



Minutes of the Norfolk Pension Fund Pensions Oversight Board (POB) meeting held on Tuesday 4 February 2025

Present:

Chair

Brian Wigg

Employer Representatives

Sally Albrow	Norfolk County Council
Julie Brown	South Norfolk and Broadland Councils
(Vacancy	Employer Rep (non-levying))

Scheme Member representatives

Frances Crum	Active / Deferred member
Robin Konieczny	Trade Union

Also present:

Glenn Cossey	Director of the Norfolk Pension Fund
Jo Quarterman	Director, Head of Governance
Eunice Walcott	Governance Manager
Charlotte Alexander	Pension Fund Accountant
Madeline Mitchell	Project & Policy Management Officer
Elaine Otway	Business Support Officer
Julie Baillie FFA	Fund Actuary, Hymans Robertson

1. Welcome and Introduction

1.1 The Chair welcomed Robin Konieczny, the new Trade Union representative, to his first virtual meeting of the Pensions Oversight Board; and also, Julie Baillie from Hymans Robertson, Leon and Jamie from the National LGPS Frameworks team and Madeline Mitchell from the Governance team.

2. Apologies for absence

2.1 Apologies received from Peter Baker.

3. Minutes and matters arising

3.1 POB agreed the minutes of the meeting held on the 5 November 2024.

4. Declarations of Interest

4.1 There were no new declarations to note.

5. Board Membership update

5.1 POB were updated on the employer representative position, which is still vacant. It was also highlighted that two board members are nearing the end of their terms, which expire on 31 December 2025.

1. The active and deferred members elected Frances; the next election process will commence via the summer's Annual Benefits Statements mailing.
2. Norfolk County Council appoints Sally.

6. Items of Urgent Business

6.1 Chair noted that there were no urgent items of business.

7. Feedback from the Pensions Committee meeting on 3 December 2024 and items to be raised at the 11 March 2025 meeting.

7.1 The POB noted that today's meeting would be the subject of a report to the Pensions Committee on 11 March 2025.

7.2 Members were reminded that the invitation to observe Pensions Committee is open to all POB members.

7.3 GC updated POB on the Pensions Committee agenda items discussed on 3 December 2024. In addition to regular standing items, including the administration report, Board report, and investment update report the Pensions Committee agenda included a presentation from Kevin McDonald, Access Support Unit Director, on the 'Fit for the Future' consultation and proposals concerning the LGPS pools.

7.4 In addition to regular items, the agenda for the 11 March 2025 meeting of Pensions Committee would cover:

- Kevin McDonald will be asked to present an update on Access's approach and work in response to the consultation proposals around LGPS pooling.
- Regular updates around administration and Board will be provided.
- The Service Plan and operational budget for the year ahead will be discussed.
- Rob Bilton from Hymans Robertson will present further work on the 2025 valuation, focusing on the results of the asset liability modelling. The asset liability work provides an early indication to stabilised employers regarding their funding position and potential movement in contribution rates.

8. LGPS Reform

8.1 POB received an update on the Government's ongoing national reform programme and other issues within the LGPS. GC provided some background to the key developments to date.

8.2 Key reforms were highlighted, with significant impact for LGPS funds.

- Current government continues previous government's LGPS reform efforts, focusing on pooling and good governance.
- August 2024: Government published terms of reference for pensions review.
- September 2024: Government published a call for evidence on LGPS in relation to scale, consolidation, cost and value.
- November 2024: Chancellor's Mansion House speech launched the 'Fit for the Future' consultation, focussed on pooling, local UK investment, and good governance. Committee was briefed and the Norfolk Pension Fund response was submitted, after sharing with Committee and POB, by the consultation close date on 16 January 2025. The Access Pool also submitted a consultation response (also shared with Committee and POB).
- LGPS pools are required to submit their business cases in response to the Consultation by March 31st.

8.3 McCloud Remedy update

- Remedy regulations and guidance are in place.
- Software solution tested and live within the system.
- Applicable member records now show McCloud remedy calculations. The focus is now on applying the remedy to pensions in payment following the pensions increase in April.

8.4 Pensions Dashboard

The Fund has contracted with an Integrated Service Provider, to connect to the dashboard eco-system. Data cleansing and setting matching parameters is in progress.

- Public service pension schemes to connect by October 31 this year.
- General go-live date for the Pensions Dashboard is October 31, 2026.

8.5 **Scheme Advisory Board (SAB) Updates**

Funding Strategy Statements: These are important engagement documents with stakeholders. The new guidance focuses on consultation and stakeholder engagement.

- Norfolk Pension Fund is broadly compliant with the new guidance.

8.6 Fiduciary duty: The SAB asked Nigel Giffen KC to review his previous advice in respect of fiduciary duties in the LGPS, in light of developments since its first

request for advice in 2014. The updated advice is available on the SAB website and broadly notes no significant change from 2014:

- Administering authority has a fiduciary duty to both scheme members and employers.
- Investment decisions should benefit the fund's financial position.
- Non-financial factors can be considered if there is no material financial detriment.

8.7 Local Government Reform (Devolution)

In December 2024, the Government published a white paper on local government devolution. Norfolk and Suffolk plan to bid for devolution to create a strategic authority with a mayor. The Strategic authority would oversee areas such as transportation, infrastructure, skills, housing, and economic development.

We are now awaiting a government response to Norfolk and Suffolk's bid. If approved, elections for the mayor are anticipated to be held in May 2026.

8.8 The Local Government Review (LGR)

The review aims to abolish the two-tier system of counties and districts and replace it with unitary authorities. Parishes and town councils remain outside the scope. The goal is to improve efficiencies and outcomes.

The government has set criteria for the new authorities that would replace the two-tier system, including a minimum population of 500,000, although there may be exceptions to this. Norfolk currently has a population of 910,000.

Assuming Norfolk and Suffolk pursue devolution and receive government approval, proposals for a revised local government structure must be submitted by autumn. The new authorities could be operational by April 2028.

Both devolution and the LGR As an LGPS fund will impact on the LGPS and the Norfolk Pension Fund, which will include a new administering authority. If there is one unitary authority, it will become the administering authority by default. If there are multiple authorities, the administering authority will need to be determined. This will bring constitutional changes affecting committees, boards, offices, policies, and strategies.

The impact on the LGPS can be summarized in three areas:

1. Governance: Significant changes due to constitutional adjustments.
2. Scheme Administration: Updating member records for approximately 30,000-35,000 active members as large employers like counties and districts disappear.
3. Funding: Managing and restructuring the past service liabilities of large employers.

We have started discussions with Hymans about potential implications. Their experience with other local government reorganizations will be valuable.

8.9 The responsibilities and work ahead for local government and the pension fund are significant. This will be reflected in our risk heat map. We must be prepared for

action in the coming years, emphasising the importance of long-term relationships with industry partners like Hymans.

9. Norfolk Pension Fund operational update (including ACCESS)

9.1 POB received an update on local operational performance, followed by an update on government reforms and the anticipated implications for ACCESS and the Norfolk Pension Fund.

9.2 Norfolk Pension Fund Key Performance Indicators (KPI's)

POB received the latest Key Performance Indicators. A slight dip in performance was noted on transfers out, due to an increase in volume of activity in November. Despite this, the overall performance remained good.

9.3 ACCESS - Government's Consultation and Fit for Future

9.4 The POB were given a summary of the Pooling Consultation and ACCESS progress so far.

9.5 Consultation Document Elements

- Two elements: 30 questions to respond to and proposals for LGPS pools.
- Responses submitted by the fund and the ACCESS Pool by deadline of January 16th.
- Government received over 200 responses from the LGPS and wider industry.

9.6 Proposals for LGPS Pools

The proposals included:

- Delegation of Investment Strategy: Authorities to delegate implementation to the pools.
- Investment Advice: Authorities to take investment advice from the pools.
 - Potential conflict as the same organization provides advice and implements strategy.
 - Importance of independent advice highlighted.
- Transfer of Legacy Assets: All legacy assets to be transferred to the pool by March next year. Significant progress made, but transferring difficult assets remains a challenge.
- Regulation by FCA: Pools to be investment management companies regulated by the FCA by March next year.

9.7 Five pools already meet this requirement: a significant challenge for the those which currently do not, including ACCESS, Wales and Northern Pool.

9.8 Access Pool's Response

9.9 ACCESS is currently exploring the options to either build an investment management company or work with an existing Pool.

9.10 The ACCESS Joint Committee meets on 12th February where they will review the findings and make recommendations to Funds.

9.11 Governance Recommendations

The Consultation also progresses the Good Governance recommendations from the Scheme Advisory Board, including around knowledge and skills for Committees and the establishment of the Senior LGPS Officer role for funds (this has been confirmed as the Director of Pensions at the Norfolk Pension Fund). The Fund has expressed some reservations around independent advisers on committees and some of the detail around biennial peer reviews.

9.12 Next Steps

Joint Committee to receive evaluation and recommendation at February 12 meeting. POB will observe this meeting (represented by Brian and Robin).

10. Triennial Valuation

10.1 A presentation provided by Julie Baillie of Hymans Robertson, including a reminder of the role of the actuary and the purpose and approach to the triennial valuation, and an update on progress with the 2025 valuation and next steps.

10.2 The Chair thanked Julie for the presentation.

11. Operational Review: National LGPS Framework website

11.1 POB received a presentation from Leon Thorpe and Jamie Freeman following a recent DDoS attack on the Frameworks website and how they dealt with this. The incident did not result in any data breaches and the website was able to be restored swiftly, with minimal impact on service delivery.

11.2 In answer to a question are there any learning opportunities from the incident, Leon explained that greater resilience has been set in place around access to the URL management company.

11.3 Chair thanked Leon and Jamie for the presentation which was well received with the explanation of how the DDoS event was mitigated and for the sterling work being done by the team on the security of the website.

11.4 Chair will add to the POB report to Committee how well the event was resolved by the Frameworks and NCC Digital teams.

12 Operational Review:

12.1 Service Planning

POB received the latest draft of the 2025-2028 Service Plan.

12.2 The plan sets out how the Fund will meet its strategic objectives over the next 3 years, including activities and resources needed. It also summarises progress since the previous year's plan was published. The service plan is used operationally by the management team, individual teams, and individuals for performance conversations and annual performance discussions.

- 12.3 The final version will be taken to Pensions Committee in March for approval, alongside the budget for 2025-2026.
- 12.4 In response to a question about the drivers behind the projects identified within the plan, Glenn explained that some are driven by legislation, regulation, or statutory guidance; and others are related to efficiency or best practice, such as the Pension Regulator's General Code of Compliance.
- 12.5 In response to a question, Glenn confirmed that the plan included a list of projects completed in the previous year, projects that are currently in progress, and projects due to start shortly.

13. POB Budget

- 13.1 JQ presented an update on expenditure to December 2024 against the current year budget for the Board; and the proposed budget for POB for 2025 – 26.
- 13.2 POB noted the expenditure to date for 2024 – 25 and confirmed approval of the proposed 2025-26 budget.

14. Risk Management

- 14.1 POB received the latest risk update and heat map which showed the quarter up to December 2024. There was risk movement in terms of an employer operational risk that was a downgrade. There was one new risk, which was government reform and consultation. All other risks remain stable. Cyber financial crime remains our highest risk.
- 14.2 The risk register is regularly reviewed and updated by the-Fund's management team and reported to POB and Pensions Committee at each meeting.

15. Internal audit reports

- 15.1 POB noted there was one internal audit this quarter relating to the National LGPS Frameworks. The audit outcome was 'acceptable.'

16. Knowledge, Skills and Training, including:

- 16.1 POB were thanked for their participation in the National Knowledge Assessment (NKA) exercise. The NKA results for Norfolk, and the national results report, were shared with POB members.
- 16.2 Participation in the exercise, as set out in the Fund's training strategy, helps us identify any training and knowledge gaps, and informs our training plans. Obtaining and maintaining an appropriate level of knowledge and understanding is a regulatory requirement for the POB, and our training strategy also imposes that same standard on the committee. Taking part in this assessment is an important part of our process
- 16.3 It was noted that Committee engagement with the exercise was lower than POB's, but that a lot of training is received by Committee both within the Committee agenda as well as outside this. The Good Governance recommendations now being progressed by the 'Fit for the Future' proposals will formalise the requirement

for Committee members to obtain and maintain appropriate levels of knowledge and understanding to fulfil their responsibilities.

16.5 POB thanked Officers for the work done and Norfolk's position fifth out of the responses reflects the quality of the training officers provide to both Pensions Committee and Board.

17. Forward Work Programme for the Pensions Oversight Board

17.1 The Board reviewed the proposed forward work programme, including the commitment to regularly review compliance with the TPR's Combined Code of Practice and cyber risk management in order to provide assurance to the committee. POB are invited to advise The Chair and JQ of any other specific areas they may wish to suggest for consideration in the forward work programme.

17.2 The Chair pointed out that there would be an opportunity to review the forward work programme when new members were appointed.

18. Date of next meeting

18.1 The date of the next meeting is 20 May 2025 – an online / virtual meeting.