



Pensions Committee

Date: **Tuesday 5 October 2021**

Time: **9:30am**

Venue: **Council Chamber, County Hall, Martineau Lane,
Norwich NR1 2DH**

Membership

Members

Cllr Judy Oliver – Chair

Vacancy
Cllr Will Richmond
Cllr Dan Roper
Cllr Martin Storey

Co-opted Members

Cllr John Fuller
Cllr Alan Waters

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, in view of Covid-19 guidelines, we would encourage members of the public to watch remotely by clicking on the following link:

https://youtu.be/5xJf_RTPHJ8

However, if you wish to attend in person it would be most helpful if, on this occasion, you could indicate in advance that it is your intention to do so. This can be done by emailing committees@norfolk.gov.uk where we will ask you to provide your name, address and details of how we can contact you (in the event of a Covid-19 outbreak). Please note that public seating will be limited.

Councillors and Officers attending the meeting will be taking a lateral flow test in advance. They will also be required to wear face masks when they are moving around the room but may remove them once seated. We would like to request that anyone attending the meeting does the same to help make the event safe for all those attending. Information about symptom-free testing is available [here](#).

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. **Minutes** **(Page 5)**

To confirm the minutes of the meeting held on 6 July 2021

3. **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.

4. **To receive any items of business which the Chairman decides should be considered as a matter of urgency**

- 5 **Administration Report** **(Page 14)**

Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

- 6 Update from the Pensions Oversight Board (Page 110)**
- Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund
- 7 Draft Pension Fund Annual Report and Accounts 2020-21 (Page 121)**
- Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund
- 8 Corporate Governance and Shareholder Engagement Report (including summary climate risk monitoring report) (Page 286)**
- Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund
- 9 ACCESS Update- unrestricted items (Page 300)**
- Joint Report by the Executive Director of Finance and Commercial Services 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 303)**
- Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund
- 12 NPF Strategic Review Programme: Status Report (Page 307)**
- Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund
- 13 Service delivery and ‘smarter working’ post pandemic (Page 311)**
- Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund

- 14 Contract Award Actuarial, Benefit and Governance Consultancy Services (to include presentation by appointed provider) (Page 314)**
- Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund
- 15 Hymans Quarterly Performance Report (Page 316)**
- 16 Investment Update – including full climate risk monitoring report (Page 342)**
- Joint Report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund
- 17 Public Equity Review (Page 362)**
- Joint report by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund
- 18 Exempt Minutes (Page 395)**
- To confirm the exempt minutes of the meeting held on 6 July 2021

Tom McCabe
Head of Paid Service
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 27 September 2021



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Pensions Committee

Minutes of the meeting held on Tuesday 6 July 2021 commencing at 9:30 am and held at County Hall, Norwich

Present:

Cllr W Richmond	
Cllr D Roper	
Cllr J Oliver	(Chair)
Cllr A Waters	

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
Tim Shaw	Committee Officer

Others Present:

David Walker	Investment Adviser, Hymans Robertson (not present for item 12)
Brian Wigg	Pensions Oversight Board

1 Apologies for Absence

- 1.1** Apologies for absence were received from Mr S Aspin, Cllr J Fuller, Cllr R Savage and Cllr M Storey.

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 2 March 2021 were confirmed as a correct record and signed by the Chair.

4 Declaration of Interest

The following declarations of interest were received:

- Cllr Waters declared an “other interest” because his wife was a member of the scheme.
- Mr David Walker, Hymans Robertson, declared a Disclosable Pecuniary Interest in Item 12 (Procurement of Actuarial, Benefit and Governance Consultancy Services) as investment adviser to the Committee and Hymans Partner, took no part in the decision and left the room while Members considered this item.

5 Matters of Urgent Business

5.1 There were no matters of urgent business.

6 Administration Report

6.1 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 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 2021.

6.2 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
- Pensions Oversight Board
- National Scheme Advisory Board
 - Responsible Investment (RI)
 - Scheme Annual Report
- MHCLG
- The Pensions Regulator
- Communication and Customer Care Strategy:
 - With Scheme Members
 - Annual Benefit Statement for active and deferred members
 - Retired Members Newsletter Primetime
 - Retired Member Forum
 - Pensions Increase Notifications
 - P60 End of Year Certificates
 - Printed payslips
 - With Employers
 - Employer Forums
 - Employer Webinars
 - Employer Newsletter

- Norfolk Pension Fund Annual Team (virtual) Meeting
- Year End
 - Scheme Administration Year End
 - Financial Year End – Statutory Accounts
 - EY Audit Plan for 2020-21
 - Draft Assurance Letter
 - Employer Financial Reporting Requirements
- Annual Report – Cost Transparency
- Norfolk Audit Services Annual Internal Audit Report for 2020-21 for the Norfolk pension Fund
 - The Annual Internal Audit Report
- Changes to Investment Strategy Statement
- Climate Risk Reporting – template for publication
- Collaborative Working / Value for Money
 - National LGPS Procurement Frameworks update
 - Frameworks 2020-21 actual outturn
 - Global Custody Joint Procurement by 7 ACCESS Funds
 - Norfolk's use of the Framework for Actuarial, Benefits and Governance Consultancy Services
- Knowledge and Skills including training day on 15th June
- Admission Agreements
 - Aspen Services Ltd (Evolution Trust)
 - Churchill Services (Broadland District Council)
 - Compass Group T/a Chartwells (Diocese of Ely Multi Academy Trust)
 - Compass Group T/a Chartwells (Eastern Multi Academy Trust)
 - Compass Group T/a Chartwells (Stabbed All Saints & North Elmham Primary School)
- 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

6.3

The Committee's attention was drawn to the following:

- Coronavirus and Smarter Working
 - Stable operational basis maintained
 - Norfolk Pension Fund's participation in the annual Staff Survey and the Corporate Authority's Smarter Working Programme
 - Need to align development of smarter working solutions with future service delivery requirements of the Norfolk Pension Fund to support members and other stakeholders.
- Scheme Advisory Board's LGPS 2020 Annual Report highlights
 - 6.2m members 16,300 employers £276bn assets
 - Awaiting next steps – Good Governance and Responsible Investment
- Communications and engagement
 - Members: preparing for production and distribution

- Annual Benefit Statements, available on-line by the end of August and delivered to home addresses in September
 - Employers: virtual forum in July
- Year end
 - Administration – last full year of ‘traditional’ year-end returns before the introduction of new software to allow employers to submit monthly data
 - Annual report and statutory accounts update – revised timetable for audit and publication of the accounts
- Internal Audit report
 - ‘Acceptable’ report for 2020-21
- Climate Risk Reporting
 - Template at Appendix H published on website which will be updated every six months
- National LGPS Frameworks
 - Two frameworks recently launched
- Admission Agreements
 - 5 admission agreements for Committee to agree and note

6.4 RESOLVED

That the Committee agree and note the contents of this report and approve the following 5 Admission Agreements:

- **Aspen Services Ltd (Evolution Trust)**
- **Churchill Services (Broadland District Council)**
- **Compass Group T/a Chartwells (Diocese of Ely Multi Academy Trust)**
- **Compass Group T/a Chartwells (Eastern Multi Academy Trust)**
- **Compass Group T/a Chartwells (Stibbard All Saints & North Elmham Primary School)**

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 27 May 2021.
- 7.2** 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
 - Risk management – High Risks
- 7.3** It was noted that POB Members had attended the training day for Members of Pensions Committee held on 15 June 2021 and that they

regularly attended webinars and virtual conferences. The 5th annual report of the Board could be found at appendix C to the committee report.

7.4 RESOLVED

That the Committee note the contents of the 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 – ACCESS Update – Joint Committee Virtual Briefing

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– Risk Register 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.

8.5 Item 11 – 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.

8.6 Item 12 - Procurement of Actuarial, Benefit and Governance Consultancy Services

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.

8.7 Item 13 – 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.

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 - Public Equity (growth assets) Review – Further Information

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.

8.10 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 ACCESS Update- Virtual Briefing

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

9.2 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.

9.3 RESOLVED

That the Committee note the contents of the report.

10 Risk Register Report

10.1 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 updated the Pensions Committee on the Norfolk Pension Fund's Risk Register and Breaches Policy.

10.2 RESOLVED

That the Committee note the contents of the report.

11 NPF Strategic Review Programme: Status Report

- 11.1** 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.
- 11.2** **RESOLVED**
- That the Committee note the contents of the report.**
- 12A** **Mr David Walker, Hymans Robertson (Disclosable Pecuniary Interest)**
- At this point in the proceedings Mr David Walker, Hymans Robertson, declared a Disclosable Pecuniary Interest in the following item (Procurement of Actuarial, Benefit and Governance Consultancy Services) as the actuarial adviser to the Committee and Hymans Partner, and left the room while Members considered this item and took no part in the decision.
- 12** **Procurement of Actuarial, Benefit and Governance Consultancy Services**
- 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 outlined the approach by which Norfolk Pension Fund would procure Actuarial, Benefit and Governance Consultancy Services when the current contract for Actuarial Services ends in December 2021. The procurement would be via further competition under the latest National LGPS Framework for Actuarial, Benefit and Governance Consultancy Services.
- 12.2** **RESOLVED**
- That the Committee note the contents of the report and the approach to further competition.**
- 12,3** Mr David Walker, Hymans Robertson, re-entered the room at this point in the proceedings.
- 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 2021 which was set out in the report.
- 13.3** **RESOLVED**

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

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, and further forthcoming training sessions for Members on investment issues.

14.2 RESOLVED

That the Committee note the content of the report.

15 Global Equity Review – Further Information

15.1 The Committee received for training purposes a slide presentation (containing exempt information) on equity investments by Hymans Robertson.

15.2 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.

16 Exempt Minutes of the meeting held on 2 March 2021

16.1 The exempt minutes of the meeting held on 2 March 2021 were confirmed by the Committee and signed by the Chair.

The meeting concluded at 12 noon

Chair

Pensions Committee

Item No: 5

Report title:	Administration Report
Date of meeting:	5 October 2021
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Glenn Cossey, Director of the Norfolk Pension Fund
<p>Executive Summary</p> <p>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 July 2021.</p> <p>Recommendations</p> <p>The Committee note the content of this report including the revision to the Pensions Administration Strategy (PAS) and the four admission agreements;</p> <ul style="list-style-type: none"> ▪ Edwards & Blake (Ormiston) ▪ Edwards & Blake (Colman Infants) ▪ Churchill Services (The Clare School) ▪ Churchill Services (City College Norwich – Easton College site) 	

<u>Item No.</u>	<u>Title</u>	<u>Appendices</u>
1.	Background	
2.	Coronavirus and Smarter Working	
3.	Governance framework for the Norfolk Pension Fund:	
3.1	Government Changes	
3.4	Pensions Oversight Board	
3.7	National Scheme Advisory Board	
3.10	Update on current issues	Appendix A
3.12	The Pensions Regulator	
3.14	Risk Management	
3.16	o Summary Risk Heat Map (at September 2021)	Appendix B
4.	Communication	
4.1	With Scheme Members	
4.2	o Annual Benefit Statement for active and deferred members	
4.7	o Active Member Sample Annual Benefit Statement 2021	Appendix C
	o Deferred Member Sample Annual Benefit Statement 2021	Appendix D
4.8	o Pension Clinics and Annual Meeting	
4.13	o Retired Members Forum and Newsletter	
4.15	o Annual Allowance and Lifetime Allowance	
4.17	With Employers	
4.19	o Employer Forums and Webinars	
4.25	o Employer Newsletter	
4.26	o Employer Newsletter July	Appendix E
	o Employer Newsletters September	Appendix F
4.27	o Employer Pension Administration Strategy (PAS) Appendix	Appendix G
4.28	o Employer Pension Administration Strategy (PAS)	Appendix H
4.29	Norfolk Pension Fund Team	

- 5. Year End
 - 5.1 o Scheme Administration Year End
 - 5.4 o Financial Year End – Statutory Accounts
 - 5.6 o Employer Financial Reporting Requirements
- 6. Collaborative Working / Value for Money
 - 6.1 o National LGPS Procurement Frameworks
 - 6.7 o Norfolk procurement under the National LGPS Frameworks
 - 6.8 o Actuarial, Benefits and Governance Consultancy Services
- 7. Knowledge and Skills
- 8. Admission Agreements
 - 8.2 o Edwards & Blake (Ormiston)
 - 8.9 o Edwards & Blake (Colman Infants)
 - 8.16 o Churchill Services (The Clare School)
 - 8.23 o Churchill Services (City College Norwich – Easton College site)
- 9. Update on Bulk Transfer Values in Progress
- 10. Freedom of Information Act (FoIA)
- 11. Representation on behalf of the Pension Fund Appendix I
- 12. Norfolk Pension Fund – Pensions Committee Forward Plan Appendix J
- 13. Financial and Other Resource Implications
- 14. Other Implications (inc. Equality Impact Assessment (EqIA)
 - 14.3 o Data Protection Impact Assessments (DPIA)
- 15. Risk Implications/Assessment
- 16. Recommendations
- 17. Background Papers
- 17.1 Appendix A - Update on current issues
- Appendix B - Summary Risk Heat Map (at September 2021)
- Appendix C - Active Member Sample Annual Benefit Statement 2021
- Appendix D - Deferred Member Sample Annual Benefit Statement 2021
- Appendix E - Employer Newsletter – July 2021
- Appendix F - Employer Newsletter – September 2021
- Appendix G - Pensions Administration Strategy (PAS) Appendix
- Appendix H - Pensions Administration Strategy (PAS)
- Appendix I - Representation on behalf of the Norfolk Pension Fund
- Appendix J - 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 July 2021

2. Coronavirus and Smarter Working

- 2.1 The whole Norfolk Pension Fund team transitioned to home working on the 23 March 2020. A stable operational basis was established and has been maintained.
- 2.2 The current lease on accommodation at Lawrence House expires in February 2023. All the team are participating in 'smarter working' discussions. These will help inform the Fund's business requirements for accommodation in advance of the lease expiry. This item is covered further under Agenda Item 13.

3. Governance framework for the Norfolk Pension Fund

3.1 Government Changes

3.2 Following the recent government changes, the Ministry for Housing, Communities and Local Government (MHCLG) is to be renamed as the Department for Levelling Up, Housing and Communities.

3.3 The new MP for Minister of State with responsibilities for Local Government was not confirmed at the time of writing.

3.4 Pensions Oversight Board

3.5 The report from the Pensions Oversight Board is covered by Agenda Item 6 at this committee meeting.

3.6 The Board is made up of scheme member and scheme employer representatives, together with an Independent Chair (who has no voting rights). Board members have fixed terms of office. Therefore arrangements are being made for the election of an Active and Deferred Scheme Member and a Precepting Employer representative for the next term.

3.7 National Scheme Advisory Board

3.8 The National Scheme Advisory Board (SAB) met in July and September 2021. More information about the work of the Board is available on their [website](#).

3.9 The SAB, Secretariat and LGA continue to provide valuable support and resources to the LGPS through the coronavirus pandemic, including liaison with MHCLG, The Pensions Regulator (TPR) etc.

3.10 Update on current issues

3.11 There has been limited news on some of the issues affecting the LGPS over the summer. The latest update on a number of long term issues and developments affecting the LGPS are summarised in the Hymans briefing note at Appendix A.

3.12 The Pensions Regulator

3.13 Implementation of the Regulator's combined Code of Practice has been delayed, following completion of the consultation exercise, with a new anticipated date of Summer 2022 for introduction.

3.14 Risk Management

3.15 Risks and mitigation are monitored regularly by Management Team.

3.16 The latest summary Risk Heat Map (at September 2021) is at Appendix B.

3.17 The heat map identifies:

- a small increase in risk around Pensions Committee knowledge and skills, reflecting the recent scheme developments and changes to Pensions Committee membership
- A small decrease in governance risk associated with business continuity, reflecting our experience of the last 18 months, recent audit findings and work on resilience planning
- All other risks remain stable

3.18 The detailed Risk Report will be presented to the next Pensions Committee meeting on 1 December 2021.

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 all scheme members (active and deferred) before the end of August, in line with the regulatory requirement.
- 4.4 Hard copies of this year's Annual Benefit Statements were posted to the home addresses of all scheme members (both active and deferred) in mid-September. (The total cost of ABS design, production and postage is £43,934. 54,700 booklets were sent to 47,200 members (some members have more than one membership) at an average cost of £0.80 per membership.
- 4.5 In addition to the personal statement of benefits, the booklets also include:
- A summary of benefits in the LGPS
 - Information about the implications of opting out
 - Information on options for increasing your pension, including Additional Pension
 - Contributions (APCs) and Additional Voluntary Contributions (AVCs)
 - The 50/50 option
 - Freedom and Choice
 - Information about tax limits (Lifetime Allowance and Annual Allowance)
 - Information about pension clinics & annual meeting (virtual meetings)
 - Information about the Pre-Retirement Course
 - Death grant nominations
 - Information about the Fund, including Pensions Committee and the Pensions Oversight Board, and an Accounts and Investments overview
 - Information about the State Pension, National Insurance Contributions and State Pension forecasts
 - Legislative changes over the past year
 - Information about the dispute process
 - Signposts to our website and the pensions calculator
- 4.6 This year's booklet also included relevant information relating to coronavirus and their LGPS membership.
- 4.7 Examples of this year's mailing can be seen at the following appendices:
- Appendix C – Active Member Sample Annual Benefit Statement 2021
 - Appendix D – Deferred Member Sample Annual Benefit Statement 2021
- 4.8 Pension Clinics and Annual Meeting
- 4.9 Due to the current pandemic, we cannot hold our usual Pension Clinics (where members are invited for one-to-one meetings with our pension advisors following receipt of their annual benefit statements).
- 4.10 Members instead are invited to contact us to arrange to speak over the phone or to set up a virtual meeting.
- 4.11 Although we offer this service all year, the annual statements act as a valuable prompt to members to follow up any questions or concerns they may have about their pensions.
- 4.12 Members have been advised of the Fund's Annual Meeting scheduled for 6pm on 2 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.

- 4.13 Retired Members Forum and Newsletter
- 4.14 As a result of the pandemic, and in line with the revised engagement strategy with retired members during the pandemic, no retired members forum is planned for this year, but an additional Primetime will be published in November.
- 4.15 Annual Allowance and Lifetime Allowance
- 4.16 Pension Savings Statements will be issued to all scheme members who exceeded the Annual Allowance in 2020/21 by the end of September 2021 to meet the statutory obligation. The deadline for issuing statements is 6 October 2021.
- 4.17 **With Employers**
- 4.18 We have increased our employer engagement since March 2020 so that we can provide the support our employers need as a result of the pandemic, changing operational scheme requirements and regulatory developments.
- 4.19 Employer Forums and Webinars
- 4.20 Our most recent Employer Forum took place virtually on 8th July 2021.
- 4.21 The Agenda included latest updates including:
- Latest news and views from the Fund Actuary
 - Administration - i-Connect latest news
 - Employer Services – latest news
 - ESG: Climate reporting
- 4.22 Our next Forum is scheduled for 9th December 2021.
- 4.23 We will continue to arrange Employer Webinars to support employers as necessary.
- 4.24 All virtual Forum's and Webinars are recorded for those who aren't able to attend real-time.
- 4.25 Employer Newsletter
- 4.26 Employer Newsletters were published in July and September. Copies of these can be found at Appendix E and Appendix F respectively.
- 4.27 Employer Pension Administration Strategy (PAS)
- 4.28 To reflect the move of employers to using i-Connect during 2021 an appendix to the PAS has been drafted and consulted upon with employers. The final version is attached at Appendix G. The main PAS will be updated and the appendix incorporated accordingly during 2022. A copy of the current PAS is attached at Appendix H for information.
- 4.29 **Norfolk Pension Fund Team**
- 4.30 We are maintaining our weekly newssheet to help keep the team connected, supported and informed through remote working, alongside regular team meetings and less formal connections.

5. Year End

5.1 Scheme Administration Year End

- 5.2 The Administration Team have worked very closely to support employers with this years' administration year end returns. All employers completed a return as usual this year and we are very grateful to all the employers who worked with us to achieve this. Next year it will no longer be a requirement after the implementation of i-connect.

- 5.3 Thanks to the commitment and hard work of the administration team and efforts of our employers, despite the pandemic, year end was completed in time to publish Annual Benefit Statements in August, in compliance with the regulatory requirement.
- 5.4 **Financial Year End – Statutory Accounts**
- 5.5 As reported at the Pensions Committee meeting in July, a revised timetable is in place this year for the Annual Report and Accounts. The final draft Annual Report and Accounts is presented as Agenda Item 7.
- 5.6 **Employer Financial Reporting Requirements**
- 5.7 The Fund has also worked with the Actuary to prepare, check and review financial reporting (IAS19/FRS102) of pension obligations and costs for the 30 Fund employers with a financial year-end of 31 March 2021. The checks undertaken by the Fund form part of the assurance regime for E&Y where they are the appointed auditor to the employer. The Funds auditor EY are currently addressing a national issues identified in respect of membership data. As a result EY have requested CARE and Final Salary split data which the Fund is in the process of supplying.
- 5.8 31 March is now the second largest of the employer financial reporting dates for the Fund. Exercises are also conducted at 31 July, 31 August and 31 December. The August exercise in particular has grown significantly as many more schools gain academy status, which brings with it a requirement to report and consider their individual pension positions.
- 5.9 31 July reports have now been issued and 31 August reports will be completed in mid-October for 258 Academy schools and a number of multi-academy trusts.
- 5.10 It continues to be the case that employer auditors have significantly higher audit requirements on the accounting disclosures than previously. This creates additional queries and work burden for the Fund.
6. **Collaborative Working / Value for Money**
- 6.1 **National LGPS Procurement Frameworks**
- 6.2 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).
- 6.3 Using the National LGPS Frameworks saves LGPS Funds significant 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 more than £119m in projected savings as a result of the National LGPS Frameworks programme.
- 6.4 The latest Actuarial, Benefits and Governance Consultancy Services Framework went live in July 2021, and is already being well used. This is the third iteration of this framework.
- 6.5 Work is progressing on a new Stewardship Framework, with the support of the SAB's Responsible Investment Advisory Group, which will replace the current framework; and on a replacement for the current third-party administration framework. A request for Founders to work on the next Investment Consultancy Framework has been circulated.
- 6.6 The Annual Founders Meeting is scheduled for November 2021.

6.7 **Norfolk Procurement under the National LGPS Frameworks**

6.8 Actuarial, Benefits and Governance Consultancy Services

6.9 The Norfolk Pension Fund has used the National LGPS Framework to procure services for the end of the current actuarial contract. This is covered in more detail under Agenda Item 14.

7. **Knowledge and Skills**

7.1 There is an ongoing requirement for members of the Pensions Committee to evidence a level of knowledge commensurate with the decisions they are making.

7.2 Members of Pensions Committee, POB and Fund Officers attended a Responsible Investment workshop on 15 September.

7.3 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.

7.4 All members of Committee and POB have access to the LGPS online learning academy to support them in gaining and maintaining their knowledge. Five licences are also available for Fund Officers.

7.5 'Spotlight' sessions are being delivered to help build knowledge and share understanding between the different specialist service areas within the Norfolk Pension Fund team.

8. **Admission Agreements**

8.1 There are 4 admission agreements for the Committee to note;

8.2 **Admission Agreement – Edwards & Blake (Ormiston)**

8.3 We have received an application for a new admission agreement from the catering contractor Edwards & Blake, as they onboard a new contract win.

8.4 The admission application is in respect of a catering contract with Ormiston Academies Trust at the sites of Cliff Park Ormiston Academy and Edward Worledge Ormiston Academy, which commenced on 29 March 2021 for a contract length of 4 years.

8.5 The admission agreement will cover two 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.

8.6 The Scheme Employer (Ormiston Academies 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 Finance & Commercial Services.

8.9 **Admission Agreement – Edwards & Blake (Colman Infants)**

8.10 We have received an application for a new admission agreement from the catering contractor Edwards & Blake, as they onboard a new contract win.

8.11 The admission application is in respect of a catering contract with Colman Infants commencing 1 April 2020.

- 8.12 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.
- 8.13 Norfolk County Council will be party to the admission agreement as scheme employer (the school is under local authority control).
- 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 Finance & Commercial Services.
- 8.16 **Admission Agreement – Churchill Services (The Clare School)**
- 8.17 We have received an application for a new admission agreement from the cleaning contractor Churchills.
- 8.18 The admission application is in respect of a contract with The Clare School, which commenced in May 2017.
- 8.19 The admission agreement covers one member of staff who transferring in respect of the contract, with the right to LGPS membership and completed 9 months employment with the contractor. It does not cover any other staff of the contractor and will be closed to any other staff employed on the contract.
- 8.20 Norfolk County Council will be party to the admission agreement as scheme employer (the school is under local authority control).
- 8.21 The admission agreement will allow collection of contributions due and update of member service records. It will then immediately cease.
- 8.22 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.
- 8.23 **Admission Agreement – Churchill Services (City College Norwich – Easton College site)**
- 8.24 We have received an application for a new admission agreement from the cleaning contractor Churchills, as they onboard a new contract win.
- 8.25 The admission application is in respect of a new contract with City College Norwich (Easton College site) commencing 1 September 2021 for a contract length of 3 years.
- 8.26 The admission agreement will covers 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.
- 8.27 The Scheme Employer (City College Norwich) will be party to the admission agreement.
- 8.28 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.
- 8.29 The legal agreements will be sealed under Chief Officer powers by the Director of Finance & Commercial Services.
- 9. Update on Bulk Transfer Values in Progress**
- 9.1 There are none to report this quarter.

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.

Requester/ENQ Reference	Details	Date Received	Action
Fundmap ENQ-505369-Z8P7T1	Current and target asset allocation dated and separated by asset class in percentage	24/08/2021	Responded
PitchBook ENQ-503060-Q9F0X0	Q1 2021 performance data for alternative asset holdings	17/08/2021	Responded
Cobalt Software ENQ-500953-Z9M1G6	Q1 2021 Private equity and real estate fund level performance reports	06/08/2021	Responded
Preqin ENQ-500559-Y4Q3V1	A list of all hedge funds and fund of hedge funds in which Norfolk Pension Fund is an investor	05/08/2021	Responded
Altman ENQ-495088-R3N6Q0	Q4 2020 cash flow report on all private capital investments	15/07/2021	Responded
Bloomberg ENQ-492367-K5F9T9	Q4 2020 and Q1 2021 alternative investment portfolio records for close-ended funds	06/07/2021	Responded
PitchBook ENQ-490476-P1V0G6	Investment memorandum used by investment committee and investment consultants providing consultation to the Fund. All due diligence materials and presentation materials produced by the General Partners	28/06/2021	Responded

11. Representation on behalf of the Pension Fund

- 11.1 Please see Appendix I 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 J.

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 The Norfolk Pension Fund have considered the impact of the changes in service delivery as a result of the global pandemic. There are no issues relevant to equality in this report.
- 14.2 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.

14.3 **Data Protection Impact Assessments (DPIA)**

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

15. Risk Implications/Assessment

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

16. Recommendations

- 16.1 The Committee note the content of this report including the revision to the Pensions Administration Strategy (PAS) and the four admission agreements;
- Edwards & Blake (Ormiston)
 - Edwards & Blake (Colman Infants)
 - Churchill Services (The Clare School)
 - Churchill Services (City College Norwich – Easton College site)

17. Background Papers

- 17.1 Appendix A - Update on current issues
Appendix B - Summary Risk Heat Map (at September 2021)
Appendix C - Active Member Sample Annual Benefit Statement 2021
Appendix D - Deferred Member Sample Annual Benefit Statement 2021
Appendix E - Employer Newsletter – July 2021
Appendix F - Employer Newsletter – September 2021
Appendix G - Appendix Pensions Administration Strategy (PAS) Appendix
Appendix H - Pensions Administration Strategy (PAS)
Appendix I – Representation on behalf of the Norfolk Pension Fund
Appendix J – Pensions Committee Forward Plan

Officer Contact

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

Officer name : Glenn Cossey

Tel No. : 01603 228978

Email address : 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.

Current issues in the LGPS

September 2021

Responding to the cost control consultation

The Government's [consultation](#) on changes to the cost control mechanism closed on 19 August. All stakeholders in the public sector pension arena will be eagerly awaiting the Government's response to see how this important mechanism will operate in future to support the long-term sustainability of the post-reform CARE schemes. Our response to the consultation can be found [here](#).

Section 13 update

GAD have recently shared a draft version of their 2019 Section 13 valuation report for England & Wales with fund actuaries for comment. The headline results are positive for funds, with no significant funding issues identified for the funds advised by Hymans Robertson. We have responded with our thoughts and views on certain aspects of the report, especially where there is potential for undesirable consequences on funding behaviour in the LGPS. The final report is expected to be published this Autumn.

Pension tax deadline approaches

Our recent [60 Second Summary](#) on the topic of pension tax highlighted the challenges we know many administrators face in processing pension savings statements, as well as dealing with the technical member enquiries that can follow. If you need assistance, as the deadline approaches, or would like to discuss other support we can give with tax seminars, one-to-one sessions or administrator training please get in touch with [Pete Riedel](#) (0141 566 7955) or [Ian Colvin](#) (0141 566 7923) who would be happy to discuss further.

GAD announce re-introduction of broad comparability assessments

In the wake of the McCloud judgement GAD suspended the certification of broadly comparable pension schemes. While this may not be the issue for LGPS employers it once was, we do still see occasions where a service provider opts for a broadly comparable scheme, over admitted body status. In its [latest news](#), given the ongoing consultations on a McCloud remedy, GAD has confirmed the start of a rolling programme of recommending some broad comparability work, limited initially to career average schemes. Existing cases that had been suspended need to be referred to GAD regarding recommencement.

A Big Bang for UK investments?

Number 10 and Her Majesty's Treasury have written a joint [open letter](#), accompanied by a [press release](#), to challenge institutional investors (e.g. LGPS funds and pools) to invest more in long-term UK assets. They say that such investors are under-represented in owning UK assets, and want to 'unlock the hundreds of billions of pounds' they control and 'use it to drive the UK's recovery'. The letter also says that No. 10 and HMT are 'doing everything possible — short of mandating more investment', whilst noting that the choice of the best investments for members 'remains a matter for pension fund trustees'. The letter closes with a message that Ministers and officials will be in touch during the coming weeks to tell investors more about their ambitious plans.

TPR's new combined code of practice delayed

The Regulator recently published an [interim response](#) to its recent single code of practice [consultation](#). It had been expected that the new, combined, code would be effective sometime this year. Given the number of responses received, this appears to have been pushed back to late Summer 2022. Despite this delay we recommend you use the additional time to continue preparing for the code's implementation. We would be happy to discuss what you could be doing, if you have any questions.

Responsible Investment update

The publicity around the latest [Intergovernmental Panel on Climate Change \(IPCC\) Report](#), which warns that limiting global warming to 2 degrees will be impossible unless immediate action is taken, rightly keeps this subject centre stage amongst funds. Our latest thoughts are captured in our quarterly [Responsible Investment News and Views](#). This touches on our [Climate Metrics: Chasing Rainbows](#) paper which explain the benefits and limitations of monitoring climate metrics. We expect MHCLG will soon issue a consultation on how funds should disclose these metrics; our interactive ['Getting ready for TCFD' guide](#) is available to help you to get to grips with this.

Summit to talk about

What is the "flaw of averages" and how does it affect your actuarial valuation? Our Douglas Green will be at the [LGC Leeds Investment Summit](#) on 9-10 September, presenting at the penultimate session on what your valuation is – and isn't – telling you. (Mind you, Douglas is unsure how he will be able to follow the previous evening's after-dinner speaker, Brian Blessed!)

Training update - Learning academy 3 months into the 2021 term and the KPA (the new kid in school)

In his latest [blog](#) Andrew McKerns describes what we have learned in the first 3 months of the LGPS Online Learning Academy (LOLA). With over 20 funds already using the platform, we have gained some great insights into the latest training challenges for LGPS funds. Of particular interest is seeing how funds have rolled out their LOLA participation in different ways. Some have used it to target specific areas within their training plan, while others have stuck to the module specific program. We also have a new kid joining this term! For those funds that are looking for a 2021 knowledge assessment for their Committee and Board, we have introduced a [Knowledge Progress Assessment \(KPA\)](#) which will provide you with a baseline of current knowledge and understanding level. Please get in touch with [Andrew](#) if you would like to discuss either LOLA or KPA for your Fund.

Better Futures 100: Diversity and inclusion virtual event

Creating a diverse and inclusive working environment benefits everyone. When you feel welcome and able to be yourself you can truly thrive. People can do their best work, have more rewarding careers, decision-making becomes more assured and we believe it also leads to enhanced client relationships. [Please join us on 29 September for a virtual event](#) that will explore the part we can all play in building a more diverse and inclusive future.

Appendix

Responding to cost control consultation

[Cost control mechanism condoc FINAL VERSION.pdf \(publishing.service.gov.uk\)](#)

[Cost control mechanism - Hymans Robertson responds to consultation - Hymans Robertson](#)

Pension tax deadline approaches

[The 'Generation Game' challenge of LGPS administration annual tax activities - Hymans Robertson](#)

GAD announce re-introduction of broad comparability assessments

[Staff transfers: public service pension schemes - GOV.UK \(www.gov.uk\)](#)

A Big Bang for UK investments?

[A Challenge Letter from the Prime Minister and Chancellor to institution 1.pdf \(publishing.service.gov.uk\)](#)

[Prime Minister and Chancellor challenge UK investors to create an 'Investment Big Bang' in Britain - GOV.UK \(www.gov.uk\)](#)

TPR's new combined code of practice delayed

[Interim response to the consultation on TPR's new code of practice | The Pensions Regulator](#)

[Single code of practice consultation | The Pensions Regulator](#)

Responsible Investment update

[Climate change widespread, rapid, and intensifying – IPCC — IPCC](#)

[Responsible Investment News and Views – Q3 2021 - Hymans Robertson](#)

[Climate metrics.pdf \(hymans.co.uk\)](#)

[Getting ready for TCFD - Hymans Robertson](#)

Summit to talk about

[LGC Investment & Pensions Summit | The LGC Investment & Pensions Summit \(lgcplus.com\)](#)

Training update - Learning academy 3 months into the 2021 term and the KPA (the new kid in school)

[LGPS online learning academy – 2021 term continues! - Hymans Robertson](#)

[LGPS Knowledge Progress Assessment.pdf \(hymans.co.uk\)](#)

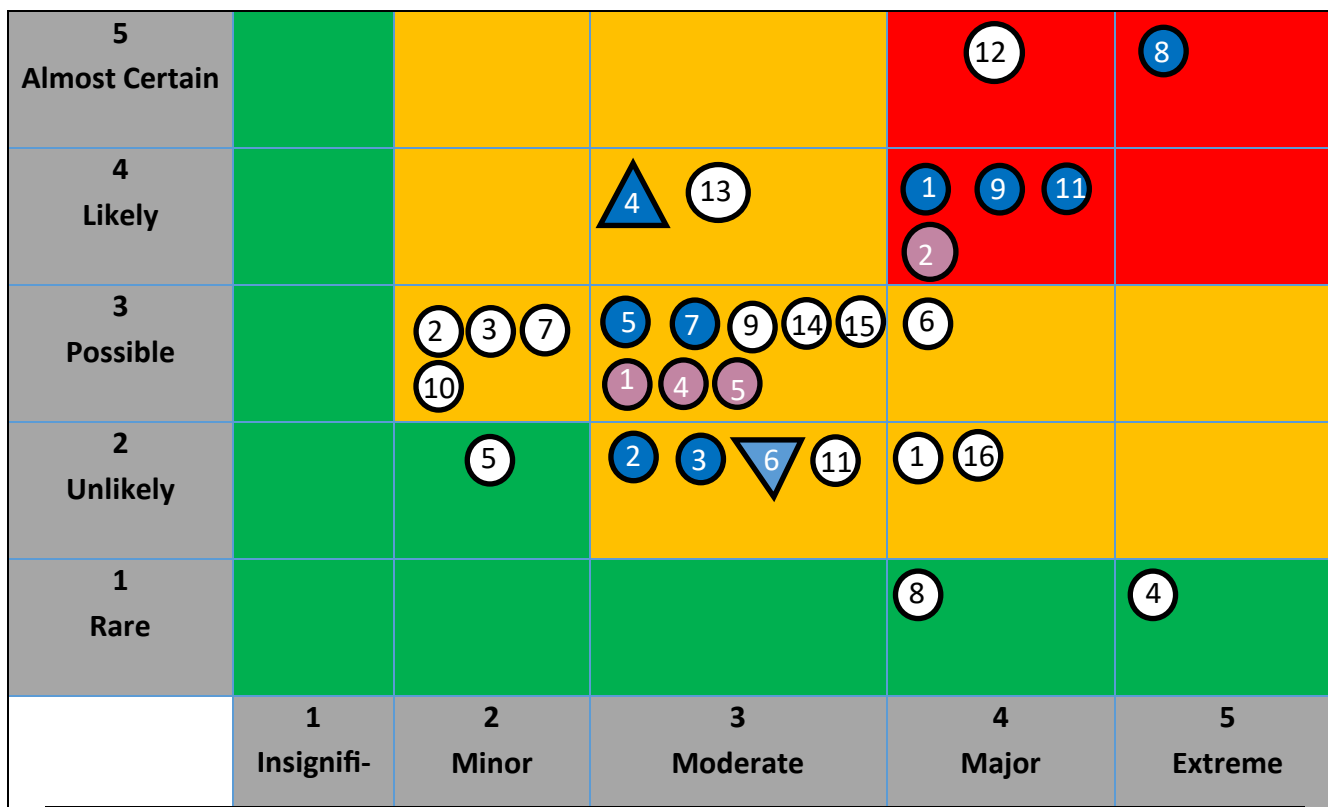
Better Futures 100: Diversity and inclusion virtual event

[Together, building a diverse and inclusive future \(on24.com\)](#)

Norfolk Pension Fund Risk Heat Map September 2021

showing movement since June 2021

Appendix B



	Governance (NPFG)	Funding & Investment (NPFF)	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	NEW System implementation and transition
6	Business continuity (Gov)	Illiquidity	
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		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	

Becoming more of a risk



Risk is stable



Becoming less of a risk



Your Personal Annual Benefit Statement

Ab SAMPLE

August 2021

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	Coronavirus and your pension
6	The LGPS - A reminder of the scheme
8	Your personal benefit statement
18	Your choices
20	The 50/50 option
21	Tax limits and your pension
22	Freedom and Choice
24	Your pension online
25	Want to know more about your pension?
25	Financial advice
26	Are you preparing for retirement?
26	Who do you want to benefit when you die?
27	The Fund
27	Queries and disputes
28	Be scam aware!
29	Changes to the LGPS since September 2020
30	Accounts and investments

Back cover Contact details

Welcome to your personal benefit statement for 2021

Your name **Mr A SAMPLE**

Date of birth **7th June 1970**

National Insurance number **XX999999X**

Your current employer **XXXXXXXX X X (XXXXXXXX)**

Employer payroll reference **99999-9**

This booklet is your **personal benefit statement** from the Norfolk Pension Fund and is based on your service up to 31 March 2021. 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.

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.

We would also love to hear any feedback you have on your statement. You can complete our online survey at **www.smartsurvey.co.uk/s/MTJ2IP**. It only takes a few minutes and will help us provide you with the service you need.

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!
- **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 our **Brief Guide to the LGPS**, available on our website at www.norfolkpensionfund.org or by contacting us using the details on the back of this booklet.

Coronavirus and your pension

Coronavirus Job Retention Scheme

You may have been put on furlough where your employer has used the Coronavirus Job Retention Scheme to keep you on payroll in the event of having no work for you to do.

With Government funding, your employer could pay 80% of your wages up to a monthly cap of £2,500 with the option to top up your pay to 100%. However, if you receive less pay when you are on furlough, the amount of pension you build up during this period will also be reduced. You will continue to pay pension contributions on the pay you receive.

You can pay Additional Pension Contributions (APCs) to buy extra pension to make up for the pension lost. Your employer does not have to pay towards the cost, but they can choose to. To find out more about APCs, please visit our website **www.norfolkpensionfund.org**.

Emergency Volunteering Leave (EVL)

The Emergency Volunteering Leave (EVL) allows workers to take unpaid statutory leave to volunteer in health and social care authorities. If you take a period of EVL, your LGPS pension benefits will build up in the same way as if you were working normally. You will only pay contributions on any actual pay your employer pays you during the period.

Authorised Unpaid Leave

If your employer allows or requires you to take a period of unpaid leave, you will not build up any pension for the period unless you choose to pay Additional Pension Contributions (APCs) to purchase the amount of pension lost. If you choose to pay APCs and elect to do this within 30 days of returning to work, the cost will be split between you and your employer. To find out more about APCs, please visit our website **www.norfolkpensionfund.org**.

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 2021 are:

Band	If your actual pensionable pay is:	You pay a contribution rate of:
1	£0 to £14,600	5.5%
2	£14,601 to £22,900	5.8%
3	£22,901 to £37,200	6.5%
4	£37,201 to £47,100	6.8%
5	£47,101 to £65,900	8.5%
6	£65,901 to £93,400	9.9%
7	£93,401 to £110,000	10.5%
8	£110,001 to £165,000	11.4%
9	£165,001 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** or on the national **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

Date you joined the Norfolk Pension Fund
Section of the Scheme you were in at 31 March 2021

01/02/2015
MAIN

Pensionable Pay for the Year Ending 31 March 2021 £9,999.90

This is the actual pay you received for 2020/21, including pay for non-contractual overtime or additional hours worked. It is used to calculate the Career Average Pension you built up in 2020/21.

If you have received reduced or no pay at any time during the year – either due to sickness or injury, relevant child related leave or reserve forces leave – your pay for these periods is based on your Assumed Pensionable Pay (an average of your Pensionable Pay for the 3 months, or 12 weeks if weekly paid, prior to the period of reduced or no pay).

Important – if you think the Pensionable Pay figure shown above is wrong please let us, or your employer, know as soon as possible. Most queries are easily solved; however if you still disagree with the figure you have the right to appeal via our official Dispute Procedure. You can find a guide about this on our website at www.norfolkpensionfund.org or contact us and we will send you a copy.

Final Salary Pay for Year Ending 31 March 2021 £99,999.99

This is the average pay for 2020/2021 as supplied to us by your employer. It is used to calculate Final Salary Benefits. If you work part-time this is a whole-time equivalent figure.



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. While 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.

Before making any decision about your pension or retirement, please **contact us** for a personal quotation of the benefits payable.

Financial advice

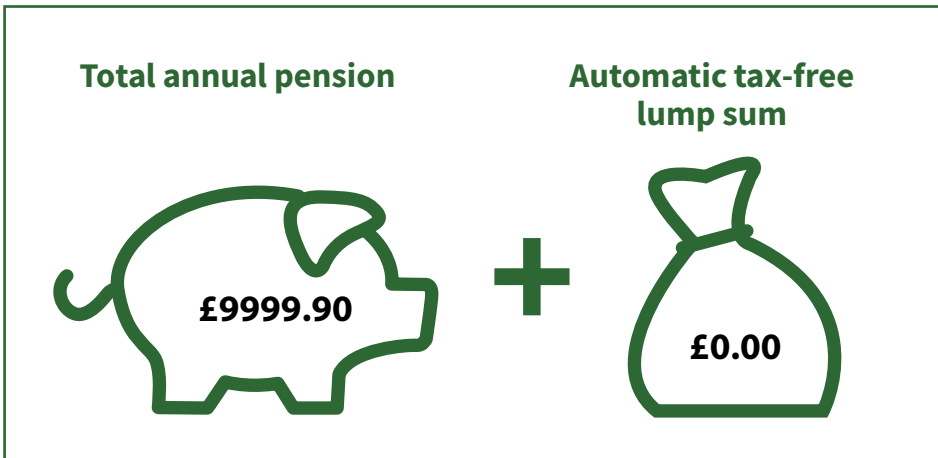
We are very happy to help you understand your LGPS pension and pension options, however we are not able to offer financial advice. For a list of Independent Financial Advisers in your area you can contact IFA Promotions at **www.unbiased.co.uk**. You can find help in choosing one at **www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/top-tips-for-your-pension/choosing-a-regulated-financial-adviser**.

Always remember to check that the advisor is authorised by the Financial Conduct Authority at **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 2021 **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 2021



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.


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 2021**.

How your benefits are calculated

Here's how we have worked out your total benefits

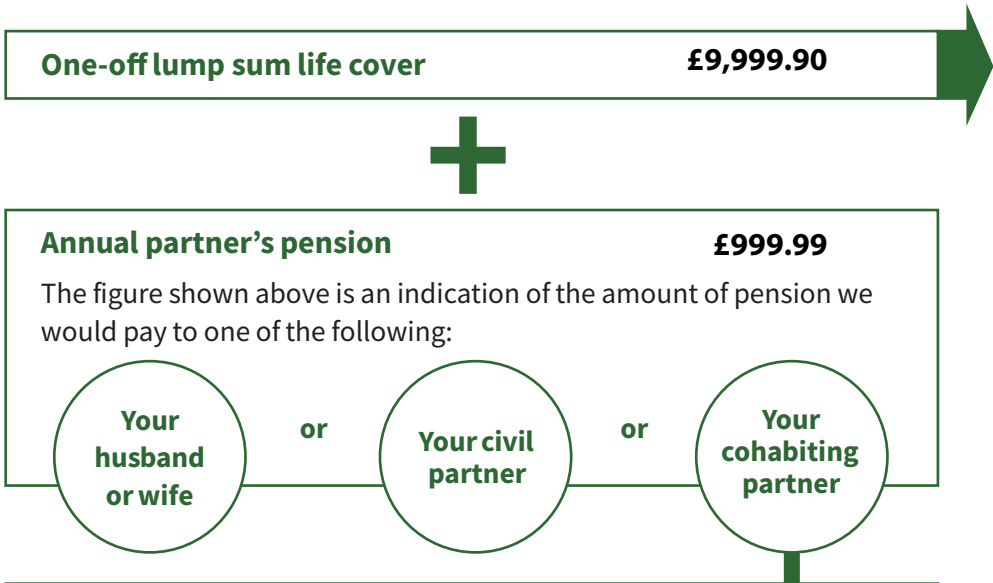
The figures on these pages don't take into account any pension sharing on divorce



Value of Career Average Benefits at 31 March 2021		
Pensionable Pay in Main Section (2020/21)	£9,999.90	
Pensionable Pay in 50/50 Section (2020/21)	£0.00	
Pension at 99/99/9999 (if any)		£999.99
Adjustment for Cost of Living		£9.99
<u>Amount of Pension Build up in 2020/21:</u>		
Main Section (£9,999.90 / 49)		£99.99
50/50 Section (£0.00 / 98)		£0.00
Additional Pension Bought		£0.00
Transfers in		£0.00
Total Annual Career Average Pension		£999.90
(including actuarial increase of £99.99)		
Value of Final Salary benefits at 31 March 2021		
Final Salary Pay	£99,999.99	
Total Final Salary Annual Pension		£999.99
Includes Pension at 80ths	£0.00	
and Pension at 60ths	£999.99	
Total Automatic Final Salary Lump Sum		£0.00
(Your Final Salary Benefits include any extra membership and/or pension where the contract started before April 2014)		

The value of your death benefits

The value of your death benefits at 31 March 2021 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. 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:

Mr AB Sample

Want to set up or change your Expression of Wish details?
You can download a form at www.norfolkpensionfund.org
or contact us (see back of this booklet)

Expression of Wish details for payment of lump sum life cover

Name	Percentage
Mr AB Sample	100%

If you have re-joined the LGPS in England or Wales, or do so in the future, the one-off lump sum life cover payable would be the greater of 5 x your deferred pension or 3 x your pay in your new job

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



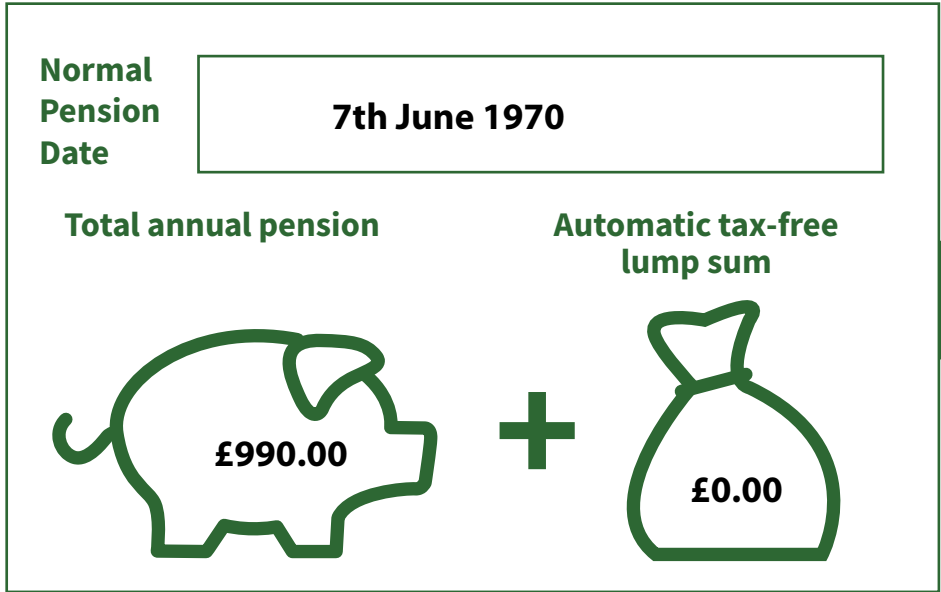
The figures on these pages don't take into account any pension sharing on divorce



Please see page 26 for more on death benefits

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 2021.



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.

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**.

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

Projected Career Average Benefits

Annual Career Average Pension £990.00
(including actuarial increase of £99.99)

Projected Final Salary Benefits

Annual Final salary Pension £0.00
(including actuarial increase of £0.00)

Automatic Lump Sum £0.00
(including actuarial increase of £0.00)

Projected Partners Annual Pension £150.00

This is an indication of the annual pension payable to your partner should you die after retirement. For the purpose of this statement we have assumed that you are married or in a civil partnership. If you would like to know about the benefits payable to a cohabiting partner in the event of your death, please contact us.

The figures on these pages don't take into account any pension sharing on divorce



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
XXXXXXXX X X (XXXXXXXX)	99/99/9999	99/99/9999
XXXXXXXX X X (XXXXXXXX)	99/99/9999	99/99/9999
XXXXXXXX X X (XXXXXXXX)	99/99/9999	99/99/9999
XXXXXXXX X X (XXXXXXXX)	99/99/9999	99/99/9999
XXXXXXXX X X (XXXXXXXX)	99/99/9999	99/99/9999

Only the most recent details of your membership are shown.



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.

to	Calendar length	Percentage of whole time	Period of membership
	99 years 999 days	99.999900%	99 years 999 days
	99 years 999 days	99.999900%	99 years 999 days
	99 years 999 days	99.999900%	99 years 999 days
	99 years 999 days	99.999900%	99 years 999 days
	99 years 999 days	99.999999%	99 years 999 days

44 (17)

Your choices

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 £7,316.

You can find out more about APCs and get a quote by either using the online calculator at **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

If you are an employee of **Norfolk County Council** you have access to a Shared Cost Additional Voluntary Contribution (Shared Cost AVC) scheme facilitated by AVC Wise.

A Shared Cost AVC differs to a standard AVC because it is a shared cost arrangement, meaning both you and your employer contribute into your AVC fund. The main advantage is you save money on both Income Tax **and** National Insurance contributions.

Your Shared Cost AVC is paid into a separate pot of money that sits alongside your Local Government Pension Scheme (LGPS).

How does it work?

1. You choose how much and where your money is invested each month
2. You agree to 'salary sacrifice' the equivalent amount which means you save on Income Tax and National Insurance contributions
3. This money is sent to Prudential who hold and invest this money for you*
4. You can amend your contribution amount and change your investment choices at any time
5. There are a variety of options to withdraw your money at age 55 onwards, including taking it as a tax-free lump sum†

Find out more

Please visit **www.AVCWise.co.uk** to register and access the retirement calculator, informative videos and frequently asked questions.

* The value of an investment can go down as well as up.

† Dependent on the combined value of other LGPS benefits.

The 50/50 option

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** 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

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.



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.

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. The standard rate for the tax years 2020-21 and 2021-22 is £1,073,100.

The **Annual Allowance** is the amount that the value of your pension savings can increase in any one year before any additional tax is due. The standard allowance is currently £40,000 a year although there are now special rules for anyone earning in excess of £220,000 per annum. Please contact us if you believe you might be impacted by the annual allowance.

If you have exceeded the Annual Allowance for 2020-21 in respect of your Norfolk Pension Fund pension rights, you will be sent a Pensions Savings Statement with more details later in the year. If you earn less than the Annual Allowance, you can request a Pensions Savings Statement from us if you require one.

You can find out more from HMRC's website at **www.gov.uk/tax-on-your-private-pension/overview**.

There is also information about tax and your pension on our website at **www.norfolkpensionfund.org**.

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

Freedom and Choice

From 6 April 2015, people in **defined contribution pension schemes** were given far more choice on accessing their pension pots.

Does this affect my Local Government Pension?

The **Freedom and Choice** changes affect people in **defined contribution schemes**. The LGPS is a different type of scheme, known as a **defined benefit scheme**.

As a member of a **defined benefit scheme** you pay in a set amount to build up a **defined** range of benefits, based on your pay and length of service. This provides you with a **guaranteed income in retirement** – unaffected by the ups and downs of the financial markets – so there is no need to buy an **annuity**.

Also, there is already a feature built into your benefits package allowing you to give up some of your pension in exchange for **tax-free cash**.

So what is a defined contribution scheme?

In a **defined contribution scheme** members pay in a set amount – a defined contribution – which is invested in the financial markets to provide a pension pot. Until now members have had to use this pension pot to buy an **annuity** – an annual income paid to them for the rest of their life.

The **Freedom and Choice** changes remove the requirement to buy an **annuity**.

People in these types of scheme will still be able to buy an **annuity** if they wish, but if they prefer they will be able to draw all their pension savings as one **‘cash’ amount**.

That sounds great but only the first 25% will be tax-free, with the rest being taxed. There is also the risk that some people may take all their pension savings in one go and spend them all, leaving themselves with no money to live on in retirement.

Could I join a defined contribution scheme instead?

Yes, it's not compulsory to be in the LGPS. There is nothing to stop you opting out of the scheme and joining a **defined contribution scheme**, then using the **Freedom and Choice** rules to access the new pot with more freedom.

However:

- Most of our employers will only contribute to the LGPS, so you would **miss out** on what they currently pay in (typically twice as much as you do).
- You would be swapping your **secure, guaranteed defined benefits** for a pension pot that relies on the ups and downs of the investment markets.

Given that people opting out of the LGPS could also transfer the value of their current benefits into a **defined contribution scheme**, there is the risk that the benefits they have built up could be adversely affected by a fall in the stock market.

Getting the right advice

Where people are considering transferring benefits from a **defined benefit scheme** like the LGPS to a **defined contribution scheme**, they will have to take independent financial advice if the transfer value is £30,000 or more.

The Government has set up a service called **Pension Wise**, which offers online help at **www.pensionwise.gov.uk**. Please note, the Pension Wise service is becoming part of MoneyHelper, offering free help with your money and pensions. There is also one to one information available from bodies like **Citizens Advice**. They won't advise people what to do but they will offer guidance by helping them weigh up their options.

Your pension online

Keep in touch with your pension online...

www.norfolkpensionfund.org

Visit the Norfolk Pension Fund website for all the latest news and information about the Local Government Pension Scheme.

Register online with us to:

- Use your own pension calculator
- See your personal pension details
- Update your personal details

You can register online at **www.norfolkpensionfund.org**

If you need any help, please call us on **01603 222132**.

Tip

Please register using your current postal address. Call us on 01603 495923 if your address needs changing on our records.

Over 20,000

scheme members have signed up so far!

**Visit our new
Member Self
Service portal!**

www.norfolkpensionfund.org



Want to know more about your pension?

Please call us for a chat...

We are always available to help you with your LGPS pension and answer any questions you may have about planning for your retirement.

If you would like to speak to one of our LGPS experts, please call us on **01603 495923**. We can explain your pension over the phone, or if you would prefer to see the person you're speaking to, we can arrange a virtual online meeting.

Our opening hours are Monday to Thursday, 8.45am – 5.00pm and Friday, 8.45am – 4.00pm.

Due to COVID-19, we are again unable to hold our popular annual Pensions Clinics in October this year – but we're still here to help! Please do not hesitate to call us anytime during office hours for a chat on the phone or to book a virtual meeting with us.

The Fund's Annual Meeting is due to be held at 6pm on 2 November 2021. If you would like more details on how to attend, please call us on **01603 495923**.

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**. You can find help in choosing one at **www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/top-tips-for-your-pension/choosing-a-regulated-financial-adviser**. Always remember to check that the advisor is authorised by the Financial Conduct Authority at **www.fca.org.uk/register**. Please be aware that you may be charged a fee for any advice.

Are you preparing for retirement?

We provide a regular **pre-retirement course** to help our scheme members prepare for retirement. The course is aimed at people who will be, or are considering, retiring in the next 18 months to two years.

The course covers:

- Creating a new future and managing change
- Making the most of your retirement, leisure and learning opportunities
- Information about the Local Government Pension Scheme
- Investment options and where to get financial advice
- Opportunities in the voluntary sector

To find out more, including course dates and how to book a place, please contact HR Direct at Norfolk County Council on **01603 222212** or **HRDirect@norfolk.gov.uk**.

The course is open to
all scheme members

Who do you want to benefit when you die?

A lump sum death grant of **three times your assumed pensionable pay** is payable if you die in service. Even if you die in retirement or as a deferred member, a death grant may still be payable.

You can nominate who you want this money paid to in the event of your death by completing an **Expression of Wish** form. If you have done this already the details are shown on page 13 of this booklet.

If you wish to complete or update your **Expression of Wish** you can download a form from our website at **www.norfolkpensionfund.org** or contact us.

The 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 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.

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.

You can find a guide and application form to the dispute procedure on our website at www.norfolkpensionfund.org. Alternatively please contact us and we will send you a copy.

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**.

For more information about protecting yourself from pension and investment scams, visit **www.fca.org.uk/scamsmart**.

Changes to the LGPS since September 2020

The Northamptonshire (Structural Changes) (Supplementary Provision and Amendment) Order 2021

From 1 April 2021 following a reorganisation of local government in Northamptonshire, all LGPS pension rights held by the former Northamptonshire County Council will now be held by the new West Northamptonshire Council.

Local Government Pension Scheme (Amendment) (No. 2) Regulations 2020

This legislation does not affect members' benefits but sets out how an employer exiting the LGPS may pay any exit payment due over a period of time in agreement with the relevant pension fund authority.

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).

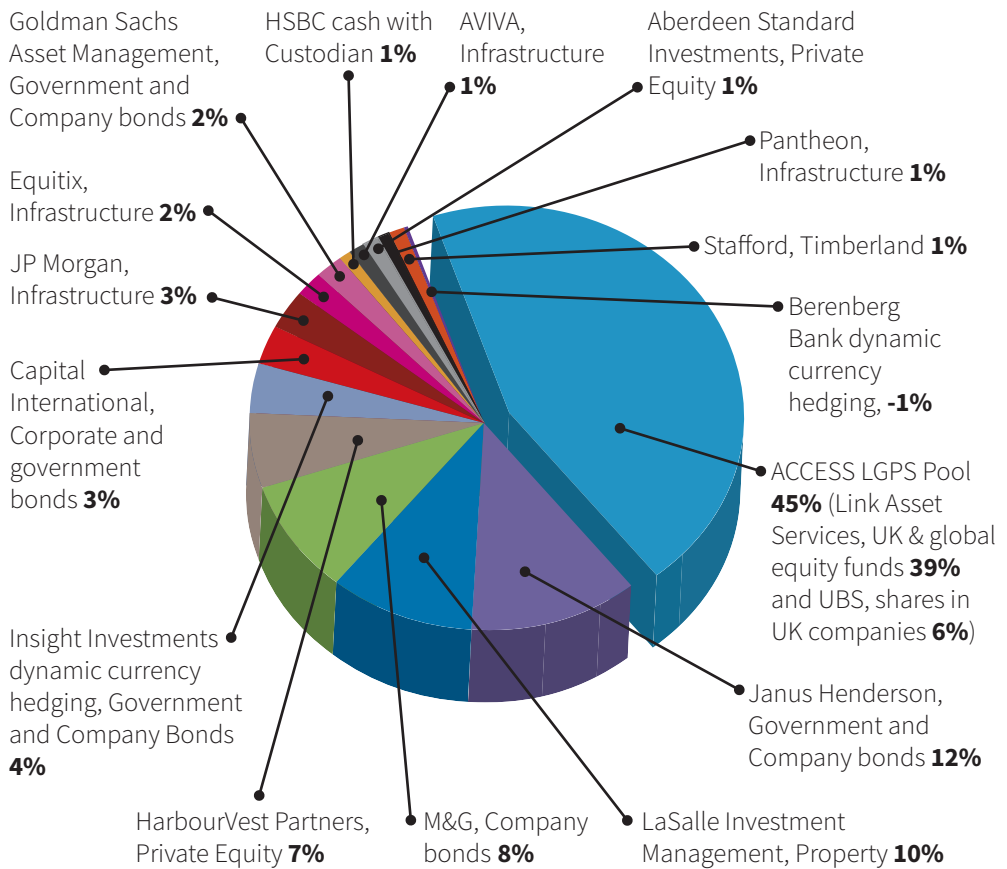
Accounts and investments

Accounts and Investments

This is a summary of the Norfolk Pension Fund accounts and investments. Our **full accounts** for 2020-21 will be published on our website at **www.norfolkpensionfund.org** following full external audit. You can also find there a copy of 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**.

	2020-21 £000s	2019-20 £000s
Opening net assets of the scheme	3,621,120	3,809,192
Employees' contribution to the Fund	33,058	31,231
Employers' contribution to the Fund	130,437	119,463
Transfer values received	13,944	12,103
Payments to pensioners and dependants	-148,973	-144,311
Transfers out and other payments to leavers	-5,006	-6,491
Advisor fees and general administration costs	-28,966	-24,527
Net investment return – including income and the change in value of investments	911,483	-175,540
Closing net assets of the scheme	4,527,097	3,621,120

Financial markets were at a low ebb in March 2020 from the impact of the COVID-19 global pandemic. Since that time, valuations have recovered strongly and the assets of the Fund are now substantially higher than prior to the pandemic. This reflects optimism for post-COVID-19 economic recovery and significant levels of support from governments and central banks around the world. Over the year to 31 March 2021, the Fund's assets increased by 25.02%.



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.

www.norfolkpensionfund.org
 Norfolk Pension Fund
 County Hall, Martineau Lane,
 Norwich, NR1 2DH
 Email pensions@norfolk.gov.uk
 Telephone 01603 495 923



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
 and we will do our best to help.



05/0000001/A/99999
 Mr A Sample
 1 Sample Street
 Anywhere
 Any Town
 Any County
 AB1 1BA



Your Personal Annual Benefit Statement

Ab SAMPLE

August 2021

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	Your pension online
6	Your personal benefit statement
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Back cover Contact details

Welcome to your personal benefit statement for 2021

Your name **Mr A SAMPLE**

Date of birth **7th June 1970**

National Insurance number **XXXXXXXX XX XXXX XXXXXX**

Your LGPS employer **9999**

Employer payroll reference **7th June 2007**

Date of leaving scheme

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.

Benefits you have built up in the scheme are included in this statement.

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.

We would also love to hear any feedback you have on your statement. You can complete our online survey at **www.smartsurvey.co.uk/s/MTJ2IP**. It only takes a few minutes and will help us provide you with the service you need.

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 death grant based on 5 x your deferred benefit. 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

The above is just a summary of the main scheme benefits. You can find out more in our **Brief Guide to the LGPS**, available on our website at **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

Your pension online

Keep in touch with your pension online...

www.norfolkpensionfund.org

Visit the Norfolk Pension Fund website for all the latest news and information about the Local Government Pension Scheme.

Register online with us to:

- See your personal pension details
- Update your personal details

You can register online at **www.norfolkpensionfund.org**

If you need any help, please call us on **01603 222132**.

Tip

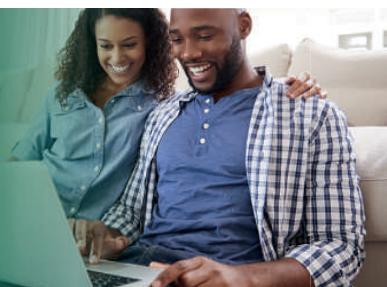
Please register using your current postal address. Call us on 01603 495923 if your address needs changing on our records.

Over 20,000

scheme members have signed up so far!

**Visit our new
Member Self
Service portal!**

www.norfolkpensionfund.org



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. While 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.

Before making any decision about your pension or retirement, please **contact us** for a personal quotation of the benefits payable.

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**. You can find help in choosing one at **www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/top-tips-for-your-pension/choosing-a-regulated-financial-adviser**. Always remember to check that the advisor is authorised by the Financial Conduct Authority at **www.fca.org.uk/register**. Please be aware that you may be charged a fee for any advice.



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
XXXXXXXX XX XXXX XXXXXX	99/99/9999	99/99/9999
XXXXXXXXXXXXXXXXXXXX X.X.	99/99/9999	99/99/9999
XXXXXXXXXXXXXXXXXXXX X.X.	99/99/9999	99/99/9999

667

The current value of your benefits

**Normal
Pension
Date**

7th June 2007

Total annual pension



+

**Automatic tax-free
lump sum**



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**



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.

Inflation-proofing

Pensions increase applied	99.9999%
---------------------------	----------

Date of latest increase	7th June 2007
-------------------------	---------------

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.

The value of your death benefits

The value of your death benefits at 31 March 2021 were:

One-off lump sum life cover

£9,999.99



Annual partner's pension

£999.99

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. **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:

Mr AB Sample

Want to set up or change your Expression of Wish details?
You can download a form at www.norfolkpensionfund.org
or contact us (see back of this booklet)

Expression of Wish details for payment of lump sum life cover

Name	Percentage
Mr AB Sample	100%

If you have re-joined the LGPS in England and Wales, or do so in the future, the one-off lump sum life cover payable would be the greater of 5 x your deferred pension or 3 x your pay in your new job.

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 details.

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

Freedom and Choice

From 6 April 2015, people in **defined contribution pension schemes** were given far more choice on accessing their pension pots.

Does this affect my Local Government Pension?

The **Freedom and Choice** changes affect people in **defined contribution schemes**. The LGPS is a different type of scheme, known as a **defined benefit scheme**.

As a member of a **defined benefit scheme** you paid in a set amount to build up a **defined** range of benefits, based on your pay and length of service. This provides you with a **guaranteed income in retirement** – unaffected by the ups and downs of the financial markets – so there is no need to buy an **annuity**.

Also, there is already a feature built into your benefits package allowing you to give up some of your pension in exchange for **tax-free cash**.

So what is a defined contribution scheme?

In a **defined contribution scheme** members pay in a set amount – a defined contribution – which is invested in the financial markets to provide a pension pot. Until now members have had to use this pension pot to buy an **annuity** – an annual income is paid to them for the rest of their life.

The **Freedom and Choice** changes remove the requirement to buy an **annuity**.

People in these types of scheme will still be able to buy an **annuity** if they wish, but if they prefer they will be able to draw all their pension savings as one **‘cash’ amount**.

That sounds great but only the first 25% will be tax-free, with the rest being taxed. There is also the risk that some people may take all their pension savings in one go and spend them all, leaving themselves with no money to live on in retirement.

Could I transfer my deferred LGPS pension into a defined contribution scheme?

You could transfer the value of your deferred LGPS pension into a **defined contribution scheme**. However, you could be swapping your secure, **guaranteed defined benefits** for a pension pot that relies on the performance of investment markets.

Getting the right advice

Where people are considering transferring benefits from a **defined benefit scheme** like the LGPS to a **defined contribution scheme**, they will have to take independent financial advice if the transfer value is £30,000 or more.

The Government has set up a service called **Pension Wise**, which offers online help at **www.pensionwise.gov.uk**. Please note, the Pension Wise service is becoming part of MoneyHelper, offering free help with your money and pensions. There is also one to one information available from bodies like **Citizens Advice**. They won't advise people what to do but they will offer guidance by helping them weigh up their options.

Want to know more about your pension?

Please call us for a chat...

We are always available to help you with your LGPS pension and answer any questions you may have about planning for your retirement.

If you would like to speak to one of our LGPS experts, please call us on **01603 495923**. Our opening hours are Monday to Thursday, 8.45am – 5.00pm and Friday, 8.45am – 4.00pm

We can explain your pension over the phone, or if you would prefer to see the person you're speaking to, we can arrange a virtual online meeting.

Due to COVID-19, we are again unable to hold our popular annual Pensions Clinics in October this year – but we're still here to help! Please do not hesitate to call us anytime during office hours for a chat on the phone or to book a virtual meeting with us.

The Fund's Annual Meeting is due to be held at 6pm on 2 November 2021. If you would like more details on how to attend, please call us on **01603 495923**.

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. You can find help in choosing one at www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/top-tips-for-your-pension/choosing-a-regulated-financial-adviser. Always remember to check that the advisor is authorised by the Financial Conduct Authority at fca.org.uk/register. Please be aware that you may be charged a fee for any advice.



Are you preparing for retirement?

We provide a regular **pre-retirement course** to help our scheme members prepare for retirement. The course is aimed at people who will be, or are considering, retiring in the next 18 months to two years.

The course covers:

- Creating a new future and managing change
- Making the most of your retirement, leisure and learning opportunities
- Information about the Local Government Pension Scheme
- Investment options and where to get financial advice
- Opportunities in the voluntary sector

To find out more, including course dates and how to book a place, please contact **HR Direct at Norfolk County Council** on **01603 222212** or **HRDirect@norfolk.gov.uk**.



Changes to the LGPS since September 2020

The Northamptonshire (Structural Changes) (Supplementary Provision and Amendment) Order 2021

From 1 April 2021 following a reorganisation of local government in Northamptonshire, all LGPS pension rights held by the former Northamptonshire County Council will now be held by the new West Northamptonshire Council.

Local Government Pension Scheme (Amendment) (No. 2) Regulations 2020

This legislation does not affect members' benefits but sets out how an employer exiting the LGPS may pay any exit payment due over a period of time in agreement with the relevant pension fund authority.

Who do you want to benefit when you die?

Even if you die in retirement or as a deferred member, a death grant may still be payable.

You can nominate who you want this money paid to in the event of your death by completing an **Expression of Wish** form. If you have done this already the details are shown on page 11 of this booklet.

If you wish to complete or update your **Expression of Wish** you can download a form from our website at www.norfolkpensionfund.org or contact us.

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**.

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.

Have you re-joined the Local Government Pension Scheme?

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.

Queries and disputes

Please check the information in this statement carefully and let us know if you think any of the details are wrong.

Most queries are easily sorted out this way; however, if you still disagree with our decision you have the right to appeal via our official dispute procedure.

You can find a guide to the dispute procedure on our website at **www.norfolkpensionfund.org**. Alternatively, please contact us and we will send you a copy.

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**.

For more information about protecting yourself from pension and investment scams, visit **www.fca.org.uk/scamsmart**.

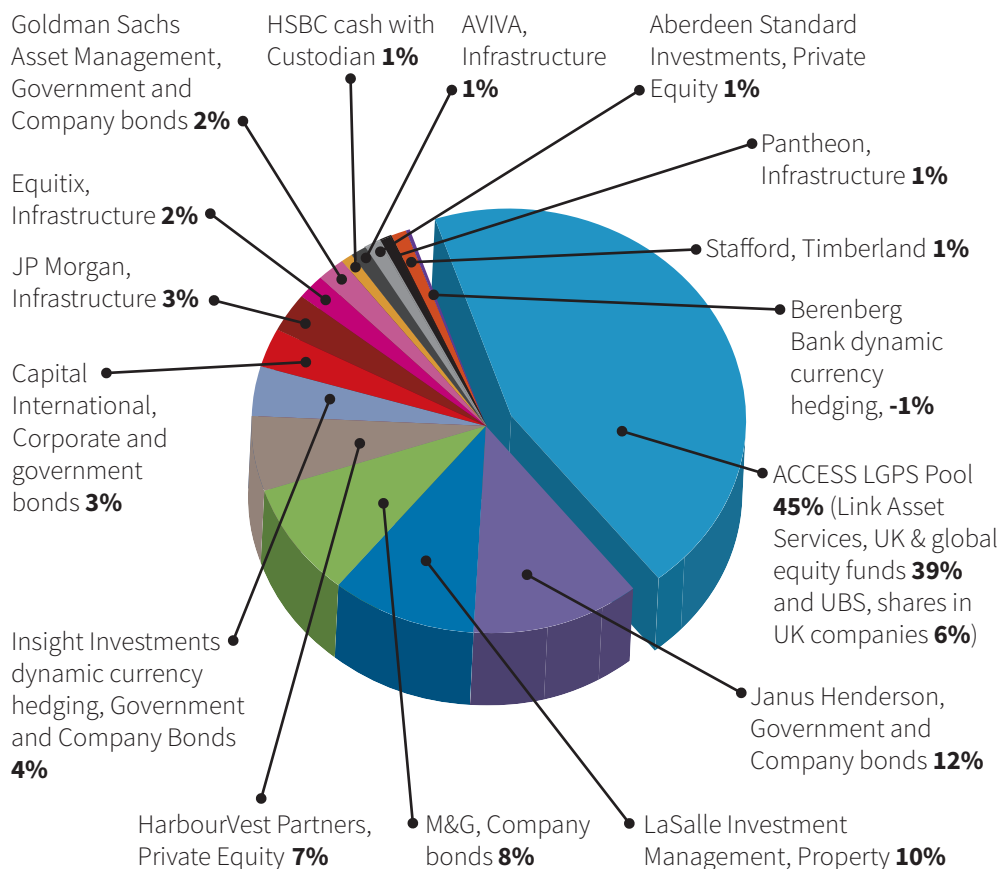
Accounts and investments

Accounts and Investments

This is a summary of the Norfolk Pension Fund accounts and investments. Our **full accounts** for 2020-21 will be published on our website at **www.norfolkpensionfund.org** following full external audit. You can also find there a copy of 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**.

	2020-21 £000s	2019-20 £000s
Opening net assets of the scheme	3,621,120	3,809,192
Employees' contribution to the Fund	33,058	31,231
Employers' contribution to the Fund	130,437	119,463
Transfer values received	13,944	12,103
Payments to pensioners and dependants	-148,973	-144,311
Transfers out and other payments to leavers	-5,006	-6,491
Advisor fees and general administration costs	-28,966	-24,527
Net investment return – including income and the change in value of investments	911,483	-175,540
Closing net assets of the scheme	4,527,097	3,621,120

Financial markets were at a low ebb in March 2020 from the impact of the COVID-19 global pandemic. Since that time, valuations have recovered strongly and the assets of the Fund are now substantially higher than prior to the pandemic. This reflects optimism for post-COVID-19 economic recovery and significant levels of support from governments and central banks around the world. Over the year to 31 March 2021, the Fund's assets increased by 25.02%.



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.

The 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 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.

Moving house?

Please remember to keep us in the picture if you move house, or if this booklet wasn't delivered to the correct address.

- You can fill in and post the form below to us if your address details are not correct or up to date. Our address is on the back page of this booklet.
- If you have registered to use our online service, you can update your address details online (see page 5) at **www.norfolkpensionfund.org**

For contact details please see back cover

PLEASE USE BLOCK CAPITALS

Name

National Insurance number.....

Please update my address details as follows:

.....

.....

.....

.....

.....

Postcode

Signed..... Date



www.norfolkpensionfund.org
 Norfolk Pension Fund
 County Hall, Martineau Lane,
 Norwich, NR1 2DH
 Email pensions@norfolk.gov.uk
 Telephone 01603 495 923



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
 and we will do our best to help.



01/0000001/A/99999
 Mr A Sample
 1 Sample Street
 Anywhere
 Any Town
 Any County
 AB1 1BA





Employer Newsletter July 2021

Welcome to our Employer Newsletter

Thanks very much for your efforts in getting year end data to us by the 30 April deadline – your help is appreciated by the whole team. You'll probably be relieved to hear though, that as we transition to i-Connect, our new employer portal, this will be the last annual year end process for posting of data, which you will now submit monthly. The new process, once settled in, will mean that our data on your employees will be as up to date as possible. We can then provide an even better service to members and ensure we are in line with best practice guidance.

On the subject of i-Connect, we are updating our Administration Strategy with an Addendum which applies to those of you who have onboarded. Copies of the Addendum and the Administration Strategy are attached and you can read more details on page 2.

Just to remind you that our next virtual Employer Forum will be held at 10.00am, Thursday 8 July. It would be great if you could join us - please see page 4 on how to make your reservation.

In signing off, I hope you have a good summer and get the opportunity to take a well deserved break as we look forward to the easing of lockdown on 19 July.

Best wishes,

Glenn Cossey
Director the Norfolk Pension
Fund



In this issue

- Consultation on Changes to the Pension Administration Strategy
- Be Cyber Aware
- Employer Services
- Employer Forum
- Climate Risk Reporting
- Exit Payment Cap Update
- Pensions Committee
- Pre-Retirement Course
- Employer's Pension Policy

New Member Joiner Pack

We are currently unable to supply you with a paper copy of the new member joiner pack, but the pack items can be downloaded from our website [here](#) or 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 the Employer Portal.

Consultation on Changes to the Pension Administration Strategy

The Norfolk Pension Fund publishes a Pension Administration Strategy (PAS) which sets out detailed requirements for liaison and communication between employers and the Fund and outlines performance expectations for both parties.

The PAS aims to promote good working relationships and improve transparency, efficiency and data quality. It also helps enable you to meet your legal obligations as a Local Government Pension Scheme (LGPS) employer.

When you (or your payroll provider) onboard to i-Connect, you will need to provide data to us on a monthly basis.

To cover these new requirements, we have drafted an Addendum to the PAS, which applies to those employers and their payroll providers from the point they are onboarded to the i-Connect system.



Please let us have any comments or questions by 15 August 2021 so we can finalise the Addendum.

Copies of the PAS and the draft Addendum are attached to this email and are also published on our website www.norfolkpensionfund.org under 'Guides'.

Please send any comments or questions by 15 August 2021 to Debra Keeling on:
01603 495784 or at
debra.keeling@norfolk.gov.uk

Be Cyber Aware

As we rely so much on technology in our private and professional lives, it's vitally important that we protect ourselves and our organisations from the potential devastation of cyber attacks.

Cyber security's core function is to protect the devices we all use (smartphones, laptops, tablets and computers), and the services we access - both online and at work - from theft or damage.

It's also about preventing unauthorised access to the vast amounts of personal information we store on these devices, and online.

Due to COVID-19, we are all spending more time online.

This means more opportunities for hackers to carry out cyber attacks. They often do this by targeting



people and businesses using:

- email and website scams
- malware - software that can damage your device or let a hacker in

If hackers get into your device or accounts, they could access your money, your personal information, or information about your business.

For more details, please visit the National Cyber Security Centre [website here](https://www.ncsc.gov.uk), which gives a helpful guidance on '10 steps to cyber security'.

Employer Services

As we have discussed with you previously, we continue to review the structure for the delivery of employer services.

This includes contribution monitoring and collection, financial reporting, admissions and cessations and all those “one-off” situations where support is required on the pensions aspects of changes in your business.

This work is timetabled for completion during 2021-22 with project support from Hymans Robertson.

As you will be aware, the number and diversity of employers in the Fund has continued to grow.

There have also been other challenges which have increased the administration and support workload.

We know that in some cases this has put greater demands on you as an employer and the amount of support you require from us.

We are also trying to learn the lessons of changes to working practice that have inevitably occurred as a result of COVID and keep the best of these in place as we move to a post-pandemic world.



The ultimate aim of the project is to ensure we have a service that’s fit for purpose to meet these evolving challenges, identify appropriate resourcing and efficient solutions and make best use of technology to deliver future service requirements.

Our current focus is on developing the best structure to deliver this by bringing together all aspects of employer service work currently completed in different teams into one dedicated employer team.

We hope this will allow us to simplify our internal management of tasks, while providing you with more of a “one-stop shop” for all aspects of your LGPS participation in the Norfolk Pension Fund.

We will bring you an update on the outcomes of the review as they move towards practical implementation in future Employer Newsletters and at the next Employer Forum (please page 4 for details on how to register your place).

In the meantime, if you have any questions, please contact Alex Younger at

alexander.younger@norfolk.gov.uk.



Employer Forum

Our next Employer Forum takes place on **Thursday 8 July 2021.**

The main session will be a webinar from 10.00am to 11.30am, which will cover a number of key issues including:

- Latest news and view from the Fund Actuary
- Update on implementation of i-Connect
- Employer Services
- ESG (Environmental, Social, Governance): Climate Risk Reporting

During the webinar you will have the usual opportunity to put questions to our panel of experts from the Norfolk Pension Fund and the Fund Actuary, Hymans Robertson.

If you would like to make a reservation, please email pensions@norfolk.gov.uk or call **01603 222824.**



As part of this virtual event, our team will be available after the webinar for the rest of the day to answer questions. We can do this in a format that is most useful for you, 1:1 sessions via TEAMS/Zoom or by telephone.

To arrange a 1:1 session with one of the team, or to send us your questions or any issues you would like covered in the webinar, please email

**pensions@norfolk.gov.uk or call
01603 222824**

Climate Risk Reporting

The Norfolk Pension Fund has just released its first climate risk summary monitoring report for its public equity (shares) portfolio.

Climate risk is a systemic risk that could have a material financial impact on a pension fund's assets and liabilities.

The Norfolk Pension Fund is committed to understanding and monitoring its exposure to climate related risks, so we have introduced reporting on climate related exposures on a six-monthly basis across a number of key metrics.

A copy of the first summary report, which details the Fund's climate risk exposure as at 30 December 2020, is available on our website [here](#).



Exit Payment Cap Update

In February 2021, the Government revoked the £95k public sector exit payment cap, which took immediate effect.

The announcement retracted the Restriction of Public Sector Exit Payments Regulations 2020 ("the Regulations") which had set a £95k cap on exit payments for specified public sector employees, including members of the Local Government Pension Scheme (LGPS).

The Local Government Association (LGA) anticipates that the cap or similar will be re-introduced in some form and related reforms will be made to the LGPS and local government redundancy terms.

The Government has not confirmed when these changes will be re-introduced and the LGA consider it is unlikely to happen in the next few months due to the changes needed to legislation.



We will of course update you as soon as there are any developments but, in the meantime, please visit the [public sector exit payments page of the Scheme Advisory Board \(SAB\) website](#) for more information.

Pensions Committee

As a result of the local elections, which were held on 6 May 2021, the membership of the Norfolk Pension Fund Pensions Committee has changed with three new Members - William Richmond, Daniel Roper and Robert Savage, who replace outgoing Members - Danny Douglas, Tom FitzPatrick and Brian Watkins.

The first meeting of the new Committee line-up takes place at 9.30am, Tuesday 6 July.

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

A recording of the meeting will also be published on YouTube

Norfolk County Councillors

Judy Oliver (Chairman)

William Richmond

Daniel Roper

Robert Savage

Martin Storey



District County Councillors

John Fuller

Alan Waters (Vice Chairman)



Staff representative

Steve Aspin

Pre Retirement Course

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

The course, which is currently being held virtually over two half day sessions via Zoom, 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



Next Course Dates

- 23 & 29 July 2021 (two half days)
- 15 & 22 September 2021 (two half days)
- 8 & 15 November 2021 (two half days)
- 20 & 28 January 2022 (two half days)

To book a place please contact

HR Direct, Norfolk County Council

01603 222212

HRdirect@norfolk.gov.uk

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 within one month of joining the scheme and as soon as possible after making any update.

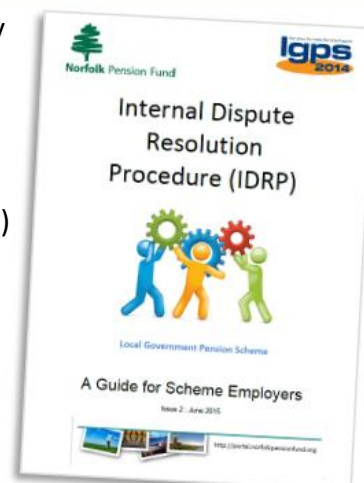
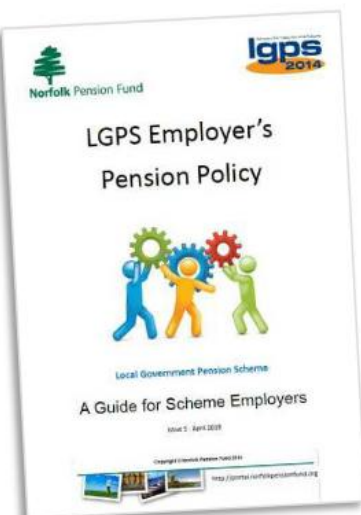
For more information please see the Employer Pensions Policy Guide (G060) available at www.norfolkpensionfund.org/employers/forms-and-documents

under the 'Guides' tab.

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 IDR Guide (G070)**' by visiting www.norfolkpensionfund.org/employers/forms-and-documents under the 'Guides' tab.

There is also a '**Scheme Member Guide to Disputes (G071)**' available at www.norfolkpensionfund.org/governance/complaints-and-disputes.



Contact Details

(Postal address only)

**County Hall
Martineau Lane
Norwich
NR1 2DH**

Pensions Administration
pensions@norfolk.gov.uk
01603 495923

Investment, Accountancy and Actuarial Services
pensions.finance@norfolk.gov.uk
01603 222139

Website, Technical and Employer Queries
pensions.systems@norfolk.gov.uk
01603 222132

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



Employer Newsletter September 2021

Welcome to our Employer Newsletter

The schools returning last week marked the end of what seemed a short and somewhat cloudy summer! Despite the disappointing weather, I hope you managed to get some time off to relax and recharge.

The Norfolk Pension Fund has a busy few weeks coming up as we deliver improvements to our employer and member online services.

During October we conclude the roll-out of i-Connect, plus we will also be launching a new member website and a new Member Self-Service (MSS) portal. You can read more about these developments on pages 2 and 3.

Please could you inform your employees about the launch of our new website and MSS, so they are prepared for the different appearance of our online services.

In other news, paper copies of the Annual Benefit Statement, detailing the value of benefits as at 31 March 2021, will be posted to Active and Deferred members over the next few days.

And in closing, please remember the team is always available to help - our contact details are on the back page.

Best wishes,

Glenn Cossey
Director the Norfolk Pension Fund



In this issue

- Member Self-Service
- New member website
- i-Connect Rollout
- Annual Benefit Statement
- Outsourcing
- Pensions Committee
- Pre-Retirement Course
- Employer's Pension Policy
- Contact details

New Member Joiner Pack

The joiner pack for new members can be download from our website **here** or 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 the Employer Portal.

Member Self-Service

As part of our review and improvement of digital services, our new Member Self-Service (MSS) online portal is scheduled to go live in October (a screenshot of the homepage is shown below).

The aim of MSS is to offer members a more efficient and easy way to access their pension details. The key benefit of the new platform is its seamless connection with our back office systems, so if we make any update to a member's record it will immediately be available for them to view on their secure MSS account.

For members whose employer is using i-Connect, it means their pension record will also be synchronised with their employer payroll record every month, so it's always up to date. As employers onboard to i-Connect, more and more members will have more up-to date information at their fingertips!

MSS gives active scheme members access to their pension records and use of Benefit Projectors to calculate how much pension they might be entitled to if they left now or retired in the future. Members can use MSS to update their contact

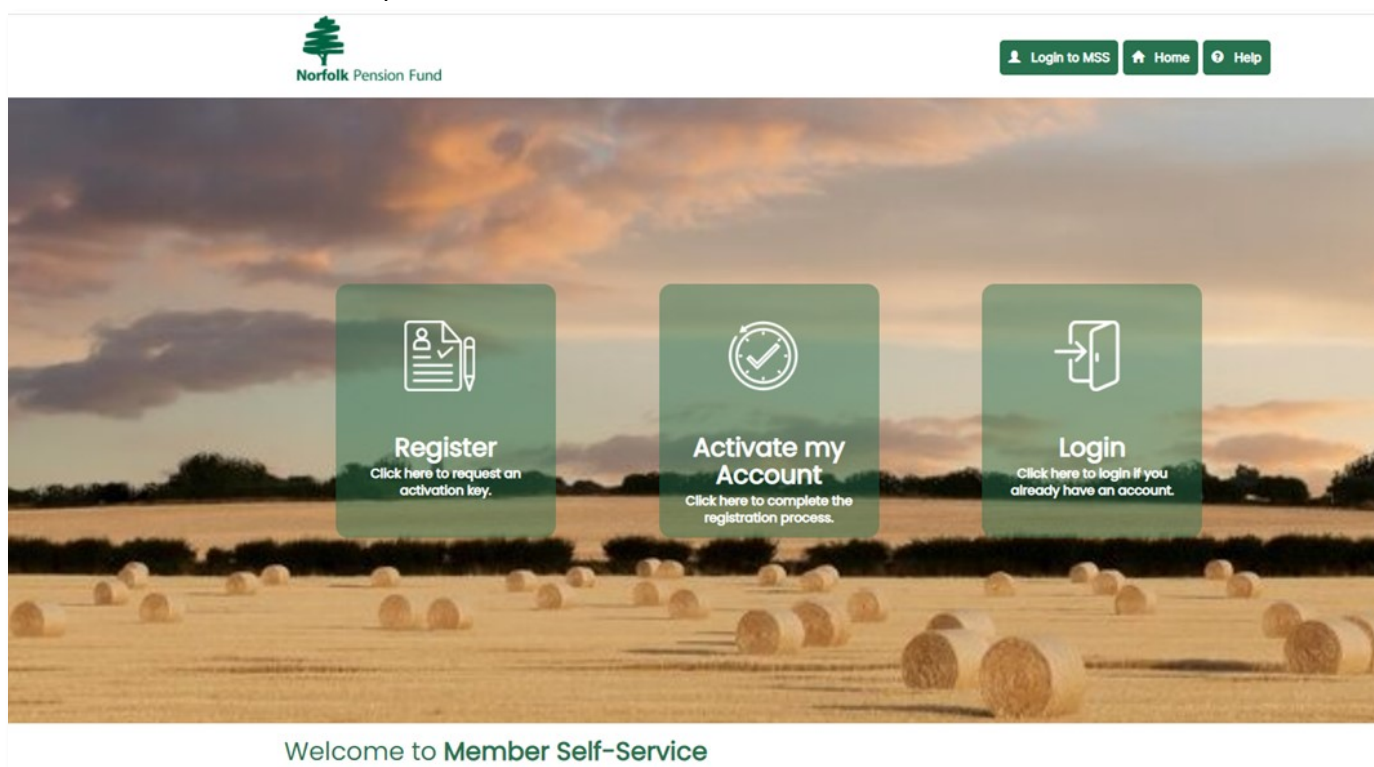
details, nomination details and upload forms and queries direct to our back office system. It also gives them access to their latest Annual Benefit Statement and the current value of benefits built up.

The new service will be accessed from the homepage of our new website www.norfolkpensionfund.org by clicking 'Member Self-Service' on the menu bar or on the 'Member Self-Service' icon.

When MSS goes live we will email users of our existing service with an Activation Key. If members don't receive the email or want to register for the first time they can simply click on the 'Register' button.

We are continuing our dedicated helpline for users – 01603 222132 and have a new email address pensions.mss@norfolk.gov.uk in case anyone wants to email for support.

If you have any questions, please contact Mark Alexander on 01603 495781 or at mark.r.alexander@norfolk.gov.uk.



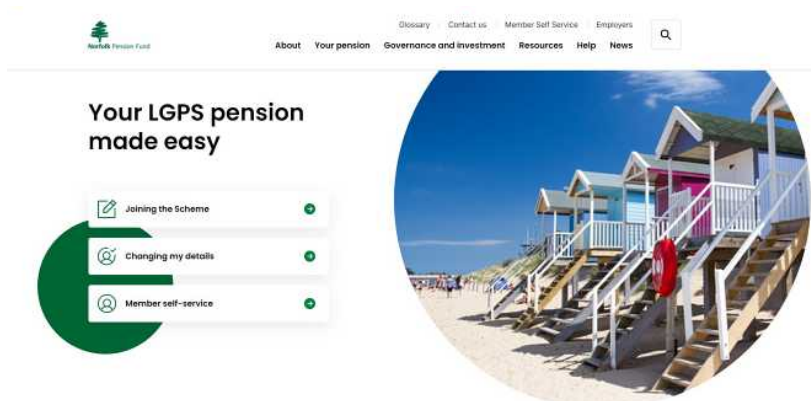
New member website

Alongside the launch of the new Member Self Service portal, in the next couple of weeks we'll also be launching our new member website (the homepage is shown right).

The site has been developed, and will be hosted, by the Fund Actuary, Hymans Robertson.

The site contains all the same content as the current version, but has been designed with some key communication objectives to ensure an improved user experience:

- Clear and effective user journeys
- Engage site visitors effectively through core content/propositions and direct them to appropriate calls to action
- Provide pension members easy access to important information, resources and downloads
- Signpost key functionality and ongoing journeys



- Logical content grouping and journey optimisation – related content, similar resources or more to explore.

Although the site is primarily aimed at members, we have retained the Employer resources section which gives you access to a library of forms and guides, Employer Forum presentation slides and copies of Employer Newsletters.

We would like to know what you and your employees think of the new site, so please send in your views and experience to us at richard.ewles@norfolk.gov.uk.

i-Connect Rollout

The rollout of i-Connect, our new online employer portal, is progressing well and we are on schedule to onboard all employers in the next few weeks.

We started this ambitious programme at the beginning of the year and out of our 427 scheme employers, at the time of going to press, over 270 have been successfully onboarded.

Over the coming months we will be carrying out quality control measures including comparing financial information uploaded via i-Connect with the monthly payments and SR71 forms, as well as checking non-financial data which has been uploaded.



Once we have completed the rollout, our current employer portal, PensionsWeb, will be decommissioned by the end of October.

If you have any questions about i-Connect, or need any other help, please contact the team at pensions.technical@norfolk.gov.uk or telephone 01603 222132.

Annual Benefit Statement

The **Annual Benefit Statement** gives scheme members an estimated forecast of their pension at retirement age, based on the data you have given us and we hold.

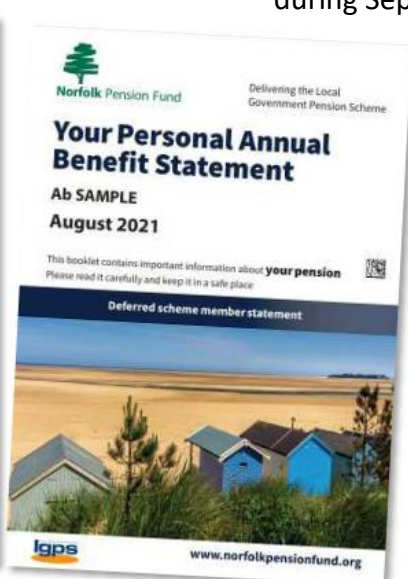
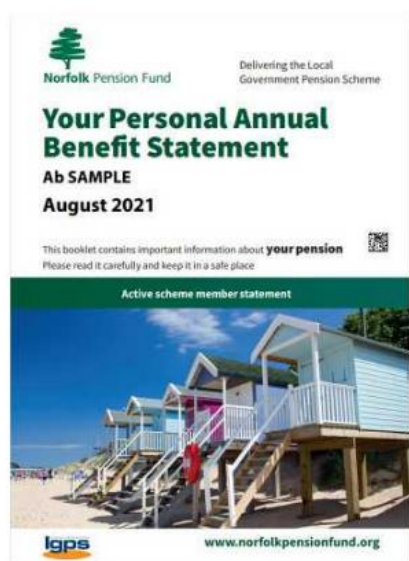
It's an important document as it helps members plan and make decisions for their future.

The Statement showing accrued scheme benefits

as at 31 March 2021 is available to view online, so please could you inform your employees that they can access theirs by logging-in/registering on our secure member website at:

www.norfolkpensionfund.org.

The paper version of the Annual Benefit Statement will be posted to members' home addresses during September.



Please let your
employees know they can
view their
Annual Benefit Statement
on our secure member
website at

www.norfolkpensionfund.org

Outsourcing?

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 your tender documentation.



If you are considering making any changes to your service delivery, please contact

Alex Younger at

alexander.younger@norfolk.gov.uk



Pensions Committee

Following the May local elections and a recent by-election, Pensions Committee welcomes three new members.

The Committee held its first face-to-face meeting in 18 months at County Hall on Tuesday 6 July, which was also attended by Norfolk Pension Fund officers and advisors.

Alongside its regular oversight of investment and administration performance, and progress reports on the ACCESS investment pool, the Committee also considered:

- Coronavirus and Smarter Working
- Scheme Advisory Board's (SAB) LGPS 2020 Annual Report
- Norfolk Audit Services Annual Internal Audit Report for 2020-21 for the Norfolk Pension Fund
- Climate Risk Reporting – template for publication

- Changes to the Norfolk Pension Fund Investment Strategy Statement
- Admission Agreements
- Update from the Pensions Oversight Board

The next meeting will be held on Tuesday 5 October and you can watch the public part live on the Norfolk County Council YouTube channel [here](#).

A recording of the meeting (and the 6 July meeting) will also be published on YouTube.



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

Norfolk County Councillors

Judy Oliver (Chairman)

Alison Birmingham

William Richmond

Daniel Roper

Martin Storey



District County Councillors

John Fuller

Alan Waters (Vice Chairman)



Staff representative

Steve Aspin

Pre Retirement Course

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

The course, which is currently being held virtually over two half day sessions via Zoom, 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



Next Course Dates

- 8 & 15 November 2021 (two half days)
- 20 & 28 January 2022 (two half days)
- 10 & 17 March 2022 (two half days)

To book a place please contact

HR Direct, Norfolk County Council

01603 222212

HRdirect@norfolk.gov.uk

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 within one month of joining the scheme and as soon as possible after making any update.

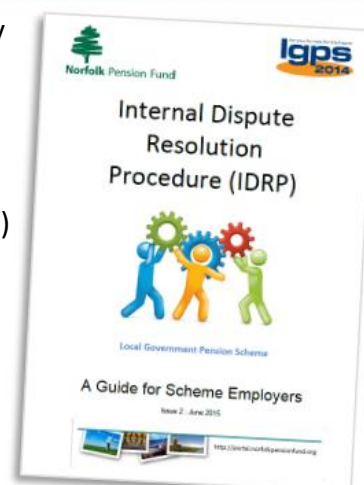
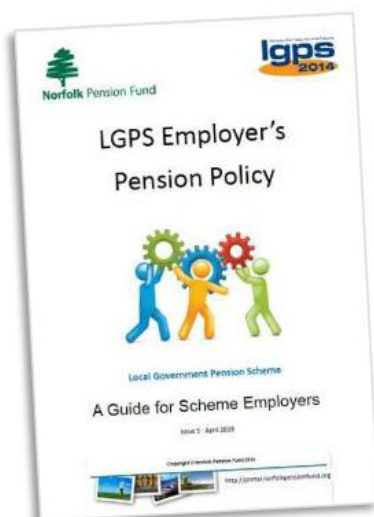
For more information please see the Employer Pensions Policy Guide (G060) available at www.norfolkpensionfund.org/employers/forms-and-documents

under the 'Guides' tab.

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 IDR Guide (G070)**' by visiting www.norfolkpensionfund.org/employers/forms-and-documents under the 'Guides' tab.

There is also a '**Scheme Member Guide to Disputes (G071)**' available at www.norfolkpensionfund.org/governance/complaints-and-disputes.



Contact Details

(Postal address only)

**County Hall
Martineau Lane
Norwich
NR1 2DH**

Pensions Administration
pensions@norfolk.gov.uk
01603 495923

Investment, Accountancy and Actuarial Services
pensions.finance@norfolk.gov.uk
01603 222139

Online, Technical and i-Connect Queries
pensions.technical@norfolk.gov.uk
01603 222132

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

Norfolk Pension Fund Administration Strategy – Addendum

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

<u>Function/Task</u>	<u>Performance Expectation/Target</u>
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.



LOCAL GOVERNMENT PENSION SCHEME

Pension Administration Strategy

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.

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 th or 15 th (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 th (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 Funds 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.

**Norfolk Pension Fund
Lawrence House
5 St Andrews Hill
Norwich NR2 1AD**

www.norfolkpensionfund.org

**Pensions Administration
Enquiries: 01603 495923
Fax: 01603 495795
Email: pensions@norfolk.gov.uk**

**Website, Technical and Employer-
specific Queries
Enquiries: 01603 222132
Email: pensions.systems@norfolk.gov.uk**

**We have facilities for meetings and small training
events and would be very pleased to see you at any
time.**

**Please contact us first to make sure we'll be
available.**

**If you would like this guide in large print, audio, Braille, alternative format or in a
different language, please contact us on 01603 222824
(minicom 01603 223833).**



Representation on behalf of the Pension Fund

During the period since the last Pension Committee, the following meetings and events have occurred – *the majority of meetings were ‘virtual’ due to the Covid-19 Pandemic:*

GC: Glenn Cossey, **AY:** Alex Younger, **JQ:** Jo Quarterman, **MA:** Mark Alexander, **DK:** Debra Keeling, **RM:** Robert Mayes, **JO:** Judy Oliver, **LT:** Leon Thorpe

ACCESS regular meetings

AY / GC attend Officer Working Group (fortnightly)
 AY attend Investment User Group (monthly)
 AY attend Non-Listed Sub-Group (monthly)
 AY attend Active Listed Sub-Group (monthly)
 MA/DK attend SECSOG (monthly)

National LGPS Frameworks

The National Frameworks team have held meetings with Funds, Pools and Service providers

Date	What	Who
July		
19	PLSA :LGPS research Roundtable Workshop - structural frameworks	JQ
19	Janus Henderson – portfolio update	AY
19	Infracapital – quarterly update	AY
22	PLSA : LGPS research Roundtable - operational sustainability	JQ
26	Janus Henderson – Investor portfolio review	AY
Aug	Summer Holidays	
Sept		
6	ACCESS Joint Committee	GC/AY/JO
9	Pensions Oversight Board Meeting	GC/JQ
14	Mallowstreet LGPS Seminar	AY
15	Environmental Social & Governance (ESG) Workshop	All
15	Berenberg Review Meeting	AY
22-23	Baillie Gifford Conference including portfolio review	AY/RM
29	PLSA LA Committee (Sept)	JQ
30	CIPFA Risk Management Workshop (presenting)	JQ/RM
Oct		
1	Goldman Sachs Review Meeting	GC/AY

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 (previously NAPF – National Association of Pension Funds)

Pensions Committee forward programme – as at 5 October 2021

Pensions Committee	Pensions Committee	Pensions Committee	Pensions Committee	Committee Training
7th Dec 2021	1st March 2022	July 2022 (tbc)	October 2022 (tbc)	
Administration Report	Administration Report	Administration Report	Administration Report	<ul style="list-style-type: none"> • LGPS Good Governance • Risk Attitude/Boundaries • Private Equity
Update from the Pensions Oversight Board	Update from the Pensions Oversight Board	Update from the Pensions Oversight Board	Update from the Pensions Oversight Board	
LGPS Pooling/ACCESS Update	LGPS Pooling/ACCESS Update	LGPS Pooling/ACCESS Update	LGPS Pooling/ACCESS Update	
Strategic Review – Status Report	Strategic Review – Project Closure Report			
Risk Register Report and Compliance with Breaches Policy (including Review of Risk Attitude/Boundaries)	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 Strategy Update	Investment Strategy Update	Investment Strategy Update	Investment Strategy Update	
	2022 Triennial Valuation – Overview and Planning	2022 Triennial Valuation - Assumptions	2022 Triennial Valuation – Fund Level Results	
Investment Manager – Private Equity	Investment Managers: (tbc)	Investment Managers: (tbc)	Investment Managers: (tbc)	

Pensions Committee

Item No: 6

Report title:	Update from the Pensions Oversight Board
Date of meeting:	5 October 2021
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Glenn Cossey, Director of the Norfolk Pension Fund
Executive Summary This report updates the Pensions Committee on the work of the Pensions Oversight Board. Recommendations 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). A further verbal report will be given by the Chair of the Pensions Oversight Board who will also attend committee. The last update was given at the July 2021 Committee Meeting.

2. Pensions Oversight Board meetings

- 2.1 The Board last met on the 9 September 2021. The agenda for this meeting is at Appendix A.

- 2.2 In addition to the regular strategic and operational oversight, as part of their forward work programme POB's attention was focussed on Cyber Security and Risk Management:
 - Reviewed the cyber security controls in place, including compliance with the TPR's 'Guidance for Trustees: Cyber security principles for pensions schemes' and associated action plan; and received the internal audit report on the Norfolk Pension Fund's cyber security controls.
 - Received an overview of Internal Audit services to the Norfolk Pension Fund.

The Board next meets on 11 November where they will consider proposals for 'smarter working' and service delivery and the impact on employers and scheme members.

The minutes from the Board meeting of the 27 May 2021 are at Appendix B.

3. Board Membership

- 3.1 The Board is made up of scheme member and scheme employer representatives, together with an Independent Chair (who has no voting rights). Board members have fixed terms of office. Both the elected Active and Deferred Scheme Member; and the Precepting Employer representatives are due for re-election.

4. Knowledge and Skills

- 4.1 Along with members of Pensions Committee and Fund Officers, POB attended the responsible Investment workshop on 15 September, and have access to the LGPS Online Learning Academy.
- 4.2 POB members regularly attend webinars and virtual conferences.

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 The Norfolk Pension Fund have considered the impact of the changes in service delivery as a result of the global pandemic. There are no issues relevant to equality in this report.
- 7.2 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.
- 7.3 **Data Protection Impact Assessments (DPIA)**
- 7.4 We have not identified any data protection implications for the content of this report.

8. Recommendation

- 8.1 Pensions Committee is invited to note the contents of this report.

9. Background Papers

- 9.1 Appendix A: POB Agenda 9 September 2021
Appendix B: POB minutes 27 May 2021

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Email address : glenn.cossey@norfolk.gov.uk



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Norfolk Pension Fund Pensions Oversight Board

Date: **Thursday 9th September 2021**

Time: **10:00am**

Venue: **Virtual Teams Meeting**

Membership

Chairman
Brian Wigg

Employer Representatives

Cllr Chris Walker	Poringland Parish Council
TBC	Norfolk County Council
Howard Nelson	DNEAT

Scheme Member representatives

John Harries	Active / Deferred member
Rachel Farmer	Trade Union
Peter Baker	Pensioner member

Agenda

1. Welcome and Introduction

2. Apologies
To receive apologies

3. Minutes and matters arising
To agree the minutes of the meeting held on the 27 May 2021.

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. Items of urgent business

To receive any items of business which the Chairman decides should be considered as a matter of urgency

6. Pensions Committee

Feedback from the virtual Pensions Committee meeting on 6 July 2021 and items to be raised at the 5 October 2021 meeting.

7. Norfolk Pension Fund operational update (including ACCESS)

An update on operational performance and issues, including latest performance data.

8. Strategic Review update

To include an update on the implementation of the new Pensions Administration System and rollout to Employers and Scheme Members

9. LGPS Reform

Update on latest reform

10. Internal Audit

An overview of Internal Audit services to the Norfolk Pension Fund, delivered by Claire Bunn, Client Manager, Norfolk Audit Services

11. Cyber Security

An update on Cyber Security management at the Norfolk Pension Fund

12. Internal Audit reports

To receive the latest internal audit reports: Cyber Security

13. Risk Management

To receive the latest risk update and heat map

14. Knowledge, skills and training, including:

- ESG workshop 15 September 2021
- Online learning academy

15. Forward work programme for the Pensions Oversight Board

16. Date of next meeting: to confirm the date of the next meeting

Contact for questions about this agenda: Jo Quarterman, Business Development and Project Manager, Norfolk Pension Fund jo.quarterman@norfolk.gov.uk Tel.: 01603 223950
Date agenda published: **02 September 2021**



**Minutes of the Norfolk Pension Fund Pensions Oversight Board
meeting held on Thursday 27 May 2021.**

Present:

Chairman

Brian Wigg

Employer Representatives

Cllr Chris Walker

Howard Nelson

Poringland Parish Council

DNEAT

**Scheme Member
Representatives**

John Harries

Peter Baker

Active / Deferred member

Pensioner Member

Also Present

Jo Quarterman

Glenn Cossey

Debra Keeling

Ian Colvin

Tim Shaw

Business Development and Project
Manager, Norfolk Pension Fund

Director of the Norfolk Pension Fund

Pensions Member Services Manager

Hymans

Committee Clerk

1. Welcome and Introduction

- 1.1** The Chairman welcomed all those present to this “virtual” Teams meeting of the Pensions Oversight Board.

2 Apologies for Absence

- 2** Apologies for absence were received from Debbie Beck and Rachel Farmer.

3. Minutes

- 3.1** The POB agreed the minutes of the meeting held on 4 February 2021.

4. Declarations of Interest

- 4.1** There were no declarations of interest.

5 Items of Urgent Business

- 5.1** There were no items of urgent business.

6 Feedback from the virtual Pensions Committee meeting on 2 March 2021 and items to be raised at the 6 July 2021 meeting.

- 6.1** The POB noted that today's meeting would be the subject of a report to the Pensions Committee on 6 July 2021.
- 6.2** The Board asked for details regarding the appointments that the County Council had made to the Pensions Committee which were as follows:

Conservative (4)

Cllr Judy Oliver (Ch)
Cllr Will Richmond
Cllr Robert Savage
Cllr Martin Storey

Liberal Democrat (1)

Cllr Dan Roper

The other members remain as follows:

Co-opted Members

Cllr John Fuller
Cllr Alan Waters - Vice-Chairman

Member Representative

Steve Aspin

7 Pensions Oversight Board Annual Report 2020 – 2021

- 7.1** The Annual Report of the Norfolk Pension Fund Pensions Oversight Board that covered the period from 1 April 2020 to 31 March 2021 was circulated with the agenda. The Board noted that the draft Annual Report when approved would be published with the Norfolk Pension Fund Annual Report and Accounts for 2021 – 2021.

8. Norfolk Pension Fund Operational Update (including ACCESS)

- 8.1** The POB received a presentation led by Glenn Cossey on Norfolk Pension Fund operational issues, including updates on ACCESS and the impact of coronavirus (Covid-19).

The operational update included:

- Staff wellbeing
 - It was noted that 82% of Norfolk Pension Fund staff had completed this year's corporate County Council staff survey. This compared with 80% of staff from Finance and Commercial Services as a whole and a response rate across the County Council of 55%. The results of the survey were expected to be available to senior management in mid-June 2021. The results would include responses to questions about smarter working arrangements during the covid-19 pandemic.
- Review of virtual meeting format
 - The Board was reminded of the virtual meeting protocols by which POB meetings continued to operate during the pandemic. The protocols were the subject of consultation with POB Members prior to this meeting.
 - It was noted that for health and safety reasons those Boards not covered by the 1972 Local Government Act that were administered by NCC staff were continuing to be held remotely by Microsoft Teams.
 - The Board **agreed** to hold their next meeting in September 2021 remotely, subject to a review of their meeting arrangements at that time with a view to exploring the possibility of holding one meeting each year in person.
- Investment and Accounts (including ACCESS update)
 - ACCESS were currently preparing for a new member induction and training session in advance of their next meeting on 25 June 2021.
 - Robert Mayes (Norfolk Pension Fund Accountant) is chairing the ACCESS officer working group on joint procurement aimed at providing a custody solution for ACCESS funds.
 - A new client manager had recently been appointed to the ACCESS Support Unit.
- Day to day admin operations, incl. latest performance data
 - Latest Pension Fund performance data was shown to POB members.
 - The admin team had yet to catch up on data regarding the acknowledgement of death and notification of dependents from March and April 2021 when there was considerable pressure from other priority work.
 - Details regarding average time taken to acknowledge the death of a member would be sent to POB members after this meeting.
- POB budget
 - The Pension Fund operational budget totalled £3.6 m. Included within this figure was the budget for the POB which in future would be shared with POB Members

before the February meeting of Pensions Committee, along with the forecast outturn for the current year.

- The POB budget was £54k; funding for the development and training of Board Members being the largest item within the POB budget.

9 Strategic Review Update

9.1 POB received an update on the implementation of the new Pensions Administration system and rollout to Employers and Scheme Members.

9.2 The presentation provided an update on the following:

- The senior management team had reassessed the strategic review priorities in view of the Covid-19 pandemic. Some of the work activities would now commence later in 2021/22.
- The recruitment of an Employer Member Services Manager was a key priority.
- The revised structure for the Frameworks and Governance Teams had been agreed by the senior management team. An implementation plan had been drawn up with HR. The business case included new job profiles, staff communication and consultation. The go live date for the new structure was expected to be 1 August 2021.
- NP Law had started work on the legislative/regulatory background of LGPS Governance to support the manual. Work had begun on updating policies and/or creating new policies. The contents would be reviewed considering the new single TPR code which would be implemented later this year.
- There was some delay in the implementation of the Member Services Module of the Pensions Administration software which had contributed to the amber RAG status for this project. The issues were being actively managed and were not expected to result in any threat to delivery. The project was expected to be ready for launch by early June 2021.

10 LGPS Reform

10.1 POB received an update about the ongoing national reform programme and other issues within the LGPS.

10.2 The presentation provided an update on the following regulatory reforms update and impact:

- £95k payment cap and reform- The Government had promised to undertake full consultation on this matter when the proposed reform of the cap resurfaced, probably later this year.
- McCloud –The Norfolk Pension Fund awaited sight of the final regulations that were expected to be implemented in April

2022. The software administration systems would be updated by the software providers to take account of McCloud re-calculations.

- Climate risk and monitoring-In March 2021 the Pensions Committee was presented with the findings of a pilot project undertaken with Hymans linked to responsible investment and carbon measurement. As a result of this work a mechanism was planned for the way in which the Norfolk Pension Fund reported and communicated work on monitoring climate risk and carbon exposure.
- RI objectives and beliefs- This issue was expected to resurface in the Autumn. In the meantime, the Scheme Advisory Board had launched an on-line A to Z guide to responsible investment and aimed to include helpful case studies on its website. Further details would be made available to POB Members following this meeting.
- Good Governance- The Scheme Advisory Board had accepted the findings of Hymans and passed the recommendations to the Government for statutory guidance expected to be issued later this year.
- The TPR revised code—the consultation with interested parties on the implications for the LGPS was expected to close shortly.
- Pensions Dashboard Programme - Work was progressing on this single source of pensions information. The dashboard was expected to be launched in 2023/24; voluntary data providers were due to be identified for next year.
- Stewardship Code –this was a voluntary UK code aimed at the investment industry.

11 Cyber Security

11.1 POB received a presentation by Ian Colvin of Hymans Robertson about cyber security and the considerable risks faced by Pension Fund Authorities.

11.2 The presentation identified the following specific risks:

- Ransomware demands-These occurred when cyber criminals blocked access to critical data and demanded payment to release it.
- Phishing-There was growing concern that pensions freedoms had made people over 55 a greater target for these scams.
- Malware--An individual might introduce this by inadvertently clicking on malicious email attachments or website links.

11.3 The presentation also identified:

- Those who were affected by cyber security
- Roles and responsibilities of the Administering

Authority/Members/Employers/Third-party suppliers/ Pensions Regulator

- TPR's cyber risk assessment
- TPR draft single code of practice
- The process/cyber footprint/ risks and control measures.

- 11.4** It was noted that Norfolk Pension Fund maintained a Risk Register and Business Continuity Plan which were regularly monitored and reviewed to take account of cyber security issues.
- 11.5** It was **agreed** that at the September 2021 meeting POB should be provided with the opportunity to review the arrangements that Norfolk Pension Fund had for dealing with issues that might arise from breaches in cyber security, including Norfolk Pension Fund data system recover planning.
- 11.6** POB placed on record thanks to Ian Colvin of Hymans for the presentation.

12 Risk Management

- 12.1** POB received the latest risk update and heat map that showed high risk movement between February 2020 and May 2021 in terms of governance, funding and investment and benefits administration. The heat map picked up on issues of regulatory and performance requirements failure that represented an increased risk and were talked about during this meeting.
- 12.2** The risk register was continually updated and reported regularly to POB and Pensions Committee. The criteria for the definition of the risks was shared with Pensions Committee.
- 12.3** It was noted that Insufficient skilled resource cut across all three areas of high risk managed by the Norfolk Pension Fund. This issue was being addressed as part of the Norfolk Pension Fund Strategic Review. Following recent recruitment success, a Senior Pensions Administration Officer post remains to be filled. The lack of skilled resources was an issue faced by the LGPS generally.
- 12.3** The onboarding of equity assets to the ACCESS pool was resulting in a reduction in high risk.

13 Internal Audit reports

- 13.1** POB was informed that the latest published internal audit report by Norfolk Audit Services (circulated with the agenda) covered transfers out of the Pension Fund. This report (with three low priority findings) covered the transition period in which the administration process had adopted to home working during the pandemic and moved away from the use of paper.

13.2 POB noted the report.

14 Knowledge, Skills and Training

14.1 POB received an update about plans for Knowledge, Skills and Training which included:

- Committee Training Day Tuesday 15 June—to which POB Members would be invited.
- Hymans Online Academy—about to be launched. More details would be circulated to POB Members following this meeting. LGPS Online Learning Academy (vimeo.com)—on-line video shown to POB Members in the meeting.

15 Forward Work Programme

15.1 It was agreed that the forward work programme should include:

- Pensions Admin Software – implications for scheme members and employers
- New Employer Services team
- Cybersecurity

16 Any Other Business

16.1 It was noted that the ACCESS Pool was governed by a Joint Committee (JC) that did not include scheme member representation. The Norfolk Pension Fund was represented on the JC by the Chair of Pensions Committee, Cllr Judy Oliver (representing the Norfolk Pension Fund) had supported previous suggestions of allowing scheme member representation on the JC. The Pensions Committee and POB would be kept informed of any new developments on this issue which had been reported to the Pension Committee.

17 Future meetings

The dates were:

9th September
11th November
10th February 2022

Chair

Pensions Committee

Item No: 7

Report title:	Draft Pension Fund Annual Report and Accounts 2020-21
Date of meeting:	5 October 2021
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Glenn Cossey, Director of Pensions

Executive Summary

This report presents the draft Annual Report and Accounts of the Norfolk Pension Fund for the year-ended 31 March 2021 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 Executive Director of Finance and Commercial Services 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 2020-21 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.

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 Executive Director of Finance and Commercial Services 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 2020-21 governing the preparation of the 2020-21 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. 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 due to the ongoing challenges of the COVID-19 global pandemic. The table below shows the original timeline reported to Committee and the revised timeline taking into account the changes to MHCLG deadlines for Public inspection, audit opinion and Committee meetings.

2.2

	Original Timetable	Revised Timetable
NPF Draft Annual Report and Accounts Prepared by NPF	31/05/2021	31/05/2021
Draft Accounts available for Public inspection	31/05/2021	On or before first working day of August 2021
External Audit	Early June	14th June 2021 to late September
Pensions Committee	05/10/2021	05/10/2021
Audit Committee	14/10/2021	14/10/2021
Audit Opinion planned to be issued by	Early Autumn	30/11/2021
Publication Date	01/12/2021	01/12/2021

- 2.3 The above revised timetable requires the annual report and accounts to be approved by Audit Committee by 14 October 2021. 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 (Executive Director of Finance and Commercial Services) on or before the first working day of August 2021. The draft accounts were submitted to EY for audit on 14 June 2021.
- 2.4 Pension Committee are required to consider the Funds Annual Report and Accounts as shown at Appendix A. In addition, the Pension Committee should consider the Auditor's ISA260 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 Executive on behalf of the Pension Fund
- 2.5 On 14 October 2021 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 Executive Director of Finance and Commercial services 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 2021 as required by LGPS regulations.

3. Accounting and Audit process

- 3.1 Despite the ongoing challenges posed by the COVID-19 global pandemic, the finance team successfully closed the accounts on the accounting system in accordance with the Funds year-end closing timetable and had a first draft of the accounts ready by 31 May 2021 for submission to the Executive Director of Finance and Commercial Services for sign off.

- 3.2 Where actual valuations are not available at the financial year end, the Fund has used estimated 31 March 2021 valuations in the accounts as is standard practice during the draft accounts stage.
- 3.3 The Fund has not made any reductions to asset values this financial year due to the ongoing COVID-19 global pandemic and during the 2020-21 financial year the financial markets saw a significant recovery across all asset classes.
- 3.4 In previous years the Fund has not been in receipt of the actual valuations for certain complex and illiquid assets prior to the issue of the audit opinion on 31st July, and therefore not been able to make an adjustment according to materiality thresholds. However, due the extended MHCLG reporting and auditing period for this financial year some actual valuations are available specifically relating to private equity. The valuations received have been considered alongside the estimated values and in accordance with the materiality thresholds set out by the external auditors 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 2021. 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 31 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 gain academy status, which brings with it a requirement to report and consider their individual pension positions.
- 3.7 The Fund is subject to separate external audit appointment. This is the Ninth year EY have audited the Fund. At the time of writing EY are still finalising some minor aspects of their field work.
- 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 Implications 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 The Norfolk Pension Fund has considered the impact of the changes in service delivery as a result of the COVID-19 global pandemic.
- 5.2 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.

5.3 Data Protection Impact Assessments (DPIA)

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

6. Risk Implications/Assessment

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

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 2020-21 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.
- 7.2 It is recommended that subject to any comment arising on the ISA 260 Audit Results Report and the Letter of Representation, 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. Background Papers

- 8.1 Appendix A - Draft Annual Report and Accounts 2020-21

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Email address: glenn.cossey@norfolk.gov.uk



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Norfolk Pension Fund

Annual Report and Accounts 2020-21



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Introduction

As Chairman of the Norfolk Pension Fund Committee, and on behalf of my fellow committee members, I am pleased to introduce the 2020-2021 annual report and accounts.

The last year has of course been dominated by the global pandemic. The uncertainties of that past year remind us of the criticality of the LGPS to its members. The average pension in payment in Norfolk remains at around £5,000 p.a. With approximately one in 10 of the adult population in the UK connected to the scheme, and a significant female worker and part-time worker membership, a reliable, inflation linked income offers many who have worked in public service a lifeline of security, independence and stability in retirement for themselves and their dependents.



The Norfolk Pension Fund, because of the pandemic, transitioned to home working in March 2020, immediately establishing the twin priorities of supporting and safeguarding the interests of our stakeholders and the wellbeing of our team. This has informed the approach of the Norfolk Pension Fund throughout the year, maintaining a strong governance and decision-making framework, closely monitoring risk, performance and internal controls, adjusting processes and operational priorities, and reinforcing communications to all stakeholders to offer support and reassurance and to share information.

The pandemic has highlighted the resilience, creativity and commitment to high standards and service within the LGPS both locally and nationally. Officers, Pensions Committee and Pensions Oversight Board members in Norfolk all worked closely together to change how we work, swiftly establishing a stable operational basis. This enabled us not only to maintain services through the year but also to drive forward with important strategic and operational priorities during the year. This included the procurement of a new contract for Pensions Administration software via the National LGPS Framework. Our future proofing programme of work, whilst delayed, has been re-prioritised and is on track to secure the strategic changes required so the Fund can continue to meet its responsibilities to its scheme members and employers and comply with the on-going programme of reform within the LGPS, including implementing new structures, systems and processes.

Nationally, the Scheme Advisory Board team have played an important role during the year, gathering and sharing information efficiently and effectively to support Funds, and engaging with Government and regulators on behalf of the LGPS. The swift introduction of webinars and other virtual events, both nationally and locally in Norfolk, has in some ways improved access to the latest information for Committee and Board members, employers and officers. Maintaining training and development despite the pandemic, has been particularly important this year, given the number of very significant developments within the pensions world generally and the LGPS specifically. Participation in the National

Knowledge Assessment by Members of Pensions Committee and the Pensions Oversight Board indicated strong local knowledge and skills, and this has been further reinforced via a new training strategy adopted across the Norfolk Pension Fund.

The Norfolk Pension Fund is committed to the highest standards of governance and performance. Throughout the last year my fellow Committee Members and Fund Officers have continued to actively engage with advisers, to work positively with colleagues in other Funds and Pools, to support the work of the Scheme Advisory Board, The Pensions Regulator and the Pensions and Lifetime Savings Association, in order to make a positive contribution to national debate and reform, to strengthen strategic governance, decision making and accountability across the LGPS, and to ensure that we maintain proper arrangements and structures so that we and other LGPS Funds can continue to discharge our responsibilities and obligations to beneficiaries and employers.

As members of the Norfolk Pensions Committee we take very seriously our fiduciary responsibilities to our stakeholders and our stewardship responsibilities as corporate investors. We continue to publish our Investment Strategy Statement, including our voting policy and voting record, on our website, and as a Committee we receive regular engagement reporting. As members of the Local Authority Pension Fund Forum, we expect our investment managers to sign up to and comply with the Financial Reporting Council's Stewardship Code and the Scheme Advisory Board's Transparency Code. We recognise the need to further develop policies and monitoring in respect of the management and disclosure of climate risk within our investment portfolios. During the year the Fund participated in a Climate Risk Reporting Pilot, and we have incorporated climate risk reporting into regular investment monitoring. Looking ahead, we welcome the introduction of reporting requirements aligned to the Taskforce for Climate Related Financial Disclosure (TCFD).

Since the pandemic-induced market lows just before our last year-end, investment markets have achieved a remarkable recovery and in many cases are at, or around, all-time highs. This is reflected in the highest reported value for the fund of £4.46 billion. The reasons for this are complex, but reflect market optimism for post pandemic recovery. This includes some obvious winners from likely permanent changes to how we live and work, and the high levels of support from central banks and governments around the world in an attempt to limit the economic damage that an event on this scale might otherwise cause.

Although the next triennial valuation is not due until next March, our work with the Fund Actuary to date illustrates that changes in funding levels, while always constant, remain well within expected levels, particularly when we think about our long-term employers where stabilising funding mechanisms are appropriate.

As a member of the ACCESS ('A Collaboration of Central, Eastern and Southern Shires') investment pool, we are pleased to see continued progress in the development of the investment offering of the pool in accordance with Government aspiration. During the year we completed the transition of all our public equity assets to the pool. As at 31

March 2021, the value of our pooled assets totalled approximately £2 billion, double the level of the previous year and representing almost half of the Fund's total assets. As a result, pooled asset net savings during 2020-2021 were £1.2m. We look forward to the roll out of the pool's initiatives in illiquid and alternative asset classes and further onboarding from our bond and fixed income portfolios.

In the year ahead we will continue to strengthen our governance support better to manage our risks and responsibilities, including the implementation of the Good Governance Project recommendations, the Pensions Regulators' new Combined Code, alongside increasing challenges around cyber security and scams. We will continue to work closely with our employers and support our scheme members as we implement updated pensions administration systems and processes, establish a new Employer Services team and respond to the implications of on-going reform, including those following the McCloud judgment. We will also continue to invest in our team, adopting a 'career family' approach to help offer greater opportunities and build greater resilience for the long term at the Norfolk Pension Fund. We will also carefully consider the opportunities that 'smarter working' offers to best meet the needs of our stakeholders and colleagues as we look ahead.

As hosts of the National LGPS Frameworks we are also pleased to continue to support and develop a successful collaboration facilitating efficient, timely access to professional services for Pools and Funds across the LGPS.

May I take this opportunity to record my sincere thanks at the end of an extraordinary year to all my colleagues on Pension Committee, to Alan Waters the Vice-Chairman, to the Pensions Oversight Board and to our external advisors for their commitment and support over the last year. We are also most grateful to our employers who have worked so closely with us through the pandemic and who we will continue to work alongside as we roll out new and improved ways of working.

And finally, on behalf of my fellow Committee Members, may I record my grateful thanks to the Norfolk Pension Fund team who have worked so imaginatively, collaboratively and tirelessly throughout the past year in order to support scheme members, scheme employers and their own colleagues through what has undoubtedly been a most extraordinary and uniquely challenging period. As we finally start to emerge from the constraints and challenges of the pandemic, we can look forward to next year with confidence and ambition. And as always and most importantly, I would like on behalf of my colleagues to record our grateful thanks for the excellent work and commitment of the Norfolk Pension Fund team.



Cllr Judy Oliver
Chairman of the Pensions Committee,

The Local Government Pension Scheme

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 2020-21.

The LGPS in England and Wales

- The LGPS is one of the largest public-sector pension schemes in the UK with 6.1 million members in England and Wales as at end of March 2020
- 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 88 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 or www.lgpsmember.org.



Contact Us

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Enquiries about pension benefits: Norfolk Pension Fund

Tel: 01603 495923
Fax: 01603 495795
Email: pensions@norfolk.gov.uk
Post: Norfolk Pension Fund
County Hall
Martineau Lane
Norwich
NR1 2DH

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
Opening hours: Monday to Friday, 8.45am – 5.30pm
(4.30pm on Friday)
Website: www.norfolkpensionfund.org

Scheme Management and Advisers

Administering Authority:	Norfolk County Council (NCC) County Hall Martineau Lane Norwich NR1 2DH
Scheme Administrator:	Simon George, Executive Director of Finance and Commercial Services (NCC)
Norfolk Pension Fund Officers:	Glenn Cossey, Director of the Norfolk Pension Fund Alex Younger, Head of Funding and Investment Mark Alexander, Pensions Manager
Asset Pooling:	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's Pensions Committee, which provides governance oversight. Link Fund Solutions Ltd acts as the regulated Operator for ACCESS.
Legal Advisors:	nplaw (Norfolk Public Law)
Fund Custodian:	HSBC
Fund Actuary:	Hymans Robertson LLP
Investment Advisor:	Hymans Robertson LLP
Fund Managers:	Aberdeen Standard Investments Aviva Investors Berenberg Bank Capital International Limited Equitix Goldman Sachs Asset Management HarbourVest Partners Insight Investment Management

Janus Henderson Investors
JP Morgan Asset Management
La Salle Investment Management
Link Fund Solutions
M&G Investments
Mondrian Investment Partners (up to November 2020)
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

Our officers, and elected Members on the Pensions Committee, work closely with the Department for Housing, Communities and Local Government (DHCLG) 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, Mark Alexander (Norfolk Pension Fund Pensions Manager), is a member of the South Eastern Counties Superannuation Officers Group (SEC SOG). 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), Payroll system user groups and the Civica user group.

Norfolk Pension Fund officers sometimes 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

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 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/governance/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
Aviva Investors	ISAE3402/AAF 01-06	Yes
Berenberg Bank *	ISAE 3402 Type II	Yes
Capital International Limited	SSAE16/ ISAE3402	Yes
Equitix**	Internal Control	Yes
Goldman Sachs Asset Management	report not produced	Yes
HarbourVest Partners	SSAE16/ ISAE3402	Yes
Janus Henderson Investors	SSAE16/ ISAE3402	Yes
HSBC	ISAE3402	Yes
Insight Investment Management	SSAE16/ ISAE3402	Yes
J.P. Morgan Asset Management	SOC1	Yes
LaSalle Investment Management	ISAE3402/AAF 01-06	Yes
Link Fund Solutions	ISAE 3402 Type II	Yes
M&G Investments	AAF 01-06	Yes
Mondrian Investment Partners	SSAE18/ ISAE3402	Yes
Pantheon	ISAE3402/AT-C320	Yes
Stafford Capital Partners **	Internal Control report not produced	Yes
Standard Life Aberdeen	AAF 01-06	Yes
UBS	SOC1	Yes

AAF – Audit and Assurance Framework

ISAE – International Standard on Assurance Engagements

SOC - Service Organisation Controls

SSAE - Statement on Standards for Attestation Engagements

* 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 for the whole organisation has been developed and agreed between the Fund and Berenberg Bank.

** Equitix and Stafford Capital Partners do not produce an internal controls report. A mechanism to review internal controls has been developed and agreed between the Fund and these managers 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 2019-20 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

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 2020-21 are provided in the accounts section accompanying this report.

A summary budget and outturn for 2020-21 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
2020-21 Fund Administration Costs	3,843	2,906	937
2019-20 Fund Administration Costs	3,734	3,013	721

Key Fund Income and Expenditure items are detailed below and lifted from the Revenue and Fund Account in the 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 Fund's 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. The profit and losses on disposal of investments and changes in the market value of investments represent the global financial market recovery and the post COVID-19 economic recovery.

Extract from the Revenue and Fund Account	2019-20 Actual £'M	2020-21 Actual £'M
Fund Receivables (contributions and Transfers In)	162.8	177.4
Fund Payables (benefits and Transfers Out)	-150.8	-154.0
Management Expenses	-24.5	-28.9
Net additions/withdrawals from dealings with members Including Fund Management Expenses	-12.5	-5.5
investment Income (less Taxation)	83.8	73.4
Profit and losses on disposal of investments and changes in the market value of investments	-259.3	838.1
Net increase/decrease in the net assets available for benefits during the year	-188.0	906.0

There were no notifiable late payments of contributions by scheme employers during 2020-21. All contributions outstanding at 31 March 2021 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.

2020-21	Pooled and Freehold Property, Private Equity, Derivatives & Cash £000	UK £000	Overseas £000	Total £000
Fixed Interest Securities				
Public sector quoted		65,088		65,088
Pooled Funds				
Unit trusts		192,541	73,540	266,081
Unitised insurance policies		270,520		270,520
Other managed funds		2,629,598	423,812	3,053,410
Pooled and Freehold Property, Private Equity & Derivatives				
Pooled property investments	409,086			409,086
Private equity	353,184			353,184
Direct property	1,210			1,210
Forward currency contracts	-447			-447
Cash deposits	82,133			82,133
Amounts receivable for sales/ Amounts payable for purchases	-1,000			-1,000
Net investment assets	844,166	3,157,747	497,352	4,499,265

2019-20	Pooled and Freehold Property, Private Equity, Derivatives & Cash £000	UK £000	Overseas £000	Total £000
Fixed Interest Securities				
Public sector quoted		65,899		65,899
Equities				
Quoted		31,267	502,790	534,057
Pooled Funds				
Unit trusts		214,551	99,185	313,736
Unitised insurance policies		207,776		207,776
Other managed funds		1,575,104	238,414	1,813,518
Pooled and Freehold Property, Private Equity & Derivatives				
Pooled property investments	363,109			363,109
Private equity	222,058			222,058
Direct property	1,089			1,089
Forward currency contracts	-4,180			-4,180
Cash deposits	89,977			89,977
Amounts receivable for sales/ Amounts payable for purchases	-1,986			-1,986
Net investment assets	670,067	2,094,597	840,389	3,605,053

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.

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

2016 Valuation			
Primary Rate (% of pay)	Secondary Rate		
1 April 2017 - 31 March 2020	2017-18	2018-19	2019-20
19.4%	£26,306,000	£27,463,000	£31,810,000

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.

	2019-20	2020-21
	£000	£000
Employers – normal	117,517	128,978
Employers – special	58	5
Employers – strain	1,888	1,454
Members – normal	30,678	32,540
Members – purchase of additional scheme benefits	553	518
TOTAL	150,694	163,495

By Employer Type

	2019-20	2020-21
	£000	£000
Administering authority	58,850	69,854
Other scheduled bodies	67,576	73,605
Community admission bodies	6,236	4,635
Transferee admission bodies	2,499	2,645
Resolution bodies	15,533	12,756
TOTAL	150,694	163,495

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 the 31 March have now been received.

Pension Overpayments

The table below analyses 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).

	2020-21
Number of Pension Overpayments	178
Number of Recoveries by Invoice	154
Number of Recoveries from spouse	24
Total Recoveries	178

Number/Amounts of Recoveries Written Off	6	£784.22
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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.

2019-20		
Number of Pension Overpayments		68
Number of Recoveries by Invoice	66	
Number of Recoveries from spouse	<u>2</u>	
Total Recoveries		68

Number/Amounts of Recoveries Written Off	12	£3,868.76
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Life Certificates sent out	999
Un-returned Life Certificates	6

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.

Investment Policy and Performance Report

Fund Performance Review for the year 2020-21

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 2020-21 seventeen external investment managers directly managed the Fund's assets:

- LaSalle (property)
- Link Asset Services (UK and overseas equities) – ACCESS pool operator
- Mondrian Partners (global equities) – to November 2020
- Capital International (global equities (- to November 2020) and emerging market and high yield debt)
- Pantheon (global infrastructure)
- Goldman Sachs Asset Management (absolute return fixed interest)
- 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)
- Aberdeen Standard Investments (European and global secondary focused private equity)
- UBS (UK equities - passive)
- Stafford (overseas timberland) – from November 2019.
- Aviva Investors (UK infrastructure) – from July 2020.
- JP Morgan (global infrastructure) – from July 2020.

The global custodian is HSBC. Following a joint procurement exercise with other ACCESS funds this arrangement is due to switch to Northern Trust during the 2021-22 financial year.

The asset allocation has evolved over the year as the Fund has provided 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 HSBC (the global custodian of the assets) and Goldman Sachs.

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 existing infrastructure commitments to Aviva Investors and J P Morgan were funded during the year.

The global equity mandates managed by Mondrian and Capital were transitioned to the ACCESS Pool during the fourth quarter of 2020. The Fund continues to hold both positions through the Pool.

2020-21 Investment Results

Investment performance for 2020-21 is very much a story of appreciation across all risk assets as financial markets continued the recovery that started in the second half of March 2020. The Fund has now more than recovered the fall in assets values that occurred at the start of the pandemic. All three strategies produced positive returns over the twelve-month period but as expected those returns were higher in the strategies containing a significant proportion of risk assets. This contrasts with the previous financial year when only the protection strategy produced positive returns. The returns for each of the strategies is shown below against their relevant CPI based benchmarks.

Strategy	One-year return to 31 March 2021	Benchmark return to 31 March 2021	Benchmark
1 (previously Core Strategy A)	24.30%	3.60%	CPI plus 2.9%
2 (previously Alternative Strategy A)	28.80%	3.90%	CPI plus 3.2%
3 (previously Alternative Strategy B)	0.90%	0.70%	CPI

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.

All 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 active fund managers was mixed over the last twelve months although all risk assets produced high returns.

In the equity space, only Mondrian (LINK) failed to deliver significant outperformance after fees compared to their equivalent passive benchmark. Their defensive value approach lagging the very strong equity market recover albeit while still delivering returns of just under 27% for the twelve-month period. The Mondrian (LINK) mandate remains ahead of benchmark since inception. The three active mandates that have been in place for a period of over 36-months have exceeded their benchmarks over the more relevant three and five-year periods. The passive UK equity mandate managed by UBS, tracked its benchmark as expected during the period.

The performance of the fixed income managers over the year was also in excess of benchmark although that disclosure has been impacted by the cash benchmarks employed by the Fund on the majority of this part of the portfolio.

The property mandate produced a marginally positive absolute return over the period as this asset class lagged most others during a year of general recovery. The relative return of the manager based on the available valuations was also negative. In common with the multi-manager industry generally, La Salle have struggled to add value above the benchmark return. The approach to managing property exposure is being reviewed as part of the development of the ACCESS pool.

It is too early to comment on the 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.

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.

Private equity investments have generally performed very well during the year mirroring the performance of public equity markets. The Fund has seen strong cash returns from its more mature investments as managers have taken advantage of strong pricing to exit investments. To maintain the programme, we have continued to make new investment commitments through the year primarily with HarbourVest. It has continued to be pleasing to receive early cash returns on some of the secondary investments made by the Fund, which has mitigated the “J-curve” often seen in private programmes. The private markets program was extended during the year with further debt commitments with M&G and infrastructure commitments with Equitix and JP Morgan.

During the financial year the Fund introduced 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 2019 was completed during 2019-20 in accordance with regulatory requirements. The valuation showed an improvement in the overall funding position to 99% (equivalent to a deficit of £28 million at the valuation date (£710 million deficit at 31 March 2016 (funding level 80%)). The estimated funding level at 31 March 2021 has risen but remains within the expected range of actuarial outcomes used when setting contribution rates for long term participating employers. This represents a strong recovery from the estimated position at 31 March 2020, which was near to the funding lows at the start of the pandemic.

A full 2019 Triennial Valuation report, including formal actuarial commentary, is available on our website at www.norfolkpensionfund.org.

Market Review of Global Financial Markets – 1 Year to 31 March 2021

Reflecting now on the extraordinary 12 months to end March 2021, throws up a very strange concoction of emotions and observations. On the one hand, enduring and witnessing the dreadful health and social impact of the pandemic has obviously been grim. On the other hand, this report is supposed to be a reflection on the investment environment, which was remarkably buoyant. The returns on the main asset classes over the past 12 months are illustrated in the charts that accompany this report.

Governments around the world responded to the crisis by stepping in quickly, providing fiscal support for companies and employees. Central banks also acted to support economic recovery by reversing the tightening in financial conditions associated with the pandemic. And by the start of April 2020, financial markets had already started to recover from the severe sell-off in the previous month when markets touched pandemic driven lows.

Global stock markets have seen a remarkable recovery during the period, led by technology-enabled companies which saw their growth rates accelerate as a result of the pandemic. Businesses operating in areas such as ecommerce, gaming, entertainment, food delivery and online education, sailed through the crisis, enjoying ‘demand binges’ from locked down consumers.

UK equities also posted strong returns, supported by the rapid approval and subsequent roll-out of the new efficacious vaccines which provided some much-needed optimism towards the end of the period. Having had the initial ‘political’ Brexit a year ago, we finally had the real thing – an ‘economic’ Brexit – at the end of 2020. There have inevitably been a few signs of teething problems around the new, post-deal trade arrangements and much is still to be decided on swathes of the important service sector of the economy. Overall however, and while it is far too early to say anything definitively, there have not been obvious signs of immediate economic distress.

Across emerging markets, China’s economy appears to have benefitted from the pandemic. The digitalisation of the domestic economy has accelerated, while the export manufacturing side of the economy has been boosted by demand for medical products and goods related to a global shift towards working-from-home such as laptop computers. In addition, government fiscal and monetary policy has remained largely orthodox, so that China is starting to develop the beginnings of safe haven status among the world’s financial markets. India has suffered to a much greater extent economically, given the structure and relative immaturity of its economy. However, this has, in time, motivated the government to open the fiscal taps and undertake some reforms which may jump start the economy into higher growth. In short, there are some grounds for optimism in two of the biggest economies in emerging markets.

In Japan, unemployment only rose modestly and currently resides at just under 3%, a level most western nations would be delighted to report. At the same time the most recent Tankan survey of large company sentiment presents a picture of rapid recovery, with

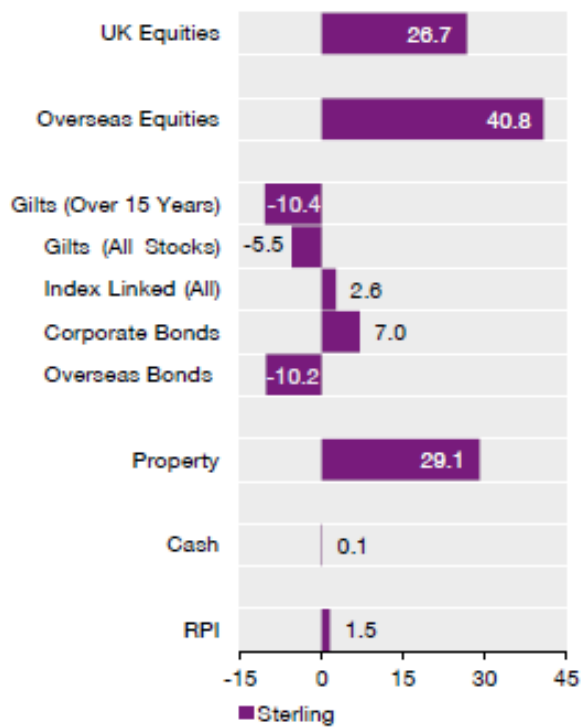
business leaders of manufacturing firms now feeling as optimistic as they did before the pandemic.

Elsewhere, government bond yields collapsed, and the additional yield spread offered by corporate bonds started to fall, having risen sharply in March 2020. The spread on corporate bonds continued to fall throughout the period, boosted by a recovery in economic activity alongside support from central bank quantitative easing programmes. Towards the end of the period, government bond yields quickly moved higher again. As the vaccine rollout accelerated and the easing of restrictions approached, forward-looking economic indicators became increasingly upbeat and markets believed that ultra-loose monetary policy was coming to an end. This rise in underlying government yields caused corporate bond prices to fall, but this was not enough to offset positive returns earlier in period. Over 12 months investment grade bonds still delivered a positive return of 7.0%.

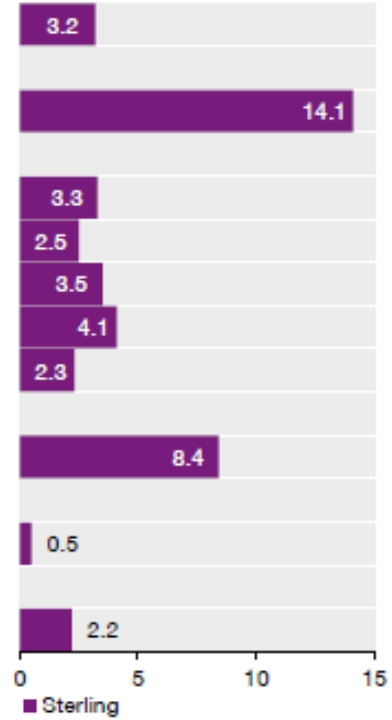
We do not know where investment markets may go from here, at least in the near term, nor do we try and time the markets. We believe it important to stick to our principles of a diverse, long-term investment strategy working with high-quality partners in the investment management industry to target the long-term returns needed to support pensions.

Returns for World Markets to 31 March 2021

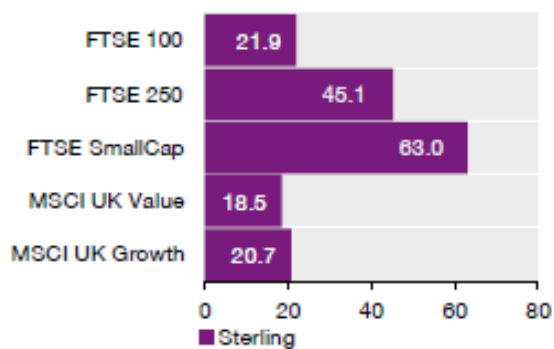
Major Classes – 12 Months (%)



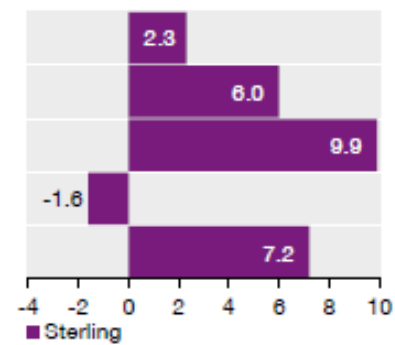
Major Classes – 3 Years (% p.a.)



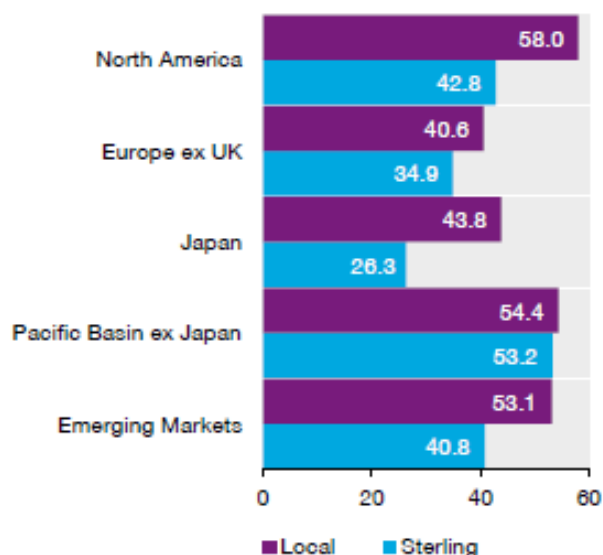
UK Market – 12 Months (%)



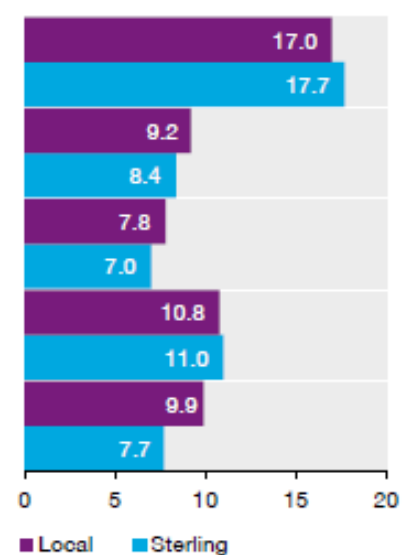
UK Market – 3 Years (% p.a.)



Overseas Equities– 12 Months (%)



Overseas Equities– 3 Years (% p.a.)



Source: StatPro, Datastream content from Refinitiv, FTSE, MSCI, ICE Data Indices.

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Scheme Administration

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 of performance and costs against other LGPS funds, a well as national performance statistics.

The average cost per member (CPM) to administer the Norfolk Pension Fund for 2019-20 (the latest available at time of publication) was £19.97, which is just below the average £20.00 CPM achieved by other local authorities who participated in the CIPFA Pensions Administration Benchmarking Club over the same period.

Average Cost per Member

	2015-16	2016-17	2017-18	2018-19	2019-20
Norfolk Pension Fund	£17.85	£19.43	£18.97	£20.01	£19.97
CIPFA Benchmarking Average	£18.37	£20.14	£21.16	£21.34	£20.00

We consistently deliver high service levels to our members and employers. For example, during 2019-20, over six CIPFA Industry Standard Performance Indicators, the Norfolk Pension Fund has delivered 96.5% within the CIPFA target timescale, 11% higher than the

average of 86.7% 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 2021 we achieved a common data score of 95.7% 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 to benefits accrual, and 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 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

Online, Technical and i-Connect Helpdesk

Telephone 01603 222132

Email pensions.technical@norfolk.gov.uk

Investment, Accountancy and Actuarial Services

Telephone 01603 222139

Email 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/governance/complaints-and-disputes/.

During 2020-21 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
- Incremental pay awards are directly linked to performance

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

1. COVID-19 global pandemic

The Norfolk Pension Fund transitioned to working remotely in March 2020 in response to the global pandemic. The Fund's risk mitigation and resilience planning helped the Fund quickly adapt and maintain critical services through this transition and establish a stable service to effectively support scheme members and employers.

2. Strategic Review and operations

Despite the pandemic, good progress has been made towards delivering the recommendations outlined in the comprehensive review of the Norfolk Pension Fund, in order to reduce high levels risks and ensure that the Fund is well placed to continue to support scheme members and employers as we look forward. A new contract for pensions administration software was awarded during the year and employers have started transitioning to -i-Connect, and key processes have been analysed and mapped as part of the re-organising of employer services.

3. ACCESS Investment Pool

We have continued to work as a member of the ACCESS pool with a further £700m+ assets transitioning into the Pool within the year.

Data Quality

We published our Report on Data Quality in January 2021. 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 95.57%

The only significant area of “fail” is deferred pensioners’ addresses. These are marked as “gone away” on our systems if mail is returned to us.

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 which highlights where payments may 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 an annual check on deferred members 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 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 the 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.

Benchmarking results are published in November for the previous financial year 1 April to 31 March.

CIPFA Benchmarking results for Industry Standard Performance Indicators and LGPS Management Expenses are shown below for 1 April 2019 to 31 March 2020 (the latest available at time of publication).

Industry Standard Performance Indicators

Task	Target	Norfolk Results	Club Average
Letter detailing transfer in quote	10 days	93.7%	88.8%
Letter detailing transfer out quote	10 days	95.6%	89.1%
Process and pay refund	10 days	94.9%	87.8%
Initial letter acknowledging death of member	5 days	98.1%	85.9%
Letter notifying amount of dependent's benefits	10 days	98.1%	87.1%
Calculate and notify deferred benefits	30 days	98.8%	81.7%
AVERAGE		96.5%	86.7%

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	2019-20		2020-21	
		Volume	% within CIPFA Standard	Volume	% within CIPFA Standard
Transfer In Quotes	10 days	401	93.3	209	86.3
Transfer Out Quotes	10 days	586	95.9	525	91.8
Refund Payments	5 days	836	95.7	507	96.9
Estimate of Retirement Benefits	10 days	1,691	97.1	1,272	90.3
Actual Retirement Benefits	5 days	1,499	99.5	1,565	98.8
Acknowledgement Death of Member	5 days	823	97.3	902	74.0
Notify Dependant's Benefits	5 days	393	98.2	302	66.9
Notify Deferred Benefits	10 days	2,823	98.9	1,905	97.9
TOTAL		8,819	97.0	7,187	87.9

Analysis of Scheme Membership

The Norfolk Pension Fund Unit Cost per Member for the period 1 April 2020 to 31 March 2021 is shown in the table below.

Process	2016-17	2017-18	2018-19	2019-20	2020-21
Investment Expenses					
Total cost £'000	14,601	15,748	17,960	21,782	26,204
Total Membership (Nos)	85,905	89,568	91,368	92,360	94,733
Cost per member (£)	169.97	175.82	196.57	235.84	276.61
Administration Costs					
Total cost £'000	1,684	1,749	1,858	1,858	2,109
Total Membership (Nos)	85,905	89,568	91,368	92,360	94,733
Cost per member (£)	19.6	19.53	20.34	20.12	22.26
Oversight and Governance Costs					
Total cost £'000	898	495	816	887	653
Total Membership (Nos)	85,905	89,568	91,368	92,360	94,733
Cost per member (£)	10.45	5.53	8.93	9.60	6.89

The table below shows a 10% increase in scheme membership since 2016-17. There has been a 7% increase in active scheme members, an 8% increase in deferred members and an 18% increase in pensioners (retired members).

	2016-17	2017-18	2018-19	2019-20	2020-21
Active	28,469	28,837	29,067	29,317	30,257
Deferred	34,216	36,520	36,947	36,700	37,106
Pensioner	23,220	24,211	25,354	26,343	27,370
Total	85,905	89,568	91,368	92,360	94,733

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	0.0%	8
17-32	17.5%	5,303
33-48	37.4%	11,331
49-64	42.1%	12,750
65-69	2.3%	705
70+	0.5%	160

Deferred Scheme Member Age Profile

Age Band	Percentage of Members	Number of Members
0-16	0.0%	1
17-32	13.0%	4,818
33-48	38.3%	14,197
49-64	46.7%	17,335
65-69	1.5%	563
70+	0.5%	175

Retired Scheme Member Age profile

Age Band	Percentage of Members	Number of Members
0-49	0.9%	243
50-54	0.7%	178
55-59	4.3%	1,189
60-64	15.4%	4,227
65-69	24.6%	6,739
70+	54.1%	14,794

Breakdown of retirements

1,447 scheme members retired during 2020-21, broken down into the different retirement types shown in the table below.

Retirement Type	Number of Retirements
55 to State Pension Age Voluntary	1,049
Over State Pension Age (Late)	172
Employer consent	65
Redundancy/Efficiency	58
Flexible	54
Incapacity/Ill health	49
TOTAL	1,447

Employer Contributions

As at 31 March 2021 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.

2020-21	£'000
Administering authority	69,854
Other scheduled bodies	73,605
Community admission bodies	4,635
Transferee admission bodies	2,645
Resolution bodies	12,756
Total	163,495

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.

As a result of COVID-19, we have been unable to hold our usual face-to-face this year, but we have maintained our usual printed and online communications as well as introducing virtual webinar events.

Some of the highlights from the feedback we have received are shown below.

Employer Forums, 8 July 2020 and 26 November 2020 – 84% of respondents gave an overall assessment of the Forums as Excellent/Very Good.

Comments included, 'Excellent updates, which covered all the questions I had,' 'I have not been able to attend employer forums in the past due to the distance I would need to travel. I found the virtual forum very useful and I would like to participate in future virtual forums, 'This was in general a very good session' and, 'All worked well for me, thanks very much.'

£95k Exit Payment Cap Webinar (for Employers, Pensions Committee members and Pensions Oversight Board members, Norfolk Pension Fund staff), 8 October 2020 – 93% of respondents gave an overall assessment of the webinar as Excellent/Very Good. 100% of respondents rated the format of the webinar and presentations as Excellent/Very good'.

Comments included: 'Perfect length and pitch', 'Very clear and concise', 'Thank you, greatly appreciated update' and, 'It was my first webinar and for me it worked really well. It was not too long to encroach on busy diaries, was informative for a very important topic and tailored well to the audience.'

Navigating McCloud Webinar (for Employers, Pensions Committee members and Pensions Oversight Board members, Norfolk Pension Fund staff), 9 September 2020 – 100% of respondents gave an overall assessment of the webinar as Excellent/Very Good. 100% of respondents rated the format of the webinar and presentations as Excellent/Very good'.

Comments included: 'Thank you for the useful webinar - I give top marks for everything', 'Thank you very much for arranging this seminar it was very helpful', 'That was so helpful – thank you!', 'It was so helpful to understand the background and how that impacts going forwards – really cannot thank you enough!!' and, 'Excellent, clear webinar on a tricky subject.'

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.

	2016-17		2017-18		2018-19		2019-20		2020-21	
Staff Joining	2	7%	1	4%	2	7%	4	14%	2	7%
Staff Leaving	2	7%	1	4%	2	7%	1	4%	1	4%
Total Staff (FTE)	28.5		28.5		28.5		28		28	
LGPS Admin Staff (FTE)	22		22		22		22		22	
Total Scheme Membership	85,905		89,568		91,368		92,360		94,733	
Members per LGPS Admin Staff (FTE)	3,905		4,071		4,153		4,198		4,306	
Staff to Member Ratio	1:178		1:185		1:189		1:191		1:195	
Case Items	6,907		7,532		8,819		8,891		7,187	
Case Items per LGS Admin Staff (FTE)	314		342		401		404		327	
Staff to Case Item Ratio	1:14		1:16		1:18		1:18		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 mean users 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 £141m in savings with:

- 11 Live Frameworks in place
- 40 Funds and Pools have acted as 'Founding Authorities'
- 107 Funds and Pools joining the Frameworks (plus nine non-LGPS users)
- 445 contracts awarded
- 185 years of estimated effort saved by procuring through the Frameworks



www.nationallgpsframeworks.org

Helpline: 01603 306846

General enquiries: nationalLGPSframeworks@norfolk.gov.uk

Actuarial Report on Funds

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 2020. In summary, the key funding principles are as follows:

- 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 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 2019. This valuation revealed that the Fund's assets, which at 31 March 2019 were valued at £3,835 million, were sufficient to meet 99% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £28 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 2020 to 31 March 2023 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 2019 valuation report.

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 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	4.2% p.a.
Salary increase assumption	3.0% p.a.
Benefit increase assumption (CPI)	2.3% p.a.

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 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:

	Males	Females
Current Pensioners	21.7 years	23.9 years
Future Pensioners*	22.8 years	25.5 years

*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2020

Markets were severely disrupted by COVID 19 in March 2020, but in the 2020-21 year they have recovered strongly. As a result, the funding position of the Fund as at 31 March 2021 is likely to be broadly similar to that reported at the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

Governance

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.

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 core principles of the Good Governance Framework.

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 2020-21

Chairman:	Norfolk County Councillor	Cllr Judy Oliver
Vice-Chairman:	District Councillor (co-opted by the Local Government Association)	Cllr Alan Waters
	Norfolk County Councillor	Cllr Danny Douglas
	Norfolk County Councillor	Cllr Tom FitzPatrick
	Norfolk County Councillor	Cllr Martin Storey
	Norfolk County Councillor	Cllr Brian Watkins
	District Councillor (co-opted by the Local Government Association)	Cllr John Fuller
	Staff Representative	Steve Aspin
	Observer	Any participating employers
Other attendees:	Administrator of the Fund (NCC Executive Director of Finance and Commercial Services)	Simon George
	Director of the Norfolk Pension Fund (Scheme Manager)	Glenn Cossey
	Investment Advisor to the Fund	William Marshall (Hymans Robertson LLP)

Pensions Committee Meetings and Training

		Steve Aspin	Danny Douglas	Tom FitzPatrick	John Fuller	Judy Oliver - Chairman	Martin Storey	Alan Waters - Vice-Chairman	Brian Watkins
March 2021	LGC - To Engage or Divest					✓			✓
March 2021	ACCESS Governance and SAB RI Guidance	✓		✓		✓	✓	✓	✓
March 2021	LGC - To Engage or Divest					✓			
March 2021	Equity Review and Climate Risk Reporting	✓	✓	✓	✓	✓	✓	✓	✓
March 2021	Pensions Committee	✓	✓	✓	✓	✓	✓	✓	✓
February 2021	Monitoring and Managing Climate Risk					✓		✓	
January 2021	Investing for climate emergency and managing climate risk								✓
December 2020	ACCESS Investor Day					✓			
December 2020	Monitoring and Managing Climate Risk training	✓	✓	✓	✓	✓		✓	✓
December 2020	Pensions Committee	✓	✓	✓	✓	✓		✓	✓
December 2020	Covid-19 and what else keeps the LGPS awake at night - LGPS webinar					✓			✓
November 2020	Cyber Risk in the LGPS training					✓			

		Steve Aspin	Danny Douglas	Tom FitzPatrick	John Fuller	Judy Oliver - Chairman	Martin Storey	Alan Waters - Vice-Chairman	Brian Watkins
October 2020	Fiduciary Duties of Elected Members training	✓	✓	✓	✓	✓		✓	✓
October 2020	How to Support Knowledge and Skills post COVID training		✓	✓	✓	✓	✓	✓	✓
October 2020	Pensions Committee		✓	✓	✓	✓		✓	✓
July 2020	Pensions Committee	✓	✓	✓	✓	✓	✓	✓	✓
June 2020	Virtual Pensions Committee training			✓		✓	✓		

Pensions Committee Training

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.

Member training is supplemented by attendance at Local Government Association (LGA) and other associated events. A training log is maintained.

Annual Report from the Pensions Oversight Board

This is the Annual Report of the Norfolk Pension Fund Pensions Oversight Board (POB), covering the period from 1 April 2020 to 31 March 2021.

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

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 website at <https://www.norfolkpensionfund.org/governance/local-pension-board/>.



Brian Wigg,
Chairman

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 2020 to March 2021 was as follows:

Role	Representing	Appointment
Independent Chair		Brian Wigg
Scheme Member representatives	Trade Union nominee	Rachel Farmer (UNISON)
	Active/Deferred representative	John Harries
	Pensioner representative	Peter Baker
Employer representatives	Norfolk County Council representative	Debbie Beck
	Precepting/levying employers representative	Councillor Chris Walker, Poringland Parish Council
	Other employers representative	Howard Nelson, Diocese of Norwich Education and Academies Trust

Pensions Oversight Board Meetings

The Pensions Oversight Board met four times during the year - informally in May 2020 (first virtual meeting post pandemic) and formally in September and November 2020 and February 2021. All meetings have been virtual.

In addition to these meetings, POB Members have attended each of the Pensions Committee meetings between April 2020 and March 2021. These meetings have also all been virtual.

During the reporting period the areas reviewed and contributed to have included:

- The impact of and response to the coronavirus pandemic on the operations of the Norfolk Pension Fund on behalf of its stakeholders
- Norfolk Pension Fund's internal structural review programme, including the replacement pensions administration system, and the impact on employers and scheme members
- Investment pooling (including transition of assets to the ACCESS pool)
- LGPS reform (including the Good Governance Project)
- Benefits and Regulatory changes, response and compliance
- Risk Management and reporting
- Accessibility guidelines and compliance
- Retired Member revised engagement plans
- Smarter working planning
- Employer Asset Tracking arrangements
- Audit Reports

The Pensions Oversight Board maintain a forward work programme, aligned to the Pensions Committee work programme.

Attendance at POB meetings was 75%.

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.

All Pensions Oversight Board members receive introductory training and resources. Pensions Oversight Board members are currently undertaking the Pensions Regulators public sector trustee toolkit modules and are encouraged and make use of other resources and training opportunities.

Together with members of Pensions Committee, Pensions Oversight Board members participated in the National Knowledge Assessment Survey. The results of the Survey helped inform the development of a new Training Strategy for the Norfolk Pension Fund.

Together with members of Pensions Committee and Officers, Pensions Oversight Board members attended bespoke joint training in October 2020 and February 2021. Board members have also attended a wide range of virtual training offered through the year, including webinars and conferences

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.



Brian Wigg
Chairman of the Norfolk Pension Fund Pensions Oversight Board
27 May 2021

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 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/governance/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 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:

- 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

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 2020-21

As Chairman of the ACCESS Joint Committee, I am pleased to introduce the latest Annual Report for our pool.

The backdrop to 2020/21 remained the COVID-19 pandemic, which continues to shape our world. The strength of the partnership between each of the eleven Authorities has been the foundation of how ACCESS has been able to adjust and respond to these challenging circumstances.



The year saw further substantial progress in the pooling of active listed assets, with seven new sub-funds being launched by Link Fund Solutions, the Operator of the ACCESS Authorised Contractual Scheme (ACS). As at 31 March 2021 a total of £20.4bn on behalf of all eleven ACCESS Authorities was invested within 22 ACS sub-funds across global equity, UK equity, fixed income and diversified growth.

For passive assets, ACCESS Authorities jointly procured the services of UBS in 2017, and a total of £11.1bn was being managed at the end of year.

In January 2021, the Joint Committee agreed the approach ACCESS will take to implement pooled arrangements for alternative / non-listed assets. This will cover the four areas set out below:

- Private Equity
- Private Debt
- Infrastructure
- Property

Having undertaken framework procurements, the ACCESS Joint Committee also confirmed the appointment of two key advisers during the year. In November 2020 we welcomed Engine MHP as our Communications partner, and, in January 2021, Minerva were appointed to conduct a review of the pool's Responsible Investment guidelines and advise on future reporting requirements.

Finally, a review of the size and scope of the ACCESS Support Unit was undertaken resulting in the establishment of two additional FTE positions to further support both the development and ongoing work of the Pool.

A handwritten signature in dark ink that reads "Mark W. Kemp-Gee". The signature is written in a cursive style with a horizontal line underneath.

Cllr Mark Kemp-Gee
Chairman, ACCESS Joint Committee



At a glance

- **1** Inter Authority Agreement (updated 2020)
- **1** Joint Committee
- **11** Authorities

- **£20bn** assets in **22** ACS actively managed sub funds
- **£11bn** assets with **1** jointly procured passive asset manager: UBS

- 5 FTE (Full Time Equivalent) ASU (ACCESS Support Unit) staff
- 5 part time Technical Leads (Technical Leads drawn from ACCESS Authorities)
- **Link:** ACS Operator
- **Alternatives** under consideration

- **£12.9m** costs
 - **£38.4m** gross savings
 - **£25.5m** net savings
- Cumulative: 2016 inception to 31 March 2021

- **2nd** Investor Event 17 December 2020 (virtual)
- **Operator Link & Depositary** Northern Trust gave presentations
- **60 delegates**

All figures at 31 March 2020 unless stated

Background

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of eleven Local Government Pension Schemes (LGPS) Administering Authorities: Cambridgeshire County Council; East Sussex County Council; Essex County Council; Hampshire County Council; Hertfordshire County Council; Isle of Wight Council; Kent County Council; Norfolk County Council; Northamptonshire County Council (West Northamptonshire from 1 April 2020); Suffolk County Council and West Sussex County Council in response to the Governments pooling agenda across the LGPS.

Collectively as at 31 March 2021, the ACCESS Authorities have total assets of **£56 billion** (of which **57%** has been pooled) serving **3,400** employers with **1.1 million** members including **300,000** pensioners

The first ACCESS Inter Authority Agreement was signed in late June 2017.

The ACCESS Administering Authorities are committed to working together to optimise benefits and efficiencies on behalf of their individual and collective stakeholders, operating within a clear set of objectives and principles that drives the decision-making process.

Governance

Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as does all decision making on their individual Funds asset allocation and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

The Joint Committee (JC) has been appointed by the eleven Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The JC's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool- aligned asset providers (for passive asset management), to the Administering Authorities. The Joint Committee also reviews ongoing performance.

The Section 151 Officers of ACCESS Authorities provide advice to the Joint Committee in response to its decisions to ensure appropriate resourcing and support is available to implement the decisions and to run the ACCESS Pool.

The Joint Committee is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

The Officer Working Group consists of officers with specialist LGPS investment skills, identified by each of the Administering Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management and supplier relationship, administration and technical support services. 2020/21 saw the approval of two additional roles to increase support capacity of the ASU which is hosted by Essex County Council. Appointments were made to these positions in March 2021 and July 2021. These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.

The Operator: Link Fund Solutions

Appointed in 2018 Link Fund Solutions Ltd provide the pooled operator service, overseeing an Authorised Contractual scheme for the sole use of ACCESS Authorities. Link are responsible for establishing and operating an authorised contractual scheme along with the creation of a range of investment sub-funds for active listed assets and the appointment of the investment managers to those sub-funds. This is designed to enable Administering Authorities to execute their asset allocation strategies.

Pool Aligned Assets: UBS

Appointed following a joint procurement in 2017, UBS act as the ACCESS Authorities' investment manager for passive assets.

Progress on Pooling

ACCESS submitted its pooling proposal to Government in July 2016 with detailed plans for establishing and moving assets into the pool. Included in the proposal was an indicative timeline of when assets will be pooled, and ACCESS has continued to make excellent progress against the principal milestone of having **£27.2 billion** assets pooled and estimated savings of **£13.6 million** by March 2021 exceeding the assets pooled by **£4 billion** and the savings by **£6 million**

As at 31 March 2021, **57%** of assets have been pooled: Sub-funds (25%); Passive (24%); Outside the Pool (51%).

Pooled Assets

As at 31 March 2021 ACCESS has the following assets pooled:

Pooled Investments	£ Billion
Passive Investments	11.125
UK Equity Funds	2.159
Global Equity Funds	14.676
UK Fixed Income	2.085
Diversified Growth	1.465
Total Pooled Investments	31.510

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme.

Key milestones achieved in 2020-21

- Approval and launch of a range of sub-funds reflecting the strategic asset allocation needs of the ACCESS Funds.
- Provision of updates of progress of pooling to Government.
- Appointment of Engine MHP to review and advise in the further development of the Communications Policy.
- Appointment of Minerva to provide advice and guidance to develop Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.
- In conjunction with Link Fund Solutions, held the second investor day for Elected members and officers of the individual Authorities. There were presentations by Link Fund Solutions as the ACS operator and Northern Trust as the depositary.
- Determined an approach to pooling and managing the illiquid assets covering private equity, private debt, infrastructure and property.
- Additional resources appointed to the ASU to support the activities of the ACCESS Pool.

Objectives for 2021-22

ACCESS is well placed to continue to develop the pool and progress will continue unabated despite the restrictions imposed by the COVID-19 lockdown. Virtual meetings are well established and productive. It is anticipated that 2020/21 will see key activities within the following themes:

- Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS).
- Alternative / non listed assets: the initial implementation of pooled alternative assets.
- Passively managed assets: ongoing monitoring and engagement with UBS.
- Finalise and implement the Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.
- ACCESS Support Unit (ASU): the size and scope of the ASU will be kept under review.

Expected v Actual Costs and Savings

The table below summarises the financial position for 2020/21 along with the cumulative position since the commencement of ACCESS activity in early 2016.

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2020/21 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

	2020-21		2020-21	
	Actual	Budget	Actual	Budget
	In Year	In Year	Cumulative to date	Cumulative to date
	£'000	£'000	£'000	£'000
Set Up Costs	-	-	1,824	1,400
Transition Costs	-	-	674	2,499
Ongoing Operational Costs	863	1,247	3,071	3,716
Operator & Depository Costs	3,672	4,077	7,304	6,577
Total Costs	4,058	3,203	12,873	14,192
Pool Fee Savings	19,626	13,600	40,142	32,050
Net Savings Realised	15,568	9,997	27,269	17,858

Operator and depository fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator.

The 2020/21 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the MHCLG submission whilst delivering an enhanced level of savings ahead of the timeline contained in the original proposal.

Environmental, Social and Governance (ESG) and Responsible Investment (RI)

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environmental and social risk considerations, promoting good governance and stewardship.

Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

ACCESS has reviewed its own ESG/RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment. Minerva have been appointed as part of this review to provide advice on guidelines and implementing these in a pooling environment.

Minerva will also provide advice on future appropriate reporting requirements to provide transparency to stakeholders, monitor adherence to the Guidelines and inform discussion on ESG/RI matters.

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The voting guidelines sets out the principles of good corporate governance and the means by which ACCESS will seek to exercise its influence on companies. During the year ACCESS voted at 868 meetings on 11,351 resolutions.

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 2020-21 and shows the cumulative costs to date since financial year 2015-16 when the initial set up of the ACCESS Pool commenced. During 2020-21 there were two transitions of assets into ACCESS Pool. These one-off costs were considered as part of the overall cost benefit analysis of the transition into 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 2020-21 and the total savings to date since financial year 2015-16.

	2020-21	
	Actual	Actual
	In Year	Cumulative to date
	£'000	£'000
Set Up Costs	0	183
Transition Costs	170	335
Ongoing Operational Costs	63	346
Total Costs	233	864
 Pool Fee Savings	 1,480	 6,821
 Net Savings Realised	 1,247	 5,957

The analysis below shows the investment expenses incurred during the financial year 2020-21 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.

2020-21	Asset Pool				Non-Asset Pool				Fund Total	
	Direct £000s	Indirect £000s	Total £000s	bps	Direct £000s	Indirect £000s	Total £000s	bps	£000s	bps
Management Fees										
Invoice Fees (excl VAT)	0	0	0	1	3,673	0	3,673	13	3,673	14
Performance	0	0	0	0	0	798	798	3	798	3
Fees paid from NAV Pooled Funds	0	2,794	2,794	10	0	13,593	13,593	44	16,387	54
Broker Commission	202	0	202	1	167	0	167	1	369	2
Transaction Taxes	0	0	0	0	48	0	48	0	48	0
Implicit Costs	4,663	0	4,663	16	1,785	0	1,785	6	6,448	22
Legal and Advisory Fees	213	0	213	1	201	0	201	1	414	2
Other Transaction Costs	0	0	0	0	0	637	637	2	637	2
Indirect Transaction costs	0	0	0	0	75	0	75	0	75	0
Custody	0	0	0	0	266	0	266	1	266	1
Other										
Total	5,078	2,794	7,872	29	6,215	15,028	21,243	71	29,115	100

The analysis below shows the investment assets that transitioned to the ACCESS Pool during financial year 2020-21 and the investment held outside of the pool.

2020-21	Opening Value		Closing Value	
	£'000	%	£'000	%
Asset Pool managed investments				
Pooled Investment - Equities - active	770,300	21.37%	1,742,187	38.72%
Total	770,300	0.2137	1,742,187	38.72%
Non-Asset Pool managed investments				
UK Public Sector Quoted - active	32,474	0.90%	31,832	0.71%
UK Quoted - active	33,425	0.93%	33,256	0.74%
Equities - active	534,057	14.81%	0	0.00%
Pooled Investment vehicles - active	1,246,686	34.59%	1,303,656	28.97%
Pooled Investment vehicles - passive	207,776	5.76%	270,520	6.01%
Derivatives - Forward Currency	-4,180	-0.12%	-447	-0.01%
Property Funds	363,109	10.07%	409,086	9.09%
Property - directly held	1,089	0.03%	1,210	0.03%
Private Equity	222,058	6.16%	353,184	7.85%
Infrastructure	89,447	2.48%	261,144	5.80%
Timberland	20,821	0.58%	12,504	0.28%
Cash	87,991	2.44%	81,133	1.80%
Total	2,834,753	78.63%	2,757,078	61.28%
Total Fund	3,605,053	100.00%	4,499,265	100.00%

2019-20	Opening Value		Closing Value	
	£'000	%	£'000	%
Asset Pool managed investments				
Pooled Investment - Equities - active	866,788	22.67%	770,300	21.37%
Total	866,788	0.2267	770,300	21.37%
Non-Asset Pool managed investments				
UK Public Sector Quoted - active	27,795	0.73%	32,474	0.90%
UK Quoted - active	34,989	0.92%	33,425	0.93%
Equities - active	594,826	15.56%	534,057	14.81%
Pooled Investment vehicles	1,269,280	33.20%	1,246,686	34.59%
Pooled Investment vehicles	255,526	6.69%	207,776	5.76%
Derivatives - Futures	-1,619	-0.04%	0	0.00%
Derivatives - Forward Currency	470	0.01%	-4,180	-0.12%
Property Funds	427,934	11.20%	363,109	10.07%
Property - directly held	470	0.01%	1,089	0.03%
Private Equity	212,928	5.57%	222,058	6.16%
Infrastructure	59,102	1.55%	89,447	2.48%
Timberland	0	0.00%	20,821	0.58%
Cash	73,744	1.93%	87,991	2.44%
Total	2,955,445	77.33%	2,834,753	78.63%
Total Fund	3,822,233	100.00%	3,605,053	100.00%

The table below details the return for the component strategies for the Fund. The 12 month return to 31st March 2021 is ahead of the benchmark return for each strategy –

Table to be updated

Strategy	Return since inception	Annualised return since inception	12 month return to 31 March 2020	12 month benchmark return to 31 March 2020	Annualised benchmark return since inception	Benchmark
Core Strategy A	2.0%	0.7%	-5.6%	4.4%	4.7%	CPI plus 2.9%
Alternative Strategy A	2.0%	0.7%	-6.1%	4.7%	5.0%	CPI plus 3.2%
Alternative Strategy B	11.6%	4.1%	4.6%	1.5%	1.8%	CPI

Pension Administration Strategy Report

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 2020-21 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.

Customer Care and Communication Strategy Statement

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/governance/keeping-you-informed/.

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 2020-21

Statement of Responsibilities

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 Executive Director of Finance and Commercial Services;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the statement of accounts.

The Executive Director of Finance's and Commercial Services Responsibilities

The Executive Director of Finance and Commercial Services 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 Executive Director of Finance and Commercial Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Executive Director of Finance and Commercial Services 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 the Executive Director of Finance and Commercial services

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 2021.

Signed:



Simon George Executive Director of Finance and
Commercial Services and Fund Administrator

Date: **XX XXXXXXXX 2021**

Independent Auditor's Report

Independent Auditor's Statement to the Members of Norfolk County Council on the Pension Fund Financial Statements

EY – page 1

Revenue and Fund Account

For the Year Ended 31 March 2021

2019-20 £000		Notes	2020-21 £000
Dealings with members, employers and others directly involved in the Fund			
150,694	Contributions	7	163,495
12,103	Transfers in from other pension funds	8	13,944
162,797			177,439
-144,311	Benefits	9	-148,973
-6,491	Payments to and on account of leavers	10	-5,006
-150,802			-153,979
11,995	Net additions/withdrawals from dealings with members		23,460
-24,527	Management Expenses	11	-28,966
-12,532	Net additions/withdrawals from dealings with members Including Fund Management Expenses		-5,506
Returns on investments			
84,245	Investment income	12	73,699
-473	Taxes on income	13a	-302
-259,312	Profit and losses on disposal of investments and changes in the market value of investments	14a	838,086
-175,540	Net return on investments		911,483
-188,072	Net increase/decrease in the net assets available for benefits during the year		905,977
3,809,192	Opening net assets of the scheme		3,621,120
3,621,120	Closing net assets of the scheme		4,527,097

Net Assets Statement

As at 31 March 2021

2019-20 £000		Notes	2020-21 £000
3,618,234	Investment assets	14	4,504,775
-13,181	Investment liabilities	14	-5,510
3,605,053	Total Net Investments		4,499,265
659	Long term debtors	21	579
659			579
	Current Assets		
14,254	Debtors	21	20,292
9,374	Cash in hand	21	13,887
23,628			34,179
	Current Liabilities		
-8,220	Creditors	22	-6,926
-8220			-6,926
15,408	Net current assets		27,253
3,621,120	Net assets of the Fund available to fund benefits at the period end		4,527,097

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:



Simon George
Executive Director of Finance and Commercial
Services and Fund Administrator

Date: XX XXXXXX 2021

Notes to the Accounts

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 2019-20 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 Executive Director of Finance and Commercial Services.

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

There are currently 425 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below. This is an increase of 11 employers since 31 March 2020.

	31 March 2020	31 March 2021
Number of Employers with Active Members	414	425
Full membership including employers with deferred and legacy pension commitments		
Number of Employees in Scheme		
Norfolk County Council	12,605	12,809
Other Employers	16,712	17,448
Total	29,317	30,257
Number of Pensioners		
Norfolk County Council	13,483	13,940
Other Employers	12,860	13,430
Total	26,343	27,370
Deferred Pensioners		
Norfolk County Council	19,764	19,707
Other Employers	16,936	17,399
Total	36,700	37,106
Total Members membership including employers with deferred and legacy pension commitments	92,360	94,733

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:
<ol style="list-style-type: none"> 1. Action for Children (Dereham) 2. Action for Children (Diss Children's Centre) 3. Action for Children (Ex4Children) 4. Action for Children (Fakenham Gateway Children's Centre) 5. Action for Children (Hethersett) 6. Action for Children (Nar & Terringtons Children's Centre) 7. Action for Children (Wells) 8. Bradwell Parish Council 9. Chartwell (Diocese of Norwich Education and Academies Trust) 10. Easton and Otley College 11. East City Children's Centre 12. Great Yarmouth Community Trust (Children's Centre) 13. Kier Support Services 14. Norfolk Academies Trust 15. North City Children's Centre 16. Sacred Heart Catholic V A Primary 	<ol style="list-style-type: none"> 1. Action for Children Early Childhood and Family Services 2. Aspens Services (Caister Academy) 3. Bluebell Primary School 4. Brancaster Parish Council 5. Burnham Market Parish Council 6. Caston Church of England Primary Academy 7. Caterlink (City of Norwich School) 8. Churchills Group (Paston College) 9. Clarion Academy Trust 10. Diocese of Norwich Education Services Company 11. Diocese of Norwich St Benet's Multi-Academy Trust 12. Downham & Stow Bardolph Internal Drainage Board 13. Garboldisham Church Primary School 14. Happisburgh Parish Council 15. Harrison Catering (Dussindale Primary School) 16. Ludham Parish Council 17. Newton Flotman Church of England Primary Academy 18. Oulton Parish Council 19. Parkers Church of England Primary Academy 20. Reedham Parish Council 21. Rollesby Parish Council 22. Serco Group Plc (North Norfolk District Council) 23. Southtown Primary School 24. Tharston and Hapton Parish Council 25. Wacton Parish Council 26. Winterton-on-Sea Parish Council 27. Wymondham College Prep School

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 2021, 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 2020-21 and 2021-22.

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 1st April 2020 to 31st March 2023. Excluding lump sum deficit recovery payments these rates range from 0% to 34.5% of actual pensionable pay.

Actual Pensionable Pay 2020-21	Contribution rate per year	Actual Pensionable Pay 2021-22	Contribution rate per year
Up to £14,600	5.5%	Up to £14,600	5.5%
£14,601 to £22,800	5.8%	£14,601 to £22,900	5.8%
£22,801 to £37,100	6.5%	£22,901 to £37,200	6.5%
£37,101 to £46,900	6.8%	£37,201 to £47,100	6.8%
£46,901 to £65,600	8.5%	£47,101 to £65,900	8.5%
£65,601 to £93,000	9.9%	£65,901 to £93,400	9.9%
£93,001 to £109,500	10.5%	£93,401 to £110,000	10.5%
£109,501 to £164,200	11.4%	£110,001 to £165,000	11.4%
£164,201 or more	12.5%	£165,001 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 1st 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 1/49th.

	Membership before April 2008	Membership April 2008 to March 2014	Membership from April 2014
Pension	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
Lump Sum	Automatic lump sum of 3 x salary	No automatic lump sum	No automatic lump sum
Additional Lump sum	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 2021 is 0.5% (1.7% April 2020).

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.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2020-21 financial year and its position at year-end as at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 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, are 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.

The Funding Level as per the recent triennial valuation exercise was 99%. The estimated Funding Level as at 31 March 2021 is 104% (estimated 31 March 2020 90%) which includes market movements and changes in liability measurement since 31 March 2019.

The actuarial assumption for long term investment return at the last triennial valuation was 4.2% per annum.

The investment returns for the quarter ended 30 June 2021 for each of the Fund's investment strategies were:

Strategy 1	4.0%
Strategy 2	4.3%
Strategy 3	2.7%
Strategy 4	1.9%

The overall valuation of the Fund as at 30 June 2021 was £4.666 billion reflecting these returns.

There are 425 active employers as at March 2021. The majority are public sector organisations. 48 (11%) of the active employers are admitted bodies, which comprise private contractors to public bodies, housing associations and a very small number of voluntary and charitable organisations. Many of these employers only pay contributions for 2 or 3 employees. These 11% of employers make up just 5% of the total employer pension contributions. In contrast the County, District and Borough councils comprise 2% of employers by number but contribute 61% of the total employer pension contributions.

All employers continue to pay their contributions as per the actuarial rates and adjustment certificate. No active employer has asked to defer their contribution payments during the period of the COVID-19 pandemic.

The Pension Fund has an allocation of 45% to public equities, 7% to liquid fixed income and holds around 1% of the Fund in cash. These are assets that can be liquidated quickly if required. The Pension Fund is satisfied that it is sufficiently liquid to conclude that it is a going concern. The value of Pension Fund assets that can be liquidated at short notice if needed is over £2.3billion, which significantly exceeds the annual expenditure of the Fund.

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.

i) 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.

ii) 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.

iii) 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

	2019-20 £000	2020-21 £000
Performance-related fees	324	802

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.

	2019-20 £000	2019-20 £000
Value of invoiced fees based on estimates	2,907	3,219

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

g) 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).

h) Freehold and leasehold properties

The direct freehold property holding was valued as at 31 March 2019. 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 2022.

i) 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.

j) 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.

k) 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 (HSBC) 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.

l) 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.

m) 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.

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).

n) 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).

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

- o) The Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 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 and applies to the adoption of the following disclosures as amended in the 2021 code:
- Definition of a Business: Amendments to IFRS 3 Business Combinations
 - Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
 - Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The code requires implementation of the above disclosure from 1 April 2021. These changes are not considered to have a material effect on the Pension Fund accounts for 2020–2021.

Contingent Assets and contingent liabilities

- p) 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.

COVID-19 Asset Value

- q) As at 31 March 2020 the Fund made additional prudent adjustments to asset values. During the course of financial year 2020-21 global markets recovered and reflect the impact of the COVID-19 global pandemic. Therefore, no adjustment to asset values is required and assets are valued in accordance with the Funds valuation accounting policies.

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. Aberdeen Standard Investments funds are valued at 31 December and rolled forward for cash flows to 31 March.

	2019-20 £000	2020-21 £000
Value of unquoted private equity	222,058	353,184

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).

	2019-20 £000	2020-21 £000
Value of Pooled Investment Vehicle – Property/Freehold Property	364,198	410,296

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.

	2019-20 £000	2020-21 £000
Value of Infrastructure Equity Pooled Fund	89,447	261,144

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.

	2019-20 £000	2020-21 £000
Value of Timberland Equity Pooled Fund	20,821	12,504

Pooled 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 three debt funds are valued quarterly on a Net Asset Value basis.

	2019-20 £000	2020-21 £000
Value of Pooled Debt Funds	111,789	139,679

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

- r) 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. During the course of financial year 2020-21 global markets recovered and reflect the impact of the COVID-19 global pandemic. Therefore, no adjustment to assets classified as Level 3 in the fair value hierarchy is required.

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	Estimation of the net liability to pay pensions depends on a	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:

Item	Uncertainties	Effect if actual results differ from assumptions		
(measured under IAS26)	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 of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	Sensitivity to the assumptions for the year ended 31 March 2021 0.5% p.a. increase in the Pension Increase Rate 0.5% p.a. increase in the Salary Increase Rate 0.5% p.a. decrease in the Real Discount Rate	Approximate % increase to liabilities 9% 1% 10%	Approximate monetary amount (£m) £627m £65m £706m
Private Equity	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	The total private equity investments in the financial statements are £353.2m. There is a risk that this investment may be under or overstated in the accounts. Generally, these investments are valued a minimum of a quarter in arrears. The adjusted valuations as at 31 March 2021 totalling £42.9m above the estimated 31 March valuations have been received and the accounts updated accordingly.		

Item	Uncertainties	Effect if actual results differ from assumptions
	degree of estimation involved in the valuation.	
Pooled 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. For freehold property the valuation is performed by independent external valuers on a fair value basis and in	The total pooled property/freehold property investments in the financial statements are £410.3m. There is a risk that this investment may be under or overstated in the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
	accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).	
Pooled Infrastructure Equity	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.	<p>The total Pooled Infrastructure Equity investments in the financial statements are £261.1m. There is a risk that this investment may be under or overstated in the accounts.</p> <p>The auditors to the Aviva Investors Infrastructure Income Limited Partnership have issued a qualified audit opinion as they have been unable to gain sufficient appropriate audit evidence to the accuracy and sufficiency of any provision required on a legal claim representing less than 9% of the total NAV of the Fund. The carrying value of the Norfolk Investment in these accounts is £39.2M.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Timberland Equity Pooled Fund	<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>	The total Pooled Timberland Equity investments in the financial statements are £12.5m. There is a risk that this investment may be under or overstated in the accounts.
Pooled Debt Funds	<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</p>	The total Pooled Debt Fund investments in the financial statements are £139.7m. There is a risk that this investment may be under or overstated in the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
	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 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	Between 6.00% and 10.00%

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 2021, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

7. Contributions Receivable

By Category

2019-20		2020-21
£000		£000
117,517	Employers – normal	128,979
58	Employers – special	5
1,888	Employers – strain	1,453
30,678	Members – normal	32,540
553	Members – purchase of additional scheme benefits	518
150,694		163,495

Employer Normal contributions include deficit recovery Contributions as shown below. Where applicable the actuarial certification of the employers' contribution rate includes an element in respect of deficit funding estimated to recover the deficit on that employers section of the Fund over an agreed period.

2019-20 £000		2020-21 £000
33,785	Deficit recovery contribution included in employers normal contributions	36,521
33,785		36,521

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

2019-20 £000		2020-21 £000
58,850	Administering authority	69,854
67,576	Other scheduled bodies	73,606
6,236	Community admission bodies	4,635
2,499	Transferee admission bodies	2,645
15,533	Resolution bodies	12,755
150,694		163,495

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:

2019-20 £000		2020-21 £000
70	Strain instalments due after the Net Asset Statement date	2
70		2

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 2021.

8. Transfers In From Other Pension Funds

2019-20 £000		2020-21 £000
0	Group transfers	4,814
12,103	Individual transfers	9,130
12,103		13,944

The group transfers figure in 2020-21 represents the transfer of staff from the Cambridgeshire Pension Fund in respect of Norwich City Council. There were no group transfers in 2019-20. 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.

With effect from 1 April 2005 the Magistrates Courts Service (a body participating in the Norfolk Pension Fund) became part of the civil service. Each affected LGPS Fund's actuary determined the value of the pensioner and deferred liabilities remaining with the LGPS and calculated the requirement for sufficient retained assets to match these liabilities. The Actuary determined that there are insufficient assets to cover the remaining liabilities so a balancing payments were required to the Fund by the Civil Service (Her Majesty's Courts Service), spread over ten annual instalments. All instalments have now been received.

2019-20 £000		2020-21 £000
1,404	HMCS total present value	0
1,404		0

9. Benefits Payable

By Category

2019-20 £000		2020-21 £000
121,309	Pensions	125,997
20,620	Commutation and lump sum retirement benefits	19,534
2,382	Lump sum death benefits	3,442
144,311		148,973

By Authority

2019-20 £000		2020-21 £000
66,296	Administering authority	68,284
53,670	Other scheduled bodies	54,271
6,647	Community admission bodies	7,400
4,159	Transferee admission bodies	4,475
13,539	Resolution bodies	14,543
144,311		148,973

10. Payments To and On Account of Leavers

2019-20 £000		2020-21 £000
379	Refunds to members leaving service	323
5,997	Individual transfers	4,683
115	Payment made under Regulations 74, 75 and 15(3) and 64 of the Local Government Pension Scheme (Administration) Regulations 2008/2018.	0
6,491		5,006

There were no Group Transfers paid out in 2020-21 or 2019-20.

11. Management Expenses

Pension Fund management expenses for 2020-21 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).

2019-20 £000		2020-21 £000
1,858	Administrative costs	2,109
21,782	Investment management expenses	26,204
887	Oversight and governance costs	653
24,527		28,966

The Local Government Pension Scheme Regulations enables administration expenses (including Oversight and Governance) to be charged to the Fund.

11a. Investment Expenses

	31 March 2021 Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000
Fixed Interest Securities	457	457	0	0
Equities	1,773	1,603	0	170
Pooled Investments	8,266	7,120	801	345
Private equity	7,731	7,731	0	0
Infrastructure (Incl. Timberland)	3,055	3,054	1	0
Derivatives forward Currency	1,571	1,571	0	0
	22,853	21,536	802	515
Fees and Other expenses	3,277			
Custody fees	74			
Total	26,204			

	31 March 2020 Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000
Fixed Interest Securities	471	471	0	0
Equities	2,861	2,300	0	561
Pooled Investments	6,917	6,615	193	109
Private equity	5,543	5,543	0	0
Infrastructure (Incl. Timberland)	2,028	1,897	131	0
Derivatives forward Currency	537	534	0	3
	18,357	17,360	324	673
Fees and Other expenses	3,337			
Custody fees	88			
Total	21,782			

12. Investment Income

2019-20 £000		2020-21 £000
350	Income from fixed interest securities	532
38	Income from index linked securities	35
14,125	Equity dividends	6,995
15,619	Pooled Property investments	13,285
45,721	Pooled fund income - unit trusts and other managed funds	45,683
1,171	Private equity income	1,970
5,467	Pooled funds rebate	3,903
110	Stock lending	64
1,397	Interest on cash deposits	166
53	Rents from Property (note 12a)	50
194	Other	1,016
84,245		73,699

12a. Property Income

2019-20 £000		2020-21 £000
53	Rental income	50
-13	Direct operating expenses	-78
40	Net income	-28

13. Other Fund Disclosures

13a. Taxes on Income

2019-20 £000		2020-21 £000
417	Withholding tax - equities	247
56	Withholding tax – pooled investments	55
473		302

13b. External Audit costs

2019-20 £000		2020-21 £000
18	Payable in respect of external Audit	132
18		132

14. Investments

Market Value 31 March 2020 £000		Market Value 31 March 2021 £000	
Investment assets			
65,899	Fixed Interest Securities	65,088	
534,057	Equities	0	
2,335,030	Pooled Investments	3,590,011	
363,109	Pooled property investments	409,086	
222,058	Private equity Partnerships	353,184	
1,089	Direct Freehold Property	1,210	
5,724	Derivatives – forward currency	4,063	
89,977	Cash deposits	82,133	
1,291	Amounts receivable for sales	0	
3,618,234	Total investment assets	4,504,775	
Investment liabilities			
-9,904	Derivatives - forward currency	-4,510	
-3,277	Amounts payable for purchases	-1,000	
-13,181	Total investment liabilities	-5,510	
3,605,053	Net investment assets	4,499,265	

14a. Reconciliation of Movements in Investments and Derivatives 2020-21

	Market value 31 March 2020 £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 2021 £000
Fixed Interest Securities	65,899	567	0	-1,378	65,088
Equities	534,057	147,953	-863,297	181,287	0
Pooled property investments	363,109	24,344	-11,360	32,993	409,086
Pooled investments	2,335,030	1,095,809	-334,163	493,335	3,590,011
Private equity	222,058	57,013	-57,003	131,116	353,184
Direct Freehold Property	1,089	0	0	121	1,210
	3,521,242	1,325,686	-1,265,823	837,474	4,418,579
Derivative contracts:					
- Forward currency contracts	-4,180	41,021	-41,342	4,054	-447
	-4,180	41,021	-41,342	4,054	-447
Other investment balances:					
- Cash deposits	89,977			0	82,133
- Amount receivable for sales of investments	1,291			0	0
- Amount payable for purchases of investments	-3,277			-3,442	-1,000
Net investment assets	3,605,053			838,086	4,499,265

14a. Reconciliation of Movements in Investments and Derivatives 2019-20

	Market value 31 March 2019 £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 2020 £000
Fixed Interest Securities	62,784	25,855	-25,463	2,723	65,899
Equities	594,826	912,836	-942,368	-31,237	534,057
Pooled property investments	427,934	27,059	-36,449	-55,435	363,109
Pooled investments	2,450,696	335,964	-278,910	-172,720	2,335,030
Private equity	212,928	41,640	-47,562	15,052	222,058
Direct Freehold Property	470	740	0	-121	1,089
	3,749,638	1,344,094	-1,330,752	-241,738	3,521,242
Derivative contracts:					
- Futures	-1,619	3,754	-200	-1,935	0
- Forward currency contracts	470	35,144	-27,052	-12,742	-4,180
	-1,149	38,898	-27,252	-14,677	-4,180
Other investment balances:					
- Cash deposits	73,338			0	89,977
- Amount receivable for sales of investments	406			-2,897	1,291
- Amount payable for purchases of investments	0			0	-3,277
Net investment assets	3,822,233			-259,312	3,605,053

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 2020-21	<u>£515,000</u>
Transaction costs incurred during 2019-20	<u>£673,000</u>

14b. Investments Analysed by Fund Manager

Market Value 31 March 2020			Market Value 31 March 2021	
£000	%		£000	%

Investments Managed by the ACCESS Pool (Link Fund Solutions)

563,325	15.63%	LF ACCESS Global Equity (ex UK) Fund	720,759	16.02%
0	0.00%	LF ACCESS Globe Equity Capital Fund	453,664	10.08%
206,975	5.74%	LF ACCESS UK Equity Core Fund	290,369	6.45%
0	0.00%	LF ACCESS Globe Equity Mondrian Fund	277,395	6.17%
770,300	21.37%		1,742,187	38.72%

Investments Managed outside of the ACCESS Pool

531,377	14.74%	Janus Henderson Global Investors	569,410	12.67%
397,381	11.02%	LaSalle Investment Management	432,270	9.61%
388,682	10.78%	M&G – (Incl. Infracapital)	393,308	8.74%
193,493	5.37%	HarbourVest Partners	322,722	7.17%
207,776	5.76%	UBS	270,521	6.01%
159,205	4.42%	Insight Investment **	175,054	3.89%
472,330	13.10%	Capital International Limited	161,475	3.59%
0	0.00%	J.P. Morgan Asset Management	120,287	2.67%
75,476	2.09%	Equitix	81,077	1.80%

Market Value 31 March 2020 £000 %			Market Value 31 March 2021 £000 %	
99,185	2.75%	Goldman Sachs Asset Management	73,539	1.63%
34,097	0.95%	Global Custodian*	55,817	1.24%
0	0.00%	AVIVA Investors	39,157	0.87%
29,241	0.81%	Aberdeen Standard Investments	32,371	0.72%
13,969	0.39%	Pantheon	21,097	0.47%
20,821	0.58%	Stafford Capital Partners	12,505	0.28%
211,720	5.87%	Mondrian	0	0.00%
0	0.00%	Berenberg Bank**	-3,532	-0.08%
2,834,753	78.63%		2,757,078	61.28%
3,605,053	100.00%		4,499,265	100.00%

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

Security	Market Value 31 March 2020 £000	Percentage of total fund %	Market Value 31 March 2021 £000	Percentage of total fund %
LF ACCESS Global Equity (ex UK) Fund	563,325	15.6	720,759	15.9
LF ACCESS Globe Equity Capital Fund	0	0.0	453,664	10.0
LF ACCESS UK Equity Core Fund	206,975	5.7	290,369	6.4
LF ACCESS Globe Equity Mondrian Fund	0	0.0	277,395	6.1
Janus Henderson Managed Multi Asset Credit Fund	216,985	6.0	276,891	6.1
UBS Life UK Equity Tracker	207,776	5.7	270,520	6.0
M&G Alpha Opportunities Fund	276,890	7.6	250,104	5.5

During the year there were no individual investment (a single security) exceeding 5% of the total value of the net assets. Seven pooled holdings (five in 2019-20) 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 2021 the LF ACCESS Global Equity ex UK A INC fund held 204 (210) stocks.
- As at 31 March 2021 the M&G Alpha Opportunities Fund has 478 (477) positions, across 361 (385) issuers.
- At 31 March 2021 the Janus Henderson Multi Asset Credit Fund held 349 (268) individual issues from issuers 271 (227).
- As at 31 March 2021 the Link Fund Sol Ltd Access UK Equity Core A Inc fund held 54 (57) stocks.
- At 31 March 2021 the UBS Life UK Equity Tracker Fund held 629 securities (641).
- As at 31 March 2021 the Link Fund Sol Ltd Access Globe Eq Mondrian A Inc fund held 45.
- As at 31 March 2021 the Link Fund Sol Ltd Access Globe Equity Cap A Inc fund held 319.

The UBS investment is a unit linked contract of long term insurance ("the policy") issued by UBS Asset Management Life Ltd ("UBS Life"). Units in the range of pooled investment funds operated by UBS Life ("Life Funds") are allocated to the Policyholders. The value of the units in a Life Fund are directly linked to the assets legally and beneficially owned by UBS Life and held in that Life Fund. Such units may be surrendered and their value realised in accordance with the conditions applying to the Policy (including at UBS Life's discretion, by a transfer of assets in specie). The underlying assets are predominantly

quoted investments which are listed or admitted to trading on a stock exchange (or similar public market) and may also include uninvested cash and derivatives. The policy falls within Class III of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, and is not a “with profits” contract.

14c. Stock Lending

In November 2020 the Fund transitioned its remaining directly held equity mandates to the ACCESS pool. As a result, the stock lending programme with the funds Custodian Bank has ceased. All stocks on loan were recalled and included in the transition.

Stock lending income for the period 1 April 2020 to the point of transition is captured in investment income (Note 12).

Therefore, as at 31 March 2021, there are no securities on loan 11 lines of stock were on loan in 2020.

	31 March 2020 £000	31 March 2021 £000
Value of quoted equities on loan	57,759	0
Value of un-quoted equities on loan	0	0
Fair value of collateral held by Custodian	62,798	0
Collateral relative to stock on loan (percentage coverage)	109%	0%

The following table provides an analysis of the securities on loan at 31 March:

Asset Type	Value on loan at 31 March 2020 £000	Value on loan at 31 March 2021 £000
UK Equities	872	0
Overseas Equities	56,706	0

14d. Property Holdings

Details of the Funds directly owned freehold properties are as follows:

Year Ending 31 March 2020 £000		Year Ending 31 March 2021 £000
470	Opening balance	1,089
740	Additions	0
0	Disposals	0
0	Net increase in market value	0
-121	Other changes in fair value	121
1,089	Closing balance	1,210

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. The Pension Fund has undertaken a programme of works during the financial year on one of its unoccupied properties.

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. Henderson did not hold any futures contracts in its portfolio at 31 March 2021 (2020 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. The hedging programme is managed between two currency managers, Berenberg Bank and Insight Investment.

The Fund also requires LaSalle (previously AVIVA Investors) 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	EUR	16,000	£	-13,814	0	-181
Up to one month	£	25,249	AUD	-44,855	486	0
Up to one month	£	57,316	EUR	-65,844	1,208	0
Up to one month	£	273,458	\$	-381,309	0	-2,898
Up to one month	\$	380,800	£	-276,563	0	-575
Between one & three months	EUR	4,100	£	-3,517	0	-21
Between one & three months	£	92,530	EUR	-106,710	1,537	0
Between one & three months	£	26,631	JPY	-3,946,000	740	0
Between one & three months	£	71,988	\$	-100,320	0	-711
Between one & three months	JPY	1,801,100	£	-11,942	0	-124
Between one & three months	\$	45,550	£	-32,917	92	0
Open forward currency contracts at 31 March 2021					4,063	-4,510
Net forward currency contracts at 31 March 2021						-447
Prior year Comparative						
Open forward currency contracts at 31 March 2020					5,724	-9,904
Net forward currency contracts at 31 March 2020						-4,180

At the 31 March 2021, the fund held £0m (£0.1m 2020) cash collateral posted against gains on its Forward foreign currency contracts with Berenberg Bank. The collateral is held in a separate account and is not included in the Revenue Account or Net Asset Statement.

Following financial market regulation changes during 2017-18 the Fund uses its segregated

fixed Interest securities holding (£65.1m) as a collateral pool against the notional gains and losses on the Insight Investment currency contracts.

Contracts with a common underlying currency profile and similar maturity profile have been amalgamated for the purpose of disclosure. A key to the currencies referred to in the table is provided below:

Symbol / Acronym	Currency
£	British pound (Sterling)
\$	United States dollar
AUD	Australian dollar
EUR	Euro
JPY	Japanese yen

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.
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Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
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>	Observable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.	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.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
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 controlling the partnership.</p>	Unobservable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.	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.
Timberland Equity Pooled Fund	Level 3	<p>Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments.</p> <p>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>	Observable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.	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.

Pooled Debt Funds – Credit	Level 3	The fund is valued monthly on a Net Asset Value basis.	<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>
Pooled Debt Funds – Special Situations	Level 3	The funds are valued quarterly on a Net Asset Value basis.	<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>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>
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,</p>

which is used when deciding the comparable public bonds for the discount rate calculation.

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 consequent potential impact on the closing value of investments held at 31 March 2021.

Following a review between the Fund and the Fund Manager, the Fund reclassified four Pooled Debt Funds as Level 3 assets from Level 2. For two of the funds, the reclassification is due a change in assessment of the nature of pricing inputs by the Fund Manager, moving from observable to unobservable. For the other two vehicles, the Fund identified an inconsistency in the classification it has used and that historically advised by the Manager.

The reclassification of these latter two assets had effect in 2019-20. As a result, the Level 2 and 3 comparator disclosures in note 16 have been restated by £54.4m and annotated accordingly to reflect the adjusted amounts.

Description of Asset	Assessed Valuation Range (+/-)	Value at 31 March 2021 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	10.00%	410,296	451,326	369,267
Private Equity	15.00%	353,184	406,162	300,207
Pooled Infrastructure Equity	10.00%	261,144	287,258	235,029
Pooled Timberland Equity	10.00%	12,504	13,755	11,254
Pooled Private Debt/Credit Funds	10.00%	117,507	129,258	105,757
Pooled Real Estate Debt Fund	6.00%	22,172	23,502	20,841
Net Investment Assets		1,176,807	1,311,261	1,042,355

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 2020 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	14.20%	364,198	415,914	312,482
Private Equity	28.40%	222,058	285,122	158,993
Pooled Infrastructure Equity	20.10%	89,447	107,426	71,468
Pooled Timberland Equity	20.10%	20,821	25,006	16,636
Pooled Debt Funds (Restated)	8.00%	54,410	54,763	50,057
Net Investment Assets		750,934	892,231	609,636

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 2021	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Investment assets				
Fixed interest securities	65,088	0	0	65,088
Pooled investments	0	3,176,684	413,327	3,590,011
Pooled property investments	0	0	409,086	409,086
Private equity partnerships	0	0	353,184	353,184
Derivatives - forward currency	4,063	0	0	4,063
Cash deposits	82,133	0	0	82,133
Total Investment Assets	151,284	3,176,684	1,175,597	4,503,565

Non-Financial assets at fair value
through profit and loss

Values at 31 March 2021	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Direct Freehold Property	0	0	1,210	1,210
Financial liabilities at fair value through profit and loss				
Payable for Investment purchases	-5,510	0	0	-5,510
Net Investment Assets	145,774	3,176,684	1,176,807	4,499,265

Values at 31 March 2020	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Investment assets				
Fixed interest securities	65,899	0	0	65,899
Equities	534,057	0	0	534,057
Pooled investments (Restated)	0	2,170,354	164,677	2,335,031
Pooled property investments	0	0	363,108	363,108
Private equity partnerships	0	0	222,058	222,058
Derivatives - forward currency	5,724	0	0	5,724
Cash deposits	89,977	0	0	89,977
Amounts receivable for sales	1,291	0	0	1,291
Total Investment Assets	696,948	2,170,354	749,843	3,617,145
Non-Financial assets at fair value through profit and loss				
Direct Freehold Property	0	0	1,089	1,089
Financial liabilities at fair value through profit and loss				

Values at 31 March 2020	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Payable for Investment purchases	-13,181	0	0	-13,181
Net Investment Assets	683,767	2,170,354	750,932	3,605,053

16b. Transfers between Levels 1 and 2

There were no transfers between Level 1 and 2 in 2020-21 (no transfers during 2019-20).

During the year two 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).

During the year two 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 Debt Funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Market value 1 April 2020	364,198	222,058	89,447	20,821	54,410	750,934
Transfers into Level 3	0	0	0	0	57,379	57,379
Transfers out of Level 3	0	0	0	0	0	0
Purchases during the year and derivative payments	24,344	57,013	188,406	1,928	30,712	302,403
Sales during the year and derivative receipts	-11,360	-57,003	-4,994	-10,001	-16,625	-99,983
Unrealised gains/losses	42,198	100,707	-11,890	-508	13,803	144,310
Realised gains/losses	-9,084	30,409	175	264	0	21,764
Market value 31 March 2021	410,296	353,184	261,144	12,504	139,679	1,176,807

Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account.

	Pooled Property/ Freehold Property	Private Equity	Infrastructure Pooled Fund	Timberland Pooled Fund	Pooled Debt Funds (Restated)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Market value 1 April 2019	428,404	212,928	59,102	0	38,729	739,163
Transfers into Level 3	0	0	0	0	0	75,036
Transfers out of Level 3	0	0	0	0	0	0
Purchases during the year and derivative payments	27,799	41,640	36,977	61,441	25,172	193,029
Sales during the year and derivative receipts	-36,449	-47,562	-9,564	-41,041	-1,151	-135,767
Unrealised gains/losses	6,030	21,514	124	112	-8,340	19,440
Realised gains/losses	-61,586	-6,462	2,808	309	0	-64,931
Market value 31 March 2020	364,198	222,058	89,447	20,821	54,410	750,934

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-20 Assets amortised at cost £000	Liabilities at amortised cost £000		Fair value through profit and loss £000	31-Mar-21 Assets amortised at cost £000	Liabilities at amortised cost £000
Financial assets						
65,899			Fixed Interest Securities	65,088		
534,057			Equities	0		
2,335,030			Pooled Investments	3,590,011		
363,109			Pooled Property	409,086		
222,058			Private equity	353,184		
5,724			Derivative contracts	4,063		
	99,351		Cash		96,020	
3,263			Other investment balances	6,372		
	114		Debtors		76	
3,529,140	99,465	0		4,427,804	96,096	0
Financial liabilities						
-9,904			Derivative contracts	-4,510		
		-5,438	Creditors			-3,462
-3,277			Other Investment Balances	-1,000		
-13,181	0	-5,438		-5,510	0	-3,462
3,515,959	99,465	-5,438		4,422,294	96,096	-3,462

17b. Net Gains and Losses on Financial Instruments

31 March 20 £000		31 March 21 £000
Financial assets		
-217,733	Fair value through profit and loss	875,253
0	Assets amortised at cost	0
Financial liabilities		
-41,458	Fair value through profit and loss	-37,288
0	Liabilities at amortised cost	0
-259,191	Total	837,965
Reconciliation to Revenue and Fund Account - Profit and losses on disposal of investments and changes in the market value of investments		
-121	Direct Freehold Property Holding - Not classified as a financial Instrument	121
-259,312		838,086

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 2020-21 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.10
Long Index-Linked Gilts	9.50
UK Equities including pooled	16.70
Overseas Equities including pooled	17.40
Infrastructure Equity	21.00
Timberland Equity	21.00
UK Bonds including pooled	7.30
Index Linked Gilts including pooled	9.50
Bonds including pooled	6.20
Cash and Cash Equivalents (Including Payables and Receivables)	0.30
Pooled Property Investments/Direct Freehold Property	14.20
Private Equity	28.50
Total	11.50

* 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 2021 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	80,686	0.30	80,928	80,444
Investment Portfolio Assets:				
Short Index-Linked Gilts	20,085	4.10	20,908	19,262
Long Index-Linked Gilts	11,747	9.50	12,863	10,631
UK Equities including pooled	560,890	16.70	654,559	467,221
Overseas Equities including pooled	1,451,817	17.40	1,704,433	1,199,201
Infrastructure Equity	261,144	21.00	315,984	206,304
UK Bonds including pooled	663,859	7.30	712,321	615,397
Index Linked Gilts including pooled	33,256	9.50	36,415	30,097
Bonds including pooled	639,797	6.20	679,464	600,130
Pooled Property Investments/ Direct Freehold Property	410,296	14.20	468,558	352,034
Private Equity	353,184	28.50	453,841	252,527
Timberland	12,504	21.00	15,130	9,878
Total Assets Available to Pay Benefits	4,499,265	11.50	5,016,680*	3,981,850*

* 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 2020 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	83,812	0.30%	84,063	83,561
Investment Portfolio Assets:				
Short Index-Linked Gilts	20,563	4.10%	21,406	19,720
Long Index-Linked Gilts	12,862	9.30%	14,058	11,666
UK Equities including pooled	446,017	27.50%	568,672	323,362
Overseas Equities including pooled	1,066,114	28.00%	1,364,626	767,602
Infrastructure Equity	89,447	20.10%	107,426	71,468
UK Bonds including pooled	647,471	7.60%	696,679	598,263
Index Linked Gilts including pooled	32,474	9.30%	35,494	29,454
Bonds including pooled	599,216	8.70%	651,348	547,084
Pooled Property Investments/ Direct Freehold Property	364,198	14.20%	415,914	312,482
Private Equity	222,058	28.40%	285,122	158,994
Timberland	20,821	20.10%	25,006	16,636
Total Assets Available to Pay Benefits	3,605,053	11.1%	4,005,214*	3,204,892*

* 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 2019 and 31 March 2020 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

Asset Type	Value as at 31 March 2020 £000	Value as at 31 March 2021 £000
Investment Cash Balances	89,977	82,133
Cash in hand	9,374	13,887
Fixed Interest Securities	65,899	65,088
Total	165,250	161,108

Asset Type	Interest Receivable 31 March 2020 £000	Interest Receivable 31 March 2021 £000
Investment Cash Balances	1,324	145
Cash in hand	73	21
Fixed Interest Securities	388	567
Total	1,785	733

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 2021 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	82,133	82,954	81,312
Cash in hand	13,887	14,026	13,748
Fixed Interest Bonds	65,088	65,739	64,437
	161,108	162,719	159,497

Asset Type	Asset values at 31		
	March 2020 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	89,977	90,877	89,077
Cash in hand	9,374	9,468	9,280
Fixed Interest Bonds	65,899	66,558	65,240
	165,250	166,903	163,597

Asset Type	Interest Receivable 31		
	March 2021 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	145	146	144
Cash in hand	21	21	21
Fixed Interest Bonds	567	573	561
	733	740	726

Asset Type	Interest Receivable		
	31 March 2020 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	1,324	1,337	1,311
Cash in hand	73	74	72
Fixed Interest Bonds	388	392	384
	1,785	1,803	1,767

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.

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 15b 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 9.80% 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 9.80% 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 where full hedging of currency risk is not in place):

Currency Exposure – Asset Type	Asset Value as at 31 March 2021 £000	Change to net assets available to pay benefits	
		+9.80% £000	-9.80% £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,451,817	142,278	-142,278
Infrastructure	141,384	13,856	-13,856
Timberland	12,504	1,225	-1,225
Private Equity	353,184	34,612	-34,612
Change in net assets available to pay benefits		191,971	-191,971

The comparator table has been restated to reflect additional asset with currency exposure.

Currency Exposure – Asset Type	Asset Value	Change to net assets	
	as at 31	available to pay benefits	
	March 2020	+10.00%	-10.00%
	£000	£000	£000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,066,114	106,611	-106,611
Infrastructure	13,969	1,397	-1,397
Timberland	20,821	2,082	-2,082
Private Equity	222,058	22,206	-22,206
Change in net assets available to pay benefits		132,296	-132,296

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 st March 2020	Balances at 31 March 2020 £000	Short term Rating (S&P) 31 st March 2021	Balances at 31 March 2021 £000
Bank Deposit Accounts				
Federated Money Market Fund	AAA	4,675		
Aberdeen Money Market Fund	AAA	4,674	AAA	6,953
Barclays Bank Fixed Interest Bearing Call Account			A-1	6,954
Bank Current Accounts				
Barclays Bank	A-1	25	A-1	-20
Total		9,374		13,887

The majority of Custodied Investment cash is swept overnight to the AAA rated constant NAV money market funds of the custodian(s) and one other provider (Goldman Sachs Asset Management). The credit exposure on investment cash balances at 31 March 2021 comprise £73.1 million (31 March 2020, £88.0m) deposited with AAA rated money market funds, £9.1 million (£0.4m) with the custodian HSBC (rated A-1+), £0 million (£1.6m) posted as variation margin to account held by HSBC and deposited overnight in the AAA money market funds detailed above. 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 2021 (2020 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 2020 £000	Percentage of Total Fund Assets %	Balances at 31 March 2021 £000	Percentage of Total Fund Assets %
2,796,741	77.2	3,322,457	73.8

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 2021 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 2019.

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>Deficit £ millions</i>
2019 actuarial valuation	99%	28
2016 actuarial valuation	80%	710

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.

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

2016 Valuation			
Primary Rate (% of Pay) 1 April 2017 - 31 March 2020	2017-18	Secondary Rate 2018-19	2019-20
19.4%	£26,306,000	£27,463,000	£31,813,000

The employer contribution rates payable (plus cash sums as applicable) arising from the 2019 Valuation are as follows:

<i>Year</i>	<i>Employers Contribution Rates (% of actual pensionable pay)</i>
1 April 2020 to 31 March 2021	Range from nil to 34.5
1 April 2021 to 31 March 2022	Range from nil to 34.5
1 April 2022 to 31 March 2023	Range from nil to 34.5

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 2019 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 2019

	% per annum Nominal	% per annum Real
Price Inflation (CPI)	2.3	-
Pay increases	3.0	0.7
Investment Return (Discount rate)	4.2	1.9

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	21.7 years	23.9 years
Future Pensioners (current age 45)	22.8 years	25.5 years

The assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2019 Triennial valuation.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

5.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

Experience over the period since 31 March 2020

Markets were severely disrupted by COVID-19 in March 2020, but in the 2020-21 year they have recovered strongly. As a result, the funding position of the Fund as at 31 March 2021 is likely to be broadly similar to that reported at the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

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 2021 £000	31 March 2020 £000
Actuarial present value of promised retirement benefits	-6,893,000	-5,199,000
Fair Value of scheme assets (bid value)	<u>4,527,097</u>	<u>3,621,120</u>
Net Liability	-2,365,903	-1,577,880

The promised retirement benefits at 31 March 2021 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. 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 2021 and 31 March 2020. I estimate that the impact of the change in financial assumptions to 31 March 2021 is to increase the actuarial present value by £1,409m. I estimate that the impact of the change in demographic and longevity assumptions is to increase the actuarial present value by £80m.

Financial assumptions

Year ended (% p.a.)	31 March 2021	31 March 2020
Pension Increase Rate	2.85%	1.90%
Salary Increase Rate	3.55%	2.60%
Discount Rate	2.00%	2.30%

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial

adjustment of 0.5% 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	21.9 years	24.3 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	23.2 years	26.2 years

Please note that the longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

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 2021	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	9%	627
0.5% p.a. increase in the Salary Increase Rate	1%	65
0.5% p.a. decrease in the Real Discount Rate	10%	706

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

The liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 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.

21. Current Assets

31 March 2020 £000		31 March 2021 £000
Cash In Hand		
9,374	Cash In Hand**	13,887
Debtors:		
2,441	Contributions due - employees*	2,547
5,723	Contributions due - employers*	9,314
1,406	Employers special contributions	0
668	Augmentation & strain due	357
1,074	Dividends receivable**	5,498
867	Pooled funds rebate due**	873
526	UK tax receivable	526
1,325	Overseas tax receivable	1,006
74	VAT refund due	90
25	Interest due**	1
6	Stock lending/commission recapture**	0
108	Recharge of fees**	65
5	Prepayments	4
6	Sundry **	11
14,254	Debtors	20,292
23,628	Current Assets	34,179

*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 2020 £000		31 March 2021 £000
Long term debtors:		
645	Employer contributions	577
14	Augmentation & strain due	2
659		579

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 2020 £000		31 March 2021 £000
Debtors:		
3,330	Central government bodies	1,622
4,474	Other local authorities	8,166
7,109	Other entities and individuals	11,083
14,913		20,871

22. Current Liabilities

31 March 2020 £000		31 March 2021 £000
Creditors:		
176	Transfer values payable (leavers)	523
1,474	Benefits payable	1,754
2,906	Investment Management Fees**	881
9	Receipt in Advance**	14
2,523	Other Fees & Charges**	2,567
1,132	UK Taxation payable	1,187
8,220		6,926

**Creditors classed as financial instruments (liabilities) note 17a.

Analysis of Creditors

31 March 2020 £000		31 March 2021 £000
Creditors:		
1,131	Central government bodies	1,187
2,385	Other local authorities	2,458
4,704	Other entities and individuals	3,281
8,220		6,926

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.

Market Value 31 March 2020 £000		Market Value 31 March 2021 £000	
5,428	Separately Invested AVC Funds	5,338	

2019-20 £000		2020-21 £000	
898	AVC contributions paid directly during the year	885	

Due to a system change the financial statement for Prudential for the period 1 April 2020 to 31 March 2021 has not been supplied. The figure used above for Market value is the 2019-20 fund value plus the estimated 2020-21 contributions. The 2020-21 contributions are estimated to be the same as the 2019-20 contributions.

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:

31 March 2020 £000		31 March 2021 £000
1,189	Norwich City Council	1,171
1,210	Norfolk County Council	1,160
255	North Norfolk District Council	256
234	Borough Council of Kings Lynn & West Norfolk	223
180	Great Yarmouth Borough Council	173
103	Breckland District Council	102
106	Broadland District Council	100
58	South Norfolk District Council	53
154	Other	150
3,489		3,388

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.

	2019-20 £000	2020-21 £000
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Norfolk County Council incurred administration and Investments costs reimbursed by the Fund	2,382	2,458
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All monies owing to and due from the Fund were paid within statutory timescales.

Norfolk County Council Employer Contributions	45,077	55,136
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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.

	2019-20 £000	2020-21 £000
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Average investment balance held by NCC Treasury Management Operation	14,065	15,730
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Interest earned on balances invested by NCC Treasury Management Operation	102	21
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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.

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 Executive Director of Finance and Commercial Services 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 Executive Director of Finance and Commercial Services 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 2019-20 the remuneration amount incurred by the Fund was £9,000 (£9,000 2019-20).

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 2020 £000	31 March 2021 £000
Private equity partnerships	284,386	260,296
Property investment vehicles	28,526	28,690
Pooled Debt Funds	35,067	18,771
Pooled Infrastructure	285,025	159,400
Pooled Timberland	27,634	32,002
Total	660,638	499,159

At 31 March 2021 the Fund had made contractual commitments to private equity funds managed by 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 still relatively immature. The commitments are paid over the investment timeframe of the underlying partnerships. Concurrently as these partnerships mature they distribute capital back to investors.

The current value of the funded commitment net of distributions in these funds at 31 March 2021 is included in the net asset statement.

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 2021. 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.

During 2020, the Fund entered in to contractual relationships with two further Infrastructure managers. The contractual commitments associated with the new investments are shown above.

26b Contingent Assets

There were no contingent assets as at 31 March 2021 (Nil for 31 March 2020).

Report title:	Corporate Governance and Shareholder Engagement Report
Date of meeting:	5 October 2021
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Glenn Cossey, Director of the Norfolk Pension Fund
<p>Executive Summary</p> <p>This report is 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.</p> <p>Recommendations</p> <p>The Pensions Committee is asked to consider and note the contents of this report.</p>	

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 (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. Key AGM voting, and manager discussion themes are as follows:
 - Board structure
 - Chairman independence
 - Executive remuneration
 - AGM proposals
- 1.3 The key themes of the engagement policy are as follows.
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.
- 1.4 During the period between January and June, voting has been undertaken by the investment managers in accordance with the ACCESS Pool policy described in section 7 to this report. The Fund's investment managers have continued to engage with companies and markets to improve governance generally.
- 1.5 We continue to disclose manager engagement policies on our website including a direct link to the Managers ESG/RI website.
- 1.6 We note that Hymans Robertson and LaSalle Investment Management have been successful in their 2020 Stewardship Code application. The Fund is the process of establishing the Stewardship Code status of all of our existing asset managers.

2. Voting

- 2.1 Details of all votes cast for UK and overseas companies can be found on our website at www.norfolkpensionfund.org.
- 2.2 During the first and second quarters of 2021 (01 January 2021 to 30 June 2021) there were 45 UK company meetings, including Annual General Meetings (AGMs), Extraordinary General Meeting (EGMs) etc., covering 1098 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"	1071
Votes "Against"	23
Votes Abstained from	<u>4</u>
Total Votes	1098

- 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 2021. Items discussed at these meetings are detailed in the following table:

Date of Meeting:	Items Discussed:
27 January 2021	<ul style="list-style-type: none">• Capture & its Implication for Investors• COVID-19 & the S in ESG• Pay Gaps & Diversity• Mining & Human Rights Implementation• Batteries for Energy Storage & Units of Energy
21 April 2021	<ul style="list-style-type: none">• Tracking Sustainable Development Goals to Engagement• Diversity: Socio-Economic Considerations• Climate Change & Nature-Based Solutions• Restoring Trust in Audit & Corporate Governance Consultation• Mining & Human Rights – Part I

7. LGPS Pooling

- 7.1 The Fund's participation in the ACCESS Pool includes the development of corporate governance and socially responsible investment policies to enable the pool to continue to discharge its responsibility in respect of LGPS regulations and corporate governance activity.
- 7.2 The ACCESS Joint Committee has approved voting guidelines for ACCESS Equity sub-funds. These guidelines were originally developed based on the ACCESS Fund's individual voting practice, as well as from guidance issued by the investment association. Pensions Committee considered the ACCESS sub-fund voting guidelines at its June 2018 meeting.
- 7.3 As detailed in its 2021-22 Business Plan, ACCESS has committed to undertake a review of its responsible investment/environmental, social and governance policy.
- 7.4 A position statement on the development of updated ESG/RI guidelines for the ACCESS pool was presented to the ACCESS Joint Committee on 7th September 2020. The position statement noted key milestones in order to complete the review:
- the status of each Authority's review of its own RI Policy.
 - the upcoming timescales for compliance with
 - the revised UK Stewardship Code; and
 - the Task Force for Climate Related Financial Disclosures;
 - the stewardship and engagement survey of all Investment Managers within the ACCESS ACS using the questionnaire developed by Norfolk;
 - procurement of a specialist advisor.
- 7.5 In September 2020 an ACCESS ESG task and finish group was set up. Norfolk Pension Fund takes an active role in the group. The group has managed the

procurement process that has appointed Minerva as the specialist ESG advisor to the Pool. The outcomes of the Minerva work and their recommendations in respect of the development of ESG principles for the pool are currently under consideration.

8.0 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 16. Going forward it is proposed that this work is incorporated as part of this regular item. 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 The Norfolk Pension Fund has considered the impact of the changes in service delivery as a result of the COVID-19 global pandemic.
- 10.2 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.
- 10.3 **Data Protection Impact Assessments (DPIA)**
- 10.4 We have not identified any data protection implications for the content of this report.

11. Risk Implications/Assessment

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

12. Recommendations

- 12.1 The Pensions Committee is asked to consider and note the contents of this report.

13. Background Papers

- 13.1 Appendix A – 2021 Q1 & Q2 Voting and Results UK
Appendix B – Engagement 01 January 2021 to 30 June 2021
Appendix C – Summary Climate Risk Analysis

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Email address : 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.

Res.	Company	Item	Issue	Meeting Date	Proponent	Fund Vote		For		Against		Abstain	Total
3	rio tinto plc	approve remuneration report for uk law purposes	A Vote AGAINST as we did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards.	09-Apr-21	Management	Against	446,624,854	37.84%	717,327,445	60.77%	16,456,963	1.39%	1,180,409,262
4	rio tinto plc	approve remuneration report for australian law purposes	A Vote AGAINST as we did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards.	09-Apr-21	Management	Against	455,898,180	38.6%	708,289,516	60.0%	16,222,350	1.4%	1,180,410,046
3	british american tobacco plc	approve remuneration report	A Vote AGAINST due to concerns regarding the potential size of the pay award.	28-Apr-21	Management	Against	1,091,216,857	61.16%	676,947,189	37.94%	16,119,810	0.90%	1,784,283,856
3	standard chartered plc	to approve the annual report on remuneration contained in the directors' remuneration report for the year ended 31 december 2020	A Vote AGAINST due to the continued use of fixed pay allowances which they believe to be poor practice.	12-May-21	Management	Against	596,685,018	97.36%	8,508,938	1.39%	7,673,691	1.25%	612,867,647
13	kingfisher plc	reappoint deloitte llp as auditors	A Vote AGAINST as the auditor's tenure has exceeded 10 years.	30-Jun-21	Management	Against	1,685,974,897	98.80%	20,000,268	1.17%	552,332	0.03%	1,706,527,497
14	kingfisher plc	authorise the audit committee to fix remuneration of auditors	A Vote AGAINST as the auditor's tenure has exceeded 10 years.	30-Jun-21	Management	Against	1,695,584,217	99.36%	10,409,473	0.61%	534,616	0.03%	1,706,528,306

Engagement during the period 1 January 2021 to 30 June 2021**UBS**

In quarter one, UBS engaged with Royal Mail's CFO, CEO, Chair and Head of Sustainability in relation to the business strategy in the context of the COVID-19 pandemic, board composition, remuneration, relations with trade unions and actions on climate change. The ESG strategy, performance and disclosure of the company are best practice in the industry, although UBS provided suggestions on how to enhance disclosure on board's skill sets and diversity indicators, and how to improve executive remuneration to avoid quantum increases in the future. UBS also shared support for the company efforts to keep positive relationships with the trade unions and accelerate actions on climate change. The company has responded positively to the ongoing dialogue and it is actively considering integrating UBS suggestions in the upcoming 2020-21 Annual Report & Accounts.

UBS also met with the CEO of Nestle to discuss the company's Net Zero Roadmap, which was published in February 2021. Consumer staple companies, like Nestle, have large scope 3 Greenhouse Gas (GHG) emissions, and reducing such emissions is key to achieving the Paris Agreement. Nestle committed to half their GHG emissions by 2030 and achieve net zero by 2050. UBS requested detailed information about the underlying components of achieving their goals and financing thereof. UBS see Nestle's initiative as best practice and will encourage their peers to adopt similar commitments. Nestle's CEO explained that the Roadmap will be financed primarily through operational and structural efficiencies, to keep the initiative earnings neutral, however, over the longer-term, expect to see benefits to their earnings due to: Increased market share; noting that consumers increasingly care about healthy & sustainable foods; and mitigation of carbon taxes due to reducing their carbon levels; considering the increased focus on punitive taxes. UBS welcomed Nestle's leading position in relation to reducing their emissions and alignment with the Paris Agreement.

Walt Disney has a recent history of significant dissent on pay with concerns mainly on CEO pay quantum and lack of performance-based long-term equities. In response the board underwent extensive shareholder engagement as a result of which a number of changes were introduced including setting new CEO compensation below that of his predecessor and below peers' median; setting long-term incentive grant mix so that 50% of the award is performance-based; further incorporating diversity and inclusion metrics into executives' annual bonus plan. Despite these welcomed improvements, concerns remained over the remuneration of the former CEO, who remained Walt Disney's highest paid executive after moving to Executive Chair. This matter raised questions on Walt Disney's current governance and in particular as to whether the new CEO or his predecessor is actually in charge for leading the company. In addition, UBS considered Walt Disney's executive pay not to be adequately aligned with shareholder long-term interest as 50% of the long-term equity awards vest based on performance measured over three one-year periods, due to "continued financial uncertainties", instead of a full 3-yr period.

UBS reached out to the company to outline their concerns and clarify the former CEO role on Walt Disney's Board. The company made very clear that the new CEO is definitely in charge and leading the company going forward. Walt Disney's Board decided to accelerate the transition to the new CEO following investors asking for greater clarity regarding CEO succession, but at the same time decided to retain the former CEO's extremely valuable experience. The company further clarified that having two executives paid at CEO level was entirely a result of transition to new CEO and stressed its efforts to address shareholder concerns over executive pay quantum, which resulted in a smaller pay package for the

incoming CEO. Walt Disney also explained that it had limited bargaining power to further reduce the outgoing CEO's pay and that investors should consider that, had the CEO left before the end of his contract, he would be still entitled to severance pay and shareholder would not have benefited from his experience. Finally, the company reassured that the 1-year performance period under the long-term incentive plan is a transitional arrangement due to economic uncertainties as a result of COVID-19 and that will go back to full 3-year performance once things return to normal. UBS were satisfied that the company's response provided sufficient reassurance that going forward there will be adequate clarity over roles and responsibilities at Board level and executive pay will be aligned with shareholders' long-term interest.

In quarter two, UBS met with Anglo American as part of a Climate Action 100+ coalition call with climate, strategy, and corporate finance specialists just prior to the company's AGM. The company is already aiming at selected carbon neutral operations by 2030 and company-wide net zero by 2040, and this meeting provided additional details on the pathway to achieving this. Operationally, the key points are (i) converting electricity, which accounts for over 40% of company emissions, and the company already has a full set of power purchase agreements in Latin America; and (ii) capturing methane emissions from the underground metallurgical coal mines in Australia which is now being piloted. Strategically, more than 90% of growth capex is going into "future enabling commodities" and the company is in the process of spinning off its Thungela thermal coal mines in South Africa. UBS highlighted the need for updates on climate scenario analysis, business implications and target setting, and the company has indicated there will be further communication on metrics and targets in the third quarter of 2021, and further engagement with investors ahead of the proposed Say on Climate vote for AGM 2022.

UBS also met with the Head of IR and Corporate Secretary of Kingspan to cover recent Board refreshment, remuneration and actions taken in response to the insights from the Grenfell Tower inquiry. Recent board appointments, one independent and the son of the retiring founder were welcomed, and further refreshment will take place in following years. Given the revelations from the inquiry, the remuneration committee has decided to reduce to zero the 2020 bonuses for executives. Pension contributions for executives have also been reduced to respond to shareholder concerns. Nevertheless, Peter Wilson, previous head of the UK Board business, who retired a year earlier, has not been subject to any claw back on his incentive awards for the shortcomings on testing and marketing in his business as emerged from the inquiry. As a result, UBS voted against the remuneration report this year. The company has already implemented several recommendations from the independent review made available in February 2021. UBS will keep monitoring management and board's actions to restore the company's reputation.

Link Asset Services - Capital

In quarter one, Capital met with rail transport and logistics company CSX who have long been focused on ESG issues. Among other awards it was named as one of the Top 20 most sustainably managed companies in the world by the Wall Street Journal in 2020 and is a member of the Dow Jones Sustainability index. Capital noted that CSX's ESG focus has started to gain real traction with customers, moving from talking points to having real-world impacts. As a business, CSX has significant opportunities to reduce emissions as rail transport is three to four times more fuel efficient than road haulage. CSX can move one ton of freight 500 miles on one gallon of fuel, whereas the equivalent for the average truck is only 135 miles. This benefit is compounded by CSX's lead in fuel efficiency. It is the

most fuel-efficient US Class I railway, and the first to operate below one gallon of fuel per 1,000 gross ton -miles. Capital's discussions revealed that the ESG credentials have helped in securing major contracts with new clients. CSX customers and potential customers are increasingly focused on improving their own efficiency and emissions targets. Taking trucks off the road can make a significant contribution to meeting those targets. The company observed that its focus on and investments in safety and efficiencies over the past several years is now bearing fruit and helping to win business.

When oil and gas producer Inpex announced its business development strategy in January this year, Capital looked at the company's ambitions in detail. Inpex's focus is on emission reduction and clean energy investment. It is targeting net-zero emissions by 2050 and a 30% reduction in carbon intensity by 2030. Capital used the meeting with the company's CEO in March to discuss the details of the strategy and learn more about how Inpex is positioning itself for the energy transition. Capital's view is that the strategy provides directional clarity with realistic plans for investments of JPY 20-30 billion pa in clean energy projects over the medium term. This amounts to 10% of total capital expenditure as Inpex will continue to invest in oil and gas to sustain stable production levels. Capital considers Inpex's clean energy focus areas sensible, as they leverage existing business areas. Investments include an expansion of its existing geothermal business, CCUS (carbon capture, utilisation, and storage), hydrogen production at its oil and gas projects, and offshore wind projects, where it can leverage its operational expertise in offshore oil and gas. Engaging with company management is a critical aspect of Capital's research process. It provides a clearer insight into a company's direction and allows Capital to challenge and assess the rationale behind a strategy.

In quarter two, Capital met with the management team at Honeywell to get greater insight into the company's efforts around sustainable technologies. Approximately 50% of Honeywell's R&D investments in new products will be directed towards improving the environmental and social outcomes for consumers. It forecast that over the next few years, more than US\$1 billion in new revenues could come from its sustainable technology division. One example of Honeywell's sustainable technology is in plastic waste management. The company is helping to address the issue with a technology that converts waste plastics into recycled polymer oil capable of replacing crude oil in the production of petrochemicals and plastics. This technology has the potential to triple the recyclability of global plastics in the future. Honeywell also has technology to improve the effectiveness of renewable energy. Its automated controls can solve intermittent supply issues - like those experienced with wind and solar energy - which improve grid stability. Remote and autonomous operation of energy storage systems can lower electricity costs. At Capital risks and opportunities associated with ESG are integrated into the investment process and analysis of Honeywell focuses on its potential to deliver long-term, sustainable returns and the company's efforts around solutions to tackle climate change, which could help support long-term growth.

In 2021, Capital wrote to approximately 1500 companies, held in Capital portfolios, calling for greater transparency and progress on diversity. Capital followed up with 50 companies without any female representation on the board. This engagement provoked actions from a number of companies, including Switzerland based on-line pharmacy Zur Rose Group. It acknowledged Capital's initial letter before updating them on its search to add a female director. On 18 March 2021, Zur Rose Group announced a female candidate for a director position.

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.

Time Period:	Quarter 1 2021	Quarter 2 2021
Total Engagements Across Equity Teams:	381	365
Total Engagements with Global Equity strategy-related Companies:	176	213
Total Engagements with Norfolk Portfolio Companies:	18	31
Top Five Engagement Issues Across Equity Teams:	Ownership	Green Opportunities
	Green Opportunities	Labour
	Board	Supply Chain
	Supply Chain	Ownership
	Labour	Board
Top Five Engagement Issues with Norfolk Portfolio Companies:	Board	Green Opportunities
	Green Opportunities	Product Safety & Security
	Labour	Climate Change
	Product Safety & Security	Labour
	Other Governance	Other Social

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 continued its extensive engagement with Rio Tinto. Investment managers and members of the Governance and Sustainability team spoke with new CEO Jakob Stausholm, and the Chair Simon Thompson, and attended the company's cultural heritage seminar. Baillie Gifford also spoke with the UK Investor Forum and the Australian Council of Superannuation Investors. The focus of this stewardship work has been to promote governance practices which support responsible operating behaviour and the creation of long-term stakeholder value. Stausholm's refreshment of the senior executive team was followed by an announcement of the planned departure of Simon Thompson in the next 12 months. These are significant changes, backed up by new governance policies and structures. Further work is required to demonstrate that these personnel and structural developments translate to a healthier corporate culture, but the company is making progress. Whilst Baillie Gifford disagreed with some of the executive remuneration outcomes reported during the past year, the new pay policy is a marked improvement. These views will be reflected in their voting at the company's AGM. Going forward, Baillie Gifford look forward to the appointment of a strong, capable board chair who can build upon the improvements already underway and deliver on Rio's ambition to be the miner of the future.

Baillie Gifford also had a call with the recently appointed Chair of St James's Place, city Paul Manduca in quarter one. Prior to this role, Manduca was Chair of Prudential, following a career where he has held a wide range of executive and non-executive roles in a number of organisations, predominantly financial services. While it is very early days for the new Chair, he noted that there was widespread recognition within the business that there was a need to evolve and move on from some of the negative publicity received about inappropriate employee incentives. The discussion covered a number of issues, from the evolving regulatory environment for investment advice in the United Kingdom, to ways of sharing the proceeds of growth with customers and the growing importance of Environmental, Social and Governance (ESG) investing for its business. The Chair agreed with the assertion that ESG could add significant value to the St. James's Place customer proposition if approached correctly, and that the net zero transition and other social factors were rapidly changing the macro-environment in favour of sustainability-minded investments. Baillie Gifford agreed to have a follow up meeting with the relevant members of the executive team to discuss their thinking and approach to ESG integration and the company's Net Zero commitment in more detail.

Baillie Gifford also met with Compass who provide food-related services to a wide range of industries internationally following adverse media coverage of food parcel provision by its subsidiary, Chartwell. This provision was intended to be a substitute for the normal canteen provision of meals while children were unable to attend school due to Covid-related government restrictions. The discussion covered the contributory factors, which included the short notice of school closures, combined with product shortages and a lack of communication with parcel recipients, and also its proposed remedies.

In quarter two, Baillie Gifford engaged extensively with Peter Allen (chair) and Louise Patten (senior independent director and chair of the remuneration committee) of Abcam plc on the shaping of a new management incentive plan. Abcam's CEO, who has led the group successfully for over seven years, is an American, as is the company's peer group. The

process was extremely challenging given recognition on both sides that a new plan would have to balance expectations as UK investors with a partial bridging of the gap with the structure and scale of reward available to US peer executives. Having been unsupportive of initial proposals, Baillie Gifford worked together in an atmosphere of partnership and trust to achieve a pragmatic and supportable outcome that incorporates safeguards for shareholders, while also offering high potential reward to participants for the achievement of stretching targets.

Baillie Gifford also with the chair and the remuneration committee chair of Trainline Plc who subsequently decided to delay consideration of any incentive plan changes until the operating environment became clearer. Early in May Baillie Gifford discussed with the CEO and CFO: management changes, growth opportunities in the UK and Europe and the approach being taken to "getting back to business" following the easing of travel restrictions. Later in the month they spoke again with executives following publication of the Williams Rail Review. This report is the outcome of a review established in September 2018 to look at the structure of the rail industry and how passenger services are delivered. The engagement focused on the potential implications for Trainline of the report's conclusions and in particular its high-level vision that Great British Railways, the new rail body, develop a centralised ticketing system.

On a call with the Chair of Hargreaves Lansdown plc, Deanna Oppenheimer, Baillie Gifford encouraged improvements in ESG practices and disclosures and were pleased to hear that this has been a particular focus for the board over the past year and with her assurance progress will be evident in the annual report. Discussion also covered the appointment of three new non-executives and a number of senior management changes. Attention is being paid to diversity and inclusion at all levels within the company. Later in the quarter Baillie Gifford also had a call with the remuneration committee chair to discuss proposed changes including the incorporation of ESG performance conditions into the annual bonus assessment.

Link Asset Services – LF ACCESS Global Ex UK Fund (Fidelity)

In quarter one, Fidelity engaged with Amazon's relatively new Head of ESG Engagement in to better understand the status of their ESG initiatives and provide some constructive suggestions. Overall, Amazon certainly has resources, and is making efforts, to address and disclose ESG factors. In particular, they published not just their first Sustainability report in June 2020, but also a follow-up and longer Sustainability report in December 2020. However, Fidelity did not come away from discussions overly impressed with their commitment to major and near-term improvements on ESG issues, particularly disclosure of such; a few examples are provided below. In many ways, it seems that Amazon's ESG disclosures have a similar ethos of minimal transparency as their financial statements do.

Fidelity queried the company's board structure, as Amazon's board is strong on gender diversity (40% women), but weak on racial diversity (1 of 10 is non-white) - somewhat surprising for a Seattle, US-based firm. Fidelity asked whether there is active discussion to improve the Board's diversity profile, as well as perhaps to refresh some of the longer serving members. Fidelity was given a fairly stock 'high level' answer, which is that Amazon is constantly thinking about this in strategic ways, and in particular about Board changes post Bezos' transition (out of CEO role).

Fidelity also inquired whether Amazon has or intends to have any ESG-linked compensation factors, and the answer seems to be a resounding no, with the explanation being the company's fairly unique and long-standing comp structure that 'avoids performance goals of any type'. Fidelity asked for detail regarding Amazon's data privacy policies and practices. The company explained that this is a skill set brought onto the Board recently with the addition of Keith Alexander (Founder, Co-CEO, President and Chair of IronNet Cybersecurity), but otherwise were told that Amazon 'don't share a lot publicly' about data privacy, other than what may be linked to publicly in their SASB report. It was mentioned that Amazon are holding internal discussions about better disclosing their policies and practices so that people better understand them, and Fidelity wholeheartedly encouraged this. Whilst Fidelity neither sought nor achieved a particular milestone or outcome from this engagement with Amazon, it was incrementally useful in adding to understanding about the company's ESG practices and priorities, and hopefully also highlighted to Amazon the importance of these matters for investors.

Fidelity joined the Climate Action 100+ engagement with the Brazilian pulp and paper company Suzano. The lead investor hosted a first group meeting for engagement participants to ask questions to the Head of Corporate sustainability. It has set targets 40 million tons of carbon dioxide (CO₂) net captured (including scope 1, 2 and 3 emissions), and -15% reduction in greenhouse gas (GHG) emissions (scopes 1 and 2) over the period 2020-30. Reduction will mainly come from operational efficiency derived from investments already communicated to the market. Suzano considers that carbon emissions reduction will not be enough to mitigate climate change, so they are focusing on the carbon capture potential of their plantations and reserve forests. Whilst it is difficult to estimate carbon emissions associated with land use, the company is looking for external validation of its methodology. Several organisations are now piloting a methodology which results are expected to be released soon. It is too early for the company to communicate on their strategy in this area, but they are also exploring revenues potential from the sale of carbon credits in the future.

Fidelity is also participating in the "Find it, Fix it, Prevent it" initiative on modern slavery lead by UK asset manager CCLA. The International Labour Organisation estimates there are 25 million people labouring as modern slaves in the private economy. The objective of this collaborative engagement is to help companies develop and implement better processes for finding, fixing, and preventing modern slavery in companies' supply chains. The UK Hospitality sector is its first focus area before looking at others.

In quarter two, Fidelity with Telefonica to discuss the company's ESG practices. It was found that although the company has room for improvement, in many respects they are a leader in sustainability reporting and commit considerable resources to formulating and communicating the company's practices and policies in these regards. Fidelity learned that the company, which overall seems fairly comprehensive and advanced in its focus and disclosure regarding ESG issues, has not yet undertaken a biodiversity analysis of the company's impacts comprehensively, although they do evaluate each project for its impact on biodiversity. There was a detailed discussion on Digital Ethics, as this is an area where Telefonica particularly excels, having been ranked 2 of 100 in the recent WBA DIB (World Benchmarking Alliance Digital Inclusion Benchmark) and the top Telco in the RDR (Ranking Digital Rights) ratings. The company talked through some of their approaches to Cybersecurity, Data Privacy, and ethical AI.

With respect to sustainability reporting, Telefonica does a notably strong job in addressing many sustainability factors in its reporting. Nonetheless, their MSCI ESG rating has fallen in

recent years from AA in 2019 to current BBB. They acknowledged that this "is definitely a pain point" and expressed both their frustration with some of (what they view to be) MSCI's mistaken data ("cross holding of ownership: it's not true") and misunderstanding ("re controversies") - along with their own need to better communicate with MSCI as well as improve: They expressed appreciation that Fidelity develop their own ratings. That said, Fidelity urged them to persist in their efforts to communicate well and in full with third party ratings providers as much as possible, as many investors do place value and trust in such ratings.

Fidelity also engaged with the Director of Ethics, Compliance and Sustainability of CSL Limited regarding their sustainability policy and their modern slavery reporting and strategy. In relation to their Modern Slavery strategy, the company has published their 2020 Modern Slavery statement on their website and submitted it in the UK also. The company welcomes the new laws, and it has shifted the thinking of the organisation in terms of supply chain due diligence. The company also recognises the need to disclose the steps they are taking to identify Modern Slavery in supply chain, and they plan to do so not only on their tier 1 suppliers, but also on their tier 2 and 3 suppliers at a minimum.

Regarding their Modern Slavery processes and programmes, they are rolling out a new third party due diligence process which will be more rigorous around Modern Slavery and also includes other ESG matters such as cyber security, safety etc. They are also looking at how many suppliers are assessed and audited annually, and they run onsite audits only for high-risk suppliers based on industry type, geography, and dependent on number of controversies. They believe that unannounced audits are the best way to monitor their suppliers and they ensure that part of their supplier contracts allow for unannounced visits. The company are planning to also improve grievance mechanisms to all suppliers. When they do find violations on Modern Slavery, their policy is not to cut ties with their suppliers for bad practices but prefer to work with them to ensure they make changes. They have signed up to Ecovadis (third party supplier assessors) and the company will review the evidence submitted by suppliers through Ecovadis, give a rating to the supplier and if the rating falls below a threshold, they will encourage the company to take a path of corrective action and will look for improvement in next assessment.

The UK Government's Department for Business, Energy & Industrial Strategy (BEIS) launched a public consultation in March 2021 on a broad package of reforms aimed at strengthening company audits and corporate governance. The government's proposals were in response to three independent reviews from 2018 and 2019, which were commissioned following a series of high-profile corporate failures. They include reforms concerning assurance of corporate reporting on internal controls, corporate resilience, non-financial factors, and other disclosures; strengthening regulatory oversight of auditors and audit quality; director accountability; remuneration clawback; measures aimed at increasing competition in the audit sector; and measures aimed at fostering engagement between shareholders and audit committees. Fidelity contributed to the response submitted by the UK Investment Association and has also fed back its views through its membership on industry bodies.

APPENDIX C

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 CO2 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 CO2 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 2021

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 2021 are set out in the table below.

	Weighted Average Carbon Intensity (tCO2/\$m Sales)	Carbon Emissions (tCO2)/£m Invested	% Of Portfolio With Ties to Fossil Fuels
Norfolk Pension Fund	102.2	86.8	8.2
World Equity	186.4	165.1	12.4
<i>Relative</i>	-84.2	-78.3	-4.2

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: 9

Report title:	ACCESS Update Unrestricted Items
Date of meeting:	5 October 2021
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services Glenn Cossey, Director of the Norfolk Pension Fund
Executive Summary <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, 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> Recommendations <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 the 6th September 2021. Due to the Covid-19 global pandemic, this was the first face-to-face meeting of the JC in over 18 months. 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 6th September 2021. The JC is due to meet again on 6th December 2021.

2. Election of ACCESS Chairman and Vice Chairman

- 2.1 Councillor Mark Kemp-Gee (Hampshire CC) was elected Chairman of ACCESS and Councillor Susan Barker (Essex CC) Vice Chairman. Both are Chairman of their respective Pension Committees.

3. Business Plan, Forecast Outturn and Risk Summary

- 3.1 Updates on key activities contained in the 2021-22 business plan were given by way of separate items on the agenda. This included specific reports on:
- Communications
 - Responsible Investment
 - Implementation Advisor appointment
 - BAU evaluation next steps
 - Sub-fund performance and implementation
 - Contract Management
- 3.2 The approved budget for the delivery of the 2021/22 Business Plan is £1,247,019. The forecast outturn for the current year is estimated to £1,092,329, equating to a contribution of £99,303 from each ACCESS authority. The JC noted the reasons for the forecast variances:
- Part-year only costs of new Client Manager
 - Reduced ASU travel costs
 - Reduced overhead charge by Host Authority (Essex County Council)
 - Budget contingency for an additional 5th JC meeting
 - Favourable procurement outcomes.
- 3.3 The Committee noted that the severity level for all risks remained unchanged from the previous assessment.

4. Communications

- 4.1 Engine MHP were appointed in November 2020 to assist ACCESS implement its communication plan and to assist with external communications. This included a programme of media training for key spokespeople.
- 4.2 The Chair of the JC had previously outlined his thoughts on how individual JC members could become spokespersons for key areas of ACCESS activity. The Committee agreed with the Chair's proposals to appoint the following elected member spokespeople:

Activity	Suggested JC Member
Responsible investment	Cllr Fox (East Sussex)
Governance	Cllr Oliver (Norfolk)
Media strategy	Cllr Soons (Suffolk)
Political, Governmental Relations, Parliamentary, Inter-Pool, Overall Strategy	Cllr Kemp-Gee, JC Chairman (Hampshire) Cllr Barker, Essex (JC Vice Chairman)

- 4.3 Engine MHP will provide media training for the appointed spokespeople.

5. Motion to Exclude Press and Public

- 5.1 At this point in the agenda the press and public were excluded from the meeting as the remaining agenda items were deemed to be exempt under Schedule 12A of the Local Government Act 1972. These exempt agenda items are presented under item 11.

6. Financial and Other Resource Implications

- 6.1 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.

7. Other Implications (Inc. Equality Impact Assessment (EqIA))

- 7.1 The Norfolk Pension Fund has considered the impact of the changes in service delivery as a result of the COVID-19 global pandemic.
- 7.2 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.
- 7.3 **Data Protection Impact Assessments (DPIA)**
- 7.4 We have not identified any data protection implications for the content of this report.

8. Risk Implications/Assessment

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

9. Recommendations

- 9.1 The Pensions Committee is invited to consider and note the contents of this report.

10. Background Papers

- 10.1 A full set of restricted and unrestricted agenda papers relating to the 6th September 2021 JC meeting were previously circulated by email to members of this Committee and the Pensions Oversight Board for information.

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.