

## North Yorkshire County Council

### Pension Board

Minutes of the meeting of the Pension Board held on Thursday 12 April 2018 at County Hall, Northallerton commencing at 10.00 am.

**Present:-**

**Members of the Board**

David Portlock (Independent Chairman).

**Employer Representatives:**

Councillor Ian Cuthbertson (City of York Council), Louise Branford-White (Hambleton District Council) and County Councillor Mike Jordan (North Yorkshire County Council).

**Scheme Members:**

Gordon Gresty, Stella Smethurst (Unison), Simon Purcell (Unison) and Mandy Swithenbank (GMB).

**In attendance:-**

County Council Officers: Amanda Alderson, Phillippa Cockerill, Steve Loach, Ian Morton and Jo Foster-Wade.

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**Copies of all documents considered are in the Minute Book**

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**135a. Apologies for Absence**

There were no apologies for absence.

**135b. Appointments of Scheme Member Representative and Vacancy for an Employer Representative**

The Chairman stated that, following a recruitment exercise, including application and interview, Simon Purcell, an employee of North Yorkshire County Council and representing Unison, was proposed as a Scheme Member representative to fill the current vacancy.

The Chairman noted that following the departure of Phil Macdonald a vacancy existed for an Employer Representative and the vacancy had been advertised on the North Yorkshire Pension Fund website. The closing date for applications was 30 April 2018, with interviews to follow.

**Resolved -**

That Simon Purcell be appointed as Scheme Member Representative and the details in relation to Employer Representative be noted.

## **136a. Minutes**

### **Resolved -**

That the Minutes of the meeting held on 18 January 2018, having been printed and circulated, be taken as read and confirmed and signed by the Chairman as a correct record.

## **136b. Progress on Issues raised by the Board**

The issue regarding the appointment of a Scheme Member Representative, through a co-option process, to the Joint Committee of BCPP would remain on the report for future meetings, to ensure that the issue remains current.

It was noted that details in relation to assurances provided by the DfE in respect of providing a guarantee for academies in terms of pension provision, should they cease to operate or find themselves in financial difficulty, had been circulated to Members of the Pension Board following the meeting in January.

In relation to the matter highlighted in respect of arranging a meeting between representatives from the various Pension Boards of those Funds involved in BCPP and the Chief Executive Officer of BCPP, it was stated that this matter would be discussed later in the meeting.

The other issues raised in the report were agenda items for today's meeting.

### **Resolved -**

That the report be noted.

## **137. Declarations of Interest**

There were no declarations of interest submitted.

## **138. Public Questions or Statement**

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

## **139. Draft Minutes of the Pension Fund Committee Meeting held on 22 February 2018**

The Chairman provided details of the Minutes from the Pension Fund Committee meeting, as detailed, and the following issues and points were raised:-

- ◆ In relation to the 2017/18 budget a Member referred to the cash position, noting previous discussions, and asked whether there was a possibility of a negative cash-flow situation shortly, despite the reassurances previously given. In response it was stated that this was not expected before the next triennial valuation in 2019. The Pension Fund's consultants, AON Hewitt, were preparing a paper, which would be submitted to the Pension Fund Committee in May, in relation to this matter. It was expected, that further discussion could be undertaken at the next meeting of the Pension Board, in relation to that paper. It was stated that only a substantial amount of transfers out could cause negative cash-flow before that time, and this was unlikely to happen.

- ◆ Clarification was provided that the North Yorkshire Pension Fund (NYPF) was now 109% funded. In relation to that a Member asked why one employer had been in a deficit position, which was paid as a one off additional contribution, if the Fund is in a surplus position. In response it was stated that around 150 employers contributed to the NYPF, at a range of funding levels, with some around 70% funded to around 120% funded.. In terms of one particular employer there was a deficit at the last valuation that was paid off in full to make them 100% funded.
- ◆ A Member noted that the CIPFA benchmarking returns indicated that the NYPF Administration Team had relatively low costs and wondered whether the benchmarking arrangements would continue when pooling commenced. In response it was stated that the administration of the NYPF would continue after pooling, as the pooling arrangements were in relation to investments, whereas the administration of the Fund would need to continue outside of those arrangements. It was emphasised that the monitoring arrangements and benchmarking arrangements would continue in future.
- ◆ A Member noted that reference had been made to Unison representatives attending Pension Fund Committee meetings. It was clarified that this was not a criticism with regards to attendance merely an observation.
- ◆ A Member noted that consideration had been given to a death benefit payment during a confidential section of the meeting. She noted that the Committee had been asked to make judgement, but it appeared that they were not prepared to do so. In response it was stated that this was not the case and that the particular circumstances of the death benefit warranted the matter being brought to the Pension Fund Committee and, as a result, it had been suggested that legal advice be sought and then the issue be returned to the Committee for final determination. The Chairman stated that, having been at the meeting, he was satisfied that appropriate governance was being adhered to in respect of this matter.
- ◆ It was asked whether the GDPR Action Plan had been completed. In response it was noted that the Plan was around 95% complete and was expected to be in place shortly. It was noted that Internal Audit were likely to consider the Plan once this had been in place for a year and would be considered during the Internal Audit planning for 2018/19.
- ◆ A Member asked whether the NYPF's Draft Stewardship Code had been reviewed by the FRC. In response it was stated that the FRC had considered the draft Code and had submitted a small number of minor amendments which were in the process of being completed. It was expected that approval for this would be in place shortly following the amendments.
- ◆ A Member noted that a major issue within the performance statistics related to outstanding queries with employers and it was asked how this was being addressed. In response it was stated that every effort was being made to address this and, where necessary, employers were being advised that the regulator would be involved, should there be no compliance with the request for information. It was noted that there had been some recent high profile cases where the Pensions Regulator had taken action and this had served as a warning to employers that, should they not be complying with the requests of the NYPF then the regulator would be called in.

- ◆ Clarification was provided in relation to the status of the Admission Agreement for the Star Academy.
- ◆ It was noted that reference was made to a meeting being held with representatives of the Pension Fund Committee and local MP, Rishi Sunak MP, who had recently been appointed to a higher position overseeing the Local Government Pension Scheme. It was noted that this meeting had not taken place as yet and, should this be arranged, then feedback would be provided to the Pension Board.

**Resolved -**

That the draft Minutes, and the issues raised in relation to those, be noted.

**140. Pensions Administration**

Considered -

The report of the Head of Pensions Administration providing Members with an update on key initiatives undertaken by the Administration Team of the NYPF.

The report provided details and updates in relation to the following issues:-

- ◆ Breaches Log.
- ◆ Annual Benefits Statements.
- ◆ Data quality.
- ◆ Letter review project.
- ◆ Death of a pensioner process.
- ◆ Pensioner newsletter.

The following issues and points were raised:-

- ◆ The letter review project had seen the number of standard letters reduced from 320 to 215 letters. It was noted that this was a slow process as there was no dedicated resource to undertake this, however, the process would continue and be assisted by the project currently being undertaken by Pension Board Members.
- ◆ The issues raised previously at the Board in relation to Pension Fund Administration having to provide Employment Support Services with a copy of the death certificate to end a deceased pensioner's record, even though the death had been reported to the NYPF, were again raised and it was suggested that the Pension Board provide its support to the Pension Fund Administration in ending this bureaucratic step.
- ◆ It was noted that the majority of pensions were now paid in arrears, which ruled out complications in terms of over payment following the death of a pensioner. There were a small number of pensioners still paid in advance, but that provision would continue to reduce.
- ◆ It was requested that the Breaches Log be provided in a larger format for future use as it was difficult to read.

**Resolved -**

- (i) That the report be noted and any action indicated be undertaken accordingly;
- (ii) That the Pension Board supports the NYPF in its attempts to simplify the process required in the cessation of deceased pensioner records with a view to reducing the risk of financial loss to the NYPF and that support be outlined to Employment Support Services in respect of any discussions undertaken in relation to this process.

#### **141. Recent Pensions Regulator Developments**

Considered -

A report provided Members with details of a recent seminar held on 27 February 2018, hosted by AON Hewitt. It outlined a number of updates from the Pensions Regulator (TPR) as follows:

- ◆ The TPR would start to impose fines for non-completion of annual returns.
- ◆ The TPR current focus was on:-
  - clear roles and responsibilities
  - clear purpose of strategy
  - training and improving knowledge
- ◆ Their upcoming areas of focus would be how the Pension Fund managed its advisers and other contract providers, managing risks and conflicts, meetings and decision-making and value for money and member experience.
- ◆ The TPR would attend Pension Board/Pension Fund Committee meetings, by invite, in the future.

The following issues and points were raised in relation to the report:-

- ◆ The Chairman noted that TPR had published further press releases (in March) in relation to roles and responsibilities and that the Business Plan being developed for NYPF would take account of that.
- ◆ The Chairman also referred to the current disparity in terms of legal requirements on training for Pension Board Members, and of those not applying, currently, to Pension Fund Committee Members. In a discussion of this issue Members considered that there was a gap in relation to the requirements for training and knowledge for Pension Board Members and Pension Fund Committee Members. It was emphasised that the issue was delicate, as, currently, there was no requirement in legislation for Trustees to undertake training and have the skills to participate in their role. It was noted that the current Pension Fund Committee benefitted from Members with a great deal of experience in relation to Local Government Pensions' issues, however, going forward, this may not always be the case and it would be appropriate, therefore, for a training and knowledge requirement to be in place for Trustees. In relation to this it was emphasised that the Pension Board did not want to appear provocative towards the Pension Fund Committee, particularly as, currently, there was no requirement in legislation for them to have appropriate skills and knowledge. It was also noted that

consideration was being given to a skills matrix within the development of the Business Plan for the Pension Fund. It was suggested that further consideration be given to this matter during discussion of the Pension Board's training programme later in the meeting.

**Resolved -**

That the report be noted.

**142. Internal Audit Reports**

**Considered -**

The report of Internal Audit providing the Pension Board with an update on recent activity. It was noted that there had been little progress on the Internal Audit reports detailed at the previous meeting due to staff absence.

It was reported that the income and expenditure reports had been drafted and were currently in the process of being cleared before submission to officers. As part of the expenditure report the relationship between Pension Fund Administration and Employment Support Services was being explored. The final reports for income, expenditure and governance arrangements were expected to be in place and submitted to the next Pension Board meeting. It was noted that the draft governance arrangement report was due to be published in the next few weeks.

In terms of the implementation of recommendations from the 2016/17 audit reports it was noted that all the findings had now been actioned. Clarification was provided in relation to the classification of priorities for the findings.

A Member asked whether any "secret shopper" exercises were carried out by Internal Audit in relation to the operations of the Pension Fund Administration. In response it was stated that visits were carried out to determine whether confidential information was being stored away securely, however, currently, "secret shopper" initiatives were not undertaken.

**Resolved -**

That the report be noted.

**143. Pension Board Projects**

Members provided updates in relation to the following projects, in respect of their position as project leaders:-

Management, administration and governance process and procedure

Mandy Swithenbank reported on the progress that she had made in relation to the project, highlighting the following:-

- ◆ The project was currently considering the provision of data from employers in relation to the production of Annual Benefits Statements. It was noted that deadlines had been missed by some employers as outlined in the Breaches Log. Employers were aware of the requirement to submit information in relation to active members. The Head of Pensions Administration stated that employers were contacted by email where they had missed deadlines, with

the final deadline being 30 April. The process for obtaining information began in January with reminders issued in the following months up to the final deadline. The Project Leader suggested that details of those employers that were consistently missing deadlines be brought to the next meeting of the Pension Board. In response the Head of Pensions Administration stated that a report would be included in the governance document submitted to the Pension Fund Committee in May and, therefore, would come to the Pension Board meeting in July as the minutes of the PFC were submitted to all Pension Board meetings. The Project Leader emphasised that the aim was to ensure that Pensions Administration was being provided with the information it required in a timely manner and would suggest taking action against employers that repeatedly did not comply with the deadlines. The Chairman noted that details in relation to this were provided via the Internal Audit reports, directly from Pensions Administration and via the project being undertaken, which allowed a triangulation of the facts to be undertaken. He stated that it would be appropriate for these details to be provided to the July meeting.

- ◆ The Head of Pensions Administration noted that the issues around returns were not only the timeliness of the submission of data, but also the quality of the data sent. It was suggested that this could form part of the review being undertaken by the Project Leader. It was noted, however, that the return to TPR was undertaken electronically, via their portal, and therefore the information would have to be tracked to be made available to the Project Manager.

#### Development of Improved Customer Services/Scheme Member and Employer Communications

Project leaders, Councillor Ian Cuthbertson and County Councillor Mike Jordan, provided a brief update on the projects, outlining the following:-

- ◆ It was noted that the projects were currently in their infancy, but some preparation work had been undertaken and further work was planned, alongside the Head of Pensions Administration .
- ◆ It was noted that, as reported earlier in the meeting, the number of standard letters had been reduced to 215 and the project would consider further reductions in the number of letters produced.
- ◆ As Annual Benefits Statements were about to be produced it was suggested that this was a good time to give consideration to how these were developed and presented, as it would fit in with the current work timetable of officers.
- ◆ It was expected that both Councillor Cuthbertson and County Councillor Jordan would meet shortly with the Head of Pensions Administration to develop these projects further.
- ◆ County Councillor Jordan suggested that a review of the Retired members' newsletter may be required, however, a contrary opinion was provided by another Member who suggested that the publication was appropriate.

**Resolved -**

That the development of the projects be noted and further update reports be submitted to subsequent meetings.

#### **144. Exclusion of the Public and Press**

##### **Resolved -**

That the public and press be excluded from the meeting during consideration of Minute No. 145, pooling, on the grounds that this involved the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

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**The following report was considered in private the public have no right of access.  
Minute No. 145 is a public summary of business conducted in private.**

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#### **145. Pooling**

A report relating to the project and implementation budget update for February 2018 in respect of the Border to Coast Pensions Partnership was outlined.

The following details were provided:-

- ◆ Project implementation planning.
- ◆ Governance.
- ◆ People.
- ◆ Investment.
- ◆ Procurement.
- ◆ Corporate infrastructure.
- ◆ Solution delivery.
- ◆ Implementation budget outturn.
- ◆ Risks.

Members of the Pension Board undertook an in-depth discussion of the report and were provided with clarification to a number of questions raised.

##### **Resolved -**

- (i) That the report be noted;
- (ii) That consideration be given to a joint meeting with other Pension Boards from the other Pension Funds represented within the Pool; and
- (iii) That further update reports be provided to subsequent meetings of the Board.

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**The meeting returned to open session**

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## **146. Training**

Considered -

The report providing an update on Pension Board Member training.

It was noted that the current training details for Pension Board Members were up to date.

The Chairman highlighted a skills-matrix and evaluation document that had been circulated by TPR and suggested that this may be beneficial for Members of the Board to complete, to provide an analysis of the current combined skills held by the Pension Board. A Member noted that the documents, which had been circulated prior to the meeting, referred to Trustees of Pension Funds, rather than Pension Board Members, and suggested that this was not within the Pension Board's remit. Members discussed the details of the evaluation/skills-matrix forms and whether they appropriately applied to Pension Board Members. It was concluded that there were a significant number of questions within the documents that related to membership of the Pension Board and, therefore, there was some merit in completing the forms detailed. It was agreed, therefore, that these be circulated and completed, and an analysis undertaken to determine what further training could be undertaken by the Pension Board, in terms of any missing skills. In terms of the questions that related to Trustees it was considered that these could be marked not applicable for Pension Board Members.

It was suggested that when the forms had been completed by the Pension Board then it could be suggested to the Pension Fund Committee that they also complete the forms to determine the level of skills and knowledge of Members of the Committee, as Trustees to the Pension Fund.

**Resolved -**

That the TPR's skills-matrix and evaluation forms be circulated to Pension Board Members for them to complete, return and be evaluated, for submission to the next meeting of the Board.

#### **147. Work Plan**

Considered -

The report detailing the areas of planned work by the Pension Board, noting the current issues that were being undertaken as projects by Pension Board Members, updated earlier in the meeting as:-

1. Management, administration and governance processes and procedure.
2. Development of improved customer services.
3. Scheme member and employer communications.

In relation to the Work Programme it was noted that a number of issues were cross referenced within the details set out and, a number were monitored through papers provided to Pension Fund Committee meetings and, therefore, considered at Pension Board meetings through the Minutes of the PFC. It was emphasised, therefore, that no individual reviews were required for those matters, as they were continually monitored or picked up through other items. It was suggested that a list of matters that were being monitored, together with the progress being made on those, and any developments, be drafted to ensure that Pension Board Members were kept abreast of these. In relation to this it was considered appropriate that the issues were reported to Pension Board at the time when officers were dealing with these so as not to cause an additional burden.

In view of this it was suggested that the pre-meeting for Pension Board agendas be widened to include all appropriate officers, allowing them to have their input into fulfilling this requirement.

The Chairman stated that he would develop this further.

#### **Resolved -**

That the report be noted and action identified be undertaken accordingly.

The meeting concluded at 12.25 pm

SL/JR