Norfolk Pension Fund

Annual Report and Accounts 2023-24

Contents

If you need this document in large print, audio, Braille, alternative format or in a different language please call 01603 222824 or email pensions@norfolk.gov.uk and we will do our best to help.

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

If you are unable to access any of these documents, or would like a hard copy, please don't hesitate to contact us on 01603 222824 or email pensions@norfolk.gov.uk.

Our Mission Statement is:

To manage the Norfolk Pension Fund efficiently, effectively and fairly on behalf of our stakeholders so that pensions benefits are paid as they are due.

Our Strategic Objectives are:

Customer Focus

to design a service around the need of scheme members and employers, supporting their decision making and ensuring that stakeholder views are heard.

Effective and transparent governance

to uphold high standards of effective governance and oversight to ensure compliance with legislation, regulation and best-practice, to effectively manage risk and to support good decision-making in order to deliver our strategic objectives and mission.

High quality scheme manager

to maintain high standards of efficient and effective operational performance and delivery, including maintaining the quality, security and integrity of systems, processes and data and to invest in continuous improvement, embracing innovation and new technologies.

Investment strategy

to maintain an investment approach which delivers returns (commensurate with appropriate levels of risk) and ensures that the Fund can meet both its immediate and long-term liabilities.

Responsible investment

to develop and maintain responsible investment strategies in accordance with the Fund's investment beliefs.

Scheme funding

to maintain a funding strategy that ensures sufficient likelihood of having enough monies to pay future benefits, considering the desire for employer contribution rates to be stable and affordable.

Our fund

to be active and engaged locally and nationally, to understand the issues and advocate on behalf of our scheme members and employers celebrating success, promoting excellence and supporting careful innovation to influence and inform policy, strategy and solutions that deliver benefits for our stakeholders.

Our team

to recruit and retain, invest in and develop a highly skilled professional and motivated workforce to meet the current and future service requirements, committed to our mission and engaged in improving our services.

Introduction

Tom FitzPatrick
Chair,
Pensions Committee

On behalf of my fellow members of Pensions Committee I am pleased to introduce the 2023 – 2024 Annual Report and Accounts for the Norfolk Pension Fund.

My colleagues on the Pensions Committee and I are acutely aware of both the challenging financial environment for many of our scheme members and employers, as well as our own environmental, social and governance responsibilities, as we invest for the long-term benefit of our stakeholders in our role as stewards of the Norfolk Pension Fund, in our work on behalf of its 100,000+ scheme members and 430+ employers,

We remain focussed on our priorities of supporting our scheme members and employers, ensuring we continue to properly discharge our responsibilities and fiduciary duties to beneficiaries and employers, so that benefits are paid as they fall due both now and into the future, whilst continuing to meet our ever-evolving regulatory responsibilities and best practice requirements.

This Annual Report is the first to be presented under the Pension Fund Annual Report Guidance 2024, produced by SAB, MHCLG and CIPFA. The report sets out progress towards securing the Norfolk Pension Fund's Mission and underpinning strategic objectives across all aspects of scheme management including pensions services, governance and investment activities. It also highlights the significant work undertaken on key projects to secure effective, efficient and resilient service delivery for today and tomorrow.

As 'quasi-Trustees' of the Norfolk Pension Fund, we are accountable to our scheme members, employers and other stakeholders for the effective and efficient delivery of the LGPS locally. As we look ahead, always very mindful of the need to embrace change, we will continue to focus on delivering our strategic objectives, including meeting our fiduciary duty to scheme members and our responsibilities as responsible investors. We will continue to invest in our people, systems and processes, strengthening our governance, pensions services, finance and investment arrangements, building resilience and a compliant service that meets our member and employer needs efficiently, effectively and sustainably.

As hosts of the National LGPS Frameworks we are 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 and the wider public service.

I would like to take this opportunity to record my sincere thanks to all my colleagues on the Pension Committee for their service, also to the Pensions Oversight Board and to our external advisors for their commitment and support over the last year. On behalf of my colleagues on the Committee, the Board and Fund Officers I wish to record our sincere appreciation to the outgoing Chair of the Committee, Councillor Judy Oliver. The Norfolk Pension Fund, the ACCESS Pool and the LGPS all benefitted from her clear thinking and commitment to securing the best outcomes for our members and employers, in line with our duties and responsibilities.

Finally, but very importantly, on behalf of all my colleagues I would like to put on record our huge thanks to the Norfolk Pension Fund Team for all their excellent work and commitment throughout the past year: we are very grateful to each one of you.

Thomas FitzPatrick

Cllr Tom FitzPatrick
Chair of the Pensions Committee

Contact Us

General enquiries about this document:	Alex Younger Head of Funding and Investment
Tel:	01603 222995
Email:	alexander.younger@norfolk.gov.uk

The Pensions Services 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

Section 1 – Overall Fund Management

Scheme Management and Advisors

Senior Fund officers

Glenn Cossey, Director of the Norfolk Pension Fund (Senior LGPS Officer)

Alex Younger, Head of Funding and Investment

Jo Quarterman, Head of Governance

Debra Keeling, Head of Pension Services

Asset pooling and asset pool operator

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.

Waystone act as the regulated Operator for ACCESS.

Investment managers

Aviva Investors
Capital International Limited (until January 2024)
Equitix
HarbourVest Partners
Insight Investment Management
Janus Henderson Investors
JP Morgan Asset Management
La Salle Investment Management
M&G Investments
Pantheon
Patria Investments
Stafford Capital Partners
UBS (until July 2023)
Waystone

Fund custodian

Northern Trust

Fund actuary

Hymans Robertson

AVC providers

Clerical Medical
Prudential
Utmost Pensions (formerly Equitable Life) - legacy only

Legal advisors

nplaw (Norfolk Public Law)

Fund bankers

Barclays Bank

The Fund accountant/Director of Finance

Harvey Bullen, Director of Strategic Finance, Norfolk County Council

External auditor

EY

Scheme administrator

Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2DH

Independent advisors and consultants

Investment Advisor:	Hymans Robertson LLP
Performance Measurement:	Hymans Robertson LLP

Risk Management

How risk management is integrated within the governance structure

Risk Management is an integral part of the Norfolk Pension Fund's governance structure.

The Norfolk Pension Fund maintain a comprehensive risk management framework covering all aspects of scheme management and administration. All risks identified are assessed, managed, monitored and reported on within the risk management framework.

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.

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 2023-24 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.

Our risk management continues to be effective in delivering and maintaining a resilient operational service, highlighting areas that require attention and monitoring.

How risks are identified, managed and reviewed

Anything that may impede the delivery of the Norfolk Pension Funds Mission and Strategic Objectives is identified as a risk.

The Norfolk Pension Fund maintains a detailed Risk Register. Risks are categorised under the headings of Governance, Benefits Administration and Investment and Funding.

The Risk Register incorporates an assessment of likelihood and impact as well as control measures in place and an overall risk score.

The Register is regularly reviewed by the Management Team and appropriate action taken.

Risks are reported quarterly to the Pensions Committee and Local Pensions Board.

Actions being taken to mitigate the key risks (covering investment, governance, and administration)

Norfolk Pension Fund maintains a Business Continuity Plan alongside the Risk Register, which is regularly reviewed and tested.

All risks are evaluated and monitored considering their likelihood and impact, with any mitigating action agreed and taken as necessary, including any relevant funding and resource requirements.

An owner is allocated to each risk who is accountable for effective mitigation and management of the risk.

The approach taken to managing cyber risk, while protecting appropriate confidentiality for the pension Fund's internal controls

Cyber and Financial Crime is identified as an area of high risk. The Norfolk Pension Fund uses the Regulator's cyber security principles to assess and understand risks and establish appropriate controls and mitigation.

The approach taken to risks relating to investment and pooling arrangements

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-andstewardship/

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

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
Aviva Investors	ISAE3402/AAF 01-20	Yes
Capital International Limited	SSAE18	Yes
Equitix	ISAE3402 Type II	Yes
HarbourVest Partners	SOC 1	Yes
Janus Henderson Investors	ISAE3402	Yes
Insight Investment Management	SSAE18/ ISAE3402	Yes
J.P. Morgan Asset Management	SOC 1	Yes
LaSalle Investment Management	ISAE3402/AAF 01-20	Yes
M&G Investments	AAF 01-20	Yes
Northern Trust	SOC 1	Yes
Pantheon	SSAE18/ ISAE3402	Yes
Patria Investments (formerly abrdn Capital Partners LLP)	ISAE3402/AAF 01-20	Yes
Stafford Capital Partners	ISAE3402	Yes
Waystone	ISAE 3402 Type II	Yes
Aviva Investors	ISAE3402/AAF 01-20	Yes
Capital International Limited	SSAE18	Yes
Equitix	ISAE3402 Type II	Yes
HarbourVest Partners	SOC 1	Yes

AAF – Audit and Assurance Framework
ISAE – International Standard on Assurance Engagements
SOC - Service Organisation Controls
SSAE - Statement on Standards for Attestation Engagements

The ACCESS Pool maintains a separate risk management framework which is reported regularly to Pensions Committee and Local Pension Board.

The approach taken to managing third party risk including late payment of contributions and provision of data by scheme employers and overall performance by scheme employers

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.

The approach taken to risks which arise because of the Fund's relationship to the administering authority

Norfolk Pension Fund is separately funded and accounted for and has an established scheme of delegation. Where appropriate the Norfolk Pension Fund maintains its own policies, for example, Conflict Policy.

Section 2 - Governance and Training

An overview of the Fund's governance structure and how the Fund has complied with its Governance Compliance Statement

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.

The 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 2023-24

Chair:	**Norfolk County Councillor**	Judy Oliver
Vice-Chair:	**Norfolk County Councillor**	William Richmond
	Norfolk County Councillor	Alison Birmingham
	Norfolk County Councillor	Martin Storey
	Norfolk County Councillor	Brian Watkins (from September 2023)
	Norfolk County Councillor	Robert Colwell (to September 2023)
	District Councillor (co-opted by the Local Government Association)	The Lord Fuller OBE
	District Councillor (co-opted by the Local Government Association)	Paul Hewett
	Staff Representative	Steve Aspin
Other attendees:	**Administrator of the Fund (Director of Strategic Finance, Norfolk County Council)**	Harvey Bullen
	Director of the Norfolk Pension Fund	Glenn Cossey
	Investment Advisor to the Fund	Ben Farmer (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) which includes modules on An introduction to the LGPS, LGPS Governance & Oversight Bodies, Administration & Fund Management, Funding and Actuarial Matters, Investments, and Current Issues.

All new Committee Members attend induction training.

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

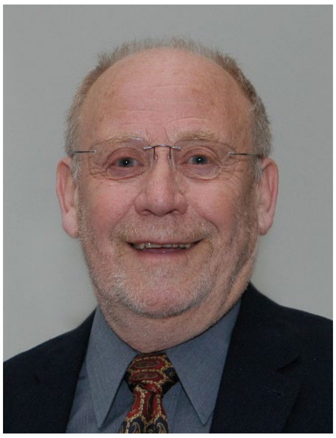
A training log is maintained.

Pensions Committee Meetings and Training

		Steve Aspin	Alison Birmingham	Robert Colwell	The Lord Fuller OBE	Paul Hewett	Judy Oliver	William Richmond	Daniel Roper	Martin Storey	Brian Watkins
March 2024	Pensions Committee	√					√	√		√	
January 2024	LGPS Governance Conference	√					√				
December 2023	Pensions Committee	√				√	√	√		√	√
November 2023	Waystone Investor Day	√					√				
November 2023	2 x Trustee Training Days covering LGPS, investment, pooling and governance	√	√		√		√				√
September 2023	Pensions Committee		√		√	√	√	√		√	
August 2023	New Member induction training					√					
June 2023	Pensions Committee	√	√	√			√	√		√	

Annual Report from the Pensions Oversight Board

This is the Annual Report of the Norfolk Pension Fund Pensions Oversight Board (Board), covering the period from 1 April 2023 to 31 March 2024.



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 (Fund) in accordance with section 5 of the Public Service Pension Act 2013 and Part 3 of the LGPS Regulations 2013.

Their remit 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 role of the Board requires the highest standards of conduct and members abide by the "seven principles of public life".

Their Terms of Reference are available on the Norfolk Pension Fund's website:
www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/

Membership

Membership of the Board is structured as follows:

- three scheme member representatives of which one is 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 chair

Membership during the period April 2023 to March 2024 was as follows:

Role	Representing	Appointment
Independent Chair	Not applicable	Brian Wigg
Scheme Member representatives	Trade Union nominee	Vacancy
	Active/Deferred representative	Frances Crum
	Pensioner representative	Peter Baker
Employer representatives	Norfolk County Council representative	Sally Albrow
	Precepting/levying employers' representative	Councillor Liz Marsham Loddon Town Council
	Other employers' representative	Vacancy

Pensions Oversight Board Meetings

The Board met four times during the year – in May 2023, September 2023, November 2023 and February 2024. Whilst the Board meets virtually for most meetings, the November meeting was 'in person'.

In addition to these meetings, Board Members attended each of the Pensions Committee meetings between April 2023 and March 2024. The Pensioner representative also observed the ACCESS Joint Committee meeting in March 2024.

During the reporting period the areas reviewed and contributed to included:

- LGPS reform, and the impact on the Fund and its stakeholders
- The Fund's operational performance, compliance and strategic review
- Triennial valuation
- Investment pooling (including transition of assets to the ACCESS pool)
- Budget setting process
- Risk management and reporting
- Cyber and data security management
- Audit reports

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

Average attendance at POB meetings during the year was 90%.

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, Board members are required to maintain their knowledge and understanding of the LGPS and pensions in general. The Fund maintains a Training Strategy to support Board, Committee and Officers to receive appropriate training.

All Board members receive introductory training and have access to the LGPS Online Learning Academy. They are also encouraged and make use of resources and training opportunities available throughout the year.

During the period April 2023 to March 2024, Board members attended a wide range of virtual and in person training offered, including webinars and conferences. Additionally, knowledge and skills were considered at each meeting, to help shape development needs aligned with their forward work programme. Details of training were recorded throughout the year.

The Board had the opportunity to work closely with Pensions Committee including undertaking joint training in November 2023. Board members were also involved in some of the Fund's engagement activities such as the Employer Forum and the Waystone Investor Day.

Together with members of Pensions Committee, Board members participate in the National Knowledge Assessment Survey every other year. The results of the Survey help inform the Fund's development training plans.

Brian Wigg
Chairman of the Norfolk Pension Fund Pensions Oversight Board
27 June 2024

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

The Norfolk Pension Fund maintains its own Conflict of Interest policy.

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

Section 3 - Financial Performance

An overview of the Fund's financial performance, including income, expenditure, and cash flows, with an explanation of in-year expenses and income, and comparison over time/budget

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 2023-24 are provided in the accounts section accompanying this report.

A summary budget and outturn for 2023-24 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
2023-24 Fund Administration Costs	4,041	3,239	801
2022-23 Fund Administration Costs	4,258	3,386	872

Key fund income and expenditure items are detailed below and lifted from the Revenue and Fund Account in the Statement of Accounts section accompanying this report. Fund receivables and payables are reconciled and monitored monthly. The Fund remains cash flow positive from contributions and benefits monthly, with increases to pensionable pay offsetting pension increases. Management expenses reflect increases to Assets Under Management as well as asset class allocation.

Investment Income, expenditure, profit and losses on disposal of investments and changes in the market value of investments are processed by the Funds Custodian bank and reported to the fund monthly. 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.

The relationship between changes to costs and income and factors such as changes in membership numbers, age profile of pensioners, bulk transfers

Extract from the Revenue and Fund Account	2022-23 Actual £'M	2023-24 Actual £'M
Fund Receivables (contributions and Transfers In)	196.6	208.0
Fund Payables (benefits and Transfers Out)	-167.7	-200.7
Management Expenses	-31.4	-36.6
Net additions/withdrawals from dealings with members Including Fund Management Expenses	**-2.5**	**-29.3**
investment Income (less Taxation)	76.1	100.5
Profit and losses on disposal of investments and changes in the market value of investments	-106.1	398.8
Net increase/decrease in the net assets available for benefits during the year	**-32.5**	**470.0**

There were no notifiable late payments of contributions by scheme employers during 2023-24. All contributions outstanding at 31 March 2024 were collected within statutory timeframes.

Funding Arrangements

Commentary on significant changes to non-investment assets and liabilities during the year including employers' and employees' contributions as a percentage of pensionable pay, details of late and overdue contributions, and any interest levied on overdue contributions

Full details of the Fund's funding arrangements are detailed in Note 19 in the Statement of Accounts section 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.

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

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.

	2022-23 £000	2023-24 £000
Employers – normal	145,201	153,653
Employers – special	0	0
Employers – strain	1,564	2,506
Members – normal	37,797	41,303
Members – purchase of additional scheme benefits	396	375
TOTAL	**184,958**	**197,837**

By Employer Type

	2022-23 £000	2023-24 £000
Administering authority	79,513	86,965
Other scheduled bodies	87,659	95,651
Community admission bodies	4,495	3,080
Transferee admission bodies	2,652	2,857
Resolution bodies	10,639	9,284
TOTAL	**184,958**	**197,837**

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

Analysis of pension overpayments, recoveries and any amounts written off

The table below analyses 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).

		2023-24
Number of Pension Overpayments		311
Number of Recoveries by Invoice	135	
Number of Recoveries from Spouse	176	
Total Recoveries		311

Number/Amounts of Recoveries Written Off	4	£1,021,61

Actions taken to deal with fraud (including participation in the National Fraud Initiative and areas such as data matching, overpayments identified or the use of other data quality and tracing resources)

NFI Life Certificates are sent out to overseas pensioners and UK members over the age of 92. In 2023-24, 1,007 Life certificates were sent out and 15 were un-returned.

		2022-23
Number of Pension Overpayments		264
Number of Recoveries by Invoice	181	
Number of Recoveries from Spouse	83	
Total Recoveries		264

Number/Amounts of Recoveries Written Off	13	£1,940.04

The National Fraud Initiative (NFI) runs every two years and was last run in 2022-23. The NFI initiative in 2022-23 identified 159 deaths within our data set with four of these deaths not being identified through the Funds processes and all but two of these are resolved.

Section 4 – Fund Account, Net Asset Statement and notes

Fund Account and Net Asset Statement with supporting notes and disclosures prepared in accordance with proper accounting practices

Revenue and Fund Account

For the Year Ended 31 March 2024

2022-23 £000		Notes	2023-24 £000
	Dealings with members, employers and others directly involved in the Fund		
184,958	Contributions	7	197,837
11,626	Transfers in from other pension funds	8	10,118
196,584			**207,955**
-160,774	Benefits	9	-180,814
-6,883	Payments to and on account of leavers	10	-19,839
-167,657			**-200,653**
28,927	**Net additions/withdrawals from dealings with members**		**7,302**
-31,433	Management Expenses	11	-36,601
-2,506	**Net additions/withdrawals from dealings with members Including Fund Management Expenses**		**-29,299**
	Returns on investments		
76,068	Investment income	12	100,485
-1	Taxes on income	13a	0
-106,120	Profit and losses on disposal of investments and changes in the market value of investments	14a	398,820
-30,053	**Net return on investments**		**499,305**

-32,559	**Net increase/decrease in the net assets available for benefits during the year**	**470,006**
4,912,180	**Opening net assets of the scheme**	**4,879,621**
4,879,621	**Closing net assets of the scheme**	**5,349,627**

Net Assets Statement

As at 31 March 2024

2022-23 £000			Notes	2023-24 £000	
4,862,783		Investment assets	14	5,358,549	
-846		Investment liabilities	14	-5,944	
	4,861,937	**Total Net Investments**			**5,352,605**
509		Long term debtors	21	412	
	509				**412**
		Current Assets			
16,110		Debtors	21	17,602	
8,177		Cash in hand	21	13,617	
	24,287				**31,219**
		Current Liabilities			
-7,112		Creditors	22	-34,609	
	-7,112				**-34,609**
	17,175	**Net current assets**			**-3,390**
	4,879,621	**Net assets of the Fund available to fund benefits at the period end**			**5,349,627**

The Notes to the accounts are included as part of the financial statements on pages 83 to 165.

Section 5 - Investments and Funding

Overview of how the Investment Strategy Statement (ISS) has been put into practice during the year and how this links to the Funding Strategy Statement (FSS).

Assets have continued to be invested in accordance with the Strategic Asset Allocation and objectives set out in the Investment Strategy Statement (ISS). The ISS documents the approach to managing investments and should be considered alongside the Funding Strategy Statement (FSS). The FSS documents the overall approach taken to funding the obligation to pay pension benefits as they fall due.

Commentary and data on how the Fund has implemented the policy on pooling its assets during the year as set out in the ISS.

The pooling of LGPS investment assets is an ongoing exercise. During this period the assets of the Fund have been managed through a combination of directly appointed external fund management companies and arrangements that are made through the ACCESS LGPS Pool. We expect the proportion of assets managed through the ACCESS Pool to increase over time.

We remain committed to the principal of LGPS asset pooling, and the proportion of pooled assets continues to increase as migration is facilitated through the increased availability of asset classes and strategies in the ACCESS Pool. We do believe that any pooled approach should pass an economic hurdle that it should cost no more than the current direct implementation by the Fund. We do not expect the majority of legacy private market assets to pass to the pool given the potentially disadvantageous economics of doing so, but that money will be transferred to the pooled solutions as legacy assets come to points of natural liquidation. We continue to maintain private market allocations while pooled solutions come on stream.

Commentary and data on how the Fund has implemented the policy on pooling its assets during the year as set out in the ISS.

There have been no departures from the funding approach documented in the FSS during the reporting period. We believe that both the FSS and the ISS are compliant with statutory guidance.

Details of the fund custodian and investment managers used during the period are provided on page 10.

Investment Performance

Strategy	One-year return to 31 March 2024	Benchmark return to 31 March 2024*	Benchmark	Three-year return	Three year benchmark	Five-year return	Five year benchmark
1	10.0%	6.2%	CPI plus 2.9%	18.3% (5.8% pa)	32.5% (9.8% pa)	38.9%(6.8% pa)	43.4% (7.5% pa)
3	-2.6%	3.4%	CPI plus 0.2%	-23.1% (-8.4% pa)	22.3% (6.9% pa)	-18.8% (-4.1% pa)	25.5% (4.6% pa)
4	8.2%	5.8%	CPI plus 2.5%	11.7%** (3.8% pa)	30.9%(9.4% pa)	11.7%** (3.8% pa)	30.9% (9.4% pa)

Investment performance net of fees is presented for each manager with the associated benchmark for the 2023-24 year for relevant asset classes.

Manager		Benchmark	12 month return %
Waystone	Equity 1	MSCI UK IMI GR Index	6.30
	Equity 2	16.7% MSCI Japan Net Total Return GBP Index 33.3% MSCI Daily TR Net North America USD 30.0% MSCI Europe ex UK Net Return GBP Index 10.0% MSCI Daily TR Net AC Asia Pacific Ex Japan USD 10.0% MSCI Emerging Markets Net Total Return GBP Index	15.30
	Bonds 1	50% - iBoxx Sterling Over 15 Year Non-Gilts Index 50% - iBoxx Sterling Non-Gilts Index plus 0.5% 50% - iBoxx Sterling Non-Gilts Index 50% - iBoxx Sterling Over 15 Year Non-Gilts Index	--
	Equity 3	MSCI World Net Total Return Index	24.70
	Equity 4	MSCI All Country World Net Total Return Index	20.20
	Equity 5	MSCI AC World Net Total Return Index GBP plus 2% MSCI ACWI EU Paris Aligned Requirements Index	16.10

	Bonds 2	ICE Bank of America Euro Sterling Index plus 1.0-1.5%	--
	Bonds 3	SONIA (Sterling Overnight Index Average) plus 3.7% per annum	11.00
	Equity 6	MSCI Emerging Markets	--
	Bonds 4	• 50% Bloomberg US Corp High Yield 2% Issuer Cap Total Return • 20% JPM EMBI Global Total Return • 20% JPM GBI-EM Global Diversified Total Return • 10% JPM CEMBI Broad Diversified Total Return	--
Janus Henderson	Gilts 1		-4.13
La Salle	Property 1	MSCI/AREF All Balanced	-2.38
Capital	Bonds 5	• 50% Bloomberg US Corp High Yield 2% Issuer Cap Total Return • 20% JPM EMBI Global Total Return • 20% JPM GBI-EM Global Diversified Total Return • 10% JPM CEMBI Broad Diversified Total Return	8.10
Insight	Bonds 6	SONIA Index	10.4
M&G	Bonds 7	SONIA Index	6.14
	Bonds 8	50% IBoxx £ Non-Gilt 15+yr, 50% Iboxx £ Non-Gilt Index	5.92
	Bonds 9	SONIA + 8%	14.57

Infrastructure, Private Equity and Private Debt asset classes cannot be summarised by an annual return percentage owing to staggered cash flows. For these managers investment performance has been reported as Internal Rate of Return over the 2023-24 year.

Manager		12 month IRR	Alternative measures
Equitix	Infrastructure 1	6.97*	Buy and Hold Net IRR*
	Infrastructure 2	7.89*	Buy and Hold Net IRR*
	Infrastructure 3	-	
Patria	Private Equity 1	-11.6	

	Private Equity 2	2.2	
	Private Equity 3	-36.5	
	Private Equity 4	158.5	
	Private Equity 5	0	
	Private Equity 6	16.1	
HarbourVest	Private Equity 7	2.7	
	Private Equity 8	-	
	Private Equity 9	0.7	
	Private Equity 10	-25.2	
	Private Equity 11	7.6	
	Private Equity 12	-14	
	Private Equity 13	-3.2	
	Private Equity 14	-2.5	
	Private Equity 15	7.2	
	Private Equity 16	-9.2	
	Private Equity 17	-4	
	Private Equity 18	3.8	
	Private Equity 19	6.6	
	Private Equity 20	-3.8	
	Private Equity 21	1.5	
	Private Equity 22	3.1	
	Private Equity 23	5.2	
	Private Equity 24	2.2	
	Private Equity 25	6.8	
	Private Equity 26	3	
	Private Equity 27	8.4	
	Private Equity 28	2.4	
	Private Equity 29	17.3	
	Private Equity 30	19.8	
	Private Equity 31	3.8	
	Private Equity 32	14.6	
	Private Equity 33	7.1	
	Private Equity 34	-	
	Private Equity 35	-	
	Private Equity 36	-	

	Private Equity 37	10.1	
	Private Debt 1	18.2	
	Private Debt 2	-	
JPM	Infrastructure 4	6.9*	Cash Yield (1 Year)
Pantheon	Infrastructure 5	11.9	
	Infrastructure 6	17	
	Private Debt 3	14.4*	Indicative IRR based on projection
Stafford	Timberland 1	4.7	
	Timberland 2	26.0	Growth on paid in capital
Aviva	Infrastructure 7	-1.8	
M&G	Private Debt 4	5.0	Net projected IRR
	Private Debt 5	-16.6	

Environmental, Social and Governance (ESG)

The Fund is an active member of the Pensions and Lifetime Savings Association (PLSA) and Local Authority Pension Fund Forum (LAPFF) and regularly supports engagement with companies via these bodies. Voting rights are exercised by managers in line with ACCESS voting guidelines which have been developed collaboratively between member funds. Exceptions where voting has not been in line with policy are reviewed regularly and reported to Pensions Committee.

Climate change is considered as part of the Triennial Valuation process including risk and opportunities within Liabilities and Investment Assets. The Fund has established Climate Risk and ESG policies (Investment and stewardship | Norfolk Pension Fund) as well as the Statement on Divestment/Exclusion & ESG (Environmental, Social & Governance) Aspects of Investment Strategy - March 2024 | Norfolk Pension Fund, covering the Fund's response within its Investment Strategy, which are reviewed and updated regularly. The Fund produces six monthly Climate Risk Reporting to monitor Climate Related measures within the Public Equities portfolio and utilises this to inform engagement with investment fund managers on specific holdings. The Fund engages with all managers on ESG to understand the managers approach to navigating Climate Risks and Opportunities.

Fees and costs incurred by third parties which affect overall investment returns and the relationship between fees, risk and investment return

The analysis below shows the investment expenses incurred during the financial year 2023-24 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.

2023-24	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	2,303	0	**2,303**	5	**2,303**	**5**
Performance	0	0	**0**	0	0	2,040	**2,040**	4	**2,040**	5
Fees paid from NAV Pooled Funds	0	6,283	**6,283**	**12**	0	23,019	**23,019**	47	**29,302**	**59**
Broker Commission	424	0	**424**	**1**	4	0	**4**	0	**428**	**1**
Transaction Taxes	0	0	**0**	0	51	0	**51**	0	**51**	0
Implicit Costs	3,026	0	**3,026**	6	774	0	**774**	2	**3,800**	8
Legal and Advisory Fees	0	0	**0**	0	0	0	**0**	0	**0**	0
Other Transaction Costs	491	0	**491**	**1**	883	0	**883**	2	**1,374**	**3**
Indirect Transaction costs	0	0	**0**	0	0	9,667	**9,667**	20	**9,219**	20
Custody	0	0	**0**	0	21	0	**32**	0	**32**	**0**
Other	0	0	**0**	0	0	0	**0**	0	**0**	0
Total	**3,941**	**6,283**	**10,224**	**20**	**4,015**	**34,726**	**38,741**	**80**	**48,965**	**100**

Strategic Asset Allocation

The fund runs four Investment Strategies as set out in the Investment Strategy Statement. During 2023-24, three of these strategies were active and their relative weights and targets are set out below.

Strategy 1			
Asset Class	**Actual Proportion %**	**Target Proportion %**	**Difference**
Total Growth	52.9	47.5	5.4
Enhanced Yield	44.3	47.5	-3.2
Protection	2.7	5	-2.3

Strategy 3			
Asset Class	**Actual Proportion %**	**Target Proportion %**	**Difference**
Total Growth	0	0	0
Enhanced Yield	10.8	10.0	0.8
Protection	89.2	90.0	-0.8

Strategy 4			
Asset Class	**Actual Proportion %**	**Target Proportion %**	**Difference**
Total Growth	31.6	32.5	-0.9
Enhanced Yield	59.0	57.5	1.5
Protection	9.4	10.0	-0.6

Each investment bucket contains a mix of asset classes. The relative weights and targets are set out below.

Growth			
Asset Class	**Actual Proportion %**	**Target Proportion %**	**Difference**
Total Growth	82.3	87.5	-5.2
Enhanced Yield	17.7	12.5	5.2

Protection			
Asset Class	**Actual Proportion %**	**Target Proportion %**	**Difference**
Total Growth	100.0	100.0	0

Enhanced Yield			
Asset Class	**Actual Proportion %**	**Target Proportion %**	**Difference**
Real Estate	20.5	25.0	-4.5
Bonds	39.5	33.0	6.5
Infrastructure	22.4	20.0	2.4
Timberland	3.6	5.0	-1.4
Private Debt	14.0	17.0	-3.0

Pooling

How the Fund has implemented the policy on pooling its assets in the ACCESS investment pool as set out in the Investment Strategy Statement, detailing how the Fund has progressed in pooling assets

The analysis below shows the investment assets that are pooled, investment assets under pooled management and investment assets held outside of the pool as at 31 March 2024. The Fund continues to collaborate with the ACCESS pool, and during 2024-25 plans to transition Real Estate Assets from outside the pool, commit to Affordable Housing solutions within the Pool and support the establishment of Private Equity and Timberland Investment Assets within the pool.

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not pooled	Total
Equities (including convertible shares)	2,228.58	-	-	**2,228.58**
Bonds	668.53		636.61	**1,305.14**
Property			450.5	**450.5**
Hedge funds				**-**
Diversified Growth Funds (including multi-asset funds)				**-**
Private equity			492.76	**492.76**
Private debt			173.17	**173.17**
Infrastructure		269.07	243.25	**512.32**
Derivatives			5.35	**5.35**
Cash and net current assets			100.09	**100.09**
Other			84.87	**84.87**
Total	**2,897.11**	**269.07**	**2,186.6**	**5,352.78**

£m Asset values as at 31 March 2023	Pooled	Under pool management	Not pooled	Total
Equities (including convertible shares)	1,905.64	116.25	-	**2,021.89**
Bonds	291.52		882.37	**1,173.89**
Property			464.04	**464.04**
Hedge funds				**-**
Diversified Growth Funds (including multi-asset funds)				**-**
Private equity			450.52	**450.52**
Private debt			167.06	**167.06**
Infrastructure			472.26	**472.26**
Derivatives			7.03	**7.03**
Cash and net current assets			48.55	**48.55**
Other			56.70	**56.7**
Total	**2,197.16**	**116.25**	**2548.53**	**4,861.94**

Pooling costs

The costs incurred, gross savings achieved, and the resulting net savings achieved as a result of pooling assets

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 2023-24 and shows the cumulative costs to date since financial year 2015-16 when the initial set up of the ACCESS Pool commenced. During 2023-24 Capital Global High-Income Opportunities was transitioned to the pool, the Fund was a seed investor in Columbia Threadneedle Emerging Market Equities, and invested in two existing UK Sterling Corporate Bond funds.

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 2023-24 and the total savings to date since financial year 2015-16.

	2023-24	
	Actual	Actual
	In Year	Cumulative to date
	£'000	£'000
Set Up Costs	0	183
Transition Costs	127	500
Ongoing Operational Costs	160	707
Total Costs	**287**	**1,390**
Pool Fee Savings	**1,422**	**13,048**
Net Savings Realised	**1,135**	**11,658**

UK Investment

The analysis below provides additional information on investment in the UK.

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	283.48			**283.48**
UK Government Bonds			235.30	**235.30**
UK Infrastructure		16.14	192.53	**208.68**
UK Private Equity			36.87	**36.87**

This data covers some but not all of the assets included in the asset classes in the net asset statement, in line with guidelines. As at 31 March 2024 the Fund also held UK Corporate bonds of £74.1m and UK Property of £335.2m.

£m Asset values as at 31 March 2023	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	290.24	116.25	-	**406.49**
UK Government Bonds			59.97	**59.97**
UK Infrastructure			201.79	**201.79**
UK Private Equity			30.52	**30.52**

Section 6 - Administration

A summary of activities undertaken by the administration function during the year

McCloud Remedy

Legislation was introduced on 1 October 2023 to implement the McCloud Remedy for all protected members. The Norfolk Pension Fund has commenced the testing process to identify all eligible members and to begin the calculation of adjustments to pension benefits. Throughout 2023/24 and into 2024/25 we have worked with our software provider to resolve calculation errors so that we can achieve a 100% success in identifying and recalculating accurate figures. Our plan for 2024/25 is to run the actual calculations on member pension records and complete the payment and notification process to eligible members.

Lifetime Allowance Abolition

New guidance was issued at the end of March 2024. We have begun the process of understanding the new calculations across many pension benefit events and begun to revise our calculation and notifications to members. We have updated member correspondence and created calculators for administrators to use to ensure adherence to the new guidance.

Pensions Dashboards Programme

The Norfolk Pension Fund has commenced preparations for onboarding with the Pensions Dashboards Programme by participating in webinars given by PDP, The Pensions Regulator and others. In 2024/25 we will continue to prepare by completing data readiness checks and by appointing our ISP.

Annual Benefit Statement

Completion of production of 50,000+ annual benefit statements by the statutory deadline. Data uploaded to member records and sent by post to home addresses

IT Development

- EA2P Enhanced Payroll System

  Upgrade to payroll system to introduce electronic processes to replace manual processes, including the calculation and input of arrears of annual pension payments.

- Bank Account Verification (BAV)

  Facility introduced to check pensioner member bank details against those held by banking institutions to avoid fraudulent claims

- Monthly Data Submission from Employers

  Completion of project for all employers in the Norfolk Pension Fund NPF using IT facility to upload member data on a monthly basis

Data Quality and Audit

- IT Analytics

  We have a system from our software supplier to report a daily extract of data for data quality purposes including address checks. Regular KPI reporting to determine volumes of task completion and percentages completed within KPI and service level agreements targets.

- Employer Forum

  We host twice annual Employer Forum where the Fund Actuary (Hymans Robertson) and Fund officers deliver information about importance of data quality and timeliness of data submission. All employers/payroll providers/HR/finance/third party providers are invited.

- Internal Audit

  Annual audits for income and outgoing payments organised by Norfolk County Council Audit Services. Run through of processes to compare against procedures and checks against records of correct application of payments made and income received.

- External Audit

  Annual external audit where processes are demonstrated to auditors and outcomes checked for accuracy across Member Service Administration, Payroll Administration and Technical Service Administration

- Data Security

  The 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

- All staff complete regular mandatory training covering: Information Governance; Online and Information Security; and Fraud and Bribery Awareness
- 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 securely 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

- Data Quality

  We published our Report on Data Quality in February 2024. 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 the 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 the Norfolk Pension Fund was 95.28%

    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 be 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.

We run regular checks on deferred 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 information sources

The Fund provides a number of information sources for stakeholders.

The Fund's website www.norfolkpensionfund.org provides advice, information and news about the Fund and the LGPS for scheme members and employers.

The Member Self -Service area of the website allows scheme members to securely view their personal pension details. Once registered, scheme members can view and update their personal details, see their benefit statements and use the online pension calculator.

The LGPS member website www.lgpsmember.org also provides information and updates about the scheme.

Our online portal, i-Connect, provides scheme employers access to view their own data, securely exchange data and submit requests and changes electronically.

The Pensions Service Team has three teams, each with specific areas, managed by Service Managers. Scheme members, employers and our other stakeholders can contact the Norfolk Pension Fund team by telephone or email as follows:

Member Services

Manager	Patsy Bradley	
Telephone	01603 495923	
Email	Surname A-F	pensions.admin1@norfolk.gov.uk
	Surname G-O	penadmin3@norfolk.gov.uk
	Surname P-Z	pensions.admin2@norfolk.gov.uk
	General enquiries	pensions@norfolk.gov.uk

Payroll and Pensioner Services

Manager	Paul Stimpson
Telephone	01603 495788
Email	pensions@norfolk.gov.uk

Technical Support and Systems

Manager	Matthew Crane
Telephone	01603 222132
Email	pensions.technical@norfolk.gov.uk (dedicated email address for employer monthly data returns enquiries)

The team is fully committed to providing a quality service to meet the needs of the Fund's various stakeholders and to delivering excellent customer care through the delivery of tasks including:

- managing and maintaining a database of active members, pensioner members, spouse's/partners, dependent members and deferred member records
- the calculation and payment of retirement benefits
- providing estimates of benefits to scheme members, employers (e.g. redundancy and strain costs in respect of a workforce review) and current values for deferred members
- the calculation and payment of transfer values to other pension schemes following strict guidelines laid down by the TPR (The Pensions Regulator)
- processing transfer values from and public sector club schemes
- Interfund adjustments from other LGPS funds
- Aggregation of membership and accrued pension for members who change employers/jobs within the fund
- providing valuations and implementing Pension Sharing Orders for divorce cases.
- replying to queries from Scheme members and employers
- calculation and payment of refunds of pension contributions for early leavers
- calculation of deferred benefits for early leavers
- the calculation and payment of death benefits to eligible beneficiaries in respect of deceased active scheme members
- the payment of monthly pensions to pensioner members
- the calculation and payment of death benefits to eligible beneficiaries in respect of deceased pensioner members
- ensuring the collection of individual member data from participating employers through the submission of monthly data
- reconciling employers' monthly and annual contribution payments with individual member data submitted

Other administration tasks include

- application of the annual Pensions Increase in respect of pensioner members
- the production of the active and deferred member Annual Benefit Statements
- managing the exit of employers no longer participating in the LGPS
- providing Pension Savings Statements to Scheme members as appropriate
- providing data for annual FRS102/IAS19 disclosures
- providing data for triennial valuations
- dealing with disputes from scheme members and other stakeholders
- communicating with employers and scheme members on changes to the LGPS and other pension related issues as required
- regular data quality checks

Arrangements in place for ensuring accuracy, cyber security & confidentiality

- **Accuracy**

  The member's employer provides monthly data submissions. We rely heavily on the accuracy of the data provided by the employer, but we check for duplicate records, incomplete addresses, invalid National Insurance Numbers and report any findings back to the employer to correct.

- **Cyber security**

  Norfolk County Council's digital services teams control the hardware and computer systems used by the Fund. They provide security configuration, firewalls, anti-virus software etc. The Norfolk Pension Fund has a comprehensive set of guidelines contained within Norfolk Pension Fund Cyber Security, Information Governance and Confidentiality Guidelines.

  We ask all suppliers to complete an annual cyber security assurance questionnaire to provide assurance around their information and cyber security management. Our pensions administration system software provider engages a leading UK cyber security consultancy to undertake an independent review of their IT infrastructure and product portfolio.

- **Confidentiality**

  All the team must undertake the following mandatory training every two years, which new staff members undergo as part of their induction programme.

  – Information Governance (Data Protection Essentials)
  – IMT Online & information security
  – Fraud & Bribery awareness

Report on performance against administration Key Performance Indicators (KPIs)

Most of the Casework KPI numbers have increased in 2023/24 in comparison to 2022/23. This indicates an increased engagement from members with their pension rights and are having to process more casework accordingly. The completion rate of cases has also increased despite the increase in casework numbers.

The casework completed within target has continued to be consistent, improving in key areas such as Payment of Lump Sum, Communications to confirm amount of dependant's pension and communication issued following receipt of a Pension Sharing Order.

The results of all the retirement related and payment to members related KPI casework, continue to be over 90% completion within the target time. During the year, the Norfolk Pension Fund has continued to have recruitment challenges and has suffered a staff turnover which has led to pressure to complete KPI casework within target.

Table A - Total number of casework

Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
Deaths recorded of active, deferred, pensioner and dependent members	77	866	847	89.8	853	91.7
New dependent member benefits	29	784	801	98.5	700	96.0
Deferred member retirements	N/A	N/A	N/A	N/A	N/A	N/A
Active member retirements	0	1,304	1,301	99.8	1677	95.5
Deferred benefits	16	2,302	2,308	99.6	2025	99.2
Transfers in (including interfunds in, club transfers)	3	221	205	91.5	224	98.7

Transfers out (including interfunds out, club transfers)	3	179	177	97.3	278	98.9
Refunds	4	582	585	99.8	667	99.4
Divorce quotations issued	6	210	212	98.1	174	96.7
Actual divorce cases	1	24	18	72.0	29	96.7
Member estimates requested either by scheme member and employer	72	2,608	2,542	94.9	2524	97.2
New joiner notifications						
Aggregation cases	2,175	3,798	3,064	51.3	2244	50.8
Optants out received after 3 months membership	11	147	126	79.7	98	89.9

Table B - Time taken to process casework

Casework KPI	Suggested fund target	% completed within fund target in year	% completed in previous year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	47.2	36.0
Communication issued confirming the amount of dependents pension	10 days	94.6	94.0
Communication issued to deferred member with pension and lump sum options (quotation)	15 days	N/A	N/A
Communication issued to active member with pension and lump sum options (quotation)	15 days	68.5	70.7

Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	N/A	N/A
Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	90.4	93.0
Payment of lump sum (both actives and deferreds)	15 days	92.8	91.8
Communication issued with deferred benefit options	30 days	99.0	95.6
Communication issued to scheme member with completion of transfer in	15 days	81.0	92.5
Communication issued to scheme member with completion of transfer out	15 days	61.5	86.4
Payment of refund	10 days	99.3	98.8
Divorce quotation	45 days	100.0	100.0
Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	15 days	55.6	41.4
Communication issued to new starters	40 days	N/A	N/A
Member estimates requested by scheme member and employer	15 days	90.4	93.0

Table C - Communications and engagement	
Engagement with online portals	**Percentage as at 31 March**
% of active members registered	19.38%
% of deferred member registered	12.80%
% of pensioner and survivor members	19.66%
% total of all scheme members registered for Member Self-Service	16.88%
% of all registered users that have logged onto the service in the last 12 months	22.24%
Communication	**Number**
Total number of telephone calls received in year	In excess of 18,858 calls have been received (data was unavailable for 4 x members of the team)
Total number of email and online channel queries received	We estimate 21,699 emails have been received based on a 90 day review of group mailboxes with an allowance for peak periods
Number of scheme member events held in year (total of in-person and online)	11
Number of employer engagement events held in year (in-person and online)	2
Number of active members who received a one-to-one (in-person and online)	88 scheme members attended a one-to-one Pension Clinics held in November 2023. We only have stats for in-person meetings.
Number of times a communication (i.e newsletter) issued to:	
a) Active members	1
b) Deferred members	1
c) Pensioners	2

Table D – Resources	
Total number of all administration staff (FTE)	32.46
Average service length of all administration staff	15.38 years
Staff vacancy rate as %	6.2%
Ratio of all administration staff to total number of scheme members (all staff including management)	1:3,299
Ratio of administration staff (excluding management) to total number of scheme members	1:3,404 (excluding Pensions Manager) 1:3,752 (excluding Pensions Manager plus 3 x service managers)

Table E - Data Quality	
Annual Benefit Statements	
Percentage of annual benefit statements issued as at 31 August	100.00%
Short commentary if less than 100%	N/A
Data category	
Common data score	95.28%
Scheme specific data score	99.46%
Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	4.51%
Percentage of active, deferred and pensioner members with an email address held on file	30.47%
Employer performance	
Percentage of employers set up to make monthly data submissions	100.00%
Percentage of employers who submitted monthly data on time during the reporting year	32.49%

Norfolk Pension Fund Membership

Report on member and employer numbers by category

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 434 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below. This is a net increase of five employers since 31 March 2023.

A list of all contributing employers is shown in Appendix I.

	31 March 2023	31 March 2024
Number of Employers with Active Members	**429**	**434**
Full membership including employers with deferred and legacy pension commitments		
Number of Employees in Scheme		
Norfolk County Council	13,990	14,656
Other Employers	18,073	18,645
Total	**32,063**	**33,301**
Number of Pensioners		
Norfolk County Council	14,964	15,437
Other Employers	14,798	15,412
Total	**29,762**	**30,849**
Deferred Pensioners		

	31 March 2023	31 March 2024
Norfolk County Council	20,244	21,095
Other Employers	20,135	21,838
Total	**40,379**	**42,933**
Total Members membership including employers with deferred and legacy pension commitments	**102,204**	**107,083**

The table below shows a summary of the number of employers in the Fund analysed by scheduled bodies, admitted and designated bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities).

Employer Type	Active (with active members)	Ceased (no active members with some outstanding liabilities)
Scheduled Bodies	287	32
Admitted Bodies	35	93
Designated Bodies	112	24
Total	**434**	**149**

Report on actions taken to deliver the communications policy

The Norfolk Pension Fund is committed to delivering a consistently high level of performance and customer service. Excellent communication is core to this commitment.

Our communication objectives are detailed in our Customer Care and Communication Strategy Statement, which can be found at on our website at www.norfolkpensionfund.org/help/how-we-keep-in-touch/

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

The Fund meets the commitments set out in the Customer Care and Communication Strategy Statement through the delivery of the following services and activities.

Accessibility and exclusion

It is an important principle to us that we recognise all members are not the same, but that they should still be able to access the support they need to engage with their LGPS pension. Therefore, we offer a variety of communication channels and media and services, including:

- INTRAN services where translation services are needed
- Hard copy and large print versions of documents
- A website compliant with World Wide Web Consortium (W3C) Web Content Accessibility Guidelines 2.1 at AA level and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.Telephone helplines as well as dedicated mailboxes and online services for members
- An address to write to us
- Face to face and virtual meetings

Dedicated telephone helplines and mailboxes

We have dedicated helplines and email boxes for scheme members and employers operated by our Pensions Services Team.

Those members who wish to can also write to us at our offices.

Website

Our website www.norfolkpensionfund.org provides our members, employers and other stakeholders information and latest news about the Fund and the LGPS. The resources section on the site provides a library of documentation including guides, forms, reports and newsletters.

Member Self-Service

Member Self-Service offers our members a quick and secure way to securely access their pension details online.

Member Self-Service can be used to:

- View pension account benefits and latest valuation
- Amend personal details
- Update Death Grant nomination details
- Calculate projected pension benefits
- Upload documents and queries
- See and download payslips and P60s

A Brief Guide to the LGPS

In addition to the comprehensive information on our website, we publish *A brief guide to the Local Government Pension Scheme (LGPS)* which provides members with information about the scheme such as who can join, contributions, tax relief, how to join, benefits calculation, opting out and rejoining, transferring benefits, death grant benefits, ill health benefits and retirement.

Annual Benefit Statement

Annual Benefit Statements are produced in hard copy and sent to active and deferred members home addresses as well as being made available on line.
The Benefit Statement is incorporated into a member newsletter with disclosures and updates on the Fund and the LGPS and other relevant information including: options for increasing pension income, details about the '50/50' option, tax limits, advice about pension scams and how to avoid them, scheme governance and an overview of the Fund's accounts and investments.

Primetime newsletter

Our newsletter for retired members, Primetime, is posted to retired members twice a year. It provides our pensioner members with the latest new about the Fund and their LGPS pension, including the annual pensions increase, HMRC tax update, pension pay dates, what to do if you change your bank, how to access Member Self-Service, scam awareness details of the Fund's governance arrangements and an update on responsible investment. Primetime is also published on our website www.norfolkpensionfund.org

Payslips
Printed payslips are only produced when pension payment amounts vary by more than £1.00. Payslip details are available to scheme members via our secure online Member Self-Service.

Pension Clinics
Pensions Clinics for active and deferred members were held in October and November in four venues around Norfolk (Norwich, Great Yarmouth, King's Lynn and Cromer) providing an opportunity to meet face-to-face with one of the Fund team to discuss their LGPS pension.
Throughout the year, on request members can arrange to meet face-to-face or virtually.

Pre-Retirement Planning Course for members
The Fund supports a Pre-Retirement Planning Course which is offered free to Norfolk Pension Fund members planning to retire in the next 18 months to two years.

Annual Meeting
Members were offered the opportunity to attend our Annual Meeting for an update on the Fund to ask Pension Fund officers about the LGPS.

Pension Administration Strategy
The Norfolk Pension Fund publishes a Pension Administration Strategy (PAS) which sets out detailed requirements for liaison and communication between employers and the Fund and outlines performance expectations for both parties. The aim is to promote good working relationships and improve transparency, efficiency and data quality.

Monthly employer data submission
All employers use i-Connect to prepare, submit and view data, updates and requests with us securely, reducing costs and risks associated with processing pension data.

Employer Newsletter and email updates
Regular Employer Newsletters were published through the year covering topical issues under debate, technical changes that need their attention and changes to regulations that impact on their duties and responsibilities.
Updates on relevant topics are emailed to employer contacts as appropriate. During the year 2023-24 year employers received information on topics including LGA updates and training opportunities, Pensions Awareness Week, the publication of the member Annual Benefit Statement and news on the McCloud remedy.

Employer Forum
Hybrid Employer Forums were held in July 2023 and November 2023.
These offer the opportunity for employers and Norfolk Pension Fund colleagues to meet and discuss news and views. Employers receive updates on current issues and developments and external speakers provide insights into the wider pensions world.
Forums are recorded for colleagues unable to attend live events.

Individual employer meetings

Employers can arrange face-to-face or virtual meetings with the Pension Fund team on request.

Specialist advice

Professional advice can be provided/arranged, related to specific pensions activities undertaken by employers, for example transfer of staff, external contracts, etc

Induction sessions for new employers

Induction training sessions are available for new (and current) scheme employers upon request.

Promoting LGPS scheme membership to prospective members and employers

We maintain an area on our website which provides prospective employers with information on the scheme including A Guide for Prospective Scheme Employers and a Pension Handbook for Scheme Employers.

We work with employers to promote the scheme and inform both prospective and current members.

We provide employers with resources (e.g. posters, leaflets, guides) to help promote the scheme.

Employers are encouraged to direct new employees to our website www.norfolkpensionfund.org and also to provide copies of our joiner pack which includes A brief guide to the LGPS booklet, membership form, death grant benefit form and transfer of benefits form.

Employers are also encouraged to provide prospective and current members of the scheme with links to the range of LGPS Pensions made simple videos which promote scheme benefits and options.

Value for money statement

Report on value for money achieved by the administration function

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 a three year Service Plan to secure delivery of the Fund's Mission Statement and strategic objectives, with the aim of optimising efficiency and effectiveness.

Our Mission Statement is underpinned by 8 strategic objectives, covering all aspects of Fund management and delivery.
Our Service Plan:

- is built on these objectives, setting out 'business as usual' activity and projects against each strategic objective;
- includes success criteria / KPI's, risks, responsibilities, and resources;
- is approved by Pensions Committee alongside the budget;
- is reported to the Local Pension Board;
- is the basis for team and individual objectives and monitoring.

Consequently, everyone understands how they contribute to the Mission.

We take part in the CIPFA benchmarking club for pensions administration, which allows us to compare our performance and costs against other LGPS funds.

The average cost per member (CPM) to administer the Norfolk Pension Fund for 2022-23 (the latest available at time of publication) was £21.08, which is 14% below the average £24.56 CPM achieved by other local authorities who participated in the CIPFA Pensions Administration Benchmarking Club over the same period.

Average Cost per Member

	2018-19	2019-20	2020-21	2021-22	2022-23
Norfolk Pension Fund	£20.01	£19.97	£19.84	£20.28	£21.08
CIPFA Benchmarking Average	£21.34	£20.00	£21.91	£22.46	£24.56

Report on complaints and dispute resolution cases

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/

One new IDRP case was opened in 2023/34. Stage 1 was completed on 5 December 2023 with confirmation of process undertaken. The member has the opportunity to raise via stage 2 of IDRP if appropriate.

One case was referred to the Ombudsman but was resolved by the Employer before a judgement was needed from the Ombudsman. The response from the Employer to award Tier 2 ill health pension was not received by the member initially. Following receipt of the outcome the Ombudsman reference was withdrawn.

We gather feedback on our service from our customers that helps us identify areas of improvement and opportunities for efficiency.

Employer Forums
92% of respondents gave an overall assessment of the Forums as Excellent/Very Good.

Comments included: 'Topics covered were relevant, well presented and pitched at the right level of information required'; 'Very informative'; 'I found this extremely useful', 'Helpful and informative, keeping the employer up to date' and 'Very insightful'.

Scheme Member Pension Clinics
100% of respondents said they were 'Very satisfied' or 'Satisfied' with the service received at the Clinics.

Comments included: 'Pension staff were well prepared and well informed, they took time to explain everything'; 'Incredibly helpful. Had the answers to all my questions'; 'Really helpful and clear guidance'; 'Very clear and thorough advice'; 'Answered my questions and gave me sound advice'; 'Explained facts in way which was easy to understand'; 'So informative. Great knowledge. Really helped towards my decision making' and 'Very detailed and professional'.

Primetime (retired members newsletter) survey
89% of respondents rated the service they received from the Norfolk Pension Fund as Excellent/Very Good.

Comments included: 'There is no way that the Norfolk Pension Fund can improve the service it provides to me'; 'I am very happy with the service provided'; 'The pensions staff take their time in explaining things in a simple form to me. They are brilliant'; 'You address us in plain, clear, well chosen language' and 'Ten out of ten and Gold stars all round'.

Section 7 - Actuarial Report on Funds

Statement by the Fund Actuary on the most recent valuation of the assets and liabilities of the level of funding as reported at the last actuarial valuation

Actuarial Statement for 2023-24 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 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies.

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 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £4,901 million, were sufficient to meet 106% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £289 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 2023 to 31 March 2026 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 2022 valuation report and FSS.

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 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.3% pa
Salary increase assumption	3.4% pa
Benefit increase assumption (CPI)	2.7% pa

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 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 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.6 years
Future Pensioners*	22.9 years	26.2 years

*Aged 45 at the 2019 Valuation.

Copies of the 2022 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 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

Julie Baillie FFA

14 May 2024

For and on behalf of Hymans Robertson LLP

Norfolk Pension Fund Valuation Report March 2022

The full actuarial report on the valuation of the Fund can be found on our website at:

https://www.norfolkpensionfund.org/resources/norfolk-pension-fund-valuation-report-march-2022/

Section 8 - External Audit Opinion

Section 9 – Additional Information

Compliance with the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills

Our training strategy aligns with the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

Compliance with the Knowledge Code of Practice

A Training Strategy is maintained to develop and maintain knowledge and skills to support good and timely decision making. This training strategy extends to Pensions Committee, Pensions Oversight Board and officers.

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

The role played by Internal Audit in providing assurance and managing risk, and a summary of assurance activity undertaken during the year

The Director of Strategic Finance and Section 151 Officer is responsible for the administration and financial accounting of the Pension Fund.

During 2023-24 the Pensions Committee was formally briefed by the Director of Strategic Finance and Director of Norfolk Pension Fund on a quarterly basis.

Norfolk Audit Services (NAS) produces an annual report for the Pensions Committee. This Annual Internal Audit Report details the overall opinion on the system of internal control, including the arrangements for the management of risk, and details the level of audit coverage for the year.

During the year internal audit made detailed reports on two audits in the plan to the relevant manager, including an audit opinion and an agreed action plan. The audit work performed is considered enough to support our annual opinion.

Internal Audit's role is to ensure that there is evidence of compliance with the Pension Fund's objectives, rules and procedures. Where such compliance does not exist, internal audit makes recommendations to ensure that proper controls are in place. Some audits carried out are based on the perceived risk to the Pension Fund as assessed using the internal audit risk model, whilst others are requested by the Pension Fund. The audit work follows the Public Sector Internal Audit Standards (PSIAS) as approved by CIPFA.

The approach NAS takes to its role is set out in its own Terms of Reference (Charter), Code of Ethics and Strategy, as approved by the County Council's Audit and Governance Committee, (formerly the Audit Committee)

The Internal Audit team, as part of the system of internal control, has provided an effective, efficient and economic function during the year, supporting Pension Committee, the Director of Strategic Finance, the Pension Fund Management Team and the service.

A summary of Freedom of Information requests

During the year 2023-24, the Norfolk Pension Fund has provided the following responses to Freedom of Information Act enquiries.

All responses have been made via the Corporate Freedom of Information Act Officer within statutory deadlines.

Date Request Received	Enquiry number / Requester name	Details
18/04/2023	ENQ-627381-W4S5L5 PEI Group	Cash-flow reports for Q4 2022 for all private capital investments
20/04/2023	ENQ-627806-Y5F8N2 Bloomberg	Q4 2022 and Q1 2023 alternative investment portfolio records for close-ended funds
25/04/2023	ENQ-629148-F1W3Q9 Preqin	Performance data as of 30 September 2022 and 31 December 2022 of private equity/venture capital funds
25/04/2023	ENQ-629179-D8S1G1 Pitchbook	Investment memorandum and due diligence materials used for investments for April 2022 to March 2023 and confirmation to use of Subscription Credit Facilities

12/05/2023	ENQ-632397-X3Z9W9 factset.com	Fund level performance reports for private equity, private debt, real asset, and real estate portfolios Q4 2022
26/05/2023	ENQ-635666-W1R1S9 Preqin	Commitment, Contribution, Distribution, Value and IRR as of 30 September 2022 and 31 December 2022
26/05/2023	ENQ-635774-D8F4W0 Preqin	Horizon returns including 1 month, 3 month, 12 month and 3 year annualized returns earned from initial investment in Open-Ended Funds to 31 March 2023
30/05/2023	ENQ-635797-C8S5Q4 PitchBook Data	Details of alternative asset holdings for Q4 2022
06/06/2023	ENQ-637087-T5J5H4 Secondary Link	Details of alternative investments
22/06/2023	ENQ-641022-W2J7T2 Factset.com	Fund level performance reports for private equity, private debt, real asset, and real estate portfolios Q4 2022
11/07/2023	ENQ-644511-W3L4T8 Bloomberg	Q2 2023 alternative investment portfolio records for close-ended funds
15/07/2023	ENQ-645613-B1Z8Y2 Secondary Link	Details of alternative investments for years 2019-22
21/07/2023	ENQ-646254-G0H2B8 PEI Group	Cash-flow reports for Q4 2022 and Q1 2023 for all private capital investments
17/08/2023	ENQ-652337-Y9B3F9 Factset.com	Fund level performance reports for private equity, private debt, real asset, and real estate portfolios Q1 2023
21/08/2023	ENQ-653000-F3P3D1 Pitchbook Data	Details of alternative asset holdings for Q1 2023

29/08/2023	ENQ-654626-K8X5T8 Preqin	Commitment, Contribution, Distribution, Value and IRR as of 30 September 2022 and 31 March 2023
20/09/2023	ENQ-659425-J3Y0P6 Preqin	A list of all hedge funds and fund of hedge funds in which Norfolk Pension Fund is an investor
27/09/2023	ENQ-660986-C1F8L4 Steve Baille	Transactions and investments with BlackRock and Vanguard
16/10/2023	ENQ-664702-Y7L0N4 PEI Group	Cash-flow reports from Q1 2023 of all private capital investments
15/11/2023	ENQ-670190-C8P1W5 With Intelligence	Performance metrics of all closed-end funds including Private Equity, Venture Capital, Private Debt, Real Estate, Real Assets/Infrastructure funds for Q4 2022 to Q2 2023
15/11/2023	ENQ-670399-W4D8K0 Factset.com	Fund level performance reports for private equity, private debt, real asset, and real estate portfolios. Information requested for Q2 2023
20/11/2023	ENQ-671125-Y6Z6H8 With Intelligence	Performance metrics of all closed-end funds including Private Equity, Venture Capital, Private Debt, Real Estate, Real Assets/Infrastructure funds for Q1 2022, Q2 2022 and Q3 2022
27/11/2023	ENQ-671683-S8T6H5 Pitchbook	Details of alternative asset holdings for Q2 2023
01/12/2023	ENQ-671157-J9H3L6 Bloomberg	Alternative investment portfolio records for close-ended funds for the most recent quarter available

14/12/2023	ENQ-675357-R7C9H8 Preqin	Commitment, Contribution, Distribution, Value and IRR as of 30 June 2023
13/01/2024	ENQ-679601-D6J0G2 SecondaryLink	Details of alternative investments for years 2019-22
17/01/2024	ENQ-680155-D9X2G4 PEI Group	Cash-flow reports from Q2 2023 of all private capital investments
08/02/2024	ENQ-685233-P5T5R1 With Intelligence	Performance metrics of all closed-end funds including Private Equity, Venture Capital, Private Debt, Real Estate, Real Assets/Infrastructure funds for Q3 2023
19/02/2024	ENQ-687624-L1G9K0 PitchBook	Details of alternative asset holdings for Q3 2023
24/02/2024	ENQ-688591-F2B8Q7 Factset.com	Fund level performance reports for private equity, private debt, real asset, and real estate portfolios. Information requested for Q3 2023
18/03/2024	ENQ-693409-T3W8Y7 With Intelligence	Q4 2023 performance report for closed-end funds
26/03/2024	ENQ-694730-T5T7K7 IJ Global	Details about infrastructure investments

Glossary of commonly used Pension Fund terms

Please see the Glossary attached at Appendix VI.

Norfolk Pension Fund

Statement of Accounts
2023-24

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 Director of Strategic Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the statement of accounts.

The Director of Strategic Finance's Responsibilities

The Director of Strategic Finance 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 Director of Strategic Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Director of Strategic Finance 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 Director of Strategic Finance

I certify the statement of accounts set out on pages XX to XX 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 2024.

Signed: ....

Harvey Bullen
Director of Strategic Finance

Date: XX XXXXXXX 2024

Independent Auditor’s Report

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

EY – page 1

EY – page 2

EY – page 3

EY – page 4

EY – page 5

Revenue and Fund Account

For the Year Ended 31 March 2024

2022-23 £000		Notes	2023-24 £000
	Dealings with members, employers and others directly involved in the Fund		
184,958	Contributions	7	197,837
11,626	Transfers in from other pension funds	8	10,118
196,584			**207,955**
-160,774	Benefits	9	-180,814
-6,883	Payments to and on account of leavers	10	-19,839
-167,657			**-200,653**
28,927	**Net additions/withdrawals from dealings with members**		**7,302**
-31,433	Management Expenses	11	-36,601
-2,506	**Net additions/withdrawals from dealings with members Including Fund Management Expenses**		**-29,299**
	Returns on investments		
76,068	Investment income	12	100,485
-1	Taxes on income	13a	0
-106,120	Profit and losses on disposal of investments and changes in the market value of investments	14a	368,820
-30,053	**Net return on investments**		**499,305**
-32,559	**Net increase/decrease in the net assets available for benefits during the year**		**470,006**
4,912,180	**Opening net assets of the scheme**		**4,879,621**
4,879,621	**Closing net assets of the scheme**		**5,349,627**

Net Assets Statement

As at 31 March 2024

2022-23 £000			Notes	2023-24 £000	
4,862,783		Investment assets	14	5,358,549	
-846		Investment liabilities	14	-5,944	
	4,861,937	**Total Net Investments**			**5,352,605**
509		Long term debtors	21	412	
	509				**412**
		Current Assets			
16,110		Debtors	21	17,602	
8,177		Cash in hand	21	13,617	
	24,287				**31,219**
		Current Liabilities			
-7,112		Creditors	22	-34,609	
	-7,112				**-34,609**
	17,175	**Net current assets**			**-3,390**
	4,879,621	**Net assets of the Fund available to fund benefits at the period end**			**5,349,627**

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: XX XXXXXX 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 2023-24 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 Director of Strategic Finance.

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 434 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below. This is a net increase of five employers since 31 March 2023.

	31 March 2023	31 March 2024
Number of Employers with Active Members	**429**	**434**
Full membership including employers with deferred and legacy pension commitments		
Number of Employees in Scheme		
Norfolk County Council	13,990	14,656
Other Employers	18,073	18,645
Total	**32,063**	**33,301**
Number of Pensioners		
Norfolk County Council	14,964	15,437
Other Employers	14,798	15,412
Total	**29,762**	**30,849**
Deferred Pensioners		
Norfolk County Council	20,244	21,095
Other Employers	20,135	31,838
Total	**40,379**	**42,933**
Total Members membership including employers with deferred and legacy pension commitments	**102,204**	**107,083**

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:
Chartwells (All Angels Federation)	UET Compass (Short Stay School)
Aspens Services (Evolution Trust)	Wimbotsham Parish Council
Aspens Services (Wroughton Infants)	Dereham Church of England Infant and Nursery School
Chartwells (Eastern MAT)	Tivetshall Parish Council
Docking Parish Council	Earsham Primary School
Reedham Parish Council	Acle St Edmund Primary School
Barford & Wramplingham Parish Council	Little Plumstead Primary School
Snettisham Parish Council	Great Moulton Parish Council
Bradwell Parish Council	Edwards & Blake (Southtown Primary)
South Walsham Parish Council	Turn It On (Eastern MAT)
Clarion Housing Group	Medequip Assistive Technology (ICES)
Anglia Maintenance Services	Yaxham Primary School
GYB Services Ltd	Robert Kett Primary
Suffolk Coastal Services	Sporle With Palgrave Parish Council
Great Witchingham Parish Council	Great Yarmouth Services
	West Dereham Parish Council
	Aspens Services (Diss Junior)
	Millfield Primary
	Garvestone, Reymerston & Thuxton Parish Council
	Winterton-On-Sea Parish Council

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 2023, 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 2023-24 and 2023-24.

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 2022 triennial valuation set the rates payable by employers for the period 1st April 2023 to 31 March 2024. Excluding lump sum deficit recovery payments these rates range from 0% to 70.4% of actual pensionable pay.

Actual Pensionable Pay 2023-24	Contribution rate per year	Actual Pensionable Pay 2024-25	Contribution rate per year
Up to £16,500	5.5%	Up to £17,600	5.5%
£16,501 to £25,900	5.8%	£17,601 to £27,600	5.8%
£25,901 to £42,100	6.5%	£27,601 to £44,900	6.5%
£42,101 to £53,300	6.8%	£44,901 to £56,800	6.8%
£53,301 to £74,700	8.5%	£5,801 t £79,700	8.5%
£74,701 to £105,900	9.9%	£79,701 to£112,900	9.9%
£105,901 to £124,800	10.5%	£112,901 to £133,100	10.5%
£124,801 to £187,200	11.4%	£133,101 to £199,700	11.4%
£187,201 or more	12.5%	£199,701 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 2024 is 6.7% (10.1% April 2023).

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 2023-24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (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 is 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 31 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 2023-24 financial year, or within 2024-25 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 2022-23. 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 2024 the fund has an allocation of 42% to public equities, 13% to liquid fixed income and holds around 2% 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 has 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.

g) **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.

h) **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.

i) **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
J.P. Morgan Asset Management	Infrastructure

	2022-23 £000	2023-24 £000
Performance-related fees	1,034	1,139

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.

	2022-23 £000	2023-24 £000
Value of invoiced fees based on estimates (excluding performance fees and fee rebates)	458	8,690

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

j) 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).

k) 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.

l) 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.

m) 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.

n) **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.

o) **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.

p) **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).

q) **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)

r) Accounting Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 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 2024-25 code:

i. IFRS 16 Leases issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).

ii. Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
• specify that an entity's right to defer settlement must exist at the end of the reporting period
• clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
• clarify how lending conditions affect classification, and
• clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

iii. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

iv. Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

v. International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)

vi. issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
• a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
• targeted disclosure requirements for affected entities.

vii. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The

IASB developed the new requirements to provide users of financial statements with information to enable them to:

• assess how supplier finance arrangements affect an entity's liabilities and cash flows, and

• understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The code requires implementation of the above disclosure from 1 April 2024. These changes are not considered to have a material effect on the Pension Fund accounts of 2023-24.

s) Contingent Assets and contingent liabilities

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. Patria Investment funds are valued at 31 December and rolled forward for cash flows to 31 March.

	2022-23 £000	2023-24 £000
Value of unquoted private equity	450,516	492,762

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).

	2022-23 £000	2023-24 £000
Value of Pooled Investment Vehicle – Property/Freehold Property	464,041	450,333

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.

	2022-23 £000	2023-24 £000
Value of Infrastructure Equity Pooled Fund	472,264	512,315

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.

	2022-23 £000	2023-24 £000
Value of Timberland Equity Pooled Fund	56,698	83,868

Pooled Illiquid Closed-Ended 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 five debt funds are valued quarterly on a Net Asset Value basis.

	2022-23 £000	2023-24 £000
Value of Pooled Illiquid Closed-Ended Debt Funds	167,064	173,167

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

i) 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 2023</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>£90m</td></tr>
<tr><td>1 year increase in member life expectancy</td><td>4%</td><td>£197m</td></tr>
<tr><td>0.1% p.a. increase in the Salary Increase Rate</td><td>0%</td><td>£4m</td></tr>
<tr><td>0.1% p.a. decrease in the Real Discount Rate</td><td>2%</td><td>£87m</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 £492.8m. 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. Estimated valuations (valued at 31 December 2023) for all HarbourVest private equity investments have been used in the accounts. Estimated valuations (valued at 31 December 23 and rolled forward for cash flows to 31 March 24) for Patria Investments have been used in the accounts.
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 £450.3m. 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 £512.3m. There is a risk that this investment may be under or overstated in the accounts.

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 £84.9m. There is a risk that this investment may be under or overstated in the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
Pooled Illiquid Closed-Ended 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 £173.2m. There is a risk that this investment may be under or overstated in the accounts.

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	10.00%
Pooled Real Estate Funds	12.00%

Full details of the impact on asset values are detailed in note 16.

6. Events after the Net Asset Statement Date

There have been no events since 31 March 2024, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

7. Contributions Receivable

By Category

2022-23 £000		2023-24 £000
145,201	Employers – normal	153,653
0	Employers – special	0
1,564	Employers – strain	2,506
37,797	Members – normal	41,303
396	Members – purchase of additional scheme benefits	375
184,958		**197,837**

Employer Normal contributions include Deficit recovery (Secondary) contributions as shown below. Where applicable the actuarial certification of the employers' contribution rate includes an element in respect of secondary contributions.

2022-23 £000		2023-24 £000
38,730	Deficit recovery (Secondary) contribution included in employer normal contributions	46,826
38,730		**46,826**

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

2022-23 £000		2023-24 £000
79,513	Administering authority	86,965
87,659	Other scheduled bodies	95,651
4,495	Community admission bodies	3,080
2,652	Transferee admission bodies	2,857
10,639	Resolution bodies	9,284
184,958		**197,837**

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:

2022-23 £000		2023-24 £000
68	Strain instalments due after the Net Asset Statement date	39
68		**39**

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 2024.

8. Transfers In From Other Pension Funds

2022-23 £000		2023-24 £000
0	Group transfers	0
11,626	Individual transfers	10,118
11,626		**10,118**

There were no group transfers in 2023-24 (none in 2022-23). 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

2022-23 £000		2023-24 £000
137,276	Pensions	153,087
20,599	Commutation and lump sum retirement benefits	23,418
2,899	Lump sum death benefits	4,309
160,774		**180,814**

By Authority

2022-23 £000		2023-24 £000
72,099	Administering authority	82,193
60,674	Other scheduled bodies	67,659
7,397	Community admission bodies	7,844
4,840	Transferee admission bodies	5,356
15,764	Resolution bodies	17,762
160,774		**180,814**

10. Payments To and On Account of Leavers

2022-23 £000		2023-24 £000
0	Group transfers	0
441	Refunds to members leaving service	410
6,442	Individual transfers	6,746
0	Payment made under Regulations 74, 75 and 15(3) and 64 of the Local Government Pension Scheme (Administration) Regulations 2008/2018.	12,682
6,883		**19,839**

There were no Group Transfers in 2023-24 (none in 2022-23).

11. Management Expenses

Pension Fund management expenses for 2023-24 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).

2022-23 £000		2023-24 £000
2,163	Administrative costs	2,145
28,248	Investment management expenses	33,824
1,022	Oversight and governance costs	632
31,433		**36,601**

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

11a. Investment Expenses

	31 March 2024 Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000
Fixed Interest Securities	**0**	0	0	0
Pooled Investments	**14,382**	13,626	0	756
Private equity	**8,240**	8,240	0	0
Infrastructure (Incl. Timberland)	**7,280**	6,142	1,139	0
Direct Freehold Property	**47**	47	0	0
Derivatives forward Currency	**856**	856	0	0
	30,805	**28,911**	**1,139**	**756**
Fees and Other expenses	**2,987**			
Custody fees	**32**			
Total	**33,824**			

	31 March 2023 Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000
Fixed Interest Securities	**0**	0	0	0
Pooled Investments	**9,681**	9,625	-117	173
Private equity	**8,552**	8,552	0	0
Infrastructure (Incl. Timberland)	**5,983**	4,832	1,151	0
Direct Freehold Property	**37**	37	0	0
Derivatives forward Currency	**987**	987	0	0
	25,240	**24,033**	**1,034**	**173**
Fees and Other expenses	**2,987**			
Custody fees	**21**			
Total	**28,248**			

12. Investment Income

2022-23 £000		2023-24 £000
185	Income from fixed interest securities	670
140	Income from index linked securities	0
19,277	Pooled Property investments	17,621
50,400	Pooled fund income - unit trusts and other managed funds	76,250
1,845	Private equity income	671
2,363	Pooled funds rebate	1,247
1,413	Interest on cash deposits	3,812
57	Rents from Property (note 12a)	41
388	Other	173
76,068		**100,485**

12a. Property Income

2022-23 £000		2023-24 £000
57	Rental income	41
-37	Direct operating expenses	-47
20	**Net income or expenditure**	**-6**

13. Other Fund Disclosures

13a. Taxes on Income

2022-23 £000		2023-24 £000
1	Withholding tax – pooled investments	0
1		**0**

13b. External Audit costs

2022-23 £000		2023-24 £000
86	Payable in respect of external Audit	103
86		**103**

14. Investments

Market Value 31 March 2023 £000		Market Value 31 March 2024 £000
	Investment assets	
59,970	Fixed Interest Securities	235,302
3,831,834	Pooled Investments	4,074,471
462,996	Pooled property investments	449,287
450,516	Private equity Partnerships	492,762
1,046	Direct Freehold Property	1,046
0	Derivatives – futures	314
7,875	Derivatives – forward currency	5,276
48,546	Cash deposits	100,091
0	Amounts receivable for sales	0
4,862,783	**Total investment assets**	**5,358,549**
	Investment liabilities	
0	Derivatives – futures	0
-846	Derivatives - forward currency	-244
0	Amounts payable for purchases	-5,700
-846	**Total investment liabilities**	**-5,944**
4,861,937	**Net investment assets**	**5,352,605**

14a. Reconciliation of Movements in Investments and Derivatives 2023-24

	Market value 31 March 2023 £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 2024 £000
Fixed Interest Securities	**59,970**	476,718	-304,385	2,999	**235,302**
Pooled property investments	**462,996**	20,563	-12,488	-21,784	**449,287**
Pooled investments	**3,831,834**	859,764	-983,685	366,559	**4,074,472**
Private equity	**450,516**	82,027	-52,410	12,631	**492,764**
Direct Freehold Property	**1,046**	0	0	0	**1,046**
	4,806,362	**1,439,072**	**-1,352,968**	**360,405**	**5,252,871**
Derivative contracts:					
Futures	**0**	166	-884	1,032	**314**
Forward currency contracts	**7,029**	21,101	-60,606	37,508	**5,032**
	7,029	**21,267**	**-61,490**	**38,540**	**5,346**
Other investment balances:					
Cash deposits	**48,546**			0	**100,091**
Amount receivable for sales of investments	**0**			-125	**0**
Amount payable for purchases of investments	**0**			0	**-5,700**
Net investment assets	**4,861,937**			**398,820**	**5,352,608**

DRAFT

14a. Reconciliation of Movements in Investments and Derivatives 2022-23

	Market value 31 March 2022 £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 2023 £000
Fixed Interest Securities	**65,047**	15,738	-5,073	-15,742	**59,970**
Pooled property investments	**521,833**	26,413	-20,470	-64,780	**462,996**
Pooled investments	**3,853,238**	412,559	-380,074	-53,889	**3,831,834**
Private equity	**414,125**	83,097	-67,603	20,897	**450,516**
Direct Freehold Property	**1,046**	0	0	0	**1,046**
	4,855,289	**537,807**	**-473,220**	**-113,514**	**4,806,362**
Derivative contracts:					
- Forward currency contracts	**-5,295**	92,610	-85,523	5,237	**7,029**
	-5,295	**92,610**	**-85,523**	**5,237**	**7,029**
Other investment balances:					
- Cash deposits	**36,160**			0	**48,546**
- Amount receivable for sales of investments	**5,016**			2,157	**0**
- Amount payable for purchases of investments	**0**			0	**0**
Net investment assets	**4,891,170**			**-106,120**	**4,861,937**

14a. Transaction Costs

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.

	£000s
Transaction costs incurred during 2023-24	756
Transaction costs incurred during 2022-23	173

14b. Investments Analysed by Fund Manager

Market Value 31 March 2023 £000	%		Market Value 31 March 2024 £000	%
Investments Managed by the ACCESS Pool (Link Fund Solutions)				
709,657	14.60%	LF ACCESS Global Equity (ex UK) Fund	786,651	14.70%
414,417	8.52%	LF ACCESS Globe Equity Capital Fund	464,143	8.67%
299,388	6.16%	LF ACCESS Globe Equity Mondrian Fund	340,212	6.36%
290,236	5.97%	LF ACCESS UK Equity Core Fund	283,480	5.30%
291,517	6.00%	LF ACCESS Janus Henderson MAC	232,639	4.35%
191,941	3.95%	LF ACCESS Global Alpha Paris Aligned	213,276	3.98%
		WS ACCESS Emerging Markets Equity	140,817	2.63%
		WS ACCESS Global Income Opportunities Fund	199,090	3.72%
		WS ACCESS Sterling Corporate Bonds	121,311	2.27%
		WS ACCESS Sterling Investment Grade Credit	115,492	2.16%
2,197,156	**45.20%**		**2,897,111**	**54.14%**
Investments Managed outside of the ACCESS Pool				
235,067	4.83%	Janus Henderson Global Investors	186,103	3.48%
475,617	9.77%	LaSalle Investment Management	466,939	8.78%
457,809	9.42%	M&G – (Incl. Infracapital)	392,811	7.34%
451,229	9.28%	HarbourVest Partners	498,904	9.32%
116,251	2.39%	UBS	0	0.00%
179,060	3.68%	Insight Investment **	230,931	4.31%

179,769	3.70%	Capital International Limited	0	0.00%
219,353	4.51%	J.P. Morgan Asset Management	220,067	4.11%
126,770	2.61%	Equitix	146,873	2.74%
44,991	0.93%	AVIVA Investors	35,994	0.67%
35,565	0.73%	Global Custodian*	76,109	1.42%
54,244	1.12%	Pantheon	85,377	1.60%
32,358	0.67%	Patria Investments (formerly abrdn Capital Partners)	27,516	0.51%
56,698	1.16%	Stafford Capital Partners	84,872	1.59%
2,664,781	**54.80%**		**2,455,496**	**45.87%**
4,861,937	**100%**		**5,352,607**	**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 holding. The market value of the contracts could represent a payable or receivable.

The following Investments Representing More Than 5% of the Net Assets of the Scheme as at 31 March 2024

Security	Market Value 31 March 2023 £000	Percentage of total fund %	Market Value 31 March 2024 £000	Percentage of total fund %
LF ACCESS Global Equity (ex UK) Fund	709,657	14.5	786,651	14.8
LF ACCESS Globe Equity Capital Fund	414,417	8.5	464,143	8.7
LF ACCESS Globe Equity Mondrian Fund	299,388	6.1	340,212	6.4
LF ACCESS UK Equity Core Fund	290,236	5.9	283,480	5.3
More Than 5% of the Net Assets of the Scheme as at 31 March 2023				
LF ACCESS Janus Henderson MAC	291,517	6.0	262,639	4.4
M&G Sustainable Alpha Opportunities Fund	293,505	6.0	227,818	4.3

During the year there were no individual investment (a single security) exceeding 5% of the total value of the net assets. Four pooled holdings (six in 2022-23) 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 2024 the LF ACCESS Global Equity ex UK A INC fund held 187 (2023 - 203) stocks.
- As at 31 March 2024 the Link Fund Sol Ltd Access UK Equity Core A Inc fund held 56 (2023 - 57) stocks.
- As at 31 March 2024 the Link Fund Sol Ltd Access Globe Eq Mondrian A Inc fund held 49 (2023 - 47).
- As at 31 March 2024 the Link Fund Sol Ltd Access Globe Equity Cap A Inc fund held 285 (2023 - 295).

14d. Property Holdings

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

Year Ending 31 March 2023 £000		Year Ending 31 March 2024 £000
1,046	Opening balance	1,046
0	Additions	0
0	Disposals	0
0	Net increase in market value	0
0	Other changes in fair value	0
1,046	**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.

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 held net futures of £314,000 in its portfolio at 31 March 2024 (2023 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, managed by 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. Analysis of Derivative Contracts

Type	Expires	Economic Exposure £000	Market Value 31 March 2023 £000	Economic Exposure £000	Market Value 31 March 2023 £000
Assets					
UK Equity	Less than one year	0	0	21,887	251
Overseas Equity	Less than one year	0	0	13,665	63
Total Assets			**0**		**314**
Liabilities					
UK Equity	Less than one year	0	0	0	0
Overseas Equity	Less than one year	0	0	2,528	0
Total Liabilities			**0**		**0**
Net Futures			**0**		**314**

15b. 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	GBP	28,215	AUD	-54,257	86	0
Up to one month	GBP	19,863	EUR	-23,175	30	0
Up to one month	GBP	442	JPY	-82,007	11	0
Up to one month	GBP	6,790	USD	-8,668	0	-71
Up to one month	EUR	52	GBP	-44	0	0
Between one & three months	GBP	108,694	EUR	-126,690	199	0
Between one & three months	GBP	232,223	JPY	-43,216,500	4,514	0
Between one & three months	GBP	72,272	USD	-90,770	437	0
Between one & three months	EUR	75,680	GBP	-64,959	0	-148
Between one & three months	JPY	11,939,000	GBP	-62,932	0	-25
Open forward currency contacts at 31 March 2024					**5,277**	**-244**
Net forward currency contracts at 31 March 2024						**5,033**
Prior year Comparative						
Open forward currency contacts at 31 March 2023					**7,875**	**-846**
Net forward currency contracts at 31 March 2023						**7,029**

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.
Private Equity	Level 3	Investments in private equity funds and unquoted listed partnerships are	Observable inputs are subject to judgment by the respective manager but are	Valuations could be affected by

		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.	applied in accordance with the appropriate industry guidelines.	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.
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	Observable inputs are subject to judgment by the respective manager but are applied in accordance with the	Valuations could be affected by Material events occurring between

		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.	appropriate industry guidelines.	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 – 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,	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

			valuation multiples and land valuations.	between audited and unaudited accounts.
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.	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.

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 2024.

Description of Asset	Assessed Valuation Range (+/-)	Value at 31 March 2024 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	10.00%	450,333	495,366	405,299
Private Equity	15.00%	492,762	566,677	418,848
Pooled Infrastructure Equity	10.00%	512,315	563,547	461,084
Pooled Timberland Equity	10.00%	84,868	93,355	76,381
Pooled Private Debt/Credit Funds	10.00%	143,390	157,730	129,051
Pooled Real Estate Debt Fund	12.00%	29,777	33,350	26,203
Net Investment Assets		**1,713,445**	**1,910,025**	**1,516,866**

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 2023 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Property/Direct Freehold Property	10.00%	464,042	510,446	417,637
Private Equity	15.00%	450,516	518,093	382,938
Pooled Infrastructure Equity	10.00%	472,264	519,490	425,037
Pooled Timberland Equity	10.00%	56,698	62,368	51,028
Pooled Private Debt/Credit Funds	10.00%	130,549	143,604	117,494
Pooled Real Estate Debt Fund	12.00%	36,514	40,896	32,133
Net Investment Assets		**1,610,583**	**1,794,897**	**1,426,267**

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 2024	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	235,302	0	0	235,302
Pooled investments	0	3,304,121	770,350	4,074,471
Pooled property investments	0	0	449,287	449,287
Private equity partnerships	0	0	492,762	492,762
Derivatives - forward currency	5,276	0	0	5,276
Derivatives - futures	313	0	0	313
Cash deposits	100,091	0	0	100,091
Total Investment Assets	**340,982**	**3,304,121**	**1,712,399**	**5,357,502**
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	-244	0	0	-244
Payable for Investment Purchases	-5,700	0	0	-5,700
Net Investment Assets	**335,038**	**3,304,121**	**1,713,445**	**5,352,604**

Values at 31 March 2023	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	59,970	0	0	59,970
Pooled investments	0	3,135,809	696,025	3,831,834
Pooled property investments	0	0	462,996	462,996
Private equity partnerships	0	0	450,516	450,516
Derivatives - forward currency	7,875	0	0	7,875
Cash deposits	48,546	0	0	48,546
Total Investment Assets	**116,391**	**3,135,809**	**1,609,537**	**4,861,737**
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	-846	0	0	-846
Net Investment Assets	**115,545**	**3,135,809**	**1,610,583**	**4,861,937**

16b. Transfers between Levels 1 and 2

There were no transfers between Level 1 and 2 in 2023-24 (no transfers during 2022-23).

During the year three 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 Illiquid Closed-Ended Debt Funds £'000	Total £'000
Market value 1 April 2023	**464,042**	**450,516**	**472,264**	**56,698**	**167,064**	**1,610,584**
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	20,563	82,027	57,624	50,995	26,125	237,335
Sales during the year and derivative receipts	-12,488	-52,410	-29,751	-29,664	-26,108	-150,920
Unrealised gains/losses	-7,545	21,429	214	-274	6	13,830
Realised gains/losses	-14,238	-8,799	11,964	7,113	6,579	**2,619**
Market value 31 March 2024	**450,334**	**492,763**	**512,315**	**84,868**	**173,168**	**1,713,448**

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 Illiquid Closed-Ended Debt Funds (Restated) £'000	Total £'000
Market value 1 April 2022	**522,879**	**414,125**	**372,010**	**20,502**	**167,100**	**1,496,616**
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	26,413	83,097	89,008	31,288	25,875	255,681
Sales during the year and derivative receipts	-20,470	-67,603	-40,532	-275	-17,850	-146,730
Unrealised gains/losses	4,713	42,135	2,986	0	451	50,285
Realised gains/losses	-69,493	-21,238	48,792	5,183	-8,512	-42,268
Market value 31 March 2023	464,042	450,516	472,264	56,698	167,064	1,610,584

17. Financial Instruments

17a. Financial Instruments – Classification

	31-Mar-23				31-Mar-24	
Fair value through profit and loss £000	Assets amortised at cost £000	Liabilities at amortised cost £000		Fair value through profit and loss £000	Assets amortised at cost £000	Liabilities at amortised cost £000
			Financial assets			
59,970			Fixed Interest Securities	235,302		
3,831,834			Pooled Investments	4,074,472		
462,996			Pooled Property	449,287		
450,516			Private equity	492,762		
7,875			Derivative contracts	5,590		
	56,723		Cash		113,707	
855			Other investment balances	1,675		
	111		Debtors		79	
4,814,046	**56,834**	**0**		**5,259,088**	**113,786**	**0**
			Financial liabilities			
-846			Derivative contracts	-244		
		-3,361	Creditors			-17,852
0			Other Investment Balances	-5,700		
-846	**0**	**-3,361**		**-5,944**	**0**	**-17,852**
4,813,200	**56,834**	**-3,361**		**5,253,144**	**113,786**	**-17,852**

17b. Net Gains and Losses on Financial Instruments

31 March 2023 £000		31 March 2024 £000
	Financial assets	
-25,834	Fair value through profit and loss	327,116
0	Assets amortised at cost	0
	Financial liabilities	
-80,286	Fair value through profit and loss	-28,297
0	Liabilities at amortised cost	0
-106,120	**Total**	**398,819**
	Reconciliation to Revenue and Fund Account - Profit and losses on disposal of investments and changes in the market value of investments	
0	Direct Freehold Property Holding - Not classified as a financial Instrument	**0**
-106,120		**398,819**

DRAFT

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 2023-24 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.10%
Long Index-Linked Gilts	8.40%
UK Equities including pooled	16.00%
Overseas Equities including pooled	16.70%
Infrastructure Equity	13.60%
UK Bonds including pooled	5.80%
Index Linked Gilts including pooled	8.40%
Bonds including pooled	7.10%
Cash and Cash Equivalents (Including Payables and Receivables)	0.30%
Pooled Property Investments/Direct Freehold Property	15.60%
Private Equity	31.20%
Private Debt	8.80%
Timberland Equity	13.60%
Total*	**10.70%**

* 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 2024 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	99,738	0.30%	100,037	99,439
Investment Portfolio Assets:				
Short Index-Linked Gilts	32,817	4.10%	34,162	31,472
Long Index-Linked Gilts	97,895	8.40%	106,118	89,672
UK Equities including pooled	283,480	16.00%	328,837	238,123
Overseas Equities including pooled	1,945,100	16.70%	2,269,932	1,620,268
Infrastructure Equity	512,315	13.60%	581,990	442,640
UK Bonds including pooled	500,824	5.80%	529,872	471,776
Index Linked Gilts including pooled	104,590	8.40%	113,376	95,804
Bonds including pooled	659,547	7.10%	706,375	612,719
Pooled Property Investments/ Direct Freehold Property	450,334	15.60%	520,586	380,082
Private Equity	492,762	31.20%	646,504	339,020
Private Debt	88,336	8.80%	96,110	80,562
Timberland	84,868	13.60%	96,410	73,326
Total Assets Available to Pay Benefits	**5,352,606**	**10.70%**	**5,925,335***	**4,779,877***

* 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 2023 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents including payables and receivables	55,575	0.3	55,742	55,408
Investment Portfolio Assets:				
Short Index-Linked Gilts	22,955	4.1	23,896	22,014
Long Index-Linked Gilts	6,749	8.9	7,350	6,148
UK Equities including pooled	406,486	18.2	480,466	332,506
Overseas Equities including pooled	1,615,404	19.0	1,922,331	1,308,477
Infrastructure Equity	472,264	16.0	547,826	396,702
UK Bonds including pooled	611,029	6.0	647,691	574,367
Index Linked Gilts including pooled	30,266	8.9	32,960	27,572
Bonds including pooled	585,022	7.8	630,654	539,390
Pooled Property Investments/ Direct Freehold Property	464,042	15.5	535,969	392,115
Private Equity	450,516	31.2	591,077	309,955
Private Debt	84,931	9.6	93,084	76,778
Timberland	56,698	16.0	65,770	47,626
Total Assets Available to Pay Benefits	**4,861,937**	**12.0**	**5,445,369***	**4,278,505***

* 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 2023 and 31 March 2024 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

Asset Type	Value as at 31 March 2023 £000	Value as at 31 March 2024 £000
Investment Cash Balances	48,546	100,091
Cash in hand	8,177	13,617
Fixed Interest Securities	59,970	235,302
Total	**116,693**	**349,010**

Asset Type	Interest Receivable 31 March 2023 £000	Interest Receivable 31 March 2024 £000
Investment Cash Balances	1,053	3,098
Cash in hand	360	713
Fixed Interest Securities	325	670
Total	**1,738**	**4,481**

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 2024 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	100,091	101,092	99,090
Cash in hand	13,617	13,753	13,481
Fixed Interest Bonds	235,302	237,655	232,949
	349,010	**352,500**	**345,520**

Asset Type	Asset values at 31 March 2023 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	48,546	49,031	48,061
Cash in hand	8,177	8,259	8,095
Fixed Interest Bonds	59,970	60,570	59,370
	116,693	**117,860**	**115,526**

Asset Type	Interest Receivable 31 March 2024 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	3,098	3,129	3,067
Cash in hand	713	720	706
Fixed Interest Bonds	670	677	663
	4,481	**4,526**	**4,436**

Asset Type	Interest Receivable 31 March 2023 £000	Impact of +1% £000	Impact of -1% £000
Investment Cash Balances	1,053	1,064	1,042
Cash in hand	360	364	356
Fixed Interest Bonds	325	328	322
	1,738	**1,756**	**1,720**

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 9.30% 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 9.30% 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 2024 £000	Change to net assets available to pay benefits +9.30% £000	-9.30% £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,945,100	180,894	-180,894
Infrastructure	512,315	47,645	-47,645
Timberland	84,868	7,893	-7,893
Private Equity	492,762	45,827	-45,827
Change in net assets available to pay benefits		**282,259**	**-282,259**

Currency Exposure – Asset Type	Asset Value as at 31 March 2023 £000	Change to net assets available to pay benefits +9.90% £000	-9.90% £000
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,615,404	159,925	-159,925
Infrastructure	0	0	0
Timberland	56,698	5,613	-5,613
Private Equity	450,516	44,601	-44,601
Change in net assets available to pay benefits		**210,139**	**-210,139**

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) 31 March 2023	Balances at 31 March 2023 £000	Short term Rating (S&P) 31 March 2024	Balances at 31 March 2024 £000
Bank Deposit Accounts				
Aviva Money Market Fund			AAA	6,796
Federated Money Market Fund	AAA	3,990	AAA	6,797
Aberdeen Money Market Fund	AAA	3,991		
Bank Current Accounts				
Barclays Bank	A-1	196	A-1	0
Total		**8,177**		**13,593**

The majority of Custodied Investment cash is swept overnight to the AAA rated constant NAV money market funds of the custodian. The credit exposure on investment cash balances at 31 March 2024 comprise £83.6 million (31 March 2023, £44.5m) deposited with AAA rated money market funds, £10.8 million (31 March 2023, £4.0m) with the custodian Northern Trust (rated A-1+), 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 2024 (2023 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 2023 £000	Percentage of Total Fund Assets %	Balances at 31 March 2024 £000	Percentage of Total Fund Assets %
3,296,492	67.8%	3,639,159	68.0%

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 2024 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

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 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies.

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 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £4,901 million, were sufficient to meet 106% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £289 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 2023 to 31 March 2026 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 2022 valuation report and FSS.

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 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.3% pa
Salary increase assumption	3.4% pa
Benefit increase assumption (CPI)	2.7% pa

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 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 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.6 years
Future Pensioners*	22.9 years	26.2 years

*Aged 45 at the 2019 Valuation.

Copies of the 2022 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 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund’s assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England’s target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund’s liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

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).

	31 March 2023 £M	31 March 2024 £M
Actuarial present value of promised retirement benefits	-4,866	-4,925
Fair Value of scheme assets (bid value)	4,880	3,315
Net Liability	**14**	**390**

The promised retirement benefits at 31 March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, there is no allowance made 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 2024 and 31 March 2023. I estimate that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £274m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £30m.

Financial assumptions

Year ended	31 March 2024	31 March 2023
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.75%	2.95%
Salary Increase Rate	3.45%	3.65%
Discount Rate	4.85%	4.75%

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 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	21.4 years	24.1 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.3 years	25.7 years

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the Fund.

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 2024	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	90
1 year increase in member life expectancy	4%	197
0.1% p.a. increase in the Salary Increase Rate	0%	4
0.1% p.a. increase in the Rate of CPI Inflation	2%	87

The liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

21. Current Assets

31 March 2023 £000		31 March 2024 £000
	Cash In Hand	
8,177	Cash In Hand**	13,617
	Debtors:	
2,955	Contributions due - employees*	3,537
10,820	Contributions due - employers*	10,740
1	Employers special contributions	2
465	Augmentation & strain due	773
454	Dividends receivable**	1,250
243	Pooled funds rebate due**	209
0	UK tax receivable	0
740	Overseas tax receivable	610
157	VAT refund due	180
158	Interest due**	217
53	Recharge of fees**	54
6	Prepayments	5
58	Sundry **	25
16,110	**Debtors**	**17,602**
24,287	**Current Assets**	**31,219**

*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 2023 £000		31 March 2024 £000
	Long term debtors:	
441	Employer contributions	374
68	Augmentation & strain due	38
509		**412**

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 2023 £000		31 March 2024 £000
	Debtors:	
899	Central government bodies	781
9,889	Other local authorities	10,615
5,831	Other entities and individuals	6,618
16,619		**18,014**

22. Current Liabilities

31 March 2023 £000		31 March 2024 £000
	Creditors:	
940	Transfer values payable (leavers)	162
0	Exit Credit Payable	12,631
1,339	Benefits payable	2,069
531	Investment Management Fees**	367
14	Receipt in Advance**	14,684
2,816	Other Fees & Charges**	2,801
1,472	UK Taxation payable	1,895
0	Sundry creditors	0
7,112		**34,609**

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

Analysis of Creditors

31 March 2023 £000		31 March 2024 £000
	Creditors:	
1,472	Central government bodies	1,895
2,715	Other local authorities	30,032
2,925	Other entities and individuals	2,682
7,112		**34,609**

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 2023 £000		Market Value 31 March 2024 £000
8,103	Separately Invested AVC Funds	9,434

2022-23 £000		2023-24 £000
1,710	AVC contributions paid directly during the year	2,032

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 2023 £000		31 March 2024 £000
1,132	Norwich City Council	1,199
1,065	Norfolk County Council	1,103
249	North Norfolk District Council	263
211	Borough Council of Kings Lynn & West Norfolk	222
155	Great Yarmouth Borough Council	161
105	Breckland District Council	100
83	Broadland District Council	83
47	South Norfolk District Council	50
139	Other	149
3,186		**3,330**

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.

	2022-23 £000	2023-24 £000
Norfolk County Council incurred administration and Investments costs reimbursed by the Fund	2,715	2,726

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

Norfolk County Council Employer Contributions	61,952	66,505

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.

	2022-23 £000	2023-24 £000
Average investment balance held by NCC Treasury Management Operation	15,256	14,360
Interest earned on balances invested by NCC Treasury Management Operation	360	713

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 Director of Strategic Finance 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 Director of Strategic Finance 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 2023-24 the remuneration amount incurred by the Fund was £9,560 (£9,000 2022-23).

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 2023 £000	31 March 2024 £000
Private equity partnerships	366,958	357,397
Property investment vehicles	9,829	6,536
Pooled Illiquid Closed-Ended Debt Funds	16,610	26,198
Pooled Infrastructure	105,107	64,623
Pooled Timberland	214	33,801
Total	**498,718**	**488,555**

At 31 March 2024 the Fund had made contractual commitments to private equity funds managed by Patria Investments (previously Aberdeen Standard Investments/ abrdn Capital Partners LLP) 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.

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 2023. 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.

The Fund has ongoing contractual commitments with Infrastructure managers, Equitix, Pantheon and Aviva as well as Timberland manager Stafford. This includes Sterling and US Dollar denominated commitments as at 31 March 2023. The contractual commitments associated with these investments are shown above.

The current value of the funded commitment net of distributions in these funds at 31 March 2023 is included in the net asset statement.

26b Contingent Assets

During the 2023-24 year, Norfolk County Council as Administering Authority of the Norfolk Pension Fund acted as Lead Plaintiff in the US Class Action case against Apple. As at 31 March 2024 an agreed settlement of $490 million was reached gross of legal fees and subject to court approval. It is not possible to reliably estimate the Norfolk Pension Fund’s share of the settlement until claims have been processed on behalf of investors who identify themselves as having eligible trading activity during the class period.

There were no contingent assets as at 31 March 2023.

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
Acle St Edmund Primary School	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
Alburgh with Denton C of E Primary	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
Anthony Curton CofE Primary School Academy	Scheduled/Resolution Body
Antingham & Southrepps Community Primary School	Scheduled/Resolution Body
Arden Grove Infant and Nursery School	Scheduled/Resolution Body
Aslacton Primary School	Scheduled/Resolution Body
Aspens Services (Diss High)	Admitted Body
Aspens Services (Diss Junior)	Admitted Body
Aspens Services (St John the Baptist MAT)	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
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
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

Broad Horizons Education Trust	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
Castle Acre Church of England Primary Academy	Scheduled/Resolution Body
Caston Church of England Primary Academy	Scheduled/Resolution Body
Cawston Church of England Primary Academy	Scheduled/Resolution Body
Cawston Parish Council	Scheduled/Resolution Body
Change Grow Live	Admitted Body
Charles Darwin Primary	Scheduled/Resolution 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
Churchill Park Academy	Scheduled/Resolution Body
Churchill Services (Broadland District Council)	Admitted Body
Churchill Services (Easton College)	Admitted Body
City Academy Norwich	Scheduled/Resolution Body
City College Norwich	Scheduled/Resolution Body
City of Norwich School	Scheduled/Resolution Body
Clarion Corvus 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 C of E Infant and Nursery School	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
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
Earsham Primary School	Scheduled/Resolution Body
East Coast College	Scheduled/Resolution Body
East Norfolk Multi Academy Trust	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 (Ormiston Trust)	Admitted Body

Edwards & Blake (Southtown Primary)	Admitted Body
Edwards & Blake (Unity Education Trust)	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
Evolve Norse Ltd (previously NPS (London) Ltd)	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
Garvestone, Reymerston & Thuxton Parish Council	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 Moulton Parish Council	Scheduled/Resolution Body
Great Snoring Parish Council	Scheduled/Resolution Body
Great Witchingham Church of England Primary Academy	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
Great Yarmouth Services	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
Halvergate Parish Council	Scheduled/Resolution Body
Happisburgh Parish Council	Scheduled/Resolution Body
Hardingham Parish Council	Scheduled/Resolution Body
Harleston Sancroft Academy	Scheduled/Resolution Body
Harling Parish Council	Scheduled/Resolution 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 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 Internal Drainage Board	Scheduled/Resolution Body
King’s Oak Academy	Scheduled/Resolution Body
King’s Park Infant School	Scheduled/Resolution Body
King's Lynn Academy	Scheduled/Resolution Body

King's Lynn Water Management Alliance	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 Plumstead Primary 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
Lyng C of E Primary	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
Medequip Assistive Technology (ICES)	Admitted Body
Middleton Church of England Primary Academy	Scheduled/Resolution Body
Millfield Primary	Scheduled/Resolution Body
Moorlands Church of England Primary Academy	Scheduled/Resolution Body
Morley C of E Primary	Scheduled/Resolution Body
Mousehold Infant and Nursery School	Scheduled/Resolution Body
Mulbarton Parish Council	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 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 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	Scheduled/Resolution 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 (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
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
Robert Kett Primary	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
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
Scole Church of England Primary	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
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 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
Spire Cleaning (Fred Nicholson 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
Sporle with Palgrave Parish Council	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 Clements Hill Primary Academy	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 Family Centre	Admitted 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
Stalham High School	Scheduled/Resolution Body
Stalham Infant School and Nursery	Scheduled/Resolution Body
Stalham Junior Academy	Scheduled/Resolution Body
Stradbroke Primary Academy	Scheduled/Resolution Body
Strumpshaw Parish Council	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
Tacolneston C of E Primary	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 Bridge Easton School	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
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

TIAA Ltd (South Norfolk District Council)	Admitted Body
Tilney All Saints C of E Primary School	Scheduled/Resolution Body
Tivetshall Parish Council	Scheduled/Resolution Body
Tivetshall Primary School	Scheduled/Resolution Body
Trowse with Newton Parish Council	Scheduled/Resolution Body
Tuckswood Academy and Nursery	Scheduled/Resolution Body
Turn IT On (Eastern MAT)	Admitted Body
UET Compass (Short Stay)	Scheduled/Resolution Body
UET Pathfinder (Short Stay)	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 Junior School (Wayland Junior)	Scheduled/Resolution Body
Watton Town Council	Scheduled/Resolution Body
Watton Westfield Infant & Nursery School	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 Dereham Parish Council	Scheduled/Resolution Body
West Lynn Primary School	Scheduled/Resolution Body
White House Farm Primary School	Scheduled/Resolution Body
Whitefriars Church of England Primary Academy	Scheduled/Resolution Body
Wimbotsham and Stow Academy	Scheduled/Resolution Body
Wimbotsham Parish Council	Scheduled/Resolution Body
Winterton Primary School and Nursery	Scheduled/Resolution Body
Winterton-on-Sea Parish Council	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 Academy	Scheduled/Resolution Body
Wymondham College Prep School	Scheduled/Resolution Body
Wymondham High School	Scheduled/Resolution Body
Wymondham Town Council	Scheduled/Resolution Body
Yaxham Primary School	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 418 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 8 members, 5 appointed by the County Council plus 2 co-opted members representing the District Councils and a Staff Representative. 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 Director of Strategic Finance, 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 Director of Strategic Finance also decides matters relating to policy on benefits.

Appendix IV – Governance Compliance Statement

The Norfolk Pension Fund
Governance Compliance Statement as at 31 March 2024
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 Norfolk Leaders Board 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 Norfolk Leaders Board 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 Local Government Association 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 Norfolk Leaders Board 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 twice a year; in person Pensions Clinics for all scheme members (including Deferred) are held each autumn, after the production of Annual Benefit Statements; 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. All scheme members and employers are invited to stand for membership of the Pensions Oversight Board (Local Pensions Board).

Appendix V – Actuarial Statement for 2023-24 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 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies.

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 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £4,901 million, were sufficient to meet 106% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £289 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 2023 to 31 March 2026 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 2022 valuation report and FSS.

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 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.3% pa
Salary increase assumption	3.4% pa
Benefit increase assumption (CPI)	2.7% pa

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 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 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.6 years
Future Pensioners*	22.9 years	26.2 years

*Aged 45 at the 2019 Valuation.

Copies of the 2022 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 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

Julie Baillie FFA

14 May 2024

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.

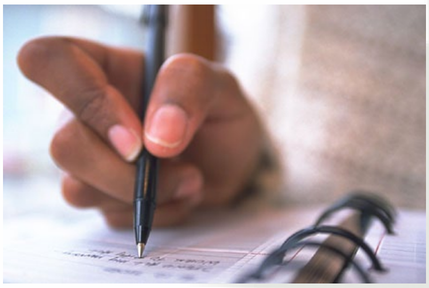
If a matter to be considered at a meeting affects, to a greater extent than others in my division:

- 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

March 2024

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, via an appropriate investment strategy.

2.3 The investment strategy is set for the long-term, but is reviewed periodically. Normally a full review is carried out alongside 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. The Fund has (since 2017) adopted a multi-strategy approach comprising 4 distinct strategies to align employers of similar characteristics (i.e. funding levels, risk appetite, etc). Employers are allocated to the investment strategy that was deemed most appropriate to their funding objectives, liability characteristics and current funding position.

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

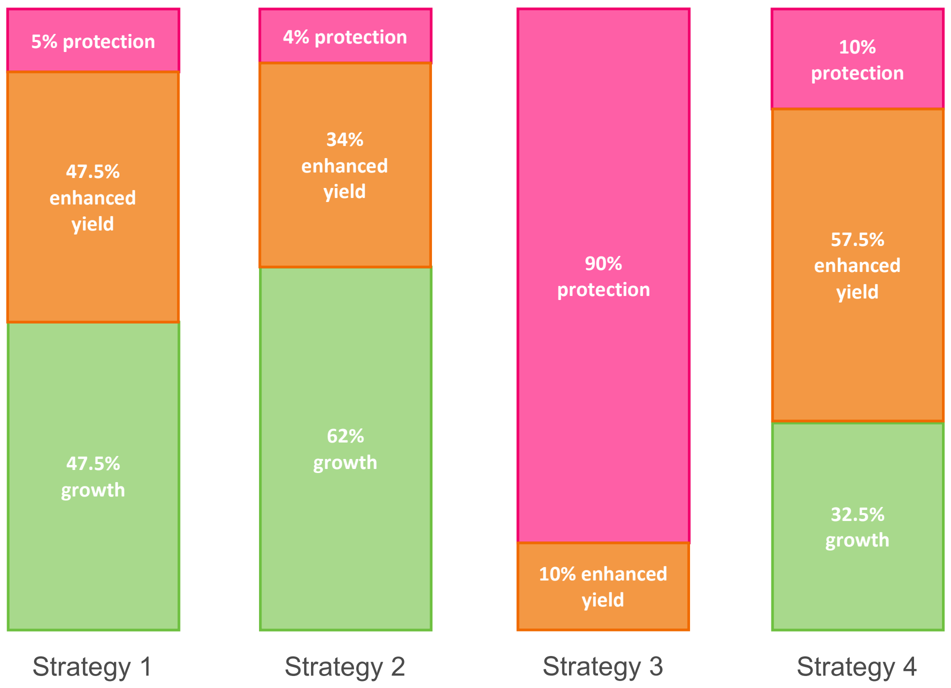
2.8.1 The Fund aims to achieve, over the long term, an overall return on investment assets which, in addition to contributions received from employers and members, results in sufficient monies to pay members' benefits in the future.

2.8.2 The investment strategy was formally reviewed in 2019-20 through an asset-liability modelling exercise which incorporated the results of the 2019 Actuarial Valuation. Over the course of late 2022 and 2023, a review focusing on the Enhanced Yield component of the investment strategy was conducted, resulting in a number of changes to investment strategy (reflected in Table 2 of Section 3) .

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



2.8.5 Strategy 2 has a higher allocation to growth assets than Strategy 1 as this strategy is targeting a higher level of returns; as such, it is also taking a higher level of investment risk.

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

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

2.8.8 There were transfers of employers between strategies in early 2024, with all of those in Strategy 2 transferring to Strategy 1 (however, Strategy 2 remains available should this be required in future). In addition, 9 employers in Strategy 1 were switched to Strategy 4.

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 (though focus is almost exclusively on the latter). 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, in particular, currency.

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.

3.1.3 The target asset allocation within each asset portfolio is set in Appendix 3. The allocation within each asset class portfolio is maintained by rebalancing (details for which are also in Appendix 3). The intention is that the maximum invested in a particular asset class will be the target allocation plus a 2% rebalancing tolerance, subject to sufficient liquidity or any other operational practicalities. The target allocation and the rebalancing tolerance is subject to periodic review.

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 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. 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 setting out the relevant benchmark, performance target, asset allocation ranges and any restrictions. The kinds of investments which the Managers may hold, together with a summary of each Manager's brief, is 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 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 should be considered 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 The custodian of the Fund's assets switched from HSBC to Northern Trust on 1st November 2021.

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 a deterioration of the funding position and requirement for additional contributions to help close any deficit.

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 of the fund managers to achieve their target investment return as specified.
- 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. 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 Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, West 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. This is reviewed on a regular basis, with two new allocations to ACCESS investment grade credit funds taking place as part of the 2023 Enhanced Yield recommendations (implementation expected to be complete by the end of Q1 2024).

5.2.2 At 31 December 2023, the Fund had 47% of assets (c£2.4bn) invested in the ACCESS pool, with investments in the Baillie Gifford, Capital, Mondrian, Columbia Threadneedle, Fidelity equity ACS sub-funds, as well as the Janus Henderson Non-Government Debt Fund.. 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. private equity) and assets held within closed ended pooled vehicles (e.g. direct lending) at this time, on the basis that it is not economically viable to transition these assets to the pool. Any asset that remains 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 a range of illiquid asset solutions (including private debt), which the Fund will consider in due course. The Fund will also invest in the real estate solutions currently being launched, the decision for which was approved as part of the 2023 review of the Fund's Enhanced Yield assets.

5.3 Structure and governance of the ACCESS Pool

5.3.1 The ACCESS Pool is governed by a Joint Committee (JC) made up of one elected councillor from each of the 11 administering authority's Pension Committee. It is currently chaired by Councillor Kemp-Gee of Hampshire.

5.3.2 The ACCESS Support Unit (ASU) is responsible supporting the running of the ACCESS Pool. It is hosted by Essex County Council and has responsibility for programme management, governance, contract management, client relationships, administration and technical support services to each of the 11 administering authorities in the Pool.

5.3.3 Waystone Group (formally Link Group) is the appointed Operator which set up and maintains an Authorised Contractual Scheme (ACS), with responsibilities including the creation of investment sub-funds and the appointment of investment managers. Each investment manager appointment follows a comprehensive due diligence process and the investments are monitored closely. Northern Trust was appointed by Waystone Group as the depositary to the ACS.

6.0 Environmental, Social and Corporate Governance

6.1 At the present time, the Committee does not have any formal commitment to take into account non-financial factors when selecting, retaining, or realising its investments. It does, however, recognise that environmental, social and governance (ESG) factors can influence long term investment performance. 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 well as its investment managers as part of the investment and ongoing monitoring processes.
- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors on its investments.

Since the previous ISS was published, investment has been made into a global equity fund with strongly positive climate-change credentials (i.e. targets Paris-alignment), as well as introducing a private equity commitment focusing on stewardship. In addition, recommendations as part of the Enhanced Yield review took ESG, in particular climate change, into account, ensuring that the funds selected meet both investment and wider ESG objectives. The Committee will review its approach to ESG periodically, and is giving consideration to future climate reporting requirements accordingly.

6.2 The Committee carefully considers ESG matters 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 best corporate governance practice. 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 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 successful 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 four employer-specific investment strategies to reflect this belief, with flexibility to move employers to different strategies upon review, where required.

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 realised.

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 2022 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 2022 valuation:

		Annualised Total Returns														**Inflation (CPI)**	**17 year real yield (CPI)**	**17 year yield**
		Cash	**Index Linked Gilts (long)**	**Fixed Interest Gilts (long)**	**UK Equity**	**Private Equity**	**Property**	**Emerging Market Debt**	**Unlisted Infrastructure Equity**	**Multi Asset Credit**	**Globl High Yield Debt**	**All World ex UK Equity**	**Asset Backed Securities**	**Direct Lending**	**Corporate Debt**			
10 years	16th %ile	0.8%	-3.1%	-1.5%	-0.4%	-1.2%	-0.6%	-0.1%	**0.7%**	**1.7%**	**0.6%**	**-0.4%**	**1.2%**	**2.7%**	**-0.1%**	1.6%	-1,7%	1.1%
	50th %ile	1.8%	-0.7%	0.7%	5.7%	9.4%	4.4%	2.1%	**5.9%**	**3.5%**	**3.4%**	**5.8%**	**2.6%**	**6.0%**	**1.6%**	3.3%	-0.5%	2.5%
	84th %ile	2.9%	2.0%	2.8%	11.6%	20.1%	9.5%	4.1%	**11.2%**	**5.2%**	**5.8%**	**11.9%**	**4.0%**	**9.2%**	**3.2%**	4.9%	0.7%	4.3%
20 years	16th %ile	1.0%	-2.6%	-0.2%	1.7%	2.4%	1.4%	1.4%	**2.6%**	**2.8%**	**2.1%**	**1.8%**	**1.7%**	**4.3%**	**1.1%**	1.2%	-0.7%	1.3%
	50th %ile	2.4%	-0.9%	0.9%	6.2%	10.0%	5.0%	2.9%	**6.5%**	**4.4%**	**4.2%**	**6.3%**	**3.3%**	**6.8%**	**2.1%**	2.7%	1.1%	3.2%
	84th %ile	4.0%	0.8%	2.0%	10.6%	17.6%	8.9%	4.2%	**10.6%**	**6.0%**	**6.4%**	**11.1%**	**5.1%**	**9.2%**	**3.2%**	4.3%	2.7%	5.7%
40 years	16th %ile	1.2%	-1.1%	1.2%	3.2%	4.7%	2.6%	2.5%	**3.9%**	**3.6%**	**3.1%**	**3.4%**	**2.1%**	**5.5%**	**2.0%**	0.9%	-0.6%	1.1%
	50th %ile	2.9%	0.3%	1.9%	6.7%	10.3%	5.5%	3.8%	**7.0%**	**5.3%**	**5.1%**	**6.8%**	**3.8%**	**7.7%**	**3.1%**	2.2%	1.3%	3.3%
	84th %ile	4.9%	1.9%	2.8%	10.2%	16.1%	8.8%	5.3%	**10.3%**	**7.1%**	**7.2%**	**10.4%**	**5.9%**	**10.0%**	**4.4%**	3.7%	3.2%	6.1%
	Volatility (5 year)	2%	9%	8%	18%	30%	15%	7%	**15%**	**6%**	**8%**	**18%**	**3%**	**10%**	**7%**	3%		

2. For the purpose of disclosing a current funding position, the actuarial assumptions used at the 31 March 2022 valuation were:

	Nominal per annum	***Real per annum***
Price Inflation (CPI)	*2.7%*	-
Pay Increases	*3.4%*	*0.7%*
Investment return (discount rate)	*4.3%*	*1.6%*

3. For the purpose of disclosing the funding position, the Actuarial Valuation as at 31 March 2022 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 2022 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 2022 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 2022

Accrued (Past Service) Liabilities	***£m***
Past service liabilities: *Employee Members* *Deferred Pensioners* *Pensioners* ***Total***	 *1,514* *998* *2,101* ***4,613***
Assets *Market Value of Assets* ***Total Value of Assets***	 *4,901* ***4,901***
Surplus (Deficit) ***Funding Level***	***289*** ***106%***

7. The remedy to resolve the McCloud case was yet to be formalised in regulations at the time of the 2022 valuation. Therefore, an allowance was included for this expected benefit change at the 2022 valuation, as directed by the Department of Levelling Up, Housing and Communities in their letter dated March 2022.

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	12.0
Global developed market equities*	69.5
Emerging market equities*	6.0
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	20.0
Timberland	5.0
Investment grade credit	10.0
Multi-asset credit	17.0
Distressed debt	0.0 (in run off)
Real estate debt	3.0
Direct lending	7.0
Liquid Credit – Other*	11.0
Specialist Credit (Credit opportunities)	2.0
Total Enhanced Yield Assets	**100.0**

*Includes Capital GHIO and Insight Secured Finance holdings

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 on 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 provide detail on 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).Over time the differential relative performance of the asset classes and managers will mean that asset allocations (both at a strategic and portfolio level) deviate from the strategic 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.

Rebalancing entails portfolio transactions, so the benefit has to be weighed against the costs incurred, both in trading and indirectly in the market. Ahead of any rebalancing, Officers will consider a range of factors including, but not limited to the following:

- the materiality of under and overweight positions;
- any asset transitions that are already scheduled;
- market conditions at the time of rebalancing;
- market views on the relative attractiveness of different asset classes;
- liquidity and transaction costs; and
- the confidence of the Committee in the managers' ability to meet performance targets, informed by manager ratings provided by the Fund's investment adviser.

The Committee recognises that rebalancing can be costly or operationally challenging for illiquid assets (which, for the Fund, are typically in closed-ended structures). As such, focus is on assets that are readily tradable during typical market conditions, for example listed equity and credit, as well as government bonds. For these asset classes, Officers aim to ensure they remain within a range of +/-2% of their target allocations over the long-term.

APPENDIX 4 – Appointed Managers and Cash Management Strategy

Kinds of Investments held by Each Manager

Manager	Asset class	Equities		Bonds		Index-linked		Property	Infra-structure	Timber-land	Direct Lending
		UK	Overseas	UK	Overseas	UK	Overseas				
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 (via pool)	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							
Columbia Threadneedle (via Pool)	Emerging Markets Equity		✓								
Baillie Gifford (via Pool)	UK Equity	✓									
Baillie Gifford (via Pool)	Global 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									✓	
HarbourVest	Direct Lending										✓
Pantheon	Direct Lending										✓

[1] Baille Gifford Global Paris-Aligned Equity

[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. Abrdn (formerly 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

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 (now in run-off), real estate debt and specialist credit. M&G use closed-ended funds which invest in UK and global markets (predominately European).

Direct Lending

HarbourVest have been appointed to run a direct lending mandate within the Fund's Enhanced Yield Portfolio. The mandate provides exposure, through closed-ended vehicles, to senior credit investments, primarily focussed on US middle market companies. The mandate provides quarterly income distributions and targets 8-10% pa. net returns.

Benchmark Information

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

Growth portfolio* (approximate allocations – may not sum to 100% due to rounding and cash allocations)

	Baillie Gifford (GAPA)	Baillie Gifford (UK)	Columbia Threadneedle	Fidelity	Capital	Mondrian	Aberdeen Standard	Harbour Vest
Proportion of the growth portfolio %	***8.0***	***12***	***6.0***	***31.0***	***18.5***	***12.0***	***5.0***	***7.5***
UK Equities	2.0	100.0						
Global Equities	86.4			90.0	100.0	100.0		
Emerging Equities	10.2		100.0	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 2024, the benchmark currency hedge ratio was 0%.

Enhanced yield portfolio targets

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

	Janus Henderson	Janus Henderson	Capital	Insight	M&G	M&G	M&G	M&G	Harbour-Vest	Pantheon
	Corporate bonds	MAC			MAC	Distressed Debt	Real Estate Debt	Specialist Credit	Direct Lending	Direct Lending
Proportion of the EY portfolio %	**10.0**	**8.5**	**6.0**	**5.0**	**8.5**	**0.0 (inrun off)**	**3.0**	**2.0**	**3.5**	**3.5**
Investment grade corporate bonds	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							
Real estate debt							100.0			
Specialist credit								100.0		
Direct lending									100.0	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, and this is due to be terminated in Q1 2024 . At 30 September 2023, c.28% of the protection portfolio was managed by Insight (c.72% with Janus Henderson).

Performance Objectives and Fee Arrangements

Aviva	Internal Rate of Return of 7-8% p.a. (net of fees) Flat rate fees
Baillie Gifford GAPA (ACCESS)	Benchmark Return + 2%p.a. net of fees over rolling five-year periods Flat rate fees
Baillie Gifford UK Equity (ACCESS)	Outperform benchmark, net of fees, over 5 year rolling periods Flat rate fees
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% p.a.)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	Interest in Fund Partnerships of 8.5% pa (net of fees) Flat rate fees plus a performance related element
Fidelity (ACCESS)	Benchmark Return + 1.5% p.a. net of fees over a rolling 5 year rolling period Flat rate fees
HarbourVest (Direct Lending)	Internal Rate of Return of 8-10% p.a. (net of fees) Flat rate fees
Insight (Government Bonds)	No performance objective as passively managed No fees
Janus Henderson (Non-Government Bonds)	Benchmark Return + 1.4% p.a. gross of fees on rolling 3 year basis Flat rate fees plus performance related element
Janus Henderson (Government Bonds)	Benchmark Return + 1.4% p.a. gross of fees on rolling 3 year basis Flat rate fees plus performance related element
Janus Henderson (Multi Asset Credit)	Generate total return in excess of SONIA by 3.7% over any 5-year investment horizon after deduction of all costs and charges Flat rate fees

JP Morgan	8-12% net IRR p.a. over medium term Flat rate fees plus performance related element
La Salle	Benchmark Return + 0.75% p.a. net of fees Flat rate fees
M&G (Absolute Return – Alpha Opportunities)	Benchmark return +3-5% p.a. gross of fees Flat rate fees
M&G (Absolute Return – Sustainable Alpha Opportunities)	Sonia +3-5% gross p.a. over a rolling 5 year period, while applying ESG Criteria and Sustainability Criteria Flat rate fees
M&G (Distressed Debt)	Internal Rate of Return of 15% p.a. (gross of fees) Flat rate fees. Zero fees for DOF III
M&G (Real Estate Debt)	Benchmark + 4-5.5% gross discount margin p.a. (net of fees) Flat rate fees plus performance related element
M&G (Specialist Credit)	Benchmark Return + 8-10% p.a. net 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
Mondrian (ACCESS)	Outperform benchmark, net of fees, over 5 year rolling periods Flat rate fees
Pantheon (Infrastructure)	Internal Rate of Return of 10-12% p.a. (net of fees) Flat rate fees
Stafford	Internal Rate of Return of 8.0% p.a. (net of fees) Flat rate fees
Pantheon (Direct Lending)	Internal Rate of Return of 8-10% p.a. (net of fees) Flat rate fees

Benchmark Indices

Growth portfolio

	Index
Baillie Gifford (GAPA)	MSCI ACWI
Baillie Gifford (UK Equity)	MSCI UK IMI GR Index
Fidelity	MSCI North America, MSCI Europe ex United Kingdom, MSCI Japan, MSCI AC Asia Pacific ex Japan, MSCI Emerging Markets
Capital	MSCI ACWI
Mondrian	MSCI ACWI
Aberdeen Standard	FTSE AWD Europe
Harbourvest	FTSE US Index, FTSE Developed Asia Pacific Ex.Japan Index and FTSE AWD Europe

Enhanced yield portfolio

	Index
La Salle	MSCI/AREF All Balanced Property
Janus Henderson (Corporate bonds)	iBoxx Sterling Non-Gilts >15 years TR index
Janus Henderson (MAC)	Cash
Capital	50% Bloomberg 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	Cash (SONIA/Euribor)
Harbourvest Direct lending	Cash

Protection portfolio

	Index
Janus Henderson	FTSE-A UK Government All Stocks Index, FTSE-A Index Linked >5years Index
Insight	FTSE-A UK Government All Stocks Index, FTSE-A Index Linked >5years 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 Northern Trust 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 Northern Trust 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 expect our investment managers to actively engage with the top management of the companies they invest in. Investment managers regularly attend Committee meetings, with engagement, where appropriate, forming part of the agenda.

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 as climate change, the cost of pollution clean-ups and opportunities related to 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 assessed 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, including, but not limited to, employee safety, working conditions, working hours and pay (including where appropriate the UK Living Wage campaign as detailed below). They should constructively 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 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 investors.
- Establish procedures that will incrementally reduce their environmental impact.
- Comply with all environmental and other relevant legislation and seek to anticipate future legislative requirements, for example the Taskforce on Climate-related Financial Disclosures (TCFD).

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

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 stable 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 Fund's 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 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 Marche investment interests of local authority pension funds, and to maximise 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, supported 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 index-tracking (sometimes referred to as passive management).

Actuary

An independent consultant who carries out the Actuarial Valuation and advises on all actuarial-related matters, for example changes to the benefit structure, employer contribution rates, etc.

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 is typically set on strategic i.e. long-term, basis. Some Funds may also make tactical asset allocation decisions, i.e. on a short-term basis, aiming to take advantage of relative market movements.

Asset Classes

A specific category of assets or investments, such as equities, bonds, cash-like instruments, and real estate. Assets within the same class generally exhibit broadly similar characteristics, behave relatively 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 or selected 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 the MSCI World Index. A target return is generally expressed as some margin over the benchmark over a specified period (for example "over a 5-year rolling period").

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.

Equity ownership rights

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

Corporate governance

The system or rules, processes and practices through which companies are controlled and directed.

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 investments among different asset classes, markets and geographical areas in order to reduce risk – not "putting all your eggs in one basket".

Equities

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, i.e. market capitalisation).

Hedging

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

Index-Linked Securities

U.K. Government bonds on which the interest, and eventual repayment of the loan, are based on movements in the Retail Price Index (from February 2030, this will be based on the data and methods of an alternative index, CPIH – a variant of the Consumer Prices Index including owner-occupiers' housing costs).

Infrastructure

Investments in new or existing companies and enterprises that are needed for the operation of society. This covers a broad range of opportunities, for example transport, energy transition, digitalisation.

Investment Advisor

A professionally qualified individual or company whose provides 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 as closely as possible 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 a particular benchmark.

Pooled Fund

A fund managed by a fund manager in which a range of 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 typically require higher expected 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 buy-back 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
Investment Strategy Statement v8	Alex Younger/Hymans Robertson	March 2024

Norfolk Pension Fund

Director of the Norfolk Pension Fund: Glenn Cossey
Telephone Number 01603 495923 Email: glenn.cossey@norfolk.gov.uk

Norfolk Pension Fund
County Hall
Martineau Lane
Norwich
NR1 2DH

Appendix IX

Norfolk Pension Fund

Funding Strategy Statement

March 2023

Contents

Appendices

1 Welcome to Norfolk Pension Fund's funding strategy statement

This document sets out the funding strategy statement (FSS) for Norfolk Pension Fund.

The Norfolk Pension Fund is administered by Norfolk County Council, known as the administering authority. Norfolk County Council worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 31 March 2023.

There's a regulatory requirement for Norfolk County Council to prepare an FSS. You can find out more about the regulatory framework in Appendix A. If you have any queries about the FSS, contact alexander.younger@norfolk.gov.uk

1.1 What is the Norfolk Pension Fund?

The Norfolk Pension Fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at www.lgpsmember.org. The administering authority runs the fund on behalf of participating employers, their employees, and current and future pensioners. You can find out more about roles and responsibilities in Appendix B.

1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies..

1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

Scheduled bodies
Employers who are specified in a schedule to the LGPS regulations, including councils, academies, and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Designating employers
Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the fund can't refuse entry.

Admission bodies

Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers under a contract for services. These terms aren't defined under current regulations but remain in common use from previous regulations.

1.4 How does the funding strategy link to the investment strategy?

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets, and other income are then invested according to an investment strategy set by the administering authority. You can find the investment strategy detailed in the Investment Strategy Statement available from www.norfolkpensionfund.org.

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

1.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see Appendix A)

1.6 How is the funding strategy specific to the Norfolk Pension Fund?

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

2 How does the fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contributions are made up of three elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The third element is an allowance for the fund's expenses, and this is included in the primary rate.

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in Appendix D.

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach allows for the maturing profile of the membership when setting employer contribution rates.

2.2 Prepayment of contributions

The fund permits the prepayment of employer contributions in specific circumstances. The fund's policy on prepayments is detailed in Appendix E.

Employee contributions

The fund will not consider requests to allow payment of employee contributions early.

Employer contributions

The fund will consider requests from employers to make payment of their employer contributions early.

Each case will be considered on its own merits, taking into account the type of the employer, the employer rate, the amount, and the value of cash the fund holds.

Prepayment of contributions does not guarantee that the employer will benefit from earlier investment: the value of the prepaid contributions can fall if investment returns are negative. The risks associated with prepayment should be considered by the employer before any action is taken.

2.3 The contribution rate calculation

Table 1: contribution rate calculation for individual or pooled employers

The category of other designating bodies includes Town & Parish Councils and Internal Drainage Boards.

Type of employer	Scheduled bodies		Colleges	CABs		TABs*
	Part 1 employers	Part 2 employers				
Sub-type	**Local authorities, Academies and Police**	**Other designating bodies**	**Includes other FE establishments**	**Open to new entrants**	**Closed to new entrants**	**all**
Funding target*	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low risk exit basis	Ongoing, but may move to low risk exit basis	Contractor exit basis, assuming fixed-term contract in the fund
Minimum likelihood of success	75%	75%	75%	75%	75%	75%
Maximum time horizon	20 years	20 years	15 years**	15 years	Average future working lifetime (or less if no guarantee)	Outstanding contract term, subject to 15 years maximum
Primary rate approach	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon					
Secondary rate	Monetary amount	Monetary amount	Monetary amount**	Monetary amount or % pay	Monetary amount	Monetary amount
Stabilised contribution rate?	Yes	Yes	No**	No	No	No
Treatment of surplus	Covered by stabilisation arrangement		Reduction permitted to primary rate**	Preferred approach: contributions kept at primary rate. Reductions may be permitted at the discretion of the administering authority		Reduce contributions to spread surplus over remaining contract term
Phasing of contribution changes	Covered by stabilisation arrangement		3 year**s	3 years	None	None

** Employers participating in the fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority*

*** The fund may review the approach for colleges, depending on the introduction of a guarantee by the Education and Skills Funding Agency. If a guarantee is introduced, contributions for colleges will be set using a maximum time horizon of 20 years and will be subject to a stabilisation arrangement*

A number of ceased employers continue to contribute to the fund through a post-cessation funding arrangement. These employers, and any others in future if appropriate, will continue to be treated on an individual basis at the discretion of the fund.

2.4 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. If this isn't appropriate, contribution increases or decreases may be phased. The fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year.

After taking advice from the fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy for some employers.

Table 2: current stabilisation arrangement

Type of employer	Precepting Category 1 – includes levying bodies and Academies	Precepting Category 2	Precepting Category 3
Maximum contribution increase per year	+0.5% of pay	+1.0% of pay	+2.0% of pay
Maximum contribution decrease per year	-0.5% of pay	-0.5% of pay	-1.0% of pay

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership, covenant, or employer changes.

2.5 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations for a 'significant change' to the liabilities or covenant of an employer, in line with its policy on contribution reviews. The fund's policy is in Appendix J.

2.6 What is pooling?

The administering authority operates funding pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. Employers in a pool maintain their individual funding positions, tracked by the fund actuary. That means some employers may be better funded or more poorly funded than the pool average. If pooled employers used stand-alone funding rather than pooling, their contribution rates could be higher or lower than the pool rate.

In this type of pooling arrangement, individual employers do not target full funding at exit. While the fund receives the contributions required from the pool as a whole, there is an increased risk that employers will be entitled to a surplus payment on exit. Paying out this surplus to an exiting employer does leave the remaining pooled employers in a worse position.

Pooled employers are identified in the rates and adjustments certificate and only have their pooled contributions certified. Individual contribution rates aren't calculated for pooled employers, unless agreed by the administering authority.

If an employer leaves the fund, the required contributions are based on their own funding position rather than the pool average. Cessation terms may also apply, which means higher contributions may be required at that point.

2.7 What are the current contribution pools?

- **Councils** – some of the main councils operate a pool, incorporating smaller related employers and certain ceased contractor arrangements.
- **Norfolk County Council Schools** – the fund generally pools all maintained schools.
- **Police pool –** includes the Norfolk Chief Constable and the Norfolk Police & Crime Commissioner
- **Internal Drainage Boards** - sharing experience and smoothing the effects of costly but rare events like ill-health retirement or deaths in service.
- **Town & Parish Councils** - sharing experience and smoothing the effects of costly but rare events like ill-health retirement or deaths in service.

2.8 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate to reflect a lower likelihood of success or an extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

Employers entering into a bespoke agreement with the administering authority will be required to meet the additional cost of this, which includes (but is not limited to) the actuarial fees incurred by the administering authority.

3 What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they must pay an additional contribution to the fund. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers will be asked to pay additional contributions called strain payments. Employers typically make strain payments as a single lump sum, though strain payments may be spread if the administering authority agrees. Payments may be spread for up to three years.

3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, an additional funding strain will arise.

Strains are currently met by a fund-operated ill-health risk management solution which shares the strain cost across all employers in the fund.

The administering authority's approach to help manage ill-health early retirement costs was put in place from 1 April 2019. It was reviewed as part of the 2022 Valuation and is next due for review as part of the 2025 Valuation.

4 How does the fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

The fund uses Hymans Robertson's HEAT system to track employer assets monthly. Each employer's assets from the previous month end are added to monthly cashflows paid in/out and investment returns to give a new month-end asset value.

If an employee moves one from one employer to another within the fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when a new academy is formed, an outsourced contract begins or part of any other contractual transfer, the fund actuary will calculate assets linked to the value of the liabilities transferring (see section 5).

4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in Appendix D, the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 or further information on rates.

5 What happens when an employer joins the fund?

5.1 When can an employer join the fund?

Employers can join the fund if they are a new scheduled body or a new admission body. New designating employers may also join the fund if they pass a designation to do so.

The fund will determine the assets and liabilities for a new employer. The calculation will depend on the type of employer and the circumstances of joining.

The fund will also set a contribution rate. This will be set in the way described in section 2 unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement).

The fund's policy on new admission bodies, which includes details of pass-through arrangements, is detailed in Appendix F.

5.2 New academies

New academies (including free schools) join the fund as separate scheduled employers. Only active members of former maintained schools transfer to new academies. Free schools do not transfer active members from a converting LEA school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (i.e., members with deferred or pensioner status) remain with the ceding LEA.

New academies will be allocated an asset share based on the estimated funding level of the Norfolk Schools pool active members, having first allocated the pool's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%.

The schools pool's estimated funding level will be based on market conditions on the day before conversion. The fund treats new academies as separate employers in their own right, each responsible for their allocated assets and liabilities. Their liabilities or share of assets won't be pooled with other academies or free schools in the fund.

If they are part of a MAT, the new academy can be combined with the other MAT academies for the purpose of setting contributions. Otherwise, the fund's default approach is for a new academy to pay contributions over the period to 31 March 2026 at the same rate as the ceding council. Alternatively, a new academy can choose to have their rate assessed using the funding strategy for existing academies (set out in section 2) and their own transferring membership. The fund's approach for new free schools is to pay the same rate as the Norfolk Schools pool.

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT. Additional information about bulk transfers of staff relating to academies consolidating into a single LGPS fund is also included in Appendix I

The fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

The fund's policy on academies and free schools is detailed in Appendix I.

5.3 New admission bodies as a result of outsourcing services

New admission bodies usually join the fund because an existing employer (typically a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor. Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances. An outsourcing employer has some flexibility when it comes to pension risk potentially taken on by the contractor (e.g. to allow the contractor to offer LGPS membership to new employees working on the contract). You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

Where an academy is the letting employer, the fund's policy is to require all new admission bodies to be set up with a pass-through arrangement which is closed to new members. This is to ensure that the 'DfE Academy Trust LGPS Guarantee policy' applies to the outsourcing. For all other letting employers, the fund's policy is to require all new admission bodies to be set up with a pass-through arrangement, which may be open or closed to new members. The fund's policy on pass-through agreements is included in Appendix F.

Additional information on outsourcing from an academy or free school is included in Appendix I.

5.4 Other new employers

There may be other circumstances that lead to a new admission or scheduled body entering the fund, e.g. set up of a wholly owned subsidiary company by a local authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designating employers may also join the fund. These are usually town and parish councils, which participate in a separate pool. Contribution rates will be set using the same approach as other designating employers in the fund.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction. The letting authority must agree to the actuary's assessment and must also agree to keep the assessment under review throughout the contract.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity, or a bond.

This must cover some or all of the:

- strain costs of any early retirements if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

Where an academy is the letting employer, the fund will expect academies to ensure and confirm that the outsourcing complies with the requirements set out in the 'DfE Academy Trust LGPS Guarantee policy' (which can be viewed on the GOV.UK website at DfE local government pension scheme guarantee for academy trusts: pensions policy for outsourcing arrangements - GOV.UK (www.gov.uk) before permitting an admission body in the fund. Where this requirement is met, no additional risk assessment or security will typically be required for the admitted body as the pension liabilities will be covered by the DfE Academy Guarantee.

Where the admission body does not meet the requirements of the DfE Academy Trust LGPS Guarantee policy, the fund will review each case individually to decide if the admission body must provide security before being admitted to the fund. In these cases, the fund will typically require the academy to evidence that they have sought and received permission from the Education and Skills Funding Agency to act as a guarantor.

6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits or commit to payment of benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period (as determined by the fund), which may require increased contributions between valuations.

The fund's bulk transfer policy is detailed in Appendix G. Additional information about bulk transfers of staff relating to academies consolidating into a single LGPS fund is also included in Appendix I

7 What happens when an employer leaves the fund?

7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of an admission body
- a breach of an admission agreement that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the employer leaves the fund.

7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the fund. The actuary aims to protect remaining employers from the risk of future loss. The funding targets adopted for the cessation calculation is below. These are defined in Appendix D.

(a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low risk exit basis is defined in Appendix D.

(b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is a guarantor of last resort, this will have no effect on the cessation valuation, i.e. low-risk basis. If this isn't the case, the cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the fund.

(c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus.

If the fund can't recover the required payment in full, unpaid amounts will be the responsibility of the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or may be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense and are deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and fund.

The fund's policy on employer exits is detailed in Appendix K.

7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – a surplus – the administering authority can decide how much will be paid back to the employer as an exit credit based on:

- the surplus amount

- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors

The exit credit policy is included within the fund's policy on employer exits detailed in Appendix K.

7.4 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period if the employer enters into a deficit spreading arrangement (DSA)
- if an exiting employer enters into a deferred debt agreement, the employer stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy is in Appendix K.

7.5 What if an employer has no active members?

When an employer leaves the fund because their last active member has left or retired, they may: pay a cessation debt, receive an exit credit, or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers take on collective responsibility and will be required to contribute to the remaining benefits.

b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other fund employers.

8 What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report should include confirmation that employer contributions are set at the right level to ensure the fund's solvency and long-term cost efficiency.

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

(a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level

or

(b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

Appendices

Appendix A – The regulatory framework

A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Department for Levelling Up, Housing and Communities (DLUHC) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a **clear and transparent fund-specific strategy** identifying how employers' pension liabilities are best met going forward*
- *support the regulatory framework to maintain **as nearly constant employer contribution rates as possible***
- *ensure the fund meets its **solvency and long-term cost efficiency** objectives*
- *take a **prudent longer-term view** of funding those liabilities.*

To prepare this FSS, the administering authority has used guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with "*persons the authority considers appropriate*". This should include '*meaningful dialogue… with council tax raising authorities and representatives of other participating employers*.

The consultation process included:

1. A draft version of the FSS circulated in November 2022 for comments by all participating employers
2. Comments requested by 31 January 2022 allowing 2 months for comments to be submitted
3. Discussion at the Employers Forum on 29 November 2022 where all employers, whether attending in person or online, had the opportunity to raise questions about the FSS

   Closure of the consultation on 31 January 2023 with approval by Committee by 30 March 2023, publication on 30 March 2023, in advance of publication of the 2022 formal valuation report by 31 March 2023

A3 How is the FSS published?

The FSS is published on our website www.norfolkpensionfund.org. Copies are freely available on request and sent to investment managers and independent advisers as required.

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the valuation. Amendments may be made before then if there are regulatory or operational changes. Any material amendments will be consulted on, agreed by the Pensions Committee, and included in the Committee meeting minutes.

A5 How does the FSS fit into the overall fund documentation?

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements like the investment strategy statement, governance strategy and administration strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can access all Fund documentation at www.norfolkpensionfund.org

Appendix B – Roles and responsibilities

B1 The administering authority:

1 operates the fund and follows all Local Government Pension Scheme (LGPS) regulations

2 manages any conflicts of interest from its dual role as administering authority and a fund employer

3 collects employer and employee contributions, investment income and other amounts due

4 ensures cash is available to meet benefit payments when due

5 pays all benefits and entitlements

6 invests surplus money like contributions and income which isn't needed to pay immediate benefits, in line with regulation and the investment strategy

7 communicates with employers so they understand their obligations

8 safeguards the fund against employer default

9 works with the fund actuary to manage the valuation process

10 provides information to the Government Actuary's Department so they can carry out their statutory obligations

11 consults on, prepares, and maintains the funding and investment strategy statements

12 tells the actuary about changes which could affect funding

13 monitors the fund's performance and funding, amending the strategy statements as necessary

14 enables the pensions oversight board to review the valuation process.

B2 Individual employers:

1 deduct the correct contributions from employees' pay

2 pay all contributions by the due date

3 have appropriate policies in place to work within the regulatory framework

4 make additional contributions as agreed, for example to augment scheme benefits or early retirement strain

5 tell the administering authority promptly about any changes to circumstances, prospects or membership which could affect future funding.

6 make any required exit payments when leaving the fund.

B3 The fund actuary:

1 prepares valuations, including setting employers' contribution rates, agreeing assumptions, working within FSS and LGPS regulations and appropriately targeting fund solvency and long-term cost efficiency

2 provides information to the Government Actuary Department so they can carry out their statutory obligations

3 advises on fund employers, including giving advice about and monitoring bonds or other security

4 prepares advice and calculations around bulk transfers and individual benefits

5 assists the administering authority to consider changes to employer contributions between formal valuations

6 advises on terminating employers' participation in the fund

7 fully reflects actuarial professional guidance and requirements in all advice.

B4 Other parties:

1 internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement

2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS

3 auditors comply with standards, ensure fund compliance with requirements, monitor, and advise on fraud detection, and sign-off annual reports and financial statements

4 governance advisers may be asked to advise the administering authority on processes and working methods

5 internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures

6 the Department for Levelling Up, Housing and Communities, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

Appendix C – Risks and controls

C1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The role of the pensions oversight board is set out in the board terms of reference.

Details of the key fund-specific risks and controls are below

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 on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc. Analyse progress at three yearly valuations for all employers. Inter-valuation roll-forward estimate of liabilities between valuations at whole fund level.
Inappropriate long-term investment strategy.	Overall investment strategy options considered as an integral part of the funding strategy. Asset liability modelling used to assess appropriate interaction between funding strategy and investment strategy.
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 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. Fund's salary stain recharge mechanism identifies significant funding issues.

Risk	Summary of Control Mechanisms
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	An explicit stabilisation arrangement has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions. Pass-through arrangement in place for new admission bodies from 1 October 2018.
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.
Effect of possible asset underperformance as a result of climate change	Additional modelling of climate change scenarios provided by fund actuary/investment adviser to confirm resilience of investment strategy to the modelled changes

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. Fund receives annual longevity reporting from Club Vita which identifies any significant longevity related events and their potential impact on funding.
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. Employer ill-health retirement experience is managed via an internal risk sharing mechanism, avoiding risk of material detrimental impact to an individual employer's funding position.
Reductions in payroll causing insufficient employer contributions.	In many cases this may not be sufficient cause for concern and will in effect be caught at the next formal valuation.

Risk	Summary of Control Mechanisms
	However, there are protections where there is concern, as follows: Employers in the stabilisation arrangement may be brought out of that mechanism to permit appropriate contribution increases. For other employers, review of contributions is permitted in general between valuations and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts. Secondary contribution rates are typically set in monetary terms (instead of being linked to payroll).

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 and other ongoing court cases and will consider an interim valuation or other appropriate action once more information is known. The government's long-term solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits – is built into the actuarial valuation.
Time, cost and/or reputational risks associated with any DLUHC intervention triggered by the Section 13 analysis.	Take advice from fund actuary on position of fund and consideration of proposed valuation approach relative to anticipated Section 13 analysis.
Changes by Government to particular 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 Secondary contributions generally 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.
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 . 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.

Risk	Summary of Control Mechanisms
	Reviewing contributions well ahead of cessation if thought appropriate.
An employer ceasing to exist resulting in an exit credit being payable	The administering authority regularly monitors admission bodies coming up to cessation The administering authority invests in liquid assets to ensure that exit credits can be paid when required.

C6 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admission bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Local Authorities	Tax-raising, no individual assessment required	n/a
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Police, Fire, Fisheries, Town/Parish Councils, levying bodies	Tax-raising or government-backed, no individual assessment required	n/a
Admission bodies with pass-through agreements	Guaranteed by letting authority, no individual assessment required	n/a
Housing associations*	Individual employer assessment	Regular employer discussions and engagement
Other bodies	Individual employer assessment, based on financial significance to the fund.	Regular employer discussions and engagement

**All housing associations in the fund participate as (community) admission bodies rather than scheduled bodies.*

The fund will consider the covenant of individual employers where particular events occur including, but not limited to,: local government re-organisation, significant changes to regulations affecting the education sector, individual employer events like restructuring or large redundancy exercises etc.

C7 Climate risk

The fund has considered climate-related risks when setting the funding strategy. To consider the resilience of the strategy the fund has carried out in-depth asset liability modelling to stress test both the funding and the investment strategies against possible future climate scenarios.

The fund included climate scenario stress testing in the contribution modelling exercise for the precepting employers at the 2022 valuation. The modelling looked at three scenarios, differentiated by the speed and strength of the response to climate change. In all three scenarios the fund assumes that there will be a period of disruption, linked either to the response to climate risk or to the effects of climate risk itself. The fund made no assumptions about specific climate effects e.g. a particular global temperature rise. Instead, the fund accepted that there will be some disruptive period of high volatility in financial markets and considered the impact on the funding strategy under difficult financial conditions.

The modelling results under the stress tests were slightly worse than the core results but were still within risk tolerance levels, particularly given the severity of the stresses applied. The results provide assurance that the modelling approach does not significantly underestimate the potential impact of climate change and that the funding strategy is resilient to climate risks. The results of these stress tests may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

The current strategies were proven to be resilient to climate transition risks within an appropriate level of prudence. The Fund will continue to monitor the resilience of the funding strategy to climate risks at future valuations or when there has been a significant change in the risk posed to the Fund (e.g. global climate policy changes).

Appendix D – Actuarial assumptions

The fund’s actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the funding strategy statement.

D1 What are assumptions?

Assumptions are used to estimate the benefits due to be paid to members. Financial assumptions determine the amount of benefit to be paid to each member, and the expected investment return on the assets held to meet those benefits. Demographic assumptions are used to work out when benefit payments are made and for how long.

The funding target is the money the fund aims to hold to meet the benefits earned to date.

Any change in the assumptions will affect the funding target and contribution rate, but different assumptions don’t affect the actual benefits the fund will pay in future.

D2 What assumptions are used to set the contribution rate?

The fund doesn’t rely on a single set of assumptions when setting contribution rates, instead using Hymans Robertson’s Economic Scenario Service (ESS) to project each employer’s assets, benefits and cashflows to the end of the funding time horizon.

ESS projects future benefit payments, contributions and investment returns under 5,000 possible economic scenarios, using variables for future inflation and investment returns for each asset class, rather than a single fixed value.

For any projection, the fund actuary can assess if the funding target is satisfied at the end of the time horizon.

Table: Summary of assumptions underlying the ESS, 31 March 2022

		Annualised total returns										
		Cash	Index Linked Gilts (long)	UK Equity	Developed World ex UK Equity	Private Equity	Property	Emerging Markets Equity	Unlisted Infrastructure Equity	Multi Asset Credit (sub inv grade)	Direct Lending (private debt) GBP Hedged	Inflation (CPI)
10 Years	16th %ile	0.8%	-3.1%	-0.4%	-0.7%	-1.2%	-0.6%	-2.5%	0.7%	1.7%	2.7%	1.6%
	50th %ile	1.8%	-0.7%	5.7%	5.6%	9.4%	4.4%	5.8%	5.9%	3.5%	6.0%	3.3%
	84th %ile	2.9%	2.0%	11.6%	11.7%	20.1%	9.5%	14.4%	11.2%	5.2%	9.2%	4.9%
20 Years	16th %ile	1.0%	-2.6%	1.7%	1.5%	2.4%	1.4%	0.1%	2.6%	2.8%	4.3%	1.2%
	50th %ile	2.4%	-0.9%	6.2%	6.1%	10.0%	5.0%	6.3%	6.5%	4.4%	6.8%	2.7%
	84th %ile	4.0%	0.8%	10.6%	10.8%	17.6%	8.9%	12.8%	10.6%	6.0%	9.2%	4.3%
40 Years	16th %ile	1.2%	-1.1%	3.2%	3.1%	4.7%	2.6%	2.1%	3.9%	3.6%	5.5%	0.9%
	50th %ile	2.9%	0.3%	6.7%	6.5%	10.3%	5.5%	6.8%	7.0%	5.3%	7.7%	2.2%
	84th %ile	4.9%	1.9%	10.2%	10.2%	16.1%	8.8%	11.7%	10.3%	7.1%	10.0%	3.7%
	Volatility (5 yr)	2%	9%	18%	19%	30%	15%	26%	15%	6%	10%	3%

D3 What financial assumptions were used?

Future investment returns and discount rate

The fund uses a risk-based approach to generate assumptions about future investment returns over the funding time horizon, based on the investment strategy.

The discount rate is the annual rate of future investment return assumed to be earned on assets after the end of the funding time horizon. The discount rate assumption is set as a margin above the risk-free rate.

Assumptions for future investment returns depend on the funding objective.

	Employer type	Margin above risk-free rate
Ongoing basis	All employers except transferee admission bodies and closed community admission bodies	1.6%
Low risk exit basis	Community admission bodies closed to new entrants	0%
Contractor exit basis	Transferee admission bodies	Equal to the margin used to allocate assets to the employer on joining the fund

Discount rate (for funding level calculation as at 31 March 2022 only)

For the purpose of calculating a funding level at the 2022 valuation, a discount rate of 4.3% applies. This is based on a prudent estimate of investment returns, specifically, that there is a 75% likelihood that the fund's assets will future investment returns of 4.3% over the 20 years following the 2022 valuation date.

Pension increases and CARE revaluation

Deferment and payment increases to pensions and revaluation of CARE benefits are in line with the Consumer Price Index (CPI) and determined by the regulations.

The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.

Salary growth

The salary increase assumption at the latest valuation has been set to CPI plus 0.7% plus a promotional salary scale.

D4 What demographic assumptions were used?

Demographic assumptions are best estimates of future experience. The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2021 version of the continuous mortality investigation (CMI) published by the actuarial profession. The starting point has been adjusted by +0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

The smoothing parameter used in the CMI model is 7.0. There is little evidence currently available on the long-term effect of Covid-19 on life expectancies. To avoid an undue impact from recently mortality experience on long-term assumptions, no weighting has been placed on data from 2020 and 2021 in the CMI.

Other demographic assumptions	
Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Males are assumed to be 3 years older than females, and partner dependants are assumed to be opposite sex to members.
Commutation	45% of maximum tax-free cash
50:50 option	1.0% of members will choose the 50:50 option.

D3 Rates for demographic assumptions
Males

		Incidence per 1000 active members per year						
Age	**Salary scale**	**Death before retirement**	**Withdrawals**		**Ill-health tier 1**		**Ill-health tier 2**	
		FT &PT	FT	PT	FT	PT	FT	PT
20	105	0.17	404.31	975.61	0.00	0.00	0.00	0.00
25	117	0.17	267.06	644.43	0.00	0.00	0.00	0.00
30	131	0.20	189.49	457.17	0.00	0.00	0.00	0.00
35	144	0.24	148.05	357.15	0.10	0.07	0.02	0.01
40	150	0.41	119.20	287.46	0.16	0.12	0.03	0.02
45	157	0.68	111.96	269.95	0.35	0.27	0.07	0.05
50	162	1.09	92.29	222.27	0.90	0.68	0.23	0.17
55	162	1.70	72.68	175.12	3.54	2.65	0.51	0.38
60	162	3.06	64.78	156.02	6.23	4.67	0.44	0.33

Females

Incidence per 1000 active members per year									
Age	Salary scale	Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2	
		FT &PT	FT	PT	FT	PT	FT	PT
20	105	0.10	317.18	537.48	0.00	0.00	0.00	0.00
25	117	0.10	213.42	361.61	0.10	0.07	0.02	0.01
30	131	0.14	178.90	303.07	0.13	0.10	0.03	0.02
35	144	0.24	154.41	261.49	0.26	0.19	0.05	0.04
40	150	0.38	128.51	217.55	0.39	0.29	0.08	0.06
45	157	0.62	119.93	202.99	0.52	0.39	0.10	0.08
50	162	0.90	101.11	170.95	0.97	0.73	0.24	0.18
55	162	1.19	75.44	127.69	3.59	2.69	0.52	0.39
60	162	1.52	60.80	102.78	5.71	4.28	0.54	0.40

D5 What assumptions apply in a cessation valuation following an employer's exit from the fund?

Low risk exit basis

Where there is no guarantor, the low risk exit basis will apply.

1. The discount rate is set equal to the annualised yield on long dated government bonds at the cessation date, with a 0% margin. This was 1.7% pa on 31 March 2022.
2. The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.
3. Life expectancy assumptions are those used to set contribution rates, with one adjustment. A higher long-term rate of mortality improvements of 1.75% pa is assumed.

Contractor exit basis

Where there is a guarantor (e.g. in the case of contractors where the letting body guarantees the contractor's admission in the fund), the contractor exit basis will apply.

The financial and demographic assumptions underlying the contractor exit basis are equal to those set for calculating contributions rates. Specifically, the discount rate is set equal to the risk-free rate at the cessation date, plus a margin equal to that set to allocate assets to the employer on joining the fund.

Appendix E – Prepayment of contributions

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

Introduction

The purpose of this policy is to set out the administering authority's approach to the prepayment of regular contributions by participating employers. The administering authority retains discretion to take into account any relevant individual employer circumstances.

E1 Aims and objectives

The administering authority's aims and objectives related to this policy are:

- To provide employers with clarity around when prepayment of contributions will be permitted.
- To outline the key principles followed when calculating prepayment amounts.
- To outline the approach used to assess the suitability of a prepayment as sufficient to meet the required contributions.

E2 Background

It is common practice in the LGPS for employers to elect to pre-pay regular contributions that were otherwise due to be paid to the fund in future. Employer contributions include the 'Primary Rate' – which is expressed as a percentage of payroll and reflects the employer's share of the cost of future service benefits, and the 'Secondary Rate' – which can be expressed as a percentage of payroll or a monetary amount and is an additional contribution designed to ensure that the total contributions payable by the Employer meet the funding objective.

On 22 March 2022, following a request from the LGPS Scheme Advisory Board, James Goudie QC provided an Opinion on the legal status of prepayments. This Opinion found that the prepayment of employee and employer contributions was not illegal, subject to the basis for determining the prepayment amount being reasonable, proportionate, and prudent. The Opinion also set out specific requirements around the presentation of prepayments.

E3 Guidance and regulatory framework

The LGPS regulations set out how funds should determine employer contributions, and include relevant provisions including:

- Regulation 9 – outlines the contribution rates payable by active members
- Regulation 62 - sets the requirement for an administering authority to prepare a rates and adjustments (R&A) certificate.
- Regulation 67 – sets out the requirement for employers to pay contributions in line with R&A certificate and specifies that primary contributions be expressed as a percentage of pensionable pay of active members.

E4 Statement of Principles

Each case will be treated on its own merits, but in general:

- The prepayment of employee contributions is not permitted.

- The prepayment of employer contributions may be permitted.
- Only secure, long-term employers (e.g. local authorities and similar) may be permitted to prepay contributions.
- The fund actuary will determine the prepayment amount, which may require assumptions to be made about payroll over the period which the scheduled contribution is due.
- The prepayment amount may include a discount to reflect the investment return that is assumed to be generated by the fund over the period of prepayment.
- Prepayment agreements can cover any annual period of the R&A (or up to three consecutive annual periods).
- Where contributions expressed as a percentage of pay have been prepaid, the administering authority will carry out an annual check (and additional contributions may be required by the employer) to make sure that the actual amounts paid are sufficient to meet the contribution requirements set out in the R&A certificate.
- The R&A certificate will be updated as necessary to reflect any prepayment agreements in place.
- Employers are responsible for ensuring that any prepayment agreement is treated appropriately when accounting for pensions costs and they are aware of the risks associated with making a prepayment instead of regular contributions.

E5 Policy
Eligibility and periods covered

The fund welcomes requests from employers to pre-pay certified employer contributions.

Local Authorities and large public bodies may prepay primary and secondary contributions.

Employer contributions over the period of the existing R&A certificate (and, where a draft R&A certificate is being prepared following the triennial valuation, the draft R&A certificate) may be pre-paid by employers.

Prepayment of contributions due after the end of the existing (or draft) R&A certificate is not permitted, i.e. it would not be possible to prepay employer contributions due in the 2026/27 year until the results of the 2025 valuation are known and a draft R&A certificate covering the 2026 to 2029 period has been prepared.

Request and timing

Prior to making any prepayment, employers are required to inform the fund in writing of their wish to prepay employer contributions and to request details of the amount required by the fund to meet the scheduled future contributions that they wish to prepay.

This request should be received by the fund at least two months before the start of the period to be prepaid.

The fund will tell the employer the prepayment amount and the date by which this should be paid.

If the employer fails to pay the prepayment amount by the specified date, the fund will require ongoing regular contributions in line with those in the R&A certificate to be made as if no prepayment had ever been agreed. Any other outstanding contributions should be made immediately.

Calculation

The fund actuary will usually determine the prepayment amount required based on the discount rate set for the purpose of the relevant actuarial valuation (as specified in the actuarial valuation report). In some circumstances, a different discount rate may be used. This will be communicated clearly to the employer.

Where the prepayment is in respect of contributions expressed as a percentage of pay the fund actuary will use an estimate of payroll over the period (using the information available and appropriate assumptions about future payroll increases) and a sufficiency check will be required as noted below.

Where the prepayment is in respect of contributions expressed as a monetary amount no sufficiency check will be required.

Employers may pay more than the prepayment amount determined by the fund actuary.

No allowance for expected outsourcing of services and/or expected academy conversions will be made in the fund actuary's estimation of payroll for the prepayment period.

E6 Sufficiency check

Where a prepayment is in respect of a percentage of pay contribution rate, the fund actuary will carry out an **annual** assessment to check that sufficient contributions have been prepaid based on the actual payroll of active members over the period.

If the sufficiency check reveals a shortfall, the employer will be required to make a top-up payment. The administering authority will notify the employer of any top-up amount and the date by which any top-up payment should be made.

The sufficiency check may reveal that the prepayment amount was higher than would have been required on actual payroll, i.e. the actual payroll over the period is less than was assumed. In this case the excess can be offset against the sufficiency check in the following year, but there will not be a refund of contributions to the employer.

The sufficiency check only considers payroll; specifically, it will not compare the assumed investment return (i.e. the discount rate) with actual returns generated over the period. Any shortfall arising due to actual investment returns being lower than that assumed will form part of the regular contribution assessment at the next valuation (as per the normal course of events).

E7 Documentation and auditor approval

The fund will provide the employer with a note of the information used to determine the prepayment amount, including:

- Discount rate used in the calculations
- The estimate of payroll (where applicable)
- The effective date of the calculation (and the date by which payment should be made)
- The scheduled regular payments which the prepayment amount covers.

The prepayment agreement will be reflected in the R&A certificate as follows:

- The unadjusted employer regular contribution rate payable over the period of the certificate

- As a note to the contribution rate table, information relating to the prepayment amount and the discount applied, for each employer where a prepayment agreement exists.

The R&A certificate will be updated as necessary to reflect any prepayment agreements in place.

Employers should discuss the prepayment agreement with their auditor prior to making payment and agree the accounting treatment of this. The fund will not accept any responsibility for the accounting implications of any prepayment agreement.

E8 Costs
Employers entering into a prepayment agreement will be required to meet the additional cost of this, which includes (but is not limited to) the actuarial fees incurred by the administering authority.

E9 Risks
Employers will have their own reasons for wanting to enter a prepayment agreement. One common reason is the expectation that the fund can generate higher returns over the prepayment period than the employer can, i.e. the discount rate used in the prepayment calculation is higher than the return that can be achieved elsewhere. Future returns in the fund are not guaranteed, and the returns generated on prepayment amounts may be lower than expected. It is also possible that negative returns will lead to the value of any prepayment being less than that which was scheduled to be paid. In this case a top-up payment would not be requested (since the sufficiency check only considers the effect of actual payroll being different to that assumed in the prepayment calculation). However, the employer's asset share would be lower than if contributions had been paid monthly. This would be reflected by the fund actuary at the next triennial valuation (as per the normal course of events).

There are other risks to the employer of making a prepayment (such as concentration/timing, prevention of cash being used for other purposes, etc), which are not covered here: the employer is advised to consider these and take advice if necessary.

Appendix F – New employers

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

Introduction

The purpose of this policy is to set out the administering authority's approach to admitting new contractors into the fund on a pass-through basis. In addition, and subject to review on a case-by-case basis, the fund may be willing to apply its pass-through principles to other admission bodies where liabilities are covered by a guarantor within the fund.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

F1 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To set out the fund's approach to admitting new contractors / admission bodies, including the calculation of contribution rates and how risks are shared under the pass-through arrangement.
- To outline the process for admitting new contractors / admission bodies into the fund.

F2 Background

Employees outsourced from local authorities, police, and fire authorities or from non-maintained schools (generally academies, regulated by the Department for Education (DfE)) must be offered pension benefits that are the same, better than, or count as being broadly comparable to, the Local Government Pension Scheme (as per the Best Value Authorities Staff Transfer (Pensions) Direction 2007). This is typically achieved by employees remaining in the LGPS and the new employer becoming an admitted body to the Fund and making the requisite employer contributions.

Pass-through is an arrangement whereby the letting authority (the local authority or the independent school) retains the main risks of fluctuations in the employer contribution rate during the life of the contract, and the risk that the employer's assets may be insufficient to meet the employees' pension benefits at the end of the contract.

F3 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) set out the way in which LGPS funds should determine employer contributions and contain relevant provisions regarding the payment of these, including the following:

- Schedule 2 Part 3 sets out the entities eligible to join the fund as an admitted body, their key responsibilities as an admitted body and the requirements of the admission agreement.
- Regulation 67 – sets out the requirement for employers to pay contributions in line with the Rates and Adjustments (R&A) certificate and provides a definition of the primary rate.
- Regulation 64 - covers the requirements for a cessation valuation following the exit of a participating employer from the fund.

F4 Statement of principles

This statement of principles covers the admission of new contractors to the fund on a pass-through basis. Pass-through is the default approach for the admission of all new contractors to the fund from the effective date of this policy. For the avoidance of doubt, this would apply to contracts established by councils, police & fire authorities, and academy trusts ("the letting authority").

Fixed contribution rate

The contractor's pension contribution rate is fixed for the duration of the contract, up to a maximum of seven years. For contracts longer than seven years, the contractor's contribution rate will typically be reset by reference to the letting authority's contribution rate at the review date.

Funding position of the admission body

The letting authority retains responsibility for variations in funding level, for instance due to investment performance, changes in market conditions, longevity, and salary experience under its pass-through arrangement, irrespective of the size of the outsourcing.

The administering authority will review the funding position of the contractor at each triennial valuation and after every seven-year period if the contract extends that far. The administering authority may require the letting authority to make additional contributions to the fund in respect of the pass-through arrangement. This will be requested if the administering authority believes there to be a material deterioration in the admission body's funding position that is not likely to be recovered by the next valuation date and that deterioration is material to the overall funding position of the letting authority (guarantor).

Additional admission body costs

The contractor will meet the cost of additional liabilities arising from (non-ill health) early retirements and augmentations.

Ill health experience will be pooled with the letting authority and no additional strain payments will be levied on the contractor in respect of ill health retirements.

Security

The contractor will not typically be required to obtain an indemnity bond, as long as both the administering authority and the letting authority agree that it is not required. In this case the letting authority understands that it retains all the risk when the contractor exits the fund, including any unpaid contributions or strain costs. The administering authority fund may still require a bond to cover redundancy costs, at the fund's discretion.

Where an academy is the letting employer, the fund will expect academies to ensure and confirm that the outsourcing complies with the requirements set out in the 'DfE Academy Trust LGPS Guarantee policy' **(**which can be viewed on the GOV.UK website at DfE local government pension scheme guarantee for academy trusts: pensions policy for outsourcing arrangements - GOV.UK (www.gov.uk) before permitting an admission body in the fund. Where this requirement is met, no additional risk assessment or security will typically be required for the admitted body as the pension liabilities will be covered by the DfE Academy Guarantee.

Admission body asset share

All assets and liabilities relating to the contractor's staff will remain the ultimate responsibility of the letting authority during the period of participation. However, there will be a notional transfer of assets to the contractor within the fund, to allow the funding position of the admission body to be tracked and for the notional required contribution rate to be calculated for comparison.

At the end of the contract (or when there are no longer any active members participating in the fund, for whatever reason), the admission agreement will cease and no further payment will be required from the contractor (or the letting authority) to the fund, save for any outstanding regular contributions and/or invoices relating to the cost of early retirement strains and/or augmentations and/or salary experience. Likewise, no “exit credit” payment will be payable from the fund to the contractor (or letting authority). The letting authority will retain responsibility for the contractor’s deferred and pensioner members

Documentation

The terms of the pass-through agreement will be documented by way of the admission agreement between the administering authority, the letting authority, and the contractor.

All existing admission agreements are unaffected by this policy, excepting that the DfE Academy Trust LGPS Guarantee policy is retrospective and so may cover admission bodies not otherwise covered prior to May 2023.

The principles outlined above are the default principles which will apply; however, the letting authority may request the specific details of a particular agreement to differ from the principles outlined above. The administering authority is not obliged to agree to a departure from the principles set out in this policy but will consider such requests and engage with the letting authority. The administering authority has the final say in any such discussions.

F5 Policy and process

Compliance

Adherence to this policy is the responsibility of the relevant responsible service manager for any given outsourcing. The administering authority and the fund actuary must always be notified that an outsourcing has taken place, regardless of the number of members involved. Where an academy is guaranteeing a pass-through arrangement, the academy must ensure and confirm that the outsourcing complies with the requirements set out in the ‘DfE Academy Trust LGPS Guarantee policy’ (which can be viewed on the GOV.UK website at DfE local government pension scheme guarantee for academy trusts: pensions policy for outsourcing arrangements - GOV.UK (www.gov.uk)

Contribution rates

The contribution rate payable by the contractor over the period of participation will be set equal to the primary rate payable by the letting authority assessed on a likelihood of success of 80% assessed at the most recent triennial valuation.

Risk sharing and cessation valuation

The letting authority will retain the risk of the contractor becoming insolvent during the period of admission and so no indemnity bond will typically be required by the fund from contractors participating on a pass-through basis. The letting authority is effectively guaranteeing the contractor’s participation in the fund.

A cessation valuation is required when a contractor no longer has any active members in the fund. This could be due to a contract coming to its natural end, insolvency of a contractor or the last active member leaving employment or opting out of the LGPS.

Where a pass-through arrangement is in place, the fund assets and liabilities associated with outsourced employees are retained by the letting authority. At the end of the admission, the cessation valuation will therefore record nil assets and liabilities for the ceasing employer and therefore no cessation debt or exit credit is payable to or from the Fund.

The contractor will be required to pay any outstanding regular contributions and/or unpaid invoices relating to the cost of (non-ill health) early retirement strains and/or augmentations at the end of the contract.

However, in some circumstances, the contractor will be liable for additional pension costs that arise due to items over which it exerts control. The risk allocation is as follows:

Risks	**Letting authority**	**Contractor/ Admitted body**
Surplus/deficit prior to the transfer date	✓	
Interest on surplus/deficit	✓	
Investment performance of assets held by the Fund	✓	
Changes to the discount rate that affect past service liabilities	✓	
Changes to the discount rate that affect future service accrual *	✓	✓
Change in longevity assumptions that affect past service liabilities	✓	
Changes to longevity that affect future accrual *	✓	✓
Price inflation affects past service liabilities	✓	
Price inflation / pension increases that affect future accrual *	✓	✓
Exchange of pension for tax free cash	✓	
Ill health retirement experience	✓	
Strain costs attributable to granting early retirements (not due to ill health (e.g. redundancy, efficiency, waiving actuarial reductions on voluntary early retirements)		✓
Greater/lesser level of withdrawals	✓	
Rise in average age of contractor's employee membership	✓	
Changes to LGPS benefit package*	✓	✓
Excess liabilities attributable to the contractor granting pay rises that exceed those assumed in the last formal actuarial valuation of the Fund		✓
Award of additional pension or augmentation		✓

**To the extent captured in the review of fixed rates for longer duration (7+ years) contracts.*

Any risk allocation should be agreed between the contractor and letting authority before the contract commences and should be appropriately detailed in the service agreement and legal documentation.

F6 Accounting valuations

Accounting for pensions costs is a responsibility for individual employers.

It is the administering authority's understanding that contractors may be able to account for such pass-through admissions on a defined contribution basis and therefore no formal FRS102 / IAS19 report may be required. Contractors are effectively paying a fixed rate and are largely indemnified from the risks inherent in providing defined benefit pensions. Contractors should clarify this with their auditors.

As the letting authority retains most of the pension fund risk relating to contractors, it is the administering authority's understanding that these liabilities (and assets) should be included in the letting authority's FRS102 / IAS19 disclosures.

The above is the default approach unless the administering authority is otherwise notified. Contractors should clarify the treatment of pension costs with their auditors.

F7 Application

Letting authorities may request terms which differ from those set out in this policy and any such request will be considered by the Administering authority.

All existing admission agreements (i.e. which commenced prior to the effective date of this policy) are unaffected by this policy.

F8 Process

The procurement department at each letting authority that has responsibility for staff/service outsourcing must be advised of this policy. The process detailed below must be adhered to by the letting authority and (where applicable) the winning bidder.

- **Tender Notification** - The letting authority should publicise this pass-through policy as part of its tender process to bidders.

- **Initial notification to Pension Team** – The letting authority should contact the administering authority when a tender (or re-tender) of an outsourcing contract is taking place and staff (or former staff) are impacted. The administering authority must be advised prior to the start of the tender and the letting authority must also confirm that the terms of this policy have been adhered to.

- **Confirmation of winning bidder** – The letting authority should immediately advise the administering authority of the winning bidder.

- **Request for winning bidder to become an admitted body** – The winning bidder (in combination with the letting authority), should request to the administering authority that it wishes to become an admitted body within the Fund.

- **Template admission agreement** – a standard pass-through admission agreement will be used for admissions under this policy. It will set out all agreed points relating to the employer contribution rate, employer funding responsibilities, and exit conditions. Only in exceptional circumstances, and only with the prior agreement of the Administering authority, will the wording within the standard agreement be changed. All admission agreements must be reviewed (including any changes) by the administering authority.

- **Signed admission agreement** – A fully executed admission agreement must be in place before the fund will accept contributions. If the admission is not in place prior to the start of the contract a back dated payment of contributions may be accepted at the discretion of the Administering Authority.

F9 Cost

The letting authority will be liable to meet any costs incurred by the administering authority for work relating to pass-through arrangements which includes (but is not limited to) any actuarial and legal fees.

F10 Related Policies

The fund's approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically "Section 2 – How does the fund calculate employer contributions?".

The treatment of new employers joining the fund is set out in the in the Funding Strategy Statement, specifically "Section 5 – What happens when an employer joins the fund?"

The treatment of employers exiting the fund is set out in the in the Funding Strategy Statement, specifically "Section 7 – What happens when an employer leaves the fund?"

Appendix G – Bulk transfers

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

G1 Introduction

The purpose of this policy is to set out the administering authority's approach to dealing with the bulk transfer of scheme member pension rights into and out of the fund in prescribed circumstances.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

G2 Aims and Objectives

The administering authority's aims and objectives related to this policy are as follows:

- Bulk transfers out of the fund do not allow a deficit to remain behind unless a scheme employer is committed to funding this; and
- Bulk transfers received by the fund must be sufficient to pay for the benefits being awarded to the members, again with the scheme employer making good any shortfall where necessary.

Bulk transfer requests will be considered on a case-by-case basis.

G3 Background

Bulk transfers into and out of the fund can occur for a variety of reasons, such as:

- where an outsourcing arrangement is entered into and active fund members join another LGPS fund, or leave the LGPS to join a broadly comparable scheme;
- where an outsourcing arrangement ceases and active scheme members re-join the fund from another LGPS fund or a broadly comparable scheme;
- where there is a reorganisation of central government operations (transfers in from, or out to, other government sponsored schemes);
- where there is a reorganisation or consolidation of local operations (brought about by, for example, local government shared services, college mergers or multi-academy trust consolidations); or
- a national restructuring resulting in the admission of an employer whose employees have LGPS service in another LGPS fund, or vice versa.

Unlike bulk transfers out of the LGPS, there is no specific regulatory provision to allow for bulk transfers into the LGPS. As a result, any transfer value received into the LGPS, whether on the voluntary movement of an individual or the compulsory transfer of employees, must be treated the same way as individual transfers.

G4 Guidance and regulatory framework
Local Government Pension Scheme Regulations

When considering any circumstances involving bulk transfer provisions, the administering authority will always ensure adherence to any overriding requirements set out in the Local Government Pension Scheme Regulations 2013 (as amended), including:

- Regulation 98 – applies on transfer out to non-LGPS schemes. It allows for the payment of a bulk transfer value where at least two active members of the LGPS cease scheme membership and join another approved pension arrangement.
- Regulation 99 - gives the LGPS actuary discretion as to the choice of method of calculation used to calculate the bulk transfer value.
- Regulation 100 – allows an individual who holds relevant pension rights under a previous employer to request to be admitted for past service into the LGPS. Members wishing to transfer in accrued rights from a Club scheme (that is schemes with benefits broadly similar to those of the LGPS), who request to do so within 12 months of joining their new LGPS employment, must be granted their request. For members with "non-Club" accrued rights the LGPS fund does not have to grant the request. Any request must be received in writing from the individual within 12 months of active employment commencing or longer at the discretion of the employer and the administering authority.
- Regulation 103 - states that any transfer between one LGPS fund and another LGPS fund (in England and Wales) where ten or more members elect to transfer will trigger bulk transfer negotiations between fund actuaries.

Best Value authorities

The Best Value Authorities Staff Transfers (Pensions) Direction 2007 applies to all "Best Value Authorities" in England. Best Value Authorities include all county, district, and borough councils in England, together with police and fire and rescue authorities, National Park Authorities, and waste disposal authorities. The Direction:

- requires the contractor to secure pension protection for each transferring employee through the provision of pension rights that are the same as or are broadly comparable to or better than those they had as an employee of the authority, and
- provides that the provision of pension protection is enforceable by the employee.

The Direction also requires similar pension protection in relation to those former employees of an authority, who were transferred under TUPE to a contractor, in respect of any re-tendering of a contract for the provision of services (i.e. second and subsequent rounds of outsourcing).

Academies and multi-academy trusts

New Fair Deal guidance, introduced in October 2013, applies to academies and multi-academy trusts. It requires that, where they outsource services, they ensure pension protection for non-teaching staff transferred is achieved via continued access to the LGPS. As a result the fund would not expect to have any bulk transfers out of the LGPS in respect of outsourcings from academies or multi-academy trusts.

Other employers

For all scheme employers that do not fall under the definition of a Best Value Authority or are not an academy (i.e. town and parish councils, arms-length organisations, further and higher education establishments, charities, and other admission bodies), and who are not subject to the requirements of Best Value Direction or new Fair Deal guidance, there is no explicit requirement to provide pension protection on the outsourcing or insourcing of services. However, any successful contractor is free to seek admission body status in the fund, subject to complying with the administering authority's requirements (e.g. having a bond or guarantor in place).

The old Fair Deal guidance may still apply to a specific staff transfer if permitted by the new Fair Deal guidance or if outside the coverage of the new Fair Deal guidance. (If the individual remains in their original scheme then their past service rights are automatically protected). In the absence of a bulk transfer agreement the administering authority would not expect to pay out more than individual Cash Equivalent Transfer Value (CETV) amounts, in accordance with appropriate Government Actuary's Department (GAD) guidance.

G5 Statement of principles

This statement of principles covers bulk transfer payments into and out of the fund. Each case will be treated on its own merits alongside appropriate actuarial advice, but in general:

- Where a group of active scheme members joins (or leaves) the fund, the administering authority's objective is to ensure that sufficient assets are received (or paid out) to meet the cost of providing those benefits.
- Ordinarily the administering authority's default approach for bulk transfers out (or in) will be to propose (or accept) that the transfer value is calculated using ongoing assumptions based on the employer's share of fund assets (capped at 100% of the value of the liabilities). The fund will retain the discretion to amend the bulk transfer basis to reflect the specific circumstances of each transfer – including (but not restricted to):
    - the use of cessation assumptions where unsecured liabilities are being left behind;
    - where a subset of an employer's membership is transferring (in or out), the fund may consider an approach of calculating the bulk transfer payment as the sum of CETVs for the members concerned; or
    - where transfer terms are subject to commercial factors.
- Where an entire employer is transferring in or out of the fund the bulk transfer should equal the asset share of the employer in the transferring fund regardless of whether this is greater or lesser than the value of past service liabilities for members.
- There may be situations where the fund accepts a transfer in amount which is less than required to fully fund the transferred in benefits on the fund's ongoing basis (e.g. where the employer has suitable strength of covenant and commits to meeting that shortfall over an appropriate period). In such cases the administering authority reserves the right to require the receiving employer to fund this shortfall (either by lump sum or by increasing in ongoing employer contributions) ahead of the next formal valuation.
- Any shortfall between the bulk transfer payable by the fund and that which the receiving scheme is prepared to accept must be dealt with outside of the fund, for example by a top up from the employer to the receiving scheme or through higher ongoing contributions to that scheme.
- Service credits granted to transferring scheme members should fully reflect the value of the benefits being transferred, irrespective of the size of the transfer value paid or received.

G6 Policy

The following summarises the various scenarios for bulk transfers in or out of the fund, together with the administering authority's associated policies.

Inter-fund transfer (transfer between the fund and another LGPS fund)

Scenario	Bulk transfer mechanism	Policy	Methodology
In	< 10 members – GAD guidance	CETVs in accordance with GAD guidance.	On receipt of a transfer value (calculated in line with the CETV transfer out formulae), the fund will award the member a pension credit on a day-for-day basis.
	10 or more members – Regulation 103 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the fund and the transferring fund (and their two actuaries) may agree to a negotiated bulk transfer arrangement. However, where agreement cannot be reached: **Actives only transferring:** CETVs in accordance with GAD guidance using transferring fund's actual fund returns for roll up to date of payment (rather than the interest applied for standard CETV's). This will be capped at 100% of the liabilities, calculated on an ongoing basis at the transfer date. **All members transferring (i.e. all actives, deferred and pensioners):** Receive all assets attributable to the membership within the transferring scheme.	The fund's default policy is to accept a transfer value that is at least equal to the total of the individual CETVs calculated using the Club transfer-out formulae. The fund will consult with the scheme employer whose funding position will be impacted by the transfer before agreeing to a negotiated bulk transfer arrangement. Pension credits will be awarded to the transferring members on a day-for-day basis.
Out	< 10 members – GAD guidance	CETVs in accordance with GAD guidance.	The transfer value paid to the receiving fund will be calculated in line with the CETV transfer-out formulae.
	10 or more members – Regulation 103 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the fund and the receiving fund (and their two actuaries) may agree to a negotiated bulk transfer arrangement. However, where agreement cannot be reached: **Actives only transferring (i.e. remaining members left behind):** CETV in accordance with GAD guidance using transferring fund's actual fund returns for roll-up to date of payment (rather than the interest applied for standard CETV's). **All actives transferring (i.e. deferred and pensioner members left behind):** Assets will be retained by the fund to cover the liabilities of the deferred and pensioner members calculated using the fund's cessation assumptions. The residual assets will then be transferred to the receiving scheme. **All members transferring (i.e. all actives, deferred and pensioners):**	The fund's default policy is to offer a transfer value that is equal to the total of the individual CETV calculated using the Club transfer-out formulae. The fund will consult with the scheme employer whose funding position will be impacted by the transfer before agreeing to a negotiated bulk transfer arrangement. The fund retains discretion to amend this to reflect specific circumstances of the situation.

Scenario	Bulk transfer mechanism	Policy	Methodology
		Transfer all assets attributable to the membership to the receiving scheme.	

Club Scheme

Scenario	Bulk transfer mechanism	Policy	Methodology
In	Club Memorandum	The Club mechanism ensures the pension credit in the fund provides actuarially equivalent benefits.	The pension credit awarded to members transferring in will be calculated in line with the Club transfer-in formulae.
Out	Regulation 98 of the Local Government Pension Scheme Regulations 2013 or Club Memorandum	Where agreement can be reached, the fund and the receiving scheme (and their two actuaries) may agree to a negotiated bulk transfer arrangement. Or Where agreement cannot be reached, revert to the Club transfer out formulae in accordance with GAD guidance.	The fund's default policy is to offer the receiving scheme transfers out calculated using ongoing assumptions based on the ceding employer's share of fund assets (capped at 100% of the liability value). Discretion exists to amend this to reflect specific circumstances of the situation.

Admin

Broadly Comparable Scheme or non-Club scheme

Scenario	Bulk transfer mechanism	Policy	Methodology
In	GAD guidance	Non-Club transfer in formulae in accordance with GAD guidance	The pension credit awarded to members transferring in will be calculated in line with the non-Club transfer in formulae.
Out	1 member only – GAD guidance	CETV in accordance with GAD guidance	The transfer value paid to the receiving scheme will be calculated in line with the CETV transfer-out formulae.
	2 or more members – Regulation 98 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the fund and the receiving scheme (and their two actuaries) may agree to a negotiated bulk transfer arrangement. Or Where agreement cannot be reached, revert to cash equivalent transfer values under GAD guidance	The fund's default policy is to offer the receiving scheme transfers out calculated in line with the CETV transfer-out formulae. The fund retains discretion to amend this to reflect specific circumstances of the situation.

G7 Practicalities and process

Format of transfer payment

Ordinarily payment will be in cash.

A deduction from the bulk transfer will be made for any administration, legal and transaction costs incurred by the fund as a result of having to disinvest any assets to meet the form of payment that suits the receiving scheme.

Impact on transferring employer

Any transfer out or in of pension rights may affect the valuation position of the employer and consequently their individual contribution rate.

The fund will agree with the transferring employer how this change is dealt with. Though it is likely this will be through adjustments to its employer contribution rate, the fund may require a lump sum payment or instalments of lump sums to cover any relative deterioration in past service funding position, for example where the deterioration in position is a large proportion of its total notional assets and liabilities. Where the transfer is small relative to the employer’s share of the fund, any adjustment may be deferred to the next valuation.

Consent

Where required within the Regulations, for any bulk transfer the administering authority will ensure the necessary consent is obtained from each individual eligible to be part of the transfer.

Approval process

The fund will normally agree to bulk transfers into or out of the fund where this policy is adhered to.

Non-negotiable

It should be noted that, as far as possible, the fund’s preferred terms on bulk transfers are non-negotiable. Any differences between the value the fund is prepared to pay (or receive) and that which the other scheme involved is prepared to accept (or pay) should be dealt with by the employers concerned outside the fund.

Costs

Actuarial and other professional costs will be recharged to the employer.

Appendix H – Salary strain policy

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

H1 Introduction

The purpose of this policy is to set out the administering authority's approach to monitoring the strain on the fund if employers award salary increases that are higher than assumed at the most recent valuation.

H2 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- Employers with final salary linked benefits increasing faster than expected will meet the additional cost on an annual basis
- The fund is protected from employers not able to meet additional pension costs at each triennial valuation arising from higher-than-assumed salary growth.

H3 Background

New benefits earned by active members are revalued in line the Consumer Price Index (CPI) and determined by the regulations. Members with benefits accrued before 1 April 2014 maintain a link to their final salary until they leave the scheme or retire. At each valuation the fund actuary values these final salary linked benefits using an assumption about the rate of salary increases relative to CPI, plus a promotional salary scale.

If salary increases are higher in any year than assumed for the year (using the ongoing inflation assumption, updated for current market conditions) then the value of the liability associated with those benefits will be higher than expected. This is called salary growth strain. **It is related solely to the final salary linked benefits of active members.** In isolation, this worsens the employer's funding position, and the shortfall has to be recovered through higher employer contributions.

This shortfall may be revalued at each actuarial valuation but this creates a risk for the fund that the employer is not able to meet the higher costs from that point. Instead, the employer will be asked to make salary growth strain payments on an annual basis, if necessary, to minimise the likelihood of an unmanageable deficit accumulating.

H5 Statement of Principles

The fund will monitor the actual salary increases awarded by each participating employer.

- the employer will be required to pay any salary growth strain as an immediate lump sum payment.
- if salary growth has been lower than expected then there will be no payment or refund of contributions to the employer.
- if salary growth in a year has been lower than expected then the (negative) salary growth strain may be offset against any future year up to the next actuarial valuation date.
- if the overall impact of salary growth between valuations is a gain (i.e. a lower liability) then this will be reflected in the overall funding position at the next actuarial valuation, contributing towards a reduction in the total contribution rate (all other things being equal).

H6 Policy

The salary growth assessment will be carried out for each financial year, i.e. 1 April to 31 March.

All employers are covered by the salary growth strain mechanism and will be required to make a strain payment if requested.

H7 Practicalities and process

The administering authority will provide membership data to the fund actuary for all members who have been active in the Fund over the year. The actuary will compare each member's salary at the assessment date to the salary at the previous assessment date, allowing for part years where necessary.

The fund actuary considers both the inflationary element of salary growth and the impact of the promotional salary scale. The inflationary growth element will be based on the level of CPI inflation over the financial year plus the margin used at the previous actuarial valuation. The promotional growth element will be that used at the previous actuarial valuation.

The fund actuary will calculate the salary growth strain for each applicable employer and the administering authority will typically recharge the strain amount to each affected employer. The strain amount will be notified to each employer in the fourth quarter of the financial year, and the employer will make the payment within one month. The recharged amount will be offset against any negative salary strain calculated in a previous year, as long as the previous year started after the most recent actuarial valuation.

In the interests of efficiency, the administering authority retains the discretion not to recharge de-minimis amounts.

H8 Costs

The cost of operating the salary growth strain mechanism is met by the administering authority as part of its operating costs.

Appendix I – Academies and Free Schools

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

I1 Introduction

The purpose of this policy is to set out the administering authority's funding principles relating to academies, including free schools, and Multi-Academy Trusts (MATs).

I2 Aims and Objectives

The administering authority's objectives related to this policy are as follows:

- to state the approach for the treatment and valuation of academy liabilities and asset shares on conversion from a local maintained school, if establishing as a new academy or when joining or leaving a MAT
- to state the approach for setting contribution rates for academies and MATs
- to outline the responsibilities of academies seeking to consolidate
- to outline the responsibilities of academies when outsourcing

I3 Background

As described in section 5.2 new academies join the fund on conversion from a local authority school or on creation of new provision. For funding purposes the standard approach is for academies to become stand-alone

I4 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) contains general guidance on Scheme employers' participation within the fund which may be relevant but is not specific to academies.

There is currently a written ministerial guarantee of academy LGPS liabilities, which was reviewed in 2022. This has been further supplemented by the 'DfE Academy Trust LGPS Guarantee policy' of May 2023 (which can be viewed on the GOV.UK website at [DfE local government pension scheme guarantee for academy trusts: pensions policy for outsourcing arrangements - GOV.UK (www.gov.uk)]

Academy guidance from the Department for Education and the Department for Levelling Up, Housing and Communities may also be relevant.

I5 Statement of Principles

This Statement of Principles covers the fund's approach to funding academies and MATs. Each case will be treated on its own merits but in general:

- the fund will seek to apply a consistent approach to funding academies that achieves fairness to the ceding local education authority, MATs and individual academies.
- academies must consult with the fund prior to carrying out any outsourcing activity, including pass-through arrangements. The fund expects academies to ensure that any outsourcing complies with the requirements set out in the 'DfE Academy Trust LGPS Guarantee policy' and confirm to the Fund

that the requirements are met. Where the Guarantee policy terms cannot be met, and no suitable alternative is agreed, the fund may refuse admission of the contractor as an admission body

- the fund's current approach is to treat all academies within a MAT as separate employers, each retaining their own pension risks.

I6 Policies
Admission to the fund

As set out in section 5.2.

Asset allocation on conversion

New academies will be allocated an asset share based on the estimated funding level of the ceding local education authority's (LEA) active members, having first allocated the LEA's assets to fully fund its deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. All liabilities will be assessed on the ongoing funding basis.

Contribution rate

See section 5.2.

I7 Multi-academy trusts
Asset tracking

The fund's current policy is to individually track the asset shares of each academy within the fund.

Academies leaving a MAT (but continuing as an employer)

As set out in section 5.2, if an academy leaves one MAT and joins another in the Norfolk Pension Fund, all active, deferred and pensioner members transfer to the new MAT (or to the SAT if becoming a standalone academy). The individual asset share of that academy (as tracked individually) will be transferred to the new MAT in full, noting that this may be more (or less) than 100% of the transferring liabilities.

I8 Merging of MATs (contribution rates)
If two MATs in the fund merge during the period between formal valuations, the new merged MAT will pay the weighted average of the two certified individual MAT rates until the rates are reassessed at the next formal valuation.

Alternatively, as set out in the fund's contribution review policy (section 2.5) and per Regulation 64 A (1)(b) (iii) the MAT may ask for a contribution review to be carried out. The MAT would be liable for the costs of this review.

I9 Cessations of academies and multi-academy trusts
A cessation event will occur if a current academy or MAT ceases to exist, either as an entity or as an employer in the fund.

The cessation approach will depend on the circumstances:

- If the cessation event occurs due to an academy or MAT merging with another academy or MAT within the fund, all assets, and liabilities from each of the merging entities will be combined and will become the responsibility of the new merged entity.

- If the MAT is split to become/join more than one new/existing employer within the fund, the actuary will calculate a split of the assets and liabilities to be transferred from the exiting employer to the new employers as described in section I7.
- In all other circumstances, and following payment of any cessation debt, the ceasing academy or MAT would be treated the same as any other employer, as described in section 7.5.

I10 Academy consolidations

If an academy or MAT is seeking to merge with another MAT outside of the fund they would need to seek approval from the secretary of state to consolidate their liabilities (and assets) into one LGPS fund.

The fund will generally consider receiving additional academies into the fund as part of a consolidation exercise and will not generally object to academies leaving the fund as part of a logical consolidation exercise.

The fund expects the deferred and pensioner members of any consolidating academy to transfer along with the active members. The academy will transfer out with their own share of the fund assets at the date of transfer. If in surplus; the asset share will not be capped at 100% of the liabilities; if in deficit, the academy will not be required to restore the asset share to 100% of the liabilities before the transfer takes place.

The fund will provide the necessary administrative assistance to academies seeking to consolidate into another LGPS fund. However, the academy (or MAT) will be fully liable for all actuarial, professional, and administrative costs.

I11 Outsourcing

An academy (or MAT) may outsource or transfer a part of its services and workforce to another employer. The employer makes an admission agreement with the fund and becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership.

The contractor will pay towards the LGPS benefits accrued by the transferring members for the duration of the contract, but ultimately the obligation to pay for these benefits will revert to the academy (or MAT) at the end of the contract.

The contribution rate payable by the contractor will be set in line with the policy contained in Appendix F.

It is critical for any academy (or MAT) considering any outsourcing to contact the fund initially to fully understand the administrative and funding implications. The academy should also read and fully understand the fund’s admissions / pass-through policy.

Academies must ensure that the requirements set out in the ‘DfE Academy Trust LGPS Guarantee policy’ are met before completing an outsourcing. Where the Guarantee policy terms cannot be met, and no suitable alternative is agreed, the fund may refuse the contractor entry to the fund as an admission body

I12 Accounting

Academies (or MATs) may choose to prepare combined FRS102 disclosures (e.g. for all academies within a MAT). Any pooling arrangements for accounting purposes may be independent of the funding arrangements (e.g. academies may be pooled for contribution or funding risks but prepare individual disclosures, or vice versa).

Each academy or MAT remains responsible for communicating their own accounting requirements to the fund actuary (or other provider) that is preparing their FRS102 disclosure. . The academy (or MAT) will meet all actuarial, professional, and additional administrative costs, including the cost of providing any information to their auditors.

Appendix J – Contribution reviews

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

J1 Introduction
The purpose of this policy is to set out the administering authority's approach to reviewing contribution rates between triennial valuations.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

J2 Aims and objectives
The administering authority's aims and objectives related to this policy are as follows:

- To provide employers with clarity around the circumstances where contribution rates may be reviewed between valuations.
- To outline specific circumstances where contribution rates will not be reviewed.

J3 Background
The Fund may amend contribution rates between valuations for 'significant change' to the liabilities or covenant of an employer.

Such reviews may be instigated by the fund or at the exceptional request of a participating employer.

Any review may lead to a change in the required contributions from the employer.

J4 Guidance and regulatory framework
Regulation 64 of the Local Government Pension Scheme Regulations 2013 (as amended) sets out the way in which LGPS funds should determine employer contributions, including the following;

- Regulation 64 (4) – allows the administering authority to review the contribution rate if it becomes likely that an employer will cease participation in the fund, with a view to ensuring that the employer is fully funded at the expected exit date.
- Regulation 64A - sets out specific circumstances where the administering authority may revise contributions between valuations (including where a review is requested by one or more employers).

This policy also reflects statutory guidance from the Department for Levelling Up, Housing and Communities on preparing and maintaining policies relating to the review of employer contributions. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board.

J5 Statement of principles
This statement of principles covers review of contributions between valuations. Each case will be treated on its own merits, but in general:

- The administering authority intends to review contributions only in the most exceptional circumstances

- An employer can request a review but must provide evidence of why a review may be justified along with the initial request
- The administering authority reserves the right to review contributions in line with the provisions set out in the LGPS Regulations.
- The decision to make a change to contribution rates rests with the administering authority, subject to consultation with employer(s) during the review period.
- Full justification for any change in contribution rates will be provided to employer(s).
- Advice will be taken from the fund actuary in respect of any review of contribution rates.
- Any revision to contribution rates will be reflected in the Rates & Adjustment certificate.

J6 Policy
Circumstances for review

The fund would consider the following circumstances as a potential trigger for review:

- in the opinion of an administering authority there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner than anticipated at the last valuation;
- an employer is approaching exit from the fund within the next two years and before completion of the next triennial valuation;
- there are changes to the benefit structure set out in the LGPS Regulations which have not been allowed for at the last valuation;
- it appears likely to the administering authority that the amount of the liabilities arising or likely to arise for an employer or employers has changed significantly since the last valuation;
- it appears likely to the administering authority that there has been a significant change in the ability of an employer or employers to meet their obligations (e.g. a material change in employer covenant, or provision of additional security).
- it appears to the administering authority that the membership of the employer has changed materially such as bulk transfers, significant reductions to payroll or large-scale restructuring; or
- where an employer has failed to pay contributions or has not arranged appropriate security as required by the administering authority.

Employer requests

The administering authority will only consider a request from an employer to review contributions in exceptional circumstances. The employer must set out the reasoning for the review (which would be expected to fall into one of the above categories, such as a belief that their covenant has changed materially, or they are going through a significant restructuring impacting their membership).

The administering authority will require additional information to support a contribution review made at the employer's request. The specific requirements will be confirmed following any request and this is likely to include the following:

- a copy of the latest accounts;
- details of any additional security being offered (which may include insurance certificates);
- budget forecasts; and/or
- information relating to sources of funding.

The costs incurred by the administering authority in carrying out a contribution review (at the employer's request) will be met by the employer. These will be confirmed upfront to the employer prior to the review taking place.

J7 Other employers
When undertaking any review of contributions, the administering authority will also consider the impact of a change to contribution rates on other fund employers. This will include the following factors:

- The existence of a guarantor.
- The amount of any other security held.
- The size of the employer's liabilities relative to the whole fund.
- The administering authority will consult with other fund employers as necessary.

J8 Effect of market volatility
Except in circumstances such as an employer nearing cessation, the administering authority will not consider market volatility or changes to asset values as a basis for a change in contributions outside a formal valuation.

J9 Documentation
Where revisions to contribution rates are necessary, the fund will provide the employer with a note of the information used to determine these, including:

Explanation of the key factors leading to the need for a review of the contribution rates, including, if appropriate, the updated funding position.

A note of the new contribution rates and effective date of these.

Details of any processes in place to monitor any change in the employer's circumstances (if appropriate), including information required by the administering authority to carry out this monitoring.

The Rates & Adjustments certificate will be updated to reflect the revised contribution rates.

J10 Related Policies
The fund's approach to setting employer contribution rates is set out within this Funding Strategy Statement, specifically "Section 2 – How does the fund calculate employer contributions?".

Appendix K - Employer exits

Effective date of policy	1 April 2023
Date approved	21 March 2023
Next review	1 April 2025
Summary of changes from previous policy	n/a

K1 Introduction
The purpose of this policy is to set out the administering authority's approach to dealing with circumstances where a scheme employer leaves the fund and becomes an exiting employer (a cessation event).

It should be noted that this policy is not exhaustive. Each cessation will be treated on a case-by-case basis. However, certain principles will apply as governed by the regulatory framework (see below) and the fund's discretionary policies.

K2 Aims and Objectives
The administering authority's aims and objectives related to this policy are as follows:

- To confirm the approach for the treatment and valuation of liabilities for employers leaving the fund.
- To provide information about how the fund may apply its discretionary powers when managing employer cessations.
- To outline the responsibilities of (and flexibilities for) exiting employers, the administering authority, the actuary and, where relevant, the original ceding scheme employer (usually a letting authority).

K3 Background
As described in section 7, a scheme employer may become an exiting employer when a cessation event is triggered e.g. when the last active member stops participating in the fund. On cessation from the fund, the administering authority will instruct the fund actuary to carry out a valuation of assets and liabilities for the exiting employer to determine whether a deficit or surplus exists. The fund has full discretion over the repayment terms of any deficit, and the extent to which any surplus results in the payment of an exit credit.

K4 Guidance and regulatory framework
The Local Government Pension Scheme Regulations 2013 (as amended) contain relevant provisions regarding employers leaving the fund (Regulation 64) and include the following:

- Regulation 64 (1) – this regulation states that, where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the termination date. Further, it requires the Rates & Adjustments Certificate to be amended to show the revised contributions due from the exiting employer
- Regulation 64 (2) – where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the exit date. Further, it requires the Rates & Adjustments Certificate to be amended to show the exit payment due from the exiting employer or the excess of assets over the liabilities in the fund.
- Regulation 64 (2ZAB) – the administering authority must determine the amount of an exit credit, which may be zero, taking into account the factors specified in paragraph (2ZC) and must:
    a) Notify its intention to make a determination to-

    (i) The exiting employer and any other body that has provided a guarantee to the Exiting Employer
    (ii) The scheme employer, where the exiting employer is a body that participated in the Scheme as a result of an admission agreement
  b) Pay the amount determined to that exiting employer within six months of the exit date, or such longer time as the administering authority and the exiting employer agree.

- Regulation (2ZC) – In exercising its discretion to determine the amount of any exit credit, the administering authority must have regard to the following factors-
  a) The extent to which there is an excess of assets in the fund relating to that employer in paragraph (2)(a)
  b) The proportion of this excess of assets which has arisen because of the value of the employer's contributions
  c) Any representations to the administering authority made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 of the Regulations: and
  d) Any other relevant factors

- Regulation 64 (2A) & (2B)– the administering authority, at its discretion, may issue a suspension notice to suspend payment of an exit amount for up to three years, where it reasonably believes the exiting employer is to have one or more active members contributing to the fund within the period specified in the suspension notice.

- Regulation 64 (3) – in instances where it is not possible to obtain additional contributions from the employer leaving the fund or from the bond/indemnity or guarantor, the contribution rate(s) for the appropriate scheme employer or remaining fund employers may be amended.

- Regulation 64 (4) – where it is believed a scheme employer may cease at some point in the future, the administering authority may obtain a certificate from the fund actuary revising the contributions for that employer, with a view to ensuring that the assets are expected to be broadly equivalent to the exit payment that will be due.

- Regulation 64 (5) – following the payment of an exit payment to the fund, no further payments are due to the fund from the exiting employer.

- Regulation 64 (7A-7G) – the administering authority may enter into a written deferred debt agreement, allowing the employer to have deferred employer status and to delay crystallisation of debt despite having no active members.

- Regulation 64B (1) – the administering authority may set out a policy on spreading exit payments.

In addition to the 2013 Regulations summarised above, Regulation 25A of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the Transitional Regulations") give the fund the ability to levy a cessation debt on employers who have ceased participation in the fund (under the previous regulations) but for whom a cessation valuation was not carried out at the time. This policy document describes how the fund expects to deal with any such cases.

This policy also reflects statutory guidance from the Department for Levelling Up, Housing and Communities on preparing and maintaining policies relating to employer exits. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board.

These regulations relate to all employers in the fund.

K5 Statement of Principles
This Statement of Principles covers the fund's approach to exiting employers. Each case will be treated on its own merits but in general:

- it is the fund's policy that the determination of any surplus or deficit on exit should aim to minimise, as far as is practicable, the risk that the remaining, unconnected employers in the fund have to make contributions in future towards meeting the past service liabilities of current and former employees of employers leaving the fund.
- the fund's preferred approach is to request the full payment of any exit debt (an exit payment), which is calculated by the actuary on the appropriate basis (section 7). This would extinguish any liability to the fund by the exiting employer.
- the fund's preferred approach is for subsumption of any remaining liabilities by another employer in the fund i.e. a continuing employer to take over responsibility for any residual liabilities relating to the exiting employer's former deferred and pensioner members.
- the fund's key objective is to protect the interests of the fund, which is aligned to protecting the interests of the remaining employers. A secondary objective is to consider the circumstances of the exiting employer in determining arrangements for the recovery of the exit debt.

K6 Policies
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 as defined in section 7.

Where there is a deficit, payment of this amount in full would normally be sought from the exiting employer. The fund's normal policy is that this cessation debt is paid in full in a single lump sum within 28 days of the employer being notified.

However, the fund will consider written requests from employers to spread the payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation (see section Repayment flexibility on exit payments below).

In circumstances where there is a surplus, the administering authority will determine, at its sole discretion, the amount of exit credit (if any) to be paid to the exiting employer (see section Exit credits below).

K7 Approach to cessation calculations

Cessation valuations are carried out on a case-by-case basis at the sole discretion of the fund depending on the exiting employer's circumstances. However, in general the following broad principles and assumptions may apply, as described in section 7.2 and summarised below:

Type of employer	Cessation exit basis	Responsible parties for unpaid or future deficit emerging
Local Authorities, Police, Fire	Low risk basis[1]	Shared between other fund employers
Colleges & Universities	Low-risk basis	Shared between other fund employers

Type of employer	Cessation exit basis	Responsible parties for unpaid or future deficit emerging
Academies	Low-risk basis	DfE guarantee may apply, otherwise see below
Designating employers[2]	Low-risk basis	Shared between other fund employers (if no guarantor exists) in the funding pool or across all employers
Admission bodies (CABs)	Low-risk basis	Shared between other fund employers (if no guarantor exists)
Admission bodies (TABs)	Ongoing basis / contractor exit basis[3]	Letting authority (where applicable), otherwise shared between other fund employers

[1]Cessation is assumed not to be generally possible, as Scheduled Bodies are legally obliged to participate in the LGPS. In the rare event of cessation occurring (e.g. machinery of Government changes), these cessation principles would apply.

[2] The fund will not typically carry out a cessation valuation when a designating employer ceases, with the residual assets and liabilities remaining in any funding pool in which the employer participated. If there is no pool, the remaining fund employers take on responsibility for any future deficit emerging.

[3]Where a TAB has taken, in the view of the administering authority, action that has been deliberately designed to bring about a cessation event (eg stopping future accrual of LGPS benefits), then the cessation valuation will be carried out on a low-risk basis.

K8 Cessation of academies and multi-academy trusts (MATs)

A cessation event will occur if a current academy or MATs cease to exist as an entity or an employer in the fund.

The cessation treatment will depend on the circumstances:

- If the cessation event occurs due to an academy or MAT merging with another academy or MAT within the fund, all assets and liabilities from each of the merging entities will be combined and will become the responsibility of the new merged entity.
- If an academy or MAT is split into more than one new or existing employers within the fund, the actuary will calculate a split of the assets and liabilities to be transferred from the exiting employer to the new employers. The actuary will use their professional judgement to determine an appropriate and fair methodology for this calculation in consultation with the administering authority.
- In all other circumstances, and following payment of any cessation debt, section 7.5 of the FSS would apply.

Further details are included in the fund's Academies Policy in Appendix I.

Repayment flexibility on exit payments
K9 Deferred spreading arrangement (DSA)

The fund will consider written requests from exiting employers to spread an exit payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation.

In this exceptional case, the fund's policy is:

- The agreed spread period is no more than three years, but the fund could use its discretion to extend this period.
- The fund will require some form of security from the exiting employer, or a guarantee from a suitable employer remaining in the fund.
- The fund may consider factors such as the size of the exit payment and the financial covenant of the exiting employer in determining an appropriate spreading period.
- The exiting employer may be asked to provide the administering authority with relevant financial information such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) etc. to help in this determination.
- Payments due under the DSA may be subject to an interest charge.
- The fund will only consider written requests within six months of the employer exiting the fund. The exiting employer would be required to provide the fund with detailed financial information to support its request.
- The fund would take into account the amount of any security offered and seek actuarial, covenant and legal advice in all cases.
- The fund proposes a legal document, setting out the terms of the exit payment agreement, would be prepared by the fund and signed by all relevant parties prior to the payment agreement commencing.
- The terms of the legal document should include reference to the spreading period, the annual payments due, interest rates applicable, other costs payable and the responsibilities of the exiting employer during the exit spreading period.
- Any breach of the agreed payment plan would require payment of the outstanding cessation amount immediately.
- Where appropriate, cases may be referred to the Pensions Committee for consideration and considered on its individual merit. Decisions may be made by the Chair in consultation with officers if an urgent decision is required between Committee meetings. The Section 151 Officer will sign off any final decision if required to be made between Committee meetings.

Deferred debt agreement (DDA)

The fund's preferred policy is for the spreading of payments, as detailed above, to be followed in the exceptional circumstances where an exiting employer is unable to pay the required cessation payment as a lump sum in full. However, in the event that spreading of payments will create a high risk of bankruptcy for the exiting employer or suitable security can be provided, the fund may exercise its discretion to set up a deferred debt agreement as described in Regulation 64 (7A)).

The employer must meet all requirements on Scheme employers and pay the secondary rate of contributions as determined by the fund actuary until the termination of the DDA. The fund may also review the investment strategy for the employer as result of entering into a DDA.

The administering authority may consider a DDA in the following circumstances:

- The employer requests the fund consider a DDA.
- The employer is expected to have a deficit if a cessation valuation was carried out.

- The employer is expected to be a going concern.
- The covenant of the employer is considered sufficient by the administering authority.

The administering authority will normally require:

- A legal document to be prepared, setting out the terms of the DDA and signed by all relevant parties prior to the arrangement commencing.(including details of the time period of the DDA, the annual payments due, the frequency of review and the responsibilities of the employer during the period).
- Relevant financial information for the employer such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) to support its covenant assessment.
- Security be put in place covering the employer's deficit on their cessation basis and the fund will seek actuarial, covenant and legal advice in all cases.
- Regular monitoring of the contribution requirements and security requirements
- All costs of the arrangement are met by the employer, such as the cost of advice to the fund, ongoing monitoring or the arrangement and correspondence on any ongoing contribution and security requirements.

A DDA will normally terminate on the first date on which one of the following events occurs:

- The employer enrols new active fund members.
- The period specified, or as varied, under the DDA elapses.
- The take-over, amalgamation, insolvency, winding up or liquidation of the employer.
- The administering authority serves a notice on the employer that the administering authority is reasonably satisfied that the employer's ability to meet the contributions payable under the DDA has weakened materially or is likely to weaken materially in the next 12 months.
- The fund actuary assesses that the employer has paid sufficient secondary contributions to cover all (or almost all) of the exit payment due if the employer becomes an exiting employer on the calculation date (ie employer is now largely fully funded on their low-risk basis).
- The fund actuary assesses that the employer's value of liabilities has fallen below an agreed *de minimis* level and the employer becomes an exiting employer on the calculation date.
- The employer requests early termination of the agreement and settles the exit payment in full as calculated by the fund actuary on the calculation date (ie the employer pays their outstanding cessation debt on their cessation basis).

On the termination of a DDA, the employer will become an exiting employer and a cessation valuation will be completed in line with this policy.

Exit credits

The administering authority's entitlement to determine whether exit credits are payable in accordance with these provisions shall apply to all employers ceasing their participation in the fund after 14 May 2018. This provision therefore is retrospectively effective to the same extent as provisions of the Local Government Pension Scheme (Amendment) Regulations 2020.

The administering authority will determine the amount of exit credit to be payable (noting that this could be nil). However, in making a determination, the administering authority will take into account the following factors.

a) the extent to which there is an excess of assets in the fund relating to the employer over and above the liabilities specified.

b) the proportion of the excess of assets which has arisen because of the value of the employer's contributions.

c) any representations to the administering authority made by the exiting employer, guarantor, ceding Scheme Employer (usually the Letting Authority) or by a body which owns, funds or controls the exiting employer; or in some cases, the Secretary of State.

d) any other relevant factors

Admitted bodies

i. The fund will consider paying an exit credit in respect of admissions who joined the fund before 14 May 2018 unless it is subject to a risk sharing arrangement as per paragraph iii) below. Prior to this date, the payment of an exit credit was not permitted under the Regulations and this may have been reflected in the commercial terms agreed between the admission body and the letting authority/awarding authority/ceding employer. This will also apply to any pre-14 May 2018 admission which has been extended or 'rolled over' beyond the initial expiry date and on the same terms that applied on joining the fund.

ii. No exit credit will not be payable to any admission body who participates in the fund via the mandated pass-through approach. For the avoidance of doubt, whether an exit credit is payable to any admission body who participates in the fund via the "Letting employer retains pre-contract risks" route is subject to its risk sharing arrangement, as per paragraph iii) below. Note that this decision remains as a discretion by the administering authority, who will decide on a case-by-case basis.

iii. The fund will make an exit credit payment in line with any contractual or risk sharing agreements which specifically covers the ownership of exit credits/cessation surpluses or if the admission body and letting authority have agreed any alternative approach (which is consistent with the Regulations and any other legal obligations). This information, which will include which party is responsible for which funding risk, must be presented to the fund in a clear and unambiguous document with the agreement of both the admission body and the letting authority/awarding authority/ceding employer and within one month (or such longer time as may be agreed with the administering authority) of the admission body ceasing participation in the fund.

iv. In the absence of this information or if there is any dispute from either party with regards interpretation of contractual or risk sharing agreements as outlined in iii), the fund will withhold payment of the exit credit until such disputes are resolved and the information is provided to the administering authority.

v. Where a guarantor arrangement is in place, but no formal risk-sharing arrangement exists, the fund will consider how the approach to setting contribution rates payable by the admission body during its participation in the fund reflects which party is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.

vi. If the admission agreement ends early, the fund will consider the reason for the early termination, and whether that should have any relevance on the fund's determination of the value of any exit credit payment. In these cases, the fund will consider the differential between employers' contributions paid (including investment returns earned on these monies) and the size of any cessation surplus.

vii. If an admission body leaves on a low-risk basis (because no guarantor is in place), then any exit credit will normally be paid in full to the employer.

viii. The decision of the fund is final in interpreting how any arrangement described under iii), v), vi) and vii) applies to the value of an exit credit payment.

Scheduled bodies and designating bodies

i. Where a guarantor arrangement is in place, but no formal risk-sharing arrangement exists, the fund will consider how the approach to setting contribution rates payable by the employer during its participation in the fund reflects which party is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.

ii. Where no formal guarantor or risk-sharing arrangement exists, the fund will consider how the approach to setting contribution rates payable by the employer during its participation in the fund reflects the extent to which it is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.

iii. The decision of the fund is final in interpreting how any arrangement described under i) and ii) applies to the value of an exit credit payment.

iv. If a scheduled body or designating body becomes an exiting employer due to a reorganisation, merger or take-over, then no exit credit will be paid.

v. If a scheduled body or resolution body leaves on a low-risk basis (because no guarantor is in place), then any exit credit will normally be paid in full to the employer.

General

i. The fund will advise the exiting employer as well as the letting authority and/or other relevant scheme employers of its decision to make an exit credit determination under Regulation 64.

ii. Subject to any risk sharing or other arrangements and factors discussed above, when determining the cessation funding position the fund will generally make an assessment based on the value of contributions paid by the employer during their participation, the assets allocated when they joined the fund and the respective investment returns earned on both.

iii. The fund will also factor in if any contributions due or monies owed to the fund remain unpaid by the employer at the cessation date. If this is the case, the fund's default position will be to deduct these from any exit credit payment.

iv. The final decision will be made by the Director of Pensions, in conjunction with advice from the fund's actuary and/or legal advisors where necessary, in consideration of the points held within this policy.

v. The fund accepts that there may be some situations that are bespoke in nature and do not fall into any of the categories above. In these situations the fund will discuss its approach to determining an exit credit with all affected parties. The decision of the fund in these instances is final.

vi. The guidelines above at point v) in the 'Admitted bodies' section, and at points i) and ii) in the 'Scheduled bodies and designating bodies' section, make reference to the fund 'considering the approach to setting contribution rates during the employer's participation'. The different funding approaches, including the parameters used and how these can vary based on employer type, are covered in detail in Table 2 (section 2.3). Considering the approach taken when setting contribution rates of the exiting employer may help the fund to understand the extent to which the employer is responsible for funding the underlying liabilities on exit. For example, if contribution rates have always been based on ongoing assumptions then this may suggest that these are also appropriate assumptions for exit credit purposes (subject to the other considerations outlined within this policy). Equally, a shorter or longer than usual funding time horizon or lower than usual probability of success parameter may reflect underlying commercial terms about how responsibility for pension risks is split between the employer and its guarantor. For the avoidance of doubt, each exiting employer will be considered in the round alongside the other factors mentioned above.

Disputes

In the event of any dispute or disagreement on the amount of any exit credit paid and the process by which that has been considered, the appeals and adjudication provisions contained in Regulations 74-78 of the LGPS Regulations 2013 would apply.

Practicalities and process
Responsibilities of ceasing employers

An employer which is aware that its participation in the fund is likely to come to an end must:

- advise the fund, in writing, of the likely ending of its participation (either within the terms of the admission agreement in respect of an admission body (typically a three month notice period is required) or otherwise as required by the Regulations for all other scheme employers). It should be noted that this includes closed employers where the last employee member is leaving (whether due to retirement, death or otherwise leaving employment).
- provide any relevant information on the reason for leaving the fund and, where appropriate, contact information in the case of a take-over, merger or insolvency.
- provide all other information and data requirements as requested by the administering authority which are relevant, including in particular any changes to the membership which could affect the liabilities (eg salary increases and early retirements) and an indication of what will happen to current employee members on cessation (eg will they transfer to another fund employer, will they cease to accrue benefits within the fund, etc.).

Responsibilities of Administering Authority

The administering authority will:

- gather information as required, including, but not limited to, the following:
    - details of the cessation - the reason the employer is leaving the fund (ie end of contract, insolvency, merger, machinery of government changes, etc.) and any supporting documentation that may have an effect on the cessation.
    - complete membership data for the outgoing employer and identify changes since the previous formal valuation.
    - the likely outcome for any remaining employee members (eg will they be transferred to a new employer, or will they cease to accrue liabilities in the fund).
- identify the party that will be responsible for the employer's deficit on cessation (ie the employer itself, an insurance company, a receiver, another fund employer, guarantor, etc.).
- commission the fund actuary to carry out a cessation valuation under the appropriate regulation.
- where applicable, discuss with the employer the possibility of paying adjusted contribution rates that target a 100% funding level by the date of cessation through increased contributions in the case of a deficit on the cessation basis or reduced contributions in respect of a surplus.

- where applicable, liaise with the original ceding employer or guarantor and ensure it is aware of its responsibilities, in particular for any residual liabilities or risk associated with the outgoing employer's membership.
- having taken actuarial advice, notify the employer and other relevant parties in writing of the payment required in respect of any deficit on cessation and pursue payment.

Payment of an exit credit

- If the actuary determines that there is an excess of assets over the liabilities at the cessation date, the administering authority will act in accordance with the exit credit policy above. If payment is required, the administering authority will advise the exiting employer of the amount due to be repaid and seek to make payment within six months of the exit date. However, in order to meet the six month timeframe, the administering authority requires prompt notification of an employers' exit and all data requested to be provided in a timely manner. The administering authority is unable to make any exit credit payment until it has received all data requested.
- At the time this policy was produced, the fund has been informed by HMRC that exit credits are not subject to tax. However, all exiting employers must seek their own advice on the tax and accounting treatment of any exit credit.

Responsibilities of the actuary

Following commission of a cessation valuation by the administering authority, the fund actuary will:

- calculate the surplus or deficit attributable to the outgoing employer on an appropriate basis, taking into account the principles set out in this policy.
- provide actuarial advice to the administering authority on how any cessation deficit should be recovered, giving consideration to the circumstances of the employer and any information collected to date in respect to the cessation.
- where appropriate, advise on the implications of the employer leaving on the remaining fund employers, including any residual effects to be considered as part of triennial valuations.

Appendix X

Norfolk Pension Fund

Customer Care and
Communication Strategy Statement
September 2023

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.

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

- 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 telephone, email, surface mail, internet, social media, paper publications, face to face conversations and meetings, seminars, road shows, attendance at conferences and other forums.

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

Martin Storey

Brian Watkins

District County Councillors

John Fuller

Paul Hewett

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 Director of Strategic Finance, 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	Vacancy (Trade Union)
Scheme Employer Representative	Liz Marsham (Levying/precepting employers)
Scheme Employer Representative	Vacancy (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 (32,063)
People currently in the employment of a participating employer.

Deferred members (40,379)
People who have left the employment of a participating employer, but who have not yet retired.

Pensioner members (29,762)
People in receipt of a pension from the Norfolk Pension Fund.
(Membership numbers as at 31 March 2023)

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…	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 or discuss their LGPS pension face to face at a Pension Clinic.	✓	✓	✗
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 Planning Course The Pension Fund supports a Pre-Retirement Planning Course, to help members approaching retirement prepare for the financial and lifestyle changes retirement brings. The course is delivered virtually via MS Teams.	✓	✗	✗
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.

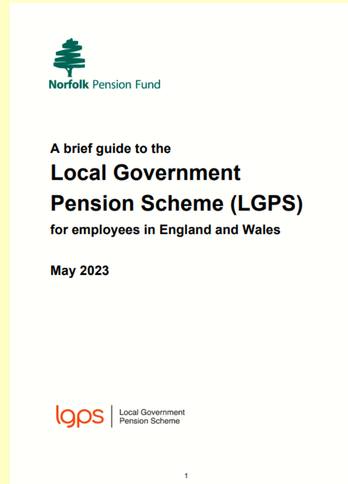
Some members will have circumstances that may make it appropriate to opt out of the Fund.

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)'.


Norfolk Pension Fund

A brief guide to the
Local Government Pension Scheme (LGPS)
for employees in England and Wales

May 2023

lgps Local Government Pension Scheme

1

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 2023, the Norfolk Pension Fund had 429 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 hybrid Employer Forums (delivered face to face and virtually) 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.

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 Director of Strategic Finance,
Harvey Bullen

Head of Service

Director of the Norfolk Pension Fund,
Glenn Cossey, leads the Service.

Administration Management

Pensions Manager, Debra Keeling, and her 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

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

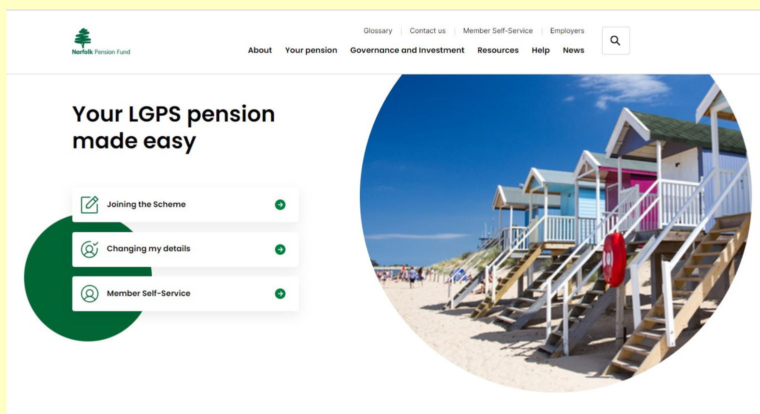
Pensions Committee	Four times a year
Pensions Oversight Board	Four times a year
Employer Forum and webinars	Approximately four a year
Annual Meeting and Pension Clinics	October/November
Pre-Retirement Planning Course	Bi-monthly
Norfolk Pension Fund member roadshow	As requested
Induction sessions for 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 March 2024

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 **Director of Strategic Finance**
- 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	Martin Storey
	Norfolk County Councillor	Brian Watkins
	District Councillor (elected by the Local Government Association)	John Fuller
	District Councillor (elected by the Local Government Association)	Paul Hewett
	Staff Representative	Steve Aspin
Other attendees	Administrator of the Fund (Director of Strategic Finance)	Harvey Bullen
	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.

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	Vacancy Trade union
Scheme Employer Representative	Liz Marsham Levying/precepting employer
Scheme Employer Representative	Vacancy 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.

Director of Strategic Finance

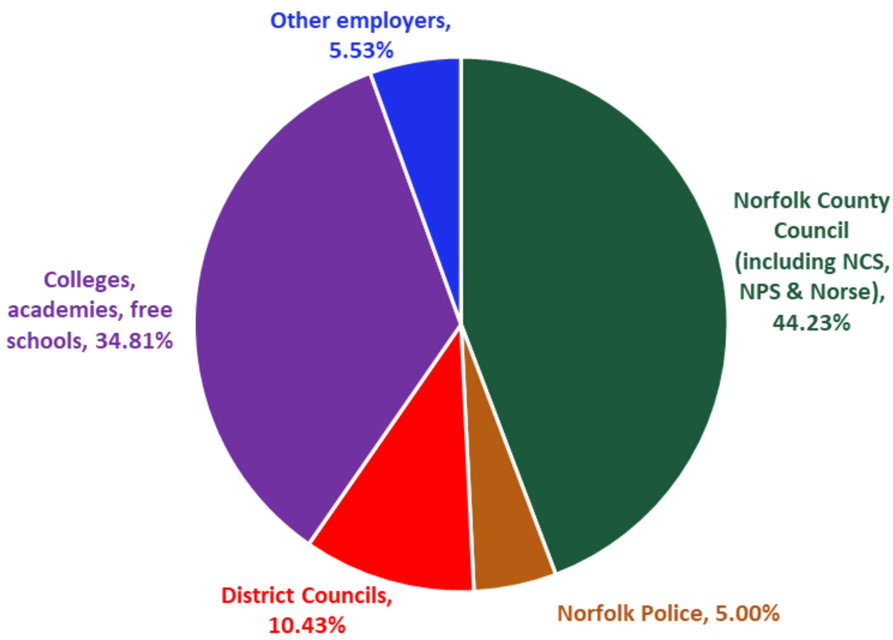
- The **Director of Strategic Finance** is Norfolk County Council's Chief Finance Officer and Section 151 Officer
- As Administrator of the Fund he is responsible for:
    - The administration and financial accounting of the Fund
    - The preparation of the Pension Fund Annual Statement of Accounts

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

Active Membership Breakdown by Employer as at 31 March 2023*



*Subject to change in final Fund Accounts

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 2023

430 Contributing Employers

28,536 Pensioners

(members in receipt of a pension from the Fund)

29,153 Active members

(members who are currently in the employment of a participating employer)

40,300 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

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

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.

Postal Address Only:
Norfolk Pension Fund
County Hall
Martineau Lane
NORWICH
NR1 2DH
www.norfolkpensionfund.org

Pensions Administration
Telephone: 01603 495923
Fax: 01603 495795
Email: pensions@norfolk.gov.uk

Online, Technical and i-Connect Queries
Telephone: 01603 222132
Email: pensions.technical@norfolk.gov.uk

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

<u>Postal Address Only:</u>

Norfolk Pension Fund

County Hall

Martineau Lane

NORWICH

NR1 2DH

www.norfolkpensionfund.org

Pensions Administration

Telephone: 01603 495923

Email: pensions@norfolk.gov.uk

Online, Technical and i-Connect Queries

Telephone: 01603 222132

Email: pensions.technical@norfolk.gov.uk

If you would like this guide in large print, audio, Braille, alternative format or in a different language, please email pensions@norfolk.gov.uk or call 01603 222824.