lgps | Local Government Pension Scheme

Norfolk Pension Fund

Welcome to the

Norfolk Pension Fund Employer Forum

Glenn Cossey
Director of the Norfolk Pension Fund

8 July 2026

Housekeeping

Norfolk Pension Fund

- The Forum is being recorded – a link to the recording will be emailed next week
- You should have already received today's presentation slides, but we will send them again with the recording link
- If you are joining virtually, please turn off your microphone and camera
- For colleagues in the room, in the event of a fire alarm, please leave through the Fire Exit situated to the right of the projection screen

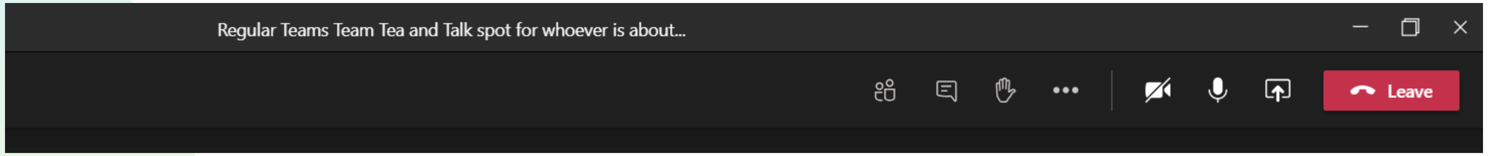
  The Fire Assembly point is in the front car park
- There will be a 20 minute coffee break at about 11.05am

  We aim to finish at about 12.30pm with a buffet lunch for guests here at The Space

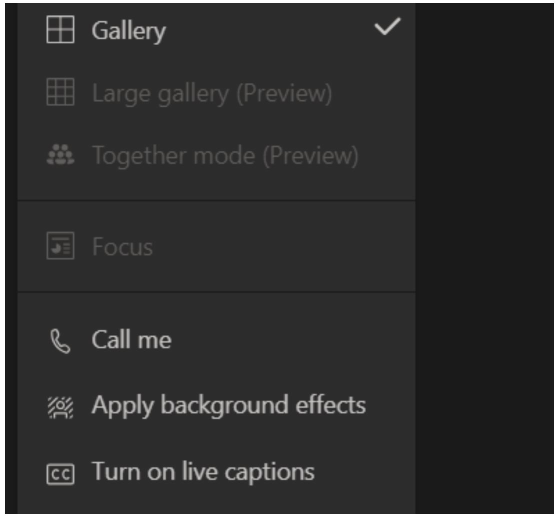
Accessibility

Norfolk Pension Fund

- To use Live Captions:
- Select the 3 dots on your control bar



- Then select
  ‘Turn on live captions’



Questions

Norfolk Pension Fund

- Virtual - please submit your questions using the ‘Meeting chat’ facility

- We’ll do our best to answer your question during the Forum

- However, if we’re unable to address your question today, we’ll provide an answer in the email to be circulated with the webinar recording link

Agenda

Norfolk Pension Fund

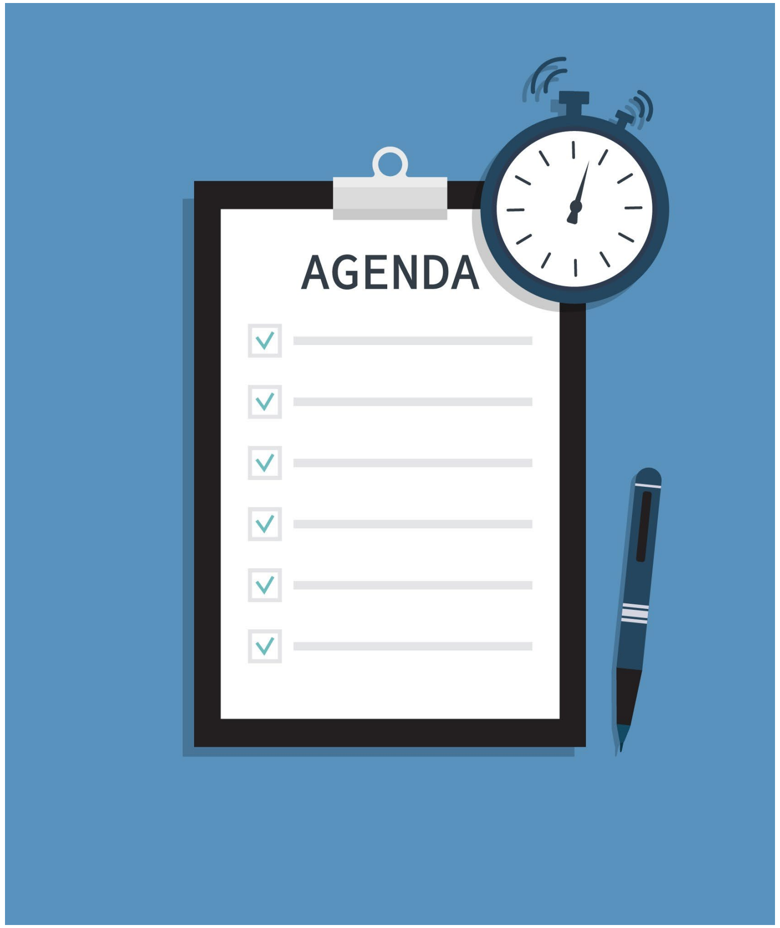
- 2025 Valuation – Big Picture
- Current Economic Environment
- Accounting Disclosures

Coffee break

- LGPS Access and Fairness
- LGPS Investment Pooling Reform
- Ask the Panel Q&As

The team is available for 1:1s after the session

To arrange a call or virtual meeting please email
pensions@norfolk.gov.uk



Pensions Oversight Board (POB) vacancies

Norfolk Pension Fund

Independent Chair

Vacancy

Employer Representatives

Julie Brown - levying/precepting employers

Sally Albrow - Norfolk County Council

Vacancy - Non levying/precepting employers

Scheme Member Representatives

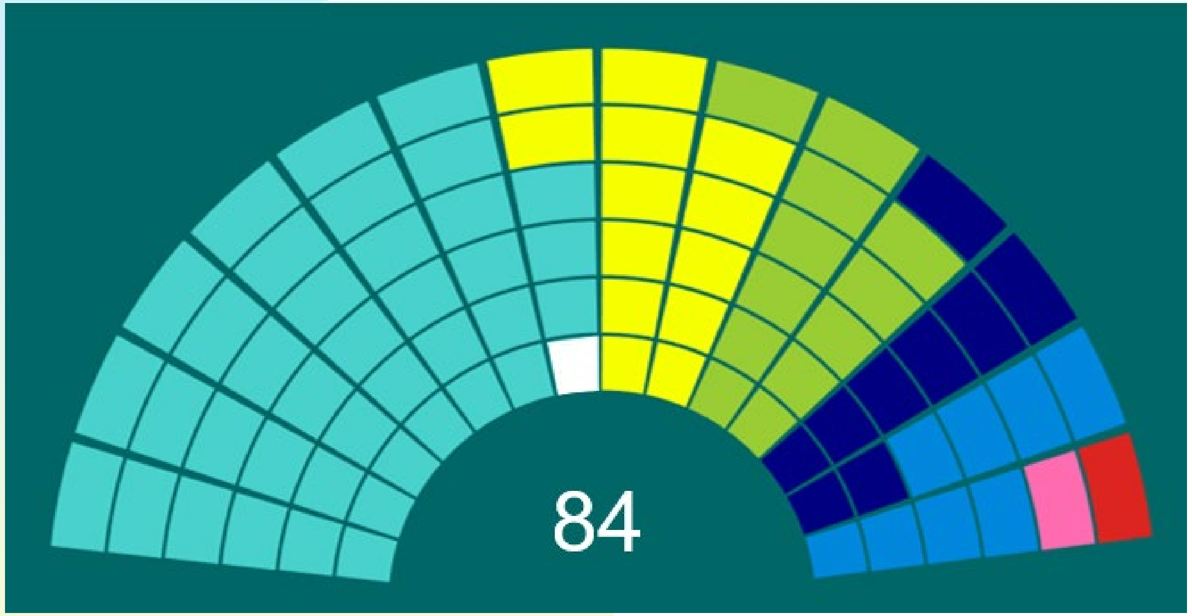
Frances Crum - active/deferred members

Peter Baker - retired members

Robin Konieczny - trade union

Norfolk County Council state of parties

Norfolk Pension Fund



- **Conservatives** 8 divisions
- **Great Yarmouth First Party** 9 divisions
- **Green Party** 12 divisions
- **Liberal Democrats** 13 divisions
- **Independent** 1 divisions
- **Reform UK** 39 divisions
- **Labour** 1 divisions
- **Vacancy** 1 divisions

Reform UK the largest party with 39 seats out of 84.
No overall control.

Norfolk County Council positions

David Bick
Council Leader

Peter Lawrence
Chair, Pensions Committee

Jason Butler
Efficiency, Performance &
Pensions Oversight

Pensions Committee membership

Norfolk Pension Fund

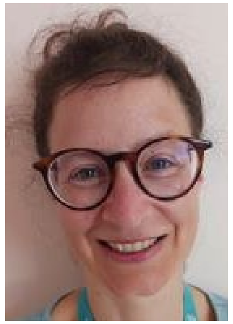
Peter Lawrence
Chair

REFORM UK

Jason Butler

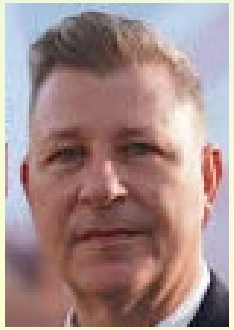
Jan Davis

Green Party



Hannah Hoechner

GREAT YARMOUTH FIRST



Michael French

Independent

Simon Ring

Liberal Democrats

Brian Watkins
Vice Chair

Staff Rep

Steve Aspin

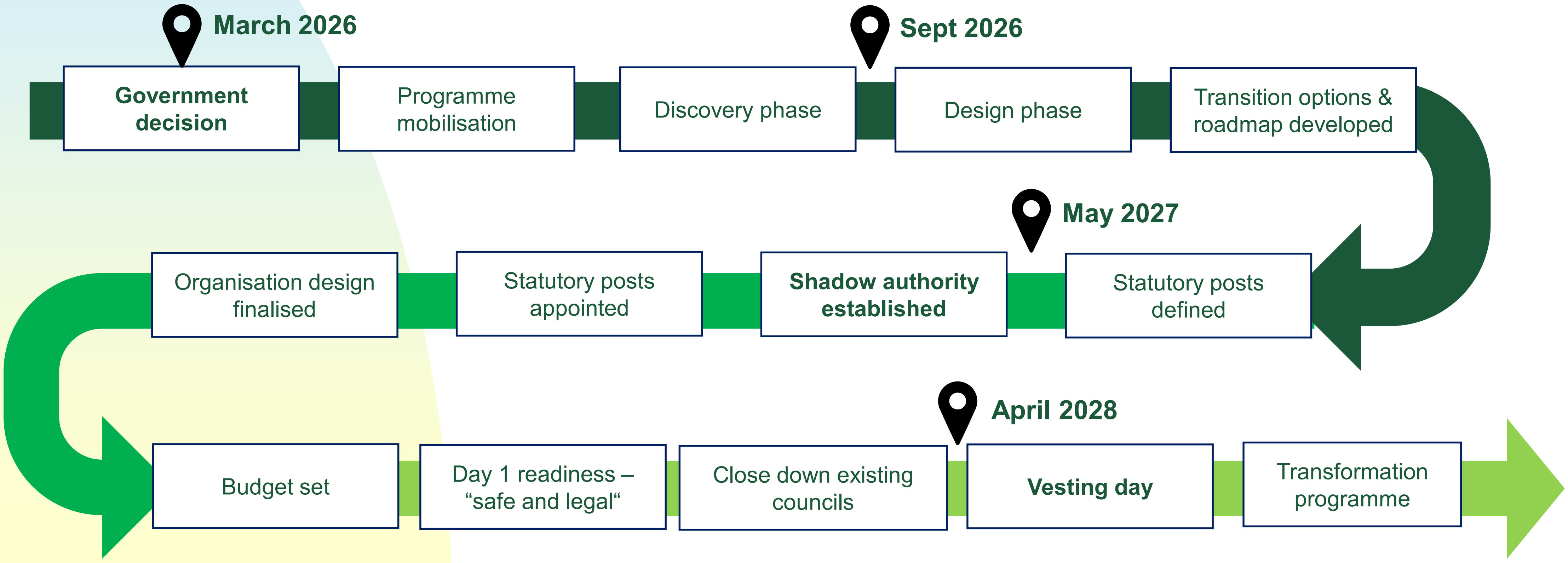
LGR (Local Government Reorganisation)

- **March 2026** - the Government issued a ***minded to*** decision to abolish Norfolk's current two-tier structure (Norfolk County Council + seven district/borough councils)
- **Three new unitary authorities** will be created, combining county and district functions into single councils
- The new councils will be: **West Norfolk, East Norfolk, and Greater Norwich**
- Unitarisation means residents deal with **one council for all services** - from planning and housing to social care and highways
- This follows the Government's broader English devolution agenda to create **stronger, simpler local government**

LGR – The Journey

Norfolk Pension Fund

From the Government's *minded to* decision, there will *be* a 22-month journey to Vesting Day of the three new councils.



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Employer Forum

8 July 2026

Julie Baillie FFA C.Act

Agenda

1. 2025 Valuation – Big Picture
2. Current Economic Environment
3. Accounting Disclosures
4. Discussion and questions

2025 Valuation – Big Picture

Key messages going into 2025 valuation

Strong funding positions

Assets broadly stable

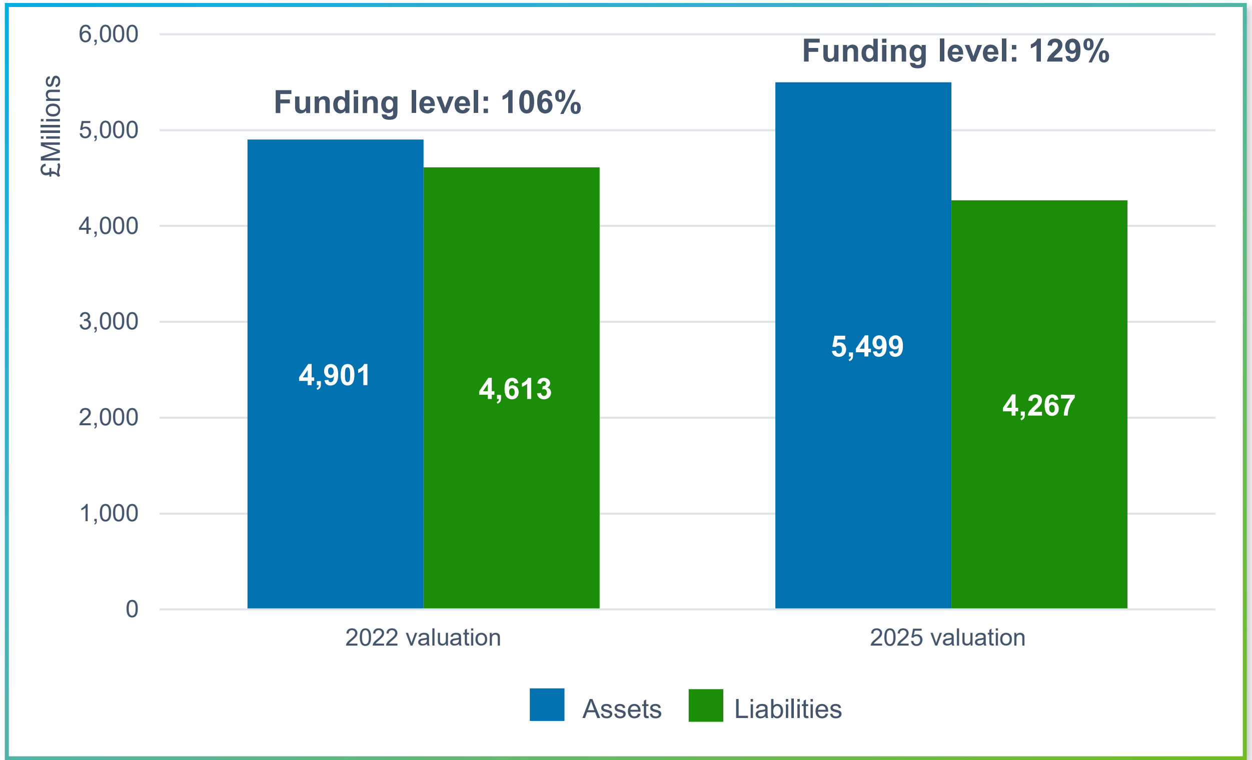
Shift in economic environment

Future uncertainty remains

Cautious optimism

2025 valuation – Norfolk Pension Fund

Change in funding position between 31 March 2022 and 31 March 2025



Valuation Date	31 March 2025	31 March 2022
Assets (£m)	5,499	4,901
Total Liabilities (£m)	4,267	4,613
Surplus / (Deficit) (£m)	1,232	289
Funding Level	129%	106%
Funding metrics	**31 March 2025**	**31 March 2022**
Required return (to be 100% funded)	4.1% p.a.	4.0% p.a.
Likelihood of achieving this return	> 95%	79%

Numbers may not sum due to rounding.

Higher funding level driven by higher assumed future returns reducing the liabilities

2025 Valuation Results: the Big Numbers

LGPS 2022 funding level **107%**

LGPS 2025 funding level **122%**

Growth in assets

£366bn in 2022

£402bn in 2025

Fall in liabilities

£343bn in 2022

£329bn in 2025

Increase in reported surplus

£23bn — **2022** surplus

£73bn — **2025** surplus

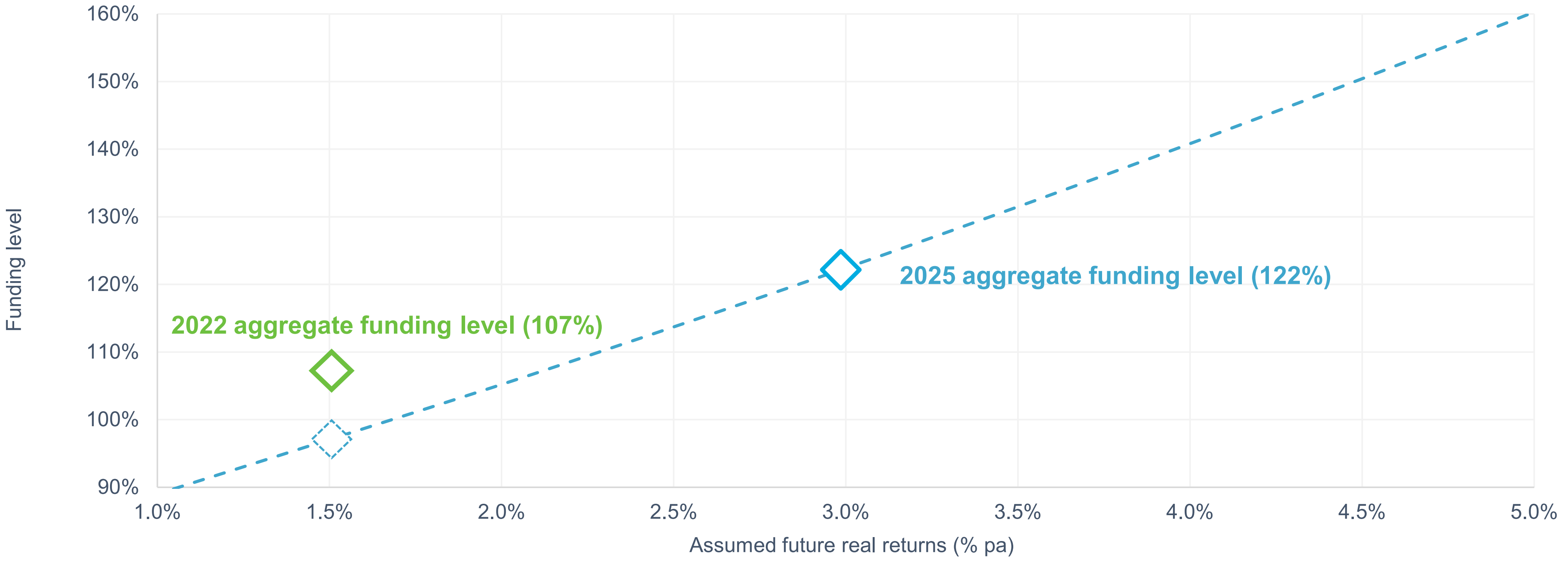
Total employer rate

2022 **21.1% of pay**

2025 **16.0% of pay**

= **Saving to employers** **£8.5bn**

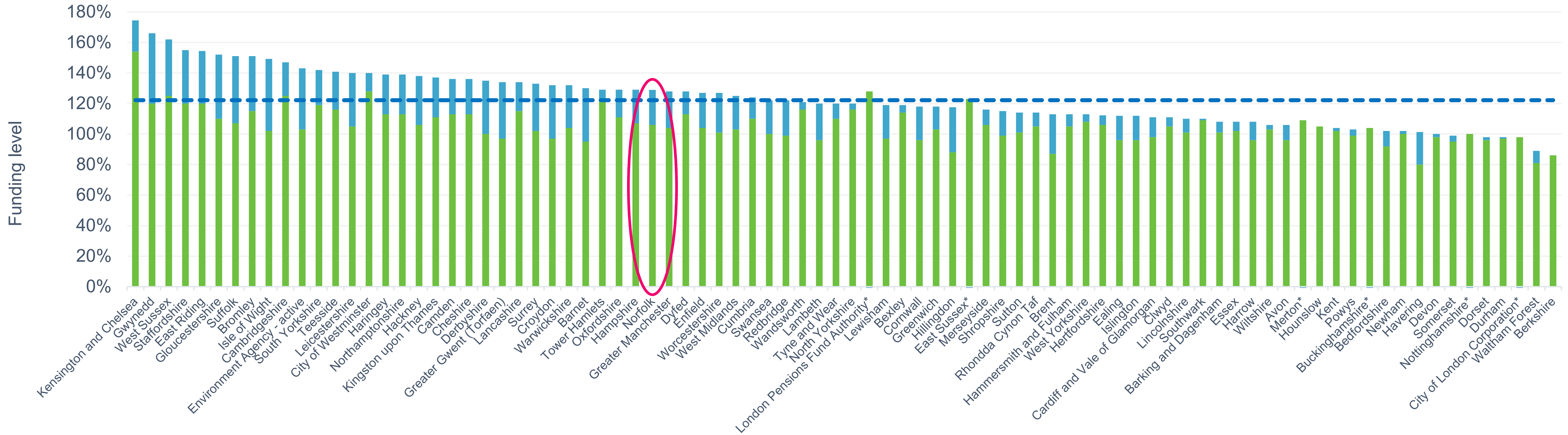
LGPS Funding: National Picture



Improvement is based on future returns not yet earned

Source: Hymans Robertson Big Picture Report

LGPS Funding: Local Picture



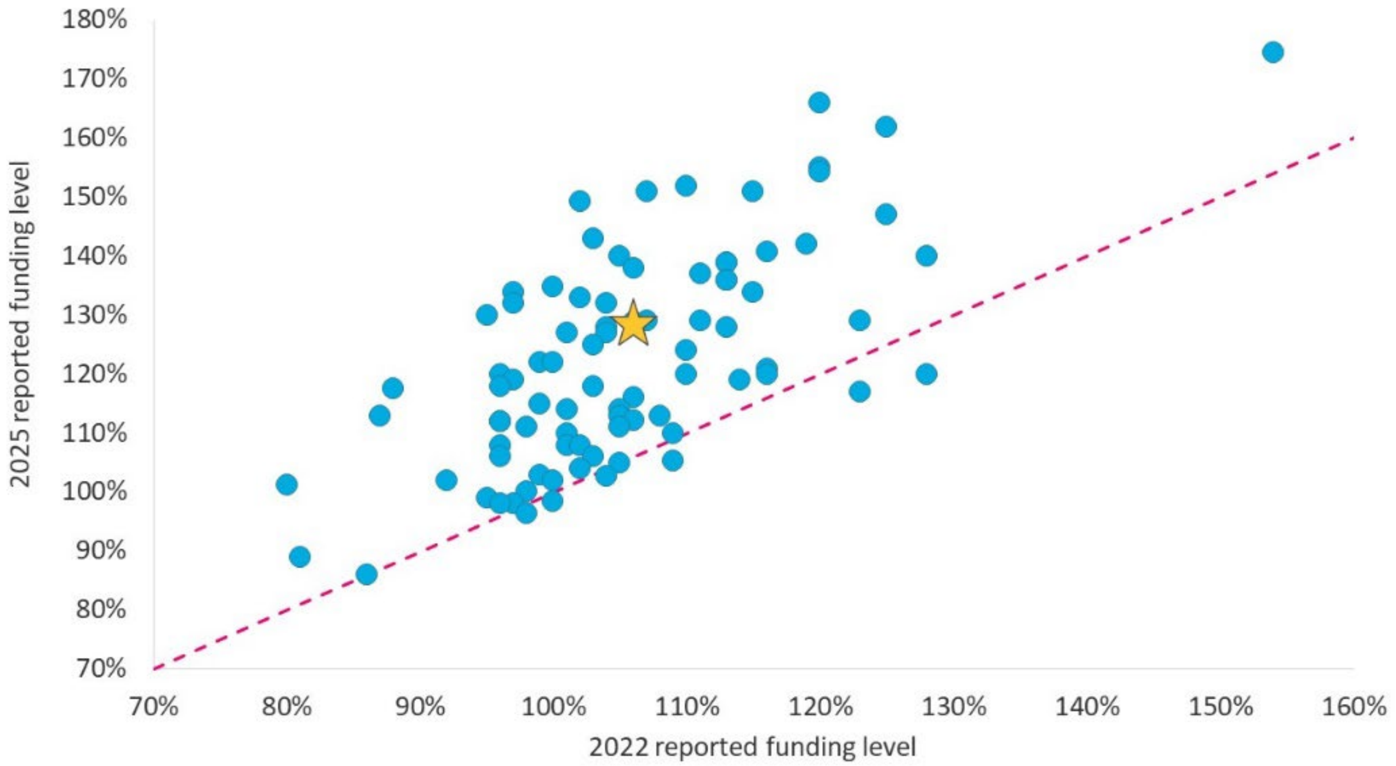
*The funding level has reduced at this valuation for London Pension Fund Authority (by 8%), East Sussex (6%), Merton (4%), Buckinghamshire (1%), Nottinghamshire (2%) and City of London Corporation (2%).

2022 funding level   Change to 2025 funding level   2025 LGPS aggregate funding level

The spread of funding levels has increased

Source: Hymans Robertson Big Picture Report

Funding: What's driving the variation?



Investment performance linked to variation

3.3% pa average (vs 4.3% pa assumed at 2022)

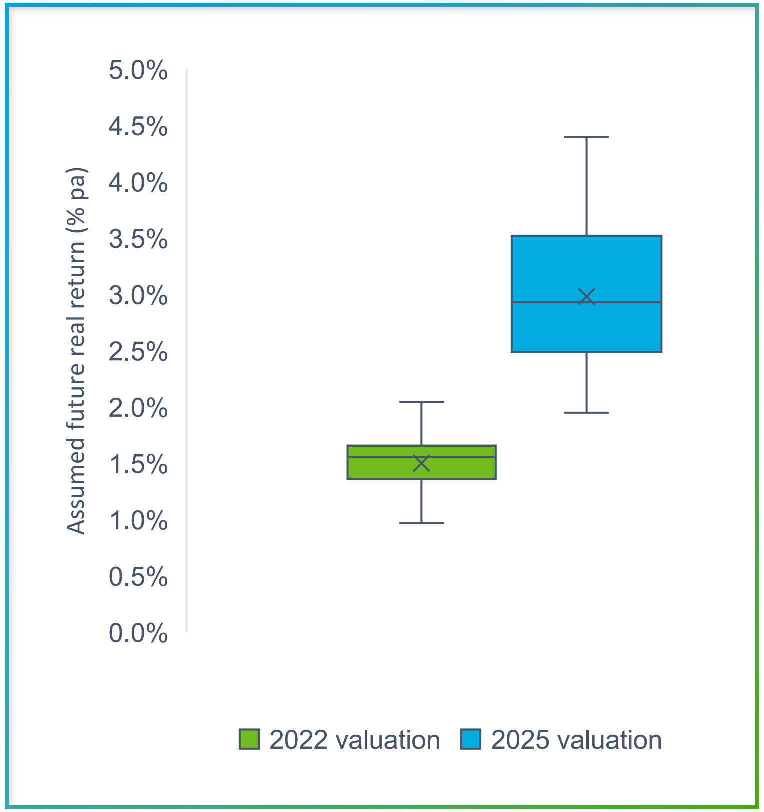
Improvements not driven by asset performance

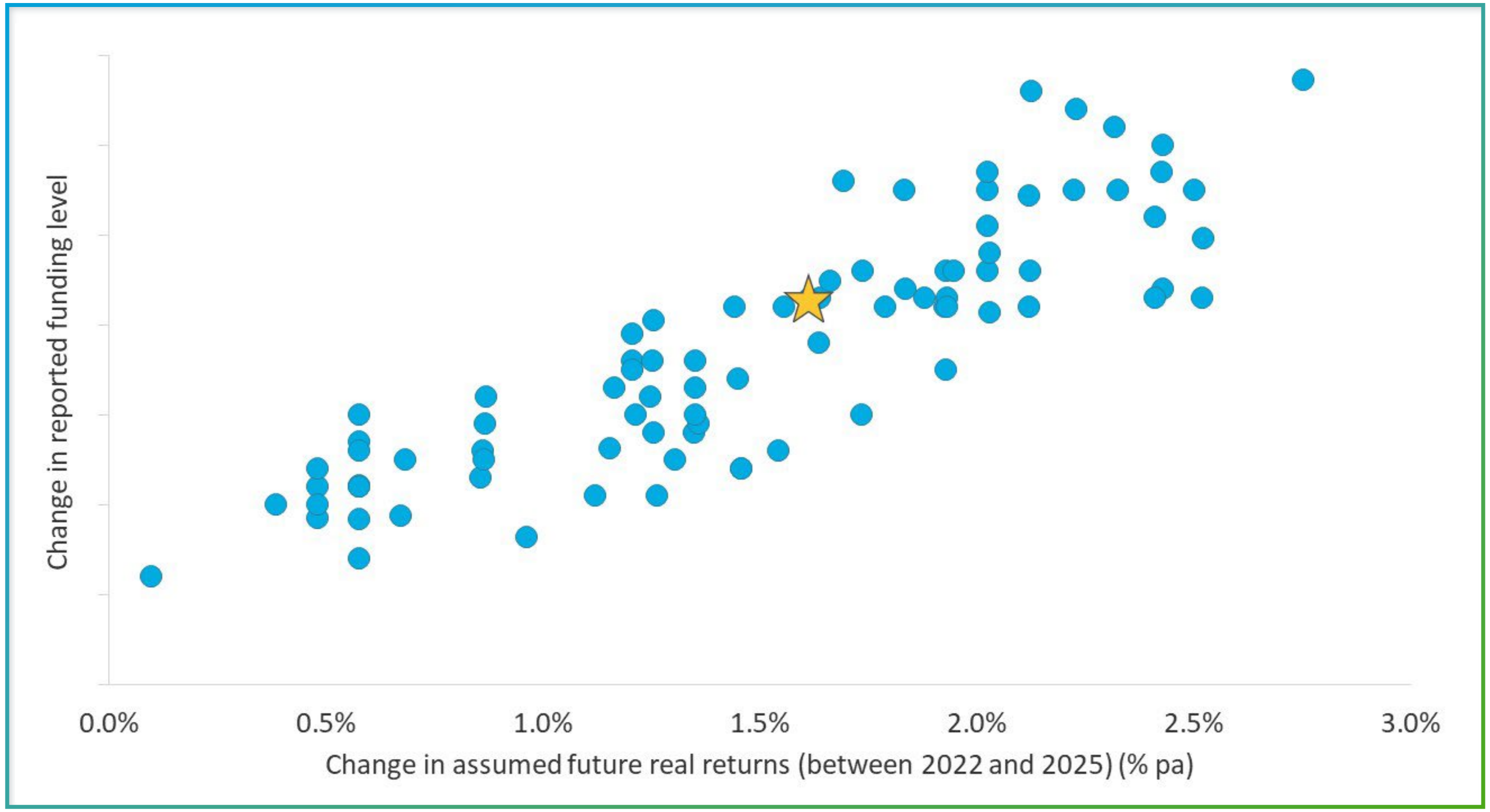
Avoid drawing conclusions over short periods

Investment performance has varied but not the driver of improvements

Source: Hymans Robertson Big Picture Report

Funding: What's driving the variation?





Market uncertainty leading to variation in views about the future

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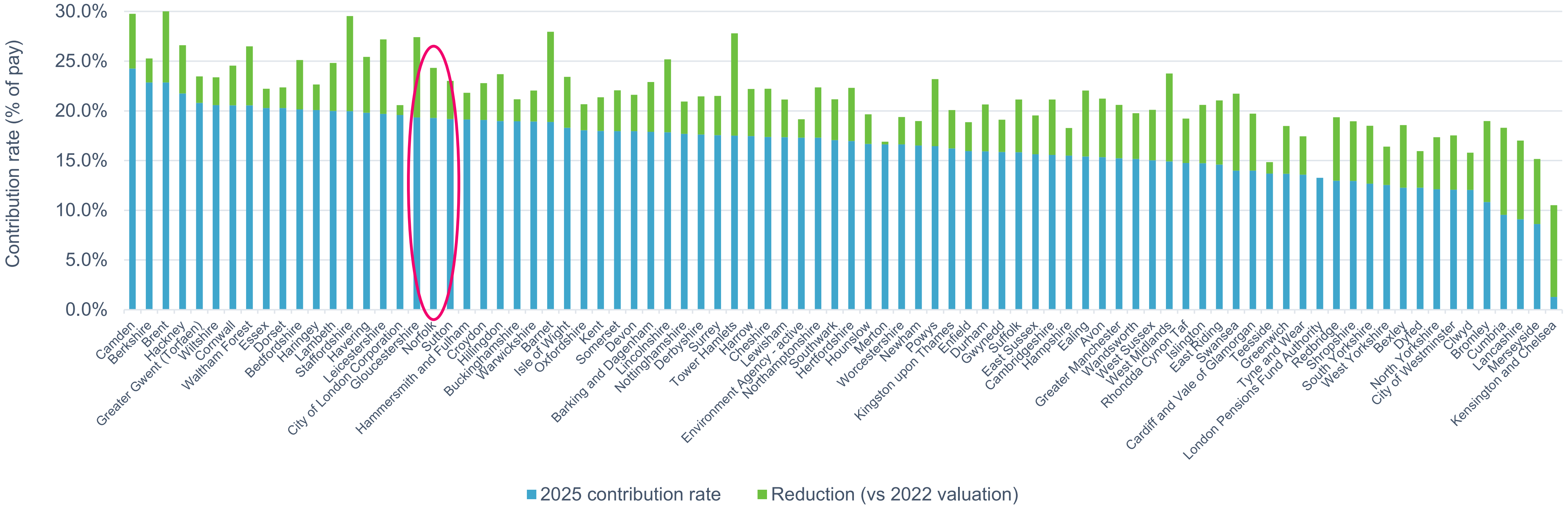
Contributions – Local Picture



Variation in outcomes across the LGPS

Source: Hymans Robertson Big Picture Report

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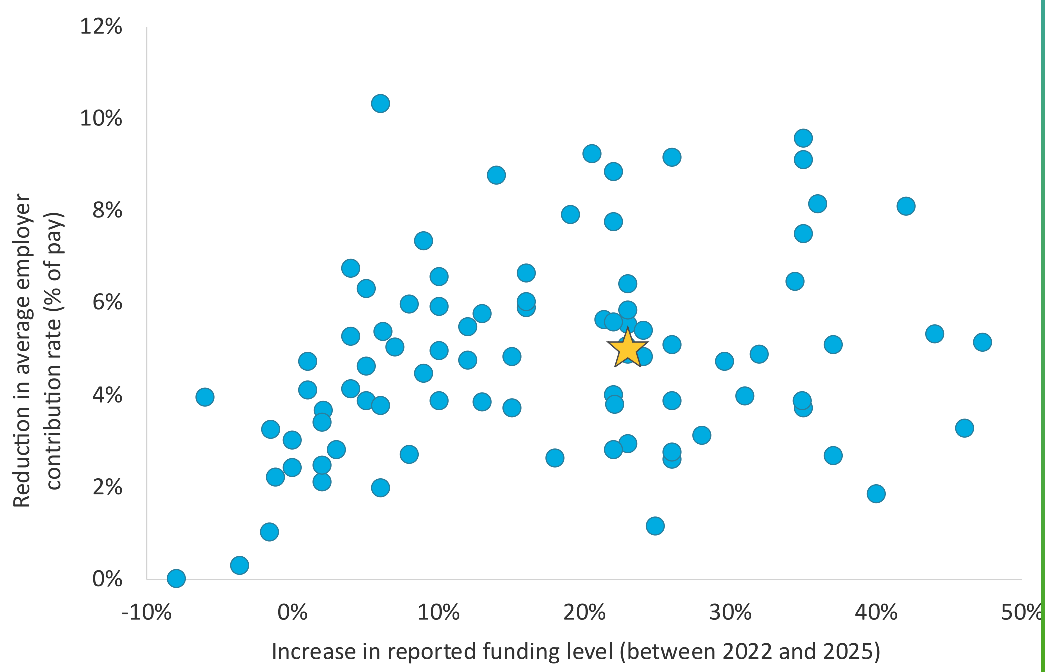
Contributions: What's driving the variation?



Limited correlation to funding metrics

Influence of wider factors

Local circumstances and approach to risk

Desire for stability for employers

There is no single 'right answer' to funding

Source: Hymans Robertson Big Picture Report

Regulations: Solvency

Short term: Future real return required to fund past service benefits (i.e. to be 100% funded)

Long term: Likelihood of strategy funding all benefits (past & future) over next 20 years

All funds demonstrate ability to meet the solvency requirement

Source: Hymans Robertson Big Picture Report

Key messages coming out of the 2025 valuation

Healthy position at this point in time

...however, funding levels have limitations

Contribution reductions have been measured

...with varied approaches to pace and risk

Long-term strategy most important

Current Economic Environment

Current Economic & Environment Outlook

Interest rates remaining materially high, suggesting higher expected returns on assets, although there is still uncertainty over the permanence of this environment.

Markets continue to experience increased volatility due to ongoing geopolitical uncertainty and uncertainty over global trade and economic policy.

Greater uncertainty around future international trade dynamics with wars ongoing in Europe and the Middle East. This leads to more uncertainty in the financial markets, economic growth and inflation.

Current Economic & Environment Outlook

Higher expected returns on assets → lower liabilities and higher funding levels

Increased volatility → a prudent approach remains important

Uncertainty in the financial markets → maintain perspective and a long-term view

Accounting Disclosures

What is an accounting valuation

Funding valuation		Accounting valuation
Triennially	Frequency	Annually
Set cash contributions	Purpose	Financial reporting
Set by the Fund	Assumptions	Responsibility of directors
Based on Fund's actual investment strategy	Expected investment return assumption	Set with reference to UK corporate bond yields
Individual membership calculations	Methodology	Estimated 'roll forward' approach

The annual accounting valuation <u>does not</u> influence cash contributions

How the accounting valuation is done

Funding valuation (year 0) → **Accounting valuation (year 1)** → **Accounting valuation (year 2)** → **Accounting valuation (year 3)**

A funding valuation is carried out every three years.

Each year, the assets and obligations are projected forward from the last valuation

The projection allows for:

Known asset returns

Contributions paid

Changes in assumptions

Every three years the projection is updated to be based on the latest funding valuation

Where are we now?

Funding valuation
(year 0)

Accounting valuation
(year 1)

Accounting valuation
(year 2)

Accounting valuation
(year 3)

The most recent funding valuation was at 31 March 2025

Impact of most recent funding valuation will be shown in year end 2026 schedule via OCI membership experience

Financial/longevity/ pension increase assumptions will be updated too

The triennial accounting cycle then repeats for another 3 years

‘Other Experience’ Items

The annual accounting figures are ‘re-calibrated’ to account for actual experience including but not limited to:

Individual membership movements (e.g. members retiring or leaving the scheme)	**Negative or positive on obligations**
Individual membership pay awards and promotions	**Lower salary growth is positive on obligations**
Full annual cashflows in the 3-year period including contributions, benefits paid, death grants transfers)	**Negative or positive on obligations**
Fund investment performance being different to estimates used in prior accounting results	**Negative or positive on assets**

Not possible to carry out a full valuation each accounting year

Asset ceiling calculation

"Economic benefit from a reduction in future contributions"

Asset ceiling calculation:

A Present value of *future service costs* over an agreed *future period*

less

B Present value of *future contributions* over an agreed *future period*

Challenges:

- What ***future period*** to use?
- What ***future service costs*** to use?
- Important question: "Does a ***minimum funding requirement*** exist in the LGPS for future service (and for past service)?"
- If a ***minimum funding requirement*** does exist, what ***future contributions*** should be taken account of in the asset ceiling?
- What happens ***when B is greater than A***?

Asset ceiling example

Economic benefit available from a reduction in future contributions (the “asset ceiling”):

equals

A Present value of future service costs

less

B Present value of future contributions

equals

A £4,000,000

less

B £3,750,000

equals

£250,000

2026 year-end	
Assets	£6,000,000
Funded Obligations	£5,000,000
Effect of asset ceiling on net asset	(£750,000)
Net asset / (Liability)	**£250,000**

Note if B is greater than A, the economic benefit available (asset ceiling) is £0 and Net Asset/Liability would be £0.

Discussion & Questions

1. 2025 Valuation – Big Picture
2. Current Economic Environment
3. Accounting Disclosures
4. Discussion and questions – anything else?

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Thank you

Certified B Corporation

Important information
This material is provided as general information for illustration purposes only. It is not a definitive analysis of the subject(s) covered, is not a substitute for specific professional advice, and should not be relied upon. It contains confidential information belonging to Hymans Robertson LLP (HR) and should not be disclosed to any third party without prior consent from HR, except as required by law.

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Break

Local Government Pension Scheme

Norfolk Pension Fund

LGPS
Access and Fairness

Matthew Crane
Pension Services Manager
(Technical Support & Systems)

Survivor Benefits Equalisation

- **Addressing Historical Disparities**

  Reforms focus on equalising benefits for dependants where past rules created pension disparities.

- **Pre-1988 Membership Inclusion**

  Changes include recognition of pension membership accrued before April 1988 previously excluded from benefits.

- **Cohabiting Partner Considerations**

  Reforms ensure equitable review of cases where partners lacked formal nomination forms for benefits.

- **Statutory Implementation Timeline**

  Project underway to identify, trace contacts and recalculate benefits completion deadline set for 1 January 2028.

Death Grants Improvements

Norfolk Pension Fund

- **Removal of Age 75 Cap**

  Eliminating the age 75 cap allows all members to retain death grant benefits regardless of age.

- **Expanded Recipient Eligibility**

  Removing the two-year personal representative payment rule allowing Administration Authority discretion on recipient.

- **Updated Procedures and Support**

  Internal procedures have been updated to support application of new regulations and statutory implementation timeline.

Addressing the Gender Pensions Gap

Norfolk Pension Fund

Child-related Leave Enhancements

- **Addressing Gender Pension Gap**

  Reforms focus on closing the gender pension gap caused by unpaid child-related leave, promoting fairness.

- **Assumed Pensionable Pay (APP)**

  APP applied during unpaid leave – pension accrual based on APP - contributions not required to be paid by member.

- **Removing Additional Pension Contributions (APC)**

  No need for Lost Pension APC, making it more affordable for members to maintain pension benefits.

- **Promoting Fairness and Inclusivity**

  Changes reduce inequality in pension provision.

Addressing the Gender Pensions Gap

Norfolk Pension Fund

Authorised Unpaid Leave

- **Short Unpaid Leave Contributions**

  For authorised unpaid leave under 15 days, pension contributions based on lost pay are compulsory to protect accrual. Cost to member and employer likely to be low.
- **Long Unpaid Leave and QAPA**

  For unpaid leave over 14 days, members may opt into QAPA to maintain pension benefits with contributions on lost pay.
- **Employer Responsibilities**

  Employers calculate lost pay, obtain member decisions on QAPA, and report to the pension fund accordingly.
- **Supporting Guidance and Communication**

  Comprehensive guidance and communications support employers and members in understanding the new rules and reporting.

Normal Minimum Pension Age (NMPA)

Norfolk Pension Fund

- **Increase from age 55 to age 57**

  Legislation in place to increase NMPA from 6 April 2028

- **MHCLG consultation on protections applicable to LGPS**

  Consultation launched in February 2026. Responses submitted.
  Currently awaiting outcome…

- **Proposed protections in LGPS**

  Age 55 protection for:

  - members active before 4 November 2021

  - more complex for members who transferred in pension rights which have a protected pension age in previous pension scheme

- **Proposed protections impact decisions**

  Protected NMPA could impact Redundancy/Business Efficiency/Flexible Retirement decisions

Local Government Pension Scheme

Norfolk Pension Fund

Investment Pooling Reform

LGPS Fit for the Future

Alex Younger

Head of Investment and Funding

LGPS Fit for the Future

Norfolk Pension Fund

- The Government rejected the ACCESS proposal to “build” a regulated investment company on 9 April 2025.

  “ACCESS’s proposal does not meet the Government’s vision for the future of the LGPS.”

- Letter addressed to individual Administering Authorities, placing onus on them.

  “your Authority to consider and identify which pool you wish to partner with going forward, taking into account the capabilities and capacity of each to take on additional partner Authorities.”

LGPS Fit for the Future

Norfolk Pension Fund

Pool Co must be an FCA regulated IM co

All legacy assets under Pool Co management

Pool Co provides Investment Strategy Advice

Implementation: Fully delegated to Pool Co (manager selection, style, rebalancing, meet AA cashflow requirements)

Local investment. AA sets target. Pool Cos: DD, decision to invest, ongoing management

LGPS Fit for the Future

Norfolk Pension Fund

- Administering Authority required to respond with an in-principle decision between Fund and the new pool by 30 September 2025

- We and Suffolk recognised the importance of working together given English devolution

- Following the agreement of appropriate delegations from County Council in July 2025, the September 2025 meeting of Pensions Committee approved the Fund joining the enlarged LGPS Central pool

LGPS Fit for the Future

Norfolk Pension Fund

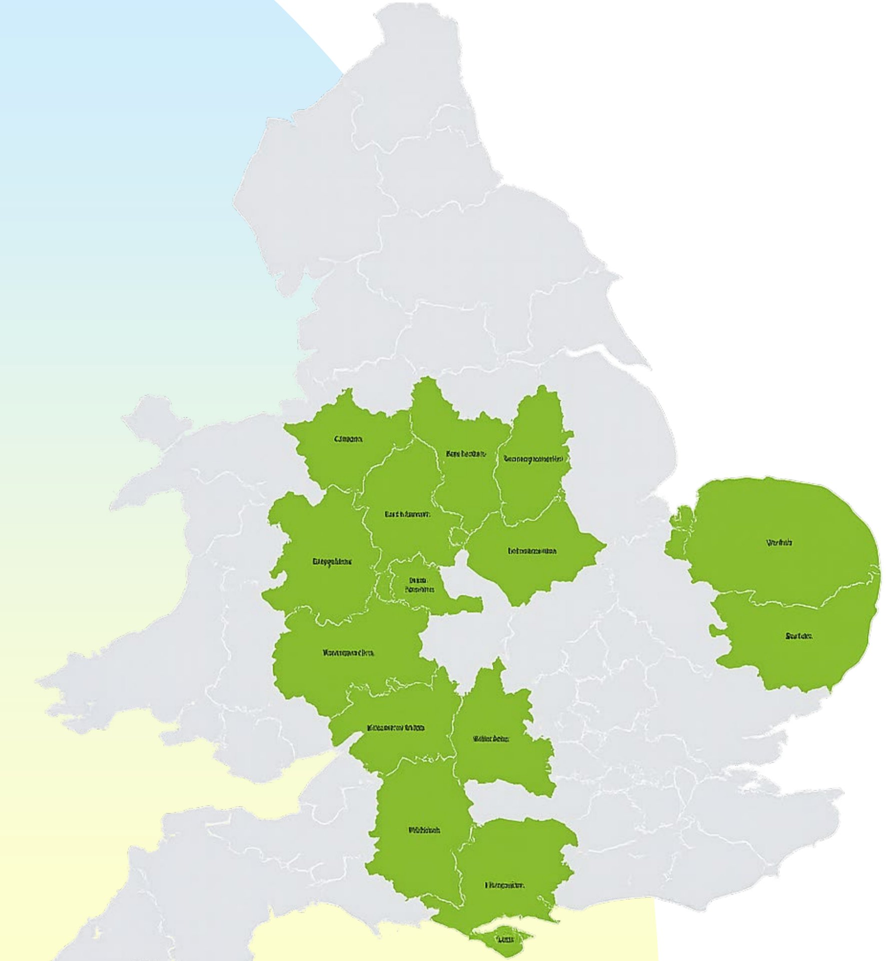
ACCESS

Effective • Collective • Investment

LGPS Central Limited

LGPS Central Partner Funds

Norfolk Pension Fund



c. £100bn AUM

c. 5000 Employers

1.6 million scheme members

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

CHESHIRE PENSION FUND

HAMPSHIRE PENSION FUND

Gloucestershire Pension Fund

Derbyshire Pension Fund

Worcestershire Pension Fund

Wiltshire Pension Fund

Staffordshire Pension Fund
Local Government Pension Scheme

Norfolk Pension Fund

NOTTINGHAMSHIRE PENSION FUND

Leicestershire County Council PENSION FUND

Shropshire County Pension Fund

West Midlands Pension Fund

Suffolk County Council

Development of LGPS Central

Norfolk Pension Fund

Advisory

Legacy Assets

Total Portfolio Management

Documenting the relationship

- Norfolk joins as a shareholder requiring a Shareholder Agreement and payment of regulatory capital (£2 million)

- Norfolk is also a client of the pool for management of investments and investment advisory services requiring a Fiduciary Management Agreement (FMA)

What LGPS Central will be providing

Norfolk Pension Fund

PEOPLE

TECHNOLOGY

STRATEGIC PARTNERSHIPS

POLICY & REGULATIONS

Working with LGPS Central in 2026-27

Norfolk Pension Fund

Preservation of Value	Preservation of value in assets to be transitioned.
Depth of Knowledge	Recognition of the value of Partner Fund knowledge and experience.
Collaborative Solutions	Delivering the high standard of service our Partner Funds expect, working with our Partner Funds to develop solutions to meet their strategic needs.
Robust Governance	Reviewing and enhancing pool governance to ensure it meets Partner Fund requirements for oversight as well as the Government's objectives.
Flexible and Pragmatic Approach	Working together to transition assets and enhance LGPS Central's investment solutions

What that means practically

- Publication of an updated Investment Strategy Statement (ISS) reflecting Fit for the Future Requirements by 31 March 2027
- Mapping of existing assets to Fit for the Future categories and LGPS Central product mix (required for ISS)
- Some assets will need to be transitioned to LGPS Central pool investment vehicles, others will remain under oversight until the end of their investment life cycle (up to 15 years)
- New investments through pool products (building “local” capability)
- Working closely with new Pensions Committee on these matters
- Asset strategy was reviewed for suitability for purpose (the long-term funding of pension benefits) as part of the formal work undertaken for the 2025 Valuation
- Fund oversight and governance of relationship with LGPS Central

Norfolk Pension Fund


Norfolk Pension Fund

Investment
Strategy Statement

November 2024

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Thank you

Any questions?

Local Government Pension Scheme

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Ask the Panel

- Thank you to all today's presenters
- Apologies if we haven't addressed your question, but we will provide an answer when we email you the recording link
- To arrange a 1:1 call or virtual meeting with us today, please email **pensions@norfolk.gov.uk**
- For those joining virtually, please complete the online survey – a link to the survey will be in your Inbox soon! For those in the room, please complete the paper survey.

Thank you for joining us today!