

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Monday, 17th October, 2016 at 5.00 pm in the Committee Suite, King's Court, Chapel Street, King's Lynn

PRESENT: Councillor D Pope (Chairman)
Councillors Mrs J Collingham, J Collop, P Gidney, M Hopkins and P Kunes and T Tilbrook

Portfolio Holder

Councillor B Long – Leader and Portfolio Holder for Environment

Officers:

Gordon Adam – Auditor

Toby Cowper – Group Accountant

Kate Littlewood – Audit Manager

Dave Robson – Environmental Services Manager

By Invitation:

Alex Younger - Investment & Actuarial Services Manager, Norfolk Pension Service

A44 **APOLOGIES**

Apologies for absence were received from Councillors C Manning and T Smith.

A45 **MINUTES**

The minutes of the Audit Committee held on 5 September 2016 were agreed as a correct record and signed by the Chairman, subject to the following amendment:

A29 **APPOINTMENT OF VICE-CHAIRMAN**

RESOLVED: Councillor T Tilbrook be appointed Vice-Chairman for the meeting.

A46 **DECLARATIONS OF INTEREST**

None.

A47 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was none.

A48 MEMBERS PRESENT PURSUANT TO STANDING ORDER 34

There were no Members present under Standing Order 34.

A49 CHAIRMAN'S CORRESPONDENCE (IF ANY)

There was none.

A50 ROLE OF THE AUDIT COMMITTEE

The Committee received a presentation on The Role of the Audit Committee from the Auditor (a copy of which is attached).

The Auditor/Audit Manager responded to questions in relation to:

- The Audit Committee meeting in private.
- Understanding how an audit was undertaken and the process involved - who decides which audits were undertaken. It was noted that a training session was scheduled for 13 February 2017.
- Corporate Tender process/rules for contracts.
- Capital Projects.
- Revenue/income.
- Annual Service Audits undertaken by the in house Audit Team.

In response to comments from Councillor Collop on the role of the Audit Committee and understanding how the audit function operated within the Council, the Chairman reminded Members that training sessions had been included as the first agenda item on all Audit Committee Agendas to ensure that the Committee was well informed.

The Chairman, Councillor Pope thanked the Auditor for an interesting and informative presentation.

A51 PRESENTATION FROM NORFOLK PENSION FUND

The Committee received a presentation from Alex Younger, Investment and Actuarial Services Manager from the Norfolk Pension Service (a copy of which is attached).

Alex Younger responded to questions from the Committee in relation to:

- The Borough Council's pension position compared to other authorities.

- Triennial Valuation: 3 year upfront payments produced a saving to the Borough Council. The £4.5m upfront payment to be made in April 2017 had been included in the current Financial Plan.
- The risk involved with lump sum payments.
- Potential for monthly payments to remove some of the risk.
- The Borough Council's Investment Policy.
- The Borough Council's Treasury Management Policy.
- The details of the pension note included within the Borough Council's accounts.
- The role of the actuary.
- Liabilities when an employee retired.
- Payments made to dependant/partner/children upon death of employee.
- Liabilities as the Council reduced the number of employees.
- Automatic enrolment to Borough Council's Pension Scheme.
- Pension Fund Deficit – over 20 year funding period. The upfront 3 year payment equated to 3/20ths.
- Investment in Gilts (approximately 10% of the Pension Fund).
- Investment in public equities.

The Chairman, Councillor Pope thanked Alex Younger for the informative and interesting presentation.

A52

BUSINESS CONTINUITY ANNUAL UPDATE

In presenting the report, the Environmental Services Manager reminded Members that at its meeting in July 2015 the Audit Committee confirmed that it wished to receive an update each year on the Council's Business Continuity arrangements.

The report outlined the current position of the Council's Business Continuity arrangements, summarised progress made since the last update and described work that was planned to be undertaken over the coming months.

Members' attention was drawn to the following sections of the report:

- Business Continuity Management in the authority based around a framework of documents set out in 1.2 of the report.
- Threat Cards.
- Activities undertaken by the Business Continuity Officer Group since July 2015 set out in section 3.1 of the report.
- Forward Plan.

The Environmental Health Manager responded to questions from the Committee in relation to:

- CCTV Cameras – being transferred from analogue to digital. The Leader, Councillor Long advised that the process had

commenced which would produce a cost saving. The CCTV mobile control van could receive feeds from other cameras.

- Drill practices/annual exercises. It was noted that an annual desktop exercise was undertaken which had been identified by BC COG. In previous years, exercises had included threat cards, bronze plans and an e-learning package for all staff.
- King's Court Accommodation – were other organisations occupying office space included in the Borough Council's plans? It was explained that other organisations such as the Clinical Commissioning Group had their own Business Continuity Plans, but were invited to attend the annual exercise. The Audit Committee was informed that Freebridge Housing, Alive Management and Leisure were also invited to participate in business continuity exercises.

The Chairman, Councillor Pope thanked the Environmental Services Manager for the annual update and invited the Committee to consider whether it wished to receive future annual update reports.

RESOLVED: 1) The Committee reviewed the progress made and endorsed the approach being taken to the Council's Business Continuity arrangements.

2) The Committee confirmed it wished to receive an annual update report.

A53 **COMMITTEE WORK PROGRAMME 2016/2017**

The Committee noted the Work Programme for 2016/2017.

A54 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on Monday 28 November 2016.

The meeting closed at 6.42 pm

Borough Council of
**King's Lynn &
West Norfolk**



The Role of the Audit Committee

Terms of Reference



- Contained in Part 3 of the Council Constitution
- Last revised May 2016 (next revision 2019)
- No member of Cabinet can be on the Audit Committee (The American IIA has a catchphrase: “Noses In, Fingers Out”).
- Political decisions are a given (subject to the specified scrutiny process).
- Purpose:
 - Independent assurance of the adequacy of the risk management framework
 - Independent scrutiny of the Council’s financial and non-financial performance
 - To oversee the financial reporting process

Core functions (1)



- a. Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- b. Monitor action taken on risk-related issues identified by management, auditors and inspectors (notably through monitoring progress identified on risks included in the corporate risk register).
- c. Review internal audit's strategy and plan, and monitor performance.
- d. Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

Core functions (2)



- e. Receive the annual report of the Audit Manager.
- f. Receive the reports of external audit and inspection agencies.
- g. Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- h. Monitor management action in response to any issues raised by internal audit.

Challenge what you are told (and what you are not told)



- Constructively, of course!
- *“What’s the evidence for this?”* – how do you know this is indeed the case?
- *“What’s the implication of this?”* – does this actually matter?
- *“What’s being done about this?”* – are risk and control problems actually being addressed in an appropriate way?
- *“What about?”* – feel free to raise issues you are aware of as Members, not just what the auditors present you with.
- Don’t be scared to ask “naïve” questions!

Setting “tone”



- Give a lead in promoting good governance, including commitment to:
 - Effective risk management including reasonable internal controls
 - An organisational culture that values integrity and is intolerant of fraud and corruption
 - Openness to Internal and External Audit as tools that provide assurance and drive continuous improvement in the management of risk and the application of control
 - High standards of financial management and reporting
 - Value for Money
 - Effective performance management

Oversight of Financial Reporting



- Statement of Accounts
- Annual Governance Statement
- Treasury Management – mid-year report and year end out-turn
- External Audit
 - Plan
 - Report to those charged with governance

Support the auditors and audit process



- Constructive challenge of strategic direction and specific workplans
- Is anything obstructing auditors from carrying out the work they want to do?
- Are auditors adequately resourced to deliver their remit?
- Are Officers sufficiently responsive and helpful to enable the audit process?

Policies



- Take the lead role on behalf of Members in the maintenance of relevant Policies, and other relevant guidance:
 - Risk Management Policy
 - Anti-Fraud and Anti-Corruption Strategy
 - Whistleblowing Policy
 - Fraud response plan
 - Financial Regulations
 - Contract Standing Orders

Know and use your skills and experience



- How much do you know about each others relevant knowledge and experience?
 - Preparing accounts
 - Running a business
 - Recruiting, training, managing staff
 - Procuring goods and services
 - Managing contracts and contractors
 - Measuring and managing corporate performance
 - Preventing and detecting fraud
 - Getting best value for money
- Don't be afraid to admit to things you don't understand and to seek out training

Meeting in private



- Don't be afraid to meet in private, either just as the Committee or with the Internal and External Audit leads (separately)
 - Are you happy with what you are being told?
 - Are we being supplied with the right material to allow us to discharge our responsibilities?
 - Is there anything you want us to know that you don't want to say in front of Internal / External Audit, in front of the Chief Executive, in front of the Assistant Director Finance, in front of the public.



Norfolk Pension Fund

Borough Council of King's Lynn & West Norfolk Audit Committee 17 October 2016

Alex Younger

Agenda



Norfolk Pension Fund

- Introduction
- The pension notes in your accounts
- The Triennial Valuation
- LGPS asset pooling

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The Local Government Pension Scheme (LGPS)



- LGPS is a **FUNDED** defined benefit scheme – unlike majority of public service schemes
- Career Average benefits for new accrual (since April 2014) but retains significant legacy final salary linked obligations
- Administered by Counties, Unitaries and London Boroughs
- 101 funds nationally – managed locally (89 in England & Wales)
- Regulated – Department Communities & Local Government (DCLG) + TPR (increasing oversight by HMT & Government's Actuaries Department)
- Benefits are guaranteed by statute
- Surpluses/shortfalls in funding have in the past been a matter for Employers (cost-share mechanism between Employers and Employees being part of the new 2014 scheme which is intended to address some aspects of costs going forward)

The LGPS



- National scheme, locally administered
- Local accountability –
 - Pension Committee – ‘Section 101’ - board of quasi trustees
 - New Local Pensions Board with oversight and assistance role (equal number of Employer and Employee representatives)
- Great diversity of membership
- 11,801 Employers nationally (up by 1,130)

Quarter of largest 100 Pension Funds in UK are LGPS

1 in 5 of the working population is in the public sector

The LGPS in England and Wales:

89 Funds (11 more in Scotland, 1 in Northern Ireland)

£ 217.2bn* assets

5.1 m Scheme Members (annual increase of 144,000)*

	2013	2014	2015
Active Members	1.75m	1.819m	1.870
Deferred Members	1.65m	1.723m	1.798
Receiving benefits	1.40m	1.459m	1.487

*Data – LGPS 2015 Annual Report England and Wales only

The Norfolk Pension Fund Facts, Figures and Changing Profiles



Norfolk Pension Fund

Administered by Norfolk County Council as a statutory responsibility

At March 2016:

- **£2.9 billion**
- **262 Employers** (152 March 2013)
 - 63 Councils (County, District, Town and Parish) *
 - Remainder vary widely (e.g. private sector, charities, non uniformed fire and police staff, non teaching staff in academies and colleges)

Membership	31 March 2014	31 March 2015	31 March 2016	Movement in last year
Active	27,254	27,638	28,030	+392
Deferred	26,776	29,125	32,477	+3,352
Pensioners	20,887	21,247	22,215	+968
Totals	74,917	78,010	82,722	4,712

Norfolk Pension Fund membership equates to 1 in 10 of adult Norfolk population

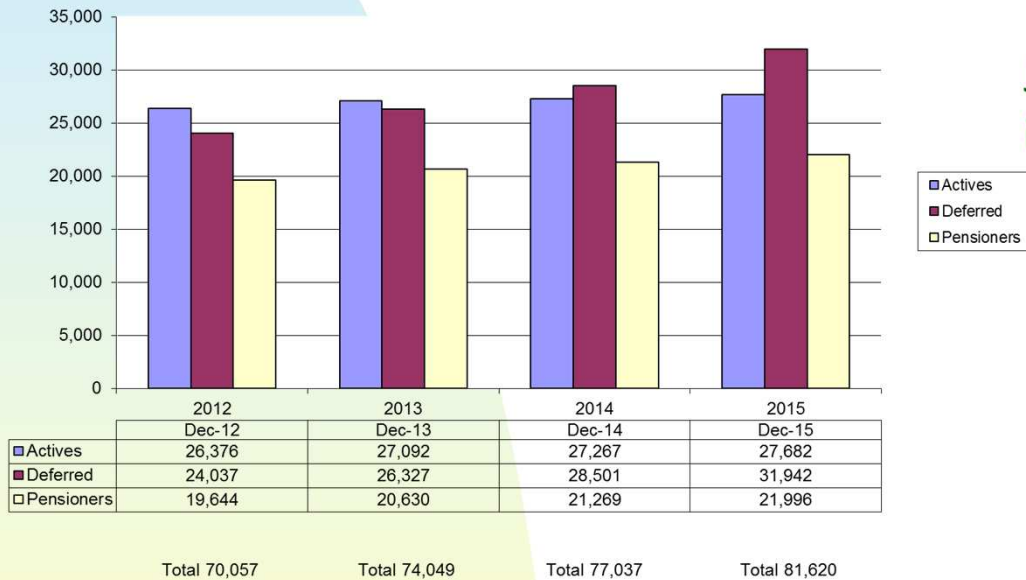
* 7 Borough/District Councils (Scheduled bodies), rest Admitted Bodies and Resolution bodies

The Norfolk Pension Fund Facts, Figures and Changing Profiles



Membership

4.39



Average Pensions in payment:

January 2016: average annual pensions in payment were:

Pension in own right:

- £5,055 (£421 per month)

Dependants pension:

- £2,731 (£228 per month)

Average pension:

- £4,760 (£397 per month)



Norfolk Pension Fund

The pension notes in your accounts

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The pension notes in your accounts

- Many employers are required to make pension disclosures in their accounts (FRS102, **IAS19**, FRS17)
- The disclosures are relatively complicated and sometimes difficult to place in context / summary
- Report prepared by the Fund Actuary on behalf of a participating employer

How are disclosure calculations made?

- Disclosures are made on an estimated 'roll forward' basis, using the actual results from the last completed formal valuation (31 March 2013 currently)
- In the vast majority of years the accounting disclosures will show a worse funding position than the on-going funding basis
- Accounting disclosures will also tend to exhibit greater volatility of results but there is no direct linkage to the level of cash contributions an employer is required to make

Financial assumptions

(page 49 of SoA)



- Assumptions are variable year on year - 'market derived'
- The demographic assumptions are those agreed from the last formal 'Triennial Valuation'

Financial assumptions

My recommended financial assumptions, as described in the accompanying report, are summarised below:

Period Ended	31 Mar 2016 % p.a.	31 Mar 2015 % p.a.
Pension Increase Rate	2.2%	2.4%
Salary Increase Rate	3.2%	3.3%
Discount Rate	3.5%	3.2%



How are the assumptions used?

- The asset value is rolled forward using both estimated cash flow and investment returns
- Liabilities are recalculated (using the most recent assumptions)
 - The balance sheet assumptions are calculated at the balance sheet date i.e. the **end** of the financial reporting period
 - The revenue account assumptions are calculated at the **start** of the financial reporting period - i.e. the same as those at the last balance sheet date
- Difference in dates of calculation often produces a disconnect in the direction of movement

The pension note from your accounts (pages 42/43)

Comprehensive Income and Expenditure Statement

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015 £'000	2014/2015 £'000	2014/2015 £'000		2015/2016 £'000	2015/2016 £'000	2015/2016 £'000
			Service Costs Comprising :			
2,910	0	2,910	Current Service Cost	3,768	0	3,768
87	0	87	Past Service Costs	65	0	65
			Financing and Investment Income and Expenditure:			
1,712	150	1,862	Net Interest Expense	1,664	113	1,777
4,709	150	4,859	Total Post- Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services	5,497	113	5,610
			Other Post-Employment Benefit Charged to the CIES:			
			Re-measurement of the Net Defined Benefit Liability Comprising:			
(9,513)	0	(9,513)	Return on Plan Assets (Excluding the amount included in the net interest expense)	870	0	870
21,485	0	21,485	Actuarial (Gains) and Losses arising on the changes in Financial Assumptions	(14,769)	(282)	(15,051)
(1,376)	0	(1,376)	Other	(2,497)	0	(2,497)
15,305	150	15,455	Total Post-Employment Benefit Charged to the CIES	(10,899)	(169)	(11,068)

Movement in Reserves Statement

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015 £'000	2014/2015 £'000	2014/2015 £'000		2015/2016 £'000	2015/2016 £'000	2015/2016 £'000
(4,709)	(150)	(4,859)	Reversal of Net Charges made to the Surplus/Deficit for the Provision of Services for Post-Employment Benefits in accordance with the Code.	(5,497)	(113)	(5,610)
			Actual amount charged against the General Fund for Pensions in the year			
4,949	0	4,949	Employer's Contribution	1,882	0	1,882
0	254	254	Discretionary Benefits	0	244	244
4,949	254	5,203	Total amount charged against the General Fund for Pensions in the year	1,882	244	2,126

The pension note from your accounts (pages 44/45/46)

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined plan is as follows:

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
(167,778)	(3,535)	(171,313)	Present Value of the Defined Benefits Obligation	(155,539)	(3,122)	(158,661)
116,640	0	116,640	Fair Value of Plan Assets	117,182	0	117,182
(51,138)	(3,535)	(54,673)	Net Liability Arising from the Defined Benefit Obligation	(38,357)	(3,122)	(41,479)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
101,793	0	101,793	Opening Fair Value of Scheme Assets	116,640	0	116,640
4,394	0	4,394	Interest Income	3,696	0	3,696
9,513	0	9,513	Return on Plan Assets (Excluding the amount included in the net interest expense)	(870)	0	(870)
4,949	254	5,203	Contributions from Employer	1,882	244	2,126
836	0	836	Contributions from Employees into the Scheme	859	0	859
(4,845)	(254)	(5,099)	Benefits Paid	(5,025)	(244)	(5,269)
116,640	0	116,640	Closing Fair Value of Scheme Assets	117,182	0	117,182

Reconciliation of the Present Value of Scheme Liabilities (Defined Benefits Obligation)

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
(142,706)	(3,508)	(146,214)	Opening Balance at 1 April	(167,778)	(3,535)	(171,313)
(2,910)	0	(2,910)	Current Service Cost	(3,768)	0	(3,768)
(6,106)	(150)	(6,256)	Interest Cost	(5,360)	(113)	(5,473)
(836)	0	(836)	Contributions from Scheme Participants	(859)	0	(859)
(21,354)	(131)	(21,485)	Actuarial (Gains) and Losses Arising on the Changes in Financial Assumptions	14,769	282	15,051
1,376	0	1,376	Other	2,497	0	2,497
(87)	0	(87)	Past Service Cost	(65)	0	(65)
4,845	254	5,099	Benefits Paid	5,025	244	5,269
(167,778)	(3,535)	(171,313)	Closing Balance as at 31 March	(155,539)	(3,122)	(158,661)

The pension note from your accounts (pages 47/48)

Local Government Pension Scheme Assets Comprised:

Asset Category	Period Ended 31 March 2015				Period Ended 31 March 2016			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000		£'000	£'000	£'000	
Equity Securities:								
Consumer	5,015	0	5,015	4%	8,409	0	8,409	7%
Manufacturing	6,187	0	6,187	5%	6,106	0	6,106	5%
Energy and Utilities	2,568	0	2,568	2%	2,632	0	2,632	2%
Financial Institutions	7,501	0	7,501	6%	7,668	0	7,668	7%
Health and Care	3,944	0	3,944	3%	3,743	0	3,743	3%
Information Technology	3,963	0	3,963	3%	3,525	0	3,525	3%
Other	5,911	0	5,911	5%	0	0	0	0%
Debt Securities:								
Corporate Bonds (investment grade)	4,907	0	4,907	4%	0	0	0	0%
Corporate Bonds (Non-investment grade)	127	0	127	0%	0	0	0	0%
UK Government	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Private Equity:								
All	0	7,671	7,671	7%	7,534	0	7,534	6%
Real Estate:								
UK Property	0	12,389	12,389	11%	13,356	0	13,356	11%
Overseas Property	0	1,422	1,422	1%	1,806	0	1,806	2%
	40123	21482	61605	51%	54,778	0	54,778	46%

Asset Category	Period Ended 31 March 2015				Period Ended 31 March 2016			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000		£'000	£'000	£'000	
Investment Funds and Unit Trusts:								
Equities	46,947	0	46,947	40%	30,091	0	30,091	26%
Bonds	4,831	0	4,831	4%	30,147	0	30,147	26%
Hedge Funds	0	0	0	0%	0	0	0	0%
Commodities	0	0	0	0%	0	0	0	0%
Infrastructure	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Derivatives:								
Inflation	0	0	0	0%	0	0	0	0%
Interest Rate	0	0	0	0%	0	0	0	0%
Foreign Exchange	103	0	103	0%	(362)	0	(362)	0%
Other	42	0	42	0%	0	0	0	0%
Cash and Cash Equivalents:								
All	0	3,112	3,112	3%	0	2,529	2,529	2%
Totals	92,046	24,594	116,640	98%	114,653	2,529	117,182	100%

The pension note from your accounts (pages 49/50)



Norfolk Pension Fund

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2014/2015	2015/2016
Mortality Assumptions:		
Longevity at 65 for Current Pensioners:		
Men	22.1yrs	22.1yrs
Women	24.3yrs	24.3yrs
Longevity at 65 for Future Pensioners:		
Men	24.5yrs	24.5yrs
Women	26.9yrs	26.9yrs
Rate of increase in Salaries	3.3%	3.2%
Rate of increase in Pensions	2.4%	2.2%
Rate for discounting Scheme liabilities	3.2%	3.5%

Impact on the Defined Obligation in the Scheme

	Approximate % Increase to Employer Liability	Approximate Monetary Increase to Employer Liability (£000)
Real Discount Rate Decrease by 0.5%	10%	15,968
Longevity Increase by 1 Year	3%	4,760
0.5% Increase in Salary Increase Rate	3%	4,675
0.5% Increase in the Pension Increase Rate	7%	11,091



Triennial Valuation

- All LGPS Funds have a **statutory** valuation every 3 years
- The valuation is a health check of the whole Fund and individual employer positions, and is also needed to set the employer contribution rates
- Valuation currently underway as at 31 March 2016
- This will set the employer contribution rates from 1 April 2017 – 31 March 2020
- **This is the valuation that matters = cash flow**



Triennial Valuation

BUT...

- BCKL&WN subject to the Norfolk Pension Funds **Employer Contribution Rate Stabilisation Mechanism (ECRSM)**
- ECRSM smooths the impact of rate changes by limiting the increases / decreases to +/- 0.5% p.a.
- Actuarially modelled 'underpay in bad times and over pay in good' – smooths costs in the longer term



BCKL&WN Valuation Position

31 March 2013:

451

	£'000
Liabilities	124,498
Asset share	<u>95,845</u>
Deficit	<u>(28,652)</u>
Funding level / solvency:	77%
Theoretical Employers Contribution Rate:	18.4% + £2,172k per annum

Stabilised Employer Contribution Rates



Norfolk Pension Fund

Financial year ending:	Percentage	Cash sum £000's per annum
31 March 2014	14.0%	878
31 March 2015	14.0%	3,136
31 March 2016	14.0%	nil
31 March 2017	14.0%	nil
31 March 2018	14.0%	4,511
31 March 2019	14.0%	nil
31 March 2020	14.0%	nil

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Outlook



Norfolk Pension Fund

- Based on likely assumptions funding position may not change significantly BUT this statement is made without examination of individual employer experience
- **ECRSM continues** – supports predicable contribution rates
- Many employers still substantially below the full theoretical rates
- Individual employer positions available late Autumn (November)
- Rates must be certified by 31 March 2017



Norfolk Pension Fund

Reform LGPS Asset Pooling

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Norfolk Pension Fund

Summer Budget 2015

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“pool investments to significantly reduce costs, while maintaining overall investment performance”

“sufficiently ambitious” proposals



Norfolk Pension Fund

October 5th 2015 Conservative Party Conference

“...we’re going to work with Councils to create ..
Half a dozen British wealth funds spread across
the country,”

“It will save hundreds of millions in costs, and,
crucially, they’ll invest billions in the
infrastructure of their regions.”



Autumn Statement – followed by pooling criteria and guidance (November 25th 2015)

“up to 6 British Wealth Funds ... at least £25 billion
of Scheme assets each”

“reduce costs while maintaining overall investment
performance”

“wider ambition of matching the infrastructure
investment levels of the top global pension fund”



25th November 2015

- **Criteria for pooling** published - not a consultation
- Consultation on **Investment Regulations**: liberalisation to facilitate CIVs
- Backstop legislation** for funds not participating in pools
- **Submit proposals**
 - Initial 19 February 2016
 - Detailed 15 July 2016

Investment Pooling : ACCESS



Essex County Council



Hampshire County Council



ACCESS (a collaboration of central, eastern and southern shires) with assets of £33bn – **all of which are managed by third parties.**

c3,000 employers

c900,000 members

Strong performing funds and potential for substantial benefits for a group of successful like-minded authorities collaborating and sharing their collective expertise.

75% of the assets are invested across 12 managers and 71 different managers used across the authorities.

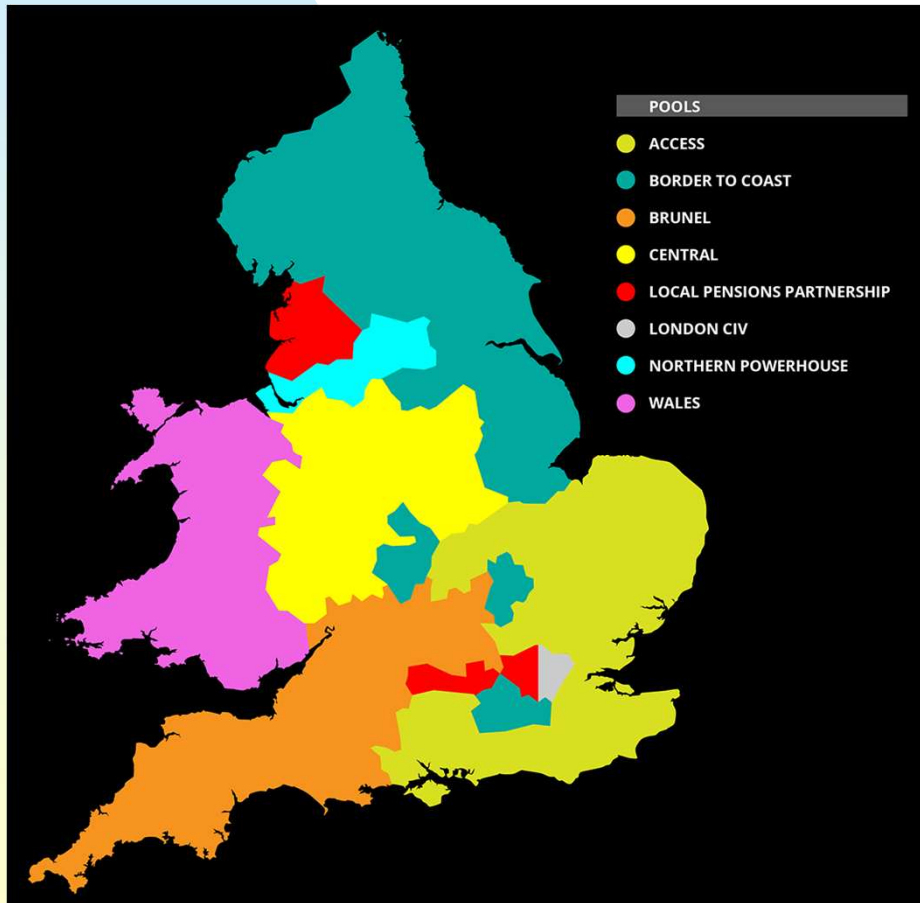




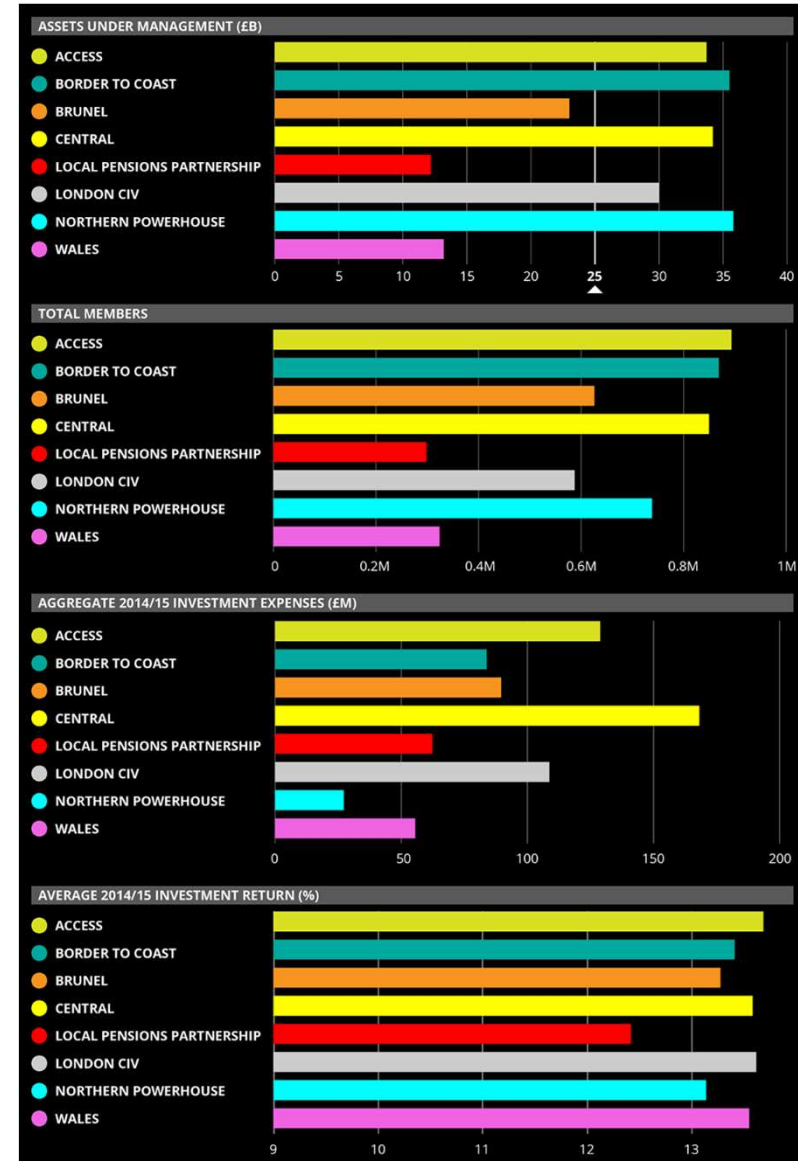
ACCESS

Effective • Collective • Investment

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Norfolk Pension Fund



Principles



Norfolk Pension Fund

The participating authorities reflect a strong commitment to the project and share an approach to achieve common objectives based on a clear set of guiding principles.

Collaborative	Risk management	Objective evidence based decisions
Equitable voice in governance	Professionalism	Equitable cost sharing
No unnecessary complexity	Evolution and innovation	Value for money

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Democratic accountability and fiduciary responsibility are vital



Impact of pooling?

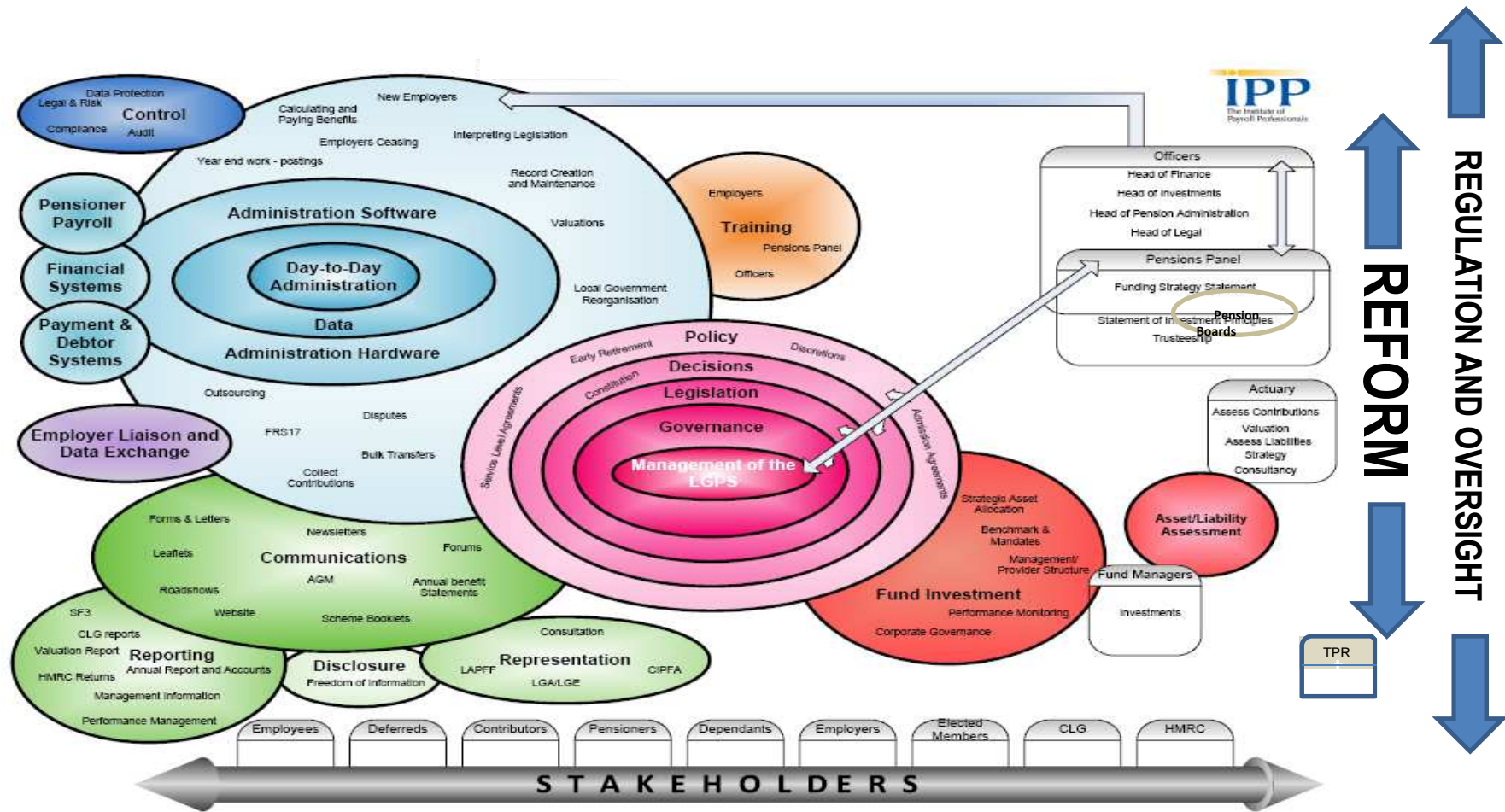


Norfolk Pension Fund

- **Still** 101 local Funds, with local accountability and administration
- **Only** operational management of investments is pooled
- On going accountability to and oversight of pools by local Funds:
still our assets; still our responsibility
- Local responsibility for Strategic Asset Allocation
- 3 – 5 (or even 20 year!) implementation
- **No immediate dividend for employers**

LGPS management and oversight continues...

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Norfolk Pension Fund

Questions?

Thank you

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