Norfolk Pension Fund

Annual Report and Accounts 2021-22

Contents

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We have referred to several documents in this report that are available online.

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Introduction

Judy Oliver
Chairman,
Pensions Committee

As Chairman of the Norfolk Pension Fund Committee, and on behalf of my fellow committee members, I am pleased to introduce the 2021-2022 annual report and accounts.

This has been yet another challenging year for everyone. As stewards of the Norfolk Pension Fund, on behalf of its nearly 100,000 scheme members and 400+ employers, the Norfolk Pension Fund remains focussed on our priorities of supporting our scheme members and employers through very challenging economic times, alongside fulfilling our fiduciary duties to our stakeholders to ensure that benefits are paid as they fall due now and in the future, whilst continuing to meet our evolving regulatory responsibilities and best practice requirements.

The current and anticipated cost of living challenges reminds us once again how important membership of the LGPS is for scheme members, offering them the stability of a reliable and inflation linked income in retirement.

The average pension in payment at the Norfolk Pension Fund remains around £5,000 p.a., reflecting the scheme membership, in large part female and part time, with many lower paid employees engaged in delivering public services on behalf of local government.

We recognise that membership is a very significant financial commitment for scheme members, investing today for their future financial security. As the cost of living squeeze continues, meeting membership contributions may become increasingly challenging for some members.

Our aim therefore continues to be to support scheme members in understanding their LGPS pension arrangements so that they can make well informed decisions. The ’50:50’ facility within the scheme may offer an important safety valve for those who may struggle to afford full membership, allowing them to maintain valuable protection such as ill health cover and life insurance whilst continuing to accrue pension, albeit at a reduced level.

We continue to invest in developing services and resources to best support our scheme members. Last year this included a refreshed and updated website and a replacement ‘Member Self Service’ to support our members as they plan their pension journey. Alongside these important digital improvements, we also recognise many members cannot, or prefer not, to engage with services in this way, and therefore we also continue to support more ‘traditional’ communication channels. This hybrid approach gives members the choice of how they want to engage with us. More recently we have been pleased to offer once again face to face meetings with scheme members.

We have also worked closely with our employers during the last year and appreciate their support as together we transitioned to i-connect, our new operational employer engagement system. This moves us from annual to monthly employer returns, in line with best practice. We were also delighted to hold our first hybrid employer forum since the pandemic. The development of our new employer team will enable us to further enhance and continue our support to employers in the years ahead.

The Norfolk Pension Fund is committed to the highest standards of governance and performance. My fellow Committee Members and Fund Officers actively engage with advisers and work with colleagues in other Funds and Pools, the Scheme Advisory Board, The Pensions Regulator and the Pensions and Lifetime Savings Association, 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.

The implementation of the recommendations of the strategic review of the Norfolk Pension Fund has increased resilience across the Fund, including strengthening our governance and compliance oversight during the year. This has helped reinforce our overall risk management framework, including controls we have in place around cyber security and scams prevention, and prepare for the Pensions Regulators' new Combined Code and implementation of the Good Governance Project recommendations.

As I write we are mid-way through our 2022 formal valuation, the triennial health check on the Fund to ensure that funding plans remain on track. We expect that this will confirm that the funding position has continued to improve and that at the valuation date (31 March 2022) we will be reporting that overall we are fully funded. This reflects three years of positive investment returns in the inter-valuation period.

Although 2022 has been challenging for us all, the Fund delivered a positive investment return over the twelve months to 31 March 2022. We cannot ignore the tragic events in the Ukraine and the correct response of the international community to sanction the Russian State, companies and individuals. Inevitably this has resulted in losses to investors that held Russian assets. While the Fund had some exposures to Russian assets, these were small compared to the overall scale of the investments and have been written down in our year-end balance sheet. We should not pretend that the impact of financial markets generally has not been far greater and we expect a period of higher volatility given the considerable economic and geo-political headwinds the world currently faces. The Fund intentionally maintains a diversified investment portfolio but is not and will not be immune to these impacts as we move forward. The Committee will continue to monitor and review the portfolio, but we remain committed to a long-term investment approach, as we have been through periods of previous crisis and falling asset prices.

While never losing sight of the purpose of the Fund to pay pensions, we take our environmental, social and governance (ESG) responsibilities seriously with documented

policies and reporting of voting, engagement and climate risk measurement. This is consistent with a long-term approach to investment.
We are preparing to implement the outcome of the recent consultation on the Governance and Reporting of Climate Risks, the application of the Taskforce on Climate Related Financial Disclosure (TCFD) to the LGPS. We have already started preparing for the required 2023-24 implementation, not least with the work around measurement in our equity portfolios but we accept that this will be a challenge for the entire industry as we require ever higher standards of reporting and disclosure.

We continue to be an active participant in the ACCESS Pool. At the 31 March 2022 the total value of our assets directly pooled or considered under pooled governance was £2.3 billion. The total savings because of pooling for this Fund were £1.4 million during the last financial year. During the current financial year, we expect to transition a further £460 million of liquid assets to the Pool. ACCESS has now begun to focus on illiquid assets, which we expect to bring the benefits of pooling to our alternative asset portfolios in areas including real estate, private equity, infrastructure and private debt. We are pleased to note that during the year ACCESS has introduced observer status for Pension Oversight Boards to its Joint Committee.

We continue to invest in knowledge and skills across all areas of the Fund, with Committee Members, Board Members and Officers attending webinars and conferences, bespoke training and online learning, in line with the Fund’s training strategy.

As hosts of the National LGPS Frameworks we are also pleased to continue to support and develop this national LGPS 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 with the roll out of new and improved ways of working.

And finally, and most importantly, on behalf of my colleagues may I 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 2021-22.

The LGPS in England and Wales

- The LGPS is one of the largest public-sector pension schemes in the UK
- It is a nationwide pension scheme for people working in local government or for other types of employer participating in the scheme
- The LGPS is administered locally by 86 regional pension funds – one of which is the Norfolk Pension Fund
- It is a funded scheme, which means that the fund income and assets are invested to meet future pension fund commitments
- Benefits are defined and related to members' salaries and years of service, so they are not dependant on investment performance
- The scheme is regulated by Parliament

The LGPS in England and Wales changed on 1 April 2014. It is now a 'Career Average' scheme for benefits built up from 1 April 2014. All benefits built up before this date are protected as 'Final Salary'. For more information visit www.norfolkpensionfund.org or www.lgpsmember.org.

lgps | Local Government Pension Scheme

Contact Us

General enquiries about this document:	Alex Younger Head of Funding and Investment
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Email:	alexander.younger@norfolk.gov.uk

The Pension Administration Team offer dedicated helplines, operated by experienced staff. The team can help with all aspects of scheme membership and benefits for active, deferred and retired members.

General enquiries:	01603 495923
Retired members helpline:	01603 495788
Email:	pensions@norfolk.gov.uk
Post:	Norfolk Pension Fund County Hall Martineau Lane Norwich NR1 2DH
Opening hours:	Monday to Friday, 8.45am – 5.30pm (4.30pm on Friday)
Website:	www.norfolkpensionfund.org

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) (until April 2022) Harvey Bullen, Director of Strategic Finance (NCC)
Norfolk Pension Fund Officers:	Glenn Cossey, Director of the Norfolk Pension Fund Alex Younger, Head of Funding and Investment Jo Quarterman, Head of Governance 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, which provides governance oversight. Link Fund Solutions Ltd acts as the regulated Operator for ACCESS.
Legal Advisors:	nplaw (Norfolk Public Law)
Fund Custodian:	Northern Trust (HSBC to 30 October 2021)
Fund Actuary:	Hymans Robertson LLP
Investment Advisor:	Hymans Robertson LLP
Fund Managers:	abrdn Capital Partners LLP 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 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 Levelling Up, Housing and Communities (DLUHC) and The Pensions Regulator (TPR) (the scheme regulators), the Scheme Advisory Board (SAB) and the Local Government Pensions Committee (LGPC), to contribute to the development of the LGPS.

Councillor John Fuller (Norfolk Pension Fund Pensions Committee Member) sits on the Local Government Pensions Scheme Advisory Board representing non-administering authorities. The Scheme Advisory Board advises the Secretary of State on LGPS matters.

Councillor John Fuller and Councillor Alan Waters are members of the Local Government Pensions Committee (LGPC).

Norfolk Pension Fund is represented at the Chartered Institute of Public Finance Accountants (CIPFA) Pensions Network and Benchmarking Group.

Norfolk Pension Fund is a member of the Pensions and Lifetime Savings Association (PLSA), which helps us contribute to the national pensions' debate.

Norfolk Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF). The LAPFF was established to help local authority pension funds share information and ideas about how we can be responsible owners of the companies in which we invest and to present a clear, aligned voice on issues of common concern.

Along with other senior officers, Mark Alexander (Norfolk Pension Fund Pensions Manager), is a member of the South Eastern Counties Superannuation Officers Group (SECSOG). The group is made up of administering authorities in the region who meet to share information and best practice, ensuring uniform interpretation of the rules governing the scheme.

Norfolk Pension Fund actively engages with supplier forums, including the Heywood Administration CLASS (Computerised Local Authority Superannuation Scheme) and payroll system user groups.

Norfolk Pension Fund officers attend and speak at seminars and conferences, with the purpose of continuing their professional development, maintaining knowledge levels and contributing to the development of the LGPS and the wider pensions industry.

Risk Management

Norfolk Pension Fund maintains a Risk Register and Business Continuity Plan, which are regularly monitored, reviewed and updated.

- The Fund's management team monitor and maintain the Risk Register and the Business Continuity plan
- The Business Continuity plan is regularly exercised
- All risks are evaluated and monitored considering their likelihood and impact, with any mitigating action taken as necessary
- All Pensions Committee and Local Pension Board meetings include an update on Risk Management
- Risks are categorised under the headings of Governance, Benefits Administration, and Investment and Funding
- The Fund's approach to Investment Risk is further set out in the Funding Strategy Statement which is available on our website at www.norfolkpensionfund.org/about/governance-and-investment/investment-and-stewardship/
- 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
abrdn Capital Partners LLP	AAF 01-06	Yes
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
Northern Trust	SOC 1	Yes
Pantheon	ISAE3402/AT-C320	Yes
Stafford Capital Partners **	Internal Control report not produced	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 2021-22 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 2021-22 are provided in the accounts section accompanying this report.

A summary budget and outturn for 2021-22 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 £'000	Actual £'000	Net Underspend £'000
2021-22 Fund administration costs	3,645	3,189	456
2020-21 Fund administration costs	3,843	2,906	937

Key Fund income and expenditure items are detailed below and lifted from the Revenue and Fund Account section in the Statement of Accounts 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.

Extract from the Revenue and Fund Account	**2020-21 Actual £'M**	**2021-22 Actual £'M**
Fund receivables (contributions and transfers in)	177.4	177.6
Fund payables (benefits and transfers out)	-154.0	-167.7
Management expenses	-28.9	-26.8
Net additions/withdrawals from dealings with members Including Fund management expenses	**-5.5**	**-16.9**
Investment income (less taxation)	73.4	69.6
Profit and losses on disposal of investments and changes in the market value of investments	838.1	332.3
Net increase/decrease in the net assets available for benefits during the year	**906.0**	**385.0**

There were no notifiable late payments of contributions by scheme employers during 2021-22. All contributions outstanding at 31 March 2022 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 accounts section accompanying this report. Except for 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.

2021-22	Pooled and freehold property, private equity, derivatives & cash £000	UK £000	Overseas £000	Total £000
Fixed interest securities				
Public sector quoted		65,047		**65,047**
Pooled funds				
Unit trusts		195,909	80,332	**276,241**
Unitised insurance policies		310,701		**310,701**
Other managed funds		2,754,638	511,658	**3,266,296**
Pooled and freehold property, private equity & derivatives				
Pooled property investments	521,833			**521,833**
Private equity	414,125			**414,125**
Direct property	1,046			**1,046**
Forward currency contracts	-5,295			**-5,295**
Cash deposits	36,160			**36,160**
Amounts receivable for sales/ Amounts payable for purchases	5,016			**5,016**
Net investment assets	**972,885**	**3,326,295**	**591,990**	**4,891,170**

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**

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 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.

	2020-21 £000	2021-22 £000
Employers – normal	128,979	133,823
Employers – special	5	70
Employers – strain	1,453	824
Members – normal	32,540	34,527
Members – purchase of additional scheme benefits	518	566
TOTAL	**163,495**	**169,810**

By Employer Type

	2020-21 £000	2021-22 £000
Administering authority	69,854	72,799
Other scheduled bodies	73,606	78,252
Community admission bodies	4,635	4,350
Transferee admission bodies	2,645	2,592
Resolution bodies	12,755	11,817
TOTAL	**163,495**	**169,810**

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 tables below analyse the pension overpayments, recoveries, any amounts written off and the results of participation in National Fraud Initiative (NFI) exercises (data matches, overpayments identified, actions taken, etc).

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.

		2021-22
Number of Pension Overpayments		190
Number of Recoveries by Invoice	143	
Number of Recoveries from Spouse	47	
Total Recoveries		190

Number/Amounts of Recoveries Written Off	9	£2,254.62

Life Certificates sent out	1,043
Un-returned Life Certificates	44

		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

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 Fund's processes and is resolved.

Investment Policy and Performance Report

Fund Performance Review for the year 2021-22

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 2021-22 fifteen external investment managers directly managed the Fund's assets:

- LaSalle (property)
- Link Asset Services (UK and overseas equities) – ACCESS pool operator
- Capital International (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)
- abrdn Capital Partners (European and global secondary focused private equity)
- UBS (UK equities - passive)
- Stafford (overseas timberland)
- Aviva Investors (UK infrastructure)
- JP Morgan (global infrastructure)

The global custodian changed from HSBC to Northern Trust in November 2021 following a joint procurement exercise with other ACCESS funds.

The asset allocation has evolved over the year as the Fund has continued to provide further funding to its enhanced yield portfolios particularly the illiquid long-term assets.

Three direct property assets are managed internally. Most of the cash holdings are swept to AAA rated money market funds managed by HSBC and Northern Trust (the global custodians 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.

2021-22 Investment Results

The overall story of investment return for 2021-22 is one of positive returns on risk assets. This performance is despite the volatility experienced around the turn of the year and through the final quarter of the year. These returns have resulted in the Fund reaching its highest ever value at the end of a financial year. This is a continuation of 2020-21 when the Fund participated in the strong recovery from of global markets from COVID-19 lows. Strategy performance has very much been driven by the level of growth assets in the strategic benchmark e.g., the returns were higher in the strategies containing a significant proportion of risk assets. The returns for each of the strategies is shown below against their relevant CPI based benchmarks.

Strategy	One-year return to 31 March 2022	Benchmark return to 31 March 2022	Benchmark
1 (previously Core Strategy A)	8.86%	9.90%	CPI plus 2.9%
2 (previously Alternative Strategy A)	9.38%	10.20%	CPI plus 3.2%
3 (previously Alternative Strategy B)	-0.04%	7.00%	CPI
4 (from inception on 1 May 2021)	6.06%	8.8%	CPI plus 2.5%

Details of the strategy components are provided in the Funding Strategy Statement. The inception date for the multi-strategy approach was 1 July 2017. The agreed fourth strategy was funded at the start of May 2021. Strategies are now ahead of their benchmark returns since the inception of the multi-strategy approach in 2017.

As may be expected in a diversified portfolio, the performance of the individual active fund managers was mixed over the last twelve months. This was after very strong relative performance generally in the previous twelve-month period.

The strongest absolute returns came from the private equity portfolio, which performed substantially better than quoted equity portfolios. This has been supported by strong cash returns. Property saw strong absolute returns although the mandate lagged the benchmark. LaSalle 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. With the exception of the passive UK mandate, the public equity portfolios lagged their benchmarks. The best absolute performance came from the Mondrian (LINK) value equity mandate and the passive UK mandate. All equity mandates produced positive returns over the UK although this was marginal for the Baillie Gifford (LINK) UK equity mandate. On longer term metrics Fidelity and Capital remain ahead of benchmark. The other active managers have performance closer to their benchmarks.

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. Early performance has been extremely encouraging.

The Pensions Committee and its advisors remain committed to taking a long-term view of asset manager performance. In practice this means a period of at least five years while monitoring closely the stability of the business, its people and processes.

The Fund has continued to make funding commitments across its private market allocations. The ACCESS pool has now commenced work on implementing pooling solutions for illiquid assets. The Fund expects to make use of these arrangements in future years.

The Fund has continued to receive six-monthly climate risk monitoring. A public summary of this information is published after consideration by the Pensions Committee.

Ultimately, strategic asset allocation policies will have a greater impact on Fund performance than the ability of individual investment managers to deliver performance in excess of their benchmarks.

It is important to consider the risk framework in which the investment results are achieved. If the Fund takes more risk in its asset allocation decisions, it offers the potential for higher returns, but it also increases the uncertainty of the outcome potentially increasing the changes of a negative downside.

The Fund is committed to ongoing review of its asset allocation and achieving an appropriate balance between risk and reward. While the Fund is a long-term investor of capital through investment cycles, it is also committed to holding investment managers to account for the results they achieve.

Triennial Valuation

The triennial valuation of the Fund at 31 March 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 2022 has risen but remains within the expected range of actuarial outcomes used when setting contribution rates for long-term participating employers. This represents a continued improvement in the funding position.

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

The Formal valuation at 31 March 2022 is now underway and the final valuation report will be published by 31 March 2023. This valuation will set employer contribution rates for the period 1 April 2023 to 31 March 2026.

Market Review of Global Financial Markets – 1 Year to 31 March 2022

There has been little to cheer about over the past 12 months. From the unfolding humanitarian crisis in Afghanistan, to the shock of the invasion of Ukraine, events have been unnerving. Beyond the ensuing unbearable horror for its population, the disaster in Ukraine has rapidly triggered further economic dislocation much further afield.

The already well-established spectre of inflation has been exacerbated by the immediate impacts of energy and other supply chain disruptions. Central banks have already been rushing to tighten previously super loose monetary policy to curb rising prices and may well now have to go faster and further, even in the face of the new uncertainties from this latest large external shock. The inevitable hit to business and consumer confidence from rising costs and higher interest rates will muddy the economic outlook, both in Europe and in America. Elsewhere, the latest significant lock downs in China's largest city of Shanghai are a reminder that the economic impact of Covid is not yet behind us. The world feels riskier and more uncertain than it did not very long ago.

And yet there is also another, perhaps less obvious, observation. Under the circumstances it almost feels inappropriate to mention it. But this is an investment update after all, so we hope it is not distasteful to highlight that most developed equity markets have been remarkably resilient in the face of these multiple challenges. For example, our local UK stock market delivered robust returns during the year. Part of this can be attributed to the fact that the broad UK index is heavily skewed to a small number of large companies particularly in the oil & gas, banking and pharmaceutical sectors which have been outperforming as oil prices hit record highs, interest rates are expected to rise further, and some investors are seeking safety in more defensive names. The US stock market also posted overall strong gains during the period, in a continuation of the extraordinary bull run it has had over recent years. Many other assets including real estate, infrastructure, private equity and timberland have also delivered positive returns. For a Sterling (GBP) denominated investor the relative weakness of the pound particularly compared to the US Dollar has been a tail wind on returns.

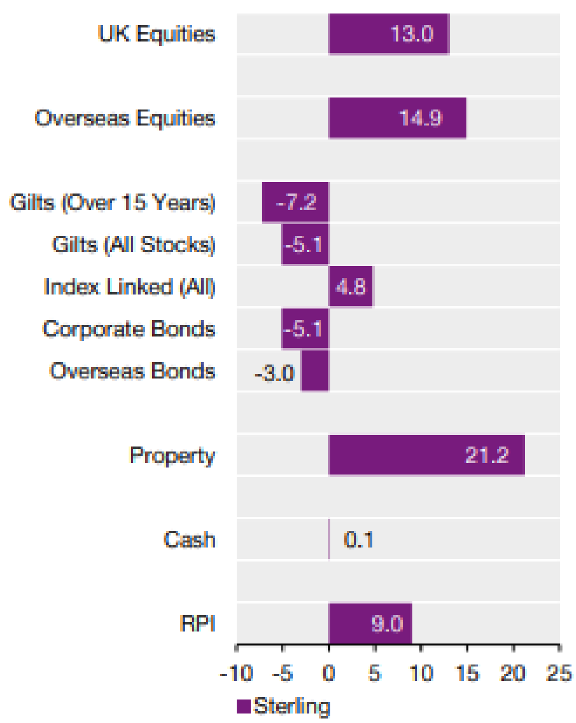
However, the twelve months to end March 2022 has been more challenging for emerging market stocks as the Russian invasion of Ukraine and sweeping changes in Chinese regulation weighed on economic activity and returns for investors. Within China, the Chinese Communist Party has clearly decided to assert its primacy over the private sector, which has rattled parts of the market. In Japan, borders remained largely closed, and it seems unlikely that the stance on this will change until after the Upper House elections in July. Inbound tourism was a structural growth story before the pandemic and, with this remaining conspicuously absent, the environment remains challenging for bricks and mortar retailers. At its peak almost half of inbound tourism spend came from China so a reopening of its borders with Japan would be a helpful development.

Elsewhere, rising inflationary pressures led the market to reprice expectations of interest rate rises and bond yields rose sharply as a result. Corporate bonds had performed relatively well against a backdrop of positive growth, but with rapidly rising yields and concerns about future growth prospects, they underperformed government bonds in the first quarter of 2022. Over 12 months sterling investment grade bonds delivered a return of -5.1%. High yields bonds were less affected and over the 12-month period delivered a return of -2.0%.

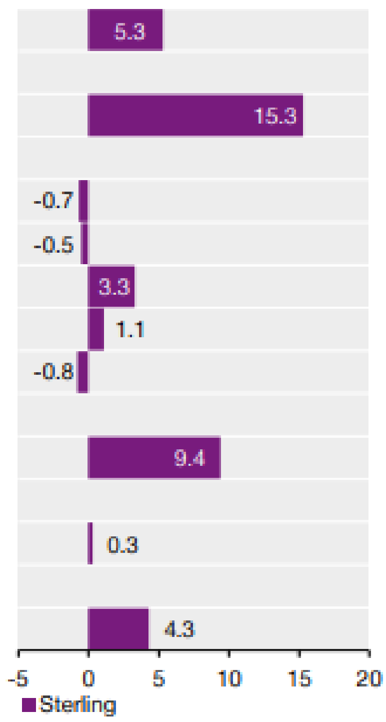
Inflation has become a major problem for governments and central banks and for the moment its control is the key priority. Unwinding the huge monetary support packages that central banks have undertaken since the pandemic is now front and centre of the battle against inflation, and the market is anticipating a rapid unwind of the Federal Reserve and Bank of England’s balance sheets with continued regular rate hikes.

Returns for World Markets to 31 March 2022

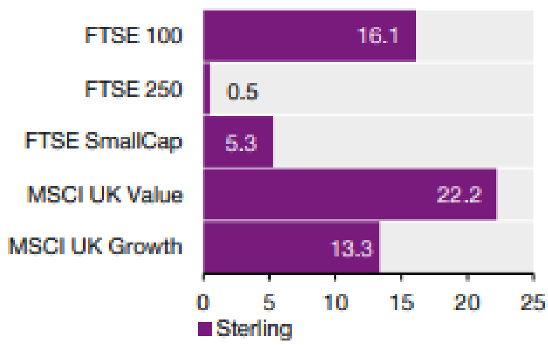
Major Classes – 12 Months (%)



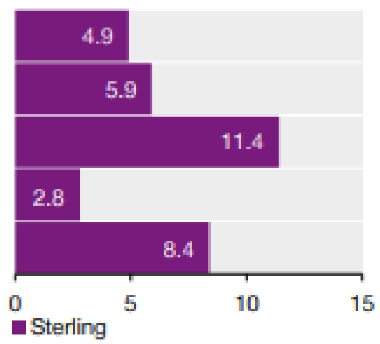
Major Classes – 3 Years (% p.a.)



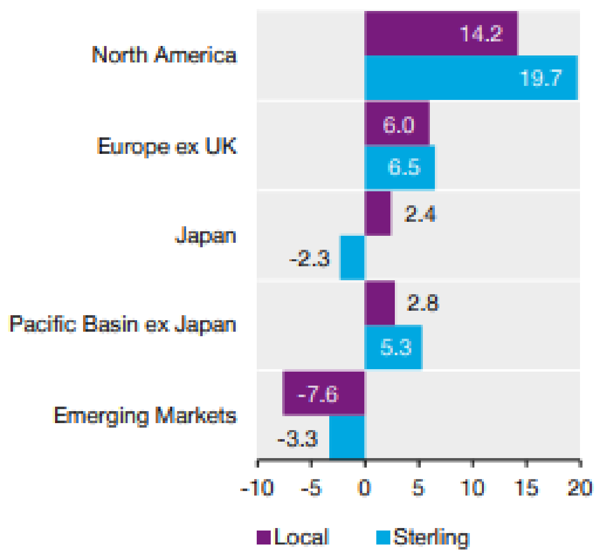
UK Market – 12 Months (%)



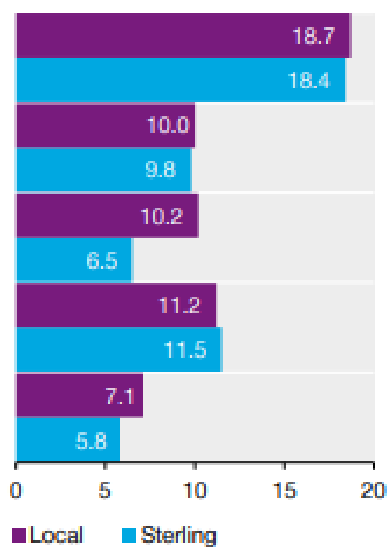
UK Market – 3 Years (% p.a.)



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

The average cost per member (CPM) to administer the Norfolk Pension Fund for 2020-21 (the latest available at time of publication) was £19.84, which is just below the average £21.91 CPM achieved by other local authorities who participated in the CIPFA Pensions Administration Benchmarking Club over the same period.

Average Cost per Member

	2016-17	2017-18	2018-19	2019-20	2020-21
Norfolk Pension Fund	£19.43	£18.97	£20.01	£19.97	£19.84
CIPFA Benchmarking Average	£20.14	£21.16	£21.34	£20.00	£21.91

We consistently deliver high service levels to our members and employers. For example, during 2020-21, over six CIPFA Industry Standard Performance Indicators, the Norfolk Pension Fund has delivered 93.8% within the CIPFA target timescale, 12% higher than the average of 83.3% 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 95.54% and a conditional data score of 99.9%.

How the service is delivered

All aspects of the Norfolk Pension Fund service are managed in-house, including administration and investments.

This holistic approach delivers benefits to the service as experience and skills are widely shared, extending knowledge and resilience.

To deliver the Fund's administrative requirements we use a software package which provides the following functions:

- Supports the whole member lifecycle from joining, through benefits accrual, to retirement and pension payments
- Automated workflow-driven processing ensures accurate and streamlined back-office administration
- Automated employer management for regular uploads of HR data, contribution reconciliation and strain calculations
- Built-in document management and bulk processing pensioner payroll from a single member database

The Fund's website www.norfolkpensionfund.org 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/help/compliments-complaints-and-disputes/

During 2021-22 there were no IDRP complaints logged with the Ombudsman.

Professional Development

We consider the people who work for us as one of the Norfolk Pension Fund's biggest assets and value them accordingly:

- We invest in the continuing professional development of staff, for the benefit of our stakeholders and the Fund overall
- We operate a standard appraisal process across the team, linked into the Fund's service plan

Equality and Diversity

Norfolk Pension Fund has a workforce that reflects and is part of the community it serves. It is the policy of Norfolk County Council to ensure that all its employees are selected, trained and promoted on the basis of their ability, the requirements of the job and other similar non-discriminatory criteria. All employment decisions are based purely on relevant and objective criteria.

We aim to deliver accessible, high-quality and value for money services to all our customers, without discrimination on grounds of group memberships; for example sex, race, disability, sexual orientation, religion, belief or age.

Summary of significant projects

1. **COVID-19 global pandemic**

   The Fund's risk mitigation and resilience planning helped the Fund quickly adapt and maintain critical services remotely throughout the global pandemic; the Fund is now designing and transitioning to a future service delivery framework, that retains the best of pre-pandemic and current work experiences, as well as identifying opportunities for further improving services in the future.

2. **Strategic Review and operation developments**

   Despite the pandemic, the Fund made significant progress in delivering the recommendations outlined in the comprehensive review of the Norfolk Pension Fund, designed to ensure that the Fund is well placed to continue to support scheme members and employers as we look forward. This has included the establishment of a strengthened governance and compliance function, the transition to the new Member Self-Service function and rollout of i-Connect to all employers. Several areas of long-term high risk have been reduced as a result with plans in place for the completion of remaining recommendations, including the establishment of a new employer services team, being delivered under business as usual.

3. **ACCESS Investment Pool**

   We have continued to work as a member of the ACCESS pool collaborating on a number of projects including the development of comprehensive Responsible Investment guidelines for the Pool. Although we did not have any assets scheduled to transition to the pool this year, we have been undertaking the background work that will expect to see circa £500 million of additional liquid assets transitioned in 2022-23. We have also continued to participate as ACCESS has developed its illiquid asset capability. These solutions are expected to come on stream in 2023-25.

4. **2022 Valuation**

The complexity of the Triennial Valuation and funding policy has continued to grow. We began the planning process for the 2022 Valuation in late 2021 and Pensions Committee approved the timetable at their December 2021 meeting. In the last quarter of 2021-22 we presented the results of investment and contribution strategy modelling (HEAT) to a number of our large, stable long-term employers. This was reported to the Pensions Committee in March 2022. This work included draft employer contribution rates for the three-year period 1 April 2023-31 March 2026 to support these employers in their medium-term financial planning.

5. **Custodian Transition**

Following a joint procurement with our ACCESS partner funds, utilising the National LGPS Custody Framework, we selected Northern Trust as incoming custodian to the Fund, replacing HSBC. The transition to the new custodian was undertaken in November 2021.

Data Quality

We published our Report on Data Quality in January 2022. 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 95.54%

  Whilst it is certainly good practice to keep in touch with deferred pensioners, the fact that we don't know their current whereabouts does not cause problems in terms of paying out money due or accounting for money due to be paid.

  We carry out regular mortality screening (see above) which highlights where payments may due to be paid. Members not failing the mortality screening are assumed to be still alive and therefore will be entitled to receive benefits on retirement.

  As part of our Data Quality exercises we have scheduled to trace our deferred pensioners addresses using our tracing service. We repeat this exercise every 18 months or so in order to keep records as up to date as possible whilst bearing in mind the cost of such exercises and the response rates achieved.

  When deferred members reach retirement age and benefits are payable, individual tracing services are employed in order to ensure benefits are paid on time.

  ### Conditional Data

  Conditional data is data which the Norfolk Pension Fund considers is essential to ensure correct recording of liabilities for actuarial purposes, correct calculations and payment of benefits.

  The conditional data score averaged across all items for the Norfolk Pension Fund was 99.9%

The only significant area of fail is "deferreds passed due date". Regular reports are run against the system to highlight any cases where benefits are still being deferred but should possibly be in payment. The small numbers of cases shown as currently failing are those where we are currently carrying out tracing activities. We have instigated a write-off process where benefit amounts are small or beneficiaries cannot be traced after exhaustive search. This will reduce the number of cases that we are accounting for, but in practice will never pay out.

Where deferred benefits have not been put into payment by retirement age, this could be due to un-notified mortality, or “gone aways”. Large numbers of such cases could affect funding of schemes; however, the small numbers involved here do not represent any significant funding issues.

Data cleansing is an ongoing exercise and therefore does not have timescales associated with it.

From 2016 we have been running regular checks on deferreds addresses with an external tracing company. This gives us likely addresses for our deferred members who have moved house but not informed us.

It is recognised by the Pension Fund Actuary that the Norfolk Pension Fund data is among the cleanest in local government, however we are not complacent and know that we must strive to keep standards up.

Regular monitoring of the measures identified in this report will be carried out and any actions necessary to ensure data quality is maintained.

The Norfolk Pension Fund will review best practice of other pension funds to ensure that appropriate measures are used and where appropriate additional data monitoring will be put in place.

Key Performance Data

Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Administration Benchmarking Club

Norfolk Pension Fund takes part in the annual Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Administration Benchmarking Club.

CIPFA Benchmarking results for Industry Standard Performance Indicators and LGPS Management Expenses are shown below for 1 April 2020 to 31 March 2021 (the latest available at time of publication).

Industry Standard Performance Indicators

Task	Target	Norfolk Results	Club Average
Letter detailing transfer in quote	10 days	87.1%	79.6%
Letter detailing transfer out quote	10 days	91.5%	81.7%
Process and pay refund	10 days	97.8%	90.8%
Initial letter acknowledging death of member	5 days	90.2%	80.8%
Letter notifying amount of dependent's benefits	10 days	98.8%	82.2%
Calculate and notify deferred benefits	30 days	97.9%	85.0%
AVERAGE		**93.8%**	**83.3%**

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.

		2020-21		2021-22	
Case Type	**CIPFA Standard**	**Volume**	**% within CIPFA Standard**	**Volume**	**% within CIPFA Standard**
Transfer In Quotes	10 days	209	86.3	308	94.1
Transfer Out Quotes	10 days	525	91.8	562	96.8
Refund Payments	5 days	507	96.9	496	100.0
Estimate of Retirement Benefits	10 days	1,272	90.3	1,464	96.0
Actual Retirement Benefits	5 days	1,565	98.8	1,671	99.2
Acknowledgement Death of Member	5 days	902	74.0	838	91.8
Notify Dependant's Benefits	5 days	302	66.9	323	85.1
Notify Deferred Benefits	10 days	1,905	97.9	2,297	98.0
TOTAL		**7,187**	**87.9**	**7,959**	**95.1**

Analysis of Scheme Membership

The Norfolk Pension Fund Unit Cost per Member for the period 1 April 2021 to 31 March 2022 is shown in the table below.

Process	2017-18	2018-19	2019-20	2020-21	2021-22
Investment Expenses					
Total cost £'000	15,748	17,960	21,782	26,204	23,095
Total Membership (Nos)	89,568	91,368	92,360	94,733	98,780
Cost per member (£)	175.82	196.57	235.84	276.61	233.80
Administration Costs					
Total cost £'000	1,749	1,858	1,858	2,109	2,111
Total Membership (Nos)	89,568	91,368	92,360	94,733	98,780
Cost per member (£)	19.53	20.34	20.12	22.26	21.37
Oversight and Governance Costs					
Total cost £'000	495	816	887	653	906
Total Membership (Nos)	89,568	91,368	92,360	94,733	98,780
Cost per member (£)	5.53	8.93	9.60	6.89	9.17

[Please note, the cost per member figures in the table above are based on the administrative costs disclosed in note 11. Management Expenses of the attached Statement of Accounts. This differs to CIPFA cost per member calculations which use different criteria for administration costs and make adjustments to remove one-off project costs and an element of staffing.]

The table below shows a 10% increase in scheme membership since 2017-18. There has been a 4% increase in active scheme members, an 10% increase in deferred members and an 18% increase in pensioners (retired members).

	2017-18	2018-19	2019-20	2020-21	2021-22
Active	28,837	29,067	29,317	30,257	29,985
Deferred	36,520	36,947	36,700	37,106	40,305
Pensioner	24,211	25,354	26,343	27,370	28,490
Total	**89,568**	**91,368**	**92,360**	**94,733**	**98,780**

Membership Age Profile

The following tables show the age profile of active, deferred and retired scheme members.

Active Scheme Member Age Profile

Age Band	Percentage of Members	Number of Members
0-16	0.1%	22
17-32	18.1%	5,441
33-48	37.2%	11,162
49-64	41.8%	12,530
65-69	2.3%	704
70+	0.4%	126

Deferred Scheme Member Age Profile

Age Band	Percentage of Members	Number of Members
0-16	0.0%	1
17-32	13.4%	5,408
33-48	37.6%	15,168
49-64	46.7%	18,842
65-69	1.6%	661
70+	0.6%	225

Retired Scheme Member Age profile

Age Band	Percentage of Members	Number of Members
0-49	0.9%	247
50-54	0.6%	172
55-59	4.4%	1,266
60-64	14.5%	4,145
65-69	24.5%	6,967
70+	55.1%	15,693

Breakdown of retirements

1,550 scheme members retired during 2021-22, broken down into the different retirement types shown in the table below.

Retirement Type	Number of Retirements
55 to State Pension Age Voluntary	1,037
Over State Pension Age (Late)	253
Employer consent	97
Redundancy/Efficiency	48
Flexible	59
Incapacity/Ill health	56
TOTAL	**1,550**

Employer contributions

As at 31 March 2021 there were 427 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.

2021-22	£'000
Administering authority	72,799
Other scheduled bodies	78,252
Community admission bodies	4,350
Transferee admission bodies	2,592
Resolution bodies	11,817
Total	**169,810**

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 stakeholder meetings during 2021-22, but we have maintained our usual printed and online communications as well as introducing virtual webinar events.

Employer Forums, 8 July 2021 and 9 December 2020
84% of respondents gave an overall assessment of the Forums as Excellent/Very Good.

Future Service Delivery
In November 2021 we invited all scheme members to tell us how they would like us to keep in touch with them to inform our future service delivery planning.

The results confirmed members value being able to engage with the Pension Fund both digitally and 'traditionally', depending upon the person and the circumstances.

We are also working with our employers and team members to ensure that post pandemic we retain the best of the old alongside building on what we have learnt from the last couple of years.

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.

	2017-18		2018-19		2019-20		2020-21		2021-22	
Staff Joining	1	4%	2	7%	4	14%	2	7%	3	11%
Staff Leaving	1	4%	2	7%	1	4%	1	4%	1	4%
Total Staff (FTE)	28.5		28.5		28		28		28.9	
LGPS Admin Staff (FTE)	22		22		22		22		22.3	
Total Scheme Membership	89,568		91,368		92,360		94,733		98,780	
Members per LGPS Admin Staff (FTE)	4,071		4,153		4,198		4,306		4,429	
Staff to Member Ratio	1:185		1:189		1:191		1:195		1:199	
Case Items	7,532		8,819		8,891		7,187		7,959	
Case Items per LGS Admin Staff (FTE)	342		401		404		327		357	
Staff to Case Item Ratio	1:16		1:18		1:18		1:15		1:16	

(FTE) = Full-time equivalent

National LGPS Frameworks

National LGPS Frameworks is a ‘not for profit’ national collaboration between LGPS funds and pools to efficiently procure specialist pension related services.

The National LGPS Frameworks operate on a self-funding model, with liability shared between all Founding Authorities. They are hosted by the Norfolk Pension Fund, supported by a dedicated team of professionals with assistance from other external support as necessary (for example, legal and procurement specialists from Norfolk County Council).

Using the National LGPS Frameworks saves LGPS funds and pools significant time and money by allowing quicker and more efficient procurement of high-quality and value for money services. The frameworks allow users to leverage better prices whilst still making local decisions about service requirements.

Since the inception of National LGPS Frameworks in 2012, the LGPS has already collectively benefited from more than £163m in savings:

- 9 live frameworks in place
- 42 funds and pools have acted as ‘Founding Authorities’
- 108 funds and pools joining the Frameworks (plus nine non-LGPS users)
- 481 contracts awarded
- 194 years of estimated effort saved by procuring through the Frameworks

National LGPS
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 and on the Fund's website.

Experience over the period since 31 March 2020

Markets were severely disrupted by COVID 19 in March 2020, but over most of 2020-21 and 2021-22 they recovered strongly. However, due to the war in Ukraine, March 2022 markets were particularly volatile, which affects values as at the accounting date. All other things being equal, the funding level of the Fund as at 31 March 2022 is likely to be better than that reported at the previous formal valuation as at 31 March 2019.

It is important to note that the formal triennial funding valuation exercise is as at 31 March 2022 and this may show a different picture when the finalised position is disclosed in next year's annual report. In particular, changes in Fund membership, changes in anticipated real investment returns, and changes in demographic assumptions will affect the valuation results. The Funding Strategy Statement will also be reviewed as part of the triennial funding valuation exercise.

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 principles of good governance.

Governance Compliance Statement

The Norfolk Pension Fund is fully compliant with the principles set out in the Local Government Pension Scheme Regulations 2013 (as amended) Regulation 55.

The full Governance Compliance Statement is at Appendix IV.

Administering Authority

Norfolk County Council (NCC) is the Administering Authority of the Norfolk Pension Fund and administers the LGPS on behalf of its participating employers.

- NCC has delegated its pensions functions to the Pensions Committee
- NCC has delegated responsibility for the administration and financial accounting of the Fund to the Executive Director of Finance and Commercial Services
- The Norfolk Pension Fund has established a Local Pension Board (known locally as the Pensions Oversight Board)
- This report supports NCC's Annual Governance Statement, which is published in the NCC Annual Statement of Accounts

Pensions Committee

The Pensions Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pensions Committee meets quarterly to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary

Pensions Committee Membership 2021-22

Chairman:	**Norfolk County Councillor**	Cllr Judy Oliver
Vice-Chairman:	**District Councillor (co-opted by the Local Government Association)**	Cllr Alan Waters
	Norfolk County Councillor	Alison Birmingham (from September 2021)
	Norfolk County Councillor	Cllr Danny Douglas (to May 2021)
	Norfolk County Councillor	Cllr Tom FitzPatrick (to May 2021)
	Norfolk County Councillor	William Richmond (from May 2021)
	Norfolk County Councillor	Daniel Roper (from May 2021)
	Norfolk County Councillor	Robert Savage (May to September 2021)
	Norfolk County Councillor	Cllr Martin Storey
	Norfolk County Councillor	Cllr Brian Watkins (to May 2021)
	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	Glenn Cossey
	Investment Advisor to the Fund	David Walker (Hymans Robertson LLP)

Pensions Committee Training

A Training Strategy is maintained to develop and maintain knowledge and skills to support good and timely decision making.

The training needs of the Pensions Committee is considered in line with CIPFA Knowledge and Skills Framework alongside the 12-month agenda planning process. Training is business driven, therefore the programme is flexible. This allows us to effectively align training with operational needs and current agenda items, helping to support member decision making.

All Pensions Committee and Pension Oversight Board Members have access to the LGPS Online Learning Academy (LOLA)

All new Committee Members attend induction training.

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

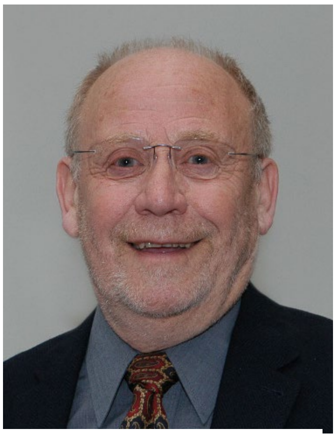
A training log is maintained.

Pensions Committee Meetings and Training

		Steve Aspin	Alison Birmingham	Danny Douglas	Tom FitzPatrick	John Fuller	Judy Oliver	William Richmond	Daniel Roper	Robert Savage	Martin Storey	Alan Waters	Brian Watkins
March 2022	Pensions Committee	√				√	√	√	√			√	
January 2022	ESG (Environmental, Social & Governance)/RI (Responsible Investment) Workshop		√				√	√				√	
January 2022	LGPS (Local Government Pension Scheme) Annual Governance Conference: Pensions in the 21st Century						√					√	
December 2021	Pensions Committee	√	√			√	√	√	√		√	√	
November 2021	ACCESS (A Collaboration of Central, Eastern and Southern Shires) Investor Training: The ESG (Environmental, Social & Governance) Challenge		√				√					√	
October 2021	Pensions Committee	√	√				√	√			√	√	
September 2021	Workshop on Environmental, Social & Governance Approach (ESG)	√					√		√			√	
July 2021	Pensions Committee						√	√	√		√	√	

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 2021 to 31 March 2022.



Brian Wigg
Chairman, Pensions Oversight Board

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's website:
www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/

Membership

Membership of the Pensions Oversight Board is structured as follows:

- three scheme member representatives of which one has been nominated by the trade unions and the rest drawn from the total scheme membership
- three employer representatives made up of Norfolk County Council (one), precepting/levying employers (one), other employers (one)
- one independent non-voting chairman

Membership of the Board during the period April 2021 to March 2022 was as follows:

Role	Representing	Appointment
Independent Chair		Brian Wigg
Scheme Member representatives	Trade Union nominee	Rachel Farmer (UNISON)
	Active/Deferred representative	John Harries (Vice Chairman) Resigned December 2021
		Frances Crum From January 2022
	Pensioner representative	Peter Baker
Employer representatives	Norfolk County Council representative	Debbie Beck Resigned December 2021
		Sally Albrow From February 2021
	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 – in May 2021, September 2021, November 2021 and February 2022. All meetings have been virtual.

In addition to these meetings, Pensions Oversight Board Members have attended each of the Pensions Committee meetings between April 2021 and March 2022.

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
- Future service delivery and smarter working
- Audit Reports
- Cyber and data security

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

Attendance at POB meetings was 57%.

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
14 July 2022

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/about/governance-and-investment/local-pension-board/

ACCESS Joint Committee

The eleven ACCESS participating Funds are each administering authorities within the Local Government Pension Scheme, as set out in the Local Government Pension Scheme regulations 2013.

Each authority administers, maintains and invests their own respective funds within the LGPS in accordance with these regulations and the LGPS investment Regulations.
The ACCESS authorities have signed an Inter Authority Agreement which sets out how

they will work together.

The Inter Authority Agreement is at http://www.accesspool.org/document/366.

The Inter Authority Agreement (Schedule 1) confirms the ACCESS governing principles, which can be viewed at http://www.accesspool.org/document/17.

Administering Authority Section 101 Committees ('Pensions Committees') are represented at the Joint Committee. A list of Joint Committee Members can be viewed at https://www.accesspool.org/governance/governance-1/.

The Norfolk Pension Fund Pensions Committee and Pensions Oversight Board are regularly updated and review the work of the Joint Committee, the Operator and ACCESS investment performance.

Reference Material

The following documents can be viewed or downloaded from the Norfolk Pension Fund's website at www.norfolkpensionfund.org:

- Annual Report and Accounts
- Customer Care and Communication Strategy
- Employer Newsletters
- Funding Strategy Statement
- Governance Strategy Statement
- Primetime (retired members newsletter)
- Sample Annual Benefit Statements
- Investment Strategy Statement
- Voting Records
- Pensions Administration Strategy
- Climate risk reporting

In addition, the following documents are available from the Norfolk Pension Fund:

- Confidentiality Policy
- Full Privacy Notice (including data protection policy)
- Governance Compliance Statement
- Information Security Policy

National Asset Pools
ACCESS Annual Report 2021-22

Foreword

Cllr Mark Kemp-Gee
Chairman, ACCESS Joint Committee

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

The COVID-19 pandemic not only shaped the way we all work but also led to significant market volatility. This volatility has continued following the Russian invasion of Ukraine and that cruel and unwarranted event has exacerbated energy and other supply chain issues that have contributed to rampant inflationary pressures. All in all, a difficult time for investors everywhere.

The development of the ACCESS Pool continues at pace with an additional four sub-funds opened during the year to assist the authorities in achieving diversification within their investment strategies attracting an additional £3.2 billion investment into the Pool.

In January 2022 MJ Hudson were appointed as implementation adviser for the establishment of pool vehicles for illiquid assets, after a competitive call off utilising the National LGPS Frameworks. As implementation advisor, MJ Hudson will provide support to the Pool in selecting individual investment opportunities and investment managers to build portfolios in a range of illiquid assets including private equity, private debt, infrastructure and initially, real estate.

Another key achievement during the year was the development of updated Responsible Investment guidelines for which the pool was partnered by Minerva Analytics. Once consultation has been completed the guidelines will be formally published.

In addition to its Annual Report, ACCESS also produced a Progress Update report in conjunction with its communication advisers MHP Mischief, to provide an insight to the Pool, key activities and future plans.

In the year ahead we welcome representatives of the Local Pension Boards to observe the future Joint Committee meetings. Two members from each Board will be able to attend a meeting at least once a year.

In closing I would like to thank my fellow ten Joint Committee members, each representing their respective Authorities, along with the officers who support them, and the ACCESS Support Unit.

Mark N. Kemp-Gee

Cllr Mark Kemp-Gee
Chairman, ACCESS Joint Committee

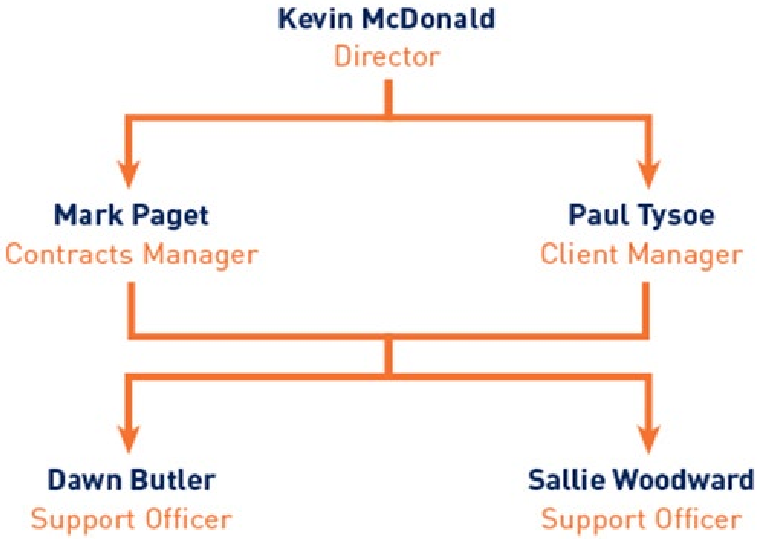
ACCESS
Effective • Collective • Investment

Introduction

Kevin McDonald
Director, ACCESS Support Unit

It is my pleasure to introduce an overview of the work by the ACCESS Support Unit.

In 2018, the ACCESS Joint Committee agreed that a unit be established to provide day to day support for the work required to run the Pool, and that Essex County Council act as Host Authority. The ACCESS Support Unit (ACS) facilitates the Joint Committee (JC) and officer groups and has responsibility for programme management, client relationships, contract management/ supplier relationships, administration and technical support services. The ASU's structure is set out below:



A business plan is developed and submitted for consideration by the JC ahead of the start of each year, prior to being recommended to each of the ACCESS Authorities. The business plan includes milestones across listed assets (both active and passive), non-listed assets and governance. The JC also determines an annual budget to support the activities within the business plan.

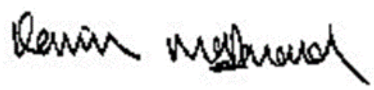
The ASU has responsibility to manage this development and implementation of the business plan, within budget, whilst assessing and managing the risks for the pool.

A central feature of ACCESS is the engagement of each of the eleven Authorities, and therefore the support and facilitation of stakeholder groups is key to the work of the ASU. The governance structure of the Pool ensures that dialogue with, and input from, Local Government Pension Scheme (LGPS) subject matter experts from each Authority, is gathered through the Officer Working Group (OWG) and various sub-groups. In turn, this enables the s151 Officer Group to form the recommendations that are ultimately considered by the JC.

It has long been recognised that considerable expertise exists within the LGPS officer community. The full time ASU staff are therefore supplemented by part-time Technical Leads whose work for ACCESS is part pf the Pool's costs. In the last year this saw invaluable contributions from Sharon Tan, Suffolk (reporting); Samantha Andrews, Essex (budgeting) and Rachel Wood and Vickie Hampshire, West Sussex (Governance Manual).

The year ahead will see further sub-fund launches to meet the investment strategies of the Authorities, including emerging market equities, the start of the alternative asset investment platform with advice and guidance from MJ Hudson and the publication of the updated Responsible Investment guidelines.

I would like to thank my ASU colleagues, the technical leads and the officers of the Authorities for their enthusiasm, support and hard work towards the commendable progress of the Pool.



Kevin McDonald
Director of ACCESS Support Unit

Background to ACCESS

ACCESS has its origins in 2016 when 11 Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government's agenda for pooling LGPS investments.

The following strategic objectives are in place:

1	Enable the Councils to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible.
2	Provide a range of asset types necessary to enable those participating Authorities to execute their locally-determined investment strategies as far as possible.
3	Enable the Councils to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

In order to achieve these objectives, the Councils have established a set of governing principles.

The governing principles are summarised below.

- Collaboration
- Objective evidence based decisions
- Professionalism
- No unnecessary complexity
- Value for money
- Risk management
- Equitable voice in governance
- Equitable cost sharing
- Evolution and innovation

Implicit within the above principles is the democratic accountability and fiduciary duty of the Councils as Administering Authorities.

ACCESS LGPS Authorities

An overview of the Pool's governance structure is outlined below.

1 Isle of Wight Council

2 Hampshire County Council

3 West Sussex County Council

4 East Sussex County Council

5 Kent County Council

6 Hertfordshire

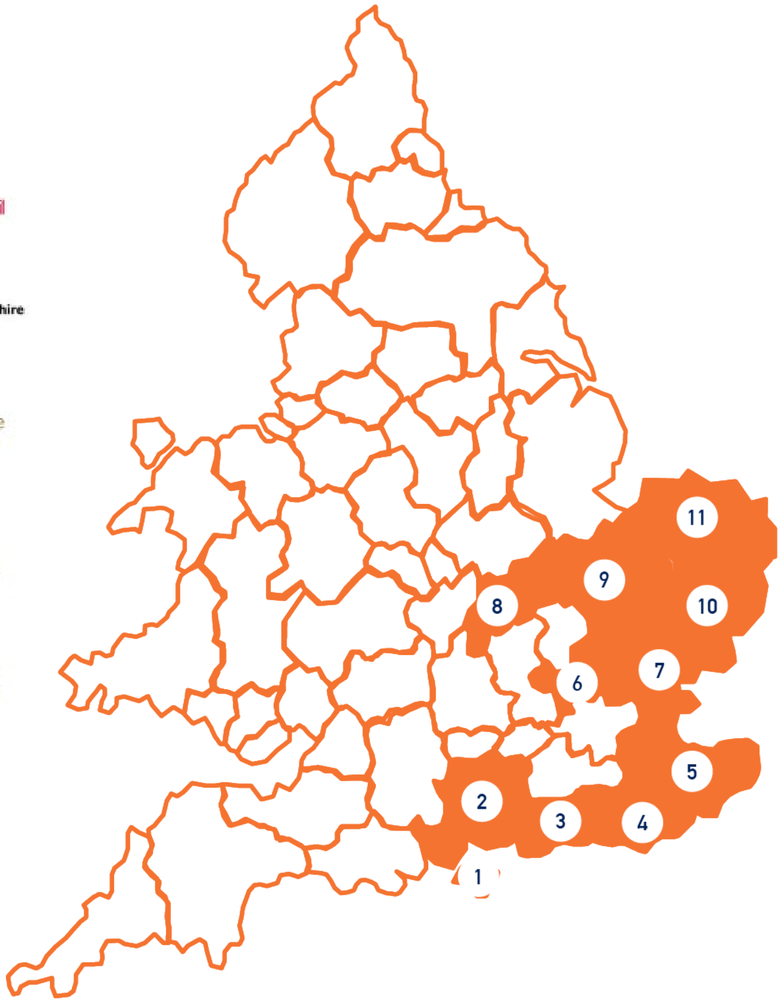
7 Essex County Council

8 West Northamptonshire Council

9 Cambridgeshire County Council

10 Suffolk County Council

11 Norfolk County Council



3,500 Employers
1.1 million Members
310,000 Pensioners

ACCESS pool

Joint Committee (JC)
11 Councillors representing 11 Authorities

Officers
Section 151 Officers, Monitoring Officers, Officer Working Group (OWG)

ACCESS Support Unit (ASU)
Programme, contract and client management

No FCA regulated decisions in client side functions

Active-listed assets, ACS operator: LINK Group

Passive-listed assets jointly procured manager: UBS

Non-listed assets implementation advice: MJ HUDSON

Key performance

Pooled Assets
As at March 2022

ACS (26 sub-funds)

£23.9bn

UBS (1 jointly procured provider)

£11.2bn

Pooling Progress

59%

Costs & Savings
As at March 2022

Gross Savings

£70.3m

Costs

£16.9m

Net Savings

£53.4m

Savings

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities.

2021/22 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

The table below summarises the financial position for 2021/22 along with the cumulative position since the commencement of ACCESS activity in early 2016.
The Joint Committee is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

	2021-22		2021-22	
	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	2,664	4,408	3,338	6,907
Ongoing Operational Costs	1,046	1,247	4,117	4,795
Operator & Depository Costs	4,845	4,787	12,149	11,364
Total Costs	**8,555**	**10,442**	**21,428**	**24,466**
Pool Fee Savings	**28,038**	**15,700**	**70,300**	**47,750**
Net Savings Realised	**19,483**	**5,258**	**48,872**	**23,284**

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2021/22 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

Operator and depositary 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 2021/22 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.

2021-2022 Business Plan Milestones

The Business Plan for 2021-22 was proposed by the ACCESS Joint Committee in January 2020 to the 11 LGPS Authorities.

Actively managed listed assets

Further progress was made in pooling active listed assets within the Authorised Contractual Scheme (ACS) managed by the Pool's appointed Operator, Link Fund Solutions. Between July 2021 and February 2022, a further four sub-funds were launched.

Link's appointment of BlackRock expands the UK Equity capacity within the Pool, the appointment of Macquarie broadens the Global Equity coverage whilst the addition of ACS mandates for Fidelity and M&G extends the Fixed Income offering.

Six Authorities participated as original investors within these sub-funds which totalled £3.2bn.

Alternative/non-listed assets

In January 2022, following a procurement via National LGPS frameworks, ACCESS announced the appointment of MJ Hudson as implementation adviser for the pooling of illiquid assets including private equity, private debt, infrastructure and real estate.

As implementation advisor, MJ Hudson will provide support to the Pool in selecting individual investment opportunities and investment managers to build portfolios in a range of illiquid assets.

Passive assets

Ongoing monitoring and engagement continued with jointly procured passive manager, UBS.

Responsible Investment Guidelines

Last year, following a procurement via National LGPS frameworks, ACCESS appointed Minerva Analytics as Environmental, Social & Governance (ESG) adviser.

Having reviewed the ESG polices of and engaged extensively with officers from each of the 11 ACCESS Authorities, Minerva Analytics drafted revised and updated Responsible Investment (RI) guidelines for the Pool.

2022-2023 Business Plan

The Business Plan for 2022-23 was proposed by the ACCESS Joint Committee on 6th December 2021 to the 11 LGPS Authorities. This plan included:

Actively managed listed assets

Further pooling active listed assets within the Authorised Contractual Scheme (ACS) managed by the Pool's appointed Operator, Link Fund Solutions which will include emerging market equity and further fixed income sub-funds.

Alternative/non-listed assets

Launch of the Pool's first illiquid asset investment vehicles. MJ Hudson will be undertaking procurement exercises to appoint a UK Core Manager and a Global Real Estate allocator.

Initial work will commence on the planning for other illiquid asset investment platforms.

Passive assets

Ongoing monitoring and engagement with jointly procured passive manager, UBS.

Responsible Investment Guidelines

Following consultation with the ACCESS Authorities the updated Responsible Investment Guidelines will be published.

Work will commence on establishing criteria to develop a matrix to report on key performance indicators to demonstrate how the responsible investment guidelines have been implemented.

Environmental, Social & Governance

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.

Responsible Investment

ACCESS appointed Minerva Analytics as its Environmental, Social & Governance (ESG) adviser. Following a review of the ESG policies, and engagement with officers from each of the authorities Minerva Analytics drafted consolidated Responsible Investment (RI) guidelines for the Pool.

Following a period of consultation, it is expected that finalised Guidelines will be adopted by the Pool during 2022.

Voting

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 guidelines set out the principles of good corporate governance and the means by which ACCESS will seek it influence on companies. The voting activity is reported to the Joint Committee on a quarterly basis.

During the year ACCESS voted at 2,391 meeting on 32,834 resolutions.

Engagement

Link Fund Solutions arranges regular sessions with the Investment Managers to present to the authorities Pension Fund Officers to demonstrate how they implement environmental, social and governance into their investment strategy and decision-making process.

These also give the investment manager the opportunity to discuss the engagement activities they have undertaken, what constructive dialogue was had and how they have used their influence to encourage the adoption of best practice.

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 2021-22 and shows the cumulative costs to date since financial year 2015-16 when the initial set up of the ACCESS Pool commenced. During 2021-22 there were no transitions of assets into ACCESS 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 2021-22 and the total savings to date since financial year 2015-16.

	2021-22	
	Actual	Actual
	In Year	Cumulative to date
	£'000	£'000
Set Up Costs	0	183
Transition Costs	**0**	335
Ongoing Operational Costs	94	440
Total Costs	**94**	**958**
Pool Fee Savings	**1,428**	**10,177**
Net Savings Realised	**1,335**	**9,220**

The analysis below shows the investment expenses incurred during the financial year 2021-22 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.

2021-22	Asset Pool				Non-Asset Pool				Fund Total	
Management Fees	**Direct £000s**	**Indirect £000s**	**Total £000s**	**bps**	**Direct £000s**	**Indirect £000s**	**Total £000s**	**bps**	**£000s**	**bps**
Invoice Fees (excl VAT)	0	0	**0**	0	3,444	0	**3,444**	10	**3,444**	10
Performance	0	0	**0**	0	240	486	**726**	2	**726**	2
Fees paid from NAV Pooled Funds	0	5,813	**5,813**	17	0	20,340	**20,340**	58	**26,153**	75
Broker Commission	385	0	**385**	1	74	0	**74**	0	**459**	1
Transaction Taxes	0	0	**0**	0	3	0	**3**	0	**3**	0
Implicit Costs	4,154	0	**4,154**	12	-2,871	0	**-2871**	-8	**1,283**	4
Legal and Advisory Fees	0	0	**0**	0	0	0	**0**	0	**0**	0
Other Transaction Costs	401	0	**401**	1	186	0	**186**	1	**587**	2
Indirect Transaction costs	0	0	**0**	0	0	2,490	**2,490**	6	**2,490**	6
Custody	0	0	**0**	0	34	0	**34**	0	**34**	0
Other	0	0	**0**	0	0	0	**0**	0	**0**	0
Total	**4,940**	**5,813**	**10,753**	**31**	**1,110**	**23,316**	**24,426**	**69**	**35,179**	**100**

The analysis below shows the investment assets that transitioned to the ACCESS Pool during financial year 2021-22 and the investment held outside of the pool.

2021-22	Opening Value		Closing Value	
	£'000	%	£'000	%
Asset Pool managed investments				
Pooled Investment - Equities - active	1,742,187	38.72%	1,750,032	35.78%
Total	**1,742,187**	**38.72%**	**1,750,032**	**35.78%**
Non-Asset Pool managed investments				
UK Public Sector Quoted - active	31,832	0.71%	32,257	0.66%
UK Quoted - active	33,256	0.74%	32,790	0.67%
Equities - active	0	0.00%	0	0.00%
Pooled Investment vehicles - active	1,303,656	28.97%	1,401,418	28.65%
Pooled Investment vehicles - passive	270,520	6.01%	310,701	6.35%
Derivatives - Forward Currency	-447	-0.01%	-5,295	-0.11%
Property Funds	409,086	9.09%	521,833	10.67%
Property - directly held	1,210	0.03%	1,046	0.02%
Private Equity	353,184	7.85%	414,125	8.47%
Infrastructure	261,144	5.80%	372,010	7.61%
Timberland	12,504	0.28%	19,077	0.39%
Cash	81,133	1.80%	41,176	0.84%
Total	**2,757,078**	**61.28%**	**3,141,138**	**64.22%**
Total Fund	**4,499,265**	**100.00%**	**4,891,170**	**100.00%**

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**	**21.37%**	**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	1,246,686	34.59%	1,303,656	28.97%
Pooled Investment vehicles	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%**

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 2021-22 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/help/how-we-keep-in-touch/

The Statement sets out who our main customers and contacts are, detailing how and when we communicate with them. We continually review and monitor our communications and the Statement is formally reviewed and endorsed each year by the Pensions Committee.

Norfolk Pension Fund

Statement of Accounts
2021-22

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 83 to 164 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 2022.

Signed:

Harvey Bullen, Director of Strategic Finance

Date: 19 February 2024

Independent Auditor’s Report

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

Opinion

We have audited the Pension Fund (“the Fund”) financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of the its assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the Comptroller and Auditor General’s AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Strategic Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern through to 31 March 2025.

Our responsibilities and the responsibilities of the Director of Strategic Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2021-22, other than the financial statements and our auditor's report thereon. The Director of Strategic Finance is responsible for the other information contained within the Statement of Accounts 2021-22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

Responsibility of the Director of Strategic Finance

As explained more fully in the Statement of the Director of Strategic Finance's Responsibilities set out on page 77, the Director of Strategic Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Director of Strategic Finance is also responsible for such internal control as the Director of Strategic Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Strategic Finance is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Director of Strategic Finance.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Board minutes, through enquiry of employees to confirm Pension policies, and through the inspection of other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Based on our risk assessment procedures we identified the manipulation of journal entries of the investment income and investment asset valuations and management override of controls to be our fraud risk.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment income and investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to

assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Norfolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Norfolk County Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP
Luton
19 February 2024

Revenue and Fund Account

For the Year Ended 31 March 2022

2020-21 £000		Notes	2021-22 £000
	Dealings with members, employers and others directly involved in the Fund		
163,495	Contributions	7	169,810
13,944	Transfers in from other pension funds	8	7,819
177,439			**177,629**
-148,973	Benefits	9	-155,016
-5,006	Payments to and on account of leavers	10	-12,648
-153,979			**-167,664**
23,460	**Net additions/withdrawals from dealings with members**		**9,965**
-28,966	Management Expenses	11	-26,760
-5,506	**Net additions/withdrawals from dealings with members Including Fund Management Expenses**		**-16,795**
	Returns on investments		
73,699	Investment income	12	69,637
-302	Taxes on income	13a	-25
838,086	Profit and losses on disposal of investments and changes in the market value of investments	14a	332,266
911,483	**Net return on investments**		401,878
905,977	**Net increase/decrease in the net assets available for benefits during the year**		**385,083**
3,621,120	**Opening net assets of the scheme**		**4,527,097**
4,527,097	**Closing net assets of the scheme**		**4,912,180**

Net Assets Statement

As at 31 March 2022

2020-21 £000			Notes	2021-22 £000	
4,504,775		Investment assets	14	4,901,001	
-5,510		Investment liabilities	14	-9,831	
	4,499,265	**Total Net Investments**			**4,891,170**
579		Long term debtors	21	506	
	579				**506**
		Current Assets			
20,292		Debtors	21	19,006	
13,887		Cash in hand	21	10,350	
34,179				**29,356**	
		Current Liabilities			
-6,926		Creditors	22	-8,852	
-6,926				**-8,852**	
	27,253	**Net current assets**			**20,504**
	4,527,097	**Net assets of the Fund available to fund benefits at the period end**			**4,912,180**

The Fund account and the net assets statement do not take account of liabilities to pay pensions and other benefits after the period end. The ability to meet these future liabilities is considered by the Fund actuary as part of the triennial formal valuation process. Information relating to the valuation of these liabilities is shown in note 20.

Signed:

Harvey Bullen, Director of Strategic Finance

Date: 19 February 2024

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 2021-22 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 427 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below. This is a net increase of two employers since 31 March 2021.

	31 March 2021	31 March 2022
Number of Employers with Active Members	**425**	**427**
Full membership including employers with deferred and legacy pension commitments		
Number of Employees in Scheme		
Norfolk County Council	12,809	13,257
Other Employers	17,448	16,728
Total	**30,257**	**29,985**
Number of Pensioners		
Norfolk County Council	13,940	14,432
Other Employers	13,430	14,058
Total	**27,370**	**28,490**
Deferred Pensioners		
Norfolk County Council	19,707	20,343
Other Employers	17,399	19,964
Total	**37,106**	**40,307**
Total Members membership including employers with deferred and legacy pension commitments	**94,733**	**98,782**

The movement in employer numbers is due to the following employers leaving or joining the Fund during the financial year:

Employers ceasing to have active employees in the Fund:	Employers joining the active section of the Fund:
1. Churchill Services (Paston College)	1. Ormesby St Margaret with Scratby Parish Council
2. Oulton Parish Council	2. Duke of Lancaster School
3. Ringland Parish Council	3. Walcott Parish Council
4. Norwich Regeneration Ltd	4. Aspens Services (Wroughton Infant Academy)
5. KWEST Multi Academy Trust	5. Chartwell (Eastern Multi Academy Trust)
6. Caterlink (City of Norwich School)	6. Churchill Services (Eastern Multi Academy Trust)
7. West Raynham Church of England Primary Academy	7. Bure Park Specialist Academy
8. Sentinel Leisure Trust	8. Holy Cross Church of England Primary School
9. Garvestone, Reymerston & Thuxton Parish Council	9. Docking Church of England Primary Academy and Nursery
10. Wormegay Church of England Primary School	10. Brancaster CofE VA Primary School
11. Runcton Holme Church of England Primary School	11. Overstrand Parish Council
12. Hethel Innovation Ltd	12. Docking Parish Council
13. Snettisham Parish Council	13. Coltishall Parish Council
14. Serco (Breckland Grounds)	14. Great Dunham Primary School
15. Norwich Norse	15. Norwich City Services Ltd
16. Cherry Blossom Nursery	16. Serco (Breckland Refuse)
17. Swannington with Alderford & Little Witchingham Parish Council	17. Access Community Trust
18. Caterlink (College of West Anglia)	18. Marlingford & Colton Parish Council
	19. Bradwell Parish Council
	20. Churchill Services (Wensum Trust)

A full list of participating employers is shown is Appendix I.

c) Funding

Benefits are funded by employee and employer contributions and investment earnings. For the financial year ending 31 March 2022, 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 2021-22 and 2022-23.

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 2021-22	Contribution rate per year	Actual Pensionable Pay 2022-23	Contribution rate per year
Up to £14,600	5.5%	Up to £15,000	5.5%
£14,601 to £22,900	5.8%	£15,001 to £23,600	5.8%
£22,901 to £37,200	6.5%	£23,601 to £38,300	6.5%
£37,201 to £47,100	6.8%	£38,301 to £48,500	6.8%
£47,101 to £65,900	8.5%	£48,501 to £67,900	8.5%
£65,901 to £93,400	9.9%	£67,901 to £96,200	9.9%
£93,401 to £110,000	10.5%	£96,201 to £113,400	10.5%
£110,001 to £165,000	11.4%	£113,401 to £170,100	11.4%
£165,001 or more	12.5%	£170,101 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 2022 is 3.1% (0.5% April 2021).

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 2021-22 financial year and its position at year-end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits 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.

In carrying out its assessment that this basis is appropriate, made to 31st March 2025, management of the fund have considered the additional qualitative and quantitative key requirements:

- The basis for preparation is supported by legislation for local authorities, and the Code requirements on the basis of the continuation of services;
- All employers within the fund are paying contributions as per the rates and adjustment certificate. No employer has requested to defer their payments within the 2021-22 financial year, the 2022-23 financial year or within 2023-24 to date;
- The Fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out.
- In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary carried out a valuation during 2022 - 2023. The Fund's assets were valued at £4,901 million, with liabilities of £4,613 million resulting in a funding level of 106%.
- The Results of the 2022 Valuation have been considered within Cash Flow Modelling and in spite of contribution rates remaining equal or marginally reducing, we expect Cash Flow to remain positive for the contribution period certified within the Valuation (1 April 2023 to 31 March 2026).
- The fund does not have any external borrowing; and as at 31 March 2023 The fund has an allocation of 47% to public equities, 19% to liquid fixed income and holds around 1% of the Fund in cash (investment and current cash balances). These are assets that can be liquidated to pay benefits should the need arise.

On this basis, the fund have a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

3. Summary of Significant Accounting Policies

Fund Account - Revenue Recognition

a) Contribution income

Employees’ normal and additional contributions are accounted for when deducted from pay. Employer contributions are accounted for on the same basis as they are expressed in the Rates & Adjustments certificate to the relevant formal valuation. Employee and employer normal contributions are accounted for on an accruals basis.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see notes 8 and 10).

Individual transfers in and out are accounted for on a cash basis when received or paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) Distributions from pooled funds

Income distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iv) Property-related income

Property-related income consists of rental income and income from pooled property investment vehicles. Income from pooled property investment vehicles is recognised as in iii) above.

v) Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account - Expense Items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

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

	2020-21 £000	2021-22 £000
Performance-related fees	802	725

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.

	2020-21 £000	2021-22 £000
Value of invoiced fees based on estimates (excluding performance fees and fee rebates)	5,062	3,408

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 2022. The direct freehold property holding is valued every 3 years at the year-end date in line with the triennial valuation of the Fund. The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition). The next valuation will be as at 31 March 2025.

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 (Northern Trust) are classified as cash deposits within other investment balances. Operational cash balances managed by the Administering Authority's treasury management operations are disclosed as cash in hand within current assets.

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 2021-22 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 2022-23 code:

- IFRS 16 *Leases* (but **only** for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards: • IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS

  • IAS 37 (Onerous contracts) – clarifies the intention of the standard

  • IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

  • IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16.

The code requires implementation of the above disclosure from 1 April 2022. These changes are not considered to have a material effect on the Pension Fund accounts for 2021–2022.

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.

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. abrdn Capital Partners funds are valued at 31 December and rolled forward for cash flows to 31 March.

	2020-21 £000	2021-22 £000
Value of unquoted private equity	353,184	414,125

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).

	2020-21 £000	2021-22 £000
Value of Pooled Investment Vehicle – Property/Freehold Property	410,296	522,878

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.

	2020-21 £000	2021-22 £000
Value of Infrastructure Equity Pooled Fund	261,144	372,010

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.

	2020-21 £000	2021-22 £000
Value of Timberland Equity Pooled Fund	12,504	20,502

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.

	2020-21 £000	2021-22 £000
Value of Pooled Debt Funds	139,679	167,100

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

q) The preparation of financial statements requires the Administering Authority to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates

The key judgements and uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

<table>
<tr><th>Item</th><th>Uncertainties</th><th>Effect if actual results differ from assumptions</th></tr>
<tr>
<td>Actuarial present value of promised retirement benefits (measured under IAS26)</td>
<td>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the</td>
<td>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:
<table>
<tr><th>Sensitivity to the assumptions for the year ended 31 March 2022</th><th>Approximate % increase to liabilities</th><th>Approximate monetary amount (£m)</th></tr>
<tr><td>0.1% p.a. increase in the Pension Increase Rate</td><td>2%</td><td>£120m</td></tr>
<tr><td>1 year increase in member life expectancy</td><td>4%</td><td>£266m</td></tr>
<tr><td>0.1% p.a. increase in the Salary Increase Rate</td><td>0%</td><td>£12m</td></tr>
<tr><td>0.1% p.a. decrease in the Real Discount Rate</td><td>2%</td><td>£133m</td></tr>
</table>
</td>
</tr>
</table>

Item	Uncertainties	Effect if actual results differ from assumptions
	assumptions to be applied.	
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 degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £414.1m. 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. Actual valuations as at 31 March 2022 for all HarbourVest private equity investments have been used in the accounts. Estimated valuations (valued at 31 December 21 and rolled forward for cash flows to 31 March 22) for abrdn Capital Partners have been used in the accounts. Final statements for three (European Strategic Partners 2008 'B', SL Capital SOF III Feeder LP and SL Capital SOF IV Feeder LP) of the six abrdn Capital Partners assets were received after the preparation of the accounts. If adjusted for, the final valuations would have resulted in an uplift of £0.6 million.
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	The total pooled property/freehold property investments in the financial statements are £522.9m. There is a risk that this investment may be under or overstated in the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
	includes income which is reinvested in the Fund, net of applicable withholding tax. For freehold property the valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).	
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	The total Pooled Infrastructure Equity investments in the financial statements are £372.0m. There is a risk that this investment may be under or overstated in the accounts. 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 £43.0m.

Item	Uncertainties	Effect if actual results differ from assumptions
	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.	
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.	The total Pooled Timberland Equity investments in the financial statements are £20.5m. There is a risk that this investment may be under or overstated in the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
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.	The total Pooled Debt Fund investments in the financial statements are £167.1m. There is a risk that this investment may be under or overstated in the accounts. An estimated valuation for the HarbourVest Direct Lending AIF (L) SCSp has been used in the accounts as the final statement was received after the preparation of the accounts. If adjusted for, the final valuation would have resulted in an uplift of £0.45 million.

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

The Statement of Accounts were authorised for issue by the Director of Strategic Finance (S151 Officer) on 7 September 2023. Events taking place after this date are not reflected in the financial statements or notes.

Events taking place before that date that relate to conditions existing at 31 March 2022 are reflected in the Notes to the Accounts.

On 23 March 2023 the Pension Fund Committee received the results of the 2022 valuation exercise. Note 19, Funding Arrangements and Note 20 Actuarial Present Value of Promised Retirement Benefits reflect the results of the 2022 valuation.

7. Contributions Receivable

By Category

2020-21 £000		2021-22 £000
128,979	Employers – normal	133,823
5	Employers – special	70
1,453	Employers – strain	824
32,540	Members – normal	34,527
518	Members – purchase of additional scheme benefits	566
163,495		**169,810**

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.

2020-21 £000		2021-22 £000
36,521	Deficit recovery contribution included in employer normal contributions	38,546
36,521		**38,546**

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

2020-21 £000		2021-22 £000
69,854	Administering authority	72,799
73,606	Other scheduled bodies	78,252
4,635	Community admission bodies	4,350
2,645	Transferee admission bodies	2,592
12,755	Resolution bodies	11,817
163,495		**169,810**

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:

2020-21 £000		2021-22 £000
2	Strain instalments due after the Net Asset Statement date	1
2		**1**

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 2022.

8. Transfers In From Other Pension Funds

2020-21 £000		2021-22 £000
4,814	Group transfers	0
9,130	Individual transfers	7,819
13,944		**7,819**

There were no group transfers in 2021-22. The group transfers figure in 2020-21 represents the transfer of staff from the Cambridgeshire Pension Fund in respect of Norwich City Council. The individual transfers figure represents the payments received by the Fund in relation to individual members' transfers of benefit into the Fund from other pension arrangements.

9. Benefits Payable

By Category

2020-21 £000		2021-22 £000
125,997	Pensions	129,561
19,534	Commutation and lump sum retirement benefits	21,194
3,442	Lump sum death benefits	4,261
148,973		**155,016**

By Authority

2020-21 £000		2021-22 £000
68,284	Administering authority	70,286
54,271	Other scheduled bodies	58,209
7,400	Community admission bodies	7,329
4,475	Transferee admission bodies	4,162
14,543	Resolution bodies	15,030
148,973		**155,016**

10. Payments To and On Account of Leavers

2020-21 £000		2021-22 £000
0	Group transfers	3,686
323	Refunds to members leaving service	355
4,683	Individual transfers	8,607
5,006		**12,648**

The 2021-22 Group Transfers figure is made up of one transfer in respect of Otley College Suffolk (none in 2020-21).

11. Management Expenses

Pension Fund management expenses for 2021-22 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).

2020-21 £000		2021-22 £000
2,109	Administrative costs	2,111
26,204	Investment management expenses	23,743
653	Oversight and governance costs	906
28,966		**26,760**

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

11a. Investment Expenses

	31 March 2022 Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000
Fixed Interest Securities	**497**	497	0	0
Equities	**0**	0	0	0
Pooled Investments	**10,188**	9,375	694	119
Private equity	**5,439**	5,439	0	0
Infrastructure (Incl. Timberland)	**3,815**	3,784	31	0
Direct Freehold Property	**25**	25	0	0
Derivatives forward Currency	**1,310**	1,310	0	0
	21,274	**20,430**	**725**	**119**
Fees and Other expenses	**2,435**			
Custody fees	**34**			
Total	**23,743**			

	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**			

12. Investment Income

2020-21 £000		2021-22 £000
532	Income from fixed interest securities	617
35	Income from index linked securities	38
6,995	Equity dividends	0
13,285	Pooled Property investments	18,389
45,683	Pooled fund income - unit trusts and other managed funds	45,217
1,970	Private equity income	483
3,903	Pooled funds rebate	4,791
64	Stock lending	0
166	Interest on cash deposits	19
50	Rents from Property (note 12a)	55
1,016	Other	28
73,699		**69,637**

12a. Property Income

2020-21 £000		2021-22 £000
50	Rental income	55
-78	Direct operating expenses	-25
-28	**Net income**	**30**

13. Other Fund Disclosures

13a. Taxes on Income

2020-21 £000		2021-22 £000
247	Withholding tax - equities	0
55	Withholding tax – pooled investments	25
302		**25**

13b. External Audit costs

2020-21 £000		2021-22 £000
132	Payable in respect of external Audit	22
132		**22**

14. Investments

Market Value 31 March 2021 £000		Market Value 31 March 2022 £000
	Investment assets	
65,088	Fixed Interest Securities	65,047
3,590,011	Pooled Investments	3,853,238
409,086	Pooled property investments	521,833
353,184	Private equity Partnerships	414,125
1,210	Direct Freehold Property	1,046
4,063	Derivatives – forward currency	4,536
82,133	Cash deposits	36,160
0	Amounts receivable for sales	5,016
4,504,775	**Total investment assets**	**4,901,001**
	Investment liabilities	
-4,510	Derivatives - forward currency	-9,831
-1,000	Amounts payable for purchases	0
-5,510	**Total investment liabilities**	**-9,831**
4,499,265	**Net investment assets**	**4,891,170**

14a. Reconciliation of Movements in Investments and Derivatives 2021-22

	Market value 31 March 2021 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31 March 2022 £000
Fixed Interest Securities	**65,088**	33,334	-32,824	-551	**65,047**
Equities	**0**	0	0	0	**0**
Pooled property investments	**409,086**	81,252	-33,362	64,857	**521,833**
Pooled investments	**3,590,011**	261,682	-154,255	155,800	**3,853,238**
Private equity	**353,184**	57,970	-108,872	111,843	**414,125**
Direct Freehold Property	**1,210**	0	0	-164	**1,046**
	4,418,579	**434,238**	**-329,313**	**331,785**	**4,855,289**
Derivative contracts:					
- Forward currency contracts	**-447**	53,290	-54,040	-4,098	**-5,295**
	-447	**53,290**	**-54,040**	**-4,098**	**-5,295**
Other investment balances:					
- Cash deposits	**82,133**			3,477	**36,160**
- Amount receivable for sales of investments	**0**			0	**5,016**
- Amount payable for purchases of investments	**-1,000**			1,102	**0**
Net investment assets	**4,499,265**			**332,266**	**4,891,170**

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:					
- Futures	**-4,180**	41,021	-41,342	4,054	**-447**
- Forward currency contracts	**-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**

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 2021-22	119,000
Transaction costs incurred during 2020-21	515,000

14b. Investments Analysed by Fund Manager

Market Value 31 March 2021 £000	%		Market Value 31 March 2022 £000	%
Investments Managed by the ACCESS Pool (Link Fund Solutions)				
720,759	16.02%	LF ACCESS Global Equity (ex UK) Fund	719,188	14.70%
453,664	10.08%	LF ACCESS Globe Equity Capital Fund	432,717	8.85%
277,395	6.17%	LF ACCESS Globe Equity Mondrian Fund	303,451	6.20%
290,369	6.45%	LF ACCESS UK Equity Core Fund	294,676	6.02%
1,742,187	**38.72%**		**1,750,032**	**35.77%**
Investments Managed outside of the ACCESS Pool				
569,410	12.67%	Janus Henderson Global Investors	585,867	11.98%
432,270	9.61%	LaSalle Investment Management	531,532	10.87%
393,308	8.74%	M&G – (Incl. Infracapital)	437,423	8.94%
322,722	7.17%	HarbourVest Partners	408,700	8.36%
270,521	6.01%	UBS	310,701	6.35%
175,054	3.89%	Insight Investment **	173.826	3.55%
161,475	3.59%	Capital International Limited	171.919	3.51%
120,287	2.67%	J.P. Morgan Asset Management	169.495	3.47%
81,077	1.80%	Equitix	114.613	2.34%
73,539	1.63%	Goldman Sachs Asset Management	80.332	1.64%
39,157	0.87%	AVIVA Investors	42,985	0.88%
21,097	0.47%	Pantheon	38,295	0.78%
55,817	1.24%	Global Custodian*	29,230	0.60%

Market Value 31 March 2021 £000	%		Market Value 31 March 2022 £000	%
32,371	0.72%	abrdn Capital Partners	25,052	0.51%
12,505	0.28%	Stafford Capital Partners	20,858	0.43%
-3,532	-0.08%	Berenberg Bank**	310	0.02%
2,757,078	**61.28%**		**3,141,138**	**64.23%**
4,499,265	**100.00%**		**4,891,170**	**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 2021 £000	Percentage of total fund %	Market Value 31 March 2022 £000	Percentage of total fund %
LF ACCESS Global Equity (ex UK) Fund	720,759	15.9	719,188	14.6
LF ACCESS Globe Equity Capital Fund	453,664	10.0	432,717	8.8
UBS Life UK Equity Tracker	270,520	6.0	310,701	6.3
LF ACCESS Globe Equity Mondrian Fund	277,395	6.1	303,451	6.2
LF ACCESS UK Equity Core Fund	290,369	6.4	294,676	6.0
Janus Henderson Managed Multi Asset Credit Fund	276,891	6.1	289,669	5.9
M&G Alpha Opportunities Fund	250,104	5.5	283,328	5.8

During the year there were no individual investment (a single security) exceeding 5% of the total value of the net assets. Seven pooled holdings (seven in 2020-21) 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 2022 the LF ACCESS Global Equity ex UK A INC fund held 206 (204) stocks.
- As at 31 March 2022 the M&G Alpha Opportunities Fund has 539 (478) positions, across 433 (361) issuers.
- At 31 March 2022 the Janus Henderson Multi Asset Credit Fund held 350 (349) individual issues from issuers 250 (271).
- As at 31 March 2022 the Link Fund Sol Ltd Access UK Equity Core A Inc fund held 57 (54) stocks.
- At 31 March 2022 the UBS Life UK Equity Tracker Fund held 616 securities (629).
- As at 31 March 2022 the Link Fund Sol Ltd Access Globe Eq Mondrian A Inc fund held 45 (45).
- As at 31 March 2022 the Link Fund Sol Ltd Access Globe Equity Cap A Inc fund held 303 (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 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 2022, there are no securities on loan.

14d. Property Holdings

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

Year Ending 31 March 2021 £000		Year Ending 31 March 2022 £000
1,089	Opening balance	1,210
0	Additions	0
0	Disposals	0
0	Net increase in market value	0
121	Other changes in fair value	-164
1,210	**Closing balance**	**1,046**

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 2020-21 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. Janus Henderson did not hold any futures contracts in its portfolio at 31 March 2022 (2021 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 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	52,000	GBP	-43,642	317	0
Up to one month	GBP	29,328	AUD	-55,483	0	-2,327
Up to one month	GBP	119,399	EUR	-142,326	0	-928
Up to one month	GBP	80,005	JPY	-12,636,000	915	0
Up to one month	GBP	10,404	USD	-13,854	0	-120
Up to one month	JPY	11,056,500	GBP	-69,681	0	-477
Between one & three months	EUR	55,480	GBP	-46,423	553	0
Between one & three months	GBP	141,210	EUR	-167,540	0	-649
Between one & three months	GBP	96,791	JPY	-15,174,500	1,705	0
Between one & three months	GBP	191,415	USD	-257,940	0	-4,541
Between one & three months	JPY	7,094,900	GBP	-45,247	0	-789
Between one & three months	USD	257,940	GBP	-194,909	1,046	0
Open forward currency contacts at 31 March 2022					**4,536**	**-9,831**
Net forward currency contracts at 31 March 2022						**-5,295**
Prior year Comparative						
Open forward currency contacts at 31 March 2021					**4,063**	**-4,510**
Net forward currency contracts at 31 March 2021						**-447**

At the 31 March 2022, the fund held £0m (£0m 2021) 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 (£65m) 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.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private Equity	Level 3	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. Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.	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	Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. Assets are valued using income or discounted cash flows. 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.	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	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.	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
Pooled Debt Funds – Credit	Level 3	The fund is valued monthly on a Net Asset Value basis.	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"). 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.	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 – Special Situations	Level 3	The funds are valued quarterly on a Net Asset Value basis.	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. 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.	

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Debt Funds – Real Estate Debt	Level 3	The funds are valued quarterly on a Net Asset Value basis.	The fund primarily invests in private junior loans that are secured against real estate assets. The primary unobservable input within the valuations is the internal credit rating, which is used when deciding the comparable public bonds for the discount rate calculation.	

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the potential impact on the closing value of investments held at 31 March 2022.

Description of Asset	Assessed Valuation Range (+/-)	Value at 31 March 2022 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	10.00%	522,879	575,166	470,591
Private Equity	15.00%	414,125	476,244	352,007
Pooled Infrastructure Equity	10.00%	372,010	409,211	334,809
Pooled Timberland Equity	10.00%	20,502	22,553	18,452
Pooled Private Debt/Credit Funds	10.00%	134,422	147,864	120,980
Pooled Real Estate Debt Fund	6.00%	32,677	34,638	30,717
Net Investment Assets		**1,496,615**	**1,665,676**	**1,327,556**

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 unrealized 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 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**

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 2022	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	65,047	0	0	65,047
Pooled investments	0	3,293,626	559,612	3,853,238
Pooled property investments	0	0	521,833	521,833
Private equity partnerships	0	0	414,125	414,125
Derivatives - forward currency	4,536	0	0	4,536
Cash deposits	36,160	0	0	36,160
Amounts receivable for sales	5,016	0	0	5,016
Total Investment Assets	**110,759**	**3,293,626**	**1,495,570**	**4,899,955**
Non-Financial assets at fair value through profit and loss				
Direct Freehold Property	0	0	1,046	1,046
Financial liabilities at fair value through profit and loss				
Derivatives - forward currency	-9,831	0	0	-9,831
Net Investment Assets	**100,928**	**3 293 627**	**1,496,616**	**4 891,170**

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				
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**

16b. Transfers between Levels 1 and 2

There were no transfers between Level 1 and 2 in 2021-22 (no transfers during 2020-21).

During the year six 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 £'000	Private Equity £'000	Infrastructure Pooled Fund £'000	Timberland Pooled Fund £'000	Pooled Debt Funds £'000	Total £'000
Market value 1 April 2021	**410,296**	**353,184**	**261,144**	**12,504**	**139,679**	**1,176,807**
Transfers into Level 3	0	0	0	0	0	**0**
Transfers out of Level 3	0	0	0	0	0	**0**
Purchases during the year and derivative payments	81,252	57,970	105,265	4,770	12,695	**261,952**
Sales during the year and derivative receipts	-33,362	-108,872	-18,879	-273	-6,803	**-168,189**
Unrealised gains/losses	-6,789	59,799	1,079	0	0	**54,089**
Realised gains/losses	71,482	52,044	23,401	3,501	21,529	**171,957**
Market value 31 March 2022	**522,879**	**414,125**	**372,010**	**20,502**	**167,100**	**1,496,616**

The Fund reclassified a Direct Lending Fund from Private Equity into Pooled Debt Funds during the financial year. Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account.

	Pooled Property/ Freehold Property £'000	Private Equity £'000	Infrastructure Pooled Fund £'000	Timberland Pooled Fund £'000	Pooled Debt Funds (Restated) £'000	Total £'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.

17. Financial Instruments

17a. Financial Instruments – Classification

Fair value through profit and loss £000	31-Mar-21 Assets amortised at cost £000	Liabilities at amortised cost £000		Fair value through profit and loss £000	31-Mar-22 Assets amortised at cost £000	Liabilities at amortised cost £000
			Financial assets			
65,088			Fixed Interest Securities	65,047		
3,590,011			Pooled Investments	3,853,238		
409,086			Pooled Property	521,833		
353,184			Private equity	414,125		
4,063			Derivative contracts	4,536		
	96,020		Cash		46,510	
6,372			Other investment balances	7,893		
	76		Debtors		67	
4,427,804	**96,096**	**0**		**4,866,672**	**46,577**	**0**
			Financial liabilities			
-4,510			Derivative contracts	-9,831		
		-3,462	Creditors			-3,972
-1,000			Other Investment Balances	0		
-5,510	**0**	**-3,462**		**-9,831**	**0**	**-3,972**
4,422,294	**96,096**	**-3,462**		**4,856,841**	**46,577**	**-3,972**

17b. Net Gains and Losses on Financial Instruments

31 March 2021 £000		31 March 2022 £000
	Financial assets	
875,253	Fair value through profit and loss	390,567
0	Assets amortised at cost	0
	Financial liabilities	
-37,288	Fair value through profit and loss	-58,137
0	Liabilities at amortised cost	0
837,965	**Total**	**332,430**
	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	**-164**
838,086		**332,266**

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 2021-22 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.10
Long Index-Linked Gilts	9.20
UK Equities including pooled	19.90
Overseas Equities including pooled	20.10
Infrastructure Equity	14.60
UK Bonds including pooled	6.80
Index Linked Gilts including pooled	9.20
Bonds including pooled	7.40
Cash and Cash Equivalents (Including Payables and Receivables)	0.30
Pooled Property Investments/Direct Freehold Property	15.00
Private Equity	31.20
Private Debt	9.00
Timberland Equity	14.60
Total	**12.10**

* 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 2022 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	35 881	0.30	35,989	35,773
Investment Portfolio Assets:				
Short Index-Linked Gilts	23,149	4.10	24,098	22,200
Long Index-Linked Gilts	9,108	9.2	9,946	8,270
UK Equities including pooled	605,377	19.9	725,847	484,907
Overseas Equities including pooled	1,455,356	20.10	1,747,883	1,162,829
Infrastructure Equity	372,010	14.6	426,323	317,697
UK Bonds including pooled	655,117	6.8	699,665	610,569
Index Linked Gilts including pooled	32,789	9.2	35,806	29,772
Bonds including pooled	653,330	7.4	701,676	604,984
Pooled Property Investments/ Direct Freehold Property	522,879	15	601,311	444,447
Private Equity	414,125	31.2	543,332	284,918
Private Debt	91,547	9	99,786	83,308
Timberland	20,502	14.6	23,495	17,509
Total Assets Available to Pay Benefits	**4,891,170**	**12.10**	**5,483,002***	**4,299,338***

* 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 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	576,472	6.20	612,213	540,731
Pooled Property Investments/ Direct Freehold Property	410,296	14.20	468,558	352,034
Private Equity	343,678	28.50	453,841	245,730
Private Debt	72,832	4.6	76,182	69,482
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.

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 2021 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

Asset Type	Value as at 31 March 2021 £000	Value as at 31 March 2022 £000
Investment Cash Balances	82,133	36,160
Cash in hand	13,887	10,350
Fixed Interest Securities	65,088	65,047
Total	**161,108**	**111,557**

Asset Type	Interest Receivable 31 March 2021 £000	Interest Receivable 31 March 2022 £000
Investment Cash Balances	145	6
Cash in hand	21	13
Fixed Interest Securities	567	654
Total	**733**	**673**

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 2022 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	36,160	36,522	35,798
Cash in hand	10,350	10,454	10,246
Fixed Interest Bonds	65,047	65,697	64,397
	111,557	**112,673**	**110,441**

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	Interest Receivable 31 March 2022 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	6	6	6
Cash in hand	13	13	13
Fixed Interest Bonds	654	661	647
	673	**680**	**666**

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**

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 15a the Fund has various hedging strategies in place to reduce the impact of currency volatility on the Fund assets. The table below the page is prepared after consideration of the hedging strategies in place.

Currency Risk Sensitivity Analysis

Following analysis of historical data in consultation with the Fund's performance measurers, the council considers the likely annualised volatility associated with foreign exchange movements to be 9.50% 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 9.50% strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows (values shown are for non-Sterling denominated assets were full hedging of currency risk is not in place):

Currency Exposure – Asset Type	Asset Value as at 31 March 2022 £000	Change to net assets available to pay benefits +9.50% £000	-9.50% £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,455,356	138,259	-138,259
Infrastructure	207,791	19,740	-19,740
Timberland	20,502	1,948	-1,948
Private Equity	414,210	39,350	-39,350
Change in net assets available to pay benefits		**199,297**	**-199,297**

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

Currency Exposure – Asset Type	Asset Value as at 31 March 2021 £000	Change to net assets available to pay benefits +10.00% £000	-10.00% £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**

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) 31st March 2021	Balances at 31 March 2021 £000	Short term Rating (S&P) 31st March 2022	Balances at 31 March 2022 £000
Bank Deposit Accounts				
Aberdeen Money Market Fund	AAA	6,953	AAA	5,097
Barclays Bank Fixed Interest Bearing Call Account	A-1	6,954	A-1	5,098
Bank Current Accounts				
Barclays Bank	A-1	-20	A-1	155
Total		**13,887**		**10,350**

The majority of Custodied Investment cash is swept overnight to the AAA rated constant NAV money market funds of the custodian(s). The credit exposure on investment cash balances at 31 March 2022 comprise £32.6 million (31 March 2021, £73.1m) deposited with AAA rated money market funds, £5.7 million (£9.1m) with the custodian Northern Trust (rated A-1+), £2.9 million (£0.0m) posted as variation margin to account held by Northern Trust 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 2022 (2021 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 2021 £000	Percentage of Total Fund Assets %	Balances at 31 March 2022 £000	Percentage of Total Fund Assets %
3,322,457	73.8	3,394,555	69.4

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 2022 are due within one year.

Refinancing Risk

The key risk is that the Council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury and investment strategies.

19. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013 (“The Regulations”), the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last valuation took place as at 31 March 2022.

The funding policy is set out in the administering authority’s Funding Strategy Statement. The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund using a prudent long-term view. This will ensure that sufficient funds are available to meet all members’/dependants’ benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of approximately 20 years and to provide stability in employer contribution rates where prudently possible. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet the expected future pension benefits payable. When an employer's funding level is less than 100% of the funding target (full solvency), then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

	Funded %	*Surplus/Deficit £ millions*
2022 actuarial valuation	106%	289
2019 actuarial valuation	99%	-28

The table below summarises the whole fund Primary and Secondary Contribution rates at this triennial valuation. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or capitalisation of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

2022 Valuation			
Primary Rate (% of Pay) 1 April 2023 - 31 March 2026	Secondary Rate		
	2023-24	2024-25	2025-26
22.4%	£12,219,000	£11,597,000	£10,947,000

2019 Valuation			
Primary Rate (% of Pay) 1 April 2020 - 31 March 2023	Secondary Rate		
	2020-21	2021-22	2022-23
19.5%	£29,020,000	£30,689,000	£32,182,000

The employer contribution rates payable (plus cash sums as applicable) arising from the 2022 Valuation are as follows:

Year	*Employers Contribution Rates (% of actual pensionable pay)*
1 April 2023 to 31 March 2024	Range from nil to 48.1
1 April 2024 to 31 March 2025	Range from nil to 48.1
1 April 2025 to 31 March 2026	Range from nil to 48.1

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 Actuarial Valuation Report and the Funding Strategy Statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

Financial Assumptions at 31 March 2022

	% per annum Nominal	% per annum Real
Price Inflation (CPI)	2.95	-
Pay increases	3.65	0.7
Investment Return (Discount rate)	4.75	1.8

Mortality Assumptions

The Fund is member of Club Vita which provides bespoke set of longevity assumptions specifically tailored to the membership profile of the Fund. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

Mortality assumption at age 65	Male	Female
Current Pensioners	21.5 years	24.3 years
Future Pensioners (current age 45)	22.5 years	25.9 years

The assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2022 Triennial valuation.

Commutation assumption

An allowance is included for 45% of future retirements to elect to exchange pension for additional tax free cash up to HMRC limits.

1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

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).

Present value of promised retirement benefits

Year ended	31 March 2022	31 March 2021
Active members (£m)	2,548	3,050
Deferred members (£m)	1,649	1,635
Pensioners (£m)	2,510	2,208
Total (£m)	**6,707**	**6,893**

The promised retirement benefits at 31 March 2022 are based on the results of the 31 March 2022 funding valuation using the Fund's membership as at 31 March 2022.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, there is no allowance 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 2022 and 31 March 2021. It is estimated that the impact of the change in financial assumptions to 31 March 2022 is to decrease the actuarial present value by £494m. It is estimated that the impact of the change in demographic assumptions is to decrease the actuarial present value by £34m.

Financial assumptions

Year ended	31 March 2022	31 March 2021
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.20%	2.85%
Salary Increase Rate	3.90%	3.55%
Discount Rate	2.70%	2.00%

Demographic assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 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	24.6 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.9 years	26.2 years

Please note that the longevity and other demographic assumptions are in line with 31 March 2022 funding valuation. The assumptions have changed since the previous IAS26 disclosure for the Fund as at 31 March 2021.

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 obligations are set out below:

Change in assumption at 31 March 2022	Approximate % increase to promised retirement benefits	Approximate monetary amount
0.1% p.a. decrease in the Discount Rate	2%	127
1 year increase in member life expectancy	4%	268
0.1% p.a. increase in the Salary Increase Rate	0%	14
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	112

21. Current Assets

31 March 2021 £000		31 March 2022 £000
	Cash In Hand	
13,887	Cash In Hand**	10,350
	Debtors:	
2,547	Contributions due - employees*	3,046
9,314	Contributions due - employers*	11,088
0	Employers special contributions	69
357	Augmentation & strain due	282
5,498	Dividends receivable**	1,949
873	Pooled funds rebate due**	918
526	UK tax receivable	526
1,006	Overseas tax receivable	1,002
90	VAT refund due	39
1	Interest due**	10
65	Recharge of fees**	50
4	Prepayments	10
11	Sundry **	17
20,292	**Debtors**	**19,006**
34,179	**Current Assets**	**29,356**

*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 2021 £000		31 March 2022 £000
	Long term debtors:	
577	Employer contributions	505
2	Augmentation & strain due	1
579		**506**

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 2021 £000		31 March 2022 £000
	Debtors:	
1,622	Central government bodies	1,567
8,166	Other local authorities	10,278
11,083	Other entities and individuals	7,667
20,871		**19,512**

22. Current Liabilities

31 March 2021 £000		31 March 2022 £000
	Creditors:	
523	Transfer values payable (leavers)	1,645
1,754	Benefits payable	1,960
881	Investment Management Fees**	1,361
14	Receipt in Advance**	14
2,567	Other Fees & Charges**	2,589
1,187	UK Taxation payable	1,275
0	Sundry creditors	8
6,926		**8,852**

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

Analysis of Creditors

31 March 2021 £000		31 March 2022 £000
	Creditors:	
1,187	Central government bodies	1,276
2,458	Other local authorities	2,500
3,281	Other entities and individuals	5,076
6,926		**8,852**

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 2021 £000		Market Value 31 March 2022 £000
6,431	Separately Invested AVC Funds	7,606

2020-21 £000		2021-22 £000
1,208	AVC contributions paid directly during the year	1,601

The 2020 -21 comparator values have been re-stated to include actuals received from Prudential after publication of the 2020-21 accounts.

24. Agency Contracted Services

The Norfolk Pension Fund pays discretionary awards to the former employees of Norfolk County Council, the seven Norfolk district councils and 23 other employers. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed below:

31 March 2021 £000		31 March 2022 £000
1,171	Norwich City Council	1,137
1,160	Norfolk County Council	1,093
256	North Norfolk District Council	249
223	Borough Council of Kings Lynn & West Norfolk	215
173	Great Yarmouth Borough Council	159
102	Breckland District Council	99
100	Broadland District Council	88
53	South Norfolk District Council	53
150	Other	141
3,388		**3,234**

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.

	2020-21 £000	2021-22 £000
Norfolk County Council incurred administration and Investments costs reimbursed by the Fund	2,458	2,500

All monies owing to and due from the Fund were paid within statutory timescales.

Norfolk County Council Employer Contributions	55,136	56,893

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.

	2020-21 £000	2021-22 £000
Average investment balance held by NCC Treasury Management Operation	15,730	16,291
Interest earned on balances invested by NCC Treasury Management Operation	21	13

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 2021-22 the remuneration amount incurred by the Fund was £9,000 (£9,000 2020-21).

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 2021 £000	31 March 2022 £000
Private equity partnerships	260,296	369,385
Property investment vehicles	28,690	20,698
Pooled Debt Funds	18,771	20,780
Pooled Infrastructure	159,400	126,333
Pooled Timberland	32,002	28,632
Total	**499,159**	**565,828**

At 31 March 2022 the Fund had made contractual commitments to private equity funds managed by abrdn Capital Partners LLP (previously Aberdeen Standard Investments) and HarbourVest Partners. Commitments are made in the underlying currency of the Fund (Euros and US Dollars respectively) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both on the value of unfunded commitments in Sterling terms and the valuation of the funded interest and monies received as distributions.

The Fund’s private equity programme is now maturing. The commitments are paid over the investment timeframe of the underlying partnerships. Concurrently as these partnerships mature they distribute capital back to investors.

The current value of the funded commitment net of distributions in these funds at 31 March 2022 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 2022. 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 2022 (Nil for 31 March 2021).

APPENDICES

Appendix I – Participating Employers

(Employers with active members during the year)

Employer	Type
Access Community Trust	Admitted Body
Acle Academy	Scheduled/Resolution Body
Acle Parish Council	Scheduled/Resolution Body
Action for Children Early Childhood and Family Services	Scheduled/Resolution Body
Ad Meliora Academy Trust	Scheduled/Resolution Body
Admirals Academy	Scheduled/Resolution Body
Alderman Peel High School	Scheduled/Resolution Body
Alive West Norfolk Ltd	Scheduled/Resolution Body
All Saints Academy	Scheduled/Resolution Body
Angel Road Infant School	Scheduled/Resolution Body
Angel Road Junior School	Scheduled/Resolution Body
Anglia Maintenance Services	Admitted Body
Anthony Curton CofE Primary School Academy	Scheduled/Resolution Body
Antingham & Southrepps Community Primary School	Scheduled/Resolution Body
Archbishop Sancroft High School	Scheduled/Resolution Body
Arden Grove Infant and Nursery School	Scheduled/Resolution Body
Aslacton Primary School	Scheduled/Resolution Body
Aspens Services (Caister Academy)	Admitted Body
Aspens Services (Wroughton Infant Academy)	Admitted Body
Astley Primary School	Scheduled/Resolution Body
Attleborough Academy	Scheduled/Resolution Body
Attleborough Town Council	Scheduled/Resolution Body
Aylsham Town Council	Scheduled/Resolution Body
Banham Community Primary School	Scheduled/Resolution Body
Barford & Wramplingham Parish Council	Scheduled/Resolution Body
Bawdeswell Community Primary School	Scheduled/Resolution Body
Beeston Primary School	Scheduled/Resolution Body
Beighton Parish Council	Scheduled/Resolution Body
Belton with Browston Parish Council	Scheduled/Resolution Body
Biffa Municipal Ltd	Admitted Body
Bignold Primary School	Scheduled/Resolution Body
Blenheim Park Academy	Scheduled/Resolution Body
Blofield Parish Council	Scheduled/Resolution Body
Bluebell Primary School	Scheduled/Resolution Body
Borough Council of King’s Lynn & West Norfolk	Scheduled/Resolution Body
Boudica Schools Trust (previously Right for Success)	Scheduled/Resolution Body
Bradwell Parish Council	Scheduled/Resolution Body
Brancaster CofE VA Primary School	Scheduled/Resolution Body

Brancaster Parish Council	Scheduled/Resolution Body
Breckland Council	Scheduled/Resolution Body
Brisley Church of England Primary Academy	Scheduled/Resolution Body
Broadland District Council	Scheduled/Resolution Body
Broadland High Ormiston Academy	Scheduled/Resolution Body
Broads (2006) Internal Drainage Board	Scheduled/Resolution Body
Broads Authority	Scheduled/Resolution Body
Brundall Parish Council	Scheduled/Resolution Body
Bunwell Primary School	Scheduled/Resolution Body
Bure Park Specialist Academy	Scheduled/Resolution Body
Burnham Market Parish Council	Scheduled/Resolution Body
Burnham Market Primary School	Scheduled/Resolution Body
Burston Primary School	Scheduled/Resolution Body
Butterflies Nursery	Scheduled/Resolution Body
Buxton With Lamas Parish Council	Scheduled/Resolution Body
Caister Academy	Scheduled/Resolution Body
Capita (Breckland Contract)	Admitted Body
Castle Acre Church of England Primary Academy	Scheduled/Resolution Body
Caston Church of England Primary Academy	Scheduled/Resolution Body
Cawston Parish Council	Scheduled/Resolution Body
Cawston Church of England Primary Academy	Scheduled/Resolution Body
Change Grow Live	Admitted Body
Charles Darwin Primary	Scheduled/Resolution Body
Chartwells (Eastern Multi Academy Trust)	Admitted Body
Chartwells (Iceni Academy)	Admitted Body
Cherry Tree Academy Marham Infant	Scheduled/Resolution Body
Cherry Tree Academy Marham Junior	Scheduled/Resolution Body
Cherry Tree Academy Trust Marham	Scheduled/Resolution Body
Childhood First	Admitted Body
Churchill Park Academy	Scheduled/Resolution Body
Churchill Services (Acle Academy)	Admitted Body
Churchill Services (Eastern Multi Academy Trust)	Admitted Body
Churchill Services (Wensum Trust)	Admitted Body
Clarion Housing Association	Admitted Body
City Academy Norwich	Scheduled/Resolution Body
City College Norwich	Scheduled/Resolution Body
City of Norwich School	Scheduled/Resolution Body
Clarion Academy Trust	Scheduled/Resolution Body
Clenchwarton Primary School	Scheduled/Resolution Body
Cliff Park Ormiston Academy	Scheduled/Resolution Body
Cliff Park Primary Academy	Scheduled/Resolution Body
Cobholm Primary Academy	Scheduled/Resolution Body
Colkirk Church of England Primary Academy	Scheduled/Resolution Body
College of West Anglia	Scheduled/Resolution Body
Coltishall Parish Council	Scheduled/Resolution Body

Corpusty Primary School	Scheduled/Resolution Body
Costessey Primary School	Scheduled/Resolution Body
Costessey Town Council	Scheduled/Resolution Body
Cranworth Parish Council	Scheduled/Resolution Body
Cringleford Parish Council	Scheduled/Resolution Body
Cromer Academy	Scheduled/Resolution Body
Cromer Junior School	Scheduled/Resolution Body
Cromer Town Council	Scheduled/Resolution Body
Dereham Church of England Junior Academy	Scheduled/Resolution Body
Dereham Neatherd High School	Scheduled/Resolution Body
Dereham Town Council	Scheduled/Resolution Body
Dersingham Parish Council	Scheduled/Resolution Body
Diamond Academy	Scheduled/Resolution Body
Dickleburgh Church of England Primary Academy	Scheduled/Resolution Body
Diocese of Norwich Education and Academies Trust	Scheduled/Resolution Body
Diocese of Norwich Education Services Company	Scheduled/Resolution Body
Diocese of Norwich St Benet’s Multi-Academy Trust	Scheduled/Resolution Body
Diss Church of England Junior Academy	Scheduled/Resolution Body
Diss High School	Scheduled/Resolution Body
Diss Infant Academy and Nursery	Scheduled/Resolution Body
Diss Town Council	Scheduled/Resolution Body
Ditchingham Church of England Primary Academy	Scheduled/Resolution Body
Docking Church of England Primary Academy and Nursery	Scheduled/Resolution Body
Docking Parish Council	Scheduled/Resolution Body
Downham & Stow Bardolph Internal Drainage Board	Scheduled/Resolution Bod
Downham Market Academy	Scheduled/Resolution Body
Downham Market Town Council	Scheduled/Resolution Body
Drayton Community Infant School	Scheduled/Resolution Body
Drayton Parish Council	Scheduled/Resolution Body
Duchy of Lancaster Methwold Church of England Primary School	Scheduled/Resolution Body
Duke of Lancaster School	Scheduled/Resolution Body
Dussindale Primary School	Scheduled/Resolution Body
East Coast College (previously Great Yarmouth College of Further Education)	Scheduled/Resolution Body
East Norfolk Sixth Form College	Scheduled/Resolution Body
East of Ouse, Polver & Nar Internal Drainage Board	Scheduled/Resolution Body
East Ruston Infant School and Nursery	Scheduled/Resolution Body
Eastern Inshore Fisheries and Conservation Authority	Scheduled/Resolution Body
Eastern Multi-Academy Trust	Scheduled/Resolution Body
Eastgate Academy	Scheduled/Resolution Body
Eaton Hall Specialist Academy	Scheduled/Resolution Body
Eaton Primary School	Scheduled/Resolution Body
Edith Cavell Academy	Scheduled/Resolution Body

Edward Worlledge Ormiston Academy	Scheduled/Resolution Body
Edwards & Blake	Admitted Body
Edwards & Blake (Cherry Tree Marham Infant Academy)	Admitted Body
Edwards & Blake (Fakenham Infant and Nursery School)	Admitted Body
Edwards & Blake (Fred Nicholson School)	Admitted Body
Edwards & Blake (Magdalen Gates Primary School)	Admitted Body
Edwards & Blake (Reepham High)	Admitted Body
Edwards & Blake (Unity Trust Kings Park)	Admitted Body
Edwards & Blake (Wymondham Academy)	Admitted Body
Emneth Academy	Scheduled/Resolution Body
Enrich Learning Trust (previously IE Trust)	Scheduled/Resolution Body
Evolution Academy Trust	Scheduled/Resolution Body
Fakenham Academy	Scheduled/Resolution Body
Fakenham Infant and Nursery School	Scheduled/Resolution Body
Fakenham Junior School	Scheduled/Resolution Body
Fakenham Town Council	Scheduled/Resolution Body
Filby Primary School	Scheduled/Resolution Body
Firside Junior School	Scheduled/Resolution Body
Flagship Housing Group	Admitted Body
Flegg High Ormiston Academy	Scheduled/Resolution Body
Flitcham Church of England Primary Academy	Scheduled/Resolution Body
Foulsham Primary School Academy	Scheduled/Resolution Body
Framingham Earl High School	Scheduled/Resolution Body
Framingham Earl Parish Council	Scheduled/Resolution Body
Freebridge Community Housing Ltd	Admitted Body
Gardoldisham Church Primary School	Scheduled/Resolution Body
Garrick Green Infant School	Scheduled/Resolution Body
Garvestone Primary School	Scheduled/Resolution Body
Gayton Church of England Primary Academy	Scheduled/Resolution Body
Gaywood Primary School	Scheduled/Resolution Body
George White Junior School	Scheduled/Resolution Body
Ghost Hill Infant & Nursery School	Scheduled/Resolution Body
Gillingham St Michael's CofE Primary Academy	Scheduled/Resolution Body
Glebeland Primary School	Scheduled/Resolution Body
Gooderstone Church of England Primary Academy	Scheduled/Resolution Body
Great and Little Plumstead Parish Council	Scheduled/Resolution Body
Great Dunham Primary School	Scheduled/Resolution Body
Great Hockham Primary	Scheduled/Resolution Body
Great Snoring Parish Council	Scheduled/Resolution Body
Great Witchingham Church of England Primary Academy	Scheduled/Resolution Body
Great Witchingham Parish Council	Scheduled/Resolution Body
Great Yarmouth Borough Council	Scheduled/Resolution Body
Great Yarmouth Charter Academy	Scheduled/Resolution Body
Great Yarmouth Norse	Scheduled/Resolution Body

Great Yarmouth Port Authority	Admitted Body
Great Yarmouth Port Company	Admitted Body
Great Yarmouth Primary Academy	Scheduled/Resolution Body
Greenpark Academy (previously St Edmunds Academy)	Scheduled/Resolution Body
Gresham Village School	Scheduled/Resolution Body
Greyfriars Academy	Scheduled/Resolution Body
Grove House Nursery Primary School	Scheduled/Resolution Body
GYB Services Ltd	Scheduled/Resolution Body
Happisburgh Parish Council	Scheduled/Resolution Body
Hardingham Parish Council	Scheduled/Resolution Body
Harleston CE Primary Academy	Scheduled/Resolution Body
Harling Parish Council	Scheduled/Resolution Body
Harrison Catering (Dussindale Primary School)	Admitted Body
Heacham Infant School	Scheduled/Resolution Body
Heacham Junior School	Scheduled/Resolution Body
Heart Education Trust	Scheduled/Resolution Body
Heartsease Primary Academy	Scheduled/Resolution Body
Heather Avenue Infant School	Scheduled/Resolution Body
Hellesdon High School	Scheduled/Resolution Body
Hellesdon Parish Council	Scheduled/Resolution Body
Hemblington Parish Council	Scheduled/Resolution Body
Hemblington Primary School	Scheduled/Resolution Body
Hemsby Parish Council	Scheduled/Resolution Body
Henderson Green Primary Academy	Scheduled/Resolution Body
Hethersett Academy	Scheduled/Resolution Body
Hethersett Parish Council	Scheduled/Resolution Body
Highgate Infant School	Scheduled/Resolution Body
Hilgay Riverside Academy	Scheduled/Resolution Body
Hillside Avenue Primary and Nursery School	Scheduled/Resolution Body
Hindolveston Parish Council	Scheduled/Resolution Body
Hobart High School	Scheduled/Resolution Body
Hockering Church of England Primary Academy	Scheduled/Resolution Body
Holt Town Council	Scheduled/Resolution Body
Holy Cross Church of England Primary School	Scheduled/Resolution Body
Hopton Church of England Primary Academy	Scheduled/Resolution Body
Hoveton Parish Council	Scheduled/Resolution Body
Howard Junior School (Academy)	Scheduled/Resolution Body
Hunstanton Town Council	Scheduled/Resolution Body
Iceni Academy	Scheduled/Resolution Body
Inclusive Schools Trust	Scheduled/Resolution Body
Independence Matters	Admitted Body
Inspiration Trust	Scheduled/Resolution Body
Jane Austen College	Scheduled/Resolution Body
Kenninghall Primary School	Scheduled/Resolution Body
Kettlestone Parish Council	Scheduled/Resolution Body

King Edward VII Academy	Scheduled/Resolution Body
King's Lynn Academy	Scheduled/Resolution Body
King’s Lynn Internal Drainage Board	Scheduled/Resolution Body
King's Lynn Water Management Alliance	Scheduled/Resolution Body
King’s Oak Academy	Scheduled/Resolution Body
King’s Park Infant School	Scheduled/Resolution Body
Kinsale Junior School	Scheduled/Resolution Body
Kirby Cane and Ellingham Parish Council	Scheduled/Resolution Body
Konectbus Ltd	Admitted Body
Lingwood and Burlingham Parish Council	Scheduled/Resolution Body
Lingwood Primary Academy	Scheduled/Resolution Body
Lionwood Infant and Nursery School	Scheduled/Resolution Body
Lionwood Junior School	Scheduled/Resolution Body
Litcham School	Scheduled/Resolution Body
Little Snoring Community Primary Academy	Scheduled/Resolution Body
Little Snoring Parish Council	Scheduled/Resolution Body
Loddon Parish Council	Scheduled/Resolution Body
Lodge Lane Infant School	Scheduled/Resolution Body
Long Stratton High School	Scheduled/Resolution Body
Ludham Parish Council	Scheduled/Resolution Body
Lynn Grove High Academy	Scheduled/Resolution Body
Magdalen Academy	Scheduled/Resolution Body
Manor Field Infant and Nursery School	Scheduled/Resolution Body
Marlingford & Colton Parish Council	Scheduled/Resolution Body
Marshland High School	Scheduled/Resolution Body
Marshland St. James Primary School	Scheduled/Resolution Body
Martham Academy	Scheduled/Resolution Body
Martham Parish Council	Scheduled/Resolution Body
Mattishall Parish Council	Scheduled/Resolution Body
Mattishall Primary School	Scheduled/Resolution Body
Middleton Church of England Primary Academy	Scheduled/Resolution Body
Moorlands Church of England Primary Academy	Scheduled/Resolution Body
Mousehold Infant and Nursery School	Scheduled/Resolution Body
Mundesley Parish Council	Scheduled/Resolution Body
Mundford Church of England Primary Academy	Scheduled/Resolution Body
Narborough Church of England Primary Academy	Scheduled/Resolution Body
NCS (Assistive Technology)	Scheduled/Resolution Body
NCS Transport Ltd	Scheduled/Resolution Body
Nelson Academy	Scheduled/Resolution Body
Nelson Infant School	Scheduled/Resolution Body
New Anglia Local Enterprise Council	Admitted Body
New Buckenham Parish Council	Scheduled/Resolution Body
Newton Flotman Church of England Primary Academy	Scheduled/Resolution Body
Newton Flotman Parish Council	Scheduled/Resolution Body
Nightingale Infant & Nursery School	Scheduled/Resolution Body

Norfolk Chief Constable	Scheduled/Resolution Body
Norfolk County Council	Scheduled/Resolution Body
Norfolk Educational Services (NES)	Scheduled/Resolution Body
Norfolk Heritage Fleet Trust	Admitted Body
Norfolk Police and Crime Commissioner	Scheduled/Resolution Body
Norfolk Rivers Internal Drainage Board	Scheduled/Resolution Body
Norman Church of England Primary School	Scheduled/Resolution Body
Norse Care Limited	Scheduled/Resolution Body
Norse Care Services	Scheduled/Resolution Body
Norse Commercial Services	Scheduled/Resolution Body
Norse Eastern	Scheduled/Resolution Body
Norse Eastern (Highways)	Scheduled/Resolution Body
North Norfolk District Council	Scheduled/Resolution Body
North Walsham High School	Scheduled/Resolution Body
North Walsham Infant School & Nursery	Scheduled/Resolution Body
North Walsham Junior School	Scheduled/Resolution Body
North Walsham Town Council	Scheduled/Resolution Body
North Wootton Academy	Scheduled/Resolution Body
Northgate High School	Scheduled/Resolution Body
Northgate Primary School	Scheduled/Resolution Body
Northrepps Parish Council	Scheduled/Resolution Body
Norwich City Council	Scheduled/Resolution Body
Norwich City Services Ltd	Admitted Body
Norwich Primary Academy	Scheduled/Resolution Body
Norwich Road Academy	Scheduled/Resolution Body
Norwich University of the Arts	Scheduled/Resolution Body
Notre Dame High School	Scheduled/Resolution Body
NPS (London) Ltd	Scheduled/Resolution Body
NPS (Norwich) Ltd	Scheduled/Resolution Body
NPS (South East) Ltd	Scheduled/Resolution Body
NPS (South West) Ltd	Scheduled/Resolution Body
NPS Property Consultants Ltd	Scheduled/Resolution Body
Old Buckenham High School	Scheduled/Resolution Body
Old Buckenham Primary School	Scheduled/Resolution Body
Old Catton Parish Council	Scheduled/Resolution Body
Open Academy - Heartsease	Scheduled/Resolution Body
Ormesby St Margaret with Scratby Parish Council	Scheduled/Resolution Body
Ormiston Herman Academy	Scheduled/Resolution Body
Ormiston Venture Academy	Scheduled/Resolution Body
Ormiston Victory Academy	Scheduled/Resolution Body
Overstrand Parish Council	Scheduled/Resolution Body
Ovington Parish Council	Scheduled/Resolution Body
Parker’s Church of England Primary Academy	Scheduled/Resolution Body
Peterhouse Church of England Primary Academy	Scheduled/Resolution Body
Poringland Parish Council	Scheduled/Resolution Body

Postwick with Witton Parish Council	Scheduled/Resolution Body
Queensway Infant Academy and Nursery	Scheduled/Resolution Body
Raleigh Infant Academy	Scheduled/Resolution Body
Redenhall with Harleston Town Council	Scheduled/Resolution Body
Reedham Parish Council	Scheduled/Resolution Body
Reepham High School and College	Scheduled/Resolution Body
Reepham Primary School	Scheduled/Resolution Body
Reepham Town Council	Scheduled/Resolution Body
Reffley Academy	Scheduled/Resolution Body
Rockland St. Mary Primary School	Scheduled/Resolution Body
Rollesby Parish Council	Scheduled/Resolution Body
Rudham Church of England Primary Academy	Scheduled/Resolution Body
Sacred Heart Catholic V A Primary	Scheduled/Resolution Body
Saffron Housing Trust	Admitted Body
Salhouse Parish Council	Scheduled/Resolution Body
Sandringham And West Newton Church Of England Primary	Scheduled/Resolution Body
Saxlingham Nethergate Parish Council	Scheduled/Resolution Body
Scoulton Parish Council	Scheduled/Resolution Body
Sculthorpe Church of England Primary Academy	Scheduled/Resolution Body
Seething and Mundham Primary School	Scheduled/Resolution Body
Serco (Breckland Refuse)	Admitted Body
Serco Group Plc (North Norfolk District Council)	Admitted Body
Sewell Park Academy	Scheduled/Resolution Body
Sheringham High School	Scheduled/Resolution Body
Sheringham Town Council	Scheduled/Resolution Body
Short Stay School for Norfolk	Scheduled/Resolution Body
Sir Isaac Newton Sixth Form Free School	Scheduled/Resolution Body
Smithdon High School	Scheduled/Resolution Body
Snettisham Primary School	Scheduled/Resolution Body
South Norfolk District Council	Scheduled/Resolution Body
South Walsham Parish Council	Scheduled/Resolution Body
South Wootton Parish Council	Scheduled/Resolution Body
Southery & District Internal Drainage Board	Scheduled/Resolution Body
Southery Academy	Scheduled/Resolution Body
Southtown Primary School	Scheduled/Resolution Body
Spixworth Parish Council	Scheduled/Resolution Body
Spooner Row Primary School	Scheduled/Resolution Body
Sporle Church of England Primary School	Scheduled/Resolution Body
Sports & Leisure Management Ltd	Admitted Body
Springwood High School	Scheduled/Resolution Body
Sprowston Community Academy	Scheduled/Resolution Body
Sprowston Town Council	Scheduled/Resolution Body
St Augustine’s Catholic Primary School	Scheduled/Resolution Body
St Clements High School	Scheduled/Resolution Body

St Francis of Assisi Catholic Primary School	Scheduled/Resolution Body
St Germans Academy	Scheduled/Resolution Body
St John the Baptist Multi-Academy Trust	Scheduled/Resolution Body
St Martha’s Catholic Primary School	Scheduled/Resolution Body
St Martin at Shouldham Church of England VA Primary Academy	Scheduled/Resolution Body
St Mary & St Peter Catholic Primary School	Scheduled/Resolution Body
St Mary's Church of England Junior Academy	Scheduled/Resolution Body
St Michael's Church of England Academy (King's Lynn)	Scheduled/Resolution Body
St Peter & St Paul Carbrooke Church of England Primary Academy	Scheduled/Resolution Body
St Peters Church of England Primary Academy	Scheduled/Resolution Body
St. Clements Hill Primary Academy	Scheduled/Resolution Body
Stalham Academy	Scheduled/Resolution Body
Stalham High School	Scheduled/Resolution Body
Stalham Infant School and Nursery	Scheduled/Resolution Body
Stalham Town Council	Scheduled/Resolution Body
Stradbroke Primary Academy	Scheduled/Resolution Body
Strumpshaw Parish Council	Scheduled/Resolution Body
Suffolk Coastal Services	Scheduled/Resolution Body
Surlingham Primary	Scheduled/Resolution Body
Swaffham Church of England Junior Academy	Scheduled/Resolution Body
Swaffham Town Council	Scheduled/Resolution Body
Swanton Morley Parish Council	Scheduled/Resolution Body
Synergy Academy Trust (previously North Norfolk Academy Trust)	Scheduled/Resolution Body
Tarmac	Admitted Body
Tasburgh Parish Council	Scheduled/Resolution Body
Taverham High School	Scheduled/Resolution Body
Taverham Parish Council	Scheduled/Resolution Body
Ten Mile Bank Riverside Academy	Scheduled/Resolution Body
Tharston and Hapton Parish Council	Scheduled/Resolution Body
The Bishop’s CE Primary Academy	Scheduled/Resolution Body
The Fen Rivers Academy	Scheduled/Resolution Body
The Free School Norwich	Scheduled/Resolution Body
The Hewett Academy	Scheduled/Resolution Body
The Nicholas Hamond Academy	Scheduled/Resolution Body
The Pinetree School (previously Thetford Free School)	Scheduled/Resolution Body
The Thetford Academy	Scheduled/Resolution Body
The Wensum Trust	Scheduled/Resolution Body
The Wherry School	Scheduled/Resolution Body
The Yare Education Trust	Scheduled/Resolution Body
Thetford Town Council	Scheduled/Resolution Body
Thomas Bullock CE Primary Academy	Scheduled/Resolution Body
Thompson Primary School	Scheduled/Resolution Body

Thorpe St Andrew School and Sixth Form	Scheduled/Resolution Body
Thorpe St. Andrew Town Council	Scheduled/Resolution Body
Thurlton Primary	Scheduled/Resolution Body
Tilney All Saints C of E Primary School	Scheduled/Resolution Body
Tivetshall Primary School	Scheduled/Resolution Body
Tuckswood Academy and Nursery	Scheduled/Resolution Body
Unity Education Trust	Scheduled/Resolution Body
University Technical College Norfolk	Scheduled/Resolution Body
Upton with Fishley Parish Council	Scheduled/Resolution Body
Upwell Academy	Scheduled/Resolution Body
Valley Primary Academy	Scheduled/Resolution Body
Wacton Parish Council	Scheduled/Resolution Body
Walcott Parish Council	Scheduled/Resolution Body
Walpole Cross Keys Primary School	Scheduled/Resolution Body
Walsingham Parish Council	Scheduled/Resolution Body
Watton Town Council	Scheduled/Resolution Body
Watton Westfield Infant & Nursery School	Scheduled/Resolution Body
Watton Junior School (Wayland Junior)	Scheduled/Resolution Body
Wayland Academy	Scheduled/Resolution Body
Weasenham Church of England Primary Academy	Scheduled/Resolution Body
Weeting VC Primary School	Scheduled/Resolution Body
Wells-next-the-Sea Primary	Scheduled/Resolution Body
Wells-next-the-Sea Town Council	Scheduled/Resolution Body
Wensum Junior School	Scheduled/Resolution Body
West Lynn Primary School	Scheduled/Resolution Body
Whitefriars Church of England Primary Academy	Scheduled/Resolution Body
White House Farm Primary School	Scheduled/Resolution Body
Wimbotsham and Stow Academy	Scheduled/Resolution Body
Winterton-on-Sea Parish Council	Scheduled/Resolution Body
Winterton Primary School and Nursery	Scheduled/Resolution Body
Woodlands Primary Academy	Scheduled/Resolution Body
Wroughton Infant Academy	Scheduled/Resolution Body
Wroughton Junior Academy	Scheduled/Resolution Body
Wroxham Parish Council	Scheduled/Resolution Body
Wymondham College	Scheduled/Resolution Body

Appendix II – Disclosure Regulations

The Government introduced Disclosure of Information Regulations as a step towards protecting the interests of pension fund members after the occurrence of a few well-known cases of misuse of pension fund assets. These regulations extended the items of basic information to be disclosed and introduced fixed time limits for their disclosure.

Pensions Registry

There is a registry of all schemes and information about this Scheme has been passed to:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

http://www.thepensionsregulator.gov.uk/

Investment Strategy Statement and Funding Strategy Statement

With effect from the 1st April 2017 the Pension Fund is required to publish an Investment Strategy Statement in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") and supersedes all previously published Statement of Investment Principles.

The Investment Strategy Statement and Funding Strategy Statement can be found on the Pension Funds website at the following location under the "Investment" and "Funding" sections:

https://www.norfolkpensionfund.org/about-us/forms-and-publications/

Alternatively, a copy can be obtained by contacting the Norfolk Pension Fund at:

Norfolk Pension Fund
County Hall
Martineau Lane
Norwich
NR1 2DH

Telephone: 01603 222870

Appendix III – The Fund

Norfolk County Council administers a Pension Fund to provide retirement benefits for all its employees who are members of the Local Government Pension Scheme. Also included in the Fund are employees of the seven District Councils in Norfolk and 417 other bodies who actively participate in the Scheme.

Teachers and fire-fighters have their own pension schemes and are not included in the Fund.

The County Council has delegated to its Pensions Committee responsibility for deciding upon the best way in which the Pension Fund is invested. The Committee consists of 7 members, 5 appointed by the County Council plus 2 co-opted members representing the District Councils. The Head of Norfolk Pension Fund, the external Investment Managers, the Fund's Actuary and an employee representative also attend. This Committee meets quarterly.

The Executive Director of Finance and Commercial Services, together with the Director of Pensions and other staff member, control the investment administration and accounting functions relating to the Fund. The investment performance of the Fund is monitored throughout the year in conjunction with the Fund's Actuary. The Executive Director of Finance and Commercial Services also decides matters relating to policy on benefits.

Appendix IV – Governance Compliance Statement

The Norfolk Pension Fund
Governance Compliance Statement as at June 2022
Local Government Pension Scheme Regulations 2013 (as amended)
Regulation 55

Principle A – Structure

	Not compliant*				Fully compliant
a					√
b					√
c					√
d					√

a. The management of the administration of benefits and strategic management of fund assets rests clearly with the main committee established by the appointing council.
Full Council have delegated responsibility to Pensions Committee to administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the scheme, and on behalf of NCC as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members). The Norfolk Pension Fund is part of the ACCESS investment pool, and is represented at the ACCESS Joint Committee, however all strategic asset allocation decisions remain with the Norfolk Pension Fund Pensions Committee.

b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.
In addition to the Norfolk County Council members, 2 district councillors elected by the Local Government Association represent the largest group of employers; an observer seat is available to all other employers. Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative. Pensions Committee is observed by members of the Local Pension Board (known locally as the Pensions Oversight Board [POB]), made up of employer and employee representatives, and an independent Chair.

c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.
There is no formal secondary committee or panel. Regular employers' forums and other activities detailed within the communication strategy ensure effective communication. The Local Pension Board (known locally as the Pensions Oversight Board [POB]) regularly reports to Pensions Committee and POB members observe all Pensions Committee meetings.

d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.
No formal secondary committee or panel has been established. However, employers are regularly reminded via the Employers' Forum and Employers newsletters of the observer opportunity at Committee. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. Some Committee and POB Members also attend Employer Forum meetings and member events

Principle B – Representation

	Not compliant*				Fully compliant
a.i					√
.ii					√
.iii					√
.iiii					√

a That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:

i Employing authorities (including non-scheme employers, e.g. admitted bodies)
Two district councillors elected by the Local Government Association represent the largest group of employers. An observer place is available to all other employers. POB: 3 employer representatives; all employers are invited to stand for election to POB.

ii Scheme members (including deferred and pensioner scheme members)
Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative, who has full voting rights. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. POB: 3 scheme member representatives; all scheme members invited to stand for election.

iii Independent professional observers
Hymans Robertson, as Advisers to the Norfolk Pension Fund, attend Committee; they also attend POB as required.

iv Expert advisors (on an ad-hoc basis)
Expert advisors are invited to attend committee and POB as and when necessary.

Principle C – Selection and role of lay members

	Not compliant*				Fully compliant
a					√
b					√

a That committee or panel members are made fully aware of the status, role and function that they are required to perform on either a main or secondary committee.
In addition to general Councillor Induction for newly elected members, Pensions Committee / POB members are briefed on appointment to Pensions Committee / POB by the Director of the Norfolk Pension Fund and senior officers. Other elected members who do not sit on Pensions Committee are briefed as required / requested. An on going training strategy is maintained and delivered.

b That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.
This is a standing agenda item for each committee and POB meeting.

Principle D – Voting

	Not compliant*				Fully compliant
A					√

a The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.
Voting rights are set out in the Norfolk Pension Funds Governance statement which is published on the Funds website, www.norfolkpensionfund.org. All members of Pensions Committee have voting rights, including the Staff Representative. All Employer and Scheme member representatives on POB have voting rights.

Principle E – Training / facility time / expenses

	Not compliant*				Fully compliant
A					√
B					√
C					√

a That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process. *We use Norfolk County Councils' generic elected member remuneration policy, which includes*

Travel and Subsistence allowances. POB members can claim travel and subsistence costs incurred. In addition, the Fund maintains a training budget for Pensions Committee and POB for the delivery of our on-going members training programme, and related expenses.

b That where such a policy exists it applies equally to all members of committees, sub-committees, advisory panels or any form of secondary forum.
All relevant individuals / bodies are treated equally, including for example the Staff Representative on Pensions Committee, members of the Pensions Oversight Board (Local Pension Board).

c That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.
The Fund maintains and delivers a training strategy. Committee member and POB training needs are considered alongside the 12 month committee agenda planning process. Some aspects of training are business driven and therefore the programme is flexible. This allows us to align training most effectively with operational need / current agenda items, and therefore support member decision making. Regular Member training is supplemented by attending LGA and other associated events, webinars, virtual and in person conferences and training, as well as an annual (more frequently if required) comprehensive bespoke Knowledge and Understanding event, talking to leading experts about all aspects of LGPS Investment and Governance and current issues. A Training Log is maintained.

Principle F – Meetings (frequency / quorum)

	Not compliant*				Fully compliant
a					√
b					√
c					√

a That an administering authority's main committee or committees meet at least quarterly.
The Pensions Committee meets quarterly.

b That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.
There is no formal secondary committee or panel. The Employers' Forum meets regularly, planned around operational requirements; POB meets quarterly, aligned to Committee timetable.

c That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented. *A*

Staff Representative (who represents all current, deferred and retired scheme members) sits on Pensions Committee, alongside 2 district councillors elected by the Local Government Association to represent the largest employers. An Observer Seat at Committee is also available to Employers not directly represented. Regular Employers' Forums take place. Retired Members engagement is maintained via a dedicated newsletter (in person events were suspended during the pandemic during which period an additional newsletter was introduced); in person Pensions Clinics for all scheme members (including Deferred) were also suspended due to coronavirus from March 2020 but we anticipate they will be reintroduced in Autumn 2022; meantime communications with scheme members is maintained via publications to home addresses, website and employers, and an Annual Meeting is offered. The Pensions Oversight Board (Local Pension Board) has equal employer /scheme member membership.

Principle G – Access

	Not compliant*				Fully compliant
a					√

a That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.
All committee and POB members have equal access to committee papers, documents and advice. POB members observe Committee meetings. Public Minutes of Committee Meetings are published on Norfolk County Councils website:
http://norfolkcc.cmis.uk.com/norfolkcc/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/30/Default.aspx
POB minutes are published on the Norfolk Pension Fund's website:
https://www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/

Principle H – Scope

	Not compliant*				Fully compliant
a					√

a That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.
The Norfolk Pension Fund adopts a holistic approach to pension fund management. Pensions Committee is responsible for all aspects of the management of the pension fund (investment and administration) and delivery of its services, including all relevant budgets, strategies and service planning.

Principle I – Publicity

	Not compliant*				Fully compliant
a					√

a That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.

The Norfolk Pension Funds' Governance Statement and Communication and Customer Care Strategy are published on the Funds' website www.norfolkpensionfund.org, and included within the Pension Fund Annual Report (which is also published on our website), with hard copies of each available on request. Employers are reminded via the Employers Forum and Employers Newsletters that there is an observer seat at Committee for Employers not directly represented. Scheme Members receive an annual booklet with news of the Funds performance, legislative changes and other relevant pension's news, and are invited to a formal annual meeting. Whilst Retired members cannot currently attend in person events, a second annual newsletter has been introduced. All scheme members and employers are invited to stand for membership of the Pensions Oversight Board (Local Pensions Board).

Appendix V – Actuarial Statement for 2021-22 by Hymans Robertson LLP

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 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%
Salary increase assumption	3.0%
Benefit increase assumption (CPI)	2.3%

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 and on the Fund's website.

Experience over the period since 31 March 2019

Markets were severely disrupted by COVID 19 in March 2020, but over most of 2020/21 and 2021/22 they recovered strongly. However, due to the war in Ukraine, March 2022 markets were particularly volatile, which affects values as at the accounting date. All other things being equal, the funding level of the Fund as at 31 March 2022 is likely to be better than that reported at the previous formal valuation as at 31 March 2019.

It is important to note that the formal triennial funding valuation exercise is as at 31 March 2022 and this may show a different picture when the finalised position is disclosed in next year's annual report. In particular, changes in Fund membership, changes in anticipated real investment returns, and changes in demographic assumptions will affect the valuation results. The Funding Strategy Statement will also be reviewed as part of the triennial funding valuation exercise.

Robert Bilton FFA
20 April 2022
For and on behalf of Hymans Robertson LLP

Appendix VI – Glossary

Active Management
A style of investment management which seeks to provide outperformance of a relevant benchmark through asset allocation, market timing or stock selection (or a combination of these). Directly contrasted with passive management that seeks to replicate the performance of a selected benchmark.

Actuarial Valuation
A review of the Pension Fund by a qualified Actuary, which takes place every three years to ensure that employers' contributions are sufficient to maintain the solvency of the Fund in the long-term.

Actuary
An independent qualified consultant who carries out the Actuarial Valuation and advises on new investment strategies or changes to the benefit structure.

Administering Authority
A local authority required to maintain a pension fund under LGPS regulations. Within the geographical boundary of Norfolk this is Norfolk County Council.

Admitted Bodies
An organisation, which, under the Pension Scheme Regulations, is able to apply to the Administering Authority to join the Scheme (e.g. a contractor providing services to the Council or another scheduled body). Upon acceptance, an Admission Agreement is prepared admitting the organisation and allowing its employees to join.

Asset Allocation/Asset Mix
The apportionment of a Fund's assets between asset classes and/or markets. Asset allocation may be either strategic i.e. long-term, or Tactical i.e. short-term, aiming to take advantage of relative market movements.

Assumed Pensionable Pay
Where an employee loses pay due to sickness or reduced pay family related leave, the pay actually received is substituted with "Assumed Pensionable Pay" when calculating "career average" benefits and employer contributions. Assumed Pensionable Pay is the average of pay in the three months prior to the month in which the reduced pay occurs.

Auditor
An independent qualified accountant who is required to verify and agree the Pension Fund Accounts and issue an opinion on their accuracy.

Benchmark
A “notional” fund or model portfolio which is developed to provide a standard against which a manager’s performance is measured e.g. for a global equity fund the benchmark against which it will be measured could be made up 70%/30% by UK equities / overseas equities. A target return is generally expressed as some margin over the benchmark.

Bond
A certificate of debt, paying a fixed rate of interest, issued by companies, governments or government agencies.

Collateral
An asset (cash or securities) posted from one counterparty to another, and held as a guarantee against the value of a specified portfolio of trades or other transactions. Commonly referred to as margin, the collateral acts as a credit-risk mitigant. A collateral call is the demand by a derivatives counterparty for an investor to transfer cash or securities to collateralise movements in the value of a derivatives contract.

Currency Forward
An agreement between two counterparties to buy/sell a specified quantity of the underlying currency at a specified future date. Contracts are settled in cash on the expiration date.

Custody/Custodian
Safekeeping of securities by a financial institution. The custodian keeps a register of holdings and will collect income and distribute monies according to client instructions.

Exchange Traded Derivatives Contract
Standardised derivatives contracts (e.g. futures contracts and options) that are transacted on an organised futures exchange.

Equities
Ownership positions (shares) in companies that can be traded on public markets. Often produce income that is paid in the form of dividends. In the event of a company going bankrupt, equity holders’ claims are subordinate to the claims of bond holders and preferred stock holders.

Final Pay
This is the figure used to calculate members' benefits that have built up on the "final salary" basis. This is the pay in the last year before leaving, or one of the previous two years' pay if that amount is higher. For a part-time employee, the figure used is the pay an equivalent whole-time employee would have received. Pay lost on account of sickness or reduced pay family leave is added back.

Fixed Interest Securities
Investments in stocks mainly issued by governments, which guarantee a fixed rate of interest.

FTSE
A company that specialises in index calculation. Although not part of a stock exchange, co-owners include the London Stock Exchange and the Financial Times. They are best known for the FTSE 100, an index of the top 100 UK companies (ranked by size).

Fund Manager
A firm of professionals appointed by the Pensions Committee to carry out day to day investment decisions for the Fund within the terms of their Investment Management Agreement.

Futures
Futures contracts are exchange traded contracts to buy or sell a standard quantity of a specific asset at a pre-determined future date. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

Gilts
Bonds issued by the British government. They are the equivalent of U.S. Treasury securities

Hedging
A strategy which aims to eliminate a risk in an investment transaction (both upside and downside potential). Often used in the context of overseas investments to eliminate the impact of currency movements.

Index
A benchmark for the performance of a group of shares or bonds.

Index-Linked Securities
U.K. Government issue stocks on which the interest, and eventual repayment of the loan, is based on movements in the Retail Price Index.

Initial Margin
The upfront collateral requirement, set aside as a guarantee to an underlying futures contract, generally a percentage of the notional amount of the contract.

Investment Advisor
A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals.

Mandate
A set of instructions given to the fund manager by the client as to how a Fund is to be managed (e.g. targets for performance against a benchmark may be set or the manager may be prohibited from investing in certain stocks or sectors).

Market Value
The "on paper" value of a security at a specific point in time. It is calculated by multiplying the number of shares held by market price of that share in sterling terms.

Outperformance/underperformance
The difference in returns gained by a particular Fund against the "average" Fund or an index over a specified time period i.e. a target for a Fund may be outperformance of a given benchmark over a 3-year period.

Passive Management
An investment strategy that seeks to match the return and risk characteristics of a market segment or index, by mirroring its composition. also called passive portfolio strategy.

Pensionable Pay
This is the pay on which employee and employer pension contributions and "career average" benefits are based. Where an employee loses pay due to sickness or reduced pay family related leave then "Assumed Pensionable Pay" is used instead to calculate employer contributions and benefits.

Performance
A measure, usually expressed in percentage terms, of how well a Fund has done over a particular time period – either in absolute terms or as measured against the "average" Fund of a particular benchmark.

Portfolio
Term used to describe all investments held.

Private Equity
Investments in new or existing companies and enterprises which are not publicly traded on a recognised stock exchange.

Regulations
The Scheme is governed by Regulation approved by Parliament. Necessary amendments are made to these Regulations by means of Statutory Instruments.

Resolution Body (designating body)
A resolution body is an organisation which has the right to join the Scheme if it elects to do so (e.g. a Parish Council). Membership may apply to some or all of its employees.

Risk
Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more “stable” investments before investors will buy them.

Scheduled Bodies
These are organisations as listed in the Local Government Pension Scheme Regulations 1997 (Schedule 2) such as County Councils and District Councils etc, the employees of which may join the Scheme as of right.

Securities
Investment in company shares, fixed interest or index-linked stocks.

Statement of Investment Principles
Requirement, arising from the Pensions Act 1995, that all occupational pension plan trustees must prepare and maintain a written Statement of Investment Principles outlining policy on various investment matters (e.g. risk, balance between real and monetary assets, realisability of assets etc).

Transfer Values
Capital value transferred to or from a scheme in respect of a contributor’s previous periods of pensionable employment.

Unit Trusts
A method which allows investors’ money to be pooled and used by fund managers to buy a variety of securities.

Variation Margin
A cash collateral requirement that moves up and down with the value of a futures contract.

Yield Curve
A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates. For bonds, it typically compares the two- or five-year Treasury with the 30-year Treasury.

PART 8.1

MEMBERS' CODE OF CONDUCT

I ……………………………………………….. undertake to observe Norfolk County Council's Members' Code of Conduct.

Signed: ……………………………………... Date: …………………………………………..

Introduction to the Code

This Code of Conduct is a key part of the Authority's discharge of its statutory duty to promote and maintain high standards of conduct by its members and co-opted members. It is very much focused upon the principles of conduct in public life of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership and it is the intention of the Authority that the Code be used exclusively in that context and not for any other purpose. It sets an objective, non political and high standard whose purpose is to remind members of the Authority of the behaviour expected of them in public life and to set out clearly the key principles against which their conduct will be measured.

The Code also contains provisions for registration and declaration of interests the breach of which will now attract potential criminal sanctions.

The Council's Standards Committee hears breaches of the Code and decides on sanctions against members found to be in default. Working closely with the Council's Monitoring Officer and Independent Person, the Standards Committee will oversee a straightforward and robust regime dealing only with substantial ethics and standards issues and filtering out the inconsequential, trivial and vexatious. The Code will deal in broad common sense principles and neither it nor the supporting arrangements are intended to be over-technical or over-procedural. To return to the wording of the statute, the Code is the Authority's public statement on the promotion and maintenance of high standards of conduct in public life.

Every member and co-opted member of Norfolk County Council, must sign an undertaking to observe the Code in the terms set out below.

The Code

As a member or co-opted member of Norfolk County Council, I have a responsibility to represent the community and work constructively with our staff and partner organisations to secure better social, economic and environmental outcomes for all.

In accordance with the Localism Act 2011 provisions, when acting in this capacity I am committed to behaving in a manner that is consistent with the following principles to achieve best value for our residents and maintain public confidence in this authority.

SELFLESSNESS: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP: Holders of public office should promote and support these principles by leadership and example.

As a Member of Norfolk County Council my conduct will in particular address the statutory principles of the Code by:

- Championing the needs of residents – the whole community and in a special way all my constituents and putting their interests first.

- Dealing with representations or enquiries from residents, members of our communities and visitors fairly, appropriately and impartially.

- Not allowing other pressures, including the financial interests of myself or others connected to me, to deter me from pursuing constituents' casework, the interests of Norfolk nor the good governance of the authority in a proper manner.

- Exercising independent judgement and not compromising my position by placing myself under obligations to outside individuals or organisations who might seek to influence the way I perform my duties as a member/co-opted member of this authority.

- Listening to the interests of all parties, including relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit.

- Being accountable for my decisions and co-operating when scrutinised internally and externally, including by local residents.

- Contributing to making this authority's decision-making processes as open and transparent as possible to enable residents to understand the reasoning behind those decisions and to be informed when holding me and other members to account but restricting access to information when the wider public interest or the law requires it.

- Behaving in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the Authority's resources.

- Valuing my colleagues and staff and engaging with them in an appropriate manner and one that underpins the mutual respect between us that is essential to good local government.

- Always treating people with respect, including the organisations and public I engage with and those I work alongside.

- Providing leadership through behaving in accordance with these principles when championing the interests of the community with other organisations as well as within this authority.

The Localism Act provides for the disclosure and registration of Disclosable Pecuniary Interests ("DPIs"). I agree to notify the Monitoring Officer of my DPIs as soon as I become aware of them and in any event within 28 days. The Monitoring Officer will retain a register of my DIPs and will publish these on the Authority's website. If I have a DPI in a matter to be considered at a meeting and I have not notified the Monitoring Officer of that DPI, I shall disclose it to the meeting. In all cases where I have a DPI in a matter to be considered at a meeting I will not speak or vote at that meeting.

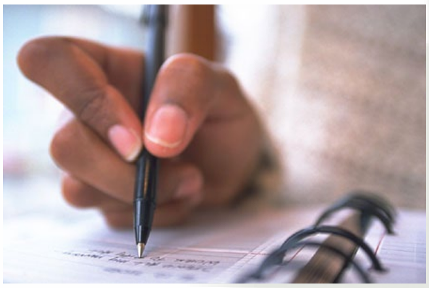
If a matter to be considered at a meeting affects, to a greater extent than others in my division:

- my wellbeing or financial position or
- that of family or close friends
- that of a club or society in which I have a management role
- that of another public body of which I am a member

then I will declare an interest (an "Other Interest") but provided it is not a DPI I may speak and vote on the matter.

Appendix VIII

Norfolk Pension Fund



Investment Strategy Statement

July 2021

IN TRAN®
communication for all

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

1.0 Introduction and Background

1.1 This is the Investment Strategy Statement ("ISS") of the Norfolk Pension Fund ("the Fund"), which is administered by Norfolk Council, ("the Administering Authority"). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations").

1.2 The ISS has been approved by the Fund's Pension Committee ("the Committee") having taken advice from the Fund's investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.

1.3 The ISS is subject to periodic review at least every three years and without undue delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund's investment strategy with such persons it considers appropriate.

1.4 The Committee seeks to invest in accordance with the ISS any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

1.5 The Committee strongly believe that well governed pension schemes benefit from improved outcomes over the long-term. The Committee has developed a set of investment beliefs (Appendix 1) which promote good governance by providing a framework for all investment decisions.

2.0 Investment of Money

2.1 The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

2.2 The Fund has built up assets over the years and continues to receive contribution and investment income. All of this must be invested in a suitable manner, which is the investment strategy.

2.3 The investment strategy is set for the long-term but is reviewed from time to time. Normally a full review is carried out as part of each actuarial valuation and is kept under review annually between actuarial valuations to ensure that it remains appropriate to the Fund's objectives.

2.4 The LGPS continues to see increased numbers and diversity of participating employers. Following the post 2016 actuarial valuation investment strategy review, it was agreed to move from one to three investment strategies, each with different asset allocations. A fourth investment strategy was introduced in April 2020 and was first funded in April 2021. Employers were allocated to the investment strategy that was deemed most appropriate to their funding objectives, liability characteristics and current funding position. For further details please refer to Appendix H of the Funding Strategy Statement.

2.5 The approach taken by the Fund in setting and maintaining its funding and investment objectives is detailed below.

2.6 Funding Objectives - Ongoing Plan

2.6.1 The Committee aims to fund the Fund in such a manner that there is a sufficiently high likelihood of achieving the funding target (the estimated amount of assets needed to pay for members' benefits) in 20 years for both accrued benefits to date and those earned in the future. For employee members, accrued benefits will be valued on service completed but will take account of future salary and/or inflation increases.

2.6.2 The assumptions used to set funding plans to achieve this aim, correspond with those used in the latest Actuarial Valuation, which are shown in Appendix 2. The funding plans will be reviewed at least at each triennial Actuarial Valuation. The Committee will be advised of any material changes to the Fund or the funding plans during the period between valuations.

2.7 Funding Objectives – Funding Strategy Statement

2.7.1 The Fund has published a Funding Strategy Statement (FSS). Its purpose is:

- "to establish a clear and transparent Fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities."

2.7.2 We recognise that these objectives are desirable individually, but, may be mutually conflicting. The FSS sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions, and prudence in the funding basis.

2.7.3 Copies of the FSS can be obtained from the publication section of the Fund's website at www.norfolkpensionfund.org or by writing to the Fund at the address at the end of this document.

2.8 Investment objectives and strategy

2.8.1 The Fund aims to achieve, over the long term, an overall return on investment assets which, in addition to contributions received from employers and members, results in sufficient monies to pay members' benefits in the future.

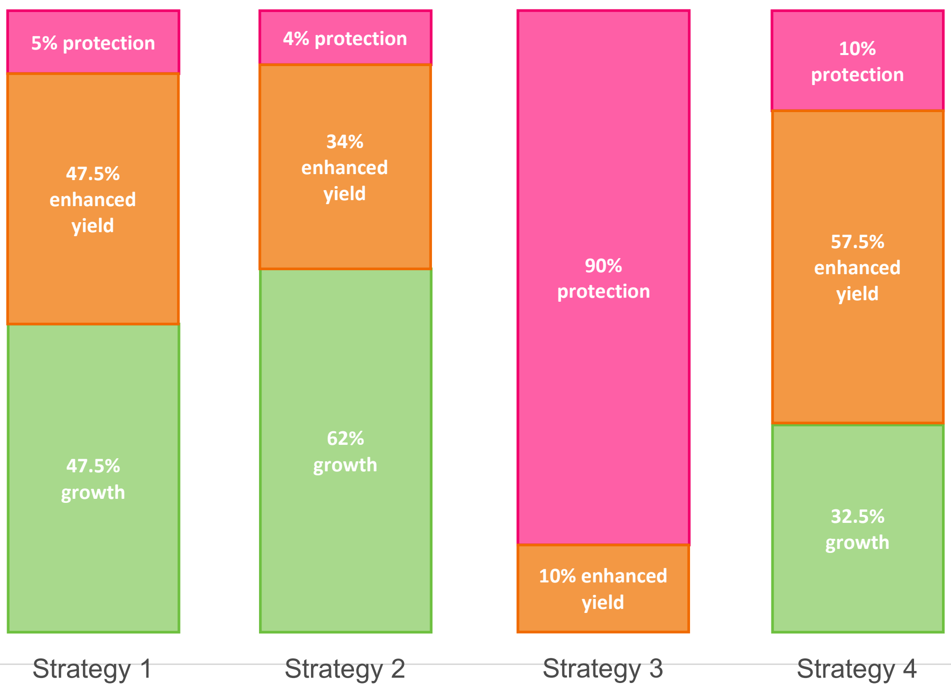
2.8.2 The investment strategy was formally reviewed in 2016-17 through an asset-liability modelling exercise which incorporated the results of the 2016 Actuarial Valuation. A health-check of the investment strategy was carried out as part of the 2019 Actuarial Valuation process.

2.8.3 The exercise took account of the following: -

- The liability profile of the Fund;
- The solvency of the Fund (i.e. ratio of assets to liabilities);
- The expected contributions;
- The risk tolerance of the Committee.

2.8.4 As a result of the review, a number of changes to the asset allocation strategy were approved by the Committee. From July 2017, the Fund moved from operating a single investment strategy for all employers to three distinct investment strategies with different allocations to growth, enhanced yield and protection assets. A fourth investment strategy was added in April 2020.

2.8.5 The Fund continues to operate a core investment strategy which the majority of employers participate in (Strategy 1). Alongside the core strategy, the Fund now also operates three additional investment strategies. The high level investment strategies are illustrated below (target allocations shown):



2.8.6 Strategy 2 has a higher allocation to growth assets than Strategy 1. As a result, this strategy is targeting a higher level of returns and therefore is taking a higher level of investment risk.

2.8.7 Strategy 3 has no allocation to growth assets. As a result, this strategy is targeting a lower level of returns and therefore is taking a lower level of investment risk.

2.8.8 Strategy 4 has a higher allocation to enhanced yield and protection assets than Strategy 1. As a result, this strategy is targeting a lower level of returns and lower level of risk and volatility than Strategy 1.

2.9 Rebalancing of assets

2.9.1 Having approved the asset allocations, the Committee monitors the Fund's actual asset allocation on a regular basis to ensure it does not notably deviate from the target allocations. The Fund's approach to asset class rebalancing is set out in Appendix 3.

3.0 Suitability of Particular Investment Types

3.1 Asset classes

3.1.1 The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities, bonds, cash, property, infrastructure and timberland either directly or through pooled funds. The Fund may also make use of derivative contracts either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

3.1.2 The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered (and training provided) to ensure its suitability and diversification.

3.1.3 The target asset allocation within each asset portfolio is set out below (Tables 1-3). The asset allocation within each asset class portfolio is maintained by asset rebalancing (Appendix 3). The intention is that the maximum invested in a particular asset class will be the target allocation plus a 2% rebalancing tolerance. The target allocation and the rebalancing tolerance is subject to periodic review.

Table 1: Growth asset portfolio allocation

Asset class	% of Growth Portfolio
UK equities	26.0
Global equities	30.5
Overseas equities	31.0
Private equity	12.5
Total Growth Assets	**100.0**

Table 2: Enhanced Yield asset portfolio allocation

Asset class	% of Enhanced Yield Portfolio
Property	25.0
Infrastructure	22.5
Timberland	2.5
Multi-asset credit	25.0
Investment grade corporate bonds	4.0
Secured finance	6.0
High yield and emerging market debt	6.0
Distressed debt	4.0
Real estate debt	3.0
Specialist credit	2.0
Total Enhanced Yield Assets	**100.0**

Table 3: Protection asset portfolio allocation

Asset class	% of Protection Portfolio
Gilts	50.0
Index-linked gilts	50.0
Total Protection Assets	**100.0**

3.2. Restrictions on investment

3.2.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 have largely removed the investment restrictions that formed part of the previous regulations. The Fund will monitor the appropriateness of imposing its own investment restrictions relevant to the particular asset class and having taken appropriate professional advice. In line with the Regulations, the Fund's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the administering authority (within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007).

3.3 Managers

3.3.1 The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

3.3.2 The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that they reflect the Fund's strategic objectives. The Investment Managers are given discretion over the management of their portfolio against the specified benchmark but within agreed investment guidelines. Investment Managers are expected to maintain a diversified portfolio within the guidelines provided to them.

3.3.3 The Managers appointed to manage the Fund's assets are summarised in Appendix 4, this includes the investments made via the ACCESS pool, which provides indirect access to specific managers and mandates. The current structure embraces specialist management. A range of different Managers are employed, with different benchmarks and targets to reflect their specific mandates.

3.3.4 A management agreement and/or prospectus is in place for each Investment Manager which sets out the relevant benchmark, performance target, asset allocation ranges and any restrictions, as determined by the Committee. The kinds of investments which the Managers may hold, together with a summary of each Manager's brief, are summarised in Appendix 4.

3.3.5 The Fund's assets are predominantly managed on an active basis and the managers are expected to outperform their respective benchmarks over the long term. The exception to this approach is a proportion of the UK equity holdings and government bonds, which are managed on a passive basis. The return on these mandates are intended to track the return of the benchmark index.

3.3.6 The majority of stocks held are quoted on major stock markets and may be realised quickly if required in normal market conditions. The Fund also has currency hedging mandates in place. The underlying instruments in these mandates tend to be highly liquid. Property, distressed debt, direct lending, specialist credit investments, infrastructure and private equity partnerships, which are relatively illiquid, currently make up a lower (albeit still notable) proportion of the Fund's assets. In periods of market volatility, the liquidity of most investment classes will fall.

3.4 Custody

3.4.1 HSBC has been appointed as Global Custodian of the Fund's assets.

4.0 Approach to Investment Risk

4.1 The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where appropriate and possible) mitigate the risks being taken. One of the Committee's overarching beliefs is to only to take as much investment risk as is necessary.

4.2 The principal risks affecting the Fund are set out below, we also discuss the Fund's approach to managing these risks and the contingency plans that are in place.

4.3 Funding risks

4.3.1 Funding risks include:

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics –The risk that longevity improves ,and other demographic factors change, increasing the cost of Fund benefits.
- Environmental, social and governance ("ESG") – The risk that ESG related factors reduce the Fund's ability to generate the long-term returns and also may impact the Fund's liabilities.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

4.3.2 The Committee measures and manages financial mismatch in two ways. As indicated above, the Committee has set strategic asset allocation benchmarks for the Fund. These benchmarks were set taking into account asset liability modelling which focused on probability of success and level of downside risk. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocations and investment returns relative to these benchmarks. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

4.3.3 The Committee also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.

4.3.4 The Fund's longevity assumptions are reviewed as part of the Fund's triennial valuation process.

4.3.5 Details of the Fund's approach to managing ESG risks is set out later in this document.

4.3.6 The Committee seeks to mitigate systemic risk through a diversified portfolio, but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

4.4 Asset risks

4.4.1 Asset risks include:

- Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk – The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.
- Credit – the risk that one of the Fund's bond/credit holdings investments defaults on its obligations

4.4.2 The Committee measure and manage asset risks as follows:

- The Fund invests in a diversified range of asset classes. The Committee has put in place rebalancing arrangements to ensure the 'actual allocation' within each asset class portfolio does not deviate substantially from its target. Similarly, there are rebalancing arrangements in place to ensure that the allocation to growth, enhanced yield and protection assets in each strategy does not deviate substantially from its target allocation.
- The Fund invests in a range of investment mandates each of which has a defined objective, investment universe and performance benchmark which, when taken in aggregate, helps reduce the Fund's asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, the Committee has recognised the need for access to liquidity in the short term. When assessing managers, the Committee gives considerable

focus to managers' ability to assess the credit worthiness of their underlying investments.

- The Committee assess the Fund's currency risk during their risk analysis. The Fund invests in a range of overseas markets which provides a diversified approach to currency markets. The Fund also has a dynamic currency hedging mandate in place that helps to manage this risk.

- The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager and having a proportion of the Fund's assets managed on a passive basis. The Committee assess the Fund's managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

4.5 Other provider risk

4.5.1 Other provider risks include:

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.

- Custody risk - The risk of losing economic rights to Fund assets, when held in custody or when being traded.

- Credit default - The possibility of default of a counterparty in meeting its obligations.

- Stock-lending – The possibility of default and loss of economic rights to Fund assets.

4.5.2 The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers (including the Pool – see comments below), and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

4.6 Monitoring and reporting risks

4.6.1 A more comprehensive breakdown of the risks to which the Fund is exposed and the approach to managing these risks is set out in the Fund's Risk Register. The Risk Register is reviewed by Committee every six months and is available from the Fund's web site.

5.0 Approach to Asset Pooling

5.1 The Fund is a participating scheme in the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex. The structure and basis on which the ACCESS Pool operates was set out in the July 2016 submission to Government and subsequent updates to Government.

5.2 Assets to be invested in the Pool

5.2.1 The Fund's intention is to invest its assets through the ACCESS Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. The key criteria for assessment of Pool solutions will be as follows:

- That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund.
- That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

5.2.2 At 31 December 2020, the Fund had 46% of assets (c£2bn) invested in the ACCESS pool, with investments in the Baillie Gifford, Capital, Mondrian and Fidelity equity ACS sub-funds and the UBS passive mandate. A collateralised stock lending program is undertaken for each of these mandates within the ACS by the pool custodian Northern Trust.

5.2.3 The Fund has elected not to pool certain illiquid assets (e.g. direct property and private equity) and assets held within closed ended pooled vehicles (e.g. indirect property) at this time, on the basis that it is not economically viable to transition these assets to the pool. Any asset that remain outside of the Pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. ACCESS is currently developing its illiquid asset solution, which the Fund will consider in due course.

5.3 Structure and governance of the ACCESS Pool

5.3.1 The July 2016 submission to Government of the ACCESS Pool provided a statement addressing the structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured.

5.3.2 An Inter-Authority Agreement (IAA) has been signed by all 11 authorities defining governance and cost sharing arrangements for the ACCESS Pool.

5.3.3 The ACCESS Pool is governed by a joint Committee (JC) made up of one elected councillor from each authority's Pension Committee.

6.0 Environmental, Social and Corporate Governance

6.1 At the present time, the Committee does not take into account non-financial factors when selecting, retaining, or realising its investments. It does however recognise that environment, social and governance (ESG) factors can influence long term investment performance and the ability to achieve long term sustainable returns. The Committee therefore considers the following two key areas of responsible investment:

- **Corporate Governance / Stewardship** – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.
- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors on its investments.

6.2 The Committee takes ESG matters very seriously and will regularly conduct reviews of its policies in this area and its investment managers' approach to ESG. The Committee has developed a set of responsible investment beliefs as one of its four core Investment Beliefs. These are detailed in Appendix 1.

6.3 Corporate Governance / Stewardship

6.3.1 The Fund takes the following approach to Corporate Governance / Stewardship:

- The Committee believe that the adoption of good practice in Corporate Governance will improve the management of companies and thereby increase long term shareholder value. The Committee expect the Investment Managers to make regular contact at senior executive level with the companies in which the Fund's assets are invested, both as an important element of the investment process and to ensure good Corporate Governance. The Committee have developed their own corporate governance engagement policy which includes specific consideration of environmental and social matters. Details of the current policy are set out in Appendix 5.

- The Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

- All shares in the ACCESS ACS are voted in accordance with the Pool voting policy by fund managers. If the manager believes that specific rationale exists to depart from this policy this must be explained to the Pool.

6.4 Sustainable Investment / ESG factors

6.4.1 The Fund takes the following approach to Sustainable Investment / ESG factors:

- The Committee recognise that social, environmental and governance considerations are among the factors that can affect the financial return on investments. The Committee expects the managers to engage with the companies in which the Fund invests with the objective of seeking to enhance shareholder value over the long term.

- Appendix 5 sets out in detail the Fund's approach to responsible engagement.

6.5 Compliance with Myners Principles

6.5.1 The Myners report on Institutional Investment in the UK was published in 2001. Following pension industry consultation in 2007, the ten principles of good investment practice, were consolidated into six overarching principals. Norfolk's compliance with these investment principles is detailed in Appendix 6.

APPENDIX 1 – Investment Beliefs

Norfolk Pension Fund investment beliefs

1. The Committee of the Norfolk Pension Fund ("the Fund") strongly believe that well governed pension schemes benefit from improved outcomes over the long-term. They also take the view that a clear set of investment beliefs can help achieve good governance by providing a framework for all investment decisions. The Committee has four headline beliefs, with a number of sub-beliefs sitting underneath these headlines. Details of the Fund's investment beliefs are provided in this document. All beliefs will be reviewed on an ongoing basis to ensure that they remain appropriate.

Chart 1: Headline beliefs

Governance Effective governance and decision-making structure will add value to the Fund over the long-term	**Strategic** Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager will stock selection
Structural Structural matters can improve efficiency but implementation approach must be aligned to the Fund's governance resource	**Responsible investment** Effective management of financially material ESG risks should enhance the Fund's long-term outcomes

2. Governance

A well-run Fund offers a number of benefits, most notably improving funding outcomes, but also to the local economy given a large number of people in the area relies on the Fund for their pension and the local employer base.

Clear and well defined objectives are essential to reflect the Fund's long-term[1] strategic direction of travel and to help build a plan for achieving these objectives.

[1] (1) The Committee view long-term as typically being greater than 15 years, medium-term typically being between 3-15 years and short-term being less than 3 years

The Committee supports long term investing as a means of enhancing returns, reducing transaction costs and encouraging improved governance at a corporate level.

There are a number of factors that lead to good decision making, most notably taking a long-term approach to any decisions, Members' having a clear understanding of their fiduciary duties and the Committee and Officers having the appropriate levels of knowledge and understanding, hence the Fund's commitment to high quality Member training.

Fees and costs matter. It is important to get the best value from the Fund's providers and to understand and minimise, as far as possible, any cost leakages from the investment process.

The Committee believes in full and transparent disclosure of investment and administration costs. It recognises the importance of adequate resources to operate effective financial reporting and controls and effective and efficient provision of scheme administration and related activities. It recognises the importance of these functions in facilitating and demonstrating good oversight and governance to multiple stakeholders.

The Fund should maintain access to skilled, high quality internal and external professional advice to support effective implementation and management of its investment and administration activities.

3. Strategic

Clear investment objectives are essential. Return and risk should be considered relative to the Fund's liabilities, funding position and contribution strategy. The information in the Fund's Funding Strategy Statement should be taken into consideration when setting investment strategy.

Employer covenant is a factor when it comes to setting investment strategy. In most cases, the strength of employers' covenants allows the Fund to take a long term view of investment strategy. However, it is appreciated there may be certain employers when a short-term to medium-term horizon is more appropriate and there is a need to develop technical solutions to accommodate this. As such the Fund has implemented three employer-specific investment strategies to reflect this belief.

Ongoing risk assessment is essential. This assessment can take many forms including (but not limited to):

- To understand progress relative to the long-term plan at an individual investment strategy level
- The implications of the increasing diversity and maturity of the Fund's underlying employers, including the impact on the Fund's net cash flow position, and;

- The risks associated with the Fund's managers and counterparties.

4. Structural

There exists a relationship between the level of investment risk taken and the rate of expected investment return. However, for certain investments, it may take a long period of time for this relationship to be established.

Markets are not always efficient, which can create opportunities for investors. For the majority of such opportunities, the Fund's investment managers are likely to be in the best position to exploit them.

Equities are expected to generate superior long-term returns relative to government bonds.

Alternative asset class investments are designed to further diversify the Fund and improve its risk-return characteristics. A premium return (net of fees) is required for any illiquid investments.

Currency volatility increases the Fund's risks and therefore should be managed.

Active management can add value but it is not guaranteed. If accessing active management, it is important that a manager's philosophy and processes are well defined, fees are good value and the manager is given an appropriate timescale to achieve their performance target.

Passive management has a role to play in the Fund's investment structure, most notably in more efficient investment markets.

Transitions between managers and asset classes can result in considerable transaction costs and market risks. It is important such transitions are carefully managed.

5. Responsible investment

Effective management of financially material environmental, social and governance ("ESG") risks should enhance the Fund's long-term outcomes.

The Committee prefer to take a holistic approach to ESG matters, rather than to focus on single issues.

Proactive engagement with the companies in which the Fund invests is the most effective means of understanding and influencing their social, environmental and business policies.

Investment managers should sign up and comply with the Financial Reporting Council's Stewardship Code. If they are not signed up, there should be a clear response as to why not.

The Fund's investment managers should review investee companies' approaches to employee rights and the risks within this. Managers should engage with companies where they believe there is room for improvement. This should be done on a global basis and reported on at least six-monthly. The Committee will hold the managers to account on the level and quality of their engagement.

APPENDIX 2 – Funding Objectives (Actuarial Assumptions)

1. For the purpose of setting funding plans at the 2019 valuation, an economic scenario generator has been used to project a range of possible outcomes for the future behaviour of asset returns and inflation. The table below shows a summary of the returns and volatilities as used at the 31 March 2019 valuation:

		Annualised Total Returns									
		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	UK Equity	Overseas Equity	Property	A Rated Corporate Bonds (medium)	RPI Inflation Expectation	17 Year Real Govt Bond Yield	17 Year Govt Bond Yield
5 years	16th %ile	-0.4%	-2.3%	-2.9%	-4.1%	-4.1%	-3.5%	-2.7%	1.9%	-2.5%	0.8%
	50th %ile	0.7%	0.5%	0.3%	4.0%	4.1%	2.4%	0.8%	3.3%	-1.7%	2.1%
	84th %ile	2.0%	3.3%	3.4%	12.7%	12.5%	8.8%	4.0%	4.9%	-0.8%	3.6%
10 years	16th %ile	-0.2%	-1.8%	-1.3%	-1.5%	-1.4%	-1.5%	-0.9%	1.9%	-2.0%	1.2%
	50th %ile	1.3%	0.0%	0.2%	4.6%	4.7%	3.1%	0.8%	3.3%	-0.8%	2.8%
	84th %ile	2.9%	1.9%	1.7%	10.9%	10.8%	7.8%	2.5%	4.9%	0.4%	4.8%
20 years	16th %ile	0.7%	-1.1%	0.1%	1.2%	1.3%	0.6%	0.7%	2.0%	-0.7%	2.2%
	50th %ile	2.4%	0.3%	1.0%	5.7%	5.8%	4.3%	1.9%	3.2%	0.8%	4.0%
	84th %ile	4.5%	2.0%	2.0%	10.3%	10.4%	8.1%	3.0%	4.7%	2.2%	6.3%
	Volatility (Disp) (1 year)	1%	7%	10%	17%	17%	14%	11%	1%		

2. For the purpose of disclosing a current funding position, the actuarial assumptions used at the 31 March 2019 valuation were:

	Nominal ***per annum***	***Real*** ***per annum***
Price Inflation (CPI)	*2.3%*	-
Pay Increases	*3.0%*	*0.7%*
Investment return (discount rate)	*4.2%*	*1.9%*

3. For the purpose of disclosing the funding position, the Actuarial Valuation as at 31 March 2019 was carried out using a “mark to market” approach meaning the Fund’s assets have been taken into account at their market value for the period ended 31 March 2019, consistent with the approach of valuing liabilities by reference to a single set of assumptions based on market indicators as at the valuation date. In addition, an allowance has been made for payments in respect of early retirement strain and augmentation costs granted prior to the valuation date for consistency with the valuation of liabilities.

4. It should be noted that the absolute return figures as given above are not critical to the results of the Valuation - it is the returns relative to one another which are more significant (in particular, the return achieved in excess of inflation).

   The actuarial assumptions also include statistical assumptions; for example, rates of ill health and mortality. All assumptions are reviewed as part of the formal actuarial valuation that is carried out every 3 years.

5. For full details please see the 2019 Valuation Report and the Funding Strategy Statement which are both available from the Fund’s website at www.norfolkpensionfund.org.

6. Past Service Funding Position at 31 March 2019

Accrued (Past Service) Liabilities	***£m***
Past service liabilities:	
Employee Members	*1,217*
Deferred Pensioners	*806*
Pensioners	*1,840*
Total	***3,863***
Assets	
Market Value of Assets	*3,835*
Total Value of Assets	***3,835***
Surplus (Deficit)	***(28)***
Funding Level	***99%***

7. At the time of producing the 31 March 2019 results, the LGPS benefit structure was under review following the Government's loss of the right to appeal the McCloud and other similar court cases. The scope and format of any benefit changes in light of McCloud is still unknown. Therefore, in line with the advice issued by the Scheme Advisory Board in May 2019, the above funding position results include no allowance for the potential impact of McCloud.

APPENDIX 3 – Asset Mix and Rebalancing

The Fund operates four investment strategies. Each strategy has a target allocation to the underlying Growth, Enhanced Yield ("EY") and Protection asset portfolios as outlined in the table below.

Appendix 3 – Table 1

	Strategy 1	Strategy 2	Strategy 3	Strategy 4
Growth portfolio	47.5%	62.0%	0.0%	32.5%
EY portfolio	47.5%	34.0%	10.0%	57.5%
Protection portfolio	5.0%	4.0%	90.0%	10.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The target asset allocations within each of the asset portfolios is outlined in the tables below.

Appendix 3 – Table 2: Growth asset portfolio allocation

Asset class	% of Growth Portfolio
UK equities	26.0
Global equities*	30.5
Overseas equities*	31.0
Private equity	12.5
Total Growth Assets	**100.0**

* The Fund has a dynamic currency hedging programme in place with Berenberg Bank and Insight to hedge the Euro, US Dollar and Japanese Yen denominated positions within the portfolios of Fidelity, Mondrian and Capital. The benchmark hedge ratio (the proportion hedged to Sterling) is 0%.

Appendix 3 – Table 3: Enhanced Yield asset portfolio allocation

Asset class	% of Enhanced Yield Portfolio
Property	25.0
Infrastructure	22.5
Timberland	2.5
Multi-asset credit[1]	25.0
Investment grade corporate bonds	4.0
Secured finance	6.0

High yield and emerging market debt	6.0
Distressed debt	4.0
Real estate debt	3.0
Specialist credit	2.0
Total Enhanced Yield Assets	**100.0**

[1] Includes mandates with Janus Henderson and M&G

Appendix 3 – Table 4: Protection asset portfolio allocation

Asset class	% of Protection Portfolio
Gilts	50.0
Index-linked gilts	50.0
Total Protection Assets	**100.0**

Rebalancing

Table 1 above provides detail the strategic benchmark for each investment strategy, for which the Committee considers has the appropriate risk and reward characteristics for each employer grouping. Tables 2, 3 and 4 above provides detail the strategic benchmark for each portfolio. The Committee has appointed a portfolio of investment managers to provide exposure to the asset classes in the strategic benchmark. The managers are expected to provide the market return (beta) for the asset classes in their mandates plus (for the actively managed mandates) additional returns from the active management (alpha).

1. Over time the differential relative performance of the asset classes and managers will mean that asset allocations (both at a strategic and portfolio level) deviates from the agreed targets and the amount of money invested with each manager deviates from their target proportion of the Fund. Deviations from the targets result in tracking error, which is undesirable. Therefore, rebalancing is required to tighten the distribution of returns around the expected return from each investment strategy.

2. Rebalancing entails portfolio transactions, so the benefit has to be weighed against the costs incurred, both in trading and indirectly in the market. Costs of rebalancing are broadly linear (selling twice as much of an asset will cost roughly twice as much). The net benefit of rebalancing is therefore the impact of tracking error less the costs of rebalancing. The exception to this is certain pooled funds where a dilution levy may be triggered if a seller is liquidating a significant holding in the Fund.

3. Hymans Robertson have advised that the trigger point for a rebalance should be when the benefits of the switch outweigh the costs involved. Historical evidence has indicated that such a point is when there is 2% deviation from target (at a strategic level) under normal market conditions.

4. The trigger determines when to rebalance, but not by how much. Hymans Robertson has advised that it does not pay to rebalance all the way to the target allocation, as the costs of rebalancing all the way tend to outweigh the benefits. The Fund's policy is rebalance to 1% from the target allocation and in graduated steps were possible.

5. The key risk being run within a pension fund is the proportion invested in growth assets. The Fund's rebalancing procedures for the three portfolios: growth, enhanced yield and protection, are as follows. The rebalancing will take place when one of the portfolios deviates by more than 2% from its target allocation. When rebalancing is required, the portfolio will be taken back to within 1% of the target allocation.

6. In periods of heightened market volatility or other uncertainty the rebalancing process may be temporarily suspended or the pace of rebalancing may be slowed.

7. Rebalancing decisions will be made with due consideration of the liquidity of the underlying assets.

8. The principles for rebalancing the Fund's investment strategies will be applied to the Fund's asset portfolio and manager rebalancing.

APPENDIX 4 – Appointed Managers and Cash Management Strategy

Kinds of Investments held by Each Manager

		Equities		Bonds		Index-linked		Property	Infra-structure	Timber-land
		UK	Overseas	UK	Overseas	UK	Overseas			
GSAM	Fixed Interest (Absolute Return)			See note below on Absolute Return Fixed Interest						
Janus Henderson	Fixed Interest (Credit)			✓						
Janus Henderson	Fixed Interest (Gilts and index link)			✓						
Insight	Fixed Interest (Gilts and index link)			✓						
Capital	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
Janus Henderson	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
Insight	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
M&G	Fixed Interest (Multi-asset credit)			See note on Multi-Credit Fixed Interest Mandates						
UBS (via Pool)	UK Equity	✓								
Baillie Gifford (via Pool)	UK Equity[1]	✓								
Fidelity (via Pool)	Overseas Equity		✓							
Capital (via Pool)	Global Equity	✓	✓							
Mondrian (via Pool)	Global Equity	✓	✓							
La Salle	Property[2]							✓		
M&G	Distressed Debt/Real Estate Debt/ Specialist	See note on Specialist Mandates								
JP Morgan	Infrastructure								✓	
Equitix	Infrastructure								✓	
Aviva	Infrastructure								✓	
Pantheon	Infrastructure								✓	
M&G	Infrastructure								✓	
Stafford	Timberland									✓

[1] Baillie Gifford has the discretion to invest up to 10% of the value of their mandate in overseas equities.

[2] La Salle has the discretion to invest up to 30% of the property allocation in overseas property funds.

Private Equity

The Fund has a 12.5% target allocation to Private Equity in the Growth Portfolio. Diversification is achieved through geography, stages (venture and buyout) and a mix of primary and secondary allocations. Two Private Equity funds of funds mangers have been appointed:

1. Aberdeen Standard Investments (European and secondary fund of funds)
2. HarbourVest (North American, European and Asia Pacific including specialist secondary, Clean-Tech, debt and real asset funds)

It is a characteristic of the asset class that committed funds are drawn down by the managers over time to achieve time diversification within the overall investment. The Fund will continue to make follow on investments to new funds with these managers (subject to suitable due diligence) to maintain its allocation and an appropriate time (vintage year) diversification. The Fund will not commit more than 2% of its value to any individual private equity partnership.

Fixed Interest Mandates

Absolute Return

GSAM has been appointed to run fixed interest mandates against an absolute return (cash) benchmark. GSAM use a pooled vehicle to target the required benchmark. The pooled vehicle invests in a wide range of bonds and financial instruments to target the benchmark return. This mandate is currently in wind-down.

Multi-Credit

Janus Henderson, M&G, Insight and Capital have been appointed to run multi-asset credit mandates against a cash benchmark. All managers use pooled vehicles to target the required benchmark. The pooled vehicles invest in a wide range of bonds and financial instruments both in the UK and globally.

Specialist

M&G have been appointed to run three specialist mandates for the Fund ranging across distressed debt, real estate debt and specialist credit. M&G use closed-ended funds which invest in UK and global markets (predominately European).

Benchmark Information

The table below provides details of the target allocation for each Manager.

Growth portfolio*

	Baillie Gifford	UBS	Fidelity	Capital	Mondrian	Aberdeen Standard	HarbourVest
Proportion of the growth portfolio %	***13.0***	***13.0***	***31.0***	***18.5***	***12.0***	***5.0***	***7.5***
UK Equities	100.0	100.0					
Global Equities (inc UK)				100.0	100.0		
Overseas Equities (ex UK)			100.0				
US Equities			33.3				
European Equities			30.0				
Japanese Equities			16.7				
Pacific Equities			10.0				
Emerging Equities			10.0				
Private Equity						100.0	100.0

* The Fund has a dynamic currency hedging programme in place with Berenberg Bank and Insight to hedge the Euro, US Dollar and Japanese Yen denominated positions within the portfolios of Fidelity, Mondrian and Capital. The currency managers are tasked to produce an outcome superior to the fixed hedge, with a particular emphasis on protecting the Fund in periods of drawdown (Sterling weakness). At 31 March 2021, the benchmark currency hedge ratio was 0%.

Enhanced yield portfolio

	La Salle Property	Aviva Infrastructure	JP Morgan Infrastructure	Equitix Infrastructure	Pantheon Infrastructure	M&G Infracapital	Stafford Timberland
Proportion of the EY portfolio %	**25.0**	**2.5**	**10.0**	**5.0**	**2.5**	**2.5**	**2.5**
Property	100.0						
Infrastructure		100.0	100.0	100.0	100.0	100.0	
Timberland							100.0

	Janus Henderson Corporate bonds	GSAM	Janus Henderson MAC	Capital	Insight	M&G MAC	M&G Distressed Debt	M&G Real Estate Debt	M&G Specialist Credit
Proportion of the EY portfolio %	**4.0**	**0.0**	**12.5**	**6.0**	**6.0**	**12.5**	**4.0**	**3.0**	**2.0**
Investment grade corporate bonds	100.0								
Fixed Interest Absolute Return		100.0							
Distressed debt							100.0		
Multi-asset credit			100.0			100.0			
Secured finance					100.0				
High yield debt				50.0					
Emerging market debt				50.0					
Direct lending								100.0	
Specialist credit									100.0

Protection portfolio

	Janus Henderson	Insight[1]
Proportion of the protection portfolio %	**100.0**	**0.0**
UK Government gilts	50.0	50.0
UK Government index-linked	50.0	50.0

[1] There is no formal target allocation to Insight's bond mandate. At 31 March 2021, c.25% of the protection portfolio was managed by Insight (c.75% with Janus Henderson).

Performance Objectives and Fee Arrangements

Aviva	Internal Rate of Return of 7-8% pa (net of fees) Flat rate fees
Baillie Gifford (ACCESS)	Benchmark Return + 1.25% pa net of fees Flat rate fees plus performance related element
Berenberg Bank and Insight Investment	To produce an outcome (net of fees) superior to a fixed hedge ratio
Capital International (ACCESS)	Benchmark Return + 1.5% pa net of fees Flat rate fees plus performance related element
Capital International (Multi-Asset Credit)	Outperform a blended benchmark (c.50% High Yield Debt, 50% Emerging Market Debt) by +1.5% Flat rate fees
Equitix	Internal Rate of Return of 8.5% p.a. (net of fees) Flat rate fees plus a performance related element
Fidelity (ACCESS)	Benchmark Return + 1.5% pa net of fees Flat rate fees
Goldman Sachs Asset Management (Absolute Return – Strategic Income Bonds)	Benchmark Return + 4% pa net of fees Flat rate fees
Insight (Multi-Asset Credit)	Benchmark Return + 4% pa net of fees Flat rate fees
Janus Henderson (Non-Government Bonds)	Benchmark Return + 1.0% pa gross of fees Flat rate fees plus performance related element
Janus Henderson (Government Bonds)	Benchmark Return + 1.4% pa gross of fees Flat rate fees plus performance related element
Janus Henderson (Multi Asset Credit)	Benchmark return + 5% pa net of fees Flat rate fees
JP Morgan	Internal Rate of Return of 8-12% pa (net of fees) Flat rate fees plus performance related element
La Salle	Benchmark Return + 0.75% pa net of fees Flat rate fees
M&G (Absolute Return - Alpha Opportunities)	Benchmark return +3% pa net of fees Flat rate fees

M&G (Distressed Debt)	Internal Rate of Return of 15% pa (gross of fees) Flat rate fees plus performance element
M&G (Real Estate Debt)	Benchmark + 5% pa (net of fees) Flat rate fees plus performance related element
M&G (Specialist Credit)	Benchmark Return + 8-12% pa gross of fees Flat rate fees plus performance related element
M&G (Infracapital)	Internal Rate of Return of mid-teens (gross of fees) Flat rate fees plus performance related element
Mondrian (ACCESS)	Benchmark Return + 2% pa net of fees Flat rate fees
Pantheon	Internal Rate of Return of 10-12% pa (net of fees) Flat rate fees plus performance related element
Stafford	Internal Rate of Return of 8.0% pa (net of fees) Flat rate fees plus performance related element
UBS (under ACCESS pooled governance)	Benchmark Return Flat rate fees

Benchmark Indices

Growth portfolio

	Index
Baillie Gifford	FTSE All Share
UBS	FTSE All Share
Fidelity	MSCI North America, FTSE AWD Europe, FTSE AWD Japan, FTSE AWD Asia Pacific ex Japan, MSCI Emerging Markets
Capital	MSCI AC World
Mondrian	MSCI AC World Value
Aberdeen Standard	FTSE AWD Europe
Harbourvest	FTSE USA and FTSE AWD Asia Pacific ex Japan

Enhanced yield portfolio

	Index
La Salle	IPD PPF All Balanced Funds Index
Janus Henderson (Corporate bonds)	iBoxx Sterling Non-Gilts >15 years TR index
GSAM	Cash
Janus Henderson (MAC)	Cash
Capital	50% Barclays US HY (2%), 20% JPM EMBI, 20% JPM GBI-EM Global Div, 10% JPM CEMBI Broad Div
Insight	Cash
M&G Multi-asset credit	Cash
M&G Distressed debt	N/A
M&G Real estate debt	Cash
M&G Specialist credit	Euribor

Protection portfolio

	Index
Janus Henderson	FTSE-A UK Government All Stocks TR Index, FTSE-A UK Government All Stocks >5years TR Index
Insight	FTSE-A UK Government All Stocks TR Index, FTSE-A UK Government All Stocks >5years TR Index

Pension Fund Cash Management Strategy

The Cash Management Strategy for the Fund is approved annually by the Pensions Committee.

There are two aspects to cash management within the Fund:

- The cash held on the Pension Fund bank account that is managed using a range of term and overnight deposits by the Norfolk County Council (NCC) treasury team.
- The "frictional" cash held on managers' accounts within the HSBC custody system. This arises for timing reasons on income, sales and purchases or as a more strategic decision (within mandate limits) taken by the manager.

The management of cash by the NCC treasury team is undertaken in accordance with the treasury management strategy approved by Norfolk County Council, including specified counterparties and maximum individual exposure limits. The arrangement is under-pinned by a formal Service Level Agreement (SLA) between the Pension Fund and Norfolk County Council.

The NCC team may manage the cash using a range of overnight, term deposits, call accounts and money market funds. The cash balances and returns attributable to the Fund are recorded separately from those of NCC or the other organisations for which the team undertakes treasury management activities.

There are three options for frictional cash held by managers:

- Each manager has the option of managing the cash as part of their own treasury management operations, using the counterparty list and lending limits provided by the NCC treasury team. The deals undertaken are monitored for yield comparison and compliance with the NCC counterparty list by the Pension Fund Accounting Team on a monthly basis.
- The manager may opt to sweep the cash to an agreed money market fund. Any fund used in this way must be available for Pension Fund purposes on the NCC approved list (and if appropriate, identified for Pension Fund use only).
- For all other US Dollar and Sterling denominated cash holdings within the HSBC custody system, an overnight sweep is undertaken by the custodian into AAA rated constant NAV (net asset value) money-market funds (US Dollar and Sterling denominated).

APPENDIX 5 – Environmental, Social and Governance Engagement Policy

Fund Policy

The Fund has an overriding fiduciary duty to maximise investment returns for the benefit of the pension fund members. We consider proactive engagement with the companies in which we invest to be the most effective means of understanding and influencing the social, environmental and business policies of those companies. We therefore encourage our investment managers to actively engage with the top management of the companies they invest in.

The Fund maintains membership of the Local Authority Pension Fund Forum (LAPFF) and supports and participates in its engagement activities on behalf of member funds.

Environmental factors are of particular concern because fossil fuels and climate change, the cost of pollution clean-ups and opportunities for the exploitation of green technology and services can be directly linked to long term investment returns. The risks and opportunities from exposure to climate change and fossil fuels should be incorporated on an on-going basis.

As part of their Environmental, Social and Governance (ESG) considerations, the Pension Fund’s Investment Managers should review investee companies’ approaches to employee rights and the risks within this, including employee safety, working conditions, working hours and pay (including where appropriate the UK Living Wage campaign as detailed below). They should engage with companies where they believe there is room for improvement. This should be done on a global basis and reported on at least six monthly.

The Fund has made Investment Managers aware of its consideration of the Living Wage Campaign. Where appropriate, Managers may consider employee compensation and minimum wages as part of their ESG analysis on companies and on a discretionary basis engage with companies to the extent that these issues have a material impact on business operations and where engagement is judged to be in the best interest of the Fund.

Application

The Fund expects companies to:

- Demonstrate a positive response to all matters of social responsibility.
- Take environmental matters seriously and produce an environmental policy on how their impact can be minimised.
- Monitor risks and opportunities associated with climate change and fossil fuels and take all reasonable and practical steps to reduce environmental damage.

- Make regular and detailed reports of progress on environmental issues available to shareholders.
- Openly discuss the environmental impacts of their business with shareholders.
- Establish procedures that will incrementally reduce their environmental impact.
- Comply with all environmental and other relevant legislation and seek to anticipate future legislative requirements.

Monitoring the Engagement Process

All the fund managers have robust statements which detail the principles by which they invest in and engage with companies. The fund managers carry out engagement as a matter of course and report progress to us on a quarterly basis.

Managers engage on behalf of all their clients, not just the Norfolk Fund and therefore the Fund will monitor engagement and encourage fund managers to engage on the issues that we consider of primary importance.

1. The Fund will receive regular updates from its managers to understand the issues on which they are engaging and to reassure ourselves of the robustness of their questioning.
2. The Fund will participate in the LAPFF to leverage engagement with other LGPS funds.

The Fund expects its external investment managers to sign up and comply with the Financial Reporting Council's Stewardship Code. If they are not signed up, there should be a clear response as to why not.

Voting Policy

Voting is undertaken in accordance with the ACCESS Pool voting policy.

Climate Risk Monitoring

From 31 December 2020 the Committee receives six-monthly reporting of climate risk metrics for its public equity holdings. These are used to monitor risk exposures and as a source of engagement and discussion with the individual investment managers. A bi-annual summary of this monitoring is published by the Fund.

APPENDIX 6 – Level of Compliance with the 6 Principles of Good Investment Practice

	Description of Principle	*Norfolk's position*	*Further development opportunity*
1	**Effective Decision Making** Administering authorities should ensure that: ➢ Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and ➢ Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.	**Our compliance** Norfolk County Council has delegated its pension functions to Pensions Committee. Pensions Committee act as 'quasi trustees'. ➢ Regular training is arranged for Committee. ➢ Long term membership is encouraged, which allows all members to become familiar with investment issues. ➢ Substitute Members are not permitted. ➢ Conflicts of interest are actively managed. Pensions Committee have delegated day to day running of the Fund to the Head of Finance. Pensions Committee are supported by the Head of Finance, the Head of Pensions and the pension team on investment and administration issues. Pensions Committee and Norfolk Pension Fund officers involved in investment decisions commission advice as and when required. Hymans Robertson are our current Investment Advisors. Norfolk Pension Fund Committee Members and Officers are supported in developing and maintaining their knowledge and qualifications. Pension Fund investment officers hold relevant financial qualifications and maintain appropriate ongoing professional development (CPD). The Norfolk Pension Fund's Governance Statement is published on our website www.norfolkpensionfund.org.uk The Norfolk Pension Fund is a member of CIPFA's Pensions Network.	Use the CIPFA Knowledge and Understanding Framework to identify additional training needs for Members and Officers Consider sponsoring officers to achieve further professional qualifications.
2	**Clear Objectives** ➢ An overall investment objective(s) should be set for the fund that takes account of the scheme's liabilities,	**Our Compliance** The Funding Strategy Statement (FSS) and the Investment Strategy Statement (ISS) set out the Norfolk Pension Funds primary funding objectives.	

	Description of Principle	Norfolk's position	Further development opportunity
	the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisors and investment managers.	The Fund, in accordance with regulatory requirements, has an objective of keeping the employers' contribution rate as level as possible while maintaining its solvency. This is achieved by regular actuarial valuations and Asset Liability Modelling. Investment Managers contracts or mandates define the objectives, including targets based on 'customised' and 'bespoke' benchmarks and risk parameters. The Funds policy on Risk is set out in its Investment Strategy Statement (ISS). (Section 4 gives more details of our Risk Management strategy). The Funding Strategy Statement (FSS) and the Investment Strategy Statement (ISS) are published on our website www.norfolkpensionfund.org.uk During inter-valuation years, interim valuation of liabilities are undertaken to monitor our liability and asset match.	
3	**Risk and Liabilities** ➢ In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. ➢ These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.	**Our Compliance** The Triennial Valuation exercise looks in detail at each participating employer's liability and is used to inform the setting of employers' contribution rates, as well as informing the investment strategy and objectives of the Fund. We also monitor via interim valuations. The Fund undertakes an Asset Liability Modelling (ALM) exercise every three years, following the Triennial Valuation. Any appointment made between the ALM exercise is re-evaluated in terms of risk and appropriateness prior to the procurement process proceeding. The strength of the covenant of participating employers is also considered as part of the exercise establishing contribution rates. The 2016 valuation exercise considered employer covenant in even greater depth. The Fund also participates in Club Vita to help manage and monitor longevity experience.	

	Description of Principle	*Norfolk's position*	*Further development opportunity*
		New Admission Agreements are not granted without the presence of a tax backed guarantor. A risk register is monitored monthly and maintained. Pensions Committee review the Risk Register every 6 months. Regular internal audit on the adequacy and effectiveness of risk management and internal control is undertaken and outcomes reported to the Pensions Committee. The Annual Report and Accounts of the Norfolk Pension Fund are subject to a separate external audit and an independent audit opinion is given.	
4	**Performance Assessment** ➢ Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors. ➢ Administering Authorities should also periodically make a formal assessment of their own effectiveness as a decision making body and report on this to scheme members.	**Our Compliance** Investment Managers are measured against their targets, which in turn are based on the Fund's bespoke benchmarks. Performance is also monitored annually against the peer group. Market testing of providers is undertaken when appropriate. This includes the use of specialist advisors to undertake reviews, e.g. Custodian The Head of Pensions and the investment team formally meet Investment Managers twice a year to discuss performance, and additionally as required. The aim is for each Investment Manager to report in person to the Committee at least once a year. The Fund maintains a Governance Statement which is available from the Funds website www.norfolkpensionfund.org.uk The Fund also publishes an annual governance compliance statement, which is included within the Annual Report. Pensions Committee attendance and training is monitored and reviewed on a quarterly basis.	The CIPFA Knowledge and Understanding Framework will be used identify additional training needs for Members and Officers Further develop Committee's Terms of Reference to strengthen the monitoring of decision making and performance.

	Description of Principle	Norfolk's position	Further development opportunity
		All active and deferred scheme members receive the 'Your Pension' publication along with their Annual Benefit Statements which includes information on the Funds activity and a summary of the accounts; all retired members receive an annual newsletter with information on Fund developments and a summary of the accounts. The Fund produces a detailed annual report covering all aspects of its performance which is published on the website : www.norfolkpensionfund.org.uk	
5	**Responsible Ownership** Administering authorities should: ➢ adopt, or ensure their investment managers adopt the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents ➢ include a statement of their policy on responsible ownership in the Investment Strategy Statement (ISS) ➢ report periodically to scheme members on the discharge of such responsibilities.	**Our compliance** The Norfolk Pension Fund monitors Fund Manager adoption of the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents. The Norfolk Pension Funds' Investment Strategy Statement (ISS) (available from the Funds website at www.norfolkpensionfund.org.uk sets out its policy with regard to corporate governance and socially responsible investment. The Norfolk Pension Fund is member of the Local Authority Pension Fund Forum (LAPFF). LAPFF exists to promote the investment interests of local authority pension funds, and to maximize their influence as shareholders whilst promoting corporate social responsibility and high standards of corporate governance amongst the companies in which they invest. . The voting activity in respect of the Pension Fund investments is reported to Pensions Committee twice a year. Pensions Committee papers are available on the Norfolk County Council website. The Fund has introduced twice yearly climate risk monitoring of its public equity portfolios. The summary of this analysis is published on our website.	. Working within ACCESS to further develop its voting and ESG policy.

	Description of Principle	*Norfolk's position*	*Further development opportunity*
		Managers have policies on responsible investment which include the issues on which they engage, and there are links to these from our website: www.norfolkpensionfund.org.uk Engagement monitoring is reported to the Pensions Committee twice a year, at the same time as our voting activity.	
6	**Transparency and Reporting** Administering Authorities should: ➢ Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives. ➢ Provide regular communication to scheme members in the form they consider most appropriate.	**Our compliance** The Norfolk Pension Fund maintains a Communication Strategy, which is subject to regular review and monitoring. The Communication Strategy sets out how the Fund communicates with all stakeholders of the Fund. The Fund's Investment Strategy Statement (ISS), Funding Strategy Statement (FSS) and the Annual Report and Accounts (which includes a review of investment results) are published on our website, www.norfolkpensionfund.org.uk along with the Communications Strategy, Governance Statement and Voting Record. The Fund has a well-established Employers Forum, backed up by newsletters and targeted training and support. Scheme members (active and deferred) receive an annual newsletter and invitation to the Funds' annual meeting and Clinics together with their Annual Benefit Statement. Retired Members receive an annual newsletter and an invitation to Retired Members week events. The Fund actively manages risks. Pensions Committee review the risk register on a regular basis. Pensions Committee meetings are open to the public, and agendas, papers and minutes are available on Norfolk County Councils website, www.norfolk.gov.uk	

Glossary of Terms in Investment Management

Active Management

A style of investment management which seeks to provide outperformance of a relevant benchmark through either asset allocation, market timing or stock selection (or a combination of these). Directly contrasted with Indexation or Passive Management.

Actuary

An independent consultant who carries out the Actuarial Valuation and advises on new investment strategies or changes to the benefit structure.

Actuarial Value of Assets

The value placed on the assets by the actuary. This may be market value, present value of estimated income and proceeds of sales or redemptions, or some other value.

Asset Allocation

The apportionment of a fund's assets between asset classes and/or markets (also see "bet"). Asset allocation may be either strategic i.e. long-term, or Tactical i.e. short-term, aiming to take advantage of relative market movements.

Asset Classes

A specific category of assets or investments, such as stocks, bonds, cash, international securities and real estate. Assets within the same class generally exhibit similar characteristics, behave similarly in the marketplace, and are subject to the same laws and regulations.

Asset / Liability Modelling

A statistical tool designed to help establish the most appropriate asset mix for a pension fund, in the context of its liabilities.

Benchmark

A "notional" fund or model portfolio which is developed to provide a standard against which a manager's performance is measured e.g. for a global equity fund the benchmark against which it will be measured could be made up 70%/30% by UK equities / overseas equities. A target return is generally expressed as some margin over the benchmark.

Bond

A certificate of debt, paying a fixed rate of interest, issued by companies, governments or government agencies.

Corporate Bond

A debt security issued by a corporation, as opposed to those issued by the government.

Corporate Governance

Shareholders' right to vote on issues relating to the governance of publicly quoted companies (usually at the AGM).

Custody/Custodian

Safe-keeping of securities by a financial institution. The custodian keeps a register of holdings and will collect income and distribute monies according to client instructions.

Diversification

The spreading of a fund's investments among different asset classes, markets and geographical areas in order to reduce risk – not "putting all your eggs in one basket". Diversification is a basic principle of multi-asset management.

Equities

Ordinary shares in U.K. and overseas companies.

Fixed Interest Security

An investment that provides a return in the form of fixed periodic payments and eventual return of principle at maturity. Unlike a variable-income security where payments change based on some underlying measure, such as short-term interest rates, fixed-income securities payments are known in advance.

FTSE

A company that specialises in index calculation. Although not part of a stock exchange, co-owners include the London Stock Exchange and the Financial Times. They are best known for the FTSE 100, an index of the top 100 UK companies (ranked by size).

Hedging

A strategy which aims to eliminate the possibility of loss in an investment transaction. Often used in the context of overseas investments to eliminate any potential currency loss (or profit).

Index-Linked Securities

U.K. Government issue stocks on which the interest, and eventual repayment of the loan, are based on movements in the Retail Price Index.

Infrastructure

Investments in new or existing companies and enterprises that are needed for the operation of society.

Investment Advisor

A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals, for a stated fee.

Objectives

Objectives for a pension fund may be expressed in several ways – in terms of performance against the “average”, against a specified benchmark or as a target real rate of return. For example, a reasonable objective for a UK equity fund might be to outperform the FTSE All Share for UK equities by 1% per annum over rolling 3-year periods.

Passive Management

The management of an asset portfolio to replicate the return on a specified index. This may also be referred to as index tracking.

Performance

A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period – either in absolute terms or as measured against the “average” fund of a particular benchmark.

Pooled Fund

A fund managed by a fund manager in which investors hold units. Stocks, bonds, properties etc. are not held directly by each client, but as part of a “pool”. Contrasts with a segregated fund.

Private Equity

Investments in new or existing companies and enterprises which are not publicly traded on a recognised stock exchange.

Rebalancing

The process of realigning the weightings of the portfolio of the Fund’s assets.

Risk

Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more “stable” investments before investors will buy them.

Scrip Dividend

A dividend paid in the form of additional shares rather than cash.

Share Blocking

In certain overseas stock markets there are restrictions on dealing shares around meetings which the holder has exercised the associated voting rights.

Share Buy-back

The buying back of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market. Companies will buyback shares either to increase the value of shares still available (reducing supply), or to eliminate any threats by shareholders who may be looking for a controlling stake.

Socially Responsible Investment (SRI)

Investment where social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investment, and the responsible use of rights (such as voting rights) attaching to investments.

Spot Market Conditions

The “cash market” or “physical market”, where prices are settled in cash on the spot at current market prices, as opposed to forward prices.

Stock-lending

The temporary transfer of securities to a borrower, with agreement by the borrower to return equivalent securities at a pre-agreed time. The returns on the underlying portfolio is increased by receiving a fee for making the investments available to the borrower.

Change Control Table

Version Name	Updated by	Date sent live
Investment Strategy Statement	Robert Mayes	November 16
Investment Strategy Statement v2	Glenn Cossey	February 17
Investment Strategy Statement v3	Hymans Robertson	March 17
Investment Strategy Statement v4	Glenn Cossey	March 17
Investment Strategy Statement v5	Hymans Robertson	December 17
Investment Strategy Statement v6	Glenn Cossey	February 18
Investment Strategy Statement v6	Hymans Robertson/Glenn Cossey	March 2019
Investment Strategy Statement v6	Richard Ewles	July 2019
Investment Strategy Statement v7	Alex Younger/Hymans Robertson	July 2021

Norfolk Pension Fund

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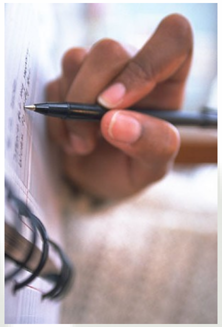
Appendix IX

Norfolk Pension Fund

Funding Strategy Statement
March 2020

Norfolk Pension Fund

Contents

Funding Strategy Statement

Appendices

1 Introduction

1.1 What is this document?

This is the Funding Strategy Statement (FSS) of the Norfolk Pension Fund ("the Fund"), which is administered by Norfolk County Council, ("the Administering Authority").

It has been prepared by the Administering Authority in collaboration with the Fund's actuary, Hymans Robertson LLP, and after consultation with the Fund's employers and investment adviser. It is effective from [date of publication].

The FSS is reviewed in detail at least every three years as part of the triennial valuation process. The next full review is due to be completed as part of the valuation process at 31 March 2022. A revised statement will also be issued in the event of significant or material change arising.

If you have any queries, please contact Alex Younger in the first instance at alexander.younger@norfolk.gov.uk or telephone 01603 222995.

1.2 What is the Norfolk Pension Fund?

The Fund is part of the national Local Government Pension Scheme (LGPS). The LGPS was set up by the UK Government to provide retirement and death benefits for local government employees, and those employed in similar or related bodies, across the whole of the UK. The Administering Authority runs the Norfolk Fund, in effect the LGPS for the Norfolk area, to make sure it:

- receives the proper amount of contributions from employees and employers, and any transfer payments;
- invests the contributions appropriately, with the aim that the Fund's assets grow over time with investment income and capital growth; and
- uses the assets to pay Fund benefits to the members (as and when they retire, for the rest of their lives), and to their dependants (as and when members die), as defined in the LGPS Regulations. Assets are also used to pay transfer values and administration costs.

The roles and responsibilities of the key parties involved in the management of the Fund are summarised in Appendix B.

1.3 Why does the Fund need a Funding Strategy Statement?

Employees' benefits are guaranteed by the LGPS Regulations, and do not change with market values or employer contributions. Investment returns will help pay for some of the benefits, but probably not all, and certainly with no guarantee. Employees' contributions are fixed in those Regulations also, at a level which covers only part of the cost of the benefits.

Therefore, employers need to pay the balance of the cost of delivering the benefits to members and their dependants.

The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers or pools of employers pay for their own liabilities. This statement sets out how the Administering Authority has balanced the conflicting aims of:

- affordability of employer contributions,
- transparency of processes,
- stability of employers' contributions, and
- prudence in the funding basis.

There are also regulatory requirements for an FSS, as given in Appendix A.

The FSS is a summary of the Fund's approach to funding its liabilities, and this includes reference to the Fund's other policies; it is not an exhaustive statement of policy on all issues. The FSS forms part of a framework which includes:

- the LGPS Regulations;
- the Rates and Adjustments Certificate (confirming employer contribution rates for the next three years) which can be found in an appendix to the formal valuation report;
- actuarial factors for valuing individual transfers, early retirement costs and the costs of buying added service; and
- the Fund's Investment Strategy Statement (see Section 4)

1.4 How does the Fund and this FSS affect me?

This depends who you are:

- a member of the Fund, i.e. a current or former employee, or a dependant the Fund needs to be sure it is collecting and holding enough money so that your benefits are always paid in full;
- an employer in the Fund (or which is considering joining the Fund): you will want to know how your contributions are calculated from time to time, that these are fair by comparison to other employers in the Fund, in what circumstances you might need to pay more and what happens if you cease to be an employer in the Fund. Note that the FSS applies to all employers participating in the Fund;
- an Elected Member whose council participates in the Fund: you will want to be sure that the council balances the need to hold prudent reserves for members' retirement and death benefits, with the other competing demands for council money;
- a Council Tax payer: your council seeks to strike the balance above, and to minimize cross-subsidies between different generations of taxpayers.

1.5 What does the FSS aim to do?

The FSS sets out the objectives of the Fund's funding strategy, such as:

- 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'/dependents' 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 (**NB** 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.

1.6 How do I find my way around this document?

In Section 2 there is a brief introduction to some of the main principles behind funding, i.e. deciding how much an employer should contribute to the Fund from time to time.

In Section 3 we outline how the Fund calculates the contributions payable by different employers in different situations.

In Section 4 we show how the funding strategy is linked with the Fund's investment strategy.

In the Appendices we cover various issues in more detail if you are interested:

A. the regulatory background, including how and when the FSS is reviewed,

B. who is responsible for what?

C. what issues the Fund needs to monitor, and how it manages its risks,

D. some more details about the actuarial calculations required,

E. the assumptions which the Fund actuary currently makes about the future,

F. a glossary explaining the technical terms occasionally used here.

2 Basic Funding Issues

(More detailed and extensive descriptions are given in Appendix D).

2.1 How does the actuary calculate the required contribution rate?
This is a three-step process:

1. Calculate the funding target for the employer, i.e. the estimated amount of assets it should hold to be able to pay all its members' benefits. See Appendix E for more details of what assumptions we make to determine that funding target;
2. Determine the time horizon over which the employer should aim to achieve that funding target. See the table in 3.3 and Note (c) for more details;
3. Calculate the employer contribution rate such that it has at least a given likelihood of achieving that funding target over that time horizon, allowing for various possible economic outcomes over that time horizon. See 2.3 below, and the table in 3.3 Note (e) for more details.

2.2 What is each employer's contribution rate?
This is described in more detail in Appendix D. Employer contributions are normally made up of two elements:

a) the estimated cost of benefits being built up each year, after deducting the members' own contributions and including an allowance for administration expenses. This is referred to as the "*Primary rate*", and is expressed as a percentage of members' pensionable pay; plus

b) an adjustment for the difference between the Primary rate above, and the actual contribution the employer needs to pay, referred to as the "*Secondary rate*". In broad terms, payment of the Secondary rate is in respect of benefits already accrued at the valuation date. The Secondary rate may be expressed as a percentage of pay and/or a monetary amount in each year.

The rates for all employers are shown in the Fund's Rates and Adjustments Certificate, which forms part of the formal Actuarial Valuation Report. Employers' contributions are expressed as minima, with employers able to pay contributions at a higher rate. Account of any higher rate will be taken by the Fund actuary at subsequent valuations, i.e. will be reflected as a credit when next calculating the employer's contributions.

2.3 What different types of employer participate in the Fund?
Historically the LGPS was intended for local authority employees only. However, over the years, with the diversification and changes to delivery of local services, many more types and numbers of employers now participate. There are currently more employers in the Fund than ever before, a significant part of this being due to new academies.

In essence, participation in the LGPS is open to public sector employers providing some form of service to the local community. Whilst most members will be local authority employees (and ex-employees), the majority of participating employers are those providing services in place of (or alongside) local authority services: academy schools, contractors, housing associations, charities, etc.

The LGPS Regulations define various types of employer as follows:

Scheduled bodies - councils, and other specified employers such as academies and further education establishments. These must provide access to the LGPS in respect of their employees who are not eligible to join another public-sector scheme (such as the Teachers Scheme). These employers are so-called because they are specified in a schedule to the LGPS Regulations.

It is now possible for Local Education Authority schools to convert to academy status, and for other forms of school (such as Free Schools) to be established under the academies legislation. All such **academies (or Multi Academy Trusts)**, as employers of non-teaching staff, become separate new employers in the Fund. As academies are defined in the LGPS Regulations as "Scheduled Bodies", the Administering Authority has no discretion over whether to admit them to the Fund, and the academy has no discretion whether to continue to allow its non-teaching staff to join the Fund. There has also been guidance issued by the MHCLG regarding the terms of academies' membership in LGPS Funds.

Designating employers - employers such as town and parish councils can participate in the LGPS via resolution (and the Fund cannot refuse them entry where the resolution is passed). These employers can designate which of their employees are eligible to join the scheme.

Other employers are able to participate in the Fund via an admission agreement and are referred to as 'admission bodies'. These employers are generally those with a "community of interest" with another scheme employer – **community admission bodies** ("CAB") or those providing a service on behalf of a scheme employer – **transferee admission bodies** ("TAB"). CABs will include housing associations and charities, TABs will generally be contractors. The Fund can set its criteria for participation by these employers and can refuse entry if the requirements as set out in the Fund's admissions policy are not met. (NB the terminology CAB and TAB has been dropped from the current LGPS Regulations, which instead combine both under the single term 'admission bodies'; however, we have retained the old terminology here as we consider it to be helpful in setting funding strategies for these different employers).

2.4 How does the calculated contribution rate vary for different employers?

All three steps above are considered when setting contributions (more details are given in Section 3 and Appendix D).

1. The **funding target** is based on a set of assumptions about the future, (e.g. investment returns, inflation, pensioners' life expectancies). If an employer is approaching the end of its participation in the Fund then its funding target may be set on a more prudent basis, so that its liabilities are less likely to be spread among other employers after its cessation;

2. The **time horizon** is the period given to reach the funding target. Employers may be given a lower time horizon if they have a less permanent anticipated membership, or do not have tax-raising powers to increase contributions if investment returns under-perform; and

3. The **likelihood of achieving** the funding target over the time horizon will be dependent on the Fund's view of the strength of employer covenant and its funding profile. Where an employer is considered to be weaker than the required likelihood will be set higher, which in turn will increase the required contributions (and vice versa).

For some employers it may be agreed to pool contributions, see 3.4.

Any costs of non-ill-health early retirements must be paid by the employer, see 3.6.

Costs of ill-health early retirements are covered in 3.7 and 3.8.

2.5 How is a funding level calculated?

An employer's "funding level" is defined as the ratio of:

- the market value of the employer's share of assets (see Appendix D, section D5, for further details of how this is calculated), to
- the value placed by the actuary on the benefits built up to date for the employer's employees and ex-employees (the "liabilities"). The Fund actuary agrees with the Administering Authority the assumptions to be used in calculating this value.

If this is less than 100% then it means the employer has a shortfall, which is the employer's "deficit"; if it is more than 100% then the employer is said to be in "surplus". The amount of deficit or shortfall is the difference between the asset value and the liabilities value.

It is important to note that the funding level and deficit/surplus are only measurements at a particular point in time, on a particular set of assumptions about the future. Whilst we recognise that various parties will take an interest in these measures, for most employers the key issue is how likely it is that their contributions will be sufficient to pay for their members' benefits (when added to their existing asset share and anticipated investment returns).

2.6 How does the Fund recognise that contribution levels can affect council and employer service provision, and council tax?

The Administering Authority and the Fund actuary are acutely aware that, all other things being equal, a higher contribution required to be paid to the Fund will mean less cash available for the employer to spend on the provision of services. For instance:

- Higher Pension Fund contributions may result in reduced council spending, which in turn could affect the resources available for council services, and/or greater pressure on council tax levels;
- Contributions which Academies pay to the Fund will therefore not be available to pay for providing education; and
- Other employers will provide various services to the local community, perhaps through housing associations, charitable work, or contracting council services. If they are

required to pay more in pension contributions to the LGPS then this may affect their ability to provide the local services at a reasonable cost.

Whilst all this is true, it should also be borne in mind that:

- The Fund provides invaluable financial security to local families, whether to those who formerly worked in the service of the local community who have now retired, or to their families after their death;
- The Fund must have the assets available to meet these retirement and death benefits, which in turn means that the various employers must each pay their own way. Lower contributions today will mean higher contributions tomorrow: deferring payments does not alter the employer's ultimate obligation to the Fund in respect of its current and former employees;
- Each employer will generally only pay for its own employees and ex-employees (and their dependants), not for those of other employers in the Fund;
- The Fund strives to maintain reasonably stable employer contribution rates where appropriate and possible. However, a recent shift in regulatory focus means that solvency within each generation is considered by the Government to be a higher priority than stability of contribution rates;
- The Fund wishes to avoid the situation where an employer falls so far behind in managing its funding shortfall that its deficit becomes unmanageable in practice: such a situation may lead to employer insolvency and the resulting deficit falling on the other Fund employers. In that situation, those employers' services would in turn suffer as a result;
- Council contributions to the Fund should be at a suitable level, to protect the interests of different generations of council tax payers. For instance, underpayment of contributions for some years will need to be balanced by overpayment in other years; the council will wish to minimise the extent to which council tax payers in one period are in effect benefitting at the expense of those paying in a different period.

Overall, therefore, there is clearly a balance to be struck between the Fund's need for maintaining prudent funding levels, and the employers' need to allocate their resources appropriately. The Fund achieves this through various techniques which affect contribution increases to various degrees (see 3.1). In deciding which of these techniques to apply to any given employer, the Fund will make a risk-based judgement of the employer. This judgement will have regard to the type of employer, its membership profile and funding position, any guarantors or other security provision, material changes anticipated, etc. This helps the Fund to establish a picture of the financial standing of the employer, i.e. its ability to meet its long-term Fund commitments.

For instance, where the Administering Authority has reasonable confidence that an employer will be able to meet its funding commitments, then the Fund will permit options such as stabilisation (see 3.3 Note (b)), a longer time horizon relative to other employers, and/or a lower likelihood of achieving their funding target. Such options will temporarily produce lower contribution levels than would otherwise have applied. This is permitted in the expectation that the employer will still be able to meet its obligations for many years to come.

On the other hand, where there is doubt that an employer will be able to meet its funding commitments or withstand a significant change in its commitments, then a higher funding target, and/or a shorter time horizon relative to other employers, and/or a higher likelihood of achieving the target may be required.

The Fund actively seeks employer input, including to its funding arrangements, through various means: see Appendix A.

2.7 What approach has the Fund taken to dealing with uncertainty arising from the McCloud court case and its potential impact on the LGPS benefit structure?

The LGPS benefit structure from 1 April 2014 is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. The courts have ruled that the 'transitional protections' awarded to some members of public service pension schemes when the schemes were reformed (on 1 April 2014 in the case of the LGPS) were unlawful on the grounds of age discrimination. At the time of writing, the Ministry of Housing, Communities and Local Government (MHCLG) has not provided any details of changes to the LGPS benefit structure as a result of the case. However, it is expected that benefits changes will be required, and they will likely increase the value of liabilities. At present, the scale and nature of any increase in liabilities are unknown, which limits the ability of the Fund to make an accurate allowance.

The LGPS Scheme Advisory Board (SAB) issued advice to LGPS funds in May 2019. As there was no finalised outcome of the McCloud case by 31 August 2019, the Fund Actuary has acted in line with SAB's advice and valued all member benefits in line with the current LGPS Regulations.

The Fund, in line with the advice in the SAB's note, has considered how to allow for this risk in the setting of employer contribution rates. The Fund has increased the prudence margin in funding plans by raising the minimum likelihood of achieving the funding target for all employers from 66% to 75%.

Once the outcome of the McCloud case is known, the Fund may revisit the contribution rates set to ensure they remain appropriate.

The Fund has also considered the McCloud judgement in its approach to cessation valuations. Please see note (j) to table 3.3 for further information.

2.8 When will the next actuarial valuation be?

On 8 May 2019 MHCLG issued a consultation seeking views on (among other things) proposals to amend the LGPS valuation cycle in England and Wales from a three-year (triennial) valuation cycle to a four-year (quadrennial) cycle.

On 7 October 2019 MHCLG confirmed the next LGPS valuation cycle in England and Wales will be 31 March 2022, regardless of the ongoing consultation. The Fund therefore instructed the Fund Actuary to certify contribution rates for employers for the period 1 April 2020 to 31 March 2023 as part of the 2019 valuation of the Fund.

3 Calculating Employer Contribution Rates

3.1 General comments

A key challenge for the Administering Authority is to balance the need for stable, affordable employer contributions with the requirement to take a prudent, longer-term view of funding and ensure the solvency of the Fund. With this in mind, the Fund's three-step process identifies the key issues:

1. What is a suitably (but not overly) prudent funding target?
2. How long should the employer be permitted to reach that target? This should be realistic but not so long that the funding target is in danger of never actually being achieved.
3. What likelihood is required to reach that funding target? This will always be less than 100% as we cannot be certain of the future. Higher likelihood "bars" can be used for employers where the Fund wishes to reduce the risk that the employer ceases leaving a deficit to be picked up by other employers.

These and associated issues are covered in this Section.

The Administering Authority recognises that there may occasionally be circumstances affecting individual employers that are not easily managed within the rules and policies set out in the Funding Strategy Statement. Therefore, the Administering Authority reserves the right to direct the actuary to adopt alternative funding approaches on a case by case basis for specific employers.

3.2 The effect of paying lower contributions

In limited circumstances the Administering Authority may permit employers to pay contributions at a lower level than is assessed for the employer using the three-step process above. At their absolute discretion the Administering Authority may:

- extend the time horizon over which an employer meets the funding target;
- adjust the required likelihood of meeting the funding target;
- permit an employer to participate in the Fund's stabilisation mechanisms;
- permit extended phasing in of contribution rises or reductions;
- pool contributions amongst employers with similar characteristics; and/or
- accept some form of security or guarantee in lieu of a higher contribution rate than would otherwise be the case.

Employers which are permitted to use one or more of the above methods will often be paying, for a time, contributions less than required to meet their funding target, over the appropriate time horizon with the required likelihood of success. Such employers should appreciate that:

- their true long-term liability (i.e. the actual eventual cost of benefits payable to their employees and ex-employees) is not affected by the pace of paying contributions;

- lower contributions in the short term may lead to higher contributions in the long term; and
- it may take longer to reach their funding target, all other things being equal.

Overleaf (3.3) is a summary of how the main funding policies differ for different types of employer, followed by more detailed notes where necessary.

Section 3.4 onwards deals with various other funding issues which apply to all employers.

Norfolk Pension Fund

3.3 The different approaches used for different employers

Type of employer	Scheduled Bodies			Community Admission Bodies and Designating Employers		Transferee Admission Bodies*
Sub-type	**Local Authorities and Police**	**Colleges and other FE establishments**	**Academies**	**Open to new entrants**	**Closed to new entrants**	**(all)**
Funding Target Basis used	Ongoing participation basis assumes long-term Fund participation (see Appendix E)			Ongoing participation basis, but may move to "gilts exit basis" - see Note (a)		Contractor exit basis, assumes fixed contract term in the Fund (see Appendix E)
Primary rate approach	(see Appendix D – D.2)					
Stabilised contribution rate?	Yes - see Note (b)	No	Yes - see Note (b)	No	No	No
Maximum time horizon – Note (c)	20 years	15 years	20 years	15 years	Future Working Lifetime, subject to 15 years maximum	Outstanding contract term, subject to 15 years maximum
Secondary rate – Note (d)	Monetary	Monetary	Monetary	Monetary	Monetary	Monetary
Treatment of surplus	Covered by stabilisation arrangement	Contributions kept at Primary Rate	Covered by stabilisation arrangement	Preferred approach: contributions kept at Primary rate. Reductions may be permitted by the Admin. Authority		Reduce contributions by spreading the surplus over the remaining contract term
Minimum likelihood of achieving target – Note (e)	75%	75%	75%	75%	75%	75%
Phasing of contribution changes	Covered by stabilisation arrangement	3 years	Covered by stabilisation arrangement	3 years	None	None
Review of rates – Note (f)	Administering Authority reserves the right to review contribution rates and amounts, and the level of security provided, at regular intervals between valuations					Particularly reviewed in last 3 years of contract
New employer	n/a	n/a	Note (g)	Note (h)		Notes (h) & (i)
Cessation of participation: exit debt/credit payable	Cessation is assumed not to occur, as Scheduled Bodies are legally obliged to participate in the LGPS. In the rare event of cessation occurring (machinery of Government changes for example), the cessation calculation principles applied would be as per Note (j).			Can be ceased subject to terms of admission agreement. Exit debt/credit will be calculated on a basis appropriate to the circumstances of cessation – see Note (j).		Participation is assumed to expire at the end of the contract. Cessation debt/credit calculated on the contractor exit basis. Awarding Authority will be liable for future deficits and contributions arising – see Note (j)

*Where the Administering Authority recognises a fixed contribution rate agreement between a letting authority and a contractor, the certified employer contribution rate will be derived in line with the methodology specified in the risk sharing agreement. Additionally, in these cases, upon cessation the contractor’s assets and liabilities will transfer back to the awarding authority with no crystallisation of any deficit or surplus. Further detail on fixed contribution rate agreements is set out in note (i).

Note (a) (Gilts exit basis for CABs and Designating Employers closed to new entrants)

In the circumstances where:

- the employer is a Designating Employer, or an Admission Body but not a Transferee Admission Body, and
- the employer has no guarantor, and
- the admission agreement is likely to terminate, or the employer is likely to lose its last active member, within a timeframe considered appropriate by the Administering Authority to prompt a change in funding,

the Administering Authority may set a higher funding target (e.g. based on the return from long-term gilt yields) by the time the agreement terminates or the last active member leaves, to protect other employers in the Fund. This policy will increase regular contributions and reduce, but not entirely eliminate, the possibility of a final deficit payment being required from the employer when a cessation valuation is carried out.

The Administering Authority also reserves the right to adopt the above approach in respect of those Designating Employers and Admission Bodies with no guarantor, where the strength of covenant is considered to be weak but there is no immediate expectation that the admission agreement will cease, or the Designating Employer alters its designation.

Note (b) (Stabilisation)

Stabilisation is a mechanism where employer contribution rate variations from year to year are kept within a pre-determined range, thus allowing those employers' rates to be relatively stable. In the interests of stability and affordability of employer contributions, the Administering Authority, on the advice of the Fund Actuary, believes that stabilising contributions can still be viewed as a prudent longer-term approach. However, employers whose contribution rates have been "stabilised" (and may therefore be paying less than their theoretical contribution rate) should be aware of the risks of this approach and should consider making additional payments to the Fund if possible.

This stabilisation mechanism allows short term investment market volatility to be managed so as not to cause volatility in employer contribution rates, on the basis that a long-term view can be taken on net cash inflow, investment returns and strength of employer covenant.

The current stabilisation mechanism applies if:

- the employer satisfies the eligibility criteria set by the Administering Authority (see below) and;
- there are no material events which cause the employer to become ineligible, e.g. significant reductions in active membership (due to outsourcing or redundancies), or changes in the nature of the employer (perhaps due to Government restructuring), or changes in the security of the employer.

Based on extensive modelling carried out for the 2019 valuation exercise (see Section 4), the stabilised details are as follows:

Type of employer	Precepting Category 1	Precepting Category 2	Precepting Category 3	Academies
Max cont increase	+0.5% of pay p.a.	+1% of pay p.a.	+2% of pay pa	+0.5% of pay pa
Max cont decrease	-0.5% of pay p.a.	-0.5% of pay p.a.	-1% of pay pa	-0.5% of pay pa

The categorisation applies to the Councils and other precepting bodies and the stabilisation parameters are set which is most appropriate to each employer's funding position.

The stabilisation criteria, categories and limits will be reviewed at the 31 March 2022 valuation, to take effect from 1 April 2023. However, the Administering Authority reserves the right to review the stabilisation criteria and limits at any time before then, based on membership and/or employer changes as described above.

The Administering Authority may review an employer's eligibility for stabilisation at any time in the event of significant changes in the employer's membership (due for example to redundancies or outsourcing) or if there is a significant change in the Administering Authority's assessment of an employer's security.

Stabilisation rules and eligibility may be reviewed at any time in the event of changes to scheme benefits. Changes in scheme benefits may arise because of changes in regulations or other events that have a material impact.

The stabilisation rules and eligibility criteria will be reviewed at each formal valuation (next undertaken at 31 March 2022), with any changes in contribution strategy taking effect from 1 April 2023 with the revised Rates & Adjustment Certificate. The review will consider factors including but not necessarily restricted to market conditions (the long-term risk-based analysis will be recalibrated to market conditions as at 31 March 2022), the Administering Authority's assessment of employer's security and the maturity of each employer's membership profile.

The stabilisation mechanism limits increases and reductions in contribution rates for public sector bodies. Therefore, any emerging surplus will not reduce their contributions outside the pre-determined range.

Note (c) (Maximum time horizon)

The maximum time horizon starts at the commencement of the revised contribution rate (1 April 2020 for the 2019 valuation). The Administering Authority would normally expect the same period to be used at successive triennial valuations but would reserve the right to propose alternative time horizons, for example where there were no new entrants.

Note (d) (Secondary rate)

For employers where stabilisation is not being applied, the Secondary contribution rate for each employer covering the period until the next formal valuation will often be set as an annual monetary amount payable on a monthly basis. However, the Administering Authority reserves the right to amend these rates between valuations and/or to require these payments in percentage of pay terms instead.

Note (e) (Likelihood of achieving funding target)

Each employer has its funding target calculated, and a relevant time horizon over which to reach that target. Contributions are set such that, combined with the employer's current asset share and anticipated market movements over the time horizon, the funding target is achieved with a given minimum likelihood. A higher required likelihood bar will give rise to higher required contributions, and vice versa.

The way in which contributions are set using these three steps, and relevant economic projections, is described in further detail in Appendix D.

Different likelihoods are set for different employers depending on their nature and circumstances: in broad terms, a higher likelihood will apply due to one or more of the following:

- the Fund believes the employer poses a greater funding risk than other employers,
- the employer does not have tax-raising powers;
- the employer does not have a guarantor or other sufficient security backing its funding position; and/or
- the employer is likely to cease participation in the Fund in the short or medium term.

Note (f) (Regular Reviews)

Such reviews may be triggered by significant events including but not limited to: significant reductions in payroll, altered employer circumstances, Government restructuring affecting the employer's business, or failure to pay contributions or arrange appropriate security as required by the Administering Authority.

The result of a review may be to require increased contributions (by strengthening the actuarial assumptions adopted and/or moving to monetary levels of deficit recovery contributions), and/or an increased level of security or guarantee

Note (g) (New Academy conversions)

At the time of writing, the Fund's policies on academies' funding issues are as follows:

i. The new academy will be regarded as a separate employer in its own right and will not be pooled with other employers in the Fund. The only exception is where the academy is part of a Multi Academy Trust (MAT) in which case the academy's figures will be calculated as below but can be combined with those of the other academies in the MAT;

ii. The new academy's past service liabilities on conversion will be calculated based on its active Fund members on the day before conversion. For the avoidance of doubt, these liabilities will include all past service of those members, but will exclude the liabilities relating to any ex-employees of the school who have deferred or pensioner status;

iii. The new academy will be allocated an initial asset share from the Schools' Pool's assets in the Fund. This asset share will be calculated using the estimated funding position of the Schools' Pool ceding council at the date of academy conversion. The share will be based on the active members' funding level, having first allocated assets in the Schools' Pool share to fully fund deferred and pensioner members. The assets allocated to the academy will be limited if necessary so that its initial funding level is subject to a maximum of 100%. The asset allocation will be based on market conditions and the academy's active Fund membership on the day prior to conversion;

iv. The new academy's calculated contribution rate will be based on the time horizon and likelihood of achieving the funding target outlined for Academies in section 3.3. above;

v. As an alternative to (iv), the academy will have the option to elect to pay contributions over the period to 31 March 2023 at the same rate as that payable by the ceding LEA. This approach will be assumed by the Fund unless the academy specifies otherwise. However, using this approach will not alter its asset or liability allocation as per (ii) and (iii) above. Ultimately, all academies remain responsible for their own pension funding position.

The Fund's policies on academies are subject to change in the light of any amendments to MHCLG and/or DfE guidance (or removal of the formal guarantee currently provided to academies by the DfE). Any changes will be notified to academies and will be reflected in a subsequent version of this FSS. In particular, policies (iv) and (v) above will be reconsidered at each valuation.

Note (h) (New Admission Bodies)

With effect from 1 October 2012, the LGPS 2012 Miscellaneous Regulations introduced mandatory new requirements for all Admission Bodies brought into the Fund from that date. Under these Regulations, all new Admission Bodies will be required to provide some form of security, such as a guarantee from the letting employer, an indemnity or a bond. The security is required to cover some or all of the following:

- the strain cost of any redundancy early retirements resulting from the premature termination of the contract;
- allowance for the risk of asset underperformance;
- allowance for the risk of a greater than expected rise in liabilities;
- allowance for the possible non-payment of employer and member contributions to the Fund; and/or
- the current deficit.

Transferee Admission Bodies: For all TABs, the security must be to the satisfaction of the Administering Authority as well as the letting employer and will be reassessed on an annual basis. See also Note (i) below.

Community Admission Bodies: The Administering Authority will only consider requests from CABs (or other similar bodies, such as section 75 NHS partnerships) to join the Fund if they are sponsored by a Scheduled Body with tax raising powers, guaranteeing their liabilities and providing a form of security as above.

The above approaches reduce the risk, to other employers in the Fund, of potentially having to pick up any shortfall in respect of Admission Bodies ceasing with an unpaid deficit.

Note (i) (New Transferee Admission Bodies)

A new TAB usually joins the Fund as a result of the letting/outsourcing of some services from an existing employer (normally a Scheduled Body such as a council or academy) to another organisation (a "contractor"). This involves the TUPE transfer of some staff from the letting employer to the contractor. Consequently, for the duration of the contract, the contractor is a new participating employer in the Fund so that the transferring employees maintain their eligibility for LGPS membership. At the end of the contract the employees revert to the letting employer or to a replacement contractor.

Ordinarily, the TAB would be set up in the Fund as a new employer with responsibility for all the accrued benefits of the transferring employees; in this case, the contractor would usually be assigned an initial asset allocation equal to the past service liability value of the employees' Fund benefits. The quid pro quo is that the contractor is then expected to ensure that its share of the Fund is also fully funded at the end of the contract: see Note (j).

The Fund may consider modifications to this approach on request with the agreement of all parties and having taken appropriate advice.

For staff transfers on or after 1 October 2018, the Administering Authority requires that a new TAB will participate in the Fund via a fixed contribution rate arrangement with the letting employer. The certified employer contribution rate will be set equal to the fixed contribution rate agreed between the letting authority and the contactor. The fixed rate that will be paid is at the discretion of the letting authority and contractor subject to a minimum rate equal to the letting authority's primary rate when assessed on a probability of achieving funding target of 75% (the funding target and time horizon remain unchanged). Upon cessation the contractor's assets and liabilities will transfer back to the awarding authority with no crystallisation of any deficit or surplus.

In order to avoid the Administering Authority becoming involved in any disputes relating to risk sharing and to protect the other participating employers, the Fund will not be party to any risk sharing agreement between any employer (awarding authority) and a contractor. Accordingly, any such arrangements will not be detailed in the admission agreement and the admission body will be required to follow the principles of the agreement as if no such risk sharing was in place and as if they were any other employer within the Norfolk Pension Fund. It is at the sole discretion of the Administering Authority as to whether any risk sharing agreement is recognised in the certified employer contribution rate. If the risk arrangement is not recognised, then it will then be up to the awarding authority and the contractor to put in place separate steps to allow the risk sharing to be implemented (e.g. via the contract payments). Accordingly, the contractor will be required to pay the certified employer contribution rate to the Fund and any other contributions required e.g. early retirement strain costs, regardless of risk sharing arrangement in place.

Note (j) (Admission Bodies Ceasing)

Notwithstanding the provisions of the Admission Agreement, the Administering Authority may consider any of the following as triggers for the cessation of an admission agreement with any type of body:

- Last active member ceasing participation in the Fund (**NB** recent LGPS Regulation changes mean that the Administering Authority has the discretion to defer acting for up to three years, so that if the employer acquires one or more active Fund members during that period then cessation is not triggered. The current Fund policy is that this is left as a discretion and may or may not be applied in any given case);
- The insolvency, winding up or liquidation of the Admission Body;
- Any breach by the Admission Body of any of its obligations under the Agreement that they have failed to remedy to the satisfaction of the Fund;
- A failure by the Admission Body to pay any sums due to the Fund within the period required by the Fund; or
- The failure by the Admission Body to renew or adjust the level of the bond or indemnity, or to confirm an appropriate alternative guarantor, as required by the Fund.

On cessation, the Administering Authority will instruct the Fund actuary to carry out a cessation valuation to determine whether there is any deficit or surplus. Where there is a deficit, payment of this amount in full would normally be sought from the Admission Body, where there is a surplus, following the LGPS (Amendment) Regulations 2018 which came into effect on 14th May 2018, this will normally result in an exit credit payment to the Admission Body within three months of the cessation date (or another date agreed between the Administering Authority and the Admission Body). If a risk-sharing agreement has been put in place no cessation debt or exit credit may be payable, depending on the terms of the agreement.

As discussed in Section 2.7, the LGPS benefit structure from 1 April 2014 is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. The Fund has considered how it will reflect the current uncertainty regarding the outcome of this judgement in its approach to cessation valuations. For cessation valuations that are carried out before any changes to the LGPS benefit structure (from 1 April 2014) are confirmed, the Fund's policy is that the Fund Actuary will include a 1% loading to the value of the liabilities at the cessation date.

The Fund Actuary charges a fee for carrying out an employer's cessation valuation, and there will be other Fund administration expenses associated with the cessation, both of which the Fund will reserve the right to recharge to the employer. For the purposes of the cessation valuation, this fee will usually be treated as an expense incurred by the employer and the Administering Authority will deduct the amount from the employer's cessation surplus or add it to the employer's cessation deficit, as appropriate. This process improves administrative efficiency as it reduces the number of transactions required to be made between the employer and the Fund following an employer's cessation.

For non-Transferee Admission Bodies whose participation is voluntarily ended either by themselves or the Fund, or where a cessation event has been triggered, the Administering Authority must look to protect the interests of other ongoing employers. The actuary will therefore adopt an approach which, to the extent reasonably practicable, protects the other employers from the likelihood of any material loss emerging in future:

(a) Where a guarantor does not exist then, to protect other employers in the Fund, the cessation liabilities and final surplus/deficit will normally be calculated using a “gilts exit basis”, which is more prudent than the ongoing participation basis. This has no allowance for potential future investment outperformance above gilt yields and has added allowance for future improvements in life expectancy. This could give rise to significant cessation debts being required.

(b) Where there is a guarantor for future deficits and contributions, the details of the guarantee will be considered prior to the cessation valuation being carried out. In some cases, the guarantor is simply guarantor of last resort and therefore the cessation valuation will be carried out consistently with the approach taken had there been no guarantor in place. Alternatively, where the guarantor is not simply guarantor of last resort, the cessation may be calculated using the ongoing participation basis or contractor exit basis as described in Appendix E;

(c) Again, depending on the nature of the guarantee, it may be possible to simply transfer the former Admission Body’s liabilities and assets to the guarantor, without needing to crystallise any deficit or surplus. This approach may be adopted where the employer cannot pay the contributions due, and this is within the terms of the guarantee.

Under (a) and (c), any shortfall would usually be levied on the departing Admission Body as a single lump sum payment. If this is not possible then the Fund may spread the payment generally subject to there being some security in place for the employer such as a bond indemnity or guarantee.

If the Fund is not able to recover the required payment in full, then the unpaid amounts fall to be shared amongst all the other employers in the Fund. This may require an immediate revision to the Rates and Adjustments Certificate affecting other employers in the Fund, or instead be reflected in the contribution rates set at the next formal valuation following the cessation date.

As an alternative, where the ceasing Admission Body is continuing in business, the Fund at its absolute discretion reserves the right to enter into an agreement with the ceasing Admission Body. Under this agreement the Fund would accept an appropriate alternative security to be held against any deficit on the gilts exit basis and would carry out the cessation valuation on the ongoing participation basis. Secondary contributions would be derived from this cessation debt. This approach would be monitored as part of each formal valuation and secondary contributions would be reassessed as required. The Admission Body may terminate the agreement only via payment of the outstanding debt assessed on the gilts exit basis. Furthermore, the Fund reserves the right to revert to the “gilts exit basis” and seek immediate payment of any funding shortfall identified. The Administering Authority may need to seek legal advice in such cases, as the Admission Body would have no contributing members.

3.4 Pooled contributions

From time to time, with the advice of the Actuary, the Administering Authority may set up pools for employers with similar or complementary characteristics. This will always be in line with its broader funding strategy.

The intention of the pool is to minimise contribution rate volatility which would otherwise occur when members join, leave, take early retirement, receive pay rises markedly different from expectations, etc. Such events can cause large changes in contribution rates for very small employers in particular, unless these are smoothed out for instance by pooling across a number of employers.

On the other hand, it should be noted that the employers in the pool will still have their own individual funding positions tracked by the Actuary, so that some employers will be much better funded, and others much more poorly funded, than the pool average. This therefore means that if any given employer was funding on a stand-alone basis, as opposed to being in the pool, then its contribution rate could be much higher or lower than the pool contribution rate.

It should also be noted that, if an employer is considering ceasing from the Fund, its required contributions would be based on its own funding position (rather than the pool average), and the cessation terms would also apply: this would mean potentially very different (and possibly much higher) contributions would be required from the employer in that situation.

Community Admission Bodies that are deemed by the Administering Authority to have closed to new entrants are not usually permitted to participate in a pool. Transferee Admission Bodies are usually also ineligible for pooling.

The Fund may consider requests for smaller admitted bodies to be pooled with the letting employer, provided all parties (particularly the letting employer) agree.

Employers who are permitted to enter (or remain in) a pool at the 2019 valuation will not normally be advised of their individual contribution rate unless agreed by the Administering Authority.

Those employers which have been pooled are identified in the Rates and Adjustments Certificate.

3.5 Additional flexibility in return for added security

The Administering Authority may permit greater flexibility to the employer's contributions if the employer provides added security to the satisfaction of the Administering Authority.

Such flexibility includes a reduced rate of contribution, an extended time horizon, or permission to join a pool with another body (e.g. the Local Authority).

Such security may include, but is not limited to, a suitable bond, a legally-binding guarantee from an appropriate third party, or security over an employer asset of sufficient value.

The degree of flexibility given may consider factors such as:

- the extent of the employer's deficit;
- the amount and quality of the security offered;
- the employer's financial security and business plan; and

- whether the admission agreement is likely to be open or closed to new entrants.

3.6 Non-ill health early retirement costs

It is assumed that members' benefits are payable from the earliest age that the employee could retire without incurring a reduction to their benefit (and without requiring their employer's consent to retire). (**NB** the relevant age may be different for different periods of service, following the benefit changes from April 2008 and April 2014).

Employers are required to pay additional contributions ('strain') wherever an employee retires before attaining this age. The actuary's funding basis makes no allowance for premature retirement except on grounds of ill-health.

At the discretion of the Administering Authority the payment may be spread over a period of up to 3 years (but no more that the outstanding contract term for a Transferee Admission Body).

3.7 Ill health early retirement costs

If a member retires early due to ill-health, an additional funding strain will usually arise, which can be very large. Such strain costs are the responsibility of the member's employer to pay. However, from 1 April 2019, these strains are met by a Fund-operated ill health risk management solution (see 3.8 below).

3.8 Ill health risk management

The Fund recognises ill health early retirement costs can have a significant impact on an employer's funding and contribution rate, which could ultimately jeopardise their continued operation.

The Administering Authority therefore has put in place an approach to help manage ill health early retirement costs. The current approach was put in place on 1 April 2019 and will next be due for review as part of the 2022 valuation (note that the Fund may review the policy earlier if felt necessary).

The Fund operates a form of cost-sharing between employers whereby all ill health early retirement strain costs are spread across all employers. When a member retires on ill health early retirement the strain cost is spread across employers in proportion to their asset share (i.e. versus the total of all employers receiving the risk protection). The asset share of the employer whose member has retired on ill health grounds, will then be credited with the strain cost amount.

It should be noted that this approach does not completely indemnify the employer from future costs associated with the ill health retirement. The strain cost is an estimate and as such the actual cost may be higher or lower.

3.9 Employers with no remaining active members

In general, an employer ceasing in the Fund due to the departure of the last active member, will pay a cessation debt or receive an exit credit on an appropriate basis (see 3.3, Note (j)) and consequently have no further obligation to the Fund. Thereafter it is expected that one of two situations will eventually arise:

a) The employer's asset share runs out before all its ex-employees' benefits have been paid. In this situation the other Fund employers will be required to contribute to pay all remaining benefits: this will be done by the Fund actuary apportioning the remaining liabilities on a pro-rata basis at successive formal valuations;

b) The last ex-employee or dependant dies before the employer's asset share has been fully utilised. In this situation the remaining assets would be apportioned pro-rata by the Fund's actuary to the other Fund employers after satisfying any requirements arising from situation a) above.

In exceptional circumstances, the Fund may permit an employer with no remaining active members and a cessation deficit to continue contributing to the Fund. This would require the provision of a suitable security or guarantee, as well as a written ongoing commitment to fund the remainder of the employer's obligations over an appropriate period.

The Fund would reserve the right to invoke the cessation requirements in the future, however. The Administering Authority may need to seek legal advice in such cases, as the employer would have no contributing members.

3.10 Policies on bulk transfers

Each case will be treated on its own merits, but in general:

- The Fund will not pay bulk transfers greater than the lesser of (a) the asset share of the transferring employer in the Fund, and (b) the value of the past service liabilities of the transferring members;
- The Fund will not grant added benefits to members bringing in entitlements from another Fund unless the asset transfer is sufficient to meet the added liabilities; and
- The Fund may permit shortfalls to arise on bulk transfers if the Fund employer has suitable strength of covenant and commits to meeting that shortfall in an appropriate period. This may require the employer's Fund contributions to increase between valuations.

3.11 Salary strain recharge mechanism

The Fund operates a salary strain recharge mechanism to recoup any funding strain associated with salary increases above expectations. Further detail of this mechanism is detailed in Appendix G.

4 Funding Strategy and Links to Investment Strategy

4.1 What is the Fund's investment strategy?

The Fund has built up assets over the years and continues to receive contribution and other income. All of this must be invested in a suitable manner, which is the investment strategy.

Investment strategy is set by the Administering Authority, after consultation with the employers and after taking investment advice. The precise mix, manager make up and target returns are set out in the Investment Strategy Statement, which is available to members and employers.

The investment strategy is set for the long-term but is reviewed from time to time. Normally a full review is carried out as part of each actuarial valuation and is kept under review annually between actuarial valuations to ensure that it remains appropriate to the Fund's liability profile.

Currently there are three investment strategies in the Fund, with a range of allocations to growth, enhanced yield and protection assets. Employers are allocated to the investment strategy that is most appropriate given the employers funding objective and current funding position. Please see Appendix H for further details.

4.2 What is the link between funding strategy and investment strategy?

The Fund must be able to meet all benefit payments as and when they fall due. These payments will be met by contributions (resulting from the funding strategy) or asset returns and income (resulting from the investment strategy). To the extent that investment returns, or income fall short, then higher cash contributions are required from employers, and vice versa

Therefore, the funding and investment strategies are inextricably linked.

4.3 How does the funding strategy reflect the Fund's investment strategy?

In the opinion of the Fund actuary, the current funding policy is consistent with the current investment strategy of the Fund. The actuary's assumptions for future investment returns (described further in Appendix E) are based on each employer's investment strategy. The future investment return assumptions underlying each of the Fund's three funding bases include a margin for prudence and are therefore also considered to be consistent with the requirement to take a "prudent longer-term view" of the funding of liabilities as required by the UK Government (see Appendix A1).

In the short term – such as the three yearly assessments at formal valuations – there is the scope for considerable volatility in asset values. However, the actuary takes a long-term view when assessing employer contribution rates and the contribution rate setting methodology takes into account this potential variability.

The Fund does not hold a contingency reserve to protect it against the volatility of equity investments.

4.4 Does the Fund monitor its overall funding position?

The Administering Authority monitors the relative funding position, i.e. changes in the relationship between asset values and the liabilities value, when felt necessary.

5 Statutory Reporting and Comparison to other LGPS Funds

5.1 Purpose

Under Section 13(4)(c) of the Public Service Pensions Act 2013 ("Section 13"), the Government Actuary's Department must, following each triennial actuarial valuation, report to the MHCLG on each of the LGPS Funds in England & Wales. This report will cover whether, for each Fund, the rate of employer contributions is set at an appropriate level to ensure both the solvency and the long-term cost efficiency of the Fund.

This additional MHCLG oversight may have an impact on the strategy for setting contribution rates at future valuations.

5.2 Solvency

For the purposes of Section 13, the rate of employer contributions shall be deemed to have been set at an appropriate level to ensure solvency if:

- the rate of employer contributions is set to target a funding level for the Fund of 100%, over an appropriate period and using appropriate actuarial assumptions (where appropriateness is considered in both absolute and relative terms in comparison with other funds); and either
- employers collectively have the financial capacity to increase employer contributions, and/or the Fund can realise contingent assets should future circumstances require, to continue to target a funding level of 100%; or
- there is an appropriate plan in place should there be, or if there is expected in future to be, a material reduction in the capacity of fund employers to increase contributions as might be needed.

5.3 Long Term Cost Efficiency

The rate of employer contributions shall be deemed to have been set at an appropriate level to ensure long term cost efficiency if:

i. the rate of employer contributions is sufficient to make provision for the cost of current benefit accrual,

ii. with an appropriate adjustment to that rate for any surplus or deficit in the Fund.

In assessing whether the above condition is met, MHCLG may have regard to various absolute and relative considerations. A relative consideration is primarily concerned with comparing LGPS pension funds with other LGPS pension funds. An absolute consideration is primarily concerned with comparing Funds with a given objective benchmark.

Relative considerations include:

i. the implied deficit recovery period; and

ii. the investment return required to achieve full funding after 20 years.

Absolute considerations include:

i. the extent to which the contributions payable are sufficient to cover the cost of current benefit accrual and the interest cost on any deficit;

ii. how the required investment return under “relative considerations” above compares to the estimated future return being targeted by the Fund’s current investment strategy;

iii. the extent to which contributions paid have been in line with the expected contributions based on the extant rates and adjustment certificate; and

iv. the extent to which any new deficit recovery plan can be directly reconciled with, and can be demonstrated to be a continuation of, any previous deficit recovery plan, after allowing for actual Fund experience.

MHCLG may assess and compare these metrics on a suitable standardised market-related basis, for example where the local funds’ actuarial bases do not make comparisons straightforward.

Appendix A – Regulatory Framework

A1 Why does the Fund need an FSS?
The Ministry for Housing, Communities and Local Government (MHCLG) has stated that the purpose of the FSS is:

- *"to establish a **clear and transparent fund-specific strategy** which will identify how employers' pension liabilities are best met going forward;*
- *to support the regulatory framework to maintain **as nearly constant employer contribution rates as possible**; and*
- *to take a **prudent longer-term view** of funding those liabilities."*

These objectives are desirable individually but may be mutually conflicting.

The requirement to maintain and publish a FSS is contained in LGPS Regulations which are updated from time to time. In publishing the FSS the Administering Authority must have regard to any guidance published by Chartered Institute of Public Finance and Accountancy (CIPFA) (most recently in 2016) and to its Statement of Investment Principles / Investment Strategy Statement.

This is the framework within which the Fund's actuary carries out triennial valuations to set employers' contributions and provides recommendations to the Administering Authority when other funding decisions are required, such as when employers join or leave the Fund. The FSS applies to all employers participating in the Fund.

A2 Does the Administering Authority consult anyone on the FSS?
Yes. This is required by LGPS Regulations. It is covered in more detail by the most recent CIPFA guidance, which states that the FSS must first be subject to "consultation with such persons as the authority considers appropriate" and should include "a meaningful dialogue at officer and elected member level with council tax raising authorities and with corresponding representatives of other participating employers".

In practice, for the Fund, the consultation process for this FSS was as follows:

a) A draft version of the FSS was issued to all participating employers for comment;

b) Comments were requested within 45 days;

c) Following the end of the consultation period the FSS was updated where required and then published on 31 March 2020.

d) The funding principles of the FSS were discussed with employers at Forum events in July and November 2019.

A3 How is the FSS published?

The FSS is made available through the following routes:

- Published on the website at www.norfolkpensionfund.org
- A full copy linked from the annual report and accounts of the Fund;
- Copies made available on request.

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the triennial valuation (which may move to every four years in future – see Section 2.8). This version is expected to remain unaltered until it is consulted upon as part of the formal process for the next valuation in 2022.

It is possible that (usually slight) amendments may be needed within the three-year period. These would be needed to reflect any regulatory changes, or alterations to the way the Fund operates (e.g. to accommodate a new class of employer). Any such amendments would be consulted upon as appropriate:

- trivial amendments would be simply notified at the next round of employer communications,
- amendments affecting only one class of employer would be consulted with those employers,
- other more significant amendments would be subject to full consultation.

In any event, changes to the FSS would need agreement by the Pensions Committee and would be included in the relevant Committee Meeting minutes.

A5 How does the FSS fit into other Fund documents?

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues, for example there are several separate statements published by the Fund including the Investment Strategy Statement, Governance Strategy and Communications Strategy. In addition, the Fund publishes an Annual Report and Accounts with up to date information on the Fund. These documents can be found on the web at www.norfolkpensionfund.org.

Appendix B – Responsibilities of Key Parties

The efficient and effective operation of the Fund needs various parties to each play their part.

B1 The Administering Authority should: -

1. operate the Fund as per the LGPS Regulations;
2. effectively manage any potential conflicts of interest arising from its dual role as Administering Authority and a Fund employer;
3. collect employer and employee contributions, and investment income and other amounts due to the Fund;
4. ensure that cash is available to meet benefit payments as and when they fall due;
5. pay from the Fund the relevant benefits and entitlements that are due;
6. invest surplus monies (i.e. contributions and other income which are not immediately needed to pay benefits) in accordance with the Fund's Investment Strategy Statement (ISS) and LGPS Regulations;
7. communicate appropriately with employers so that they fully understand their obligations to the Fund;
8. take appropriate measures to safeguard the Fund against the consequences of employer default;
9. manage the valuation process in consultation with the Fund's actuary;
10. provide data and information as required by the Government Actuary's Department to carry out their statutory obligations (see Section 5);
11. prepare and maintain an FSS and an ISS, after consultation;
12. notify the Fund's actuary of material changes which could affect funding (this is covered in a separate agreement with the actuary); and
13. monitor all aspects of the fund's performance and funding and amend the FSS and ISS as necessary and appropriate.

B2 The Individual Employer should: -

1. deduct contributions from employees' pay correctly;
2. pay all contributions, including their own as determined by the actuary, promptly by the due date;
3. have a policy and exercise discretions within the regulatory framework;
4. make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain; and
5. notify the Administering Authority promptly of all changes to its circumstances, prospects or membership, which could affect future funding.

B3 The Fund Actuary should: -

1. prepare valuations, including the setting of employers' contribution rates. This will involve agreeing assumptions with the Administering Authority, having regard to the FSS and LGPS Regulations, and targeting each employer's solvency appropriately;
2. provide data and information as required by the Government Actuary's Department to carry out their statutory obligations (see Section 5);
3. provide advice relating to new employers in the Fund, including the level and type of bonds or other forms of security (and the monitoring of these);
4. prepare advice and calculations in connection with bulk transfers and individual benefit-related matters;
5. assist the Administering Authority in considering possible changes to employer contributions between formal valuations, where circumstances suggest this may be necessary;
6. advise on the termination of employers' participation in the Fund; and
7. fully reflect actuarial professional guidance and requirements in the advice given to the Administering Authority.

B4 Other parties: -

1. investment advisers (either internal or external) should ensure the Fund's ISS remains appropriate, and consistent with this FSS;
2. investment managers, custodians and bankers should all play their part in the effective investment (and dis-investment) of Fund assets, in line with the ISS;
3. auditors should comply with their auditing standards, ensure Fund compliance with all requirements, monitor and advise on fraud detection, and sign off annual reports and financial statements as required;
4. governance advisers may be appointed to advise the Administering Authority on efficient processes and working methods in managing the Fund;
5. legal advisers (either internal or external) should ensure the Fund's operation and management remains fully compliant with all regulations and broader local government requirements, including the Administering Authority's own procedures;
6. MHCLG (assisted by the Government Actuary's Department) and the Scheme Advisory Board, should work with LGPS Funds to meet Section 13 requirements.

Appendix C – Key Risks and Controls

C1 Types of risk

The Administering Authority has an active risk management programme in place. The measures that it has in place to control key risks are summarised below under the following headings:

Financial;

Demographic;

Regulatory; and

Governance.

C2 Financial risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities and contribution rates over the long-term.	Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing. Assets invested based on specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc. Analyze progress at three yearly valuations for all employers. Inter-valuation roll-forward of liabilities between valuations at whole Fund level. Consider Environmental, Social and Governance aspects in initial and ongoing investment decision making and monitoring including where appropriate consideration of climate change risk on investment returns.
Inappropriate long-term investment strategy.	Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure 4 key outcomes. Chosen option considered to provide the best balance. Operation of three investment strategies to meet the needs of a diverse employer group.

Risk	Summary of Control Mechanisms
Active investment manager under-performance relative to benchmark.	Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark.
Pay and price inflation significantly more than anticipated.	The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. Inter-valuation monitoring, as above, gives early warning. Some investment in bonds also helps to mitigate this risk. Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	An explicit stabilisation mechanism has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions.
Orphaned employers give rise to added costs for the Fund	The Fund seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future. If it occurs, the Actuary calculates the added cost spread pro-rata among all employers – (see 3.9).

C3 Demographic risks

Risk	Summary of Control Mechanisms
Pensioners living longer, thus increasing cost to Fund.	Set mortality assumptions with some allowance for future increases in life expectancy. The Fund Actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation.

Risk	Summary of Control Mechanisms
Maturing Fund – i.e. proportion of actively contributing employees declines relative to retired employees.	Continue to monitor at each valuation, consider seeking monetary amounts rather than % of pay and consider alternative investment strategies.
Deteriorating patterns of early retirements	Employers are charged the extra cost of non-ill-health retirements following each individual decision. The Fund operates a form of internal insurance whereby any ill-health early retirement strain costs are in effect spread among all employers
Reductions in payroll causing insufficient deficit recovery payments	In many cases this may not be sufficient cause for concern and will in effect be caught at the next formal valuation. However, there are protections where there is concern, as follows: Employers in the stabilisation mechanism may be brought out of that mechanism to permit appropriate contribution increases (see Note (b) to 3.3). For other employers, review of contributions is permitted in general between valuations (see Note (f) to 3.3) and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.

C4 Regulatory risks

Risk	Summary of Control Mechanisms
Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.	The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. The Administering Authority is monitoring the progress on the McCloud court case and will consider an interim valuation or other appropriate action once more information is known. The government's long-term preferred solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits - was built into the 2019 valuation.

Time, cost and/or reputational risks associated with any MHCLG intervention triggered by the Section 13 analysis (see Section 5).	Take advice from Fund Actuary on position of Fund as at prior valuation, and consideration of proposed valuation approach relative to anticipated Section 13 analysis.
Changes by Government to employer participation in LGPS Funds, leading to impacts on funding and/or investment strategies.	The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. Take advice from Fund Actuary on impact of changes on the Fund and amend strategy as appropriate.

C5 Governance risks

Risk	**Summary of Control Mechanisms**
Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants.	The Administering Authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data. The Actuary may revise the rates and Adjustments certificate to increase an employer's contributions between triennial valuations Deficit contributions may be expressed as monetary amounts.
Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way	The Administering Authority maintains close contact with its specialist advisers. Advice is delivered via formal meetings involving Elected Members and recorded appropriately. Actuarial advice is subject to professional requirements such as peer review.
Administering Authority failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body.	The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes. Community Admission Bodies' memberships are monitored and, if active membership decreases, steps will be taken.

Risk	Summary of Control Mechanisms
An employer ceasing to exist with insufficient funding or adequacy of a bond.	The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure. The risk is mitigated by: Seeking a funding guarantee from another scheme employer, or external body, where-ever possible (see Notes (h) and (j) to 3.3). Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. Vetting prospective employers before admission. Where permitted under the regulations requiring a bond to protect the Fund from various risks. Requiring new Community Admission Bodies to have a guarantor. Reviewing bond or guarantor arrangements at regular intervals (see Note (f) to 3.3). Reviewing contributions well ahead of cessation if thought appropriate (see Note (a) to 3.3).
An employer ceasing to exist resulting in an exit credit being payable	The Administering Authority regularly monitors admission bodies coming up to cessation where exit credits may be payable. The Administering Authority invests in liquid assets to ensure that exit credits can be paid when required. Employers able to exit make up a relatively small proportion of the total assets and liabilities.

Appendix D – The Calculation of Employer Contributions

In Section 2 there was a broad description of the way in which contribution rates are calculated. This Appendix considers these calculations in much more detail.

As discussed in Section 2, the actuary calculates the required contribution rate for each employer using a three-step process:

- Calculate the funding target for that employer, i.e. the estimated amount of assets it should hold in order to be able to pay all its members' benefits. See Appendix E for more details of what assumptions we make to determine that funding target;
- Determine the time horizon over which the employer should aim to achieve that funding target. See the table in 3.3 and Note (c) for more details;
- Calculate the employer contribution rate such that it has at least a given likelihood of achieving that funding target over that time horizon, allowing for various possible economic outcomes over that time horizon. See the table in 3.3 and Note (e) for more details.

The calculations involve actuarial assumptions about future experience, and these are described in detail in Appendix E.

D1 What is the difference between calculations across the whole Fund and calculations for an individual employer?

Employer contributions are normally made up of two elements:

a) the estimated cost of ongoing benefits being accrued, referred to as the “Primary contribution rate” (see D2 below); plus

b) an adjustment for the difference between the Primary rate above, and the actual contribution the employer needs to pay, referred to as the “Secondary contribution rate” (see D3 below).

The contribution rate for each employer is measured as above, appropriate for each employer’s assets, liabilities and membership. The whole Fund position, including that used in reporting to MHCLG (see section 5), is calculated in effect as the sum of all the individual employer rates. MHCLG currently only regulates at whole Fund level, without monitoring individual employer positions.

D2 How is the Primary contribution rate calculated?

The Primary element of the employer contribution rate is calculated with the aim that these contributions will meet benefit payments in respect of members’ **future** service in the Fund.

This is based upon the cost (in excess of members' contributions) of the benefits which employee members earn from their service each year.

The Primary rate is calculated separately for all the employers, although employers within a pool will pay the contribution rate applicable to the pool as a whole. The Primary rate is calculated such that it is projected to:

1. meet the required funding target for all future years' accrual of benefits*, excluding any accrued assets,
2. within the determined time horizon (see note 3.3 Note (c) for further details),
3. with a sufficiently high likelihood, as set by the Fund's strategy for the category of employer (see 3.3 Note (e) for further details).

* The projection is for the current active membership where the employer no longer admits new entrants, or additionally allows for new entrants where this is appropriate.

The projections are carried out using an economic modeller (the "Economic Scenario Service") developed by the Fund's actuary Hymans Robertson: this allows for a wide range of outcomes about key factors such as asset returns (based on the Fund's investment strategy), inflation, and bond yields. Further information about this model is included in Appendix E. The measured contributions are calculated such that the proportion of outcomes meeting the employer's funding target (at the end of the time horizon) is equal to the required likelihood.

The approach includes expenses of administration to the extent that they are borne by the Fund and includes allowances for benefits payable on death in service and on ill health retirement.

The Primary rate for Councils has not been set in the way described above. For operational reasons, the Primary rate certified for the period 1 April 2020 to 31 March 2023 has been set equal to the percentage of pay rate payable over the 2019/20 year. This has no impact on the total rate payable by these employers, which is determined in line with the stabilisation parameters set out in 3.3 Note (b).

D3 How is the Secondary contribution rate calculated?

The Fund aims for the employer to have assets sufficient to meet 100% of its accrued liabilities at the end of its funding time horizon based on the employer's funding target assumptions (see Appendix E).

The Secondary rate is calculated as the balance over and above the Primary rate, such that the total contribution rate is projected to:

1. meet the required funding target relating to combined past and future service benefit accrual, including accrued asset share (see D5 below)

2. at the end of the determined time horizon (see 3.3 Note (c) for further details)
3. with a sufficiently high likelihood, as set by the Fund's strategy for the category of employer (see 3.3 Note (e) for further details).

The projections are carried out using an economic modeller (the "Economic Scenario Service") developed by the Fund Actuary Hymans Robertson: this allows for a wide range of outcomes about key factors such as asset returns (based on the Fund's investment strategy), inflation, and bond yields. Further information about this model is included in Appendix E. The measured contributions are calculated such that the proportion of outcomes meeting the employer's funding target (at the end of the time horizon) is equal to the required likelihood.

D4 What affects a given employer's valuation results?

The results of these calculations for a given individual employer will be affected by:

1. past contributions relative to the cost of accruals of benefits;
2. different liability profiles of employers (e.g. mix of members by age, gender, service vs. salary);
3. the effect of any differences in the funding target, i.e. the valuation basis used to value the employer's liabilities at the end of the time horizon;
4. any different time horizons;
5. the difference between actual and assumed rises in pensionable pay;
6. the difference between actual and assumed increases to pensions in payment and deferred pensions;
7. the difference between actual and assumed retirements on grounds of ill-health from active status;
8. the difference between actual and assumed amounts of pension ceasing on death;
9. the additional costs of any non-ill-health retirements relative to any extra payments made; and/or
10. differences in the required likelihood of achieving the funding target.

D5 How is each employer's asset share calculated?

Individual asset shares are calculated monthly by the Fund Actuary using the HEAT system. This system uses monthly income and expenditure amounts split by each employer and provides a full audit trail of calculations.

D6 How is each employer's asset share calculated?

Under the cashflow approach for tracking employer asset shares, the Fund has allowed for any individual members transferring from one employer in the Fund to another, via the transfer of a sum from the ceding employer's asset share to the receiving employer's asset share. This sum is equal to the member's Cash Equivalent Transfer Value (CETV) as advised by the Fund's administrators.

Appendix E – Actuarial Assumptions

E1 What are the actuarial assumptions used to calculate employer contribution rates?

These are expectations of future experience used to place a value on future benefit payments ("the liabilities") and future asset values. Assumptions are made about the amount of benefit payable to members (the financial assumptions) and the likelihood or timing of payments (the demographic assumptions). For example, financial assumptions include investment returns, salary growth and pension increases; demographic assumptions include life expectancy, probabilities of ill-health early retirement, and proportions of member deaths giving rise to dependants' benefits.

Changes in assumptions will affect the funding target and required contribution rate. However, different assumptions will not of course affect the actual benefits payable by the Fund in future.

The actuary's approach to calculating employer contribution rates involves the projection of each employer's future benefit payments, contributions and investment returns into the future under 5,000 possible economic scenarios. Future inflation (and therefore benefit payments) and investment returns for each asset class (and therefore employer asset values) are variables in the projections. By projecting the evolution of an employer's assets and benefit payments 5,000 times, a contribution rate can be set that results in a sufficient number of these future projections (determined by the employer's required likelihood) being successful at the end of the employer's time horizon. In this context, a successful contribution rate is one which results in the employer having met its funding target at the end of the time horizon.

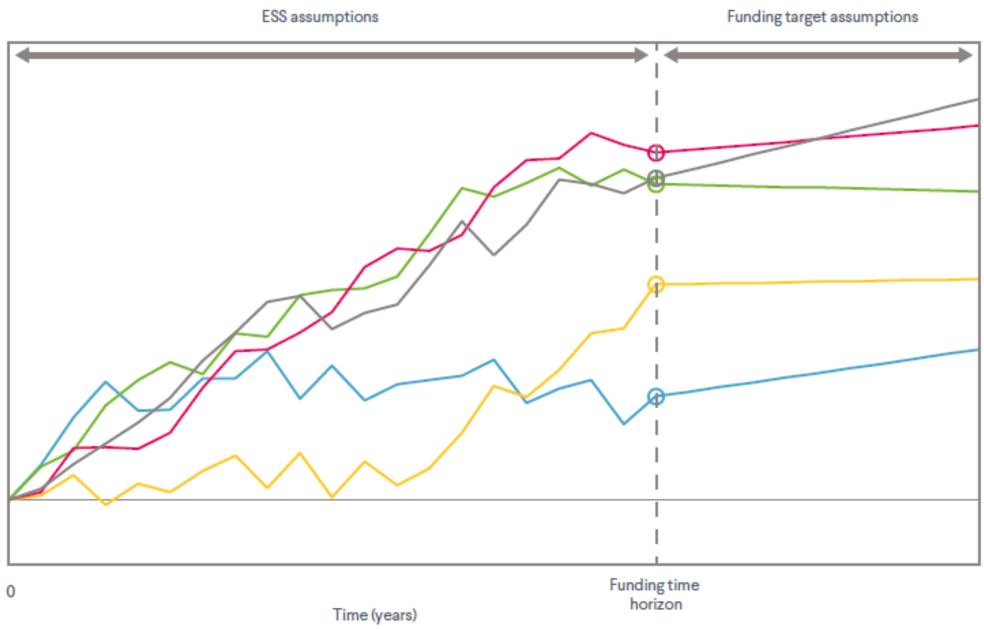
Setting employer contribution rates therefore requires two types of assumptions to be made about the future:

1. Assumptions to project the employer's assets, benefits and cashflows to the end of the funding time horizon. For this purpose, the actuary uses Hymans Robertson's proprietary stochastic economic model - the Economic Scenario Service ("ESS"). These assumptions vary in two ways: between each of the 5,000 scenarios *and* between each year. Some assumptions might be high in the first few years but then reduce later (e.g. the blue line in the illustration below) or vice versa (e.g. the yellow line).

2. Assumptions to assess whether, for a given projection, the funding target is satisfied at the end of the time horizon. For this purpose, the Fund has three different funding bases. These assumptions vary between each of the 5,000 scenarios but are fixed from year to year e.g. one scenario might assume a fixed level of inflation of 5% per year (e.g. the grey or blue lines) whereas another might assume a fixed inflation level of near zero (e.g. the yellow line).

The difference between the two assumptions is represented graphically in the following diagram, where each line represents one of the 5,000 scenarios. Up to the end of the time horizon, the assumptions vary between scenarios and from year to year (these are the ESS assumptions). Beyond this point they vary between scenarios but are fixed from year to year (these are the funding target assumptions).

The diagram is illustrative so the height of the vertical lines above the axis does not represent any particular variable, but it could be thought of as the cumulative total investment return or inflation, for example.



Details on the ESS assumptions and funding target assumptions are included below (in E2 and E3 respectively).

E2 What assumptions are used in the ESS?

The actuary uses Hymans Robertson's ESS model to project a range of possible outcomes for the future behaviour of asset returns and economic variables. With this type of modelling, there is no single figure for an assumption about future inflation or investment returns. Instead, there is a range of what future inflation or returns will be which leads to likelihoods of the assumption being higher or lower than a certain value.

The ESS is a complex model to reflect the interactions and correlations between different asset classes and wider economic variables. The table below shows the calibration of the model as at 31 March 2019. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years, except for the yields which refer to the simulated yields at that time horizon.

		Annualised total returns									
		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	UK Equity	Overseas Equity	Property	A rated corporate bonds (medium)	RPI inflation expectation	17 year real govt bond yield	17 year govt bond yield
5 years	16th %'ile	-0.4%	-2.3%	-2.9%	-4.1%	-4.1%	-3.5%	-2.7%	1.9%	-2.5%	0.8%
	50th %'ile	0.7%	0.5%	0.3%	4.0%	4.1%	2.4%	0.8%	3.3%	-1.7%	2.1%
	84th %'ile	2.0%	3.3%	3.4%	12.7%	12.5%	8.8%	4.0%	4.9%	-0.8%	3.6%
10 years	16th %'ile	-0.2%	-1.8%	-1.3%	-1.5%	-1.4%	-1.5%	-0.9%	1.9%	-2.0%	1.2%
	50th %'ile	1.3%	0.0%	0.2%	4.6%	4.7%	3.1%	0.8%	3.3%	-0.8%	2.8%
	84th %'ile	2.9%	1.9%	1.7%	10.9%	10.8%	7.8%	2.5%	4.9%	0.4%	4.8%
20 years	16th %'ile	0.7%	-1.1%	0.1%	1.2%	1.3%	0.6%	0.7%	2.0%	-0.7%	2.2%
	50th %'ile	2.4%	0.3%	1.0%	5.7%	5.8%	4.3%	1.9%	3.2%	0.8%	4.0%
	84th %'ile	4.5%	2.0%	2.0%	10.3%	10.4%	8.1%	3.0%	4.7%	2.2%	6.3%
	Volatility (Disp) (1 yr)	1%	7%	10%	17%	17%	14%	11%	1%		

E3 What assumptions are used in the funding target?

At the end of an employer's funding time horizon, an assessment will be made – for each of the 5,000 projections – of how the assets held compare to the value of assets required to meet the future benefit payments (the funding target). Valuing the cost of future benefits requires the actuary to make assumptions about the following financial factors:

- Benefit increases and CARE revaluation
- Salary growth
- Investment returns (the "discount rate")

Each of the 5,000 projections represents a different prevailing economic environment at the end of the funding time horizon and so a single, fixed value for each assumption is unlikely to be appropriate for every projection. For example, a high assumed future investment return (discount rate) would not be prudent in projections with a weak outlook for economic growth. Therefore, instead of using a fixed value for each assumption, the actuary references economic indicators to ensure the assumptions remain appropriate for the prevailing economic environment in each projection. The economic indicators the actuary uses are: future inflation expectations and the prevailing risk-free rate of return (the yield on long term UK government bonds is used as a proxy for this rate).

The Fund has three funding bases which will apply to different employers depending on their type. Each funding basis has a different assumption for future investment returns when determining the employer's funding target.

Funding basis	**Ongoing participation basis**	**Contractor exit basis**	**Low risk exit basis**
Employer type	All employers except Transferee Admission Bodies and closed Community Admission Bodies	Transferee Admission Bodies	Community Admission Bodies that are closed to new entrants
Investment return assumption underlying the employer's funding target (at the end of its time horizon)	Long term government bond yields plus an asset outperformance assumption (AOA) of 1.6% p.a.	Long term government bond yields plus an AOA equal to the AOA used to allocate assets to the employer on joining the Fund	Long term government bond yields with no allowance for outperformance on the Fund's assets

E4 What other assumptions apply?

The following assumptions are those of the most significance used in both the projection of the assets, benefits and cashflows and in the funding target.

a) Salary growth
The salary increase assumption at the 2019 valuation has been set to be a blended rate combined of:

1. 2% p.a. until 31 March 2020, followed by
2. Retail prices index (RPI) thereafter.

This gives a single “blended” assumption of CPI plus 0.7%. This is a change from the previous valuation, which assumed a blended assumption of CPI plus 0.3%. This change has led to an increase in the funding target (all other things being equal).

b) Pension increases
Since 2011 the consumer prices index (CPI), rather than RPI, has been the basis for increases to public sector pensions in deferment and in payment. Note that the basis of such increases is set by the Government and is not under the control of the Fund or any employers.

At this valuation, the Fund has continued to assume that CPI is 1.0% per annum lower than RPI.

c) Life expectancy
The demographic assumptions are intended to be best estimates of future experience in the Fund based on experience of LGPS funds which participate in Club Vita, the longevity analytics service used by the Fund, and endorsed by the actuary.

The longevity assumptions that have been adopted at this valuation are a bespoke set of “VitaCurves”, produced by the Club Vita’s detailed analysis, which are specifically tailored to fit the membership profile of the Fund. These curves are based on the data provided by the Fund for the purposes of this valuation.

Allowance has been made in the ongoing valuation basis for future improvements in line with the 2018 version of the Continuous Mortality Investigation model published by the Actuarial Profession and a 1.25% per annum minimum underpin to future reductions in mortality rates. This updated allowance for future improvements will generally result in lower life expectancy assumptions and hence a reduced funding target (all other things being equal).

The approach taken is considered reasonable considering the long-term nature of the Fund and the assumed level of security underpinning members’ benefits.

d) General
The same financial assumptions are adopted for most employers (on the ongoing participation basis identified above), in deriving the funding target underpinning the Primary and Secondary rates: as described in (3.3), these calculated figures are translated in different ways into employer contributions, depending on the employer’s circumstances.

The demographic assumptions, the life expectancy assumption, in effect vary by type of member and so reflect the different membership profiles of employers.

Appendix F – Glossary

Funding basis The combined set of assumptions made by the actuary, regarding the future, to calculate the value of the funding target at the end of the employer's time horizon. The main assumptions will relate to the level of future investment return, salary growth, pension increases and longevity. More prudent assumptions will give a higher funding target, whereas more optimistic assumptions will give a lower funding target.

Administering Authority The council with statutory responsibility for running the Fund, in effect the Fund's "trustees".

Admission Bodies Employers where there is an Admission Agreement setting out the employer's obligations. These can be Community Admission Bodies or Transferee Admission Bodies. For more details (see 2.3).

Covenant The assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term.

Designating Employer Employers such as town and parish councils that can participate in the LGPS via resolution. These employers can designate which of their employees are eligible to join the Fund.

Employer An individual participating body in the Fund, which employs (or used to employ) **members** of the Fund. Normally the assets and **funding target** values for each employer are individually tracked, together with its **Primary rate** at each **valuation**.

Gilt	A UK Government bond, i.e. a promise by the Government to pay interest and capital as per the terms of that particular gilt, in return for an initial payment of capital by the purchaser. Gilts can be "fixed interest", where the interest payments are level throughout the gilt's term, or "index-linked" where the interest payments vary each year in line with a specified index (usually RPI). Gilts can be bought as assets by the Fund, but are also used in funding as an objective measure of a risk-free rate of return.
Guarantee / guarantor	A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's **covenant** to be as strong as its guarantor's.
Letting employer	An employer which outsources or transfers a part of its services and workforce to another employer (usually a contractor). The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer. A letting employer will usually be a local authority but can sometimes be another type of employer such as an Academy.
LGPS	The Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements. The LGPS is divided into 100 Funds which map the UK. Each LGPS Fund is autonomous to the extent not dictated by Regulations, e.g. regarding investment strategy, employer contributions and choice of advisers.
Maturity	A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.
Members	The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferred (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees).
Primary contribution rate	The employer contribution rate required to pay for ongoing accrual of active members' benefits (including an allowance for administrative expenses). See Appendix D for further details.

Profile	The profile of an employer's membership or liability reflects various measurements of that employer's **members**, i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs their salary levels, etc. A membership (or liability) profile might be measured for its **maturity** also.
Rates and Adjustments Certificate	A formal document required by the LGPS Regulations, which must be updated at the end of the formal **valuation**. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the period until the next valuation is completed.
Scheduled Bodies	Types of employer explicitly defined in the LGPS Regulations, whose employees must be offered membership of their local LGPS Fund. These include Councils, colleges, universities, academies, police and fire authorities etc, other than employees who have entitlement to a different public sector pension scheme (e.g. teachers, police and fire officers, university lecturers).
Secondary contribution rate	The difference between the employer's actual and **Primary contribution rates**. See Appendix D for further details
Stabilisation	Any method used to smooth out changes in employer contributions from one year to the next. This is very broadly required by the LGPS Regulations, but in practice is particularly employed for large stable employers in the Fund.
Valuation	A risk management exercise to review the **Primary and Secondary contribution rates**, and other statutory information for a Fund, and usually individual employers too.

Appendix G - Salary Growth: Managing the Risk

G1 What is salary growth strain?

Prior to 1st April 2014, the Local Government Pension Scheme (LGPS) was a 'final salary' scheme, so a member's pension accrued before 1st April 2014 is directly linked to their salary at retirement. This means that salary increases awarded to your employees have a direct impact on your total pension costs. At each triennial valuation of the pension fund, the actuary assumes about the level of future salary growth. At the next valuation, the actuary then assesses the difference between the increases awarded over the last three years compared to those assumed. If salary increases were higher than anticipated, then this will lead to higher pension costs. This increase in costs is referred to as 'salary growth strain'.

G2 Why is the salary growth strain calculated?

At the 2019 valuation, the fund has discussed the appropriateness of such an assumption considering recent economic conditions and the outlook for future long term pay awards. The actuary has agreed to use a lower assumption at this valuation, equal to an equivalent long-term rate of consumer price inflation ("CPI") plus 0.7% p.a. A lower salary increases assumption benefits employers in that the value placed on their pension costs are reduced via an improved balance sheet position and lower calculated contribution rate (all else being equal).

However, this places a greater risk on the fund of employers awarding larger than expected pay increases and not being able to meet the additional pension costs in the future. Therefore, it is appropriate for the fund to put in place a mechanism that helps control this risk.

G3 How will the mechanism work?

Salary increases will be monitored annually and any salary growth strain arising will be immediately billed to the responsible employer.

At each period end, the Fund will provide salary data for all your employees to the actuary who will calculate whether any salary growth strain has occurred over the year. The actuary will compare each member's salary at the period-end (e.g. 31 March 2020) against the salary at the previous period end (e.g. 31 March 2019). For those members who have left during the period, the period-end salary will be that at the date of leaving. For those members who have joined during the period, the previous period end salary will be that at the date of joining.

If a strain has occurred, the Fund will recharge the additional liabilities incurred to you in the form of an additional one-off top up contribution. Assessing and managing pay growth strain on an annual basis means that there will be no nasty surprises resulting from pay awards at the 2022 valuation.

It is important to realise that these additional contributions are not an extra cost of participating in the fund. Any salary strain payments have historically been met via higher ongoing pension contributions (due to a higher salary growth assumption being used) or they have emerged at the next valuation resulting in a funding deficit and caused future contributions to rise.

G4 What if salary increases are less than expected?

It is not permissible under the LGPS Regulations to reduce the level of an employer's contributions between actuarial valuations. You will therefore not be permitted a reduction in your certified contributions because of pay increases being less than expected. If, however, a pay award gain is calculated in one year, then we would allow this to offset a strain occurring in any future year up to the next formal valuation date. If the overall impact of salary increases between valuations is a gain, then this will be credited to you in your balance sheet position at the next valuation and this will help to reduce your contribution rate going forward (all other things being equal).

Appendix H – Details of the Fund’s Multiple Investment Strategies

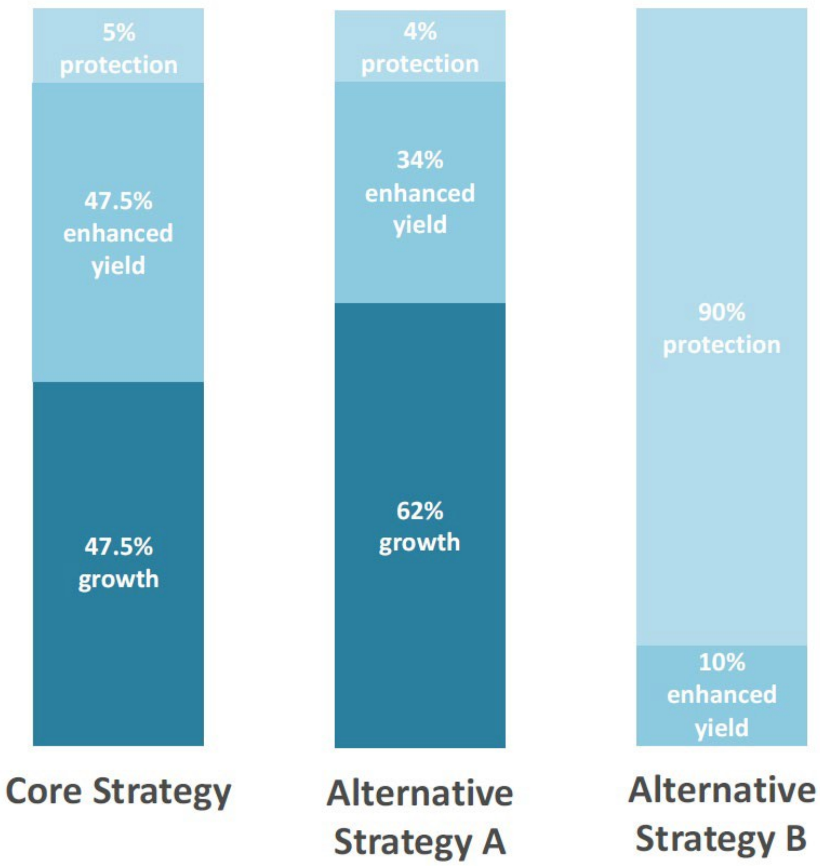
Historically the Fund operated a single investment strategy for all employers. However, due to the increasing diversity amongst the Fund’s employers, this approach was changed.

From June 2017, the Fund continues to operate a Core Investment Strategy which most employers participate in. Alongside the Core Strategy, the Fund now also operates two additional investment strategies:

• Alternative Strategy A: this investment strategy has a higher allocation to growth assets than the Core Strategy. The purpose of this strategy is to generate additional investment returns to help improve funding positions. With higher allocation to growth assets does increase the investment risk in the strategy is increased.

• Alternative Strategy B: this investment strategy has no allocation to growth assets. The purpose of this strategy is to protect the funding positions for employers who have ceased participation in the Fund and reduce the risk to remaining employers of having to fund these residual liabilities.

At a high level, the investment strategies are:



Further details can be found in the Fund's Investment Strategy Statement.

An employer is allocated into one of the alternative investment strategies if the Fund deems this to be an appropriate change in strategy given an employer's funding profile and objective.

The following factors are considered when making this decision:

• Employer body type e.g. admitted body

• Funding target i.e. ongoing or cessation

• Approach to new entrants i.e. open or closed

• Other factors depending on employer's funding objective:

- Open, non-admitted Body: maturity, net cashflow
- Closed, non-admitted body: funding level
- Admitted body: funding level, maturity, net cashflow

Employers with active members who are deemed to fit the criteria for participating in one of the alternative investment strategies are consulted with before any change in strategy is implemented.

Appendix X

Norfolk Pension Fund

Customer Care and Communication Strategy Statement May 2022

The Norfolk Pension Fund is committed to delivering a consistently high level of performance and customer service.

Good communication is core to this commitment.

This document sets out how we do this.

Please note, we continue to review and amend our Customer Care and Communication Strategy in line with the latest COVID-19 situation.

lgps | Local Government Pension Scheme

Customer Care and Communication Strategy Statement

This Customer Care and Communication Strategy Statement aims to ensure that the Norfolk Pension Fund:

- provides clear, relevant, accurate, accessible and timely information
- listens, considers and responds appropriately to communication we receive
- uses plain English wherever possible, and avoids unnecessary jargon
- uses communication channels which best fit the audience and the information being passed on

Communication is ‘to share or exchange information or ideas’

Our Core Customer Care Standards

In normal times these are our core customer service standards. These are currently are impacted by COVID-19, but we still aim to meet the standards where possible.

- To answer the telephone within 15 seconds, and respond to enquiries within five working days
- To respond to letters within five working days
- To respond to email enquiries within three working days
- To meet visitors within five minutes of appointment time
- When visiting, to agree a time in advance and show an identity card

Who are we in regular communication with?

- Pensions Committee (the Trustees)
- Pensions Oversight Board
- Participating employers
- Scheme members
- Prospective members
- Scheme member representatives
- Norfolk Pension Fund staff
- Other bodies, including
    - Investment managers
    - The media
    - Actuaries
    - Other pension funds
    - Department for Levelling Up, Housing and Communities and The Pensions Regulator (regulators of the scheme)

How does the Norfolk Pension Fund communicate?

When deciding how to communicate, we consider the audience, the message and the cost to the Fund.

We want to get our messages over and to make ourselves available to hear queries, opinions and concerns.

We make use of make use of telephone, email, post, internet, social media and paper publications. However, face-to-face conversations and meetings, seminars, road shows, attendance at conferences and other forums have been limited due to COVID-19.

Our website meets accessibility guidelines and our Accessibility Statement can be found on our website **www.norfolkpensionfund.org**.

Data Protection Statement

Norfolk County Council on behalf of Norfolk Pension Fund is a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from the Fund, please visit **www.norfolkpensionfund.org**.

Pension Committee Trustees

The Pensions Committee act as trustees and oversee the management of the Norfolk Pension Fund. The Members of the Committee are committed to ensuring the best possible outcomes for the Norfolk Pension Fund, its participating employers and scheme members. Their knowledge is supplemented by professional advice from Norfolk Pension Fund staff, professional advisers and external experts.

The Trustees

Norfolk County Councillors

Judy Oliver (Chairman)

Alison Birmingham

William Richmond

Daniel Roper

Martin Storey

District County Councillors

John Fuller

Alan Waters (Vice Chairman)

Staff representative

Steve Aspin

Sharing information

Committee Meetings

The Pensions Committee meets quarterly, to consider all investment and administration (the calculation and payment of benefits) issues related to the Norfolk Pension Fund. It monitors performance, discusses significant issues and makes all decisions related to the Fund. The Executive Director of Finance and Commercial Services, Norfolk Pension Fund staff and other professional advisors prepare reports, briefings and make recommendations for the Committee to consider and act upon.

Observers

People who would like to see the Pensions Committee in action can view meetings on the Norfolk County Council Democratic Services www.youtube.com channel.

Internet

Pensions Committee reports, agendas and minutes are available via the Norfolk County Council internet and intranet sites at www.norfolk.gov.uk under **Council and Democracy** then **Meetings**.

Pensions Oversight Board

The Pensions Oversight Board helps ensure that the Norfolk Pension Fund continues to be well run and properly managed. The purpose of the Board is to assist Pensions Committee and Officers with responsibilities for managing the Norfolk Pension Fund by helping to:

- Secure compliance with the Regulations, any other legislation relating to the governance and administration of the scheme, and requirements imposed by The Pensions Regulator in relation to the scheme and;
- Ensure the effective and efficient governance and administration of the scheme

The full **Terms of Reference** for the **Pensions Oversight Board** are on the Norfolk Pension Fund website at **www.norfolkpensionfund.org**.

Board Members

Independent Chair	Brian Wigg
Scheme Member Representative	Frances Crum (Active/Deferred member)
Scheme Member Representative	Peter Baker (Pensioner member)
Scheme Member Representative	Jonathan Dunning (Trade Union)
Scheme Employer Representative	Cllr Chris Walker, Poringland Parish Council (Levying/precepting employers)
Scheme Employer Representative	Howard Nelson, Diocese of Norwich Education and Academies Trust (Non levying/precepting employers)
Scheme Employer Representative	Sally Albrow (Norfolk County Council)

Sharing information

There are at least two **Pensions Oversight Board** meetings a year. Papers, agendas and minutes of these meetings are published on the Norfolk Pension Fund website at **www.norfolkpensionfund.org**.

In addition, the **Pensions Oversight Board** produce an annual report in accordance with any regulatory requirements.

Scheme members

Norfolk Pension Fund scheme members come from a range of private, public and quasi-public organisations across the county.

It is essential that scheme members are provided with detailed information about the scheme and be able to understand what pension and benefits they may be entitled to in the future.

Communication with members reflects the varying interests and concerns of the different groups of scheme members:

Active members (29,985)
People currently in the employment of a participating employer.

Deferred members (40,305)
People who have left the employment of a participating employer, but who have not yet retired.

Pensioner members (28,490)
People in receipt of a pension from the Norfolk Pension Fund.
(Membership numbers as at 31 March 2022)

Telephone Helpline

A dedicated helpline for scheme members is operated by our experienced Pension Administration Team.

The team gives advice to active, deferred and retired members on scheme membership and benefits.

01603 495923

Phone lines open

Monday to Thursday 8.45am - 5.00pm

Friday 8.45am - 4.00pm

Scheme members

Sharing information with scheme members… *Item currently restricted due to COVID-19	Active	Deferred	Pensioner
Internet The Norfolk Pension Fund website provides advice, information and news as well as **direct and secure access to members personal data,** including a pensions calculator for active members at **www.norfolkpensionfund.org**	✓	✓	✓
Scheme guide A scheme guide is supplied to all members and published on the website.	✓	✓	✓
Annual Benefit Statement and newsletter Annual Benefit Statement booklets are sent to members' home addresses. The booklet also gives information on changes to the scheme and other topical issues, including a summary of the accounts and a general review.	✓	✓	✗
Annual Meeting and Pension Clinics* Scheme members can raise questions directly with Pensions Committee at the Annual Meeting. Due to COVID-19, our annual Pension Clinics have been suspended but members can request a virtual meeting to discuss their LGPS pension.	✓	✓	✗
Pay Advice and Pensions Increase Notification Payslips are posted to all pensioners when the pension payment after tax is more that £1.00 different to the last monthly payment. Members can view their monthly payment details on our website. We write to members about the annual pensions increase and other important messages. We also send them a P60 Tax Form each year.	✗	✗	✓
Pensions roadshows* Roadshows are run as, when and most importantly where they are needed.	✓	✗	✗
Pre-retirement course The Pension Fund supports a pre-retirement course, to help members approaching retirement prepare for the financial and lifestyle changes retirement brings. The course is currently being delivered virtually via Zoom.	✓	✗	✗
Retired members events* An annual event for pensioners takes place at a number of venues across the County. Speakers cover a range of pensions, financial and lifestyle subjects, including an update on the LGPS. These events are made possible by kind donations from our fund managers, Custodian and Actuary.	✗	✗	✓
Retired members newsletter Primetime, our newsletter for retired members (currently published twice a year) is to posted to home addresses and covers the latest information about pensions and the Fund.	✗	✗	✓

Prospective and new scheme members

Most people coming to work for any of the employers participating in the Norfolk Pension Fund are able to join the Local Government Pension Scheme (LGPS).

An up-to-date list of all the employers who participate in the scheme is posted on our website at: www.norfolkpensionfund.org

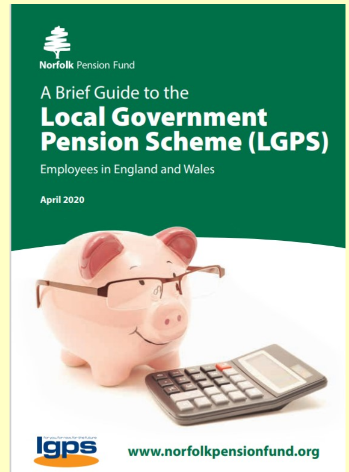
Most employers automatically enrol eligible new employees into the LGPS. They then have the right to 'opt out' of the Fund and cease to be a member.

Some members will have circumstances that may make it appropriate to opt out of the Fund.

We want people to make well informed decisions. We work closely with employers to help prospective members understand the wider benefits of membership and to encourage new members not to give up scheme membership without careful consideration.

Sharing information with prospective/new scheme members

New joiner information



A number of items are published on our website with information for new scheme members including the 'Brief Guide to the Local Government Pension Scheme (LGPS)' booklet.

Online

The Norfolk Pension Fund website has an area for joiners with details of the scheme benefits, costs, who can join and how to join. www.norfolkpensionfund.org

Induction courses

The benefits of membership are highlighted by scheme employers during their induction procedures.

Recruitment

Recruitment exercises highlight the opportunity of joining the scheme to potential employees.

Member representatives

The staff representative member of the Pensions Committee is also a representative of UNISON.

We maintain positive relations with member representatives and meet as requested or needed.

Employers

At the end of March 2021, the Norfolk Pension Fund had 425 contributing employers. This included Norfolk County Council, non-uniformed police authority and fire service staff, district councils, parish councils and drainage boards, a range of charities and quasi-government organisations such as the Citizens Advice and housing associations, increasingly some private companies delivering services on behalf of local authorities, and a growing number of academy schools.

Sharing information with our employers

Employer Forum and webinars

All employers are invited to regular Employer Forums (currently virtual) and webinars. These offer a great opportunity for employers and Norfolk Pension Fund colleagues to get together, to exchange news and views. Norfolk Pension Fund staff update employers with the latest news affecting the Norfolk Pension Fund, and external speakers provide insights into the wider pensions world. Webinars and virtual Employer Forums are recorded for colleagues unable to attend the live events.

Employer Manual

Our interactive Employer Manual is provided via the Norfolk Pension Fund website, and aims to provide all the information needed to take part effectively in the pension scheme.

Employer Newsletter

The Fund publishes a regular newsletter, aimed specifically at employers. It covers topical issues under debate, technical changes that need their attention and changes to regulations that impact on their duties and responsibilities. The frequency of publication has been increased during COVID-19 to keep employers up to date with all the latest developments.

Annual Report and Accounts

The audited accounts of the Norfolk Pension Fund are prepared as at 31 March each year and published on our website.

Specialist advice

Professional advice can be provided/arranged, related to specific pensions activities undertaken by employers, for example transfer of staff, external contracts, etc.

Internet - www.norfolkpensionfund.org and i-Connect (employer portal)

The Fund's website hosts an area for employers. It has lots of information about the scheme and the Norfolk Pension Fund. The employer manual, information, forms and employer newsletters are all available online. Our employer portal, i-Connect, gives employers access to view their own data, securely exchange data and submit requests and changes online.

Contacts database

We maintain an employer contact database.

Email

Updates on relevant topics are emailed to employer contacts as appropriate.

Fact sheets

Pension Fund fact sheets are maintained on issues such as early retirements.

Individual employer meetings

Pension Fund staff arrange virtual meetings with employers on request.

Other bodies we communicate with

Department for Levelling Up, Housing and Communities: We have regular contact with the Department for Levelling Up, Housing and Communities , as regulator of the scheme, and participate in a number of working groups where new developments are discussed.

The Pensions Regulator (TPR): to ensure good governance and standards of administration and compliance with Public Service Code of Practice 14.

ACCESS (A Collaboration of Central, Eastern and Southern Shires): The Norfolk Pension Fund is one of 11 LGPS Funds in the ACCESS investment pool.

The Society of County Treasurers

Chartered Institute of Public Finance Accountants (CIPFA): The Norfolk Pension Fund takes part in the annual CIPFA Pensions Administration Benchmarking Club.

Local Authority Pension Fund Forum (LAPFF): The Norfolk Pension Fund is a member of the LAPFF, which was established to help local authority funds share information and ideas about how we can be socially responsible owners of the companies in which we invest.

Pensions and Lifetime Savings Association (PLSA): The Norfolk Pension Fund is a member of the PLSA, which helps us be a part of the national pensions debate. Jo Quarterman, Head of Governance, sits on the PLSA Local Authority Committee.

South Eastern Counties Superannuation Officers Group: Pension Officers from administering authorities in the region meet regularly to share information and ensure uniform interpretation of the rules governing the scheme.

Investment Managers, Professional Advisors and Actuaries: We have regular meetings with fund managers who invest the monies belonging to the Fund. We also meet the Fund's actuaries who measure and value the assets and liabilities of the Fund, and calculate the necessary employer contribution rates to keep the Fund solvent.

Heywoods CLASS and Payroll User Groups: We are active members of the Heywood's Administration CLASS (Computerised Local Authority Superannuation System) and Payroll system users groups.

Pension Fund Custodian: The Fund's custodian is Northern Trust, who ensure the safekeeping of the Fund's investment transactions and all related share certificates, etc.

Barclays Bank: provide banking services to the Fund.

The Press: The Fund has a good working relationship with professional pension publications and the local media.

Seminars and conferences: Norfolk Pension Fund staff regularly attend and speak at seminars and conferences, to continue their professional development, maintain knowledge levels and to contribute to pensions development.

Norfolk Pension Fund staff

The Norfolk Pension Fund is administered by Norfolk County Council.

Administrator of the Norfolk Pension Fund

Norfolk County Council Executive Director of Finance and Commercial Services, Simon George.

Head of Service

Director of the Norfolk Pension Fund, Glenn Cossey, leads the Service.

Administration Management

Pensions Manager, Mark Alexander and **Pension Member Services Manager,** Debra Keeling, and their team provide benefit administration services to scheme members and participating employers.

Investment Management

Head of Funding and Investment, Alex Younger, and his team manage the pension fund investments and accounts, as well as providing support to employers and the Trustees in their stewardship of the Fund.

Governance

Head of Governance, Jo Quarterman, supports the Fund's governance, communication, service development and project management.

Sharing information

Management meetings

The Management Team meets regularly, for strategic and development planning and review, as well as operational performance issues and monitoring.

Team meetings and weekly newsletter

Team meetings take place regularly, and are supplemented by additional or informal meetings for specific issues as required.
A weekly newsletter is also circulated to the team.

Service Plan

The Fund maintains a three year service plan, which sets out the agenda for the future. All the team share the plan, and discuss at team meetings.

Team development

A budget is allocated for training and development. A combination of formal and informal training and development is maintained.

Performance development framework

The performance development framework includes conversations between managers and team members to establish clear goals in work aligned to organisational plans; maximising the strengths of contribution to the service; and reviewing performance and future development plans.

Intranet, internet and email

All staff have access to the Norfolk County Council intranet, the internet and email.

Norfolk Pension Fund

Norfolk Pension Fund
County Hall
Martineau Lane
Norwich
NR2 1AD
Telephone: 01603 495923
Email: pensions@norfolk.gov.uk
www.norfolkpensionfund.org

Norfolk Pension Fund publications

Communication material	Paper based	Online	Large sight copy	Braille/ Audio	When published	When reviewed
Website: **www.norfolkpensionfund.org**		✓	Help available	Help available	Constantly available	Ongoing
Scheme Booklet	✓	✓	On request	On request	Constantly available	Ongoing
A Guide to the LGPS	✓	✓	On request	On request	Constantly available	Ongoing
Annual Benefit Statement, members newsletter and accounts	✓	✓	On request	On request	Annually	Annually
Pay advice slip	✓	✓	On request	On request	Online - Monthly Paper - only if payment changes	Monthly
Retired members newsletter	✓	✓	On request	On request	Twice yearly	Twice yearly
Information sheets (various)	✓	✓	On request	On request	As required	Ongoing
Employer Manual	✓	✓	On request	On request	Constantly available	Ongoing
Employer Newsletter	✓	✓	On request	On request	3-4 times a year	3-4 times a year
Report and Accounts	✓	✓	On request	On request	Annually	Annually
Pensions Committee Papers	✓	✓	On request	On request	Quarterly	Quarterly
Pensions Oversight Board Papers	✓	✓	On request	On request	3-4 times a year	3-4 times a year
Press articles	✓	✓	On request	On request	As required	As required

IN TRAN® communication for all

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 Events

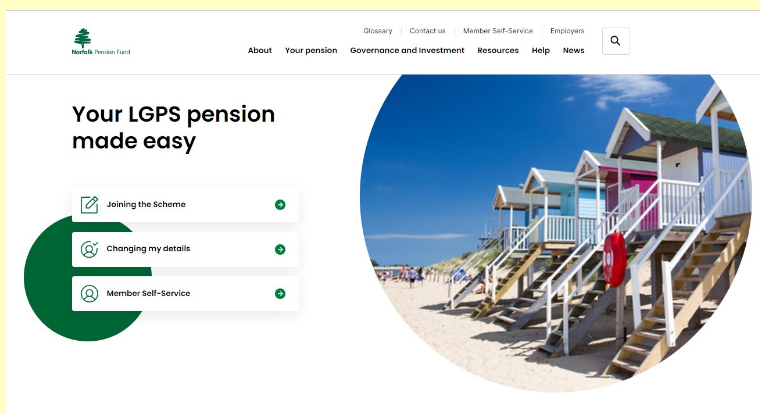
Pensions Committee	Four times a year
Pensions Oversight Board	Four times a year
Employer Forum and webinars	Approximately four a year
Annual Meeting and Pension Clinics (virtual as requested)	October/November
Pre-retirement course	Bi-monthly
Norfolk Pension Fund member roadshow	As requested
Induction sessions for employers (new HR and Finance staff)	As requested

Visit the Norfolk Pension Fund at

www.norfolkpensionfund.org

For information on

- Benefits
- Fund performance
- Fund literature and guides
- Events
- Latest news
- Contact information



Register for online services for

- Personal details
- Annual Benefit Statement
- Pension payments
- Online requests

Norfolk Pension Fund

Appendix XI

Norfolk Pension Fund

Governance Strategy Statement

This document sets out the

governance arrangements

for the

Norfolk Pension Fund

as at May 2022

lgps | Local Government Pension Scheme

Administering Authority

Norfolk County Council (NCC) is the **Administering Authority** of the Norfolk Pension Fund and administers the Local Government Pension Scheme (LGPS) on behalf of participating employers and scheme members.

- Norfolk County Council has delegated its pensions functions to the **Pensions Committee**
- Norfolk County Council has delegated responsibility for the administration and financial accounting of the Norfolk Pension Fund to the **Executive Director of Finance and Commercial Services**
- The **Norfolk Pension Fund Pensions Oversight Board** acts as the **Local Pension Board** for the Norfolk Pension Fund

Pensions Committee

The Pensions Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pensions Committee meets quarterly in order to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary

Pensions Committee Trustees*

- The Pensions Committee act as Trustees and oversee the management of the Norfolk Pension Fund
- As Trustees, their overriding duty is to ensure the best possible outcomes for the Pension Fund, its participating employers and scheme members
- Their knowledge is supplemented by professional advice from Pension Fund staff, professional advisers and external experts
- To meet the requirements set out by the Pensions Regulator's Code of Practice, Trustees need a certain level of expertise. An ongoing programme of trustee training is delivered and no substitutions are allowed at Committee

Pensions Committee Membership

There are eight members of the Pensions Committee:

Chairman	Norfolk County Councillor	Judy Oliver
	Norfolk County Councillor	Alison Birmingham
	Norfolk County Councillor	William Richmond
	Norfolk County Councillor	Daniel Roper
	Norfolk County Councillor	Martin Storey
Vice-Chairman	District Councillor (elected by the Local Government Association)	Alan Waters
	District Councillor (elected by the Local Government Association)	John Fuller
	Staff Representative	Steve Aspin
	Observer**	Open to all participating employers
Other attendees	Administrator of the Fund (NCC Executive Director of Finance and Commercial Services)	Simon George
	Director of the Norfolk Pension Fund	Glenn Cossey
	Investment Advisor to the Fund (Hymans Robertson)	David Walker

* Pensions Committee members act as Trustees but do not have legal status as Trustees.

** The observer seat is not currently part of the formal Constitution and does not have voting rights. However, the observer seat is an equal member of the Committee in all other ways, with access to all Committee papers, officers, meetings and training, along with the opportunity to contribute to the decision making process.

Local Pension Board

In line with all public service pension schemes, each Local Government Pension Scheme (LGPS) Fund is required to have a Local Pension Board.

The Local Pension Board for the Norfolk Pension Fund is called the **Norfolk Pension Fund Pensions Oversight Board**.

Role of the Pensions Oversight Board

The role of the **Pensions Oversight Board**, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013, ("the Regulations") is to:

- Assist the **Administering Authority** to secure compliance with:
  - the Regulations and any other legislation relating to the governance and administration of the Local Government Pension Scheme (LGPS);
  - requirements imposed in relation to the LGPS by the Pensions Regulator (tPR); and
  - such other matters as the LGPS regulations may specify
- Assist the **Administering Authority** to ensure the effective and efficient governance and administration of the Norfolk Pension Fund
- Provide the **Administering Authority** with such information as it requires ensuring that any member of the **Pensions Oversight Board** or person to be appointed to the **Pensions Oversight Board** does not have a conflict of interest

The **Pensions Oversight Board** also helps ensure that the Norfolk Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by The Pensions Regulator.

The creation of the **Pensions Oversight Board** does not change the core role of the **Administering Authority** nor the way it delegates its pension functions to the **Pensions Committee**. The **Pensions Oversight Board** does not replace the **Administering Authority** nor make decisions which are the responsibility of the **Administering Authority** under both the Regulations and other relevant legislation.

The **Pensions Oversight Board** only has the power to oversee decisions made by the **Administering Authority** and to make recommendations to improve the efficient and effective administration and governance of the pensions function, including funding and investments.

The full **Terms of Reference** for the **Pensions Oversight Board** are on the Norfolk Pension Fund website at **www.norfolkpensionsfund.org**.

Pensions Oversight Board Membership

The **Pensions Oversight Board** has an equal number of scheme member and scheme employer representatives (three of each), along with an Independent Chairman:

Independent Chair	Brian Wigg
Scheme Member Representative	Frances Crum Active/deferred member
Scheme Member Representative	Peter Baker Pensioner member
Scheme Member Representative	Jonathan Dunning Trade union
Scheme Employer Representative	Cllr Chris Walker, Poringland Parish Council Levying/precepting employer
Scheme Employer Representative	Howard Nelson, Diocese of Norwich Education and Academies Trust Non-levying/precepting employer
Scheme Employer Representative	Sally Albrow, Norfolk County Council

Pensions Oversight Board members comply with the Norfolk Pension Fund training policy, and training opportunities are as far as possible are shared with the **Pensions Committee**.

Each member of the **Pensions Oversight Board** is responsible for complying with the knowledge and understanding requirements of section 248A of the Pensions Act 2004.

Pensions Oversight Board Meetings

There are at least two **Pensions Oversight Board** meetings a year and it normally meets quarterly.

Papers, agendas and minutes of these meetings are published on the Norfolk Pension Fund website at www.norfolkpensionfund.org.

In addition, the **Pensions Oversight Board** produce an annual report in accordance with any regulatory requirements.

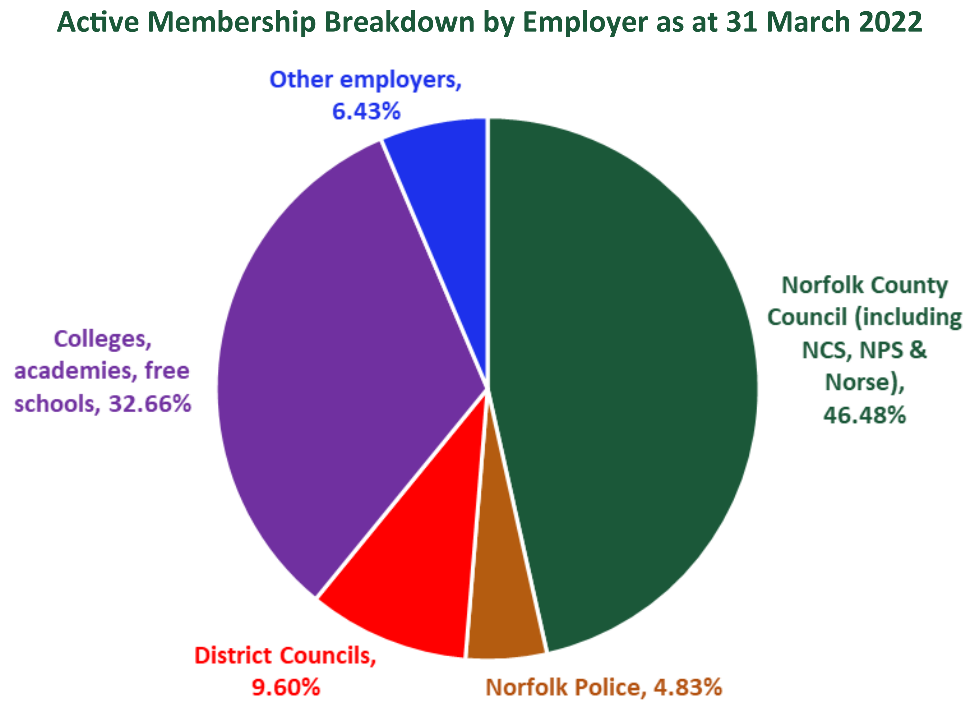
Executive Director of Finance and Commercial Services

- The **Executive Director of Finance and Commercial Services** is Norfolk County Council's Chief Finance Officer and Section 151 Officer
- As Administrator of the Fund he is responsible for:
    - The administration and financial accounting of the Fund
    - The preparation of the Pension Fund Annual Statement of Accounts

Legislation and Regulations

- The Norfolk Pension Fund administers the Local Government Pension Scheme (LGPS) in Norfolk and is governed by the:
    - Local Government Pension Scheme Regulations 2013
    - Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014
    - Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
    - Local Government Pension Scheme (Amendment) Regulations 2015
    - Local Government Pension Scheme (Management and Investment of funds) Regulations 2009, and subsequent amendments
- **Pensions Committee** is governed by Norfolk County Council's procedural rules under the Council's Constitution. The Committee's **Terms of Reference** are:
- "To administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the Local Government Pension Scheme, and on behalf of Norfolk County Council as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members) including:
    - Functions relating to local government pensions etc under regulations made under Sections 7, 12 and 24 of the Superannuation Act 1972
    - To receive and consider the draft Financial Statements for the Norfolk Pension Fund
    - To comment on the draft Financial Statements and make a recommendation to the Audit Committee that they be approved/not approved"
- Financial affairs are conducted in compliance with Norfolk County Council's Financial Regulations
- Funds are invested in compliance with the Norfolk Pension Fund's Investment Strategy Statement

Membership of the Fund and Local Accountability



Local Accountability - Representation

Employers

- Employers are directly represented on Pensions Committee and the Pensions Oversight Board
- All employers are invited to regular Employer Forums and the Annual Meeting

Scheme Members

- Scheme Members are directly represented on Pensions Committee and the Pensions Oversight Board
- All active and deferred scheme members are invited to the Annual Meeting and Pensions Clinics; retired members receive two annual newsletters and are directly represented on the Pensions Oversight Board

Membership as at 31 March 2022

426 Contributing Employers

28,490 Pensioners

(members in receipt of a pension from the Fund)

29,985 Active members

(members who are currently in the employment of a participating employer)

40,305 Deferred members

(members who have left the employment of a participating employer, but who are not yet in receipt of their pension)

Local Accountability - Transparency

- The Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders
- How it does this is set out in the annually updated Customer Care and Communication Strategy Statement. This is on our website at **www.norfolkpensionfund.org**
- Pensions Committee reports, agendas and minutes are published on the Norfolk County Council website at **www.norfolk.gov.uk**
- Pensions Committee meetings are open to the public
- Pensions Oversight Board reports, agendas and minutes are published on the Norfolk Pension Fund website at **www.norfolkpensionfund.org**
- The Annual Pension Fund Report and Accounts, reporting on the activities and investment performance of the Fund, and including the Pensions Oversight Board annual report, are on our website at **www.norfolkpensionfund.org**
- Payments over £500 are published on the Norfolk County Council website at **https://www.norfolk.gov.uk/what-we-do-and-how-we-work/open-data-fois-and-data-protection/open-data/payments-to-suppliers**
- Extracts from the Annual Report and a signpost to the whole document are included in the Annual Benefit Statement sent to all scheme members, and in Primetime, the annual newsletter sent to all retired members
- All scheme members and employers are invited to an Annual Meeting
- All employers and members of the Pensions Committee and Pensions Oversight Board are invited to our Employer Forums. These are an opportunity for employers to discuss matters of interest to their organisations with officers and members

ACCESS Investment Pool

The Norfolk Pension Fund participates in ACCESS (A Collaboration of Central, Eastern and Southern Shires), an investment asset pool of eleven Administering Authorities within the Local Government Pension Scheme (LGPS).

The ACCESS authorities have signed an Inter Authority Agreement which established a Joint Committee at which the Chair from each Administering Authority Section 101 Committee ('Pensions Committee') is represented.

The Norfolk Pension Fund Pensions Committee and Pensions Oversight Board are regularly updated and review the work of the Joint Committee and the Operator, and ACCESS investment performance.

More information can be found on the ACCESS website at www.accesspool.org.

Norfolk Pension Fund
County Hall
Martineau Lane
Norwich
NR1 2DH

Pensions Administration
01603 495923
pensions@norfolk.gov.uk

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

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

www.norfolkpensionfund.org

Norfolk Pension Fund

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Appendix XII

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 IDRP 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. 7th or 15th (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 15th (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)
- Il Health Certificate (completed by the Medical Advisor)

However, completed versions of all these forms could be scanned by the employer and uploaded to the secure online facility.

From October 2016 it is expected that all employers will use online services only (PensionsWeb) where the appropriate facility exists.

Employer Performance Monitoring

Norfolk Pension Fund will look to work closely with employers where areas of poor performance are identified to ensure the necessary training and development are undertaken in order to address any shortcomings.

Pension Fund Responsibilities in Relation to Scheme Members

The main responsibilities of Norfolk Pension Fund in relation to scheme members are set out below, together with the performance standard expected to be met in order to demonstrate an efficient and high quality service.

Function / Task	Performance Expectation / Target
Provide Transfer In Quotes to scheme member	Within 10 working days of receipt of request and all information required
Provide Transfer Out Quotes to scheme member	Within 10 working days of receipt of request and all information required
Make Refund Payments to scheme member	Within 5 working days of receipt of request and all information required
Provide Estimate of Retirement Benefits in respect of scheme member	Within 10 working days of receipt of request and all information required
Calculate and Notify scheme member of Actual Retirement Benefits	Within 5 working days of receipt of request and all information required
Acknowledge Death of Member	Within 5 working days of receipt of request and all information required
Notify Dependants' Benefits	Within 5 working days of receipt of request and all information required
Notify Deferred Benefits	Within 10 working days of receipt of request and all information required
Response to general member enquiries	Within 5 working days of receipt of request and all information required
Make Monthly Pension Payments	On or before last banking day of each month
Issue Annual Benefit Statements	By 31 August following year end

Pension Fund Performance Monitoring

Norfolk Pension Fund carries out continual performance monitoring against its performance targets. These are measured against its peers in annual benchmarking exercises which are reported to employers, the pensions committee and details included in Norfolk Pension Fund annual report.

Policy on Re-charging Employers Direct for Administration Costs due to Failure to Comply with Requirements

Where ongoing performance issues are identified Norfolk Pension Fund will pro-actively seek to put an improvement plan in place. An ***Improvement Notice*** would be sent to the employer detailing the areas of concern, set timescales for improvement and confirm possible fees that Norfolk Pension Fund would seek to charge to the employer should performance not improve (see section **Administration Fees for Employer Work**).

Should performance not improve within the timescale set out in the ***Improvement Notice*** the breach will be reported to the Head of Norfolk Pension Fund in the first instance for consideration. Norfolk Pension Fund reserves the right to invoke the appropriate administration fees. Any events of this type will be reported to Pensions Committee.

Where performance issues are related to one-off events (e.g. provision of annual contribution return), and no extenuating circumstances are known to Norfolk Pension Fund, then an ***Improvement Notice*** will be sent by Norfolk Pension Fund. Fees (see section **Administration Fees for Employer Work**) may be incurred immediately and reported to the Pensions Committee. Serious non-compliance will also be reported to the Pensions Regulator.

Policy on Recovering Costs from Employers where Excessive Service Requested

In exceptional circumstances, Norfolk Pension Fund reserves the right to charge an administration fee. Examples of where this may apply include:

• Disproportionate or excessive employer requests for non-standard information (e.g. bespoke lists of its members' data etc.)

• An employer requests Norfolk Pension Funds significant assistance in ensuring that its own pension records are up-to-date.

• Where an employer changes payroll provider; the additional costs incurred in updating pension fund records may be recovered and also costs associated with processing multiple year end returns.

Norfolk Pension Fund may need to agree non-standard turnaround times for certain work in order to keep any administration costs to a reasonable level. Norfolk Pension Fund also reserve the right to charge fees (to cover the additional cost) to employers at the discretion of the Head of Norfolk Pension Fund.

Policy on Re-charging Employer with Other Charges or Obligations

Any fines, fees or other charges made on Norfolk Pension Fund, but which relate to performance of the employer (e.g. by Pensions Ombudsman, the Pensions Regulator or other regulatory bodies) will be recharged to the employer.

Interest on late payment of contributions as defined in the Local Government Pension Scheme may be charged to the employer in addition to any administration fee.

Any event that seriously jeopardises the Norfolk Pension Fund's ability to meet statutory requirements may invoke an immediate fine e.g. failure to provide annual contribution returns.

Penalties for Failure by Employers to Meet their Statutory Obligations

Administration fees shown below are charged at the discretion of the Head of Norfolk Pension Fund and would only be invoked if an employer has consistently failed to meet its obligations and an ***Improvement Notice*** has been issued but not complied with.

Regulatory Task	**Administration Fee/Charge**
Failure to appoint a Pension Liaison Officer (PLO) or keep NPF informed of PLO or change to contact details	£50 per occurrence plus £50 for each month of continued non provision
Late payment of employee and/or employer contributions	£50 per occurrence plus interest as defined in the LGPS Regulations
Non provision of the monthly SR71 contributions schedule	£50 per occurrence, plus £50 per week of continued non provision
Late provision of year end contribution return in prescribed format*****	£1,000 per occurrence plus £100 for each week or part week of continued non provision
Late provision of starter notification	£50 initial charge plus £50 per month or part month of continued non provision
Late provision of leaver notification	£50 initial charge plus £50 per month or part month of continued non provision

***** Due to the serious impact of this requirement, a penalty charge will apply for late submission and will only be waived in exceptional circumstances, as agreed by the Head of the Norfolk Pension Fund.

Apart from the requirement above, these fees and charges will only be made in exceptional circumstances and Norfolk Pension Fund will do everything possible to support employers in order to avoid them.

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If you would like this guide in large print, audio, Braille, alternative format or in adifferent language, please email pensions@norfolk.gov.uk or call 01603 222824.

LOCAL GOVERNMENT PENSION SCHEME

Pension 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

Function/Task	Performance Expectation/Target
Notify NPF of new joiners	Submission of monthly payroll data to i-Connect (in the payroll period to which it relates) by the cut-off date
Notify NPF of all relevant changes to members circumstances (name, address, part-time hours, break in service)	
Notify NPF of all leavers, retirements, deaths, opt-outs	

Fees for Failure by Employer to Meet their Obligations

There will inevitably be a period of settling down, but if after 3 months from the point of onboarding an employer continues to submit monthly member data after the agreed cut-off date, NPF may levy an administration fee/charge of £1,000 plus £100 per week or part week of continued non submission.

Existing processes to continue – Phase 1

Employers should continue to provide the information and forms required as follows:-

Payment of contributions due to Norfolk Pension Fund

- Payment of employee and employer contributions due each month should be made to NPF by the due date shown on SR71 forms. A single payment should be made electronically quoting the reference detailed on the SR71.

  SR71 Remittance Advice (summarising payment due including any deficit payment) must be completed and emailed to NPF before payment is received by NPF. The figures on the SR71 should match the i-Connect submission.

Submission of the following employer online forms through the Employer portal (PensionsWeb):

- L45 Termination forms
- MISC89 Estimate of Benefits request
- R16 Retirement Discretions
- R25 Advance Warning of Retirements
- SR47B Notification of Unpaid leave

Submission of the following employer interactive PDF forms through My Documents on the Employer Portal:

- Opt Out forms. Employer notification SR88 & Member opt out form SR97
- Ill-health retirement forms R18, R45, R46 & R53
- SR90 Pension option reduced Pay
- SR108 Option to pay contributions for Unpaid leave

Submission of the following member interactive PDF forms through My Documents on the Employer Portal:

- SR81 Expression of wish form
- SR95 Membership form
- SR96 Non LGPS benefits transfer form

Update Contacts to be used by NPF via the Employer Portal:

- Employers should continue to keep their contact details up to date.

This addendum was reviewed by the Pensions Committee at their meeting on 5 October 2021

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