



Minutes of the Norfolk Pension Fund Pensions Oversight Board (POB) meeting held on Tuesday 5 November 2024.

Present:

Chairman
Brian Wigg

Employer Representatives

Sally Albrow	Norfolk County Council
Julie Brown	South Norfolk and Broadland Councils
Vacancy	Employer Rep (non-levying)

Scheme Member representatives

Frances Crum	Active / Deferred member
Peter Baker	Pensioner member
Vacancy	Trade Union

Also, Present

Glenn Cossey	Director of the Norfolk Pension Fund
Debra Keeling	Pensions Manager
Eunice Walcott	Governance Manager
Paul Stimpson	Pensions Services Manager
Shenda Hedtke	Pensions Consultant
Elaine Otway	Business Support Officer

1. Welcome and Introduction and Apologies for Absence

1.1 The Chairman welcomed Julie Brown a new Employer Representative from South Norfolk and Broadland Councils to her first meeting of the Pensions Oversight Board. This was an in-person meeting.

2. Apologies for absence

2.1 No apologies received.

3. Minutes

3.1 POB agreed the minutes of the meeting held on the 3 September 2024.

4. Declarations of Interest

4.1 Julie Brown declared she is Finance Manager and Deputy S151 Officer for South Norfolk Council.

5 Board Membership update

5.1 Retirement of Board Member – Liz Marsham

5.2 The Chair informed POB that Liz Marsham who had been acting as an employer representative had resigned her seat on the Board.

5.3 The Chair had written a letter of thanks on behalf of the Board for her service.

5.4 POB noted therefore that there are still two vacancies on the Board. Officers continue to engage with Employers to fill the employer representative seat and work with Unison to support the local branch in advertising and filling the trade union seat.

6 Items of Urgent Business

6.1 There were no items of urgent business.

7 Feedback from the Pensions Committee meeting on 10 September 2024 and items to be raised at the 3 December 2024 meeting.

7.1 POB noted that today's meeting would be the subject of a report to the Pensions Committee on 3 December 2024.

7.2 GC updated POB on the Pensions Committee agenda items discussed on 10 September 2024. In addition to regular standing items, the Pensions Committee agenda included:

- A presentation from Club Vita, a subsidiary of Hymans who undertake analysis on population data which is used by the Actuary during the 2025 Valuation in calculating the Fund's liabilities. A presentation from CBRE – a large global investment management corporation recently appointed by the ACCESS pool as the Real Estate manager with two mandates – one being UK focused and the other being global. Norfolk's legacy indirect portfolio is now under CBRE transition management.

7.3 In addition to regular items, the agenda for the 3 December 2024 meeting of Pensions Committee would cover two presentations:

- Pooling progress delivered by Hymans Robertson with 31 March next year being a key deadline for pooling all listed assets. Likely that the new Government will also expect the LGPS to keep to this.
- Legal & General who have recently been appointed by ACCESS as the affordable housing investment manager. Pensions Committee agreed at the June meeting to make an allocation for Norfolk Pension Fund (NPF) in affordable housing split 50/50 between a UK wide affordable housing programme and an ACCESS geographical specific mandate.

7.4 In response to a question about whether the investments would be local to Norwich and Norfolk, GC explained that the Government's intention through their reform plans is for the LGPS to invest in UK assets. The procurement process to appoint Legal and General included a requirement for UK investment and investment within the areas of the 11 ACCESS pool. NPF's investment includes an affordable housing development in Swaffham.

8 LGPS Reform

8.1 POB received an update on the Government's ongoing national reform programme and other issues within the LGPS. GC provided some background to the key developments to date.

- 8.2 Phase 1 of the Government's Pension Review will focus on defined contribution schemes and the LGPS in England and Wales. The overall aims are to "boost investment, increase saver returns and tackle waste in the pensions system"
- 8.3 Two of these are directed at the LGPS:
- Tackling fragmentation and inefficiency, through consolidation and improved governance.
 - Encouraging further pension investment into UK assets to boost growth across the country.
- 8.4 The Norfolk Pension Fund and the Access Pool submitted responses to the Government's Call for Evidence.
- 8.5 The Chancellor is expected to announce further details about the first phase of pensions reforms in the November Mansion House speech. The Second phase of the Pensions Review will start later this year.
- 8.6 In response to a question about whether funds had been asked to invest in specific areas in the past,, GC explained that we hadn't been directed to in the past. While the Government wants Funds to increase UK investment, it gives guidance and suggestion as Pensions Committee must make decisions consistent with their fiduciary duties. A few decades ago, the LGPS had a UK focus on equities, corporate bonds and UK property and later diversified as to include global investment opportunities. to increase UK, invest more in the UK but due to the fiduciary responsibility and good stewardship of assets
- 8.7 In response to a question about whether the Government mention guaranteeing / underwriting investment losses, GC confirmed no. The Canadian Government does. Unlike the Canadian model, LGPS is not public money and QC advice in the past confirms this.
- 8.8 POB were updated on other ongoing reforms including:
- McCloud – guidance is in place and the software is currently being updated / tested to allow LGPS to perform the remedy calculations.
 - Dashboards – Connection to the Dashboards will be via an Integrated Service Provider solution – Heywood are presenting an overview at the November Training event on their software solution. Looking to agree a contract variation to secure this new software ready for 31 October 2025 LGPS connection date.

9 **Norfolk Pension Fund operational update (including ACCESS)**

- 9.1 POB received an update on operational performance, including an update on ACCESS pooling progress and the request for pension board observers to attend the December ACCESS Joint Committee meeting.
- 9.2 POB received the latest Key Performance Indicators. Whilst a busy period for the team with year end and Annual Benefit Statements production, performance had been maintained.
- 9.3 The Board again acknowledged the hard work staff are doing behind the scenes and extended their thanks.
- 9.4 POB noted that the ACCESS Pool had exceeded the Government's original Pooling targets.

- 9.5** In answer to a question on whether the Government intends to merge pools even further, GC confirmed we await clarification. Merging 86 LGPS funds would be problematic, and therefore it is more likely for pools to be merged.
- 9.6** In answer to a question – of how ACCESS is viewed compared to other pools, GC confirmed that ACCESS and the Welsh pool have adopted a rent operator model which is actually cheaper and more flexible than building a pool. Additionally, ACCESS is efficient, effective and transparent and locally accountable however, the ACCESS model is not favoured by the government, largely because it is not FCA registered.
- 9.7** **Observers for the Joint Committee on 2 December**
POB members are invited to attend the Joint Committee on 2 December. Frances Crum put her name forward and there is one further space available.
- 10** **Operational Review:**
Overview of Norfolk Pension Fund's Payroll Function
- 10.1** POB received an Overview of Norfolk Pension Fund's Payroll Function presented by Paul Stimpson, Pensions Services Manager (Payroll and Pensioner Services) and Shenda Hedtke, Pensions Consultant
- 10.2** Ps confirmed that all overseas pensioners receive the annual pensions increase.
- 10.3** In answer to a question – about how technology is assisting with tasks, PS and SH explained that while technology has assisted in some ways, regulations such as GDPR can make things more difficult. For example, banks are no longer able to assist with tracing people and this means pension payments are delayed or suspended. NPF send regular reminders asking pensioners keep personal information up to date, for example, through Primetime.
- 10.4** In answer to a question regarding the system for verifying members' bank details if they change banks, PS confirmed that the bigger banks have a system in place for checking bank account and sort codes, but not some of the smaller banks.
- 10.5** In answer to a question regarding how overpayments are dealt with, PS explained that if there is an overpayment, credit control will initially pursue the debt, with options for escalation or write-off being considered by the Fund in the event of non-payment.
- 10.6** In answer to a question regarding whether it is difficult to obtain notification from employer regarding pay awards made after someone had retired, PS said that employers need reminding from time to time that this information was needed for recalculations of pensions in payment.
- 10.7** In answer to a question what confidence the Pension Fund has in the software used, Paul explained that they work closely with Heywood to implement any fixes required. PS has an experienced team who will raise any discrepancies spotted at testing stage with Heywood.
- 10.8** In answer to a question on whether the proposed dashboards will help in tracing people, Paul replied that yes it would help, particularly when investigating "partially matched" data.
- 10.9** In answer to a question about flexible retirement, DK explained that when someone flexibly retires, their accumulated pension becomes payable. However,

because they have continued to work, they have an option to accrue new pension.

- 10.10 POB thanked PS and SH for the presentation which was well received and for the sterling work being done by the team.

11 **Operational Review: TPR General Code of Practice**

Having received a detailed overview of the Fund's compliance with the TPR's General Code at its September meeting, POB received an update on the Fund's progress made to date. EW confirmed that the one area of non-compliance has been resolved as NPF have updated its procedures to include the reporting of suspected fraud to Fraud Action.

- 11.1 POB were satisfied with progress and were content to receive progress reports every six months going forward.
- 11.2 In answer to a question, on priorities for the next 6 months, EW responded that all NPF meets all regulatory compliance. There are a few small partial compliances to be worked through for example, checking our procedures to ensure they reflect all the new expectations in the General Code. Management Team would agree priorities and monitoring progress.
- 11.3 POB were updated on the Fund's Cyber Security risk mitigation initiatives. Cyber Security is the Fund's only high / red rated risk on the risk register. This includes mandatory training for Pensions Committee, POB and officers.
- 11.4 Cyber and Resilience training will be provided at the November training event.
- 11.5 POB were assured that NPF, together with Norfolk County Council's digital services team puts together a cyber security questionnaire which suppliers are required to complete on an annual basis to provide assurance that they have robust systems in place to mitigate against cyber risks.
- 11.6 In answer to a question about whether NPF have business continuity plans in place, EW confirmed this to be the case and NPF is currently working with NCC resilience team to plan a test of business continuity plans in December involving the whole pension fund team.

12 **Risk Management**

- 12.1 POB received the latest risk update and heat map which showed an increased risk in relation to an employer issue – one employer had failed to submit a full 12 months of scheme member data by 31 March which could have put the production of Annual Benefit Statements (ABS) at risk. That risk was mitigated by the Pensions Services working closely with the employer to address the backlog and ABS were sent out on time.
- 12.2 The risk register is regularly updated and reported to POB and Pensions Committee.

13 **Internal audit reports**

- 13.1 POB noted there were no new internal audits this quarter.

14 Knowledge, Skills and Training, including:

GC passed on thanks to POB for completing the National Knowledge Assessment which will help highlight any skills gaps and inform the training strategy going forward.

- 14.1** An invitation will be sent out for the Club Vita Spotlight virtual training event should POB wish to attend.
- 14.2** A reminder was given regarding arrangements for Committee and Board Training on 7 & 8 November.
- 14.3** POB were reminded of all the training resources available to members and encouraged to use them.

15 Forward Work Programme for the Pensions Oversight Board

- 15.1** POB noted the work programme and progress to date for 2024.
 - TPR General Code of Practice ongoing monitoring and development – 6-monthly updates
 - Cyber and data monitoring and reporting ongoing monitoring and development
 - Resilience planning and management – will be covered at November Committee and Board Training
 - Overview of National LGPS Frameworks also will be covered at November training event
 - November training will also include the approach to setting a Net Zero carbon emissions target.
- 15.2** POB agreed the work programme for 2025 would include:
 - Operational Updates on Pensions Reform
 - Communications review
 - Pensions Dashboard
 - 2025 Valuation Governance Framework including SAB's Good Governance recommendations
- 15.3** The Chair pointed out that there would be an opportunity to review the forward work programme when new members were appointed.

16 Date of next meeting

- 16.1** The date of the next meeting is 4 February 2025 – an online / virtual meeting.