



Local Government  
Pension Scheme



**Norfolk** Pension Fund

**Welcome to the**

# **Norfolk Pension Fund Employer Forum**

**Glenn Cossey**  
**Director of the Norfolk Pension Fund**

**8 July 2025**

# Housekeeping

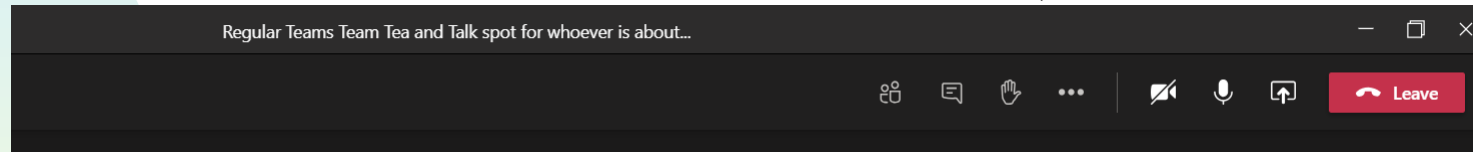


- The webinar is being recorded on MS Teams – a link to the recording will be emailed next week
- You should have already received today's presentation slides, but we will send them again with the recording link
- For those joining virtually, please turn off your microphone and camera
- For those in the room, in the event of a fire alarm, please leave through the Fire Exit (the door you entered through), and turn left out of the building. Please assemble on the grass area at the front the building, outside Main Reception
- We will be having a 20 minute coffee break at about 11.00am.  
We aim to finish at about 12.15pm with a buffet lunch for guests here at The Horizon Centre

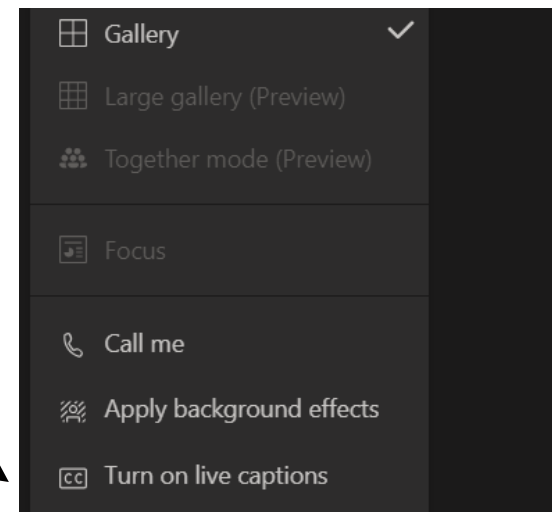
# Accessibility



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



- Then select  
'Turn on live captions'



# Questions



- Virtual - please submit your questions using the 'Meeting chat' facility
- We'll do our best to answer your question during the Forum
- However, if we're unable to address your question today, we'll provide an answer in the email to be circulated with the webinar recording link



# Agenda

- Update on the Triennial Valuation of the Fund

## BREAK

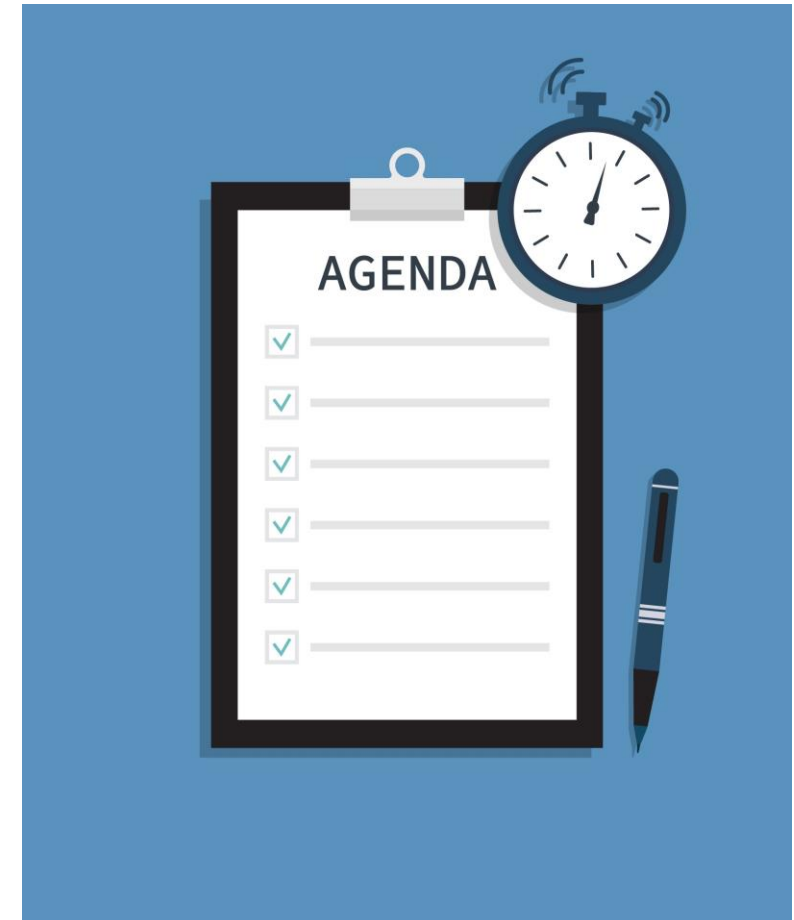
- LGPS Fit for the Future update
- Pension Services Roadmap 2025/2026
- Ask the Panel Q&A session

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

*To arrange a call or virtual meeting please email  
**[pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)***



**Norfolk Pension Fund**



# Norfolk key stats



	2024-25* £000s	2023-24 £000s	Change %
<b>Net assets</b>	5,499,148	5,349,627	2.8%
<b>Contributions &amp; income</b>	221,091	207,955	6.3%
<b>Benefits &amp; payments</b>	201,271	180,814	11.3%
<b>Employers</b>	436	434	0.5%
<b>Total members</b>	108,962	107,083	1.8%
<b>Pensioners</b>	32,389	30,849	5.0%

*\* Unaudited figures*

# A valuable benefit



- **Norfolk Pension Fund**  
**Average pension – January 2025**

## **Pension in own right**

- £5,573 a year

## **Dependants pension**

- £3,430 a year

## **Average pension**

- £5,334 a year

- **Full Basic State Pension 2025-26**

- £11,973 a year

Full Time	
31%	
Male	Female
45%	55%
Part Time	
69%	
Male	Female
14%	86%

## **PLSA Retirement Living Standards**

as at July 2025

### **MINIMUM**

Single person - £13,400

Couple - £21,600

### **MODERATE**

Single person - £31,700

Couple - £43,900

### **COMFORTABLE**

Single person - £43,900

Couple - £60,000

Excludes mortgage, rent and social care costs  
and any tax on pension income

# Efficiency and value for money



- **Own budget**
  - No cross subsidy
  - Savings remain in the Fund
- **CIPFA Benchmarking Club 2023-24**
  - ***Cost per member***  
£19.68 Norfolk Pension Fund  
£26.78 Club average
  - ***Administration***  
Norfolk Pension Fund outperforms Club average in some key areas

## CIPFA Benchmarking Club

Task	Target	Norfolk	Club average
Letter detailing transfer in quote	10 days	<b>95.2%</b>	85.2%
Letter detailing transfer out quote	10 days	<b>93.9%</b>	88.4%
Process and pay refund	10 days	<b>99.9%</b>	91.7%
Initial letter acknowledging death of member	5 days	<b>94.5%</b>	91.5%
Calculate and notify deferred benefits	30 days	<b>93.6%</b>	70.6%



# Devolution and Local Government Reorganisation



**Devolution** is the transfer of power and funding from the national government to local government.

In Norfolk, this will be a new combined strategic authority with Suffolk and a mayor who covers both areas.

- The new Strategic Authority would need to be an employer within either Norfolk or Suffolk Pension Fund

As part of **Local Government Reorganisation**, County and district councils will be replaced by new unitary authorities, which run all services.

- Any change to an Administering Authority (e.g. Norfolk County Council) will involve a transfer of responsibility

# Pensions Oversight Board (POB) vacancy

## Chairman

Brian Wigg

## Employer Representatives

Julie Brown - Levying/precepting employers

Sally Albrow - Norfolk County Council

**Vacancy - Non levying/precepting employers**

## Scheme Member Representatives

Frances Crum - Active/Deferred members

Peter Baker - Retired Members

Robin Konieczny - Trade Union

# EMPLOYERS



# Norfolk Pension Fund

**Employer Forum**

**8 July 2025**

Julie Baillie FFA C.Act

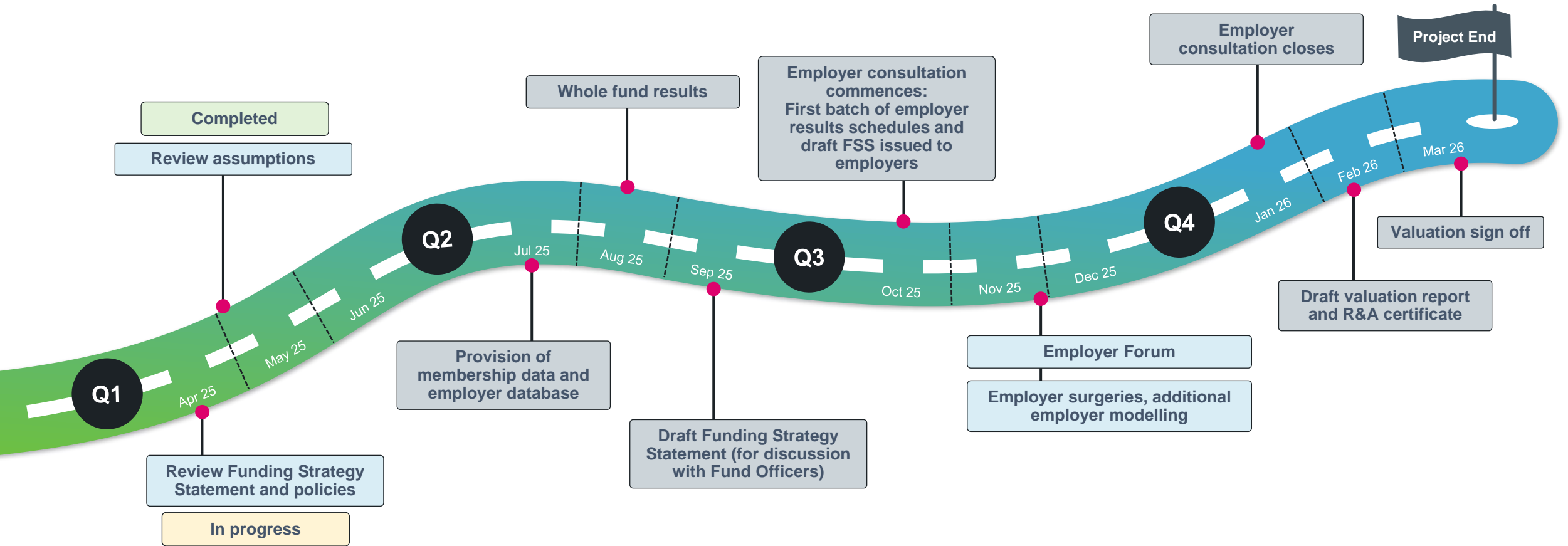
# Today's topics

- **Valuation update**
  - Timeline
  - Valuation outlook and assumptions
  - Your data
  - Funding Strategy Review - rates for employers with stabilised contributions
- **Update to funding for academies**
  - Proposal
  - Impact
- **Funding Strategy Statement & consultation**
- **Other developments**

# Valuation update



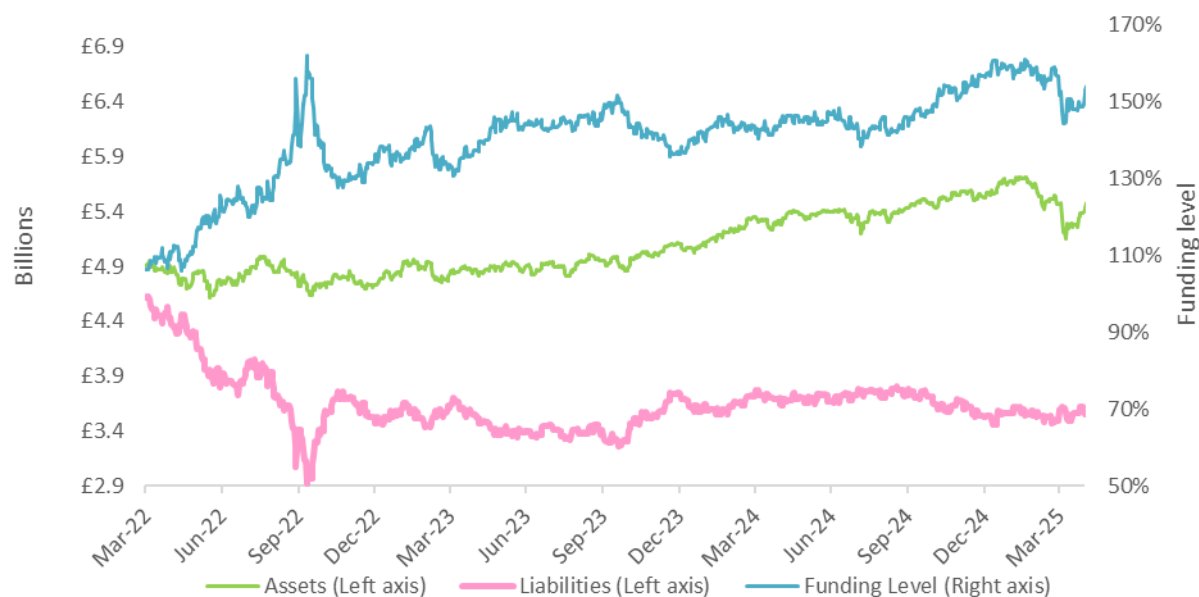
# 2025/26 valuation timeline



2025/26 focus is on: results, detailed discussions with Officers, and more employer engagement

# What's happened since 31 March 2022?

## Norfolk Pension Fund



## General insights



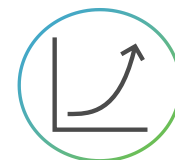
Funding level has improved since 2022 (was 106%), on 2022 funding basis



Assets returns were lower than expected up to September 2023 but have since improved



High inflation leads to high pension increases. 2023 **10.1%**, 2024 **6.7%**, 2025 **1.7%**



Higher expected return on the Fund's assets reduces liabilities

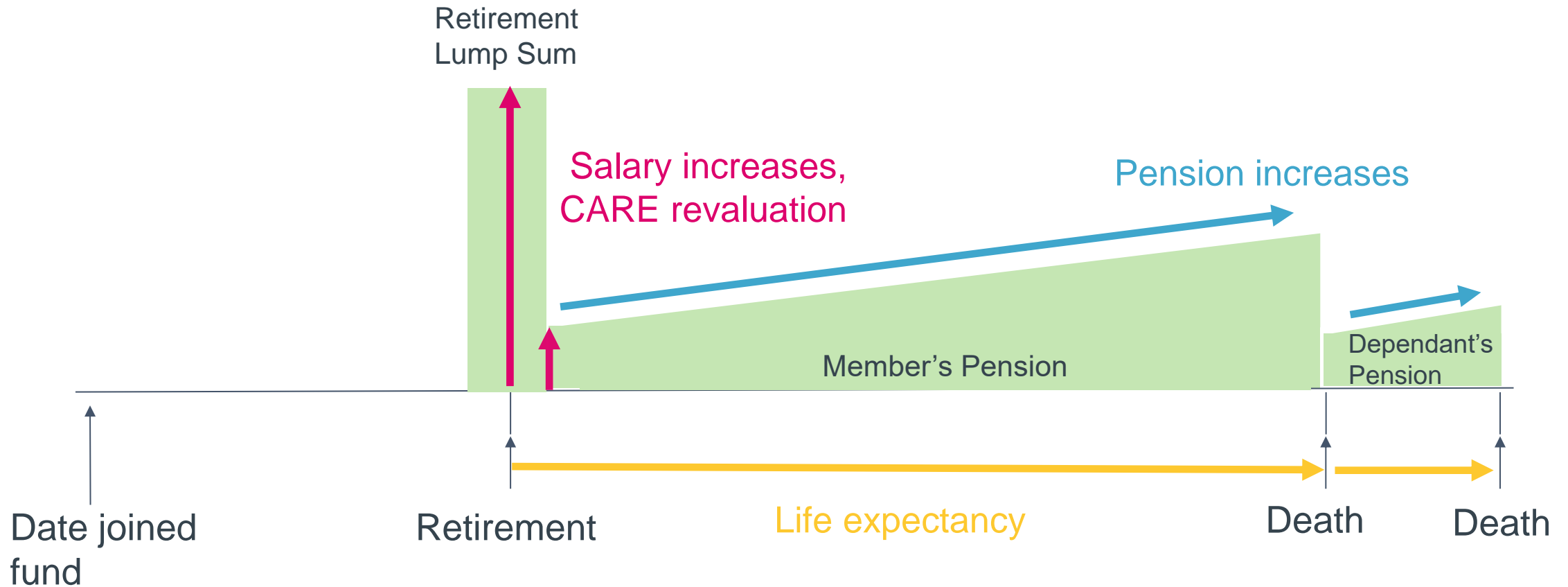
**The funding level has risen to over 150% at 31 March 2025 (on a basis consistent with 2022)**



# Background to assumptions




# Assumptions – why they are needed



**Assumptions are re-assessed every triennial valuation**

# Which assumptions matter the most

Assumption	Source	 High Impact Low
Future investment returns	Based on Fund's asset portfolio and future expected returns on each asset class (incl. <b>margin of prudence</b> )	
Benefit Increases (CPI)	Consumer Prices Index (CPI) inflation	
Longevity / Mortality	Tailored to Fund members – Club Vita analysis	
Salary Increases	Typically (CPI) inflation plus a margin	
Other demographics*	Fund specific, based on actual member experience	

\*including commutation, ill-health retirements and withdrawals etc.

**Focus time and effort on the assumptions that matter the most**

# Assumption setting ‘rules’



Assumptions are set by the **Actuary** through discussions with Officers and Committee



Assumptions should be **fund-specific** (where practical)



Assumptions should reflect the timeframe of the liabilities i.e. very **long-term** view



LGPS guidance requires funds to adopt **prudent** assumptions



All assumptions are ‘best estimate’ with the margin of prudence adopted in the **discount rate** assumption

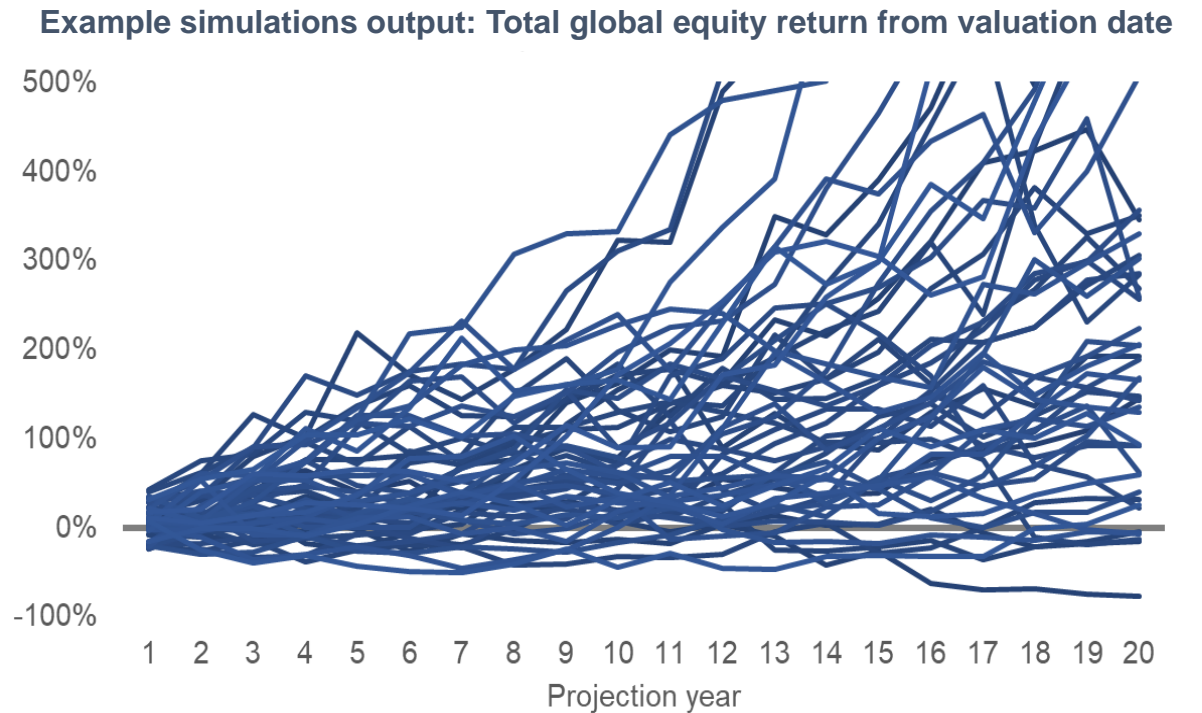
**Norfolk Pension Fund follows this best-in-practice approach**

# Financial assumptions



# Risk-based valuation approach to set assumptions

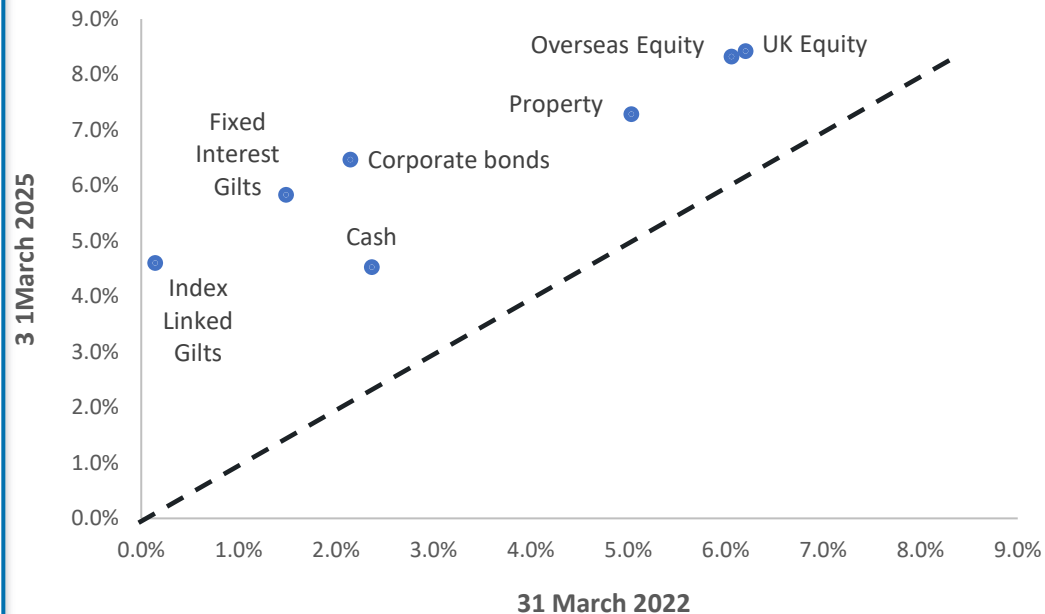
- **Future investment returns and inflation** are uncertain and volatile
- Use a valuation approach which reflects the real-world
- Capturing uncertainty allows users to better understand risk in the funding plan
- Set contributions to achieve the funding target



**Model 5,000 simulations, set plans so enough scenarios are successful**

# Investment outlook

## Expected future investment returns



## General insights



Utilise Hymans Robertson Economic Scenario Service (ESS)



Statistical models generate distribution of returns



Returns generally higher than at 2022



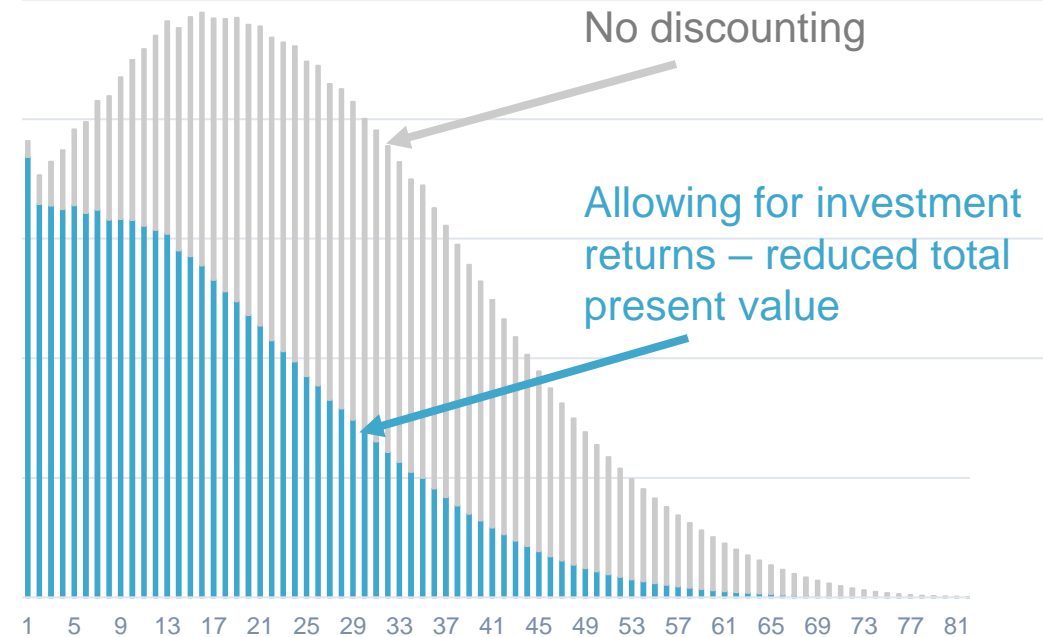
Greater volatility in return expectations

**We will continue to use our stochastic model to generate economic scenarios**

# Discount rate

- Discount rate determines funding target ie how much to hold to meet future benefit payments
- Changing the discount rate by 0.2% changes the target asset amount by c.4.0%
- Discount rate should be a **prudent** assumption
- 2022 valuation assumption - Discount rate set using a prudence level of **75%**
- 31 March 2025 analysis - Increasing prudence level used to set discount rate to **85%**

Example projected benefit payments



**We will increase prudence level in the discount rate to 85%**

# Pension increases

- LGPS pension increases (and CARE revaluation) are equal to Consumer Prices Index (CPI) inflation
- CPI inflation is an output that we model
- 2025 valuation will reflect **lowering inflation expectations** versus 2022
- Recognised in March 2025 model calibration with lower median annualised 20 year CPI value (2.3% p.a. vs. 2.7% p.a. at 2022)

		Inflation (CPI)
5 years	16th %'ile	1.2%
	50th %'ile	2.8%
	84th %'ile	4.3%
10 years	16th %'ile	0.8%
	50th %'ile	2.5%
	84th %'ile	4.1%
20 years	16th %'ile	0.7%
	50th %'ile	2.3%
	84th %'ile	3.9%
Volatility (Disp) (1 yr)		1.4%

**CPI inflation assumption will be a best estimate assumption**



# Salary increases (inflationary element)

- 2022 assumption was CPI + 0.7% p.a.

2025 valuation factor	Consideration and impact
Recent high inflation	Strain on employers to support employees through cost-of-living difficulties
National insurance contributions	Higher employers' national insurance contributions limiting ability to provide future pay increases
National Living Wage	Above inflation increases put upward pressure on pay awards across all salary ranges

- No significant reason for change from 2022 assumption

**Recommendation: retain assumption at CPI + 0.7% p.a.**

# Demographic assumptions



# Baseline longevity assumption

Observed life expectancy varies significantly between members

- Unhealthy lifestyle postcode
- Low affluence
- Ill-health retirement
- Manual worker

Life expectancy from 65:  
**12.9 years**



4½ - 5 yrs

2 – 3 yrs

2½ - 3½ yrs

<½ yr

- Healthy lifestyle postcode
- High affluence
- Normal-health retirement
- Non-manual worker

Life expectancy from 65:  
**23.0 years**



**We capture this variance in the baseline longevity assumption**

# Capturing the variance

**Club Vita** analysis allows us to capture the member level variance

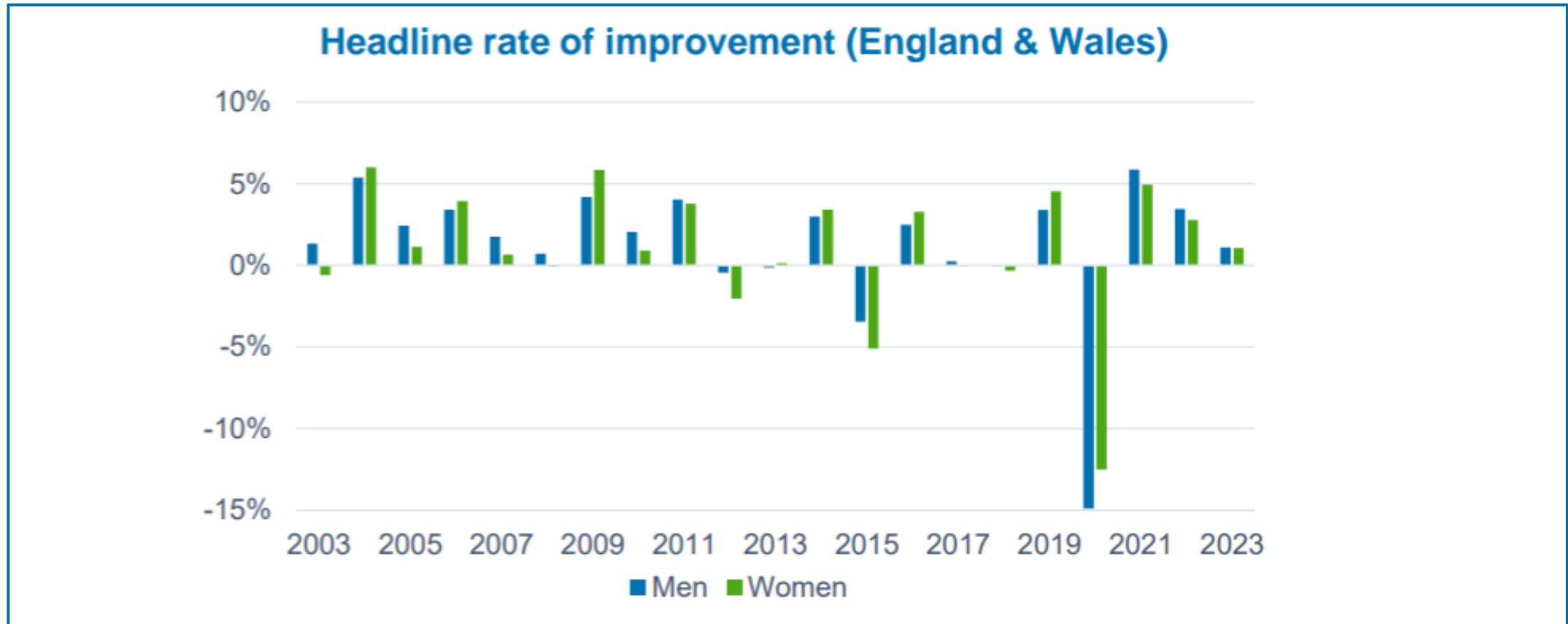
- Assign a life expectancy to each member based on their details
  - Gender
  - Pay/Pension
  - Postcode
  - Reason for retirement
- Ensure assumption is not unduly affected by Covid-19



Source: Club Vita, map available at <https://maps.clubvita.co.uk/>

**We will continue to use Club Vita analytics to set baseline**

# What about future improvements?



**Disregarding 2020, longevity continues to improve**

# Adjusting the future improvements model for NPF



## **Weight placed on 2020 - 2023 experience**

Covid-19 experience may skew the model's and starting point for projections

**Recommendation: no weight placed on 2020 or 2021 experience, 15% weight placed on 2022 and 2023 experience**



## **Adjustment to reflect Fund's membership**

Model is based on E&W population data which differs from NPF membership

**Recommendation: adjust starting point by 0.25% to reflect higher affluence**



## **Long-term rate of improvement**

Model requires a user decision on the level of long-term improvement rates

**Recommendation: long-term rate of 1.5% p.a. (c.1 year per decade)**

# Other demographic assumptions

Withdrawal

Ill-health retirements

Promotional salary scale

Death before retirement

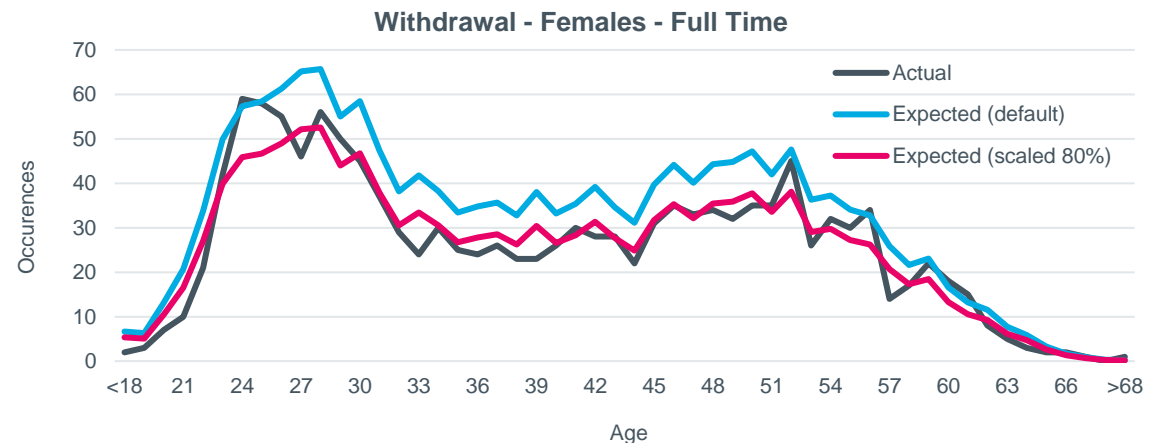
50:50 option take-up

Retirement age

Cash commutation

Proportion leaving a dependant

**Use analysis of Fund's actual membership experience**



**Consider external factors e.g. short-term events which skew analysis or upcoming changes**

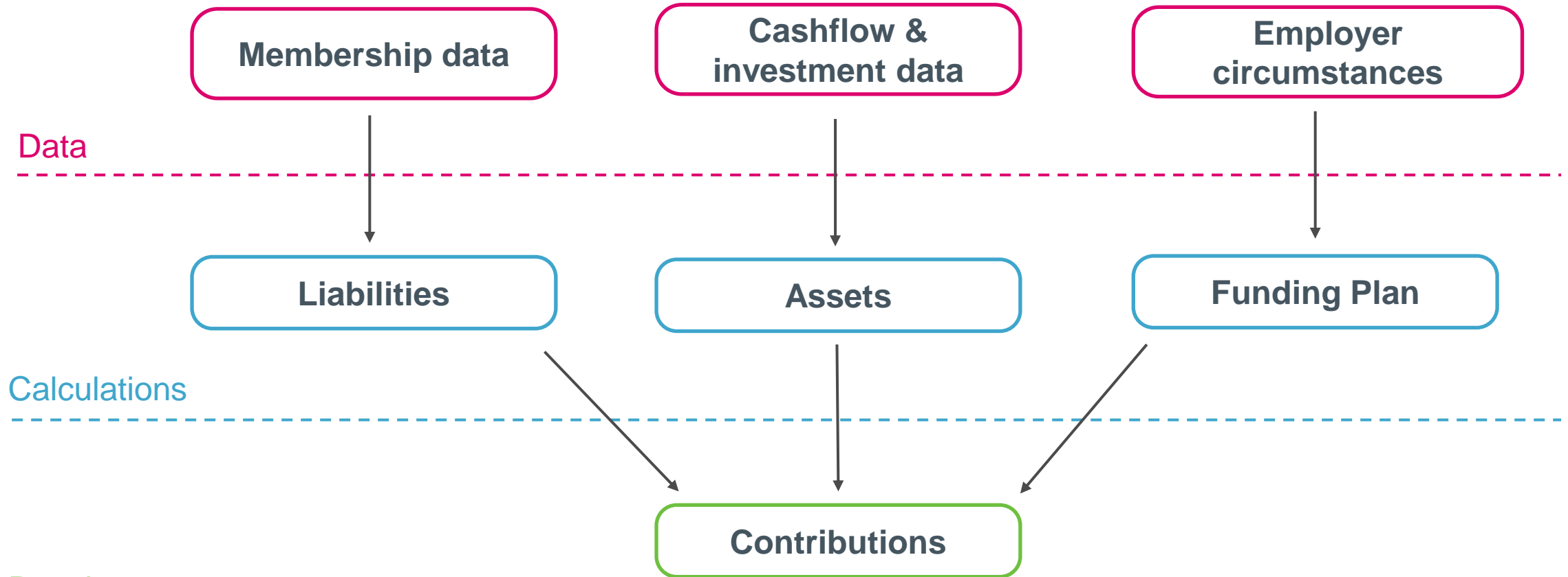


Your data





# How does data impact the valuation?



Results

**Data quality and timeliness are a crucial component of the valuation process**

# Funding Strategy Review



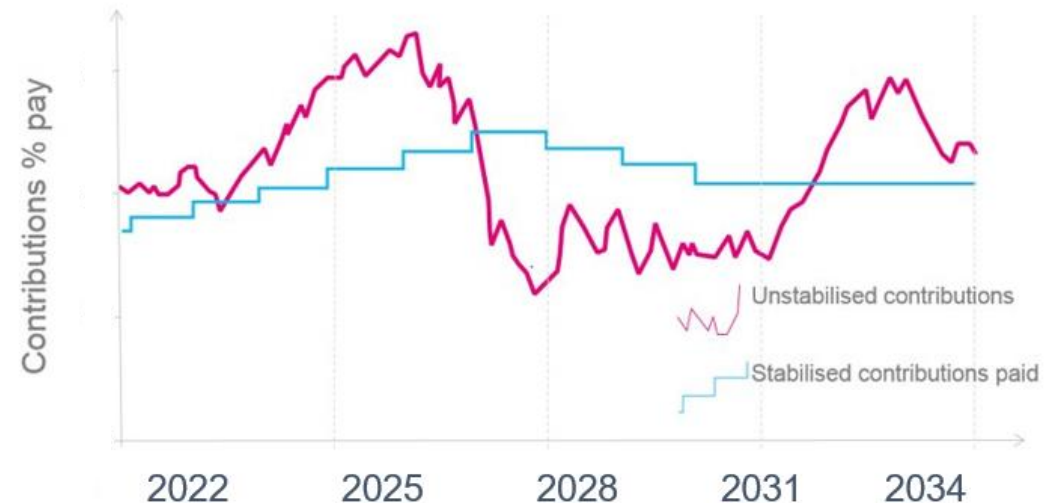
# Contribution Stability Mechanism

## Contribution stability mechanism for selected employers

- Limits the increase/decrease in contributions each year to a set maximum
- Characterise as: underpay in the bad times, overpay in the good

## Stability mechanism works best for:

- Stable membership
- Larger employers
- Smoothing out adverse experience



**Contribution stability is a core Funding Strategy objective**

# Funding Strategy 2025

- Contribution rates will be **reduced** for stabilised employers
- Reductions will be **maximum** allowed under new stabilisation steps
- Stabilisation steps have been **widened** (max 2%)
- Reductions are **accelerated**, with full reduction in year 1

Current parameters	Proposed parameters
+/-0.5% of pay	+/-1.0% of pay
+1/-0.5% of pay	+/-1.0% of pay
+2%/-1% of pay	+/-2.0% of pay

e.g. reduction of 3% on 2025/26 rate

**Lower contribution rates than under 2022 funding strategy**

# Academy Funding Approach

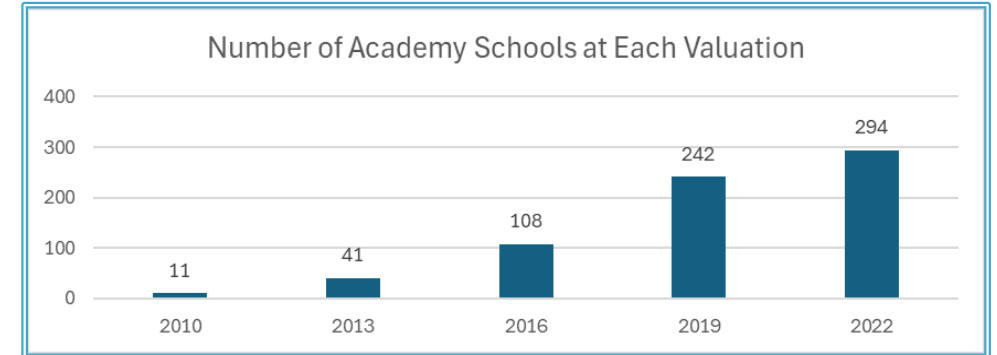
# Academies in Norfolk Pension Fund

## Academies participate in Norfolk Pension Fund as:

- scheduled bodies
- standalone employers, not pooled for any risks
- With benefit of guarantee from DFE

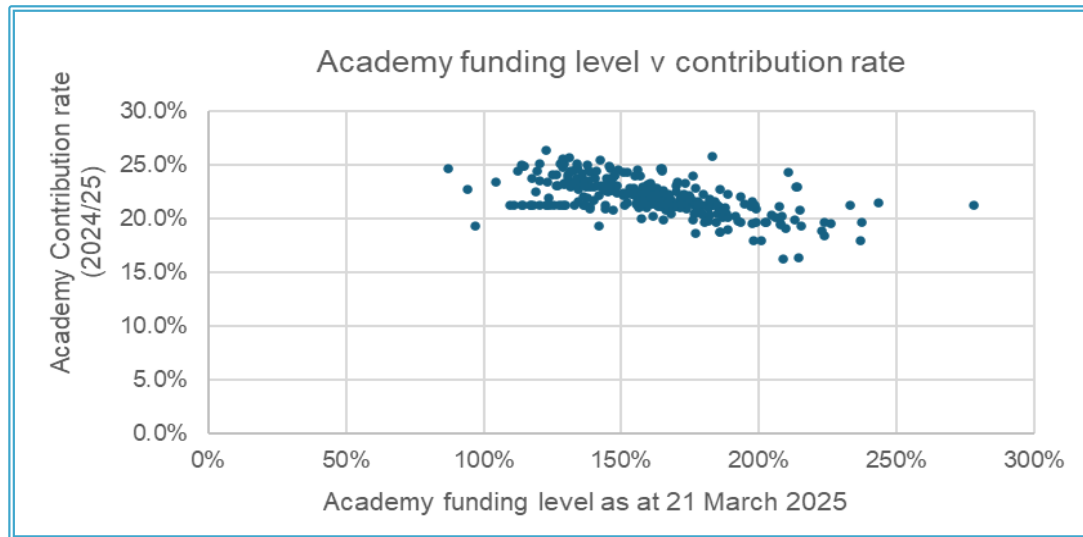
## Academy Funding strategy summarised as:

- 75% likelihood of being 100% funded on the ongoing funding basis at the end of a 20-year time horizon.
- Rates stabilised at +/-0.5% pa



**Rates are set for over 300 individual academies in NPF**

# Setting contribution rates - Review



## Consideration of funding issues, including:

- Consistency of treatment with non-academy schools
- Fairness, risk-sharing and cross-subsidy
- Solvency and contribution stability
- Employer experience of NPF participation
- Operational efficiencies

**Contribution rates and funding positions vary within academies group**



# Setting contribution rates - Proposal

## Contribution rate pooling

- Academies to remain as standalone employers with own funding position
- No change to initial allocation of assets on conversion to academy status (ie fully funded)
- Contribution rates to be set at MAT level
- Contributions set as % of pay only
- Mandatory arrangement for MATs

## Impact of proposal

- Improved certainty of rates for academies
- Improved medium and longer-term stability of contribution rates
- **Easier administration for MATs and academies (and Fund)**
- No unintended risk-sharing or cross-subsidy across academies

**Revised arrangements to be included in FSS consultation**



# Funding Strategy Statement review

**The Funding Strategy Statement is the “rulebook” for how the Fund treats its employers**

**New Guidance from [Scheme Advisory Board](#)**

**Employers and Committee are consulted on changes to the FSS.**

**Includes separate appendices on key funding policies eg:**

- Cessations (including exit credits)
- New employers (including pass-through arrangements)



**Please engage with the consultation**

# Other developments



# Other developments that affect NPF

➤ Access and fairness consultation [LGPS in England and Wales: Access and fairness - GOV.UK](#)

➤ Proposes changes to benefits

❖ LGPS investment pooling

❖ Affects NPF's investment arrangements

❑ Local Government re-organisation & devolution

- Dec 2024 - [English Devolution White Paper](#)
- Mar 2025 - [Written statements - UK Parliament](#)
- Jun 2025 - [Local government reorganisation: summary of feedback on interim plans - GOV.UK](#)

❑ Affects some employers' structure, membership and finances

**Engage with communications, respond to requests**

# Thank you



**Important Information**

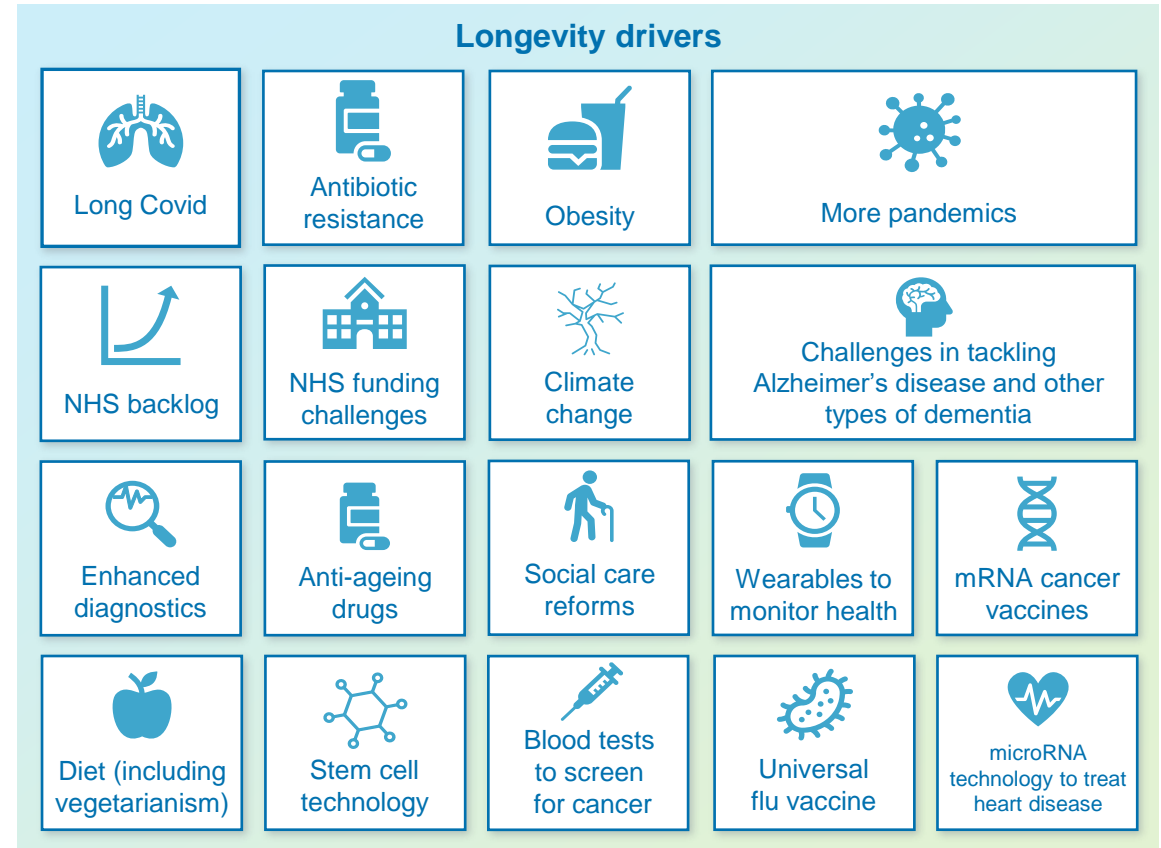
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# Appendix



# Possible future longevity drivers

- Norfolk Pension Fund considers real-world drivers affecting future longevity improvements and trends
- Additional data is available to analyse the impacts of the **COVID-19** pandemic on longevity trends
- 2022 and 2023 data shows a return to 'normal' longevity improvements following the pandemic, however there is still **uncertainty** over the medium- and longer-term impact





# Covid-19: long-term impact on longevity?

- Recent analysis<sup>1</sup> determined true prevalence of long COVID (in study of nearly 200k adults) was 6.6-10.4%.
- Further analysis<sup>2</sup> highlighted risk of long COVID has reduced since initial strain (with a large component of this due to vaccination)
- Less than 4% of vaccinated individuals who have been infected with a new strain of COVID would expect to have long COVID.
- Uncertainty relates to:
  - lack of long-term data on mortality impact long COVID
  - missing/conflicting information on prevalence statistics
  - evidence that mortality risk should reduce over time.

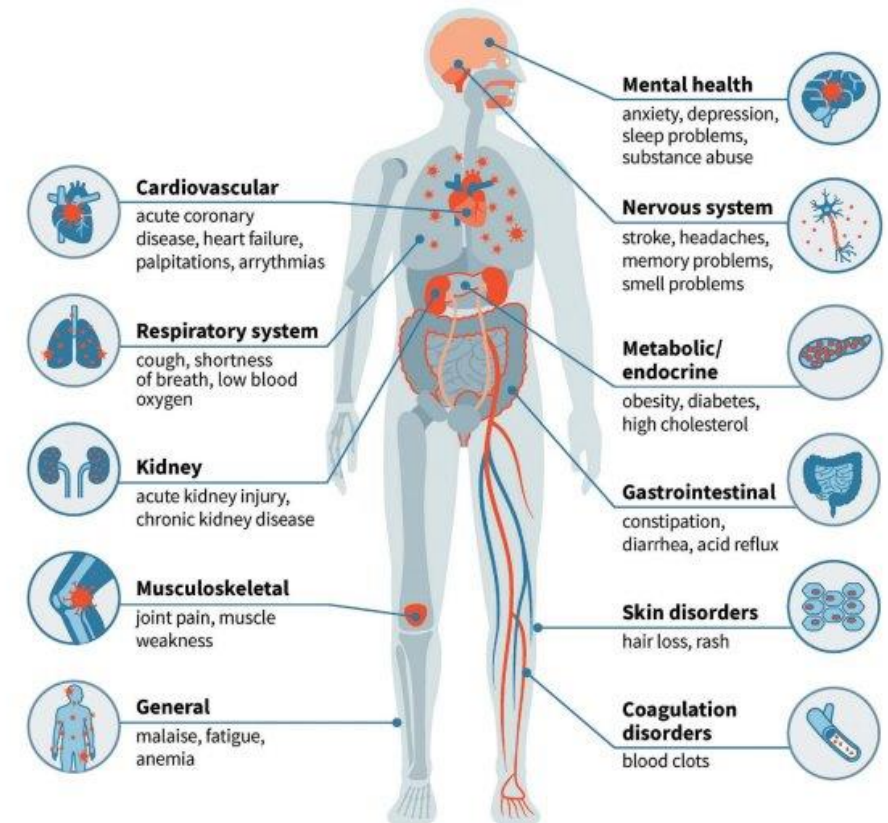


FIGURE 3-1 Lasting impact of COVID-19.

SOURCE: Washington University School of Medicine in St. Louis.

<sup>1</sup> [True prevalence of long-COVID in a nationwide, population cohort study | Nature Communications](#)

<sup>2</sup> [Risk of long COVID declined over course of pandemic – WashU Medicine](#)

# Break







Local Government  
Pension Scheme



Norfolk Pension Fund

# **Local Government Pension Scheme (England & Wales)**

## **Fit for the Future update**

**Alex Younger**

**Head of Funding and Investment**

# Mansion Houses, Economists and Megafunds...



# Government Pensions Review



**Rachel Reeves plans pension  
'megafunds' to free billions for  
investment**

**Pensions megafunds will need good  
investment options to succeed**

**Rachel Reeves plans to use £350bn council  
pension pot to boost UK economy**

# Government Pensions Review



**14 November:**

Chancellor's Mansion House speech, followed by LGPS *"fit for the future"* consultation

**Key points include:**

- All Pools to be FCA regulated Investment Management Companies
  - **(i.e. not outsourced model)**
- Pools principal source of investment advice to Funds
  - **(i.e. not advisers appointed by each LGPS Fund)**
- Pools to implement entire investment strategies
  - **(i.e. LGPS Funds only determine Strategic Asset Allocation – see annex)**

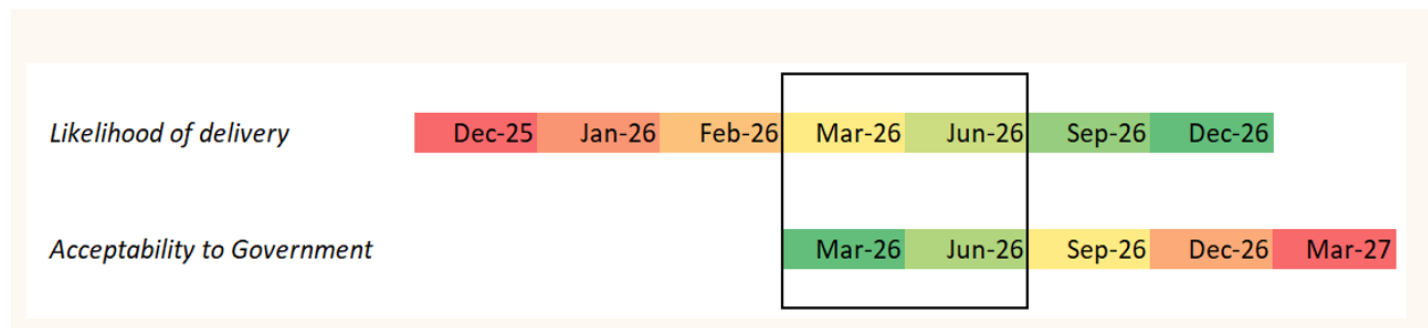
**Requirements:**

- 16 January: response to Consultation
- 28 February: pool submission to Government

# ACCESS: ‘Project Castle’

- Options analysis: build or merge?
- Submission to Government on evidence based pooling proposal
  - To meet Government’s minimum standards for pooling model by March 2026
  - “Best in class” pool in medium / long term
- Dialogue with Government on going; Ministerial sign off required
- Recommendation to S151 Officers
- Recommendation from JC to Admin Authorities
- Option recommended: **build**

	Timetable
Consultation Response Deadline	16 January 2025
Pools to provide a report setting out how they intend to deliver the new pooling model and complete the transfer of all assets by the revised deadline.	1 March 2025
Pension Schemes Bill 2025 before Parliament	Summer/Autumn 2025
New pooling model in place and transfer of assets completed.	31 March 2026





# LGPS Fit for the Future



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

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

- Letter addressed to individual Administering Authorities and places onus on them.

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

# LGPS Fit for the Future



**Pool Co must be an  
FCA regulated  
IM co**



**All legacy  
assets under Pool Co  
management**



**Pool Co provides  
Investment Strategy  
Advice**



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



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

# LGPS Fit for the Future



- Required to respond with an in-principle decision between Fund and the new pool by **30 September 2025**
- The letter recognises that devolution may be an appropriate consideration in this assessment i.e. Norfolk and Suffolk.
- The ACCESS pool is working on an assessing the other LGPS pools for merger proposal (3 now represent realistic contenders).
- It is a **Norfolk responsibility** to be able to respond by Government deadline and independently assess suitability of any proposed ACCESS merger partner for Norfolk (recommendation only from ACCESS).



# LGPS Fit for the Future



## Project Twin Track

- Commenced “Project Twin Track”
- Aims to access suitability of other pool offers to Norfolk
- Open dialogue with Suffolk recognising the impact of devolution on future requirements
- Collating information from Pools considering against assessment criteria
- Ensure that information is available, and diligence conducted to support recommendation to Committee at September 2025 meeting

# Timescales



- Pensions Bill – published 4 June 2025
- Supporting Regulations – consultation in Autumn
- 30<sup>th</sup> September – agreement in principle between Fund and Pool
- Implementation by 31 March 2026
- If joining a new pool, expected to adhere to timetable as closely as possible
- Shareholder agreement (or client agreement) to “be in place” by 31 March 2026

# Governance



- 1) Implementing Scheme Advisory Board's "Good Governance" recommendations (2021)
- 2) Looking at ways of making it easier to establish standalone pension authorities
- 3) Each Administering Authority must appoint a senior fund officer responsible for management, strategy and administration
- 4) Pension Fund budget "*should not be subject to resource restrictions which may apply to other [administering authority] functions*"
- 5) Each Administering Authority must appoint an independent advisor, with relevant qualifications, to support committee on investment strategy, governance and administration

**To be in place by April 2026**

# Governance



- Must commission an independent governance review every 3 years and produce an improvement plan if needed. Outcome of reviews reported to MHCLG. Concerns may be reported to the Pensions Regulator
- Secretary of State may commission a review at any time if there is concern that an administering authority has significant weaknesses in governance or is not in compliance with scheme regulations
- Statutory requirement for all pension committee members individually to have appropriate knowledge and understanding
- Must have strategies for governance, training, conflicts of interest – review every 3yrs
- Must have a strategy for administration – review every 3yrs

**To be in place by April 2026**



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Norfolk Pension Fund

# Thank you

## Any questions?

Local Government Pension Scheme (England and Wales): Fit for the future –  
government response - GOV.UK



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# **Pension Services**

## **Roadmap 2025/2026**

**Matthew Crane**  
**Pension Services Manager**  
**(Technical Support and Systems)**

# Pensions Dashboards

- Connect by October 2025
- Go live October 2026
- Testing matching criteria
- For Active/Deferred members
- Monthly pension data uploaded via Heywood ISP
- Figures based on CARE ABS data view



# Data Cleanse & Enrichment

- Good practice and Compliance with The Pensions Regulator 😊
- Third party company used to trace and cleanse addresses
- DOB, landline and mobile numbers, email addresses
- Options to accept, reject data or contact members to confirm
- Monthly refresh of data cleanse





# Year-end and Valuation



- 2025 is a Valuation Year
- Most employers/payroll providers uploaded data by our deadline (or closely after!)
- Backlog of leaver notifications – plan in place...
- Projects underway to improve employer engagement
- Tidying of member data underway
- Final data will be uploaded to Actuary in w/c 14/7

# Engage

- Will replace Member Self Service
- Commencing testing in August
- More interaction options for members
- Modern look
- AI possibilities
- More information to come

**A digital evolution  
helping to connect with  
and empower members**

# McCloud

- Bulk Calculations processed November 2024
- Number of 'errors' have been resolved
- Adjusted Guarantee Amount and Final Guarantee Amount – BAU
- Recalculation Plan for retirement, death, trivial commutation, transfer out cases
- Notifying members in Annual Benefit Statements



# i-Connect – Multi Factor Authentication



- Mandatory likely from Q1 2026
- Requirement to improve security of i-Connect
- 'Goldmine' of Personal Data to cyber criminals
- Use existing username and password
- Plus, a 'one-time' passcode generated by an authenticator app
- Or MFA code via email
- Submitting monthly data and member documents will rely on new log in process
- Guide and help will be available

# III Health Retirement – Tier 3



## Tier 3 Timeline

- At Retirement:
- IRMP Tier 3 opinion – employment terminated on ill health grounds
- Award of Pension payable for up to 3 years

## At Review:

- Must review by 18 months in payment – same IRMP can be appointed
- To make further decision to:
  - Continue payments up to 3 years – initial assessment unchanged
  - To award Tier 2 benefits – gainful employment unlikely within 3 years
  - Cease payment – member able to undertake gainful employment

# III Health Retirement – Tier 3



## Employer Actions – Engagement with Member and NPF

- NPF writes to member before 18-month review date
- Requires member to complete and return review form to former Employer
- NPF confirms to former Employer that member has been contacted
- When member responds Employer carries out further IRMP referral or confirms pension should cease
- If no reply from member – responsibility of former Employer to chase
- Still no reply from member – Employer confirms and pension is suspended until member does reply

# III Health Retirement – Tier 3

## Resources

- NPF Guide – G040 Leavers and Retirements
- DCLG – Statutory ill-health retirement guidance to accompany Local Government Pension Scheme Regulations 2013



Local Government  
Pension Scheme



Norfolk Pension Fund

**Thank you**  
**Any questions?**



# Ask the Panel



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



Local Government  
Pension Scheme



Norfolk Pension Fund

**Thank you for  
joining us today!**