

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

23 February 2017

MEMBER AND EMPLOYER ISSUES

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

1.1 To provide Members with information relating to membership movements, performance of benefits administration as well as related events and activity over the year to date as follows;

- | | |
|--|-----------------|
| (a) Admission Agreements and New Academies | (see section 2) |
| (b) Membership Analysis | (see section 3) |
| (c) Administration Performance | (see section 4) |
| (d) Member Training | (see section 5) |
| (e) Meetings Timetable | (see section 6) |

2.0 Admission Agreements and New Academies

2.1 The latest position re Admission Agreements is described in the table at **Appendix 1**.

2.2 A request has been received from City of York Council for approval to be given for an admission agreement to be created to allow the continued access to the Local Government Pension Scheme (LGPS) for staff working in City of York Council's music service. A report is included as **Appendix 2**. Members are asked to approve this admission agreement.

2.3 The list of schools known to have converted to academy status in 2016/17 is also included in **Appendix 1**.

3.0 Membership Analysis

3.1 The membership movement figures for quarter 3 of 2016/17 are as follows.

Membership Category	At 31/03/15	+/- Change (%)	At 31/03/16	+/- Change (%)	At 31/12/16
Actives	34,990	-3.4	33,796	-2.2%	33,027
Deferred	30,591	+3.7	31,718	+3.1%	32,692
Pensioners*	18,451	+5.2	19,414	+4.2%	20,238
Total	84,032		84,928		85,957

*Figures include spouses' and dependants' pensions

3.2 The overall number of pensioners continues to increase which is consistent with the experience since 1 April 2014 (when members could take their benefits from age 55 onwards rather than having to wait until age 60). Active membership has been revised downwards as a result of the data cleansing exercise that took place as part of the Triennial Valuation process.

3.3 The breakdown of retirements across the Fund in Quarter 3 of 2016/17 is at **Appendix 3**.

4.0 Performance of the Pensions Administration Team

4.1 The performance figures for the third quarter of 2016/17 are as follows:

Performance Indicator	Target in Q1	Achieved
Measured work achieved within target	98%	98%
Customers surveyed ranking service good or excellent	94%	94.6%
Employer satisfaction with the service ranked good or excellent	90%	100%
Reduce reliance on customer helpline. Phone queries reduced as a proportion of customer contacts to <29%	29%	33%
Increase numbers of registered self-service users by 700 per quarter	700	1,088 (total increased from 13,430 to 14,518)

Total sickness absence in Q3	4.5 days per employee	1.35 days per employee
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- 4.2 Performance remained stable for this quarter.
- 4.3 Telephone queries have reduced following the completion of the Annual Benefit Statement exercise. The Pensions Helpline options have been updated to provide more detailed wording to signpost members to the correct section, depending on the reason for their call. It is hoped that calls from pensioners in particular will be more appropriately directed to colleagues in the NYCC's Employment Support Services who carry out the pensioner payroll function for NYPF.
- 4.4 The target for this year has been changed to an increase per quarter of 700 new registered users rather than focussing on the overall total. This target was chosen as ambitious but achievable. There has been an increase of 1,088 new users in Quarter 3.

5.0 Member Training

- 5.1 The Member Training Record showing the training undertaken over the year to 31 December 2016 is attached as **Appendix 4**.
- 5.2 Upcoming courses, seminars and conferences available to Members are set out in the schedule attached as **Appendix 5**. Please contact Gary Bowden (01609 532520 or email gary.bowden@northyorks.gov.uk) for further information or to reserve a place on an event.

6.0 Meetings Timetable

- 6.1 The latest timetable for forthcoming meetings of the Committee and Investment Manager meetings is attached as Appendix 6.

7.0 Recommendations

- 7.1 Members are asked to note the contents of this report.
- 7.2 Members to approve the request for an admission agreement in **Appendix 2**, referred to in **paragraph 2.2**.

GARY FIELDING
Treasurer

Central Services
County Hall
Northallerton

10 February 2017

LATEST POSITION RE ADMISSION AGREEMENTS

Admission Agreement	Current Position and Action to Be Taken (If Applicable)
ABM Catering Limited providing catering services for the Joseph Rowntree School (City of York Council)	Joseph Rowntree School has awarded the contract for catering services to ABM Catering Limited from 1 September 2016. An admission agreement has been drafted to allow three staff to continue to contribute to the Local Government Pension Scheme.
The Wilberforce Trust providing the Sensory Support Hub for the City of York Council	The City of York Council has awarded the contract for the Sensory Support Hub to The Wilberforce Trust from 1 April 2017. An admission agreement has been drafted to allow two staff to continue to contribute to the Local Government Pension Scheme.
Bulloughs Cleaning Services Ltd providing cleaning services for Our Lady Queen of Martyrs School (City of York Council)	Our Lady Queen of Martyrs School (a voluntary aided school) has awarded the contract for cleaning services to Bulloughs Cleaning Services Ltd from 15 December 2016. An admission agreement has been drafted to allow two staff to continue to contribute to the Local Government Pension Scheme.

LATEST ACADEMY ADMISSIONS

Original name of school	Date of conversion/ current position	Name of academy after conversion
Archbishop Holgate's School (York)	Schools converted to academies on 1 August 2016	Schools became part of Pathfinder Multi Academy Trust
Badger Hill Primary School (York)		
Hempland Primary School (York)		
Heworth CE Primary School (York)		
Scarborough University Technical College	Created on 1 September 2016	University Technical Colleges are treated in the same way as academies under LGPS rules – non-teaching staff must be able to join the LGPS
Forest of Galtres Primary School	School converted to an academy on 1 December 2016	School became part of the Hope Learning Trust
Camblesforth CP School	School converted to an academy on 1 January 2017	School became part of the Ebor Academy Trust

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

23 FEBRUARY 2017

Potential Admission Agreement – York Arts Education

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of a request which has been received from City of York Council for approval to be given for an admission agreement to be created to allow the continued access to the Local Government Pension Scheme (LGPS) of staff working in City of York Council's music service. It is planned that the services will move to a community interest company arrangement on 1 April 2017.
- 1.2 For a decision to be made on whether to approve the request.

2.0 Reason for the Request

- 2.1 A community interest company model has been chosen by the City of York Council to provide their music service. The new organisation will be called 'York Arts Education'. An admission agreement would be required to allow continued membership of the LGPS for the two members of staff who are currently paying into the Scheme. The new organisation would become a 'community admission body' under the LGPS Regulations.
- 2.2 The North Yorkshire Pension Fund Admission and Termination Policy requires that admission agreements relating to 'community admission bodies' must be approved by the Pension Fund Committee.

3.0 Background to the Changes in Service Delivery

- 3.1 City of York Council has provided background information on the change in the provision of services which currently involves two existing entities; York Music Hub and York Arts Education. It has been confirmed that York Music Hub is a strong and developing partnership including key providers of music education within York. It was established in August 2012 and works with Arts

Council England to support the delivery of The National Plan for Music Education. York Arts Education is a City of York Council service which has a long and successful tradition of high quality delivery and partnership working.

York Arts Education receives no financial support from City of York Council but does receive support 'in kind' in the form of accommodation and support services.

- 3.2 York Arts Education is the York Music Hub's lead delivery partner. It employs 2 full-time managers and approximately 25 part-time tutors many of whom are qualified teachers. It has been decided that City of York Council is no longer best placed to provide this service. City of York Council does not fund the activity and no longer has a management infrastructure capable of supporting it.
- 3.3 It has therefore been agreed that it is not appropriate for City of York Council to continue to be involved in this area of activity; however, it is a valued service in the City and it has been concluded that City of York Council should ensure that robust, alternative arrangements are made for the future. A proposal has been put forward by the management of the service to set up a community interest company to operate the service. This would be able to:
 - Operate as a business increasing its proportion of earned income
 - Be more responsive to the needs of the Hub through a commissioned arrangement
 - Increase user involvement in the service
- 3.4 The new community interest company will be the delivery body for the City's "Music Hub" under the National Plan for Music Education (a function currently carried out by City of York Council). The provision that the community interest company will carry out as the delivery partner of the "Music Hub" includes:
 - Music education across the age range and supported both in and out of school
 - Whole class ensemble teaching programmes as part of National Curriculum for music in all maintained schools for five to fourteen year olds
 - Opportunities to play in ensembles and to perform
 - Assuring the standards and quality of provision
 - Ensuring that activity reflects the strengths of the partners involved and is complementary
 - Providing Continuing Professional Development for teachers
- 3.5 The contract would be for a period of 3 years.
- 3.6 The key drivers for considering the transfer of the services to a community interest company model are to:
 - Operate more effectively and in a business-like manner

- Increase its proportion of earned income
- Be more responsive to the needs of the Hub through a commissioned arrangement
- Increase user involvement in its governance

4.0 Potential Risks for the Pension Fund

- 4.1 The main risk is that unfunded liabilities will fall on the North Yorkshire Pension Fund at the time the admission agreement ceases as the liabilities cannot be fully met by the admission body and the original transferring employer (City of York Council) is also unable to make good the shortfall.
- 4.2 Although assurances have been given regarding the funding of the basic level of services it is still vital that City of York Council provide a subsumption guarantee to the admission agreement as there is no evidence that York Arts Education would be able to cover any unfunded liabilities at the end of the admission agreement.

5.0 Commitment to be made by City of York Council

- 5.1 City of York Council will act as guarantor for the duration of the contract. A subsumption commitment will be included in the admission agreement so that the assets and liabilities of the community interest company will be subsumed by City of York Council if the community interest company ceases to exist and can't make good any shortfall.
- 5.2 A business plan has been drawn up for the community interest company by the owners of the company in collaboration with the City of York Council's Finance Team. The Finance Team are satisfied with the robustness of the plan which bases its income and expenditure projections on the Council's experience of operating the service and the conclusion of the Team is that the plan is entirely prudent in relation to the future assumptions. Set up costs are funded by City of York Council. The plan reflects the costs of operating the company outside of City of York Council including the provision of external support services. The business plan is projected to March 2020 and the Finance Team have indicated that the plan shows a stable financial position.
- 5.3 The majority of the community interest company's income derives from the 'Music Hub grant'. The government has recently announced the extension of this funding to at least March 2020. The transfer of City of York Council staff to the community interest company is dependent upon the Hub entering into a contract with the community interest company, guaranteeing the company this income to at least March 2020. The company will seek to diversify its sources of income over the next three years in order to be less dependent on the Music Hub grant after March 2020; however, no assumptions are made about this in the business plan.
- 5.4 The City of York Council has agreed to assist the community interest company by providing a guarantee up to March 2020, in respect of

redundancy costs for staff transferring, in the event that it fails to obtain further Hub funding or the amount of funding is reduced leading to redundancies.

- 5.5 Whilst City of York Council has no direct stake in or control of the community interest company it retains a stake in the over-arching Music Hub that will control this provision via a contract. Specifically, City of York Council will be one of the trustees. This contractual relationship will ensure that the educational functions currently delivered by the Council will continue to be delivered by the community interest company.
- 5.6 If the community interest company failed the staff would transfer back to City of York Council if an alternative provider could not be procured.
- 5.7 It is not possible to predict the possible long-term success of the community interest company, nor can a view be taken on whether there will be radical changes in the national policies, framework or legislation under which the new arrangement will operate and any impact such changes may have of City of York Council's responsibilities. The strength of City of York Council's assurance does, however, indicate that everything necessary will be done to safeguard the Pension Fund under any potential admission agreement for the life of the admission agreement and on termination.

6.0 Actuarial and Legal Work

- 6.1 An assessment has been made by the legal adviser to NYPF, Ward Hadaway, of whether the model chosen would permit the creation of an admission agreement. They have confirmed that an admission agreement would be appropriate, given the intended legal identity of the organisation.
- 6.2 The employer contribution rate has not yet been calculated but the appropriate actuarial assessment would be carried out should approval be given.

7.0 RECOMMENDATIONS

- 7.1 Given the assurances provided by City of York Council, that Members approve the request.

GARY FIELDING
Treasurer
Central Services
County Hall
Northallerton

Background documents: None

NORTH YORKSHIRE PENSION FUND
Cumulative Total of Retirements from 1 April 2016 to 31 December 2016

<i>Employer</i>	<i>Normal</i>	<i>Ill-Health</i>		<i>Efficiency/ Redundancy/ Employers Consent</i>	<i>Total</i>
		<i>Actuarial Assumption^e</i>	<i>Actual</i>		
003 - Whitby Town Council	1	-	-	-	1
007 - Scarborough BC	6	2	3	8	17
009 - Hambleton DC	5	1	-	2	7
010 - Ryedale DC	3	1	1	6	10
011 - Harrogate BC	22	2	2	8	32
012 - Richmondshire DC	3	1	-	-	3
013 - Selby DC	3	1	1	3	7
014 - Craven DC	1	1	-	-	1
016 - York St John University	11	-	-	20	31
018 - N/Allerton Burial Board	1	-	-	-	1
020 - York	55	9	9	13	77
025 - NYCC	242	22	2	24	268
041 - Skipton Town Council	1	-	-	-	1
051 - NY Fire and Rescue	4	1	1	2	7
052 - NY Moors NP	1	-	-	-	1
053 - Yorkshire Dales NP	-	1	1	2	3
055 - Uni of Hull	5	-	-	-	5
056 - Malton Town Council	1	-	-	-	1
057 - Yorkshire Housing	8	1	1	-	9
060 - Northallerton TC	1	-	-	-	1
061 - Askham Bryan College	2	1	-	-	2
062 - Craven College	2	1	-	-	2
065 - Selby College	4	-	-	-	4
068 - Scar 6 th Form College	1	-	-	-	1
074 - York College	5	-	-	-	5
077 - Craven Housing	6	-	-	-	6
080 - Yorkshire Coast Homes	1	-	-	-	1
102 - South Craven School	1	-	-	-	1
103 - Archbishop Holgate Sc	2	-	-	-	2
104 - Norton College	3	-	-	-	3
106 - Manor CE Academy	-	1	1	-	1
110 - Ringway	5	1	1	-	6
113 - Harrogate High Acad	2	-	--	-	2
120 - Churchill Security	1	-	-	-	1
127 - Haxby Road Primary	1	-	-	-	1
128 - NY Police and Crime C	6	-	-	-	6

129 - NY Chief Constable	17	2	2	11	30
130 - Explore York	3	-	-	-	3
131 - Be Independent	2	-	-	-	2
132 - Housing 21	1	-	-	-	1
133 - Skipton Academy	1	-	-	-	1
139 - Roseberry Academy	2	-	-	-	2
144 - Stokesley School Acad	1	-	-	-	1
146 - Huntington Primary Sch	1	-	-	-	1
149 - SLM Scarborough	1	-	-	-	1
152 - Ebor Academy Filey	-	1	1	2	3
153 - Bishop Wheeler Acad	2	-	-	-	2
155 - Red Kite Learning Acad	1	-	-	-	1
156 - Yorkshire Causeway ST	4	-	-	-	4
157 - South Bank MAT	2	-	-	-	2
160 - Mouchel Kier	1	-	-	-	1
170 - Pathfinder MAT	1	-	-	-	1
174 - Camblesforth CP Acad	1	-	-	-	1
Others	-	1	-	-	-
TOTALS	457	51	26	101	584

(78%)

(5%)

(17%)

Quarter by quarter analysis					
Quarter 1	140		9	28	177
Quarter 2	213		7	57	277
Quarter 3	104		10	16	130
Quarter 4	-		-	-	-
	457	N/A	26	101	584

≠ **Estimated** actuarial assumptions re Ill-health numbers for the whole year - 2016/2017

Appendix 4

Date	Title or Nature of Course	Bateman B	Blackie J	De Courcey-Bailey M	Harrison-Topham R	Mulligan P	Swiers H	Weighell J	Clark J	Steward C	Portlock D	Hazeldine B	Unison (Vacancy)	Unison (Vacancy)
14-16 Oct 2015	NAPF Investment Conference	✓				✓	✓	✓						
17 Nov 2015	LGA Trustee Fundamentals										✓			
26 Nov 2015	NTCC Investment Manager Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
27 Nov 2015	Investment Manager Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓				
02-04 Dec 2015	LAPFF Annual Conference		✓											
26 Feb 2016	NTCC Investment Manager Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
9-11 Mar 2016	Investment Conference								✓					
16-18 May 2016	NAPF Investment Conference	✓							✓					
20 May 2016	NTCC Investment Manager Meeting	✓	✓	✓	✓	✓	✓	✓	✓					
7-9 Sept 2016	LGC Investment Summit	✓	✓											
16 Sept 2016	NTCC Investment Manager Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
5-6 Oct 2016	Baillie Gifford LGPS Pension Seminar		✓	✓		✓	✓	✓	✓					
19-21 Oct 2016	PLSA Annual Conference	✓	✓			✓								
2 Nov 2016	PLSA Local Authority Conference	✓												
25 Nov 2016	Investment Strategy Review	✓		✓	✓	✓	✓	✓	✓		✓			

UPCOMING TRAINING AVAILABLE TO MEMBERS

Provider	Course / Conference Title	Date(s)	Location	Themes / Subjects Covered
CIPFA	Members local pension board spring seminar	1 March 2017 1.30pm – 4.30pm	Albion Street Leeds	Latest information updates, training on specific topics and opportunities for discussion and networking with members of other Funds' Boards.
LGC	Investment Seminar	2-3 March 2017	Carden Park Cheshire	Government's Efficiency Challenge and Other Emerging Issues. Strategic Asset Allocation. Governance and Accountability.
PLSA	Investment Conference	8-10 March 2017	EICC Edinburgh	Key Investment Choices, Challenges and Changes Faced by Institutional Investors.
PLSA	Local Authority (Pension) Conference	15 – 17 May 2017	Cotswold Four Pillars Hotel Gloucestershire	Keynote speeches, specialist break-out sessions, Learning Zone, fringe meetings, a welcome drinks reception, conference gala dinner and exhibition.
LGA	14 th Annual LGPS "Trustees' Conference	29 – 30 June	Highcliff Marriott Hotel Bournemouth	Pooling, Brexit (Article 50), MIFID II, - precise subjects TBC

PENSION FUND COMMITTEE TIMETABLE FOR MEETINGS IN 2016, 2017 AND 2018

Meeting Date	Time & Venue	Event	Fund Managers
23 February 2017	10am, Brierley Room	Pension Fund Committee	
24 February 2017	10am, Conservative Group Room	Investment Manager Meeting	Standard Life and Newton Investments
25 May 2017	10am, TBC	Pension Fund Committee	
26 May 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
06 July 2017	10am, TBC	Pension Fund Committee	
07 July 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
14 September 2017	10am, TBC	Pension Fund Committee	
15 September 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
23 November 2017	10am, TBC	Pension Fund Committee	
24 November 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
22 February 2018	10am, TBC	Pension Fund Committee	
23 February 2018	10am, TBC	Investment Manager Meeting	2 Managers TBC