

Agenda

Please note the earlier start time for this meeting

Meeting: Pension Board

**Venue: Brierley Room, County Hall,
Northallerton, DL7 8AD**

Date: Thursday 26 January 2017 at 9.30am

Recording is allowed at County Council, committee and sub-committee meetings which are open to the public, please give due regard to the Council's protocol on audio/visual recording and photography at public meetings, a copy of which is available to download below. Anyone wishing to record is asked to contact, prior to the start of the meeting, the Officer whose details are at the foot of the first page of the Agenda. We ask that any recording is clearly visible to anyone at the meeting and that it is non-disruptive. <http://democracy.northyorks.gov.uk>

Business

1. **Apologies for absence**
- 2a **Minutes** – To agree as an accurate record the Minutes of the meeting held on 6 October 2016
(Pages 6 to 13)
- 2b **Action Record** – To note the progress made on actions agreed at previous meetings
(Pages 14 to 19)
3. **Declarations of any Interests**

4. **Public Questions or Statements.**

Members of the public may ask questions or make statements at this meeting if they have given notice and submitted the text to Steve Loach of Democratic Services (contact details below) by midday Monday 23 January 2017. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

- at this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes);
- when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

5. **Draft Minutes of the Pension Fund Committee meeting held on 24 November 2016 –**
Chairman to report **(Pages 20 to 25)**
6. **Internal Audit Reports – Report of Legal and Democratic Services** **(Pages 26 to 27)**
7. **Review of employer and administering authority discretions – Update**
Verbal update by Ben Drake (Member of Pension Board)
8. **LGPS Pooling - Update - Report of Legal & Democratic Services** **(Pages 28 to 49)**
9. **Training - Report of Legal and Democratic Services** **(Pages 50 to 55)**
10. **Work Plan – Report of Legal & Democratic Services** **(Pages 56 to 58)**
11. **Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances**

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

NOTES:

Emergency Procedures for Meetings

Fire

The fire evacuation alarm is a continuous Klaxon. On hearing this you should leave the building by the nearest safe fire exit. Once outside the building please proceed to the fire assembly point outside the main entrance

Persons should not re-enter the building until authorised to do so by the Fire and Rescue Service or the Emergency Co-ordinator.

An intermittent alarm indicates an emergency in nearby building. It is not necessary to evacuate the building but you should be ready for instructions from the Fire Warden.

Accident or Illness

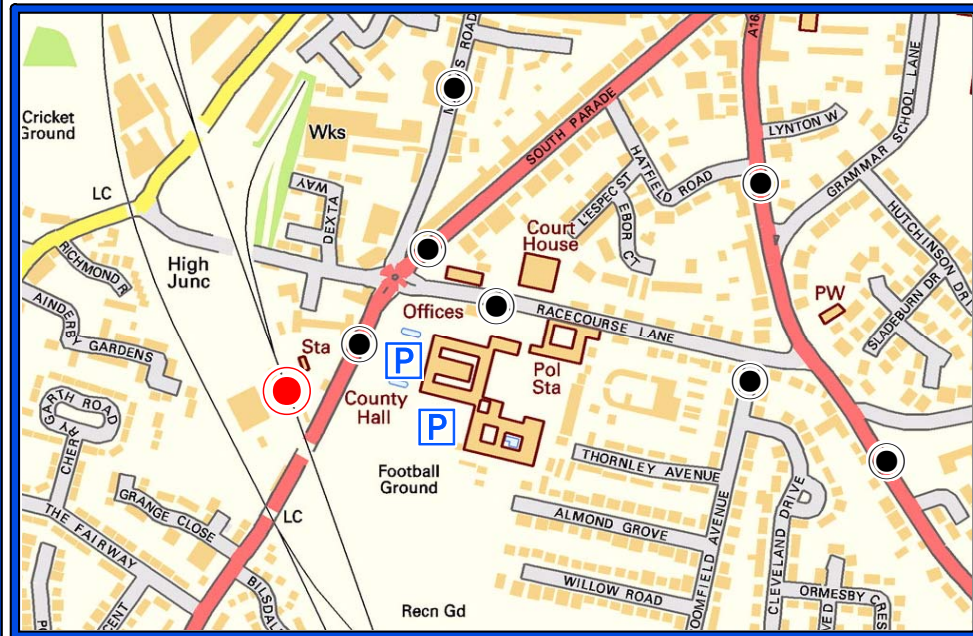
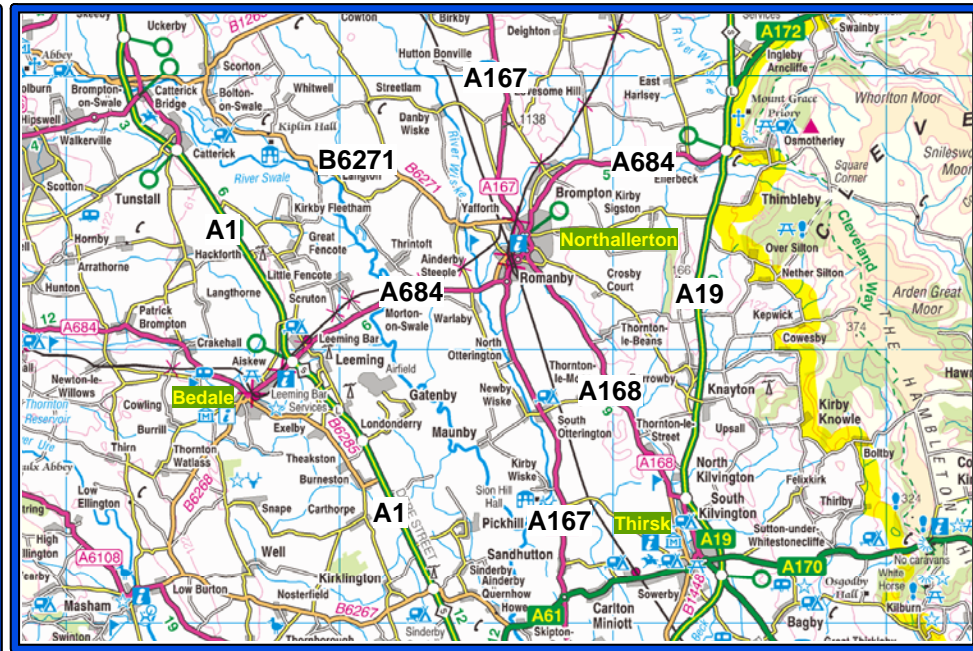
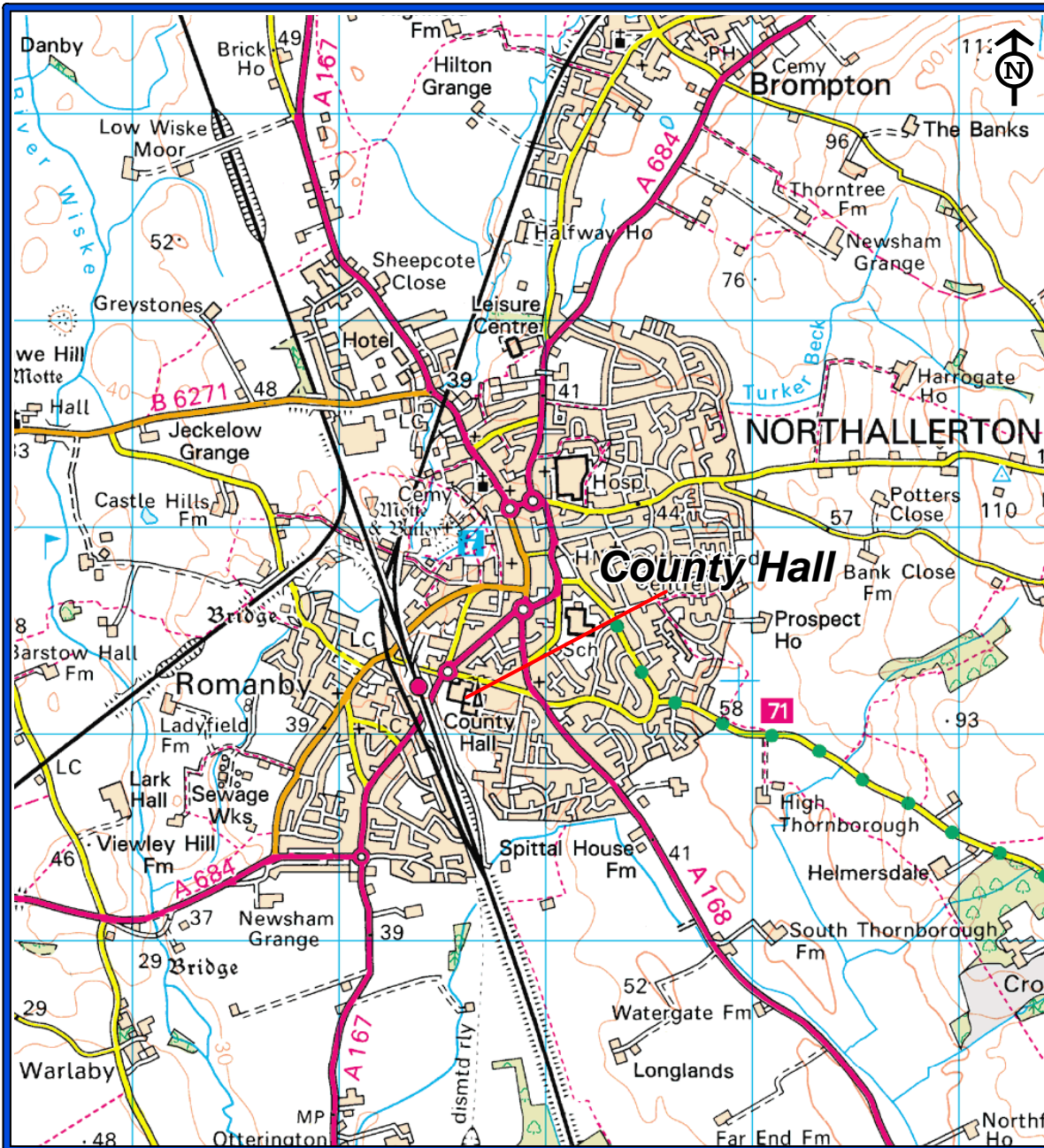
First Aid treatment can be obtained by telephoning Extension 7575.

PENSION BOARD

Membership

(9)		
	<i>Names</i>	
1	PORTLOCK, David	Chairman - Independent Member (Non-voting)
2	JORDAN, Mike (County Councillor)	Employer Representative
3	CUTHBERTSON, Ian (Councillor)	Employer Representative
4	MACDONALD, Phil	Employer Representative
5	BRANFORD-WHITE, Louise	Employer Representative
6	DRAKE, Ben	Scheme Member Representative
7	SMETHURST, Stella	Scheme Member Representative
8	SWINTHENBANK, Mandy	Scheme Member Representative
9	GRESTY, Gordon	Scheme Member Representative

Quorum - The Board shall be quorate if the Chair, one scheme representative and one employer representative are present.



Visitor Parking at County Hall



Northallerton National Rail Station



Bus Stops

County Hall

Northallerton
North Yorkshire
DL7 8AD

Tel : 0845 8 72 73 74



North Yorkshire County Council

North Yorkshire County Council

Pension Board

Minutes of the meeting of the Pension Board held on Thursday 6 October 2016 at County Hall, Northallerton commencing at 10 am.

Present:-

Members of the Board

David Portlock (Independent Chairman).

Employer Representatives:

County Councillor Mike Jordan, Councillor Ian Cuthbertson (City of York) and Phil MacDonald (University of Hull).

Scheme Members:

Gordon Gresty, Ben Drake and Stella Smethurst (Unison), and Mandy Swithenbank (GMB).

In attendance:-

County Council Officers: Anna Binks, Tom Morrison, Jo Wade and Josie O'Dowd.

Copies of all documents considered are in the Minute Book

54. Apologies for Absence

Louise Branford-White (Hambleton District Council).

55(a) Minutes

Resolved -

That the Minutes of the meeting held on 14 July 2016, having been printed and circulated, are taken as read and are confirmed and signed by the Chairman as a correct record.

55(b) Action Record

Considered -

The Action Record noting the progress made on actions agreed at previous meetings.

It was agreed that once items have been reported as complete they will subsequently be deleted from the Action Record. Josie O'Dowd was asked to check the item at page 20.

Resolved -

That the suggestion, detailed above, be implemented regarding the on-going management of the Action Record and the updates are noted.

56. Declarations of Interest

It was clarified that Members of the Pension Board were not required to disclose their membership of the Pension Scheme, as defined in the regulations relating to Pension Boards.

57. Public Questions or Statements

There were no questions or statements from members of the public.

58. Draft Minutes of the Pension Fund Committee meeting held on 15 September 2016

The Chairman David Portlock reported on the Minutes of the Pension Fund Committee of 15 September 2016 and on issues raised at that meeting. He recorded his thanks to Ruth Gladstone of Democratic Services for turning around the Minutes of Pension Fund Committee in a very short space of time, to enable them to be tabled here.

- ◆ A Member queried why £65m was being invested in property, taking the funding from elsewhere. Tom Morrison explained that the decision had been taken pre-Brexit and he noted that the recent falls in the value of the Fund's property investment is reflective of a change in valuation methodology and not an underlying fall in the property values themselves. He advised that post-Brexit these temporary arrangements had been reviewed by three Fund Managers. The risks were felt to have subsided and property values had remained flat since Brexit. Regarding equity investments, the market has performed surprisingly well post-Brexit with +10 to +15% being added to overseas equity valuations due to currency changes. The Fund was valued at £2.4bn before Brexit and has risen to £2.7bn.
- ◆ A Member speculated about the potentially diminishing role of the Pension Fund Committee once pooling arrangements are in place. It was acknowledged that part of the role of the Committee would transfer to the pool, in relation to manager hiring, monitoring and firing. Asset allocation decisions would however remain with the Committee.
- ◆ It was noted that there is no pension member representation on the Governance Board of the pool and this was felt to be a concern.

The Chairman advised that Audit Committee had the previous week approved the Fund's Annual Report. Tom Morrison also provided updated on the Member Steering Group meeting which had taken place on 29 and 30 September 2016.

- ◆ The question was raised regarding training for Pension Fund Committee Members. Tom Morrison advised that there are no specific requirements for that Committee, and requirements are much more prescriptive for Pension Board Members. It was suggested that perhaps a review of such training requirements could be a project for the Pension Board. It was noted that for

Trustees of Boards an evidential approach to training is required. It was recognised that many of the Members of the Pension Fund Committee are longstanding, many with more than 15 years' service and so they have a great deal of experience. It was acknowledged that whilst the present membership may be very knowledgeable this may not be the situation going forward, with the next County Council Elections on the horizon. It was suggested that the Election in May 2017 could provide a good opportunity to raise the profile of training particularly for new Members of the Pension Fund Committee.

Resolved -

That the feedback from the Pension Fund Committee meeting 15 September 2016 are noted.

59. Internal Audit Reports

Considered -

The report of Legal and Democratic Services providing the Pension Board with an update on internal audit activity.

The Chairman David Portlock referred to his email to the Head of Internal Audit querying the delay with the Quarter 2 report. He advised that two reports were being finalised and others were to be completed later in the year. It was noted that there was no specific date quoted for these items. Tom Morrison advised that he had received an indication from Internal Audit regarding timings, but noted that these reports do not automatically come to Committee unless problems are highlighted. He explained that where there is a high degree of assurance, Pension Fund Committee do not always spend time considering the report. He confirmed that the question of timing was down to Veritau juggling this work around their other priorities.

A Member commented that the practice of raising concerns by exception with a periodic general update seems reasonable. Another Member noted that reporting in January could be very late if a concern is being flagged. Tom Morrison hoped that the high levels of general assurance given, provided the required comfort to Members. Members reiterated that even a short overview would still be appreciated.

Resolved -

That the report is noted.

60. External Audit Report

Considered -

The report of Legal and Democratic Services asking the Board to consider the External Audit Report in relation to the audit of the Pension Fund's 2015/16 financial statement and to consider whether the governance documents in the Annual Report meet regulatory requirements and best practice standards.

The Chairman David Portlock advised that the County Council's financial accounts and statement were approved at Audit Committee on 29 September. Members raised the following points:

- ◆ A query regarding an entry at page 67 relating to audit fees - commenting that this issue should have been foreseen and therefore included at the

outset. Tom Morrison advised that in these circumstances other employers are recharged accordingly, however he acknowledged that prior agreement is usually sought.

- ◆ A Member felt that such action should only be undertaken with prior arrangements.
- ◆ A variance in reporting was also noted, as governance costs had come in lower than expected, despite including pooling related costs.
- ◆ A Member queried the reference to 'best practice principles' at paragraph 6.1(b) and wished to know if the assumption was correct. Responding Tom Morrison advised that the principles referred to had been established by the Scheme Advisory Board prior to the existence of the Pension Board.
- ◆ A Member reminded everyone that during the inaugural meeting, the Pension Board had defined its role.
- ◆ A Member queried whether Pension Boards are stakeholders as referred to in paragraph 3 and Tom Morrison confirmed that details should be included to keep the records up-to-date.

Resolved -

That the report and issues to be raised with officers on KPMG's Audit Report and the Fund's Annual Report are noted.

61. Review of Employer and Administering Authority Discretions

Considered -

The scoping report by Ben Drake, Member of the Pension Board, reviewing the exercise of employer and administering authority discretions.

Ben Drake summarised the background regarding employer and administering authority discretions in particular circumstances. He felt that it would be good practice if all the employers provided this information, as North Yorkshire County Council and the City of York Council already do. He felt it was appropriate to check that all employers hold this information on file and possibly to offer support to smaller employers via the model scheme approach. He felt that this would be beneficial as it would promote transparency.

A Member commented that as academy trusts come on stream this may be needed all the more. Their own discretions policy should be in existence. Ben Drake confirmed that other employers cannot be advised on what the discretion policy should be, however good practice in having a comprehensive document can be shared. Anna Binks referred to the changes occurring in April 2014 and noted that examples pre and post were already on file. She explained that a roadshow had been run for employers regarding the model policy and she confirmed that the County Council had always been based on the LGA template which represents best practice over and above the minimum requirements. She described the table format per discretion and the approach to information sharing, and instructions on how to complete the table whilst still leaving the final decisions up to employers. She felt that the County Council's format is very transparent and a good basis for others to work from. She reiterated that employers had been engaged with at every available opportunity to address this. She advised that pre 2014, 36 policies were in place covering all major employers, whilst post 2014, this has fallen to 17 which does not cover all the major employers. She advised that the outstanding policies had not been chased for some 18 months and she accepted that it is now timely to do so.

A Member asked whether any of the policies leave the North Yorkshire Pension Fund liable for the costs of any discretions, and Anna Binks replied that, in accordance with the regulations, it is the employer who must pay for such discretions as unreduced early retirements. Anna Binks stated that it was not onerous getting the information out there, the challenge was chasing the return of updated policies. She also advised that a dispute resolution process may need to be relied upon where there is no current policy in place. Ben Drake confirmed that this is an area of legal vulnerability, and a Member wished to know with whom the responsibility rests regarding agreement to allow discretion. Tom Morrison advised that the regulations allow discretions but that it is up to the employers to determine their policy. The Fund can only help facilitate this. Ben Drake went on to scope the proposed piece of work which would cover:

1. Clarifying the regulations.
2. The LGA guidance.
3. Best practice.
4. Where we are now.
5. Draft communications.
6. Circulate.
7. Chase returns.

The Chairman David Portlock sought the agreement of the Members and this was confirmed. A Member suggested using the 'efficiency' example to illustrate why this exercise is needed, e.g. flexible retirement, as different organisations could view the matter very differently.

Resolved -

That the report is noted.

62. LGPS Pooling - Update

Considered -

The report of Legal and Democratic Services updating on progress towards the Government's announced intention to pool the assets of LGPS Funds.

Tom Morrison reminded Members that the arrangements have to be in place by 1 April 2018, according to Government. He accepted that if no approval to the pooling proposal was received from Government in September the timetable is likely to slip; however, Government continue to push for April 2018. He stressed that Members and officers want to undertake this exercise properly, and if implementation is consequently delayed slightly, Government intervention seems unlikely. He explained that during the last week of September there had been meetings with Chairs of Pension Fund Committees and an update was expected shortly. He also advised of work being undertaken regarding potential advisers covering tax advice, appointing custodian, and IT system requirements. Discussions were ongoing with Eversheds and Deloitte regarding the legal issues. It had now been agreed that three sub groups would be established:

- ◆ one to consider the operating model, including the depositary and ICT requirements
- ◆ the second to consider the people aspects (including TUPE transfers), recruitment and the pay of senior executives

- ◆ the third to look at governance and monitoring, in particular the terms of reference for the Joint Committee, the shareholder agreement and the monitoring regime.

These groups would require dedicated time and Funds will be expected to volunteer resources to work on and oversee these work streams. It was noted that the costs are to be shared equally and this is expected to be in the region of £350,000 per Fund. Implementation costs are expected to be in the region of £4.2m overall. A suitable process is to be applied to ensure that each Council's Executive and Full Council approve arrangements. Concluding, he stressed that the approach to generating the best outcome for the 12 BCPP Funds will be key. Tom Morrison was expected to be involved in the governance work stream.

The Chairman was keen to understand the knock-on impact this would have on the North Yorkshire Pension Fund and Tom Morrison advised that Anna Binks and Amanda Alderson would provide cover for him.

Members commented as follows:

- ◆ Performance must be the first consideration and fees the second. Tom Morrison concurred with this view.
- ◆ A Member drew attention to the LGA Q&A in August and the official note circulated on this. He noted that the DCLG report speaks of FCA authorised body making investment decisions however each pool could have an advisory body at pool level. Tom Morrison spoke of a supervisory body with Chairs of each of the Pension Funds appointed to it. In this way the pool acts as the investment manager which is then held to account. He noted that there were neither employer nor employee representatives on the body. However DCLG has said that at pool level employer and employee representatives may be allowed, as there are non-voting representatives presently on the Pension Fund Committee. He noted that some pool participants will have more emphasis on Member representation than others, but it will be up to Members of the BCPP Funds to decide who is on the Joint Committee.
- ◆ A Member felt that this was important and did not wish to see pooled arrangements overlooking this issue. She stated that Pension Fund Committee Chairs are arguably employer representatives. Tom Morrison advised that the Chairs are not representing employers but rather Funds. He felt that the DCLG comments were opinions rather than mandatory requirements. Referring to the meeting held in June it was noted that building an FCA regulated entity was deemed the most appropriate route.
- ◆ A Member commented upon the sub group for TUPE etc and the £3.6m cost of servicing arrangements in the proposal. He felt that the absence of competition with other structures could significantly add to the cost of managing the arrangements. He cautioned against the risk of loading the structure with costs for no return, and he wondered if competition with others could help in this regard? Tom Morrison confirmed that the work streams were just starting and they need to be clear about what they were trying to achieve. Regarding Executive salaries research is underway regarding market rates and preparation are being made to find advisers to help with this. Local Government salaries were felt to be inappropriate and commercial rates were probably needed. Tom Morrison stressed that the intention was still to keep salaries at an appropriately sensible level.
- ◆ A Member commented that she was pleased to note that Tom Morrison had volunteered but sought assurance regarding backfill arrangements.

She hoped the costs would be reclaimed from the Pension Fund Committee for releasing him.

- ◆ A Member asked whether the Pension Fund had previously considered fiduciary management and Tom Morrison confirmed that it had not. A Member noted that this can bring quicker decision-making and it could perhaps ameliorate the Brexit impacts. Tom Morrison acknowledged the suggestion and indicated that the pooling proposals moved the decisions on manager appointments to the pool entity, but that's all. Another Member reiterated the need to be in a position to make quicker investment decisions in the changing financial climate.

Resolved -

That the report is noted.

63. Training

Considered -

The report of Legal and Democratic Services providing an update on Pension Board member training.

Josie O'Dowd was asked to recirculate the link to the training modules and Tom Morrison invited suggested topics for future training events. A Member suggested that AON Hewitt be invited to quote for the provision of a half day training following a future Pension Board meeting. It was suggested that this could cover liaison with and scrutiny of the Pension Fund Committee. Tom Morrison also noted that the Pension Fund Committee may wish to suggest issues for the Pension Board to consider. All were asked to review the list at page 187 in light of pooling and this should be brought back to the Pension Board in both January and April 2017.

Resolved -

- (a) That the Pensions Regulator modules which Members have still to complete is noted,
- (b) That Members continue to identify any appropriate training needs.
- (c) That the meetings dates for 2016/17 and 2017/18 as set out in the report are noted.

64. Work Plan

Considered -

The report of Legal and Democratic Services detailing the areas of planned work by the Pension Board.

Resolved -

That the Work Plan is noted.

65. Compliance with Publicity Regulations

Considered -

The verbal report of Anna Binks, Pensions Administration Team Manager, who advised that the North Yorkshire Pension Fund publicity is compliant in most areas. She commented that full membership details should be included on the NYCC website and also details of the appointment process to become a Pension Fund Board Member - a factual account is required. She also referred to the email she had circulated prior to the meeting and it was accepted that it is good practice to review these arrangements on a periodic basis.

Resolved -

That the verbal update is noted.

66. Any Other Urgent Business

The Chairman raised the question of insurance for the Pension Board members and it was confirmed that this is covered by North Yorkshire County Council's policies relating to Committee members.

The meeting concluded at 12.15 pm.

JO'D

DRAFT

Pension Board - Action Record

01/10/15

Minute No. 15 – Governance Issues

Resolution

That, subject to the issues outlined by the Unison representatives in relation to the membership and appointment process being taken into account, with further consideration of this matter, following an appropriate initial bedding in period for the Board, the report be noted, together with the issues raised.

Comment

Members will determine what constitutes a suitable settling in period before further consideration is given to the appointment/election process for the Board

Complete?

To be determined at a future meeting.

Minute No. 16 - North Yorkshire Pension Fund Annual Report 2014/15 and the Auditor's Report on the Pension Fund Audit

Issues with the software used by the Pensions Administration Team in calculating career average re-valued earnings (CARE) benefits and potential breaches of the Regulations in relation to that.

Resolution

Members considered potential breaches of the Regulations to be within the remit of the Board and agreed to keep a watching brief on this matter.

Complete?

Update provided at 14 April meeting.

Minute No. 18 – Training Programme

Resolution

That a training session with Peter Scales be arranged for the date of the next meeting of the Pension Board on 14 January 2016.

Comment

This has been arranged and Board Members have been submitting their training wishes to enable the session to be developed accordingly.

Complete?

Training session held following meeting on 14th January 2016. Further updates on training undertaken were submitted by Board Members to the Meeting held on 6 October 2016.

Minute No. 19 – Work Plan

Resolution

That the Chairman and appropriate officers develop the work programme, circulate to Members of the Pension Board and re-submit to the next meeting for agreement

Comment

The work plan populated with dates has been circulated to Members of the Pension Board to comment on and will be taken to the next meeting of the Board for agreement.

Complete?

It was noted, at the meeting on 14 April 2016, that the work programme was an evolving document that would continue to be updated as the Board progressed. An update was provided at 6 October 2016.

14/01/16

Minute No. 26 – Risk Register

Issue raised

Key Pensions' personnel required a robust succession plan and these continuity plans should be formally recorded in service continuity arrangements. It was noted at the meeting held on 14 April 2016 that the Treasurer of the Pension Fund was currently addressing this issue.

Comment

Succession planning was in place and continuity plans required amendment to reflect this position. The Risk Register was to be updated in line with the details reported on 14th April 2016.

Complete?

Update provided at 14 July 2016 Meeting.

14/04/16

Minute No. 37 – LGPS Pooling

Issue Raised

The development of governance arrangements for the Border to Coast Pensions Partnership and the format that they were likely to take.

Comment

The role of the Pension Fund Committee, and, in turn the role of the Pension Board, in the Governance arrangement for the pool, requires clarification. An update was provided at 14th July 2016 meeting. The issue would continue to be discussed at forthcoming meetings.

An update was provided in relation to the progress made on Pooling arrangements, and the issues raised by Members of the Board, as set out below, at the meeting of the Board of 6 October 2016, the contents of which were noted.

Complete?

The following resolutions were made following consideration of this issue at the 14th July 2016 meeting:-

- (i) that a comparison should be undertaken to determine whether the investments by the North Yorkshire Pension Fund would have performed better as a separate entity rather than under the pooling arrangements to determine whether the process had been of benefit, and that the additional expenditure, as opposed to what was being spent now in administering the Fund, should also be outlined;
- (ii) that full details of how the Pension Board would interact with the governance process for the Pool, when it was established, be presented to a subsequent meeting of the Pension Board;
- (iii) that, in future, the Pension Board be provided with an opportunity to specifically comment on the issues in relation to the development of the Pool, rather than be issued with final proposals, as appeared to be the case in relation to the second submission;
- (iv) that opportunity be provided to the Pension Board to comment on how the Shadow Joint Committee for the Pool was progressing, to provide views on the process and to be involved in the development of that;
- (v) that when the Government responded to the second submission this be circulated to Pension Board Members; and

- (vi) that the contents of the July submission be noted, the issues raised be noted and the actions outlined be undertaken accordingly.

Minute No. 46 – Internal Audit Reports

Issue Raised – Concern expressed regarding the absence of internal audit activity regarding the Pension Fund since the previous Pension Board meeting in April 2016.

Comment

It was requested that these concerns be brought to the attention of Audit Committee, with the expectation being that these reports would be available for the next meeting 6 October 2016.

Complete?

Minute No. 52 – Work Plan

Issue Raised

To undertake a scoping exercise on item 19 within the Work Plan – Review of the exercise of employer and administering authority discretions.

Comment

Pension Board Member, Ben Drake, agreed to undertake a scoping exercise and submit a one page proposal as to how this piece of work would be undertaken and what was expected to be achieved.

Complete?

Following submission of the scoping report to the meeting of 6 October 2016 the review will now be undertaken and updates on progress will be provided to future meetings.

6/10/2016

Minute Number 55(b) – Action Record

Issue Raised

It was agreed that once items had been reported as complete they would subsequently be deleted from the Action Record.

Comment

This report reflects the above request.

Complete?

Ongoing.

Minute Number 61 - Review of Employer and Administering Authority Discretions**Issue Raised**

During discussion of the scoping report relating to this review the need to update a number of discretion policies was identified.

Comment

A response to the issues raised is provided as an appendix to this report.

Complete?**Minute Number 65 - Compliance with Publicity Regulations****Issue raised**

Compliance by the North Yorkshire Pension Fund with Publicity Regulations.

Comment

An update was provided on compliance and it was suggested that a review of the arrangement be undertaken by the Board on a periodic basis.

Complete?

Periodic reviews to be undertaken by the Board to determine compliance.

Update on discretions' policies

One of the suggestions was that a template should be developed to be sent out to employers. We have done this in the past and the most sensible approach has been to send out NYCC's policy document as it has both the policy decisions to be made and the decisions which have been made. Each employer can then decide whether to replicate what NYCC has done or to change the decision column to their own preferred approach.

The NYCC policy document is due to be updated and will be sent by Anna Cowan in HR for Council approval when final guidance has been issued on the implementation of what's known as the '£95k Cap'. The Cap is a central government initiative which impacts on the overall severance package which can be obtained through a combination of redundancy payment, any other severance payment and pension benefits.

A change is expected in the LGPS Regulations to allow members to take action in relation to their pension benefits to mitigate the impact of the Cap and it is this area which NYCC is looking to add into the discretions to deal with this change.

The timescale for the £95k cap being introduced has slipped and we don't yet have a date for implementation. As this could be announced at any time it would seem sensible to wait until more is known on the practicalities of introducing the Cap as it is every likely to impact on the policy decisions which employers have to make under the LGPS e.g. allowing LGPS members to elect to take reduced benefits to mitigate the impact of the £95k Cap.

North Yorkshire County Council

Pension Fund Committee

Minutes of the meeting held on 24 November 2016 at County Hall, Northallerton commencing at 10.00 am.

Present:-

County Councillor John Weighell OBE (in the chair); County Councillors John Blackie, Bernard Bateman MBE, Margaret-Ann de Courcey-Bayley, Roger Harrison-Topham and Helen Swiers.

Councillor Jim Clark – North Yorkshire District Councils.

David Portlock - Chair of the Pension Board.

Other representatives of the Pension Board were in attendance.

Apologies – County Councillor Patrick Mulligan submitted his apologies

Copies of all documents considered are in the Minute Book

147. Exclusion of the Public and Press

Resolved -

That the public and press be excluded from the meeting during consideration of Appendices 1-5 of item 5 and Appendix 1 of item 9 on the agenda on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

148. Minutes

Resolved -

That the Minutes of the meeting held on 15 September 2016, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

149. Declarations of Interest

County Councillors Margaret-Ann de Courcey-Bayley and John Weighell OBE, together with Councillor Jim Clark, declared non-pecuniary interests in respect of them being members of the Pension Scheme.

150. Public Questions or Statements

There were no questions or statements from members of the public.

Appendices 1-5 to this report were considered in private and the public have no right of access to this. The following is a public summary of business conducted in private.

151. Triennial Valuation 2016 Update

Considered -

The report of the Treasurer updating Members on progress towards the 2016 Triennial Valuation.

The Treasurer highlighted the progress to date including previous discussions at the Pension Fund Committee meetings on 26 February and 15 September 2016, and meetings with representatives of employer bodies. Following consultation with employers, a further report on the final results of the Triennial Valuation was due to come to this Committee in February 2017.

Members queried the different approaches to this Valuation and the previous one. Officers and representatives from the Actuary (Aon Hewitt) explained that this reflected a combination of a legitimate difference in approach to certain aspects of the Valuation between Aon Hewitt and the previous Actuary, and changes that had taken place in the overall context which would apply whichever actuary was undertaking the Valuation. Members were also given assurances regarding the assessment of the strength of the covenants for each employer in informing the primary contribution rate and deficit requirements applicable for 2017-2020.

Resolved -

That the report be noted.

152. Member and Employer Issues

Considered –

The report of the Treasurer advising of the following: that there were 4 new admission agreements and 7 new Academies during the quarter ended 30 September 2016; an analysis of the numbers of active, deferred and pensioner members in the Fund; the performance of the Pensions Administration Team; CIPFA benchmarking results for 2015/16 showing the unit cost for Pensions Administration; the updated Communications Strategy 2016/17; the outcome of the annual check required by HMRC on the growth in each person's pension scheme benefits for the 2015/16 tax year; Member training; and the arrangements for forthcoming Committee meetings and meetings with the Investment Managers.

In response to a question about outstanding IT targets from the 2015/16 Communications Strategy, officers confirmed that these would continue to be pursued as budget allowed, but that they were considered to be desirable rather than essential functions.

Members congratulated the Pensions Administration Team on its excellent performance, especially in the light of increased workload. In particular the importance of the telephone access service was stressed, given that not all scheme members would have access to broadband or be comfortable with self-service on-line options.

Resolved -

That the report be noted.

153. Budget/Statistics

Considered -

The report of the Treasurer advising on the expenditure and income position for 2016/17 to date and the cash deployment of the Fund.

The Treasurer reported that the cash flow position was broadly in line with expectations over the first 6 months of the financial year. Members were reminded that the Fund held a negative cash balance at the end of September 2016 due to investments made following Brexit, but this had now been rectified by a disinvestment from ECM of £41.9m on 10 November 2016, which would also provide sufficient cash to satisfy the Fund's requirements over the current quarter.

Members queried some of the increases in performance fees reported, and were advised that these reflected the increased out-performance by some of the Fund's managers in the recent period.

Resolved -

That the report be noted.

154. Performance of the Fund's Portfolio for the Quarter ending 30 September 2016

Considered -

The report of the Treasurer on the investment performance of the overall Fund, and of the individual Fund Managers, for the quarter ended 30 September 2016; risk indicators; the solvency position; re-balancing; and proxy voting on behalf of the Fund for the quarter ending 30 September 2016.

Geoff Dalton and Dave Lyons of Aon Hewitt summarised the excellent performance over the last three months by virtually all Fund Managers, and the underlying reasons for this. It was however not anticipated that returns would continue at the same high rates as recently experienced.

Over the last 3 years, only 2 of the Fund's managers performed below their benchmark. It was to be expected that there would be some performance below benchmark across the Fund Managers, given the diverse approach across the overall Fund, but that any performance below benchmark was kept under review.

Whilst welcoming the excellent performance and the impact on the solvency of the Fund, estimated at 93% as at 30 September 2016, Members were concerned about the potential future impact of pooling on the good progress achieved for the Fund by the Committee and its supporting officers. Members requested that information on the performance of other pool members over the last 12 months be circulated to all Committee members by email.

Information was also requested regarding changes over time in the risk indicators reported in Section 5 of the report.

Resolved –

- (a) That the investment performance of the Fund for the period ending 30 September 2016 be noted.
- (b) That information on the performance of other pool members over the last 12 months be circulated to all Committee members by email.

Appendix 1 to this report was considered in private and the public have no right of access to this. The following is a public summary of business conducted in private.

155. Equity Portfolio: Strategic Currency Hedging

Considered -

The report of the Treasurer reviewing the merits of currency hedging and considering its re-introduction for the Fund, and an accompanying confidential report from Aon Hewitt.

In response to a query regarding the impact of pooling on any decision to re-introduce hedging, the Treasurer stated his view that, as such a decision was an Investment Strategy decision, it would remain within the remit of the Pension Fund Committee even after 2018, although the operational implementation of any such policy may be impacted by the pooling arrangements.

Members noted some of the considerations for and against currency hedging and agreed to give further consideration to the matter at the Investment Strategy Review meeting due to take place the following day, and to consider a further report at the next quarterly meeting of the Committee.

Resolved -

- (a) That further informal consideration be given to the matter at the Investment Strategy Review meeting on 25 November.
- (b) To consider a further report at the next meeting of the Committee.

156. LGPS Investment Regulations

Considered -

The report of the Treasurer noting the new LGPS (Management and Investment of Funds) Regulations 2016 which came into effect on 1 November 2016, and which brought about a number of changes to the management and investment of pension fund money.

The Treasurer highlighted that the new Regulations were less prescriptive than previously, but that they did introduce new powers for the Secretary of State which some may feel concerning in terms of the opportunity to be more directive, in particular in relation to Government's desire to see Funds invest in infrastructure. In response to Members' disquiet regarding the implications of the new regulations, and especially the new powers for the Secretary of State, he stressed that the North Yorkshire Pension Fund would continue to determine its own approach through its Investment Strategy. Members stressed that their overriding responsibility continued to be towards members of the Scheme. They also expressed their concern about the recent loss of

expertise within the Department for Communities and Local Government (DCLG) in relation to the Local Government Pension Scheme.

Resolved -

That the report be noted.

157. Pension Board

Considered -

The draft minutes of the Pension Board meeting held on 6 October 2016. The Chair of the Pension Board, David Portlock, highlighted the Pension Board's current interest in Internal Audit reports and undertook to make the Pension Fund Committee aware of any issues arising from this work. He also advised the Committee that Pension Board member Ben Drake was leading a review of the exercise of employer discretions on the Board's behalf.

Resolved -

That the update be noted.

158. LGPS Pooling Arrangements

Considered -

The report of the Treasurer updating the Committee on the position regarding the Government's proposal to pool the Local Government Pension Scheme's investments in England and Wales.

The Chairman reported that he and the Vice-Chairman had each attended 2 meetings of the Member Steering Group, and updated Members on the discussions at these meetings. Recent meetings had included a detailed briefing on legal matters. The Bond required by the Financial Conduct Authority (FCA) would be €10m. The structure of the new organisation was very formal and would include a Joint Committee of Chairs of Pension Funds. However it would be the Board of the Company, which would probably not include any elected Members, which would make all appointment and removal decisions on investment managers in future. It was planned that BCPP assets would be approximately 50% internally managed and 50% externally managed, covering broader areas to those currently invested in by the North Yorkshire Pension Fund. The internal management costs would be lower under the pooled arrangements, but the focus would be on net of fees performance. The payback period for the set-up costs was anticipated to average of around 6 years.

The Chairman and Tom Morrison had also attended a Local Government Pension Forum meeting where socially responsible investment had been pushed strongly.

The Treasurer reported that representatives from the Pool were meeting with the Minister today to discuss the Pool's response to the Government consultation. Despite concerns expressed at the impact of delays in receiving a response from Government, the Government has currently signalled that there will be no change in the implementation timetable.

The Chairman reported that he had spoken to the Treasurer regarding his view that that it was not ideal to bring a recommendation about entering into a pooling arrangement to either the February meeting of Council, or the AGM in May, and that it

would be preferable to defer this decision until July. However, he had been advised by the Treasurer that a decision should be taken in February, even if final details needed to be delegated to officers. It was acknowledged that Members may not feel comfortable with this. County Councillors would need to understand the basis of the decision they were being asked to take, including the consequences if they were to decide not to agree to enter into a pool. In addition, work was being undertaken to seek views from other employer members of the Fund to feed into the Council decision-making process. The Treasurers of the 12 Funds involved in the pool were due to meet shortly to test whether all can meet the February deadline for decision-making.

Other Members shared the Chairman's disappointment at the apparent passive acceptance of the pooling arrangements by other Funds, but also expressed their desire to work on a positive basis with partners in the pool. Members were reminded that the decision to join the Border to Coast Pensions Partnership (BCPP) pool was linked to it being made up of funds with a like-minded approach to investments. Members also expressed disquiet about the anticipated reduction in the extent of decision-making available to this Committee, which has always been undertaken in the best interests of the scheme's members and employers. The timetable was another area of concern to Members, alongside the costs of setting up the new Pool arrangements, accountability arrangements between the Pool and the Pension Fund Committee, and the potential conflict of interests of officers interested in applying for the new posts to be created.

The Treasurer confirmed that Members' agreement to the funding referred to in paragraph 5.3 of the report was not being sought at this meeting.

Members agreed to hold an additional meeting in January 2017 in order to debate the matter further and agree a recommendation on Pooling Arrangements to be put to the Council meeting on 15 February 2017. The Treasurer informed Members that the current advice from the Monitoring Officer was that the recommendation from this Committee would need to be channelled via the Executive.

It was also agreed that information on LGPS pooling should be included in the Members' Seminar on 5 January 2017, in order that Members are appropriately briefed in advance of the decision required to be taken at Council on 15 February 2017.

Resolved -

- (a) That the report be noted.
- (b) That information on LGPS Pooling be included in the Members' Seminar on 5 January 2017.
- (c) That an additional meeting of the Pension Fund Committee be held in January 2017 in order to agree a recommendation on Pooling Arrangements and associated documentation to be put to the Council meeting on 15 February 2017 for approval.

The meeting concluded at 1.15pm

KA

North Yorkshire County Council**Pension Board****26 January 2017****Internal Audit Reports****Purpose of Report**

To provide the Pension Board with an update on internal audit activity.

Background and Recent Activity

At its last meeting the Pension Board were provided with an updated timetable for the completion of internal audit reports from Veritau, NYPC's internal auditors, shown below:

Work Plan	Report Title	Due
2015/16	Expenditure	Q3 2016/17
2015/16	Income	Q3 2016/17
2016/17	Systems	Q3 2016/17
2016/17	Investments	Q1 2017/18
2016/17	Expenditure	Q1 2017/18
2016/17	Income	Q1 2017/18

Please note that the dates shown above are not fixed and may be subject to change as Veritau schedule in this work around other audit work for the Council.

An investments audit report was reviewed at the last meeting of the Pension Board, leaving 3 outstanding reports due in Q3. We have received a draft memo style report for the income audit but we still have some outstanding queries on this before it can be issued as a final report. We have not been provided with an update on the status of the expenditure and systems audit reports since the last meeting of the Pension Board. The expectation is that more urgent issues have had to take priority.

Recommendation

Pension Board members to note the update.

BARRY KHAN
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

JO'D - September 2016

Background Papers - None

Pensions Pooling

Employers Meeting

13 January 2017

North Yorkshire Pension Fund – Key Stats

- 125 employer organisations
- 33,990 employees in Fund
- 19,710 pensioners
- 31,969 deferred pensioners
- Assets of circa £2.8bn (as at Sept 2016)
- Funding level of 93%
- Full external asset management
- 3 and 5 year investment returns rank as 4th best out of 89
- Administering authority owes fiduciary duties to the scheme employers and members.



Government Policy

George Osborne's Speech at Conservative Party Conference, October 2015

“At the moment, we have 89 different local government pension funds with 89 sets of fees and costs.

It's expensive and they invest little or nothing in our infrastructure.

So I can tell you today we're going to work with councils to create instead 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.”

Background – Timeline To Date

- Hutton Review 2012,
- Public Service Pensions Act 2013,
- Sec State DCLG – statement (May ‘13),
- Consultation Active / Passive (May - Jul ‘14)
- Govt. consult “*criteria*” (Aug – Oct ‘15)
- Chancellor’s Budget Speech (Nov ‘15)
- Consultation & Draft Invest. Regs. (Nov ‘15)
- Initial Joint Pooling Proposals (Feb ‘16)
- Chancellor’s Spring Statement (Mar ‘16)
- Cross Dept. Review Meetings (July ‘16)
- Final Pooling Proposals (July ‘16)
- Investment Regs. enacted (Nov ‘16)
- Ministerial Review Meetings (Nov ‘16)

Government Policy

Minister's Expectations

- As minimum, single legal entity (Pool) with circa £25bn of assets
- Pool responsible for selecting and contracting with managers (FCA regulated activity)
- Pool responsible for employment of staff (potential TUPE) and salaries will be high for some of posts
- Clear distinction between governance roles and operational roles
- Structure, standards and systems of a FCA regulated entity provide 'substantial assurance'
- Benefits of scale; better vfm; and broader investment opportunities

PUBLIC SERVICE PENSIONS, ENGLAND AND WALES

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

Investment Strategy Statement

7. – (1) An authority must, after taking proper advice, formulate and investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State.

(2) The authority's investment strategy must include –

(d) The authority's **approach to pooling investment, including the use of collective investment vehicles and shared services**

Directions by the Secretary of State

8. – (1) This regulation applies in relation to an authority's investment functions under these Regulations and the 2013 Regulations if the Secretary of State is satisfied that the authority is failing to act in accordance with guidance issued under regulation 7(1).

(2).... The Secretary of State **may make a direction requiring** all or any of the following –

(a) That the authority make such **changes to its investment strategy** under regulation 7...

(b) That the authority **invest such assets or descriptions of assets as are specified** in the direction in such manner as it specified in the direction;

(c) That the **investment functions of the authority... be exercised by the Secretary of State;**

(d) That the authority **comply with any instructions** of the Secretary of State... in relation to the exercise of its investment functions.....

Next Stages

NYCC is administering authority for North Yorkshire Pension Fund so:-

13 January = Other Employers briefing

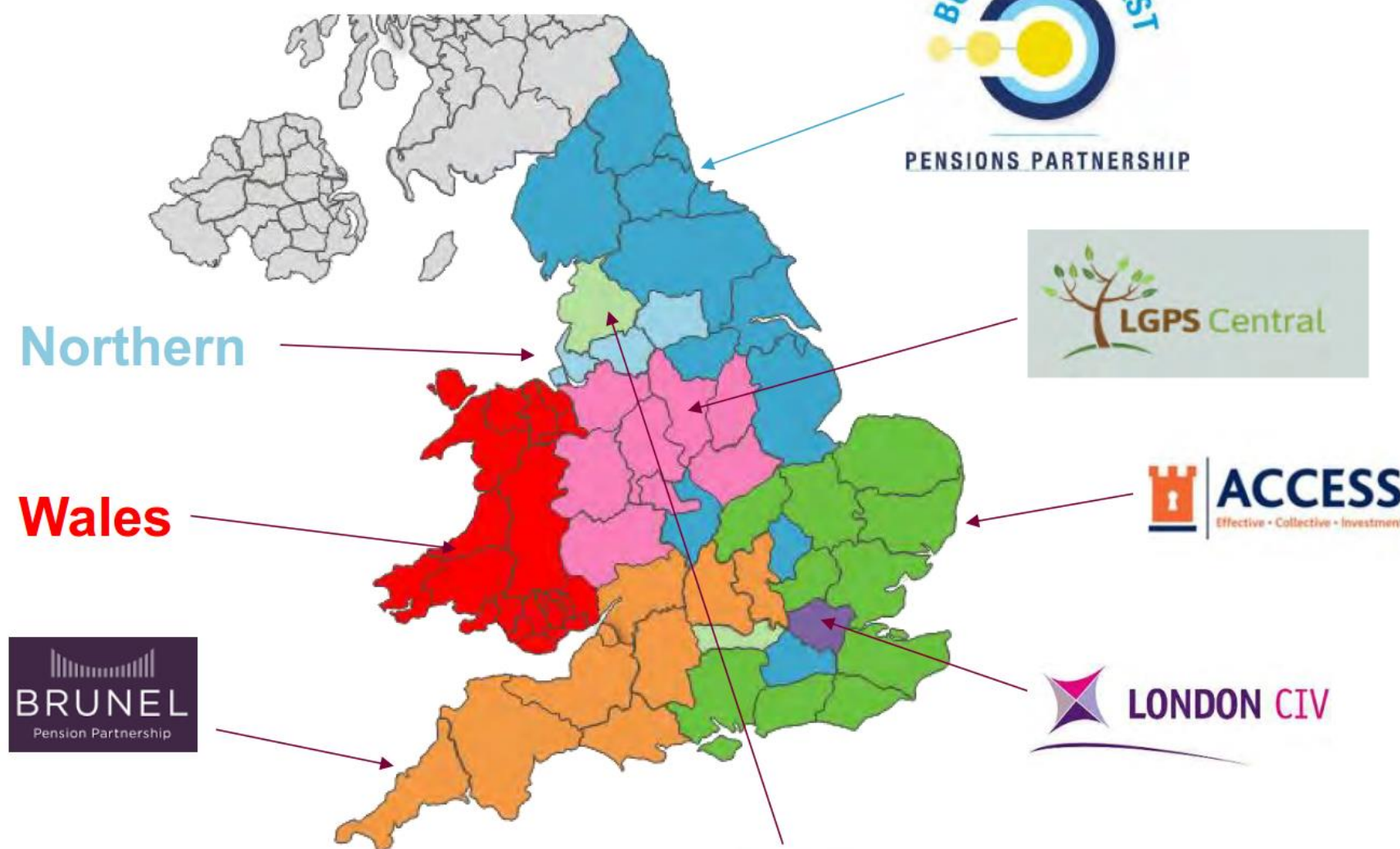
26 January = Pension Fund Committee meeting to consider joining of BCPP

31 January = Executive consider recommendation from PFC for referral to County Council

15 February = County Council (as administering authority of North Yorks Pension Fund)

As above for other 12 Funds















Eight pool proposals





**North Yorkshire
County Council**

Border to Coast Pensions Partnership

 Bedfordshire Pension Fund	£1.7bn	 SOUTH YORKSHIRE PENSIONS AUTHORITY	£6.3bn
 Cumbria County Council	£2.0bn	 Sheffield City Region COMBINED AUTHORITY	£0.2bn
 Durham County Council	£2.3bn	 SURREY PENSION FUND Surrey Pension Fund	£3.2bn
 ERPFF East Riding Pension Fund	£3.7bn	 Teesside Pension Fund	£3.2bn
 Lincolnshire COUNTY COUNCIL <i>Working for a better future</i>	£1.8bn	 Tyne and Wear Pension Fund Administered by South Tyneside Council	£6.4bn
 North Yorkshire County Council	£2.4bn	 WARWICKSHIRE pension fund	£1.7bn
 NORTHUMBRLAND Northumberland County Council	£1.1bn	 BCPP	£35.9bn

Figures at 31.03.15 – Current figures >£40bn



	Pool	Final Approval	
1	Access (10 Funds)	£30.0bn	TBC
2	L-CIV (33 Funds)	£27.6bn	TBC
3	Brunel (10 Funds)	£23.2bn	TBC
4	Central (9 Funds)	£35.0bn	✓
5	Northern (3 Funds)	£35.7bn	TBC
6	LPP (3 Funds)	£13.7bn	TBC
7	Border to Coast Pensions Partnership (13 Funds)	£35.9bn	✓
8	Wales (8 Funds)	£12.3bn	✓

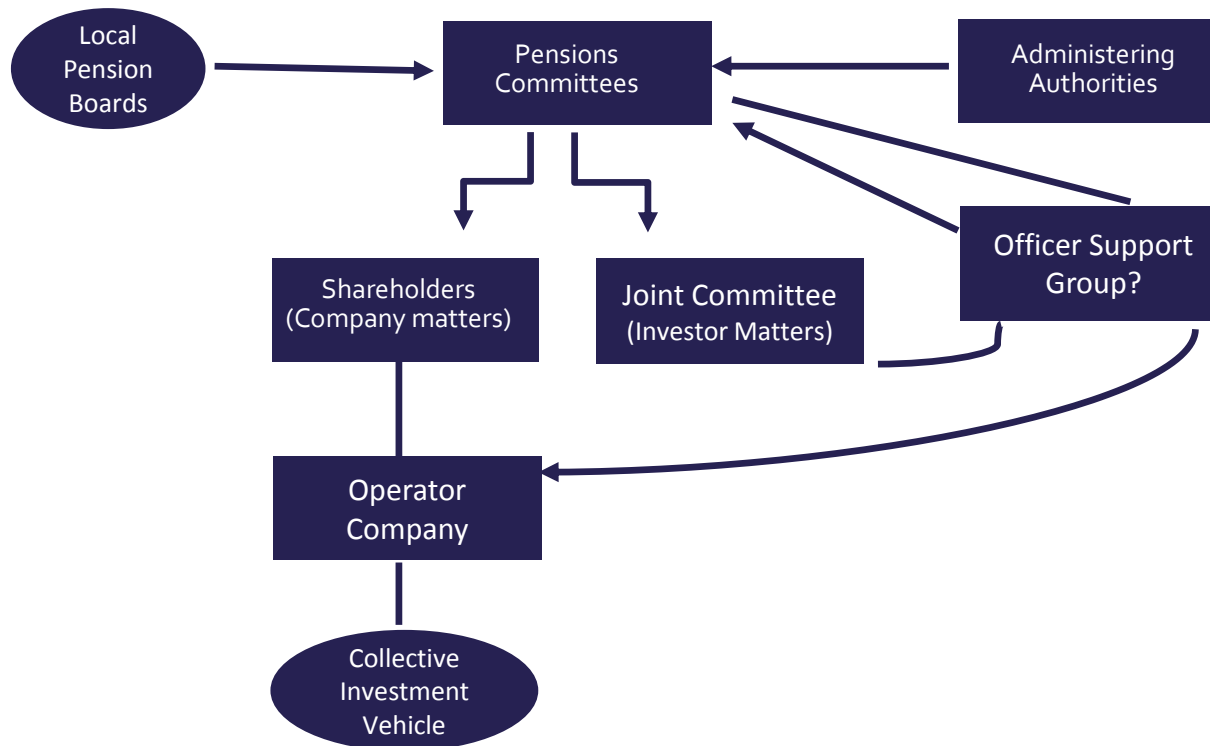
Ministerial Meeting Dates for Future Meetings:-

- Access - 29th November
- Brunel - 30th November
- L-CIV - 12th December
- Northern - 13th December
- LPP - 15th December

What Are BCPP Proposing?

- Jointly owned, fully regulated asset management company
– FCA regulated
- Providing Internal, External Investment Management Services
- Single location in Leeds
- Over time all assets to be transferred into BCPP excepting external passive; some illiquid assets; & some small amounts for regional investment,

BCPP Governance Structure?



High Level Timeline

Action	Date
Award Legal Contracts	Nov '16
Ministerial Approval, budgets released	Nov '16
Finalisation of Legal Docs.	Jan '17
Final Approval through Council	Mar '17
Work on Senior posts; selection major service providers	Now - Mar '17
Finalise go live sub-fund offering, & required FCA approvals	Now – Mar '17
First Shareholder / JC Meeting	Apr '17
Appoint Co. Executives & Compliance Officers	Apr '17
Appoint Asset Servicer + others e.g. bank, ICT, premises,	May '17
FCA Application	Sep '17 - Mar '18
TUPE + recruitment of vacant positions	Dec '17 - Mar '18
OPERATIONAL & READY TO TRANSITION ASSETS	Apr '18
Bed down internal teams; ICT operational issues & start procurement processes external manager appointment	Apr – June '18
Transition External Managers	40 Jul '18 – Dec '19



1. PFC still responsible for investment strategy (& fiduciary duty) but not investment fund manager appointments
2. Infrastructure = threat or opportunity?
3. NYPF needs to hold Pool to account for performance and ensure investment needs met by Pool (Joint Committee)
4. NYPF also 1/12th owner of the Pool so will have shareholder responsibilities
5. Senior roles within Pool likely to be earning high salaries given market
6. FCA = assurance / higher compliance requirements
7. How final are details (eg shareholders agreement; Joint Cttee ToR; structures and roles / remuneration etc)?

Payback Periods Per Fund

	Capital Pay Back		On Going Annual Savings By 2028 (£'m)	
	Best Case	Worst Case	Best Case	Worst Case
Total BCPP	immediate	Year 5	53.406	23.125
Bedfordshire	Immediate	Immediate	2.122	1.092
Cumbria	Immediate	Year 4	4.210	2.075
Durham	Year 1	Year 4	7.005	3.193
East Riding	Year 2	Year 6	5.206	2.119
Lincolnshire	Year 2	Year 4	3.729	1.701
North Yorkshire	Year 2	Year 6	2.882	1.364
Northumberland	Immediate	Immediate	2.255	1.176
South Yorkshire PF	Year 3	Year 12	5.323	1.289
Surrey	Immediate	Year 4	5.070	2.837
Teesside	Year 5	Year 31	1.937	0.204
Tyne & Wear	Immediate	Year 6	10.677	4.507
Warwickshire	Immediate	Year 2	2.939	1.505
SYTF	Year 2	Year 2	0.051	0.063

Options

1. Sign up with BCPP - accept one of 13 Funds and compromises inevitable
2. Look for other Pool – limited time
3. Resist pooling – risk Secretary of State intervention and scrutiny

Questions?

Supplementary Slides

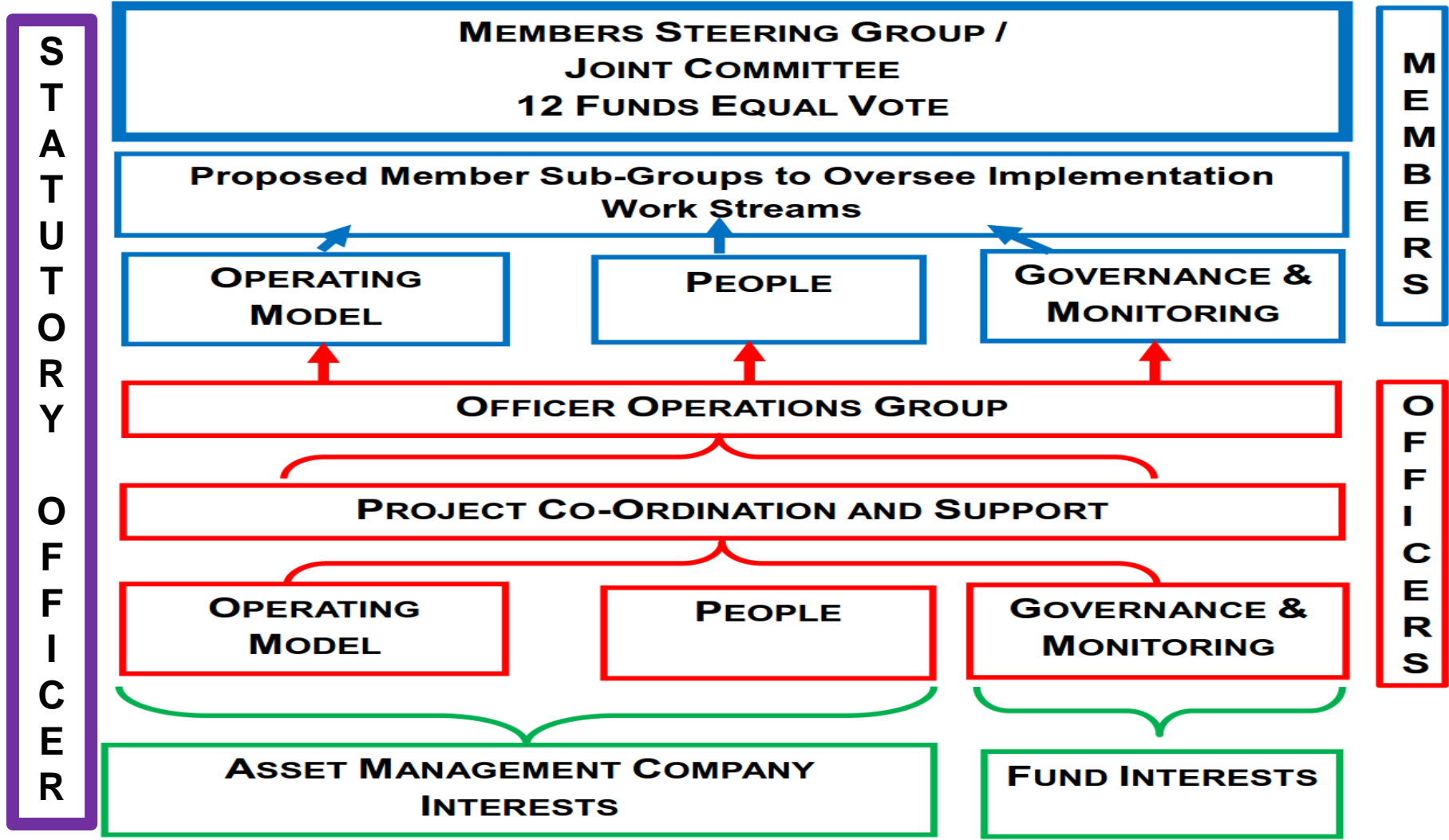
Counsel's opinion of Mr Nigel Giffin QC, obtained by the Local Government Association on behalf of the LGPS Shadow Scheme Advisory Board in March 2014 (*Advice on Fiduciary Duty with Regard to the Investment of Local Government Pension Scheme (LGPS) Funds*), concluded:

In managing an LGPS Fund, the administering authority has both fiduciary duties and public law duties (which are in practice likely to come to much the same thing).

The administering authority does owe fiduciary duties, both to the scheme employers, and to the scheme members.



BCPP Project Framework





Department for
Communities and
Local Government

Marcus Jones MP
Minister for Local Government

**Department for Communities and Local
Government**

4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

Tel: 0303 444 3460
Fax: 020 7828 4903
E-Mail: marcus.jones@communities.gsi.gov.uk

www.gov.uk/dclg

Cllr Denise Le Gal, Surrey
Cllr Sue Ellis, South Yorkshire
Cllr Doug McMurdo, Bedfordshire

On behalf of the participating funds listed at end

12 DEC 2016

Dear Councillors,

BORDER TO COAST PENSION PARTNERSHIP (BCPP): FINAL PROPOSAL

I would like to thank you and all the authorities involved in the proposed BCPP pool for your final proposal, which we discussed at our meeting on 24 November. I was glad to note your commitment to work together to secure benefits for all participating funds, building on your existing internal expertise. I appreciate the hard work and commitment from elected members and officers which the proposal represents, and welcome your determination to deliver on time.

It is now coming up to a year since we set the framework for reform of the investment function of the local government pension scheme, through the guidance and criteria for pooling published in November 2015. I am pleased that authorities across the scheme have responded to the challenge and come together to form partnerships of their own choosing based on a shared view of investment strategy. We do not underestimate the scale of the changes required, but the Government remains committed to pooling in order to deliver reduced costs while maintaining performance as well as to develop capacity and capability for greater investment in infrastructure.

I appreciate that overall costs are likely to rise in the early years, and that salaries are likely to be high for key senior roles within pool operators. But I consider that this is a price worth paying in order to achieve substantial savings, already estimated by the pools at £1-2 billion by 2033 or up to £200 million pa in the medium term. I am confident that as the reform beds in, there are further savings to be achieved.

I therefore expect every administering authority in England and Wales to participate in a pool. I also expect authorities to place all assets in their chosen pool, unless there is a strong value for money case for delay, taking into account the potential benefits across the pool, and to delegate investment manager selection to the pool. In addition my officials will be consulting with all pools on the potential to work with the Local Pensions Partnership to help ensure it delivers the full benefits of scale.

I must also underline that all bodies effectively undertaking collective investments will need to be authorised at the appropriate level by the Financial Conduct Authority (FCA). I appreciate the significant costs and effort required to secure authorisation. However, given the scale and complexity of the pools, and the substantial public funds involved, scheme members and the local taxpayers who underpin the scheme have a right to expect the high level of assurance which is provided by FCA authorisation. Individual funds will continue to be responsible for their investment strategies and asset allocation and will continue to require high standards of governance.

On the basis set out above I am pleased to confirm that I am content for you to proceed as set out in your final proposal. I hope you will continue to work closely with my officials, including on the concerns you raised relating to the Markets in Financial Instruments Directive II (MiFIDII).

Turning to the future, I appreciate there has been some delay this autumn, but I have no plans to extend the deadline for pools to become operational in April 2018. I will be reviewing progress of all the pools in spring and autumn 2017 and will expect to see a core team in place in spring 2017 and an application for Financial Conduct Authority authorisation, where not already in place, in autumn 2017. I look forward to seeing more detailed plans for delivering savings, and increasing your infrastructure investment in line with your stated ambition. I will also expect detailed plans for reporting, including on fees and net performance in each listed asset class against an index, standardised across the sector.

Your Sincerely,

MARCUS JONES MP

Participating funds:

Bedfordshire
Cumbria
Durham
East Riding
Lincolnshire
North Yorkshire
Northumberland
South Yorkshire
South Yorkshire Integrated Transport Authority
Surrey Teesside
Tyne and Wear
Warwickshire

North Yorkshire County Council

Pension Board

26 January 2017

Training

1.0 Purpose of the Report

To provide an update on Pension Board member training.

2.0 Background

The Training Policy was adopted by the Pension Board at its inaugural meeting on 30 July 2015. This set out the knowledge and understanding requirements of members of the Pension Board, routes to obtaining training, and training review arrangements.

It states that the suitability of training events and activities should be based on a self-assessment carried out by each Pension Board member. The regulations place the responsibility for making this assessment, and subsequent action to ensure Pension Board members have an appropriate level of knowledge and understanding, on the individual members. In addition, the Pensions Regulator requires that Pension Board members invest time in learning and development.

3.0 Training Activity

Detailed in Appendix 1 are training events attended and activities undertaken by Pension Board members. Board members are asked to review the training record and advise officers if updates are required.

Pension Board members may wish to discuss the merits of recently undertaken training activity and where appropriate the pros and cons, to inform other Board members of its usefulness.

4.0 Training Opportunities

The Pensions Regulator described the modules on its website as “essential to achieve the required level of trustee knowledge and understanding” and “essential learning for those working with or running public service schemes”. The Pension Board agreed at its meeting on 30 July 2015 that these modules would be completed by all members. A progress report from Members is requested regarding modules still to be completed and likely timescales for this.

Pension Board members are asked to discuss and identify their specific learning and development requirements with officers who will make appropriate arrangements for attendance at training events.

5.0 Recommendations

- (i) That Members provide an update regarding any Pensions Regulator modules still to be completed and likely timescales for this.
- (ii) That Members should continue to identify any appropriate training needs.

BARRY KHAN
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

Background Documents: Pensions Regulator on-line training modules

Date	Title or Nature of Course	Sponsor/ Organiser	Venue	David Portlock - Chair	Mandy Swithenbank	Stella Smethurst	Ben Drake	Gordon Gresty	Louise Branford-White	Cllr Mike Jordan	Cllr Ian Cuthberston	Phil MacDonald
04/06/2015	Training event for Pension Board Members	LGA	Marriott Hotel, Leeds			x		x	x	x		
03/07/2015	Pension Board Member Training	AON	Leeds		x					x		
17/07/2015	Pension Board Member Training	AON	Leeds		x	x				x		
24/07/2015	Pension Board Member Training	AON	Leeds			x				x		
21/10/2015	LGPS Trustee Training FundamentalsXIV	LGA			x	x	x	x			x	
17/11/2015	LGPS Trustee Training FundamentalsXIV	LGA		x	x	x	x	x			x	
08/12/2015	LGPS Trustee Training FundamentalsXIV	LGA		x	x	x	x	x	x	x	x	

x = completed

PENSION BOARD MEMBERS – TRAINING, MEETINGS AND EVENTS

Training session with Peter Scales (AllenbridgeEpic) – Independent Observer of the North Yorkshire Pension Fund – Governance for the North Yorkshire Pension Board – 14 January 2016

Attendees: –

David Portlock (Independent Chairman), County Councillor Mike Jordan, Councillor Ian Cuthbertson (City of York), Louise Branford-White (Hambleton District Council), Ben Drake, (Unison), Gordon Gresty, Stella Smethurst (Unison) and Mandy Swithenbank (GMB).

Pension Regulator Modules

Could members please update the Clerk as to any of the Regulator Modules that they have completed that are not identified on the first sheet of Appendix 1.

CIPFA - Local Pension Board Conference – 29th June 2016

David Portlock (Independent Chairman)

North Yorkshire Pension Fund Committee Meetings :-

17 September 2015

Attendees: –

David Portlock (Independent Chairman)

26 November 2015

Attendees: –

David Portlock (Independent Chairman), Ben Drake, (Unison), Stella Smethurst (Unison) and Mandy Swithenbank (GMB).

15 January 2016

Attendees: –

David Portlock (Independent Chairman), Ben Drake, (Unison), Stella Smethurst (Unison) and Mandy Swithenbank (GMB).

25th February 2016

Attendees: –

David Portlock (Independent Chairman), Ben Drake, (Unison) and Stella Smethurst (Unison)

19th May 2016

Attendees: –

David Portlock (Independent Chairman)

7th July 2016

Attendees: –

David Portlock (Independent Chairman) and Ben Drake (Unison)

15th September 2016

Attendees: –

David Portlock (Independent Chairman)

24th November 2016

Attendees: –

David Portlock (Independent Chairman) – other Members who attended to confirm

North Yorkshire Pension Fund Manager Meetings

David Portlock (Independent Chairman) – 25th November 2016

Could Members please advise the Clerk if they attend any of these meetings.

Any other relevant training events or meetings

David Portlock (Independent Chairman) – Audit Committee training sessions including on 3 March 2016 - Counter Fraud

Could Members please advise the Clerk as to their attendance at any other relevant training events or meetings that they would like to include on their training record.

North Yorkshire County Council

Pension Board

26 January 2017

Work Programme

1.0 Purpose of the Report

To detail the areas of planned work by the Pension Board

2.0 Future Activity

The previous report to the Board set out a number of areas that could be identified as potential priority areas of work for Board Members to provide scoping reports to subsequent meetings, in a similar way to that provided in relation to the review of Employer and Administering Authority Discretions currently being developed by Ben Drake.

These are replicated below with a view to identifying a plan of work for the Board, for the coming year, as highlighted in the work plan set out in appendix 1 to this report.

The following are potential areas that could be identified as areas for review over the coming year, and the subject of scoping reports at forthcoming meetings:-

1. **Review the outcome of actuarial reporting and valuations.** Comment: The Triennial Valuation as at 31 March 2016 is underway with the final report expected by 31 March 2017. If the Pension Board wishes to review the arrangements it would make sense to do this after that date.
2. **Assist with the development of improved customer service.** Comment: Customer service is subject to on-going monitoring and actions are taken periodically to improve it. There is no particular timeframe which would suit a review more than any other.
3. **Monitor performance of administration, governance and investments.** Comment: Administration performance is reported to the Pension Fund Committee every quarter. A review of governance arrangements is undertaken each year by the Independent Professional Observer who typically reports to the PFC each June/July. Investment performance is reported to the PFC every quarter.
4. **Monitor investment costs.** Comment: Officers monitor costs on an on-going basis. It is worth noting that the Border to Coast Pensions Partnership, which is the group NYPF has joined in response to the Government's requirement that LGPS funds pool assets, is undertaking a detailed analysis of investment costs. This analysis will form part of the response to Government, required by 15 July 2016.
5. **Review the Risk Register.** Comment: A review of the Risk Register was carried out by the Pension Board at its meeting on 14 January 2016, and subsequent reviews are scheduled every six months.
6. **Assist with asset voting and engagement process.** Comment: NYPF has policies and arrangements on voting and engagement. It is possible that these will change. For example, depending upon the detailed pooling

arrangements, the beneficial ownership of assets may move from NYPF to the pool entity.

7. **Pooling arrangements and Governance.** Comment: Subsequently this was added to the Work programme and will be the subject of further discussion at today's meeting.

It may be appropriate for Board Members to determine the issues on which they would like to consider leading on, and determine a timescale for a review, with consideration given as to when it would be appropriate to submit a scoping report. Consideration of these factors can be undertaken outside of the meeting, and fed back to Legal and Democratic Services subsequently.

Resources would be made available, via Legal and Democratic Services, to assist Board Members with their approach to this.

3.0 Recommendations

That members:

- i) Review and agree updates to the Work Plan (as set out in Appendix 1);
- ii) Consider a timetable for taking topics forward;
- iii) Following the meeting determine which issues that individual Board Members would consider leading on and provide a short scoping report on, and inform the Clerk accordingly;
- iv) Consider and request (via the clerk) supporting resources which may be required to take the reviews forward.

BARRY KHAN
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

Background Papers - None

PENSION BOARD WORK PLAN

APPENDIX 1

		14-Apr-16	14-Jul-16	06-Oct-16	Jan 2017	Apr 2017	2017	2018
<u>Business planning</u>								
1	Agree plan for the year				✓			✓
2	Review performance against the plan				✓			✓
3	Report to the PFC / NYCC				✓			✓
4	Report to Scheme Advisory Board / DCLG					✓		✓
<u>Compliance checks</u>								
5	Review regular compliance monitoring reports		✓				✓	✓
6	Review the compliance of scheme employers							
7	Review such documentation as is required by the Regulations						✓	✓
8	Review the outcome of internal audit reports	✓	✓	✓	✓	✓	✓	✓
9	Review the outcome of external audit reports			✓			✓	✓
10	Review annual report			✓			✓	✓
11	Review the compliance of particular issues on request of the PFC							
12	Review the outcome of actuarial reporting and valuations						✓	
13	Assist with compliance with the UK Stewardship Code							
<u>Administration procedures and performance</u>								
14	Review management, administrative and governance processes and procedures							
15	Monitor complaints and performance							
16	Review the Internal Dispute Resolution Process							
17	Review cases referred to the Pensions Ombudsman							
18	Review the implementation of revised policies and procedures							
19	Review the exercise of employer and administering authority discretions			✓				
20	Assist with the development of improved customer services							
21	Monitor performance of administration, governance and investments							
22	Review processes for the appointment of advisors and suppliers							
23	Monitor investment costs							
24	Review the risk register		✓		✓		✓	✓
25	Assist with the development of improved structures and policies							
26	Assist in assessing process improvements on request of PFC							
27	Assist with asset voting and engagement processes							
28	Pooling arrangements and governance	✓	✓	✓				
<u>Communications</u>								
29	Review scheme member and employer communications							
<u>Training</u>								
30	Review Pension Board knowledge and skills self assessment	✓				✓		✓
31	Review training log	✓				✓		✓
32	Review training arrangements for the Board and other groups	✓				✓		✓

Notes

- 3 arrangements to be determined by the Council.
- 4 arrangements to be determined by SAB/DCLG.