

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

5 JULY 2018

GOVERNANCE ARRANGEMENTS

Report of the Treasurer

1.0 PURPOSE OF REPORT

1.1 To review a range of governance documents and for the Committee to approve; ratify; or note as appropriate:

- Investment Strategy Statement
- Governance Compliance Statement
- Communications Policy
- Risk Register
- Administering Authority Discretions Policy
- Internal Dispute Resolution Procedure (IDRP) Guide
- Statement of Compliance with UK Stewardship Code
- GDPR Privacy Notice
- GDPR Memorandum of Understanding

2.0 BACKGROUND

2.1 As Members will be aware the governance documents for the North Yorkshire Pension Fund are reviewed and approved annually by the Pension Fund Committee. 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.

2.2 The completed Annual Report will be presented to the PFC on 13 September 2018. The following governance documents form part of the Annual Report:

- Investment Strategy Statement
- Governance Compliance Statement
- Funding Strategy Statement
- Communication Policy

2.3 This year there has been a number of additional governance documents produced for the Fund, some for best practice purposes and others as required by new regulations. These new governance documents are described in section 3.4 below.

3.0 GOVERNANCE ARRANGEMENTS FOR NYPF

3.1 A description of each of the Fund's governance documents is included in the following paragraphs, together with comments on the changes that have been made since they were last approved and any actions that are required by the PFC. Where changes have been

made to previously approved versions then changes can be seen in tracked changes in the appropriate appendix.

3.2 Governance documents to be included in the Annual Report

- 3.2.1 The **Investment Strategy Statement (ISS)** sets out the Fund's approach to investing. The latest version of this document is attached as **Appendix 1** for Members to approve. There have been some minor changes to reflect the changes in the Investment Strategy following the recent review.
- 3.2.2 The **Governance Compliance Statement** describes the governance arrangements of the Fund. The latest version of this document has been attached as **Appendix 2** for Members to approve; the changes that have been made are relatively minor.
- 3.2.3 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 reviewed as part of the 2016 Triennial Valuation and an updated version was noted by Members at the 23 February 2017 PFC meeting. There have been no subsequent changes made since this meeting. Members are therefore not required to approve this document. The latest version of this document is attached as **Appendix 3**.

As part of this document there is an **Admissions and Terminations Policy** that outlines the Fund's policy on admissions into the Fund and the methodology used for assessing an exit payment when an admission body leaves the Fund. Due to recent amended regulations and changes in processes of the Fund, this document is in the process of being updated with input from the Actuary and the Fund's legal advisers and will be brought to the September meeting for Members to approve.

- 3.2.4 The **Communications Policy** attached as **Appendix 4**, details the policy for communicating with all the Fund's stakeholders. There have been some major changes made to this document to incorporate the communications strategy and make it simpler to read. It is proposed that we no longer produce a separate annual Communications Strategy document. This is so that all the relevant information is in one document making it easier for stakeholders to reference and to reduce the administrative burden on the Fund of having to maintain multiple documents every year. Members are asked to approve this new Communications Policy.

Progress made against the 2017/2018 Communications Strategy themes, approved as part of the last governance review, is detailed in the progress report attached as **Appendix 5**.

3.3 Other existing Governance Documents

- 3.3.1 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, three as amber and four 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 a potential risk that the Fund is no longer able to effectively implement its investment strategy.

Pension Fund solvency also remains a red risk, despite the latest funding level of 107%, 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.

- 3.3.2 To remind Members, a **Risk Management Policy** for the Fund was approved in the November 2017 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, so approval is not required by Members at this meeting. The latest version of this document is attached as **Appendix 8**.
- 3.3.3 The **Pensions Administration Strategy** will be brought to the September meeting for Members to approve as it is currently being updated to incorporate the proposed employer charging structure which cannot be finalised until the 2018 year end data analysis has been completed.
- 3.3.4 The **Administering Authority Discretions Policy**, attached as **Appendix 9**, 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 amended wording regarding the exercise of discretion relating to the payment of death lump sums following the last PFC meeting.
- 3.3.5 The **Internal Dispute Resolution Procedure (IDRP) Guide**, attached as **Appendix 10** for Members to approve, sets out how scheme members can resolve problems or complaints they may have about their pension benefits. The guide has been updated to better explain the process and clarify the timings of each stage.

3.4 **New Governance Policies**

- 3.4.1 Work has commenced on developing a NYPF Business Plan which will cover activities and objectives in the coming year with a broader outline of key activities over the subsequent 2 years. As a starting point officers have created an activity tracker which is attached as **Appendix 11** to identify the key tasks which need to occur each year for the Fund. This will ensure all key activities are captured and actioned as required.

Work has begun on the creation of an overarching Business Plan document which will provide an overview of the key objectives and targets for the NYPF. This document will be reviewed annually and will be brought to PFC for approval alongside the budget to ensure objectives and the budget are aligned.

- 3.4.2 An **NYPF Stewardship Code Compliance Statement** has also been developed this year. To remind Members this was brought to the February 2018 PFC meeting for approval and has since been submitted to the Financial Reporting Council (FRC) for consideration. Following discussions with the FRC, some recommended changes have been made to the statement and the latest draft version is attached as **Appendix 12**. Members are asked to approve these changes before they are resubmitted to the FRC for assessment.
- 3.4.3 The **General Data Protection Regulations (GDPR) Privacy Notice**, attached at **Appendix 13**, has been created following the GDPR regulations taking direct legal effect in the UK from 25 May 2018. This policy details how and why North Yorkshire County Council (NYCC) processes personal data in relation to the Fund. This is a matter of legal requirement and this Notice follows that of the administering Authority in order to ensure compliance but is included for information and completeness.
- 3.4.4 The **GDPR Memorandum of Understanding**, attached at **Appendix 14**, 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 but Members are asked to ratify this document.

3.4.5 The **Governance Roles and Responsibilities**, attached at **Appendix 15**, 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.

3.4.6 The **Breaches Policy** 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 since it was approved at the February 2018 PFC meeting, therefore approval is not required. The latest version of this policy is attached as **Appendix 16**.

4.0 NEXT STEPS

4.1 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 brought to the PFC in the September meeting and any feedback provided will be reflected in the governance documents where necessary. The Independent Professional Observer will attend the September meeting to discuss the governance of the Fund with Members.

4.2 The following governance documents will also be brought to the September PFC meeting for Members to approve:

- Admissions and Terminations Policy
- Pensions Administration Strategy
- NYPF Annual Report
- NYPF Business Plan

5.0 RECOMMENDATIONS

5.1 Members are asked to approve the following governance documents:

- Investment Strategy Statement (Appendix 1)
- Governance Compliance Statement (Appendix 2)
- Communications Policy (Appendix 4)
- Risk Register (Appendix 6 & 7)
- Internal Dispute Resolution Procedure (IDRP) Guide (Appendix 10)
- Statement of Compliance with UK Stewardship Code (Appendix 12)

5.2 Members are asked to ratify the:

- Administering Authority Discretions Policy (Appendix 9) and
- GDPR Memorandum of Understanding (Appendix 14).

5.3 Members are asked to note the progress report on the Communication Strategy 2017/18 (Appendix 5) and the GDPR Privacy Notice (Appendix 13)

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
NYCC
County Hall
Northallerton

22 June 2018

NORTH YORKSHIRE PENSION FUND

INVESTMENT STRATEGY STATEMENT

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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.

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

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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.](#)

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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%

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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.

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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.
<u>Insurance Linked Securities</u>	<u>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.</u>
<u>Property Debt</u>	<u>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.</u>
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

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(“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](#).

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North Yorkshire Pension Fund

Governance Compliance Statement

June 2018

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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

- 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 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 from the Investment Consultant and the Performance Measurer, regarding the investment performance of the appointed investment managers and the Fund overall
 - from time to time to 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 approve a Statement of Final Accounts and associated governance statements for submission to the Audit Committee
 - from time to time reporting to the Executive
- 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.

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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

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

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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 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. At least four supplementary meetings a year are normally held for 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).

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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 Myners first principle recommends that "decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively". There are also legal requirements set out in the LGPS regulations and other relevant legislation, as well as best practice guidance published by CIPFA and other professional and regulatory bodies.

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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 in order to properly exercise their duties

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.

Deleted: PFC has a clearly defined work plan

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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:

- 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
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

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
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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

Index

Section	Content
1	Introduction
2	Stakeholders
3	Objectives
4	What we communicate
5	Strategy
6	Key Documents
7	Further Information

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 contribute to 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

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.

Pension Fund Committee

- committee reports
- newsletters
- workshops
- third party training

Local Pension Board

- board reports
- newsletters
- third party training

Scheme Employers

- periodic electronic updates
- technical material
- dedicated website
- bespoke training
- Employers guide
- Pensions Administration Strategy
- Admission Agreements guide

Scheme Members

- Scheme guides
- Membership Certificate (Statutory Notice)
- estimate of benefits
- annual benefit statement
- newsletter
- membership data online
- electronic satisfaction surveys
- pensioner pay advice
- telephone helpline
- website

Prospective Scheme Members

- Scheme guides
- telephone helpline
- 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
- Annual Report
- Breaches 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

Telephone

01609 536335

Website

www.nypf.org.uk

Post

North Yorkshire Pension Fund
County Hall
Northallerton
DL7 8A

Appendix 5

Items in 2017/2018 Strategy	Summary of 2017/2018 Progress	Year End Status
Theme A: Simplified, targeted and timely communications for active members	Develop a simplified Annual Benefit Statement with links to online examples and clear explanations. The focus will be on easy to understand pension values to help with retirement planning.	Achieved
	Continue to promote online member self-service and e-communications. However, unless the member specifically requests this, the default will continue to be paper communications to their home address.	Achieved
	Develop a guide to explain the impact of reducing contractual hours. This will be useful for restructures and members who want to reduce hours as part of their retirement plan.	Achieved
	Develop a guide to explain the impact of reducing pensionable pay. This will be useful for restructures and members who want to change roles as part of their retirement plan.	Achieved
	Develop a guide to explain the ill health retirement process. This may help with the number of appeals when a member's application is refused.	In Progress
	Revisit the pension telephone helpline options to assist callers in getting to the right team at the first point of contact.	Achieved
	Collaborate with NYCC Employment Support Service and HR to develop retirement flowcharts for the intranet. These will be a useful tool to help members understand the processes when retiring.	Achieved
Theme B: Simplified, targeted and timely communications for employers	Review and amend, where appropriate, all employer administration forms.	In progress
	Update the existing 'Academy Factsheet' to give clearer guidance on the process, the employer's responsibilities and the full data requirements including developing a template spreadsheet.	Achieved
	Develop an Admissions Agreement guide for employers and contractors.	Achieved
	Collaborate with NYCC Employment Support Service and HR to develop retirement flowcharts for the intranet. These will be a useful tool to help line managers and HR understand the processes when a member is retiring.	Achieved
	Assist employers in updating their ill health process to include information from the Pensions Ombudsman. This may help reduce the number of appeals or assist employers when dealing with appeals	Ongoing
Continue to offer face to face training and support for new employers or new staff within existing employers	Ongoing	

Items in 2017/2018 Strategy	Summary of 2017/2018 Progress	Year End Status
Theme C: Simplified, targeted and timely communications for retired members	<p>A dedicated newsletter to include:</p> <ul style="list-style-type: none"> • Information on the National Fraud Initiative • How your family can avoid pension overpayments when you die • A reminder about the Pensioners' Representative • The Pensions Increase Review at April 2017 • Access to MyView for retired members • Scheme funding snapshot • How to get an electronic version of the newsletter <p>The newsletter is sent to pensioners' home addresses unless an e-version has been specifically requested.</p> <p>Revisit the pension telephone helpline options to assist callers in getting to the right team at the first point of contact.</p>	<p>Achieved</p> <p>Achieved</p>
Theme D: Simplified, targeted and timely communications for deferred members	<p>Develop a guide to explain the ill health retirement process from deferred status.</p> <p>Review and amend, where appropriate, the Annual Benefit Statement.</p> <p>Revisit the pension telephone helpline options to assist callers in getting to the right team at the first point of contact.</p> <p>Monitor the need for a newsletter in 2017/18; this is dependent on whether the amendment regulations are received. The newsletter would be sent to home addresses unless an email address is held on the deferred member's pension record.</p>	<p>In progress</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved (Amendment Regulations not received)</p>

Pension Fund

Risk Register: **May 2018 Review – summary**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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	4	30/11/2018	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	6	30/11/2018	M	M	H	L	M	2	Y	CD SR
◀▶	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	5	30/11/2018	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	30/11/2018	L	L	H	L	M	3	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	3	30/11/2018	L	L	L	L	M	5	Y	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	5	30/11/2018	M	L	L	L	L	5	Y	CSD SR Senior Accountant Pensions 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	30/11/2018	L	M	M	L	L	5	Y	CSD SR Senior Accountant Pensions



Pension Fund

Risk Register: **May 2018 Review – summary**
 Next Review Due: **November 2018**
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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
◀▶	44/14 - 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	2	30/11/2018	L	M	L	M	M	5	Y	CSD SR Head of Pensions Administration
▼	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 Head of Pensions Administration	L	M	L	M	L	5	4	30/11/2018	L	M	L	M	L	5	Y	CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration

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



Pension Fund

Risk Register: **May 2018 Review – summary**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

Likelihood	
Probability	H = > 60% or Probable M = 30% to 60% or Possible L = < 30% or Unlikely
Impact	
Objectives	H = Over 6 priorities adversely impacted M = 3-6 priorities adversely impacted L = Below 3 priorities adversely impacted
Financial	H = Substantial/Over 2% increase in contribution rate or loss of major opportunity M = Notable/0.5%-2% increase in contribution rate or loss of notable opportunity L = Minor/Up to 0.5% 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



Pension Fund

Appendix 7

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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	CSD SR 32/24	
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	Fri-30-Nov-18		0%	
Reduction	44/7 - Regular review of investment strategy to maximise investments; ongoing action linked to triennial valuations						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/1909 - Continue Investment strategy sessions with a view to developing de-risking options, in light on the current positive funding level; now implementing the de-risking options						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/1912 - Work through transition plan and new operation model for the new Pensions Pool; continuing to work through the transition and will implement operating model post pool go live in July 2018						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	M	Category	2
Phase 5 - Fallback Plan											
Fallback Plan	44/428 - Increased contribution rate from employers and/or extend recovery period								Action Manager		
									CSD SR Senior Accountant Pensions		



Pension Fund

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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			
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; pool legal advice; 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; legal advice coming through at fund and pool levels; ongoing advice being sought						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/163 - Keeping Members up to date, particularly new members following May 17 elections; on PFC agenda every quarter with update; update going to PFC in May incl. transition timetable						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/166 - Ensure Pension Board and employers are kept up to date on progress						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/167 - Ensure that PFC continue to be involved in key pooling decisions and informed of transition progress as we move towards June 2018; PFC being updated at May meeting						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		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	Fri-30-Nov-18		0%	
Reduction	44/1913 - Ensure post go live reporting and information is as required						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		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

Pension Fund

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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;								
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	Fri-30-Nov-18		0%	
Reduction	44/1878 - Quarterly monitoring of appropriateness of strategy against prevailing market conditions (including Brexit);						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/1879 - Monitor the Advisor and Consultants reports and act on professional advice						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/1895 - Continue to monitor the impact of MiFID II and ensure we are ready for January 2018 implementation, likely to involve discussions with fund managers and an "opt up"; – Papers all out to fund managers						CSD SR Senior Accountant Pensions	Thu-31-May-18	Thu-31-May-18	100%	
Reduction	44/1909 - Continue Investment strategy sessions with a view to developing de-risking options, in light on the current positive funding level; now implementing the de-risking options						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		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		



Pension Fund

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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											
						Action Manager	Action by	Completed	%		
Reduction	44/1887 - Continually review processes and procedures including authorisation levels					CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions	Fri-30-Nov-18		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	Fri-30-Nov-18		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	Fri-30-Nov-18		0%		
Reduction	44/1894 - Review of external manager audit and risk reports; reports are also viewed by internal audit					CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/434 - Review incident and update procedures/processes accordingly							CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions			



Pension Fund

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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	44/1893 - Effective communication with employers, with particular regard to customer expectations				CSD SR Head of Pensions Administration		Fri-30-Nov-18			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		Fri-30-Nov-18			0%		
Reduction	44/1911 - Implement the plans for the managed reduction of outstanding work				CSD SR Head of Pensions Administration		Fri-30-Nov-18			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				



Pension Fund

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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 gmt. 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								
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	Fri-30-Nov-18		0%		
Reduction	44/457 - Implement changes required following introduction of LGPS Amendment Regs 2018					CSD SR Head of Pensions Administration	Thu-31-May-18		0%		
Reduction	44/458 - GDPR - ensure training, policies, processes and privacy notice are completed					CSD SR Head of Pensions Administration	Thu-31-May-18		0%		
Reduction	44/1895 - Continue to monitor the impact of MiFID II and ensure we are ready for January 2018 implementation, likely to involve discussions with fund managers and an "opt up"; – Papers all out to fund managers					CSD SR Senior Accountant Pensions	Thu-31-May-18	Thu-31-May-18	100%		
Reduction	44/1910 - Seek to promote cross skilling within the section to improve resilience					CSD SR Head of Pensions Administration	Fri-30-Nov-18		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					

Pension Fund

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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	Fri-30-Nov-18		0%			
Reduction	44/1874 - Continue to meet/report to PFC by Fund Managers and assess critical analysis by advisers				CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%			
Reduction	44/1875 - Carry out when appropriate, a tender exercise and use best practice procurement process to ensure positive outcome re new investment manager(s)				CSD SR Senior Accountant Pensions	Fri-30-Nov-18		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				



Pension Fund

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

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											
							Action Manager	Action by	Completed	%	
Reduction	44/1884 - Regular review of contingency planning arrangements						CSD SR Head of Pensions Administration	Fri-30-Nov-18		0%	
Reduction	44/1898 - Sense check any IT recovery assumptions with Tech & Change run systems						CSD SR Head of Pensions Administration	Fri-30-Nov-18		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	M	Category	5
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	44/433 - Recourse to manual calculations and payments, Liaise with software provider to restore system, find alternative supplier									CSD SR Head of Pensions Administration	



Pension Fund

Risk Register: **May 2018 Review – detailed**
 Next Review Due: **November 2018**
 Report Date: **25th May 2018 (cpc)**

Phase 1 - Identification											
Risk Number	44/16	Risk Title	44/16 - Key Personnel				Risk Owner	CD SR	Manager	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	L	Objectives	M	Financial	L	Services	M	Reputation	L	Category	5
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	44/1901 - Ensure effective management and transition arrangements are in place pending any review of management structure						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/1905 - Continue to build resilience to meet current and anticipated future demands and complexity						CSD SR Head of Pensions Administration CSD SR Senior Accountant Pensions	Fri-30-Nov-18		0%	
Reduction	44/1907 - Carry out appropriate induction and ongoing training for new PFC members						CSD SR Senior Accountant Pensions	Fri-30-Nov-18		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	Fri-30-Nov-18		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	L	Category	5
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	44/441 - Identify temporary cover arrangements plus additional resources where required								CSD SR Senior Accountant Pensions CSD SR Head of Pensions Administration		



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

Administering Authority Discretions for North Yorkshire County Council



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 - Administering Authority Discretions

England and Wales

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), being discretions under:

- the Local Government Pension Scheme Regulations 2013 (prefix R)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (prefix TP)
- the Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]
- the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- the Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]

Discretion	Regulation	Exercised by	Agreed Discretion
Whether to agree to an admission agreement with a body applying to be an admission body	R3(5) & RSch 2, Part 3, para 1	Admin. Authority	The administering authority will enter into admission agreements to allow certain non-local government employers to participate in the fund with the agreement of the Pension Fund Committee providing all criteria of the administering authority can be met. The criteria include supplying financial protection to the Pension Fund in the form of a guarantor or bond. However, if the employer is a 'transferee admission body' and there is an obligation to enter into an admission agreement one will be set up providing the criteria are met.
Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission	R4(2)(b)	Admin. Authority	Applications will be considered by the Pension Fund Committee following the provision of all required information from the relevant body including actuarial advice. The potential admission body must cover the cost of obtaining information and advice.
Whether to terminate a transferee admission agreement in the event of insolvency, winding up or liquidation of the body, breach by that body of its obligations under the admission agreement, failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so	RSch2, Part 3, para 9 (d)	Admin. Authority	A decision will be made following receipt of actuarial and legal advice. The principles in the North Yorkshire Pension Fund Admissions and Terminations Funding Policy will be applied when carrying out calculations to assess the funding levels.
Define what is meant by "employed in connection with"	RSch2, Part 3, para 12 (a)		Mainly or wholly employed in connection with the relevant service area relating to the original outsourcing contract or transfer agreement.
Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment)	R16(1)	Admin. Authority	The administering authority will not impose a level but will instead allow individual Scheme employers to determine what is achievable on individual payroll systems. The administering authority reserves the right to impose a single lump sum payment where lost pay is less than 1%.

Whether to require a satisfactory medical before agreeing to an application to pay an APC/SCAPC	R16 (10)	Admin. Authority	The administering authority has determined that any election to pay ARCs must be subject to the employee passing a medical examination carried out by a medical practitioner approved by the Pension Fund. The cost of the medical examination is to be borne by the employee.
Whether to turn down an application to pay an APC/SCAPC if not satisfied that the member is in reasonably good health	R16(10)	Admin. Authority	The administering authority has determined that any election to pay ARCs must be subject to the employee passing a medical examination carried out by a medical practitioner approved by the Pension Fund. The cost of the medical examination is to be borne by the employee. If the employee does not pass the medical examination the application will be turned down.
Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds (where AVC/SCAVC arrangement was entered into before 1/4/14)	TP15(1)(d) & A28(2)	Admin. Authority	The administering authority will not deduct a cost to calculate the service credit, that would be purchased by the 'in house' AVC or Shared Cost AVC accumulated fund, from the AVC fund if the member fails to proceed with the conversion. This policy may be reviewed in light of experience gained.
Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	R17(12)	Admin. Authority	The administering authority will make payment in line with the action to be taken for the payment of the main Scheme death grant payable.
Pension account may be kept in such form as is considered appropriate	R22(3)(c)	Admin. Authority	The administering authority will maintain a Pension Account for each LGPS member using the Fund's software provider's administration module, based on information supplied by the relevant Scheme employer.
Decide in the absence of an election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one ongoing employment)	TP10(9)	Admin. Authority	The administering authority will apply the method which is most beneficial for the member.
Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	R30(8)*	Employer (or Admin. Authority where Employer has become defunct)	The administering authority will not waive any actuarial reduction on benefits paid on flexible retirement.
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)	The administering authority will not waive any actuarial reduction on benefits paid which a member voluntarily draws before normal pension age

Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement	R32(7)	Admin. Authority	The time limit will not be extended unless there is evidence of administrative shortcomings.
Decide whether to commute small pension	R34 (1)	Admin. Authority	The administering authority has determined that where the total pension is within HMRC limits small pensions will be commuted on request of the member.
Approve medical advisors used by employers (for ill health benefits)	R36(3)	Admin. Authority	The administering authority must give approval to an employing authority as to their choice of medical practitioner.
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)*	Employer (or Admin. Authority where Employer has become defunct)	The administering authority will not switch on the 85 Year Rule for any employee voluntarily drawing benefits on or after age 55 and before age 60
<p>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 on</p> <p>a) 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,</p> <p>b) 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</p> <p>c) 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</p> <p>d) 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 and will not be 60 by 31/3/16 and will attain 60 between 1/4/16 and 31/3/20</p>	TP3(1) TPSch 2, para 2(1), B30(5) and B30A(5)*	Employer (or Admin. Authority where Employer has become defunct)	The administering authority will not waive any actuarial reduction and pay any pension strain costs arising out of a member voluntarily drawing benefits before normal pension age

Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme	TP12(6)	Employer (or Admin. Authority where Employer has become defunct	The administering authority will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP).
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 sooner	R38(3)	Employer (or Admin. Authority where Employer has become defunct	The administering authority will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP).
Decide whether a suspended ill health tier 3 member is likely 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	The administering authority will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP).
Decide to whom death grant is paid	TP17(5) to (8) & R40(2), R43(2) & R46(2)	Admin. Authority	<p>The administering authority has determined where a nomination has been made it will be taken into account along with any other relevant factors. In practice, the decision will normally be to pay the death grant to the nominee(s), but this may not be the case where there have been significant changes in circumstances since the nomination was made or where there are other material factors which indicate that this would not be appropriate.</p> <p>Where there is no nomination and payment is to be made to the member's spouse or civil partner then Letters of Administration or a Grant of Probate will not be required. Similarly, payment to the estate can be made without Letters of Administration or a Grant of Probate where the death grant is less than £5,000.</p> <p>Where necessary, cases will be referred to the Pension Fund Committee for a decision.</p>
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership	R49(1)(c)	Admin. Authority	The administering authority will apply the method which is most beneficial for the member.
Whether to set up a separate admission agreement fund	R54(1)	Admin. Authority	A separate admission agreement fund will not be maintained.
Determine assets to be transferred from main fund to admission agreement fund	R54(4)(b)	Admin. Authority	A separate admission agreement fund will not be maintained.

<p>Governance policy must state whether the admin authority delegates their function of part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the admin authority and, if they do so delegate, state</p> <ul style="list-style-type: none"> - the frequency of any committee or sub- committee meetings - the terms, structure and operational procedures appertaining to the delegation - whether representatives of employing authorities or members are included and, if so, whether they have voting rights <p>The policy must also state</p> <ul style="list-style-type: none"> - the extent to which a delegation, or the absence of a delegation, complies with Sec of State guidance and, to the extent it does not so comply, state the reasons for not complying and - the terms, structure and operational procedures appertaining to the Local Pensions Board 	R55*	Admin. Authority	A separate Governance Compliance Statement has been formulated and is kept under review by the North Yorkshire Pension Fund. The policy can be viewed on the Pension Fund website
Decide on funding strategy for inclusion in Funding Strategy Statement	R58*		The decision on funding strategy is made by the Pension Fund Committee and can be viewed in the Statement of Investment Principles and the Funding Strategy Statement on the Pension Fund website
Whether to have a written Pensions Administration Strategy and, if so, the matters it should include	R59(1) & (2)	Admin. Authority	The NYPF has produced a Pension Administration Strategy which is kept under review. All employing authorities are asked to agree the Strategy and to submit suggestions to improve any aspect of the Strategy at any time.
Communication policy must set out policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers	R61*	Admin. Authority	A separate Communications Policy Statement has been formulated and is kept under review by the North Yorkshire Pension Fund. The policy can be viewed on the Pension Fund website
Whether to suspend, for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension	R64(2A)	Admin. Authority	The administering authority will be guided by an initial assessment made by the Fund Actuary.

Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer	R64(4)	Admin. Authority	The administering authority will be guided by an initial assessment made by the Fund Actuary. A certificate may be obtained following advice from the Fund Actuary and, if appropriate, the Fund Legal Adviser.
Decide whether to obtain a new rates and adjustments certificate if the Secretary of State amends the Regulations as part of the "cost sharing" under R63	R65	Admin. Authority	A certificate may be obtained following advice from the Fund Actuary and, if appropriate, the Fund Legal Adviser.
Whether to require any strain on Fund costs to be paid "up front" by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy/business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement	R68(2)	Admin. Authority	Any cost will be required to be paid by the employing authority over a period agreed between the administering authority and the employing authority. Payment can be made in full as a one off sum at retirement or in instalments over 3 years or over 5 years. Employing authorities have been asked to indicate the period over which payment will be made for all cases or whether a decision will be made for each case. A list is maintained by the Pension Fund of the decisions made. The cost will be increased in line with guidance from the Fund Actuary where payment is not made as a single sum at the time of retirement. However the payment of costs by admission bodies will usually be required in full as a one off sum at retirement.
Whether to require any strain on Fund costs to be paid "up front" by employing authority if the employing authority "switches on" the 85 year rule for a member voluntarily retiring (other than flexible retirement) prior to age 60, or waives an actuarial reduction under TPSch 2, para 2(1), or releases benefits before age 60 under B30(1) or B30A	TPSch 2, para 2(3)	Admin. Authority	Any cost will be required to be paid by the employing authority over a period agreed between the administering authority and the employing authority. Payment can be made in full as a one off sum at retirement or in instalments over 3 years or over 5 years. Employing authorities have been asked to indicate the period over which payment will be made for all cases or whether a decision will be made for each case. A list is maintained by the Pension Fund of the decisions made. The cost will be increased in line with guidance from the Fund Actuary where payment is not made as a single sum at the time of retirement. However the payment of costs by admission bodies will usually be required in full as a one off sum at retirement.

Decide frequency of payments to be made over to Fund by employers and whether to make an admin charge.	R69(1)	Admin. Authority	<p>All funds due to the NYPF in respect of employer and employee pension contributions must be cleared in the NYPF bank account by 19th of each month (or the last working day if the 19th is not a working day) following the month the contributions relate to. The administering authority has determined that all other sums due to the Fund shall be paid within 30 days of invoice or notification. A penalty system will apply for employers failing to meet the deadlines referred to under regulation R69(1), with a one month grace period for a 'first offence'.</p> <p>The penalty is based on the number of days after the 19th of the month that the payment due is received in the NYPF bank account. This will take the form of a fixed penalty (£50) 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. For persistent breaches of this protocol, the employer could be reported to the Pensions Regulator.</p>
Decide form and frequency of information to accompany payments to the Fund	R69(4)	Admin. Authority	<p>The administering authority has determined that the intervals of the annual/monthly contribution returns must be ahead of the payment dates and that standard forms are used which are completed and sent electronically. Year end information is also required electronically in a standard format to be supplied within a timeframe set each year by the administering authority.</p>
Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance	R70 & TP22(2)	Admin. Authority	<p>The policy for the payment of additional costs is contained the NYPF Pension Administration Strategy. The circumstances under which a notice to recover additional costs would be issued include:</p> <p>A penalty system will apply for employers failing to meet the deadlines referred to under regulation R69(1), with a one month grace period for a 'first offence'.</p> <p>The penalty is based on the number of days after the 19th of the month that the payment due is received in the NYPF bank account. This will take the form of a fixed penalty (£50) 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. For persistent breaches of this protocol, the employer could be reported to the Pensions Regulator.</p> <p>Any over payment made by NYPF resulting from inaccurate information supplied by the employer shall be recovered by NYPF from the employer.</p> <p>In the event of NYPF being fined by the Pensions Regulator, 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.</p> <p>If NYPF undertakes work specifically on behalf of the employer, the employer will be charged directly for the cost of that work.</p>

Whether to charge interest on payments by employers which are overdue	R71(1)	Admin. Authority	The administering authority will charge interest at 1% above the base rate on any employer payments unpaid one month after the due date (but see comments under regulation R70 & TP22(2)).
Extend time period for capitalisation of added years contract	TP15(1)(c) & TSch 1 & L83(5)	Admin. Authority	The administering authority has determined that a member retiring on the grounds of redundancy/ efficiency with an added years contract may have up to 3 months from the date the necessary information is given to the employee to opt to capitalise a whole cost contract.
Decide procedure to be followed by admin authority when exercising its stage two IDRPs and decide the manner in which those functions are to be exercised	R76(4)	Admin. Authority	Any stage two IDRPs application will be referred to the Corporate Director, Strategic Resources to assess the appropriateness of the stage one decision when making a determination under stage two.
Whether admin. authority should appeal against employer decision (or lack of a decision)	R79(2)	Admin. Authority	An appeal will be made when it is believed that action or inaction by an employer is incorrect under law and is material. This will usually only be done where the administering authority has explained the effect of the action or inaction and the employer has been given an opportunity to remedy the situation but has failed to do so.
Specify information to be supplied by employers to enable admin. authority to discharge its functions	R80(1)(b) & TP22(1)	Admin. Authority	The employing authority responsibilities are set out in the NYPF Pension Administration Strategy, standard forms and guidance notes.
Whether to pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965	R82(2)	Admin. Authority	<p>The administering authority has determined where a nomination has been made it will be taken into account along with any other relevant factors. In practice, the decision will normally be to pay the death grant to the nominee(s), but this may not be the case where there have been significant changes in circumstances since the nomination was made or where there are other material factors which indicate that this would not be appropriate.</p> <p>Where there is no nomination and payment is to be made to the member's spouse or civil partner then Letters of Administration or a Grant of Probate will not be required. Similarly, payment to the estate can be made without Letters of Administration or a Grant of Probate where the death grant is less than £5,000.</p> <p>Where necessary, cases will be referred to the Pension Fund Committee for a decision.</p>

Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83	Admin. Authority	The administering authority will consider using this provision only in exceptional cases where it is thought impractical for the national schemes to be used to obtain either Lasting Power of Attorney or Court of Protection. A decision will be made in relation to each case based on advice obtained from the Fund Legal Adviser, where thought necessary. A declaration will be obtained from the Scheme member's doctor to confirm that the Scheme member is incapable of managing their own affairs. A declaration will be obtained from the person to receive the benefits to confirm that they will use the pension benefits for the benefit of the Scheme member. This provision is not to be used to replace the national schemes to obtain either Lasting Power of Attorney or Court of Protection and it is only in exceptional circumstances that this provision should be used instead of the national schemes.
Decide policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment	TP3(13) & A70(1)* & A71(4)(c)	Admin. Authority	The administering authority will not reduce pension payments as a result of re-employment. However where pensioners have been awarded additional service as compensation by their former employer the extra pension from this service may be abated due to re-employment with a Scheme employer under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 as amended.
Agree to bulk transfer payment	R98(1)(b)	Employer / Admin. Authority	A decision will be made based on advice obtained from the Fund Actuary in relation to each case where a bulk transfer is being proposed.
Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(6)	Employer and Admin. Authority	The time limit will not be extended.
Allow transfer of pension rights into the Fund	R100(7)	Admin. Authority	Transfers will be allowed into the Fund but will be subject to the employer-led time limits.
Decide whether to delegate any administering authority functions under the Regulations	R105(2)	Admin. Authority	A decision will be made by the Pension Fund Committee on whether the delegation of functions is appropriate and the nature of the arrangement for doing so.
Decide whether to establish a joint local pensions board (if approval has been granted by the Secretary of State)	R106(3)	Admin. Authority	The administering authority will make decisions via the appropriate committee process.
Decide procedures applicable to the local pensions board	R106(6)	Admin. Authority	The administering authority will make decisions via the appropriate committee process.
Decide appointment procedures, terms of appointment and membership of local pension board	R107(1)	Admin. Authority	The administering authority will make decisions via the appropriate committee process.

Where a member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B10(2)	Admin. Authority	An election will be made on behalf of the member to provide the most beneficial result.
Decide to whom death grant is paid	TP17(5) to (8) & R40(2), R43(2) & R46(2)	Admin. Authority	The administering authority has determined that death benefits will normally be paid to the person(s) nominated by the deceased. Where there is no nomination, payment will be made to the legal spouse without the need for Letters of Administration/ Grant of Probate. Otherwise, payment will be made to the estate. If necessary, cases will be brought to the Pension Fund Committee for a decision.
Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of nominated of cohabiting partner and scheme member	RSch1 & TP17(9)(b)	Admin. Authority	Documentary evidence will be requested at the time payment of benefits is due to confirm, to the satisfaction of the administering authority, dependence or interdependence. This could be done, for example, by obtaining documents confirming that there was a bank account or mortgage in joint names.
Decide to treat a child as being in continuous full-time education or vocational training despite a break	RSch1 & TP17(9)(a)	Admin. Authority	The administering authority has determined when paying a child's pension that breaks of a year or less will be ignored. The Pension Fund Committee will consider other cases on their merits.
Make an election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts/restrictions occurring pre 1.4.08)	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9)	Admin. Authority	The administering authority will make an election on behalf of the member which will result in applying the final pay which is most beneficial for the member.

*These are matters about which the regulations require there must be a written policy.

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

- **the Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]**
- **the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]**
- **the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]**
- **the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [prefix TP]**
- **the Local Government Pension Scheme Regulations 2013 [prefix R]**
- **the Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]**

Discretion	Regulation	Exercised by	Agreed Discretion
Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds	& A28(2)	Admin. Authority	The administering authority will not deduct a cost to calculate the service credit, that would be purchased by the 'in house' AVC or Shared cost AVC accumulated fund, from the AVC fund if the member fails to proceed with the conversion. This policy may be reviewed in light of experience gained.
Extend time period for capitalisation of added years contract	TSch 1 & L83(5)	Admin. Authority	The administering authority has determined that a member retiring on the grounds of redundancy/ efficiency with an added years contract may have up to 3 months from the date the necessary information is given to the employee to opt to capitalise a whole cost contract.
Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits	A45(3)	Admin. Authority	Each case will be considered and, based on the circumstances of the case, suitable options will be offered which may include recovery as a simple debt or a deduction from benefits.
Can pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration	A52(2)	Admin. Authority	<p>The administering authority has determined where a nomination has been made it will be taken into account along with any other relevant factors. In practice, the decision will normally be to pay the death grant to the nominee(s), but this may not be the case where there have been significant changes in circumstances since the nomination was made or where there are other material factors which indicate that this would not be appropriate.</p> <p>Where there is no nomination and payment is to be made to the member's spouse or civil partner then Letters of Administration or a Grant of Probate will not be required. Similarly, payment to the estate can be made without Letters of Administration or a Grant of Probate where the death grant is less than £5,000.</p> <p>Where necessary, cases will be referred to the Pension Fund Committee for a decision.</p>
Approve medical advisors used by employers (for early payment, on grounds of ill health, of a deferred benefit or a suspended Tier 3 ill health pension)	A56(2)	Admin. Authority	The administering authority must give approval to an employing authority as to their choice of medical practitioner.

Decide procedure to be followed by admin authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised	A60(8)	Admin. Authority	Any stage two IDRPs application will be referred to the Corporate Director, Strategic Resources to assess the appropriateness of the stage one decision when making a determination under stage two.
Whether admin. authority should appeal against employer decision (or lack of a decision)	A63(2)	Admin. Authority	An appeal will be made when it is believed that action or inaction by an employer is incorrect under law and is material. This will usually only be done where the administering authority has explained the effect of the action or inaction and the employer has been given an opportunity to remedy the situation but has failed to do so.
Specify information to be supplied by employers to enable admin. authority to discharge its functions	A64(1)(b)	Admin. Authority	The employing authority responsibilities are set out in the NYPF Pension Administration Strategy, standard forms and guidance notes.
Decide policy on abatement of pensions following re-employment	TP3(13) & A70(1)* & A71(4)(c) & T12	Admin. Authority	The administering authority will not reduce pension payments as a result of re-employment. However where pensioners have been awarded additional service as compensation by their former employer the extra pension from this service may be abated due to re-employment with a Scheme employer under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 as amended.
Where a member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member	B10(2)	Admin. Authority	An election will be made on behalf of the member to provide the most beneficial result.
Whether to pay the whole or part of a child's pension to another person for the benefit of that child	B27(5)	Admin. Authority	The administering authority will consider payment of a child's pension to a guardian. A declaration will be obtained from the person to receive the benefits to confirm that they will use the pension benefits for the benefit of the child.
Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	A52(a)	Admin. Authority	The administering authority will consider using this provision only in exceptional cases where it is thought impractical for the national schemes to be used to obtain either Lasting Power of Attorney or Court of Protection. A decision will be made in relation to each case based on advice obtained from the Fund Legal Adviser, where thought necessary. A declaration will be obtained from the Scheme member's doctor to confirm that the Scheme member is incapable of managing their own affairs. A declaration will be obtained from the person to receive the benefits to confirm that they will use the pension benefits for the benefit of the Scheme member. This provision is not to be used to replace the national schemes to obtain either Lasting Power of Attorney or Court of Protection and it is only in exceptional circumstances that this provision should be used instead of the national schemes

Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60	B30(2)*	Employer (or Admin. Authority where Employer has become defunct)	The administering authority will not waive any actuarial reduction and pay any pension strain costs arising out of a member voluntarily drawing benefits before normal pension age
Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30	R30(5)*	Employer (or Admin. Authority where Employer has become defunct)	The administering authority will not waive any actuarial reduction and pay any pension strain costs arising out of a member voluntarily drawing benefits before normal pension age
Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60	B30A(3)*	Employer (or Admin. Authority where Employer has become defunct)	The administering authority will not waive any actuarial reduction and pay any pension strain costs arising out of a member voluntarily drawing benefits before normal pension age
Whether to waive on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A	B30A(5)*	Employer (or Admin. Authority where Employer has become defunct)	The administering authority will not waive any actuarial reduction and pay any pension strain costs arising out of a member voluntarily drawing benefits before normal pension age
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)	The administering authority will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP).
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)	The administering authority will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP).
Decide to whom death grant is paid	B23(2) & B32(2) & B35(2) & TSch 1 & L155(4)	Admin. Authority	<p>The administering authority has determined where a nomination has been made it will be taken into account along with any other relevant factors. In practice, the decision will normally be to pay the death grant to the nominee(s), but this may not be the case where there have been significant changes in circumstances since the nomination was made or where there are other material factors which indicate that this would not be appropriate.</p> <p>Where there is no nomination and payment is to be made to the member's spouse or civil partner then Letters of Administration or a Grant of Probate will not be required. Similarly, payment to the estate can be made without Letters of Administration or a Grant of Probate where the death grant is less than £5,000.</p> <p>Where necessary, cases will be referred to the Pension Fund Committee for a decision.</p>

Decide evidence required to determine financial dependence of cohabitee on scheme member or financial interdependence of nominated of cohabitee and scheme member	B25	Admin. Authority	Documentary evidence will be requested at the time payment of benefits is due to confirm, to the satisfaction of the administering authority, dependence or interdependence. This could be done, for example, by obtaining documents confirming that there was a bank account or mortgage in joint names.
Decide to treat a child as being in continuous education or vocational training despite a break	RSch1 & TP17(9)	Admin. Authority	The administering authority has determined when paying a child's pension that breaks of a year or less will be ignored. The Pension Fund Committee will consider other cases on their merits.
Decide whether to commute small pension	B39 & T14(3)*	Admin. Authority	The administering authority has determined that where the total pension is within HMRC limits small pensions will be commuted on request of the member.
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership	B42(1)(c)	Admin. Authority	The administering authority will apply the regulation which will result in the most beneficial outcome for the member.
Make an election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts/restrictions occurring pre 1.4.08)	TSch 1 & L23(9)	Admin. Authority	The administering authority will make an election on behalf of the member which will result in applying the final pay which is most beneficial for the member.

Discretions under the Local Government Pension Scheme Regulations 1997 (as amended) in relation to:

a) active councillor members, and

b) councillor members who ceased active membership on or after 1.4.98, and

c) any other scheme members who ceased active membership on or after 1.4.98 and before 1.4.08

Discretion	Regulation	Exercised by	Agreed Discretion
Frequency of payment of councillors' contributions	12(5)	Admin. Authority	Contributions will be deducted from member's allowances on the date of payment in respect of each pay period.
Extend normal 12 month period following end of relevant reserve forces leave for "Cancelling notice" to be submitted by a councillor member requesting that the service should not be treated as relevant reserve forces service	17(4),(7),(8), & 89(4) & Sch 1	Admin. Authority	The administering authority will extend the 12 month period where there has been evidence of administrative shortcomings.
Select appropriate final pay period for deceased non-councillor member (leavers post 31.3.98/ pre 1.4.08) Note: to all intents and purposes this discretion is now spent	22(7)	Admin. Authority	The administering authority will apply the final pay period which is most beneficial.
Make election on behalf of deceased non-councillor member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts/restrictions occurring pre 1.4.2008) Note: to all intents and purposes this discretion is now spent	23(9)	Admin. Authority	The administering authority will make an election to apply the pay figure which is most beneficial.
Decide to whom death grant is paid in respect of councillor members and post 31.3.98 / pre 1.4.08 leavers	38(1) & 155(4)	Admin. Authority	<p>The administering authority has determined where a nomination has been made it will be taken into account along with any other relevant factors. In practice, the decision will normally be to pay the death grant to the nominee(s), but this may not be the case where there have been significant changes in circumstances since the nomination was made or where there are other material factors which indicate that this would not be appropriate.</p> <p>Where there is no nomination and payment is to be made to the member's spouse or civil partner then Letters of Administration or a Grant of Probate will not be required. Similarly, payment to the estate can be made without Letters of Administration or a Grant of Probate where the death grant is less than £5,000.</p> <p>Where necessary, cases will be referred to the Pension Fund Committee for a decision.</p>

Decide to treat child as being in continuous education or vocational training despite a break (children of councillor members and children of post 31.3.98 / pre 1.4.08 leavers)	Reg 17(9) of the LGPS (Transitional Provisions, Savings and Amendment) Regs 2014 and definition in Sch 1 of the LGPS Regulations 2013	Admin. Authority	The administering authority has determined when paying a child's pension that breaks of a year or less will be ignored. The Pension Fund Committee will consider other cases on their merits.
Apportionment of children's pension amongst eligible children (children of councillor members and children of post 31.3.98 /pre 1.4.08 leavers)	47(1)	Admin. Authority	Each eligible child will receive the same level of pension.
Pay child's pension to another person for the benefit of the child (children of councillor members and children of post 31.3.98 / pre 1.4.08 leavers)	47(2)	Admin. Authority	Payment will be made after establishing the appropriate beneficiary and obtaining a declaration that the pension will be used for the benefit of the child.
Agree to commutation of small pension (pre 1.4.08 leavers or pre 1.4.08 Pension Credit members)	49 & 156	Admin. Authority	The administering authority has determined that where the total pension is within HMRC limits small pensions will be commuted on the request of the Scheme member.
Commute benefits due to exceptional ill-health (councillor members, pre 1.4.08 leavers and pre 1.4.08 Pension Credit members)	50 and 157	Admin. Authority	The option to commute benefits will be given in relevant cases.
Whether acceptance of AVC election is subject to a minimum payment (councillors only)	60(5)	Admin. Authority	The administering authority will be guided by the AVC Provider regarding the minimum payment level.
Whether to require any strain on Fund costs to be paid "up front" by employing authority following early voluntary retirement of a councillor (i.e. after age 50/55 and before age 60), or early payment of a deferred benefit on health grounds or from age 50 with employer consent (pre 1.4.08 leavers) – (see Note below)	80(5)	Admin. Authority	Any cost will be required to be paid by the employing authority over a period agreed between the administering authority and the employing authority. Payment can be made in full as a one off sum at retirement or in instalments over 3 years or over 5 years. Employing authorities have been asked to indicate the period over which payment will be made for all cases or whether a decision will be made for each case. A list is maintained by the Pension Fund of the decisions made. The cost will be increased in line with guidance from the Fund Actuary where payment is not made as a single sum at the time of retirement.
Frequency of employer's payments to the fund (in respect of councillor members).	81(1)	Admin. Authority	All funds due to the NYPF in respect of employer and employee pension contributions must be cleared in the NYPF bank account by 19 th of each month (or the last working day if the 19 th is not a working day) following the month the contributions relate to. The administering authority has determined that all other sums due to the Fund shall be paid within 30 days of invoice or notification.

Form and frequency of information to accompany payments to the Fund (in respect of councillor members)	81(5)	Admin. Authority	The administering authority has determined that the intervals of the annual/monthly contribution returns must be ahead of the payment dates and that standard forms are used which are completed and sent electronically. Year end information is also required electronically in a standard format to be supplied within a timeframe set each year by the administering authority.
Interest on payments by employers overdue by more than 1 month (in respect of councillor members)	82(1)	Admin. Authority	The administering authority will charge interest at 1% above the base rate on any employer payments unpaid one month after the due date (but see comments under regulation A43).
Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits (councillors and pre 1.4.08 leavers)	89(3)	Admin. Authority	The administering authority will liaise with the employee over the most appropriate way in which to recover pension contributions depending on the circumstances of the case. This will usually be by a deduction from benefits.
Timing of pension increase payments by employers to fund (pre 1.4.08 leavers)	91(6)	Admin. Authority	Payments should usually be made one month from the date on which the pension increase becomes due.
Pay death grant due to personal representatives without need for grant of probate / letters of administration (death of councillor or pre 1.4.08 leaver)	95	Admin. Authority	<p>The administering authority has determined where a nomination has been made it will be taken into account along with any other relevant factors. In practice, the decision will normally be to pay the death grant to the nominee(s), but this may not be the case where there have been significant changes in circumstances since the nomination was made or where there are other material factors which indicate that this would not be appropriate.</p> <p>Where there is no nomination and payment is to be made to the member's spouse or civil partner then Letters of Administration or a Grant of Probate will not be required. Similarly, payment to the estate can be made without Letters of Administration or a Grant of Probate where the death grant is less than £5,000.</p> <p>Where necessary, cases will be referred to the Pension Fund Committee for a decision.</p>
Approve medical advisors used by employers (re ill health benefits for councillors and re pre 1.4.08 preserved benefits payable on health grounds)	97(10)	Admin. Authority	The administering authority must give approval to an employing authority as to their choice of medical practitioner.
Decide procedure to be followed by admin authority when exercising its IDRPs and decide the manner in which those functions are to be exercised (councillors and pre 1.4.08 leavers)	99	Admin. Authority	Any stage two IDRPs application will be referred to an independent suitably qualified person to provide a report on the appropriateness of the stage one decision. This report will be considered by the administering authority when making a determination under stage two.
Appeal against employer decision, or lack of a decision (councillors and pre 1.4.08 leavers)	105(1)	Admin. Authority	An appeal will be made when it is believed that action or inaction by an employer is incorrect under law and is material. This will usually only be done where the administering authority has explained the effect of the action or inaction and the employer has been given an opportunity to remedy the situation but has failed to do so.

Date to which benefits shown on annual deferred statement are calculated.	106(A)(5)	Admin. Authority	Benefits are calculated to the first Monday in April each year after the start of the tax year (the 'Pensions Increase' date)
Abatement of pensions following re-employment (councillors and pre 1.4.08 leavers)	109* & 10(4)(b)	Admin. Authority	The administering authority will not reduce pension payments as a result of re-employment. However where pensioners have been awarded additional service as compensation by their former employer the extra pension from this service may be abated due to re-employment with a Scheme employer under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 as amended.
Retention of CEP where member transfers out (councillors and pre 1.4.08 leavers)	118	Admin. Authority	The administering authority reserves the right to retain the CEP should this be thought appropriate.
Discharge Pension Credit liability (in respect of Pension Sharing Orders for councillors and pre 1.4.08. Pension Sharing Orders for non-councillor members)	147	Admin. Authority	Appropriate pension rights will be awarded to the pension credit member under the scheme but a payment of a transfer value can be paid out to an appropriate provider should the pension credit member requests this.

*These are matters about which the regulations require there must be a written policy.

Note: benefits paid on or after age 50 and before age 55 are subject to an unauthorised payments charge and, where applicable, an unauthorised payments surcharge under the Finance Act 2006. Also, any part of the benefits which had accrued after 5 April 2006 would generate a scheme sanction charge.

Discretions under the Local Government Pension Scheme Regulations 1995 (as amended) in relation to scheme members who ceased active membership before 1.4.98.

Discretion	Regulation	Exercised by	Agreed Discretion
Decide to whom death grant is paid in respect of pre 1.4.98 retirees / pre 1.4.98 deferreds	E8	Admin. Authority	<p>The administering authority has determined where a nomination has been made it will be taken into account along with any other relevant factors. In practice, the decision will normally be to pay the death grant to the nominee(s), but this may not be the case where there have been significant changes in circumstances since the nomination was made or where there are other material factors which indicate that this would not be appropriate.</p> <p>Where there is no nomination and payment is to be made to the member's spouse or civil partner then Letters of Administration or a Grant of Probate will not be required. Similarly, payment to the estate can be made without Letters of Administration or a Grant of Probate where the death grant is less than £5,000.</p> <p>Where necessary, cases will be referred to the Pension Fund Committee for a decision.</p>
Whether to pay spouse's pensions for life for pre 1.4.98 retirees / pre 1.4.98 deferreds who die on or after 1.4.98 (rather than ceasing during any period of remarriage or co-habitation)	F7	Admin. Authority	The administering authority will pay a pension for life.
Decide to treat child as being in continuous education or vocational training despite a break (children of pre 1.4.98 retirees / pre 1.4.98 deferreds)	Reg 17(9) of the LGPS (Transitional Provisions, Savings and Amendment) Regs 2014 and definition in Sch 1 of the LGPS Regulations 2013	Admin. Authority	The administering authority has determined when paying a child's pension that breaks of a year or less will be ignored. The Pension Fund Committee will consider other cases on their merits
Apportionment of children's pension amongst eligible children (children of pre 1.4.98 retirees / pre 1.4.98 deferreds)	G11(1)	Admin. Authority	The administering authority has determined that it will equally apportion children's pensions amongst all the eligible children.
Pay child's pension to another person for the benefit of the child (children of pre 1.4.98. retirees / pre 1.4.98 deferreds)	G11(2)	Admin. Authority	The child's pension is normally paid to the widow/widower. The Administering Authority will determine to whom the child's pension is payable in all other cases.

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

Under Regulation 26 of the Discretionary Compensation Regulations, each authority (other than an Admitted Body) is required to formulate and keep under review a policy which applies in respect of exercising their discretion in relation to:

Discretion	Regulation	Exercised by	Agreed Discretion
Agree to pay annual compensation on behalf of employer and recharge payments to employer	31(2)	Admin. Authority	Administering authority will make payments and recharge the employer.



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

Internal Dispute Resolution Procedure

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.

Many problems that members have can be sorted out in this way.

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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.

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¶ An informal enquiry before making a written complaint may save you a lot of time and trouble

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.

Internal Dispute Resolution Procedure

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 or refund entitlement pension 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/stationary or representative's time.

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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 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.

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

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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.

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Internal Dispute Resolution Procedure

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.

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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

Internal Dispute Resolution Procedure

the decision, you can escalate your complaint to The Pensions Ombudsman.

The Pensions Ombudsman

If you are not happy with the decision at stage 2 you can take your complaint to The Pensions Ombudsman (TPO). This must be within 3 years of the original decision.

TPO is an independent person who settles disputes between pension scheme members and pension schemes. 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)

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

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The complaint under stage 2 should be in writing and sent to the Pensions Section. You should provide a copy of the stage 1 decision with full details on why you are unhappy with it.

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You should get a decision within 2 months this will either:

Confirm or replace the stage 1 decision or
Acknowledge your claim and explain when you will get a decision.

If you are not happy with the decision at stage 2 you can take your complaint to the Pensions Ombudsman- see the section on additional help.

Additional Help

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11 Belgrave Road
London
SW1V 1RB

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The Pensions Advisory Service (TPAS)

If at any time you are having difficulties sorting out your complaint, you may wish to contact TPAS. You can contact TPAS at:

TPAS
11 Belgrave Road
London
SW1V 1RB

The Pensions Helpline: 0300 123 1047

Website: www.pensionsadvisoryservice.org.uk

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NYPF Activity Tracker 2018/19

Activity	Frequency	Owner
Governance- Pension Fund Committee meetings		
Objectives - to meet quarterly and include investment consultants and advisors when necessary - to hold efficient meetings where clear, effective decisions are made when required - to train and keep all Members up to date to enable them to make decisions and perform duties effectively		
Pension Fund Committee Meeting Dates	Quarterly	PFC
Deadline for report packs	Quarterly	Committee Services
Approve Annual NYPF Budget	Annually	PFC
Approve the NYPF Business Plan	Annually	PFC
Annual pension fund committee skills evaluation	Annually	PFC
Sign off Scheme governance documents	Annually	PFC
Trustees individual and group training needs analysis	Annually	PFC
Update training plan	Annually	Officers
Approve Annual Report & Accounts	Annually	PFC
Governance- Pension Board meetings		
Objectives - to ensure that the Pension Board functions within the regulations - to ensure that all Pension Board Members carry out training to enable them to perform their duties - to meet quarterly to ensure that Pension Board Members are kept up to date on Fund developments		
Meeting Dates	Quarterly	PB
Deadline for packs	Quarterly	Committee Services
Review risk register	Bi annually	PB
Annual pension board skills evaluation	Annually	PB
Completion of Pension Board Annual Report	Annually	PB

Governance and compliance		
Objectives - to protect the benefits of pension scheme members - to identify and manage risks - to ensure compliance with statutory requirements		
Review and amend business plan	Annually	Officers
Review NYPF Risk Register	Bi annually	Officers
Review skills and succession planning	Annually	Officers
Review scheme governance documents	Annually	Officers
Internal Audit of the Fund	Annually	Officers
- Agree scope of annual Internal Audit	Annually	Officers
- Agree audit timetable	Annually	Officers
- Agree draft audit reports	Annually	Officers
- Sign off audit reports	Annually	Officers
Complete Statutory returns for the Fund	Annually	Officers
- Complete HMRC annual return	Annually	Officers
- Complete tPR Scheme return	Annually	Officers
- Complete Accounting for Tax return	Quarterly	Officers
- Complete Event report 6	Annually	Officers
- Complete CIPFA administration benchmarking	Annually	Officers
- Complete CIPFA SF3 Return	Annually	Officers
- Complete ONS returns	Quarterly	Officers
Financial Management		
Objectives - to monitor and properly record the financial transactions of the Fund in the year - to produce a Statement of Accounts and Annual Report within the timescales		
Produce Annual Statement of Accounts and achieve an unqualified audit opinion	Annually	
- Sign off & publish draft accounts	Annually	Officers
- Audit draft accounts	Annually	External

		Auditors/Officers
- Sign off final accounts	Annually	Audit Committee
- Publish final accounts	Annually	Officers
Produce NYPF Annual Report	Annually	
- Create draft annual report	Annually	Officers
- Publish annual report	Annually	Officers
Produce an annual budget for the Pension Fund	Annually	Officers
Monitor expenditure across the financial year	Ongoing	Officers
Actuarial		
Objectives - to monitor Scheme funding - to carry out the triennial valuation - to ensure factors and assumptions meet the needs of the Scheme		
Review of Actuary	Annually	Officers
Quarterly Funding Update	Quarterly	Actuary
Strain on fund costs factors review	Triennial	Actuary
Review of additional voluntary contributions	Triennial	Officers
Produce IAS accounting schedules for employers	Quarterly	Actuary
Consider the cashflow of the Fund	Ongoing	Officers
Three Year Actuarial Process:		
a. Covenant assessment	Triennial	Actuary
b. Agree assumptions that the Valuation will be based on	Triennial	Officers/Actuary
c. Deadline for actuary to deliver initial employer results to PFC	Triennial	Actuary
d. Deadline for consultation with employers to reach agreement on contribution rates	Triennial	Officers
e. Deadline for proposed schedule of contributions and recovery plan	Triennial	Actuary
f. Deadline for formal report schedule of contributions, recovery plan, actuarial certificates	Triennial	Actuary
Produce Funding Strategy Statement	Triennial	Actuary

Investment		
Objectives - to develop and periodically review the investment strategy of the Fund to achieve the long term goals of the Fund - to ensure that the investment strategy is implemented and maintained - to monitor the performance of external investment managers against their targets		
Investment Performance update	Quarterly	Investment Consultant/ officers
Investment Strategy Review	Triennial	PFC
Implement the de-risking of the Fund, including the procurement of ILS and Property Debt Managers	Ongoing	officers/ investment consultants
Fund Manager meetings	Quarterly	PFC
Attending and representing NYPF in pooling officer operations group	Monthly	Officers
Work with BCPP to ensure the pool is operational by July 2018	Ongoing	Officers
Identify appropriate Sub-Funds within the pool and transition funds	Ad hoc	PFC/ Officers
Meet with External Fund Managers	Annually	Officers
Administration		
Objectives - to ensure the Scheme is run in accordance with the LGPS regulations - to meet agreed service standards - to deal with and rectify any errors and complaints in a timely manner		
Quarterly administration report for Pension Fund Committee	Quarterly	Officers
Annual governance report for Pension Fund Committee	Annually	Officers
Quarterly administration report for Pension Board	Quarterly	Officers
Annual data review report	Annually	Officers
Review and update of the Fund's website	Ad hoc	Officers
Review and update of Member Self Service functionality	Ad hoc	Officers
Issue annual benefit statements	Annually	Officers

Communication		
Objectives - to ensure members understand and appreciate the value of their benefits - to ensure information is accurate, clear, accessible and readily available at all times - to effectively utilise all forms of communication		
Review and update communications policy	Annually	Officers
Produce one pensioner newsletter	Annually	Officers
Review and amend communication material to ensure compliance with current legislation	Annually	Officers
Evaluation of advisers and suppliers		
Objectives - to ensure appointed advisers and suppliers continue to provide a quality service - to ensure value for money continues to be achieved - to ensure the requirements of the contract continue to be fulfilled		
Review of administration	Quarterly	PB
Review of legal adviser	Annually	Officers
Review of External Audit	Annually	Officers
Review of actuary	Annually	Officers
Review of investment consultant	Annually	Officers
Ad hoc activities and projects		
Objectives - to ensure suppliers and advisers remain appropriate - to continually improve the performance of the Scheme		
GMP Reconciliation Project	Ad hoc	Officers

NORTH YORKSHIRE PENSION FUND

Statement of Compliance with the UK Stewardship Code for Institutional Investors

Introduction

The UK Stewardship Code aims to enhance the quality of engagement between institutional investors and the companies with which they hold investments to assist in improving long term returns to shareholders. The North Yorkshire Pension Fund (NYPF) aims to apply the values of the code across its investment activity and believes that these values being met is essential to discharge the duty we owe to stakeholders.

This Statement of Compliance details the approach of NYPF to the seven principles of the Code.

Principle 1 - Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

The NYPF takes its responsibility as a shareholder seriously and seeks to adhere to the UK Stewardship Code wherever possible. Whilst the Fund does not currently have a specific Stewardship Policy, the Investment Strategy Statement and Governance Compliance Statement describe the Fund's approach to stewardship; both of these policies are available on the Fund's website.

As a responsible investor, NYPF wishes to promote corporate social responsibility and good governance practice amongst all companies in which it invests by being an engaged asset owner. [The fund recognises its position as an asset owner which is ultimately responsible to its members and beneficiaries and appreciates that effective stewardship aids the protection and enhancement of the value of these assets.](#) In accordance with the Stewardship Code, the Fund will seek to ensure that there is effective engagement with companies to make sure that strong governance arrangements are in place; this can ultimately have a positive impact on investment performance and therefore the funding level of the Fund. In practice, the Fund applies the code in a number of ways, including through its arrangements with investment managers and through membership of collaborative groups.

The day to day investment activity of NYPF is delegated to external investment managers, who are expected to adhere to the policies that were approved during inception, though the Fund retains the right to direct an investment manager in respect of any specific issue. The policies adhered to during inception must take account of the UK Corporate Governance Code and the UK Stewardship Code and are expected to follow the best practice contained within these codes alongside any local standards when dealing with overseas investments. Currently eight of our investment managers have a published statement of compliance to the UK

Stewardship Code with the four remaining being investors in private debt and property funds. On appointment, the investment manager's approach to stewardship is assessed. Managers are also asked to include stewardship activity in their quarterly reports that are taken to the Pension Fund Committee (PFC) for review.

The Fund is also a member of the Local Authority Pension Fund Forum (LAPFF) which is a collaborative shareholder engagement group for Local Authority Pension Funds who monitor corporate governance issues at investee companies and provide guidance accordingly. Members of the PFC also attend the LAPFF Annual Conference to keep up to date with the work of the LAPFF.

The exercising of voting rights is delegated to the Pension Investment Research Consultants Limited (PIRC) and executed according to predetermined Shareholder Voting Guidelines. These guidelines are agreed by the Pension Fund Committee and aligned to the UK Stewardship Code and to best practice in other jurisdictions. Votes are cast for all UK equities held by the Fund. The Fund monitors voting decisions on a regular basis.

Principle 2 - Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed

The administering authority of the NYPF requires disclosure of any interests a Member may possess in a company or organisation which has dealings with the authority and this disclosure must be placed in the Register of Members' Interests; this register is available on the authority's website. In addition to the entries on the Register, Members are also asked to declare any conflicts of interest at the start of each Pension Fund Committee meeting which will be documented as part of the minutes for that meeting. Dependent upon the nature of the interest, the chairman of the PFC will ensure appropriate action is taken to prevent any conflict of interest affecting the decision making process. This requirement can be found in the Code of Conduct for Members of North Yorkshire County Council <https://www.northyorks.gov.uk/councillors-code-conduct>,

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The Fund expects a similar approach to be taken by its investment managers and external advisors with the organisation's Internal Controls document reviewed at inception to ensure consistency with the Fund's own policy. These Internal Control documents are also reviewed regularly by the Fund following inception. Where any conflicts exist, these are to be reported to the Fund along with the actions taken to negate the conflict.

Principle 3 - Institutional investors should monitor their investment companies

The daily responsibility of managing the Fund's investments lies primarily with the individual investment managers and as such we expect them to monitor and report on the organisations they have invested in on our behalf, intervening when necessary. The minimum requirement is a quarterly update on the investment

managers' performance and activity which is assessed against specific benchmarks and details any performance issues with the assets contained therein. To compliment this, investment managers attend the quarterly meetings to discuss aspects of the Fund and are expected to report in a timely manner any issues that have become apparent.

As noted previously, the exercising of the Funds voting rights are delegated to Pension Investment Research Consultants Limited (PIRC). The voting decisions are influenced by our membership of the LAPFF which supports the voting activity undertaken by PIRC. Both organisations monitor investee companies on our behalf and report to the Fund on a quarterly basis. The Shareholder Voting Guidelines which PIRC adhere to encourage the promotion of corporate social responsibility, good practice and improved performance which it considers to be essential elements of long term share performance.

In addition to this, the Fund also receives alerts from the LAPFF with regard to governance issues and liaises with the investment managers where it is appropriate to gain more knowledge and agree a course of action where it is deemed appropriate.

Principle 4 - Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value

With the Fund's investment managers monitoring the companies in which investments are held, it follows that any escalation in engagement activity is also undertaken by the investment managers within the guidelines that were stipulated during the initial engagement of the investment manager. Any escalation activity taken by investment managers is reported to the PFC on a quarterly basis.

On a separate basis and in conjunction with the LAPFF and PIRC, the Fund may decide to escalate engagement activity itself through a joint shareholder action where it is felt that actions by the company have resulted or could result in a loss of shareholder value or a deviation by the company which contradicts the basis on which the original investment was made. Such instances will usually be brought to the fore by the LAPFF as a result of their monitoring activities.

In extreme cases, the Fund may engage in shareholder litigation to recover any loss in value caused by the actions of an investee company. To facilitate this the Fund retains the services of companies such as the Goal Group and Grant & Eisenhower. All activity relating to this is reported on a quarterly basis to the PFC.

Principle 5 - Institutional investors should be willing to act collectively with other investors where appropriate

The Fund seeks to work collaboratively with other institutional investors to maximise the influence it can have on individual companies. This is achieved by being an engaged member of the LAPFF which aims to protect the long term investments of its members through promoting the highest standards of corporate governance and corporate responsibility amongst investee companies. A representative from the Pension Fund Committee (PFC) attends the annual LAPFF conference to gain an understanding of, and have input to, any proposed engagement activities.

The implementation of LGPS Pooling Arrangements will also aid acting collaboratively going forward. Pooling will increase the individual power and influence of investors in order to push for change.

The main contact for collaborative purposes is Amanda Alderson, Senior Accountant for the Fund, who can be contacted by email at Amanda.alderson@northyorks.gov.uk.

Principle 6 - Institutional investors should have a clear policy on voting and disclosure of voting activity

The NYPF has instructed Pension Investment Research Consultants Ltd (PIRC) to execute the voting rights for all segregated UK Equities held by the Fund and Non UK where practicable. These votes are executed by PIRC according to predetermined Shareholder Voting Guidelines agreed by the PFC which are reviewed on an annual basis and exemplify the Funds commitment to Responsible Investing and best practice. [The Authorising Officer for the Fund receives advance warning of all PIRC's intentions to vote and unless advised to the contrary, PIRC will execute those votes accordingly. PIRC issue quarterly activity reports detailing both the way in which they voted and the recommendations on which these votes were based and these reports are made available to the Pension Fund Committee.](#) Should PIRC raise any contentious issues these are reported to the PFC, as they will have the final say on how the vote is to be made. [PIRC's voting recommendations are available to the public and released through their website.](#)

Voting rights which fall outside the scope of PIRC are delegated to the investment managers and expected to be exercised in line with the Shareholder Voting Guidelines and the investment manager policies which were agreed upon by the Fund. The exercising of all voting rights is to be aligned with the interests of the Fund and communicate a clear approach to issues so that companies can fully understand both the intentions and views of the Fund. Where the board's resolutions do not meet the alignment of the Funds interests, the investment manager will either abstain from the vote or vote against the board's resolution and communicate to the company the reasons why the resolution is not being supported.

Additional guidance issued by the LAPFF can also have a bearing on voting intentions.

The Fund does not currently participate in stock lending in its segregated accounts.

Principle 7 - Institutional investors should report periodically on their stewardship and voting activities

The Fund's investment managers are required to detail in their quarterly reports any stewardship activities that have been performed in that period. These activities are reviewed by the committee on a quarterly basis.

Whilst stewardship activities have formed part of the quarterly PFC reporting and the NYPF approach to stewardship and voting activities is detailed in the Investment Strategy Statement, they have not been summarised in the annual accounts. Beginning with the 2017/18 financial year, a section will be provided in the annual accounts which details stewardship activities and an analysis of the voting activity in the year. [These accounts are available to both members and the public through the Pension Fund website https://www.nypf.org.uk/nypf/pfannualreports.shtml](https://www.nypf.org.uk/nypf/pfannualreports.shtml)

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North Yorkshire Pension Fund

Privacy Notice

June 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.

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 53 2526

What Personal Data of mine do you collect?

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

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.

Who do you share this data with?

By law 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 out of this scheme to another pension scheme.

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
<p>Aon Hewitt <i>Scheme Actuary* and Scheme Benefits Consultant</i> Aon Hewitt's Privacy Notice</p>	<p>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. (*An adviser on financial questions involving probabilities relating to mortality and other contingencies)</p>
<p>Prudential <i>Scheme AVC Provider*</i></p>	<p>To facilitate the creation and maintenance of individual member's AVC accounts. (*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.)</p>
<p>Citibank <i>Overseas Payments Provider</i></p>	<p>To transmit payments to scheme members with non-UK bank accounts.</p>
<p>Local Government Association <i>LGPS National Insurance Database</i></p>	<p>To enable the NYPF to identify if its members have benefits in other LGPS schemes to ensure that appropriate benefits are paid.</p>
<p>Department for Work and Pensions <i>DWP Tell Us Once Service</i></p>	<p>To enable the NYPF to be notified of the death of a scheme member.</p>
<p>ATMOS <i>Life Existence Checks</i></p>	<p>To enable the NYPF to be notified of the death of a scheme member.</p>
<p>ITM <i>Guaranteed Minimum Pension (GMP) reconciliation service</i></p>	<p>To enable the NYPF to reconcile GMPs with HMRC</p>
<p>Government Actuary's Department <i>National LGPS Cost</i></p>	<p>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.</p>
<p>Other LGPS administering authorities <i>Scheme managers of other LGPS funds</i></p>	<p>To determine pension benefit entitlements.</p>

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 100 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 NYPF also relies on the following legal bases:

- 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)

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.



North Yorkshire Pension Fund

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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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);

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.

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.

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.



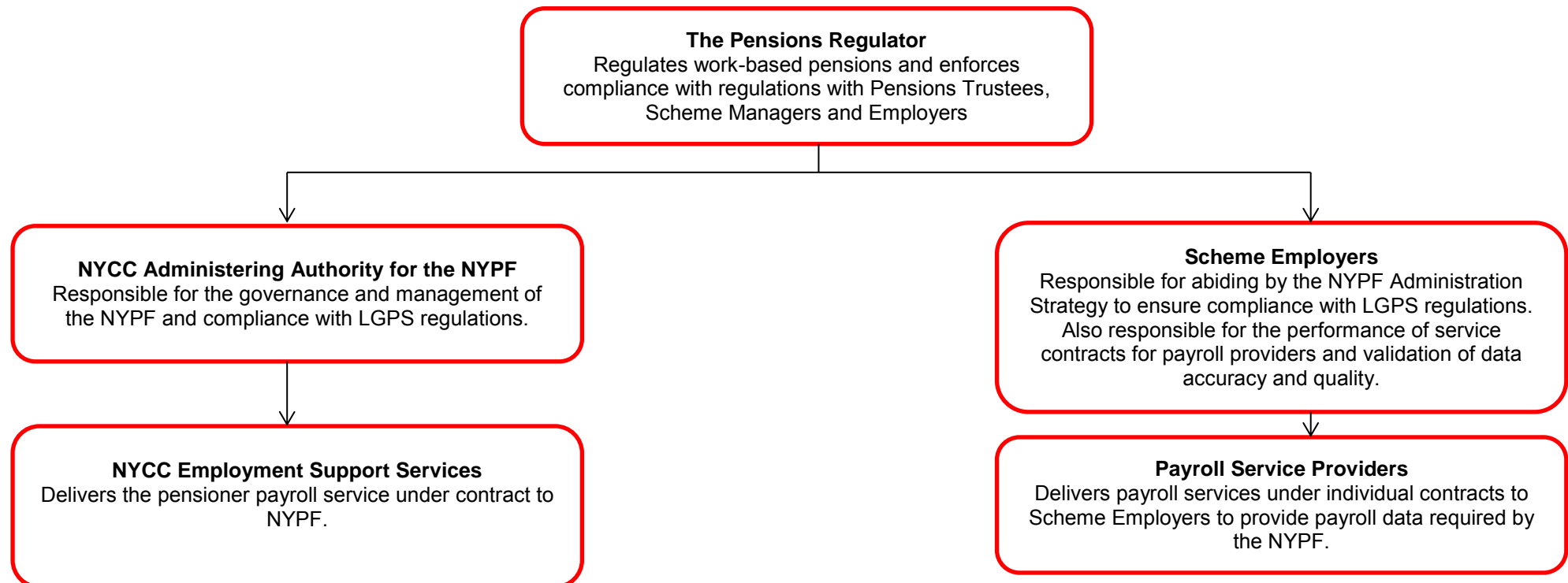
North Yorkshire Pension Fund

This provides a summary of the governance arrangements for the Local Government Pension Scheme (LGPS) managed 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.



Body	Responsibility	Delivered by
The Pensions Regulator	<p>Regulates 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>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	<p>Responsible for delivering pensioner payroll services to the NYPF under a service contract.</p>	<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

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

Breaches Policy 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

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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.

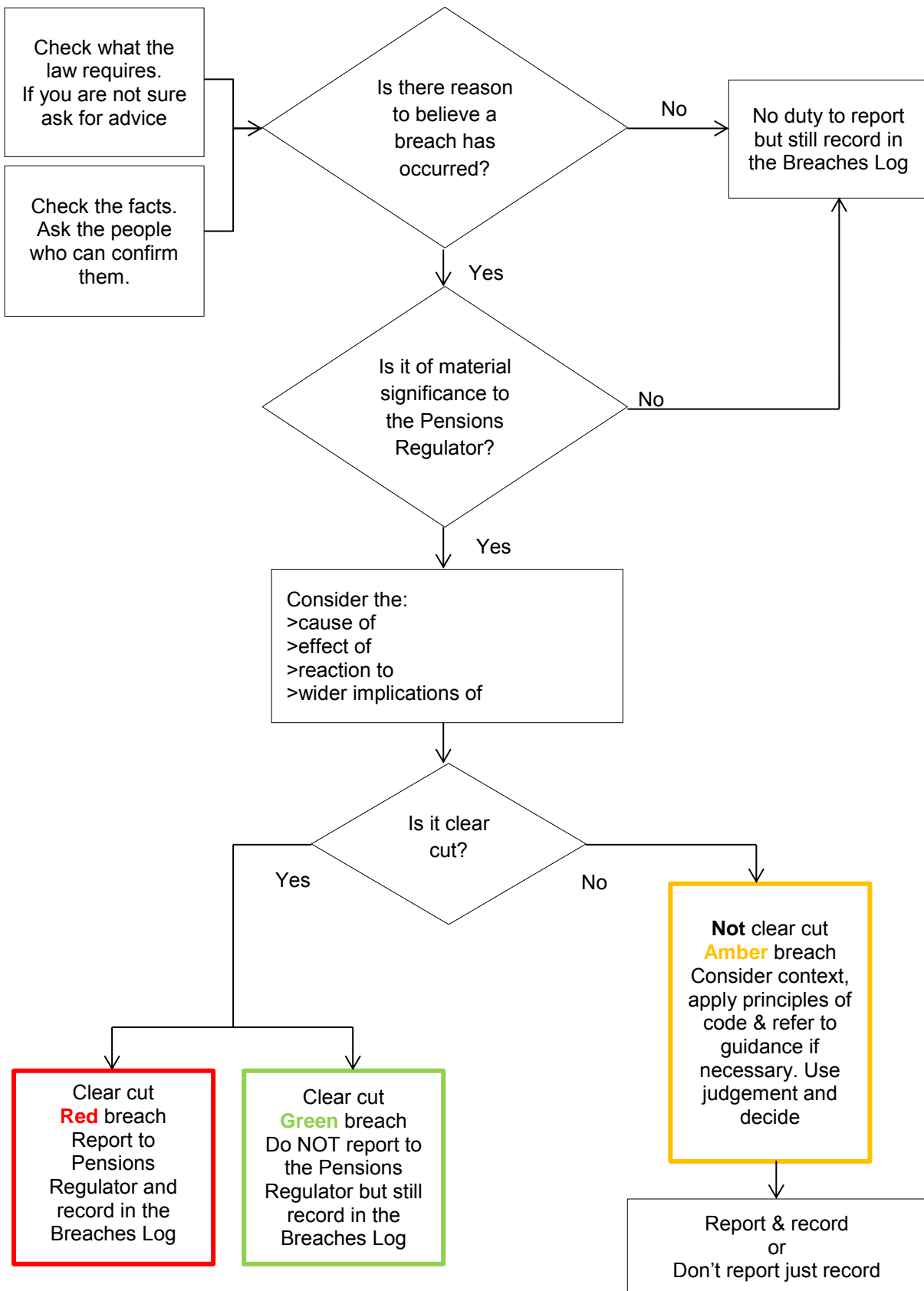
The duty to report, however, does not override ‘legal privilege’, so oral and written communications between the Fund or Local Pension Board and a professional legal adviser do not have to be disclosed.

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	Referred to PFC	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	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.	Where a member died in service without completing an expression of wish form, but Fund did not identify correct dependents, leading to possible 2 nd payment of death grant. Dependent, a long term partner of	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	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

				deceased appealed the decision to pay on strength of letters of administration. Recipient Relative identified by probate office refused to repay death grant.							
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