

**NORTH YORKSHIRE COUNTY COUNCIL**

**PENSION FUND COMMITTEE**

**13 SEPTEMBER 2018**

**PENSION BOARD ANNUAL REPORT**

**Report of the Treasurer**

**1.0 Purpose of Report**

1.1 To note the Annual report of the Pension Board

**2.0 Pension Board Annual Report**

2.1 The Terms of Reference for the Pension Board require that an Annual Report is submitted to the Administering Authority each year.

2.2 A draft Annual Report was presented to the Board at their meeting of 19 July 2018 where it was approved. The final Report is attached as **Appendix 1**.

2.3 The Report will be submitted to the Executive and then presented to Full Council.

2.4 Members are asked to note the content of the report and are invited to provide feedback.

**3.0 Recommendations**

3.1 Members are asked to note the Annual Report of the Pension Board 2017-18 and are invited to provide feedback.

GARY FIELDING  
Treasurer,  
Corporate Director – Strategic Resources,  
County Hall,  
Northallerton

September 2018

**NORTH  
YORKSHIRE  
LOCAL  
PENSION BOARD**

**ANNUAL REPORT**

**2017 - 2018**

## NORTH YORKSHIRE LOCAL PENSION BOARD

### ANNUAL REPORT FOR PERIOD 1 APRIL 2017 TO 31 MARCH 2018

#### **Background**

In June 2014 the Government published a consultation “The Local Government Pension Scheme (Amendment) Regulations 2014: draft Regulations on scheme governance”. These Regulations were essentially a crystallisation of the governance arrangements framework set out in the Public Service Pensions Act 2013.

The Regulations required Administering Authorities to each establish a Local Pension Board by 1 April 2015, being a formal body constituted by North Yorkshire County Council (the Administering Authority for the North Yorkshire Pension Fund), and the Board to be operational by 1 August 2015.

The Terms of Reference for the Pension Board were drafted in February 2015 to comply with the draft Regulations and guidance, in consultation with the Chair and Vice-Chair of the Pension Fund Committee and the Assistant Chief Executive (Legal and Democratic Services). The document was approved by the Council on 18 February 2015.

The Pension Board was established and its membership developed, and it held its first meeting on 30<sup>th</sup> July 2015.

In April 2016, the LGPS Scheme Advisory Board (SAB) was established as a statutory body encouraging best practice, increasing transparency and co-ordinating technical and statutory issues at a national level. Alongside this the role of the Pensions’ Regulator had been extended to cover public sector schemes, and guidance has been introduced in the form of the Regulator’s Code of Practice 14, which includes the reporting of statutory and regulatory breaches, for example the late payment of contributions and the issue of Annual Benefit Statements after the statutory deadline.

#### **Role**

The role of the local Pension Board is defined by sections 5(1) and 5(2) of the Public Service Pensions Act 2013 as follows:

1. To assist the Council as Administering Authority in its role as Scheme Manager to:
  - secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS;
  - secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator;
  - secure the effective and efficient governance and administration of the LGPS for the Pension Fund
  - assist in such other matters as the LGPS regulations may specify
2. To provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest

It is not the role of the Pension Board to be involved in the day to day running of the Pension Fund.

The operation of the Pension Board is open and transparent, its meetings are open to the public and all required details relating to the Pension Board, including minutes of meetings, are on the North Yorkshire County Council –

<http://democracy.northyorks.gov.uk/committees.aspx?commid=91>

### Membership of the Board

The Board consists of 9 members, 4 scheme member representatives, 4 employer representatives and an independent chair. The current Membership is as follows:-

PORTLOCK, David	Chairman - Independent Member (Non-voting)
JORDAN, Mike (County Councillor)	Employer Representative – North Yorkshire County Council
CUTHBERTSON, Ian (Councillor)	Employer Representative – City of York Council
VACANCY	Employer Representative
BRANFORD-WHITE, Louise	Employer Representative – Hambleton District Council
VACANCY at 31 March 2018 (PURCELL, Simon – From April 2018)	Scheme Member Representative - UNISON
SMETHURST, Stella	Scheme Member Representative - UNISON
SWITHENBANK, Mandy	Scheme Member Representative - GMB
GRESTY, Gordon	Scheme Member Representative – Retired Members

Scheme Member Representative, Ben Drake, had to resign from the Board due to ill health. A recruitment initiative was undertaken and Simon Purcell was appointed to the vacant Scheme Member Representative position in April 2018. Sadly, Ben Drake passed away in February 2018, following a short illness.

Employer Representative, Phil MacDonald (University of Hull) left the University's employment in March 2018, and was, therefore, ineligible to continue in the role as Employer Representative on the Pension Board. Action is currently being taken to fill the vacant position.

## **Terms of Reference**

A copy of the Board's Terms of Reference is attached at **Appendix 1**. The Terms of Reference, agreed by the Administering Authority in February 2015, were reviewed at the Meeting of the Board held on 18<sup>th</sup> January 2018 and were re-affirmed as being fit for purpose.

## **Attendance at Meetings**

Meetings of the Board currently take place 4 times a year and are well attended.

Attendance at meetings was as follows:-

20<sup>th</sup> April 2017 – Ben Drake and Phil MacDonald absent. All other Members present.

20<sup>th</sup> July 2017 – County Councillor Mike Jordan, Councillor Ian Cuthbertson, Ben Drake and Stella Smethurst absent. All other Members present.

12<sup>th</sup> October 2017 – All Members in attendance.

18<sup>th</sup> January 2018 – County Councillor Mike Jordan absent. All other Members in attendance.

## **Attendance at Pension Fund Committee**

The Chair of the Board is an ex-officio, non-voting, Member of the Pension Fund Committee. Each ordinary Meeting of the Pension Fund Committee has an agenda item that provides an opportunity for the Chair of the Board to present feedback and the minutes of the previous meeting of the Board are submitted for information. The minutes of the Pension Fund Committee are also submitted to the Pension Board and, again, the Chairman provides feedback.

Members of the Pension Board attend meetings of the Pension Fund Committee to observe proceedings when available.

## **Issues Considered**

The following have been considered by the Pension Board over the year:-

- North Yorkshire Pension Fund Annual Report for the year ended 31 March 2017
- External Audit Report on the North Yorkshire Pension Fund for the year ended 31 March 2017
- Risk Register
- Internal Audit reports
- LGPS Pooling arrangements
- 2016 Triennial Valuation
- Investment Strategy Statement
- Publication of Pension Board Annual Report
- Pensions' Administration
- Feedback from training courses attended
- UK Stewardship Code – Compliance
- Management, administration and governance process and procedure

- Development of improved customer services
- Scheme Member and Employer communications
- Treasurer of the North Yorkshire Pension Fund – Annual discussion

Details in relation to the discussions on these issues can be found in the minutes for the meetings which are available on the North Yorkshire County Council website –

<http://democracy.northyorks.gov.uk/committees.aspx?commid=91>

The LGPS Pooling arrangements have been a major issue of consideration for the Pension Board. The North Yorkshire Pension Fund has committed to joining the Border to Coast Pensions Pool, along with 11 other LGPS. The pool is expected to begin operating in July 2018 and the Pension Board has been committed to scrutinising the governance arrangements for the pool. This work is ongoing.

### **Data Quality**

In July 2017 Jardine Lloyd Thompson (JLT) were commissioned to undertake a Common Validation Check on the Fund's data. The Fund received an overall data quality rating of 99%.

The failures identified were reviewed and incorrect data identified was rectified.

The Fund operates a rolling schedule of data quality, checking and cleansing throughout the year.

### **Conflicts of Interest**

The Board adopted a Conflicts of Interest Policy, attached as **Appendix 2**, at its inaugural meeting on 30<sup>th</sup> July 2015 and this is reviewed annually. The requirement to declare Conflicts of Interest is an item on every agenda for Board meetings. No conflicts were identified nor disclosed in the period to 31 March 2018.

### **Skills and Development Activities**

Board Members have undertaken a comprehensive range of training and development opportunities, as required by the Pension Regulator's Code of Practice. A skills audit was also undertaken to identify possible training requirements and areas where skills and knowledge needed development.

Discussions have taken place, with the Pension Fund Committee, in relation to the likely requirement for Pension Fund Committee Members to undertake appropriate training and development in future, and the issue is being considered by the Committee.

The Board adopted a Training Policy, attached as **Appendix 3**, at its inaugural meeting on 30<sup>th</sup> July 2015.

Details of the training and development undertaken by Board Members are provided in **Appendix 4**.

## **Programme of Work**

The Board has developed a programme of work which is reviewed and updated at every meeting of the Board. Details of the programme of work are provided in **Appendix 5**.

## **Pension Board Costs for 2017/18 and Budget for 2018/19**

The Board's costs for 2017/18 were as follows:

Chair's Allowance	£2316
Travel	£ 633
Skills development	£4940
<b>Total</b>	<b>£7889</b>

The Board's budget for 2018/19 is as follows:

Chair's Allowance	£3000
Travel	£1500
Skills development	£5000
<b>Total</b>	<b>£9500</b>

The above costs are borne by the Pension Fund.

In addition to the expenditure detailed above, the Board receives assistance and support from the Council's Legal & Democratic Services and Pension Fund Officers. An estimate of the cost and value of this assistance and support has not been calculated.

## **Pension Board self-assessment**

The Board's terms of reference and guidance from the Pension Regulator's Code of Practice 14 require that the Board undertakes a review of its effectiveness and the knowledge and skills of Board members.

However, in view of the focus on Pooling over the last year or so, the consequential pressure on Scheme Manager and Pension Fund Officers and the departure of senior Officers, a review of Board effectiveness has been delayed with this taking place in June 2018.

## **Equality Impact Review**

An Equality Impact Review is not required as there are no relevant decisions to be taken.

**David Portlock**  
**Independent Chair of the Local Pension Board**  
**July 2018**

# Pension Board of the North Yorkshire Pension Fund

## Terms of Reference and Delegated Authorities

### 1) Role of the Local Pension Board

The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is

- to assist North Yorkshire County Council (NYCC) as Administering Authority in its role as Scheme Manager
- to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator
- to secure the effective and efficient governance and administration of the LGPS for the North Yorkshire Pension Fund (NYPF, or the Fund)
- in such other matters as the LGPS regulations may specify
- to provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest

The terms “Administering Authority” and “Scheme Manager” are used interchangeably in the Regulations but are separately defined in this document (see section 18). NYCC as the Administering Authority has ultimate responsibility for the Fund and has delegated powers to manage the Fund to the Pension Fund Committee (PFC).

These Regulations provide that the Pension Board has the general power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also help ensure that the NYPF is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator, with due regard to guidance issued by Government, the Pensions Regulator and the National Scheme Advisory Board.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than four times in any year. The Pension Board will determine the precise timing of its own meetings, which will take place at suitable intervals between PFC meetings so that PFC activity relevant to the Board can be considered and responses to recommendations reviewed prior to the next meeting of the PFC.

## 2) Membership and Appointment Process

The Pension Board shall consist of 9 members and be constituted as follows:

- i) 4 scheme member representatives, of whom
  - a. 2 shall represent and be drawn from active members of the Fund
  - b. 1 shall represent and be drawn from pensioner and deferred pensioner members of the Fund
  - c. 1 shall represent and be drawn from either the active or deferred/pensioner members of the Fund
- ii) 4 employer representatives, of whom
  - a. 1 shall be nominated by NYCC who shall meet the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority
  - b. 1 shall be nominated by the City, Borough and District Councils, the Police and Fire bodies and the National Parks which are employers within the Fund
  - c. 1 shall be nominated by all other employers within the Fund
  - d. 1 shall be nominated by any employer other than NYCC
- iii) 1 independent member, who shall be appointed as Chair of the Pension Board

Elected Members and officers involved in the management and administration of the Fund are not permitted to become Pension Board members.

The Administering Authority will contact employers and members of the Fund to inform them of the Pension Board arrangements and to canvass interest whenever appointments to the Pension Board are required. Active, pensioner and deferred pensioner members will be eligible to nominate themselves as "scheme member representatives". Individuals put forward by the Fund's employers, whether or not those individuals are members of the Fund, will be eligible to stand as "employer representatives".

The position of independent member will be advertised publically. The Administering Authority will seek an independently minded individual with a track record of dealing with governance issues. Following receipt of nominations/applications the Administering Authority will arrange an independent as possible appointment process. This process will include assessing information supplied by candidates in support of their nomination/application and may be supplemented by interviews as appropriate.

Members in all categories will only be appointed to the Pension Board by the Administering Authority if they either meet the knowledge and skills requirements set out in the relevant regulations and guidance (see Section 7) or commit to do so within 3 months of the appointment date.

Members of the Pension Board will serve for a term of 4 years following which they may either retire from the Board or seek nomination for an additional term. The term of office may otherwise come to an end

- for scheme member representatives if they cease to be a member of the relevant group
- for employer representatives who are councillors if they cease to hold office as a councillor

- for employer representatives who are not councillors when they cease to be employed by their nominating employer
- for a councillor member who is appointed to the PFC
- for a scheme member or employer representative who is appointed to a role with responsibility for the management or administration of the Fund
- where there is a conflict of interest which cannot be managed in accordance with the Pension Board's Conflicts of Interest Policy
- where a member fails to attend meetings, undertake training or otherwise comply with the requirements of being a Pension Board member

Each Pension Board member should endeavour to attend all Board meetings during the year and is expected to attend at least 3 meetings each year. The chair of the Board is also expected to attend the quarterly meetings of the PFC.

Given the nature of the Pension Board as a supervisory body and the need for appropriate knowledge and skills and the clear avoidance of conflicts of interest, substitute members are not permitted. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Administering Authority.

Other than by ceasing to be eligible as set out above, a Board member may also be removed from office during a term of appointment by the unanimous agreement of all of the other members. The removal of the independent member requires the consent of the Administering Authority.

### **3) Conflicts of Interest**

The policy for identifying, monitoring and managing conflicts of interest is set out in a separate policy document, which should be regularly reviewed by the Pension Board.

### **4) Standards of Conduct**

The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct.

These are:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership

## **5) Knowledge and Skills**

A member of the Pension Board must be conversant with:

1. The legislation and associated guidance of the LGPS
2. Any document recording policy about the administration of the LGPS which is for the time being adopted by the NYPF

A member of the Pension Board must have knowledge and understanding of:

- a. the law relating to pensions, and
- b. any other matters which are prescribed in the regulations

Individual Pension Board members must satisfy themselves that they have the appropriate degree of local knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board. This includes being fully aware of all requirements detailed in these terms of reference for example on standards of conduct and conflicts of interest, and being conversant with the investment strategy of the Fund.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development. Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

## **6) Board Review Process**

The Board will undertake each year a formal review process to assess how well it and its members are performing with a view to seeking continuous improvement in the Board's performance.

## **7) Accountability**

The Pension Board will be collectively and individually accountable to the Administering Authority.

## **8) Remit of the Board**

The Pension Board must assist the Administering Authority with such matters as the scheme regulations may specify. It is for scheme regulations and the Administering Authority to determine precisely what the Pension Board's role entails. Examples of activity include, inter alia:

- reviewing the Fund's governance and policy documents, such as the Governance Compliance Statement and the Communications Policy Statement
- reviewing the Fund's Annual Report
- reviewing the administrative performance of the Fund
- reviewing shareholder voting and engagement arrangements
- reviewing the Fund's Risk Register
- reviewing the NYPF website
- supporting and challenging PFC actions as a critical friend

## **9) Decision making**

Each Pension Board member who is a scheme member or employer representative will have an individual voting right but it is expected that the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will not be entitled to vote.

## **10) Quorum**

The Board shall be quorate if the Chair, 1 scheme member representative and 1 employer representative are present.

## **11) Board Meetings – Notice, Minutes and Reporting**

The Administering Authority shall give notice to all Pension Board members of every meeting of the Pension Board and shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board, they shall be circulated to all Pension Board members.

The Pension Board is a committee of the Council and as such the Council's rules on notice of meetings, publishing agendas, reports and minutes and that meetings and papers (unless exempt) are open to the public will apply. At the discretion of the Administering Authority items may be edited or excluded on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Pension Board shall annually report to the Administering Authority on its nature and activities. The precise content of this report will be subject to consideration and agreement at a meeting of the Board but as a minimum should include

- a. details of members attendance at meetings of the Pension Board
- b. details of training and development activities made available to Pension Board members and attendance at such activities
- c. details of any recommendations made by the Pension Board to the Scheme Manager and the Scheme Manager's response to those recommendations
- d. details of costs incurred in the operation of the Pension Board
- e. a review of the effectiveness of the Board (see Section 6)

In consideration of items of business at its ordinary meetings the Pension Board shall determine whether it wishes to make recommendations to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

The Pension board shall also report as required by the regulations to the Pensions Regulator and the National Scheme Advisory Board.

## **12) Reporting Breaches**

Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in the draft code of practice 14 issued by the Pensions Regulator, *Governance and Administration of Public Service Pension Schemes*. 6

### **13) Publication of Pension Board information**

Scheme members and other interested parties will want to know that the NYPF is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, and to carry out its role in relation to the governance and administration of the scheme and requirements of the Pension Regulator.

Up to date information will be posted on the NYPF website showing:

- the names of the Pension Board members and other relevant information
- how the scheme members are represented on the Pension Board
- the responsibilities of the Pension Board as a whole
- the full terms of reference and policies of the Pension Board and how they operate
- the Pension Board appointment process
- any specific roles and responsibilities of individual Pension Board members

The Administering Authority will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

### **14) Advice to the Board**

The Board will be supported in its role and responsibilities by the Administering Authority through advice and support as appropriate.

### **15) Expense Reimbursement, remuneration and allowances**

The Administering Authority will determine remuneration and allowances to be paid to Pension Board members based on recommendations made by the Independent Panel on Members Remuneration. These arrangements are reviewed annually.

Expenses in connection with fulfilling Pension Board responsibilities will be met by the Fund based on the Council's Members Scheme of Allowances and officers Travel and Expenses Policy as appropriate. The costs of appropriate training will also be met by the Fund.

### **16) Insurance**

The Council's Public Liability Insurance applies to members of the Pension Board.

### **17) Updating the Pension Board Terms of Reference**

Approval for significant amendments must be pursued through the Council's Constitution Working Group. General updating or housekeeping can be carried out without the need to seek formal approval.

### **18) Definitions**

The undernoted terms shall have the following meaning when used in this document:

<i>"Pension Board" or "Board"</i>	Means the Pension Board for the Council as the Administering Authority of the NYPF as required under the Public Service Pensions Act 2013
<i>"Administering Authority"</i>	Means the Council

*"Scheme Manager"*

Means the PFC of the Council

*"Chair"*

The individual responsible for chairing meetings of the Pension Board and guiding its debates

*"LGPS"*

The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

*"Scheme"*

Means the Local Government Pension Scheme as defined under "LGPS"

**NORTH YORKSHIRE COUNTY COUNCIL****PENSION BOARD****CONFLICTS OF INTEREST POLICY****Introduction**

There is a requirement for Pension Board members not to have a conflict of interest. However, it is important to note that the issue of conflicts of interest must be considered in light of the Pension Board's role, which is to assist the Administering Authority. The Pension Board does not make decisions in relation to the administration and management of the Fund: this rests with the Administering Authority. As a result, it is not anticipated that significant conflicts will arise in the same way as would be the case if the Board were making decisions on a regular basis (compared, for example, to the Pension Fund Committee). Nevertheless, steps need to be taken to identify, monitor and manage conflicts effectively.

The Regulator has a particular role in relation to members of the Pension Board and conflicts of interest. Whilst members of the Pension Board may be subject to other legal requirements when exercising functions as a member of the Pension Board, the Regulator expects the requirements which specifically apply by virtue of the Public Service Pensions Act 2013 to be met and the standards of conduct and practice set out in its Code of Practice to be complied with.

The Code of Practice offers guidance about managing potential conflicts and the identification, monitoring and management of actual conflicts. This Policy is intended to reflect the principles of the Regulator's Code of Practice and apply them in an LGPS context.

**Identifying conflicts of interest**

For the purposes of a member of the Pension Board, a 'conflict of interest' is defined in section 5(5) of the 2013 Act as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. The 2013 Act also specifies that a conflict does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS.

Therefore, a conflict of interest may arise when a member of the Pension Board must fulfil their legal duty to assist the Administering Authority and at the same time they have:

- a separate personal interest (financial or otherwise); or
- another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility as a Pension Board member

The Regulations place a duty on the Administering Authority to satisfy itself that those appointed to its Pension Board do not have an actual conflict of interest prior to appointment and "from time to time".

There is a corresponding duty on any person who is proposed to be appointed to the Pension Board, and on an appointed member of the Pension Board, to provide the Administering Authority with such information as the Administering Authority reasonably requires to be satisfied that there are no conflicts of interest. Pension Board members also have a responsibility to anticipate potential conflicts of interest in relation to plans for future Pension Board activity.

Some examples of how a conflict might arise specifically in relation to a member of a Pension Board include:

- a finance officer appointed as a member of the Pension Board may, from time to time, be required to take or scrutinise a decision which may be, or appear to be, in opposition to another interest or responsibility. For example, they may be required as a member of the Pension Board to take or scrutinise a decision which involves the use of departmental resources to improve scheme administration, whilst at the same time being tasked, by virtue of their employment, with reducing departmental spending
- a Pension Board member who works in the Administering Authority's internal audit function may be required as part of his work to audit the Fund. For example, the employee may become aware of confidential breaches of law by the Fund which have not yet been brought to the attention of the Pension Board
- an employer representative from the private sector may also have a conflict of interest as a decision-maker in their own workplace. For example, if an employer representative is drawn from a company to which the Administering Authority has outsourced its pension administration services and the Board are reviewing the standards provided by it.

Conflicts of interest may also arise in respect of advisers to the Pension Board. For example, an adviser may have a conflict of interest if he or she (or the same firm) is also advising the Administering Authority. The risk to the Pension Board is that the adviser does not provide, or is not seen to provide, independent advice. Where there is likely to be a conflict of interest in giving advice, the Board should consider carefully whether it is appropriate to appoint the adviser in the first place. It may also be necessary to consider carefully whether they should take steps to remove an adviser who has already been appointed.

### **Monitoring and Managing potential conflicts of interest**

In order for the Administering Authority to fulfil its obligation to ensure that members of the Pension Board do not have a conflict of interest, the Pension Board must include an item on conflicts of interest at each meeting of the Pension Board and in its annual report to the Administering Authority.

The Pension Board is required to maintain a written register of dual interests and responsibilities which have the potential to become conflicts of interest, which may adversely affect members' or advisers' suitability for the role. Each member of the Pension Board (as well as any other attendees participating in the meeting) will be expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest. Such a conflict could be in relation to a general subject area or to a specific agenda item of a Pension Board meeting.

The Chair of the Pension Board must be satisfied that the Board is acting within:

- the conflicts of interest requirements of the Public Service Pensions Act and the LGPS Regulations, and
- in the spirit of any national guidance or code of practice in relation to conflicts of interest for Pension Board members, and

Each member of the Pension Board, or a person proposed to be appointed to the Board, (as well as attendees participating in the meeting) must provide the Chair of the Pension Board with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.

Pension Board members are required to have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest, and should know how potential conflicts should be managed.

The Pension Board is required to evaluate the nature of any dual interests and responsibilities, assess the impact on operations and governance were a conflict of interest to materialise, and seek to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the Pension Board. The Pension Board may consider seeking independent legal advice from a nominated officer (for example, the monitoring officer) or external advisers where necessary on how to deal with these issues, if appropriate.

Individual members of the Pension Board must know how to identify when they have a conflict of interest which needs to be declared and which may also restrict their ability to participate in meetings or decision-making. They also need to appreciate that they have a legal duty under the Regulations to provide information to the Administering Authority in respect of conflicts of interest.

Options for managing an actual conflict of interest, should one arise, include:

- a member withdrawing from the discussion and any decision-making process;
- the Board establishing a sub-board to review the issue (where the terms of reference give the power to do so); or
- a member resigning from the Board if the conflict is so fundamental that it cannot be managed in any other way

**30<sup>th</sup> July 2015**

### PENSIONS BOARD TRAINING POLICY

#### 1.0 Introduction

- 1.1 This policy statement details the training agenda for members of the Pensions Board and has been drawn up to meet their needs in relation to training.
- 1.2 In addition to the Training Policy for Board members, Board members will have access to all training provided to members of the Pensions Fund Committee.

#### 2.0 Knowledge and understanding required by pension board members

- 2.1 A member of the pension board of a public service pension scheme must be conversant with:
  - a. the rules of the scheme, and
  - b. any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

A member of a pension board must have knowledge and understanding of:

- a. the law relating to pensions, and
- b. any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.

#### 3.0 Training Agenda

- 3.1 Pension Board members will need to carry out a personal training needs self-assessment to identify training needs, and assess their overall level of Knowledge and Understanding.
- 3.2 It is a requirement by the Pensions Regulator (tPR) that Pension Board members should invest sufficient time in learning and development and keep records of learning activities. Using a personalised training plan will help to document and address training needs promptly as well as keep knowledge and understanding up to date.

- 3.3 Council officers will provide details of training events relevant to Pension Board members.
- 3.4 Training should be on-going for Board members, and may consist of some or all of following:
- on-line training provided by tPR
  - attendance at employer and scheme member events hosted by the Pension Fund
  - attendance at seminars and training events offered by the Fund's investment managers and advisors
  - attendance at external training courses, seminars and events suitable for their needs

In addition, unstructured training such as internet research may constitute training.

#### **4.0 Review arrangements**

- 4.1 A report will be presented to the Pensions Board on a quarterly basis detailing:
- training completed over the previous year, and by which members
  - advance notification of forthcoming training events
- 4.2 Pension Board members will carry out an annual review of skills, competencies and knowledge to identify any gaps or weaknesses to reassess their overall level of "Knowledge and Understanding".
- 4.3 The Pension Board will review the Training policy annually.

#### **5.0 Costs of Training**

- 5.1 All training costs will be met by the Pension Fund.

## Pension Board Members - Training, Meetings and Events

Appendix 1

Date	Title or Nature of Course	Sponsor/ Organiser	Venue	David Portlock - Chair	Mandy Swithenbank	Stella Smethurst	Gordon Gresty	Louise Branford- White	Cllr Mike Jordan	Cllr Ian Cuthbertson	Simpn Purcell
06/15	LGPS Governance	UNISON	Leeds			X					X
06/15	LGPS Benefits/Administration	UNISON	Leeds			X					X
04/06/15	Training Event for Pension Board Members	LGA	Marriott Hotel, Leeds			X	X	X	X		
03/07/15	Pension Board Member Training	AON	Leeds		X				X		
17/07/15	Pension Board Member Training	AON	Leeds		X	X			X		
24/07/15	Pension Board Member Training	AON	Leeds			X			X		
21/10/15	LGPS Trustee Training – Fundamentals XIV	LGA	Leeds		X	X	X			X	
17/11/15	LGPS Trustee Training – Fundamentals XIV	LGA	Leeds	X	X	X	X			X	
08/12/15	LGPS Trustee Training – Fundamentals XIV	LGA	Leeds	X	X	X	X	X	X	X	
14/01/16	Governance for North Yorkshire Pension Board	Peter Scales – Independent Observer for the North Yorkshire Pension Fund	County Hall	X	X	X	X	X	X	X	
29/06/16	Local Pension Board Conference	CIPFA & Barnett Waddingham	London	X							
01/03/17	LGPS Spring Seminar	CIPFA & Barnett Waddingham	Leeds	X							
28/06/17	Local Pension Boards 2 years on	CIFPA & Barnett Waddingham	London	X							
29/06/17 and 30/06/17	Annual LGPS “Trustees” Conference	LGA	Bournemouth	X							
11/09/17 and 12/09/17	Introduction to Pension Funds – New Pension Fund Committee and Pension Board Members	BCPP	York	X	X		X			X	
10/11/17	Local Pension Boards Autumn Seminar	CIPFA	Liverpool		X					X	

Date	Title or Nature of Course	Sponsor/ Organiser	Venue	David Portlock - Chair	Mandy Swithenbank	Stella Smethurst	Gordon Gresty	Louise Branford- White	Cllr Mike Jordan	Cllr Ian Cuthbertson	Simpn Purcell
27/06/18	Local Pension Boards Annual Conference	CIFPA & Barnett Waddingham	London	X							
05/07/18	Pension Board, Committee and Officer Training – Governance and Key Legislation	AON	London								X
17/09/15	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
26/11/15	North Yorkshire Pension Fund Committee	NYCC	County Hall	X	X	X					
15/01/16	North Yorkshire Pension Fund Committee	NYCC	County Hall	X	X	X					
25/02/16	North Yorkshire Pension Fund Committee	NYCC	County Hall	X		X					
19/05/16	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
07/07/16	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
15/09/16	North Yorkshire Pension Fund Committee	NYCC	County Hall	X	X		X				
24/11/16	North Yorkshire Pension Fund Committee	NYCC	County Hall	X		X					
26/01/17	North Yorkshire Pension Fund Committee	NYCC	County Hall	X	X			X	X	X	
23/02/17	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
31/03/17	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
25/05/17	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
14/09/17	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
23/11/17	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
22/02/18	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
24/05/18	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							

Date	Title or Nature of Course	Sponsor/ Organiser	Venue	David Portlock - Chair	Mandy Swithenbank	Stella Smethurst	Gordon Gresty	Louise Branford- White	Cllr Mike Jordan	Cllr Ian Cuthbertson	Simpn Purcell
05/07/18	North Yorkshire Pension Fund Committee	NYCC	County Hall	X							
25/11/16	North Yorkshire Pension Investment Strategy Workshop	NYPF	County Hall	X							
23/02/17	North Yorkshire Pension Investment Strategy Workshop	NYPF	County Hall	X							
15/09/17	North Yorkshire Pension Investment Strategy Workshop	NYPF	County Hall	X							
17/11/17	North Yorkshire Pension Investment Strategy Workshop	NYPF	County Hall	X							
20/12/17	North Yorkshire Pension Investment Strategy Workshop	NYPF	County Hall	X							
05/07/18	North Yorkshire Pension Investment Strategy Workshop	NYPF	County Hall	X							
11/11/16	Triennial Valuation Seminar	Actuary	County Hall	X				X			
13/01/17	Pooling – Employers Seminar	NYPF	County Hall	X	X		X	X			
24/02/17	North Yorkshire Pension Fund Manager Meeting	NYPF	County Hall	X							
03/03/16	Audit Committee Training Session - Counter Fraud	NYCC	County Hall	X					X		
03/02/16	Governance Forum	Mazars	York	X					X	X	
08/07/16	Governance Forum	Mazars	York	X					X	X	
03/02/17	Governance Forum – (Including Cyber Security)	Mazars	York	X					X		
31/01/18	Governance Forum (including GDPR)	Mazars	York	X					X		
18/06/18	Data – Section 13 – Regional Workshop	Mercer	Manchester	X							
21/06/18	Audit Committee Training Session – Treasury Management	NYCC	County Hall	X							

Date	Title or Nature of Course	Sponsor/ Organiser	Venue	David Portlock - Chair	Mandy Swithenbank	Stella Smethurst	Gordon Gresty	Louise Branford- White	Cllr Mike Jordan	Cllr Ian Cuthbertson	Simpn Purcell
07/15 – 03/17	Introducing Pension Schemes	The Pensions' Regulator – Toolkit Modules	On-line		X		X			X	
07/15 – 03/17	The Trustees' Role	The Pensions' Regulator – Toolkit Modules	On-line	X	X		X			X	
07/15 – 03/17	Running a Scheme	The Pensions' Regulator – Toolkit Modules	On-line	X	X		X				
07/15 – 03/17	Pensions' Law	The Pensions' Regulator – Toolkit Modules	On-line		X		X				
07/15 – 03/17	An introduction to investment	The Pensions' Regulator – Toolkit Modules	On-Line				X				
07/15 – 03/17	How a DB Scheme works	The Pensions' Regulator – Toolkit Modules	On-line				X				

## PENSION BOARD WORK PLAN

APPENDIX 5

		18-Jan-18	12-Apr-18	19-Jul-18	11-Oct-18	24-Jan-19	11-Apr-19	
1	Agree plan for the year	✓				✓		
2	Review Terms of Reference	✓				✓		
3	Review performance against the plan	✓	✓	✓	✓	✓	✓	
4	Report to the PFC / NYCC	✓	✓	✓	✓	✓	✓	
5	Report to Scheme Advisory Board / MHCLG		✓	✓				

### Compliance checks

6	Review regular compliance monitoring reports		✓		✓		✓	
7	Review the compliance of scheme employers							
8	Review such documentation as is required by the Regulations						✓	
9	Review the outcome of internal audit reports	✓	✓	✓	✓	✓	✓	
10	Review the outcome of external audit reports				✓			
11	Review annual report			✓				
12	Review the compliance of particular issues on request of the PFC – as required							
13	Review the outcome of actuarial reporting and valuations – every three years							
14	Assist with compliance with the UK Stewardship Code	✓						

### Administration procedures and performance

15	Review admin/governance procedures/processes-including monitoring performance admin/governance			✓				
16	Monitor complaints and performance							
17	Review the Internal Dispute Resolution Process							
18	Review cases referred to the Pensions Ombudsman							
19	Review the implementation of revised policies and procedures							
20	Review the exercise of employer and administering authority discretions			✓				
21	Assist with the development of improved customer services							
22	Review processes for the appointment of advisors and suppliers							
23	Monitor investment costs							
24	Review the risk register and management of risk processes and procedure	✓		✓		✓		
25	Assist with the development of improved structures and policies							
26	Assist in assessing process improvements on request of PFC							
27	Assist with asset voting and engagement processes							
28	Pooling arrangements and governance	✓	✓	✓	✓	✓	✓	

### Communications

29	Review scheme member and employer communications							
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### Training

30	Review Pension Board knowledge and skills self assessment		✓	✓		✓		
31	Review training log	✓	✓	✓	✓	✓	✓	
32	Review training arrangements for the Board and other groups	✓	✓	✓	✓	✓	✓	