

## **Pensions Committee**

### **Minutes of the meeting held on Tuesday 21 June 2022 commencing at 9:30 am and held at County Hall, Norwich**

#### **Present:**

Cllr J Oliver	(Chair)
Cllr A Birmingham	
Cllr J Fuller	
Cllr W Richmond	

#### **Officers Present:**

Glenn Cossey	Director of the Norfolk Pension Fund
Alex Younger	Head of Funding & Investment
Jo Quarterman	Head of Governance
Debra Keeling	Pension Member Services Manager
Aaron Copeman	LGPS National Frameworks Officer
Tim Shaw	Committee Officer

#### **Others Present:**

David Walker	Investment Adviser, Hymans Robertson
Rob Bilton	Fund Actuary, Hymans Robertson
Julie Baillie	Actuary, Hymans Robertson
Hugh Crossley	Equitix
Herbie Brumby	Equitix
Brendan McDonald	Equitix
Frances Crum	Member of the Pensions Oversight Board

#### **1 Apologies for Absence**

**1.1** Apologies for absence were received from Mr S Aspin, Cllr D Roper, Cllr M Storey and Cllr A Waters.

**1.2** Apologies were also received from Simon George, Executive Director of Finance and Commercial Services and 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 was asked to fill the position of Vice-Chair of the Committee and on being put to the vote it was:

#### **RESOLVED**

**That Cllr A Waters be elected Vice-Chair of the Committee for the**

ensuing year.

### **3 Minutes**

- 3.1 The minutes of the previous meeting held on 1 March 2022 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 Matters of Urgent Business**

- 5.1 The Chair agreed that the Committee should receive as urgent business a note regarding an Admission Agreement (circulated prior to the meeting) about Turn IT On (Eastern Multi-Academy Trust). This Admission Agreement had arisen 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 6 on the agenda.

### **6 Administration Report**

- 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 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 2022.

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

#### **Governance Framework**

- The Fund’s Governance Statement had been updated

#### **National picture**

- LGPS investments - autumn consultation to include, Taskforce on Climate related Financial Disclosures (TCFD); next steps on Pooling; LGPS implications resulting from ‘Levelling-up’ white paper.
- McCloud – primary legislation now in place, guidance expected autumn/winter 2022; in force October 2023.
- DLUHC remains committed to drafting statutory regulation based on SAB’s Good Governance recommendations.
- Exit pay reform legislation revoked at the beginning of 2021 but Government committed to further consultation on reform.
- Pensions Dashboard Programme – compulsory staging of pension providers beginning in 2023 with LGPS to on-board

in 2024.

- The Pensions Regulator's Combined Code – due to come into force later this year.

### **Performance data**

- KPI's - Appendix D to the report, showing another strong quarter of performance against service targets.

### **Communication and Engagement**

- Communication & Customer Care Strategy – updated to reflect changes in Pension Oversight Board membership.
- Primetime Newsletter distributed to retired members in April, work underway to produce and distribute Annual Benefit Statements.
- Employer Newsletter (issued March), next edition June. Hybrid Employer Forum 21 July 2022 with the key presentation being the Valuation to be delivered by Rob Bilton of Hymans.
- In the Autumn, there is to be a relaunch of face-to-face pension clinics for scheme members.

### **Accounts and Financial reporting**

- Financial year end 2021-22, draft accounts by 31 July 2022 (details on page 21 of the agenda).
- External audit planned for September, plus new process to gain 'assurance on Fund Governance' – a meeting with the Chair of Pensions Committee.
- Draft 31 March Employer Financial Reports delivered; final reports will be issued once all investment valuation are complete.

### **Internal Audit Report for 2021-22**

- The annual report provides assurance to Pensions Committee on the adequacy and effectiveness of internal controls.
- System of internal controls 'acceptable and sound'

### **CIPFA Benchmarking**

- The Fund participates in the CIPA pensions administration benchmarking club
- Compares our service provision and cost with other LGPS Funds
- Norfolk compares well against other Funds – exceeding 'club average' for all performance targets
- Norfolk's cost per scheme member is £19.84 compared with the 'club average' of £21.91.

### **National LGPS Procurement Frameworks**

- Marking their 10<sup>th</sup> Anniversary by being shortlisted in the Team of the Year category at this year's 'GO Awards'
- 2 new frameworks launched: Stewardship Framework and Pensions Administration Operational Support Services

## Framework

- Working on Investment Consultancy Framework and Legal Services Framework

### **Admission Agreements:**

- 2 admission agreements for Committee to note: Edwards & Blake (Unity Education Trust – para.11.2 of the report) and *late admission agreement: Turn It On (Eastern Multi-Academy Trust sent by email)*

**6.3** During discussion, the Committee noted the external auditors would like to meet with both the Chair of the Audit Committee, to discuss governance arrangements pertaining to the County Council's statutory accounts, and the Chair of the Pensions Committee, to discuss the Pension Fund's specific governance arrangements. Members welcomed this change in process.

**6.4** In answer to questions, it was noted that the Norfolk Pension Fund, along with other LGPS funds, were involved in the design of new software being developed by Aquila Heywood (the Fund's current pensions administration software provider) to support the McCloud 'remedy' regulations. This work was proceeding according to the development timetable.

**6.5** Members welcomed the CIPFA Benchmarking Club data that showed a strong set of performance results for the Norfolk Pension Fund across Key Performance Indicators for scheme administration compared to other LGPS funds. The Benchmarking Club data also showed Norfolk to be in a favourable position regarding scheme administrative costs per member (£19.84 compared with the 'club average' of £21.91)

**6.6** Members asked that at the September 2022 meeting they be given an update on the key priorities for the Fund considering the anticipated LGPS consultation/reform agenda. The most important priority was seen as continuing to meet the pensions requirements of scheme members.

**6.7 RESOLVED**

### **That the Committee:**

#### **1. Note the contents of the report including the following two Admission Agreements:**

- Edwards & Blake (Unity Education Trust - para.11.2 of the report).
- Turn It On (Eastern Multi-Academy Trust - (circulated by email prior to the meeting)).

#### **2. Place on record thanks and congratulations to the National LGPS Frameworks team (hosted by the Norfolk Pension Fund)**

**on being shortlisted in the Team of the Year category at this year's 'GO Awards'**

## **7 Update from the Pensions Oversight Board**

**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 updated the Pensions Committee on the work of the Pensions Oversight Board (POB) which had last met on 24 May 2022.

**7.2** The Committee's attention was drawn to the following areas included amongst other items on the POB agenda when they last met virtually on 24<sup>th</sup> May 2022:

- Current operational issues and regulatory reform Strategic Review closure report
- The 2022 triennial valuation process and planning
- Proposals for observation of ACCESS Joint Committee meetings

**7.3** Board membership update

- Jonathan Dunning confirmed as new UNISON nominated Board member
- Board now had full membership

The next Meeting of POB is 6 September 2022

## **7.4 RESOLVED**

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

## **8 NPF Strategic Review Programme: Closure 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. The report presented the key outcomes delivered against the original review recommendations and recorded the assignment of outstanding tasks to business-as-usual activities.

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

### **Strategic review programme**

- Review focused on addressing areas of high risk
  - Increased workload across all areas of the Fund
  - Volume and complexity of scheme employer work
  - Increased focus on engagement and communications
  - Greater scrutiny placed on Fund governance
- Revisions to the programme have been noted by Committee and quarterly status updates given

- As previously signalled, the programme was formally closed on 31 March 2022

### **Closure Report**

- The closure report documents:
  - Success in meeting review recommendations
  - Identification of work in progress/outstanding tasks
  - Lessons learnt and best practice for future projects
- Remaining tasks have been assigned to members of the Management Team with plans to complete by 31 March 2023

## **8.3 RESOLVED**

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

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

**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.

**9.2** 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

### **Risk Management & Movement**

- The Fund remains effective in delivering and maintaining a resilient operational service
- Insufficient skilled resource (Administration) has moved out of High Risk

### **Remaining Areas of High Risk:**

- Insufficient skilled resource (Funding & Investment)
- Cyber and financial crime

### **Compliance with Breaches Policy**

- No 'materially significant' late pay over of employee or employer contributions or other breaches had occurred (page 135 of the agenda)

**9.3** Members noted the latest risk update and the movement in high risks over the last two years, and the success in reducing the number of high risks from eight to two. The current high risks identified are insufficient skilled resource in the funding and investment team (acknowledging the departure of the Pension Fund Accountant) and cyber and financial crime, an area also being considered by the Norfolk Pension Board.

#### **9.4 RESOLVED**

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

#### **10 ACCESS Update Unrestricted Items**

**10.1** The annexed report (10) by the Executive Director of Finance and Commercial Services 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.

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

##### **Joint Committee meetings**

- Last meeting held on 6 June 2022
- Next meeting 6 September 2022

##### **Internal Audit of ACCESS Support Unit (ASU)**

- Audit undertaken by Essex County Council
- To provide assurance that the ASU is fulfilling its responsibilities to the Pool
- A 'Good Assurance' rating received

##### **2021/22 Business Plan & Budget Outturn**

- 2021/22 Business Plan includes a number of 'in-progress' activities carried forward to 2022-23
- 2021/22 outturn totals £1.047m (£95k per ACCESS authority)
- Underspend of £200k resulting from:
  - ASU Salaries - part-year costs for new Client Manager/other staff expenses £57K
  - Reduced overheads - host authority (Essex CC), technical leads and secretariat £38K
  - Fewer procurements undertaken £33K
  - Net savings relating to external professional advice £72K
- Estimated 2022/23 budget £1.366m (£124k per ACCESS authority)

##### **Proposed amendments to Inter Authority Agreement (IAA)**

- To allow the JC to recommend the adoption and content of guidelines to ACCESS authorities
- To allow observers from Local Pension Boards to attend JC meetings
- More flexible rules around nominating JC member substitutes and s101 Committee Member attendance at JC meetings

**10.3** It was not possible to say at this stage when the POB would be invited to observe the JC, which depended on the date by which every ACCESS authority signed their revised inter-authority agreement.

#### **10.4 RESOLVED**

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

#### **11 Exclusion of the Public Items 12-18 only**

**11.1** 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.

**11.2** 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:-

#### **11.3 Item 12- 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.

#### **11.4 Item 13- 2022 Valuation – Actuarial Assumptions**

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.

#### **11.5 Item 14 – 2022 Valuation – Review of Funding & Investment Strategy for Academies**

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.

**11.6 Item 15 - 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.

**11.7 Item 16 – 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.

**11.8 Item 17 - Investment Manager presentation - Equitix**

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.

**11.9 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.

**11.10 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.

## **12 ACCESS Update – Restricted items**

- 12.1** 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.

### **12.2 RESOLVED**

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

## **13 2022 Valuation – Actuarial Assumptions**

- 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 presented the proposal of the Fund Actuary (Hymans Robertson) for setting the assumptions to be used in the completion of the statutory valuation of the Fund at 31 March 2022. As well as being a "health check" on the funding position the valuation would set employer contribution rates payable for the period 1 April 2023 to 31 March 2026.

- 13.2** The report was accompanied by a detailed report and presentation by the Fund Actuary.

- 13.2** The assumptions proposed were considered to maintain a consistent level of prudence and approach with those adopted at the last statutory valuation.

### **13.3 RESOLVED**

**That the Committee approve the adoption of the assumptions proposed by the Fund Actuary (Hymans Robertson) for the 2022 Valuation.**

## **14 2022 Valuation – Review of Funding & Investment Strategy for Academies**

- 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 on the results of the asset and liability modelling carried out by the Fund Actuary (Hymans) using their COMPASS modelling tool. It summarised the conclusions and

recommendations arising from this work including the practical implications for investment and contribution strategy for academies.

**14.2 RESOLVED**

**That the Committee note the content of this report and agree the advice from the Fund Actuary.**

**15 Investment Performance Update by Hymans Robertson**

**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 first quarter of 2022 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**

**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 further forthcoming training sessions for Members on investment issues.

**16.2 RESOLVED**

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

**17 Investment Manager presentation – Equitix**

**17.1** Three representatives from Equitix (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 Equitix for their presentations.

**17.3 RESOLVED**

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

**18 Exempt Minutes of the meeting held on 1 March 2022**

- 18.1** The exempt minutes of the meeting held on 1 March 2022 were confirmed by the Committee and signed by the Chair.

**The meeting concluded at 13.15**

**Chair**