



Notes of the Norfolk Pension Fund Pensions Oversight Board meeting held on Thursday 9 September 2021.

Present:

Chairman

Brian Wigg

Employer Representatives

No representative was present

Scheme Member Representatives

John Harries

Active / Deferred Member

Peter Baker

Pensioner Member

Also Present

Jo Quarterman

Business Development and Project Manager, Norfolk Pension Fund

Glenn Cossey

Director of the Norfolk Pension Fund

Claire Bunn

Client Manager, Norfolk Audit Services

Christine Brennan

Pension Fund Project Officer.

Tim Shaw

Committee Clerk

1. Welcome and Introduction

- 1.1 The Chairman welcomed all those present to this “virtual” Teams meeting of the Pensions Oversight Board.

Those who were not regular attendees who were welcomed to the meeting included Claire Bunn (Client Manager, Norfolk Audit Services) and Christine Brennan (Pension Fund Project Officer).

2 Apologies for Absence

- 2.1 Apologies for absence were received from Debbie Beck (Norfolk County Council), Rachel Farmer (Trade Union), Howard Nelson (DNEAT) and Cllr Chris Walker (Poringland Parish Council).

3. Minutes

- 3.1** The Board was unable to confirm the minutes of its previous meeting because this was an informal, inquorate meeting. Informal notes were being taken of today's meeting and a report of the proceedings would be presented to the next meeting of the Pensions Committee.
- 3.2** The POB would be able to confirm the minutes of its previous formal meeting and to receive the notes of today's informal meeting when it next met on 11 November 2021.

4. Declarations of Interest

- 4.1** There were no declarations of interest.

5 Items of Urgent Business

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

6 Feedback from the Pensions Committee meeting on 6 July 2021 and items to be raised at the 5 October 2021 meeting.

- 6.1** The POB noted that today's meeting would be the subject of a report to the Pensions Committee on 5 October 2021
- 6.2** The Board were informed that at its meeting on 6 July 2021 the Pensions Committee had received a report on the need to procure Actuarial, Benefit and Governance Consultancy Services. The current contract for Actuarial Services expired at the end of December 2021. The procurement was via further competition under the latest national LGPS framework for Actuarial, Benefit and Governance Consultancy Services. The outcome of the procurement process would be reported to the next meeting of the Pensions Committee on 5 October 2021.
- 6.3** The July meeting of the Pensions Committee had also received an update on the global equity review. There would be an opportunity to consider this matter further at a workshop that had been arranged for Members of POB and of Pensions Committee about the Norfolk Pension Fund Environmental Social and Governance Approach (ESG) that would be held virtually on 15 September 2021 prior to this issue being considered at Pensions Committee on 5 October 2021.
- 6.4** In reply to questions, it was noted that AON plc (a large British multinational company that provided a broad range of financial services to the pensions industry, including Actuarial, Benefit and Governance Consultancy Services) had no contractual relationship with the Norfolk Pension Fund but did provide services to the LGPS. AON plc provided informative newssheets and other literature for those on their mailing lists which could be seen from the AON plc

newsletter that was provided as background information with the agenda papers for this meeting. POB Members were free to sign up with AON plc (or other such companies) to receive newsletters of this kind as an additional source of information should they wish to do so.

7 Operational Update (including ACCESS)

7.1 POB received a presentation led by Glenn Cossey on Norfolk Pension Fund operational issues, including updates on ACCESS and day to day operations.

The operational update included:

- Staff wellbeing
- It was noted that face to face training and development for Norfolk Pension Fund staff would be a priority for the Autumn. Steps continued to be taken with corporate HR to fill Norfolk Pension Fund staff vacancies.
- New Website
- The Board was updated on plans for a new website that met with accessibility guidelines and user experiences. POB Members had previously contributed to the plans for this website. In reply to questions, it was pointed out that all stakeholders were being kept informed of developments about the website through newsletters/publications. The new website was expected to go live in the Autumn and a demonstration of how it worked could be shown to Board Members at a future meeting.
- A second edition of primetime would be issued in the Autumn as a replacement for the annual meeting for retired members which was not possible due to Covid-19 restrictions.
- Day to day admin operations, incl. latest performance data and smarter working
 - Annual Benefit Statements were published online by 31 August and paper copies were due to be posted to active and deferred members on 18 September 2021.
 - The publication of the Annual Benefit Statements generated a significant amount of work for the admin team each year.
 - An announcement regarding the award of the contract for Actuarial, Benefit and Governance Consultancy Services would be made at the Pensions Committee.
 - The first public face to face meeting of ACCESS since the start of the pandemic was held recently in London. The agenda and supporting papers would be circulated to POB and Pensions

Committee Members shortly. It was noted that ACCESS were planning to have their own ESG workshop sometime in late Sept/ early Oct.

- It was noted that key operational performance indicators were all at green.
- As part of smarter working throughout Norfolk County Council, the Norfolk Pension Fund would be consulting with scheme members, employers, teams and individuals about how its services should be delivered in the future and. An item would be placed on the agenda for the Pensions Committee in October 2021 with the aim of taking recommendations to Pensions Committee in December 2021. In reply to questions, it was pointed out that POB at its meeting on 11 November 2021 would be provided with an opportunity to consider data gathered and contribute to proposals.

8 Strategic Review Update

8.1 POB received an update on the implementation of the new pension administration system and rollout to Employers and Scheme Members as well as other strategic review workstreams.

8.2 The presentation provided an update on the following:

- People, Development and Career Paths.
- Administration
- Governance. This included the recruitment for a new post of Governance Manager that was advertised as a six-month secondment.
- Management Team Structure
- Employer Services. This work was being led by Alex Younger, supported by Hymans
- The new Member Self-Service software was expected to be launched at the same time as the new website and would include options for member login to self service activities.
- Strategic Engagement and Delivery

9 LGPS Reform

9.1 POB received an update about the ongoing national reform programme and other issues within the LGPS.

9.2 The presentation provided an update on the following regulatory reforms update and impact:

- £95k payment cap and reform.
- McCloud –Government guidance was published in July 2021.

This enabled software providers to move forward with the development of admin software that took account of McCloud re-calculations, expected to be implemented in April 2022.

- Climate risk and monitoring
- RI objectives and beliefs
- Good Governance
- The TPR revised code—the consultation with interested parties on the implications for the LGPS had generated over 10,000 responses. The new code was expected to be drafted in summer 2022. The public sector had raised concerns about whether all the modules within the new single code applied to the public sector and (in particular) to the LGPS. The draft code included reference to governing bodies which did not easily always map across to the LGPS.
- Pensions Dashboard Programme - Work was progressing on this single source of pensions information for individuals. Public sector schemes were expected to be included sometime between April 2023 and April 2025. The AON plc newsletter circulated with the agenda papers included details about how the dashboard would work in practice.
- Stewardship Code

10 Internal Audit

10,1 Claire Bunn, Client Manager, Norfolk Audit Services, gave the Board an overview of internal audit services.

10.2 The presentation covered the difference between Internal and External Audit, and the role of Norfolk Audit Services within the Norfolk Pension Fund governance framework.

10.3 Internal Audit:

Provided an opinion about the internal controls, which included processes, procedures, governance, compliance with laws and regulations and training/knowledge of staff.

External Audit:

Provided an opinion about whether the financial statements are true and fair by examining the financial records.

10.4 Annual audit planning involved:

- Risk based researching for possible audit topics
- Meeting with Norfolk Pension Fund Senior Leadership Team
- Producing an Audit Plan for approval by the Pension Committee

10.5 Individual audit planning involved:

- Meeting with the Senior Manager responsible for the area
- Performing background reading
- Producing a Terms of Reference
- Obtaining an understanding about the key controls in place

10.6 Examples of some controls within the Norfolk Pension Fund: -

- The Norfolk Pension Fund had documented procedure in place for processing Retirements.
- Staff received training about Cyber security and were fully aware of their roles and responsibilities.
- The Senior Leadership team held monthly meetings to monitor Key performance Indicators (KPIS)
- A request for a transfer out value was received; the value was calculated by one person then re-performed or checked by another person.

10.7 Perform tests to confirm the controls were working as expected

- Selection of sample to be tested
- TeamMate+ used to document their work
- Audits being performed remotely now –using TEAMS
- Feedback Meeting

10.8 Draft Reports produced for the Senior Manager

- The Report details the assurance obtained and areas for improvement
- An action plan for each finding is obtained, including who and when
- Final Report is issued
- Pension Oversight Board receives copies of final reports.

10.9 Key messages were reported in the Norfolk Pension Fund Annual Report to Pensions Committee, a report to the Council's Audit Committee, in the Council's Annual Governance Statement and in assurances to the External Auditor ISA (240) letter.

10.10 POB placed on record thanks to Claire Bun, Client Manager, Norfolk Audit Services for the presentation.

11 Cyber Security

11.1 POB received an update on Cyber Security Management which was a high risk for pension funds generally. Christine Brennan, Pension Fund Project Officer had worked on the Norfolk Pension Fund response and helped produce an action plan and joined the meeting for this item.

11.2 The presentation identified the following specific risks which had been considered at a recent training session:

- Hacking (Funds/3rdparty suppliers)
- Loss/theft of computer hardware
- Disclosure of info to unauthorised persons
- Ransomware (criminals demand ransom to unblock services)
- Phishing scams
- Viruses or malware attacks

11.3 The presentation also identified:

- Those who were affected by cyber security
- Roles and responsibilities of the Administering Authority/Members/Employers/Third-party suppliers/ Pensions Regulator
- TPR's cyber risk assessment
- TPR draft single code of practice
- The process/cyber footprint/ risks and control measures.
- Assessing cyber resilience was an ongoing process
- Success depends on positive engagement from all parties
- TPR's cyber risk assessment and draft single code of practice

11.4 The Board noted that the Norfolk Pension Fund had completed a Cyber Security Review which evaluated compliance with internal / external best practice and identified areas of further work that had been audited by Norfolk Audit Services. Evidence of the work undertaken by the Norfolk Pension Fund (including working documents) were included with the agenda papers for this meeting.

11.5 In response to questions, it was noted that the Norfolk Pension Fund had engaged with Norfolk County Council ICT and National Cyber Security Centre advice before the procurement of new pensions software and was ensuring regular system control tests and safeguards were in place.

12 Internal Audit report- Cyber security

12.1 The Board noted the findings and recommendations of the internal audit report on cyber security which did not identify any issues of significant concern that needed to be addressed.

13 Risk Management

13.1 POB received the latest risk update and heat map as presented to the July meeting of the Pensions Committee. It was noted that there had been no significant movement in the risk register since the heat map was last reported to the Board. However, some risks had been downgraded and one risk (the implications of Brexit) taken off the register.

13.2 The risk register was continually updated and reported regularly to POB and Pensions Committee and would be updated in time for the October 2021 meeting of the Pensions Committee.

13.3 In reply to questions, it was pointed out that the risk caused by a lack of skilled resources cut across all three of the areas of high risk that were managed by the Norfolk Pension Fund. This was an issue that all the LGPS faced generally. The Norfolk Pension Fund were working with HR to address this, including developing career families and career paths.

14 Knowledge, Skills and Training

14.1 POB received an update about plans for Knowledge, Skills and Training which included:

- ESG Workshop 15 September 2021—to which POB Members were invited. This would include a presentation by ACCESS in this area of work. The workshop would be recorded for those who were unable to attend and circulated to POB members with any slides or other supporting information.
- Hymans Online Academy—this, online, modular training resource allowed for the development and recording of knowledge and skills. All POB and Pensions Committee Members along with a limited number of officers could access this useful training resource.

15 Forward Work Programme

15.1 It was agreed that the forward work programme should include:

- Pensions Admin Software – the implications for scheme members and employers. Mark Alexander (Pensions Manager) to be asked to provide an update at the next meeting.
- New Employer Services team—this was identified on the risk register. Alex Younger Head of Funding and Investment to be asked to provide an update at the next meeting.
- Cybersecurity—an update about ongoing work.
- Smarter Working – an update on progress after Pensions Committee and discussion of the requirements of scheme members and of scheme employers and to consider future service delivery for the Norfolk Pension Fund.

16 Future meetings

The dates were:

11th November 2021

10th February 2022

Chair