



Minutes of the Norfolk Pension Fund Pensions Oversight Board meeting held on Tuesday 24 May 2022

Present:

Chairman

Brian Wigg

Employer Representatives

Sally Albrow

Norfolk County Council

Scheme Member Representatives

Frances Crum

Jonathan Dunning

Peter Baker

Active / Deferred member

Trade Union

Pensioner member

Also Present

Jo Quarterman

Business Development and Project
Manager, Norfolk Pension Fund

Glenn Cossey

Director of the Norfolk Pension Fund

Tim Shaw

Committee Clerk

1. Welcome and Introduction

- 1.1** The Chairman welcomed Sally Albrow (Norfolk County Council and Jonathan Dunning (Trade Union) to their first meeting of this “virtual” Teams meeting of the Pensions Oversight Board.

2 Apologies for Absence

- 2.1** Apologies for absence were received from Howard Nelson and Cllr Chris Walker.

3. Minutes

- 3.1** The POB agreed the minutes of the meeting held on 9 February 2022.

4. Declarations of Interest

- 4.1** There were no declarations of interest, but it was noted during the meeting that Frances Crum would be declaring her membership of the branch executive of UNISON on the declaration form in the conflicts section. This would mean that she did not need to repeat the declaration at every POB meeting and would only need to raise it again should there be an agenda item that gave rise to a potential conflict of interest.

5 Vice-Chair

It was agreed that the appointment of a Vice-Chairman should be an item on the agenda for the next meeting of the Board when it would be possible to hear the views of those members who were unable to attend today's meeting.

6 Items of Urgent Business

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

7 Feedback from the Pensions Committee meeting on 1 March 2022 and items to be raised at the meeting on 21 June 2022.

- 7.1** The POB noted that today's meeting would be the subject of a report to the Pensions Committee on 21 June 2022.
- 7.2** The Pensions Committee on 1 March 2022 had approved the Norfolk Pension Fund operational budget for 2022/23 (at just under £4m). This budget was administered separately from that of the County Council. The Committee had also received several regular operational reports.
- 7.3** The June 2022 meeting was due to receive a report on risk management and a presentation from the Fund Actuary about the latest position with the Fund's triennial valuation exercise. This would examine the strategy for academy schools and seek approval for the assumptions that underpin the valuation on such issues as investment return, pension increases, longevity, mortality, salary increases etc.

8 LGPS Reform

- 8.1** POB received an update about the ongoing national reform programme and other issues within the LGPS.
- 8.2** The presentation provided an update on the following regulatory reforms:
- £95k payment cap and reform: consultation was expected later this year.
 - McCloud: the final regulations were expected in Summer 2022 with guidance in Autumn/Winter 2022 and the remedy implemented in Autumn 2023: Mark Alexander continued to

assist Heywood's (the NPF software provider) in finding a software solution based on the draft guidance. The remedy was expected to impact scheme members who were already retired. They together with those active/ deferred members who were coming up to retirement would be treated as a priority.

- Regulatory reforms on climate reporting (TCFD) and the next steps on pooling were now anticipated in Autumn 2022.
- The Autumn consultation was also expected to cover issues arising from the Levelling Up White Paper. An important aspect of this consultation for the LGPS was expected to be the Government's ambition for LGPS funds to put in place plans to have up to 5% of the value of their funds in UK wide local investment for regeneration purposes. This would not be a mandatory requirement. The consultation could include existing infrastructure and regional investment allocations. The Pensions Committee had already started on this route in 2018/19 with an allocation to infrastructure projects.
- Good Governance: recommendations were presented by the SAB to DLUCH ; statutory guidance is anticipated as a result.
- TPR combined code: this new code, combining and updating the current 15 Codes, is expected to come into force in the Autumn.
- Pensions Dashboard: this national software portal is intended to provide individuals with a single source of pensions information that was specific to them. This was expected to be rolled out starting sometime in 2023, with 'go live ' for the LGPS in 2024.
- Goodwin: an update was requested for the next meeting.

8.3 It was noted that everyone within the LGPS was working together to find common solutions to issues that arose from the national reform programme.

9 Norfolk Pension Fund operational update and future service delivery)

9.1 POB received an update on operational performance and issues that included the latest CIPFA benchmarking data and an update on future service delivery.

9.2 POB noted the following about the Key Performance Indicators (KPIs):

- Estimate of Retirement Benefits and Actual Retirement Benefits took priority over other tasks.
- KPI data for April/ May 2022 showed how a change in service priorities had impacted on functions and activities that were carried out by the Pensions Payroll Team. During this period the team had to focus their efforts on making sure that pensions increase calculations and tax changes were processed without delay. This had temporarily impacted on the

team's ability to meet some of the other delivery targets.

- 9.3** CIPFA Benchmarking Club data showed a comparatively strong set of performance data figures for the Norfolk Pension Fund on KPI data when compared to other LGPS funds. The Benchmarking Club data also showed Norfolk to be in a favourable position regarding the administrative costs per member. The data showed a club average cost per member of £21.53 compared to the Norfolk Pension Fund at £19.56. When these figures were previously reported to POB they had shown the NPF position to be closer to the club average.
- 9.4** It was suggested that POB's thanks to the staff for the above average benchmarking performance data should be mentioned in the next staff newsletter.
- 9.5** Future Service Delivery
- Background
 - Reviewing service delivery & accommodation requirements, post pandemic and in light of Lawrence House lease ending soon (Feb 2023)
 - Build on best of pre-and pandemic working experiences –to offer better service looking ahead
 - Evidence based approach used: gathered, tested and analysed data from Scheme Members and Employers
 - Also considering the needs of the Pension Fund, teams and individuals.
 - Findings
 - Convenience of a digital service alongside the assurance of more 'traditional' services
 - Pension Fund (and teams and individuals) would benefit from more flexible facilities to support training & development, wellbeing & support etc. alongside service delivery
 - Would like to explore a new service model based on a central HQ supplemented by in person opportunities in more accessible locations, including outside Norwich, e.g. member clinics.
 - Costings
 - Self contained office facility at County Hall offered "free of charge" saving the Fund £180K pa in rent/service charge.
 - Dilapidation costs upon exit of Lawrence House estimated to be in the region of £120 to £180K.
 - One-off relocation expenses £20K.
 - Any costs associated with supporting service clinics will be brought back to Committee for approval.
 - Current position
 - Using Mezz as a base (although still work to be completed) –proving popular with the team so far and provides a private space for sensitive discussions. There

was an accessibility lift for the Mezz area and a single meeting room in the office space provided.

- Decommissioning process started at Lawrence House.
- Next steps / future ways of working: analysis / design progressing.
- Group phone numbers were used to access the team without going through the County Hall system.

POB had a 10- minute break at this point in the proceedings and agreed to change the order in which items would be considered during the remainder of the meeting although for ease of reference items remain listed in these minutes in the order in which they appear on the agenda.

10 Strategic Review Update

10.1 POB received an update on progress across the different workstreams as the Strategic Review Programme was completed and the steps that followed started to take shape.

10.2 A full closure report would be presented to the Pensions Committee in June 2022 (a draft of the report was presented to POB Members with the agenda for today's meeting).

10.3 For the benefit of new POB Members, the seven project workstreams and the overall purpose of the review were explained. The overall aim was defined as "to reduce some of the high-risk areas identified and establish a secure basis for the administration of the scheme." Work on any outstanding individual workstreams would continue as part of the usual service planning process.

10.4 The presentation to POB provided an update on the review workstreams:

- Information was contained in regular reports to Committee and POB.
- Progress was interrupted by COVID.
- The Programme was closing.
- A Project Closure report was being prepared for Committee setting out:
 - Progress against each recommendation
 - Next steps under BAU
 - Draft copy shared with POB
 - Also includes key lessons learnt

11 Hymans Robertson Valuation Update

11.1 POB received a presentation by Rob Bilton of Hymans Robertson on progress with the 2022 triennial valuation which was a key risk management exercise for the Fund.

11.2 The presentation by Rob Bilton explained:

- The reasons why there was a triennial valuation for the benefit of new POB members.
- Outputs of the valuation in terms of liabilities and assets.
- The ways in which the valuation outputs would be communicated to Committee, employers and other stakeholders.
- Progress to date
 - The valuation timetable.
 - Engagement with NPF officers to date.
 - The detailed week-by-week plan in place to smoothly deliver the valuation
 - Data cleansing
 - Identification of any material issues present in data – none found.
 - Review of funding and investment strategy
 - Considering climate change risk.
 - Next steps on funding strategy—including the investment strategy for academies and the assumptions that underpin the Fund.
 - What was coming up next—and the aim to give employers as much notice as possible in terms of contribution rates.

11.3 It was agreed that background paperwork from previous presentations on climate change risks and how this impacted on the triennial valuation would be circulated to POB members.

11.4 Thanks were placed on record to Rob Bilton for the presentation.

12 ACCESS

12.1 POB received an update on ACCESS, including arrangements for Local Pension Board observation of ACCESS Joint Committee meetings (JC) which were circulated with the agenda for today's meeting.

12.2 For the benefit of new POB Members, it was pointed out the Government required LGPS Funds to work together to “pool investments to significantly reduce costs, while maintaining investment performance”. The ACCESS Pool (of which the Norfolk Pension Fund was one of 10 members) was governed by a Joint Committee (JC) made up of one elected councillor from each authority's Pensions Committee. The Norfolk Pension Fund was represented by the Chair of Pensions Committee.

12.2 It was not possible to say at this stage when the POB would be invited to observe the JC, which depended on the date by which every

authority signed their inter-authority agreement. The two Norfolk POB observers on the JC would need to be considered at a future POB meeting.

13 Internal Audit Reports

13.1 POB was informed about progress as part of the internal audit work plan against Strategic Review recommendations which was done as a Management Letter rather than as part of an internal audit and provided an assurance for all interested parties as the strategic review came to an end.

13.2 The Management Letter showed that the Norfolk Pension Fund had delivered (or had plans in place to deliver) against all 18 strategic review recommendations.

14 Risk Management

14.1 POB received the latest risk update and heat map that showed risk movement in terms of governance, funding and investment and benefits administration. The heat map included a new risk identified at a previous POB meeting about smarter working and new ways of working. The heat map would be further updated for the June 2022 meeting of the Pensions Committee.

14.2 In reply to questions, it was pointed out that the new means of delivering the service would be treated as an amber risk and carefully monitored. The risk register was continually updated and reported regularly to POB and Pensions Committee.

14.3 The risk management framework would be added to the forward work programme to be considered at a future POB meeting.

14.4 The Norfolk Pension Fund had changed its approach to the recruitment of benefits administration staff and other posts where there was a lack of skilled resource. The person specifications for such posts no longer listed previous experience of the LGPS as an essential requirement. The NPF was successfully taking on staff from other suitable backgrounds and then providing them with in depth training about the LGPS.

15 Knowledge, Skills and Training

15.1 POB received an update on:

- Online Learning Academy developed by Hymans which could be taken in bite sizes.
- Webinars. These were often recorded and catalogued for training purposes. It was important for the Norfolk Pension Fund to maintain a record of POB members understanding of the LGPS.

- Conferences

15.2 It was noted that the issue of “knowledge and skills” was largely addressed with Board Members between Board meetings but would continue to be included in the agenda for meetings so that sufficient time could be allocated for this purpose.

16 Forward Work Programme for the Pensions Oversight Board

16.1 The following issues taken from the 2021/22 work programme would continue in 2022/23:

- New Employer Services team
- Cybersecurity. This was seen as a big challenge for the Pension Committee and a high priority for POB
- Valuation oversight
- Future Service Delivery
- Overview of budget setting process
- Risk management framework (added as an additional forward work item earlier in this meeting).

17 Future Meeting dates

17.1 Meeting dates for the coming year:

- 6th Sept 2022
- 8th November 2022 to be an in person meeting at County Hall
- 28th Feb 2023

Chair