



## **Minutes of the Norfolk Pension Fund Pensions Oversight Board meeting held on Tuesday 8 November 2022**

### **Present:**

#### **Chairman**

Brian Wigg

#### **Employer Representatives**

Sally Albrow

Norfolk County Council

Howard Nelson

DNEAT

#### **Scheme Member Representatives**

Frances Crum

Active / Deferred member

Peter Baker

Pensioner member

#### **Also Present**

Jo Quarterman

Business Development and Project Manager, Norfolk Pension Fund

Glenn Cossey

Director of the Norfolk Pension Fund

Eunice Walcott

Governance Manager

Madeleine Mitchell

Project & Policy Management Officer

Julie Baillie

Hymans

Tim Shaw

Committee Clerk

### **1. Welcome and Introduction**

- 1.1** The Chair welcomed POB members to this in person meeting of the Pensions Oversight Board.

### **2 Apologies for Absence**

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

### **3. Minutes**

- 3.1** The POB agreed the minutes of the meeting held on 24 May 2022 and the notes of the meeting held on 6 September 2022

#### **4. Declarations of Interest**

**4.1** There were no declarations of interest.

#### **5 Vice-Chair**

**5.1** It was agreed that should the Chair of the Pensions Oversight Board be absent from the meeting then the Board would look to appoint a Chair for the day.

#### **6 Items of Urgent Business**

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

#### **7 Feedback from the Pensions Committee meeting on 27 September 2022 and items to be raised at the meeting on 6 December 2022.**

**7.1** The POB noted that today's meeting would be the subject of a report to the Pensions Committee on 6 December 2022.

**7.2** In addition to regular standing items, the Pensions Committee on 27 September 2022 had received the draft Annual Report and Accounts of the Norfolk Pension Fund for the year-ended 31 March 2022 (which would be published on the Pension Fund website by 1 December 2022, after consideration by Audit Committee), a presentation about The Taskforce on Climate-related Financial Disclosure (TCFD) (for which government consultation closed on 24 November 2022) and the initial "whole fund" results of the Triennial Valuation as at 31 March 2022.

**7.3** The December 2022 meeting of Pensions Committee would receive a progress report on risk management as well as presentations from the Actuary on the Fund's funding strategy statement, (that would be shared with employers during the autumn for consultation) and the Fund's cash flow (based on medium term assumptions). There would also be a Part 1 review of the Enhanced Yield Portfolio with any recommendations presented to Committee as a Part 2 review in March 2023.

#### **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:

- Climate reporting (TCFD)-consultation closes on 24 November 2022. The Fund's draft response would be shared with POB

Members.

- Pooling guidance. This remained a promised consultation.
- Good Governance. Expected to be a live consultation shortly.
- Levelling up. Awaiting further details.
- TPR revised code. This is a combined code of existing codes expected to be laid before Parliament before the end of the 2022.
- McCloud. Final guidance was awaited.
- £95K cap. The Government had consulted other public sector schemes which excluded LGPS. The LGPS was expected to have its own specific consultation.
- Pensions Dashboard. Staging events expected next year, with all LGPS Funds due to participate by September 2024.

**8.3** It was noted that the cybersecurity risks associated with the exchange of information arising from the Pensions Dashboard will require effective and appropriate controls to be in place.

**8.4** It was noted that the Government had not yet provided an assurance that LGPS pensions for next year would be uplifted in line with September Consumer price index (CPI). This is being carefully monitored. If the Government indicates that LGPS Pensions will not be increased in line with September CPI, documentation will be reviewed and updated, including guidance provided by the LGA.

In response to a question, it was confirmed that the Fund was well positioned to manage the potential increase in cash requirements associated with a CPI linked pension increase, and longer-term funding and investment implications.

## **9 Norfolk Pension Fund operational update and issues/ ACCESS update**

**9.1** POB received an update on operational service and key performance levels during the period.

**9.2** POB heard about updated promotional resources being made available to employers to help support scheme members and raise awareness of the value of their LGPS pension.

**9.3** It was noted that the next employer forum was due on 29 November 2022. This will be a hybrid meeting and will focus on individual employer valuation results. The Chair reminded POB Members that they had access to the forthcoming employers' workshop which could also be viewed on Microsoft Teams.

**9.4** The Norfolk Pension Fund continued to work with the County Council as a scheme employer to extract scheme member data from the new Oracle Finance and HR system.

- 9.5** The Norfolk Pension Fund software (called I-Connect) that would be used to connect with the Oracle system is in place but due to technical difficulties with Oracle it was not yet possible to import data. This matter was being treated as the highest priority by the Oracle Solutions Team. When the technical difficulties with the Oracle system were resolved there will be a large backlog of data to be entered via the I-Connect system.
- 9.6** The Pensions Committee would be made aware of the risk for the timely completion of annual benefits statements (a regulatory requirement). Due to the potential material impact it was suggested that the Regulator should be made aware of the situation.
- 9.7** In reply to questions, it was pointed out that the retired member payroll system used to pay pensions is a separate system from Oracle, managed by the Pension Fund with an external service provider, Heywood.

## **10 2022 Actuarial valuation: update**

- 10.1** Julie Baillie of Hymans Robertson provided POB with an update on the 2022 valuation.
- 10.2** The presentation included the following:
- NPF 2022 valuation timetable
  - Q4 2022 included:
    - Employer results issued to employers
    - Employer Forum & consultation period
    - Funding Strategy Statement consultation
  - The 2022 funding position was stronger than at 2019.
  - There were currently 571 employers (including both active and ceased employers with legacy liabilities) in the scheme
  - Net impact would vary by employer, depending on funding profile
  - The funding plan was appropriate for each employer
  - No material changes in funding strategy at 2022 valuation
  - The valuation had provided an opportunity to review structure and layout of the Funding Strategy Statement to improve accessibility and navigation for stakeholders
  - Updated Funding Strategy Statements would be sent around for consultation to all employers.
  - Work undertaken on the impact of market volatility and inflation.
  - Average level of future inflation: 2019 = 2.3% pa, 2022 = 2.7% pa
  - Hymans had undertaken climate change risk modelling as part of its work on the valuation.
- 10.3** Thanks were placed on record to Julie Baillie for the presentation.

## **11 Risk Management**

- 11.1** POB received the latest risk update and heat map that showed risk movement in terms of governance, funding and investment and benefits administration.
- 11.2** The definitions of risk tolerance and appetite were explained to POB Members. Risk appetite corresponded to the risks that the Pension Fund was willing to take, within the capacity of a tolerance of risks, beyond which it did not wish to go.
- 11.3** There were three areas of risk which fitted in with the management structure:
- Governance
  - Funding and Investment
  - Benefit Administration Risk
- There were also cross-cutting risks which were managed centrally.
- 11.4** POB noted that a full risk report was taken to Pensions Committee on a six-monthly basis and that the reporting process also included a heat map being taken to each meeting of the Pensions Committee to show the movement in risks and highlight any areas of concern or improvement. This was also taken to POB. The risk register was owned by the senior management team. There were currently two red risks.
- 11.5** Howard Nelson said that he had information on how Academies dealt with the processing of risks that could be shared with the Norfolk Pension Fund.

## **12 Cybersecurity**

- 12.1** POB received an update on progress against the cyber security compliance plan, previously shared with POB.
- 12.2** It was noted that the Pensions Regulator had said that cyber risk could be broadly defined as the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes. It included risks to information (data security) as well as assets, and both internal risks and external risks.
- 12.3** POB received a presentation from Eunice Walcott, Governance Manager, that included the following:
- Norfolk Pension Fund Cyber Security Compliance Plan benchmarked against TPR Cyber Security Principles for Pension Schemes in place since 2020.
  - Norfolk Pension Fund hold personal information for in excess of

90,000 members and over £4 billion in assets. Steps are taken to protect our members and assets including protecting them against 'cyber risk'.

- The Pensions Regulator requires pension administrators, pension committees and the local pension board to ensure that they have the appropriate system in place to ensure safe management of the scheme and custody of assets.
- Norfolk Pension Fund (Fund) operates in accordance with the system of governance and controls established under the Cyber Security and Information Governance Framework set by Norfolk County Council.
- We have a Compliance Plan specific to Norfolk Pension Fund to ensure we are continually assessing our particular risks and have in place the appropriate measures to manage those risks.
- Every member of staff has to undertake mandatory training.
- What next?
  - Norfolk Pension Fund Confidentiality, Cyber Security, Data Protection and Information Governance Guidelines to be developed to cover Pension Fund specific risks
  - Annual Cyber Assurance Exercise with 3<sup>rd</sup> party providers maintained; this includes areas such as penetration testing.
  - Continue to work closely with IMT and procurement
  - Further training for Committee and POB and Officers (cyber, scam and information governance)
  - The merits of separate insurance for cyber security continue to be monitored.

**12.4** In reply to questions, it was pointed out that while the NPF was unable to provide financial advice, it did provide links to where scheme members could obtain independent financial advice about their pensions.

### **13 Internal audit reports**

**13.1** POB noted the following:

- No new Internal Audit reports since last meeting
- Governance and Frameworks team audit about to start.

### **14 Knowledge, Skills and Training**

**14.1** POB received an update on:

- National Knowledge Assessment. There had been a good response: completed by 75% of Committee and majority of POB. Plans for 'in person' training event for Committee / POB in Spring.
- 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 Forward Work Programme for the Pensions Oversight Board**

**15.1** POB noted the following:

- 28thFebruary 2023. This meeting would cover budget setting and Employer Services.
- May 2023 (date to be confirmed). This meeting would cover Strategic review: BAU update and review of valuation process

## **16 Future Meeting dates**

**16.1** POB next met on 28thFebruary.

**16.2** Future meeting dates, and POB member preferences for virtual, in person or hybrid meetings, would be confirmed by email.

**Chair**