

Pensions Committee

Minutes of the meeting held on Tuesday 5 October 2021 commencing at 9:30 am and held at County Hall, Norwich

Present:

Mr S Aspin	
Cllr A Birmingham	
Cllr W Richmond	
Cllr J Oliver	(Chair)
Cllr M Storey	
Cllr A Waters	(Present for the exempt business items only)

Officers Present:

Simon George	Executive Director of Finance and Commercial Services
Glenn Cossey	Director of the Norfolk Pension Fund
Alex Younger	Head of Funding & Investment
Jo Quarterman	Norfolk Pension Fund Project and Development Manager
Debra Keeling	Pension Member Services Manager
Robert Mayes	Pension Fund Accountant
Tim Shaw	Committee Officer

Others Present:

David Walker	Investment Adviser, Hymans Robertson
Rob Bilton	Hymans Robertson
Brian Wigg	Pensions Oversight Board

1 Apologies for Absence

- 1.1** Apologies for absence were received from Cllr J Fuller and Cllr D Roper. It was noted that Cllr A Waters had indicated that he would be late attending meeting due to another diary commitment.

2 Minutes

- 2.1** The minutes of the previous meeting held on 6 July 2021 were confirmed as a correct record and signed by the Chair.

3 Declaration of Interests

The following declaration of interest was received:

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

4 Matters of Urgent Business

- 4.1** The Chair agreed that the Committee should receive as urgent business a note regarding an Admission Agreement (circulated prior to the meeting) about Chartwells (All Angels federation contract). This Admission Agreement was available after the publication of the agenda. The Chair agreed to consider this matter as an addition to the recommendations contained in the Administration Report at item 5 on the agenda.
- 4.2** The Chair also agreed to make changes to the agenda order for items to be considered after the exclusion of the public. That was done to meet the needs of Members who might have to leave the meeting early. (For ease of reference the items appear in these minutes in the order in which they appear on the agenda).

5 Administration Report

- 5.1** The annexed report (5) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received together with a note regarding an Admission Agreement (circulated prior to the meeting) about Chartwells (All Angels federation contract). 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 July 2021.
- 5.2** The Committee received a slide presentation highlighting key issues from the report.

The report itself briefed the Committee on the following topics:

- Coronavirus and Smarter Working Update
- Governance framework for the Norfolk Pension Fund:
 - o Government Changes
 - o Pensions Oversight Board
 - o National Scheme Advisory Board
 - o Update on current issues
 - o The Pensions Regulator
- Risk Management
 - o Summary Risk Heat Map (at September 2021)
- Communication with Scheme Members
 - o Annual Benefit Statement for active and deferred members
 - o Active Member Sample Annual Benefit Statement 2021
 - o Deferred Member Sample Annual Benefit Statement 2021
 - o Pension Clinics and Annual Meeting
 - o Retired Members Forum and Newsletter
 - o Annual Allowance and Lifetime Allowance

- Communication with Employers
 - o Employer Forums and Webinars
 - o Employer Newsletter
 - o Employer Pension Administration Strategy (PAS)
- Communication within the Norfolk Pension Fund Team
- Year End
 - o Scheme Administration Year End
 - o Financial Year End – Statutory Accounts
 - o Employer Financial Reporting Requirements
- Collaborative Working / Value for Money
 - o National LGPS Procurement Frameworks
 - o Norfolk procurement under the Actuarial, Benefits and Governance Consultancy Services National LGPS Framework
- Knowledge and Skills
- Admission Agreements
 - o Edwards & Blake (Ormiston)
 - o Edwards & Blake (Colman Infants)
 - o Churchill Services (The Clare School)
 - o Churchill Services (City College Norwich – Easton College site)
- Update on Bulk Transfer Values in Progress
- Freedom of Information Act (FoIA)
- Representation on behalf of the Pension Fund
- Norfolk Pension Fund – Pensions Committee Forward Plan
- Financial and Other Resource Implications
- Other Implications (inc. Equality Impact Assessment (EqIA)
 - o Data Protection Impact Assessments (DPIA)
- Risk Implications/Assessment
- Recommendations

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

Government Changes

- Department for Levelling Up, Housing and Communities name change

Communications and engagement

- Annual Benefit Statements available online and posted to home addresses
- Pension Clinics available online (virtual) or over the phone
- Retired Members Newsletter (Primetime) planned for November
- Employer Forum held in July
- Pensions Administration Strategy updated to reflect i-Connect software

Year end

- Annual Report and Statutory Accounts produced – as set out at item 7

National LGPS Frameworks

- Refresh of Stewardship and Third-Party Administration frameworks underway
- Annual Founders Meeting scheduled for November

Knowledge & Skills

- Responsible Investment Workshop held in September for members of Committee and POB

- Details of future training events and conferences circulated
- Promotion of On-line Learning Academy as an aid for LGPS skills and knowledge

RESOLVED

That the Committee note the contents of this report including the revision to the Pensions Administration Strategy and the following 5 Admission Agreements:

Edward & Blake (Ormiston)
Edward & Blake (Colman Infants)
Churchill Services (The Clare School)
Churchill Services (City College Norwich – Easton)
Chartwells (All Angels Federation contract) (circulated by email prior to this meeting)

6 Update from the Pensions Oversight Board

6.1 The annexed report (6) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Pensions Committee on the work of the Pensions Oversight Board (POB) which had last met virtually on 9 September 2021.

6.2 Brian Wigg, the Independent Chair of the POB, said that the POB had received reports on the following issues:

- An update on current operational issues and regulatory reform
- Cyber security
- Internal Controls – Internal Audit

Next Meeting 11th November 2021 would consider Smarter Working service delivery

6.3 RESOLVED

That the Committee note the contents of the report.

7 Draft Pension Fund Annual Report and Accounts 2020-21

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.

7.2 This report presented the draft Annual Report and Accounts of the Norfolk Pension Fund for the year-ended 31 March 2021 for consideration by the Committee. The accounts section of the annual report was for noting by the Committee prior to presentation to the County Council's Audit Committee for approval.

7.3 Alex Younger, Head of Funding and Investment, and Robert Mayes, Pension Fund Accountant, explained the work to complete the annual

report and accounts for the Norfolk Pension Fund for 2020-21 and the key messages it contained, in accordance with relevant regulations.

- 7.4** It was pointed out that the Fund had also worked with the Actuary to prepare, check, and review financial reporting of pension obligations and costs for the 31 Fund employers with a financial year-end of 31 March 2021.
- 7.5** The Norfolk Pension Fund assets had risen during the year from £3.6 billion to £4.5 billion at the end of March 2021, a very strong performance. Details regarding the assets could be found at pages 206-207 of the agenda.
- 7.6** It was noted that the letter of representation and the Ernst & Young (EY) ISA 260 Audit Results Report would be distributed to Committee Members for comment as soon as they were available. Subject to any comments that might arise (and the audit opinion was expected to be an unqualified with minor audit findings) the Committee was asked to delegate to the Chair of the Pension Committee and the Executive Director of Finance and Commercial Services to sign the letter of representation (LOR) on behalf of the Pension Fund.

7.7 RESOLVED

- 1. That the Committee note the draft 2020-21 Annual Report & Accounts (Appendix A to the report).**
- 2. That the Committee note the Financial Statements and recommends to the Audit Committee that they be approved.**
- 3. 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 Executive Director of Finance and Commercial Services to sign the letter on behalf of the Pension Fund.**

8 Corporate Governance and Shareholder Engagement Report

- 8.1** The annexed report (8) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. This report was the 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 covers the period 1 January 2021 to 30 June 2021.
- 8.2** The presentation of the report to the Committee drew attention to the following:
- Six-monthly update on voting and engagement activity by equity managers
 - ACCESS Pool ESG/RI Update
 - First six-monthly report where public voting activity was entirely

- through ACCESS Pool
- Public summary of Climate Risk Reporting – Full report detailed in exempt item 16

8.3 RESOLVED

That the Committee note the content of the report.

9 ACCESS Update – Unrestricted Items

9.1 The annexed report (9) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Committee on the work of the ACCESS Pool.

9.2 The Director of the Norfolk Pension Fund explained the governance arrangements for the ACCESS Pool which operated via a Joint Committee (JC) that met four times a year and included Cllr Judy Oliver as the Norfolk Pension Fund representative. The JC had last met on 6th September 2021 which was the first face to face meeting in 18 months. The agenda and supporting papers were circulated to Pensions Committee and Pensions Board Members prior to this meeting of the Pensions Committee.

9.3 Items considered at the JC meeting on 6 September 2021 had included:

- Election of Chairman and Vice Chairman
 - Cllr Kemp-Gee (Hampshire) Chairman
 - Cllr Susan Barker (Essex) Vice Chairman
- Business Plan & Forecast Outturn
 - Forecast 2021-22 outturn spend £1.092M
 - Estimate contribution of £99k per authority in 2021-22 (these support costs needed to be considered in the context of the total Pooled Assets Under Management (AUM) of £33 billion).
- Communications
 - Spokespeople for areas of key activity proposed Cllr Oliver: Governance
 - Media training for spokespeople to be provided by Engine MHP

9.4 RESOLVED

That the Committee note the content of the report.

10 Exclusion of the Public Items 11-18 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 – NPF Strategic Review Programme: Status Report

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 –Service Delivery and Smarter Working Post Pandemic

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.

10.6 Item 14 – Contract Award Actuarial, Benefit and Governance Consultancy Services (including presentation by appointed provider)

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.

10.7 Item 15 – Quarterly Performance Report by Hymans Robertson

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.

10.8 Item 16 – Investment Update including full climate risk monitoring report

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 - Public Equity 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.

10.10 Item 18– 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.

10.11 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.

11 ACCESS Update- restricted items

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 updating Members on investment and governance matters pertaining to the ACCESS Pool (A Collaboration of Central, Eastern and Southern Shires).

11.2 The Committee received on a confidential basis an overview and update on the work of the ACCESS pool, governed by a Joint Committee made up of one Councillor from each Committee's Pensions Committee.

11.3 RESOLVED

That the Committee note the contents of the report.

12 NPF Strategic Review Programme: Status Report

12.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of Norfolk Pension Fund that provided an update on progress with the Norfolk Pension Fund Strategic Review Programme and supporting projects.

12.2 RESOLVED

That the Committee note the contents of the report.

13 Service Delivery and Smarter Working Post Pandemic

13.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of Norfolk Pension Fund that explained how the Norfolk Pension Fund planned to develop a new Smarter Working Policy for the delivery of services to stakeholders post pandemic.

13.2 RESOLVED

That the Committee note the contents of the report including an invitation to join with the Pensions Oversight Board at a meeting to consider future service delivery.

14 Contract Award Actuarial, Benefit and Governance Consultancy Services

14.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of Norfolk Pension Fund that provided an update on the outcome of the procurement process by which Norfolk Pension Fund would procure Actuarial, Benefit and Governance Consultancy Services when the current contract for Actuarial Services ended in December 2021.

14.2 The Committee also received a presentation by Robert Bilton of Hymans about how Hymans (who had been awarded the contract for a 10-year term) planned to work with the Norfolk Pension Fund to provide a “best in class” service to Norfolk Pension Fund stakeholders.

14.3 The Committee was informed by the Director of the Norfolk Pension Fund that the contract was awarded via competition under the latest National LGPS Framework for Actuarial, Benefit and Governance Consultancy Services, supported by Norfolk Procurement and NPLaw, and was compliant with public procurement regulations.

14.4 RESOLVED

That the Committee note the contents of the report and the presentation to the Committee by Hymans Robertson.

15 Investment Performance Update by Hymans.

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

15.2 The Investment Advisor summarised the investment performance for the second quarter of 2021 which was set out in the report.

15.3 RESOLVED

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

16 Investment Update- including full climate risk monitoring report

16.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that dealt with the investment strategy and assets of the Fund. It included details about the onboarding of assets to the ACCESS Pool, an update on class actions, and a full climate risk monitoring report.

16.2 RESOLVED

That the Committee note the content of the report.

17 Public Equity Review

- 17.1** 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 recommendations arising from the review of the public equity portfolio (quoted shares) by Hymans Robertson.
- 17.2** The review of public equity was documented and discussed in the accompanying Hymans Robertson Report (Appendix A - Hymans Robertson paper; Norfolk Pension Fund: Review of listed equity portfolio) about which Hymans Robertson made an accompanying presentation to the Committee.
- 17.3** The presentation explained the Fund's asset allocation, active and passive equity investment management styles and focused on UK, Regional, Global and Emerging Markets and responsible investment.

17.4 RESOLVED

That the Committee note the presentation by Hymans and approve the recommendations contained in the review of public equity assets.

18 Exempt Minutes of the meeting held on 6 July 2021

- 18.1** The exempt minutes of the meeting held on 6 July 2021 were confirmed by the Committee and signed by the Chair.

The meeting concluded at 12.45 pm

Chair