable inputs, such as internal credit ratings for internally-valued instruments (valued by the AIFM), which is used when deciding the comparable public bonds for the discount rate calculation, and single broker quotes for CLO instruments.</p>	<p>Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.</p>
Pooled Debt Funds – Special Situations	Level 3	<p>The funds are valued quarterly on a Net Asset Value basis.</p>	<p>The funds primarily invest in debt and equity instruments that have or are in the process of being restructured, covering both public and private instruments.</p>	<p>Valuations could be affected by Material events occurring between the date of the financial statements</p>

			<p>The portfolios are valued primarily using unobservable inputs due to the large weighting to private instruments. Unobservable inputs include but are not limited to discount rates, valuation multiples and land valuations.</p>	<p>provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.</p>
Pooled Debt Funds – Real Estate Debt	Level 3	The funds are valued quarterly on a Net Asset Value basis.	<p>The fund primarily invests in private junior loans that are secured against real estate assets.</p> <p>The primary unobservable input within the valuations is the internal credit rating, which is used when deciding the comparable public bonds for the discount rate calculation.</p>	<p>Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.</p>

### Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the potential impact on the closing value of investments held at 31 March 2023.

Description of Asset	Assessed Valuation Range (+/-)	Value at 31 March 2023 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	10.00%	464,042	510,446	417,637
Private Equity	15.00%	450,516	518,093	382,938
Pooled Infrastructure Equity	10.00%	472,264	519,490	425,037
Pooled Timberland Equity	10.00%	56,698	62,368	51,028
Pooled Private Debt/Credit Funds	10.00%	130,549	143,604	117,494
Pooled Real Estate Debt Fund	12.00%	36,514	40,896	32,133
<b>Net Investment Assets</b>		<b>1,610,583</b>	<b>1,794,897</b>	<b>1,426,267</b>

The potential movement of +/- 10.00% for Pooled Property/Direct Freehold Property represents a combination of factors, the key one is market prices, which is derived from other factors, such as vacancy levels, rental movements and the discount rate.

Private Equity, Pooled Infrastructure Equity and Pooled Timberland Equity unrealised investments are typically valued in accordance with fair market value principles set out in the valuation policy and applicable valuation guidelines set out in international accounting standards. Actual realised returns on unrealised investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale. Accordingly, the actual valuations on these unrealised investments may differ materially from those indicated and could be up to 10.00% for Infrastructure, Timberland and Private Debt/Credit Funds, 6% for Real Estate Debt Funds and 15.00% for Private Equity investments (or higher or lower).

Description of Asset	Assessed Valuation Range (+/-)	Value at 31 March 2022 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	10.00%	522,879	575,166	470,591
Private Equity	15.00%	414,125	476,244	352,007
Pooled Infrastructure Equity	10.00%	372,010	409,211	334,809
Pooled Timberland Equity	10.00%	20,502	22,553	18,452
Pooled Private Debt/Credit Funds	10.00%	134,422	147,864	120,980
Pooled Real Estate Debt Fund	6.00%	32,677	34,638	30,717
<b>Net Investment Assets</b>		<b>1,496,615</b>	<b>1,665,676</b>	<b>1,327,556</b>

### 16a. Fair Value Hierarchy

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

#### Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

#### Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

#### Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable:

### Fair Value Hierarchy

Values at 31 March 2023	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
<b>Investment assets</b>				
Fixed interest securities	59,970	0	0	59,970
Pooled investments	0	3,135,809	696,025	3,831,834
Pooled property investments	0	0	462,996	462,996
Private equity partnerships	0	0	450,516	450,516
Derivatives - forward currency	7,875	0	0	7,875
Cash deposits	48,546	0	0	48,546
<b>Total Investment Assets</b>	<b>116,391</b>	<b>3,135,809</b>	<b>1,609,537</b>	<b>4,861,737</b>
<b>Non-Financial assets at fair value through profit and loss</b>				
Direct Freehold Property	0	0	1,046	1,046
<b>Financial liabilities at fair value through profit and loss</b>				
Derivatives - forward currency	-846	0	0	-846
<b>Net Investment Assets</b>	<b>115,545</b>	<b>3,135,809</b>	<b>1,610,583</b>	<b>4,861,937</b>

Values at 31 March 2022	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
<b>Investment assets</b>				
Fixed interest securities	65,047	0	0	65,047
Pooled investments	0	3,293,626	559,612	3,853,238
Pooled property investments	0	0	521,833	521,833
Private equity partnerships	0	0	414,125	414,125
Derivatives - forward currency	4,536	0	0	4,536
Cash deposits	36,160	0	0	36,160
Amounts receivable for sales	5,016	0	0	5,016
<b>Total Investment Assets</b>	<b>110,759</b>	<b>3,293,626</b>	<b>1,495,570</b>	<b>4,899,955</b>
<b>Non-Financial assets at fair value through profit and loss</b>				
Direct Freehold Property	0	0	1,046	1,046
<b>Financial liabilities at fair value through profit and loss</b>				
Derivatives - forward currency	-9,831	0	0	-9,831
<b>Net Investment Assets</b>	<b>100,928</b>	<b>3 293 627</b>	<b>1,496,616</b>	<b>4 891,170</b>

### 16b. Transfers between Levels 1 and 2

There were no transfers between Level 1 and 2 in 2022-23 (no transfers during 2021-22).

During the year five new investments were made and classified as Level 3 in accordance with the classification guidelines in the Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

### 16c. Reconciliation of Fair Value Measurements within Level 3

	Pooled Property/ Freehold Property	Private Equity	Infrastructure Pooled Fund	Timberland Pooled Fund	Pooled Illiquid Closed- Ended Debt Funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Market value 1 April 2022	522,879	414,125	372,010	20,502	167,100	1,496,616
Transfers into Level 3	0	0	0	0	0	0
Transfers out of Level 3	0	0	0	0	0	0
Purchases during the year and derivative payments	26,413	83,097	89,008	31,288	25,875	255,681
Sales during the year and derivative receipts	-20,470	-67,603	-40,532	-275	-17,850	-146,730
Unrealised gains/losses	4,713	42,135	2,986	0	451	50,285
Realised gains/losses	-69,493	-21,238	48,792	5,183	-8,512	-42,268
<b>Market value 31 March 2023</b>	464,042	450,516	472,264	56,698	167,064	1,610,584

Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account



	<b>Pooled Property/ Freehold Property</b>	<b>Private Equity</b>	<b>Infrastructure Pooled Fund</b>	<b>Timberland Pooled Fund</b>	<b>Pooled Illiquid Closed- Ended Debt Funds (Restated)</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Market value 1 April 2021	<b>410,296</b>	<b>353,184</b>	<b>261,144</b>	<b>12,504</b>	<b>139,679</b>	<b>1,176,807</b>
Transfers into Level 3	0	0	0	0	0	0
Transfers out of Level 3	0	0	0	0	0	0
Purchases during the year and derivative payments	81,252	57,970	105,265	4,770	12,695	<b>261,952</b>
Sales during the year and derivative receipts	-33,362	-	-18,879	-273	-6,803	<b>-168,189</b>
Unrealised gains/losses	-6,789	59,799	1,079	0	0	<b>54,089</b>
Realised gains/losses	71,482	52,044	23,401	3,501	21,529	<b>171,957</b>
<b>Market value 31 March 2022</b>	<b>522,879</b>	<b>414,125</b>	<b>372,010</b>	<b>20,502</b>	<b>167,100</b>	<b>1,496,616</b>

The Fund reclassified a Direct Lending Fund from Private Equity into Pooled Illiquid Closed-Ended Debt Funds during the 2021-22 financial year. Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account.

## 17. Financial Instruments

### 17a. Financial Instruments – Classification

Fair value through profit and loss £000	31-Mar-21	Liabilities at amortised cost £000		Fair value through profit and loss £000	31-Mar-22	Liabilities at amortised cost £000
	Assets amortised at cost £000				Assets amortised at cost £000	
			<b>Financial assets</b>			
65,047			Fixed Interest Securities	59,970		
3,853,238			Pooled Investments	3,831,834		
521,833			Pooled Property	462,996		
414,125			Private equity	450,516		
4,536			Derivative contracts	7,875		
	46,510		Cash		56,723	
7,893			Other investment balances	855		
	67		Debtors		111	
<b>4,866,672</b>	<b>46,577</b>	<b>0</b>		<b>4,814,046</b>	<b>56,834</b>	<b>0</b>
			<b>Financial liabilities</b>			
-9,831			Derivative contracts	-846		
		-3,972	Creditors			-3,361
0			Other Investment Balances	0		
<b>-9,831</b>	<b>0</b>	<b>-3,972</b>		<b>-846</b>	<b>0</b>	<b>-3,361</b>
<b>4,856,841</b>	<b>46,577</b>	<b>-3,972</b>		<b>4,813,200</b>	<b>56,834</b>	<b>-3,361</b>

## 17b. Net Gains and Losses on Financial Instruments

31 March 2022 £000		31 March 2023 £000
<b>Financial assets</b>		
390,567	Fair value through profit and loss	-25,834
0	Assets amortised at cost	0
<b>Financial liabilities</b>		
-58,137	Fair value through profit and loss	-80,286
0	Liabilities at amortised cost	0
<b>332,430</b>	<b>Total</b>	<b>-106,120</b>
Reconciliation to Revenue and Fund Account - Profit and losses on disposal of investments and changes in the market value of investments		
-164	Direct Freehold Property Holding - Not classified as a financial Instrument	0
<b>332,266</b>		<b>-106,120</b>

In accordance with our accounting policies, financial assets and liabilities are included in the accounts on a fair value basis. The Authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

## 18. Nature and Extent of Risks Arising from Financial Instruments

### Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. As there is an essential contradiction in these two aims the investment strategy aims to achieve an acceptable overall balance between "risk and reward." The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall risk management programme.

Responsibility for the Fund's risk management and investments strategies rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

### 18a. Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objectives of the Fund's risk management strategy are to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return at a given level of risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities.

### Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investment presents a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial

instruments. Possible losses from shares sold short are unlimited but restrictions are in place on managers undertaking this activity.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the council to ensure it is within limits specified in the Fund's investment strategy.

### Other Price Risk - Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's performance monitoring advisor, the Fund has determined that the following movements in market price risk are reasonably possible for the 2022-23 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.1
Long Index-Linked Gilts	8.9
UK Equities including pooled	18.2
Overseas Equities including pooled	19.0
Infrastructure Equity	16.0
UK Bonds including pooled	6.0
Index Linked Gilts including pooled	8.9
Bonds including pooled	7.8
Cash and Cash Equivalents (Including Payables and Receivables)	0.3
Pooled Property Investments/Direct Freehold Property	15.5
Private Equity	31.2
Private Debt	9.6
Timberland Equity	16.0
<b>Total*</b>	<b>12.0</b>

\* The total % and value on increase/decrease totals are an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is also shown below):

Asset Type	Value as at 31 March 2023 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	55,575	0.3	55,742	55,408
<b>Investment Portfolio Assets:</b>				
Short Index-Linked Gilts	22,955	4.1	23,896	22,014
Long Index-Linked Gilts	6,749	8.9	7,350	6,148
UK Equities including pooled	406,486	18.2	480,466	332,506
Overseas Equities including pooled	1,615,404	19.0	1,922,331	1,308,477
Infrastructure Equity	472,264	16.0	547,826	396,702
UK Bonds including pooled	611,029	6.0	647,691	574,367
Index Linked Gilts including pooled	30,266	8.9	32,960	27,572
Bonds including pooled	585,022	7.8	630,654	539,390
Pooled Property Investments/ Direct Freehold Property	464,042	15.5	535,969	392,115
Private Equity	450,516	31.2	591,077	309,955
Private Debt	84,931	9.6	93,084	76,778
Timberland	56,698	16.0	65,770	47,626
<b>Total Assets Available to Pay Benefits</b>	<b>4,861,937</b>	<b>12.0</b>	<b>5,445,369*</b>	<b>4,278,505*</b>

\* The total % is an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

Asset Type	Value as at 31 March 2022 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	35 881	0.3	35,989	35,773
<b>Investment Portfolio Assets:</b>				
Short Index-Linked Gilts	23,149	4.1	24,098	22,200
Long Index-Linked Gilts	9,108	9.2	9,946	8,270
UK Equities including pooled	605,377	19.9	725,847	484,907
Overseas Equities including pooled	1,455,356	20.1	1,747,883	1,162,829
Infrastructure Equity	372,010	14.6	426,323	317,697
UK Bonds including pooled	655,117	6.8	699,665	610,569
Index Linked Gilts including pooled	32,789	9.2	35,806	29,772
Bonds including pooled	653,330	7.4	701,676	604,984
Pooled Property Investments/ Direct Freehold Property	522,879	15.0	601,311	444,447
Private Equity	414,125	31.2	543,332	284,918
Private Debt	91,547	9.0	99,786	83,308
Timberland	20,502	14.6	23,495	17,509
<b>Total Assets Available to Pay Benefits</b>	<b>4,891,170</b>	<b>12.1</b>	<b>5,483,002*</b>	<b>4,299,338*</b>

\* The total % is an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

### 18b Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's direct exposure to interest rate movements through its gross cash holdings as at 31 March 2022 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

Asset Type	Value as at 31 March 2022 £000	Value as at 31 March 2023 £000
Investment Cash Balances	36,160	48,546
Cash in hand	10,350	8,177
Fixed Interest Securities	65,047	59,970
<b>Total</b>	<b>111,557</b>	<b>116,693</b>

Asset Type	Interest Receivable 31 March 2022 £000	Interest Receivable 31 March 2023 £000
Investment Cash Balances	6	1,053
Cash in hand	13	360
Fixed Interest Securities	654	325
<b>Total</b>	<b>673</b>	<b>1,738</b>



### Interest Rate Risk Sensitivity Analysis

The council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied by the Administering Authority when considering risk in its own treasury management activities.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1%) change in interest rates:

Asset Type	Asset values at 31		
	March 2023 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	48,546	49,031	48,061
Cash in hand	8,177	8,259	8,095
Fixed Interest Bonds	59,970	60,570	59,370
	<b>116,693</b>	<b>117,860</b>	<b>115,526</b>

Asset Type	Asset values at 31		
	March 2022 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	36,160	36,522	35,798
Cash in hand	10,350	10,454	10,246
Fixed Interest Bonds	65,047	65,697	64,397
	<b>111,557</b>	<b>112,673</b>	<b>110,441</b>

Asset Type	Interest Receivable 31		
	March 2023 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	1,053	1,064	1,042
Cash in hand	360	364	356
Fixed Interest Bonds	325	328	322
	<b>1,738</b>	<b>1,756</b>	<b>1,720</b>

Asset Type	Interest Receivable 31		
	March 2022 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	6	6	6
Cash in hand	13	13	13
Fixed Interest Bonds	654	661	647
	<b>673</b>	<b>680</b>	<b>666</b>

In addition, the above interest receivable the fund holds debt pooled fund investments. These are a mix of multi asset credit vehicles including fixed and variable interest rate securities.

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### 18c Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (Sterling). The Fund holds both monetary and non-monetary assets denominated in currencies other than Sterling and Sterling denominated pooled investment vehicles where the underlying assets are denominated in other currencies. As detailed in note 15a the Fund has various hedging strategies in place to reduce the impact of currency volatility on the Fund assets. The table below the page is prepared after consideration of the hedging strategies in place.

#### Currency Risk Sensitivity Analysis

Following analysis of historical data in consultation with the Fund's performance measurers, the council considers the likely annualised volatility associated with foreign exchange movements to be 9.90% in respect of non-sterling assets including those partially hedged to Sterling but excluding those where full hedging is in place (see note 15b).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 9.90% strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows (values shown are for non-Sterling denominated assets were full hedging of currency risk is not in place):

Currency Exposure – Asset Type	Asset Value	Change to net assets	
	as at 31 March 2023 £000	+9.90% £000	-9.90% £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,615,404	159,925	-159,925
Infrastructure	0	0	0
Timberland	56,698	5,613	-5,613
Private Equity	450,516	44,601	-44,601
Change in net assets available to pay benefits		<b>210,139</b>	<b>-210,139</b>

Currency Exposure – Asset Type	Asset Value	Change to net assets	
	as at 31 March 2022 £000	+9.50% £000	-9.50% £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,455,356	138,259	-138,259
Infrastructure	207,791	19,740	-19,740
Timberland	20,502	1,948	-1,948
Private Equity	414,125	39,342	-39,342
Change in net assets available to pay benefits		<b>199,289</b>	<b>-199,289</b>

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### **18d Credit risk**

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Where a direct counterparty relationship exists, cash collateral is posted when the value of unrealised profit due to the Fund exceeds an agreed limit.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. Money market funds that are used all have AAA rating from a leading ratings agency.

The non-investment cash holding was managed through the treasury management arrangements of the Administering Authority:

The credit exposure was as follows:

Summary	Short term Rating (S&P) 31 <sup>st</sup> March 2022	Balances at 31 March 2022 £000	Short term Rating (S&P) 31 <sup>st</sup> March 2023	Balances at 31 March 2023 £000
<b>Bank Deposit Accounts</b>				
Federated Money Market Fund			AAA	3,990
Aberdeen Money Market Fund	AAA	5,097	AAA	3,991
Barclays Bank Fixed Interest Bearing Call Account	A-1	5,098		
<b>Bank Current Accounts</b>				
Barclays Bank	A-1	155	A-1	196
<b>Total</b>		<b>10,350</b>		<b>8,177</b>

The majority of Custodied Investment cash is swept overnight to the AAA rated constant NAV money market funds of the custodian. The credit exposure on investment cash balances at 31 March 2023 comprise £44.5 million (31 March 2022, £32.6m) deposited with AAA rated money market funds, 4.0 million (£8.6m) with the custodian Northern Trust (rated A-1+), The current account figure includes control account balances.

### 18e Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments.

The Council has immediate access to its pension fund cash holdings, there were no deposits with fixed periods at 31 March 2023 (2022 nil).

### Liquid Assets

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. The Fund classifies property (pooled and direct) and private equity partnerships in this category. The comparator figure has been restated in line with current liquidity profile of the Fund.

Balances at 31 March 2022 £000	Percentage of Total Fund Assets %	Balances at 31 March 2023 £000	Percentage of Total Fund Assets %
3,394,555	69.4%	3,296,492	67.8%

The Fund regularly monitors and forecasts future cash flow to understand and manage the timing of the Fund's cash flow obligations.

All financial liabilities at 31 March 2023 are due within one year.

### Refinancing Risk

The key risk is that the Council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury and investment strategies.

## 19. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013 (“The Regulations”), the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last valuation took place as at 31 March 2022.

The funding policy is set out in the administering authority’s Funding Strategy Statement. The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund using a prudent long-term view. This will ensure that sufficient funds are available to meet all members’/dependants’ benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of approximately 20 years and to provide stability in employer contribution rates where prudently possible. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet the expected future pension benefits payable. When an employer's funding level is less than 100% of the funding target (full solvency), then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

	<i>Funded %</i>	<i>Surplus/Deficit £ millions</i>
2022 actuarial valuation	106%	289
2019 actuarial valuation	99%	-28

The table below summarises the whole fund Primary and Secondary Contribution rates at this triennial valuation. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or



capitalisation of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

2022 Valuation			
Primary Rate (% of Pay) 1 April 2023 - 31 March 2026	2023-24	Secondary Rate 2024-25	2025-26
22.4%	£12,219,000	£11,597,000	£10,947,000

2019 Valuation			
Primary Rate (% of Pay) 1 April 2020 - 31 March 2023	2020-21	Secondary Rate 2021-22	2022-23
19.5%	£29,020,000	£30,689,000	£32,182,000

The employer contribution rates payable (plus cash sums as applicable) arising from the 2022 Valuation are as follows:

<i>Year</i>	<i>Employers Contribution Rates (% of actual pensionable pay)</i>
1 April 2023 to 31 March 2024	Range from nil to 48.1
1 April 2024 to 31 March 2025	Range from nil to 48.1
1 April 2025 to 31 March 2026	Range from nil to 48.1

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 Actuarial Valuation Report and the Funding Strategy Statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave

active service by death, retirement or withdrawal from service. The principal assumptions were:

### Financial Assumptions at 31 March 2022

	% per annum Nominal	% per annum Real
Price Inflation (CPI)	2.95	-
Pay increases	3.65	0.7
Investment Return (Discount rate)	4.75	1.8

### Mortality Assumptions

The Fund is member of Club Vita which provides bespoke set of longevity assumptions specifically tailored to the membership profile of the Fund. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

Mortality assumption at age 65	Male	Female
Current Pensioners	21.5 years	24.3 years
Future Pensioners (current age 45)	22.5 years	25.9 years

The assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2022 Triennial valuation.

### Commutation assumption

An allowance is included for 45% of future retirements to elect to exchange pension for additional tax free cash up to HMRC limits.

1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

### Experience over the period since 31 March 2022

The most recent valuation was completed as at 31 March 2022 and showed an improvement in the funding position since the last valuation at 31 March 2019. While there have been periods of investment volatility since 31 March 2022, the overall value of fund assets has remained broadly stable. Across the same time-period the movement in financial assumptions has resulted in a falling present value measurement for liabilities. The combined impact of these two effects means that the current funding level is now likely to be better than that reported at the last formal valuation.

## 20. Actuarial Present Value of Promised Retirement Benefits

Under IAS26 the Fund is required to disclose the actuarial present value of promised retirement benefits. These represent the present value of the whole fund liabilities to pay future retirement benefits.

The required valuation is carried out by the Hymans Robertson LLP using a similar approach to that employed for individual participating employers reporting pension liabilities under either FRS102 (previously FRS17) or IAS19. For the avoidance of doubt this approach will result in a different valuation of liabilities than the methodology employed at the triennial funding valuation.

Under the IAS19/FRS102 basis reporting is produced using the same base data as the last completed funding valuation rolled forward to the latest reporting date, taking account of material changes in membership numbers and updating assumptions to the current year and requirements of the reporting approach.

In order to assess the value of the benefits on this basis, the Fund Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see note 19).

	31 March 2022 £M	31 March 2023 £M
Actuarial present value of promised retirement benefits	-6,707	-4,866
Fair Value of scheme assets (bid value)	4,912	4,880
<b>Net Liability</b>	<b>-1,739</b>	<b>14</b>

The promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, there is no allowance made for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any

other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

### Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2023 and 31 March 2022. I estimate that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £2,570m. I estimate that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £14m.

### Financial assumptions

Year ended (% p.a.)	31 March 2023 % p.a.	31 March 2022 % p.a.
Pension Increase Rate	3.20%	2.95%
Salary Increase Rate	3.90%	3.65%
Discount Rate	2.70%	4.75%

### Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 0% weighting of 2022 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.3 years
Future pensioners (assumed to be aged 45 at the latest formal valuation date)	22.5 years	25.9 years

All other demographic assumptions have been updated since last year and as per the latest funding valuation of the Fund.

### Commutation assumptions

An allowance is included for 45% of future retirements to elect to exchange pension for additional tax free cash up to HMRC limits.

### Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2023	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	88
1 year increase in member life expectancy	4%	195
0.1% p.a. increase in the Salary Increase Rate	0%	8
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	80

The liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

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## 21. Current Assets

31 March 2022 £000		31 March 2023 £000
	<b>Cash In Hand</b>	
10,350	Cash In Hand**	8,177
	<b>Debtors:</b>	
3,046	Contributions due - employees*	2,955
11,088	Contributions due - employers*	10,820
69	Employers special contributions	1
282	Augmentation & strain due	465
1,949	Dividends receivable**	454
918	Pooled funds rebate due**	243
526	UK tax receivable	0
1,002	Overseas tax receivable	740
39	VAT refund due	157
10	Interest due**	158
50	Recharge of fees**	53
10	Prepayments	6
17	Sundry **	58
<b>19,006</b>	<b>Debtors</b>	<b>16,110</b>
<b>29,356</b>	<b>Current Assets</b>	<b>24,287</b>

\*Principally represents amounts due in respect of March payrolls but payable the following month. \*\*Cash and Debtors classed as financial instruments (assets) note 17a.

31 March 2022 £000		31 March 2023 £000
<b>Long term debtors:</b>		
505	Employer contributions	441
1	Augmentation & strain due	68
<b>506</b>		<b>509</b>

Long term debtors comprise of amounts not due to be paid to the Fund for a period of more than 12 months from the balance sheet date.

### Analysis of Debtors (including Long Term Debtors)

31 March 2022 £000		31 March 2023 £000
<b>Debtors:</b>		
1,567	Central government bodies	899
10,278	Other local authorities	9,889
7,667	Other entities and individuals	5,831
<b>19,512</b>		<b>16,619</b>

## 22. Current Liabilities

31 March 2022 £000		31 March 2023 £000
<b>Creditors:</b>		
1,645	Transfer values payable (leavers)	940
1,960	Benefits payable	1,339
1,361	Investment Management Fees**	531
14	Receipt in Advance**	14
2,589	Other Fees & Charges**	2,816
1,275	UK Taxation payable	1,472
8	Sundry creditors	0
<u>8,852</u>		<u>7,112</u>

\*\*Creditors classed as financial instruments (liabilities) note 17a.

### Analysis of Creditors

31 March 2022 £000		31 March 2023 £000
<b>Creditors:</b>		
1,276	Central government bodies	1,472
2,500	Other local authorities	2,715
5,076	Other entities and individuals	2,925
<u>8,852</u>		<u>7,112</u>



### 23. Additional Voluntary Contributions

The Fund has three in-house AVC providers; Prudential, Clerical Medical and Utmost Life and Pensions (previously Equitable Life - a legacy arrangement that is not open to new contributors). The value of AVC investments and contributions paid directly to the providers by scheme employers during the year is shown below.

<b>Market Value 31 March 2022 £000</b>		<b>Market Value 31 March 2023 £000</b>
7,606	Separately Invested AVC Funds	7,313

<b>2021-22 £000</b>		<b>2022-23 £000</b>
1,628	AVC contributions paid directly during the year	1,616

The 2021 -22 comparator values have been re-stated to include actuals received from Prudential after publication of the 2021-22 accounts.

## 24. Agency Contracted Services

The Norfolk Pension Fund pays discretionary awards to the former employees of Norfolk County Council, the seven Norfolk district councils and 23 other employers. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed below:

<b>31 March 2022 £000</b>		<b>31 March 2023 £000</b>
1,137	Norwich City Council	1,132
1,093	Norfolk County Council	1,065
249	North Norfolk District Council	249
	Borough Council of Kings Lynn & West Norfolk	211
215		
159	Great Yarmouth Borough Council	155
99	Breckland District Council	105
88	Broadland District Council	83
53	South Norfolk District Council	47
141	Other	139
<b>3,234</b>		<b>3,186</b>

## 25. Related Party Transactions

### Norfolk County Council

The Fund is administered by Norfolk County Council. Consequently, there is a close relationship between the council and the Fund.

The council incurred costs in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Local Government Pension Scheme Regulations enables administration expenses to be charged to the Fund. Internal Audit Services are provided by Norfolk Audit Services, the internal audit function of the Administering Authority. Internal legal fees represent the total cost of internal advice provided by the legal services unit of the Administering Authority (NPLaw).

The council is also the single largest employer of members in the pension fund.

	2021-22 £000	2022-23 £000
Norfolk County Council incurred administration and Investments costs reimbursed by the Fund	2,500	2,715

All monies owing to and due from the Fund were paid within statutory timescales.

Norfolk County Council Employer Contributions	56,893	61,952
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All contributions were paid in accordance with the rates and adjustment certificate.

Part of the pension fund cash holdings are invested on the money markets by the treasury management operations of Norfolk County Council. The arrangement is managed through a service level agreement.

	2021-22 £000	2022-23 £000
Average investment balance held by NCC Treasury Management Operation	16,291	15,256
Interest earned on balances invested by NCC Treasury Management Operation	13	360

### Governance

Each member of the Pension Fund Committee is required to declare their interests at each meeting. Declarations of interest are recorded in the minutes of each Committee

meeting as part of the public record and a copy can be found on the Norfolk County Council website under Pensions Committee papers at [www.norfolk.gov.uk](http://www.norfolk.gov.uk).

### **Personnel Employed in the Delivery of the Pensions Function by the Administering Authority**

All employees of Norfolk County Council (other than those whose profession grants them access to other public service schemes) may join the Local Government Pension Scheme. This includes personnel employed in delivering the pensions function through the Norfolk Pension Fund. Benefits are accrued and employee contributions calculated on a standard national, statutory basis.

Disclosure of senior officer remuneration is made in note 13 of the Statement of Accounts of the Administering Authority (Norfolk County Council). This disclosure includes the Director of Strategic Finance who has responsibility under S151 of the Local Government Act 1972 for the proper financial administration of the Fund and holds the role of Fund Administrator.

The Administering Authority (Norfolk County Council) disclosure of senior officer remuneration includes the Director of Strategic Finance who has responsibility under S151 of the Local Government Act 1972, for the proper financial administration of the Fund and holds the role of Fund Administrator. For 2022-23 the remuneration amount incurred by the Fund was £9,000 (£9,000 2021-22).

Remuneration is deemed to include:

- Gross pay (before the deduction of employees' pension contributions).
- Expense allowances chargeable to tax and other benefits (as declared on HM Revenue & Customs form P11D).
- Compensation for loss of office and any other payments receivable on termination of employment transfer.

## 26. Contractual Commitments, Contingent Assets and Liabilities

### 26a Contractual Commitments

Outstanding Capital Commitments	31 March 2022 £000	31 March 2023 £000
Private equity partnerships	369,385	366,958
Property investment vehicles	20,698	9,829
Pooled Illiquid Closed-Ended Debt Funds	20,780	16,610
Pooled Infrastructure	126,333	105,107
Pooled Timberland	28,632	214
<b>Total</b>	<b>565,828</b>	<b>498,718</b>

At 31 March 2023 the Fund had made contractual commitments to private equity funds managed by abrdn Capital Partners LLP (previously Aberdeen Standard Investments) and HarbourVest Partners. Commitments are made in the underlying currency of the Fund (Euros and US Dollars respectively) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both on the value of unfunded commitments in Sterling terms and the valuation of the funded interest and monies received as distributions.

The Fund's private equity programme is now maturing. The commitments are paid over the investment timeframe of the underlying partnerships. Concurrently as these partnerships mature they distribute capital back to investors.

In addition to the private equity commitments, within the LaSalle property portfolio there are unfunded commitments to various property investment vehicles. This total potentially includes Sterling and US Dollar denominated commitments as at 31 March 2023. The foreign exchange exposure on the funded portion of these positions is hedged within the LaSalle portfolio but the unfunded commitments are impacted by exchange rate volatility. There are also commitments on the M&G Debt and Credit opportunities portfolios.

The Fund has ongoing contractual commitments with Infrastructure managers, Equitix, Pantheon and Aviva as well as Timberland manager Stafford. This includes Sterling and US Dollar denominated commitments as at 31 March 2023. The contractual commitments associated with these investments are shown above.

The current value of the funded commitment net of distributions in these funds at 31 March 2023 is included in the net asset statement.

**26b Contingent Assets**

There were no contingent assets as at 31 March 2023 (Nil for 31 March 2022).

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# APPENDICES

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## Appendix I – Participating Employers

*(Employers with active members during the year)*

<u>Employer</u>	<u>Type</u>
Access Community Trust	Admitted Body
Acle Academy	Scheduled/Resolution Body
Acle Parish Council	Scheduled/Resolution Body
Action for Children Early Childhood and Family Services	Scheduled/Resolution Body
Ad Meliora Academy Trust	Scheduled/Resolution Body
Admirals Academy	Scheduled/Resolution Body
Alburgh with Denton C of E Primary	Scheduled/Resolution Body
Alderman Peel High School	Scheduled/Resolution Body
Alive West Norfolk Ltd	Scheduled/Resolution Body
All Saints Academy	Scheduled/Resolution Body
Angel Road Infant School	Scheduled/Resolution Body
Angel Road Junior School	Scheduled/Resolution Body
Anglia Maintenance Services	Admitted Body
Anthony Curton CofE Primary School Academy	Scheduled/Resolution Body
Antingham & Southrepps Community Primary School	Scheduled/Resolution Body
Archbishop Sancroft High School	Scheduled/Resolution Body
Arden Grove Infant and Nursery School	Scheduled/Resolution Body
Aslacton Primary School	Scheduled/Resolution Body
Aspens Services (Wroughton Infant Academy)	Admitted Body
Astley Primary School	Scheduled/Resolution Body
Attleborough Academy	Scheduled/Resolution Body
Attleborough Town Council	Scheduled/Resolution Body
Aylsham Town Council	Scheduled/Resolution Body
Banham Community Primary School	Scheduled/Resolution Body
Barford & Wrampingham Parish Council	Scheduled/Resolution Body
Bawdeswell Community Primary School	Scheduled/Resolution Body
Beeston Primary School	Scheduled/Resolution Body
Bighton Parish Council	Scheduled/Resolution Body
Belton with Browston Parish Council	Scheduled/Resolution Body
Biffa Municipal Ltd	Admitted Body
Bignold Primary School	Scheduled/Resolution Body
Blenheim Park Academy	Scheduled/Resolution Body
Blofield Parish Council	Scheduled/Resolution Body
Bluebell Primary School	Scheduled/Resolution Body
Borough Council of King's Lynn & West Norfolk	Scheduled/Resolution Body
Boudica Schools Trust (previously Right for Success)	Scheduled/Resolution Body
Bradwell Parish Council	Scheduled/Resolution Body
Brancaster CofE VA Primary School	Scheduled/Resolution Body

Brancaster Parish Council	Scheduled/Resolution Body
Breckland Council	Scheduled/Resolution Body
Brisley Church of England Primary Academy	Scheduled/Resolution Body
Broadland District Council	Scheduled/Resolution Body
Broadland High Ormiston Academy	Scheduled/Resolution Body
Broads (2006) Internal Drainage Board	Scheduled/Resolution Body
Broads Authority	Scheduled/Resolution Body
Brundall Parish Council	Scheduled/Resolution Body
Bunwell Primary School	Scheduled/Resolution Body
Bure Park Specialist Academy	Scheduled/Resolution Body
Burnham Market Parish Council	Scheduled/Resolution Body
Burnham Market Primary School	Scheduled/Resolution Body
Burston Primary School	Scheduled/Resolution Body
Butterflies Nursery	Scheduled/Resolution Body
Buxton With Lamas Parish Council	Scheduled/Resolution Body
Caister Academy	Scheduled/Resolution Body
Castle Acre Church of England Primary Academy	Scheduled/Resolution Body
Caston Church of England Primary Academy	Scheduled/Resolution Body
Cawston Parish Council	Scheduled/Resolution Body
Cawston Church of England Primary Academy	Scheduled/Resolution Body
Change Grow Live	Admitted Body
Charles Darwin Primary	Scheduled/Resolution Body
Chartwells (Eastern Multi Academy Trust)	Admitted Body
Chartwells (Iceni Academy)	Admitted Body
Cherry Tree Academy Marham Infant	Scheduled/Resolution Body
Cherry Tree Academy Marham Junior	Scheduled/Resolution Body
Cherry Tree Academy Trust Marham	Scheduled/Resolution Body
Churchill Park Academy	Scheduled/Resolution Body
Churchill Services (Broadland District Council)	Admitted Body
Churchill Services (Easton College)	Admitted Body
Churchill Services (Wensum Trust)	Admitted Body
Clarion Housing Association	Admitted Body
City Academy Norwich	Scheduled/Resolution Body
City College Norwich	Scheduled/Resolution Body
City of Norwich School	Scheduled/Resolution Body
Clarion Corvus Trust	Scheduled/Resolution Body
Clenchwarton Primary School	Scheduled/Resolution Body
Cliff Park Ormiston Academy	Scheduled/Resolution Body
Cliff Park Primary Academy	Scheduled/Resolution Body
Cobholm Primary Academy	Scheduled/Resolution Body
Colkirk Church of England Primary Academy	Scheduled/Resolution Body
College of West Anglia	Scheduled/Resolution Body
Coltishall Parish Council	Scheduled/Resolution Body
Corpusty Primary School	Scheduled/Resolution Body
Costessey Primary School	Scheduled/Resolution Body



Costessey Town Council	Scheduled/Resolution Body
Cranworth Parish Council	Scheduled/Resolution Body
Cringleford Parish Council	Scheduled/Resolution Body
Cromer Academy	Scheduled/Resolution Body
Cromer Junior School	Scheduled/Resolution Body
Cromer Town Council	Scheduled/Resolution Body
Dereham Church of England Junior Academy	Scheduled/Resolution Body
Dereham Neatherd High School	Scheduled/Resolution Body
Dereham Town Council	Scheduled/Resolution Body
Dersingham Parish Council	Scheduled/Resolution Body
Diamond Academy	Scheduled/Resolution Body
Dickleburgh Church of England Primary Academy	Scheduled/Resolution Body
Diocese of Norwich Education and Academies Trust	Scheduled/Resolution Body
Diocese of Norwich Education Services Company	Scheduled/Resolution Body
Diocese of Norwich St Benet's Multi-Academy Trust	Scheduled/Resolution Body
Diss Church of England Junior Academy	Scheduled/Resolution Body
Diss High School	Scheduled/Resolution Body
Diss Infant Academy and Nursery	Scheduled/Resolution Body
Diss Town Council	Scheduled/Resolution Body
Ditchingham Church of England Primary Academy	Scheduled/Resolution Body
Docking Church of England Primary Academy and Nursery	Scheduled/Resolution Body
Docking Parish Council	Scheduled/Resolution Body
Downham & Stow Bardolph Internal Drainage Board	Scheduled/Resolution Bod
Downham Market Academy	Scheduled/Resolution Body
Downham Market Town Council	Scheduled/Resolution Body
Drayton Community Infant School	Scheduled/Resolution Body
Drayton Parish Council	Scheduled/Resolution Body
Duchy of Lancaster Methwold Church of England Primary School	Scheduled/Resolution Body
Duke of Lancaster School	Scheduled/Resolution Body
Dussindale Primary School	Scheduled/Resolution Body
East Coast College (previously Great Yarmouth College of Further Education)	Scheduled/Resolution Body
East Norfolk Multi Academy Trust	Scheduled/Resolution Body
East of Ouse, Polver & Nar Internal Drainage Board	Scheduled/Resolution Body
East Ruston Infant School and Nursery	Scheduled/Resolution Body
Eastern Inshore Fisheries and Conservation Authority	Scheduled/Resolution Body
Eastern Multi-Academy Trust	Scheduled/Resolution Body
Eastgate Academy	Scheduled/Resolution Body
Eaton Hall Specialist Academy	Scheduled/Resolution Body
Eaton Primary School	Scheduled/Resolution Body
Edith Cavell Academy	Scheduled/Resolution Body
Edward Worlledge Ormiston Academy	Scheduled/Resolution Body
Edwards & Blake	Admitted Body

Edwards & Blake (Cherry Tree Marham Infant Academy)	Admitted Body
Edwards & Blake (Fakenham Infant and Nursery School)	Admitted Body
Edwards & Blake (Fred Nicholson School)	Admitted Body
Edwards & Blake (Magdalen Gates Primary School)	Admitted Body
Edwards & Blake (Unity Trust Kings Park)	Admitted Body
Edwards & Blake (Wymondham Academy)	Admitted Body
Emneth Academy	Scheduled/Resolution Body
Enrich Learning Trust (previously IE Trust)	Scheduled/Resolution Body
Evolution Academy Trust	Scheduled/Resolution Body
Evolve Norse Ltd (previously NPS (London) Ltd)	Scheduled/Resolution Body
Fakenham Academy	Scheduled/Resolution Body
Fakenham Infant and Nursery School	Scheduled/Resolution Body
Fakenham Junior School	Scheduled/Resolution Body
Fakenham Town Council	Scheduled/Resolution Body
Filby Primary School	Scheduled/Resolution Body
Firside Junior School	Scheduled/Resolution Body
Flagship Housing Group	Admitted Body
Flegg High Ormiston Academy	Scheduled/Resolution Body
Fritcham Church of England Primary Academy	Scheduled/Resolution Body
Foulsham Primary School Academy	Scheduled/Resolution Body
Framingham Earl High School	Scheduled/Resolution Body
Framingham Earl Parish Council	Scheduled/Resolution Body
Freebridge Community Housing Ltd	Admitted Body
Gardoldisham Church Primary School	Scheduled/Resolution Body
Garrick Green Infant School	Scheduled/Resolution Body
Garvestone Primary School	Scheduled/Resolution Body
Gayton Church of England Primary Academy	Scheduled/Resolution Body
Gaywood Primary School	Scheduled/Resolution Body
George White Junior School	Scheduled/Resolution Body
Ghost Hill Infant & Nursery School	Scheduled/Resolution Body
Gillingham St Michael's CofE Primary Academy	Scheduled/Resolution Body
Glebeland Primary School	Scheduled/Resolution Body
Gooderstone Church of England Primary Academy	Scheduled/Resolution Body
Great and Little Plumstead Parish Council	Scheduled/Resolution Body
Great Dunham Primary School	Scheduled/Resolution Body
Great Hockham Primary	Scheduled/Resolution Body
Great Snoring Parish Council	Scheduled/Resolution Body
Great Witchingham Church of England Primary Academy	Scheduled/Resolution Body
Great Witchingham Parish Council	Scheduled/Resolution Body
Great Yarmouth Borough Council	Scheduled/Resolution Body
Great Yarmouth Charter Academy	Scheduled/Resolution Body
Great Yarmouth Norse	Scheduled/Resolution Body
Great Yarmouth Port Authority	Admitted Body
Great Yarmouth Port Company	Admitted Body
Great Yarmouth Primary Academy	Scheduled/Resolution Body

Greenpark Academy (previously St Edmunds Academy)	Scheduled/Resolution Body
Gresham Village School	Scheduled/Resolution Body
Greyfriars Academy	Scheduled/Resolution Body
Grove House Nursery Primary School	Scheduled/Resolution Body
GYB Services Ltd	Scheduled/Resolution Body
Happisburgh Parish Council	Scheduled/Resolution Body
Hardingham Parish Council	Scheduled/Resolution Body
Harling Parish Council	Scheduled/Resolution Body
Heacham Infant School	Scheduled/Resolution Body
Heacham Junior School	Scheduled/Resolution Body
Heart Education Trust	Scheduled/Resolution Body
Heartsease Primary Academy	Scheduled/Resolution Body
Heather Avenue Infant School	Scheduled/Resolution Body
Hellesdon High School	Scheduled/Resolution Body
Hellesdon Parish Council	Scheduled/Resolution Body
Hemblington Parish Council	Scheduled/Resolution Body
Hemblington Primary School	Scheduled/Resolution Body
Hemsby Parish Council	Scheduled/Resolution Body
Henderson Green Primary Academy	Scheduled/Resolution Body
Hethersett Academy	Scheduled/Resolution Body
Hethersett Parish Council	Scheduled/Resolution Body
Highgate Infant School	Scheduled/Resolution Body
Hilgay Riverside Academy	Scheduled/Resolution Body
Hillside Avenue Primary and Nursery School	Scheduled/Resolution Body
Hindolveston Parish Council	Scheduled/Resolution Body
Hobart High School	Scheduled/Resolution Body
Hockering Church of England Primary Academy	Scheduled/Resolution Body
Holt Town Council	Scheduled/Resolution Body
Holy Cross Church of England Primary School	Scheduled/Resolution Body
Hopton Church of England Primary Academy	Scheduled/Resolution Body
Hoveton Parish Council	Scheduled/Resolution Body
Howard Junior School (Academy)	Scheduled/Resolution Body
Hunstanton Town Council	Scheduled/Resolution Body
Iceni Academy	Scheduled/Resolution Body
Inclusive Schools Trust	Scheduled/Resolution Body
Independence Matters	Admitted Body
Inspiration Trust	Scheduled/Resolution Body
Jane Austen College	Scheduled/Resolution Body
Kenninghall Primary School	Scheduled/Resolution Body
Kettlestone Parish Council	Scheduled/Resolution Body
King Edward VII Academy	Scheduled/Resolution Body
King's Lynn Academy	Scheduled/Resolution Body
King's Lynn Internal Drainage Board	Scheduled/Resolution Body
King's Lynn Water Management Alliance	Scheduled/Resolution Body
King's Oak Academy	Scheduled/Resolution Body

King's Park Infant School	Scheduled/Resolution Body
Kinsale Junior School	Scheduled/Resolution Body
Kirby Cane and Ellingham Parish Council	Scheduled/Resolution Body
Konectbus Ltd	Admitted Body
Lingwood and Burlingham Parish Council	Scheduled/Resolution Body
Lingwood Primary Academy	Scheduled/Resolution Body
Lionwood Infant and Nursery School	Scheduled/Resolution Body
Lionwood Junior School	Scheduled/Resolution Body
Litcham School	Scheduled/Resolution Body
Little Snoring Community Primary Academy	Scheduled/Resolution Body
Little Snoring Parish Council	Scheduled/Resolution Body
Loddon Parish Council	Scheduled/Resolution Body
Lodge Lane Infant School	Scheduled/Resolution Body
Long Stratton High School	Scheduled/Resolution Body
Ludham Parish Council	Scheduled/Resolution Body
Lynn Grove High Academy	Scheduled/Resolution Body
Magdalen Academy	Scheduled/Resolution Body
Manor Field Infant and Nursery School	Scheduled/Resolution Body
Marlingford & Colton Parish Council	Scheduled/Resolution Body
Marshland High School	Scheduled/Resolution Body
Marshland St. James Primary School	Scheduled/Resolution Body
Martham Academy	Scheduled/Resolution Body
Martham Parish Council	Scheduled/Resolution Body
Mattishall Parish Council	Scheduled/Resolution Body
Mattishall Primary School	Scheduled/Resolution Body
Middleton Church of England Primary Academy	Scheduled/Resolution Body
Moorlands Church of England Primary Academy	Scheduled/Resolution Body
Morley C of E Primary	Scheduled/Resolution Body
Mousehold Infant and Nursery School	Scheduled/Resolution Body
Mulbarton Parish Council	Scheduled/Resolution Body
Mundesley Parish Council	Scheduled/Resolution Body
Mundford Church of England Primary Academy	Scheduled/Resolution Body
Narborough Church of England Primary Academy	Scheduled/Resolution Body
NCS (Assistive Technology)	Scheduled/Resolution Body
NCS Transport Ltd	Scheduled/Resolution Body
Nelson Academy	Scheduled/Resolution Body
Nelson Infant School	Scheduled/Resolution Body
New Anglia Local Enterprise Council	Admitted Body
New Buckenham Parish Council	Scheduled/Resolution Body
Newton Flotman Church of England Primary Academy	Scheduled/Resolution Body
Newton Flotman Parish Council	Scheduled/Resolution Body
Nightingale Infant & Nursery School	Scheduled/Resolution Body
Norfolk Chief Constable	Scheduled/Resolution Body
Norfolk County Council	Scheduled/Resolution Body
Norfolk Heritage Fleet Trust	Admitted Body

Norfolk Police and Crime Commissioner	Scheduled/Resolution Body
Norfolk Rivers Internal Drainage Board	Scheduled/Resolution Body
Norman Church of England Primary School	Scheduled/Resolution Body
Norse Care Limited	Scheduled/Resolution Body
Norse Care Services	Scheduled/Resolution Body
Norse Commercial Services	Scheduled/Resolution Body
Norse Eastern	Scheduled/Resolution Body
Norse Eastern (Highways)	Scheduled/Resolution Body
North Norfolk District Council	Scheduled/Resolution Body
North Walsham High School	Scheduled/Resolution Body
North Walsham Infant School & Nursery	Scheduled/Resolution Body
North Walsham Junior School	Scheduled/Resolution Body
North Walsham Town Council	Scheduled/Resolution Body
North Wootton Academy	Scheduled/Resolution Body
Northgate High School	Scheduled/Resolution Body
Northgate Primary School	Scheduled/Resolution Body
Northrepps Parish Council	Scheduled/Resolution Body
Norwich City Council	Scheduled/Resolution Body
Norwich City Services Ltd	Admitted Body
Norwich Primary Academy	Scheduled/Resolution Body
Norwich Road Academy	Scheduled/Resolution Body
Norwich University of the Arts	Scheduled/Resolution Body
Notre Dame High School	Scheduled/Resolution Body
NPS (South East) Ltd	Scheduled/Resolution Body
NPS (South West) Ltd	Scheduled/Resolution Body
NPS Property Consultants Ltd	Scheduled/Resolution Body
Old Buckenham High School	Scheduled/Resolution Body
Old Buckenham Primary School	Scheduled/Resolution Body
Old Catton Parish Council	Scheduled/Resolution Body
Open Academy - Heartsease	Scheduled/Resolution Body
Ormiston Herman Academy	Scheduled/Resolution Body
Ormiston Venture Academy	Scheduled/Resolution Body
Ormiston Victory Academy	Scheduled/Resolution Body
Overstrand Parish Council	Scheduled/Resolution Body
Ovington Parish Council	Scheduled/Resolution Body
Parker's Church of England Primary Academy	Scheduled/Resolution Body
Peterhouse Church of England Primary Academy	Scheduled/Resolution Body
Poringland Parish Council	Scheduled/Resolution Body
Postwick with Witton Parish Council	Scheduled/Resolution Body
Queensway Infant Academy and Nursery	Scheduled/Resolution Body
Raleigh Infant Academy	Scheduled/Resolution Body
Redenhall with Harleston Town Council	Scheduled/Resolution Body
Reedham Parish Council	Scheduled/Resolution Body
Reepham High School and College	Scheduled/Resolution Body
Reepham Primary School	Scheduled/Resolution Body

Reepham Town Council	Scheduled/Resolution Body
Reffley Academy	Scheduled/Resolution Body
Rockland St. Mary Primary School	Scheduled/Resolution Body
Rollesby Parish Council	Scheduled/Resolution Body
Rudham Church of England Primary Academy	Scheduled/Resolution Body
Saffron Housing Trust	Admitted Body
Salhouse Parish Council	Scheduled/Resolution Body
Sandringham And West Newton Church Of England Primary	Scheduled/Resolution Body
Saxlingham Nethergate Parish Council	Scheduled/Resolution Body
Scoulton Parish Council	Scheduled/Resolution Body
Sculthorpe Church of England Primary Academy	Scheduled/Resolution Body
Seething and Mundham Primary School	Scheduled/Resolution Body
Serco (Breckland Refuse)	Admitted Body
Serco Group Plc (North Norfolk District Council)	Admitted Body
Sewell Park Academy	Scheduled/Resolution Body
Sheringham High School	Scheduled/Resolution Body
Sheringham Town Council	Scheduled/Resolution Body
Short Stay School for Norfolk	Scheduled/Resolution Body
Sir Isaac Newton Sixth Form Free School	Scheduled/Resolution Body
Smithdon High School	Scheduled/Resolution Body
Snettisham Parish Council	Scheduled/Resolution Body
Snettisham Primary School	Scheduled/Resolution Body
South Norfolk District Council	Scheduled/Resolution Body
South Walsham Parish Council	Scheduled/Resolution Body
South Wootton Parish Council	Scheduled/Resolution Body
Southery & District Internal Drainage Board	Scheduled/Resolution Body
Southery Academy	Scheduled/Resolution Body
Southtown Primary School	Scheduled/Resolution Body
Spixworth Parish Council	Scheduled/Resolution Body
Spooner Row Primary School	Scheduled/Resolution Body
Sporle Church of England Primary School	Scheduled/Resolution Body
Sports & Leisure Management Ltd	Admitted Body
Springwood High School	Scheduled/Resolution Body
Sprowston Community Academy	Scheduled/Resolution Body
Sprowston Town Council	Scheduled/Resolution Body
St Augustine's Catholic Primary School	Scheduled/Resolution Body
St Clements High School	Scheduled/Resolution Body
St Francis of Assisi Catholic Primary School	Scheduled/Resolution Body
St Germans Academy	Scheduled/Resolution Body
St John the Baptist Multi-Academy Trust	Scheduled/Resolution Body
St Martha's Catholic Primary School	Scheduled/Resolution Body
St Martin at Shouldham Church of England VA Primary Academy	Scheduled/Resolution Body
St Mary & St Peter Catholic Primary School	Scheduled/Resolution Body

St Mary's Church of England Junior Academy	Scheduled/Resolution Body
St Michael's Church of England Academy (King's Lynn)	Scheduled/Resolution Body
St Michael's Family Centre	Admitted Body
St Peter & St Paul Carbrooke Church of England Primary Academy	Scheduled/Resolution Body
St Peters Church of England Primary Academy	Scheduled/Resolution Body
St. Clements Hill Primary Academy	Scheduled/Resolution Body
Stalham Academy	Scheduled/Resolution Body
Stalham High School	Scheduled/Resolution Body
Stalham Infant School and Nursery	Scheduled/Resolution Body
Stradbroke Primary Academy	Scheduled/Resolution Body
Strumpshaw Parish Council	Scheduled/Resolution Body
Suffolk Coastal Services	Scheduled/Resolution Body
Surlingham Primary	Scheduled/Resolution Body
Swaffham Church of England Junior Academy	Scheduled/Resolution Body
Swaffham Town Council	Scheduled/Resolution Body
Swanton Morley Parish Council	Scheduled/Resolution Body
Synergy Academy Trust (previously North Norfolk Academy Trust)	Scheduled/Resolution Body
Tacolneston C of E Primary	Scheduled/Resolution Body
Tarmac	Admitted Body
Tasburgh Parish Council	Scheduled/Resolution Body
Taverham High School	Scheduled/Resolution Body
Taverham Parish Council	Scheduled/Resolution Body
Ten Mile Bank Riverside Academy	Scheduled/Resolution Body
Tharston and Hapton Parish Council	Scheduled/Resolution Body
The Bishop's CE Primary Academy	Scheduled/Resolution Body
The Bridge Easton School	Scheduled/Resolution Body
The Fen Rivers Academy	Scheduled/Resolution Body
The Free School Norwich	Scheduled/Resolution Body
The Hewett Academy	Scheduled/Resolution Body
The Nicholas Hamond Academy	Scheduled/Resolution Body
The Pinetree School (previously Thetford Free School)	Scheduled/Resolution Body
The Thetford Academy	Scheduled/Resolution Body
The Wensum Trust	Scheduled/Resolution Body
The Wherry School	Scheduled/Resolution Body
The Yare Education Trust	Scheduled/Resolution Body
Thetford Town Council	Scheduled/Resolution Body
Thomas Bullock CE Primary Academy	Scheduled/Resolution Body
Thompson Primary School	Scheduled/Resolution Body
Thorpe St Andrew School and Sixth Form	Scheduled/Resolution Body
Thorpe St. Andrew Town Council	Scheduled/Resolution Body
Thurlton Primary	Scheduled/Resolution Body
TIAA Ltd (South Norfolk District Council)	Admitted Body
Tilney All Saints C of E Primary School	Scheduled/Resolution Body

Tivetshall Primary School	Scheduled/Resolution Body
Trowse with Newton Parish Council	Scheduled/Resolution Body
Tuckswood Academy and Nursery	Scheduled/Resolution Body
Unity Education Trust	Scheduled/Resolution Body
University Technical College Norfolk	Scheduled/Resolution Body
Upton with Fishley Parish Council	Scheduled/Resolution Body
Upwell Academy	Scheduled/Resolution Body
Valley Primary Academy	Scheduled/Resolution Body
Wacton Parish Council	Scheduled/Resolution Body
Walcott Parish Council	Scheduled/Resolution Body
Walpole Cross Keys Primary School	Scheduled/Resolution Body
Walsingham Parish Council	Scheduled/Resolution Body
Watton Town Council	Scheduled/Resolution Body
Watton Westfield Infant & Nursery School	Scheduled/Resolution Body
Watton Junior School (Wayland Junior)	Scheduled/Resolution Body
Wayland Academy	Scheduled/Resolution Body
Weasenham Church of England Primary Academy	Scheduled/Resolution Body
Weeting VC Primary School	Scheduled/Resolution Body
Wells-next-the-Sea Primary	Scheduled/Resolution Body
Wells-next-the-Sea Town Council	Scheduled/Resolution Body
Wensum Junior School	Scheduled/Resolution Body
West Lynn Primary School	Scheduled/Resolution Body
Whitefriars Church of England Primary Academy	Scheduled/Resolution Body
White House Farm Primary School	Scheduled/Resolution Body
Wimbotsham and Stow Academy	Scheduled/Resolution Body
Winterton Primary School and Nursery	Scheduled/Resolution Body
Woodlands Primary Academy	Scheduled/Resolution Body
Wroughton Infant Academy	Scheduled/Resolution Body
Wroughton Junior Academy	Scheduled/Resolution Body
Wroxham Parish Council	Scheduled/Resolution Body
Wymondham College	Scheduled/Resolution Body
Wymondham College Prep School	Scheduled/Resolution Body
Wymondham High School	Scheduled/Resolution Body
Wymondham Town Council	Scheduled/Resolution Body



## Appendix II – Disclosure Regulations

The Government introduced Disclosure of Information Regulations as a step towards protecting the interests of pension fund members after the occurrence of a few well-known cases of misuse of pension fund assets. These regulations extended the items of basic information to be disclosed and introduced fixed time limits for their disclosure.

### Pensions Registry

There is a registry of all schemes and information about this Scheme has been passed to:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

<http://www.thepensionsregulator.gov.uk/>

### Investment Strategy Statement and Funding Strategy Statement

With effect from the 1<sup>st</sup> April 2017 the Pension Fund is required to publish an Investment Strategy Statement in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”) and supersedes all previously published Statement of Investment Principles.

The Investment Strategy Statement and Funding Strategy Statement can be found on the Pension Funds website at the following location under the “Investment” and “Funding” sections:

<https://www.norfolkpensionfund.org/about-us/forms-and-publications/>

Alternatively, a copy can be obtained by contacting the Norfolk Pension Fund at:

Norfolk Pension Fund  
County Hall  
Martineau Lane  
Norwich  
NR1 2DH

Telephone: 01603 222870

## Appendix III – The Fund

Norfolk County Council administers a Pension Fund to provide retirement benefits for all its employees who are members of the Local Government Pension Scheme. Also included in the Fund are employees of the seven District Councils in Norfolk and 418 other bodies who actively participate in the Scheme.

Teachers and fire-fighters have their own pension schemes and are not included in the Fund.

The County Council has delegated to its Pensions Committee responsibility for deciding upon the best way in which the Pension Fund is invested. The Committee consists of 8 members, 5 appointed by the County Council plus 2 co-opted members representing the District Councils and a Staff Representative. The Head of Norfolk Pension Fund, the external Investment Managers, the Fund's Actuary and an employee representative also attend. This Committee meets quarterly.

The Director of Strategic Finance, together with the Director of Pensions and other staff member, control the investment administration and accounting functions relating to the Fund. The investment performance of the Fund is monitored throughout the year in conjunction with the Fund's Actuary. The Director of Strategic Finance also decides matters relating to policy on benefits.

## Appendix IV – Governance Compliance Statement

The Norfolk Pension Fund  
Governance Compliance Statement as at May 2023  
Local Government Pension Scheme Regulations 2013 (as amended)  
Regulation 55

### Principle A – Structure

	Not compliant*				Fully compliant
a					√
b					√
c					√
d					√

- a. The management of the administration of benefits and strategic management of fund assets rests clearly with the main committee established by the appointing council.

*Full Council have delegated responsibility to Pensions Committee to administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the scheme, and on behalf of NCC as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members). The Norfolk Pension Fund is part of the ACCESS investment pool, and is represented at the ACCESS Joint Committee, however all strategic asset allocation decisions remain with the Norfolk Pension Fund Pensions Committee.*

- b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.

In addition to the Norfolk County Council members, 2 district councillors elected by the Norfolk Leaders Board represent the largest group of employers; an observer seat is available to all other employers. Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative. Pensions Committee is observed by members of the Local Pension Board (known locally as the Pensions Oversight Board [POB]), made up of employer and employee representatives, and an independent Chair.

- c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.

*There is no formal secondary committee or panel. Regular employers' forums and other activities detailed within the communication strategy ensure effective communication. The Local Pension Board (known locally as the Pensions Oversight Board [POB]) regularly reports to Pensions Committee and POB members observe all Pensions Committee meetings.*

- d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.

*No formal secondary committee or panel has been established. However, employers are regularly reminded via the Employers' Forum and Employers newsletters of the observer opportunity at Committee. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. Some Committee and POB Members also attend Employer Forum meetings and member events*

#### Principle B – Representation

	Not compliant*				Fully compliant
a.i					√
.ii					√
.iii					√
.iiii					√

- a That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:
- i Employing authorities (including non-scheme employers, e.g. admitted bodies)  
*Two district councillors elected by the Norfolk Leaders Board represent the largest group of employers. An observer place is available to all other employers. POB: 3 employer representatives; all employers are invited to stand for election to POB.*
  - ii Scheme members (including deferred and pensioner scheme members)  
Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative, who has full voting rights. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. POB: 3 scheme member representatives; all scheme members invited to stand for election.
  - iii Independent professional observers  
Hymans Robertson, as Advisers to the Norfolk Pension Fund, attend Committee; they also attend POB as required.
  - iv Expert advisors (on an ad-hoc basis)  
Expert advisors are invited to attend committee and POB as and when necessary.

#### Principle C – Selection and role of lay members

	Not compliant*				Fully compliant
a					√
b					√

- a *That committee or panel members are made fully aware of the status, role and function that they are required to perform on either a main or secondary committee.*  
In addition to general Councillor Induction for newly elected members, Pensions Committee / POB members are briefed on appointment to Pensions Committee / POB by the Director of the Norfolk Pension Fund and senior officers. Other elected members who do not sit on Pensions Committee are briefed as required / requested. An on going training strategy is maintained and delivered.

- b That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.*  
This is a standing agenda item for each committee and POB meeting.

*Principle D – Voting*

	Not compliant*				Fully compliant
A					√

- a The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.*  
Voting rights are set out in the Norfolk Pension Funds Governance statement which is published on the Funds website, [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org). All members of Pensions Committee have voting rights, including the Staff Representative. All Employer and Scheme member representatives on POB have voting rights.

*Principle E – Training / facility time / expenses*

	Not compliant*				Fully compliant
A					√
B					√
C					√

- a That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.*  
We use Norfolk County Councils’ generic elected member remuneration policy, which includes Travel and Subsistence allowances. POB members can claim travel and subsistence costs incurred. In addition, the Fund maintains a training budget for Pensions Committee and POB for the delivery of our on-going members training programme, and related expenses.
- b That where such a policy exists it applies equally to all members of committees, sub-committees, advisory panels or any form of secondary forum.*  
All relevant individuals / bodies are treated equally, including for example the Staff Representative on Pensions Committee, members of the Pensions Oversight Board (Local Pension Board).
- c That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.*  
The Fund maintains and delivers a training strategy. Committee member and POB training needs are considered alongside the 12 month committee agenda planning process. Some aspects of training are business driven and therefore the programme is flexible. This allows us to align training most effectively with operational need / current agenda items, and therefore support member decision making. Regular Member training is supplemented by attending Local Government Association and other associated events, webinars, virtual and in person conferences and training, as well as an annual (more frequently if required) comprehensive bespoke Knowledge and Understanding event, talking to leading experts about all aspects of LGPS Investment and Governance and current issues. A Training Log is maintained.

*Principle F – Meetings (frequency / quorum)*

	Not compliant*				Fully compliant
a					√
b					√
c					√

- a *That an administering authority’s main committee or committees meet at least quarterly.*

The Pensions Committee meets quarterly.

- b *That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.*

There is no formal secondary committee or panel. The Employers’ Forum meets regularly, planned around operational requirements; POB meets quarterly, aligned to Committee timetable.

- c *That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.*

A Staff Representative (who represents all current, deferred and retired scheme members) sits on Pensions Committee, alongside 2 district councillors elected by the Norfolk Leaders Board to represent the largest employers. An Observer Seat at Committee is also available to Employers not directly represented. Regular Employers’ Forums take place. Retired Members engagement is maintained via a dedicated newsletter twice a year; in person Pensions Clinics for all scheme members (including Deferred) are held each autumn, after the production of Annual Benefit Statements; communications with scheme members is maintained via publications to home addresses, website and employers, and an Annual Meeting is offered. The Pensions Oversight Board (Local Pension Board) has equal employer /scheme member membership.

*Principle G – Access*

	Not compliant*				Fully compliant
a					√

- a *That subject to any rules in the council’s constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.*

All committee and POB members have equal access to committee papers, documents and advice. POB members observe Committee meetings. Public Minutes of Committee Meetings are published on Norfolk County Councils website:

[http://norfolkcc.cmis.uk.com/norfolkcc/Committees/tabid/62/ctl/ViewCMIS\\_CommitteeDetails/mid/381/id/30/Default.aspx](http://norfolkcc.cmis.uk.com/norfolkcc/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/30/Default.aspx)

POB minutes are published on the Norfolk Pension Fund’s website:

<https://www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/>

*Principle H – Scope*

	Not compliant*				Fully compliant
a					√

- a *That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.*

The Norfolk Pension Fund adopts a holistic approach to pension fund management. Pensions Committee is responsible for all aspects of the management of the pension fund (investment and administration) and delivery of its services, including all relevant budgets, strategies and service planning.

*Principle I – Publicity*

	Not compliant*				Fully compliant
a					√

- a *That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.*

The Norfolk Pension Funds’ Governance Statement and Communication and Customer Care Strategy are published on the Funds’ website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org), and included within the Pension Fund Annual Report (which is also published on our website), with hard copies of each available on request. Employers are reminded via the Employers Forum and Employers Newsletters that there is an observer seat at Committee for Employers not directly represented. Scheme Members receive an annual booklet with news of the Funds performance, legislative changes and other relevant pension’s news, and are invited to a formal annual meeting. All scheme members and employers are invited to stand for membership of the Pensions Oversight Board (Local Pensions Board).

## **Appendix V – Actuarial Statement for 2022-23 by Hymans Robertson LLP**

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

### **Description of Funding Policy**

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

### **Funding Position as at the last formal funding valuation**

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £4,901 million, were sufficient to meet 106% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £289 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.



## Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.3% pa
Salary increase assumption	3.4% pa
Benefit increase assumption (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.6 years
Future Pensioners*	22.9 years	26.2 years

\*Aged 45 at the 2019 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

### Experience over the period since 31 March 2022

Markets continued to be disrupted by the ongoing war in Ukraine and inflationary pressures, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023. Despite this, the funding level of the Fund is likely to be higher than reported at the previous formal valuation at 31 March 2022 due to the significant rise in interest rates which reduces the value placed on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

A handwritten signature in black ink, appearing to read "Robert Bilton". The signature is fluid and cursive, with the first name "Robert" and the last name "Bilton" clearly distinguishable.

Robert Bilton FFA

27 April 2023

For and on behalf of Hymans Robertson LLP

## Appendix VI – Glossary

### **Active Management**

A style of investment management which seeks to provide outperformance of a relevant benchmark through asset allocation, market timing or stock selection (or a combination of these). Directly contrasted with passive management that seeks to replicate the performance of a selected benchmark.

### **Actuarial Valuation**

A review of the Pension Fund by a qualified Actuary, which takes place every three years to ensure that employers' contributions are sufficient to maintain the solvency of the Fund in the long-term.

### **Actuary**

An independent qualified consultant who carries out the Actuarial Valuation and advises on new investment strategies or changes to the benefit structure.

### **Administering Authority**

A local authority required to maintain a pension fund under LGPS regulations. Within the geographical boundary of Norfolk this is Norfolk County Council.

### **Admitted Bodies**

An organisation, which, under the Pension Scheme Regulations, is able to apply to the Administering Authority to join the Scheme (e.g. a contractor providing services to the Council or another scheduled body). Upon acceptance, an Admission Agreement is prepared admitting the organisation and allowing its employees to join.

### **Asset Allocation/Asset Mix**

The apportionment of a Fund's assets between asset classes and/or markets. Asset allocation may be either strategic i.e. long-term, or Tactical i.e. short-term, aiming to take advantage of relative market movements.

### **Assumed Pensionable Pay**

Where an employee loses pay due to sickness or reduced pay family related leave, the pay actually received is substituted with "Assumed Pensionable Pay" when calculating "career average" benefits and employer contributions. Assumed Pensionable Pay is the average of pay in the three months prior to the month in which the reduced pay occurs.

### **Auditor**

An independent qualified accountant who is required to verify and agree the Pension Fund Accounts and issue an opinion on their accuracy.

**Benchmark**

A “notional” fund or model portfolio which is developed to provide a standard against which a manager’s performance is measured e.g. for a global equity fund the benchmark against which it will be measured could be made up 70%/30% by UK equities / overseas equities. A target return is generally expressed as some margin over the benchmark.

**Bond**

A certificate of debt, paying a fixed rate of interest, issued by companies, governments or government agencies.

**Collateral**

An asset (cash or securities) posted from one counterparty to another, and held as a guarantee against the value of a specified portfolio of trades or other transactions. Commonly referred to as margin, the collateral acts as a credit-risk mitigant. A collateral call is the demand by a derivatives counterparty for an investor to transfer cash or securities to collateralise movements in the value of a derivatives contract.

**Currency Forward**

An agreement between two counterparties to buy/sell a specified quantity of the underlying currency at a specified future date. Contracts are settled in cash on the expiration date.

**Custody/Custodian**

Safekeeping of securities by a financial institution. The custodian keeps a register of holdings and will collect income and distribute monies according to client instructions.

**Exchange Traded Derivatives Contract**

Standardised derivatives contracts (e.g. futures contracts and options) that are transacted on an organised futures exchange.

**Equities**

Ownership positions (shares) in companies that can be traded on public markets. Often produce income that is paid in the form of dividends. In the event of a company going bankrupt, equity holders’ claims are subordinate to the claims of bond holders and preferred stock holders.

**Final Pay**

This is the figure used to calculate members' benefits that have built up on the "final salary" basis. This is the pay in the last year before leaving, or one of the previous two years' pay if that amount is higher. For a part-time employee, the figure used is the pay an equivalent whole-time employee would have received. Pay lost on account of sickness or reduced pay family leave is added back.

**Fixed Interest Securities**

Investments in stocks mainly issued by governments, which guarantee a fixed rate of interest.

**FTSE**

A company that specialises in index calculation. Although not part of a stock exchange, co-owners include the London Stock Exchange and the Financial Times. They are best known for the FTSE 100, an index of the top 100 UK companies (ranked by size).

**Fund Manager**

A firm of professionals appointed by the Pensions Committee to carry out day to day investment decisions for the Fund within the terms of their Investment Management Agreement.

**Futures**

Futures contracts are exchange traded contracts to buy or sell a standard quantity of a specific asset at a pre-determined future date. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

**Gilts**

Bonds issued by the British government. They are the equivalent of U.S. Treasury securities

**Hedging**

A strategy which aims to eliminate a risk in an investment transaction (both upside and downside potential). Often used in the context of overseas investments to eliminate the impact of currency movements.

**Index**

A benchmark for the performance of a group of shares or bonds.

**Index-Linked Securities**

U.K. Government issue stocks on which the interest, and eventual repayment of the loan, is based on movements in the Retail Price Index.

**Initial Margin**

The upfront collateral requirement, set aside as a guarantee to an underlying futures contract, generally a percentage of the notional amount of the contract.

**Investment Advisor**

A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals.

**Mandate**

A set of instructions given to the fund manager by the client as to how a Fund is to be managed (e.g. targets for performance against a benchmark may be set or the manager may be prohibited from investing in certain stocks or sectors).

**Market Value**

The “on paper” value of a security at a specific point in time. It is calculated by multiplying the number of shares held by market price of that share in sterling terms.

**Outperformance/underperformance**

The difference in returns gained by a particular Fund against the “average” Fund or an index over a specified time period i.e. a target for a Fund may be outperformance of a given benchmark over a 3-year period.

**Passive Management**

An investment strategy that seeks to match the return and risk characteristics of a market segment or index, by mirroring its composition. also called passive portfolio strategy.

**Pensionable Pay**

This is the pay on which employee and employer pension contributions and "career average" benefits are based. Where an employee loses pay due to sickness or reduced pay family related leave then "Assumed Pensionable Pay" is used instead to calculate employer contributions and benefits.

**Performance**

A measure, usually expressed in percentage terms, of how well a Fund has done over a particular time period – either in absolute terms or as measured against the “average” Fund of a particular benchmark.

**Portfolio**

Term used to describe all investments held.

**Private Equity**

Investments in new or existing companies and enterprises which are not publicly traded on a recognised stock exchange.

**Regulations**

The Scheme is governed by Regulation approved by Parliament. Necessary amendments are made to these Regulations by means of Statutory Instruments.

**Resolution Body (designating body)**

A resolution body is an organisation which has the right to join the Scheme if it elects to do so (e.g. a Parish Council). Membership may apply to some or all of its employees.

**Risk**

Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more “stable” investments before investors will buy them.

**Scheduled Bodies**

These are organisations as listed in the Local Government Pension Scheme Regulations 1997 (Schedule 2) such as County Councils and District Councils etc, the employees of which may join the Scheme as of right.

**Securities**

Investment in company shares, fixed interest or index-linked stocks.

**Statement of Investment Principles**

Requirement, arising from the Pensions Act 1995, that all occupational pension plan trustees must prepare and maintain a written Statement of Investment Principles outlining policy on various investment matters (e.g. risk, balance between real and monetary assets, realisability of assets etc).

**Transfer Values**

Capital value transferred to or from a scheme in respect of a contributor’s previous periods of pensionable employment.

**Unit Trusts**

A method which allows investors’ money to be pooled and used by fund managers to buy a variety of securities.

**Variation Margin**

A cash collateral requirement that moves up and down with the value of a futures contract.

**Yield Curve**

A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates. For bonds, it typically compares the two- or five-year Treasury with the 30-year Treasury.

**PART 8.1**

**MEMBERS' CODE OF CONDUCT**

I ..... undertake to observe Norfolk County Council's Members' Code of Conduct.

Signed: ..... Date: .....

**Introduction to the Code**

This Code of Conduct is a key part of the Authority's discharge of its statutory duty to promote and maintain high standards of conduct by its members and co-opted members. It is very much focused upon the principles of conduct in public life of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership and it is the intention of the Authority that the Code be used exclusively in that context and not for any other purpose. It sets an objective, non political and high standard whose purpose is to remind members of the Authority of the behaviour expected of them in public life and to set out clearly the key principles against which their conduct will be measured.

The Code also contains provisions for registration and declaration of interests the breach of which will now attract potential criminal sanctions.

The Council's Standards Committee hears breaches of the Code and decides on sanctions against members found to be in default. Working closely with the Council's Monitoring Officer and Independent Person, the Standards Committee will oversee a straightforward and robust regime dealing only with substantial ethics and standards issues and filtering out the inconsequential, trivial and vexatious. The Code will deal in broad common sense principles and neither it nor the supporting arrangements are intended to be over-technical or over-procedural. To return to the wording of the statute, the Code is the Authority's public statement on the promotion and maintenance of high standards of conduct in public life.

Every member and co-opted member of Norfolk County Council, must sign an undertaking to observe the Code in the terms set out below.

**The Code**

As a member or co-opted member of Norfolk County Council, I have a responsibility to represent the community and work constructively with our staff and partner organisations to secure better social, economic and environmental outcomes for all.

In accordance with the Localism Act 2011 provisions, when acting in this capacity I am committed to behaving in a manner that is consistent with the following principles to achieve best value for our residents and maintain public confidence in this authority.



**SELFLESSNESS:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

**INTEGRITY:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

**OBJECTIVITY:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**ACCOUNTABILITY:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**OPENNESS:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**HONESTY:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**LEADERSHIP:** Holders of public office should promote and support these principles by leadership and example.

As a Member of Norfolk County Council my conduct will in particular address the statutory principles of the Code by:

- Championing the needs of residents – the whole community and in a special way all my constituents and putting their interests first.
- Dealing with representations or enquiries from residents, members of our communities and visitors fairly, appropriately and impartially.
- Not allowing other pressures, including the financial interests of myself or others connected to me, to deter me from pursuing constituents' casework, the interests of Norfolk nor the good governance of the authority in a proper manner.
- Exercising independent judgement and not compromising my position by placing myself under obligations to outside individuals or organisations who might seek to influence the way I perform my duties as a member/co-opted member of this authority.
- Listening to the interests of all parties, including relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit.

- Being accountable for my decisions and co-operating when scrutinised internally and externally, including by local residents.
- Contributing to making this authority's decision-making processes as open and transparent as possible to enable residents to understand the reasoning behind those decisions and to be informed when holding me and other members to account but restricting access to information when the wider public interest or the law requires it.
- Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the Authority's resources.
- Valuing my colleagues and staff and engaging with them in an appropriate manner and one that underpins the mutual respect between us that is essential to good local government.
- Always treating people with respect, including the organisations and public I engage with and those I work alongside.
- Providing leadership through behaving in accordance with these principles when championing the interests of the community with other organisations as well as within this authority.

The Localism Act provides for the disclosure and registration of Disclosable Pecuniary Interests ("DPIs"). I agree to notify the Monitoring Officer of my DPIs as soon as I become aware of them and in any event within 28 days. The Monitoring Officer will retain a register of my DPIs and will publish these on the Authority's website. If I have a DPI in a matter to be considered at a meeting and I have not notified the Monitoring Officer of that DPI, I shall disclose it to the meeting. In all cases where I have a DPI in a matter to be considered at a meeting I will not speak or vote at that meeting.

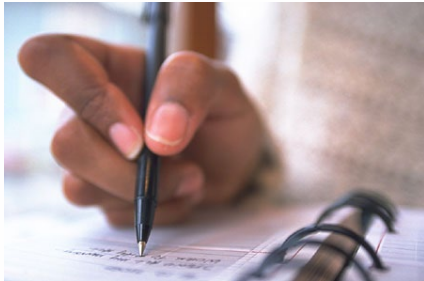
If a matter to be considered at a meeting affects, to a greater extent than others in my division:

- my wellbeing or financial position or
- that of family or close friends
- that of a club or society in which I have a management role
- that of another public body of which I am a member

then I will declare an interest (an "Other Interest") but provided it is not a DPI I may speak and vote on the matter.



Norfolk Pension Fund



# Investment Strategy Statement

July 2021

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## **1.0 Introduction and Background**

- 1.1 This is the Investment Strategy Statement (“ISS”) of the Norfolk Pension Fund (“the Fund”), which is administered by Norfolk Council, (“the Administering Authority”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”).
- 1.2 The ISS has been approved by the Fund’s Pension Committee (“the Committee”) having taken advice from the Fund’s investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.
- 1.3 The ISS is subject to periodic review at least every three years and without undue delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.
- 1.4 The Committee seeks to invest in accordance with the ISS any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund’s Funding Strategy Statement.
- 1.5 The Committee strongly believe that well governed pension schemes benefit from improved outcomes over the long-term. The Committee has developed a set of investment beliefs (Appendix 1) which promote good governance by providing a framework for all investment decisions.

## **2.0 Investment of Money**

- 2.1 The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.
- 2.2 The Fund has built up assets over the years and continues to receive contribution and investment income. All of this must be invested in a suitable manner, which is the investment strategy.
- 2.3 The investment strategy is set for the long-term but is reviewed from time to time. Normally a full review is carried out as part of each actuarial valuation and is kept under review annually between actuarial valuations to ensure that it remains appropriate to the Fund’s objectives.

2.4 The LGPS continues to see increased numbers and diversity of participating employers. Following the post 2016 actuarial valuation investment strategy review, it was agreed to move from one to three investment strategies, each with different asset allocations. A fourth investment strategy was introduced in April 2020 and was first funded in April 2021. Employers were allocated to the investment strategy that was deemed most appropriate to their funding objectives, liability characteristics and current funding position. For further details please refer to Appendix H of the Funding Strategy Statement.

2.5 The approach taken by the Fund in setting and maintaining its funding and investment objectives is detailed below.

## **2.6 Funding Objectives - Ongoing Plan**

2.6.1 The Committee aims to fund the Fund in such a manner that there is a sufficiently high likelihood of achieving the funding target (the estimated amount of assets needed to pay for members' benefits) in 20 years for both accrued benefits to date and those earned in the future. For employee members, accrued benefits will be valued on service completed but will take account of future salary and/or inflation increases.

2.6.2 The assumptions used to set funding plans to achieve this aim, correspond with those used in the latest Actuarial Valuation, which are shown in Appendix 2. The funding plans will be reviewed at least at each triennial Actuarial Valuation. The Committee will be advised of any material changes to the Fund or the funding plans during the period between valuations.

## **2.7 Funding Objectives – Funding Strategy Statement**

2.7.1 The Fund has published a Funding Strategy Statement (FSS). Its purpose is:

- “to establish a clear and transparent Fund-specific strategy which will identify how employers’ pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities.”

2.7.2 We recognise that these objectives are desirable individually, but, may be mutually conflicting. The FSS sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of process, stability of employers’ contributions, and prudence in the funding basis.

2.7.3 Copies of the FSS can be obtained from the publication section of the Fund’s website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) or by writing to the Fund at the address at the end of this document.

## 2.8 Investment objectives and strategy

2.8.1 The Fund aims to achieve, over the long term, an overall return on investment assets which, in addition to contributions received from employers and members, results in sufficient monies to pay members' benefits in the future.

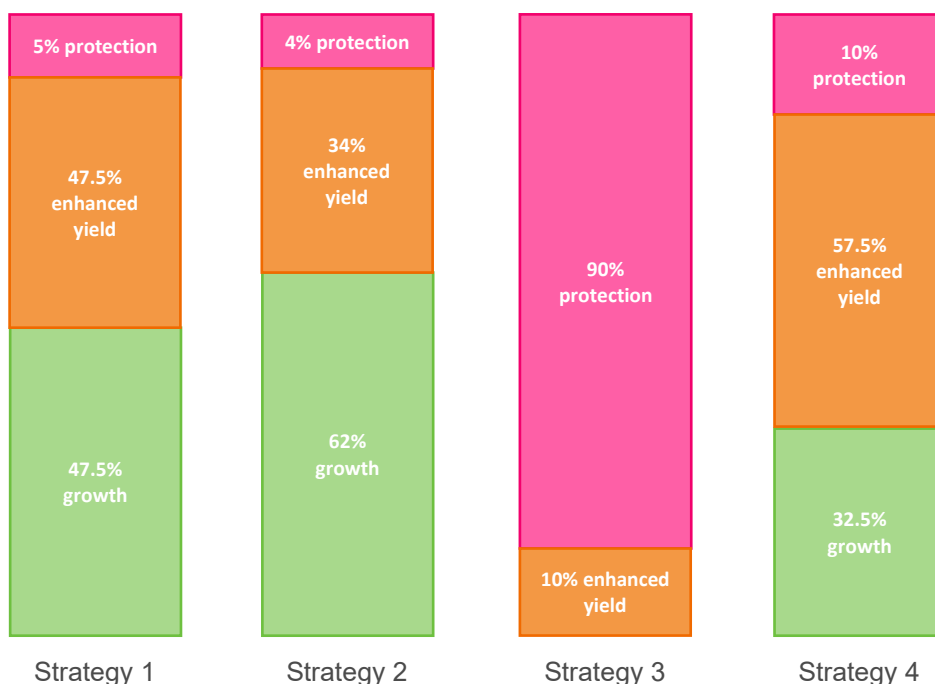
2.8.2 The investment strategy was formally reviewed in 2016-17 through an asset-liability modelling exercise which incorporated the results of the 2016 Actuarial Valuation. A health-check of the investment strategy was carried out as part of the 2019 Actuarial Valuation process.

2.8.3 The exercise took account of the following: -

- The liability profile of the Fund;
- The solvency of the Fund (i.e. ratio of assets to liabilities);
- The expected contributions;
- The risk tolerance of the Committee.

2.8.4 As a result of the review, a number of changes to the asset allocation strategy were approved by the Committee. From July 2017, the Fund moved from operating a single investment strategy for all employers to three distinct investment strategies with different allocations to growth, enhanced yield and protection assets. A fourth investment strategy was added in April 2020.

2.8.5 The Fund continues to operate a core investment strategy which the majority of employers participate in (Strategy 1). Alongside the core strategy, the Fund now also operates three additional investment strategies. The high level investment strategies are illustrated below (target allocations shown):



- 2.8.6 Strategy 2 has a higher allocation to growth assets than Strategy 1. As a result, this strategy is targeting a higher level of returns and therefore is taking a higher level of investment risk.
- 2.8.7 Strategy 3 has no allocation to growth assets. As a result, this strategy is targeting a lower level of returns and therefore is taking a lower level of investment risk.
- 2.8.8 Strategy 4 has a higher allocation to enhanced yield and protection assets than Strategy 1. As a result, this strategy is targeting a lower level of returns and lower level of risk and volatility than Strategy 1.

## **2.9 Rebalancing of assets**

- 2.9.1 Having approved the asset allocations, the Committee monitors the Fund's actual asset allocation on a regular basis to ensure it does not notably deviate from the target allocations. The Fund's approach to asset class rebalancing is set out in Appendix 3.

## **3.0 Suitability of Particular Investment Types**

### **3.1 Asset classes**

- 3.1.1 The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities, bonds, cash, property, infrastructure and timberland either directly or through pooled funds. The Fund may also make use of derivative contracts either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.
- 3.1.2 The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered (and training provided) to ensure its suitability and diversification.
- 3.1.3 The target asset allocation within each asset portfolio is set out below (Tables 1-3). The asset allocation within each asset class portfolio is maintained by asset rebalancing (Appendix 3). The intention is that the maximum invested in a particular asset class will be the target allocation plus a 2% rebalancing tolerance. The target allocation and the rebalancing tolerance is subject to periodic review.



**Table 1: Growth asset portfolio allocation**

Asset class	% of Growth Portfolio
UK equities	26.0
Global equities	30.5
Overseas equities	31.0
Private equity	12.5
<b>Total Growth Assets</b>	<b>100.0</b>

**Table 2: Enhanced Yield asset portfolio allocation**

Asset class	% of Enhanced Yield Portfolio
Property	25.0
Infrastructure	22.5
Timberland	2.5
Multi-asset credit	25.0
Investment grade corporate bonds	4.0
Secured finance	6.0
High yield and emerging market debt	6.0
Distressed debt	4.0
Real estate debt	3.0
Specialist credit	2.0
<b>Total Enhanced Yield Assets</b>	<b>100.0</b>

**Table 3: Protection asset portfolio allocation**

Asset class	% of Protection Portfolio
Gilts	50.0
Index-linked gilts	50.0
<b>Total Protection Assets</b>	<b>100.0</b>

## **3.2. Restrictions on investment**

- 3.2.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 have largely removed the investment restrictions that formed part of the previous regulations. The Fund will monitor the appropriateness of imposing its own investment restrictions relevant to the particular asset class and having taken appropriate professional advice. In line with the Regulations, the Fund's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the administering authority (within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007).

## **3.3 Managers**

- 3.3.1 The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.
- 3.3.2 The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that they reflect the Fund's strategic objectives. The Investment Managers are given discretion over the management of their portfolio against the specified benchmark but within agreed investment guidelines. Investment Managers are expected to maintain a diversified portfolio within the guidelines provided to them.
- 3.3.3 The Managers appointed to manage the Fund's assets are summarised in Appendix 4, this includes the investments made via the ACCESS pool, which provides indirect access to specific managers and mandates. The current structure embraces specialist management. A range of different Managers are employed, with different benchmarks and targets to reflect their specific mandates.
- 3.3.4 A management agreement and/or prospectus is in place for each Investment Manager which sets out the relevant benchmark, performance target, asset allocation ranges and any restrictions, as determined by the Committee. The kinds of investments which the Managers may hold, together with a summary of each Manager's brief, are summarised in Appendix 4.
- 3.3.5 The Fund's assets are predominantly managed on an active basis and the managers are expected to outperform their respective benchmarks over the long term. The exception to this approach is a proportion of the UK equity holdings and government bonds, which are managed on a passive basis. The return on these mandates are intended to track the return of the benchmark index.
- 3.3.6 The majority of stocks held are quoted on major stock markets and may be realised quickly if required in normal market conditions. The Fund also has currency hedging mandates in place. The underlying instruments in

these mandates tend to be highly liquid. Property, distressed debt, direct lending, specialist credit investments, infrastructure and private equity partnerships, which are relatively illiquid, currently make up a lower (albeit still notable) proportion of the Fund's assets. In periods of market volatility, the liquidity of most investment classes will fall.

### **3.4 Custody**

3.4.1 HSBC has been appointed as Global Custodian of the Fund's assets.

## **4.0 Approach to Investment Risk**

4.1 The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where appropriate and possible) mitigate the risks being taken. One of the Committee's overarching beliefs is to only to take as much investment risk as is necessary.

4.2 The principal risks affecting the Fund are set out below, we also discuss the Fund's approach to managing these risks and the contingency plans that are in place.

### **4.3 Funding risks**

4.3.1 Funding risks include:

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics –The risk that longevity improves ,and other demographic factors change, increasing the cost of Fund benefits.
- Environmental, social and governance (“ESG”) – The risk that ESG related factors reduce the Fund's ability to generate the long-term returns and also may impact the Fund's liabilities.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial ‘contagion’, resulting in an increase in the cost of meeting the Fund's liabilities.

4.3.2 The Committee measures and manages financial mismatch in two ways. As indicated above, the Committee has set strategic asset allocation benchmarks for the Fund. These benchmarks were set taking into account asset liability modelling which focused on probability of success and level of downside risk. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocations and investment returns relative to these benchmarks. The Committee also

assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

- 4.3.3 The Committee also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.
- 4.3.4 The Fund's longevity assumptions are reviewed as part of the Fund's triennial valuation process.
- 4.3.5 Details of the Fund's approach to managing ESG risks is set out later in this document.
- 4.3.6 The Committee seeks to mitigate systemic risk through a diversified portfolio, but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

#### **4.4 Asset risks**

##### 4.4.1 Asset risks include:

- Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk – The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.
- Credit – the risk that one of the Fund's bond/credit holdings investments defaults on its obligations

##### 4.4.2 The Committee measure and manage asset risks as follows:

- The Fund invests in a diversified range of asset classes. The Committee has put in place rebalancing arrangements to ensure the 'actual allocation' within each asset class portfolio does not deviate substantially from its target. Similarly, there are rebalancing arrangements in place to ensure that the allocation to growth, enhanced yield and protection assets in each strategy does not deviate substantially from its target allocation.
- The Fund invests in a range of investment mandates each of which has a defined objective, investment universe and performance benchmark which, when taken in aggregate, helps reduce the Fund's asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, the Committee has recognised the need for access to liquidity in the short term. When assessing managers, the Committee gives considerable

focus to managers' ability to assess the credit worthiness of their underlying investments.

- The Committee assess the Fund's currency risk during their risk analysis. The Fund invests in a range of overseas markets which provides a diversified approach to currency markets. The Fund also has a dynamic currency hedging mandate in place that helps to manage this risk.
- The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager and having a proportion of the Fund's assets managed on a passive basis. The Committee assess the Fund's managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

#### **4.5 Other provider risk**

##### 4.5.1 Other provider risks include:

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.
- Custody risk - The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default - The possibility of default of a counterparty in meeting its obligations.
- Stock-lending – The possibility of default and loss of economic rights to Fund assets.

4.5.2 The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers (including the Pool – see comments below), and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

#### **4.6 Monitoring and reporting risks**

4.6.1 A more comprehensive breakdown of the risks to which the Fund is exposed and the approach to managing these risks is set out in the Fund's Risk Register. The Risk Register is reviewed by Committee every six months and is available from the Fund's web site.

## 5.0 Approach to Asset Pooling

5.1 The Fund is a participating scheme in the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex. The structure and basis on which the ACCESS Pool operates was set out in the July 2016 submission to Government and subsequent updates to Government.

### 5.2 Assets to be invested in the Pool

5.2.1 The Fund's intention is to invest its assets through the ACCESS Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. The key criteria for assessment of Pool solutions will be as follows:

- That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund.
- That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

5.2.2 At 31 December 2020, the Fund had 46% of assets (c£2bn) invested in the ACCESS pool, with investments in the Baillie Gifford, Capital, Mondrian and Fidelity equity ACS sub-funds and the UBS passive mandate. A collateralised stock lending program is undertaken for each of these mandates within the ACS by the pool custodian Northern Trust.

5.2.3 The Fund has elected not to pool certain illiquid assets (e.g. direct property and private equity) and assets held within closed ended pooled vehicles (e.g. indirect property) at this time, on the basis that it is not economically viable to transition these assets to the pool. Any asset that remain outside of the Pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. ACCESS is currently developing its illiquid asset solution, which the Fund will consider in due course.

### 5.3 Structure and governance of the ACCESS Pool

5.3.1 The July 2016 submission to Government of the ACCESS Pool provided a statement addressing the structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured.

- 5.3.2 An Inter-Authority Agreement (IAA) has been signed by all 11 authorities defining governance and cost sharing arrangements for the ACCESS Pool.
- 5.3.3 The ACCESS Pool is governed by a joint Committee (JC) made up of one elected councillor from each authority's Pension Committee.

## 6.0 Environmental, Social and Corporate Governance

- 6.1 At the present time, the Committee does not take into account non-financial factors when selecting, retaining, or realising its investments. It does however recognise that environment, social and governance (ESG) factors can influence long term investment performance and the ability to achieve long term sustainable returns. The Committee therefore considers the following two key areas of responsible investment:
- **Corporate Governance / Stewardship** – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.
  - **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors on its investments.
- 6.2 The Committee takes ESG matters very seriously and will regularly conduct reviews of its policies in this area and its investment managers' approach to ESG. The Committee has developed a set of responsible investment beliefs as one of its four core Investment Beliefs. These are detailed in Appendix 1.

### 6.3 Corporate Governance / Stewardship

- 6.3.1 The Fund takes the following approach to Corporate Governance / Stewardship:
- The Committee believe that the adoption of good practice in Corporate Governance will improve the management of companies and thereby increase long term shareholder value. The Committee expect the 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. The Committee have developed their own corporate governance engagement policy which includes specific consideration of environmental and social matters. Details of the current policy are set out in Appendix 5.

- The Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.
- All shares in the ACCESS ACS are voted in accordance with the Pool voting policy by fund managers. If the manager believes that specific rationale exists to depart from this policy this must be explained to the Pool.

## **6.4 Sustainable Investment / ESG factors**

6.4.1 The Fund takes the following approach to Sustainable Investment / ESG factors:

- The Committee recognise that social, environmental and governance considerations are among the factors that can affect the financial return on investments. The Committee expects the managers to engage with the companies in which the Fund invests with the objective of seeking to enhance shareholder value over the long term.
- Appendix 5 sets out in detail the Fund's approach to responsible engagement.

## **6.5 Compliance with Myners Principles**

6.5.1 The Myners report on Institutional Investment in the UK was published in 2001. Following pension industry consultation in 2007, the ten principles of good investment practice, were consolidated into six overarching principals. Norfolk's compliance with these investment principles is detailed in Appendix 6.



## APPENDIX 1 – Investment Beliefs

### Norfolk Pension Fund investment beliefs

1. The Committee of the Norfolk Pension Fund (“the Fund”) strongly believe that well governed pension schemes benefit from improved outcomes over the long-term. They also take the view that a clear set of investment beliefs can help achieve good governance by providing a framework for all investment decisions. The Committee has four headline beliefs, with a number of sub-beliefs sitting underneath these headlines. Details of the Fund’s investment beliefs are provided in this document. All beliefs will be reviewed on an ongoing basis to ensure that they remain appropriate.

#### Chart 1: Headline beliefs

<b>Governance</b> Effective governance and decision-making structure will add value to the Fund over the long-term	<b>Strategic</b> Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager will stock selection
<b>Structural</b> Structural matters can improve efficiency but implementation approach must be aligned to the Fund’s governance resource	<b>Responsible investment</b> Effective management of financially material ESG risks should enhance the Fund’s long-term outcomes

## 2. Governance

A well-run Fund offers a number of benefits, most notably improving funding outcomes, but also to the local economy given a large number of people in the area relies on the Fund for their pension and the local employer base.

Clear and well defined objectives are essential to reflect the Fund’s long-term<sup>1</sup> strategic direction of travel and to help build a plan for achieving these objectives.

<sup>1</sup> (1) The Committee view long-term as typically being greater than 15 years, medium-term typically being between 3-15 years and short-term being less than 3 years

The Committee supports long term investing as a means of enhancing returns, reducing transaction costs and encouraging improved governance at a corporate level.

There are a number of factors that lead to good decision making, most notably taking a long-term approach to any decisions, Members' having a clear understanding of their fiduciary duties and the Committee and Officers having the appropriate levels of knowledge and understanding, hence the Fund's commitment to high quality Member training.

Fees and costs matter. It is important to get the best value from the Fund's providers and to understand and minimise, as far as possible, any cost leakages from the investment process.

The Committee believes in full and transparent disclosure of investment and administration costs. It recognises the importance of adequate resources to operate effective financial reporting and controls and effective and efficient provision of scheme administration and related activities. It recognises the importance of these functions in facilitating and demonstrating good oversight and governance to multiple stakeholders.

The Fund should maintain access to skilled, high quality internal and external professional advice to support effective implementation and management of its investment and administration activities.

### **3. Strategic**

Clear investment objectives are essential. Return and risk should be considered relative to the Fund's liabilities, funding position and contribution strategy. The information in the Fund's Funding Strategy Statement should be taken into consideration when setting investment strategy.

Employer covenant is a factor when it comes to setting investment strategy. In most cases, the strength of employers' covenants allows the Fund to take a long term view of investment strategy. However, it is appreciated there may be certain employers when a short-term to medium-term horizon is more appropriate and there is a need to develop technical solutions to accommodate this. As such the Fund has implemented three employer-specific investment strategies to reflect this belief.

Ongoing risk assessment is essential. This assessment can take many forms including (but not limited to):

- To understand progress relative to the long-term plan at an individual investment strategy level
- The implications of the increasing diversity and maturity of the Fund's underlying employers, including the impact on the Fund's net cash flow position, and;

- The risks associated with the Fund's managers and counterparties.

#### **4. Structural**

There exists a relationship between the level of investment risk taken and the rate of expected investment return. However, for certain investments, it may take a long period of time for this relationship to be established.

Markets are not always efficient, which can create opportunities for investors. For the majority of such opportunities, the Fund's investment managers are likely to be in the best position to exploit them.

Equities are expected to generate superior long-term returns relative to government bonds.

Alternative asset class investments are designed to further diversify the Fund and improve its risk-return characteristics. A premium return (net of fees) is required for any illiquid investments.

Currency volatility increases the Fund's risks and therefore should be managed.

Active management can add value but it is not guaranteed. If accessing active management, it is important that a manager's philosophy and processes are well defined, fees are good value and the manager is given an appropriate timescale to achieve their performance target.

Passive management has a role to play in the Fund's investment structure, most notably in more efficient investment markets.

Transitions between managers and asset classes can result in considerable transaction costs and market risks. It is important such transitions are carefully managed.

#### **5. Responsible investment**

Effective management of financially material environmental, social and governance ("ESG") risks should enhance the Fund's long-term outcomes.

The Committee prefer to take a holistic approach to ESG matters, rather than to focus on single issues.

Proactive engagement with the companies in which the Fund invests is the most effective means of understanding and influencing their social, environmental and business policies.

Investment managers should sign up and comply with the Financial Reporting Council's Stewardship Code. If they are not signed up, there should be a clear response as to why not.

The Fund's investment managers should review investee companies' approaches to employee rights and the risks within this. Managers should engage with companies where they believe there is room for improvement. This should be done on a global basis and reported on at least six-monthly. The Committee will hold the managers to account on the level and quality of their engagement.

## APPENDIX 2 – Funding Objectives (Actuarial Assumptions)

1. For the purpose of setting funding plans at the 2019 valuation, an economic scenario generator has been used to project a range of possible outcomes for the future behaviour of asset returns and inflation. The table below shows a summary of the returns and volatilities as used at the 31 March 2019 valuation:

		Annualised Total Returns							RPI Inflation Expectation	17 Year Real Govt Bond Yield	17 Year Govt Bond Yield
		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	UK Equity	Overseas Equity	Property	A Rated Corporate Bonds (medium)			
5 years	16th %ile	-0.4%	-2.3%	-2.9%	-4.1%	-4.1%	-3.5%	-2.7%	1.9%	-2.5%	0.8%
	50th %ile	0.7%	0.5%	0.3%	4.0%	4.1%	2.4%	0.8%	3.3%	-1.7%	2.1%
	84th %ile	2.0%	3.3%	3.4%	12.7%	12.5%	8.8%	4.0%	4.9%	-0.8%	3.6%
10 years	16th %ile	-0.2%	-1.8%	-1.3%	-1.5%	-1.4%	-1.5%	-0.9%	1.9%	-2.0%	1.2%
	50th %ile	1.3%	0.0%	0.2%	4.6%	4.7%	3.1%	0.8%	3.3%	-0.8%	2.8%
	84th %ile	2.9%	1.9%	1.7%	10.9%	10.8%	7.8%	2.5%	4.9%	0.4%	4.8%
20 years	16th %ile	0.7%	-1.1%	0.1%	1.2%	1.3%	0.6%	0.7%	2.0%	-0.7%	2.2%
	50th %ile	2.4%	0.3%	1.0%	5.7%	5.8%	4.3%	1.9%	3.2%	0.8%	4.0%
	84th %ile	4.5%	2.0%	2.0%	10.3%	10.4%	8.1%	3.0%	4.7%	2.2%	6.3%
	<b>Volatility (Disp) (1 year)</b>	1%	7%	10%	17%	17%	14%	11%	1%		

2. For the purpose of disclosing a current funding position, the actuarial assumptions used at the 31 March 2019 valuation were:

	<b>Nominal per annum</b>	<b>Real per annum</b>
<i>Price Inflation (CPI)</i>	2.3%	-
<i>Pay Increases</i>	3.0%	0.7%
<i>Investment return (discount rate)</i>	4.2%	1.9%

3. For the purpose of disclosing the funding position, the Actuarial Valuation as at 31 March 2019 was carried out using a “mark to market” approach meaning the Fund’s assets have been taken into account at their market value for the period ended 31 March 2019, consistent with the approach of valuing liabilities by reference to a single set of assumptions based on market indicators as at the valuation date. In addition, an allowance has been made for payments in respect of early retirement strain and augmentation costs granted prior to the valuation date for consistency with the valuation of liabilities.
4. It should be noted that the absolute return figures as given above are not critical to the results of the Valuation - it is the returns relative to one another which are more significant (in particular, the return achieved in excess of inflation).

The actuarial assumptions also include statistical assumptions; for example, rates of ill health and mortality. All assumptions are reviewed as part of the formal actuarial valuation that is carried out every 3 years.

5. For full details please see the 2019 Valuation Report and the Funding Strategy Statement which are both available from the Fund’s website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

6. Past Service Funding Position at 31 March 2019

<b><i>Accrued (Past Service ) Liabilities</i></b>	<b><i>£m</i></b>
<b><i>Past service liabilities:</i></b>	
<i>Employee Members</i>	<i>1,217</i>
<i>Deferred Pensioners</i>	<i>806</i>
<i>Pensioners</i>	<i>1,840</i>
<b><i>Total</i></b>	<b><i>3,863</i></b>
<b><i>Assets</i></b>	
<i>Market Value of Assets</i>	<i>3,835</i>
<b><i>Total Value of Assets</i></b>	<b><i>3,835</i></b>
<b><i>Surplus (Deficit)</i></b>	<b><i>(28)</i></b>
<b><i>Funding Level</i></b>	<b><i>99%</i></b>

7. At the time of producing the 31 March 2019 results, the LGPS benefit structure was under review following the Government’s loss of the right to appeal the McCloud and other similar court cases. The scope and format of any benefit changes in light of McCloud is still unknown. Therefore, in line with the advice issued by the Scheme Advisory Board in May 2019, the above funding position results include no allowance for the potential impact of McCloud.

## APPENDIX 3 – Asset Mix and Rebalancing

The Fund operates four investment strategies. Each strategy has a target allocation to the underlying Growth, Enhanced Yield (“EY”) and Protection asset portfolios as outlined in the table below.

**Appendix 3 – Table 1**

	Strategy 1	Strategy 2	Strategy 3	Strategy 4
Growth portfolio	47.5%	62.0%	0.0%	32.5%
EY portfolio	47.5%	34.0%	10.0%	57.5%
Protection portfolio	5.0%	4.0%	90.0%	10.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The target asset allocations within each of the asset portfolios is outlined in the tables below.

**Appendix 3 – Table 2: Growth asset portfolio allocation**

Asset class	% of Growth Portfolio
UK equities	26.0
Global equities*	30.5
Overseas equities*	31.0
Private equity	12.5
<b>Total Growth Assets</b>	<b>100.0</b>

\* The Fund has a dynamic currency hedging programme in place with Berenberg Bank and Insight to hedge the Euro, US Dollar and Japanese Yen denominated positions within the portfolios of Fidelity, Mondrian and Capital. The benchmark hedge ratio (the proportion hedged to Sterling) is 0%.

**Appendix 3 – Table 3: Enhanced Yield asset portfolio allocation**

Asset class	% of Enhanced Yield Portfolio
Property	25.0
Infrastructure	22.5
Timberland	2.5
Multi-asset credit <sup>[1]</sup>	25.0
Investment grade corporate bonds	4.0
Secured finance	6.0



High yield and emerging market debt	6.0
Distressed debt	4.0
Real estate debt	3.0
Specialist credit	2.0
<b>Total Enhanced Yield Assets</b>	<b>100.0</b>

[1] Includes mandates with Janus Henderson and M&G

### Appendix 3 – Table 4: Protection asset portfolio allocation

Asset class	% of Protection Portfolio
Gilts	50.0
Index-linked gilts	50.0
<b>Total Protection Assets</b>	<b>100.0</b>

### Rebalancing

Table 1 above provides detail the strategic benchmark for each investment strategy, for which the Committee considers has the appropriate risk and reward characteristics for each employer grouping. Tables 2, 3 and 4 above provides detail the strategic benchmark for each portfolio. The Committee has appointed a portfolio of investment managers to provide exposure to the asset classes in the strategic benchmark. The managers are expected to provide the market return (beta) for the asset classes in their mandates plus (for the actively managed mandates) additional returns from the active management (alpha).

1. Over time the differential relative performance of the asset classes and managers will mean that asset allocations (both at a strategic and portfolio level) deviates from the agreed targets and the amount of money invested with each manager deviates from their target proportion of the Fund. Deviations from the targets result in tracking error, which is undesirable. Therefore, rebalancing is required to tighten the distribution of returns around the expected return from each investment strategy.
2. Rebalancing entails portfolio transactions, so the benefit has to be weighed against the costs incurred, both in trading and indirectly in the market. Costs of rebalancing are broadly linear (selling twice as much of an asset will cost roughly twice as much). The net benefit of rebalancing is therefore the impact of tracking error less the costs of rebalancing. The exception to this is certain pooled funds where a dilution levy may be triggered if a seller is liquidating a significant holding in the Fund.
3. Hymans Robertson have advised that the trigger point for a rebalance should be when the benefits of the switch outweigh the costs involved. Historical evidence has indicated that such a point is when there is 2% deviation from target (at a strategic level) under normal market conditions.

4. The trigger determines when to rebalance, but not by how much. Hymans Robertson has advised that it does not pay to rebalance all the way to the target allocation, as the costs of rebalancing all the way tend to outweigh the benefits. The Fund's policy is rebalance to 1% from the target allocation and in graduated steps were possible.
5. The key risk being run within a pension fund is the proportion invested in growth assets. The Fund's rebalancing procedures for the three portfolios: growth, enhanced yield and protection, are as follows. The rebalancing will take place when one of the portfolios deviates by more than 2% from its target allocation. When rebalancing is required, the portfolio will be taken back to within 1% of the target allocation.
6. In periods of heightened market volatility or other uncertainty the rebalancing process may be temporarily suspended or the pace of rebalancing may be slowed.
7. Rebalancing decisions will be made with due consideration of the liquidity of the underlying assets.
8. The principles for rebalancing the Fund's investment strategies will be applied to the Fund's asset portfolio and manager rebalancing.

## APPENDIX 4 – Appointed Managers and Cash Management Strategy

### Kinds of Investments held by Each Manager

		Equities		Bonds		Index-linked		Property	Infra-structure	Timber-land
		UK	Overseas	UK	Overseas	UK	Overseas			
GSAM	Fixed Interest (Absolute Return)			See note below on Absolute Return Fixed Interest						
Janus Henderson	Fixed Interest (Credit)			✓						
Janus Henderson	Fixed Interest (Gilts and index link)			✓						
Insight	Fixed Interest (Gilts and index link)			✓						
Capital	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
Janus Henderson	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
Insight	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
M&G	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
UBS (via Pool)	UK Equity	✓								
Baillie Gifford (via Pool)	UK Equity <sup>[1]</sup>	✓								
Fidelity (via Pool)	Overseas Equity		✓							
Capital (via Pool)	Global Equity	✓	✓							
Mondrian (via Pool)	Global Equity	✓	✓							
La Salle	Property <sup>[2]</sup>							✓		
M&G	Distressed Debt/Real Estate Debt/ Specialist	See note on Specialist Mandates								
JP Morgan	Infrastructure								✓	
Equitix	Infrastructure								✓	
Aviva	Infrastructure								✓	
Pantheon	Infrastructure								✓	
M&G	Infrastructure								✓	
Stafford	Timberland									✓

[1] Baillie Gifford has the discretion to invest up to 10% of the value of their mandate in overseas equities.

[2] La Salle has the discretion to invest up to 30% of the property allocation in overseas property funds.

## **Private Equity**

The Fund has a 12.5% target allocation to Private Equity in the Growth Portfolio. Diversification is achieved through geography, stages (venture and buyout) and a mix of primary and secondary allocations. Two Private Equity funds of funds managers have been appointed:

- 1 Aberdeen Standard Investments (European and secondary fund of funds)
- 2 HarbourVest (North American, European and Asia Pacific including specialist secondary, Clean-Tech, debt and real asset funds)

It is a characteristic of the asset class that committed funds are drawn down by the managers over time to achieve time diversification within the overall investment. The Fund will continue to make follow on investments to new funds with these managers (subject to suitable due diligence) to maintain its allocation and an appropriate time (vintage year) diversification. The Fund will not commit more than 2% of its value to any individual private equity partnership.

## **Fixed Interest Mandates**

### ***Absolute Return***

GSAM has been appointed to run fixed interest mandates against an absolute return (cash) benchmark. GSAM use a pooled vehicle to target the required benchmark. The pooled vehicle invests in a wide range of bonds and financial instruments to target the benchmark return. This mandate is currently in wind-down.

### ***Multi-Credit***

Janus Henderson, M&G, Insight and Capital have been appointed to run multi-asset credit mandates against a cash benchmark. All managers use pooled vehicles to target the required benchmark. The pooled vehicles invest in a wide range of bonds and financial instruments both in the UK and globally.

### ***Specialist***

M&G have been appointed to run three specialist mandates for the Fund ranging across distressed debt, real estate debt and specialist credit. M&G use closed-ended funds which invest in UK and global markets (predominately European).

## Benchmark Information

The table below provides details of the target allocation for each Manager.

### Growth portfolio\*

	Baillie Gifford	UBS	Fidelity	Capital	Mondrian	Aberdeen Standard	HarbourVest
<b><i>Proportion of the growth portfolio %</i></b>	<b>13.0</b>	<b>13.0</b>	<b>31.0</b>	<b>18.5</b>	<b>12.0</b>	<b>5.0</b>	<b>7.5</b>
UK Equities	100.0	100.0					
Global Equities (inc UK)				100.0	100.0		
Overseas Equities (ex UK)			100.0				
US Equities			33.3				
European Equities			30.0				
Japanese Equities			16.7				
Pacific Equities			10.0				
Emerging Equities			10.0				
Private Equity						100.0	100.0

\* The Fund has a dynamic currency hedging programme in place with Berenberg Bank and Insight to hedge the Euro, US Dollar and Japanese Yen denominated positions within the portfolios of Fidelity, Mondrian and Capital. The currency managers are tasked to produce an outcome superior to the fixed hedge, with a particular emphasis on protecting the Fund in periods of drawdown (Sterling weakness). At 31 March 2021, the benchmark currency hedge ratio was 0%.

## Enhanced yield portfolio

	La Salle Property	Aviva Infrastructure	JP Morgan Infrastructure	Equitix Infrastructure	Pantheon Infrastructure	M&G Infracapital	Stafford Timberland
<b>Proportion of the EY portfolio %</b>	<b>25.0</b>	<b>2.5</b>	<b>10.0</b>	<b>5.0</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>
Property	100.0						
Infrastructure		100.0	100.0	100.0	100.0	100.0	
Timberland							100.0

	Janus Henderson Corporate bonds	GSAM	Janus Henderson MAC	Capital	Insight	M&G MAC	M&G Distressed Debt	M&G Real Estate Debt	M&G Specialist Credit
<b>Proportion of the EY portfolio %</b>	<b>4.0</b>	<b>0.0</b>	<b>12.5</b>	<b>6.0</b>	<b>6.0</b>	<b>12.5</b>	<b>4.0</b>	<b>3.0</b>	<b>2.0</b>
Investment grade corporate bonds	100.0								
Fixed Interest Absolute Return		100.0							
Distressed debt							100.0		
Multi-asset credit			100.0			100.0			
Secured finance					100.0				
High yield debt				50.0					
Emerging market debt				50.0					
Direct lending								100.0	
Specialist credit									100.0

## Protection portfolio

	Janus Henderson	Insight <sup>[1]</sup>
<b>Proportion of the protection portfolio %</b>	<b>100.0</b>	<b>0.0</b>
UK Government gilts	50.0	50.0
UK Government index-linked	50.0	50.0

[1] There is no formal target allocation to Insight's bond mandate. At 31 March 2021, c.25% of the protection portfolio was managed by Insight (c.75% with Janus Henderson).

## Performance Objectives and Fee Arrangements

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<b>Aviva</b>	Internal Rate of Return of 7-8% pa (net of fees) Flat rate fees
<b>Baillie Gifford (ACCESS)</b>	Benchmark Return + 1.25% pa net of fees Flat rate fees plus performance related element
<b>Berenberg Bank and Insight Investment</b>	To produce an outcome (net of fees) superior to a fixed hedge ratio
<b>Capital International (ACCESS)</b>	Benchmark Return + 1.5% pa net of fees Flat rate fees plus performance related element
<b>Capital International (Multi-Asset Credit)</b>	Outperform a blended benchmark (c.50% High Yield Debt, 50% Emerging Market Debt) by +1.5% Flat rate fees
<b>Equitix</b>	Internal Rate of Return of 8.5% p.a. (net of fees) Flat rate fees plus a performance related element
<b>Fidelity (ACCESS)</b>	Benchmark Return + 1.5% pa net of fees Flat rate fees
<b>Goldman Sachs Asset Management (Absolute Return – Strategic Income Bonds)</b>	Benchmark Return + 4% pa net of fees Flat rate fees
<b>Insight (Multi-Asset Credit)</b>	Benchmark Return + 4% pa net of fees Flat rate fees
<b>Janus Henderson (Non-Government Bonds)</b>	Benchmark Return + 1.0% pa gross of fees Flat rate fees plus performance related element
<b>Janus Henderson (Government Bonds)</b>	Benchmark Return + 1.4% pa gross of fees Flat rate fees plus performance related element
<b>Janus Henderson (Multi Asset Credit)</b>	Benchmark return + 5% pa net of fees Flat rate fees
<b>JP Morgan</b>	Internal Rate of Return of 8-12% pa (net of fees) Flat rate fees plus performance related element
<b>La Salle</b>	Benchmark Return + 0.75% pa net of fees Flat rate fees
<b>M&amp;G (Absolute Return - Alpha Opportunities)</b>	Benchmark return +3% pa net of fees Flat rate fees

<b>M&amp;G (Distressed Debt)</b>	Internal Rate of Return of 15% pa (gross of fees) Flat rate fees plus performance element
<b>M&amp;G (Real Estate Debt)</b>	Benchmark + 5% pa (net of fees) Flat rate fees plus performance related element
<b>M&amp;G (Specialist Credit)</b>	Benchmark Return + 8-12% pa gross of fees Flat rate fees plus performance related element
<b>M&amp;G (Infracapital)</b>	Internal Rate of Return of mid-teens (gross of fees) Flat rate fees plus performance related element
<b>Mondrian (ACCESS)</b>	Benchmark Return + 2% pa net of fees Flat rate fees
<b>Pantheon</b>	Internal Rate of Return of 10-12% pa (net of fees) Flat rate fees plus performance related element
<b>Stafford</b>	Internal Rate of Return of 8.0% pa (net of fees) Flat rate fees plus performance related element
<b>UBS (under ACCESS pooled governance)</b>	Benchmark Return Flat rate fees



## Benchmark Indices

### Growth portfolio

	Index
Baillie Gifford	FTSE All Share
UBS	FTSE All Share
Fidelity	MSCI North America, FTSE AWD Europe, FTSE AWD Japan, FTSE AWD Asia Pacific ex Japan, MSCI Emerging Markets
Capital	MSCI AC World
Mondrian	MSCI AC World Value
Aberdeen Standard	FTSE AWD Europe
Harbourvest	FTSE USA and FTSE AWD Asia Pacific ex Japan

### Enhanced yield portfolio

	Index
La Salle	IPD PPF All Balanced Funds Index
Janus Henderson (Corporate bonds)	iBoxx Sterling Non-Gilts >15 years TR index
GSAM	Cash
Janus Henderson (MAC)	Cash
Capital	50% Barclays US HY (2%), 20% JPM EMBI, 20% JPM GBI-EM Global Div, 10% JPM CEMBI Broad Div
Insight	Cash
M&G Multi-asset credit	Cash
M&G Distressed debt	N/A
M&G Real estate debt	Cash
M&G Specialist credit	Euribor

## Protection portfolio

	Index
Janus Henderson	FTSE-A UK Government All Stocks TR Index, FTSE-A UK Government All Stocks >5years TR Index
Insight	FTSE-A UK Government All Stocks TR Index, FTSE-A UK Government All Stocks >5years TR Index

## Pension Fund Cash Management Strategy

The Cash Management Strategy for the Fund is approved annually by the Pensions Committee.

There are two aspects to cash management within the Fund:

- The cash held on the Pension Fund bank account that is managed using a range of term and overnight deposits by the Norfolk County Council (NCC) treasury team.
- The “frictional” cash held on managers’ accounts within the HSBC custody system. This arises for timing reasons on income, sales and purchases or as a more strategic decision (within mandate limits) taken by the manager.

The management of cash by the NCC treasury team is undertaken in accordance with the treasury management strategy approved by Norfolk County Council, including specified counterparties and maximum individual exposure limits. The arrangement is under-pinned by a formal Service Level Agreement (SLA) between the Pension Fund and Norfolk County Council.

The NCC team may manage the cash using a range of overnight, term deposits, call accounts and money market funds. The cash balances and returns attributable to the Fund are recorded separately from those of NCC or the other organisations for which the team undertakes treasury management activities.

There are three options for frictional cash held by managers:

- Each manager has the option of managing the cash as part of their own treasury management operations, using the counterparty list and lending limits provided by the NCC treasury team. The deals undertaken are monitored for yield comparison and compliance with the NCC counterparty list by the Pension Fund Accounting Team on a monthly basis.
- The manager may opt to sweep the cash to an agreed money market fund. Any fund used in this way must be available for Pension Fund purposes on the NCC approved list (and if appropriate, identified for Pension Fund use only).
- For all other US Dollar and Sterling denominated cash holdings within the HSBC custody system, an overnight sweep is undertaken by the custodian into AAA rated constant NAV (net asset value) money-market funds (US Dollar and Sterling denominated).

## **APPENDIX 5 – Environmental, Social and Governance Engagement Policy**

### **Fund Policy**

The Fund has an overriding fiduciary duty to maximise investment returns for the benefit of the pension fund members. We consider proactive engagement with the companies in which we invest to be the most effective means of understanding and influencing the social, environmental and business policies of those companies. We therefore encourage our investment managers to actively engage with the top management of the companies they invest in.

The Fund maintains membership of the Local Authority Pension Fund Forum (LAPFF) and supports and participates in its engagement activities on behalf of member funds.

Environmental factors are of particular concern because fossil fuels and climate change, the cost of pollution clean-ups and opportunities for the exploitation of green technology and services can be directly linked to long term investment returns. The risks and opportunities from exposure to climate change and fossil fuels should be incorporated on an on-going basis.

As part of their Environmental, Social and Governance (ESG) considerations, the Pension Fund's Investment Managers should review investee companies' approaches to employee rights and the risks within this, including employee safety, working conditions, working hours and pay (including where appropriate the UK Living Wage campaign as detailed below). They should engage with companies where they believe there is room for improvement. This should be done on a global basis and reported on at least six monthly.

The Fund has made Investment Managers aware of its consideration of the Living Wage Campaign. Where appropriate, Managers may consider employee compensation and minimum wages as part of their ESG analysis on companies and on a discretionary basis engage with companies to the extent that these issues have a material impact on business operations and where engagement is judged to be in the best interest of the Fund.

### **Application**

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 their 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.

### **Monitoring the Engagement Process**

All the fund managers have robust statements which detail the principles by which they invest in and engage with companies. The fund managers carry out engagement as a matter of course and report progress to us on a quarterly basis.

Managers engage on behalf of all their clients, not just the Norfolk Fund and therefore the Fund will monitor engagement and encourage fund managers to engage on the issues that we consider of primary importance.

1. The Fund will receive regular updates from its managers to understand the issues on which they are engaging and to reassure ourselves of the robustness of their questioning.
2. The Fund will participate in the LAPFF to leverage engagement with other LGPS funds.

The Fund expects its external investment managers to sign up and comply with the Financial Reporting Council's Stewardship Code. If they are not signed up, there should be a clear response as to why not.

### **Voting Policy**

Voting is undertaken in accordance with the ACCESS Pool voting policy.

### **Climate Risk Monitoring**

From 31 December 2020 the Committee receives six-monthly reporting of climate risk metrics for its public equity holdings. These are used to monitor risk exposures and as a source of engagement and discussion with the individual investment managers. A bi-annual summary of this monitoring is published by the Fund.

## APPENDIX 6 – Level of Compliance with the 6 Principles of Good Investment Practice

	Description of Principle	Norfolk's position	Further development opportunity
<b>1</b>	<p><b>Effective Decision Making</b> Administering authorities should ensure that:</p> <ul style="list-style-type: none"> <li>➤ Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>➤ Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.</li> </ul>	<p><b>Our compliance</b> Norfolk County Council has delegated its pension functions to Pensions Committee. Pensions Committee act as 'quasi trustees'.</p> <ul style="list-style-type: none"> <li>➤ Regular training is arranged for Committee.</li> <li>➤ Long term membership is encouraged, which allows all members to become familiar with investment issues.</li> <li>➤ Substitute Members are not permitted.</li> <li>➤ Conflicts of interest are actively managed.</li> </ul> <p>Pensions Committee have delegated day to day running of the Fund to the Head of Finance. Pensions Committee are supported by the Head of Finance, the Head of Pensions and the pension team on investment and administration issues.</p> <p>Pensions Committee and Norfolk Pension Fund officers involved in investment decisions commission advice as and when required. Hymans Robertson are our current Investment Advisors.</p> <p>Norfolk Pension Fund Committee Members and Officers are supported in developing and maintaining their knowledge and qualifications.</p> <p>Pension Fund investment officers hold relevant financial qualifications and maintain appropriate ongoing professional development (CPD).</p> <p>The Norfolk Pension Fund's Governance Statement is published on our website <a href="http://www.norfolkpensionfund.org.uk">www.norfolkpensionfund.org.uk</a></p> <p>The Norfolk Pension Fund is a member of CIPFA's Pensions Network.</p>	<p>Use the CIPFA Knowledge and Understanding Framework to identify additional training needs for Members and Officers</p> <p>Consider sponsoring officers to achieve further professional qualifications.</p>
<b>2</b>	<p><b>Clear Objectives</b></p> <ul style="list-style-type: none"> <li>➤ An overall investment objective(s) should be set for the fund that takes account of the scheme's liabilities,</li> </ul>	<p><b>Our Compliance</b> The Funding Strategy Statement (FSS) and the Investment Strategy Statement (ISS) set out the Norfolk Pension Funds primary funding objectives.</p>	

	<b>Description of Principle</b>	<b>Norfolk's position</b>	<b>Further development opportunity</b>
	<p>the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisors and investment managers.</p>	<p>The Fund, in accordance with regulatory requirements, has an objective of keeping the employers' contribution rate as level as possible while maintaining its solvency. This is achieved by regular actuarial valuations and Asset Liability Modelling.</p> <p>Investment Managers contracts or mandates define the objectives, including targets based on 'customised' and 'bespoke' benchmarks and risk parameters.</p> <p>The Funds policy on Risk is set out in its Investment Strategy Statement (ISS). (Section 4 gives more details of our Risk Management strategy).</p> <p>The Funding Strategy Statement (FSS) and the Investment Strategy Statement (ISS) are published on our website <a href="http://www.norfolkpensionfund.org.uk">www.norfolkpensionfund.org.uk</a></p> <p>During inter-valuation years, interim valuation of liabilities are undertaken to monitor our liability and asset match.</p>	
<p><b>3</b></p>	<p><b>Risk and Liabilities</b></p> <ul style="list-style-type: none"> <li>➤ In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities.</li> <li>➤ These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.</li> </ul>	<p><b>Our Compliance</b></p> <p>The Triennial Valuation exercise looks in detail at each participating employer's liability and is used to inform the setting of employers' contribution rates, as well as informing the investment strategy and objectives of the Fund.</p> <p>We also monitor via interim valuations.</p> <p>The Fund undertakes an Asset Liability Modelling (ALM) exercise every three years, following the Triennial Valuation. Any appointment made between the ALM exercise is re-evaluated in terms of risk and appropriateness prior to the procurement process proceeding.</p> <p>The strength of the covenant of participating employers is also considered as part of the exercise establishing contribution rates. The 2016 valuation exercise considered employer covenant in even greater depth.</p> <p>The Fund also participates in Club Vita to help manage and monitor longevity experience.</p>	

	<b>Description of Principle</b>	<b>Norfolk's position</b>	<b>Further development opportunity</b>
		<p>New Admission Agreements are not granted without the presence of a tax backed guarantor.</p> <p>A risk register is monitored monthly and maintained. Pensions Committee review the Risk Register every 6 months.</p> <p>Regular internal audit on the adequacy and effectiveness of risk management and internal control is undertaken and outcomes reported to the Pensions Committee.</p> <p>The Annual Report and Accounts of the Norfolk Pension Fund are subject to a separate external audit and an independent audit opinion is given.</p>	
4	<p><b>Performance Assessment</b></p> <ul style="list-style-type: none"> <li>➤ Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors.</li> <li>➤ Administering Authorities should also periodically make a formal assessment of their own effectiveness as a decision making body and report on this to scheme members.</li> </ul>	<p><b>Our Compliance</b></p> <p>Investment Managers are measured against their targets, which in turn are based on the Fund's bespoke benchmarks. Performance is also monitored annually against the peer group.</p> <p>Market testing of providers is undertaken when appropriate. This includes the use of specialist advisors to undertake reviews, e.g. Custodian</p> <p>The Head of Pensions and the investment team formally meet Investment Managers twice a year to discuss performance, and additionally as required.</p> <p>The aim is for each Investment Manager to report in person to the Committee at least once a year.</p> <p>The Fund maintains a Governance Statement which is available from the Funds website <a href="http://www.norfolkpensionfund.org.uk">www.norfolkpensionfund.org.uk</a> The Fund also publishes an annual governance compliance statement, which is included within the Annual Report.</p> <p>Pensions Committee attendance and training is monitored and reviewed on a quarterly basis.</p>	<p>The CIPFA Knowledge and Understanding Framework will be used identify additional training needs for Members and Officers</p> <p>Further develop Committee's Terms of Reference to strengthen the monitoring of decision making and performance.</p>



	<b>Description of Principle</b>	<b>Norfolk's position</b>	<b>Further development opportunity</b>
		<p>All active and deferred scheme members receive the 'Your Pension' publication along with their Annual Benefit Statements which includes information on the Funds activity and a summary of the accounts; all retired members receive an annual newsletter with information on Fund developments and a summary of the accounts.</p> <p>The Fund produces a detailed annual report covering all aspects of its performance which is published on the website : <a href="http://www.norfolkpensionfund.org.uk">www.norfolkpensionfund.org.uk</a></p>	
5	<p><b>Responsible Ownership</b> Administering authorities should:</p> <ul style="list-style-type: none"> <li>➤ adopt, or ensure their investment managers adopt the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents</li> <li>➤ include a statement of their policy on responsible ownership in the Investment Strategy Statement (ISS)</li> <li>➤ report periodically to scheme members on the discharge of such responsibilities.</li> </ul>	<p><b>Our compliance</b></p> <p>The Norfolk Pension Fund monitors Fund Manager adoption of the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.</p> <p>The Norfolk Pension Funds' Investment Strategy Statement (ISS) (available from the Funds website at <a href="http://www.norfolkpensionfund.org.uk">www.norfolkpensionfund.org.uk</a> sets out its policy with regard to corporate governance and socially responsible investment.</p> <p>The Norfolk Pension Fund is member of the <u>Local Authority Pension Fund Forum (LAPFF)</u>. LAPFF exists to promote the investment interests of local authority pension funds, and to maximize their influence as shareholders whilst promoting corporate social responsibility and high standards of corporate governance amongst the companies in which they invest.</p> <p>.</p> <p>The voting activity in respect of the Pension Fund investments is reported to Pensions Committee twice a year. Pensions Committee papers are available on the <u>Norfolk County Council website</u>.</p> <p>The Fund has introduced twice yearly climate risk monitoring of its public equity portfolios. The summary of this analysis is published on our website.</p>	<p>. Working within ACCESS to further develop its voting and ESG policy.</p>

	<b>Description of Principle</b>	<b>Norfolk's position</b>	<b>Further development opportunity</b>
		<p>Managers have policies on responsible investment which include the issues on which they engage, and there are links to these from our website: <a href="http://www.norfolkpensionfund.org.uk">www.norfolkpensionfund.org.uk</a></p> <p>Engagement monitoring is reported to the Pensions Committee twice a year, at the same time as our voting activity.</p>	
6	<p><b>Transparency and Reporting</b></p> <p>Administering Authorities should:</p> <ul style="list-style-type: none"> <li>➤ Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.</li> <li>➤ Provide regular communication to scheme members in the form they consider most appropriate.</li> </ul>	<p><b>Our compliance</b></p> <p>The Norfolk Pension Fund maintains a Communication Strategy, which is subject to regular review and monitoring. The Communication Strategy sets out how the Fund communicates with all stakeholders of the Fund.</p> <p>The Fund's Investment Strategy Statement (ISS), Funding Strategy Statement (FSS) and the Annual Report and Accounts (which includes a review of investment results) are published on our website, <a href="http://www.norfolkpensionfund.org.uk">www.norfolkpensionfund.org.uk</a> along with the Communications Strategy, Governance Statement and Voting Record.</p> <p>The Fund has a well-established Employers Forum, backed up by newsletters and targeted training and support. Scheme members (active and deferred) receive an annual newsletter and invitation to the Funds' annual meeting and Clinics together with their Annual Benefit Statement. Retired Members receive an annual newsletter and an invitation to Retired Members week events.</p> <p>The Fund actively manages risks. Pensions Committee review the risk register on a regular basis.</p> <p>Pensions Committee meetings are open to the public, and agendas, papers and minutes are available on Norfolk County Councils website, <a href="http://www.norfolk.gov.uk">www.norfolk.gov.uk</a></p>	

## Glossary of Terms in Investment Management

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### Active Management

A style of investment management which seeks to provide outperformance of a relevant benchmark through either asset allocation, market timing or stock selection (or a combination of these). Directly contrasted with Indexation or Passive Management.

### Actuary

An independent consultant who carries out the Actuarial Valuation and advises on new investment strategies or changes to the benefit structure.

### Actuarial Value of Assets

The value placed on the assets by the actuary. This may be market value, present value of estimated income and proceeds of sales or redemptions, or some other value.

### Asset Allocation

The apportionment of a fund's assets between asset classes and/or markets (also see "bet"). Asset allocation may be either strategic i.e. long-term, or Tactical i.e. short-term, aiming to take advantage of relative market movements.

### Asset Classes

A specific category of assets or investments, such as stocks, bonds, cash, international securities and real estate. Assets within the same class generally exhibit similar characteristics, behave similarly in the marketplace, and are subject to the same laws and regulations.

### Asset / Liability Modelling

A statistical tool designed to help establish the most appropriate asset mix for a pension fund, in the context of its liabilities.

### Benchmark

A "notional" fund or model portfolio which is developed to provide a standard against which a manager's performance is measured e.g. for a global equity fund the benchmark against which it will be measured could be made up 70%/30% by UK equities / overseas equities. A target return is generally expressed as some margin over the benchmark.

### Bond

A certificate of debt, paying a fixed rate of interest, issued by companies, governments or government agencies.

## **Corporate Bond**

A debt security issued by a corporation, as opposed to those issued by the government.

## **Corporate Governance**

Shareholders' right to vote on issues relating to the governance of publicly quoted companies (usually at the AGM).

## **Custody/Custodian**

Safe-keeping of securities by a financial institution. The custodian keeps a register of holdings and will collect income and distribute monies according to client instructions.

## **Diversification**

The spreading of a fund's investments among different asset classes, markets and geographical areas in order to reduce risk – not "putting all your eggs in one basket". Diversification is a basic principle of multi-asset management.

## **Equities**

Ordinary shares in U.K. and overseas companies.

## **Fixed Interest Security**

An investment that provides a return in the form of fixed periodic payments and eventual return of principle at maturity. Unlike a variable-income security where payments change based on some underlying measure, such as short-term interest rates, fixed-income securities payments are known in advance.

## **FTSE**

A company that specialises in index calculation. Although not part of a stock exchange, co-owners include the London Stock Exchange and the Financial Times. They are best known for the FTSE 100, an index of the top 100 UK companies (ranked by size).

## **Hedging**

A strategy which aims to eliminate the possibility of loss in an investment transaction. Often used in the context of overseas investments to eliminate any potential currency loss (or profit).

## **Index-Linked Securities**

U.K. Government issue stocks on which the interest, and eventual repayment of the loan, are based on movements in the Retail Price Index.

## **Infrastructure**

Investments in new or existing companies and enterprises that are needed for the operation of society.

## **Investment Advisor**

A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals, for a stated fee.

## **Objectives**

Objectives for a pension fund may be expressed in several ways – in terms of performance against the “average”, against a specified benchmark or as a target real rate of return. For example, a reasonable objective for a UK equity fund might be to outperform the FTSE All Share for UK equities by 1% per annum over rolling 3-year periods.

## **Passive Management**

The management of an asset portfolio to replicate the return on a specified index. This may also be referred to as index tracking.

## **Performance**

A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period – either in absolute terms or as measured against the “average” fund of a particular benchmark.

## **Pooled Fund**

A fund managed by a fund manager in which investors hold units. Stocks, bonds, properties etc. are not held directly by each client, but as part of a “pool”. Contrasts with a segregated fund.

## **Private Equity**

Investments in new or existing companies and enterprises which are not publicly traded on a recognised stock exchange.

## **Rebalancing**

The process of realigning the weightings of the portfolio of the Fund's assets.

## **Risk**

Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more “stable” investments before investors will buy them.

### **Scrip Dividend**

A dividend paid in the form of additional shares rather than cash.

### **Share Blocking**

In certain overseas stock markets there are restrictions on dealing shares around meetings which the holder has exercised the associated voting rights.

### **Share Buy-back**

The buying back of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market. Companies will buyback shares either to increase the value of shares still available (reducing supply), or to eliminate any threats by shareholders who may be looking for a controlling stake.

### **Socially Responsible Investment (SRI)**

Investment where social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investment, and the responsible use of rights (such as voting rights) attaching to investments.

### **Spot Market Conditions**

The “cash market” or “physical market”, where prices are settled in cash on the spot at current market prices, as opposed to forward prices.

### **Stock-lending**

The temporary transfer of securities to a borrower, with agreement by the borrower to return equivalent securities at a pre-agreed time. The returns on the underlying portfolio is increased by receiving a fee for making the investments available to the borrower.

# Change Control Table

Version Name	Updated by	Date sent live
Investment Strategy Statement	Robert Mayes	November 16
Investment Strategy Statement v2	Glenn Cossey	February 17
Investment Strategy Statement v3	Hymans Robertson	March 17
Investment Strategy Statement v4	Glenn Cossey	March 17
Investment Strategy Statement v5	Hymans Robertson	December 17
Investment Strategy Statement v6	Glenn Cossey	February 18
Investment Strategy Statement v6	Hymans Robertson/Glenn Cossey	March 2019
Investment Strategy Statement v6	Richard Ewles	July 2019
Investment Strategy Statement v7	Alex Younger/Hymans Robertson	July 2021

## Norfolk Pension Fund

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**Norfolk** Pension Fund

# **Funding Strategy Statement**

**March 2023**



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# 1 Welcome to Norfolk Pension Fund's funding strategy statement

This document sets out the funding strategy statement (FSS) for Norfolk Pension Fund.

The Norfolk Pension Fund is administered by Norfolk County Council, known as the administering authority. Norfolk County Council worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 31 March 2023.

There's a regulatory requirement for Norfolk County Council to prepare an FSS. You can find out more about the regulatory framework in [Appendix A](#). If you have any queries about the FSS, contact [alexander.younger@norfolk.gov.uk](mailto:alexander.younger@norfolk.gov.uk)

## 1.1 What is the Norfolk Pension Fund?

The Norfolk Pension Fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at [www.lgpsmember.org](http://www.lgpsmember.org). The administering authority runs the fund on behalf of participating employers, their employees, and current and future pensioners. You can find out more about roles and responsibilities in [Appendix B](#).

## 1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies..

## 1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

### **Scheduled bodies**

Employers who are specified in a schedule to the LGPS regulations, including councils, academies, and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

### **Designating employers**

Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the fund can't refuse entry.

### **Admission bodies**

Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers under a contract for services. These terms aren't defined under current regulations but remain in common use from previous regulations.

#### **1.4 How does the funding strategy link to the investment strategy?**

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets, and other income are then invested according to an investment strategy set by the administering authority. You can find the investment strategy detailed in the Investment Strategy Statement available from [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

#### **1.5 Does the funding strategy reflect the investment strategy?**

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see [Appendix A](#))

#### **1.6 How is the funding strategy specific to the Norfolk Pension Fund?**

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

## 2 How does the fund calculate employer contributions?

### 2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contributions are made up of three elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The third element is an allowance for the fund's expenses, and this is included in the primary rate.

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in [Appendix D](#).

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach allows for the maturing profile of the membership when setting employer contribution rates.

### 2.2 Prepayment of contributions

The fund permits the prepayment of employer contributions in specific circumstances. The fund's policy on prepayments is detailed in [Appendix E](#).

#### **Employee contributions**

The fund will not consider requests to allow payment of employee contributions early.

#### **Employer contributions**

The fund will consider requests from employers to make payment of their employer contributions early.

Each case will be considered on its own merits, taking into account the type of the employer, the employer rate, the amount, and the value of cash the fund holds.

Prepayment of contributions does not guarantee that the employer will benefit from earlier investment: the value of the prepaid contributions can fall if investment returns are negative. The risks associated with prepayment should be considered by the employer before any action is taken.

### 2.3 The contribution rate calculation

#### **Table 1: contribution rate calculation for individual or pooled employers**

The category of other designating bodies includes Town & Parish Councils and Internal Drainage Boards.

Type of employer	Scheduled bodies		Colleges	CABs		TABs*
	Part 1 employers	Part 2 employers				
<b>Sub-type</b>	Local authorities, Academies and Police	Other designating bodies	Includes other FE establishments	Open to new entrants	Closed to new entrants	all
<b>Funding target*</b>	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low risk exit basis	Ongoing, but may move to low risk exit basis	Contractor exit basis, assuming fixed-term contract in the fund
<b>Minimum likelihood of success</b>	75%	75%	75%	75%	75%	75%
<b>Maximum time horizon</b>	20 years	20 years	15 years**	15 years	Average future working lifetime (or less if no guarantee)	Outstanding contract term, subject to 15 years maximum
<b>Primary rate approach</b>	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon					
<b>Secondary rate</b>	Monetary amount	Monetary amount	Monetary amount**	Monetary amount or % pay	Monetary amount	Monetary amount
<b>Stabilised contribution rate?</b>	Yes	Yes	No**	No	No	No
<b>Treatment of surplus</b>	Covered by stabilisation arrangement		Reduction permitted to primary rate**	Preferred approach: contributions kept at primary rate. Reductions may be permitted at the discretion of the administering authority		Reduce contributions to spread surplus over remaining contract term
<b>Phasing of contribution changes</b>	Covered by stabilisation arrangement		3 year**s	3 years	None	None

\* Employers participating in the fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority

\*\* The fund may review the approach for colleges, depending on the introduction of a guarantee by the Education and Skills Funding Agency. If a guarantee is introduced, contributions for colleges will be set using a maximum time horizon of 20 years and will be subject to a stabilisation arrangement

A number of ceased employers continue to contribute to the fund through a post-cessation funding arrangement. These employers, and any others in future if appropriate, will continue to be treated on an individual basis at the discretion of the fund.

#### 2.4 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. If this isn't appropriate, contribution increases or decreases may be phased. The fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year.

After taking advice from the fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy for some employers.

**Table 2: current stabilisation arrangement**

Type of employer	Precepting Category 1 – includes levying bodies and Academies	Precepting Category 2	Precepting Category 3
<b>Maximum contribution increase per year</b>	+0.5% of pay	+1.0% of pay	+2.0% of pay
<b>Maximum contribution decrease per year</b>	-0.5% of pay	-0.5% of pay	-1.0% of pay

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership, covenant, or employer changes.

#### 2.5 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations for a 'significant change' to the liabilities or covenant of an employer, in line with its policy on contribution reviews. The fund's policy is in [Appendix J](#).

#### 2.6 What is pooling?

The administering authority operates funding pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. Employers in a pool maintain their individual funding positions, tracked by the fund actuary. That means some employers may be better funded or more poorly funded than the pool average. If pooled employers used stand-alone funding rather than pooling, their contribution rates could be higher or lower than the pool rate.

In this type of pooling arrangement, individual employers do not target full funding at exit. While the fund receives the contributions required from the pool as a whole, there is an increased risk that employers will be entitled to a surplus payment on exit. Paying out this surplus to an exiting employer does leave the remaining pooled employers in a worse position.

Pooled employers are identified in the rates and adjustments certificate and only have their pooled contributions certified. Individual contribution rates aren't calculated for pooled employers, unless agreed by the administering authority.

If an employer leaves the fund, the required contributions are based on their own funding position rather than the pool average. Cessation terms may also apply, which means higher contributions may be required at that point.

## 2.7 What are the current contribution pools?

- **Councils** – some of the main councils operate a pool, incorporating smaller related employers and certain ceased contractor arrangements.
- **Norfolk County Council Schools** – the fund generally pools all maintained schools.
- **Police pool** – includes the Norfolk Chief Constable and the Norfolk Police & Crime Commissioner
- **Internal Drainage Boards** - sharing experience and smoothing the effects of costly but rare events like ill-health retirement or deaths in service.
- **Town & Parish Councils** - sharing experience and smoothing the effects of costly but rare events like ill-health retirement or deaths in service.

## 2.8 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate to reflect a lower likelihood of success or an extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

Employers entering into a bespoke agreement with the administering authority will be required to meet the additional cost of this, which includes (but is not limited to) the actuarial fees incurred by the administering authority.

## 3 What additional contributions may be payable?

### 3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they must pay an additional contribution to the fund. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers will be asked to pay additional contributions called strain payments. Employers typically make strain payments as a single lump sum, though strain payments may be spread if the administering authority agrees. Payments may be spread for up to three years.

### 3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, an additional funding strain will arise.

Strains are currently met by a fund-operated ill-health risk management solution which shares the strain cost across all employers in the fund.

The administering authority's approach to help manage ill-health early retirement costs was put in place from 1 April 2019. It was reviewed as part of the 2022 Valuation and is next due for review as part of the 2025 Valuation.



## 4 How does the fund calculate assets and liabilities?

### 4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

The fund uses Hymans Robertson's HEAT system to track employer assets monthly. Each employer's assets from the previous month end are added to monthly cashflows paid in/out and investment returns to give a new month-end asset value.

If an employee moves one from one employer to another within the fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when a new academy is formed, an outsourced contract begins or part of any other contractual transfer, the fund actuary will calculate assets linked to the value of the liabilities transferring (see section 5).

### 4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in [Appendix D](#), the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

### 4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 or further information on rates.

## 5 What happens when an employer joins the fund?

### 5.1 When can an employer join the fund?

Employers can join the fund if they are a new scheduled body or a new admission body. New designating employers may also join the fund if they pass a designation to do so.

The fund will determine the assets and liabilities for a new employer. The calculation will depend on the type of employer and the circumstances of joining.

The fund will also set a contribution rate. This will be set in the way described in section 2 unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement).

The fund's policy on new admission bodies, which includes details of pass-through arrangements, is detailed in [Appendix F](#).

### 5.2 New academies

New academies (including free schools) join the fund as separate scheduled employers. Only active members of former maintained schools transfer to new academies. Free schools do not transfer active members from a converting LEA school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (i.e., members with deferred or pensioner status) remain with the ceding LEA.

New academies will be allocated an asset share based on the estimated funding level of the Norfolk Schools pool active members, having first allocated the pool's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%.

The schools pool's estimated funding level will be based on market conditions on the day before conversion. The fund treats new academies as separate employers in their own right, each responsible for their allocated assets and liabilities. Their liabilities or share of assets won't be pooled with other academies or free schools in the fund.

If they are part of a MAT, the new academy can be combined with the other MAT academies for the purpose of setting contributions. Otherwise, the fund's default approach is for a new academy to pay contributions over the period to 31 March 2026 at the same rate as the ceding council. Alternatively, a new academy can choose to have their rate assessed using the funding strategy for existing academies (set out in section 2) and their own transferring membership. The fund's approach for new free schools is to pay the same rate as the Norfolk Schools pool.

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT. Additional information about bulk transfers of staff relating to academies consolidating into a single LGPS fund is also included in [Appendix I](#).

The fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

The fund's policy on academies and free schools is detailed in [Appendix I](#).

### **5.3 New admission bodies as a result of outsourcing services**

New admission bodies usually join the fund because an existing employer (typically a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor. Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances. An outsourcing employer has some flexibility when it comes to pension risk potentially taken on by the contractor (e.g. to allow the contractor to offer LGPS membership to new employees working on the contract). You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

Where an academy is the letting employer, the fund's policy is to require all new admission bodies to be set up with a pass-through arrangement which is closed to new members. This is to ensure that the 'DfE Academy Trust LGPS Guarantee policy' applies to the outsourcing. For all other letting employers, the fund's policy is to require all new admission bodies to be set up with a pass-through arrangement, which may be open or closed to new members. The fund's policy on pass-through agreements is included in [Appendix F](#).

Additional information on outsourcing from an academy or free school is included in [Appendix I](#).

### **5.4 Other new employers**

There may be other circumstances that lead to a new admission or scheduled body entering the fund, e.g. set up of a wholly owned subsidiary company by a local authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designating employers may also join the fund. These are usually town and parish councils, which participate in a separate pool. Contribution rates will be set using the same approach as other designating employers in the fund.

### **5.5 Risk assessment for new admission bodies**

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction. The letting authority must agree to the actuary's assessment and must also agree to keep the assessment under review throughout the contract.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity, or a bond.

This must cover some or all of the:

- strain costs of any early retirements if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

Where an academy is the letting employer, the fund will expect academies to ensure and confirm that the outsourcing complies with the requirements set out in the 'DfE Academy Trust LGPS Guarantee policy' (which can be viewed on the GOV.UK website at [DfE local government pension scheme guarantee for academy trusts: pensions policy for outsourcing arrangements - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/local-government-pension-scheme-guarantee-for-academy-trusts-pensions-policy-for-outsourcing-arrangements) before permitting an admission body in the fund. Where this requirement is met, no additional risk assessment or security will typically be required for the admitted body as the pension liabilities will be covered by the DfE Academy Guarantee.

Where the admission body does not meet the requirements of the DfE Academy Trust LGPS Guarantee policy, the fund will review each case individually to decide if the admission body must provide security before being admitted to the fund. In these cases, the fund will typically require the academy to evidence that they have sought and received permission from the Education and Skills Funding Agency to act as a guarantor.

## 6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits or commit to payment of benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period (as determined by the fund), which may require increased contributions between valuations.

The fund's bulk transfer policy is detailed in [Appendix G](#). Additional information about bulk transfers of staff relating to academies consolidating into a single LGPS fund is also included in [Appendix I](#)

## 7 What happens when an employer leaves the fund?

### 7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of an admission body
- a breach of an admission agreement that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the employer leaves the fund.

### 7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the fund. The actuary aims to protect remaining employers from the risk of future loss. The funding targets adopted for the cessation calculation is below. These are defined in [Appendix D](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low risk exit basis is defined in [Appendix D](#).
- (b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is a guarantor of last resort, this will have no effect on the cessation valuation, i.e. low-risk basis. If this isn't the case, the cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the fund.
- (c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus.

If the fund can't recover the required payment in full, unpaid amounts will be the responsibility of the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or may be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense and are deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and fund.

The fund's policy on employer exits is detailed in [Appendix K](#).

### 7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – a surplus – the administering authority can decide how much will be paid back to the employer as an exit credit based on:

- the surplus amount

- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors

The exit credit policy is included within the fund's policy on employer exits detailed in [Appendix K](#).

#### **7.4 How do employers repay cessation debts?**

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period if the employer enters into a deficit spreading arrangement (DSA)
- if an exiting employer enters into a deferred debt agreement, the employer stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy is in [Appendix K](#).

#### **7.5 What if an employer has no active members?**

When an employer leaves the fund because their last active member has left or retired, they may: pay a cessation debt, receive an exit credit, or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers take on collective responsibility and will be required to contribute to the remaining benefits.
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other fund employers.

## 8 What are the statutory reporting requirements?

### 8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report should include confirmation that employer contributions are set at the right level to ensure the fund's solvency and long-term cost efficiency.

### 8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

- (a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level

or

- (b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

### 8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.



# Appendices

## Appendix A – The regulatory framework

### A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Department for Levelling Up, Housing and Communities (DLUHC) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a **clear and transparent fund-specific strategy** identifying how employers' pension liabilities are best met going forward*
- *support the regulatory framework to maintain **as nearly constant employer contribution rates as possible***
- *ensure the fund meets its **solvency and long-term cost efficiency** objectives*
- *take a **prudent longer-term view** of funding those liabilities.*

To prepare this FSS, the administering authority has used guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

### A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with “*persons the authority considers appropriate*”. This should include ‘*meaningful dialogue... with council tax raising authorities and representatives of other participating employers.*’

The consultation process included:

1. A draft version of the FSS circulated in November 2022 for comments by all participating employers
2. Comments requested by 31 January 2022 allowing 2 months for comments to be submitted
3. Discussion at the Employers Forum on 29 November 2022 where all employers, whether attending in person or online, had the opportunity to raise questions about the FSS

Closure of the consultation on 31 January 2023 with approval by Committee by 30 March 2023, publication on 30 March 2023, in advance of publication of the 2022 formal valuation report by 31 March 2023

### A3 How is the FSS published?

The FSS is published on our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org). Copies are freely available on request and sent to investment managers and independent advisers as required.

### A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the valuation. Amendments may be made before then if there are regulatory or operational changes. Any material amendments will be consulted on, agreed by the Pensions Committee, and included in the Committee meeting minutes.

### A5 How does the FSS fit into the overall fund documentation?

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements like the investment strategy statement, governance strategy and administration strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can access all Fund documentation at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

## Appendix B – Roles and responsibilities

### **B1 The administering authority:**

- 1 operates the fund and follows all Local Government Pension Scheme (LGPS) regulations
- 2 manages any conflicts of interest from its dual role as administering authority and a fund employer
- 3 collects employer and employee contributions, investment income and other amounts due
- 4 ensures cash is available to meet benefit payments when due
- 5 pays all benefits and entitlements
- 6 invests surplus money like contributions and income which isn't needed to pay immediate benefits, in line with regulation and the investment strategy
- 7 communicates with employers so they understand their obligations
- 8 safeguards the fund against employer default
- 9 works with the fund actuary to manage the valuation process
- 10 provides information to the Government Actuary's Department so they can carry out their statutory obligations
- 11 consults on, prepares, and maintains the funding and investment strategy statements
- 12 tells the actuary about changes which could affect funding
- 13 monitors the fund's performance and funding, amending the strategy statements as necessary
- 14 enables the pensions oversight board to review the valuation process.

### **B2 Individual employers:**

- 1 deduct the correct contributions from employees' pay
- 2 pay all contributions by the due date
- 3 have appropriate policies in place to work within the regulatory framework
- 4 make additional contributions as agreed, for example to augment scheme benefits or early retirement strain
- 5 tell the administering authority promptly about any changes to circumstances, prospects or membership which could affect future funding.
- 6 make any required exit payments when leaving the fund.

### **B3 The fund actuary:**

- 1 prepares valuations, including setting employers' contribution rates, agreeing assumptions, working within FSS and LGPS regulations and appropriately targeting fund solvency and long-term cost efficiency
- 2 provides information to the Government Actuary Department so they can carry out their statutory obligations
- 3 advises on fund employers, including giving advice about and monitoring bonds or other security
- 4 prepares advice and calculations around bulk transfers and individual benefits

- 5 assists the administering authority to consider changes to employer contributions between formal valuations
- 6 advises on terminating employers' participation in the fund
- 7 fully reflects actuarial professional guidance and requirements in all advice.

**B4 Other parties:**

- 1 internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement
- 2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS
- 3 auditors comply with standards, ensure fund compliance with requirements, monitor, and advise on fraud detection, and sign-off annual reports and financial statements
- 4 governance advisers may be asked to advise the administering authority on processes and working methods
- 5 internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
- 6 the Department for Levelling Up, Housing and Communities, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

## Appendix C – Risks and controls

### C1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The role of the pensions oversight board is set out in the board terms of reference.

Details of the key fund-specific risks and controls are below

### C2 Financial risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities and contribution rates over the long-term.	<p>Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing.</p> <p>Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc.</p> <p>Analyse progress at three yearly valuations for all employers.</p> <p>Inter-valuation roll-forward estimate of liabilities between valuations at whole fund level.</p>
Inappropriate long-term investment strategy.	<p>Overall investment strategy options considered as an integral part of the funding strategy.</p> <p>Asset liability modelling used to assess appropriate interaction between funding strategy and investment strategy.</p>
Active investment manager under-performance relative to benchmark.	<p>Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark.</p>
Pay and price inflation significantly more than anticipated.	<p>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</p> <p>Inter-valuation monitoring gives early warning.</p> <p>Some investment in bonds also helps to mitigate this risk.</p> <p>Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees. Fund's salary stain recharge mechanism identifies significant funding issues.</p>

**Risk****Summary of Control Mechanisms**

Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies

An explicit stabilisation arrangement has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions.

Pass-through arrangement in place for new admission bodies from 1 October 2018.

Orphaned employers give rise to added costs for the fund

The fund seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future.

If it occurs, the actuary calculates the added cost spread pro-rata among all employers.

Effect of possible asset underperformance as a result of climate change

Additional modelling of climate change scenarios provided by fund actuary/investment adviser to confirm resilience of investment strategy to the modelled changes

**C3 Demographic risks****Risk****Summary of Control Mechanisms**

Pensioners living longer, thus increasing cost to fund.

Set mortality assumptions with some allowance for future increases in life expectancy.

The fund actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation.

Fund receives annual longevity reporting from Club Vita which identifies any significant longevity related events and their potential impact on funding.

Maturing fund – i.e., proportion of actively contributing employees declines relative to retired employees.

Continue to monitor at each valuation, consider seeking monetary amounts rather than % of pay and consider alternative investment strategies.

Deteriorating patterns of early retirements

Employers are charged the extra cost of non ill-health retirements following each individual decision.

Employer ill-health retirement experience is managed via an internal risk sharing mechanism, avoiding risk of material detrimental impact to an individual employer's funding position.

Reductions in payroll causing insufficient employer contributions.

In many cases this may not be sufficient cause for concern and will in effect be caught at the next formal valuation.

**Risk****Summary of Control Mechanisms**

However, there are protections where there is concern, as follows:

Employers in the stabilisation arrangement may be brought out of that mechanism to permit appropriate contribution increases.

For other employers, review of contributions is permitted in general between valuations and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.

Secondary contribution rates are typically set in monetary terms (instead of being linked to payroll).

**C4 Regulatory risks****Risk****Summary of Control Mechanisms**

Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.

The administering authority considers all consultation papers issued by the Government and comments where appropriate.

The administering authority is monitoring the progress on the McCloud and other ongoing court cases and will consider an interim valuation or other appropriate action once more information is known.

The government's long-term solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits – is built into the actuarial valuation.

Time, cost and/or reputational risks associated with any DLUHC intervention triggered by the Section 13 analysis.

Take advice from fund actuary on position of fund and consideration of proposed valuation approach relative to anticipated Section 13 analysis.

Changes by Government to particular employer participation in LGPS funds, leading to impacts on funding and/or investment strategies.

The administering authority considers all consultation papers issued by the Government and comments where appropriate.

Take advice from fund actuary on impact of changes on the fund and amend strategy as appropriate.

## C5 Governance risks

Risk	Summary of Control Mechanisms
Administering authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants.	<p>The administering authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data.</p> <p>The actuary may revise the rates and adjustments certificate to increase an employer's contributions between triennial valuations</p> <p>Secondary contributions generally expressed as monetary amounts.</p>
Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way	<p>The administering authority maintains close contact with its specialist advisers.</p> <p>Advice is delivered via formal meetings involving Elected Members and recorded appropriately.</p> <p>Actuarial advice is subject to professional requirements such as peer review.</p>
Administering authority failing to commission the fund actuary to carry out a termination valuation for a departing Admission Body.	<p>The administering authority requires employers with Best Value contractors to inform it of forthcoming changes.</p> <p>Community Admission Bodies' memberships are monitored and, if active membership decreases, steps will be taken.</p>
An employer ceasing to exist with insufficient funding or adequacy of a bond.	<p>The administering authority believes that it would normally be too late to address the position if it was left to the time of departure.</p> <p>The risk is mitigated by:</p> <ul style="list-style-type: none"><li>Seeking a funding guarantee from another scheme employer, or external body, where-ever possible .</li><li>Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.</li><li>Vetting prospective employers before admission.</li><li>Where permitted under the regulations requiring a bond to protect the fund from various risks.</li><li>Requiring new Community Admission Bodies to have a guarantor.</li><li>Reviewing bond or guarantor arrangements at regular intervals.</li></ul>



Risk	Summary of Control Mechanisms
	Reviewing contributions well ahead of cessation if thought appropriate.
An employer ceasing to exist resulting in an exit credit being payable	<p>The administering authority regularly monitors admission bodies coming up to cessation</p> <p>The administering authority invests in liquid assets to ensure that exit credits can be paid when required.</p>

### C6 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admission bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Local Authorities	Tax-raising, no individual assessment required	n/a
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Police, Fire, Fisheries, Town/Parish Councils, levying bodies	Tax-raising or government-backed, no individual assessment required	n/a
Admission bodies with pass-through agreements	Guaranteed by letting authority, no individual assessment required	n/a
Housing associations*	Individual employer assessment	Regular employer discussions and engagement
Other bodies	Individual employer assessment, based on financial significance to the fund.	Regular employer discussions and engagement

*\*All housing associations in the fund participate as (community) admission bodies rather than scheduled bodies.*

The fund will consider the covenant of individual employers where particular events occur including, but not limited to, local government re-organisation, significant changes to regulations affecting the education sector, individual employer events like restructuring or large redundancy exercises etc.

### C7 Climate risk

The fund has considered climate-related risks when setting the funding strategy. To consider the resilience of the strategy the fund has carried out in-depth asset liability modelling to stress test both the funding and the investment strategies against possible future climate scenarios.

The fund included climate scenario stress testing in the contribution modelling exercise for the precepting employers at the 2022 valuation. The modelling looked at three scenarios, differentiated by the speed and strength of the response to climate change. In all three scenarios the fund assumes that there will be a period of disruption, linked either to the response to climate risk or to the effects of climate risk itself. The fund made no assumptions about specific climate effects e.g. a particular global temperature rise. Instead, the fund accepted that there will be some disruptive period of high volatility in financial markets and considered the impact on the funding strategy under difficult financial conditions.

The modelling results under the stress tests were slightly worse than the core results but were still within risk tolerance levels, particularly given the severity of the stresses applied. The results provide assurance that the modelling approach does not significantly underestimate the potential impact of climate change and that the funding strategy is resilient to climate risks. The results of these stress tests may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

The current strategies were proven to be resilient to climate transition risks within an appropriate level of prudence. The Fund will continue to monitor the resilience of the funding strategy to climate risks at future valuations or when there has been a significant change in the risk posed to the Fund (e.g. global climate policy changes).

## Appendix D – Actuarial assumptions

The fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the funding strategy statement.

### D1 What are assumptions?

Assumptions are used to estimate the benefits due to be paid to members. Financial assumptions determine the amount of benefit to be paid to each member, and the expected investment return on the assets held to meet those benefits. Demographic assumptions are used to work out when benefit payments are made and for how long.

The funding target is the money the fund aims to hold to meet the benefits earned to date.

Any change in the assumptions will affect the funding target and contribution rate, but different assumptions don't affect the actual benefits the fund will pay in future.

### D2 What assumptions are used to set the contribution rate?

The fund doesn't rely on a single set of assumptions when setting contribution rates, instead using Hymans Robertson's Economic Scenario Service (ESS) to project each employer's assets, benefits and cashflows to the end of the funding time horizon.

ESS projects future benefit payments, contributions and investment returns under 5,000 possible economic scenarios, using variables for future inflation and investment returns for each asset class, rather than a single fixed value.

For any projection, the fund actuary can assess if the funding target is satisfied at the end of the time horizon.

**Table: Summary of assumptions underlying the ESS, 31 March 2022**

		Annualised total returns										
		Cash	Index Linked Gilts (long)	UK Equity	Developed World ex UK Equity	Private Equity	Property	Emerging Markets Equity	Unlisted Infrastructure Equity	Multi Asset Credit (sub inv grade)	Direct Lending (private debt) GBP Hedged	Inflation (CPI)
10 Years	16th %ile	0.8%	-3.1%	-0.4%	-0.7%	-1.2%	-0.6%	-2.5%	0.7%	1.7%	2.7%	1.6%
	50th %ile	1.8%	-0.7%	5.7%	5.6%	9.4%	4.4%	5.8%	5.9%	3.5%	6.0%	3.3%
	84th %ile	2.9%	2.0%	11.6%	11.7%	20.1%	9.5%	14.4%	11.2%	5.2%	9.2%	4.9%
20 Years	16th %ile	1.0%	-2.6%	1.7%	1.5%	2.4%	1.4%	0.1%	2.6%	2.8%	4.3%	1.2%
	50th %ile	2.4%	-0.9%	6.2%	6.1%	10.0%	5.0%	6.3%	6.5%	4.4%	6.8%	2.7%
	84th %ile	4.0%	0.8%	10.6%	10.8%	17.6%	8.9%	12.8%	10.6%	6.0%	9.2%	4.3%
40 Years	16th %ile	1.2%	-1.1%	3.2%	3.1%	4.7%	2.6%	2.1%	3.9%	3.6%	5.5%	0.9%
	50th %ile	2.9%	0.3%	6.7%	6.5%	10.3%	5.5%	6.8%	7.0%	5.3%	7.7%	2.2%
	84th %ile	4.9%	1.9%	10.2%	10.2%	16.1%	8.8%	11.7%	10.3%	7.1%	10.0%	3.7%
Volatility (5 yr)		2%	9%	18%	19%	30%	15%	26%	15%	6%	10%	3%

### D3 What financial assumptions were used?

#### Future investment returns and discount rate

The fund uses a risk-based approach to generate assumptions about future investment returns over the funding time horizon, based on the investment strategy.

The discount rate is the annual rate of future investment return assumed to be earned on assets after the end of the funding time horizon. The discount rate assumption is set as a margin above the risk-free rate.

Assumptions for future investment returns depend on the funding objective.

	<b>Employer type</b>	<b>Margin above risk-free rate</b>
<b>Ongoing basis</b>	All employers except transferee admission bodies and closed community admission bodies	1.6%
<b>Low risk exit basis</b>	Community admission bodies closed to new entrants	0%
<b>Contractor exit basis</b>	Transferee admission bodies	Equal to the margin used to allocate assets to the employer on joining the fund

#### **Discount rate (for funding level calculation as at 31 March 2022 only)**

For the purpose of calculating a funding level at the 2022 valuation, a discount rate of 4.3% applies. This is based on a prudent estimate of investment returns, specifically, that there is a 75% likelihood that the fund's assets will future investment returns of 4.3% over the 20 years following the 2022 valuation date.

#### **Pension increases and CARE revaluation**

Deferment and payment increases to pensions and revaluation of CARE benefits are in line with the Consumer Price Index (CPI) and determined by the regulations.

The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.

#### **Salary growth**

The salary increase assumption at the latest valuation has been set to CPI plus 0.7% plus a promotional salary scale.

#### **D4 What demographic assumptions were used?**

Demographic assumptions are best estimates of future experience. The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

#### **Life expectancy**

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2021 version of the continuous mortality investigation (CMI) published by the actuarial profession. The starting point has been adjusted by +0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

The smoothing parameter used in the CMI model is 7.0. There is little evidence currently available on the long-term effect of Covid-19 on life expectancies. To avoid an undue impact from recently mortality experience on long-term assumptions, no weighting has been placed on data from 2020 and 2021 in the CMI.

**Other demographic assumptions**

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Males are assumed to be 3 years older than females, and partner dependants are assumed to be opposite sex to members.
Commutation	45% of maximum tax-free cash
50:50 option	1.0% of members will choose the 50:50 option.

D3 Rates for demographic assumptions

**Males**

Age	Salary scale	Incidence per 1000 active members per year						
		Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2	
			FT &PT	FT	PT	FT	PT	FT
20	105	0.17	404.31	975.61	0.00	0.00	0.00	0.00
25	117	0.17	267.06	644.43	0.00	0.00	0.00	0.00
30	131	0.20	189.49	457.17	0.00	0.00	0.00	0.00
35	144	0.24	148.05	357.15	0.10	0.07	0.02	0.01
40	150	0.41	119.20	287.46	0.16	0.12	0.03	0.02
45	157	0.68	111.96	269.95	0.35	0.27	0.07	0.05
50	162	1.09	92.29	222.27	0.90	0.68	0.23	0.17
55	162	1.70	72.68	175.12	3.54	2.65	0.51	0.38
60	162	3.06	64.78	156.02	6.23	4.67	0.44	0.33

## Females

Age	Salary scale	Incidence per 1000 active members per year							
		Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2		
			FT &PT	FT	PT	FT	PT	FT	PT
20	105	0.10	317.18	537.48	0.00	0.00	0.00	0.00	
25	117	0.10	213.42	361.61	0.10	0.07	0.02	0.01	
30	131	0.14	178.90	303.07	0.13	0.10	0.03	0.02	
35	144	0.24	154.41	261.49	0.26	0.19	0.05	0.04	
40	150	0.38	128.51	217.55	0.39	0.29	0.08	0.06	
45	157	0.62	119.93	202.99	0.52	0.39	0.10	0.08	
50	162	0.90	101.11	170.95	0.97	0.73	0.24	0.18	
55	162	1.19	75.44	127.69	3.59	2.69	0.52	0.39	
60	162	1.52	60.80	102.78	5.71	4.28	0.54	0.40	

### D5 What assumptions apply in a cessation valuation following an employer's exit from the fund?

#### Low risk exit basis

Where there is no guarantor, the low risk exit basis will apply.

1. The discount rate is set equal to the annualised yield on long dated government bonds at the cessation date, with a 0% margin. This was 1.7% pa on 31 March 2022.
2. The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.
3. Life expectancy assumptions are those used to set contribution rates, with one adjustment. A higher long-term rate of mortality improvements of 1.75% pa is assumed.

#### Contractor exit basis

Where there is a guarantor (e.g. in the case of contractors where the letting body guarantees the contractor's admission in the fund), the contractor exit basis will apply.

The financial and demographic assumptions underlying the contractor exit basis are equal to those set for calculating contributions rates. Specifically, the discount rate is set equal to the risk-free rate at the cessation date, plus a margin equal to that set to allocate assets to the employer on joining the fund.

## Appendix E – Prepayment of contributions

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

### Introduction

The purpose of this policy is to set out the administering authority's approach to the prepayment of regular contributions by participating employers. The administering authority retains discretion to take into account any relevant individual employer circumstances.

### E1 Aims and objectives

The administering authority's aims and objectives related to this policy are:

- To provide employers with clarity around when prepayment of contributions will be permitted.
- To outline the key principles followed when calculating prepayment amounts.
- To outline the approach used to assess the suitability of a prepayment as sufficient to meet the required contributions.

### E2 Background

It is common practice in the LGPS for employers to elect to pre-pay regular contributions that were otherwise due to be paid to the fund in future. Employer contributions include the 'Primary Rate' – which is expressed as a percentage of payroll and reflects the employer's share of the cost of future service benefits, and the 'Secondary Rate' – which can be expressed as a percentage of payroll or a monetary amount and is an additional contribution designed to ensure that the total contributions payable by the Employer meet the funding objective.

On 22 March 2022, following a request from the LGPS Scheme Advisory Board, James Goudie QC provided an [Opinion](#) on the legal status of prepayments. This Opinion found that the prepayment of employee and employer contributions was not illegal, subject to the basis for determining the prepayment amount being reasonable, proportionate, and prudent. The Opinion also set out specific requirements around the presentation of prepayments.

### E3 Guidance and regulatory framework

The LGPS regulations set out how funds should determine employer contributions, and include relevant provisions including:

- Regulation 9 – outlines the contribution rates payable by active members
- Regulation 62 - sets the requirement for an administering authority to prepare a rates and adjustments (R&A) certificate.
- Regulation 67 – sets out the requirement for employers to pay contributions in line with R&A certificate and specifies that primary contributions be expressed as a percentage of pensionable pay of active members.

### E4 Statement of Principles

Each case will be treated on its own merits, but in general:

- The prepayment of employee contributions is not permitted.

- The prepayment of employer contributions may be permitted.
- Only secure, long-term employers (e.g. local authorities and similar) may be permitted to prepay contributions.
- The fund actuary will determine the prepayment amount, which may require assumptions to be made about payroll over the period which the scheduled contribution is due.
- The prepayment amount may include a discount to reflect the investment return that is assumed to be generated by the fund over the period of prepayment.
- Prepayment agreements can cover any annual period of the R&A (or up to three consecutive annual periods).
- Where contributions expressed as a percentage of pay have been prepaid, the administering authority will carry out an annual check (and additional contributions may be required by the employer) to make sure that the actual amounts paid are sufficient to meet the contribution requirements set out in the R&A certificate.
- The R&A certificate will be updated as necessary to reflect any prepayment agreements in place.
- Employers are responsible for ensuring that any prepayment agreement is treated appropriately when accounting for pensions costs and they are aware of the risks associated with making a prepayment instead of regular contributions.

## **E5 Policy**

### **Eligibility and periods covered**

The fund welcomes requests from employers to pre-pay certified employer contributions.

Local Authorities and large public bodies may prepay primary and secondary contributions.

Employer contributions over the period of the existing R&A certificate (and, where a draft R&A certificate is being prepared following the triennial valuation, the draft R&A certificate) may be pre-paid by employers.

Prepayment of contributions due after the end of the existing (or draft) R&A certificate is not permitted, i.e. it would not be possible to prepay employer contributions due in the 2026/27 year until the results of the 2025 valuation are known and a draft R&A certificate covering the 2026 to 2029 period has been prepared.

### **Request and timing**

Prior to making any prepayment, employers are required to inform the fund in writing of their wish to prepay employer contributions and to request details of the amount required by the fund to meet the scheduled future contributions that they wish to prepay.

This request should be received by the fund at least two months before the start of the period to be prepaid.

The fund will tell the employer the prepayment amount and the date by which this should be paid.

If the employer fails to pay the prepayment amount by the specified date, the fund will require ongoing regular contributions in line with those in the R&A certificate to be made as if no prepayment had ever been agreed. Any other outstanding contributions should be made immediately.



## Calculation

The fund actuary will usually determine the prepayment amount required based on the discount rate set for the purpose of the relevant actuarial valuation (as specified in the actuarial valuation report). In some circumstances, a different discount rate may be used. This will be communicated clearly to the employer.

Where the prepayment is in respect of contributions expressed as a percentage of pay the fund actuary will use an estimate of payroll over the period (using the information available and appropriate assumptions about future payroll increases) and a sufficiency check will be required as noted below.

Where the prepayment is in respect of contributions expressed as a monetary amount no sufficiency check will be required.

Employers may pay more than the prepayment amount determined by the fund actuary.

No allowance for expected outsourcing of services and/or expected academy conversions will be made in the fund actuary's estimation of payroll for the prepayment period.

### E6 Sufficiency check

Where a prepayment is in respect of a percentage of pay contribution rate, the fund actuary will carry out an **annual** assessment to check that sufficient contributions have been prepaid based on the actual payroll of active members over the period.

If the sufficiency check reveals a shortfall, the employer will be required to make a top-up payment. The administering authority will notify the employer of any top-up amount and the date by which any top-up payment should be made.

The sufficiency check may reveal that the prepayment amount was higher than would have been required on actual payroll, i.e. the actual payroll over the period is less than was assumed. In this case the excess can be offset against the sufficiency check in the following year, but there will not be a refund of contributions to the employer.

The sufficiency check only considers payroll; specifically, it will not compare the assumed investment return (i.e. the discount rate) with actual returns generated over the period. Any shortfall arising due to actual investment returns being lower than that assumed will form part of the regular contribution assessment at the next valuation (as per the normal course of events).

### E7 Documentation and auditor approval

The fund will provide the employer with a note of the information used to determine the prepayment amount, including:

- Discount rate used in the calculations
- The estimate of payroll (where applicable)
- The effective date of the calculation (and the date by which payment should be made)
- The scheduled regular payments which the prepayment amount covers.

The prepayment agreement will be reflected in the R&A certificate as follows:

- The unadjusted employer regular contribution rate payable over the period of the certificate

- As a note to the contribution rate table, information relating to the prepayment amount and the discount applied, for each employer where a prepayment agreement exists.

The R&A certificate will be updated as necessary to reflect any prepayment agreements in place.

Employers should discuss the prepayment agreement with their auditor prior to making payment and agree the accounting treatment of this. The fund will not accept any responsibility for the accounting implications of any prepayment agreement.

### **E8 Costs**

Employers entering into a prepayment agreement will be required to meet the additional cost of this, which includes (but is not limited to) the actuarial fees incurred by the administering authority.

### **E9 Risks**

Employers will have their own reasons for wanting to enter a prepayment agreement. One common reason is the expectation that the fund can generate higher returns over the prepayment period than the employer can, i.e. the discount rate used in the prepayment calculation is higher than the return that can be achieved elsewhere. Future returns in the fund are not guaranteed, and the returns generated on prepayment amounts may be lower than expected. It is also possible that negative returns will lead to the value of any prepayment being less than that which was scheduled to be paid. In this case a top-up payment would not be requested (since the sufficiency check only considers the effect of actual payroll being different to that assumed in the prepayment calculation). However, the employer's asset share would be lower than if contributions had been paid monthly. This would be reflected by the fund actuary at the next triennial valuation (as per the normal course of events).

There are other risks to the employer of making a prepayment (such as concentration/timing, prevention of cash being used for other purposes, etc), which are not covered here: the employer is advised to consider these and take advice if necessary.

## Appendix F – New employers

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

### Introduction

The purpose of this policy is to set out the administering authority's approach to admitting new contractors into the fund on a pass-through basis. In addition, and subject to review on a case-by-case basis, the fund may be willing to apply its pass-through principles to other admission bodies where liabilities are covered by a guarantor within the fund.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

### F1 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To set out the fund's approach to admitting new contractors / admission bodies, including the calculation of contribution rates and how risks are shared under the pass-through arrangement.
- To outline the process for admitting new contractors / admission bodies into the fund.

### F2 Background

Employees outsourced from local authorities, police, and fire authorities or from non-maintained schools (generally academies, regulated by the Department for Education (DfE)) must be offered pension benefits that are the same, better than, or count as being broadly comparable to, the Local Government Pension Scheme (as per the Best Value Authorities Staff Transfer (Pensions) Direction 2007). This is typically achieved by employees remaining in the LGPS and the new employer becoming an admitted body to the Fund and making the requisite employer contributions.

Pass-through is an arrangement whereby the letting authority (the local authority or the independent school) retains the main risks of fluctuations in the employer contribution rate during the life of the contract, and the risk that the employer's assets may be insufficient to meet the employees' pension benefits at the end of the contract.

### F3 Guidance and regulatory framework

The [Local Government Pension Scheme Regulations 2013](#) (as amended) set out the way in which LGPS funds should determine employer contributions and contain relevant provisions regarding the payment of these, including the following:

- Schedule 2 Part 3 sets out the entities eligible to join the fund as an admitted body, their key responsibilities as an admitted body and the requirements of the admission agreement.
- Regulation 67 – sets out the requirement for employers to pay contributions in line with the Rates and Adjustments (R&A) certificate and provides a definition of the primary rate.
- Regulation 64 - covers the requirements for a cessation valuation following the exit of a participating employer from the fund.

#### **F4 Statement of principles**

This statement of principles covers the admission of new contractors to the fund on a pass-through basis. Pass-through is the default approach for the admission of all new contractors to the fund from the effective date of this policy. For the avoidance of doubt, this would apply to contracts established by councils, police & fire authorities, and academy trusts (“the letting authority”).

#### **Fixed contribution rate**

The contractor’s pension contribution rate is fixed for the duration of the contract, up to a maximum of seven years. For contracts longer than seven years, the contractor’s contribution rate will typically be reset by reference to the letting authority’s contribution rate at the review date.

#### **Funding position of the admission body**

The letting authority retains responsibility for variations in funding level, for instance due to investment performance, changes in market conditions, longevity, and salary experience under its pass-through arrangement, irrespective of the size of the outsourcing.

The administering authority will review the funding position of the contractor at each triennial valuation and after every seven-year period if the contract extends that far. The administering authority may require the letting authority to make additional contributions to the fund in respect of the pass-through arrangement. This will be requested if the administering authority believes there to be a material deterioration in the admission body’s funding position that is not likely to be recovered by the next valuation date and that deterioration is material to the overall funding position of the letting authority (guarantor).

#### **Additional admission body costs**

The contractor will meet the cost of additional liabilities arising from (non-ill health) early retirements and augmentations.

Ill health experience will be pooled with the letting authority and no additional strain payments will be levied on the contractor in respect of ill health retirements.

#### **Security**

The contractor will not typically be required to obtain an indemnity bond, as long as both the administering authority and the letting authority agree that it is not required. In this case the letting authority understands that it retains all the risk when the contractor exits the fund, including any unpaid contributions or strain costs. The administering authority fund may still require a bond to cover redundancy costs, at the fund’s discretion.

Where an academy is the letting employer, the fund will expect academies to ensure and confirm that the outsourcing complies with the requirements set out in the ‘DfE Academy Trust LGPS Guarantee policy’ (which can be viewed on the GOV.UK website at [DfE local government pension scheme guarantee for academy trusts: pensions policy for outsourcing arrangements - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/local-government-pension-scheme-guarantee-for-academy-trusts-pensions-policy-for-outsourcing-arrangements) before permitting an admission body in the fund. Where this requirement is met, no additional risk assessment or security will typically be required for the admitted body as the pension liabilities will be covered by the DfE Academy Guarantee.

#### **Admission body asset share**

All assets and liabilities relating to the contractor’s staff will remain the ultimate responsibility of the letting authority during the period of participation. However, there will be a notional transfer of assets to the contractor within the fund, to allow the funding position of the admission body to be tracked and for the notional required contribution rate to be calculated for comparison.

At the end of the contract (or when there are no longer any active members participating in the fund, for whatever reason), the admission agreement will cease and no further payment will be required from the contractor (or the letting authority) to the fund, save for any outstanding regular contributions and/or invoices relating to the cost of early retirement strains and/or augmentations and/or salary experience. Likewise, no “exit credit” payment will be payable from the fund to the contractor (or letting authority). The letting authority will retain responsibility for the contractor’s deferred and pensioner members

## **Documentation**

The terms of the pass-through agreement will be documented by way of the admission agreement between the administering authority, the letting authority, and the contractor.

All existing admission agreements are unaffected by this policy, excepting that the DfE Academy Trust LGPS Guarantee policy is retrospective and so may cover admission bodies not otherwise covered prior to May 2023.

The principles outlined above are the default principles which will apply; however, the letting authority may request the specific details of a particular agreement to differ from the principles outlined above. The administering authority is not obliged to agree to a departure from the principles set out in this policy but will consider such requests and engage with the letting authority. The administering authority has the final say in any such discussions.

## **F5 Policy and process**

### **Compliance**

Adherence to this policy is the responsibility of the relevant responsible service manager for any given outsourcing. The administering authority and the fund actuary must always be notified that an outsourcing has taken place, regardless of the number of members involved. Where an academy is guaranteeing a pass-through arrangement, the academy must ensure and confirm that the outsourcing complies with the requirements set out in the ‘DfE Academy Trust LGPS Guarantee policy’ (which can be viewed on the GOV.UK website at [DfE local government pension scheme guarantee for academy trusts: pensions policy for outsourcing arrangements - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/local-government-pension-scheme-guarantee-for-academy-trusts-pensions-policy-for-outsourcing-arrangements)

### **Contribution rates**

The contribution rate payable by the contractor over the period of participation will be set equal to the primary rate payable by the letting authority assessed on a likelihood of success of 80% assessed at the most recent triennial valuation.

### **Risk sharing and cessation valuation**

The letting authority will retain the risk of the contractor becoming insolvent during the period of admission and so no indemnity bond will typically be required by the fund from contractors participating on a pass-through basis. The letting authority is effectively guaranteeing the contractor’s participation in the fund.

A cessation valuation is required when a contractor no longer has any active members in the fund. This could be due to a contract coming to its natural end, insolvency of a contractor or the last active member leaving employment or opting out of the LGPS.

Where a pass-through arrangement is in place, the fund assets and liabilities associated with outsourced employees are retained by the letting authority. At the end of the admission, the cessation valuation will therefore record nil assets and liabilities for the ceasing employer and therefore no cessation debt or exit credit is payable to or from the Fund.

The contractor will be required to pay any outstanding regular contributions and/or unpaid invoices relating to the cost of (non-ill health) early retirement strains and/or augmentations at the end of the contract.

However, in some circumstances, the contractor will be liable for additional pension costs that arise due to items over which it exerts control. The risk allocation is as follows:

<b>Risks</b>	<b>Letting authority</b>	<b>Contractor/ Admitted body</b>
Surplus/deficit prior to the transfer date	✓	
Interest on surplus/deficit	✓	
Investment performance of assets held by the Fund	✓	
Changes to the discount rate that affect past service liabilities	✓	
Changes to the discount rate that affect future service accrual *	✓	✓
Change in longevity assumptions that affect past service liabilities	✓	
Changes to longevity that affect future accrual *	✓	✓
Price inflation affects past service liabilities	✓	
Price inflation / pension increases that affect future accrual *	✓	✓
Exchange of pension for tax free cash	✓	
Ill health retirement experience	✓	
Strain costs attributable to granting early retirements (not due to ill health (e.g. redundancy, efficiency, waiving actuarial reductions on voluntary early retirements))		✓
Greater/lesser level of withdrawals	✓	
Rise in average age of contractor's employee membership	✓	
Changes to LGPS benefit package*	✓	✓
Excess liabilities attributable to the contractor granting pay rises that exceed those assumed in the last formal actuarial valuation of the Fund		✓
Award of additional pension or augmentation		✓

*\*To the extent captured in the review of fixed rates for longer duration (7+ years) contracts.*

Any risk allocation should be agreed between the contractor and letting authority before the contract commences and should be appropriately detailed in the service agreement and legal documentation.

### **F6 Accounting valuations**

Accounting for pensions costs is a responsibility for individual employers.

It is the administering authority's understanding that contractors may be able to account for such pass-through admissions on a defined contribution basis and therefore no formal FRS102 / IAS19 report may be required. Contractors are effectively paying a fixed rate and are largely indemnified from the risks inherent in providing defined benefit pensions. Contractors should clarify this with their auditors.

As the letting authority retains most of the pension fund risk relating to contractors, it is the administering authority's understanding that these liabilities (and assets) should be included in the letting authority's FRS102 / IAS19 disclosures.

The above is the default approach unless the administering authority is otherwise notified. Contractors should clarify the treatment of pension costs with their auditors.

### **F7 Application**

Letting authorities may request terms which differ from those set out in this policy and any such request will be considered by the Administering authority.

All existing admission agreements (i.e. which commenced prior to the effective date of this policy) are unaffected by this policy.

### **F8 Process**

The procurement department at each letting authority that has responsibility for staff/service outsourcing must be advised of this policy. The process detailed below must be adhered to by the letting authority and (where applicable) the winning bidder.

- **Tender Notification** - The letting authority should publicise this pass-through policy as part of its tender process to bidders.
- **Initial notification to Pension Team** – The letting authority should contact the administering authority when a tender (or re-tender) of an outsourcing contract is taking place and staff (or former staff) are impacted. The administering authority must be advised prior to the start of the tender and the letting authority must also confirm that the terms of this policy have been adhered to.
- **Confirmation of winning bidder** – The letting authority should immediately advise the administering authority of the winning bidder.
- **Request for winning bidder to become an admitted body** – The winning bidder (in combination with the letting authority), should request to the administering authority that it wishes to become an admitted body within the Fund.
- **Template admission agreement** – a standard pass-through admission agreement will be used for admissions under this policy. It will set out all agreed points relating to the employer contribution rate, employer funding responsibilities, and exit conditions. Only in exceptional circumstances, and only with the prior agreement of the Administering authority, will the wording within the standard agreement be changed. All admission agreements must be reviewed (including any changes) by the administering authority.

- **Signed admission agreement** – A fully executed admission agreement must be in place before the fund will accept contributions. If the admission is not in place prior to the start of the contract a back dated payment of contributions may be accepted at the discretion of the Administering Authority.

#### **F9 Cost**

The letting authority will be liable to meet any costs incurred by the administering authority for work relating to pass-through arrangements which includes (but is not limited to) any actuarial and legal fees.

#### **F10 Related Policies**

The fund's approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically "Section 2 – How does the fund calculate employer contributions?".

The treatment of new employers joining the fund is set out in the in the Funding Strategy Statement, specifically "Section 5 – What happens when an employer joins the fund?"

The treatment of employers exiting the fund is set out in the in the Funding Strategy Statement, specifically "Section 7 – What happens when an employer leaves the fund?"



## Appendix G – Bulk transfers

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

### G1 Introduction

The purpose of this policy is to set out the administering authority's approach to dealing with the bulk transfer of scheme member pension rights into and out of the fund in prescribed circumstances.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

### G2 Aims and Objectives

The administering authority's aims and objectives related to this policy are as follows:

- Bulk transfers out of the fund do not allow a deficit to remain behind unless a scheme employer is committed to funding this; and
- Bulk transfers received by the fund must be sufficient to pay for the benefits being awarded to the members, again with the scheme employer making good any shortfall where necessary.

Bulk transfer requests will be considered on a case-by-case basis.

### G3 Background

Bulk transfers into and out of the fund can occur for a variety of reasons, such as:

- where an outsourcing arrangement is entered into and active fund members join another LGPS fund, or leave the LGPS to join a broadly comparable scheme;
- where an outsourcing arrangement ceases and active scheme members re-join the fund from another LGPS fund or a broadly comparable scheme;
- where there is a reorganisation of central government operations (transfers in from, or out to, other government sponsored schemes);
- where there is a reorganisation or consolidation of local operations (brought about by, for example, local government shared services, college mergers or multi-academy trust consolidations); or
- a national restructuring resulting in the admission of an employer whose employees have LGPS service in another LGPS fund, or vice versa.

Unlike bulk transfers out of the LGPS, there is no specific regulatory provision to allow for bulk transfers into the LGPS. As a result, any transfer value received into the LGPS, whether on the voluntary movement of an individual or the compulsory transfer of employees, must be treated the same way as individual transfers.

## **G4 Guidance and regulatory framework**

### **Local Government Pension Scheme Regulations**

When considering any circumstances involving bulk transfer provisions, the administering authority will always ensure adherence to any overriding requirements set out in the Local Government Pension Scheme Regulations 2013 (as amended), including:

- Regulation 98 – applies on transfer out to non-LGPS schemes. It allows for the payment of a bulk transfer value where at least two active members of the LGPS cease scheme membership and join another approved pension arrangement.
- Regulation 99 - gives the LGPS actuary discretion as to the choice of method of calculation used to calculate the bulk transfer value.
- Regulation 100 – allows an individual who holds relevant pension rights under a previous employer to request to be admitted for past service into the LGPS. Members wishing to transfer in accrued rights from a Club scheme (that is schemes with benefits broadly similar to those of the LGPS), who request to do so within 12 months of joining their new LGPS employment, must be granted their request. For members with “non-Club” accrued rights the LGPS fund does not have to grant the request. Any request must be received in writing from the individual within 12 months of active employment commencing or longer at the discretion of the employer and the administering authority.
- Regulation 103 - states that any transfer between one LGPS fund and another LGPS fund (in England and Wales) where ten or more members elect to transfer will trigger bulk transfer negotiations between fund actuaries.

### **Best Value authorities**

The Best Value Authorities Staff Transfers (Pensions) Direction 2007 applies to all “Best Value Authorities” in England. Best Value Authorities include all county, district, and borough councils in England, together with police and fire and rescue authorities, National Park Authorities, and waste disposal authorities. The Direction:

- requires the contractor to secure pension protection for each transferring employee through the provision of pension rights that are the same as or are broadly comparable to or better than those they had as an employee of the authority, and
- provides that the provision of pension protection is enforceable by the employee.

The Direction also requires similar pension protection in relation to those former employees of an authority, who were transferred under TUPE to a contractor, in respect of any re-tendering of a contract for the provision of services (i.e. second and subsequent rounds of outsourcing).

### **Academies and multi-academy trusts**

New Fair Deal guidance, introduced in October 2013, applies to academies and multi-academy trusts. It requires that, where they outsource services, they ensure pension protection for non-teaching staff transferred is achieved via continued access to the LGPS. As a result the fund would not expect to have any bulk transfers out of the LGPS in respect of outsourcings from academies or multi-academy trusts.

### **Other employers**

For all scheme employers that do not fall under the definition of a Best Value Authority or are not an academy (i.e. town and parish councils, arms-length organisations, further and higher education establishments, charities,

and other admission bodies), and who are not subject to the requirements of Best Value Direction or new Fair Deal guidance, there is no explicit requirement to provide pension protection on the outsourcing or insourcing of services. However, any successful contractor is free to seek admission body status in the fund, subject to complying with the administering authority's requirements (e.g. having a bond or guarantor in place).

The old Fair Deal guidance may still apply to a specific staff transfer if permitted by the new Fair Deal guidance or if outside the coverage of the new Fair Deal guidance. (If the individual remains in their original scheme then their past service rights are automatically protected). In the absence of a bulk transfer agreement the administering authority would not expect to pay out more than individual Cash Equivalent Transfer Value (CETV) amounts, in accordance with appropriate Government Actuary's Department (GAD) guidance.

### **G5 Statement of principles**

This statement of principles covers bulk transfer payments into and out of the fund. Each case will be treated on its own merits alongside appropriate actuarial advice, but in general:

- Where a group of active scheme members joins (or leaves) the fund, the administering authority's objective is to ensure that sufficient assets are received (or paid out) to meet the cost of providing those benefits.
- Ordinarily the administering authority's default approach for bulk transfers out (or in) will be to propose (or accept) that the transfer value is calculated using ongoing assumptions based on the employer's share of fund assets (capped at 100% of the value of the liabilities). The fund will retain the discretion to amend the bulk transfer basis to reflect the specific circumstances of each transfer – including (but not restricted to):
  - the use of cessation assumptions where unsecured liabilities are being left behind;
  - where a subset of an employer's membership is transferring (in or out), the fund may consider an approach of calculating the bulk transfer payment as the sum of CETVs for the members concerned; or
  - where transfer terms are subject to commercial factors.
- Where an entire employer is transferring in or out of the fund the bulk transfer should equal the asset share of the employer in the transferring fund regardless of whether this is greater or lesser than the value of past service liabilities for members.
- There may be situations where the fund accepts a transfer in amount which is less than required to fully fund the transferred in benefits on the fund's ongoing basis (e.g. where the employer has suitable strength of covenant and commits to meeting that shortfall over an appropriate period). In such cases the administering authority reserves the right to require the receiving employer to fund this shortfall (either by lump sum or by increasing in ongoing employer contributions) ahead of the next formal valuation.
- Any shortfall between the bulk transfer payable by the fund and that which the receiving scheme is prepared to accept must be dealt with outside of the fund, for example by a top up from the employer to the receiving scheme or through higher ongoing contributions to that scheme.
- Service credits granted to transferring scheme members should fully reflect the value of the benefits being transferred, irrespective of the size of the transfer value paid or received.

### **G6 Policy**

The following summarises the various scenarios for bulk transfers in or out of the fund, together with the administering authority's associated policies.

**Inter-fund transfer (transfer between the fund and another LGPS fund)**

<b>Scenario</b>	<b>Bulk transfer mechanism</b>	<b>Policy</b>	<b>Methodology</b>
In	< 10 members – GAD guidance	CETVs in accordance with GAD guidance.	On receipt of a transfer value (calculated in line with the CETV transfer out formulae), the fund will award the member a pension credit on a day-for-day basis.
	10 or more members – Regulation 103 of the Local Government Pension Scheme Regulations 2013	<p>Where agreement can be reached, the fund and the transferring fund (and their two actuaries) may agree to a negotiated bulk transfer arrangement. However, where agreement cannot be reached:</p> <p><b>Actives only transferring:</b> CETVs in accordance with GAD guidance using transferring fund's actual fund returns for roll up to date of payment (rather than the interest applied for standard CETV's). This will be capped at 100% of the liabilities, calculated on an ongoing basis at the transfer date.</p> <p><b>All members transferring (i.e. all actives, deferred and pensioners):</b> Receive all assets attributable to the membership within the transferring scheme.</p>	<p>The fund's default policy is to accept a transfer value that is at least equal to the total of the individual CETVs calculated using the Club transfer-out formulae. The fund will consult with the scheme employer whose funding position will be impacted by the transfer before agreeing to a negotiated bulk transfer arrangement.</p> <p>Pension credits will be awarded to the transferring members on a day-for-day basis.</p>
Out	< 10 members – GAD guidance	CETVs in accordance with GAD guidance.	The transfer value paid to the receiving fund will be calculated in line with the CETV transfer-out formulae.
	10 or more members – Regulation 103 of the Local Government Pension Scheme Regulations 2013	<p>Where agreement can be reached, the fund and the receiving fund (and their two actuaries) may agree to a negotiated bulk transfer arrangement. However, where agreement cannot be reached:</p> <p><b>Actives only transferring (i.e. remaining members left behind):</b> CETV in accordance with GAD guidance using transferring fund's actual fund returns for roll-up to date of payment (rather than the interest applied for standard CETV's).</p> <p><b>All actives transferring (i.e. deferred and pensioner members left behind):</b> Assets will be retained by the fund to cover the liabilities of the deferred and pensioner members calculated using the fund's cessation assumptions. The residual assets will then be transferred to the receiving scheme.</p> <p><b>All members transferring (i.e. all actives, deferred and pensioners):</b></p>	<p>The fund's default policy is to offer a transfer value that is equal to the total of the individual CETV calculated using the Club transfer-out formulae. The fund will consult with the scheme employer whose funding position will be impacted by the transfer before agreeing to a negotiated bulk transfer arrangement.</p> <p>The fund retains discretion to amend this to reflect specific circumstances of the situation.</p>

Scenario	Bulk transfer mechanism	Policy	Methodology
		Transfer all assets attributable to the membership to the receiving scheme.	

#### Club Scheme

Scenario	Bulk transfer mechanism	Policy	Methodology
In	Club Memorandum	The Club mechanism ensures the pension credit in the fund provides actuarially equivalent benefits.	The pension credit awarded to members transferring in will be calculated in line with the Club transfer-in formulae.
Out	Regulation 98 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the fund and the receiving scheme (and their two actuaries) may agree to a negotiated bulk transfer arrangement. Or	The fund's default policy is to offer the receiving scheme transfers out calculated using ongoing assumptions based on the ceding employer's share of fund assets (capped at 100% of the liability value).  Discretion exists to amend this to reflect specific circumstances of the situation.
	or Club Memorandum	Where agreement cannot be reached, revert to the Club transfer out formulae in accordance with GAD guidance.	

#### Admin

#### Broadly Comparable Scheme or non-Club scheme

Scenario	Bulk transfer mechanism	Policy	Methodology
In	GAD guidance	Non-Club transfer in formulae in accordance with GAD guidance	The pension credit awarded to members transferring in will be calculated in line with the non-Club transfer in formulae.
Out	1 member only – GAD guidance	CETV in accordance with GAD guidance	The transfer value paid to the receiving scheme will be calculated in line with the CETV transfer-out formulae.
	2 or more members – Regulation 98 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the fund and the receiving scheme (and their two actuaries) may agree to a negotiated bulk transfer arrangement. Or Where agreement cannot be reached, revert to cash equivalent transfer values under GAD guidance	The fund's default policy is to offer the receiving scheme transfers out calculated in line with the CETV transfer-out formulae.  The fund retains discretion to amend this to reflect specific circumstances of the situation.

## **G7 Practicalities and process**

### **Format of transfer payment**

Ordinarily payment will be in cash.

A deduction from the bulk transfer will be made for any administration, legal and transaction costs incurred by the fund as a result of having to disinvest any assets to meet the form of payment that suits the receiving scheme.

### **Impact on transferring employer**

Any transfer out or in of pension rights may affect the valuation position of the employer and consequently their individual contribution rate.

The fund will agree with the transferring employer how this change is dealt with. Though it is likely this will be through adjustments to its employer contribution rate, the fund may require a lump sum payment or instalments of lump sums to cover any relative deterioration in past service funding position, for example where the deterioration in position is a large proportion of its total notional assets and liabilities. Where the transfer is small relative to the employer's share of the fund, any adjustment may be deferred to the next valuation.

### **Consent**

Where required within the Regulations, for any bulk transfer the administering authority will ensure the necessary consent is obtained from each individual eligible to be part of the transfer.

### **Approval process**

The fund will normally agree to bulk transfers into or out of the fund where this policy is adhered to.

### **Non-negotiable**

It should be noted that, as far as possible, the fund's preferred terms on bulk transfers are non-negotiable. Any differences between the value the fund is prepared to pay (or receive) and that which the other scheme involved is prepared to accept (or pay) should be dealt with by the employers concerned outside the fund.

### **Costs**

Actuarial and other professional costs will be recharged to the employer.

# Appendix H – Salary strain policy

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

## H1 Introduction

The purpose of this policy is to set out the administering authority's approach to monitoring the strain on the fund if employers award salary increases that are higher than assumed at the most recent valuation.

## H2 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- Employers with final salary linked benefits increasing faster than expected will meet the additional cost on an annual basis
- The fund is protected from employers not able to meet additional pension costs at each triennial valuation arising from higher-than-assumed salary growth.

## H3 Background

New benefits earned by active members are revalued in line the Consumer Price Index (CPI) and determined by the regulations. Members with benefits accrued before 1 April 2014 maintain a link to their final salary until they leave the scheme or retire. At each valuation the fund actuary values these final salary linked benefits using an assumption about the rate of salary increases relative to CPI, plus a promotional salary scale.

If salary increases are higher in any year than assumed for the year (using the ongoing inflation assumption, updated for current market conditions) then the value of the liability associated with those benefits will be higher than expected. This is called salary growth strain. **It is related solely to the final salary linked benefits of active members.** In isolation, this worsens the employer's funding position, and the shortfall has to be recovered through higher employer contributions.

This shortfall may be revalued at each actuarial valuation but this creates a risk for the fund that the employer is not able to meet the higher costs from that point. Instead, the employer will be asked to make salary growth strain payments on an annual basis, if necessary, to minimise the likelihood of an unmanageable deficit accumulating.

## H5 Statement of Principles

The fund will monitor the actual salary increases awarded by each participating employer.

- the employer will be required to pay any salary growth strain as an immediate lump sum payment.
- if salary growth has been lower than expected then there will be no payment or refund of contributions to the employer.
- if salary growth in a year has been lower than expected then the (negative) salary growth strain may be offset against any future year up to the next actuarial valuation date.
- if the overall impact of salary growth between valuations is a gain (i.e. a lower liability) then this will be reflected in the overall funding position at the next actuarial valuation, contributing towards a reduction in the total contribution rate (all other things being equal).

## **H6 Policy**

The salary growth assessment will be carried out for each financial year, i.e. 1 April to 31 March.

All employers are covered by the salary growth strain mechanism and will be required to make a strain payment if requested.

## **H7 Practicalities and process**

The administering authority will provide membership data to the fund actuary for all members who have been active in the Fund over the year. The actuary will compare each member's salary at the assessment date to the salary at the previous assessment date, allowing for part years where necessary.

The fund actuary considers both the inflationary element of salary growth and the impact of the promotional salary scale. The inflationary growth element will be based on the level of CPI inflation over the financial year plus the margin used at the previous actuarial valuation. The promotional growth element will be that used at the previous actuarial valuation.

The fund actuary will calculate the salary growth strain for each applicable employer and the administering authority will typically recharge the strain amount to each affected employer. The strain amount will be notified to each employer in the fourth quarter of the financial year, and the employer will make the payment within one month. The recharged amount will be offset against any negative salary strain calculated in a previous year, as long as the previous year started after the most recent actuarial valuation.

In the interests of efficiency, the administering authority retains the discretion not to recharge de-minimis amounts.

## **H8 Costs**

The cost of operating the salary growth strain mechanism is met by the administering authority as part of its operating costs.



# Appendix I – Academies and Free Schools

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

## I1 Introduction

The purpose of this policy is to set out the administering authority's funding principles relating to academies, including free schools, and Multi-Academy Trusts (MATs).

## I2 Aims and Objectives

The administering authority's objectives related to this policy are as follows:

- to state the approach for the treatment and valuation of academy liabilities and asset shares on conversion from a local maintained school, if establishing as a new academy or when joining or leaving a MAT
- to state the approach for setting contribution rates for academies and MATs
- to outline the responsibilities of academies seeking to consolidate
- to outline the responsibilities of academies when outsourcing

## I3 Background

As described in section 5.2 new academies join the fund on conversion from a local authority school or on creation of new provision. For funding purposes the standard approach is for academies to become stand-alone

## I4 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) contains general guidance on Scheme employers' participation within the fund which may be relevant but is not specific to academies.

There is currently a written ministerial guarantee of academy LGPS liabilities, which was reviewed in 2022. This has been further supplemented by the 'DfE Academy Trust LGPS Guarantee policy' of May 2023 (which can be viewed on the GOV.UK website at [DfE local government pension scheme guarantee for academy trusts: pensions policy for outsourcing arrangements - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/academy-trusts-and-multi-academy-trusts/pensions-policy-for-outsourcing-arrangements)

Academy guidance from the Department for Education and the Department for Levelling Up, Housing and Communities may also be relevant.

## I5 Statement of Principles

This Statement of Principles covers the fund's approach to funding academies and MATs. Each case will be treated on its own merits but in general:

- the fund will seek to apply a consistent approach to funding academies that achieves fairness to the ceding local education authority, MATs and individual academies.
- academies must consult with the fund prior to carrying out any outsourcing activity, including pass-through arrangements. The fund expects academies to ensure that any outsourcing complies with the requirements set out in the 'DfE Academy Trust LGPS Guarantee policy' and confirm to the Fund

that the requirements are met. Where the Guarantee policy terms cannot be met, and no suitable alternative is agreed, the fund may refuse admission of the contractor as an admission body

- the fund's current approach is to treat all academies within a MAT as separate employers, each retaining their own pension risks.

## **I6 Policies**

### **Admission to the fund**

As set out in section 5.2.

### **Asset allocation on conversion**

New academies will be allocated an asset share based on the estimated funding level of the ceding local education authority's (LEA) active members, having first allocated the LEA's assets to fully fund its deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. All liabilities will be assessed on the ongoing funding basis.

### **Contribution rate**

See section 5.2.

## **I7 Multi-academy trusts**

### **Asset tracking**

The fund's current policy is to individually track the asset shares of each academy within the fund.

### **Academies leaving a MAT (but continuing as an employer)**

As set out in section 5.2, if an academy leaves one MAT and joins another in the Norfolk Pension Fund, all active, deferred and pensioner members transfer to the new MAT (or to the SAT if becoming a standalone academy). The individual asset share of that academy (as tracked individually) will be transferred to the new MAT in full, noting that this may be more (or less) than 100% of the transferring liabilities.

### **I8 Merging of MATs (contribution rates)**

If two MATs in the fund merge during the period between formal valuations, the new merged MAT will pay the weighted average of the two certified individual MAT rates until the rates are reassessed at the next formal valuation.

Alternatively, as set out in the fund's contribution review policy (section 2.5) and per Regulation 64 A (1)(b) (iii) the MAT may ask for a contribution review to be carried out. The MAT would be liable for the costs of this review.

## **I9 Cessations of academies and multi-academy trusts**

A cessation event will occur if a current academy or MAT ceases to exist, either as an entity or as an employer in the fund.

The cessation approach will depend on the circumstances:

- If the cessation event occurs due to an academy or MAT merging with another academy or MAT within the fund, all assets, and liabilities from each of the merging entities will be combined and will become the responsibility of the new merged entity.

- If the MAT is split to become/join more than one new/existing employer within the fund, the actuary will calculate a split of the assets and liabilities to be transferred from the exiting employer to the new employers as described in section 17.
- In all other circumstances, and following payment of any cessation debt, the ceasing academy or MAT would be treated the same as any other employer, as described in section 7.5.

### **I10 Academy consolidations**

If an academy or MAT is seeking to merge with another MAT outside of the fund they would need to seek approval from the secretary of state to consolidate their liabilities (and assets) into one LGPS fund.

The fund will generally consider receiving additional academies into the fund as part of a consolidation exercise and will not generally object to academies leaving the fund as part of a logical consolidation exercise.

The fund expects the deferred and pensioner members of any consolidating academy to transfer along with the active members. The academy will transfer out with their own share of the fund assets at the date of transfer. If in surplus; the asset share will not be capped at 100% of the liabilities; if in deficit, the academy will not be required to restore the asset share to 100% of the liabilities before the transfer takes place.

The fund will provide the necessary administrative assistance to academies seeking to consolidate into another LGPS fund. However, the academy (or MAT) will be fully liable for all actuarial, professional, and administrative costs.

### **I11 Outsourcing**

An academy (or MAT) may outsource or transfer a part of its services and workforce to another employer. The employer makes an admission agreement with the fund and becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership.

The contractor will pay towards the LGPS benefits accrued by the transferring members for the duration of the contract, but ultimately the obligation to pay for these benefits will revert to the academy (or MAT) at the end of the contract.

The contribution rate payable by the contractor will be set in line with the policy contained in Appendix F.

It is critical for any academy (or MAT) considering any outsourcing to contact the fund initially to fully understand the administrative and funding implications. The academy should also read and fully understand the fund's admissions / pass-through policy.

Academies must ensure that the requirements set out in the 'DfE Academy Trust LGPS Guarantee policy' are met before completing an outsourcing. Where the Guarantee policy terms cannot be met, and no suitable alternative is agreed, the fund may refuse the contractor entry to the fund as an admission body

### **I12 Accounting**

Academies (or MATs) may choose to prepare combined FRS102 disclosures (e.g. for all academies within a MAT). Any pooling arrangements for accounting purposes may be independent of the funding arrangements (e.g. academies may be pooled for contribution or funding risks but prepare individual disclosures, or vice versa).

Each academy or MAT remains responsible for communicating their own accounting requirements to the fund actuary (or other provider) that is preparing their FRS102 disclosure. . The academy (or MAT) will meet all actuarial, professional, and additional administrative costs, including the cost of providing any information to their auditors.

## Appendix J – Contribution reviews

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

### J1 Introduction

The purpose of this policy is to set out the administering authority's approach to reviewing contribution rates between triennial valuations.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

### J2 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To provide employers with clarity around the circumstances where contribution rates may be reviewed between valuations.
- To outline specific circumstances where contribution rates will not be reviewed.

### J3 Background

The Fund may amend contribution rates between valuations for 'significant change' to the liabilities or covenant of an employer.

Such reviews may be instigated by the fund or at the exceptional request of a participating employer.

Any review may lead to a change in the required contributions from the employer.

### J4 Guidance and regulatory framework

Regulation 64 of the Local Government Pension Scheme Regulations 2013 (as amended) sets out the way in which LGPS funds should determine employer contributions, including the following;

- Regulation 64 (4) – allows the administering authority to review the contribution rate if it becomes likely that an employer will cease participation in the fund, with a view to ensuring that the employer is fully funded at the expected exit date.
- Regulation 64A - sets out specific circumstances where the administering authority may revise contributions between valuations (including where a review is requested by one or more employers).

This policy also reflects statutory guidance from the Department for Levelling Up, Housing and Communities on preparing and maintaining policies relating to the review of employer contributions. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board.

### J5 Statement of principles

This statement of principles covers review of contributions between valuations. Each case will be treated on its own merits, but in general:

- The administering authority intends to review contributions only in the most exceptional circumstances

- An employer can request a review but must provide evidence of why a review may be justified along with the initial request
- The administering authority reserves the right to review contributions in line with the provisions set out in the LGPS Regulations.
- The decision to make a change to contribution rates rests with the administering authority, subject to consultation with employer(s) during the review period.
- Full justification for any change in contribution rates will be provided to employer(s).
- Advice will be taken from the fund actuary in respect of any review of contribution rates.
- Any revision to contribution rates will be reflected in the Rates & Adjustment certificate.

## **J6 Policy**

### **Circumstances for review**

The fund would consider the following circumstances as a potential trigger for review:

- in the opinion of an administering authority there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner than anticipated at the last valuation;
- an employer is approaching exit from the fund within the next two years and before completion of the next triennial valuation;
- there are changes to the benefit structure set out in the LGPS Regulations which have not been allowed for at the last valuation;
- it appears likely to the administering authority that the amount of the liabilities arising or likely to arise for an employer or employers has changed significantly since the last valuation;
- it appears likely to the administering authority that there has been a significant change in the ability of an employer or employers to meet their obligations (e.g. a material change in employer covenant, or provision of additional security).
- it appears to the administering authority that the membership of the employer has changed materially such as bulk transfers, significant reductions to payroll or large-scale restructuring; or
- where an employer has failed to pay contributions or has not arranged appropriate security as required by the administering authority.

### **Employer requests**

The administering authority will only consider a request from an employer to review contributions in exceptional circumstances. The employer must set out the reasoning for the review (which would be expected to fall into one of the above categories, such as a belief that their covenant has changed materially, or they are going through a significant restructuring impacting their membership).

The administering authority will require additional information to support a contribution review made at the employer's request. The specific requirements will be confirmed following any request and this is likely to include the following:

- a copy of the latest accounts;
- details of any additional security being offered (which may include insurance certificates);
- budget forecasts; and/or
- information relating to sources of funding.

The costs incurred by the administering authority in carrying out a contribution review (at the employer's request) will be met by the employer. These will be confirmed upfront to the employer prior to the review taking place.

### **J7 Other employers**

When undertaking any review of contributions, the administering authority will also consider the impact of a change to contribution rates on other fund employers. This will include the following factors:

- The existence of a guarantor.
- The amount of any other security held.
- The size of the employer's liabilities relative to the whole fund.
- The administering authority will consult with other fund employers as necessary.

### **J8 Effect of market volatility**

Except in circumstances such as an employer nearing cessation, the administering authority will not consider market volatility or changes to asset values as a basis for a change in contributions outside a formal valuation.

### **J9 Documentation**

Where revisions to contribution rates are necessary, the fund will provide the employer with a note of the information used to determine these, including:

Explanation of the key factors leading to the need for a review of the contribution rates, including, if appropriate, the updated funding position.

A note of the new contribution rates and effective date of these.

Details of any processes in place to monitor any change in the employer's circumstances (if appropriate), including information required by the administering authority to carry out this monitoring.

The Rates & Adjustments certificate will be updated to reflect the revised contribution rates.

### **J10 Related Policies**

The fund's approach to setting employer contribution rates is set out within this Funding Strategy Statement, specifically "Section 2 – How does the fund calculate employer contributions?".

## Appendix K - Employer exits

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

### K1 Introduction

The purpose of this policy is to set out the administering authority's approach to dealing with circumstances where a scheme employer leaves the fund and becomes an exiting employer (a cessation event).

It should be noted that this policy is not exhaustive. Each cessation will be treated on a case-by-case basis. However, certain principles will apply as governed by the regulatory framework (see below) and the fund's discretionary policies.

### K2 Aims and Objectives

The administering authority's aims and objectives related to this policy are as follows:

- To confirm the approach for the treatment and valuation of liabilities for employers leaving the fund.
- To provide information about how the fund may apply its discretionary powers when managing employer cessations.
- To outline the responsibilities of (and flexibilities for) exiting employers, the administering authority, the actuary and, where relevant, the original ceding scheme employer (usually a letting authority).

### K3 Background

As described in section 7, a scheme employer may become an exiting employer when a cessation event is triggered e.g. when the last active member stops participating in the fund. On cessation from the fund, the administering authority will instruct the fund actuary to carry out a valuation of assets and liabilities for the exiting employer to determine whether a deficit or surplus exists. The fund has full discretion over the repayment terms of any deficit, and the extent to which any surplus results in the payment of an exit credit.

### K4 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) contain relevant provisions regarding employers leaving the fund ([Regulation 64](#)) and include the following:

- Regulation 64 (1) – this regulation states that, where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the termination date. Further, it requires the Rates & Adjustments Certificate to be amended to show the revised contributions due from the exiting employer
- Regulation 64 (2) – where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the exit date. Further, it requires the Rates & Adjustments Certificate to be amended to show the exit payment due from the exiting employer or the excess of assets over the liabilities in the fund.
- Regulation 64 (2ZAB) – the administering authority must determine the amount of an exit credit, which may be zero, taking into account the factors specified in paragraph (2ZC) and must:
  - a) Notify its intention to make a determination to-

- (i) The exiting employer and any other body that has provided a guarantee to the Exiting Employer
    - (ii) The scheme employer, where the exiting employer is a body that participated in the Scheme as a result of an admission agreement
  - b) Pay the amount determined to that exiting employer within six months of the exit date, or such longer time as the administering authority and the exiting employer agree.
- Regulation (2ZC) – In exercising its discretion to determine the amount of any exit credit, the administering authority must have regard to the following factors-
    - a) The extent to which there is an excess of assets in the fund relating to that employer in paragraph (2)(a)
    - b) The proportion of this excess of assets which has arisen because of the value of the employer's contributions
    - c) Any representations to the administering authority made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 of the Regulations: and
    - d) Any other relevant factors
  - Regulation 64 (2A) & (2B)– the administering authority, at its discretion, may issue a suspension notice to suspend payment of an exit amount for up to three years, where it reasonably believes the exiting employer is to have one or more active members contributing to the fund within the period specified in the suspension notice.
  - Regulation 64 (3) – in instances where it is not possible to obtain additional contributions from the employer leaving the fund or from the bond/indemnity or guarantor, the contribution rate(s) for the appropriate scheme employer or remaining fund employers may be amended.
  - Regulation 64 (4) – where it is believed a scheme employer may cease at some point in the future, the administering authority may obtain a certificate from the fund actuary revising the contributions for that employer, with a view to ensuring that the assets are expected to be broadly equivalent to the exit payment that will be due.
  - Regulation 64 (5) – following the payment of an exit payment to the fund, no further payments are due to the fund from the exiting employer.
  - Regulation 64 (7A-7G) – the administering authority may enter into a written deferred debt agreement, allowing the employer to have deferred employer status and to delay crystallisation of debt despite having no active members.
  - Regulation 64B (1) – the administering authority may set out a policy on spreading exit payments.

In addition to the 2013 Regulations summarised above, Regulation 25A of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (“the Transitional Regulations”) give the fund the ability to levy a cessation debt on employers who have ceased participation in the fund (under the previous regulations) but for whom a cessation valuation was not carried out at the time. This policy document describes how the fund expects to deal with any such cases.

This policy also reflects statutory guidance from the Department for Levelling Up, Housing and Communities on preparing and maintaining policies relating to employer exits. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board.



These regulations relate to all employers in the fund.

### **K5 Statement of Principles**

This Statement of Principles covers the fund's approach to exiting employers. Each case will be treated on its own merits but in general:

- it is the fund's policy that the determination of any surplus or deficit on exit should aim to minimise, as far as is practicable, the risk that the remaining, unconnected employers in the fund have to make contributions in future towards meeting the past service liabilities of current and former employees of employers leaving the fund.
- the fund's preferred approach is to request the full payment of any exit debt (an exit payment), which is calculated by the actuary on the appropriate basis (section 7). This would extinguish any liability to the fund by the exiting employer.
- the fund's preferred approach is for subsumption of any remaining liabilities by another employer in the fund i.e. a continuing employer to take over responsibility for any residual liabilities relating to the exiting employer's former deferred and pensioner members.
- the fund's key objective is to protect the interests of the fund, which is aligned to protecting the interests of the remaining employers. A secondary objective is to consider the circumstances of the exiting employer in determining arrangements for the recovery of the exit debt.

### **K6 Policies**

On cessation, the administering authority will instruct the fund actuary to carry out a cessation valuation to determine whether there is any deficit or surplus as defined in section 7.

Where there is a deficit, payment of this amount in full would normally be sought from the exiting employer. The fund's normal policy is that this cessation debt is paid in full in a single lump sum within 28 days of the employer being notified.

However, the fund will consider written requests from employers to spread the payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation (see section [Repayment flexibility on exit payments](#) below).

In circumstances where there is a surplus, the administering authority will determine, at its sole discretion, the amount of exit credit (if any) to be paid to the exiting employer (see section [Exit credits](#) below).

### **K7 Approach to cessation calculations**

Cessation valuations are carried out on a case-by-case basis at the sole discretion of the fund depending on the exiting employer's circumstances. However, in general the following broad principles and assumptions may apply, as described in section 7.2 and summarised below:

<b>Type of employer</b>	<b>Cessation exit basis</b>	<b>Responsible parties for unpaid or future deficit emerging</b>
Local Authorities, Police, Fire	Low risk basis <sup>1</sup>	Shared between other fund employers
Colleges & Universities	Low-risk basis	Shared between other fund employers

Type of employer	Cessation exit basis	Responsible parties for unpaid or future deficit emerging
Academies	Low-risk basis	DfE guarantee may apply, otherwise see below
Designating employers <sup>2</sup>	Low-risk basis	Shared between other fund employers (if no guarantor exists) in the funding pool or across all employers
Admission bodies (CABs)	Low-risk basis	Shared between other fund employers (if no guarantor exists)
Admission bodies (TABs)	Ongoing basis / contractor exit basis <sup>3</sup>	Letting authority (where applicable), otherwise shared between other fund employers

<sup>1</sup>Cessation is assumed not to be generally possible, as Scheduled Bodies are legally obliged to participate in the LGPS. In the rare event of cessation occurring (e.g. machinery of Government changes), these cessation principles would apply.

<sup>2</sup> The fund will not typically carry out a cessation valuation when a designating employer ceases, with the residual assets and liabilities remaining in any funding pool in which the employer participated. If there is no pool, the remaining fund employers take on responsibility for any future deficit emerging.

<sup>3</sup>Where a TAB has taken, in the view of the administering authority, action that has been deliberately designed to bring about a cessation event (eg stopping future accrual of LGPS benefits), then the cessation valuation will be carried out on a low-risk basis.

### **K8 Cessation of academies and multi-academy trusts (MATs)**

A cessation event will occur if a current academy or MATs cease to exist as an entity or an employer in the fund.

The cessation treatment will depend on the circumstances:

- If the cessation event occurs due to an academy or MAT merging with another academy or MAT within the fund, all assets and liabilities from each of the merging entities will be combined and will become the responsibility of the new merged entity.
- If an academy or MAT is split into more than one new or existing employers within the fund, the actuary will calculate a split of the assets and liabilities to be transferred from the exiting employer to the new employers. The actuary will use their professional judgement to determine an appropriate and fair methodology for this calculation in consultation with the administering authority.
- In all other circumstances, and following payment of any cessation debt, section 7.5 of the FSS would apply.

Further details are included in the fund's Academies Policy in [Appendix I](#).

### **Repayment flexibility on exit payments**

#### **K9 Deferred spreading arrangement (DSA)**

The fund will consider written requests from exiting employers to spread an exit payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation.

In this exceptional case, the fund's policy is:

- The agreed spread period is no more than three years, but the fund could use its discretion to extend this period.
- The fund will require some form of security from the exiting employer, or a guarantee from a suitable employer remaining in the fund.
- The fund may consider factors such as the size of the exit payment and the financial covenant of the exiting employer in determining an appropriate spreading period.
- The exiting employer may be asked to provide the administering authority with relevant financial information such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) etc. to help in this determination.
- Payments due under the DSA may be subject to an interest charge.
- The fund will only consider written requests within six months of the employer exiting the fund. The exiting employer would be required to provide the fund with detailed financial information to support its request.
- The fund would take into account the amount of any security offered and seek actuarial, covenant and legal advice in all cases.
- The fund proposes a legal document, setting out the terms of the exit payment agreement, would be prepared by the fund and signed by all relevant parties prior to the payment agreement commencing.
- The terms of the legal document should include reference to the spreading period, the annual payments due, interest rates applicable, other costs payable and the responsibilities of the exiting employer during the exit spreading period.
- Any breach of the agreed payment plan would require payment of the outstanding cessation amount immediately.
- Where appropriate, cases may be referred to the Pensions Committee for consideration and considered on its individual merit. Decisions may be made by the Chair in consultation with officers if an urgent decision is required between Committee meetings. The Section 151 Officer will sign off any final decision if required to be made between Committee meetings.

### **Deferred debt agreement (DDA)**

The fund's preferred policy is for the spreading of payments, as detailed above, to be followed in the exceptional circumstances where an exiting employer is unable to pay the required cessation payment as a lump sum in full. However, in the event that spreading of payments will create a high risk of bankruptcy for the exiting employer or suitable security can be provided, the fund may exercise its discretion to set up a deferred debt agreement as described in [Regulation 64 \(7A\)](#).

The employer must meet all requirements on Scheme employers and pay the secondary rate of contributions as determined by the fund actuary until the termination of the DDA. The fund may also review the investment strategy for the employer as result of entering into a DDA.

The administering authority may consider a DDA in the following circumstances:

- The employer requests the fund consider a DDA.
- The employer is expected to have a deficit if a cessation valuation was carried out.

- The employer is expected to be a going concern.
- The covenant of the employer is considered sufficient by the administering authority.

The administering authority will normally require:

- A legal document to be prepared, setting out the terms of the DDA and signed by all relevant parties prior to the arrangement commencing.(including details of the time period of the DDA, the annual payments due, the frequency of review and the responsibilities of the employer during the period).
- Relevant financial information for the employer such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) to support its covenant assessment.
- Security be put in place covering the employer's deficit on their cessation basis and the fund will seek actuarial, covenant and legal advice in all cases.
- Regular monitoring of the contribution requirements and security requirements
- All costs of the arrangement are met by the employer, such as the cost of advice to the fund, ongoing monitoring or the arrangement and correspondence on any ongoing contribution and security requirements.

A DDA will normally terminate on the first date on which one of the following events occurs:

- The employer enrolls new active fund members.
- The period specified, or as varied, under the DDA elapses.
- The take-over, amalgamation, insolvency, winding up or liquidation of the employer.
- The administering authority serves a notice on the employer that the administering authority is reasonably satisfied that the employer's ability to meet the contributions payable under the DDA has weakened materially or is likely to weaken materially in the next 12 months.
- The fund actuary assesses that the employer has paid sufficient secondary contributions to cover all (or almost all) of the exit payment due if the employer becomes an exiting employer on the calculation date (ie employer is now largely fully funded on their low-risk basis).
- The fund actuary assesses that the employer's value of liabilities has fallen below an agreed *de minimis* level and the employer becomes an exiting employer on the calculation date.
- The employer requests early termination of the agreement and settles the exit payment in full as calculated by the fund actuary on the calculation date (ie the employer pays their outstanding cessation debt on their cessation basis).

On the termination of a DDA, the employer will become an exiting employer and a cessation valuation will be completed in line with this policy.

### **Exit credits**

The administering authority's entitlement to determine whether exit credits are payable in accordance with these provisions shall apply to all employers ceasing their participation in the fund after 14 May 2018. This provision therefore is retrospectively effective to the same extent as provisions of the Local Government Pension Scheme (Amendment) Regulations 2020.

The administering authority will determine the amount of exit credit to be payable (noting that this could be nil). However, in making a determination, the administering authority will take into account the following factors.

- a) the extent to which there is an excess of assets in the fund relating to the employer over and above the liabilities specified.
- b) the proportion of the excess of assets which has arisen because of the value of the employer's contributions.
- c) any representations to the administering authority made by the exiting employer, guarantor, ceding Scheme Employer (usually the Letting Authority) or by a body which owns, funds or controls the exiting employer; or in some cases, the Secretary of State.
- d) any other relevant factors

**Admitted bodies**

- i. The fund will consider paying an exit credit in respect of admissions who joined the fund before 14 May 2018 unless it is subject to a risk sharing arrangement as per paragraph iii) below. Prior to this date, the payment of an exit credit was not permitted under the Regulations and this may have been reflected in the commercial terms agreed between the admission body and the letting authority/awarding authority/ceding employer. This will also apply to any pre-14 May 2018 admission which has been extended or 'rolled over' beyond the initial expiry date and on the same terms that applied on joining the fund.
- ii. No exit credit will not be payable to any admission body who participates in the fund via the mandated pass-through approach. For the avoidance of doubt, whether an exit credit is payable to any admission body who participates in the fund via the "Letting employer retains pre-contract risks" route is subject to its risk sharing arrangement, as per paragraph iii) below. Note that this decision remains as a discretion by the administering authority, who will decide on a case-by-case basis.
- iii. The fund will make an exit credit payment in line with any contractual or risk sharing agreements which specifically covers the ownership of exit credits/cessation surpluses or if the admission body and letting authority have agreed any alternative approach (which is consistent with the Regulations and any other legal obligations). This information, which will include which party is responsible for which funding risk, must be presented to the fund in a clear and unambiguous document with the agreement of both the admission body and the letting authority/awarding authority/ceding employer and within one month (or such longer time as may be agreed with the administering authority) of the admission body ceasing participation in the fund.
- iv. In the absence of this information or if there is any dispute from either party with regards interpretation of contractual or risk sharing agreements as outlined in iii), the fund will withhold payment of the exit credit until such disputes are resolved and the information is provided to the administering authority.
- v. Where a guarantor arrangement is in place, but no formal risk-sharing arrangement exists, the fund will consider how the approach to setting contribution rates payable by the admission body during its participation in the fund reflects which party is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.
- vi. If the admission agreement ends early, the fund will consider the reason for the early termination, and whether that should have any relevance on the fund's determination of the value of any exit credit payment. In these cases, the fund will consider the differential between employers' contributions paid (including investment returns earned on these monies) and the size of any cessation surplus.
- vii. If an admission body leaves on a low-risk basis (because no guarantor is in place), then any exit credit will normally be paid in full to the employer.

- viii. The decision of the fund is final in interpreting how any arrangement described under iii), v), vi) and vii) applies to the value of an exit credit payment.

#### **Scheduled bodies and designating bodies**

- i. Where a guarantor arrangement is in place, but no formal risk-sharing arrangement exists, the fund will consider how the approach to setting contribution rates payable by the employer during its participation in the fund reflects which party is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.
- ii. Where no formal guarantor or risk-sharing arrangement exists, the fund will consider how the approach to setting contribution rates payable by the employer during its participation in the fund reflects the extent to which it is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.
- iii. The decision of the fund is final in interpreting how any arrangement described under i) and ii) applies to the value of an exit credit payment.
- iv. If a scheduled body or designating body becomes an exiting employer due to a reorganisation, merger or take-over, then no exit credit will be paid.
- v. If a scheduled body or resolution body leaves on a low-risk basis (because no guarantor is in place), then any exit credit will normally be paid in full to the employer.

#### **General**

- i. The fund will advise the exiting employer as well as the letting authority and/or other relevant scheme employers of its decision to make an exit credit determination under Regulation 64.
- ii. Subject to any risk sharing or other arrangements and factors discussed above, when determining the cessation funding position the fund will generally make an assessment based on the value of contributions paid by the employer during their participation, the assets allocated when they joined the fund and the respective investment returns earned on both.
- iii. The fund will also factor in if any contributions due or monies owed to the fund remain unpaid by the employer at the cessation date. If this is the case, the fund's default position will be to deduct these from any exit credit payment.
- iv. The final decision will be made by the Director of Pensions, in conjunction with advice from the fund's actuary and/or legal advisors where necessary, in consideration of the points held within this policy.
- v. The fund accepts that there may be some situations that are bespoke in nature and do not fall into any of the categories above. In these situations the fund will discuss its approach to determining an exit credit with all affected parties. The decision of the fund in these instances is final.
- vi. The guidelines above at point v) in the 'Admitted bodies' section, and at points i) and ii) in the 'Scheduled bodies and designating bodies' section, make reference to the fund 'considering the approach to setting contribution rates during the employer's participation'. The different funding approaches, including the parameters used and how these can vary based on employer type, are covered in detail in Table 2 (section 2.3). Considering the approach taken when setting contribution rates of the exiting employer may help the fund to understand the extent to which the employer is responsible for funding the underlying liabilities on exit. For example, if contribution rates have always been based on ongoing assumptions then this may suggest that these are also appropriate assumptions for exit credit purposes (subject to the other considerations outlined within this policy). Equally, a shorter or longer than usual funding time horizon or

lower than usual probability of success parameter may reflect underlying commercial terms about how responsibility for pension risks is split between the employer and its guarantor. For the avoidance of doubt, each exiting employer will be considered in the round alongside the other factors mentioned above.

## **Disputes**

In the event of any dispute or disagreement on the amount of any exit credit paid and the process by which that has been considered, the appeals and adjudication provisions contained in Regulations 74-78 of the LGPS Regulations 2013 would apply.

## **Practicalities and process**

### **Responsibilities of ceasing employers**

An employer which is aware that its participation in the fund is likely to come to an end must:

- advise the fund, in writing, of the likely ending of its participation (either within the terms of the admission agreement in respect of an admission body (typically a three month notice period is required) or otherwise as required by the Regulations for all other scheme employers). It should be noted that this includes closed employers where the last employee member is leaving (whether due to retirement, death or otherwise leaving employment).
- provide any relevant information on the reason for leaving the fund and, where appropriate, contact information in the case of a take-over, merger or insolvency.
- provide all other information and data requirements as requested by the administering authority which are relevant, including in particular any changes to the membership which could affect the liabilities (eg salary increases and early retirements) and an indication of what will happen to current employee members on cessation (eg will they transfer to another fund employer, will they cease to accrue benefits within the fund, etc.).

### **Responsibilities of Administering Authority**

The administering authority will:

- gather information as required, including, but not limited to, the following:
  - details of the cessation - the reason the employer is leaving the fund (ie end of contract, insolvency, merger, machinery of government changes, etc.) and any supporting documentation that may have an effect on the cessation.
  - complete membership data for the outgoing employer and identify changes since the previous formal valuation.
  - the likely outcome for any remaining employee members (eg will they be transferred to a new employer, or will they cease to accrue liabilities in the fund).
- identify the party that will be responsible for the employer's deficit on cessation (ie the employer itself, an insurance company, a receiver, another fund employer, guarantor, etc.).
- commission the fund actuary to carry out a cessation valuation under the appropriate regulation.
- where applicable, discuss with the employer the possibility of paying adjusted contribution rates that target a 100% funding level by the date of cessation through increased contributions in the case of a deficit on the cessation basis or reduced contributions in respect of a surplus.

- where applicable, liaise with the original ceding employer or guarantor and ensure it is aware of its responsibilities, in particular for any residual liabilities or risk associated with the outgoing employer's membership.
- having taken actuarial advice, notify the employer and other relevant parties in writing of the payment required in respect of any deficit on cessation and pursue payment.

#### **Payment of an exit credit**

- If the actuary determines that there is an excess of assets over the liabilities at the cessation date, the administering authority will act in accordance with the exit credit policy above. If payment is required, the administering authority will advise the exiting employer of the amount due to be repaid and seek to make payment within six months of the exit date. However, in order to meet the six month timeframe, the administering authority requires prompt notification of an employers' exit and all data requested to be provided in a timely manner. The administering authority is unable to make any exit credit payment until it has received all data requested.
- At the time this policy was produced, the fund has been informed by HMRC that exit credits are not subject to tax. However, all exiting employers must seek their own advice on the tax and accounting treatment of any exit credit.

#### **Responsibilities of the actuary**

Following commission of a cessation valuation by the administering authority, the fund actuary will:

- calculate the surplus or deficit attributable to the outgoing employer on an appropriate basis, taking into account the principles set out in this policy.
- provide actuarial advice to the administering authority on how any cessation deficit should be recovered, giving consideration to the circumstances of the employer and any information collected to date in respect to the cessation.
- where appropriate, advise on the implications of the employer leaving on the remaining fund employers, including any residual effects to be considered as part of triennial valuations.





## Norfolk Pension Fund

# Customer Care and Communication Strategy Statement August 2023

**The Norfolk Pension Fund  
is committed to delivering  
a consistently high level of  
performance and customer service.**

**Good communication is core  
to this commitment.**

**This document sets out how  
we do this.**

# Customer Care and Communication Strategy Statement

This Customer Care and Communication Strategy Statement aims to ensure that the Norfolk Pension Fund:

- provides clear, relevant, accurate, accessible and timely information
- listens, considers and responds appropriately to communication we receive
- uses plain English wherever possible, and avoids unnecessary jargon
- uses communication channels which best fit the audience and the information being passed on

**Communication is ‘to share or exchange information or ideas’**

## Our Core Customer Care Standards

- To answer the telephone within 15 seconds, and respond to enquiries within five working days
- To respond to letters within five working days
- To respond to email enquiries within three working days
- To meet visitors within five minutes of appointment time
- When visiting, to agree a time in advance and show an identity card

## Who are we in regular communication with?

- Pensions Committee (the Trustees)
- Pensions Oversight Board
- Participating employers
- Scheme members
- Prospective members
- Scheme member representatives
- Norfolk Pension Fund staff
- Other bodies, including
  - Investment managers
  - The media
  - Actuaries
  - Other pension funds
  - Department for Levelling Up, Housing and Communities and The Pensions Regulator (regulators of the scheme)

## How does the Norfolk Pension Fund communicate?

When deciding how to communicate, we consider the audience, the message and the cost to the Fund.

We want to get our messages over and to make ourselves available to hear queries, opinions and concerns.

We make use of telephone, email, surface mail, internet, social media, paper publications, face to face conversations and meetings, seminars, road shows, attendance at conferences and other forums.

Our website meets accessibility guidelines and our Accessibility Statement can be found on our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

## Data Protection Statement

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

## Pension Committee Trustees

The Pensions Committee act as trustees and oversee the management of the Norfolk Pension Fund. The Members of the Committee are committed to ensuring the best possible outcomes for the Norfolk Pension Fund, its participating employers and scheme members. Their knowledge is supplemented by professional advice from Norfolk Pension Fund staff, professional advisers and external experts.

### The Trustees

#### Norfolk County Councillors

Judy Oliver (Chairman)

Alison Birmingham

Robert Colwell

William Richmond

Martin Storey

#### District County Councillors

John Fuller

Paul Hewett

#### Staff representative

Steve Aspin



## Sharing information

### Committee Meetings

The Pensions Committee meets quarterly, to consider all investment and administration (the calculation and payment of benefits) issues related to the Norfolk Pension Fund. It monitors performance, discusses significant issues and makes all decisions related to the Fund. The Director of Strategic Finance, Norfolk Pension Fund staff and other professional advisers prepare reports, briefings and make recommendations for the Committee to consider and act upon.

### Observers

People who would like to see the Pensions Committee in action can view meetings on the Norfolk County Council Democratic Services [www.youtube.com](https://www.youtube.com) channel.

### Internet

Pensions Committee reports, agendas and minutes are available via the Norfolk County Council internet and intranet sites at [www.norfolk.gov.uk](http://www.norfolk.gov.uk) under **Council and Democracy** then **Meetings**.

# Pensions Oversight Board

The Pensions Oversight Board helps ensure that the Norfolk Pension Fund continues to be well run and properly managed. The purpose of the Board is to assist Pensions Committee and Officers with responsibilities for managing the Norfolk Pension Fund by helping to:

- Secure compliance with the Regulations, any other legislation relating to the governance and administration of the scheme, and requirements imposed by The Pensions Regulator in relation to the scheme and;
- Ensure the effective and efficient governance and administration of the scheme

The full **Terms of Reference** for the **Pensions Oversight Board** are on the Norfolk Pension Fund website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

## Board Members

<b>Independent Chair</b>	Brian Wigg
<b>Scheme Member Representative</b>	Frances Crum (Active/Deferred member)
<b>Scheme Member Representative</b>	Peter Baker (Pensioner member)
<b>Scheme Member Representative</b>	Vacancy (Trade Union)
<b>Scheme Employer Representative</b>	Liz Marsham (Levying/precepting employers)
<b>Scheme Employer Representative</b>	Vacancy (Non levying/precepting employers)
<b>Scheme Employer Representative</b>	Sally Albrow (Norfolk County Council)

## Sharing information

There are at least two **Pensions Oversight Board** meetings a year. Papers, agendas and minutes of these meetings are published on the Norfolk Pension Fund website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

In addition, the **Pensions Oversight Board** produce an annual report in accordance with any regulatory requirements.

## Scheme members

Norfolk Pension Fund scheme members come from a range of private, public and quasi-public organisations across the county.

It is essential that scheme members are provided with detailed information about the scheme and be able to understand what pension and benefits they may be entitled to in the future.

**Communication with members reflects the varying interests and concerns of the different groups of scheme members:**

### **Active members (29,153)**

People currently in the employment of a participating employer.

### **Deferred members (40,300)**

People who have left the employment of a participating employer, but who have not yet retired.

### **Pensioner members (28,536)**

People in receipt of a pension from the Norfolk Pension Fund.  
(Membership numbers as at 31 March 2023)

## Telephone Helpline

A dedicated helpline for scheme members is operated by our experienced Pension Administration Team.

The team gives advice to active, deferred and retired members on scheme membership and benefits.

**01603 495923**

**Phone lines open**

**Monday to Thursday 8.45am - 5.00pm**

**Friday 8.45am - 4.00pm**

## Scheme members

Sharing information with scheme members...	Active	Deferred	Pensioner
<p><b>Internet</b></p> <p>The Norfolk Pension Fund website provides advice, information and news as well as <b>direct and secure access to members personal data</b>, including a pensions calculator for active members at <a href="http://www.norfolkpensionfund.org">www.norfolkpensionfund.org</a></p>	✓	✓	✓
<p><b>Scheme guide</b></p> <p>A scheme guide is supplied to all members and published on the website.</p>	✓	✓	✓
<p><b>Annual Benefit Statement and newsletter</b></p> <p>Annual Benefit Statement booklets are sent to members' home addresses. The booklet also gives information on changes to the scheme and other topical issues, including a summary of the accounts and a general review.</p>	✓	✓	x
<p><b>Annual Meeting and Pension Clinics</b></p> <p>Scheme members can raise questions directly with Pensions Committee at the Annual Meeting or discuss their LGPS pension face to face at a Pension Clinic.</p>	✓	✓	x
<p><b>Pay Advice and Pensions Increase Notification</b></p> <p>Payslips are posted to all pensioners when the pension payment after tax is more that £1.00 different to the last monthly payment. Members can view their monthly payment details on our website. We write to members about the annual pensions increase and other important messages. We also send them a P60 Tax Form each year.</p>	x	x	✓
<p><b>Pensions roadshows</b></p> <p>Roadshows are run as, when and most importantly where they are needed.</p>	✓	x	x
<p><b>Pre-Retirement Planning Course</b></p> <p>The Pension Fund supports a Pre-Retirement Planning Course, to help members approaching retirement prepare for the financial and lifestyle changes retirement brings. The course is delivered virtually via MS Teams.</p>	✓	x	x
<p><b>Retired members newsletter</b></p> <p>Primetime, our newsletter for retired members (currently published twice a year) is posted to home addresses and covers the latest information about pensions and the Fund.</p>	x	x	✓

## Prospective and new scheme members

Most people coming to work for any of the employers participating in the Norfolk Pension Fund are able to join the Local Government Pension Scheme (LGPS).

An up-to-date list of all the employers who participate in the scheme is posted on our website at:

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

Most employers automatically enrol eligible new employees into the LGPS. They then have the right to 'opt out' of the Fund and cease to be a member.

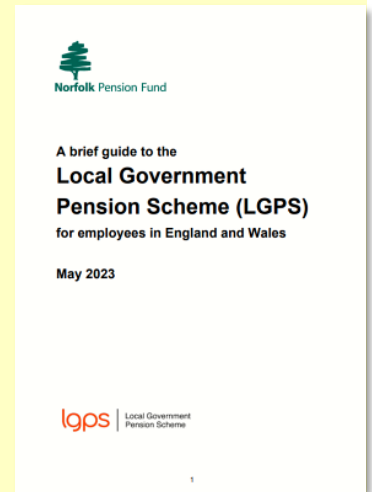
Some members will have circumstances that may make it appropriate to opt out of the Fund.

We want people to make well informed decisions. We work closely with employers to help prospective members understand the wider benefits of membership and to encourage new members not to give up scheme membership without careful consideration.

### Sharing information with prospective/new scheme members

#### New joiner information

A number of items are published on our website with information for new scheme members including the 'Brief Guide to the Local Government Pension Scheme (LGPS)'.



#### Online

The Norfolk Pension Fund website has an area for joiners with details of the scheme benefits, costs, who can join and how to join. [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

#### Induction courses

The benefits of membership are highlighted by scheme employers during their induction procedures.

#### Recruitment

Recruitment exercises highlight the opportunity of joining the scheme to potential employees.

## Member representatives

The staff representative member of the Pensions Committee is also a representative of UNISON.

We maintain positive relations with member representatives and meet as requested or needed.



# Employers

At the end of March 2023, the Norfolk Pension Fund had 430 contributing employers. This included Norfolk County Council, non-uniformed police authority and fire service staff, district councils, parish councils and drainage boards, a range of charities and quasi-government organisations such as the Citizens Advice and housing associations, increasingly some private companies delivering services on behalf of local authorities, and a growing number of academy schools.

## Sharing information with our employers

### Employer Forum and webinars

All employers are invited to regular hybrid Employer Forums (delivered face to face and virtually) and webinars. These offer a great opportunity for employers and Norfolk Pension Fund colleagues to get together, to exchange news and views. Norfolk Pension Fund staff update employers with the latest news affecting the Norfolk Pension Fund, and external speakers provide insights into the wider pensions world. Webinars and virtual Employer Forums are recorded for colleagues unable to attend the live events.

### Employer Manual

Our interactive Employer Manual is provided via the Norfolk Pension Fund website, and aims to provide all the information needed to take part effectively in the pension scheme.

### Employer Newsletter

The Fund publishes a regular newsletter, aimed specifically at employers. It covers topical issues under debate, technical changes that need their attention and changes to regulations that impact on their duties and responsibilities.

### Annual Report and Accounts

The audited accounts of the Norfolk Pension Fund are prepared as at 31 March each year and published on our website.

### Specialist advice

Professional advice can be provided/arranged, related to specific pensions activities undertaken by employers, for example transfer of staff, external contracts, etc.

### Internet - [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) and i-Connect (employer portal)

The Fund's website hosts an area for employers. It has lots of information about the scheme and the Norfolk Pension Fund. The employer manual, information, forms and employer newsletters are all available online. Our employer portal, i-Connect, gives employers access to view their own data, securely exchange data and submit requests and changes online.

### Contacts database

We maintain an employer contact database.

### Email

Updates on relevant topics are emailed to employer contacts as appropriate.

### Fact sheets

Pension Fund fact sheets are maintained on issues such as early retirements.

### Individual employer meetings

Pension Fund staff arrange virtual meetings with employers on request.

## Other bodies we communicate with

**Department for Levelling Up, Housing and Communities:** We have regular contact with the Department for Levelling Up, Housing and Communities, as regulator of the scheme, and participate in a number of working groups where new developments are discussed.

**The Pensions Regulator (TPR):** to ensure good governance and standards of administration and compliance with Public Service Code of Practice 14.

**ACCESS (A Collaboration of Central, Eastern and Southern Shires):** The Norfolk Pension Fund is one of 11 LGPS Funds in the ACCESS investment pool.

### **The Society of County Treasurers**

**Chartered Institute of Public Finance Accountants (CIPFA):** The Norfolk Pension Fund takes part in the annual CIPFA Pensions Administration Benchmarking Club.

**Local Authority Pension Fund Forum (LAPFF):** The Norfolk Pension Fund is a member of the LAPFF, which was established to help local authority funds share information and ideas about how we can be socially responsible owners of the companies in which we invest.

**Pensions and Lifetime Savings Association (PLSA):** The Norfolk Pension Fund is a member of the PLSA, which helps us be a part of the national pensions debate. Jo Quarterman, Head of Governance, sits on the PLSA Local Authority Committee.

**South Eastern Counties Superannuation Officers Group:** Pension Officers from administering authorities in the region meet regularly to share information and ensure uniform interpretation of the rules governing the scheme.

**Investment Managers, Professional Advisors and Actuaries:** We have regular meetings with fund managers who invest the monies belonging to the Fund. We also meet the Fund's actuaries who measure and value the assets and liabilities of the Fund, and calculate the necessary employer contribution rates to keep the Fund solvent.

**Heywoods CLASS and Payroll User Groups:** We are active members of the Heywood's Administration CLASS (Computerised Local Authority Superannuation System) and Payroll system users groups.

**Pension Fund Custodian:** The Fund's custodian is Northern Trust, who ensure the safekeeping of the Fund's investment transactions and all related share certificates, etc.

**Barclays Bank:** provide banking services to the Fund.

**The Press:** The Fund has a good working relationship with professional pension publications and the local media.

**Seminars and conferences:** Norfolk Pension Fund staff regularly attend and speak at seminars and conferences, to continue their professional development, maintain knowledge levels and to contribute to pensions development.

# Norfolk Pension Fund staff

The Norfolk Pension Fund is administered by Norfolk County Council.

**Administrator of the Norfolk Pension Fund Norfolk County Council Director of Strategic Finance,**  
Harvey Bullen



**Head of Service Director of the Norfolk Pension Fund,**  
Glenn Cossey, leads the Service.



**Administration Management Pensions Manager,** Debra Keeling, and her and her team provide benefit administration services to scheme members and participating employers.

**Investment Management Head of Funding and Investment,** Alex Younger, and his team manage the pension fund investments and accounts, as well as providing support to employers and the Trustees in their stewardship of the Fund.

**Governance Head of Governance,** Jo Quarterman, supports the Fund's governance, communication, service development and project management.

## Sharing information

### Management meetings

The Management Team meets regularly, for strategic and development planning and review, as well as operational performance issues and

### Team meetings and weekly newsletter

Team meetings take place regularly, and are supplemented by additional or informal meetings for specific issues as required.

A weekly newsletter is also circulated to the team.

### Service Plan

The Fund maintains a three year service plan, which sets out the agenda for the future. All the team share the plan, and discuss at team meetings.

### Team development

A budget is allocated for training and development. A combination of formal and informal training and development is maintained.

### Performance development framework

The performance development framework includes conversations between managers and team members to establish clear goals in work aligned to organisational plans; maximising the strengths of contribution to the service; and reviewing performance and future development plans.

### Intranet, internet and email

All staff have access to the Norfolk County Council intranet, the internet and email.



**Norfolk Pension Fund**

**Norfolk Pension Fund**

**County Hall**

**Martineau Lane**

**Norwich**

**NR2 1AD**

**Telephone: 01603 495923**

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

**[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org) 523**

## Norfolk Pension Fund publications

Communication material	Paper based	Online	Large sight copy	Braille/ Audio	When published	When reviewed
Website: <a href="http://www.norfolkpensionfund.org">www.norfolkpensionfund.org</a>		✓	Help available	Help available	Constantly available	Ongoing
Scheme Booklet	✓	✓	On request	On request	Constantly available	Ongoing
A Guide to the LGPS	✓	✓	On request	On request	Constantly available	Ongoing
Annual Benefit Statement, members newsletter and accounts	✓	✓	On request	On request	Annually	Annually
Pay advice slip	✓	✓	On request	On request	Online - Monthly Paper - only if payment changes	Monthly
Retired members newsletter	✓	✓	On request	On request	Twice yearly	Twice yearly
Information sheets (various)	✓	✓	On request	On request	As required	Ongoing
Employer Manual	✓	✓	On request	On request	Constantly available	Ongoing
Employer Newsletter	✓	✓	On request	On request	3-4 times a year	3-4 times a year
Report and Accounts	✓	✓	On request	On request	Annually	Annually
Pensions Committee Papers	✓	✓	On request	On request	Quarterly	Quarterly
Pensions Oversight Board Papers	✓	✓	On request	On request	3-4 times a year	3-4 times a year
Press articles	✓	✓	On request	On request	As required	As required

# Norfolk Pension Fund Events

Pensions Committee	Four times a year
Pensions Oversight Board	Four times a year
Employer Forum and webinars	Approximately four a year
Annual Meeting and Pension Clinics	October/November
Pre-Retirement Planning Course	Bi-monthly
Norfolk Pension Fund member roadshow	As requested
Induction sessions for employers (new HR and Finance staff)	As requested

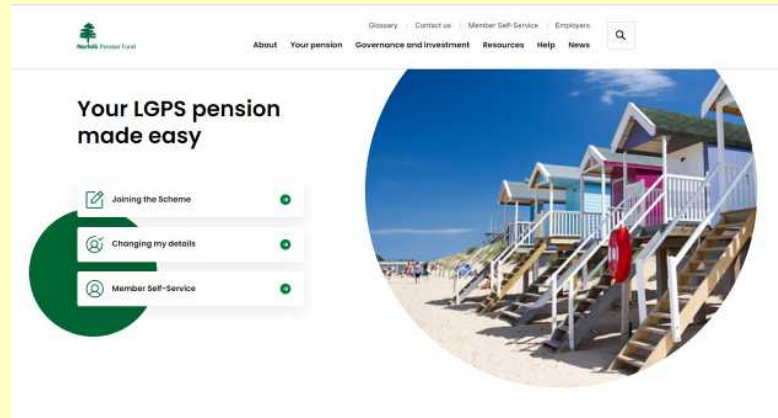
Visit the Norfolk Pension Fund at  
[www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

## For information on

- Benefits
- Fund performance
- Fund literature and guides
- Events
- Latest news
- Contact information

## Register for online services for

- Personal details
- Annual Benefit Statement
- Pension payments
- Online requests





**Norfolk Pension Fund**

# **Governance Strategy Statement**

**This document sets out the  
governance arrangements  
for the  
Norfolk Pension Fund  
as at August 2023**

## Administering Authority

Norfolk County Council (NCC) is the **Administering Authority** of the Norfolk Pension Fund and administers the Local Government Pension Scheme (LGPS) on behalf of participating employers and scheme members.

- Norfolk County Council has delegated its pensions functions to the **Pensions Committee**
- Norfolk County Council has delegated responsibility for the administration and financial accounting of the Norfolk Pension Fund to the **Director of Strategic Finance**
- The **Norfolk Pension Fund Pensions Oversight Board** acts as the **Local Pension Board** for the Norfolk Pension Fund

## Pensions Committee

The Pensions Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pensions Committee meets quarterly in order to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary



## Pensions Committee Trustees\*

- The Pensions Committee act as Trustees and oversee the management of the Norfolk Pension Fund
- As Trustees, their overriding duty is to ensure the best possible outcomes for the Pension Fund, its participating employers and scheme members
- Their knowledge is supplemented by professional advice from Pension Fund staff, professional advisers and external experts
- To meet the requirements set out by the Pensions Regulator's Code of Practice, Trustees need a certain level of expertise. An ongoing programme of trustee training is delivered and no substitutions are allowed at Committee

## Pensions Committee Membership

There are eight members of the Pensions Committee:

<b>Chairman</b>	Norfolk County Councillor	Judy Oliver
	Norfolk County Councillor	Alison Birmingham
	Norfolk County Councillor	Robert Colwell
	Norfolk County Councillor	William Richmond
	Norfolk County Councillor	Martin Storey
	District Councillor (elected by the	John Fuller
	District Councillor (elected by the	Paul Hewett
	Local Government Association)	
	Staff Representative	Steve Aspin
	Observer**	Open to all participating employers
<b>Other attendees</b>	Administrator of the Fund	Harvey Bullen
	(Director of Strategic Finance)	
	Director of the Norfolk Pension Fund	Glenn Cossey
	Investment Advisor to the Fund	David Walker
	(Hymans Robertson)	

\* Pensions Committee members act as Trustees but do not have legal status as Trustees.

\*\* The observer seat is not currently part of the formal Constitution and does not have voting rights. However, the observer seat is an equal member of the Committee in all other ways, with access to all Committee papers, officers, meetings and training, along with the opportunity to contribute to the decision making process.



## Local Pension Board

In line with all public service pension schemes, each Local Government Pension Scheme (LGPS) Fund is required to have a Local Pension Board.

The Local Pension Board for the Norfolk Pension Fund is called the **Norfolk Pension Fund Pensions Oversight Board**.

## Role of the Pensions Oversight Board

The role of the **Pensions Oversight Board**, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013, (“the Regulations”) is to:

- Assist the **Administering Authority** to secure compliance with:
  - the Regulations and any other legislation relating to the governance and administration of the Local Government Pension Scheme (LGPS);
  - requirements imposed in relation to the LGPS by the Pensions Regulator (tPR); and
  - such other matters as the LGPS regulations may specify
- Assist the **Administering Authority** to ensure the effective and efficient governance and administration of the Norfolk Pension Fund
- Provide the **Administering Authority** with such information as it requires ensuring that any member of the **Pensions Oversight Board** or person to be appointed to the **Pensions Oversight Board** does not have a conflict of interest

The **Pensions Oversight Board** also helps ensure that the Norfolk Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by The Pensions Regulator.

The creation of the **Pensions Oversight Board** does not change the core role of the **Administering Authority** nor the way it delegates its pension functions to the **Pensions Committee**. The **Pensions Oversight Board** does not replace the **Administering Authority** nor make decisions which are the responsibility of the **Administering Authority** under both the Regulations and other relevant legislation.

The **Pensions Oversight Board** only has the power to oversee decisions made by the **Administering Authority** and to make recommendations to improve the efficient and effective administration and governance of the pensions function, including funding and investments.

The full **Terms of Reference** for the **Pensions Oversight Board** are on the Norfolk Pension Fund website at [www.norfolkpensionsfund.org](http://www.norfolkpensionsfund.org).

## Pensions Oversight Board Membership

The **Pensions Oversight Board** has an equal number of scheme member and scheme employer representatives (three of each), along with an Independent Chairman:

<b>Independent Chair</b>	Brian Wigg
<b>Scheme Member Representative</b>	Frances Crum Active/deferred member
<b>Scheme Member Representative</b>	Peter Baker Pensioner member
<b>Scheme Member Representative</b>	Vacancy Trade union
<b>Scheme Employer Representative</b>	Liz Marsham Levying/precepting employer
<b>Scheme Employer Representative</b>	Vacancy Non-levying/precepting employer
<b>Scheme Employer Representative</b>	Sally Albrow Norfolk County Council

**Pensions Oversight Board** members comply with the Norfolk Pension Fund training policy, and training opportunities are as far as possible are shared with the **Pensions Committee**.

Each member of the **Pensions Oversight Board** is responsible for complying with the knowledge and understanding requirements of section 248A of the Pensions Act 2004.

## Pensions Oversight Board Meetings

There are at least two **Pensions Oversight Board** meetings a year and it normally meets quarterly.

Papers, agendas and minutes of these meetings are published on the Norfolk Pension Fund website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

In addition, the **Pensions Oversight Board** produce an annual report in accordance with any regulatory requirements.

## Director of Strategic Finance

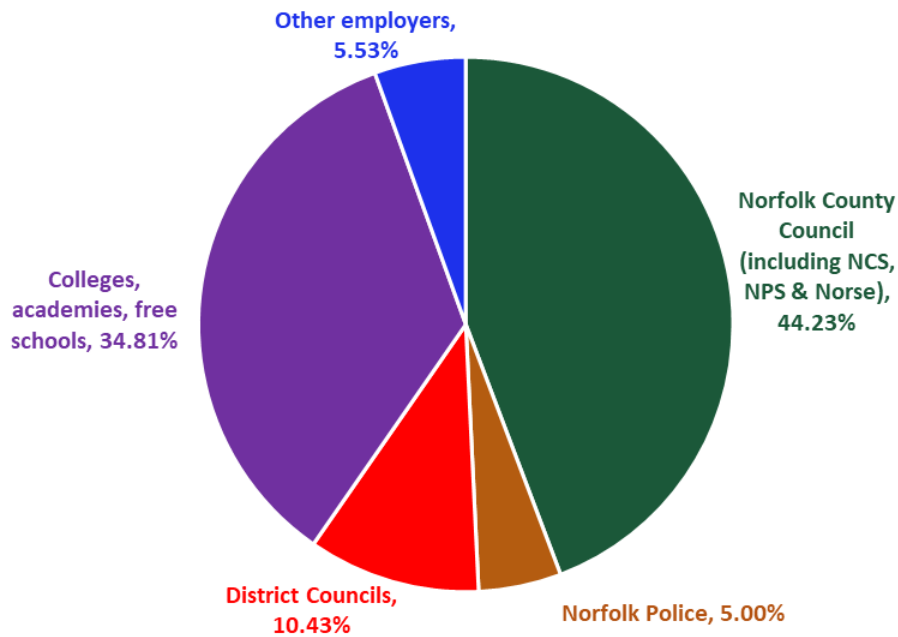
- The **Director of Strategic Finance** is Norfolk County Council's Chief Finance Officer and Section 151 Officer
- As Administrator of the Fund he is responsible for:
  - The administration and financial accounting of the Fund
  - The preparation of the Pension Fund Annual Statement of Accounts

## Legislation and Regulations

- The Norfolk Pension Fund administers the Local Government Pension Scheme (LGPS) in Norfolk and is governed by the:
  - Local Government Pension Scheme Regulations 2013
  - Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014
  - Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
  - Local Government Pension Scheme (Amendment) Regulations 2015
  - Local Government Pension Scheme (Management and Investment of funds) Regulations 2009, and subsequent amendments
- **Pensions Committee** is governed by Norfolk County Council's procedural rules under the Council's Constitution. The Committee's **Terms of Reference** are:
- "To administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the Local Government Pension Scheme, and on behalf of Norfolk County Council as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members) including:
  - Functions relating to local government pensions etc under regulations made under Sections 7, 12 and 24 of the Superannuation Act 1972
  - To receive and consider the draft Financial Statements for the Norfolk Pension Fund
  - To comment on the draft Financial Statements and make a recommendation to the Audit Committee that they be approved/not approved"
- Financial affairs are conducted in compliance with Norfolk County Council's Financial Regulations
- Funds are invested in compliance with the Norfolk Pension Fund's Investment Strategy Statement

# Membership of the Fund and Local Accountability

## Active Membership Breakdown by Employer as at 31 March 2023\*



## Local Accountability - Representation

### Employers

- Employers are directly represented on Pensions Committee and the Pensions Oversight Board
- All employers are invited to regular Employer Forums and the Annual Meeting

### Scheme Members

- Scheme Members are directly represented on Pensions Committee and the Pensions Oversight Board
- All active and deferred scheme members are invited to the Annual Meeting and Pensions Clinics; retired members receive two annual newsletters and are directly represented on the Pensions Oversight Board

## Membership as at 31 March 2023

**430 Contributing Employers**

**28,536 Pensioners**

(members in receipt of a pension from the Fund)

**29,153 Active members**

(members who are currently in the employment of a participating employer)

**40,300 Deferred members**

(members who have left the employment of a participating employer, but who are not yet in receipt of their pension)

## Local Accountability - Transparency

- The Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders
- How it does this is set out in the annually updated Customer Care and Communication Strategy Statement. This is on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)
- Pensions Committee reports, agendas and minutes are published on the Norfolk County Council website at [www.norfolk.gov.uk](http://www.norfolk.gov.uk)
- Pensions Committee meetings are open to the public
- Pensions Oversight Board reports, agendas and minutes are published on the Norfolk Pension Fund website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)
- The Annual Pension Fund Report and Accounts, reporting on the activities and investment performance of the Fund, and including the Pensions Oversight Board annual report, are on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)
- Payments over £500 are published on the Norfolk County Council website at <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/open-data-fois-and-data-protection/open-data/payments-to-suppliers>
- Extracts from the Annual Report and a signpost to the whole document are included in the Annual Benefit Statement sent to all scheme members, and in Primetime, the annual newsletter sent to all retired members
- All scheme members and employers are invited to an Annual Meeting
- All employers and members of the Pensions Committee and Pensions Oversight Board are invited to our Employer Forums. These are an opportunity for employers to discuss matters of interest to their organisations with officers and members

## ACCESS Investment Pool

The Norfolk Pension Fund participates in ACCESS (A Collaboration of Central, Eastern and Southern Shires), an investment asset pool of eleven Administering Authorities within the Local Government Pension Scheme (LGPS).

The ACCESS authorities have signed an Inter Authority Agreement which established a Joint Committee at which the Chair from each Administering Authority Section 101 Committee ('Pensions Committee') is represented.

The Norfolk Pension Fund Pensions Committee and Pensions Oversight Board are regularly updated and review the work of the Joint Committee and the Operator, and ACCESS investment performance.

More information can be found on the ACCESS website at [www.accesspool.org](http://www.accesspool.org).

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**Pensions Administration**

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**Investment, Accountancy and Actuarial Services**

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



**Norfolk Pension Fund**



**If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please call 01603 222824 or email [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)**

#### Introduction

The Norfolk Pension Fund is responsible for administering the Local Government Pension Scheme on behalf of Norfolk County Council (the Administering Authority).

The Pension Administration Strategy (PAS) sets out the requirements of employers which will enable them and Norfolk Pension Fund to meet their legal obligations in respect of the Local Government Pension Scheme (LGPS) within a regulatory regime which has increasingly high levels of external scrutiny.

Approximately 250 employers participate in the Norfolk Pension Fund at October 2015 which includes the County, District, City, Borough, Town and Parish Councils together with Norfolk Police (non-uniformed), Academies and Free Schools (non-teaching), many charities and voluntary organisations and an increasing number of private sector companies.

In preparing the PAS, Norfolk Pension Fund has consulted on the principles of this strategy with scheme employers. This document sets out the PAS incorporating those principles.

The PAS will be kept under review and any appropriate revisions made to this document. Any material change will come back to Pensions Committee for consideration. The latest version is always available from our website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

#### Aims and Objectives

The aim of the PAS is to detail requirements for liaison and communication between employers and Norfolk Pension Fund and to establish minimum levels of administrative performance required by all parties to meet their statutory obligations. The PAS aims to promote good working relationships and improve transparency, efficiency and quality.

The efficient operation of the scheme is dependent upon stakeholders carrying out their responsibilities diligently and in accordance with agreed and well documented processes. The actions of employers have a significant impact on the performance and quality of pension administration.

Administration fees are spread proportionately among all employers of the fund via an allowance (defined by the scheme actuary) within the employer pensions contributions. Where an employer puts a disproportionate burden on administration through its poor performance then this could in effect be subsidised by other employers. This strategy enables Norfolk Pension Fund to reserve the right to re-charge such employers for the additional costs they cause.

The objective of the PAS is to ensure that Norfolk Pension Fund can provide an efficient and value for money service at fair cost to **all** its stakeholders.

## Regulatory Framework

The LGPS is a statutory scheme set up under the Public Sector Pensions Act. Its scheme rules are contained within the Local Government Pension Scheme Regulations 2013 (as amended). The relevant regulations for this Strategy document are:

Regulation 59 – Pension Administration Strategy  
Regulation 70 – Additional Costs arising from Scheme Employer’s Level of Performance  
Regulation 71 – Interest on Late Payments by Scheme Employers  
Regulation 80 – Exchange of Information

Other relevant legislation and guidance:

- Pensions Regulator’s “Code of Practice” Number 14: “Governance and Administration of Public Sector Pension Schemes”
- Data Protection Act
- Pensions Acts
- Finance Acts
- Occupational Pension Schemes (Disclosure of Information) Regulations

## Supporting Employers

All new employers are given appropriate support and training including a walk-through of online services (PensionsWeb) and the Employer Handbook (G001).

All employers have access to all our Employer Guides, policy and strategy documents on our website or they are available in hardcopy on request.

Additionally, Norfolk Pension Fund hold regular Employer Forum, training events and issue Employer newsletters.

## Relevant Norfolk Pension Fund Documents

These are available on our website:

AD1 - Administering Authority Policy  
G001 - Employer Handbook  
G010 - Pensionable Pay Guide  
G020 - Contributions Guide  
G030 - Absence Guide  
G040 - Leavers and Retirements Guide  
G050 - Guide to the Employer Portal  
G060 - Employer Pensions Policy Guide  
G070 - Employer IDRPs Guide  
G080 - Prospective Employer Guide  
G100 - HR Guide to the 2014 Scheme  
G101 - Payroll Guide to the 2014 Scheme

Customer Care and Communications Strategy  
Governance Strategy Statement  
Pension Administration Strategy – AD2 (this document)



## Scheme Employer Main Responsibilities

The main responsibilities of all scheme employers are set out below. The performance standards are required to enable the Norfolk Pension Fund to deliver an efficient, high quality, value for money service within the regulatory framework it operates under.

Where an employer uses a third party (e.g. payroll or HR provider) to carry out the functions on their behalf the employer still retains the legal responsibility for ensuring those functions are carried out correctly and on time.

Function / Task	Performance Expectation / Target
Provide details to Norfolk Pension Fund of a person to be the main point of contact for LGPS pension matters (the Pensions Liaison Officer – PLO)	Notify Norfolk Pension Fund 1 month before a new employer joins the scheme. Notify Norfolk Pension Fund within 1 week of any change to the PLO
Ensure that the PLO has access to PensionsWeb (secure website)	Within 1 week of being notified a Norfolk Pension Fund account has been set up
PLO should ensure that contact details are maintained on PensionsWeb for all relevant staff of the employer including “online users”	Update the relevant details within 1 week of any changes
Publish a Pensions Policy Statement and send a copy to Norfolk Pension Fund	Within 1 month of employer joining the fund or within 1 month of any changes to the policy
Nominate an adjudicator for disputes	Within 1 month of employer joining the fund or within 1 month of any changes
Nominated representative(s) attend Employer Training Events, Employer Forum, Employer Briefing held by NPF	Attendance at such events
Respond to enquiries from Norfolk Pension Fund	Within 10 days of the enquiry or such other timescale requested by Norfolk Pension Fund
Distribute information provided by NPF for information of active scheme members	Within 10 days of being provided with the information
Implement correct or amended Employer Contribution Rate or monthly deficit payment	From the appropriate date notified by Norfolk Pension Fund
Pay over monthly employee and contributions to Norfolk Pension Fund by BACS or similar electronic method and provision of SR71 form	By date shown on SR71 forms (e.g. 7 <sup>th</sup> or 15 <sup>th</sup> (or earlier working day) of the month following the deduction of employee contributions)
Pay over monthly employee AVC contributions to the relevant AVC provider by BACS or similar electronic method	By 15 <sup>th</sup> (or earlier working day) of the month following the deduction of employee contributions
Make payment of invoices issued by Norfolk Pension Fund in respect of additional employer contributions, missing employee contributions, early retirement strain, early retirement compensation payments, or additional costs associated with non-compliance of the PAS	Within 30 days of the date of the invoice

*Remit the Annual Contribution Return to Norfolk Pension Fund in required format	By 30 April following 31 March year end
Notify Norfolk Pension Fund of any contracting out of services/outsourcing etc. involves a TUPE transfer of staff	As soon as possible. Preferably up to 6 months before any such event
Issue New Member Packs to new or prospective scheme members	Preferably before employment begins, but within 1 month of starting
Deduct appropriate amount of employee contributions from employees pay inc additional contributions as notified by Norfolk Pension Fund or AVC provider	From next available payroll
Maintain individual (unique) reference (e.g. payroll reference or job reference) for each separate job an individual has. So that separate pension accounts can be identified and maintained for each.	Include this reference on all notifications and correspondence to Norfolk Pension Fund
* Notify NPF of new joiners. Including additional jobs for existing members	Within 1 month of joining
*Notify Norfolk Pension Fund of relevant changes to members circumstances (name, address, part-time hours, break in service)	Within 1 month of the change
* Early notification to Norfolk Pension Fund of forthcoming retirements	1 month before date of retirement (where possible – i.e. notice given by employee or employer)
Notification to Norfolk Pension Fund of death of active member including details of spouse, next of kin etc. by telephone	Within 2 days of the event
* Notify Norfolk Pension Fund of any leavers, retirements, deaths, opt outs	Within 1 month of the event to include all relevant paperwork and certificates

\* Notification to Norfolk Pension Fund should be in the prescribed format. See section “Notifying Norfolk Pension Fund”

## Notifying Norfolk Pension Fund

Norfolk Pension Fund currently provides several channels for employers to provide information. All notifications must be by one of the prescribed forms/methods. Options available currently include, paper forms (sent by post or delivered by hand), online forms, online bulk processes, secure email, fax transmission.

There is an overhead to the multi-channel approach as several systems have to be maintained and operated. Therefore, Norfolk Pension Fund is moving to an online format (PensionsWeb) only for most forms where third party completion is not required. Online facilities exist for:

- Employers to maintain their contact details with us
- Notification of New Starters in bulk
- Notification of Changes
- Early Notification of Retirement
- Notification of Leaver
- Secure transmission of standard spreadsheets for Year End Return, notification of TUPE transfers, any other documents required to be sent to Norfolk Pension Fund

Forms requiring third party completion that cannot be catered for directly online include:

- New Member Form (completed by scheme member)
- Opt Out Notification (part completed by the scheme member)
- II Health Certificate (completed by the Medical Advisor)

However, completed versions of all these forms could be scanned by the employer and uploaded to the secure online facility.

From October 2016 it is expected that all employers will use online services only (PensionsWeb) where the appropriate facility exists.

### Employer Performance Monitoring

Norfolk Pension Fund will look to work closely with employers where areas of poor performance are identified to ensure the necessary training and development are undertaken in order to address any shortcomings.

### Pension Fund Responsibilities in Relation to Scheme Members

The main responsibilities of Norfolk Pension Fund in relation to scheme members are set out below, together with the performance standard expected to be met in order to demonstrate an efficient and high quality service.

Function / Task	Performance Expectation / Target
Provide Transfer In Quotes to scheme member	Within 10 working days of receipt of request and all information required
Provide Transfer Out Quotes to scheme member	Within 10 working days of receipt of request and all information required
Make Refund Payments to scheme member	Within 5 working days of receipt of request and all information required
Provide Estimate of Retirement Benefits in respect of scheme member	Within 10 working days of receipt of request and all information required
Calculate and Notify scheme member of Actual Retirement Benefits	Within 5 working days of receipt of request and all information required
Acknowledge Death of Member	Within 5 working days of receipt of request and all information required
Notify Dependants' Benefits	Within 5 working days of receipt of request and all information required
Notify Deferred Benefits	Within 10 working days of receipt of request and all information required
Response to general member enquiries	Within 5 working days of receipt of request and all information required
Make Monthly Pension Payments	On or before last banking day of each month
Issue Annual Benefit Statements	By 31 August following year end

### Pension Fund Performance Monitoring

Norfolk Pension Fund carries out continual performance monitoring against its performance targets. These are measured against its peers in annual benchmarking exercises which are reported to employers, the pensions committee and details included in Norfolk Pension Fund annual report.

## Policy on Re-charging Employers Direct for Administration Costs due to Failure to Comply with Requirements

Where ongoing performance issues are identified Norfolk Pension Fund will pro-actively seek to put an improvement plan in place. An **Improvement Notice** would be sent to the employer detailing the areas of concern, set timescales for improvement and confirm possible fees that Norfolk Pension Fund would seek to charge to the employer should performance not improve (see section **Administration Fees for Employer Work**).

Should performance not improve within the timescale set out in the **Improvement Notice** the breach will be reported to the Head of Norfolk Pension Fund in the first instance for consideration. Norfolk Pension Fund reserves the right to invoke the appropriate administration fees. Any events of this type will be reported to Pensions Committee.

Where performance issues are related to one-off events (e.g. provision of annual contribution return), and no extenuating circumstances are known to Norfolk Pension Fund, then an **Improvement Notice** will be sent by Norfolk Pension Fund. Fees (see section **Administration Fees for Employer Work**) may be incurred immediately and reported to the Pensions Committee. Serious non-compliance will also be reported to the Pensions Regulator.

## Policy on Recovering Costs from Employers where Excessive Service Requested

In exceptional circumstances, Norfolk Pension Fund reserves the right to charge an administration fee. Examples of where this may apply include:

- Disproportionate or excessive employer requests for non-standard information (e.g. bespoke lists of its members' data etc.)
- An employer requests Norfolk Pension Funds significant assistance in ensuring that its own pension records are up-to-date.
- Where an employer changes payroll provider; the additional costs incurred in updating pension fund records may be recovered and also costs associated with processing multiple year end returns.

Norfolk Pension Fund may need to agree non-standard turnaround times for certain work in order to keep any administration costs to a reasonable level. Norfolk Pension Fund also reserve the right to charge fees (to cover the additional cost) to employers at the discretion of the Head of Norfolk Pension Fund.

## Policy on Re-charging Employer with Other Charges or Obligations

Any fines, fees or other charges made on Norfolk Pension Fund, but which relate to performance of the employer (e.g. by Pensions Ombudsman, the Pensions Regulator or other regulatory bodies) will be recharged to the employer.

Interest on late payment of contributions as defined in the Local Government Pension Scheme may be charged to the employer in addition to any administration fee.

Any event that seriously jeopardises the Norfolk Pension Fund's ability to meet statutory requirements may invoke an immediate fine e.g. failure to provide annual contribution returns.

## Penalties for Failure by Employers to Meet their Statutory Obligations

Administration fees shown below are charged at the discretion of the Head of Norfolk Pension Fund and would only be invoked if an employer has consistently failed to meet its obligations and an **Improvement Notice** has been issued but not complied with.

Regulatory Task	Administration Fee/Charge
Failure to appoint a Pension Liaison Officer (PLO) or keep NPF informed of PLO or change to contact details	£50 per occurrence plus £50 for each month of continued non provision
Late payment of employee and/or employer contributions	£50 per occurrence plus interest as defined in the LGPS Regulations
Non provision of the monthly SR71 contributions schedule	£50 per occurrence, plus £50 per week of continued non provision
Late provision of year end contribution return in prescribed format*	£1,000 per occurrence plus £100 for each week or part week of continued non provision
Late provision of starter notification	£50 initial charge plus £50 per month or part month of continued non provision
Late provision of leaver notification	£50 initial charge plus £50 per month or part month of continued non provision

\* Due to the serious impact of this requirement, a penalty charge will apply for late submission and will only be waived in exceptional circumstances, as agreed by the Head of the Norfolk Pension Fund.

Apart from the requirement above, these fees and charges will only be made in exceptional circumstances and Norfolk Pension Fund will do everything possible to support employers in order to avoid them.

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**This addendum applies to those employers and their payroll providers from the point they are onboarded to the i-Connect system**

It is an employer's responsibility to ensure the Norfolk Pension Fund (NPF) receives accurate and timely member data. Where an employer uses a third party (e.g. payroll or HR provider) to carry out the functions on their behalf the employer still retains the legal responsibility for ensuring those functions are carried out correctly and on time.

i-Connect enables employers and their payroll providers to transfer and update data electronically to the NPF on a monthly basis. The process interfaces directly to the pensions administration system. This will enable the provision of accurate and timely data to the NPF to ensure compliance with statutory requirements.

NPF has a phased implementation programme of onboarding employers to the i-Connect system. This is due to be completed by 31 October 2021.

It will be the responsibility of employers and their payroll providers to use i-Connect to submit a return for each payroll period (normally monthly) by the end of the month the payroll relates to. The submission of data via i-Connect is mandatory. Failure to implement i-Connect in accordance with the onboarding programme may result in administration fees being charged to cover the cost of non-standard processing.

## Retirement of Pensions Web

PensionWeb is being retired at 31 October and further updates to this addendum will be made to ensure that employers and their payroll providers are aware of any revised processes.

### Revised Processes – Phase 1

Function/Task	Performance Expectation/Target
Notify NPF of new joiners	Submission of monthly payroll data to i-Connect (in the payroll period to which it relates) by the cut-off date
Notify NPF of all relevant changes to members circumstances (name, address, part-time hours, break in service)	
Notify NPF of all leavers, retirements, deaths, opt-outs	

### Fees for Failure by Employer to Meet their Obligations

There will inevitably be a period of settling down, but if after 3 months from the point of onboarding an employer continues to submit monthly member data after the agreed cut-off date, NPF may levy an administration fee/charge of £1,000 plus £100 per week or part week of continued non submission.

### Existing processes to continue – Phase 1

Employers should continue to provide the information and forms required as follows:-

#### Payment of contributions due to Norfolk Pension Fund

- Payment of employee and employer contributions due each month should be made to NPF by the due date shown on SR71 forms. A single payment should be made electronically quoting the reference detailed on the SR71.

SR71 Remittance Advice (summarising payment due including any deficit payment) must be completed and emailed to NPF before payment is received by NPF. The figures on the SR71 should match the i-Connect submission.



**Submission of the following **employer online** forms through the Employer portal (PensionsWeb):**

- L45 Termination forms
- MISC89 Estimate of Benefits request
- R16 Retirement Discretions
- R25 Advance Warning of Retirements
- SR47B Notification of Unpaid leave

**Submission of the following **employer interactive PDF** forms through My Documents on the Employer Portal:**

- Opt Out forms. Employer notification SR88 & Member opt out form SR97
- Ill-health retirement forms R18, R45, R46 & R53
- SR90 Pension option reduced Pay
- SR108 Option to pay contributions for Unpaid leave

**Submission of the following **member interactive PDF** forms through My Documents on the Employer Portal:**

- SR81 Expression of wish form
- SR95 Membership form
- SR96 Non LGPS benefits transfer form

**Update Contacts to be used by NPF via the Employer Portal:**

- Employers should continue to keep their contact details up to date.

**This addendum was reviewed by the Pensions Committee  
at their meeting on 5 October 2021**

**Postal Address Only:**

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**Martineau Lane**

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# Pensions Committee

Item No: 9

<b>Report title:</b>	<b>ACCESS Update Unrestricted Items</b>
<b>Date of meeting:</b>	<b>12 September 2023</b>
<b>Responsible Director:</b>	<b>Harvey Bullen, Director of Strategic Finance Glenn Cossey, Director of Norfolk Pension Fund</b>
<b>Executive Summary</b> <p>The Government requires LGPS Funds to work together to “pool” investments to significantly reduce costs, while maintaining investment performance”.</p> <p>Since December 2016 the Norfolk Pension Fund has been working with 10 other ‘like-minded’ Administering Authorities to operate the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, West Northamptonshire, Suffolk, and West Sussex.</p> <p>An Inter-Authority Agreement (IAA) has been signed by all 11 authorities defining governance and cost sharing arrangements for the ACCESS Pool.</p> <p>The ACCESS Pool is governed by a Joint Committee (JC) made up of one elected councillor from each authority’s Pensions Committee. The Norfolk Pension Fund is represented by the Chair of Pensions Committee.</p> <p>This report provides an update to the Pensions Committee on the work of the ACCESS Pool.</p> <b>Recommendations</b> <p>The Pensions Committee is invited to consider and note the contents of this report.</p>	

## 1. Background and Purpose

- 1.1 The ACCESS Joint Committee (JC) last met on 4 September 2023. A full set of restricted and unrestricted agenda papers relating to this meeting was circulated to members of this Committee and the Pensions Oversight Board for information.
- 1.2 This report briefs Pensions Committee on the unrestricted items considered by the JC on 4 September 2023. The restricted items discussed by the JC are considered elsewhere on this agenda. The JC is due to meet again on 4 December 2023.

## 2. 2023-24 Business Plan and Budget

- 2.1 The ACCESS Section 151 (S151) Officer Group is responsible for making recommendations to the Joint Committee (JC) on budget and business plan matters and reviewing/advising on budget variations throughout the financial year.
- 2.2 The business plan for 2023-24 was agreed by the JC in December 2022. At the same meeting the JC also determined the budget necessary to implement the business plan and recharge the relevant ACCESS Authorities.
- 2.3 Key deliverables within the current year’s 2023-24 Business Plan, include:
  - **Actively managed listed assets:** further pooling of active-listed assets within the Authorised Contractual Scheme (ACS)
  - **Alternative / non-listed assets:** work on the procurement of pooled asset solutions for private debt and private equity.

- **Passive assets:** ongoing monitoring and engagement.
- **Governance:** the continued application of appropriate forms of governance throughout ACCESS; the procurement & commencement of RI reporting for the Pool and the commencement of the second contract for communications support.
- **ACCESS Support Unit (ASU):** the implementation of the outcomes of the external review of the ASU and wider ACCESS Governance arrangements.

2.4 The budget for the delivery of the 2023-24 Business Plan (shown in the table below) is estimated to be £1.559m which equates to £142k per ACCESS Authority.

	Budget 2023/2024 £	Actual Costs as at 31 July 23 2023/2024 £	Estimated 01-Aug-23 to 31-Mar-24 £	Actual Costs plus Forecast 2023/2024 £	Overspend / (Underspend) 2023/2024 £
<b>ASU</b>					
ASU Salaries (incl. on cost)	499,833	168,401	323,215	491,616	(8,217)
ASU Operational	23,000	5,397	16,550	21,947	(1,053)
ASU Host Authority Recharge	35,700	11,900	23,800	35,700	0
Technical Lead Recharge Costs	40,000	11,895	37,000	48,895	8,895
<b>ASU Total</b>	<b>598,533</b>	<b>197,593</b>	<b>400,565</b>	<b>598,158</b>	<b>(375)</b>
<b>Professional Costs</b>					
<i>Internal Professional Costs</i>					
JC Secretariat	23,100	5,734	17,250	22,984	(116)
Procurement	145,000	-	125,000	125,000	(20,000)
<i>Internal Professional Costs</i>	168,100	5,734	142,250	147,984	(20,116)
<i>External Professional Costs</i>					
Strategic & Technical	602,000	120,565	372,336	492,900	(109,100)
Legal & Governance	190,400	139,419	180,000	319,419	129,019
<i>External Professional Costs</i>	792,400	259,984	552,336	812,319	19,919
<b>Professional Costs Total</b>	<b>960,500</b>	<b>265,718</b>	<b>694,586</b>	<b>960,303</b>	<b>(197)</b>
<b>Total Costs for the Financial Year</b>	<b>1,559,033</b>	<b>463,311</b>	<b>1,095,151</b>	<b>1,558,461</b>	<b>(572)</b>
<b>Cost Per Authority</b>	<b>141,730</b>	<b>42,119</b>	<b>99,559</b>	<b>141,678</b>	<b>(52)</b>

2.5 The budget forecast identifies an underspend on ACCESS Support Unit (ASU) salary costs which offsets a small overspend on technical staff recharge costs. The projected timing of some procurement activity originally planned for 2023-24 will now span both the 2023-24 and 2024-25 financial years which contributes to forecast underspends in relation to procurement and technical/professional support costs. These underspends mitigate an overspending on legal advice required to support business plan activities.

### 3. ACCESS Procurements

3.1 The re-procurement of an ACCESS Communications Partner was agreed by the JC in June. The procurement is being led by Hampshire Pension Fund and the tender was published at the end of August. The evaluation of bids from prospective suppliers will be undertaken during the autumn, with the outcome considered at the December 2023 JC meeting. The existing arrangements with MHP Mischief have been extended until 31 December 2023.

3.2 Barnett Waddingham have concluded their third-party review of ACCESS's governance arrangements. Findings are currently being considered by ACCESS officers including S151 officers. A presentation of the general themes emerging from the Review was made to the September JC, with a detailed report being presented to the Committee's next meeting on the 4 December 2023.

#### **4. Financial and Other Resource Implications**

4.1 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.

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

5.1 Officers have considered all the implications which members should be aware of. Apart from those listed (if any), there are no other implications to consider. There are no issues relevant to equality in this report.

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

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

#### **7. Risk Implications/Assessment**

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

#### **8. Recommendations**

8.1 The Pensions Committee is invited to consider and note the contents of this report.

#### **9. Background Papers**

9.1 A full set of restricted and unrestricted agenda papers relating to the 4 September 2023 meeting of the JC was circulated by email to members of this Committee and the Pensions Oversight Board.

### **Officer Contact**

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

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