

Pensions Committee

Minutes of the meeting held on Tuesday 21 March 2023 commencing at 9:30 am and held at County Hall, Norwich

Present:

Cllr J Oliver (Chair)
Cllr A Birmingham
Cllr W Richmond
Cllr J Fuller
Cllr M Storey
Cllr A Waters

Officers Present:

Glenn Cossey	Director of the Norfolk Pension Fund
Alex Younger	Head of Funding & Investment
Jo Quarterman	Head of Governance
Debra Keeling	Pension Services Manager
Madeline Mitchell	Project and Policy Management Officer
John Baldwin	Assistant Director of Finance
Elaine Otway	Norfolk Pension Fund
Charlotte Alexander	Norfolk Pension Fund Accountant
Eunice Walcott	Governance Manager
Simon George	Executive Director of Finance and Commercial Services
Tim Shaw	Committee Officer
Katrina Hulatt	Monitoring Officer

Others Present:

Ross MacLeod	Investment Adviser, Hymans Robertson
David Walker	Investment Adviser, Hymans Robertson
Brian Wigg	Chair of the Pensions Oversight Board
Stephen Addicott	Stafford Capital Partners (participating via Microsoft Teams)
Dermot McCloskey	Stafford Capital Partners (participating via Microsoft Teams)

1A Cllr Alan Waters

1A.1 The Chair and all other Members of the Committee paid tribute to the work of Cllr Alan Waters (the Vice-Chair) who had served on the Committee since September 2006 and was due to retire as a City Councillor before the next meeting. Members also placed on record thanks to Alan for his work at the national level representing the interests of LGPS employers.

1B Apologies for Absence

1B.1 Apologies for absence were received from Mr S Aspin and Cllr D Roper.

2 Minutes

2.1 The minutes of the previous meeting held on 6 December 2022 were confirmed as a correct record and signed by the Chair.

3 Declaration of Interest

The following declaration of interest was received:

- Cllr A Birmingham declared an “other interest” because she was a member of the scheme.

Cllr A Waters declared an “other interest” because his wife was a member of the scheme.

4 Administration Report

4.1 The annexed report (4) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report was the quarterly update for the Pensions Committee on operational and administration matters relating to the Fund. This followed the last full quarterly report to Pensions Committee in December 2022.

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

National picture

- Pensions Dashboard – compulsory staging/on-boarding of pension providers delayed – awaiting revised timetable.
- LGPS Pooling Consultation – announcement in the Spring Budget that Government would be publishing the long-awaited pooling consultation with the message of “further & faster”
- Good Governance - whilst the consultation on the Scheme Advisory Board’s Good Governance recommendations is awaited, the Norfolk Pension Fund has been updating and developing new governance standards and control as part of its on-going work programme, specifically:
 - Knowledge and skills – Training Strategy updated
 - LGPS Senior Officer
 - Scheme of Delegation refreshed
 - Key governance projects listed in the Service Plan (Appendix F - page 58 of the agenda), conflicts policy, workforce strategy etc.

Risk and Data Management

- Risks remain stable (Heat Map - Appendix C - page 42 of the agenda)

- A minor data breach occurred in January. Incident was effectively managed, and no further action was necessary.

Norfolk Pension Fund

- Team changes were communicated to Pensions Committee and Pensions Oversight Board at the end of February following the departure of the Pension Services Manager and the Technical Services Manager. A strong and experienced interim team has been put in place while the future service delivery model for Pension Services is reviewed and confirmed.
- Service plan (Appendix F - page 58 of the agenda) sets out the Fund's forward work programme.

Performance

- Pension Services KPI's (Appendix D - page 43 of the agenda) reflect good performance across all activities.

Data Quality report

- Annual return for The Pensions Regulator (Appendix E, page 44 of the agenda) as been completed. Pleasing to note consistently high levels of performance.

Scheme Data

- Scheme membership continues to increase (99k)
- Average pension in payment in own right remains at £5k ('own right')
- 427 scheme employers
- 68% of our membership are part-time employees of which 86% are female.

Communication and Engagement

- Members
 - The spring edition of the retired members newsletter – Primetime, will be published shortly, containing details of the annual pensions increase.
- Employers
 - Latest Employer Newsletter has been issued
 - The next hybrid Employer Forum will take place on 12 July 2023

Cost of living: key messages

- The Norfolk Pension Fund has been working alongside employers to promote key messages regarding the LGPS and the cost-of-living crisis, including helping ensure members:
 - Understand the real cost of LGPS membership
 - Understand the real value of LGPS membership
 - Understand the options – not just in or out!
 - How to find further help and support, and avoid scams

Accounts and Financial Reporting

Financial year end 2021-22 – Annual Report & Accounts

- The final audit opinion on the Pension Fund's 2021-22 Annual Report and Accounts has not yet been signed off by EY following delays in completing the audit of the County Council's statutory accounts
- This delay in the audit of employer accounts may have implications for employers who have pension accounting disclosures dated the 31 March 2022 and have not completed their own audits (the County Council and other public authorities are impacted). Where their audit opinions have not yet been signed they will now need to consider the impact of the 2022 Triennial Valuation, which will be signed off by 31 March. The Fund is in discussion with the employers and the Fund Actuary on this matter.

Financial year end 2022-23

- Planning for preparation of draft accounts by 31 May 2023
- Full Annual Report and Accounts will be presented to September Committee

Cash Management

- Committee were asked to consider and approve the Fund's cash management strategy which details the arrangements for locally managed cash, cash held by the Custodian and counterparty/collateral arrangement for currency management.

Collaborative Working / Value for Money

- National LGPS Frameworks received Outstanding Contribution of the Year award at LAPF Investment Awards

Knowledge and Skills

- Analysis of the 2022 National Knowledge Assessment for Pensions Committee and Pensions Oversight Board will inform future training plans and the scheduled autumn training event.

Admission agreements

- Edwards & Blake (Southtown Primary)
- Medequip Assistive Technology Ltd (Integrated Community Equipment Service – Norfolk County Council)

4.3

RESOLVED

That the Committee note the contents of the report including:

- **two Admission Agreements in respect of:**
 - **Edwards & Blake (Southtown Primary)**
 - **Medequip Assistive Technology Ltd (Integrated Community Equipment Service – Norfolk County Council).**
- **and approve the cash management strategies for the management of the Fund's cash balances and**

dynamic currency programme (report items 11 and 12).

5 Update from the Pensions Oversight Board

5.1 The annexed report (5) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Pensions Committee on the work of the Pensions Oversight Board (POB) which had last met on the 28 February 2023.

5.2 The Committee's attention was drawn to the following from when the POB met on 28 February 2023:

- Updated on LGPS Reform, strategic and operational issues including progress with the employer operational issues and personnel changes at the Pension Fund
- Report on the conclusion of the 2022 triennial valuation process
- Overview of the budget process
- Considered the National Knowledge Assessment findings
- Board membership
 - Howard Nelson (representing non tax raising employers) stepping down
 - Arrangements being made to replace Howard
 - Trade Union vacancy
- ACCESS Joint Committee
 - Brian Wigg (Chair) and Peter Baker (retired member representative) observed ACCESS Joint Committee on 6 March

5.3 The proposed forward work programme for POB was as follows:

- 16 May 2023
 - Feedback from ACCESS JC observation
 - Update on Cyber and Data 3rd party responses
 - Operational update: employer issues update
 - TPR Code of Practice (dependent upon publication)
- 5 September 2023
 - Strategic review: BAU update inc.
 - Employer Services
 - Members Services
- 7 November 2023 (face to face)
 - Risk Management overview, with focus on Cyber and Data security

5.4 RESOLVED

That the Committee note the contents of the report.

6 Pension Fund Budget 2023-24

6.1 The annexed report (6) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report set out how the budget took account of statutory responsibilities and legislative changes, as well as significant operational changes that might impact upon the Pension Fund during the year.

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

- The Norfolk Pension Fund Budget is set separately from NCC's budget.
- The budget incorporated the Fund's statutory responsibilities and service plan objectives
- The proposed budget for 2023-24 was £4.041m a 5% decrease on the 2022-23 budget.

6.3 The 2023-24 budget included:

- Norfolk's share of ACCESS ASU costs,
- Uplifted Staff Costs reflecting 3% assumed pay award,
- Employer National Insurance and Pension Contribution on costs and staffing changes,
- Lawrence House accommodation savings of £174K.
- Provision within the projects budget for:
 - Good Governance Implementation
 - Pensions Services Team Operational Review
 - ISP and McCloud Admin Software Upgrades
 - Response to Task force on Climate-Related Financial Disclosures Consultation
 - LGPS Pooling Governance Advice (ACCESS)

6.4 In reply to questions, it was noted that the Norfolk Pension Fund administration costs last year were less than £20 per scheme member which was less than the national average. It was hoped that a favourable comparison could be maintained versus peer group given the budget position set out.

6.5 **It was RESOLVED**

That the Committee approves the Pension Fund 2023-2024 budget.

7 Corporate Governance and Shareholder Engagement Report

7.1 The annexed report (7) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report provided a six-month update for the Pensions Committee on corporate governance and shareholder engagement matters relating to the Fund including ESG matters relating to the ACCESS Pool. The report covered the period 1 July 2022 to 31 December 2022.

- 7.2** The Committee's attention was drawn to the following:
- Six monthly update on voting and engagement activity by equity managers
 - Voting performed via the ACCESS pool
 - Summary of Climate Risk Reporting.

7.3 It was RESOLVED

That the Committee note the contents of the Corporate Governance and Shareholder Engagement Report.

8 Exclusion of the Public Items 9-16 only

8.1 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.

8.2 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:-

8.3 Item 9- 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.

8.4 Item 10- 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.

8.5 Item 11- 2022 Triennial Valuation – Final Valuation Report & Funding Strategy Statement

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.

8.6 Item 12 - 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.

8.7 Item 13 - Enhanced Yield Portfolio Review

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.

8.8 Item 14 - 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.

8.9 Item 15 - Investment Manager presentation

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.

8.10 Item 16 – 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.

8.11 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.

9 Employer Operational Issues

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

9.2 RESOLVED

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

10 ACCESS Update – Restricted items

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

10.2 RESOLVED

That the Committee note the contents of the report and approve the action that they are recommended to take.

11 2022 Triennial Valuation – Funding Strategy Statement

11.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that presented the draft 2022 Triennial Valuation report for the Norfolk Pension Fund which the Fund Actuary would sign off by the statutory deadline of 31 March 2023. The Committee was asked to approve the final 2022 Funding Strategy Statement for publication alongside the final valuation report.

11.2 The report was accompanied by a draft of the 2022 Valuation Report and the Funding Strategy Statement prepared by the Fund Actuary.

11.3 RESOLVED

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

12 Investment Performance Update by Hymans Robertson

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

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

12 3 RESOLVED

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

13 Enhanced Yield Portfolio Review

13.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that provided the initial results and strategic recommendations of the Enhanced Yield Portfolio Review and updated on the work done to date. review. A further report would be made to the June 2023 meeting of the Committee.

13.2 The report was accompanied by a detailed report and presentation by the Fund's Investment Consultant.

13.3 RESOLVED

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

14 Investment Update

14.1 The Committee received a report (containing exempt information) by

the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that dealt with the investment strategy and assets of the Fund. It included details about the onboarding of assets to the ACCESS Pool, an update on class actions, private market commitments, currency hedging and climate risk reporting.

14.2 RESOLVED

That the Committee note the content of the report.

15 Investment Manager presentation –Stafford Capital Partners

15.1 Two representatives from Stafford Capital Partners (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.

15.2 The Chair thanked Stafford Capital Partners for their presentation.

16.3 RESOLVED

To note the presentations by the Fund Manager.

17 Exempt Minutes of the meeting held on 6 December 2022

17.1 The exempt minutes of the meeting held on 6 December 2022 were confirmed by the Committee and signed by the Chair.

The meeting concluded at 13.30 pm.

Chair