

North Yorkshire County Council

Pension Board

18 July 2019

Risk Register and Governance Documents Review

Report of the Treasurer

1.0 Purpose of the Report

To provide Pension Board members the opportunity to review the risk register and suite of governance documents of the North Yorkshire Pension Fund (NYPF).

2.0 Background

As Members will be aware the governance documents for the NYPF are reviewed and approved annually by the Pension Fund Committee (PFC). Regulations require that certain governance documents and the Pension Fund final accounts form part of the Annual Report of the Fund. In addition to those documents that form part of the Annual Report, all other governance documents are also approved annually for reasons of good practice.

Those documents reviewed and approved by the PFC are included with this paper for Members to consider the content and provide comments and feedback. Changes can be seen in tracked changes in the appropriate appendix.

3.0 Governance documents to be included in the Annual Report

3.0.1 The **Investment Strategy Statement** (ISS) sets out the Fund's approach to investing. The version approved in July 2018 is attached as **Appendix 1** for information only. There are a number of areas that are currently in flux, so an updated ISS will be taken to the September PFC meeting for approval.

3.0.2 The **Governance Compliance Statement** describes the governance arrangements of the Fund. The latest version of this document has been attached as **Appendix 2**; minor changes have been made to remove the reference to Myners and replace it with CIPFA guidance but the underlying principles remain.

A number of suggested changes to the terms of reference for the PFC are also contained within section 2.1.1 of Appendix 2. These are made to reflect the changes in circumstances of the PFC (including pooling); to reflect that the Audit Committee now approves the statement of final accounts; and to remove some areas of prescription where there are multiple ways of achieving the objective (e.g. removal of the "performance measurer". These changes will need to be considered by the Members Constitutional Working Group for further consideration by the Executive and then County Council as these are Constitution changes.

3.0.3 The **Funding Strategy Statement** describes how employers' pension liabilities are to be met going forward, how employer contributions will be kept as stable as possible, and a prudent long-term view of those liabilities. This document was last reviewed as part of the 2016 Triennial Valuation and an updated version was noted at the 23 February 2017 PFC meeting. There have been no subsequent changes made since this meeting. The latest version of this document is attached as **Appendix 3**. The policy will be reviewed again as part of the 2019 Triennial Valuation and will be taken to the PFC for approval later in the year.

3.2.4 The **Communications Policy** attached as **Appendix 4**, details the policy for communicating with all the Fund's stakeholders. The policy has been amended following feedback last year to clarify what we will communicate, when, how and to whom.

4.0 Other Governance Documents

4.0.1 The **Admissions and Terminations Policy** attached as **Appendix 5** outlines the Fund's policy on admissions into the Fund and the methodology for assessing an exit payment when an admission body leaves the Fund. A minor change has been made to clarify that payment of any surplus on exit will only be made by BACS.

4.0.2 The **Risk Register (Appendix 6 & 7)** has recently been updated and is attached for approval. The register describes the key risks faced by the Fund. There are two risks ranked as red, four as amber and five as green. The assessment of the highest ranked risks is primarily driven by the financial impact each could have, if each risk actually occurred.

One of the red risks is on the LGPS Pooling Arrangements; this is currently considered the key risk of the Pension Fund. It is a major change to the way in which the Pension Fund is managed with significant impact on the way in which the Fund implements its investment strategy.

Pension Fund solvency also remains a red risk, despite the latest funding level of 108%, due to the unpredictable and volatile nature of global financial markets on which both investment returns and certain market based actuarial assumptions used to value liabilities are based. The potential consequence of the risk occurring is a significant increase in contribution rates for the Fund's employers and/or an extension to the deficit recovery period.

4.0.3 The **Risk Management Policy** for the Fund was approved in the November 2017 PFC meeting. It was recommended by the Risk Management Team that this document be reviewed at least once every three years and when a specific change is required. There have been no changes required since initial approval. The latest version of this document is attached as **Appendix 8** for information.

4.0.4 The **Pensions Administration Strategy** attached as **Appendix 9** sets out the administration protocols between employers and the Fund. Minor amendments have been made to this document.

4.0.5 The **Administering Authority Discretions Policy**, attached as **Appendix 10**, sets out the agreed approach for each discretion within the LGPS regulations that requires a decision from the administering authority. This policy has been updated to reflect the current position of NYCC regarding its discretions. Pilots are now being run with CoYC, Hambleton DC, Fire and Rescue and Beyond Housing. Following the pension team restructure a programme of roll out across all employers will be commenced.

4.0.6 The **Internal Dispute Resolution Procedure (IDRP) Guide**, attached as **Appendix 11** sets out how scheme members can resolve problems or complaints they may have about their pension benefits. There have been no updates made to this guide.

4.0.7 The **Governance Roles and Responsibilities**, attached at **Appendix 12**, sets out the governance arrangements for the Fund. It also sets out the escalation procedures in the event of a breach of statutory requirements for the administration of the LGPS. Amendments have been made to clarify the governing bodies responsible for the LGPS and to clarify the purpose of the document.

4.0.8 The **Charging Policy**, attached at **Appendix 13**, should be read in conjunction with the Pensions Administration Strategy and sets out the Fund's policy on charging employers for poor quality data and late submissions of information required to calculate member benefits. This policy has had major changes made to it to assist employers understanding and redefine the pension team's process for contacting and managing employers performing poorly.

- 4.0.9 The **Business Plan**, attached at **Appendix 14**, sets out the purpose and strategy of the Fund for the next 3 years to enable the PFC to plan ahead and comply with legal requirements. It sets out the key initiatives of the Fund with delivery dates to enable tracking of progress. Target delivery dates have been added this year and the plan has been moved onto cover the period 2019 - 2021. This Business Plan was approved in February 2019 and an updated plan covering 2020-2022 will be brought to the February 2020 PFC meeting, alongside the 2020/21 budget, for approval.
- 4.0.10 The **Breaches Policy**, attached at **Appendix 15**, sets out the Fund's policy and procedures for identifying, managing and where necessary reporting breaches of the law as covered in paragraphs 241 to 275 of The Pensions Regulator's Code of Practice no 14 (Governance and administration of public service pension schemes) – "the Code of Practice". There have been no changes made to this policy.
- 4.0.11 The **General Data Protection Regulations (GDPR) Privacy Notice**, attached at **Appendix 16**, sets out how and why NYCC processes personal data in relation to the Fund. This Notice follows that of the administering Authority in order to ensure compliance. Some minor amendments have been made to this notice.
- 4.0.12 The **GDPR Memorandum of Understanding**, attached at **Appendix 17**, sets out for employers the statutory basis on which data will be shared between the parties and NYPF's expectations of employers during their participation in the Fund. This again follows the approach taken by the administering Authority. Minor amendments have been made to this memorandum.

5.0 Next Steps

- 5.1 Following approval of the governance documents attached, a governance review of the Fund will be carried out by the Independent Professional Observer and a report will be produced. This report will be presented to the PFC and any feedback provided will be reflected in the governance documents where necessary. The Independent Professional Observer will be asked to attend the September PFC meeting to discuss the governance of the Fund with Members.
- 5.2 The following documents will also be brought to the September PFC meeting for approval:
- NYPF Annual Report
 - Investment Strategy Statement

6.0 Recommendations

- 6.1 That Pension Board Members review and consider the content of each governance document and provide comment and feedback. The documents are:
- Governance Compliance Statement (Appendix 2)
 - Funding Strategy Statement (Appendix 3)
 - Communications Policy (Appendix 4)
 - Admissions and Termination Policy (Appendix 5)
 - Risk Register (Appendix 6 & 7)
 - Risk Management Policy (Appendix 8)
 - Pension Administration Strategy (Appendix 9)
 - Administering Authority Discretions Policy (Appendix 10)
 - IDRP Guide (Appendix 11)
 - Governance Roles and Responsibilities (Appendix 12)
 - Charging Policy (Appendix 13)
 - GDPR Memorandum of Understanding (Appendix 14)
 - Breaches Policy (Appendix 15)
 - GDPR Privacy Notice (Appendix 16)
 - GDPR Memorandum of Understanding (Appendix 17)

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NYCC
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24 June 2019

NORTH YORKSHIRE PENSION FUND**INVESTMENT STRATEGY STATEMENT****TABLE OF CONTENTS**

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1.0 INTRODUCTION

- 1.1 Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations) requires administering authorities to formulate, publish and maintain an Investment Strategy Statement (ISS). This document is the ISS of the North Yorkshire Pension Fund (NYPF, or the Fund) for which North Yorkshire County Council (the Council) is the administering authority.
- 1.2 The Council has delegated all its functions as the administering authority of NYPF to the Pension Fund Committee (PFC, or the Committee). The Corporate Director - Strategic Resources, who reports to the Chief Executive, has day to day control of the management of all aspects of the Fund's activities.
- 1.3 The Committee determines the investment policy of the Fund and has ultimate responsibility for the investment strategy. The Committee undertakes its responsibilities after taking appropriate advice from external advisers.
- 1.4 The Committee seeks to invest in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.
- 1.5 The Pension Board and the Fund's employers have been consulted on the drafting of this document.

2.0 OBJECTIVES OF THE FUND

- 2.1 The primary objective of the Fund is to provide pension benefits for members upon retirement and/or benefits on death for their dependents, on a defined benefits basis. Investments will therefore be selected with the aim of fully funding these benefit requirements over an extended number of years. The funding position will be reviewed at each Triennial Valuation with adjustments to the investment strategy, asset allocation and to investments with investment managers as required.
- 2.2 The investment objective of the Fund is to provide for sufficient capital growth of the Fund's assets in a range of market conditions, supplemented by employee and employer contribution income, to meet the cost of benefits as they fall due. It is translated into a suitable strategic asset allocation benchmark designed to address the nature of the Fund's liabilities, and deliver returns over the long term including through periods of volatility in financial markets.

3.0 INVESTMENT OF MONEY IN A WIDE VARIETY OF INVESTMENTS

- 3.1 The Committee reviews the investments of the Fund on a regular basis. The last review of the investment strategy took place in 2017, following the 2016 Triennial Valuation, with the agreed changes currently being implemented. Additional reviews of individual asset classes have also taken place, with particular regard to diversification and suitability. The Committee receives advice from its Investment Consultant and Independent Adviser when undertaking such reviews.
- 3.2 These reviews provide a framework designed to produce the returns the Fund requires over the long term to meet its future liabilities. Each asset class invested in is allocated a range, and rebalancing takes place when values stray beyond them due to market conditions. Further rebalancing may take place based on tactical views of the Fund's advisers.
- 3.3 The Fund's current strategic asset allocation is set out below. The table also includes the ranges within which the asset allocation may vary without specific reference to the Committee, however in practice the allocation is considered by the Committee each quarter and adjustments made as necessary.

	Minimum %	Benchmark %	Maximum %
Equities	40	52	65
Alternatives	20	30	35
Fixed Income	15	18	30

- 3.4 The largest proportion of the Fund's investments are in equities which is aimed at growing the value of assets over the long term. Other return seeking asset classes complement this goal, with the allocation to liability matching assets providing a measure of protection against rising liability valuations.
- 3.5 Each asset class is sub-divided into two or more mandates with different investment managers and operating to different benchmarks, further increasing the diversification of the Fund's investments.
- 3.6 The most recent changes to the strategy have been the addition of Alternatives, being Property (2012), Diversified Growth Funds (2013), Private Debt (2016) and Insurance Linked Securities (2018). These asset classes have served to further diversify the Fund's investments, spreading risk and reducing short term volatility. There are also plans to introduce Property Debt investments into the Fund's portfolio.
- 3.7 Each investment manager operates to a specific benchmark and to specific mandate restrictions appropriate to their process and style, so that in aggregate, their activities are aligned to the overall performance requirements and risk appetite of the Fund. Each manager holds a range of underlying investments which reflects their views relative to their respective benchmarks, as permitted by their mandates.
- 3.8 The investment management arrangements of the Fund are as follows.

Manager	Mandate	Objective
Standard Life	UK Equities	To outperform the FTSE 350 (excluding Investment Trusts) Equally Weighted Index by 3% pa over the long term
Baillie Gifford	Global Equities (Global Alpha)	To outperform the FTSE All World Index by 2% over the long term
Baillie Gifford	Global Equities (Long Term Global Growth)	To outperform the FTSE All World Index by 3% over the long term
Dodge & Cox	Global Equities	To outperform the MSCI All Country World Index over a market cycle
Veritas	Global Equities	To outperform CPI + 6% to 10% over the medium term
Fidelity	Overseas Equities	To outperform an MSCI geographically weighted index by 2% pa over the medium term
Newton	Diversified Growth Fund	To outperform LIBOR by 4% over the medium term
Standard Life	Diversified Growth Fund	To outperform LIBOR by 5% over the medium term
Hermes	UK Property	To outperform the IPD Other Balanced Property Funds Index by 0.5% over the

		medium term
Legal & General	UK Property	To outperform the IPD All Balanced Property Funds Index over the medium term
Threadneedle	UK Property	To outperform the IPD All Balanced Property Funds Index by 1% to 1.5% over the medium term
M&G	UK Government Bonds	To outperform liabilities by 0.5%
BlueBay	Private Debt	IRR of 9% gross (7% net) including 4.5% cash yield
Permira	Private Debt	IRR of 9% gross (8% net) including 5% cash yield
Leadenhall	Insurance Linked Securities (Diversified)	To outperform Money Market Fund (MMF) returns by 4% to 5.5%
Leadenhall	Insurance Linked Securities (Nat Cat Focus)	To outperform Money Market Fund (MMF) returns by 6.5% to 7.5%
Leadenhall	Insurance Linked Securities (Remote)	To outperform Money Market Fund (MMF) returns by 3% to 4%

- 3.9 The Fund is permitted to invest up to 5% in entities connected to the administering authority. There are currently no such investments.

4.0 THE SUITABILITY OF PARTICULAR INVESTMENTS AND TYPES OF INVESTMENTS

- 4.1 The following categories of investment have been approved as suitable for the NYPF.

UK Equities

provide a share in the assets and profitability of public companies floated on UK stock exchanges. Capital gains and losses arise as share prices change to reflect investor expectations at the market, sector and stock levels. Income is derived from dividends.

Overseas Equities

are similar to UK Equities but allow greater diversification amongst markets, sectors and stocks. Valuations are affected by exposure to movements in the relative value of the foreign currencies in which investments are made against sterling. Exchange rates are likely to reflect differentials in inflation so should not affect returns materially over the long term, but over the short term currency movements may significantly add to or subtract from returns. Equities are expected to provide high returns compared to other asset classes (the "equity-risk premium").

UK Bonds

are debt instruments issued by the UK Government and other borrowers. Bonds provide a fixed rate of interest and are usually redeemed at a fixed price on a known future date. Valuations primarily reflect the fixed level of interest, the period to redemption and the overall return demanded by investors. They are vulnerable to rising inflation and correspondingly benefit from falling inflation.

Index Linked Bonds	are bonds that provide interest and a redemption value directly linked to a measure of inflation, usually the Retail Price Index or a similar index. The returns from this asset class act as a useful proxy for movements in liability values.
Diversified Growth Funds	are an alternative way of investing in shares, bonds, property and other asset classes. These funds are managed by specialist multi-asset managers and target returns slightly below that of equities but with significantly reduced volatility due to the diversification of their constituent parts.
UK Property	is an investment in buildings, indirectly through pooled vehicles. Capital gains and losses occur as prices fluctuate in line with rental levels and investor demand. Income is generated from rents collected from tenants. The nature of rental agreements gives property some of the characteristics of bonds, whilst growth and inflation provide some of the characteristics of equities. It is, therefore, a useful diversifying asset class.
Private Debt	is loan arrangements provided directly to companies over the medium term for an index linked return, significantly above rates charged by commercial banks. Typically they are provided through pooled fund arrangements and require that investors commit funds for a period of 5 to 7 years, with income and capital being returned throughout that time.
Insurance Linked Securities	is a term used to cover an array of financial instruments whose values are driven by insurance loss events - catastrophes. These instruments are linked to property losses caused by natural and man-made catastrophes and represent a unique asset class given that returns are both uncorrelated and independent from the general financial market. ILS themselves are bond like instruments which are securitised on the underlying catastrophe risks. Typically they are provided through pooled fund arrangements.
Property Debt	are direct loans secured against commercial properties and their income. The majority of the return comes from coupon payments which are distributed quarterly. They are bond like returns that do not suffer from capital losses. Typically they are provided through pooled fund arrangements.
Derivative Instruments	such as options and futures are mechanisms through which the Fund can be protected from sudden changes in share prices or exchange rates. Although not income producing they can result in capital gains and losses. They may be used to hedge the Fund's exposure to particular markets.
Cash	is invested in authorised institutions in accordance with the treasury management policy of the Council under the terms of a Service Level Agreement and attracts interest at market rates.

- 4.2 Each asset class has different return expectations and volatility characteristics. They are blended to produce the optimal investment return while taking an appropriate level of risk. Periodic investment reviews assess whether this blend requires adjustment, including through the addition of new asset classes, to take account of changing market conditions and the evolving asset and liability profile of the Fund. Tactical rebalancing also takes place, as

required. All monitoring, reviews and rebalancing is undertaken after taking advice from the Fund's Investment Consultant and Adviser.

- 4.3 The 2016 Triennial Valuation was prepared on the basis of an expected return on assets of 5.9% over the long term. This return is 1.5% above the discount rate used to calculate the Fund's liabilities and reflects a "probability of funding success" as described in the Funding Strategy Statement of 75%. This is based on the Fund's current asset mix and assumes no outperformance from active management.

5.0 THE APPROACH TO RISK, INCLUDING THE WAYS IN WHICH RISKS ARE TO BE MEASURED AND MANAGED

- 5.1 The Fund aims to achieve its funding objective by taking an appropriate level of risk, through investing a proportion of funds in growth assets. Ongoing monitoring of the risk profile takes place including reassessing its appropriateness through investment strategy reviews and at the quarterly meetings of the PFC when appropriate. Close regard is paid to the ongoing risks which may arise through a developing mismatch, over time, between the assets of the Fund and its liabilities, together with the risks which may arise from any lack of balance/diversification of the investment of those assets.
- 5.2 The risk of financial mismatch is that the Fund's assets fail to grow in line with the liabilities. It is managed by the Committee through a review of the assumptions used to calculate the Fund's liabilities at each Triennial Valuation, and an assessment by the Actuary of the Fund's asset allocation strategy of the probability of achieving funding success. This assessment forms the basis for subsequent asset allocation reviews aimed at controlling risk and further improving the funding position.
- 5.3 Longevity risk and other demographic factors are assessed at each Triennial Valuation. The Committee reviews national and Fund specific trends as part of this process.
- 5.4 Systemic risk, being the possibility that an event akin to the financial crisis occurs, is mitigated through the diversified nature of the Fund's asset allocation strategy. The Committee has taken steps since 2008 to spread investments across a larger number of asset classes which behave differently in different market conditions. The risks associated with individual asset classes, the combined nature of risks at Fund level are reassessed at each strategy review and changes made as appropriate.
- 5.5 This diversification across asset classes and across investment managers within each asset class significantly mitigates concentration risk, so that the effect of underperformance of any one asset class or investment manager is minimised. Rebalancing activity prevents departure from the strategic asset allocation benchmark.
- 5.6 The significant majority of the Fund's assets are invested in liquid investments, so that the risk of illiquidity, being an inability to meet liabilities as a result of a lack of liquid assets, is minimal. The risk is further managed by cashflow forecasting.
- 5.7 Currency risk is that the Fund's assets, the majority of which are overseas, underperform relative to Sterling. This risk is managed through a periodic assessment of currency exchange rates including receiving advice on the suitability of hedging the major currencies the Fund's assets are denominated in.
- 5.8 Agreements with the Fund's custodian and investment managers provide protection against fraudulent losses. In addition regular checks are undertaken by independent auditors of the custodian's and investment managers' systems. These organisations have internal compliance teams which also monitor and report on risk.
- 5.9 The Fund maintains a Risk Register which identifies the key risks, an assessment of the potential impact of each risk should it occur, and the controls and contingency plans in place to

mitigate the likelihood and severity of each risk. The Risk Register is reviewed by the PFC annually and by the Pension Board semi-annually.

6.0 THE APPROACH TO POOLING INVESTMENTS, INCLUDING THE USE OF COLLECTIVE INVESTMENT VEHICLES AND SHARED SERVICES

- 6.1 The Fund is a member of the Border to Coast Pensions Partnership (“BCPP”, or “the Pool”). The proposed structure and basis on which the BCPP will operate was initially set out in the July 2016 submission to Government and is currently under review as part of the plans for formal creation of the Pool vehicle.
- 6.2 The key criteria for the assessment of the Pool are that it provides a suitable solution that meets the investment objectives and asset allocation strategy of the Fund and that there is significant financial benefit to joining the arrangements.
- 6.3 The change in arrangements is that the Pool will be responsible for manager selection and monitoring, which is currently a responsibility of the Committee. The responsibilities for determining the investment strategy and asset allocation strategy will remain with the Committee.
- 6.4 At the time of preparing this statement the details of the pooling arrangements are being finalised. However it is expected that approximately 100% of NYPF’s assets will be transitioned into the Pool once suitable sub-funds are in place; certain illiquid investments, comprising approximately 14%, will be retained by NYPF until they are fully realised over a period of up to 8 years, at which point new investments will be made through the pool if there is a suitable subfund in place. The legal structures of these illiquid assets are such that it may not be practical to transfer ownership without a substantial loss in value.
- 6.5 The July 2016 submission to Government of BCPP, available on the Fund’s website www.nypf.org.uk, provided a statement addressing an outline structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured. Government approved this approach on 12 December 2016. The Fund has subsequently been working with the BCPP to progress final arrangements.
- 6.6 A Financial Conduct Authority regulated company has been established to manage the assets of BCPP partner funds. The Fund will hold all voting and non-voting shares rather than the Council. This is because the purpose of the company is to meet the needs of the constituent Funds in complying with the regulations on pooling, rather than for a Council specific purpose. The company is due to go live in July 2018, with transitioning of funds to take place from 2018 onwards.
- 6.7 The Fund will hold the Pool to account through having a representative on the Joint Committee, which as an investor will monitor and oversee the investment operations of BCPP Limited. It also has a representative on the Shareholder Board, which as an owner provides oversight and control of the corporate operations of BCPP Limited.
- 6.8 An annual report will be submitted to the Scheme Advisory Board providing details of assets transferred into the pooling arrangement.
- 6.9 As the Pool develops and the structure and governance of the Pool are established, the Fund will include this information in future iterations of the ISS.

7.0 HOW SOCIAL, ENVIRONMENTAL OR CORPORATE GOVERNANCE CONSIDERATIONS ARE TAKEN INTO ACCOUNT IN THE SELECTION, NON-SELECTION, RETENTION AND REALISATION OF INVESTMENTS

- 7.1 The PFC takes the view that its overriding obligation is to act in the best financial interests of the Scheme and its beneficiaries. It is recognised that environmental, social and governance

(“ESG”) factors can influence long term investment performance and the ability to achieve long term sustainable returns. Investment advice received by the Fund implicitly includes these factors. Therefore, as a responsible investor, the Committee wishes to promote corporate social responsibility, good practice and improved performance amongst all companies in which it invests.

- 7.2 The Committee considers the financial impact of ESG factors on its investments through regular reporting by the Fund’s investment managers. Engagement with company management and voting behaviour are integral to investment processes aimed at improving performance in companies in which they invest.
- 7.3 As well as delegating the Fund’s approach to ESG issues to its investment managers, NYPF is also a member of the Local Authority Pension Fund Forum (LAPFF) which is the UK’s leading collaborative shareholder engagement group. This organisation promotes ESG good practice on behalf of over 70 LGPS funds. Its activity acts as a complement to that undertaken by the Fund’s investment managers. Any differences in approach are discussed with the Fund’s investment managers so that the reasons are fully understood.
- 7.4 The Fund is compliant with the six principles on investment decision making for occupational pension schemes, as set out in the guidance published by the Chartered Institute of Public Finance and Accountancy in December 2009 called “Investment Decision Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles”.
- 7.5 Any evaluation of social investments is made on the same basis as other investment opportunities, in taking into account financial and non-financial factors.

8.0 THE EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO INVESTMENTS

- 8.1 The Committee has delegated the exercise of voting rights to Pension Investment Research Consultants Limited (PIRC). Votes are executed by PIRC according to predetermined Shareholder Voting Guidelines agreed by the PFC, available on the Fund’s website. These guidelines are aligned to the UK Stewardship Code and to best practice in other jurisdictions. Votes are cast for all UK equities held by the Fund, and for non-UK holdings where practicable. The Fund monitors voting decisions on a regular basis and a summary is included in the Fund’s Annual Report.
- 8.2 The Fund adheres to the Stewardship Code as published by the Financial Reporting Council. The Committee will expect both BCPP Ltd and any investment managers appointed by it to also comply with the Stewardship Code.
- 8.3 The Fund’s collective engagement activity through the LAPFF supports the voting activity undertaken by PIRC.
- 8.4 The Fund aims to adopt the Principles of the Financial Reporting Council’s UK Stewardship Code. A Statement of Compliance will be published on the Fund’s website in 2018.

20 June 2018



North Yorkshire Pension Fund

Governance Compliance Statement

April 2019

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1.0 Introduction

- 1.1 This Statement has been prepared by North Yorkshire County Council (NYCC, or “the Council”) as administering authority of the North Yorkshire Pension Fund (NYPF, or “the Fund”) in accordance with the requirements of the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013.
- 1.2 These Regulations describe the governance arrangements of the Fund and assess them against a set of best practice principles, either confirming compliance or providing an explanation of the reasons for non-compliance as appropriate.

2.0 Governance Arrangements

Pension Fund Committee

- 2.1 Overall responsibility for the governance of the LGPS, as it is organised and operated in North Yorkshire resides with the Pension Fund Committee (PFC), a committee of the Council, which has been delegated the following powers:
- 2.1.1 To exercise the powers of the Council to invest monies forming part of the Pension Fund, including:
- to determine and periodically review the Investment Strategy of the Fund
 - to appoint managers (which includes pooling entities for the purposes of this Statement) to manage and invest Fund monies on the Council’s behalf
 - to receive reports from the appointed managers, at least once every quarter, setting out the action they have taken under their appointment
 - to receive reports, at least once every quarter regarding the investment performance of the appointed investment managers and the Fund overall
 - to regularly review investments and consider the desirability of continuing or terminating the appointments of any organisations involved in the investment of the monies of the Fund and / or advising / reporting thereon
 - to receive a Statement of Final Accounts and approve associated governance statements for submission to the Audit Committee
 - from time to time reporting to the Executive and making appropriate recommendations on matters relating to the Pension Fund
- 2.1.2 To exercise all the Council’s powers as administering authority for the North Yorkshire Pension Fund, subject to any specific instructions that might be given from time to time by the Council.
- 2.1.3 To carry out the Council’s functions relating to local government pension scheme (LGPS) under the regulations.

Pension Board

- 2.2 To comply with regulation 106 of the LGPS (Amendment) (Governance) Regulations 2015, terms of reference to establish the Council’s Pension Board were approved at its meeting on 18 February 2015.
- 2.3 The Pension Board is responsible for assisting the Council in securing compliance with the regulations, and to ensure the efficient and effective governance and administration of the LGPS. The Pension Board will have an oversight role in the governance of the Fund.
- 2.4 The key points from the terms of reference are:
- there are 9 members of the Pension Board, being 4 scheme member representatives (voting), 4 employer representatives (voting) and 1 independent chair (non-voting)
 - there will be 4 meetings each year
 - the Pension Board has its own policies on conflicts of interest and training
 - costs of the Pension Board will be met by the Fund
 - the quorum required for the Pension Board meetings is the Chair, one scheme and one employer representative

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Independent Professional Observer

2.5 In order to provide an independent assessment of the Fund's governance arrangements the PFC has appointed an Independent Professional Observer (IPO). The IPO reports annually to the PFC on the level of compliance of the Fund against the Ministry of Housing, Communities and Local Government's (MHCLG) best practice principles, and also offer advice on governance related matters.

Functions Delegated to Officers

2.6 The Council's constitution sets out the duties of the Corporate Director – Strategic Resources in relation to the Fund. Essentially, the Corporate Director acts as the Treasurer of the Fund (and is referred to as such in the remainder of this Statement) providing information and advice to the Committee whilst also managing the day to day affairs of the Fund, including:

- the exercise of the Council's function as administering authority, subject to any specific instructions that might be given from time to time by the PFC
- the power to seek professional advice and to devolve day to day handling of the Fund to professional advisers within the scope of LGPS regulations
- to change the mandate of a fund manager, in consultation with the Chairman and at least one other Member of the PFC, in circumstances when not to do so would lead to a real or potential loss in value of the Fund's investments. Any such action to be reported to the PFC as soon as practicable

The North Yorkshire Pension Fund Officer Group (NYPFOG)

2.8 NYPFOG meets periodically to provide an opportunity for employers and NYPF officers to meet and address any issues relating to the administrative arrangements of the Fund.

3.0 Representations and Meetings

Representation

3.1 The current membership of the PFC is as follows:

- eight elected Members representing the administering authority who each hold one vote on the Committee
- two further elected Members representing the Fund's other largest employing bodies each holding one vote. One Member represents the City of York Council, the other is the District Councils' representative of Local Government North Yorkshire and York
- a number of substitute Members have been nominated to attend in the absence of each of the main Committee Members
- three union representatives are invited to attend every Committee meeting, in a non-voting capacity
- the Chairman of the Pension Board is invited to attend every Committee meeting, in a non-voting capacity
- the quorum required for Committee Meetings is three

Meetings

3.2 The PFC is governed by the decision making procedures defined in the Constitution of the Council, being a full Committee of the Council. These are fully compliant with the terms of the Local Government Act 2000. In addition, the PFC complies with the procedural requirements defined in LGPS regulations.

3.3 Papers for all meetings of the PFC are provided to all the Members identified in **paragraph 3.1** above, including substitute members and union representatives. In addition, the Investment Adviser and Investment Consultant (who also attend every meeting), Fund Managers and the Fund Actuary are given the opportunity to view all items on the public agenda of each meeting.

3.4 PFC papers are also publicly available on the Council's website. The Communications Policy Statement explains in more detail the arrangements for engagement with all stakeholders.

3.5 The PFC convenes once each quarter, usually at County Hall in Northallerton. The Fund's investment managers are scheduled to attend additional meetings where the PFC specifically considers fund manager performance and related matters. Four supplementary meetings a year are normally held for

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this purpose. In attendance at each meeting are the Investment Adviser, the Investment Consultant, the Treasurer and representative members of his staff involved with the NYPF (e.g. Head of Pensions Administration, Senior Accountant), and a Committee Clerk (NYCC).

- 3.6 The PFC has also included a specific meeting in July in its programme. This is in order to consider the draft Statement of Final Accounts and undertake the annual review of the governance documents, in addition to any other business requiring attention at that time.

4.0 Operational Procedures

Training

- 4.1 In the CIPFA Pensions Finance Knowledge and Skills Framework it states that "Administering Authorities should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively". There are legal requirements set out in the LGPS regulations and other relevant legislation, as well as best practice guidance on training published by professional and regulatory bodies.
- 4.2 The Fund arranges a programme of internal and external training events and access to other resources designed to meet these requirements, recommendations and best practice guidance principles for Members of the PFC. A register of all training events is maintained and reported at each PFC meeting.
- 4.3 The costs incurred by Members of the PFC in attending training sessions are met by the Fund in accordance with the policies of the administering authority.
- 4.4 Members of the Pension Board must have the required knowledge and understanding of the Scheme and the law and regulations relating to pensions in order to properly exercise their duties.

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Reporting and Monitoring

- 4.5 The Fund has a Business Plan that is agreed at the start of each financial year which is reviewed regularly and is included in the agenda papers for each meeting.
- 4.6 In relation to investment matters, the Investment Consultant and each Investment Manager for the Fund is required to submit a quarterly report to the PFC summarising the investment activities within the Fund's portfolios during the preceding quarter and reporting the value and performance of the investments at the end of each such quarter. In addition, the Fund Custodian presents an independent report on the overall investment performance of the Fund, together with details relating to individual managers and different classes of asset.
- 4.7 In addition the Treasurer will present reports to every PFC meeting detailing performance in relation to the administration activities of the Fund and other significant matters for Members' attention as determined by the work plan; topics will include reports on the budget position, updates on the regulations, communications with stakeholders, training events and admission agreements, etc.
- 4.8 Outside of this periodic reporting to the PFC;
- the activities of the Benefits Administration team are regularly monitored by the Treasurer as part of the ongoing performance monitoring arrangements operated within the Central Services directorate of the Council. In addition, the Fund participates in benchmarking as well as value for money exercises with other Funds
 - the performance of the investment managers is monitored on an ongoing basis by the Investment Consultant and the Treasurer. Meetings are held with the investment managers on a routine basis and/or when particular issues arise (e.g. staff changes) that may affect the performance of that manager on behalf of the Fund.

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5.0 Key Policy and Strategy Documents

- 5.1 In addition to the range of information provided by the Fund for Scheme members and employers, the Fund publishes a number of other key documents relating to the administration and governance of the Fund. These are as follows:

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- Administering Authority Discretions for NYCC
- Administration Strategy
- Annual Communications Strategy
- Annual Report
- Breaches Policy
- Employers Guide
- Funding Strategy Statement (FSS)
- Governance Compliance Statement
- Governance Roles and Responsibilities
- Internal Dispute Resolution Procedure
- Investment Strategy Statement

6.0 Compliance with Best Practice Principles

Structure

a	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council	Fully compliant
b	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee or panel established to underpin the work of the main committee	Fully compliant. It is assumed that the Pension Board fulfils the role of a secondary panel and these stakeholder groups are all eligible to be represented
c	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels	Fully compliant. It is assumed that the Pension Board fulfils the role of a secondary panel (as the Board is not a committee in legal terms)
d	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel	Fully compliant. Chair of Pension Board attends the PFC in a non-voting capacity

Representation

a	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: <ul style="list-style-type: none"> • employing authorities (including non-scheme employers, e.g. admitted bodies) • scheme members (including deferred and pensioner scheme members) • where appropriate, independent professional observers • expert advisers 	Fully compliant
b	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers, meetings and training and are given full opportunity to contribute to the decision making process, with or without voting rights	Fully compliant

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Selection and Role of Lay Members

a	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee	Fully compliant
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Voting

a	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees	Fully compliant
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Voting rights on the PFC are limited to representatives of the administering authority which is answerable for the effective and prudent management of the Scheme, and to representatives of the Fund's major employers. This arrangement provides an optimal number in terms of decision making effectiveness, therefore voting rights have not been extended to other stakeholders.

Training, Facility Time and Expenses

a	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process	Fully compliant
b	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum	Fully compliant

Meetings (Frequency and Quorum)

a	That an administering authority's main committee or committees meet at least quarterly	Fully compliant
b	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits	Fully compliant
c	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	Fully compliant

Access

a	That subject to any rules in the Council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee	Fully compliant
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Scope

a	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Fully compliant
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Publicity

a	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the Scheme is governed can express an interest in wanting to be part of those arrangements	Fully compliant
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NORTH YORKSHIRE PENSION FUND (NYPF) 2016 Funding Strategy Statement (FSS)

This Statement has been prepared by North Yorkshire County Council (the Administering Authority) to set out the funding strategy for the North Yorkshire Pension Fund (the NYPF), in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and the 2016 guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel.

1. INTRODUCTION

The Local Government Pension Scheme Regulations 2013 (as amended) (“the Regulations”) provide the statutory framework from which the Administering Authority is required to prepare a FSS. The key requirements for preparing the FSS can be summarised as follows:

- After consultation with all relevant interested parties involved with the Fund, the Administering Authority will prepare and publish their funding strategy.
- In preparing the FSS, the Administering Authority must have regard to :-
 - the guidance issued by CIPFA for this purpose; and
 - the Investment Strategy Statement (ISS) or the NYPF published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended);
- The FSS must be revised and published whenever there is a material change in either the policy on the matters set out in the FSS or the ISS.

Benefits payable under the NYPF are guaranteed by statute and thereby the pensions promise is secure. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time, facilitating scrutiny and accountability through improved transparency and disclosure.

The Scheme is a defined benefit arrangement with principally final salary related benefits for contributing members up to 1 April 2014 and Career Averaged Revalued Earnings (“CARE”) benefits earned thereafter. There is also a “50:50 Scheme Option”, where members can elect to accrue 50% of the full scheme benefits and pay 50% of the normal member contribution rate.

The benefits provided by the NYPF are specified in the governing legislation (the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014) and the Regulations referred to above. The required levels of employee contributions are also specified in the Regulations.

Employer contributions are determined in accordance with the Regulations which require that an actuarial valuation is completed every three years by the actuary, including a rates and adjustments certificate. Contributions to the NYPF should be set so as to “secure its

solvency" and to "ensure long-term cost efficiency", whilst the actuary must also have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible. The actuary must have regard to the FSS in carrying out the valuation.

2. PURPOSE OF THE FSS IN POLICY TERMS

Funding is the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the actuary.

The purpose of this Funding Strategy Statement is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the desirability of maintaining as nearly constant a primary contribution rate as possible;
- to ensure the regulatory requirements to set contributions so as to ensure the solvency and long-term cost-efficiency of the fund are met; and
- to take a prudent longer-term view of funding those liabilities.

The intention is for this strategy to be both cohesive and comprehensive for the NYPF as a whole, recognising that there will be conflicting objectives which need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Administering Authority to implement and maintain.

3. AIMS AND PURPOSE OF THE NYPF

The aims of the Fund are to:

- enable primary contribution rates to be kept as nearly constant as possible and (subject to the Administering Authority not taking undue risks) at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies, whilst achieving and maintaining fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the fund and employers, and the risk appetite of the Administering Authority and employers alike
- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due, and
- seek returns on investments within reasonable risk parameters.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income,
- and pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses as defined in the Regulations and in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

4. RESPONSIBILITIES OF THE KEY PARTIES

The Administering Authority should:

- operate a pension fund
- collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in LGPS Regulations
- pay from the pension fund the relevant entitlements as stipulated in LGPS Regulations
- invest surplus monies in accordance with the Regulations
- ensure that cash is available to meet liabilities as and when they fall due
- manage the valuation process in consultation with the NYPF's actuary
- prepare and maintain an FSS and a ISS, both after proper consultation with interested parties, monitor all aspects of the NYPF's performance and funding and amend the FSS/ISS accordingly
- effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and scheme employer
- enable the local pension board to review the valuation process as set out in their terms of reference.

The Individual Employer should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations)
- pay all contributions, including their own as determined by the actuary, promptly by the due date
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain notify the Administering Authority promptly of all changes to membership or, as may be proposed, which affect future funding
- pay any exit payments on ceasing participation in the NYPF

The Fund actuary should:

- prepare valuations including the setting of employers' contribution rates at a level to ensure fund solvency and long-term cost efficiency after agreeing assumptions with the Administering Authority and having regard to the FSS and the LGPS Regulations
- prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory added years costs etc,
- provide advice and valuations on the exiting of employers from the NYPF
- provide advice to the Administering Authority on bonds or other forms of security against the financial effect on the fund of employer default
- assist the Administering Authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the Regulations
- ensure that the Administering Authority is aware of any professional guidance or other professional requirements that may be of relevance to his or her role in advising the NYPF
- advise on funding strategy, the preparation of the FSS, and the inter-relationship between the FSS and the ISS.

5. SOLVENCY ISSUES AND TARGET FUNDING LEVELS

Funding Objective

To meet the requirements of the Regulations the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "**funding target**") assessed on an ongoing past service basis including allowance for projected final pay in relation to pre-2014 benefits or where the underpin applies. In the long term, the employer rate would ultimately revert to the Primary Contribution Rate (also known as the Future Service Rate).

Determination of the Funding Target and Recovery Period

The principal method and assumptions to be used in the calculation of the funding target as at 31 March 2016 are set out in Appendix 1.

Underlying these assumptions are the following two tenets:

- that the Scheme is expected to continue for the foreseeable future; and
- favourable investment performance can play a valuable role in achieving adequate funding over the longer term.

This allows us to take a longer term view when assessing the contribution requirements for certain employers. As part of this valuation when looking to avoid material, and potentially unaffordable, increases in employer contribution requirements we will consider whether we can build into the funding plan the following:-

- stepping in of contribution rate changes for employers where the orphan funding target is being introduced (as defined later in this statement). For the 2016 valuation, the Administering Authority's default approach is to step contribution increases over a period of 3 years, although in certain circumstances a longer period may be considered, after consultation with the Actuary.
- a longer deficit recovery period than the average future working lifetime, particularly where there are a number of younger active members .

In considering this the Administering Authority, based on the advice of the Actuary, will consider if this results in a reasonable likelihood that the funding plan will be successful.

As part of each valuation separate employer contribution rates are assessed by the actuary for each participating employer or group of employers. These rates are assessed taking into account the experience and circumstances of each employer, following a principle of no cross-subsidy between the distinct employers in the Scheme.

In attributing the overall investment performance obtained on the assets of the Scheme to each employer a pro-rata principle is adopted. This approach is effectively one of applying a notional individual employer investment strategy identical to that adopted for the Scheme as a whole (except where an employer adopts a bespoke investment strategy – see below).

The Administering Authority, following consultation with the participating employers, has adopted the following objectives for setting the individual employer contribution rates arising from the 2016 actuarial valuation:

- A default recovery period of 18 years will apply.
- In addition, at the discretion of the Administering authority, a maximum deficit recovery period of 24 years will apply. Employers will have the freedom to adopt a recovery plan on the basis of a shorter period if they so wish. A shorter period may be applied in respect of particular employers where the Administering Authority considers this to be warranted (see Deficit Recovery Plan below).
- In the current circumstances, as a general rule, the Fund does not believe it appropriate for contribution reductions to apply compared to the 2013 funding plan where substantial deficits remain.
- For any open employers assessed to be in surplus, their individual contribution requirements will be adjusted at the 2016 valuation as follows:
 - Where the funding level is 100-110% employers will pay the future service rate only.
 - Where the funding level is over 110% the default approach for Scheduled Bodies and Admission Bodies with no subsumption commitment from a Scheduled Body in the Fund (as defined in Appendix 1) will be to remove any surplus in excess of 10% over a period of 6 years.
 - Where the funding level is over 110% the default approach for Admission Bodies with a subsumption commitment from a Scheduled Body in the Fund will be to remove any surplus in excess of 10% over the recovery period adopted by that Scheduled Body at the 2016 valuation.

- If surpluses are sufficiently large, contribution requirements will be set to a minimum nil total amount.
- The current level of contributions will be phased down as appropriate.

For the avoidance of doubt, for practical purposes where employers are in surplus and contributions are to be set below the cost of future accrual this will be implemented via a reduction in the percentage of pensionable pay rate rather than via a negative monetary amount.

For any closed employers assessed to be in surplus, the above approach will generally be followed but the Administering Authority will consider the specific circumstances of the employer in setting an appropriate period to remove the surplus.

The employer contributions will be expressed and certified as two separate elements:

- a percentage of pensionable payroll in respect of the future accrual of benefit
- a schedule of lump sum amounts over 2017/20 in respect of the past service deficit subject to the review from April 2020 based on the results of the 2019 actuarial valuation.

On the cessation of an employer's participation in the Scheme, the actuary will be asked to make a termination assessment. Any deficit in the Scheme in respect of the employer will be due to the Scheme as a termination contribution, unless it is agreed by the Administering Authority and the other parties involved that the assets and liabilities relating to the employer will transfer within the Scheme to another participating employer.

However, the Administering Authority has ultimate discretion where the particular circumstances of any given Employer warrant a variation from these objectives.

In determining the above objectives the Administering Authority has had regard to:

- the responses made to the consultation with employers on the FSS principles
- relevant guidance issued by the CIPFA Pensions Panel
- the need to balance a desire to attain the target as soon as possible against the short-term cash requirements which a shorter period would impose, and
- the Administering Authority's views on the strength of the participating employers' covenants in achieving the objective.

Deficit Recovery Plan

If the assets of the scheme relating to an employer are less than the funding target at the effective date of any actuarial valuation, a recovery plan will be put in place, which requires additional contributions from the employer to meet the shortfall.

Additional contributions will be expressed as annual monetary lump sums, subject to review based on the results of each actuarial valuation.

In determining the actual recovery period to apply for any particular employer to employer grouping, the Administering Authority may take into account some or all of the following factors:

- the size of the funding shortfall;
- the business plans of the employer;

- the assessment of the financial covenant of the Employer; and the security of future income streams
- any contingent security available to the Fund or offered by the Employer such as guarantor or bond arrangements, charge over assets, etc.
- length of expected period of participation in the Fund.

It is acknowledged by the Administering Authority that, whilst posing a relatively low risk to the Fund as a whole, a number of smaller employers may be faced with significant contribution increases that could seriously affect their ability to function in the future. The Administering Authority therefore, after specific agreement has been obtained by Fund Officers from the North Yorkshire Pension Fund Committee, would be willing to use its discretion to negotiate an **evidence based** affordable level of contributions for the organisation for the three years 2017/2020. Any application of this option is at the ultimate discretion of the Administering Authority and will only be considered after the provision of the appropriate evidence and on the basis that it is not inconsistent with the requirements to set employer contributions so as to ensure the solvency and long-term cost efficiency of the NYPF.

The Primary Contribution Rate (Future Service Contribution Rate)

In addition to any contributions required to rectify a shortfall of assets below the funding target, contributions will be required to meet the cost of future accrual of benefits for members after the valuation date (the “primary rate”). The method and assumptions for assessing these contributions are set out in Appendix 1.

6. LINK TO INVESTMENT POLICY SET OUT IN THE INVESTMENT STRATEGY STATEMENT

The results of the 2016 valuation show the liabilities at 31 March 2016 to be 88% covered by the current assets, with the funding deficit of 12% being covered by future deficit contributions.

In assessing the value of the NYPF’s liabilities in the valuation, allowance has been made for a long-term investment return assumption as set out below, taking into account the investment strategy adopted by the NYPF, as set out in the ISS.

It is not possible to construct a portfolio of investments which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio which closely matches expected future benefit payments and represents the least risk investment position. Such a portfolio would consist of a mixture of long-term index-linked and fixed interest gilts. Investment of the NYPF’s assets in line with the least risk portfolio would minimise fluctuations in the NYPF’s ongoing funding level between successive actuarial valuations.

Departure from a least risk investment strategy, in particular to include equity type investments, gives the prospect that out-performance by the assets will, over time, reduce the contribution requirements. The funding target might in practice therefore be achieved by a range of combinations of funding plan, investment strategy and investment performance.

The current benchmark investment strategy, as set out in the ISS, is:

Asset Class (Summary)	%
Equities	50-75
Bonds	15-30
Alternatives	10-20
TOTAL	100

The funding strategy adopted for the 2016 valuation is based on an assumed long-term investment return assumption of 4.4% per annum. This is below the Administering Authority's view of the best estimate long-term return assumption of 6.4% as at the valuation date.

Bespoke Investment Strategy

The Investment Strategy adopted by NYPF is determined for the Fund as a whole. This Strategy takes into account the characteristics of NYPF as a whole, and therefore those of the constituent employers as an aggregated entity - it does not seek to distinguish between the individual liability profiles of different employers. The Strategy adopted to date, as reflected in the current ISS, is to invest a significant proportion of the assets in equities. Such investments offer a higher expected return, but also carry a higher level of risk.

NYPF is prepared to offer any employer the opportunity to adopt a Bespoke Investment Strategy (eg 100% bonds). However, to the extent that any Bespoke Investment Strategy will necessitate different investment return assumptions to those used by the Actuary for NYPF overall, there may be a consequential impact on the contribution rate calculated for that employer.

In addition, if an employer opts for a Bespoke Investment Strategy, NYPF reserves the right to determine the most appropriate way of arranging for the investment of the relevant share of the assets according to that Bespoke Strategy.

7. IDENTIFICATION OF RISKS AND COUNTER MEASURES

The funding of defined benefits is by its nature uncertain. Funding of the NYPF is based on both financial and demographic assumptions. These assumptions are specified in the Appendices and the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Administering Authority has been advised by the actuary that the greatest risk to the NYPF's funding is the investment risk inherent in the predominantly equity (or return seeking) based strategy, so that actual asset performance between successive valuations could diverge significantly from the overall performance assumed in the long term.

The Administering Authority keeps, and regularly reviews, a risk register to identify and monitor the risks to the Fund and will, wherever possible, take appropriate action to limit the impact of these both before and after they emerge.

What are the Risks?

Whilst the activity of managing the Fund exposes the Administering Authority to a wide range of risks, those most likely to impact on the funding strategy are investment risk, liability risk, liquidity/maturity risk, regulatory/compliance risk, employer risk and governance risk.

Investment risk

The risk of investments not performing (income) or increasing in value (growth) as forecast. Examples of specific risks would be:

- assets not delivering the required return (for whatever reason, including manager underperformance)
- systemic risk with the possibility of interlinked and simultaneous financial market volatility
- insufficient funds to meet liabilities as they fall due
- inadequate, inappropriate or incomplete investment and actuarial advice is taken and acted upon
- counterparty failure

The specific risks associated with assets and asset classes are:

- equities – industry, country, size and stock risks
- fixed income - yield curve, credit risks, duration risks and market risks
- alternative assets – liquidity risks, property risk, alpha risk
- money market – credit risk and liquidity risk
- currency risk
- macroeconomic risks

The Fund mitigates these risks through diversification, permitting investment in a wide variety of markets and assets, and through the use of specialist managers with differing mandates.

Employer risk

Those risks that arise from the ever-changing mix of employers, from short-term and ceasing employers, and the potential for a shortfall in payments and/or orphaned liabilities.

The Administering Authority maintains a knowledge base on its employers, their basis of participation and their legal status (e.g. charities, companies limited by guarantee, group/subsidiary arrangements) and uses this information to inform the FSS.

The Administering Authority monitors the active membership of closed employers and considers what action to take when the number of active members falls below 10, such as commissioning a valuation under Regulation 64(4).

Liquidity/Maturity risk

This is the risk of a reduction in cash flows into the Fund, or an increase in cash flows out of the Fund, or both, which can be linked to changes in the membership and, in particular, a shift in the balance from contributing members to members drawing their pensions. Changes within the public sector and to the LGPS itself may affect the maturity profile of the LGPS and have potential cash flow implications. For example,

- The implications of budget cuts and headcount reductions could reduce the active (contributing) membership and increase the number of pensioners through early retirements;
- An increased emphasis on outsourcing and other alternative models for service delivery may result in falling active membership (e.g. where new admissions are closed),
- Public sector reorganisations may lead to a transfer of responsibility between different public sector bodies, (e.g. to bodies which do not participate in the LGPS),
- Scheme changes and higher member contributions in particular may lead to increased opt-outs;

The Administering Authority seeks to maintain regular contact with employers to mitigate against the risk of unexpected or unforeseen changes in maturity leading to cashflow or liquidity issues.

Liability risk

The main risks include inflation, life expectancy and other demographic changes, and interest rate and pay inflation, which will all impact upon future liabilities.

The Administering Authority will ensure that the Fund Actuary investigates these matters at each valuation and reports on developments. The Administering Authority will agree with the Fund Actuary any changes which are necessary to the assumptions underlying the measure of solvency to allow for observed or anticipated changes.

The Fund Actuary will also provide quarterly funding updates to assist the Administering Authority in its monitoring of the financial liability risks. The Administering Authority will, as far as practical, monitor changes in the age profile of the Fund membership early retirements, redundancies and ill health early retirements and, if any changes are considered to be material, ask the Fund Actuary to report on their effect on the funding position.

If significant liability changes become apparent between valuations, the Administering Authority will notify all participating employers of the anticipated impact on costs that will emerge at the next valuation and consider whether to require the review the bonds that are in place for Admission Bodies.

Regulatory and compliance risk

Regulatory risks to the scheme arise from changes to general and LGPS specific regulations, taxation, national changes to pension requirements, or employment law.

The Administering Authority keeps abreast of all the changes to the LGPS and will normally respond to consultations on matters which have an impact on the administration of the Fund.

8. MONITORING AND REVIEW

The Administering Authority has taken advice from the actuary in preparing this Statement, and has also consulted with employing organisations.

A full review of this Statement will occur no less frequently than every three years, to coincide with completion of a full actuarial valuation. Any review will take account of then current economic conditions and will also reflect any legislative changes.

The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the triennial valuation process), for example:

- if there has been significant market volatility
- if there have been significant changes to the NYPF membership and/or maturity profile
- if there have been changes to the number, type or individual circumstances of any of the employing authorities to such an extent that they impact on the funding strategy e.g. closure to new entrants
- where employers wish to make additional (voluntary) contributions to the NYPF
- if there has been a material change in the affordability of contributions and/or employer financial covenant strength

**North Yorkshire County Council
as Administering Authority for the North Yorkshire Pension Fund**

ACTUARIAL VALUATION AS AT 31 MARCH 2016

Method and assumptions used in calculating the funding target

Risk Based Approach

The Administering Authority adopts a risk based approach to funding strategy. In particular the discount rate (for most employers) has been set on the basis of the assessed likelihood of meeting the funding objectives. The Administering Authority has considered 3 key decisions in setting the discount rate:

- the long-term Solvency Target (i.e. the funding objective - where the Administering Authority wants the Fund to get to);
- the Trajectory Period (how quickly the Administering Authority wants the Fund to get there), and
- the Probability of Funding Success (how likely the Administering Authority wants it to be now that the Fund will actually achieve the Solvency Target by the end of the Trajectory Period).

These three choices, supported by complex (stochastic) risk modelling carried out by the Fund Actuary, define the discount rate (investment return assumption) to be adopted and, by extension, the appropriate employer contributions payable. Together they measure the riskiness (and hence also the degree of prudence) of the funding strategy. These are considered in more detail below.

Solvency Target

The Administering Authority's primary aim is the long-term solvency of the Fund. Accordingly, employers' contributions will be set to ensure that 100% of the liabilities can be met over the long term using appropriate actuarial assumptions.

The Administering Authority believes that its funding strategy will ensure the solvency of the Fund because employers collectively have the financial capacity to increase employer contributions should future circumstances require, in order to continue to target a funding level of 100%.

For Scheduled Bodies and Admission Bodies where a Scheme Employer of sound covenant has agreed to subsume the Admission Body's assets and liabilities in the NYPF following its exit, appropriate actuarial methods and assumptions are taken to be:

- the Projected Unit method of valuation; and
- assumptions such that, if the Fund had reached the Solvency Target, its financial position continued to be assessed by use of such methods and assumptions, and contributions were paid in accordance with those methods and assumptions, there would be an 80% chance that the Fund would be at least 100% funded after a period of 25 years.

This then defines the Solvency Target.

For Admission Bodies and other bodies whose liabilities are expected to be orphaned following cessation, a more prudent approach will be taken. The Solvency Target will be set by considering the valuation basis which would be adopted should the body leave the Fund. For most such bodies, the Solvency Target will be set commensurate with assumed investment in an appropriate portfolio of Government index linked and fixed interest bonds after exit.

Probability of Funding Success

The Administering Authority considers funding success to have been achieved if the Fund, at the end of the Trajectory Period, has achieved the Solvency Target. The Probability of Funding Success is the assessed chance of this happening based on the level of contributions payable by members and employers and asset-liability modelling carried out by the Fund Actuary.

The discount rate, and hence the overall required level of employer contributions, has been set such that the Fund Actuary estimates there is a 75% chance that the Fund would reach or exceed its Solvency Target after 25 years.

Funding Target

The Funding Target is the amount of assets which the Fund needs to hold at the valuation date to pay the liabilities at that date as indicated by the chosen valuation method and assumptions and the valuation data. The valuation calculations, including the primary contribution rates and adjustment for the surplus or deficiency, set the level of contributions payable and dictate the chance of achieving the Solvency Target at the end of the Trajectory Period. The key assumptions used for assessing the Funding Target are summarised in Appendix 1.

Consistent with the aim of enabling the primary rate of employers' contribution rates to be kept as nearly constant as possible, contribution rates are set by use of the Projected Unit valuation method for most employers. The Projected Unit method is used in the actuarial valuation to determine the cost of benefits accruing to the Fund as a whole and for employers who continue to admit new members. This means that the contribution rate is derived as the cost of benefits accruing to employee members over the year following the valuation date expressed as a percentage of members' pensionable pay over that period. The future service rate will be stable if the profile of the membership (age, gender etc) is stable.

For employers who no longer admit new members, the Attained Age valuation method is normally used. This means that the contribution rate is derived as the average cost of benefits accruing to members over the period until they die, leave the Fund or retire. This approach should lead to more stable employer contribution rates than adoption of the Projected Unit method for closed employers.

Funding Targets and assumptions regarding future investment strategy

For Scheduled Bodies whose participation in the Fund is considered by the Administering Authority to be indefinite and Admission Bodies with a subsumption commitment from such Scheduled Bodies, the Administering Authority assumes indefinite investment in a broad range of assets of higher risk than risk free assets.

For other Scheduled Bodies the Administering Authority may without limitation, take into account the following factors when setting the funding target for such bodies:

- the type/group of the employer
- the business plans of the employer;
- an assessment of the financial covenant of the employer;
- any contingent security available to the Fund or offered by the employer such as a guarantor or bond arrangements, charge over assets, etc.

For Admission Bodies and other bodies whose liabilities are expected to be orphaned on exit (with the exception of the universities where a different approach will be adopted at the 2016 valuation as set out below), the Administering Authority will have regard to the potential for participation to cease (or for the body to have no contributing members), the potential timing of such exit, and any

likely change in notional or actual investment strategy as regards the assets held in respect of the body's liabilities at the date of exit (i.e. whether the liabilities will become 'orphaned' or a guarantor exists to subsume the notional assets and liabilities).

For the two universities that are Admission Bodies in the Fund where there is no subsumption commitment but which continue to admit new members to the Fund, the Administering Authority has considered these employers to be sufficiently financially secure to adopt the Scheduled Body / Subsumption funding target at the 2016 valuation of the Fund. In advance of the 2019 valuation the Administering Authority will consider whether this remains an appropriate funding target, or whether the orphan funding target, or another funding target, which reflects the circumstances at eventual exit of these employers from the Fund, would be more appropriate. Notwithstanding the adoption of the Subsumption funding target at the 2016 valuation, if either of these employers were to exit the Fund the funding target on exit would be the least risk funding target as described in the Admissions and Terminations Funding Policy.

The Fund is deemed to be fully funded when the assets are equal to or greater than 100% of the Funding Target, where the funding target is assessed based on the sum of the appropriate funding targets across all the employers/groups of employers.

Financial assumptions

Investment return (discount rate)

The discount rate for the 2016 valuation is 4.4% p.a. with the exception of Admission Bodies which will ultimately give rise to orphan liabilities where the discount rate is:

- 4.1% in service (equivalent to the yield on long-dated fixed interest gilts at a duration appropriate for the Fund's liabilities plus an asset out-performance assumption of 2% p.a.) and
- 2.5% left service, (which is intended to be equivalent to the yield on long-dated fixed interest gilts at the valuation date but which has, in the interests of affordability and stability of employer contributions, been increased by 0.4% p.a. to take account of expected increases in gilt yields after the valuation date).

The gilt yield referred to is based on the Bank of England Bond Curve as at the valuation date.

Inflation (Consumer Prices Index)

The CPI inflation assumption is taken to be the long-term (30 year) Capital Market Assumption at the valuation date as produced by Aon Hewitt Limited. In formulating the Capital Market Assumption, both consensus forecasts and the inflation risk premium are considered.

Salary increases

The assumption for real salary increases (salary increases in excess of price inflation) in the long term will be determined by an allowance of 1.25% p.a. over the inflation assumption as described above plus an allowance for promotional increases.

Pension increases/Indexation of CARE benefits

Increases to pensions are assumed to be in line with the inflation (CPI) assumption described above. This is modified appropriately to reflect any benefits which are not fully indexed in line with the RPI (e.g. Guaranteed Minimum Pensions in respect of service prior to April 1997).

Demographic assumptions

Post-retirement Mortality

Base Rates

Normal Health: Standard SAPS S2P tables, year of birth base rates, adjusted by a scaling factor.
Ill-health: Standard SAPS S2 Ill-health tables, year of birth base rates adjusted by a scaling factor.

Scaling Factors

Rates adjusted by scaling factors as dictated by Fund experience

Males (normal health)	100%
Females (normal health)	85%
Males (ill-health)	100%
Females (ill-health)	130%

Future improvement to base rates

An allowance for improvements in line with the CMI 2014, for men or women as appropriate, with a long term rate of improvement of 1.50% p.a.

Pre-retirement mortality

Males: As for normal health retirements but with a 70% scaling factor
Females: As for normal health retirements but with a 40% scaling factor

Early retirements

Active members and Deferred members who left before 1 April 2016 who are protected in respect of their Rule of 85 Age following the benefit changes introduced in 2008 (i.e. those members who joined the Fund before 1 October 2006 and who would be aged over 60 on 31 March 2016) will be assumed to retire at the Rule of 85 Age or age 60 if higher with no reduction to accrued benefits.

Active members who joined the LGPS after 31 March 2014 are assumed to retire at their normal retirement age (which is aligned with state pension age).

All other active and deferred members are assumed to retire at age 65.

Withdrawals

Allowance is made for withdrawals from service. On withdrawal, members are assumed to leave a deferred pension in the Fund and are not assumed to exercise their option to take a transfer value.

Retirement due to ill health

Allowance is made for retirements due to ill health. Proportions assumed to fall into the different benefit tiers applicable after 1 April 2008 are:

Tier 1 (upper tier)	90%
Tier 2 (middle tier)	5%
Tier 3 (lower tier)	5%

Family details

A man is assumed to be 3 years older than his spouse, civil partner or cohabitee. A woman is assumed to be 3 years younger than her spouse, civil partner or cohabitee.

75% of non-pensioners are assumed to be married / cohabitating at retirement or earlier death.
75% of pensioners are assumed to be married / cohabitating at age 65.

Commutation

Each member is assumed to take cash such that the total cash received (including statutory 3N/80 lump sum) is 75% of the permitted maximum amount permitted of their past service pension entitlements.

Take up of 50/50 scheme

All members are assumed to remain in the scheme they are in at the date of the valuation.

Promotional salary increases

Allowance is made for age-related promotional increases.

Expenses

0.4% of Pensionable Pay added to the cost of future benefit accrual.

Summary of key whole Fund assumptions used for calculating funding target and cost of future accrual (the “primary contribution rate”) for the 2016 actuarial valuation

Investment return / Discount Rate (scheduled bodies and admission bodies with a subsumption commitment from a scheduled body)	4.4% p.a.
Investment Return / Discount Rate for orphan bodies	4.1% p.a.
In service	
Left service	2.5% p.a.
CPI price inflation	2.0% p.a.
Long Term Salary increases	3.25% p.a.
Pension increases/indexation of CARE benefits	2.0 p.a.



North Yorkshire Pension Fund

Communications Policy



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

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2	Stakeholders
3	Objectives
4	What we communicate
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1. Introduction

The North Yorkshire Pension Fund (NYPF) is administered by North Yorkshire County Council (NYCC). This policy sets out the Fund's strategy of engagement with its stakeholders and has been produced to satisfy the requirements of the Local Government Pension Scheme (LGPS) Regulations 2013.

The Pensions Regulator expects that our communications are accurate, clear and accessible and readily available at all times. With this in mind, we aim to keep our stakeholders informed about the scheme in a clear and understandable way. The Plain English principles have been adopted in all of our documents.

We will review this policy annually.

2. Stakeholders

The key stakeholders for the NYPF are:

- scheme members and their representatives
- prospective scheme members
- scheme employers
- NYCC, as the scheme manager
- Pension Fund Committee
- Local Pension Board

Other stakeholders who support the NYPF include:

- the Fund Actuary
- the Investment Adviser
- the Investment Consultant
- the Independent Professional Observer
- investment managers
- the asset custodian
- the AVC provider
- the Fund Solicitor

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3. Objectives

Our key objectives are:

- to keep all stakeholders informed about the management and administration of the NYPF
- to provide clear and easy to understand information to enable informed decisions
- to promote the LGPS as an important and valued part of the employment package
- to identify and use the most appropriate means of communicating with stakeholders, taking account of their different needs
- to seek continuous improvement in the way we communicate
- to use technology to provide up to date and timely information

4. What we communicate

We provide targeted communications to each of our stakeholder groups as outlined below.

Stakeholder	Communication	When	How
Pension Fund Committee	Committee papers	Quarterly	Website, email, paper
	Newsletter	Annual	Website, email, paper
	Workshops	As required	Face to face
	3rd party training	As required	Face to face
Local Pension Board	Board reports	Quarterly	Website, email, paper
	Newsletters	Annual	Website, email, paper
	Third party training	As required	Face to face
Scheme Employers	Periodic updates	As required	Email
	Technical material	As required	Email
	Dedicated website	Permanently Available	Website
	Bespoke training	As required	Webinar, YouTube, face to face, Skype
	Employers guide	Permanently Available	Website
	Employer forums	Annual	Face to face
	Pensions Administration Strategy	Permanently Available	Website, email
	Admission Agreements guide	Permanently Available	Website, email
Academies guide	Permanently Available	Website, email	
Scheme Members	Scheme guides	Permanently Available	Website
	Membership Certificate	Upon joining	Paper
	Estimate of benefits	When requested	Email, online, paper
	Annual benefit statement	Annual	Online, paper
	Newsletter	Annual	Website, paper
	Membership data online	Permanently Available	Online
	Electronic satisfaction surveys	Upon retirement	Online
	Pensioner pay advice	Monthly	Online, paper
	Telephone helpline	Available during working hours	Telephone
Website	Permanently Available	Website	
Prospective Scheme Members	Scheme guides	Permanently Available	Website
	Telephone helpline	Available during working hours	Telephone
	Website	Permanently Available	Website

5. Strategy

To ensure we manage our stakeholder's expectations and meet our regulatory requirements, we continually evaluate the effectiveness of our communications using the following methods:

- feedback questionnaires
- monitoring compliments and complaints
- review by the Local Pension Board

To ensure continuous development we plan to:

- continue to increase the number of Member Self Service users
- continue to develop and simplify annual benefit statements
- continue to review and develop letter content
- review and update our website
- continue to update guides and policies
- improve the information we give to employers

6. Key Documents

We publish a number of other key documents on our website at www.nypf.org.uk relating to the administration and governance of the Fund. These are as follows:

- Administering Authority Discretions for NYCC
- Administration Strategy
- [Admissions and Terminations Policy](#)
- Annual Report
- Breaches Policy
- [Charging Policy](#)
- Employers Guide
- Funding Strategy Statement (FSS)
- Governance Compliance Statement
- Governance Roles and Responsibilities
- Internal Dispute Resolution Procedure
- Investment Strategy Statement
- Privacy Notice
- Memorandum of Understanding

7. Further Information

If you would like to know more about our communications you can contact us in the following ways:

Email
pensions@northyorks.gov.uk

Website
www.nypf.org.uk

Telephone
01609 536335

Post
North Yorkshire Pension Fund
County Hall
Northallerton
DL7 8AL

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¶ Prospective Scheme Members¶

Scheme guides¶
telephone helpline ¶
website ¶
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North Yorkshire Pension Fund

Admissions and Terminations Funding Policy



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

1 Introduction

- 1.1 This document details the North Yorkshire Pension Fund's (**Fund**) policy on admissions into the Fund and the methodology for assessment of a deficit or surplus payment on the exit of an employer's participation in the Fund. It supplements the general funding policy of the Fund as set out in the ¹[Funding Strategy Statement \(FSS\)](#).

2 Admissions to the Fund

- 2.1 Admission bodies are a specific type of employer under the Regulations that do not automatically qualify for admission into the Local Government Pension Scheme (**Scheme**) and must satisfy certain criteria set out in the Local Government Pension Scheme Regulations 2013 (as amended) (**Regulations**). Admission bodies are required to have an 'admission agreement' with the Fund. In conjunction with the Regulations, the admission agreement sets out the conditions of participation of the admission body including which employees (or categories of employees) are eligible to be members of the Fund.
- 2.2 North Yorkshire County Council (**NYCC**) as the Administering Authority for the Fund will decide which bodies can become an admission body in the Fund. The Fund will enter into an admission agreement that is 'open' or 'closed' to new employees depending on the circumstance of the admission. Whether the admission is 'open' or 'closed' is generally at the option of the applicable transferring employer (if any) and admission body, but there might be an impact on the rate of contributions payable.
- 2.3 In general paragraph 1(d) admission bodies will be admitted on a 'fully funded' basis i.e. a funding shortfall will not be passed to the admission body unless the transferring employer requests that a proportion of (or all of) the funding shortfall is passed to the admission body.
- 2.4 All actuarial and legal fees will be recharged to the transferring employer or the admission body. The Administering Authority will ask for confirmation of who is paying the fee before the invoice is issued.

3 Subsumption, guarantor or bond requirements for entry

- 3.1 The Regulations require the admission body to carry out (to the satisfaction of the Fund and where applicable the transferring employer) an assessment, taking account of actuarial advice, of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up, or liquidation of the admission body. The Regulations further require that where the level of risk identified by the assessment is such as to require it, the admission body shall enter into an indemnity or bond in a form approved by the Fund with a third party financial services organisation. If for any reason a bond is not desirable the Regulations require that the admission body secures a guarantee in a form acceptable to the Fund.

¹ The FSS can be found on the Fund's website at www.nypf.org.uk > Pension Fund / Investments > Policies and Strategies.

- 3.2 Whilst each application is assessed on its own merits under the above criteria, the Administering Authority wishes to limit the risk to the Fund and to other employers arising from any proposed admission. The Administering Authority's expectation is that in the substantial majority of all admissions it will require the admission body to provide either a qualifying bond or guarantee. The Administering Authority further considers that the costs inherent in the provision of a third party bond by the admission body is sufficient reason why it may not be desirable for the admission body to secure a bond. Therefore, the Administering Authority will in most cases be prepared to accept that the admission instead proceeds on the basis of a guarantor being offered. This is most often the transferring employer.
- 3.3 Further, when considering applications for admission body status the Administering Authority's clear preference is that there should be a subsumption commitment from a suitable Scheme employer (as well as a guarantor from within the Fund). However, where there is no suitable party willing to give a subsumption commitment and/ or where there is no suitable and willing guarantor, the Administering Authority will still consider applications on a case-by-case basis.
- 3.4 A subsumption commitment means that a Scheme employer in the Fund (usually the transferring employer) agrees that they will take on responsibility for the future funding of the liabilities of the admission body once they have exited the Fund, and (where relevant) the admission body has paid any exit payment as determined by the actuary.
- 3.5 A guarantor provides a commitment to meet any obligation or liability of the admission body under the admission agreement.
- 3.6 The guarantor must be a party permitted to give such a guarantee under the Regulations and must be acceptable to the Administering Authority. Usually, this is the transferring employer.
- 3.7 The Administering Authority will, if it deems appropriate, accept an admission where there is no guarantee or subsumption commitment offered. This acceptance may be subject to additional conditions. Such conditions will often include the following:
- the Fund's actuary will be asked to use the low risk funding target or the ongoing orphan funding target to assess contribution requirements; and/or
 - the admission body must have a bond or indemnity from an appropriate third party in place. Any bond amount will be subject to review on a regular basis in line with the Regulations; and
 - the admission body may be subject to any other requirements, such as monitoring specific factors, as the Administering Authority may decide.

3.8 Some relevant factors that the Administering Authority may consider when deciding whether to apply any of the conditions above, in the absence of a guarantor or subsumption commitment, are:

- uncertainty over the security of the organisation's funding sources e.g. the admission body relies on voluntary or charitable sources of income or has no external funding guarantee/reserves;
- if the admission body has an expected limited lifespan of participation in the Fund;
- the general trading risk of the proposed admission body and their financial record;
- the average age of employees to be admitted and whether the admission is closed to new joiners.

Admission bodies formerly known as Transferee Admission Bodies (TABs)

3.9 The most frequent category of admission body is those admitted under paragraph 1(d)(i) of Part 3 to Schedule 2 of the Regulations, namely that the proposed admission body is providing (or will provide) a service or assets in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or other arrangement.

3.10 The settlement of commercial terms between the transferring employer and the proposed admission body (including any mitigations that might be offered to the proposed admission body in respect of the usual costs of participation as an employer in the Scheme) are a commercial matter which the Administering Authority will not be involved in.

3.11 Deficit recovery periods for these admission bodies will be set in line with the Fund's general policy as set out in the FSS.

Admission bodies formerly known as Community Admission Bodies (CABs)

3.12 Where a body believes that it is eligible for admission other than under paragraph 1(d)(i) of Part 3 to Schedule 2 of the Regulations and requests admission into the Fund, the Administering Authority will consider each application on a case-by-case basis.

Town and Parish Councils

3.13 New town and parish councils entering the Fund will be treated as follows:

- If there is a subsumption commitment from a suitable Scheme employer then the participation will be approved with the valuation funding basis used for the termination assessment and calculation of ongoing contribution requirements.
- If there is no subsumption commitment from a suitable Scheme employer then the town or parish council must pre-fund for termination with contribution requirements assessed using the low risk funding target or ongoing orphan funding target.

3.14 Deficit recovery periods will be determined consistent with the policy set out in the FSS. Alternatively, the Administering Authority may determine an employer specific deficit recovery period will apply.

Grouped bodies

3.15 The Fund groups the following types of employers for setting contribution rates.

- Grouped Scheduled Bodies (Town and Parish Councils admitted prior to 1 April 2008, Drainage and Burial Boards).
- Local Management of Schools (LMS) Pools (NYCC LMS pool and the City of York Council (CoYC) LMS pool) admitted prior to 1 April 2019.

3.16 The LMS pool refers to the grouping of a number of transferee admission bodies relating to catering and cleaning contracts within schools who were admitted to the Fund prior to 1 April 2019. Employers in the LMS pool pay the same aggregate total contribution rate as that payable by NYCC or the CoYC depending on which pool they are in.

3.17 At each triennial valuation, the actuary will pool together the assets and liabilities of the council with the other employers within the appropriate LMS pool to determine the employer contribution rate.

4 Employer contributions and funding targets

4.1 The Fund's actuary will calculate the employer contributions payable from the start of the admission agreement.

4.2 These will consist of the future service rate (FSR) or primary contribution rate and additional (secondary) contributions required to remove any funding shortfall. Where the admission body transfers on a fully funded basis (i.e. the level of notional assets is set to be equal to the full value of the transferring liabilities using the appropriate funding target described below) then the initial contribution rate will be equal to the FSR. This would generally be the case in an outsourcing of a service or function from a Scheme employer.

4.3 The FSR is net of employee contributions but includes an allowance for the lump sum death benefit payable on death in service and administration costs.

4.4 The actuary will also calculate the funding position of the admission body at the commencement date. This shows the notional assets attributable to the admission body, along with the value of liabilities using the appropriate funding target. This is needed even when the admission body starts fully funded since any accounting figures or calculations at future triennial valuations will use the assets and liabilities at commencement as their starting point. In some cases the asset transfer may need to be re-calculated if the commencement date or data on transferring members is different to that used by the actuary in their initial calculations.

4.5 If the transferring employer is providing a subsumption commitment, the subsumption funding target will be used by the actuary when calculating the FSR and the value of liabilities. The low risk funding target can be used where explicitly requested by the transferring employer. The appropriate funding target to be adopted depends on what will happen to the liabilities of the admission body once the contract ends or it has otherwise exited the Fund (e.g. when the last active member has left).

Subsumption funding target

- 4.6 This approach can be used where the admission body has a 'subsumption commitment' from a suitable Scheme employer (usually the transferring employer). It is used to calculate the initial assets allocated to the admission body and its contributions as well as for the exit valuation (updated to allow for financial market conditions at the exit date).
- 4.7 The assumptions used under the scheduled body / subsumption funding target assume investment in assets that are the same as the long term investment strategy of the Fund as a whole.
- 4.8 Therefore the potential outperformance over low risk investment in government bonds (gilts) is factored in, giving a lower contribution rate but also there is exposure to the volatility of equity based investments and the risk of the expected outperformance not being achieved and the impact on the contributions.
- 4.9 This funding target gives a lower contribution rate but less certainty that the liabilities are being fully covered and can therefore lead to volatility in the FSR over the life of the admission agreement and increases the risk of a shortfall or surplus emerging over the period of participation of the admission body in the Fund. This approach results in the same assumptions being used to set contributions for the admission body as apply to the Scheme employer letting the contract (although the assumptions are updated to allow for financial market conditions at the calculation date, whether that is the date of commencement or exit).

Ongoing orphan funding target

- 4.10 This approach is used where the transferring employer is not prepared to offer a subsumption commitment in relation to the admission body. This means that no employer exists in the Fund that would be prepared to take on future responsibility of the liabilities of the admission body once the admission body has exited the Fund.
- 4.11 On the exit of the admission body, its liabilities will become 'orphan liabilities' in the Fund. This means that should a shortfall arise in respect of these liabilities after the admission body has exited the Fund, all remaining employers in the Fund would be required to pay additional contributions to pay off this shortfall.
- 4.12 In that case, the exit valuation of the admission body would be carried out on the low risk funding target in order to protect the other employers in the Fund. This assumes that after the exit of the admission body the Administering Authority would wish to back the orphan liabilities with low risk investments such as government bonds.
- 4.13 The assumptions used under the ongoing orphan funding target are broadly designed to target the low risk funding target at exit of the admission body but reflect the fact that exit of the admission body will occur at some point in the future and allow for the possibility of the expected return on government bonds changing before the exit date.
- 4.14 Prior to the exit date it is still assumed that the assets of the admission body are invested in line with the long term investment strategy of the Fund as a whole and this is reflected in the "in-service" discount rate adopted as part of the ongoing orphan funding target.

4.15 This funding target would generally result in a higher initial contribution rate than if a subsumption commitment existed (where the subsumption funding target would be adopted), but a lower initial contribution rate than if the low risk funding target is adopted (see below), although unlike the matched approach described below investment risk underlying the Fund's investment strategy is retained under this approach.

Low risk funding target

4.16 This approach is used to reduce the risk of an uncertain and potentially large shortfall being due to the Fund at the exit of the admission body.

4.17 The low risk approach assumes a notional investment in government bonds for the admission body. Under this approach the investment risk is substantially reduced and it is expected that the assets and liabilities of the admission body would move broadly in line with either other. It does not eliminate investment risk and other funding risks remain, but it gives more certainty that the employer rate is providing funding to 'match' the liabilities. However it gives a substantially higher contribution rate as no allowance for any expected outperformance of the Fund's assets over the low risk funding target is factored in.

5 Termination of an employer

Exit events

5.1 In accordance with Regulation 64 the LGPS Regulations 2013, when an employer (including an admission body) leaves the Fund, an exit valuation is carried out by the Fund's actuary to determine the level of any surplus or deficit in the outgoing employer's share of the Fund. All actuarial and legal fees relating to the exit will be passed on to the exiting employer unless a prior agreement is in place with the transferring employer.

5.2 There are a number of events that will trigger an exit:

- when a contract comes to an end;
- when a contract is terminated early;
- when the employer no longer has any active members in the Fund;
- when the admission body is in breach of its obligations under the admission agreement, or the admission agreement is otherwise terminated by one of the parties;
- the insolvency, winding up or liquidation of the admission body
- the withdrawal of approval by HMRC to continue as a Scheme employer; or
- the admission body fails to pay any sums due in a timely manner.

5.3 When an admission agreement comes to an end or a scheduled body exits the Fund, any active employees may transfer to another employer, either within the Fund or elsewhere. If this is not the case the employees will retain pension rights within the Fund i.e. either deferred benefits or immediate retirement benefits.

Basis of exit valuations

- 5.4 An exit valuation is carried out to value the liabilities of the employer at the date of exit. The basis used to calculate the liabilities depends on the circumstances of the exit and in particular who takes responsibility of any future liabilities. The Fund's policy is outlined below; however each exit will be assessed on a case by case basis.
- 5.5 If the employer has a subsumption commitment in place from a suitable Scheme employer within the Fund, the subsumption funding target will be used as the basis of the exit valuation. If the transferring employer requested that the low risk funding target was adopted on admission to the Fund, the same funding target will be used as the basis of the exit valuation. The subsuming employer will, following any termination payment made by the employer, be responsible for any future liabilities that arise in relation to the former employees of the exiting employer. Any liabilities formally attributable to the exiting employer will be assessed at each Triennial Valuation and the subsuming employer's contribution rates will be adjusted to reflect this.
- 5.6 For all other exiting employers where there is no subsumption commitment in place, the Fund's policy is to use the low risk funding target as the basis of the exit calculation. This is to protect the other employers in the Fund who will become responsible for any future 'orphan liabilities' that arise in relation to the former employees of the exiting employer post exit.

Grouped Scheduled Bodies - Town and Parish Councils admitted prior to 31 March 2008

- 5.7 On termination of participation within the grouped scheduled bodies, the exit valuation is based on a simplified share of the group deficit amount, which is calculated on a subsumption funding target. This involves calculating the notional deficit share, as at the last triennial valuation, based on the proportion of payroll that body has within the group. An adjustment to the date of exit will normally be made in line with the assumptions adopted as at the last triennial valuation unless the actuary and Administering Authority consider that the circumstances warrant a different treatment, for example, to allow for actual investment returns over the period from the last actuarial valuation to exit. Any liability that cannot be reclaimed from the exiting employer will be underwritten by the group and not all employers in the Fund.
- 5.8 Following the termination of the grouped body, any residual assets and liabilities will be subsumed by any guarantor body for the group, or in the absence of a guarantor, subsumed by the Fund as a whole.

Grouped Bodies - LMS Pools admitted prior to 1 April 2019

- 5.9 On termination of an admission body within the LMS pool, a termination valuation will generally be calculated on a scheduled body funding target. The assets and liabilities relating to the active employees will, assuming there is a subsumption commitment in place in the admission agreement relating to that admission body, be subsumed by NYCC or the CoYC depending on which pool they are in. If there is no subsumption commitment in place, the parties will be offered the opportunity to put one in place on exit. If this option is not taken then the low risk funding target will be used to calculate any exit debt.

Notification of termination

- 5.10 In many cases termination of an admission agreement can be predicted, for example, because the admission body wishes to terminate their contract. In this case admission bodies are required to notify the Fund of their intention as soon as possible. The Fund requires a minimum of 3 months' written notice for early termination of an admission agreement.
- 5.11 Where termination is disclosed in advance or in the opinion of the Administering Authority there are circumstances which make it likely that an employer will become an exiting employer, the Fund may request a revised certificate from the Actuary that specifies the amount that the rates should be adjusted by prior to exit in line with Regulation 64(4) of the Regulations. This will allow the Fund to address any shortfall or surplus over a period of time rather than requesting a single lump sum payment on exit.

Payment of exit debt

- 5.12 If the Fund actuary has calculated a deficit at the exit date the exiting employer is liable for payment. The Fund will usually require a lump sum payment from the exiting employer in the first instance. Where an exit payment cannot be met in full or in part by the exiting employer the Fund will attempt to recover any outstanding payment from a bond or alternative indemnity that may be in place.
- 5.13 Following the use of any bonds or indemnities (if any), any remaining debt will be recovered in a lump sum payment from the guarantor (if there is one).
- 5.14 If there is no guarantor any outstanding debt will be recovered from any related employer in the case of a Schedule 2, Part 3, 1(d)(i) body. The Fund may request a lump sum payment or it may be agreed, if the related employer is a contributing employer of the Fund, that the rates and adjustment certificate be revised to allow for the recovery of the remaining debt over a reasonable period of time, as determined by the Fund.
- 5.15 In any other case the debt will be subsumed by all other employers in the Fund. The rates and adjustment certificate for all contributing employers will be revised to allow for the recovery of any remaining exit debt over a reasonable period of time, determined by the Fund, at the next triennial valuation following exit.
- 5.16 Any lump sum payments will be required within 30 days following the issue of the revised rates and adjustment certificate showing the exit payment due unless another period is specified by the Fund. Any late payments will incur charges in accordance with the Fund's Charging Policy.
- 5.17 In exceptional circumstances the Fund may consider allowing an exiting employer to pay an exit payment over an agreed period of time, where it is not considered to pose a material risk to the solvency of the Fund.

Suspending payment of exit amounts

- 5.18 At the absolute discretion of the Administering Authority, a suspension notice may be awarded to an exiting employer under Regulation 64(2A) of the Regulations. This can be for a period of up to three years after the exit date (the maximum period permitted by the Regulations).

- 5.19 Any application for the Administering Authority to grant a suspension notice will normally only be considered if the following criteria apply;
- The employer can provide evidence that it is likely to admit one or more new active members to the Fund within the period of the suspension notice
 - The employer is not a 'closed' Admitted Body (no new active members are permitted to join the Fund).
 - Any application for the Administering Authority to grant a suspension notice is made within three months of the exit date.
- 5.20 The Administering Authority reserves the right to withdraw a suspension notice if the terms of the agreement to award a suspension notice are not being upheld by the employer.
- 5.21 If a suspension notice is awarded, the exit valuation will be deferred until the earlier of
- the end of suspension period, or;
 - the point at which the suspension notice is withdrawn (for any reason).
- 5.22 If one or more new active members are admitted to the Fund the employer's full participation in the Fund will resume.
- 5.23 During the period of any suspension notice, the employer must continue to make contributions to the Fund as certified in the rates and adjustments certificate.

Surplus on Exit

- 5.24 If the actuary has calculated a surplus at the exit date, Regulation 64(2ZA) requires the Administering Authority to pay the surplus to the exiting employer within three months of exit or, such longer time as the administering authority and the exiting employer may agree. [Payment will only be made by BACS.](#)
- 5.25 If the scheme employer and admission body wish to change the default position on the payment of an exit credit then they should include suitable provisions in any service agreement between themselves. The Regulations require the Administering Authority to pay the exit credit to the exiting employer in all circumstances and regardless of whether this might be considered fair in light of the relative risk and cost exposure of the parties.
- 5.26 When an exit credit payment is made, no further payments are due from the Administering Authority in respect of any surplus assets relating to the benefits of any current or former employees of the exiting employer.

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Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	44/4 - Pension Fund Solvency	Solvency deteriorates due to liability growth exceeding expectations and / or underperforming investment returns, inappropriate actuarial assumptions, or adverse market conditions requiring a review of employer contributions, additional payments or extended recovery period	CD SR	CSD SR Senior Accountant Pensions	M	M	H	L	M	2	7	31/05/2019	M	M	H	L	M	2	Y	CSD SR Senior Accountant Pensions
◀▶	44/201 - LGPS Pooling Transition	Failure to transition effectively to new pooling arrangements resulting in poorer value for money; lower investment returns; and inability to effectively execute investment strategy.	CD SR	CSD SR Senior Accountant Pensions	M	M	H	L	H	2	7	31/05/2019	M	M	H	L	M	2	Y	CD SR
▲	44/207 - Resources	Insufficient staffing resources to adequately service the needs of the Fund resulting in delays, reduced performance and complaints	CD SR	CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration	H	M	M	M	M	2	4	31/05/2019	M	M	M	M	L	4	Y	CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration
◀▶	44/8 - Investment Strategy	Failure of the investment strategy to achieve sufficient returns from investments	CD SR	CSD SR Senior Accountant Pensions	L	M	H	L	M	3	4	31/10/2019	L	M	H	L	M	3	Y	CSD SR Senior Accountant Pensions
◀▶	44/20 - Fraud	Internal and/or external fraud as a result of inappropriate pension administration, investment activity and cash reconciliation results in financial loss, loss of reputation	CD SR	CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions	L	L	H	L	M	3	4	31/10/2019	L	L	H	L	M	3	Y	CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions
- new -	44/1 - Employer Contributions	Sustainability and affordability of LGPS puts pressure on the employer contributions from 1st April 2020	CD SR	CSD SR Head of Pensions Administration	M	M	M	Nil	M	4	6	31/07/2019	M	M	M	Nil	M	4	Y	CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions
◀▶	44/11 - Benefit Payments	Incorrect/late benefits and payments to members resulting in criticism, customer dissatisfaction, under/over payments	CD SR	CSD SR Head of Pensions Administration	M	L	L	L	M	4	5	30/06/2019	L	L	L	L	M	5	Y	CSD SR Head of Pensions Administration

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Identity			Person		Classification											Fallback Plan				
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
▲	44/16 - Key Personnel	Loss and unavailability of key personnel, leading to potential knowledge gaps and delays to provision of advice as new personnel take on key roles resulting in reduced performance and complaints.	CD SR	CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration	M	M	L	M	M	4	5	31/05/2019	L	M	L	M	M	5	Y	CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration
◀▶	44/10 - Regulations and Legislation	LGPS Regulations and Employer Related Legislation not interpreted and implemented correctly resulting in legal challenge	CD SR	CSD SR Head of Pensions Administration	M	L	L	L	L	5	2	31/10/2019	M	L	L	L	L	5	Y	CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration
◀▶	44/14 - IT Systems	Failure of IT Pension system or other IT systems for more than 2 days (or at a critical time) resulting in backlog, incorrect payments, increased overtime, criticism	CD SR	CSD SR Head of Pensions Administration	L	M	L	M	M	5	3	31/10/2019	L	M	L	M	M	5	Y	CSD SR Head of Pensions Administration
◀▶	44/7 - Investment Manager	Failure of a pension fund investment manager to meet adequate performance levels resulting in reduced financial returns, re-tendering exercise	CD SR	CSD SR Senior Accountant Pensions	L	M	M	L	L	5	3	31/10/2019	L	M	M	L	L	5	Y	CSD SR Senior Accountant Pensions

Key	
▲	Risk Ranking has worsened since last review.
▼	Risk Ranking has improved since last review
◀▶	Risk Ranking is same as last review
- new -	New or significantly altered risk

Abbreviations		Classifications	
CD SR	Corporate Director Strategic Resources	Prob	Probability
CSD SR	Central Services Directorate Strategic Resources	Obj	Impact on Objectives
FB Plan	Fallback Plan	Fin	Financial Impact
LGPS	Local Government Pension Scheme	Serv	Impact on Services
IT	Information Technology	Rep	Reputational Impact
		RRs	Number of risk reduction actions to be carried out

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Likelihood	
Probability	H = > 60% or Probable M = 30% to 60% or Possible L = < 30% or Unlikely
Impact	
Objectives	H = Three or four of the Fund's key objectives adversely impacted M = No more than two of the Fund's key objectives adversely impacted L = No more than one of the Fund's key objectives adversely impacted
Financial	H = Substantial/Over 2% (£48M) increase in contribution rate or loss of major opportunity M = Notable/0.5%-2% (£12M-£48M) increase in contribution rate or loss of notable opportunity L = Minor/Up to 0.5% (£12M) increase in contribution rate or loss of some opportunity
Services	H = Widespread impact, 2/3 services affected, significant project slippage M = Declining Performance, notable inconvenience L = Minor service impact, resolved locally, minor inconvenience
Reputation	H = Significant Member/Employer complaints, national media M = Notable Member/Employer complaints, regional media, L = Some Member/Employer complaints, local adverse media coverage

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Appendix 7

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Phase 1 - Identification											
Risk Number	44/4	Risk Title	44/4 - Pension Fund Solvency				Risk Owner	CD SR		Manager	CSD SR Senior Accountant Pensions
Description	Solvency deteriorates due to liability growth exceeding expectations and / or underperforming investment returns, inappropriate actuarial assumptions, or adverse market conditions requiring a review of employer contributions, additional payments or extended recovery period					Risk Group	Financial		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Deficit recovery period; adopt prudent actuarial assumptions; all assumptions reviewed every 3 years; measure liabilities against investment returns on a quarterly basis; regular reports to PFC; fixed income review; new rates provided for employers;								
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	44/6 - Consultation with Actuary re assumptions used and discuss and carry out action where necessary (ongoing)						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Reduction	44/7 - Regular review of investment strategy to maximise investments; ongoing action linked to triennial valuations						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Reduction	44/475 - Take appropriate action following the pre-valuation data quality and cash flow analysis by the actuary; High priority data quality items have been completed						CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions	Sun-31-Mar-19	Sun-31-Mar-19	100%	
Reduction	44/551 - Continue to monitor risk around unguaranteed funds and pursue DfE for confirmation of their status as guarantor for Academies						CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Reduction	44/552 - Ensure employer covenants for each employer are completed as part of triennial valuation; actuary is completing the risk assessment						CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Reduction	44/1909 - Continue with implementation of de-risking options in light of the current positive funding level						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Reduction	44/1912 - Work through transition plan and new operation model for the new Pensions Pool; continuing to work through the transition and implement post pool operating model with a view to beginning fund transfer from May 2019						CSD SR Senior Accountant Pensions	Fri-31-May-19		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	M	Category	2
Phase 5 - Fallback Plan											

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		Action Manager
Fallback Plan	44/428 - Increased contribution rate from employers and/or extend recovery period	CSD SR Senior Accountant Pensions

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Phase 1 - Identification												
Risk Number	44/201	Risk Title	44/201 - LGPS Pooling Transition				Risk Owner	CD SR		Manager	CSD SR Senior Accountant Pensions	
Description	Failure to transition effectively to new pooling arrangements resulting in poorer value for money; lower investment returns; and inability to effectively execute investment strategy.					Risk Group	Change Mgt		Risk Type	CSD SR 32/24		
Phase 2 - Current Assessment												
Current Control Measures			Pension Fund Committee involvement in key pooling decisions; NYPF officer involvement in pooling working groups; Periodic reporting of updates to the Pension Fund Committee; further detail behind the plans received; providing updates to the pension board on a quarterly basis around governance; legal advice on behalf on partner funds; key decision agreed by full council; pooling briefing provided to members;									
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	H	Category	2	
Phase 3 - Risk Reduction Actions												
							Action Manager	Action by	Completed	%		
Reduction	44/161 - Consultation with advisors on the implication of pooling and advice on setting up arrangements including sub funds; ongoing advice being sought						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%		
Reduction	44/163 - Keeping Members up to date; an update on pooling is on the PFC agenda every quarter						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%		
Reduction	44/166 - Ensure Pension Board and employers are kept up to date on progress						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%		
Reduction	44/167 - Ensure that PFC continue to be involved in key pooling decisions and informed of transition progress as we move towards the first transition in May 2019						CSD SR Senior Accountant Pensions	Fri-31-May-19		0%		
Reduction	44/447 - Ensure that as the sub-funds are set up that we can invest into and the process of transition is developed, NYPF have as much involvement as possible to shape this and ensure that it is suitable for our needs; establish due diligence prior to fund transfer for each asset class						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%		
Reduction	44/553 - Ensure transitions are made at optimum time to reduce exposure to market volatility and costs impact						CSD SR Senior Accountant Pensions	Fri-31-May-19		0%		
Reduction	44/1913 - Ensure post go live reporting and information is as required; working group looking at reporting needs						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%		
Phase 4 - Post Risk Reduction Assessment												
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	M	Category	2	
Phase 5 - Fallback Plan												
							Action Manager					
Fallback Plan	44/544 - No current alternative to pooling						CD SR					

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Phase 1 - Identification											
Risk Number	44/207	Risk Title	44/207 - Resources				Risk Owner	CD SR		Manager	CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration
Description	Insufficient staffing resources to adequately service the needs of the Fund resulting in delays, reduced performance and complaints					Risk Group	Capacity/performance		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures											
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
Reduction	44/478 - Assess areas of greatest concern, mapping workload against available resource and engaging with Tech and Change on potential efficiencies from the process mapping exercises					Action Manager		Action by	Completed	%	
						CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/479 - Develop plan to deal with identified resource gaps					Action Manager		Action by	Completed	%	
						CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/480 - Obtain sign off for any extra resource need identified					Action Manager		Action by	Completed	%	
						CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	L	Category	4
Phase 5 - Fallback Plan											
Fallback Plan	44/553 - Obtain assistance from 3rd party administration provider.							Action Manager			
								CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration			

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Phase 1 - Identification											
Risk Number	44/8	Risk Title	44/8 - Investment Strategy				Risk Owner	CD SR		Manager	CSD SR Senior Accountant Pensions
Description	Failure of the investment strategy to achieve sufficient returns from investments					Risk Group	Strategic		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures	Strategy reviewed through asset/liability modelling; risk budgeting; experience and knowledge of the market and suitable forms of investment; Member training; Independent Investment Adviser and Consultant reports; PFC workshops and sign off of strategy; regular monitoring of investment performance; fixed income review; impact of MiFID monitored										
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	44/1876 - Continual review of the investment strategy and implement the recommendations, including consideration of pooling arrangements						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Reduction	44/1878 - Quarterly monitoring of appropriateness of strategy against prevailing market conditions (including Brexit)						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Reduction	44/1879 - Monitor the Advisor and Consultants reports and act on professional advice						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Reduction	44/1909 - Continue with implementation of de-risking options in light of the current positive funding level						CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	M	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/430 - Review the strategy and implement changes as necessary based on the forward assessment of financial markets								CSD SR Senior Accountant Pensions		

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Phase 1 - Identification											
Risk Number	44/20	Risk Title	44/20 - Fraud				Risk Owner	CD SR		Manager	CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions
Description	Internal and/or external fraud as a result of inappropriate pension administration, investment activity and cash reconciliation results in financial loss, loss of reputation					Risk Group	Pers/Capacity		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Internal Audit; internal checking and authorisation procedures and levels in both pension section and finance; split between administration and finance; all third parties have regular audits and regulated by FCA; legally binding contracts in place; governance arrangements for the delegation of duties; use of BACS payments; monthly mortality monitoring; participate in National Fraud Initiative								
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
Reduction	44/1887 - Continually review processes and procedures including authorisation levels					Action Manager		Action by	Completed	%	
						CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/1888 - Ongoing internal audit assessment and annual review by external auditors					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/1890 - Annual independent external audit of pension fund (separate from County Council) and carry out appropriate recommendations					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/1894 - Review of external manager audit and risk reports					CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3
Phase 5 - Fallback Plan											
Fallback Plan	44/434 - Review incident and update procedures/processes accordingly							Action Manager			
								CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions			

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Phase 1 - Identification											
Risk Number	44/1	Risk Title	44/1 - Employer Contributions				Risk Owner	CD SR	Manager	CSD SR Head of Pensions Administration	
Description	Sustainability and affordability of LGPS puts pressure on the employer contributions from 1st April 2020					Risk Group	Legislative	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Ongoing consultation with Employers; manage the employer contributions through investment strategy; assumptions used in triennial valuation, cost sharing mechanism, funding strategy statement;								
Probability	M	Objectives	M	Financial	M	Services	Nil	Reputation	M	Category	4
Phase 3 - Risk Reduction Actions											
								Action Manager	Action by	Completed	%
Reduction	44/552 - Ensure employer covenants for each employer are completed as part of triennial valuation; actuary is completing the risk assessment					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/554 - Ensure actuary is provided with accurate membership and cash flow data for the valuation					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Wed-31-Jul-19		0%	
Reduction	44/555 - Ensure actuary presents fund level outcomes to committee in September and November 2019					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Mon-30-Sep-19		0%	
Reduction	44/1821 - Continue to discuss contributions with the employers; employers will be provided with their new rates for the following three financial years and consultation will take place					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Tue-31-Dec-19		0%	
Reduction	44/1880 - Maximise investments / returns by implementation of the investment strategy					CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/1882 - Consult with actuary throughout the 2019 triennial valuation process					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	M	Services	Nil	Reputation	M	Category	4
Phase 5 - Fallback Plan											
								Action Manager			
Fallback Plan	44/428 - Increased contribution rate from employers and/or extend recovery period							CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions			

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Phase 1 - Identification											
Risk Number	44/11	Risk Title	44/11 - Benefit Payments			Risk Owner	CD SR	Manager	CSD SR Head of Pensions Administration		
Description	Incorrect/late benefits and payments to members resulting in criticism, customer dissatisfaction, under/over payments				Risk Group	Performance	Risk Type				
Phase 2 - Current Assessment											
Current Control Measures		Up to date procedures and procedural checking; pension software up to date; workflow system; authorisation procedures; pro formas; staff training; audit trail; internal and external audits; Pensions Administration Strategy; Manuals available for calculation procedure; action plan for clean data requirements; use of task checklists; ESS; payment timetable flowchart									
Probability	M	Objectives	L	Financial	L	Services	L	Reputation	M	Category	4
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/476 - Create and implement a data improvement plan					CSD SR Head of Pensions Administration	Wed-31-Jul-19		0%		
Reduction	44/556 - Complete system review and process mapping in readiness for new system procurement exercise					CSD SR Head of Pensions Administration	Tue-31-Dec-19		0%		
Reduction	44/1893 - Effective communication with employers, with particular regard to customer expectations; charging has been introduced and we are creating an employer relationship role in the team					CSD SR Head of Pensions Administration	Sun-30-Jun-19		0%		
Reduction	44/1896 - Regular liaison with ESS regarding operational arrangements; will be holding monthly meetings to ensure understanding of the issues on both sides leading to continued improvement					CSD SR Head of Pensions Administration	Thu-31-Oct-19		0%		
Reduction	44/1911 - Implement the plans for the managed reduction of outstanding work; ongoing					CSD SR Head of Pensions Administration	Thu-31-Oct-19		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	L	Services	L	Reputation	M	Category	5
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/435 - Correct errors and review and amend existing procedures						CSD SR Head of Pensions Administration				

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Phase 1 - Identification											
Risk Number	44/16	Risk Title	44/16 - Key Personnel				Risk Owner	CD SR		Manager	CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration
Description	Loss and unavailability of key personnel, leading to potential knowledge gaps and delays to provision of advice as new personnel take on key roles resulting in reduced performance and complaints.					Risk Group	Capacity/performance		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Procedure notes; knowledge sharing; file management; deputies; co-operation between departments; pensions management meetings; comprehensive training matrix; PFC action notes; professional advisors; increase resources agreed in finance team;								
Probability	M	Objectives	M	Financial	L	Services	M	Reputation	M	Category	4
Phase 3 - Risk Reduction Actions											
								Action Manager	Action by	Completed	%
Reduction	44/557 - Recruit to accountant post					CSD SR Senior Accountant Pensions		Fri-31-May-19		0%	
Reduction	44/1901 - Ensure effective management and transition arrangements are in place pending any review of management structure					CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/1905 - Continue to build resilience, particularly at Senior Accountant level, to meet current and anticipated future demands and complexity					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/1907 - Carry out appropriate induction and ongoing training for new PFC members					CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Reduction	44/1908 - Ensure inclusion of key personnel with relevant external advisers or feedback from such meetings/telephone calls (on going)					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions		Thu-31-Oct-19		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	M	Category	5
Phase 5 - Fallback Plan											
Fallback Plan	44/441 - Identify temporary cover arrangements plus additional resources where required							Action Manager CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration			

North Yorkshire Pension Fund

Risk Register: **April 2019 Review – final draft for sign off**
 Next Review Due: **October 2019**
 Report Date: **4th April 2019 (na)**

Phase 1 - Identification											
Risk Number	44/10	Risk Title	44/10 - Regulations and Legislation				Risk Owner	CD SR	Manager	CSD SR Head of Pensions Administration	
Description	LGPS Regulations and Employer Related Legislation not interpreted and implemented correctly resulting in legal challenge					Risk Group	Performance	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures		Specialist knowledge; designated members of staff; regular updates & comms with CLG; LGPC; Actuarial advice; Employers Forums; NEPOF; section training by specialist staff; specialist software; advice on calculations interpretations; investment mgt agreement; awareness of overriding legislation; broadening of knowledge across MT; LGE advice; nat. technical pension group provide advice; Trustees knowledge and understanding toolkit; Pensions Administration team structure reviewed; training feedback received in order to continually strengthen understanding; GDPR advice and training sessions; mandatory GDPR training for asset owners; impact of MiFID monitored									
Probability	M	Objectives	L	Financial	L	Services	L	Reputation	L	Category	5
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/157 - Ongoing staff training programme					CSD SR Head of Pensions Administration	Thu-31-Oct-19		0%		
Reduction	44/1910 - Continue to promote cross skilling within the section to improve resilience					CSD SR Head of Pensions Administration	Thu-31-Oct-19		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	L	Financial	L	Services	L	Reputation	L	Category	5
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/437 - Review existing interpretations, take legal advice and amend procedures as required							CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration			

North Yorkshire Pension Fund

Risk Register: **April 2019 Review – final draft for sign off**
 Next Review Due: **October 2019**
 Report Date: **4th April 2019 (na)**

Phase 1 - Identification											
Risk Number	44/14	Risk Title	44/14 - IT Systems			Risk Owner	CD SR		Manager	CSD SR Head of Pensions Administration	
Description	Failure of IT Pension system or other IT systems for more than 2 days (or at a critical time) resulting in backlog, incorrect payments, increased overtime, criticism				Risk Group	Technological		Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Manual payments, DR plan and tested, contracts for server maintenance, backups off site, major external providers have DR plans, manual calculation procedures, administration manuals, annual financial check, contingency plan in place, modern council; modern council working to aid resilience.								
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	M	Category	5
Phase 3 - Risk Reduction Actions											
Reduction	44/477 - Ensure business continuity and system resilience matters are appropriately considered with the procurement exercise for the new pension system				Action Manager	CSD SR Head of Pensions Administration		Action by	Thu-31-Oct-19	Completed	0%
Reduction	44/1884 - Ensure that contingency planning arrangements are regularly reviewed and updates logged on the corporate system				Action Manager	CSD SR Head of Pensions Administration		Action by	Thu-31-Oct-19	Completed	0%
Reduction	44/1898 - Sense check any IT recovery assumptions with Tech & Change run systems				Action Manager	CSD SR Head of Pensions Administration		Action by	Thu-31-Oct-19	Completed	0%
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	M	Category	5
Phase 5 - Fallback Plan											
Fallback Plan	44/433 - Recourse to manual calculations and payments, Liaise with software provider to restore system, find alternative supplier							Action Manager			
								CSD SR Head of Pensions Administration			

North Yorkshire Pension Fund

Risk Register: **April 2019 Review – final draft for sign off**
 Next Review Due: **October 2019**
 Report Date: **4th April 2019 (na)**

Phase 1 - Identification											
Risk Number	44/7	Risk Title	44/7 - Investment Manager				Risk Owner	CD SR		Manager	CSD SR Senior Accountant Pensions
Description	Failure of a pension fund investment manager to meet adequate performance levels resulting in reduced financial returns, re-tendering exercise					Risk Group	Performance		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Qrtly review of investment mgr targets; std terms and conds re termination of contract; ext advisers monitor mgrs perf; qrtly repts to Pension Fund Comm; benchmarking against other approp comparators; investment strategy review; risk budgeting exercise via Aon; reporting by Custodian; fund mgr attend at PFC; Member training; best practice procurement process; diversified portfolio of investments;								
Probability	L	Objectives	M	Financial	M	Services	L	Reputation	L	Category	5
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/1873 - Continue to monitor and report on investment returns on a regular basis					CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%		
Reduction	44/1874 - Continue to meet/report to PFC by Fund Managers and assess critical analysis by advisers					CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%		
Reduction	44/1875 - When pool options are unavailable, carry out a tender exercise and use best practice procurement process to ensure positive outcome re new investment manager(s)					CSD SR Senior Accountant Pensions	Thu-31-Oct-19		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	L	Reputation	L	Category	5
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	44/429 - Change Fund Manager and redistribute funds, potentially transfer to temporary passive Fund Manager						CSD SR Senior Accountant Pensions				

NORTH YORKSHIRE PENSION FUND**RISK MANAGEMENT POLICY****TABLE OF CONTENTS**

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1.0 INTRODUCTION

- 1.1 North Yorkshire County Council (NYCC, the Council) is the statutory administering authority for the North Yorkshire Pension Fund (NYPF, the Fund), which is part of the Local Government Pension Scheme (LGPS). All aspects of the Fund's management and administration are overseen by the Pension Fund Committee (PFC), which is a committee of the Council.
- 1.2 The primary objective of the Fund is to provide retirement benefits specified by the LGPS regulations for staff working for local authority employers, and other employers admitted by agreement, in the North Yorkshire area. Investments of the Fund are selected with the aim of fully funding these benefit requirements over an extended number of years.
- 1.3 The day to day running of the Fund is delegated to the Treasurer, Corporate Director – Strategic Resources of the Council. The Treasurer is responsible for implementing the decisions of the PFC and is supported by specific teams within the Council. All aspects of the day to day management of investment funds are undertaken by external fund managers.
- 1.4 Risk, uncertainty and change create challenges to the Fund meeting its objectives. Risks, whether recognised or unforeseen, create a threat to achieving performance targets and change. Uncertainty and change, when considered thoroughly however, can also provide the opportunity to introduce new, innovative and effective ways to manage the Fund.
- 1.5 This Risk Management Policy has been developed by officers of the Fund and sets out the Fund's strategic approach to effective risk management. The Policy is to be approved at least every 3 years by the PFC, as responsibility for the Fund's risk management rests with them.

2.0 RISK MANAGEMENT DEFINITION

- 2.1 A 'risk' is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event.
- 2.2 'Risk Management' is the approach to managing all of the Pension Fund's key service risks and opportunities with the aim of maximising service delivery effectiveness and efficiency. Risk management is critical to the overall management of the Pension Fund, including the management of staff, physical assets and financial resources.
- 2.3 Risk management is not about being 'risk averse', it is about being 'risk aware'. The Fund recognises that it is not necessary to eliminate risk entirely, risks are necessary to achieve the objectives of the Fund, for example, investment return targets. It is important to weigh up the risk against the opportunities that can be gained.

3.0 RISK OBJECTIVES OF THE FUND

- 3.1 The Fund's risk management objectives are:
 - to continue to embed risk management into the culture of the Fund and all of its day-to-day activities
 - to manage risk in accordance with best practice and support well considered risk taking
 - to aim to reduce the overall cost of risk to the Fund
 - to continue to raise awareness of the need for risk management with all those involved in the management of the Fund
 - to maintain a robust framework and processes for identifying risks and their likely impact to inform the decision making of the Fund

4.0 BENEFITS OF RISK MANAGEMENT

4.1 It is expected that if the Fund objectives above are being met that the following benefits will be realised:

- an established and reliable basis for decision making that can be justified
- improved governance of the Fund
- enhanced financial control of the Fund
- strengthened ability to meet the key objectives and targets of the Fund
- improved service for the members of the Fund
- supports innovation and allows the flexibility to be responsive to change
- avoids surprises and minimises loss and waste
- improved reputation of the Fund

5.0 APPROACH TO RISK MANAGEMENT

5.1 Risk management is integral to all aspects of the management of the Fund. The Fund is committed to embedding risk management in all decision making. As such risk management is reflected in all of the Fund’s policies, including the following key policies:

- Investment Strategy Statement
- Funding Strategy Statement
- NYPF Annual Report and Accounts

5.2 The Fund operates within the risk framework of the Administering Authority. A Pension Fund Risk Register has been established that feeds into the NYCC Risk Register. This Risk Register identifies and analyses the risks faced by Fund. It covers a broad range of risks including both strategic, investment related risks and operational risks.

5.3 The NYCC standard risk evaluation approach has been adopted by the Fund to allow risk prioritisation and effective allocation of resources. Once risks have been identified and included on the risk register they are assigned a risk ranking, which will be red, amber or green. The ranking matrix is shown in the table below:

Probability	Risk Ranking				Category
	6	4	2	1	
High	6	4	2	1	1
Med	6	5	4	2	2
Low	6	5	5	3	3
Nil	6	6	6	6	4
	Nil	Low	Med	High	5
	Highest Impact				6

1	Very High
2	High
3	High Medium
4	Low Medium
5	Low
6	Closed/Complete

5.4 Each risk is ranked based on the following:

- existing risk controls in place
- probability of the risk occurring (based on existing controls)
- impact of the risk occurring (based on existing controls)
- further risk controls which may reduce current probability or impact

5.5 The probability and impact/severity of each risk is measured using High, Medium and Low categories. The impact of risks occurring is split into the following 4 distinct areas:

1. failure to meet key objectives
2. financial impact
3. service delivery
4. loss of image or reputation

5.6 **Review**

5.6.1 The risk register is reviewed twice yearly in a risk workshop, attended by Pension Fund officers and officers from the NYCC Risk Management Section, to reflect changes in activity and in market conditions.

5.6.2 The Risk Register is also taken to the Pension Board every 6 months for review and is approved annually by the PFC. As with all of the Fund's governance documents; the risk register is also reviewed annually by the Fund's Independent Professional Observer.

5.7 **Risk Appetite**

5.7.1 The Fund accepts that it will face risks in order to achieve its objectives. However, it will not tolerate those risks which are assessed as having a high likelihood of causing a substantial impact on its financial position or services and/or lead to widespread member or employer complaints (category 1 risks in the table above). Any such risk identified will need to have a risk reduction plan developed and monitored by the PFC and implemented by the risk manager in order to ensure that the risk returns to a tolerable level within an acceptable timescale.

5.8 **Responsibilities**

5.8.1 The responsibility and accountability for managing the risks within the Pension Fund lies with the PFC.

5.8.2 Officers involved in the daily management of the Fund are also integral to managing risk for the Fund, and will be required to have appropriate understanding of risk management relating to their roles.

5.8.3 Advisers and suppliers to the Fund are also expected to be aware of this Policy.

10 November 2017



North Yorkshire Pension Fund

Pensions Administration Strategy

April 2019



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

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6	<u>Responsibilities and Duties of NYPF</u>
7	<u>Contribution Rates and Administration Costs</u>
8	<u>Communications</u>
9	<u>Notifying Employers of a Change in Policy</u>

Pensions Administration Strategy

1.0 Purpose of Strategy

This Strategy sets out the administration protocols between employers and the North Yorkshire Pension Fund (NYPF). The protocols aim to ensure the cost effective running of the Local Government Pension Scheme (LGPS) and the best service possible for LGPS members. The protocols ensure that the statutory requirements and timescales imposed upon both employers and the NYPF can be met and therefore must be followed at all times.

For the purpose of this Strategy no practical distinction is drawn between the statutory role of North Yorkshire County Council as the Administering Authority for the NYPF, its Pension Fund Committee, the Pension Administration Section or other sections of the Central Services Directorate all of whom play a role in the administration of NYPF. The term NYPF is used collectively to reflect all of the above roles within NYCC. The Pension Board also exists to assist the Administering Authority in ensuring that the NYPF is managed and administered effectively and efficiently and complies with pensions' legislation and requirements imposed by the Pensions Regulator.

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2.0 Regulatory Background

The protocols cannot override any provision or requirement in the Regulations outlined below or in any other relevant legislation.

This Strategy is made under regulation 59 of the Local Government Pension Scheme (LGPS) Regulations 2013. The principal Regulations underpinning this document are:

- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- The Local Government Pension Scheme Regulations 2013
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (and any amendments thereto)
- The Local Government Pension Scheme (Administration) Regulations 2007
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2007
- The Local Government Pension Scheme (Transitional Provisions) Regulations 1997 (and any amendments thereto)
- The Local Government Pension Scheme Regulations 1997 (and any amendments thereto)
- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (and any amendments thereto)
- The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 (and any amendments thereto)
- the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991
- the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (“the Disclosure Regulations”)
- the Pensions Act 1995
- the Pensions Act 2004
- the Pensions Act 2008
- the General Data Protection Regulation 2018
- the Finance Act 2004
- the Automatic Enrolment (Miscellaneous Amendment) Regulations 2013
- the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 including amendments to any of these Regulations

3.0 Review of the Strategy

This Strategy will be kept under review by the NYPF.

Employers may submit suggestions to improve any aspect of this Strategy at any time.

The Pension Fund Committee and the Pension Board will be asked by the NYPF to formally review and approve the Strategy on an annual basis.

4.0 Performance Levels

Performance level agreements are set out in this document for both employers and the NYPF. These will be reviewed annually and employers will be consulted regarding any changes.

This Strategy is the agreement between the NYPF and employers about the levels of performance and associated matters to ensure that the statutory requirements and timescales can be met at all times.

Performance is monitored and reported quarterly to the Pension Fund Committee. Performance of both employers and [the NYPF](#) will also be reported in the pension fund annual report and accounts.

5.0 Responsibilities and Duties of the Employer

5.1 Contact Person

The employer will nominate a person to act as the primary contact with the NYPF. The employer will notify the NYPF Management team who that person is and ensure that changes of the nominated person are notified to the NYPF immediately.

5.2 Authorised Signatories

Each employer is required to provide a list of nominated individuals to act as authorised signatories whose names and specimen signatures are held by the NYPF. In signing a document an authorised officer is certifying that the form comes from the employer stated and also that the information being provided has been validated and is correct. Consequently if an authorised signatory is certifying information that someone else has completed, they should be satisfied that the correct validation process has been [followed](#), and the information is correct.

It is the employer's responsibility to ensure that details of the nominated contact and authorised signatories are correct and to notify the NYPF of any changes immediately. Failure to update authorised signatories will [delay](#) payment of pension benefits.

5.3 Disclosure and Pensions Regulator Requirements

The Pensions Regulator details specific requirements for public sector pension schemes set out in the '[Code of Practice No.14](#)'. Paragraphs 128 – 130 refer to the need for employers to understand and comply with the scheme manager's processes to ensure that the statutory requirements and timescales can be met at all times.

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From time to time the NYPF’s auditors may request member data. They may also request an employer site visit to carry out audits such as ensuring that correct and accurate pay calculations have been carried out. Employers are asked to co-operate with these requests.

In the event of the NYPF being fined by the Pensions Regulator, this fine will be passed on to the employer where that employer’s actions caused the fine. Examples of this would be, failure to provide leaver details on time or failure to provide sufficient and accurate year end information leading to delays in issuing Annual Benefit Statements and Pensions Saving Statements.

5.4 Employee’s Guide

Under the Occupational Pension Schemes (Disclosure of Information) Regulations 2013 the employer must ensure that all new employees eligible to join the LGPS receive a copy of the Employees’ Guide to the scheme as follows:

- Where you have received jobholder information, the Guide must be given within one month of the date that information was received.
- Where you have not received jobholder information, the Guide must be given within two months of the date the person became an active member of the scheme.

The guide is available on the NYPF website at <https://www.nypf.org.uk/newStarter/default.shtml> where you can signpost new members to view and/or download it. Email and paper communications are also acceptable.

5.5 Member details – Employer performance levels

The employer **must** forward notifications to the NYPF using the forms on the employer pages of the NYPF [website](#) as follows:

Event	Timescale for employer notifying the NYPF
New starters (Employer Pen11 form)	Within one month of the employee joining
Change in member’s details (Change of Members Personal Details form)	Within 6 weeks of the event
Leavers (SU5 form)	Within 6 weeks of the employee leaving
Advanced Notification of Retirement (ADNOT form)	At least 30 days before the last day of employment
Retirements (SU5 form)	No later than one month following retirement Disclosure Regulations require that when a retirement takes place before Normal Pension Age (NPA) the NYPF receives the SU5 no later than one month after the date of retirement. Where a retirement takes place on or after NPA, the NYPF receives the SU5 no more than 20 days after the date of retirement.
Death in Service	Within 3 working days of the employer being notified of the death of the member

Deleted: Where an electronic Employer Pen11 has been submitted, the Employee Pen11 should be sent as soon as possible

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Deleted: There are two SU5s, one for members who have had an absence in their final year and one for members without absences

5.6 **Year-end information**

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The employer (or their payroll contractor/agency for which the employer is responsible) shall provide the NYPF with final salary (where applicable) and Career Average Revalued Earnings (CARE) year-end information as at 31 March each year in a notified format (provided by the NYPF) no later than 30 April or the next working day. The employer will certify that the appropriate checks for accuracy and completeness have been carried out before submitting to the NYPF.

The Council's Integrated Finance team also requires separate information. After completion of the March contribution sheets, employers are required to review their full year contribution summary (contained within the same Excel document). All contributions for the year should be reconciled back to the organisational payroll and the relevant declaration is to be signed and dated before being returned to pension.contributions@northyorks.gov.uk.

5.7 **Contribution deductions**

The employer will ensure that member and employer contributions are deducted at the correct rate. This includes contributions due on leave of absence with reduced or no pay, maternity, paternity and adoption leave and any additional contributions that the NYPF request the employer to collect.

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5.8 **Payment of contributions to the NYPF**

Contributions (but not Prudential Additional Voluntary Contributions) should be paid by BACS each month to the NYPF.

All funds due to the NYPF in respect of employees and employers contributions must be cleared in the NYPF bank account by 19th of the month (or the last working day before where 19th is not a working day) following the month the contributions relate to. Any employers who currently pay by cheque must therefore ensure the cheque is received by the NYPF by 14th of the month (or the last working day before where 14th is not a working day).

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The employer must email a monthly return to pension.contributions@northyorks.gov.uk, in advance of their payment. The monthly return is in a prescribed format and is provided by the Integrated Finance team. The form must state the employers name and reference number, the period and the amount of the payment split between employee and employer contributions. The employer's contributions should be split between future service rate and where applicable, past service deficit. In addition, it should include the total pensionable pay, details of added-years contributions, Additional Regular contributions, Additional Pension Contributions and any other payroll related adjustments.

Deleted: The employer can choose to pay either by cheque, payable to "North Yorkshire Pension Fund" or preferably by BACS direct to the NYPF's bank account subject to the payment date guidance outlined above.

The following charges will apply for employers failing to meet the deadlines above.

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<u>Late payment of contributions</u>	<u>Late submission of monthly return</u>
<p><u>£100 will be charged for each full month a payment is delayed beyond its due date</u></p> <p>Plus</p> <p><u>A daily interest charge of 1% above the bank base rate for each day the payment is overdue. This charge will only be triggered when payment is overdue by one month or more</u></p>	<p><u>£100 will be charged for each full month a monthly return is delayed beyond its due date</u></p>

Deleted: The penalty will be based on the number of days after the 19th of the month that the payment is received in the NYPF bank account. This will take the form of a fixed penalty (£100 for each month payment is delayed) plus a daily interest surcharge for the period the amount is outstanding. The interest rate to be used will be 1% above the bank base rate as prescribed in the Regulations. A fixed penalty of £100 will also apply where the monthly return is delayed or not provided as described above.

For persistent breaches the employer will, as a matter of last resort, be reported to the Pensions Regulator. In the event of the NYPF being fined by the Pensions Regulator, this fine will be passed on to the employer where that employer's actions caused the fine.

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5.9 **Additional Voluntary Contributions (AVCs)**

The employer will pay additional voluntary contributions to the AVC Provider, Prudential, within one week of them being deducted. Under the Pensions Act 2004 the Pensions Regulator may be notified if contributions are not received by 19th of the month following that in which they were deducted. The employer will submit the schedule of AVCs in an agreed format directly to Prudential ahead of the actual remittance.

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In the event of the NYPF being fined by the Pensions Regulator, this fine will be passed on to the employer where that employer's actions caused the fine.

5.10 **Discretionary Powers**

It is a mandatory requirement that each employer is required to formulate and publish a discretions policy to enable them to exercise the discretionary powers given to them by the Regulations. The Regulations also require that a copy of the policy is lodged with the NYPF. Any subsequent changes to the policy must be published and copied to the NYPF within one month of the change.

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Employers will be responsible for responding to member complaints where a failure to maintain relevant employer policies results in a dispute case. This will include complying with the Internal Dispute Resolution procedure, where appropriate, and paying the associated fees for appointing a specified person.

5.11 **Employer Decisions**

Certain aspects of the Regulations require an employer decision. The employer is responsible for implementing such areas correctly, (e.g. deduction of contributions at the correct rate, notifying the employee when the rate changes and their right to appeal).

5.12 **Independent Registered Medical Practitioner**

The employer is responsible for determining and employing their own appropriately qualified independent registered medical practitioner (IRMP) and providing details of those practitioners to the NYPF (see also **paragraph 6.4**). See the Pensions Ombudsman Service [newsletter](#) for useful information on the role of the IRMP.

5.13 **Employer responsibility for information provided to the NYPF**

The NYPF is not responsible for verifying the accuracy of any information provided by the employer (including year end data) for the purpose of calculating benefits under the provisions of the LGPS and the Discretionary Payments Regulations. The employer is solely responsible for ensuring that information has been validated and is correct. Failure to provide accurate and up to date information will delay payment of pension benefits.

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Any over payment made by the NYPF resulting from inaccurate information supplied by the employer shall be recovered by the NYPF from the employer.

The employer is responsible for any work carried out on its behalf by another section of their organisation or by a contractor appointed by them (e.g. Pay or Human Resource sections).

5.14 General Data Protection Regulation

Under the General Data Protection Regulation (GDPR), the employer will protect from improper disclosure any information about a member [included](#) (where applicable) on any item sent from the NYPF. It will also only use information supplied or made available by the NYPF for the operation of the LGPS. Any data the employer shares with the NYPF must be adequately protected in line with the requirements of the GDPR.

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5.15 Internal Dispute Resolution Procedure

The employer must identify a 'specified person' for any instances where an Internal Dispute Resolution Procedure (IDRP) application is submitted against the employer and meet the associated costs. The NYPF has an independent specified person who is available for employers to refer cases to.

5.16 Fines imposed on NYPF

In the event of the NYPF being fined by the Pensions Regulator, the Pensions Ombudsman, HMRC or other organisation, this fine will be passed on to the relevant employer where that employer's action or inaction (e.g. the failure to notify a retirement within the time limits described above), caused the fine.

5.17 Charges to the employer

The NYPF will under certain circumstances consider giving written notice to employers under regulation 70 on account of the employer's unsatisfactory performance in carrying out its scheme functions when measured against levels of performance established under **paragraph 5.5** above. The written notice may include charges imposed by the NYPF for chasing employers for outstanding information as detailed in the NYPF Charging Policy.

6.0 Responsibilities and Duties of the NYPF

6.1 Regulatory Issues

The NYPF will administer the Pension Fund in accordance with the LGPS Regulations and any overriding legislation including employer discretions.

The NYPF will issue a membership certificate to new members; this provides notification to members that they have joined the NYPF.

The NYPF is responsible for exercising the discretionary powers given to it by the regulations. The NYPF is also responsible for publishing its [policy](#) in respect of the key discretions as required by the regulations.

6.2 NYPF Performance Levels

The NYPF agrees to meet the following performance targets in relation to the day to day administration of the fund:

Letter detailing transfer in	10 days
Letter detailing quote of transfer out value	10 days
Letter notifying estimated retirement benefit amount	10 days
Letter notifying actual retirement benefit amount	10 days

6.3 Support to Employers

The NYPF will support employers in running the LGPS by:

- [providing a dedicated employer relationship manager](#)
- providing information, advice and assistance on the scheme and its administration
- distributing regular technical information
- arranging North Yorkshire Pension Fund Officers Group (NYPFOG) meetings/training sessions as required
- delivering adhoc training sessions
- attending pre-retirement seminars
- maintaining an up to date and comprehensive website

See the [Communications Policy](#) for full details.

6.4 Independent Registered Medical Practitioner

The NYPF will verify that the individuals nominated by the employer (in accordance with **paragraph 5.12**) as independent registered medical practitioners are appropriately qualified to deal with ill health retirement cases.

6.5 Services to Members

The NYPF will produce benefit statements for members each year where the employer has submitted useable and accurate year-end financial data.

The NYPF will provide a service to members that meets the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 2013.

In addition, the NYPF will communicate with members through appropriate media and encourage at all times the use of member self-service facilities. Full details are provided in the [Communications Policy](#).

6.6 Multiple Language Literature

The process for providing multiple language literature has been established and all documents have been amended to include reference [on](#) how to obtain an alternative version.

Deleted: to

6.7 Data Protection Act 2018

Under the Data Protection Act 2018, the NYPF will protect from improper disclosure any information held about a member. Information held will only be used by the NYPF for the operation of the LGPS. Any data shared by the NYPF will be adequately protected in line with the requirements of the act.

6.8 Internal Dispute Resolution

The NYPF has identified a 'specified person' for any Internal Dispute Resolution (IDRP) application that is submitted against the Administering Authority.

7.0 Contribution Rates and Administration Costs

The members' contribution rates are fixed within bands by the Regulations. The NYPF will notify employers of these rates each year.

Employers' contribution rates are determined by a triennial valuation process. Employers are required to pay contributions to secure the solvency of their portion of the Fund and meet their liabilities over an agreed term.

The NYPF is valued every 3 years by the Fund actuary. The actuary balances the assets and liabilities in respect of each employer and assesses the contribution rate and, where applicable, the deficit amount for each employer. Employer contribution rates and, where applicable, the deficit amounts apply for 3 years. Some admission agreements may determine that reassessment should take place on a more frequent basis.

The administrative costs of running the NYPF are charged by NYCC directly to the Fund and the actuary takes these costs into account in assessing the employer contribution rate.

If the NYPF undertakes work specifically on behalf of the employer, the employer will be charged directly for the cost of that work as detailed in the NYPF [Charging Policy](#).

8.0 Communications

In accordance with the Fund's Communications Policy, the NYPF will work with employers to communicate relevant information to members.

9.0 Notifying Employers of a Change in Policy

The NYPF maintains a list of key contacts at each employer, this Strategy document will be shared with the key contacts each time it is updated.

Discretions Policy for: North Yorkshire County Council

Date:

Number

This policy confers no contractual rights. North Yorkshire County Council retains the right to change the policies at any time without prior notice or consultation. The policy in force at the time a relevant event occurs will be the one that is applied.

Discretions from 1.4.14. in relation to post 31.3.14. active members (excluding councillor members) and post 31.3.14. leavers (excluding councillor members)

R = Local Government Pension Scheme (LGPS) Regulations 2013 (SI 2013/2356)

TP = LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014

A = LGPS (Administration) Regulations 2008 (SI 2008/239)

B = LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended) (SI 2007/1166)

L = LGPS Regulations 1997 (as amended) (SI 1997/1612)

	Area	Discretion	Regulation	Exercised by	Key	Policy
1	Granting additional pension	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a - figure at 1 April 2014. This is inflation proofed annually)	R31	Employer	Mandatory	NYCC will not grant additional pension to a member
2	Shared cost Additional Pension Contributions (to buy additional pension)	Whether, how much and in what circumstances to contribute to a shared cost Additional Pension Contributions (APC) scheme A member can buy additional pension through an APC contract. The discretion is whether the employer will share the cost of the APC	R16(2)(e) & R16(4)(d)	Employer	Mandatory	NYCC will contribute to Shared Cost APC Schemes only when an employee has opted to buy back 'lost' pension due to a period of authorised unpaid leave (including sickness and child related leave) within 30 days of returning to work from that leave. In these circumstances, the employee will pay one third of the cost of the Shared Cost APC and the employer will pay two thirds of the cost
3a	Flexible retirement	Whether all or some benefits can be paid if an active member aged 55 or over and with at least 2 years qualifying service reduces their hours or grade (flexible retirement)	R30(6) & TP11(2)	Employer	Mandatory	NYCC will consider applications in accordance with its policy on early/flexible retirement.
3b		Whether to waive, in whole or in part, actuarial reduction to benefits paid on flexible retirement	R30(8)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	NYCC will not waive any actuarial reduction on benefits paid on flexible retirement. All applications for flexible retirement will be considered in line with the process and criteria set out in NYCC's policy on early/flexible retirement.
4	85 Year Rule	Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement).	TPSch 2, para, 1(2) & 1(1)(c)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	NYCC will not switch on the 85 Year Rule for any employee voluntarily drawing benefits on or after age 55 and before age 60

5a	Waive Reduction	Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1/4/14 and post 31/3/14 membership) a) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was not in the Scheme before 1/10/06, b) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will not attain 60 between 1/4/16 and 31/3/20 inclusive c) on compassionate grounds (pre 1/4/16 membership) and in whole or in part on any grounds (post 31/3/16 membership) if the member was in the Scheme before 1/10/06 and will be 60 by 31/3/16 d) on compassionate grounds (pre 1/4/20 membership) and in whole or in part on any grounds (post 31/3/20 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will attain 60 between 1/4/16 and 31/3/20 inclusive	TP3(1), TPSch 2 para 2(1)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	NYCC will not waive any actuarial reduction arising out of a voluntary early or flexible retirement. NYCC will pay any pension strain costs arising out of voluntary early or flexible retirement where this has been approved through its early/flexible retirement policies.
5b		Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31/3/14 membership)	R30(8)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	NYCC will not waive any actuarial reduction on benefits paid which a member voluntarily draws before normal pension age
6	Shared cost Additional Pension Contributions (to buy lost pension following a period of authorised unpaid absence)	If a member has an authorised unpaid absence (not including illness or injury, relevant child-related leave or reserve forces service leave) and within 30 days of returning to work they elect to buy back the lost pension, the employer must share the cost (2/3rds) The discretion is whether to extend the 30 day deadline for a member to elect for a shared cost APC	R16(16)	Employer	Recommended	NYCC will extend the deadline for a member to elect for a shared cost APC to 60 days or longer where there is evidence of administrative shortcoming.

Transferring in non LGPS pension rights	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(6)	Employer and Admin. Authority	Recommended	<p>NYCC will allow members to opt to transfer pension rights beyond the 12 month period in exceptional circumstances and/or if there is evidence of administrative shortcomings. This includes:</p> <ul style="list-style-type: none"> • A scheme member is not given appropriate advice/information to enable him/her to transfer pension rights. • A scheme member contacts NYCC, NYPF or a previous pension scheme regarding transfer within 12 months but does not receive correct or sufficient information to enable them to make a proper decision. • A scheme member believes that the action he/she has taken within 12 months is sufficient to have effected transfer. • A scheme member has used his/her best endeavours to effect a transfer within 12 months of joining the scheme but the transfer has not taken place for reasons outside of his/her control, e.g. investigation into mis-selling, winding up of previous fund, etc. <p>The Administering Authority can provide guidance on individual queries.</p>
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8	Transferring in LGPS pension rights (only for pre 1.4.14 re-joiners)	Whether to extend the 12 month option period for aggregation of deferred benefits Care: This must match your existing discretion under the 2008 Scheme.	A16(4)(b)(ii)	Employer	Recommended	NYCC will only permit aggregation beyond 12 months in exceptional circumstances and/or if there is evidence of administrative shortcomings
9a	Transferring in LGPS pension rights (only for post 1.4.14 re-joiners)	Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment	R22(8)(b)	Employer	Recommended	NYCC will only extend the 12 month option period beyond 12 months in exceptional circumstances and/or if there is evidence of administrative shortcomings
9b		Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with an ongoing concurrent employment	R22(7)(b)	Employer	Recommended	NYCC will only extend the 12 month option period beyond 12 months in exceptional circumstances and/or if there is evidence of administrative shortcomings
10	Transferring in LGPS pension rights (i.e.. final salary benefits which will buy CARE pension only for post 1.4.14 re-joiners)	Whether to extend the 12 month option period for a member (who did not become a member of the 2014 Scheme by virtue of TP5 (1)) to elect that pre 1 April 2014 deferred benefit should be aggregated with a new employment	TP10 (6)	Employer	Recommended	NYCC will only permit aggregation beyond 12 months in exceptional circumstances and/or if there is evidence of administrative shortcomings
11	Employee contribution rate	Employers to assess the relevant contribution band to determine the rate of employee contribution. Banded contribution rates for employees are based on actual pensionable pay received and not whole time equivalent salary. Employers to allocate appropriate band at each 1 April and determine other circumstances in which the banding will be reviewed.	R9(1) & R9(3)	Employer	Recommended	On 1st April each year, NYCC will allocate the appropriate band for all members' pensionable pay based on the previous years' pensionable pay and include incremental progression and cost of living increases where known as at 1 April . This will not change during the financial year unless there is a post change or cessation of salary protection arising from that change, or a pay award which cannot be applied on 1 April. This would include a pay award which is being applied retrospectively to 1 April or a pay award which applies from a date other than 1 April. For new posts commencing during the year, their band will depend on starting salary. Only permanent changes to pensionable pay will result in re banding. If members have variable or nil hours contracts, the relevant band will be based on an assessment of the total pensionable pay received in the previous year. For new variable or nil hours posts, banding will be based on the whole time equivalent salary, and reviewed 6 months after appointment so as ensure the correct band has been allocated (based on total pensionable pay in the first 6 months after appointment). If any member believes this would be inaccurate, they should ask their Line Manager to contact the Employment Support Service for further information.

12a	Assumed Pensionable Pay (APP)	In determining APP, whether a lump sum payment made in the previous 12 months is a "regular lump sum"	R21(5)	Employer	Recommended	NYCC would include lump sum payments in the calculation of APP where there is evidence that the lump sums were regularly received.
12b		Where in the employer's opinion, the pensionable pay received in relation to an employment (adjusted to reflect any lump sum payments if appropriate) in the 3 months (or 12 weeks if not paid monthly) before the start of APP, is materially lower than the level of pensionable pay the member would have normally received The discretion is whether to substitute a higher level of pensionable pay by taking into account the pensionable pay received by the member in the previous 12 months	R21(5A) & R21(5B)	Employer	Recommended	NYCC will allow the substitution of a higher level of pensionable pay assessed over the previous 12 month period.
13	Late conversion of AVCs to service	Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership (where AVC arrangement was entered into before 13/11/01)	TP15(2A)(b) & L66(8) & former L66(9)(b)	Employer	Less Common	NYCC will extend the 30 day deadline if there is evidence of administrative shortcomings.
14	Shared cost AVCs	Whether, how much, and in what circumstances to contribute to shared cost AVC arrangements	R17(1) & definition of SCAVC in RSch 1	Employer	Less Common	NYCC will not enter into SCAVCs.
15	Refund of contributions - member left due to an offence/grave misconduct	No right to return of contributions where a member left their employment due to offence of a fraudulent character or grave misconduct in connection with that employment unless employer directs a total or partial refund is to be made	R19(2)	Employer	Less Common	NYCC will consider whether or not to make a refund based on the merits of each case and in light of advice from Internal Audit.
16	Pensionable payments	Specify in an employee's contract what other payments or benefits, other than those specified in R20(1)(a) and not otherwise precluded by R20(2), are to be pensionable	R20(1)(b)	Employer	Less Common	NYCC reserves the right to specify what, if any, other payments or benefits are to be pensionable in accordance with the Regulations and will automatically include "detriment" or "protected" pay as pensionable pay. See the NYCC Pay Policy for guidance on pensionable and non-pensionable pay.
17	T3 Ill health review	Determine whether person in receipt of Tier 3 ill health pension has started gainful employment	R37(3) & (4)	Employer	Less Common	NYCC will make a determination whether to suspend or cease the pension, if it is made aware that such a person has started gainful employment (more than 30 hours for more than 12 months).
18	T3 Ill health review overpayments	Whether to recover any overpaid Tier 3 pension following commencement of gainful employment	R37(3)	Employer	Less Common	NYCC will recover any overpaid Tier 3 pension following commencement of gainful employment.

19	Deferred member - Ill health	Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner	R38(3)	Employer (or Admin. Authority where Employer has become defunct)	Less Common	NYCC will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP) Applications from former employees with deferred benefits will be managed by former Service; the Service is responsible for referring the former employee to the Independent Registered Medical Practitioner (IRMP) via the Health and Wellbeing Service and notifying the former employee of the outcome of the application. Payment of pension benefits will commence from the date NYCC makes the decision that the member meets the criteria for early release of the deferred pension benefits.
20	T3 Ill health recommencement	Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health	R38(6)	Employer (or Admin. Authority where Employer has become defunct)	Less Common	NYCC will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP). See above
21a	Forfeiture certificate	Whether to apply to Secretary of State for a forfeiture certificate where member is convicted of a relevant offence (a relevant offence is an offence committed in connection with an employment in which the person convicted is a member, and because of which the member left the employment)	R91(1) & (8)	Employer	Less Common	NYCC will consider whether or not to apply for and enact a certificate based on the merits of each case and in light of advice from Internal Audit.
21b		Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited (other than rights to GMP – but see R95 below)	R91(4)	Employer	Less Common	NYCC will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Internal Audit
21c		Where forfeiture certificate is issued, whether to direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits	R92(1) & (2)	Employer	Less Common	NYCC will not direct that interim payments are made from the Fund pending a decision.
22	Recovery of monetary obligation	Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than benefits from transferred in pension rights or APCs or AVCs or, subject to R95 below, in respect of any GMP) where the obligation was incurred as a result of a grave misconduct or a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment	R93(2)	Employer	Less Common	NYCC will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Internal Audit.
23	GMP forfeiture	Whether, if the member has committed treason or been imprisoned for at least 10 years for one or more offences under the Official Secrets Acts, forfeiture under R91 or recovery of a monetary obligation under R93 should deprive the member or the member's surviving spouse or civil partner of any GMP entitlement	R95	Employer	Less Common	NYCC will consider each case on its merits.

24	Bulk transfer	Agree to bulk transfer payment Whether to agree to bulk transfer payment where two or more members' active membership ends on their joining a registered non local government pension scheme	R98(1)(b)	Employer / Admin. Authority / trustees of new scheme	Less Common	NYCC will consider whether or not to agree on the merits of each case after consideration with the Administering Authority and after having taken appropriate actuarial advice.
25	Final pay period (fees)	Whether to allow a member to select final pay period for fees to be any 3 consecutive years ending 31st March in the 10 years prior to leaving	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B11(2)	Employer	Less Common	NYCC will allow members to so choose.

Discretions in relation to scheme members (excluding councillor members) who ceased active membership on or after 1.4.08 and before 1.4.14

A = LGPS (Administration) Regulations 2008

B = LGPS (Benefits, Memberships and Contributions) Regulations 2007

T = LGPS (Transitional Provisions) Regulations 2008 (SI 2008/238)

	Area	Discretion	Regulation	Exercised by	Key	Policy
26	Waive reduction	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member)	B30(5)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	Applications from deferred Pensioners will only be considered on compassionate grounds, taking into account the costs of waiving any reduction. All applications will be considered by the relevant Service Director and the Chief Executive.
27	Waive reduction	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits, i.e. a suspended tier 3 ill health pensioner)	B30A(5)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	Applications from deferred Pensioners will only be considered on compassionate grounds, taking into account the costs of waiving any reduction. All applications will be considered by the relevant Service Director and the Chief Executive.
28	Late conversion of AVCs to service	Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership (where AVC arrangement was entered into before 13/11/01)	TSch1 & L66(8) & former L66(9)(b)	Employer	Less Common	NYCC will extend the 30 day deadline if there is evidence of administrative shortcomings.
29	Refund of contributions - member left due to an offence/grave misconduct	No right to return of contributions where member left employment due to offence of a fraudulent character or grave misconduct in connection with that employment, unless employer directs a total or partial refund is to be made	A47(2)	Employer	Less Common	NYCC will consider whether or not to make a refund based on the merits of each case and in light of advice from Internal Audit.
30a	Forfeiture certificate	Whether to apply to Secretary of State for a forfeiture certificate where member is convicted of a relevant offence (a relevant offence is an offence committed in connection with an employment in which the person convicted is a member, and because of which the member left the employment)	A72(1) & (6)	Employer	Less Common	NYCC will consider whether or not to apply for and enact a certificate based on the merits of each case and in light of advice from Internal Audit.
30b		Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited	A72(3)	Employer	Less Common	NYCC will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Internal Audit
30c		Where forfeiture certificate is issued, whether to direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits	A73(1) & (2)	Employer	Less Common	NYCC will not direct that interim payments are made from the Fund pending a decision.

31a	Recovery of monetary obligation	Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than transferred in pension rights or AVCs/SCAVCs) where the obligation was incurred as a result of a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment	A74(2)	Employer	Less Common	NYCC will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Internal Audit.
31b		Whether to recover from Fund any financial loss caused by fraudulent offence or grave misconduct of employee (who has left employment because of that fraudulent offence or grave misconduct), or amount of refund if less	A76(2) & (3)	Employer	Less Common	NYCC will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Internal Audit.
32	Deferred member - ill health	Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria	B31(4)	Employer (or Admin. Authority where Employer has become defunct)	Less Common	NYCC will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP) Applications from former employees with deferred benefits will be managed by former Service; the Service is responsible for referring the former employee to the Independent Registered Medical Practitioner (IRMP) via the Health and Wellbeing Service and notifying the former employee of the outcome of the application. Payment of pension benefits will commence from the date certified by the IRMP.
33	T3 ill health recommencement	Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment	B31(7)	Employer (or Admin. Authority where Employer has become defunct)	Less Common	NYCC will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP). See above

Discretions in relation to:

- a) councillor members who ceased active membership on or after 1.4.98., and
- b) any other scheme members who ceased active membership on or after 1.4.98. and before 1.4.08

L = LGPS Regulations 1997 (as amended) (SI 1997/1612)

R = LGPS Regulations 2013 (SI 2013/2356)

TP = LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014/525)

	Discretion	Regulation	Exercised by	Key	Policy	
34	Employer consent retirement	Grant application for early payment of deferred benefits on or after age 50 and before age 55	L31(2)	Employer	Mandatory	NYCC will not grant early payment of deferred benefits before the age of 55.
35	Waive reduction	Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early	L31(5) & TPSch 2, para 2(1)	Employer	Mandatory	NYCC will not waive actuarial reduction on deferred benefits paid early.

36	Employer consent at Normal Retirement Date for optant out	Where a member who opted out of the scheme continues to be employed by a Scheme employer, the member is only entitled to receive their benefits at NRD if their employer consents to them doing so (in respect of a member who opted out of the scheme after 31 March 1998 and before 1 April 2008).	L31(7A)	Employer	Mandatory	NYCC will agree to optants out being able to get benefits paid from their NRD.
37	85 Year Rule	Whether to “switch on” the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60	TPSch 2, para 1(2) & 1(1)(f) & R60	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	NYCC will not switch on the 85 Year Rule for any deferred member voluntarily drawing benefits on or after age 55 and before age 60
38	No double entitlement	Decide, in the absence of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership (i.e. where a member is entitled to a the 'normal' payment of a preserved benefit and an ill health benefit from preserved status, they are not entitled to both payments. In the absence of an election from the member, the employer can decide which benefit can be paid)	L34 (1)(b)	Employer	Less Common	NYCC will choose to automatically apply the regulations of greatest benefit to the employee.
39	Refund of contributions - member left due to an offence/grave misconduct	No right to return of contributions where a member left their employment due to offence of a fraudulent character or grave misconduct in connection with that employment, unless employer directs a total or partial refund is to be made	L88(2)	Employer	Less Common	NYCC will consider whether or not to make a refund based on the merits of each case and in light of advice from Internal Audit.
40a	Forfeiture certificate	Forfeiture of pension rights on issue of Secretary of State’s certificate following a relevant offence (a relevant offence is an offence committed in connection with an employment in which the person convicted is a member, and because of which the member left the employment)	L111(2) & (5)	Employer	Less Common	NYCC will consider whether or not to apply for and enact a certificate based on the merits of each case and in light of advice from Internal Audit.
40b		Where forfeiture certificate is issued, direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits	L112(1)	Employer	Less Common	NYCC will not direct that interim payments are made from the Fund pending a decision.
41a	Recovery of monetary obligation	Recovery from Fund of monetary obligation owed by former employee or, if less, the value of the member’s benefits (other than transferred in pension rights)	L113(2)	Employer	Less Common	NYCC will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from audit.
41b		Recovery from Fund of financial loss caused by employee, or amount of refund if less	L115(2) & (3)	Employer	Less Common	NYCC will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from audit.

Discretions in relation to scheme members who ceased active membership before 1.4.98

LGPS Regulations 1995 (as amended) (SI 1995/1019)

TL = LGPS (Transitional Provisions) Regulations 1997 (SI 1997/1613)

42	Employer consent retirement	Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds	TP3(5A)(vi) TL4 & L106(1) & D11(2)(c)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	NYCC will not grant applications for early payment of deferred benefits between the ages of 50 and 55. Over the age of 55, NYCC will consider on a case by case basis.
43	No double entitlement	Decide, in the absence of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership (i.e. where a member is entitled to the 'normal' payment of a preserved benefit and an ill health benefit from preserved status, they are not entitled to both payments. In the absence of an election from the member, the employer can decide which benefit can be paid)	D10	Employer	Less Common	NYCC will choose to automatically apply the regulations of greatest benefit to the employee.

Discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) (SI 2006/2914)

Under the Discretionary Compensation Regulations, each authority (other than an admitted body - but see comment in this cell) is required to formulate and keep under review a policy which applies in respect of exercising their discretion on the areas below

	Area	Discretion	Regulation	Exercised by	Key	Policy
44	Redundancy Pay on actual weeks pay	To base redundancy payments on an actual weeks pay where this exceeds the statutory weeks pay limit	5	Employer	Mandatory	When calculating redundancy payments NYCC will use the employee's actual weekly pay plus the applicable employer pension contribution rate, where the total does not exceed the statutory weekly capped amount. Where these combined payments exceed the statutory weekly capped amount the higher of actual weekly pay or the statutory weekly amount will be used. These entitlements will be applied to part-time staff on a pro rata basis.
45	Lump sum compensation	To award lump sum compensation of up to 104 weeks pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment	6	Employer	Mandatory	NYCC will not award any lump sum compensation in any situations.

Discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) (SI 2000/1410)

These regulations still apply to any compensatory added years previously awarded by a scheme employer before 1 April 2007. Scheme employers (other than an admitted body - but see comment in this cell) who made awards of compensatory added years are required to have a published policy, which is kept under review, on the areas below

	Area	Discretion	Regulation	Exercised by	Key	Policy
46	Abatement during re-employment	Whether and to what extent to reduce or suspend the member's annual compensatory added years (CAY) payment during any period of re-employment in local government	17	Employer	Mandatory	NYCC will make a determination after consultation with the administering Authority and having regard to the date of original award.
47	Reduction following cessation of re-employment	How to reduce the member's annual CAY payment following the cessation of a period of re-employment in local government	19	Employer	Mandatory	NYCC will make a determination after consultation with the administering Authority and having regard to the date of original award.
48	Apportionment of survivor benefit	How to apportion any surviving spouse's or civil partner's annual CAY payment where the deceased person is survived by more than one spouse or civil partner	21(4)	Employer	Mandatory	NYCC will consider on a case by case basis.
49a	Effects of remarriage, new civil partnership or co-habitation on survivor's compensation payments	Whether, in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998, the normal pension suspension rules should be disapplied i.e. whether the spouse's or civil partner's annual CAY payments should continue to be paid	21(7)	Employer	Mandatory	NYCC will consider on a case by case basis.
49b		If, under the preceding decision, the authority's policy is to apply the normal suspension rules, whether the spouse's or civil partner's annual CAY payment should be reinstated after the end of the remarriage, new civil partnership or cohabitation	21(5)	Employer	Mandatory	If NYCC determined to suspend such payment, it will reinstate after the end of the remarriage, new civil partnership or cohabitation.
49c		Whether, in respect of the spouse or civil partner of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries or cohabits or enters into a civil partnership on or after 1 April 1998 with another person who is also entitled to a spouse's or civil partners annual CAY payment, the normal rule requiring one of them to forego payment whilst the period of marriage, civil partnership or co-habitation lasts, should be disapplied i.e. whether the spouses' or civil partners' annual CAY payments should continue to be paid to both of them	21(7)	Employer	Mandatory	NYCC will consider on a case by case basis.

Discretions under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011(SI 2011/2954)

Under the Injury Allowances Regulations, each scheme employer (other than an admitted body - but see comment in this cell) must have a published policy, which is kept under review, that it will apply under the Injury Allowances Regulation in respect of leavers, deaths and reductions in pay that occurred after 15 January 2012

	Area	Discretion	Regulation	Exercised by	Key	Policy
--	------	------------	------------	--------------	-----	--------

50a	Injury Allowances	Whether to grant an injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job	3(1)	Employer	Mandatory	NYCC will consider each case on its merits.
50b		Amount of injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job	3(4) and 8	Employer	Mandatory	Any injury allowance granted will not exceed the amount of the reduction in remuneration offset against any other benefits, payments or awards received in relation to the injury or disease.
50c		Determine whether person continues to be entitled to an injury allowance awarded under regulation 3(1) (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job)	3(2)	Employer	Mandatory	Any injury allowance granted will cease when the employee leaves employment with NYCC. The injury allowance will be reviewed should the employee's circumstances change e.g. relation to the employee's working or earning capacity or other payments received.
50d		Whether to grant an injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job	4(1)	Employer	Mandatory	NYCC will consider each case on its merits.
50e		Amount of injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job	4(3) and 8	Employer	Mandatory	Any injury allowance granted will not exceed 85% of the employee's final pensionable remuneration, offset against any other benefits, payments or awards received in relation to the injury or disease.
50f		Determine whether person continues to be entitled to an injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity)	4(2)	Employer	Mandatory	Any injury allowance granted will cease when the employee reaches their state pension age or is granted tier 1 ill-health retirement.
50g		Whether to suspend or discontinue injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity) if person secures paid employment for not less than 30 hours per week for a period of not less than 12 months.	4(5)	Employer	Mandatory	Any injury allowance granted will be reassessed or suspended if the employee becomes capable of working again.
50h		Whether to grant an injury allowance following cessation of employment with entitlement to immediate LGPS pension where a regulation 3 payment (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job) was being made at date of cessation of employment but regulation 4 (loss of employment through permanent incapacity) does not apply	6(1)	Employer	Mandatory	NYCC will not make an injury allowance.
50i		Determine amount of any injury allowance to be paid under regulation 6(1) (payment of injury allowance following cessation of employment)	6(1)	Employer	Mandatory	NYCC will not make an injury allowance.

50j	Determine whether and when to cease payment of an injury allowance payable under regulation 6(1) (payment of injury allowance following cessation of employment)	6(2)	Employer	Mandatory	NYCC will not make an injury allowance.
50k	Whether to grant an injury allowance to the spouse, civil partner, co-habiting partner or dependent of an employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job	7(1)	Employer	Mandatory	NYCC will consider each case on its merits.
50l	Determine amount of any injury allowance to be paid to the spouse, civil partner or co-habiting partner under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job)	7(2) and 8	Employer	Mandatory	Any injury allowance granted will not exceed 85% of the employee's final pensionable remuneration, offset against any other benefits, payments or awards received in relation to the injury or disease.
50m	Determine whether and when to cease payment of an injury allowance payable under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job)	7(3)	Employer	Mandatory	Any injury allowance granted will cease at the date when the employee would have reached their state pension age or may be reviewed if the beneficiary remarries, enters into a new civil partnership or cohabits.

Discretions under the Local Government (Discretionary Payments) Regulations 1996 (as amended) (SI 1996/1680)

Which relate to injury allowances, apply only in respect of leavers, deaths and reductions in pay that occurred before 16 January 2012; and which relate to gratuities, apply only in respect of leavers and deaths that occurred before 16 January 2012.

	Area	Discretion	Regulation	Exercised by	Key	Policy
51a	Injury Allowances	Suspend or discontinue injury allowance if person becomes capable of working again	34(4)	Employer	Less Common	Any injury allowance granted will be reassessed or suspended if the employee becomes capable of working again.
51b		Amount and duration of a dependant's, spouse's or civil partner's injury allowance following death of employee after sustaining an injury or contracting a disease as a result of anything required to do in carrying out duties of job	37(3), 37(6) and 38	Employer	Less Common	Any injury allowance granted will not exceed 85% of the employee's final pensionable remuneration, offset against any other benefits, payments or awards received in relation to the injury or disease. This allowance will cease at the date when the employee would have reached their state pension age or may be reviewed if the beneficiary remarries, enters into a new civil partnership or cohabits.
51c		Reinstate spouse's or civil partner's injury allowance following earlier cessation due to cohabitation, remarriage or registration of a new civil partnership	37(4)	Employer	Less Common	If NYCC determined to suspend such payment, it will reinstate after the end of the remarriage, new civil partnership or cohabitation.
51d		Amount of gratuity payable to surviving dependant, spouse or civil partner where amount of annuity payments fall short of their capital value at date of award	41(4)	Employer	Less Common	NYCC will not award a further gratuity.

51e	Amount of gratuity payable to surviving dependant, spouse or civil partner where amount of redundancy annuity payments fall short of their capital value at date of award.	42(4)	Employer	Less Common	NYCC will not award a further gratuity.
51f	Amount of gratuity payable to any other surviving dependant, spouse or civil partner where amount of annuity payments paid under 42(4) fall short of their capital value at	42(7)	Employer	Less Common	NYCC will not award a further gratuity.



North Yorkshire Pension Fund

A guide to the Internal Dispute Resolution Procedure



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

Introduction

This guide tells you the way you can sort out any problems or complaints you may have with your pension benefits.

If you are not sure which benefits you can get, or you have a problem with your benefits please contact the North Yorkshire Pension Fund (NYPF), contact details are given at the end of this leaflet. The NYPF will try to deal with the problem as quickly and simply as possible.

Informal Enquiry

Many issues are caused by misunderstandings, wrong information or human error. In most cases, these can be quickly corrected or explained by contacting the person who has made the decision you are disputing. Their contact details will be on the communication you have received.

You don't have to do this but, **an informal enquiry may save you a lot of time and trouble** and, if an error has been made it will be dealt with as quickly as possible. Most problems that members have are resolved in this way.

If you are still unhappy you may be able to use what is known as the '**Internal Dispute Resolution Procedure**' (IDRP) to make a complaint.

The IDRP process is for disputing pensions decisions only

For example, whether you are entitled to immediate payment of pension benefits (including ill health).

If your dispute relates to an employment decision, for example, you have been dismissed, you should contact your employer and ask about their employment appeals process.

What type of complaints does IDRP cover?

From the day you join the scheme various decisions are being made about your pension. These include things like:

- The benefits you can have and how much they will be.
- When your benefits can be paid.

When you (this includes dependants) are told of a decision you should check, as far as you can, that it is based on the correct details and that you agree with the decision.

Who can use IDRP?

You can use IDRP if you are one of the following or have been in the last 6 months:

- **A member:** this means you are paying into the fund, have a pension being paid or have a deferred pension or refund entitlement with us.
- **A dependant:** a widow, widower, civil partner, nominated cohabiting partner or an eligible child.
- **A prospective member:** you are not a member yet but could become one if you opt to join.

How does IDRP work?

The IDRP procedure has 2 stages with many complaints sorted out at stage 1. You can ask somebody else to deal with the complaint for you. This could be a trade union official, welfare officer, your husband, wife, partner or friend.

There is no charge made for the use of the IDRP procedure. You will however have to meet the cost of any postage/stationery or representative's time.

Stage 1

If you need to make a formal complaint, you should:

- Complete the **Stage 1 Internal Dispute Resolution form** which is available to download at <https://www.nypf.org.uk/formsandguides/publications.shtml> or is available from the NYPF. You should add specific details about what you are disputing and also include any documentation which supports your case.
- Make the complaint within **6 months** of when you were told of the decision you want to complain about.

Your complaint will be looked at carefully by NYPF's referee who is known as the 'nominated person'.

The nominated person will look at the facts of your complaint along with the Scheme rules and any other relevant information. You should get a reply within **2 months**, giving details of the decision or confirming when you will receive a decision.

What happens next?

The decision letter from the nominated person will tell you what should happen next, there are two likely outcomes:

- The original decision is upheld and therefore it will continue to apply. You can choose to escalate your complaint to the second stage of the IDR process.

Or

- Some or all of the decision is incorrect. The nominated person will write to you giving details of further actions that need to be taken. The actions will be followed up by either your employer or the NYPF (depending who the complaint is against). If you are still unhappy with the decision, you can escalate your complaint to the second stage of the IDR process

Stage 2 - Taking your complaint further

You can take your complaint to stage 2 if:

- You have had a decision from the stage 1 nominated person but you disagree with it.
- You have not had a reply under stage 1 within **3 months** of making your complaint.
- You have not had a reply within **1 month** of the date you were given by the nominated person.

You should send your stage 2 complaint in writing to the NYPF along with a copy of the stage 1 decision and full details of why you are unhappy with it.

Your complaint will be looked at again by the appointed person for stage 2 who will not have been involved at stage 1.

What happens next?

You should get a decision letter from the appointed person within **2 months** giving details of the decision or confirming when you will receive a decision.

The letter will tell you that **either**:

- The original decision is upheld and therefore it will continue to apply. You can choose to escalate your complaint to The Pensions Ombudsman.
- Some or all of the decision is incorrect. The appointed person will write to you giving details of further actions that need to be taken. The actions will be followed up by either your employer or the NYPF (depending who the complaint is against). If you are still unhappy with the decision, you can escalate your complaint to The Pensions Ombudsman.

The Pensions Ombudsman

The Early Resolution Service

If you need help raising your concerns, or just to discuss a potential complaint, you can use the Pensions Ombudsman's (TPO) helpline service.

Their staff will listen to your issue and if possible help you there and then; for more complex problems or issues where a number of documents are involved they may pass you on to their Early Resolution Team who can go into more detail. If this happens you will be asked to sign a consent form that allows them to handle your documents and speak to third parties on your behalf.

Using this service will not affect your right to apply to the Ombudsman for formal adjudication if you later choose to do so.

Phone 0800 917 4487 and select option 1 or
Email: helpline@pensions-ombudsman.org.uk

Please be aware that your call may be recorded for security and quality purposes.

Formal Adjudication

If you are not happy with the decision at stage 2 you can take your complaint to The Pensions Ombudsman (TPO) free of charge for a formal adjudication. This must be within three years of when the event you are complaining about happened, or, if later, within three years of when you first knew about it (or ought to have known about it).

TPO is an independent person who settles disputes between pension scheme members and pension schemes. There is no financial limit on the amount of money that TPO can make a party award you. Its determinations are legally binding on all the parties and are enforceable in court. You can write to TPO with your complaint but you must first have been through stages 1 and 2 of the IDR process.

You can contact TPO at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk (where you can submit an online complaint form)

If you have general requests for information or guidance concerning your pension arrangements contact:

The Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD

Telephone: 0115 9659570

Website: <https://moneyandpensionsservice.org.uk>

Contact NYPF

More detailed information about the scheme is available on the NYPF website at www.nypf.org.uk or you can contact the NYPF in the following ways:

Email: pensions@northyorks.gov.uk

Telephone: 01609 536335

In writing:

North Yorkshire Pension Fund
County Hall
Northallerton
North Yorkshire
DL7 8AL



North Yorkshire Pension Fund

Governance Roles and Responsibilities



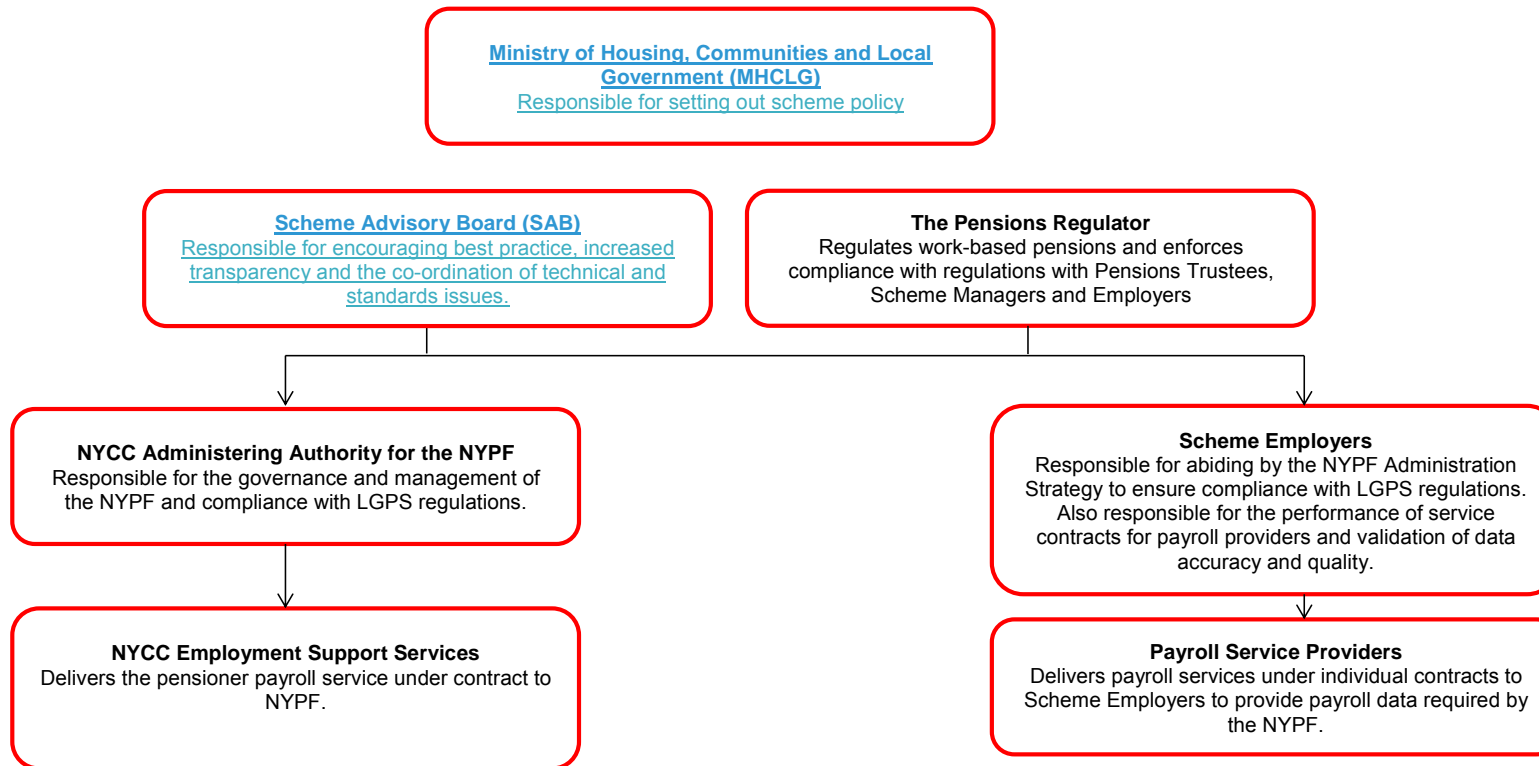
If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

As recommended by the Pensions Regulator, this document clarifies the roles, responsibilities, decision-making, governance structures and processes for the Local Government Pension Scheme (LGPS) administered by the North Yorkshire Pension Fund (NYPF). It also sets out the escalation procedures in the event of a breach of statutory requirements for the administration of the LGPS and relates to:

- North Yorkshire County Council (NYCC) as the Administering Authority of the NYPF
- Scheme Employers who participate in the NYPF as a statutory requirement or are admitted in certain circumstances
- Contractors who have service contracts with the Administering Authority or Scheme Employers.

Roles and Responsibilities

The following chart sets out the relationships between the parties and the commentary below provides further details.



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Body	Responsibility	Delivered by
Ministry of Housing, Communities and Local Government (MHCLG)	Setting out scheme policy	<ul style="list-style-type: none"> • Set out scheme policy ion regulations, including the role of the scheme manager, Pension Board and Scheme Advisory Board
Scheme Advisory Board (SAB)	Responsible for encouraging best practice, increased transparency and the co-ordination of technical and standards issues.	<ul style="list-style-type: none"> • Considers items passed from MHCLG, the Board's sub committees and other stakeholders as well as items formulated within the Board • Liaison role with The Pensions Regulator • Creation of guidance and standards for local scheme managers and Pension Boards
The Pensions Regulator	<p>Regulates the governance and administration of work-based pensions and enforces compliance with regulations with Pensions, Trustees and Employers.</p> <p>The Pensions Regulator's objectives are to:</p> <ul style="list-style-type: none"> • improve confidence in work-based pensions; • promote good administration; • maximise employer compliance with regulations and employer duties 	<ul style="list-style-type: none"> • Providing regulatory guidance and codes of practice setting out requirements • Working with central government to embed regulatory changes for pension reforms • Supporting the development of policy initiatives • Monitoring performance • Enforcing compliance • Applying sanctions and or penalties on Trustees and Employers for non-compliance
North Yorkshire County Council Administering Authority North Yorkshire Pension Fund	<p>Responsible for the governance and management of the NYPF and compliance with LGPS regulations.</p> <p>Responsible for investment decision making including managing Pooling arrangements.</p> <p>Also responsible for the performance of the pensioner payroll service contract with NYCC Employment Support Services.</p>	<ul style="list-style-type: none"> • Managing and governing the Pension Fund through NYCC's Pension Fund Committee and Pension Board • Providing a framework of policies and procedures for compliance with the LGPS regulations • Reporting on compliance and performance to The Pensions Regulator • Monitoring performance of the NYCC Employment Support Services contract • Monitoring performance of Scheme Employers • Applying sanctions and or penalties on Scheme Employers for non-compliance • Reporting breaches of regulations to The Pensions Regulator
North Yorkshire County Council Employment Support Services	Responsible for delivering pensioner payroll services to the NYPF under a service contract.	<ul style="list-style-type: none"> • Delivering the pensioner payroll service under contract to the NYPF • Providing pensioner payroll guidance and support to the NYPF and Scheme Members

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Body	Responsibility	Delivered by
Scheme Employers	Responsible for working within the NYPF's policies and procedures to ensure compliance with LGPS regulations. Also responsible for the performance of service contracts for payroll services and validation of data quality.	<ul style="list-style-type: none"> • Complying with the policies and procedures for the administration of the LGPS scheme for employees • Monitoring performance of outsourced service contracts providing data to the NYPF • Validating the quality of data submitted to the NYPF • Ensuring outsourced service contractors meet the quality standards and submission deadlines
Payroll Service Providers	Deliver payroll services under individual service contracts to Scheme Employers	<ul style="list-style-type: none"> • Provide payroll services in compliance with the service contract with the Scheme Employer • Ensure that Scheme Employer instructions are actioned for the provision of data to the NYPF • Ensure that data provided meets quality standards and is submitted within deadlines • Ensure that the Scheme Employer validates the data before submission to the NYPF

Escalation Procedures

To ensure that the NYPF meets its statutory responsibilities and obligations, it is important that all parties involved in pension administration carry out their responsibilities efficiently. The following sets out escalation procedures for non-compliance with pensions administration requirements.

North Yorkshire County Council Administering Authority for the North Yorkshire Pension Fund	<ul style="list-style-type: none"> • The Administration Strategy sets out performance standards for the Administering Authority and Scheme Employers including chargeable penalties • The NYPF will support Scheme Employers to meet performance standards • In the event Scheme Employers do not engage proactively to meet performance standards and deadlines then penalties will be imposed on Scheme Employers for non-compliance • For significant performance issues and breaches of the law, the NYPF will report events to The Pensions Regulator
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North Yorkshire Pension Fund

Employer Charging Policy

April 2019



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

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1.0 Introduction

The LGPS regulations provide pension funds with the ability to recover from an employer any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that employer.

This document sets out the policy for charging employers and should be read in conjunction with the Pensions Administration Strategy.

2.0 Approach to Managing Performance

Ensuring compliance with the LGPS and Disclosure of Information regulations is the responsibility of the Fund and employers including where the payroll service is outsourced.

The Fund and employers will ensure that all functions and tasks are carried out to agreed standards. The Fund will monitor, measure and report on both the Fund's and employers' compliance with the agreed standards as detailed in the Pensions Administration Strategy (PAS).

The Fund will review performance against the PAS on an ongoing basis and will liaise with employers in relation to any concerns. The Fund monitors its own performance against internal key performance indicators and reports to the Pension Fund Committee (PFC) on a quarterly basis. Employers performance will be measured against the standards set out in the PAS and will be reported to the PFC. The Fund also monitors and reports on data quality in line with the Pension Regulator's Code of Practice 14.

The table below details the regulatory timescales for providing information and notifications to the NYPF.

<u>Event</u>	<u>Timescale for employer notifying the NYPF</u>
<u>New starters (Employer Pen11 form)</u>	<u>Within one month of the employee joining</u>
<u>Change in member's details (Change of Members Personal Details form)</u>	<u>Within 6 weeks of the event</u>
<u>Leavers (SU5 form)</u>	<u>Within 6 weeks of the employee leaving</u>
<u>Advanced Notification of Retirement (ADNOT form)</u>	<u>At least 30 days before the last day of employment</u>
<u>Retirements (SU5 form)</u>	<u>No later than one month following retirement</u> Disclosure Regulations require that when a retirement takes place before Normal Pension Age (NPA) the NYPF receives the SU5 no later than one month after the date of retirement. Where a retirement takes place on or after NPA, the NYPF receives the SU5 no more than 20 days after the date of retirement.
<u>Death in Service</u>	<u>Within 3 working days of the employer being notified of the death of the member</u>

Where persistent and ongoing issues occur and no improvement is demonstrated by the employer, and/or no willingness is shown by the employer to resolve the identified issues further action will be taken as detailed in this policy.

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3.0 Charging Policy

The LGPS regulations enable pension funds to recover any additional costs associated with the administration of the scheme incurred as a result of poor performance by an employer. It is the Fund's policy to recover additional costs incurred in the administration of the scheme as a direct result of the poor performance of any employer (including the administering authority). This is to ensure that other employers do not incur higher administration costs as a result of an individual employer's poor performance.

The Fund's policy is to chase outstanding information on a regular basis as follows:

- Original request issued (no charge)
- The first chaser will be issued 10 working days after the date of the original request and this will trigger the first charge
- A further two chasers will be issued 10 working days apart and will incur a charge for each chaser (so one original request and three chasers in total)
- Case will be escalated to the Pensions Management Team who will issue a final chaser which will clarify the regulatory requirements including reporting to The Pensions Regulator. This will also incur a charge.
- If no response is received within 10 working days the Pensions Employer Relationship Manager will make contact to discuss an improvement plan

A quarterly invoice will be issued to the employer detailing any additional costs, taking account of time and resources in resolving the issues, in accordance with the charging scale set out in this policy. A report will be presented to the quarterly PFC meeting detailing charges levied against employers and outstanding payments.

The frequency of charging will be monitored and where significant volumes are identified the Fund will contact the employer concerned and offer support and guidance. Working collaboratively with the Fund the employer will be expected to identify and agree the following:

- Training requirements
- A robust and measurable improvement plan
- Regular contact with the Pensions Employer Relationship Manager to provide progress updates against the data improvement plan
- Clear milestones
- Accountabilities
- Appropriate internal monitoring is put in place
- Timescales

If poor performance continues which impacts the Fund's ability to perform its statutory functions, or the employer is not taking steps to improve its performance, the Fund will be required to report the employer to The Pensions Regulator.

If an employer fails to pay any amount due to the Fund (other than monthly contributions) within 30 days, interest for late payment will be charged at 1% above the bank base rate.

Deleted: The Fund will offer support and guidance prior to any charges being levied. The Fund and the employer will be expected to work together as follows:¶

¶ The Fund will contact the employer to explain the areas of non-compliance. An action plan and timescale will be agreed with the employer and the Fund will offer support and training.¶

Where no improvement has been demonstrated within the agreed timescale, or there has been no response to communications, the Fund will request a meeting with the employer.¶

If the employer is unwilling to attend a meeting or the issues have not been resolved, the Fund will issue a formal written notice setting out the following:¶

the areas of non-compliance ¶

the steps required to resolve those areas; and¶

notice that the additional costs will start to be reclaimed¶

¶ Where additional costs are to be recovered by the Fund, written notice will be provided stating:¶

the reasons that the employer's poor performance contributed to the additional cost;¶

the amount of the additional cost incurred;¶

the basis on how the additional cost was calculated; and¶

the provisions of the administration strategy relevant to the decision to give notice.¶

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4.0 Charging Scales

Item	Charge	NYPF Charge Code
Starter information		
Chase for missing information where one request has already been made	£5.00 per record, per chase	C1
Chase for missing information or incorrect information to be corrected where one request has already been made	£5.00 per record, per chase	C2
Employer estimate (Estform1)		
Chase for missing information or incorrect information to be corrected where one request has already been made	£5.00 per record, per chase	C13
ADNOT (Advanced Notification of Retirement)		
Chase for missing form where one request has already been made	£5.00 per record, per chase	C5
Chase for missing information or incorrect information to be corrected where one request has already been made	£5.00 per record, per chase	C6
Death in service		
Chase for missing SU5 leaver form where one request has already been made	£10.00 per record, per chase	C7
Chase for missing information or incorrect information to be corrected where one request has already been made	£5.00 per record, per chase	C8
SU5 leaver form		
Chase for missing form where one request has already been made	£10.00 per record, per chase	C3
Chase for missing information or incorrect information to be corrected where one request has already been made	£5.00 per record, per chase	C4
Employer Authorisation (ill health and redundancy/efficiency)		
Request for missing employer authorisation	£10.00 per record, per chase	C9
Request for missing cost codes (NYCC only)	£10.00 per record, per chase	C10

Item	Charge	NYPF Charge Code
Data		
<u>Post</u> information: chase for missing or <u>incorrect</u> information where one request has already been made <u>e.g. hours, service etc.</u>	£5.00 per record, per chase	C11
<u>Pay</u> information: chase for missing or <u>incorrect</u> information where one request has already been made	£5.00 per record, per chase	C12
Year End		
Failure to submit year end file by 30 April (charged by the number of pensionable members held on the NYPF database)	*The following charges will apply for each full month the file is delayed beyond 30 April	
1 – 99	*£50.00 per file	
100 – 999	*£100.00 per file	
1,000 – 1,999	*£200.00 per file	
2,000 – 4,999	*£300.00 per file	
5,000 – 9,999	*£400.00 per file	
10,000 +	*£500.00 per file	
Incorrect file formatting	**£5.00 per record	
Missing or incorrect data	**£5.00 per record	
Reason for pay changes outside of tolerances not given	**£5.00 per record	
Missing starter and leaver information	**£5.00 per record	
	**Subsequent chasers will be charged at £2.50 per chase, per record	
If an employer annual return is received by 30 April and the return is accepted, no charge will apply.		
If the annual return is received by 30 April and the return is rejected but subsequently re-submitted and accepted within two weeks, no charge will apply.		
Monthly contributions		
Charge for late payment	*The following charges will apply for each full month the file is delayed beyond it's due date	
Charge for late submission of supporting documentation	*£100 per file plus a daily interest surcharge for the period the payment is outstanding of 1% above the bank base rate	
	*£100 per file	
Accounting		
IAS19/FRS102 valuations	Professional fees recharged. Cost will be notified prior to work starting	
Actuarial & legal advice		
Actuarial & legal advice for admission bodies and academy conversions	Professional fees recharged. Cost will be notified prior to work starting	
Technical Advice		
Ad hoc technical advice, (where re-charging is deemed appropriate because the advice is not of general benefit to the Fund overall),	Professional fees recharged. Cost will be notified prior to work starting	

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North Yorkshire Pension Fund

Business Plan 2019 - 2021



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

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1. Background

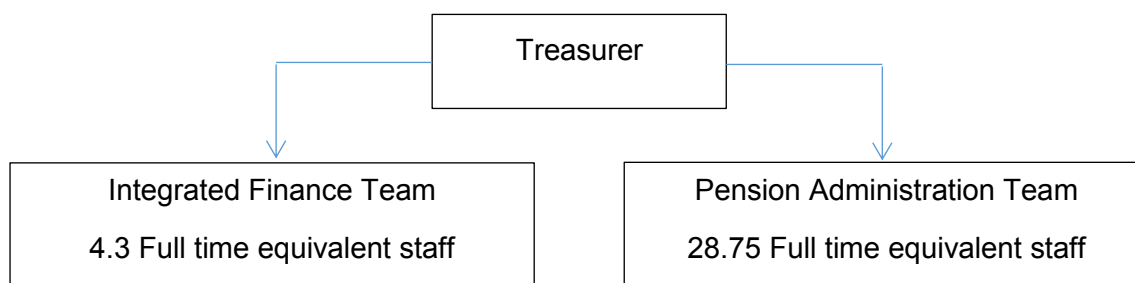
North Yorkshire County Council (NYCC) is the statutory administering authority for the North Yorkshire Pension Fund (NYPF), which is part of the Local Government Pension Scheme (LGPS). All aspects of the Fund's management and administration, including investment matters, are overseen by the Pension Fund Committee (PFC), which is a committee of the NYCC.

The purpose of the Fund is to provide retirement benefits specified by the LGPS regulations for staff working for local authority employers, and other employers admitted by agreement, in the North Yorkshire area.

The day to day running of the NYPF is delegated to the Treasurer who is the Corporate Director – Strategic Resources of the NYCC and is responsible for implementing the decisions made by the PFC.

Supporting him is a team of staff split into two sections. The Pension Administration team administers all aspects of member records, pension benefits etc. and the Integrated Finance team looks after the accounting and management information requirements of the Fund. All aspects of the day to day management of investment funds are undertaken by external fund managers.

Current structure:



The Scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016
- the LGPS (Amendment) Regulations 2018

The main systems utilised in the running of the NYPF are Oracle, a third party finance and accounting system provided by the Oracle Corporation, and Altair a third party pensions administration system provided by Aquila Heywood.

This business plan should be read in conjunction with the administration strategy and the investment strategy statement, these being the key documents that set out the principles of the running of the NYPF.

These can be found on our website at <https://www.nypf.org.uk/nypf/policiesandstrategies.shtml>

2. Introduction

As part of its programme of improving the standards of governance across all pension schemes the Pensions Regulator has recommended that each scheme should have a business plan in place which sets out a clear purpose and strategy. This plan should be used to manage the scheme effectively and enable members to get good outcomes. Having a business plan will enable the PFC to plan ahead and improve their ability to comply with legal requirements.

This Plan will be reviewed annually and objectives and key actions revised accordingly. Progress reviews will be undertaken every six months and progress reported to the PFC.

3. Vision

To ensure sufficient assets are available to pay the right pension benefits at the right time.

4. Objectives

The objectives set out below will enable the Fund to achieve its long term vision to ensure sufficient assets are available to pay the right pension benefits at the right time.

We will:

1. Maximise investment returns
2. Manage Scheme funding
3. Provide excellent customer service
4. Ensure effective Fund governance

5. Key Actions

The following key actions have been identified:

Action	Resource	Timescale
Effective and efficient member administration Website review Administration software review Business process re-engineering	Head of Pensions Administration	Q4 2019 Q1 2020 Q4 2019
Improve Data Quality GMP Reconciliation Pensioner Reconciliation Employer interaction Create Data Improvement plan	Head of Pensions Administration	Q1 2019 Q4 2019 Q2 2019 Q1 2019
People Review of team structure Training Cross skilling Resilience Succession planning	Head of Pensions Administration	Q1 2019 Q4 2019 Q4 2019 Q4 2019 Q4 2019
Excellent Customer Service Improved employer engagement Partnership working with employers Pension Fund rebrand	Head of Pensions Administration/ Senior Accountant	Q4 2020 Q4 2020 Q4 2019
Effective Investment Strategy Review of Investment Strategy Fund Manager performance reviews	Pension Fund Committee	Q Q
Pooling Transition plan Effective management of transition NYPF representation	Pension Fund Committee/ Treasurer/ Senior Accountant	Q Q Q
Monitor Income Introduce monthly monitoring of employer and member pension contributions Effective financial management	Senior Accountant	Q Q
Effective Fund Governance Committee and Board skills evaluation Committee and Board training plan	Pension Fund Committee	Q1 2019 Q2 2019

Action	Resource	Timescale
Triennial Valuation	Head of Pensions	
Agree assumptions	Administration	Q1 2019
Review of scheme factors	Senior Accountant	Q1 2019
Data cleansing		Q1 2019
Employer engagement		Q2 2019
Review of strength of covenant		Q

The following resources have been identified as key to ensuring delivery of the objectives identified:

- a. Systems and technology which are fit for purpose
- b. People
 - i. Focussed on customers' needs
 - ii. Highly skilled and knowledgeable
- c. The right information and data
 - i. Financial
 - ii. Performance
 - iii. Benchmarking
 - iv. Membership data
- d. Third party service providers
 - i. Actuary
 - ii. Legal Advisers
 - iii. Custodian
 - iv. Fund Managers
 - v. Investment Consultants
 - vi. Software provider
 - vii. Borders to Coast Pensions Partnership (BCPP)

These actions are recorded and scheduled in more detail in the NYPF scheduler which is used by officers to ensure the appropriate actions are taken to deliver the business plan.



North Yorkshire Pension Fund

Breaches Policy 2019



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

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Breaches of the law

Background

North Yorkshire Pension Fund has prepared this document to set out its policy and procedures on identifying, managing and where necessary reporting breaches of the law as covered in paragraphs 241 to 275 of The Pensions Regulator's Code of Practice no 14 (Governance and administration of public service pension schemes) – "the Code of Practice".

This policy sets out the responsibility of elected members, officers of the North Yorkshire Pension Fund ("the Fund") and the Local Pension Board in identifying, managing and where necessary reporting breaches of the law as they apply to the management and administration of the Fund.

This policy does not cover the responsibility of other "reporters" (described later in this policy) in relation to their obligation to report breaches in accordance with the Code of Practice where they relate to the management and administration of the Fund. Where a breach of the law is identified both the Fund and the Local Pension Board will take all necessary steps to consider the breach and report it to The Regulator, rather than having the breach reported by any of the other "reporters".

This policy will be reviewed by the Fund at least annually. The Fund will monitor all breaches and will ensure that adequate resources are allocated to managing and administering this process.

The Administering Authority Monitoring Officer will be responsible for the management and execution of this breaches policy.

The Head of Pensions Administration will ensure that training on breaches of the law and this policy is conducted for all relevant officers and elected members, as well as members of the Local Pension Board at induction and on an ongoing basis.

Overview

The identification, management and reporting of breaches is important. It is a requirement of the Code of Practice; failure to report a breach without "reasonable excuse" is a civil offence that can result in civil penalties.

At the same time, in addition to identifying, rectifying and where necessary reporting a breach it provides an opportunity to learn from mistakes and review and improve processes in the areas where the breach occurred. All staff are required to take a pro-active approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

The Fund will maintain a log of all breaches under the LGPS regulations and wider pension law, statutory guidance or codes of practice under the remit of The Pensions Regulator in accordance with the 2004 Pension Act.

Where a breach has occurred it should be identified as either an area of non-compliance under the LGPS regulations, a breach under Pension Law as defined within section 13 of the 2004 Pension Act or The Pensions Regulator's code of practice 14.

The definition of pension law under the jurisdiction of the Pensions Regulator is any enactment contained in or made by virtue of:

- a) The Pension Schemes Act 1993 (c. 48)
- b) Part 1 of the Pensions Act 1995 (c. 26), other than sections 62 to 66A of that Act (equal treatment)
- c) Part 1 or section 33 of the Welfare Reform and Pensions Act 1999 (c. 30), or
- d) This Act
- e) Section 5(4) (Pension Board: conflicts of interest and representation), 6 (Pension Board: information), 14 (information about benefits) or 16 (records) of the Public Service Pensions Act 2013
- f) Paragraph 2 of Schedule 18 to the Pensions Act 2014 (c 19)
- g) The Pension Schemes Act 2015

Therefore as the LGPS Regulations are made under the Superannuation Act 1972, The Pensions Regulator views the provisions as being similar to a private pension scheme's rules which are the preserve of trustees and not of The Regulator.

As such in the event of non-compliance under the LGPS Regulations the failings should be documented in an internal log specifying the corrective action to be undertaken to strengthen operational procedures and controls in order to prevent or mitigate the impact of any future re-occurrences.

Alternatively where the failure is identified by the Fund or Local Pension Board as a breach of pension law under the jurisdiction of The Pensions Regulator, or the code, it should be recorded, assessed and where defined to be of material significance to The Pensions Regulator, must be reported as soon as reasonably practical.

The Fund and the Local Pension Board cannot rely on waiting for other reporters to report a breach.

What is a breach of the law?

A breach of the law is “*an act of breaking or failing to observe a law, agreement, or code of conduct.*” It can encompass many aspects of the management and administration of the scheme, including failure:

- to do anything required under overriding legislation, applicable statutory guidance or codes of practice
- to maintain accurate records
- to act on any fraudulent act or omission that is identified
- of an employer to pay over member and employer contributions on time
- to pay member benefits either accurately or in a timely manner
- to issue annual benefit statements on time or non-compliance with The Regulator’s Code of Practice No 14.

What is Non-compliance under the LGPS Regulations?

Non-compliance with the LGPS regulations can encompass many aspects of the management and administration of the scheme, including failure:

- to do anything required under the LGPS regulations
- to comply with policies and procedures (e.g. the Fund’s Investment Strategy Statement, Funding Strategy Statement, discretionary policies, etc.);

Responsibilities in relation to breaches

Responsibility to report identified breaches of the law in relation to the Code of Practice falls on the following (known as “reporters”):

- Members and officers of the Fund, as the Scheme Manager
- Members of the Local Pension Board
- Scheme employers
- Professional advisers (including the Fund’s actuary, investment advisers, legal advisers)
- Third party providers (where employed)
- any other person involved in advising the scheme manager in relation to the scheme

This policy applies only to members and officers of the Fund and members of the Local Pension Board. It is for the other reporters to ensure adequate procedures and policies are put in place in order to identify, assess and where necessary report breaches. Both the Fund and the Local Pension Board will take all necessary steps to consider the breach and report to The Regulator, rather than having the breach reported by any of the other “reporters”.

Requirement to report a breach of the Law

Breaches of the law which affect pension schemes should be considered for reporting to The Pensions Regulator.

The decision whether to report an identified breach depends on whether:

- there is reasonable cause to believe there has been a breach of the law
- and if so, is the breach likely to be of material significance to The Regulator?

It is important to understand that not every breach that is identified needs to be reported to The Regulator. For example, where it can be demonstrated that appropriate action is being taken to rectify the breach, or the breach has occurred due to teething problems with new or revised systems or processes, it may not be necessary to report the incident to The Regulator. All incidents of breaches identified should be recorded in the

Fund's breaches log. This log will be reviewed on an on-going basis to determine any trends in the breaches log that might indicate any serious failings or fraudulent behaviour.

Where such failings or fraudulent behaviour are identified immediate action will be taken to agree a plan of action to rectify the matter and prevent such an occurrence in the future.

Examples of potential breaches, including when they should and should not be reported to The Pensions Regulator are included in Appendix A.

When should a breach be reported to The Regulator?

The Code of Practice requires that a breach should be notified to The Regulator as soon as is reasonably practical once there is reasonable cause to believe that a breach has occurred and that it is of material significance to The Regulator. In any event, where a breach is considered to be of material significance it must be reported to The Regulator no later than one month after becoming aware of the breach or likely breach.

Where it is considered that a breach is of such significance that The Regulator is required to intervene as a matter of urgency (for example, serious fraud) the matter should be brought to the attention of The Regulator immediately (e.g. by calling them direct). A formal report should then be submitted to The Regulator, marked as "urgent" in order to draw The Regulator's attention to it.

Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, The Regulator will not normally consider this to be materially significant.

A breach is likely to be of concern and material significance to The Regulator where a breach has been identified and those involved:

- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence
- are not pursuing corrective action to a proper conclusion
- fail to notify affected scheme members where it would have been appropriate to do so.

Assessing "reasonable cause"

It is important that the Fund and the Local Pension Board are satisfied that a breach has actually occurred, rather than acting on a suspicion of such an event.

It will be necessary, therefore, for robust checks to be made by members and officers when acting on any suspicion of a breach having occurred. Where necessary this will involve taking legal advice from Legal Services (who may recommend specialist external legal advice if necessary) as well as other advisers (e.g. auditors, the Fund's actuary or investment advisers).

Deciding if a breach is "materially significant" and should be reported to The Regulator

The Regulator has produced a decision tree to assist schemes in identifying the severity of a breach and whether it should be reported. When determining materiality of any breach or likely breach the Fund and Local Pension Board will in all cases consider the following:

- **cause** – e.g. dishonesty, poor governance, incomplete or inaccurate information, acting or failing to act in contravention of the law
- **effect** – e.g. ineffective internal controls, lack of knowledge and understanding, inaccurate records, potential for further breaches occurring
- **reaction** – e.g. taking prompt and effective action to resolve a breach, notifying scheme members where appropriate; and
- **wider implications** – e.g. where a breach has occurred due to lack of knowledge or poor systems and processes making it more likely that other breaches will emerge in the future

The decision tree provides a “traffic light” system of categorising an identified breach and is shown at Appendix A:

- **Green** – not caused by dishonesty, poor governance or a deliberate contravention of the law and its effect is not significant and a plan is in place to rectify the situation. In such cases the breach may not be reported to The Regulator, but should be recorded in the Fund’s breaches log
- **Amber** – does not fall easily into either green or red and requires further investigation in order to determine what action to take. Consideration of other recorded breaches may also be relevant in determining the most appropriate course of action
- **Red** - caused by dishonesty, poor governance or a deliberate contravention of the law and having a significant impact, even where a plan is in place to rectify the situation. The Fund or Local Pension Board must report all such breaches to The Regulator in all cases

If it is unclear as to whether the breach or likely breach is significant, in the first instance full details should always be reported to the Board to determine the appropriate course of action.

It should be noted that failure to report a significant breach or likely breach is likely, in itself, to be a significant breach.

The Fund will use The Regulator’s decision tree as a means of identifying whether any breach is to be considered as materially significant and so reported to The Regulator.

Any failure of a scheme employer to pass over employee contributions that are considered to be of material significance must be reported to The Regulator immediately.

In order to determine whether failure to pay over employee contributions is materially significant or not the Fund will seek from the employer:

- the cause and circumstances of the payment failure
- what action the employer has taken as a result of the payment failure, and
- the wider implications or impact of the payment failure

Where a payment plan is agreed with the employer to recover outstanding contributions and it is being adhered to or there are circumstances of infrequent one-off late payments or administrative failures the late payment will not be considered to be of material significance.

All incidences resulting from the unwillingness or inability of the employer to pay over the employee contributions, dishonesty, fraudulent behaviour or misuse of employee contributions, poor administrative procedures or the failure to pay over employee contributions within 90 days from the due date will be considered to be of material significance and reported to The Regulator.

Once a breach or likely breach has been identified, regardless of whether it needs to be reported to The Regulator, the relevant manager in consultation with the Monitoring Officer, must review the circumstances of the breach in order to understand why it occurred, the consequences of the breach and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary. All breaches must be recorded in the Fund’s breaches log.

Process for reporting breaches

All relevant officers and elected members of the Fund, as well as all members of the Local Pension Board have a responsibility to:

- identify and assess the severity of any breach or likely breach
- report all breaches or likely breaches to the Monitoring Officer
- in conjunction with relevant officers agree a proposed course of action to rectify the breach and put in place measures to ensure the breach does not re-occur, obtaining appropriate legal or other advice where necessary
- ensure that the appropriate corrective action has been taken to rectify the breach or likely breach and to prevent it from recurring; and
- co-operate with, and assist in, the reporting of breaches and likely breaches to the Pension Fund Committee, Local Pension Board and where necessary The Regulator

Responsibilities of the Monitoring Officer

The Fund will appoint one of the administering authority's senior officers to be responsible for the management and execution of this breaches policy. That officer will be the Monitoring Officer and will be the Head of Pensions Administration.

The Monitoring Officer will be responsible for recording and reporting breaches and likely breaches as follows:

- record all identified breaches and likely breaches of which they are aware in the Fund's breaches log
- investigate the circumstances of all reported breaches and likely breaches
- ensure, where necessary that an action plan is put in place and acted on to correct the identified breach and also ensure further breaches of a similar nature do not re-occur
- report to the Pension Fund Committee and Local Pension Board:
 - all materially significant breaches or likely breaches that will require reporting to The Regulator as soon as practical, but no later than one month after becoming aware of the breach or likely breach; and
 - all other breaches at least quarterly as part of the Committee cycle
- report all materially significant breaches to The Regulator as soon as practical but not later than one month after becoming aware of the breach

The Monitoring Officer will determine whether any breach or likely breach is materially significant, having regard to the guidance set out in the Code of Practice and after consultation where considered appropriate with the Pension Fund Committee and Local Pension Board.

Where uncertainty exists as to the materiality of any identified breach the Fund or Local Pension Board will be required to informally notify The Regulator of the issue and the steps being taken to resolve the issue.

How should a breach be reported to The Regulator?

All materially significant breaches must be reported to The Regulator in writing. This can be via post or electronically. The Regulator encourages the use of its standard reporting facility via its on-line Exchange service.

The Fund will report all material breaches to The Regulator via the online Exchange function.

How are records of breaches maintained?

All breaches and likely breaches are to be reported to the Monitoring Officer as soon as they are identified. The Monitoring Officer will log all breaches on the Fund's breaches log, including the following information:

- date the breach or likely breach was identified
- the pension scheme's registry number (if available)
- name of the employer (where appropriate)
- any relevant dates
- a description of the breach, its cause and effect, including the reasons it is, or is not, believed to be of material significance
- whether the breach is considered to be red, amber or green
- a description of the actions taken to rectify the breach
- whether the concern has been reported before, and
- a brief description of any longer term implications and actions required to prevent similar types of breaches recurring in the future.

The Monitoring Officer will be responsible for ensuring the effective management and rectification of any breach identified. The Head of Pensions Administration will be responsible for submission of any report to The Regulator. Any documentation supporting the breach will be maintained by the Head of Pensions Administration.

Whistleblowing

It is a statutory duty to report breaches of the law. In rare cases this may involve a duty to whistleblow on the part of an employee of the Fund or a member of the Local Pension Board. The duty to report does not override any other duties a “reporter” may have, such as confidentiality. Any such duty is not breached by reporting to The Regulator. Given the statutory duty that exists, in exercising this breaches policy the Fund will ensure it adheres to the requirements of the Employment Rights Act 1996 in protecting an employee making a whistleblowing disclosure to The Regulator.

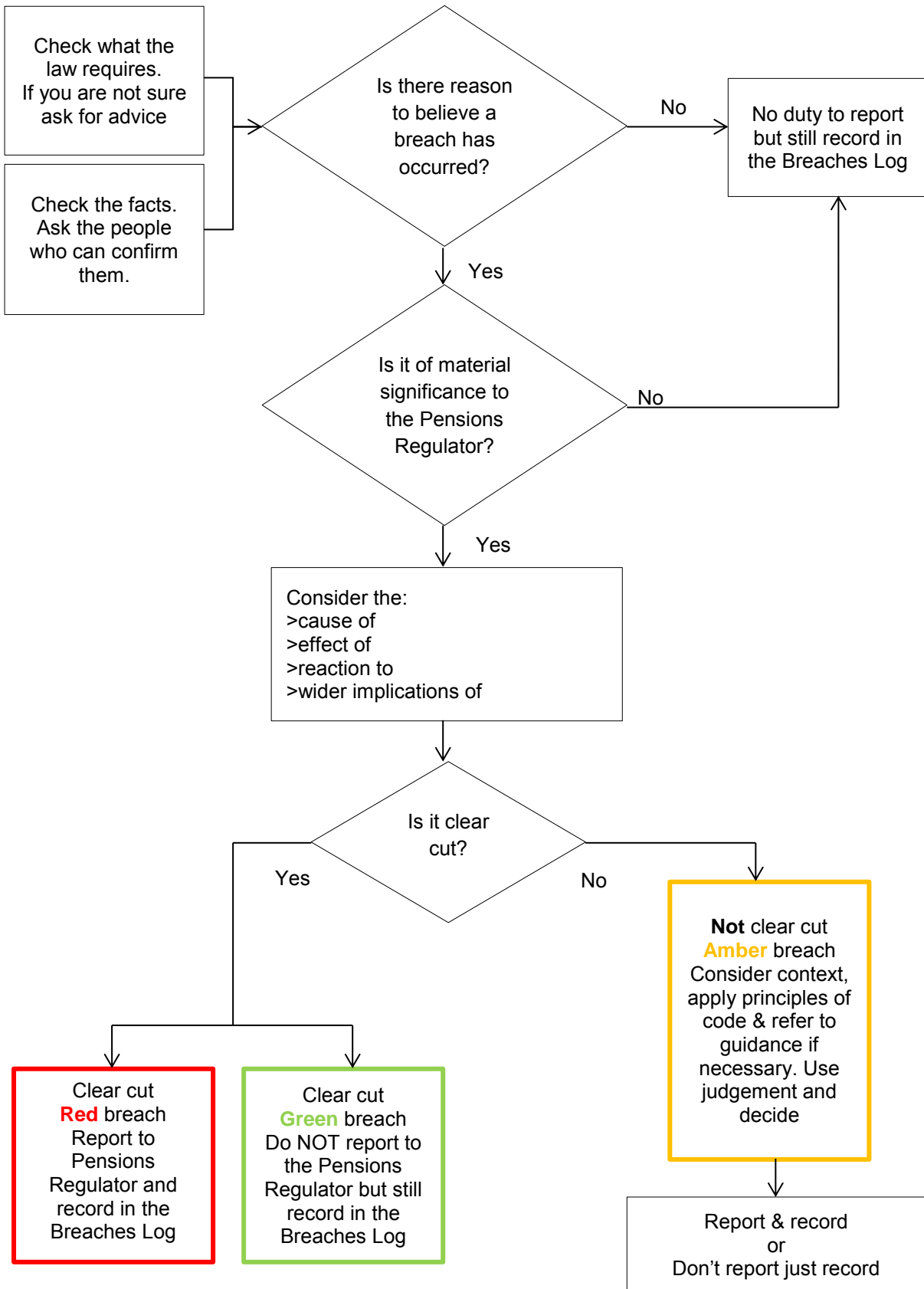
The duty to report, however, does not override ‘legal privilege’, so oral and written communications between the Fund or Local Pension Board and a professional legal adviser do not have to be disclosed.

Training

The Head of Pensions Administration will ensure that all relevant members and officers, as well as members of the Local Pension Board receive appropriate training on this policy at the commencement of their employment or appointment to the Local Pension Board as appropriate and on an ongoing basis.

Appendix A

Deciding if a breach is “materially significant” and should be reported to The Regulator



Appendix B

Examples of breaches

Example 1

An employer is late in paying over employee and employer contributions and is in breach of the statutory period for making such payments. The employer is contacted by officers from the administering authority, it immediately pays the moneys that are overdue, and improves its procedures so that in future contributions are paid over on time. In this instance there has been a breach but members have not been adversely affected and the employer has put its house in order regarding future payments. The breach is therefore not material to The Regulator and need not be reported.

Example 2

An employer is late in paying over employee and employer contributions, and is in breach of the statutory period for making such payments. It is also late in paying AVCs to the AVC provider. It is contacted by officers from the administering authority, and the employer eventually pays the monies that are overdue, including AVCs to the AVC provider. This has happened before, and there is no evidence that the employer is putting its house in order. In this instance there has been a breach that is relevant to The Regulator, in part because of the employer's repeated failures, and also because those members paying AVCs will typically be adversely affected by the delay in investing their AVCs.

Example 3

An employer is late in submitting its statutory year-end return of pay and contributions in respect of each of its active members and as such it is in breach. Despite repeated reminders it still does not supply its year-end return. Because the administering authority does not have the year-end data it is unable to provide annual benefit statements to the employer's members by 31 August. In this instance there has been a breach which is relevant to The Regulator, in part because of the employer's failures, in part because of the enforced breach by the administering authority, and also because members are being denied their annual benefits statements.

Example 4

A pension overpayment is discovered. The administering authority has failed to pay the right amounts to the right person at the right time and a breach has therefore occurred. The overpayment is however, for a modest amount and the pensioner could not have known that they were being overpaid. The overpayment is therefore waived. In this case there is no need to report the breach as it is not material.

Appendix C

Form to report a breach to the Monitoring Officer

Name of Reporter:	
Position:	
Telephone number	
Email address	
Address	
Description of the breach (please include any relevant dates)	
Do you believe that the breach is of material significance to The Pensions Regulator?	
Please give your reasons	
Have you reported the breach to The Pensions Regulator?	
Please give your reasons	

Please send the completed form by email or post to:
Phillippa Cockerill
Monitoring Officer
North Yorkshire Pension Fund
County Hall
Northallerton
North Yorkshire
DL7 8AL
Telephone: 01609 535879
E-mail: Phillippa.cockerill@northyorks.gov.uk

Appendix D

Example Record of Breaches

Date	Category	Description of Breach	Cause of Breach	Effect of Breach & Wider Implications	Response to Breach	Sent to PFC	Sent to PB	Outcome of Referral	Reported to Regulator	Progress Review 1	Progress Review 2
30/9/2015	Contributions	No employer or employee contributions paid by employer for two months (June and July) Queried with employer on 23/8/215	Employer advised Fund on 26/8/2015 that late payment of contribution due to installation of new payroll system and outstanding contribution will be paid without delay	Where contributions remain outstanding for more than 90 days, then likely to be of material significance to The Regulator	Investigations showed that the employer had not previously been late in paying contributions. Not reported as outstanding contribution paid over on 31/08/2015 and therefore not of material significance as paid within 90 days of the due date	Y	Y	Position noted. As contributions were received within a reasonable timeframe it was confirmed no requirement to report	N	Contributions for August paid on 19/09/2015	Monitor payments on 19/10/2015 to ensure that late payment was a one off failure
1/12/2017	Regulations	Regulation 40 Death Grant payments	Failure to identify beneficiaries of estate of deceased. Correct procedure not followed.	Member died in service without an expression of wish form. Fund did not identify correct dependents, leading to possible 2 nd payment of death grant. Dependent, a long term partner of deceased appealed the decision to pay on strength of letters of administration. Recipient Relative identified by probate office refused to repay death grant.	Investigations showed that the Probate office was limited by their regulations which pre-judged against a partner and Fund had failed to recognise this.	Y	Y	Position noted. As staff training is being provided and policy updated no further action taken. Overpaid death grant written off by Fund.	N	Ensure all staff trained and policy updated.	Procedure documented and incorporated into system



North Yorkshire Pension Fund

Privacy Notice

April 2019

Deleted: October 2018



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

North Yorkshire Pension Fund – Privacy Notice

This Privacy Notice is designed to help you understand how and why North Yorkshire County Council processes your personal data in relation to the North Yorkshire Pension Fund. This notice should be read in conjunction with the County Council's Corporate Privacy Notice and Employment Privacy Notice.

Who are we?

The North Yorkshire Pension Fund (NYPF) is responsible for the administration of the Local Government Pension Scheme (LGPS). The service is carried out by North Yorkshire County Council (NYCC) and for the purposes of the Data Protection Act 2018 NYCC is the Data Controller.

What Personal Data of mine do you collect?

The types of data we hold and process will typically include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth and national insurance number.
- Information relating to your benefits in the Fund, including length of service or membership and salary.
- Other information in relation to your membership of the Fund or to enable the calculation or payment of benefits, for example bank account details.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.

We obtain some of this personal data directly from you. We may also obtain data from your employer (for example, salary information) and from other sources including public databases

What is the purpose of collecting my Personal Data?

NYPF collects and processes this data in order to provide you and your beneficiaries with pension benefits. We will also use this personal data for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested), and to comply with our legal obligations.

Who do you share this data with?

From time to time we will share your personal data with third parties, including our contractors, advisors, dispute resolution and law enforcement agencies and insurers in order to comply with our obligations under law, and in connection with the provision of services that help us carry out our duties, rights and discretions in relation to the Fund.

We are also required in certain circumstances to share your information with government organisations such as Her Majesty's Revenue and Customs (HMRC) and the Department for Work and Pensions (DWP) so that they can monitor our performance and ensure that public funds are safeguarded.

We will share your data with any persons in connection with any transfer of employment under TUPE (Transfer of Undertakings (Protection of Employment) regulations) that results in a transfer to another pension scheme.

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Deleted: The data we process includes:¶
<#>National Insurance number¶
<#>Name (including Title)¶
<#>Sex¶
<#>Marital status¶
<#>Date of birth¶
<#>Address¶
<#>Date joined and left fund¶
<#>Salary, contribution rate, and hours¶
<#>Employer, job title, and post¶
<#>Information about your health that is used for payment of ill health retirement benefits¶

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In order to comply with statutory and contractual obligations, the NYPF may share or disclose your information with any of the following recipients as may be necessary to administer the scheme:

Name and type of service/adviser	Reasons for sharing data
Aon Hewitt <i>Scheme Actuary* and Scheme Benefits Consultant</i> Aon Hewitt's Privacy Notice	To calculate the value of the scheme's assets and liabilities, to set employer contribution rates, to calculate specific benefits or to advise on scheme administration functions <i>(*An adviser on financial questions involving probabilities relating to mortality and other contingencies)</i>
Prudential <i>Scheme AVC Provider*</i>	To facilitate the creation and maintenance of individual member's AVC accounts <i>(*The NYPF is required by law to have an Additional Voluntary Contributions (AVC) provider. The NYPF partners with Prudential to provide AVC options to its members. Through that arrangement, Prudential hold and process your data in order to administer your AVC account.)</i>
Citibank <i>Overseas Payments Provider</i>	To transmit payments to scheme members with non-UK bank accounts
Local Government Association <i>LGPS National Insurance Database</i>	To enable the NYPF to identify if its members have benefits in other LGPS schemes to ensure that appropriate benefits are paid
Department for Work and Pensions <i>DWP Tell Us Once Service</i>	To enable the NYPF to be notified of the death of a scheme member
Accurate Data Services <i>Life Existence Checks</i> <i>Address tracing</i>	To enable the NYPF to be notified of the death of a scheme member To enable the NYPF to pay pension benefits to a scheme member
ITM <i>Guaranteed Minimum Pension (GMP) reconciliation service</i>	To enable the NYPF to reconcile GMPs with HMRC
Government Actuary's Department <i>National LGPS Cost</i>	To facilitate the calculation of the triennial assessment of the cost of the LGPS on a national basis as per the Public Service Pensions Act 2013
Other LGPS administering authorities <i>Scheme managers of other LGPS funds</i>	To determine pension benefit entitlements

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How long do you keep this data for?

In order to make pension payments to members and subsequent beneficiaries, the fund has determined that it must retain a member's data for 50 years following the death of the last beneficiary.

NYPF will retain as much information as is necessary to enable any future queries regarding benefits to be answered fully and accurately.

Do you transfer my data outside of the European Economic Area (EEA)?

If you live outside of the EEA, then information, including your address, could be disclosed to agents overseas in order to make your pension payments and to comply with local legislation. This will only happen if you instruct us to send your payments overseas.

Please see the County Council's corporate privacy notice for more information in regards to international data transfers.

What are my Data Protection rights?

Data Protection legislation gives you, the data subject, a number of rights in regards to your personal information. The County Council has a dedicated webpage which explains what these rights are and how you can exercise them.

What is your legal basis for processing this data?

GDPR Article 6(1)(b) The processing of your personal information is necessary for the performance of a contract to which you are party (employment contract).

GDPR Article 9(2)(b) The processing of your special category data is necessary for the carrying out of obligations and exercising specific rights of the data controller or of the data subject in the field of employment.

The legal basis for our use of your personal data will generally be one or more of the following:

- a) [we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund;](#)
- b) [we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body;](#)
- c) [we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund;](#)
- d) [we need to process your personal data to meet our contractual obligations to you in relation to the Fund \(for example, under an agreement that you will pay additional voluntary contributions to the Fund\), or to take steps, at your request, before entering into a contract.](#)

Who to contact

The Council has appointed [Veritau Ltd](#) to be its Data Protection Officer. Their contact details are:

Information Governance Office
Veritau Ltd
County Hall
Racecourse Lane
Northallerton
DL7 8AL
infogov@northyorks.gov.uk / 01609 532526

This privacy notice is designed to help you understand how and why North Yorkshire County Council processes your personal data in relation to the North Yorkshire Pension Fund. This notice should be read in conjunction with the County Council's corporate privacy notice and employment notice.

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¶
The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [SI 2013/2734] as amended by:¶
The Pensions Act 2011(Transitional, Consequential and Supplementary Provisions) Regulations 2014 [SI 2014/1711]¶
The Occupational and Personal Pension Schemes (Disclosure of Information) Amendment Regulations 2015 [SI 2015/482] and¶
The LGPS Regulations 2013 up to and including the amendments made through Statutory Instrument 2015 No. 755 (LGPS REGS)

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North Yorkshire Pension

Memorandum of Understanding regarding Compliance with Data Protection Law



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

Local Government Pension Scheme

Memorandum of Understanding regarding Compliance with Data Protection Law

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5. Rights of Members
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Introduction

- 1.1 The Local Government Pension Scheme (“**LGPS**”) in England and Wales is an occupational pension scheme registered under section 153 of the Finance Act 2004 and its rules are currently set out in The Local Government Pension Scheme Regulations 2013 (SI 2013/2356) as amended (“**LGPS Regulations**”).
- 1.2 The LGPS is administered locally by administering authorities who are defined in Regulation 2 of the LGPS Regulations and listed in Part 1 of Schedule 3 of the LGPS Regulations.
- 1.3 North Yorkshire County Council (NYCC) is an administering authority under the LGPS Regulations. NYCC manages and administers the North Yorkshire Pension Fund (the **NYPF**) within the LGPS in accordance with its statutory duty under Regulation 53 of the LGPS Regulations. Employers with employees who are eligible to be members of the LGPS will participate in the NYPF as a “**Scheme Employer**” (as defined in schedule 1 of the LGPS Regulations).

NYCC and the Scheme Employer (together the “**Parties**”) are required to share personal data relating to the Scheme Employer’s current and former employees who participate in the NYPF (the “**Members**”) and their dependants. This is in order for NYCC to fulfil its statutory duties to manage and administer the NYPF under Regulation 53 of the LGPS Regulations and provide the Members with benefits upon retirement, pay ill-health benefits, pay death grants, pay survivors’ pensions to Members’ spouses, civil partners and co-habiting partners, pay children’s pensions upon the death of the Member and offer Members the option of paying additional voluntary contributions to one or more providers in accordance with Regulations 1 – 52 of the LGPS Regulations.

- 1.4 Scheme Employers are under a statutory obligation, as detailed in Regulation 80 of the LGPS Regulations, to provide certain personal data relating to its Members on an annual basis to NYCC, including the Member’s name, gender, date of birth, national insurance number, pensionable pay, employer and employee pension contributions, details of any additional pension contributions and additional voluntary contributions.
- 1.5 This Memorandum of Understanding sets out:
 - (a) the basis on which data will be shared between the Parties;
 - (b) NYCC’s expectations of the Scheme Employer during its participation in the NYPF;in order to comply with Data Protection Law, including the General Data Protection Regulation (2016/679) (“**GDPR**”) which will have direct legal effect in the UK from 25 May 2018.
- 1.6 References to “**Data Protection Law**” in this Memorandum of Understanding mean:
 - (a) the Data Protection Act 1998,
 - (b) the Data Protection Directive (95/46/EC),
 - (c) the Electronic Communications Data Protection Directive (2002/58/EC),
 - (d) the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) (as amended),
 - (e) the General Data Protection Regulation (2016/679);

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and all applicable laws and regulations relating to personal data and privacy which are enacted from time to time, including (where applicable) the guidance and codes of practice issued by the Information Commissioner's Office and any other competent authority.

2 Data Controllers

2.1 The Parties acknowledge that they will:

- (a) not hold a pool of joint data;
- (b) be separate and independent data controllers in relation to the copies of the Members' personal data they respectively hold;
- (c) act as data controller in relation to personal data transferred to them;
- (d) each be responsible for complying with the requirements in Data Protection Law that are applicable to them as data controllers.

2.2 References to Members' personal data includes personal data relating to the Members' dependants (including children) and spouses/civil partners (where applicable).

3 Data Sharing

3.1 The Parties confirm that they understand their respective obligations under Data Protection Law as data controllers and agree to only process personal data relating to the Members:

- (a) fairly and lawfully and in accordance with the data protection principles set out in Data Protection Law;
- (b) where there are lawful grounds for doing so; and
- (c) in accordance with Data Protection Law and best practice guidance (including the Data Sharing Code issued by the Information Commissioner's Office and updated from time to time).

3.2 Each Party will separately inform the Members (as required under Data Protection Law) of the respective purposes for which they will each process their personal data and provide all required information to ensure that the Members understand how their personal data will be processed in each case by NYCC or the Scheme Employer (as applicable). The Scheme Employer's privacy notice to Members will inform them that their personal data will be provided to NYCC and a copy of that notice will be provided to NYCC on request.

3.3 Each Party confirms that it understands its respective obligations under Data Protection Law:

- (a) to ensure that the Members' personal data of which it is a data controller is kept and used securely at all times
- (b) to take such technical and organisational security measures against unauthorised and unlawful processing of, accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to the Members' personal data transmitted, stored or otherwise processed as may be required.

Such measures will have due regard to the state of technological development and the cost of implementation of these measures, to ensure a level of security appropriate to the harm that might result from such processing and the nature, scope, context and purposes of processing the Members' personal data and the risk or likelihood and severity for the rights and freedoms of data subjects.

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Such measures will ensure:

- (a) the ongoing confidentiality, integrity, availability and resilience of processing the Members' personal data;
- (b) the ability to restore the availability and access to the Members' personal data in a timely manner in the event of a physical or technical incident;
- (c) carrying out of regular testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing.

3.4 Each Party undertakes to notify the other as soon as practical if an error is discovered in the Members' personal data of which it is a data controller and which was received from or a copy of which has been provided to the other Party. This will ensure that such other Party is then able to correct its own records. This will happen whether the error is discovered through existing data quality initiatives or is flagged up through some other route (such as the existence of errors being directly notified to NYCC or the Scheme Employer (as appropriate) by the Member (or the Member's dependants, spouse/civil partner, themselves).

4 Transfer of Members' personal data

4.1 The Parties agree that Members' personal data will only be transferred from one Party to the other via an acceptable method specified by NYCC which may include any of the following:

- (a) secure email
- (b) SFTP link
- (c) access secure website

4.2 Each Party will, when transferring the Members' personal data of which it is the data controller to the other Party, ensure that that data is secure during transit (whether physical or electronic).

4.3 If either NYCC or the Scheme Employer appoints professional advisers, third party administrators or another entity which provides other services involving the transfer of Members' personal data, those third parties will be data processors or data controllers in their own right. NYCC or the Scheme Employer (as applicable) will comply with its own obligations in accordance with Data Protection Law (in particular, by ensuring that any entity to which it transfers Members' personal data also complies with Data Protection Law) and shall ensure that nothing in the terms of engagement between NYCC or the Scheme Employer (as applicable) and such third party would contradict this Memorandum of Understanding.

5 Rights of Members (including the Member's dependants, spouses/civil partners (where applicable))

5.1 Each Party shall, in respect of the personal data of which it is a data controller, respond to any requests from Members to have access to any of their personal data or a complaint or enquiry relating to that Party's processing of the Members' personal data received by that Party in line with its own obligations under the Data Protection Law.

5.2 Each Party agrees to provide reasonable assistance to the other as is necessary to enable the other Party to comply with any such requests in respect of Members' personal data of which that Party is a data controller and to respond to any other queries or complaints from Members.

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6 Data Security Breaches and Reporting Procedures

6.1 Each Party confirms that it understands its respective obligations under Data Protection Law in the event of any personal data breach, unauthorised or unlawful processing of, loss or destruction of or damage to any of the Members' personal data, including (where necessary) an obligation to notify the Information Commissioner's Office and/or the Member(s).

7 Responsibilities of Scheme Employers

7.1 Notwithstanding the statutory obligations which apply to Scheme Employers under the LGPS Regulations and as a data controller under Data Protection Law, NYCC, as Administering Authority for the Fund, expects participating Scheme Employers to comply with the responsibilities set out below in relation to Members' personal data.

7.2 On request, the Scheme Employer will inform the Pensions Technical Compliance Team Leader at NYCC of any qualified person appointed to fulfil the role of data protection officer ("DPO") together with their contact details. If the Scheme Employer has not appointed a DPO, they will, on request, inform the Pensions Technical Compliance Team Leader at NYCC of the details of a nominated person for GDPR compliance purposes.

7.3 The Scheme Employer will demonstrate to NYCC's satisfaction when dealing with ill health early retirement applications for current employees that explicit Member consent has been received which gives consent to processing by both the Scheme Employer and NYCC. In the absence of such consent, NYCC may not be able to process the Member's application.

7.4 The Scheme Employer acknowledges the financial penalties that can be imposed by the Information Commissioner's Office in relation to breaches of Data Protection Law and will inform NYCC immediately it becomes aware it may be liable to pay such a financial penalty. The Scheme Employer further acknowledges that any liability it may have to pay a financial penalty to the Information Commissioner's Office may result in a revision of the rates and adjustments certificate in accordance with Regulation 62(7) of the LGPS Regulations.

8 Compliance with the Memorandum of Understanding

8.1 Failure by the Scheme Employer to comply with the terms set out in this Memorandum of Understanding may result in NYCC reporting the Scheme Employer's non-compliance to the Information Commissioner's Office;

9 Review and Amendment of Memorandum of Understanding

9.1 NYCC will review the Memorandum of Understanding from time to time. NYCC reserves the right to amend the Memorandum of Understanding at any time and with immediate effect and will provide written notice to the Scheme Employer of such amendment.

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