

Agenda

Meeting Pension Board

Venue: Brierley Room, County Hall, Northallerton, DL7 8AD

Date: Thursday, 26 October 2023

Time: 10.00 am

Independent Chair: Mr David Portlock (Chairman - Independent Member (Non-voting))

Employer Representatives: Councillor Steve Watson, Emma Barberry and David Hawkins.

Scheme Member Representatives: Gordon Gresty, David Houlgate, Simon Purcell and Sam Thompson

Business

1. Welcome, Introductions and Apologies
2. Apologies
- 3(a) Minutes of the Meeting held on 6th July 2023 (Pages 3 - 10)
- 3(b) Progress on Issues raised at Previous Meetings (Pages 11 - 12)
4. Declarations of Interest
5. Public Questions and/or Statements

Members of the public may ask questions or make statements at this meeting if they have given notice (including the text of the question/statement) to Steve Loach of Democratic Services (contact details at the foot of page 1 of the agenda sheet) by midday on Monday 23rd October 2023. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

at this point in the meeting if their questions/statements relate to matters which are not otherwise on the agenda (subject to an overall time limit of 30 minutes);

when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting

6. Minutes of Pension Fund Committee held on 15th September 2023 (Pages 13 - 22)

7. **Pension Board Annual Report 2022/23 - Report of the Assistant Chief Executive (Legal and Democratic Services)** (Pages 23 - 32)
8. **Pension Fund Administration - Report of the Treasurer** (Pages 33 - 66)
9. **Investment Pooling Consultation - Report of the Treasurer** (Pages 67 - 78)
10. **Budget and Cashflow - Report of the Treasurer** (Pages 79 - 116)
11. **Internal Audit 2022/23 progress update and 23/24 programme of work - Report of the Internal Auditor, Veritau** (Pages 117 - 142)
12. **Training (including feedback from any courses attended) - Report of the Assistant Chief Executive (Legal and Democratic Services)** (Pages 143 - 146)
13. **Work Plan - Report of the Assistant Chief Executive (Legal and Democratic Services)** (Pages 147 - 150)
14. **Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances**

For all enquiries relating to this agenda or to register to speak at the meeting, please contact Stephen Loach, Democratic Services Officer on Tel: 01609 532216 or by e-mail at:
stephen.loach@northyorks.gov.uk

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)
County Hall
Northallerton

Wednesday, 18 October 2023

North Yorkshire Council

Pension Board

Minutes of the meeting of the Pension Board held at County Hall, Northallerton on Thursday 6th July 2023 commencing at 10.00am.

Present: -

Members of the Board

David Portlock (Independent Chairman)

Employer Representatives:

Councillor Mike Jordan (North Yorkshire Council)

David Hawkins (York College)

Scheme Members:

David Houlgate (Unison)

Simon Purcell (Unison)

Gordon Gresty (NYPF retired member)

Sam Thompson (North Yorkshire Council)

Council Officers:

Qingzi Bu, Harriet Clarke, Phillippa Cockerill, Stuart Cutts, Jo Foster-Wade, Tom Morrison and Ian Morton.

In attendance:

Councillor George Jabbour

Copies of all documents considered are in the Minute Book

15. Apologies for absence

Apologies for absence were submitted by Emma Barbery (Askham Bryan College).

16(a) Minutes

Resolved -

That the Minutes of the meeting held on 6 April 2023, having been printed and circulated, be taken as read, confirmed as a correct record and signed by the Chairman.

16(b) Progress on Issues Raised by the Board

The consultation from the Department for Levelling Up, Housing and Communities (DLUHC) was still awaited in relation to the Hymans Good Governance review. The issue was however reported to be progressing and the consultation expected in the near future.

Further to Minute no. 6, following the annual discussion with the Treasurer of the North Yorkshire Pension Fund (NYPF), it was reported that further information from the DLUHC was awaited regarding a second phase of pooling with the possibility of the amalgamation of existing pools. It was noted that these arrangements may affect Border to Coast Pensions Partnership (BCPP). The Chairman raised concerns that a larger pool across a greater geographical area might take away accountability from pension scheme members to the administrating authority. Challenges around governance and decision-making arrangements with significantly more stakeholders involved if another phase of pooling was implemented were also discussed.

The matter of BCPP's Responsible Investment Policies would be covered at a later agenda item.

Resolved -

That the report be noted.

17. Declarations of Interest

Councillor Mike Jordan declared a non-disclosable interest in respect of the Pension Fund's Investment Consultant, AON, being used by him for his pension and financial advice.

18. Public Questions or Statements

There were no public questions or statements.

19. Pension Fund Committee – Draft Minutes of the meeting held on 26 May 2023

Considered -

The draft minutes of the meeting of the Pension Fund Committee (PFC) held on 26 May 2023.

It was noted that a number of items on the PFC agenda would come up at today's meeting of the Pension Board.

Resolved –

That the Minutes be noted.

20. Draft Pension Board Annual Report

Members considered the draft Annual Report of the Pension Board for 2022/23 and were requested to suggest any amendments. It was noted that, following approval by Council, the Annual Report would be published on the NYPF website.

The Chairman had identified several accuracy issues within the report, as recorded below. These would need to be taken on board before submission to the PFC, the Council's Executive, and then full Council.

Membership of the Board

- David Hawkins was not a co-opted Member and had full voting powers.

Attendance at meetings

Attendance at meetings was as follows as former County Councillor Bob Baker's term of office ended in May 2022:

- 7th July 2022 – Face to face meeting. Emma Barbery absent. All other Members in attendance. Pension Fund Committee Member County Councillor George Jabbour attended as an observer.
- 6th October 2022 – Face to face meeting. Councillor Ann Hook absent. All other Members in attendance. Pension Fund Committee Member County Councillor George Jabbour attended as an observer.
- 12th January 2023 – Face to face meeting. All Members in attendance. Pension Fund Committee Member County Councillor George Jabbour attended as an observer.

Issues Considered

- External Audit Report on the NYPF for the year ended 31 March 2022 – it was noted that this report had not yet been completed.

Pension Board Costs for 2022/23 and Budget for 2023/24

- It was noted that travel costs should not total £0 as several Members had claimed travel expenses throughout the 2022/23 year. It was confirmed that this figure would be updated for the final draft of the report.

It was noted that references to North Yorkshire County Council and scheme members representing district councils had been included as the draft Annual Report reflected the 2022/23 financial year, prior to Local Government Reorganisation (LGR).

Resolved –

That the draft Annual Report of the Pension Board 2022/23 be approved, subject to the amendments outlined, and taken through the appropriate process before it is submitted to full Council for approval and publication.

21. Pension Fund Administration

Phillippa Cockerill, Head of Pensions Administration, provided Members with an update on key initiatives undertaken by the Administration Team of the NYPF.

The following matters were highlighted:-

Pension Fund Committee Report

The PFC administration report and associated appendices which were discussed at their May 2023 meeting were set out at Appendix 1.

Breaches Log

There had been two new entries in the breaches log since the previous meeting of the Board, as detailed at Appendix 2. Both breaches related to the accidental disclosure of personal data to another person, one by email and one by post.

Members discussed whether to report the breaches to the Pensions Regulator and noted that the matters had been referred to the Internal Auditor who considered these to be very low risk. It was agreed therefore that given the low risk involved and that the issues had been addressed to prevent these from reoccurring, that no report to the Pensions Regulator should be made.

In response to a question concerning the distribution of paper pension statements, it was clarified that whilst the default method was to distribute statements electronically, individuals were entitled to opt out of this, recognising that not everyone was computer literate or wanted an e-statement.

Annual Benefits Statements (ABS)

Work was continuing on processing the year end data in preparation for the production of the ABS for 2023. It was reported that 194 files had been received and the printing of statements yet to be posted would be carried out that week. It was noted that LGR had impacted the receipt of information from the former district councils. In response to a query concerning issues around the distribution of statements within the former Harrogate district, further detail was requested to determine whether the problems were due to user error or a wider issue that needed to be dealt with.

Major projects

The roll out of the i-Connect employer portal was continuing but had been slowed by the year end and ABS work. Plans to increase the resource working on this project going forwards were confirmed in order to accelerate progress.

In relation to McCloud, the data load into Test had been completed and the errors and warnings had been reviewed, which had resulted in the approach to the data load into Live being changed. It was explained that the data received now needed to be manually worked through in order to compare it to the data already held. A project team would be established to progress this from 1 August 2023. In response to concerns regarding the increased workload for the service, it was noted that as the work needed to be carried out manually, there was a risk that this would not be completed by October. However, the NYFP were not the only pension fund at risk of missing this deadline given that amendments were still needed to the regulations following the latest McCloud consultation.

Local Government Pensions Committee (LGPC) Bulletins Log

Details of recent LGPC bulletins, and the response to those, were set out at Appendix 3 to the report.

Resolved -

- (i) That the contents of the report be noted;
- (ii) That the contents of the Breaches Log be noted.

22. Risk Register Review, Governance Documents Review and Draft 2022/23 Statement of Accounts

Phillippa Cockerill, Head of Pensions Administration, presented a report which provided Pension Board Members with the opportunity to review the Risk Register, the suite of governance documents of the NYPF and details of the NYPF draft 2022/23 Statement of Accounts.

It was noted that at its meeting on 30 June 2023, the PFC had considered the governance documents and had approved alterations, where appropriate. Details of the documents were provided to Board Members, with track-changes in place, providing an opportunity to determine any further changes to the documents. The documents would continue to be reviewed during the year and brought back to the PFC and Pension Board for further consideration.

The draft 2022/23 Statement of Accounts were provided for information and Board Members were asked to feed back any comments.

Members discussed the report and its appendices, and the following points were raised:-

- With reference to the timeline of the external audit on the draft 2022/23 Statement of Accounts, it was confirmed that Deloitte, the Council's external auditors, had agreed to attend onsite visits at County Hall from 31 July 2023, to avoid undertaking all of the external audit work remotely.
- In response to a query surrounding the Charging Policy, it was confirmed that the chasing of outstanding information would continue to incur charges where appropriate and that the removal of text at paragraph 3.0 was to remove the duplication of text within the charging scales table. It was also confirmed that the charges were set by the NYPF, rather than nationally.
- It was noted that the comments of Board Members on the Responsible Investment Policy and Climate Change Statement were previously fed back to BCPP.
- The Board referred to the Responsible Investment Policy around climate change and debated the risks associated with climate change and the extent to which they impacted pension fund investments. The Investment Strategy Review undertaken by the PFC back in March 2023 was discussed and it was noted that the current policy was to engage with companies to lobby them to transition to a low carbon economy. It was highlighted that the PFC kept alert to issues relating to responsible investment and climate change.

Resolved –

That the Risk Register, Governance Documents and draft 2022/23 NYPF Statement of Accounts be noted.

23. Internal Audit Report

Ian Morton, the Assistant Director – Audit and Assurance at Veritau, provided the Pension Board with an update on internal audit activity. The report highlighted progress on the Audit Plan for 2022/23, as previously approved by the Pension Board as follows:-

- The Investments, Income and Expenditure Audits were nearing completion and the final reports were due to be completed by the end of July 2023. Progress on the completion of audit work had been delayed due to the impact of LGR combined with NYC staff availability.
- Details of four outstanding actions from the 2021/22 audits were provided at Appendix 1 to the report and the reasons for their non-completion outlined. It was reported that one audit action had since been completed, one had been partly actioned and two audit actions remained, with their completion scheduled to take place in the Summer.

During a discussion of the report the following issues were raised:-

- It was noted that some of the delays relating to audit follow up actions concerned IT systems, and a question was raised as to whether this compromised the security of pension fund systems. In response, it was confirmed that the delays were not considered to be a major concern but that it was important to update disaster recovery plans and provide further training courses for staff.
- One Member commented that fixed dates should be included in the follow up of agreed actions. Ian Morton agreed that this would be considered going forwards and clarified that any outstanding actions would be completed by the date of the next Pension Board meeting in October.
- It was noted that the Boxphish learning platform had been suspended due to the impacts of LGR. Board Members requested that they be provided with further information at the following Pension Board meeting in October.
- It was expected that the final internal audit reports would be available for the October meeting of the Board.

The Chairman noted that this would be the last meeting of Ian Morton, who was retiring from Veritau. The Chairman thanked Ian for his continued input, advice, and support over the years. This was echoed by other Members and officers of the Pension Board. Stuart Cutts had attended the meeting and would take on Ian's role going forwards.

Resolved –

That the report be noted.

24. Dispute Cases and Exercises of Discretion – Annual Review

Members considered details of the cases received via the Internal Dispute Resolution Procedure (IDRP) and any cases referred to the Pensions Ombudsman in the scheme year to 31 March 2023.

The following points were highlighted:-

- There were nine IDRP cases received in the period 1 April 2022 to 31 March 2023. Details were provided at Appendix 1 to the report.
- There were no cases received from the Pensions Ombudsman in the period 1 April 2022 to 31 March 2023.

- Employer discretions were exercised throughout the year such as for flexible retirements, deadlines for transferring in and assessing employee contribution bands.

Members discussed the report and appendix and the following issues were highlighted:-

- It was clarified that the West Yorkshire Pension Fund was used as the independent adjudicator to review the Stage 1 IDRPs cases.
- With reference to the Stage 2 appeals that had been received, it was confirmed that these had been responded to.
- Members discussed the NYPF's input and involvement in the exercise of employer discretions. It was noted that the NYPF were often only informed of cases when asked to respond to particular queries but that they had a role in reviewing employer discretions and commenting on how reasonable they were.

Resolved -

That the report be noted.

25. Training

Members considered the report of the Assistant Chief Executive (Legal and Democratic Services) which provided an update on Pension Board Member training.

It was noted that the details of training events attended, and activities undertaken by Pension Board Members were no longer circulated with the report papers.

It was confirmed that version 2 of the Hymans Robertson online training package was now in place, which was relatively similar to version 1, but with additional updates.

Resolved -

- (i) That Members note the availability and details of the Hymans Robertson online training package;
- (ii) That Members continue to provide details of any training they wish to be included on their training record;
- (iii) That further consideration be given to identifying training sessions immediately prior to Board Meetings;
- (iv) That the report, and issues raised, be noted.

26. Work Plan

Members considered the report of the Assistant Chief Executive (Legal and Democratic Services) detailing the areas of planned work of the Pension Board for the coming year and providing meeting dates for the Pension Board for 2023/24.

It was noted that LGR had slowed the number of projects picked up through the Work Plan and that an in-depth discussion on this matter would be deferred to a future meeting of the Pension Board.

Resolved -

- (i) That the Work Plan, as detailed in Appendix 1 to the report, be noted;
- (ii) That the dates of ordinary meetings for 2023/24, as detailed in the report be noted as follows:-

Thursdays at 10am

12th October 2023

11th January 2024

4th April 2024

The meeting concluded at 11.25.

DRAFT

North Yorkshire Council

Pension Board

26 October 2023

Progress on issues raised by the Board

Report of the Assistant Chief Executive (Legal and Democratic Services)

1.0 Purpose of the report

1.1 To advise Members of:-

- Progress on issues raised at previous meetings;
- Issues that may have arisen, relating to the work of the Board, since the previous meeting

2.0 Background

2.1 This report is submitted to each meeting listing the Board's previous Resolutions where further information is to be submitted to future meetings. The table below represents the list of issues which were identified at previous Pension Board meetings and which have not yet been resolved.

Date	Minute No and subject	Resolution/Action	Comment/completed
3 October 2019 – ongoing – delayed by COVID 19	Minute no 223 – Governance of the Fund/ Minute no 231 (b) – progress on Issues raised / Minute no 289(b) – progress on Issues raised	Hymans Robertson Report on Good Governance in the LGPS – Members raised concerns regarding the potential for the creation of new local authority bodies and joint committees to oversee the LGPS, which had been raised as part of this study/consultation.	Members agreed to monitor developments in relation to any potential changes to governance arrangements from the Scheme Advisory Board, going forward. Advice is still awaited in relation to this matter. The issue was now progressing with the final implications awaited.
6 April 2023 - ongoing	Minute No. 6 - Annual Discussion with the Treasurer of the North Yorkshire Pension Fund	The Government were considering a second phase of pooling as they are seeking enhanced economies of scale.	Further details on the potential for this, including the possible amalgamation of existing polls, which could affect BCPP, are awaited and a response has been sent by the Fund to a consultation on this issue. A report on this is presented to today's meeting.

3.0 Recommendation

3.1 That the report be noted and further action be undertaken where required.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

Report Author – Steve Loach – October 2023

Background Documents – None

North Yorkshire Council

Pension Fund Committee

Minutes of the meeting held on 15th September 2023 held at County Hall, Northallerton commencing at 10 am.

Present:-

Councillors John Weighell OBE (Chair), Alyson Baker (as substitute for Councillor Mark Crane) John Cattanach, George Jabbour, Carl Les (as substitute for Councillor Cliff Lunn), David Noland, Neil Swannick, Angus Thompson and Matt Walker.

David Portlock - Chair of the Pension Board.

Brian Hazeldine – UNISON retired members.

In attendance; Councillor Steve Watson

Apologies for absence – Councillors Mark Crane and Cliff Lunn, Councillor Jonny Crawshaw - City of York Council

One member of the public was also present

Copies of all documents considered are in the Minute Book

18. Minutes

Resolved -

That the Minutes of the meeting held on 30th June 2023 were confirmed and were signed by the Chairman as a correct record.

19. Declarations of Interest

County Councillor George Jabbour declared the following non-registerable interest:-

I have been campaigning on issues involving the way public-sector organisations, pension funds and other institutions manage their finances.

As it was unclear as to whether the new interests regime included declarations for Members who were in receipt of a pension from the NYPF, the following Members declared a non-registerable interest in respect of this, subject to clarification for future meetings:-

Councillors John Cattanach, Carl Les and John Weighell.

20. Public Questions or Statements

Richard Tassell of Fossil Free North Yorkshire outlined the following:-

We are responding to the statement approved by the North Yorkshire pension committee following our submissions to your May meeting.

We are pleased that you have reduced your exposure to fossil fuel investments (currently between 1.38 and 1.8%). We also appreciate that time was given to discuss the climate crisis when undertaking your investment review strategy.

Your assertion that 'we think our approach of investing in and engaging with these companies (oil and gas) to encourage a swifter transition is the right approach' is misguided.

There is no evidence that engagement with oil and gas companies hastens the transition away from polluting fossil fuels. Indeed, there is much evidence to the contrary; witness the increased investment by BP, Shell, Aramco and others in exploiting new oil and gas fields. These companies are not listening to investors' concerns about the climate emergency.

The Church of England Pension Fund (amongst others) has reached the same conclusion and is withdrawing investments from all oil and gas producers.

"Pension funds are risking the retirement savings of millions of people by relying on economic research that ignores critical scientific evidence about the financial risks embedded within a warming climate." So says a recent report, written by Prof. Steve Keen and published by Carbon Tracker. It shows us that pension funds are basing fiduciary climate-related decisions on deeply flawed evidence. Whilst peer-reviewed economic publications suggest minimal economic effects from very extreme global heating, (for example, 6°C of global warming reducing future global GDP by less than 10%), climate science proves that such levels of global heating would be "beyond catastrophic, including existential threats". By ignoring the science, economic literature, upon which investment consultants who advise you, rely, results in flawed and dangerous decisions. We strongly recommend this report to you. For any who still think that greatly reducing our dependence on coal oil and gas is not an absolute priority, it will make for sobering reading.

(Loading the DICE against pension funds. Flawed economic thinking on climate has put your pension at risk)

Do the issues in this report apply to NY pension fund? Do you need to scrutinise the advice that you are accessing for its' congruence with climate science in order to avoid the negative impacts, both in a fiduciary and in a material sense, of flawed decisions now?

One of our number has a son who is a London based fire fighter with close to 20 years' service experience. He was involved in combatting fires in the extreme heat (plus 40 c) experienced in the UK last summer. He reported that he had never experienced conditions like it, with 'spontaneous' combustion taking place around his crew as they struggled to save lives and livelihoods.

His experience is mirrored by the huge fires across the world this summer including Hawaii, the Greek Islands (the largest ever recorded wildfire in the EU) and British Columbia.

Only an immediate cessation of oil and gas exploration and extraction (Antonio Guterres, UN Secretary General, April 2022) will give a chance of halting the inexorable rise in temperatures together with the continued destruction of the living world

We believe pension funds have a moral duty to take a lead in divesting from fossil fuel companies and speaking publicly about the certain dangers contingent on continued oil and gas extraction.

You are rightfully the stewards of the considerable funds you manage but you must take a view on how those funds are managed for the welfare and betterment of present and future generations.

Will you take a lead now and give this issue the seriousness that it demands and divest your remaining oil and gas investments?

Tom Morrison, on behalf of the NYPF, responded to the issues raised, as follows:-

We have previously set out the North Yorkshire Pension Fund's position in response to similar public questions, but I would like to say a few words.

We agree with the sentiment in the statement, of the seriousness of climate change, but it conflates two issues. North Yorkshire's role as a responsible investor and owner of shares in oil and gas companies is not the same issue as short-term changes in oil and gas production in the midst of a global energy crisis.

The energy crisis has shown us how important energy security is. Oil and gas production has changed in response, as energy requirements cannot be met by renewables alone. The world is gradually moving away from reliance on oil and gas, but this will not happen overnight. The lack of any bidders for offshore wind farm licenses is the most recent illustration of the difficulties faced. Calling for an immediate halt in the production and use of oil and gas when there is no alternative is simply a denial of reality.

On our investments, taking BP as an example, in 2019 they invested 3% of their capital expenditure in renewables and other low carbon projects. In 2022 it was 30%, and by 2050 it is forecast to be 50%. We see BP as a company transitioning to become a renewable energy company, and we engage with them to encourage as swift a transition as possible. Selling the shares we own would have no impact on the real world. It would not reduce production and would not reduce carbon emissions. In reality, it would be likely to make the situation worse, as the shares would be passed to investors interested in sweating oil and gas assets, with no interest in influencing the transition.

On the report by Carbon Tracker, it's an interesting report which calls into question economists' projections. The scenario analysis advice we have received from Aon considers these projections. However, this is just one source of information, recognising the limitations of its usefulness, which is used alongside other sources. On the more extreme scenario, Aon's forecast is for a higher, not lower, impact than the Carbon Tracker report. Our conclusion is we are happy with the advice we have received, we recognise projections will evolve over time, and we will revisit scenario analysis in due course.

A Member stated that there was no consensus amongst Members of the Committee on these issues, therefore the response did not necessarily reflect all views. It was also noted that there were a number of conflicting sources of information in relation to these issues.

21. BCPP Update

Joe McDonnell – the new CIO at BCPP; and Dave Knight – Customer Relations Manager at BCPP, provided an update to the Committee in respect of the following:-

- An introduction to Joe McDonnell including his investment experience
- Global Equity Alpha
- Timeline for the next 12 months
- Consultation response
- CIO priorities
 - o Investment Programme Development
 - o New products
 - o Investment teams

Following the initial presentation a discussion was held with Members and the following issues were highlighted:-

- It was noted that BCPP do not currently provide an investment similar to that provided by Baillie Gifford's LTTG, which saw the NYPF continue to invest in that product, and it was asked whether that position was to be addressed. In

response it was stated that another equities fund was being developed by BCPP, however, it was unlikely to correspond to the Baillie Gifford LTTG Fund as BCPP did not consider launching a fund for only one investor to be viable in the long term and sought alternative investments for equity based products expected to be more widely utilised. It was asked whether there were alternative views within BCPP to what was being outlined. It was emphasised that, currently, this was not the case, but various investment opportunities would be available, which were outlined.

- It was asked whether BCPP considered that they had sufficient exposure to investments mitigating climate change, including through reducing carbon, and investments that would be measured against ESG benchmarks. In response it was stated that BCPP had a strong and evolving approach to ESG but not investments with specific ESG targets, and if the partner funds required an enhanced focus on these issues then further consideration on enhancing this provision.

The CIO set out the Investment Strategy Schedule for BCPP for 2023/24/25.

A Member emphasised the need for continued communication between BCPP and the Committee, to understand the variety of views demonstrated in terms of investments and ESG/sustainability, and the continuing discussions in relation to those.

- A discussion took place in respect of investments in private markets and how these were being affected by climate issues. It was emphasised that investments in smaller, private markets would have a key role, going forward.
- Consideration was given to UK Real Estate. It was noted that the NYPF had a 7.5% allocation to UK property, and further discussions were planned with Members of the Committee around the future of this investment. The carbon impact of online retailers, as opposed to physical retail space, was discussed, and it was emphasised that there was a Scope 3 impact from online retailers, which was often disregarded.
- The management of the various portfolios and the matrix calculations involved were outlined.
- A discussion took place in respect of the Government's consultation on the next steps on investment pooling. It was noted that this was an agenda item for this meeting, therefore, the item was brought forward for consideration at this stage.

Resolved –

That Joe McDonnell – the new CIO at BCPP be thanked for his presentation and update, the contents of which be noted.

22. LGPS Pooling Consultation

Considered –

The report of the Treasurer presenting the draft response to the consultation titled “Local Government Pension Scheme (England and Wales): next steps on investments” seeking the comments of Members to the draft response. The CIO of BCPP, present at the meeting, was also invited to take part in the discussion.

The following issues were raised:-

- The NYPF had made good progress on pooling investments since it was introduced and had undertaken what was required through the initial pooling development. It was considered that the new consultation was more of an issue for those Funds that had not adhered to the current requirements which include

intervention powers for the Secretary of State. The CIO of BCPP agreed that this was the case.

- In terms of the potential for BCPP to grow much larger through the proposals, with a substantially higher level of investments and additional LGPS Funds involved, the CIO emphasised that he was not considering this position currently as he was concentrating arrangements with the eleven partner funds, however, the Partnership was in a good position to expand, should that be required.
- It was asked whether the Funds currently involved with BCPP were complying with the pooling requirements. In response the CIO stated that BCPP was operating at an advanced level in terms of pooling arrangements with the various Funds working together effectively within the pool to assist each other. There were some investments currently held by Funds outside of the pool, and he would be focussing on how this position can be addressed, going forward. It was emphasised that the investments outside of the pool were not seen as a contentious issue, as this mainly related to partner Funds not seeing suitably equivalent investments within the pool, but the CIO would be looking to expand the range of options, allowing further investment within the pool to take place.
- The Treasurer highlighted his concerns regarding the objectives of the consultation and the potential impact that this could have on the existing pooling arrangements that were working well in the case of BCPP. Others shared those concerns.
- A Member raised concerns that the Government may be seeking to use the LGPS to pursue its policies, given the wording in the consultation. He emphasised that the Pension Fund belongs to the pensioners and future pensioners that had contributed to it. Another Member suggested that the Fund was ultimately backed by the taxpayer and, as such, was publicly funded, as opposed to private Funds, which were wholly funded through contributions. This was also contested as it was stated that those in the LGPS paid into the scheme, with many paying additional contributions to enhance their pension, and it was not envisaged that this could be utilised by the Government to pursue their particular policy objectives. In terms of the tax payer supporting the LGPS it was emphasised that they would only be required to provide backing for a Fund should that collapse, which was highly unlikely.
- A Member highlighted his support for investment in Government schemes for “Levelling Up” with the caveat that these created a “return” for the Pension Fund. It was considered that, should the opportunity provide a suitable return for the investment, that more than matched other opportunities, this could provide an opportunity to diversify investments. This would also provide an opportunity for investment in the UK market. Details of the expected returns for this to be worthwhile were discussed.
- Members considered the draft response to the consultation and it was noted that it was a collaborative response formulated through BCPP and the various partner Funds.
- The full draft response was provided as an appendix to the report.

Resolved –

That the comments of members be taken into account before the response to the consultation “Local Government Pension Scheme (England and Wales): next steps on investments” is submitted.

23. Pension Administration Report

Considered -

The report of the Treasurer providing Members with information relating to the administration of the Fund in the quarter and updates on key issues and initiatives which impact the administration team, including the following:-

Admission Agreements and New Academies

Administration

Membership Statistics

Throughput Statistics

Performance Statistics

Commendations and Complaints

Annual Benefit Statements 2023

Breaches Policy & Log

Issues and Initiatives

Ongoing projects – i-Connect Rollout/Website development

New logo

LGR

McCloud

Member Training

Meeting Timetable

The following issues from the report were highlighted:-

- The total number of members in the NYPF had risen above 100k for the first time, however, there had been a reduction in the number of active members during the quarter.
- There were fewer complaints during the quarter which was the likely result of the now embedded improved processing times.
- The 2023 Annual Benefits Statements (ABS) had now been issued, with 100% of deferred statements and 98.71% of active statements sent to the appropriate member by the deadline. There were 114 statements where the data still required checking.
- There had been two new reported breaches of the regulations over the previous quarter and the details of those, and how they had been subsequently addressed, were set out in the report. The breaches had been reported to the July meeting of the Pension Board.
- i-Connect, for monthly data returns, now had 144 employers on board.
- Work on the new website had been delayed, with the launch now expected in December 2023.
- The new logo was currently being rolled out.
- LGR had now taken place and the outstanding queries, following this, had now been resolved. All letters had been issued on time and data was up to date.
- Work continued to process McCloud data returns with a Project Team now in place and good progress is being made.

Members discussed the report and the following issues were raised:-

- The Chair of the Pension Board noted that the breaches outlined had been discussed at the most recent meeting of the Board where it had been concluded that there was no need to report the matters to the Regulator as the issues had been addressed effectively and had been reported to the internal auditor. He noted that, technically, not issuing 100% of the ABS was a breach of the regulations, however, this had been one of the best outcomes for a number of years and clearly the service was making progress in relation to this. It was reiterated that the service would not issue ABS unless the data had been verified, which was why 100% had not been issued by the deadline.
- Members discussed the newly developed logo and whilst it was welcomed it was suggested that further consideration should be given to the colours used as these could cause difficulties for those that are colour blind. It was stated that the colours used helped to provide a differential from the Council logo colours, however, the colour blindness issue would be considered.
- The Chair encouraged Members to attend the conferences and seminars attached to the report as these assisted with the development of knowledge for Members and provided an opportunity to network with leading figures involved in the LGPS and pensions in general. It was noted that Members who had expressed a wish to attend the BCPP Conference could do so.
- Although, currently, Pension Fund Committee (PFC) Members did not have any official training requirements it was noted that the national governance review could see a requirement for PFC Members to have a relevant level of pensions knowledge and experience. It was emphasised, therefore, that Members should be trying to develop their knowledge of the LGPS and the Hymans online platform provided an excellent basis for developing that knowledge. Details were provided within the appendix related to training and conferences.
- The Chair highlighted the importance of the workshop events which usually took place the day before the Committee meeting and the difficulty faced by some Members in being able to attend for two concurrent days. The Treasurer stated that he would consider re-timetabling the workshops but these would need to be held close to the Committee meetings to be meaningful.

Resolved –

- (i) That the contents of the report be noted.
- (ii) That the contents of the breaches log be noted and no report be made to the Pensions' regulator in relation to these.

24. Budget and Cashflow

Considered –

The report of the Treasurer outlining the following:-

the 2023/24 budget and the cost of running the Fund;

the 4 year cashflow projection for the Fund.

An update on the Fund's final accounts and annual report 2021/22

The main changes to the budget were lower Pooling Operational Costs and a reduction in Investment Base fees. It was expected that, in the long term, the position would revert. No significant variances were forecast this early in the financial year.

The cashflow position was set out in the report showing a move towards being cashflow negative in 2023/24 and moving further into deficit in 2024/25. Income generating investments such as rental income would be utilised, initially, to cover any deficit.

The final accounts had still to be signed off with no clear indication as to when this would be resolved.

Members discussed the report and the following issues were raised:-

- A Member stated that the report indicated that the cashflow position related to an increased life expectancy, but he thought that life expectancy was now decreasing. In response it was stated that life expectancy was still increasing but at a slower rate than previously.
- It was emphasised that plans were in place to address the cashflow negative position, and there was no problem so long as the money was available to meet the pension payments.

Resolved –

That the contents of the report be noted.

25. Performance of the Fund

Considered –

Report of the Investment Consultants, AON, providing comprehensive details of performance and asset allocation information for the Fund along with a background to the investment markets during the second quarter of 2023/24. The Fund's Independent Financial Advisor also provided analysis of the details.

The risks to the Fund's investment strategy and the performance of the various fund managers were also detailed.

The following issues were highlighted:-

The Fund's Equity Allocation

- This remained at a high level despite action having been taken to reduce this exposure.
- Current equity investment allocations were with BCPP – UK, BCPP – Global and Baillie Gifford - LTGG.
- Consideration continues to be given as to what is the most appropriate mix for the NYPF and further details, together with a proposal, will be submitted to the November meeting.
- The Baillie Gifford investment is very different to those held with BCPP, which had led to this investment being retained by the Fund outside of the Pool.
- The issues to be considered on how to move forward on the equity allocations were outlined and discussed. A further report on the issues fully setting out the pros and cons of the various options for equities would be provided to the November meeting of the PFC, allowing a fully informed decision to be made as to how to move forward. It was stated that there was a great deal of detail for the Committee to consider in respect of this matter and it may be that additional meetings, or a Sub-Committee, may be required to implement these changes. A Member noted that the Committee had some different views on this matter, particularly around Baillie Gifford LTGG and further, extensive discussions would be required before a consensus could be achieved.

Quarter 2 Investments Report

- Due to the nature of the reporting of Quarter 2 much of the information provided was now out of date, however, a summary of the quarter highlighted the following:-
 - The Fund remain in a surplus funded position
 - Equity returns has increased
 - US Tech Companies had provided large returns
 - The rest of the markets had been mainly flat
 - It was unclear how long this position would last
 - High interest rates were still causing a great deal of instability
 - The risk of recession still remained for next year.

Moving on from Quarter 2

- Yields on Index linked bonds are much higher
- Equities remain the key driver for the NYPF but retain the risks – Bonds would provide a possible alternative
- This would be a change from the current Investment Strategy so would not be undertaken unless a change to the Strategy was agreed.
- The markets have remained broadly similar since the end of Quarter 2.
- It was not currently expected that the funding position would drop below 100% in the short term, but a recession could affect that position.

Members and advisors undertook a general discussion on the Fund's performance and the following issues and points were highlighted:-

- The performance of both BCPP Global Equities and Baillie Gifford LTGG had both been very good over a period of time, with both outperforming their respective benchmarks. Baillie Gifford had been through a strange period of late, due to market conditions, which had seen their performance fluctuate each quarter. Members noted that their most recent performance had been encouraging.
- It was noted that the property portfolio continued to underperform.
- A Member asked what was the legal position should a Local Government Pension Fund be in a position where it was unable to pay its pensioners, noting that in relation to Private Pension Schemes the PPF would cover the liability. It was stated that there was no equivalent to the PPF for LGPS funds, with the Government being required to step in and assist should this position arise. It was also noted that, currently, as the Fund was over 100% funded, there was sufficient funding to pay all liabilities. It was noted however that there was no specific legal requirement for the Government to step in and back up a failing LGPS Fund.

Resolved –

- (i) That the contents of the report, and the issue raised, be noted;
- (ii) That further consideration be given to the investment strategy at forthcoming PFC meetings and workshops.

26. Pension Board – report back by the Chair on the meetings held on 6th July 2023

Considered -

A verbal update by the Chair of the Pension Board based on the Minutes of the meeting held on 6th July, which had been provided.

A draft of the Board's Annual report was presented to the Meeting. A final, amended version would be provided for final agreement at the October meeting of the Board, and this would be provided to the PFC, Executive and Full Council.

As outlined earlier in the meeting details of the Breaches Log were discussed, and it was agreed that the issues raised should not be referred to the Regulator.

The suite of Governance Documents presented to the June meeting of the PFC were considered by the Board.

Internal Audit reports continue to be presented to the Board and it was expected that a number of final reports would be presented to the October meeting of the Board.

Ian Morton, an Assistant Director at Veritau, who had presented reports to the Board since its inception in 2015 was to retire, with Stuart Cutts taking over his role. The Board wished to place on record their thanks to Ian for his excellent support and advice offered.

The annual review of dispute cases and exercises of discretion, presented to the meeting, highlighted nine cases received via the Internal Dispute Resolution Procedure, with no cases referred to the Pensions Ombudsman.

The Chair asked that the Board's plaudits be passed on to the Administration Team for their continued high level of support provided to the operation of the NYPF.

Resolved -

That the details of the meeting outlined be noted and the Board's Chairman be thanked for his updates.

The meeting concluded at 12.25.

SML

NORTH YORKSHIRE COUNCIL

PENSION BOARD

26 October 2023

Pension Board Annual Report

Report of the Assistant Chief Executive (Legal and Democratic Services)

1.0 Purpose of Report

1.1 To consider the Annual Report of the Pension Board for 2022/23

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 At the previous meeting of the Board the draft Annual Report for 2022/23 was presented and, subject to some minor amendments and additional information, was approved. The amendments and additional information were added subsequently.

2.3 A completed version of the Annual Report will be submitted to the Pension Fund Committee on 24th November 2023 and is submitted to today's meeting for information (Appendix 1). The Appendices to the Annual Report have not been included, for efficiency, but can be provided to Board Members on request.

2.4 The Annual Report will now be submitted to the Council's Executive and then presented to Full Council, as Administering Authority, for approval.

3.0 Recommendations

3.1 Members are asked to note the final version of the Annual Report of the Pension Board 2022-23, and the process undertaken for this to be adopted.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)

County Hall

Northallerton

Author of Report; Steve Loach, Democratic Services

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NORTH YORKSHIRE LOCAL PENSION BOARD

ANNUAL REPORT FOR PERIOD 1 APRIL 2022 TO 31 MARCH 2023

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 (NYPF)), 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 30th 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 NYPF.

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 website, together with recordings of the virtual, formal meetings, as these were broadcast live –

<https://edemocracy.northyorks.gov.uk/>

www.northyorks.gov.uk/livemeetings

Membership of the Board

The Board consists of 9 members, 4 scheme member representatives, 4 employer representatives and an independent chair. Changes to the Membership of the Board during 2022/23 are detailed in the table below.

The Membership during 2022/23 was as follows:-

PORTLOCK, David	Chairman - Independent Member (Non-voting)
BAKER, Bob (County Councillor)	Employer Representative – North Yorkshire County Council – left the Board in May 2022
JORDAN, Mike (County Councillor)	Employer Representative – North Yorkshire County Council – appointed to the Board in November 2022
HOOK, Anne (Councillor)	Employer Representative – City of York Council
BARBERY, Emma	Employer Representative – Askham Bryan College
HAWKINS, David	Employer Representative – York College
HOULGATE, David	Scheme Member Representative - UNISON
PURCELL, Simon	Scheme Member Representative - UNISON
THOMPSON, Sam	Scheme Member Representative – Hambleton District Council
GRESTY, Gordon	Scheme Member Representative – Retired Members

COVID 19

The restrictions brought about by the COVID 19 pandemic, which had an effect on the work of the Pension Board during the 2021/22 Council year, were ended during the 2022/23 Council year, with the Board returning to face-to-face meetings in July 2022. The April 2022 Meeting of the Board was held remotely under the arrangements utilised during the COVID period.

Local Government Re-organisation

A reorganisation of Local Government in North Yorkshire, amalgamating the County Council with the seven District/Borough councils was due to take place on 1st April 2023. It was not expected that this would have any major impact on the North Yorkshire Pension Board, but any relevant changes would be detailed in the 2023/24 Annual Report.

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, are reviewed at least annually. The Terms of Reference will be altered, going forward, to reflect the move from North Yorkshire County Council to North Yorkshire Council.

Attendance at Meetings

There was 1 remote Meeting of the Board during 2022/23 with the remainder returning to face to face meetings.

Attendance at meetings was as follows:-

7th April 2022 – Informal, virtual meeting - County Councillor Bob Baker absent. All other Members in attendance.

7th July 2022 – Face to face meeting. Emma Barbery absent. All other Members in attendance. Pension Fund Committee Member County Councillor George Jabbour attended as an observer.

6th October 2022 – Face to face meeting. Councillor Ann Hook absent. All other Members in attendance. Pension Fund Committee Member County Councillor George Jabbour attended as an observer.

12th January 2023 – Face to face meeting. All Members in attendance. Pension Fund Committee Member County Councillor George Jabbour attended as an observer.

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:-

- NYPF Annual Report for the year ended 31 March 2022
- Risk Register
- Internal Audit reports
- Funding Strategy Statement
- Publication of Pension Board Annual Report
- Pension Administration – including Breaches Log, Annual Benefit Statements, Data Quality, systems updates, projects, Death Grants, Broadacres, etc.
- Governance Documents Review
- Feedback from training courses attended
- Management, administration and governance process and procedure
- Review of the Terms of Reference
- Border to Coast Responsible Investments' Policy
- Budget, accounts and Business Plan – including cash-flow position
- Annual Review of Dispute Cases and Exercise of Discretions
- Training – Including an introduction to Hyman's online training package
- Cyber Security

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 formal, virtual meetings were live broadcasted to allow the public to watch and participate. Recordings of the meetings can be found through the link below:-

www.northyorks.gov.uk/livemeetings

The LGPS Pooling arrangements had previously been a major issue of consideration for the Pension Board. The NYPF was now committed to membership of the Border to Coast Pensions Pool, along with a number of other LGPS. The pool began operating in July 2018 and the Pension Board has been committed to scrutinising the governance arrangements for the pool.

Data Quality

In line with the requirement introduced by the Pensions Regulator, to include each Fund's data score in the annual return with effect from 2019, NYPF have submitted the following scores in 2022:

Common Data:	97.64%
Conditional Data:	91.70%

Data from previous years is also provided to enable a comparison:-

Year	Common Data Score	Conditional Data Score
2018	93.47%	85.26%
2019	94.37%	93.52%
2020	95.97%	96.97%
2021	97.52%	94.95%

Common data is that set of data that is defined as necessary and applicable to all members of all schemes. This data is that required to identify scheme members. For example, surname, date of birth, national insurance number, address, etc. There are 10 data items listed by the Pensions Regulator as being classed as common data.

Conditional data is that set of data that is defined as additional detailed data required for the administration of a pension scheme. This data is dependent on scheme type, structure and system design. For example, employer, salary history, contributions, transfer in details, etc.

A suite of reports have been developed to enable the identification of data errors and calculation of the annual data score. These reports will form the basis of targeted data cleansing work.

A data improvement plan has been created to ensure quality and scores improve from year to year. Part of this plan is the ongoing rolling schedule of data quality checking and cleansing.

Conflicts of Interest

The Board adopted a Conflicts of Interest Policy, attached as **Appendix 2**, at its inaugural meeting on 30th 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 2023.

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. An evaluation of skills and experience has been undertaken and is being evaluated to identify possible training requirements and areas where skills and knowledge need development.

It was agreed that some joint training would be arranged for either immediately prior to, or at the conclusion of, Board meetings, as time constraints was often an issue for Members undertaking training. A training exercise on Cyber Security was provided prior to the January 2023 meeting.

During the year a package of online training was acquired for the Members of the Pension Board and Pension Fund Committee, from a third party provider, Hymans Robertson. The available sessions are detailed below:-

1: Introduction to the LGPS

Stakeholders; local arrangements for committees, boards officers and advisers; regulatory framework.

2: Governance and oversight

Legislation and guidance; policy documents; roles and responsibilities of committees and board members; Code of Practice 14; pensions administration overview; Government oversight bodies; business plans.

3: Administration and fund management

Pension benefits and contributions; service delivery; administration and communication strategies and policy documents and processes; annual report and accounts; procurements.

4: Funding and actuarial matters

Role of the actuary; the funding strategy; valuations; employer issues; actuarial assumptions.

5: Investments

Investment strategy, asset class characteristics and investment markets; pooling investments; monitoring performance of investments and advisers; responsible investment.

6: Current issues

LGPS reform; McCloud; Goodwin; cost sharing.

Discussions have previously taken place, with the Pension Fund Committee, in relation to the requirement for Pension Fund Committee Members to undertake appropriate training and development in future, with a training policy having now being adopted. Members of the Committee had undertaken an evaluation of their skills, and a training plan was awaited.

The Board adopted a Training Policy, attached as **Appendix 3**, at its inaugural meeting on 30th 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 2022/23 and Budget for 2023/24

The Board's costs for 2022/23 were as follows:

	Costs	Budget
Chair's Allowance	£3,078	£3,100
Travel	£184.20	£1,500
Skills development	£ 0	£5,000
Total	£3,262.20	£9,600

The Board's budget for 2023/24 is as follows:

Chair's Allowance	£3,100
Travel	£1,500
Skills development	£5,000
Total	£9,600

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.

In relation to this, questionnaires have previously been circulated to Board Members to provide an evaluation of skills and experience. Details have been fed back into the Board accordingly and an appropriate joint training plan with members of the Pension Fund Committee will be developed. Consideration is currently being given to the provision of a dedicated training package to encompass both bodies and has resulted in the introduction of the online training package, as detailed above. Given the adoption of the training package and the number of continuing Members of the Board it was not considered necessary to undertake a further assessment during 2022/23.

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 - October 2023

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North Yorkshire County Council

Pension Board

26 October 2023

Administration Report

1. Purpose of the Report

To provide Pension Board members with an update on key initiatives undertaken by the administration team of the North Yorkshire Pension Fund.

2. Pension Fund Committee paper

Included for information at **Appendix 1** is the administration paper and appendices provided to the Pension Fund Committee for their September 2023 meeting.

3. Breaches Log

Included at **Appendix 2** is the North Yorkshire Pension Fund's Breaches Log for review. Unfortunately there is one new entry, details below:

Date	Description	Cause	Regulation breached	Effect
01/09/2023	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	114 – have outstanding year end tasks 268 – have “other” outstanding administration tasks on record	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 98.71% of Active members received a statement. (382 members did not, of which only 114 were eligible to receive one)
08/09/2023	Email was sent to a member with a password protected attachment but the document was for another member.	Human error	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.

The breach has been reported to Veritau and they have assessed it as a ‘low risk’ breach as there isn't a high risk of detriment to the data subject. No report to ICO required.

4. Annual Benefit Statements

Deferred and Active 2023 annual benefit statements have been issued with 100% of deferred statements and 98.71% of Active statements (29,234 / 29,616) issued by the 31 August deadline.

Of the 382 Active statements left:

268 – have outstanding administration task on record preventing statement creation – no further action required

114 – have outstanding year end task on record preventing statement creation – being worked through to resolve and issue a statement if required

5. Major Projects

i-Connect - Employer portal

144 employers now onboarded with 85 remaining. Focus is now on working with the NYC payroll team as they have approximately 30 contract payrolls so this will give us quick progress and they are already familiar with the process.

We will continue to progress this project until every employer is onboarded.

Website and new logo

The revised go live for the new website is 1 December and we continue to progress content development alongside the Schools ICT team. Alongside this we've also refreshed the Fund's branding and logo.

We've stayed with our existing colour palette but have changed the logo and the design. Included at **Appendix 3** is the brand concept document for our new logo which is shown overleaf.



LGR

All member letters were issued in June and data queries have now been resolved with records fully updated by the end of August. There were not as many enquiries from members as anticipated but we feel these may come later as the team restructures progress.

McCloud

A McCloud data team has been created with 8 staff working one day a week solely on checking and updating member's service histories.

A revised in-scope listing has been produced which shows we have 21,142 members in scope with 24,867 records. Good progress is being made correcting records. Alongside this work is progressing on identifying missing data and requesting that from the relevant employers. We will be contacting these employers again to obtain the requested data. We are also reviewing the guidance provided so we can progress the rectification for all members in a fair and consistent way.

6. LGPC Bulletins

The LGPC regularly issues bulletins, which can include actions for administering authorities. The NYPF reviews every bulletin and logs any actions highlighted. A log of the actions is included at **Appendix 3** to enable Pension Board Members to ensure appropriate activities are being undertaken

7. Recommendation

- 7.1. That Pension Board Members note the contents of this report.
- 7.2. That Pension Board Members note the contents of the Breaches Log and decide whether to report the breaches to the Pensions Regulator.

Phillippa Cockerill
Head of Pensions Administration
County Hall
Northallerton

18 October 2023
Background Papers - Nil

North Yorkshire County Council

Pension Fund Committee

15 September 2023

Administration Report

Report of the Treasurer

1. Purpose of the Report

- 1.1. To provide Members with information relating to the administration of the Fund in the quarter and to provide an update on key issues and initiatives which impact the administration team.

2. Admission Agreements & New Academies

- 2.1. The latest position relating to admission agreements and academy conversions is shown in **Appendix 1**.

3. Administration

3.1. Membership Statistics

Membership Category	At 31/03/2023	+/- Change (%)	At 30/06/2023
Active	30,948	-1.69%	30,424
Deferred	40,160	+0.48%	40,352
Pensioner (incl spouse & dependant members)	28,702	+1.99%	29,286
Total	99,810		100,062

3.2. Throughput Statistics

- Period from 1 April 2023 to 30 June 2023

Case type	Cases Outstanding at Start	New Cases	Cases Closed	Cases Outstanding at End
Transfer In quotes	10	28	15	23
Transfer Out quotes	43	100	109	34
Employer estimates	0	62	62	0
Employee estimates	4	154	154	4
Retirement quotes	14	889	893	10
Preserved benefits	2,273	1,315	2,602	986
Death in payment or in service	139	431	472	98
Refunds	11	256	252	15
Actual retirement procedure	538	632	704	466
Interfund transfers	340	681	560	461
Aggregate member records	12	33	41	4
Process GMP	0	0	0	0
Others	196	256	278	174
Total Cases	3,580	4,837	6,142	2,275

- As well as processing the above cases, the Pensions team also handled 2,065 phone calls (average 44 per working day) in the quarter. Unfortunately, due to changes in the way NYC archive emails we are no longer able to obtain statistics for the number of emails handled by the administration team.

3.3. Performance Statistics

- The performance figures for the period 1 April 2023 to 30 June 2023 are as follows:

Performance Indicator	Target in period	Achieved
Measured work completed within target	98%	97%
Customers surveyed ranking service good or excellent	94%	94%
Increase numbers of registered self-service users by 700 per quarter (total registered users 42,476)	700	1,025

- Our measured work completed within target rating has improved again this quarter and we continue to focus on this improvement.
- Our targeted leavers project has finished and the team managed to reduce our backlog to under 3 months, clearing in excess of 4,500 additional cases on top of the normal day to day work.

3.4. Commendations and Complaints

- This quarter the following commendations and complaints were received:

Commendations

Date	Number	Summary
Apr	3	They were patient and kind. It was very helpful to be able to easily speak to a person, unlike so many organisations.
May	11	All in all excellent and quick all done within 4 weeks, well done pensions department. Staff extremely polite and knowledgeable.
June	2	It was a great help, I was very pleased with the response.

Complaints

Date	Number	Summary
Apr	0	
May	3	IHER – Appeal against tier of IHER awarded Admin – Delays caused by Prudential disinvestment of AVCs Admin – Delays in processing IHER caused by employer
June	0	

- The complaint categories are:
 - Admin - these can relate to errors in calculations, delays in processing and making payment of benefits.
 - Regs - these relate to a complaint where regulations prevent the member being able to do what they want to.
 - IHER - these are where members have been declined for early retirement on the grounds of ill health and are appealing the decision through the Internal Disputes Resolution Procedure.

Lessons Learned

Having reviewed the complaints received in the period there were no patterns identified requiring further attention.

3.5. **Annual Benefit Statements 2023**

The Deferred annual benefit statements were published online on 4 July 2023 with paper copies being sent the following week to those members who have requested one. 100% of deferred statements have been issued.

The Active annual benefit statements were published online on 25 July 2023 with paper copies being sent on 11 August 2023 to those members who have requested one. The current position with the active statements is:

28,805 / 29,677 statements issued (97.06%)

872 eligible active records without an annual benefit statement of which:

- 345 have an outstanding task on record
- 89 have a benefit calculation withheld marker on record
- 438 reason unknown

These 872 will be investigated by the team in the coming weeks to establish whether a statement can be generated or not.

We have managed to produce the statements a month earlier than normal as we are already starting to feel the benefit of having employers submitting data monthly via i-Connect.

3.6. **Breaches Policy & Log**

The North Yorkshire Pension Fund's Breaches Log is included at **Appendix 2** for review. There are two new entries in the quarter to 30 June 2023. Both were accidental disclosures of data for a single member, one by email and one caused by an issue in the print unit. Veritau have confirmed the second breach has been recorded against the print unit and not the pensions team. It is included on the log for completeness.

Alongside the above a vulnerability was identified with two calculators we had on the Fund's website which, although password protected, could be relatively easily hacked and personal data accessed. The calculators have now been removed.

4. **Issues and Initiatives**

4.1. **Ongoing projects**

We continue to make progress with both the i-Connect rollout and the new website:

- We now have 144 employers onboarded to i-Connect with 85 remaining. The rollout will recommence now the bulk of the year end work is completed.
- Website development continues with the focus on getting the employer site fully configured before we go live. We are now at the testing stage with pensions staff and a select few employers.

4.2. **New logo**

As part of the development of our new website we've also refreshed our branding and logo. We've stayed with our existing colour palette but have changed the logo and the design. Included at **Appendix 3** is the brand concept document for our new logo which is shown below.



4.3. **LGR**

We are continuing to resolve issues with the year-end data received from three of the former districts and boroughs before we are able to fully update member records. The TUPE letters were issued before the end of June to all affected members.

4.4. **McCloud**

There has been a change of approach to loading the data back into member records following the load of the data into Test. A fully manual approach is required with a small project team being established. Work has commenced on getting the in scope records updated as accurately and as quickly as possible.

Regulations are still awaited to finalise the approach for some specific scenarios and these are not expected until late Autumn.

5 Member Training

The Member Training Record showing the training undertaken to March 2023 is attached as **Appendix 4**. Please contact Stephen Loach (01609 532216 or email stephen.loach@northyorks.gov.uk) with any details of training undertaken or conferences attended and these will be added to the training record. Consideration has been given to undertaking the Hymans Knowledge Assessment, however, it was determined that it feels too early, at this stage, for this. Members are encouraged to complete the Hymans online modules on offer and then an assessment will be undertaken as to whether there are knowledge gaps to fill.

Upcoming courses, seminars and conferences available to Members are set out in the schedule attached as **Appendix 5**. Please contact Qingzi Bu (01609 535851) or email qingzi.bu@northyorks.gov.uk for further information or to reserve a place on an event.

Given the start of a new Committee, further training has been devised to help with the induction of new Members and the creation of a new team. The views of Members will be sought as we progress through this approach but, given the technical nature of some of the areas of responsibility, there will be a significant number of training events and it will be suggested that on-line training is made mandatory for all Members. It is recognised however that this will need to be done proportionately and over a period of time.

6 Meeting Timetable

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

7 Recommendations

- 7.1 Members to note the contents of the report.
- 7.2 Members to note the contents of the Breaches log and determine whether a report should be made to the Pensions Regulator.

Gary Fielding
Treasurer of North Yorkshire Pension Fund
NYCC
County Hall
Northallerton

07 September 2023

Academy Conversions – 24 ‘in progress’

Name of School	Local Authority	Multi Academy Trust (MAT) Name	Target Conversion Date	Current Position
South Kilvington CE VC Primary School	NYC	Elevate Multi Academy Trust	1.2.2023	Complete
Brompton Hall Special School	NYC	Venn Academy Trust	1.3.2023	Complete
Mill Hill Primary School	NYC	Arête Learning Trust	1.3.2023	Complete
Bradleys Both Community Primary School	NY	Yorkshire Collaborative Academy Trust	1.4.2023	Complete
All Saints RC School, York	COYC	Nicholas Postgate Catholic Academy Trust	1.5.2023	Complete
Woodlands School, Scarborough		Single Academy transferred to Horizons Specialist Academy Trust	1.5.2023	Complete
Huntington Primary Academy		Single Academy moving to Pathfinder Multi Academy Trust	1.9.2023	In progress
Rossett School		Single Academy moving to Red Kite Learning Trust	1.9.2023	In progress
Poppleton Road Primary School	COYC	Pathfinder Multi Academy Trust	1.9.2023	In progress
Nidderdale High School	NYC	Moorlands Learning Trust	1.9.2023	In progress
Darley Primary School	NYC	Yorkshire Collaborative Academy Trust	1.9.2023	In progress
Summberbridge Primary School	NYC	Yorkshire Collaborative Academy Trust	1.9.2023	In progress
Naburn CoE Primary School	COYC	The Education Alliance	1.10.2023	In progress

Name of School	Local Authority	Multi Academy Trust (MAT) Name	Target Conversion Date	Current Position
St Barnabas Church of England VC Primary School	COYC	Pathfinder Multi Academy Trust	1.11.2023	In progress
Christ Church CE Primary School	NYC	Leeds Diocesan Learning Trust	1.12.2023	Will be progressed when conversion date known
North Stainley CE Primary School	NYC	Leeds Diocesan Learning Trust	1.12.2023	Will be progressed when conversion date known
Barkston Ash RC Primary School	NYC	Bishop Wheeler Catholic Academy Trust	1.2.2024	Will be progressed nearer the time
St Wilfrid's Catholic Primary School, Ripon	NYC	Bishop Wheeler Catholic Academy Trust	1.2.2024	Will be progressed nearer the time
St Hilda's Ampleforth CE VC Primary School	NYC	Ryedale Learning Trust	TBC	Will be progressed when conversion date known
Hartford Vale CE VC Primary School	NYC	Ryedale Learning Trust	TBC	Will be progressed when conversion date known
Killy Hill Primary School	NYC	Leeds Diocesan Learning Trust	TBC	Will be progressed when conversion date known
Middleham CE VA Primary School (NYCC)	NYC	Possibly with Dales Academies Trust	TBC	Will be progressed when Trust has been confirmed and conversion date known
Spennithorne CE VC Primary School (NYCC)	NYC	Possibly with Dales Academies Trust	TBC	Will be progressed when Trust has been confirmed and conversion date known
Sherburn CE Primary School	NYC	Possibly with Ebor Academy Trust	TBC	Will be progressed when Trust has been confirmed and conversion date known
Beckwithshaw CP School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known
Kettlesing Felliscliffe Primary School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known
Ripley Endowed CE VC Primary School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known

Name of School	Local Authority	Multi Academy Trust (MAT) Name	Target Conversion Date	Current Position
Luttons Community Primary School	NYC	Possibly with Ebor Academy Trust	TBC	Will be progressed when Trust has been confirmed and conversion date known
Husthwaite CE VC Primary School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known
East Ayton Primary School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known

Admission Bodies - 9 'in progress'

Name of Employer	Name of Contractor	Staff Transfer Date	Current Position
The Rodillian Multi Academy Trust Brayton Academy	Aspens Services Limited	8.4.2022	Complete
South Bank Multi Academy Trust Carr Junior School Millthorpe School York High School	Bulloughs Cleaning Services Ltd	1.8.2022	Complete
Selby Educational Trust Selby Community Primary School Carlton Primary School	Mellors Catering Services Limited	1.9. 2022	Complete
South Bank Multi Academy Trust Scarcroft School	Bulloughs Cleaning Services Ltd	1.1.2023	Complete
Veritau Limited	Transfer of staff from Veritau North Yorkshire Limited into Veritau Limited	1.4.2023	Complete
City of York Council Huntington School	Aspens Services Limited	20.2.2023	Complete
Elevate MAT Caretaking and cleaning contract	SBFM Limited	1.9.2022	Complete
Northern Star Academies Trust New Park Primary Academy Harrogate High School Hookstone Chase Primary School Starbeck Primary Academy	Aspens Services Limited	1.1.2022	Complete
Outwood Grange Academies Trust Outwood Academy Ripon	ISS Mediclean Limited	1.1.2022	Complete
South York Multi Academy Trust Bishopthorpe Infant School	Mellors Catering Services Limited	1.1.2022	In progress
Beyond Housing	Ground Control	1.3.2023	In progress

Name of Employer	Name of Contractor	Staff Transfer Date	Current Position
Nicholas Postgate Catholic Academy Trust All Saints RC School, York	Hutchison Catering Limited. Transfer from COYC to Nicholas Postgate Catholic Academy Trust.	1.5.2023	In progress
The Rodillian Multi Academy Trust Brayton Academy	RCCN Limited	17.7.2023	In progress
Hope Sentamu Learning Trust	Hutchison Catering Limited	26.7.2023	In progress
Red Kite Learning Trust Coppice Valley Primary School Western Primary School	Hutchison Catering Limited	1.8.2023	In progress
Outwood Grange Academies Trust Outwood Primary Academy Alne	Cater Link Limited	1.9.2023	In progress
Ebor Academy Trust	Hutchison Catering Limited	1.9.2023	In progress
Yorkshire Causeway Schools Trust St Peter's Church of England School, Harrogate Hampsthwaite Primary School All Saints CE Primary School North Rigton CE Primary School	Aspens Services Limited	1.9.2023	In progress

Exited Employers – 26

Name of Employer	Date exited the Fund
OCS Group UK Limited	31.3.2017
Superclean Services Limited	16.7.2017
Joseph Rowntree Charitable Trust	31.12.2017
York Arts Education (Community Interest Company)	31.3.2018
Be Independent	31.7.2018
Housing & Care 21	31.8.2018
 Consultant Cleaners	31.10.2018 (voluntary liquidation)
 The Wilberforce Trust	22.3.2019
Dolce Limited	14.4.2019
Schools Plus	30.4.2019
Sewells Facilities Management Limited	21.12.2020
Sheffield International Venues	31.1.2021
Caterservice Ltd	12.2.2021
Enterprise Managed Services Ltd (Amey)	28.2.2021
RCCN Limited	31.3.2021

Name of Employer	Date exited the Fund
Streamline Taxis Limited	28.5.2021
Ringway Infrastructure Services Limited	31.5.2021
Churchill Security Solutions Limited	31.5.2021
Hexagon Care Services Limited	6.8.2021
Sanctuary Housing Association	20.12.2021
Atalian Servest Food Co Limited	31.12.2021
Elite Cleaning and Environmental Services	31.12.2021
Page 45 Site Security Services Limited	11.4.2022
Welcome to Yorkshire	14.4.2022
Lifeways Community Care Limited	31.7.2022
Absolutely Catering Limited	19.7.2023
SBFM Limited	TBC

North Yorkshire Pension Fund brand concept

Logo/branding concept



North Yorkshire Pension Fund brand concept

Logo/branding concept

The following concept is based on the Three Peaks in Yorkshire. Each at varying heights and topographic challenges.

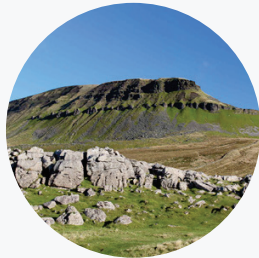
Whernside - 736m



Ingleborough - 723m



Pen-y-Ghent 694m



Images Copyright © 2023 The Yorkshire Three Peaks Challenge / Ikigai Adventures Ltd

North Yorkshire Pension Fund brand concept

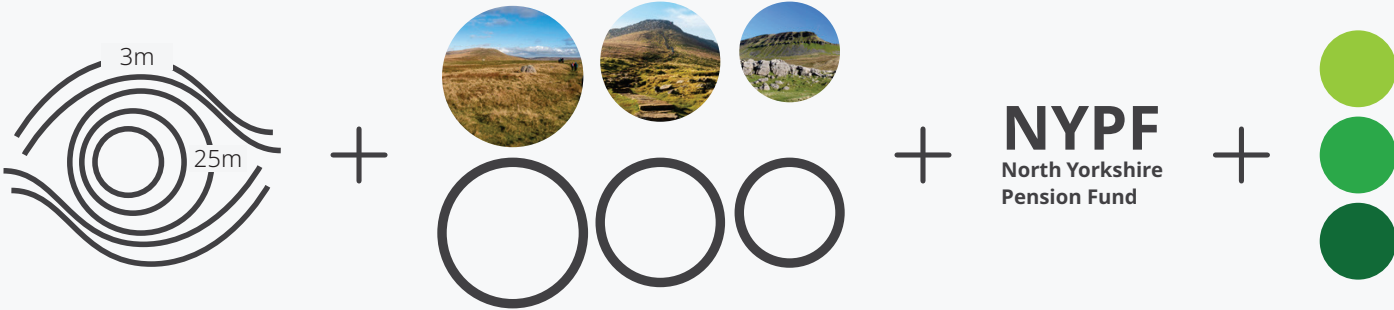
Logo/branding concept

A topographic survey map is a common way in which walkers navigate the countryside and peaks.

Circles reducing in size to represent the three peaks and their corresponding height differences.

The name, North Yorkshire Pension Fund (NYPF).

Brand colours.

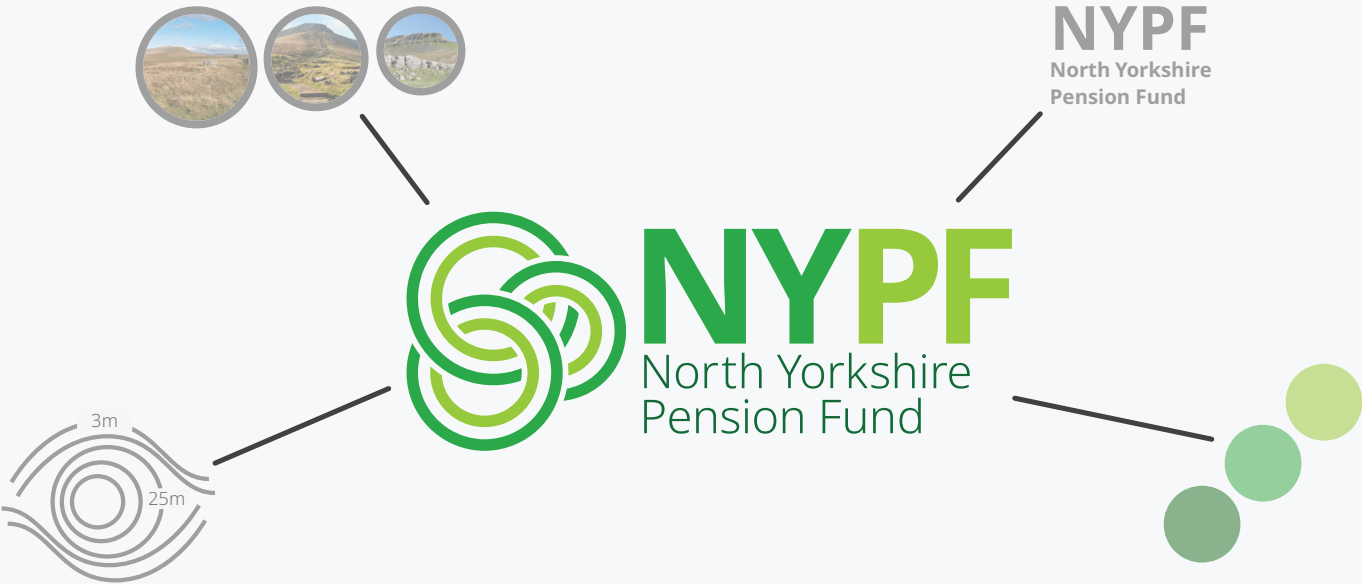


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NYYPF
North Yorkshire
Pension Fund

North Yorkshire Pension Fund brand concept
Logo/branding concept



Images Copyright © 2023 The Yorkshire Three Peaks Challenge / Ikigai Adventures Ltd

North Yorkshire Pension Fund brand concept

Logo/branding concept - options and variations

V2 a



V2 b



V2 c



V3 a



V3 b



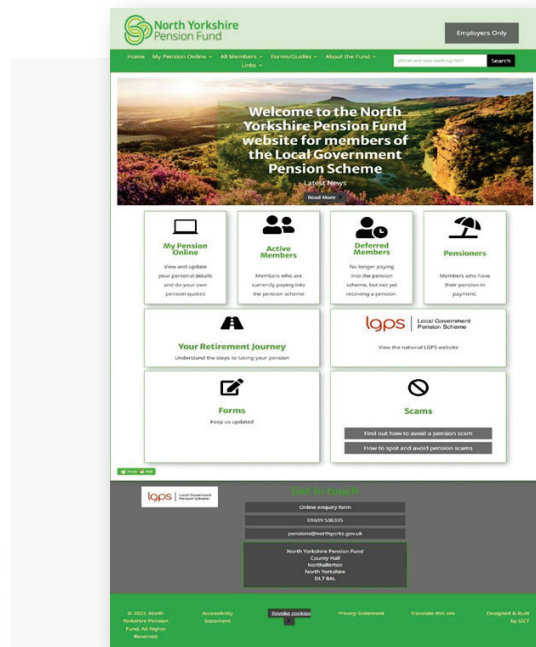
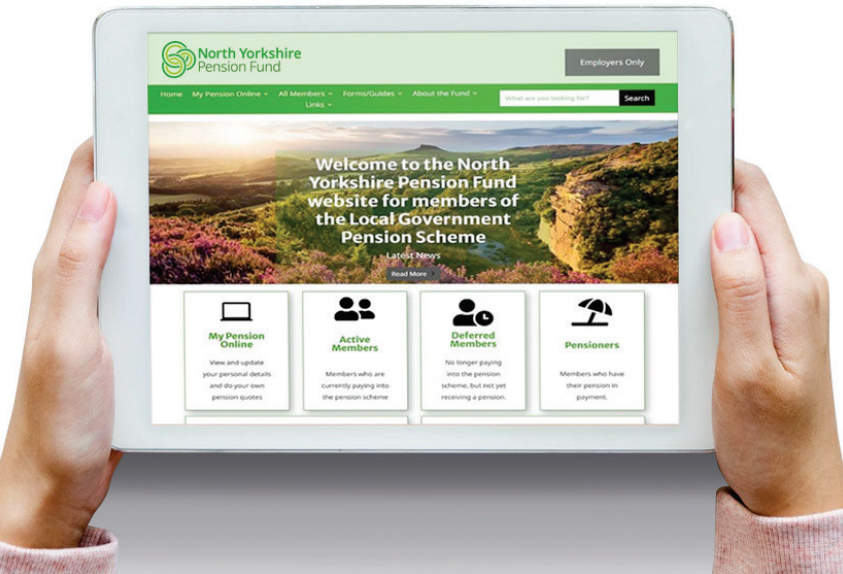
V3 c



North Yorkshire Pension Fund brand concept
Marketing messages - posters



North Yorkshire Pension Fund brand concept
Web visual



Date	Title or Nature of Course	*Mulligan P	Weighell J	Portlock D	A Thompson	>C. Vassie	#C. Les	“ #S. Gibbs	#G. Jabbour	#C. Lunn	#D. Noland	#A. Williams	#M. Walker	#N. Swannick	^J. Cattanach	+J. Crawshaw	Unison (Vacancy)	Unison (Vacancy)
8 September 2022	Asset Allocation Workshop	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
28/29 September 2022	BCPP Annual Conference	✓		✓				✓		✓	✓			✓				
12/13 October 2022	PLSA Conference	✓																
9/10 November 2022	Baillie Gifford – Annual Investment Conference	✓			✓	✓		✓										
20 November 2022	Asset Allocation Workshop	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
20 February 2023	Asset Allocation Workshop	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓				
2 March 2023	Investment Strategy Workshop	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓				
25 May 2023	Investment Manager Workshop (Arcmont)		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓				
29 June 2023	Investment Manager Workshop (PIMCO)		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓				
30 June 2023	Investment Manager Workshop (Border to Coast)		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓				

- Appointed to the Committee following May 2022 elections.

*- Cllr Patrick Mulligan left the Committee on 1st April 2023 following LGR.

“ – Cllr Sam Gibbs left the Committee on 17th July 2023

^ - Cllr John Cattanach appointed to the Committee on 17th July 2023

+ - Cllr Jonny Crawshaw appointed to the Committee May 2023 following City of York Council elections

➤ - Cllr Christian Vassie left the Committee May 2023 following City of York Council elections

UPCOMING TRAINING AVAILABLE TO MEMBERS

Provider	Course / Conference Title	Date(s)	Location	Themes / Subjects Covered
PLSA	Annual Conference	17 – 19 October 2023	Manchester Central Windmill Street Manchester M2 3GX	<p>The definitive pensions conference and exhibition, where the industry comes together to discuss every aspect of pensions, from communications and engagement, to investment, to the geopolitical outlook, and the trustee agenda.</p> <p>In 2023 the PLSA is celebrating 100 years as the voice of workplace pensions.</p>
SPS	SPS LGPS Sustainable Investment & Topical Issue Conference	19 October 2023	The View at the Royal College of Surgeons, London	<p>This conference aims to examine a range of property, infrastructure and other real asset investment strategies and explore the ways pension funds can use them to meet their scheme specific goal requirements such as stable and sustainable returns, risk management and diversification. We will also consider how recent and prevailing conditions have impacted performance and prospects, and to include key practical considerations such as liquidity, ESG/impact/climate requirements and cost and implementation issues.</p>
PLSA	Responsible Investment Conference	29 November	PricewaterhouseCoopers 1 Embankment Place London WC2N 6RH	<p>The PLSA's Responsible Investment Conference - formerly our digital ESG Conference - returns for 2023 as a face-to-face event featuring expert speakers discussing the latest developments in this quickly evolving landscape. Meet pension schemes and advisers at this essential event for anyone with an interest in responsible investment.</p>

Provider	Course / Conference Title	Date(s)	Location	Themes / Subjects Covered
				The one-day event takes place in a central London location. Information due shortly.
PLSA	Policy Insights: The Regulatory Horizon for 2024	7 December	Online Webinar 11 – 11.45 am	Your chance to find out about the policy and lobbying work that we do on members' behalf. Hear from the PLSA's Policy and Advocacy team about the conversations they have with Ministers, Government officials and regulators, and ask questions about issues on the current agenda. Join us for a Policy Insights Webinar on the regulatory horizon for 2024. Our policy experts will discuss the developments, themes and challenges expected for the next year in pensions. Learn how these may impact your scheme and what you can do to prepare.
PLSA	Local Authority Forum	14 December	TBC Central London	The new and innovative Local Authority Forum brings together pension professionals from across the industry to help drive policy debate, engage on key issues and share best practice. This Forum creates a space for delegates to discuss the challenges facing local authority pension funds. There will also be the opportunity to ask the experts about the key issues affecting local authorities in a moderated Q&A session.

Hymans Robertson package (Aspire) of on-line training can now be utilised by Members - “bite-size” sessions that can be dipped in and out of at Members convenience. There are now two packages available with package two being the most up to date version. The training modules are as follows:-

1: Introduction to the LGPS - Stakeholders; local arrangements for committees, boards, officers and advisers; regulatory framework.

2: Governance and oversight - Legislation and guidance; policy documents; roles and responsibilities of committees and board members; Code of Practice 14; pensions administration overview; Government oversight bodies; business plans.

3: Administration and fund management - Pension benefits and contributions; service delivery; administration and communication strategies and policy documents and processes; annual report and accounts; procurements.

4: Funding and actuarial matters - Role of the actuary; the funding strategy; valuations; employer issues; actuarial assumptions.

5: Investments - Investment strategy, asset class characteristics and investment markets; pooling investments; monitoring performance of investments and advisers; responsible investment.

6: Current issues - LGPS reform; McCloud; Goodwin; cost sharing.

PENSION FUND COMMITTEE TIMETABLE FOR MEETINGS IN 2023/24

Meeting Date	Time & Venue	Event	Fund Managers
14 September 2023	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
15 September 2023	10 am, TBC	Pension Fund Committee	
23 November 2023	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
24 November 2023	10 am, TBC	Pension Fund Committee	
29 February 2024	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
1 March 2024	10 am, TBC	Pension Fund Committee	

Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
31/08/2017	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Large backlog meant we were unable to establish which category members should fall into at statement date. Year End queries still outstanding at issue date.	Reg 89 of LGPS Regs 2013	85.88% of Active members received a statement = 14.12% did not 94.51% of Deferred members received a statement = 5.49% did not	Large backlog means we do not yet know actual total eligible for a statement. Continue to reduce the backlog with targeted initiatives. Target is to have a controlled work throughput by end 2018. Continue to work through errors & queries & issue ABS' when able to. Introduce monthly returns for our 2 largest employers by end of 2018 so that errors can be identified in real time rather than at year end			14/09/2017	19/01/2018	Noted the position, no requirement to report. Creation of Breaches Log to record position.	N
08/11/2017	Administration	Statutory deadline for issuing Personal Savings Statements not met for all members	Human error		2 members received statements after the 6/10/2017 deadline. 192 manual calculations undertaken and 56 statements issued. 3.5% of members affected	Statements issued immediately. Process under review by team leader. Checklist created and process will be audited in 2018 to ensure checklist being used and process being robustly followed			22/02/2018	19/01/2018	PB - Noted the position, no requirement to report. PFC - Noted the position, no requirement to report.	N
18/12/2017	Administration	Incorrectly paid trivial commutation to a member who has benefits with another fund and had not commuted those benefits	Human error		Member received benefits he wasn't entitled to. No other member affected. Payment is an unauthorised payment & must be reported to HMRC, resulting in tax liability at 55% for the member & additional tax for the scheme.	As soon as realised payment was unauthorised, informed member and reported to HMRC. Awaiting confirmation of scheme tax liability.			22/02/2018	19/01/2018	PB - Noted the position, no requirement to report. PFC - Noted the position, no requirement to report.	N - Reported to HMRC
31/08/2018	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Year End queries still outstanding at issue date.	Reg 89 of LGPS Regs 2013	86.52% of Active members received a statement = 13.48% did not 99.76% of Deferred members received a statement = 0.24% did not	Backlog has been reduced so in a better position regarding correct eligibility for statements. Significant year end queries (2,399) have impacted statement production. Ers being chased for response. Continue to work through errors & queries & issue ABS' when able to. Viability of monthly returns being investigated			22/11/2018	11/10/2018	PB - noted the position, agreed not to report this time but will in 2019. PFC - noted position, agreed not to report this time.	N
31/08/2019	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Year End queries still outstanding at issue date. Clarification on members not worked in year still outstanding at issue date. Manual calculation of Annual Allowance figures still outstanding at issue date.	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 95.69% of Active members received a statement. (1,342 members did not)	Analysis of the 1,342 unissued statements undertaken to identify and isolate reasons. Each group being worked through to identify what is required to enable statement to be produced. Number reduced to 329 as at 9 October, work will continue until end of year to further reduce number unissued. Final position: 329 unissued			22/11/2019	03/10/2019	PB - discussed position, noted improvement from 2018, requested further analysis by employer to identify whether an issue exists at individual employer level. Following provision of above information both PFC & PB agreed not to report this time.	N
09/04/2020	Administration	A member's leaver statement was incorrectly sent to the wrong member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
11/05/2020	Administration	A member's retirement statement was incorrectly sent to the wrong member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
15/05/2020	Administration	A member's letter was incorrectly sent to the wrong member along with their own letter.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
15/05/2020	Administration	A member's calculation print was incorrectly sent to the wrong member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
26/05/2020	Administration	A pensioner received a payslip which belonged to another pensioner.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
27/05/2020	Administration	A member received a letter meant for a solicitor dealing with the death of another member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
31/08/2020	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Year End queries still outstanding at issue date. Manual calculation of Annual Allowance figures still outstanding at issue date. Issues with data quality, suppressed statements until data corrected and accurate statements can be issued.	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 94.21% of Active members received a statement. (1,784 members did not)	Analysis of the 1,784 unissued statements undertaken to identify and isolate reasons. Each group being worked through to identify what is required to enable statement to be produced. Number reduced to 274 as at 20 October, work will continue until end of year to further reduce number unissued.			27/11/2020	29/10/2020	PB - Oct meeting, noted position, agreed not to report. PFC - Nove meeting, noted position, agreed not to report.	N
30/11/2020	Administration	A member contacted us to advise she had received the starter pack for another member but with her address on it. The member also advised there were 2 other members affected.	Employer submitted starter file and the data has been mixed up for a number of members, address 26 records, date of birth 11 records, payroll no 21 records, date joined 8 records and school name 18 wrong	Data Protection Act 2018	Accidental disclosure of personal data for a number of members to another member. It is highly likely that the recipient knows the person whose information was disclosed. The 3 original members had discussed it.	Reported to Veritau. They assessed it as Low risk level and did not need to be reported to the ICO. Data sent back to employer to provide corrected information. Employer advised we have reported the data breach and we've asked for clarification of what process changes they have made to prevent it recurring. Replacement starter packs issued with correct details on and covering letter advising reason for disclosure and contact details for employer.			05/03/2021	14/01/2021	PB - Recognised the issue was an employer one rather than a Fund one. PFC - Recommended no report required	N

Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
05/10/2020	Administration	Failure to issue 3 members with annual Pension Saving Statements (PSS) in the relevant years. One member was missing a PSS for the 18/19 year, one was missing a PSS for 16/17 and one was missing a PSS for 16/17, 17/18, 18/19 & 19/20.	There are two main causes as follows: missing data and staff not realising a statement should have been issued when the record was recalculated.	Finance Act 2004	When the member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. They can elect to either pay the tax charge via a Scheme Pays option or directly to HMRC. Because the PSS haven't been issued members are now late submitting to HMRC. We are aware of members who have ignored the information we have sent for a number of years, when they do contact HMRC they are advised to just pay what is due. There appear to be no penalties applied. Because we haven't advised members at the correct time they have been unable to take action to mitigate the impact in subsequent years. Members in this position often switch to the 50/50 section to reduce their pension accrual. A penalty of up to £300 for failure to provide the required information on time may be levied on NYPF when we resubmit our annual returns for the relevant years.	We have issued the relevant PSS to all 3 members and have had discussions with them regarding the actions they now need to take. We have struggled to establish how to report the breach to HMRC but will resubmit the annual HMRC returns for the relevant years. We will then respond to HMRC accordingly. We have reviewed our internal processes and are taking steps to educate the wider team and address some of the issues at source rather than waiting until year end. A targeted working group will be established in the summer to address the backlog of changes we get each year. This will involve training a small number of staff on the whole Annual Allowance process, what it is, why it's important, the impact on affected members and how to update and maintain records correctly. This taskforce will take responsibility for updating member records. Once knowledge is established and embedded further staff will be trained until the whole team knows what is expected.			05/03/2021	14/01/2021	PB - Require further information on mitigating actions taken to prevent recurrence before reaching a decision about reporting to tPR. Confirmed by email 01/03/2021 no need to report to tPR. PFC - Recommended no report required	N
05/02/2021	Administration	A member contacted us to advise she had received a transfer letter addressed to another member enclosed with her own letter.	Member of staff on post duty that day did not follow the agreed process put in place to prevent breaches from happening.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to destroy the information. Process and working practice was reviewed to ensure it remained relevant. Staff were reminded of the correct process. Individual member of staff was spoken to personally to stress importance of following the correct process.	05/02/2021	Score of 4 - low no further action	04/06/2021	08/04/2021	PB - April meeting, noted position, agreed not to report. PFC - June meeting, noted position, agreed not to report.	N
31/08/2021	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Calculation failing to run on system. Year End queries still outstanding at issue date. Manual calculation of Annual Allowance figures still outstanding at issue date. Issues with data quality, suppressed statements until data corrected and accurate statements can be issued.	Reg 89 of LGPS Regs 2013	99.78% of Deferred members received a statement. (87 members did not) 96.06% of Active members received a statement. (1,158 members did not)	87 Deferred members missing a statement are being worked through, these failed due to the system calculation not running, analysis has identified these failed due to data related issues. Analysis of the 1,158 Active members missing a statement is being undertaken to identify and isolate reasons. Each group being worked through to identify what is required to enable statement to be produced.	N/A	N/A	26/11/2021	07/10/2021	PB - No report for deferred ABS but decision delayed on active awaiting outcome of review of missed ones. PFC - Agreed with PB recommended course of action. Further update on Active statements is required. 13/01/22 no report	N
17/09/2021	Administration	McCloud data sent to the City of York Council (CYC) for three schools that no longer use CYC to provide their payroll service (although they have in the past). Data for an NYCC school (that has opted out of NYCC's payroll service) also sent to CYC as it was incorrectly coded on our database.	The way the data was held on the administration system did not enable the 3rd party to identify the members affected.	Data Protection Act 2018	Information for 330 data subjects was wrongly disclosed to the City of York Council (CYC). CYC is a trusted external organisation and information was only disclosed to a small number of staff.	A new process has been implemented so that the data can be easily identified on the database going forward. The process change has been communicated to the wider team. Veritau response - notification to the ICO is not recommended as the reporting threshold has not been reached.	N/A	N/A	26/11/2021	13/01/2022	PFC - No report PB - No report	N
28/09/2021	Administration	McCloud data sent to City of York Trading (CYT) in error for one City of York Council (CYC) employee, the employer code on our database had been set up incorrectly. The same data fields as the incident number 101008635966 are involved.	Member record created on the administration system but the wrong employer code was applied	Data Protection Act 2018	Information for one data subject was wrongly disclosed to City of York Trading Limited	The data has now been coded correctly on the administration system Veritau response - notification to the ICO is not recommended as the reporting threshold has not been reached.	N/A	N/A	26/11/2021	13/01/2022	PFC - No report PB - No report	N
28/09/2021	Administration	A member's letter was found on a printer but was not printed by member of pensions team.	Believe issue was caused by network and system issues experienced on that particular day and as a result the letter printed directly out and didn't queue.	Data Protection Act 2018	One letter produced, contained within NYCC. No other letters affected.	Letter was destroyed internally and a replacement was re-issued to the member. Reported to Veritau, awaiting outcome.	N/A	N/A	26/11/2021	13/01/2022	PFC - No report PB - No report	N
19/11/2021	Administration	One Pension Savings Statement (PSS) issued after statutory deadline of 6 October 2021	Record was inhibited from bulk annual allowance run whilst a query on another record was resolved	The Registered Pension Scheme Regulations 2006 Finance Act 2004	When a member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. The deadline for a paper annual tax return was 31 October 2021 so the member could not use this option. However, the deadline for an online tax return is 31 January 2022.	Senior officer review of annual process	N/A	N/A	04/03/2022	13/01/2022	PB - No report PFC - No report	N
22/02/2022	Administration	5 letters were included in the same envelope to a single recipient who was the next of kin of a deceased member	Staff member on post duty did not follow the agreed process	Data Protection Act 2018	Accidental disclosure of personal data for 4 members to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient confirmed destruction of 4 letters received in error. Staff reminded again of correct process to follow. Staff involved spoken to directly. Alternative printing and posting arrangements being investigated. Reported to Veritau. They assessed it as Low risk level and did not need to be reported to the ICO.	N/A	N/A	27/05/2022	07/04/2022	PB - No report PFC - No report	N

Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
28/07/2022	Administration	5 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2021	Records were not selected in the bulk annual allowance process as the year end pay information used in the calculation had not been updated on the records	The Registered Pension Scheme Regulations 2006 Finance Act 2004	When a member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. None of the members have advised if they have a tax charge yet, there could possibly be two. The deadline for an online tax return was 31 January 2022 so affected members will need to contact HMRC.	Senior officer review of annual process. Has been established the cause of the breach different to previous breach in 2020. Process amended so that future similar cases can be identified earlier in the process.	N/A	N/A	09/09/2022	06/10/2022	PFC - No report PB - No report	N
31/08/2022	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	120 – have outstanding year end tasks 201 – have "other" outstanding administration tasks on record 56 – are x'd out, no outstanding task, prohibits statement creation due to error on record 295 – pending further investigations as to why statement not produced	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 97.73% of Active members received a statement. (672 members did not of which only 295 were eligible to receive one)	Of the 672 active members missing a statement only 351 are eligible to receive one. These are being worked through to identify what is required to enable statement to be produced.	N/A	N/A	25/11/2022	06/10/2022	PFC - No report PB - No report	N
04/11/2022	Administration	2 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2021	Human error. One record had a data error which resulted in the PSS being suppressed but when issue was fixed the marker wasn't removed. Relevant tax year 18/19 One record had been updated incorrectly following receipt of a transfer from another Fund. Relevant tax year 19/20	The Registered Pension Scheme Regulations 2006 Finance Act 2004	When a member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. None of the members have advised if they have a tax charge yet, there could possibly be two. The deadline for an online tax return was 31 January 2022 so affected members will need to contact HMRC.	Training for wider administration team is already scheduled so errors like these can be prevented and corrective action taken at the time rather than being left to year end.	N/A	N/A	25/11/2022	12/01/2023	PFC - No report PB - No report	N
11/11/2022	Administration	One member's documentation was sent in error, password protected, to another Fund.	Human error. The wrong attachment was added to the email.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to staff at another Fund. It is highly unlikely that the recipient knows the person whose information was disclosed.	Other Fund deleted email and attachment. Reported to Veritau. They assessed it as Very Low risk - minimal risk of any detriment to the data subject & sent to a trusted partner organisation	N/A	N/A	25/11/2022	12/01/2023	PFC - No report PB - No report	N
17/04/2023	Administration	Email querying pay and CARE was sent to the wrong Adam. It contained name, NINO & Pay information. Recipient is a senior officer at CYC.	Human error	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to staff at another employer. It is highly unlikely that the recipient knows the person whose information was disclosed.	Requested recipient to delete email Reported to Veritau	N/A	N/A	15/09/2023	06/07/2023	PFC - No report PB - No report	N
05/06/2023	Administration	A member received another member's pension payslip in the same envelope as her own. The envelope wasn't sealed either.	Machine jam and human error in the print unit. Not checking the machine was fully cleared before restarting the print and insert process.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another member. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient posted payslip on. Made print unit aware of error and received confirmation of refreshed instructions to the print team. Reported to Veritau Veritau have confirmed it has been classed as a print unit breach	N/A	N/A	15/09/2023	06/07/2023	PFC - No report PB - No report	N
01/09/2023	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	114 – have outstanding year end tasks 268 – have "other" outstanding administration tasks on record	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 98.71% of Active members received a statement. (382 members did not of which only 114 were eligible to receive one)	Of the 382 active members missing a statement only 114 are eligible to receive one. These are being worked through to identify what is required to enable a statement to be produced.	N/A	N/A		26/10/2023	PFC - PB -	
08/09/2023	Administration	Email was sent to a member with a password protected attachment but the document was for another member.	Human error	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another member. It is highly unlikely that the recipient knows the person whose information was disclosed.	Requested recipient to delete email Reported to Veritau				26/10/2023	PFC - PB -	

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North Yorkshire Pension Fund
LGPC Bulletins Log

Bulletin Number	Action	Response
214 – Sept 2021	GDPR documents updated Review the changes to each document and update your local versions accordingly.	Complete
215 – Oct 2021	Pensions Dashboards Start preparing for dashboard on-boarding by considering whether we wish to use an ISP to connect to the dashboard ecosystem, cleansing our data and ensuring we have adequate resources to prepare for the dashboard connection.	In Progress
218 – Dec 2021	Pensions dashboards – A to Z industry guide Review the guide and start preparing for pensions dashboards. Pensions dashboards – data matching guidance Review the accuracy of the personal data values held for all active and deferred members	On our To Do list – to be worked on when employers are on-boarded and backlog cleared
231 – Nov 2022	Pensions Dashboards Programme (PDP) publishes updated standards Administering authorities should consider how they will comply with the standards. We recommend discussing the standards with their software provider or third party administrator, for those funds administered externally.	In Progress
233 – Jan 2023	New version of non-Club transfers out guidance Check our transfer letters are in line with these changes.	Complete
234 – Feb 2023	Training focus group The (LGA) training focus group met on 24.1.2023. Feedback from the group indicates demand for face to face training is high, although bookings do not reflect this. They would like to investigate the disparity by changing how they decide on the location for face to face training. Add 'training' to the agenda for each Pension Officer Group (POG) meeting. Determine regional training needs and email training.lgps@local.gov.uk	Next POG meeting is 5 April 2023
236 – March 2023	Lifetime allowance statutory guidance Ensure our processes and communications are in line with the changes.	Complete
237 – April 2023	Updated Guides Let your employers know about the new versions of the HR and payroll guides and update your local versions of the employee and retirement planning guides. Update on Death Grant process Ensure your process is in line with HMRC's email. New CDC schemes Update your transfer out process to account for the new list of CDC schemes. Backdated pay FAQs for Employers Let your employers know about the FAQs.	Complete - email sent 21.4.2023 and both guides updated and published to the website 4.5.2023 Complete Complete Complete – email sent 21.4.2023

238 – May 2023	<p>2023 updates to guides, factsheets and leaflets LGA published updated version of various guides, factsheets and leaflets. Update your local versions.</p> <p>Guarantee for academy trusts outsourcing arrangements Provided the conditions in the DfE policy document are met, you do not need to request evidence of Education and Skills Funding Agency (ESFA) approval for pass-through arrangements. Update your processes and notify your academy trusts.</p> <p>McCloud remedy consultation On 30 May 2023, DLUHC published a consultation and draft regulations concerning the McCloud remedy. Review the consultation documents and respond by 30 June 2023.</p> <p>SCAPE discount rate and impact to actuarial factors – update Certain transfer calculations and cash equivalent values for divorce were suspended following the change to the SCAPE discount rate in March 2023. Look out for an email from the LGA containing revised factors and transitional table.</p> <p>Automatic enrolment – call for evidence On 15 May 2023, the DWP published a call for evidence on the alternative quality requirement used by defined benefit schemes for automatic enrolment (AE). Notify your employers of this call for evidence.</p> <p>Consultation on second set of rectification regulations On 22 May 2023, HMRC launched a consultation on The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) (No.2) Regulations 2023. As part of the consultation, HMRC will hold several round tables. Review the regulations and consider whether you wish to respond to the consultation. Consider if you would like to be part of the round table discussions.</p> <p>(McCloud) Remedy newsletter – May 2023 On 23 May 2023, HMRC published Remedy newsletter May 2023. Consider whether to volunteer to assist HMRC.</p> <p>Club transfers – extending the 12-month time limit On 26 April 2023, the Cabinet Office clarified a Club transfer may take place outside the 12 month time limit, in exceptional circumstances and providing both the sending and receiving schemes agree. Incorporate this clarification into your Club transfer process.</p> <p>Your LGPS contacts Administering authorities are responsible for updating their own contacts using the ‘Your LGPS contacts’ system. Review your political and finance contacts on the ‘Your LGPS contacts system’ as soon as possible.</p>	<p>Complete</p> <p>N/A – we do not provide pass-through arrangements</p> <p>Complete – no response provided</p> <p>Complete – all factors received and systems updated</p> <p>Complete – email sent 31/05/2023</p> <p>Complete – no response provided</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>
239 – June 2023	<p>SCAPE discount rate new factors Update factors and processes</p> <p>HMRC contact details Provide a named contact to HMRC</p> <p>Governance Manager added to Your LGPS Contacts Please add contact details for your governance manager. Also review your other contact details to make sure they are up to date.</p> <p>Group training Discuss your training requirement with your POG and contact Elaine English with any requests</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>

240 - July 2023	<p>SAB committees and the 2019 CIPFA 'preparing the Annual Report guidance'. If you would like to comment on the current guidance and have not yet been invited to do so, please contact the SAB secretariat.</p> <p>Gender Pensions Gap -SAB Working Group If you are interested in joining the working group, please contact the SAB secretariat.</p> <p>SCAPE discount rate and actuarial factors Update local versions of member guides and websites to reflect the new early retirement factors.</p> <p>Contact for HMRC McCloud processes Contact publicservicepensionsremedy@hmrc.gov.uk with details of a named contact at your administering authority for McCloud tax issues if you have not already done so.</p> <p>Apprenticeship and qualification: next steps survey Complete the Apprenticeship and qualification: next steps survey before 25 August 2023.</p> <p>SF3 - fund account return Provide SF3 data to DLUHC by 15 September 2023. Pension bought by paying Additional Pension</p> <p>Contributions should be transferred on Club terms when a Club transfer takes place. Review your processes and systems to ensure that any APCs are treated correctly when you complete a Club transfer</p> <p>SF3 - fund account return Provide SF3 data to DLUHC by 15 September 2023. Pension bought by paying Additional Pension</p> <p>Contributions should be transferred on Club terms when a Club transfer takes place. Review your processes and systems to ensure that any APCs are treated correctly when you complete a Club transfer</p>	<p>Complete - won't be commenting</p> <p>Complete - won't be volunteering</p> <p>Website updated to link to the area on the LGPS website regarding ER reductions Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>
241 – Aug 2023	<p>Finance & Political contacts - update Review and update your finance and political contacts on 'Your LGPS contacts'.</p> <p>LGPS qualification survey If your authority has not responded, complete the Apprenticeship and qualification: next steps survey before 8 September 2023.</p> <p>Aggregation leaflets and template letters published Consider whether to use new leaflets and template letters</p> <p>Ill Health retirement bite-size training Let your employers know about the training</p> <p>Strike action FAQs published Let your employers know about the member FAQs and publicise the member FAQs</p> <p>HMRC 2nd set of rectification regulations laid Assess the impact of the regulations and implement accordingly</p> <p>Commissioning face to face training Discuss your training requirement with your POG and contact Elaine English with any requests</p>	<p>Complete</p> <p>Complete</p> <p>In progress</p> <p>Complete – sent 08/08/23</p> <p>Complete – sent 08/08/23</p> <p>In progress</p> <p>Complete</p>

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NORTH YORKSHIRE COUNCIL

PENSION BOARD

26 OCTOBER 2023

INVESTMENT POOLING CONSULTATION

Report of the Treasurer

1.0 PURPOSE OF REPORT

- 1.1 To update Pension Board members on the response of the North Yorkshire Pension Fund to the Government's consultation, *Local Government Pension Scheme (England and Wales): next steps on investments*.

2.0 INTRODUCTION

- 2.1 In 2015 the Ministry of Housing, Communities & Local Government (MHCLG, now the Department for Levelling Up Housing and Communities, DLUHC) published the criteria the Local Government Pension Scheme (LGPS) should meet when developing proposals for pooling assets in the *Local Government Pension Scheme: investment reform criteria and guidance*.
- 2.2 Over the next few years investment pooling arrangements commenced across eight organisations, including Border to Coast.
- 2.3 In 2019 MHCLG decided it was time for new guidance to support further progress, given the experience until then. A consultation *Local Government Pension Scheme: statutory guidance on asset pooling* was published. However, the new guidance never emerged and the reasons for this are unknown.
- 2.4 Over the last few years, it has been clear that there would be another consultation, and on 11 July 2023 the consultation *Local Government Pension Scheme (England and Wales): next steps on investments* was published. The deadline for responses was 2 October 2023. The document is available in [the consultations section on DLUHC's website](#). It was circulated to Pension Board members shortly after its publication date.
- 2.5 The first part of the consultation document suggested that DLUHC was frustrated with the extent of investment pooling progress, describing the wide range in the size of pooled assets (paragraph 10). Border to Coast is the top of this range. This frustration may therefore appear to be aimed elsewhere. Although the Secretary of State has powers to intervene, as described in the in the LGPS (Management and Investment of Funds) Regulations 2016, the decision has been made to address this issue through regulatory changes rather than take a more targeted approach.

3.0 INVESTMENT POOLING CONSULTATION

- 3.1 The consultation document sought views on proposals in five areas.
- 3.2 The first talked about the next phase of pooling assets, through consolidation of pooling arrangements, acceleration of asset transfers to pool organisations and other related areas such as governance, training and reporting. For some LGPS funds this could have significant implications, given that they have not pooled any assets at all. However, Border to Coast is the largest of the 8 pools, with all partner funds including North Yorkshire having transferred most of their assets, and there are plans to transfer more over the coming years.
- 3.3 The second and third related to the Government's policy objectives on levelling up and investing in the UK economy. Border to Coast has well developed plans to launch their UK Opportunities fund in April 2024 which will address these objectives. This fund was discussed when the members of the Pension Fund Committee visited Border to Coast's offices on 30 June 2023.
- 3.4 The fourth related to the use of consultants by LGPS funds. In 2019 the Competition and Markets Authority made the *Investment Consultancy and Fiduciary Management Market Investigation Order*. This was intended to ensure consultants are reprocured sufficiently frequently to ensure value for money, and that they have appropriate objectives. A change to the guidance is required to make the Order applicable to LGPS funds. North Yorkshire has been complying with the Order since it came into effect.
- 3.5 The fifth was a minor definition change to facilitate the second and third proposals in the consultation.
- 3.6 The eleven partner funds in Border to Coast worked on a Border to Coast Joint Committee response. This was used as a template for each individual partner fund. It has been clear from the discussions that there was broad consensus on how to respond, but that there are some differences in partner fund circumstances. For example, the consultation talks about the treatment of passively managed assets, which some partner funds have, but North Yorkshire does not.
- 3.7 The Border to Coast Joint Committee response was tailored for North Yorkshire's circumstances. The Fund's response is attached as **Appendix 1**. It incorporates comments from the Pension Board and Pension Fund Committee and was returned to DLUHC on 2 October 2023.

4.0 RECOMMENDATION

- 4.1 Pension Board members to note the report.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
18 October 2023

27 September 2023

Dear Sir or Madam,

Local Government Pension Scheme: Next steps on investments

North Yorkshire Council (North Yorkshire) welcomes the opportunity to comment on the proposals in the consultation “Local Government Pension Scheme (LGPS): Next steps on investments”.

North Yorkshire is the Administering Authority for the North Yorkshire Pension Fund (the Fund) which is part of the LGPS. The Fund has assets of more than £4 billion and has over 200 employers.

In 2018, North Yorkshire’s jointly owned pooling company, Border to Coast Pensions Partnership Limited (Border to Coast) began managing investments on behalf of the 11 Partner Funds. The Partner Funds came together with an agreed set of principles that continue to guide how we work together. Guided by them, we are delivering against Government’s original pooling policy objectives:

- over £40 billion pooled through Border to Coast, with clear plans to increase this in the years ahead
- £65 million of cost savings delivered to 31 March 2023, with expectations to increase this to £340 million by 2030
- facilitating investments in wider range of assets at scale, in asset classes such as infrastructure and private credit delivering growth capital across the UK

Border to Coast adds significant value to the Fund above and beyond the original pooling objectives, particularly in relation to responsible investment. They have built a centre of expertise, taking the lead on behalf of Partner Funds on active stewardship on climate change and other issues, and working collaboratively with groups such as Climate Action 100+ to deliver real world change.

Almost all of the Fund’s listed assets are pooled, and a significant proportion of the Fund’s unlisted investments are also managed by Border to Coast. Plans are in place for the transfer of assets to continue in the coming years, as investment funds are launched following approval by the FCA.

Any evolution of the arrangements for pooling investments should be consistent with our fiduciary responsibility to determine an investment strategy which will deliver the pension promise for our scheme members and ensure that contributions for scheme employers remain stable and affordable.

It is regrettable, given the importance of governance to the successful delivery of the Government’s policy objectives in this consultation, that there has not been a response to

the Scheme Advisory Board's (SAB) recommendations in relation to the Good Governance Project. Concluding this work would have addressed some of these objectives.

Question 1: Do you consider that there are alternative approaches, opportunities or barriers within LGPS administering authorities' or investment pools' structures that should be considered to support the delivery of excellent value for money and outstanding net performance?

The ecosystem in which the LGPS operates is changing and it is important to acknowledge and adjust to this, to ensure we can continue to collectively deliver for LGPS members. This includes dealing with the increasing regulatory and governance complexity and the burden on individual Funds.

This challenge can be addressed through:

- engaged and informed Pension Committees and Pension Boards, exhibiting an appropriate level of knowledge, understanding and professionalism. They should be supported by experienced officers, exclusively dedicated to the Pension Fund, with the right resources to develop oversight arrangements of the investments
- appropriately resourced pools, which can support the development and implementation of the investment strategies of their Partner Funds. As centres of expertise these pools can provide wider support for Partner Funds

In operating any system, good governance is fundamental. This can cover a wide range of issues, but includes the establishment of clear divisions of responsibilities, robust oversight and simplified, flexible decision-making, including effective delegations to specialists trusted to exercise sound judgement over the long-term. The importance of this is often underestimated.

The "governance premium" is thought to be around 0.6% per annum additional return and has been estimated as high as 1-2% per annum. This is evidenced¹ via asset owners with "good governance". This relates primarily to the clear delegation of investment decision-making with strong oversight and scrutiny by the asset owner Committee. It is based on research over the last 20 years. We recognise that standards are variable, with smaller funds less likely to rate themselves as highly on important measures of quality. While each fund and pool should consider their own governance frameworks, progress on the 'Good Governance' review will support the LGPS and progress would therefore be welcomed by all².

Scale can deliver significant benefits. A 2022 publication³ by CEM looked at the case for scale for pension schemes. Its findings were that asset pooling led to lower staff costs per assets invested due to the ability to internalise certain investment capabilities, and to lower external management fees due to the negotiating strength that comes from the value of mandates being placed, negotiated by professional investors whose interests are fully aligned with the ultimate asset owners.

However, scale doesn't always deliver additional benefits; seeking scale without addressing issues such as good governance, management of conflicts of interest, a common vision and culture (within the Pool and among Partner Funds), complexity of investment strategies, and client needs, can either inhibit, or damage, a pools ability to deliver.

Delivering the benefits of pooling can be challenging and requires an understanding at officer and elected member level of both the benefits and costs of compromise, and an

ability to assess where such compromise does not have a material impact on the risk/return profile that the Partner Fund wishes to achieve.

Given the potential benefits of scale, it's important to consider the entire LGPS ecosystem. A key point for Funds is the need for appropriate capacity and capabilities to deliver their objectives. In this context, further consolidation could be considered.

In considering the LGPS ecosystem and ensuring that good outcomes are delivered it is important to recognise and manage the potential conflict of interests that both investment consultants and pools may have in providing investment advice to Funds.

We have seen greatest success when there is a positive presumption towards pooling. In this situation the benefits that come from pooling, in both investment outcomes and reduced ongoing governance and advisory costs are considered.

Net of fees investment performance is the most important measure of success. There may be a presumption that increased scale should lead to better performance, as well as to governance improvements, cost reductions and other benefits. However, a recent article in the Financial Times⁴ referred to a study of US pension plans examining performance over the last ten years, and there is almost no correlation between investment performance and asset pool size. Studies in Europe and the UK have reached similar conclusions.

2. Do you agree with the proposal to set a deadline in guidance requiring administering authorities to transition listed assets to their LGPS pool by March 2025?

We support the principle of transferring assets to pools, including having a clear path to transition. Each funds' Investment Strategy Statement (ISS) should include a transition plan for listed assets to be transferred to the pools, as well as the composition and justification of any assets remaining outside the pool.

Partner Funds have already transferred most of their assets to Border to Coast. Further transfers are planned over the next few years. Each transfer event is predicated on the launch of an investment fund, the development of which typically takes six to twelve months including receiving approval by the FCA. Resources to develop new funds are limited and imposing an arbitrary timescale could lead to hasty fund launches of sub-optimal investment funds.

We would welcome clarity on the position of legacy illiquid assets such as infrastructure and private credit. Fees were negotiated at the commencement of each investment and there is no ability to subsequently adjust them. Transferring these assets to the pool would incur unnecessary significant legal and tax costs.

Question 3: Should government revise guidance so as to set out fully how funds and pools should interact, and promote a model of pooling which includes the characteristics described above?

Through Border to Coast we have developed a model of pooling which has successfully allowed us to meet the government's objectives for pooling. We support the approach set out in the consultation, which reflects how we have sought to pool. However, we would urge caution on being overly prescriptive in describing any model in guidance as this may stifle innovation and the ability of Partner Funds and pools to respond to changing circumstances.

Administering Authorities are responsible and accountable for their investment strategies. A pool such as Border to Coast can play a significant role in supporting their

development. However, robust governance arrangements need to be in place to manage potential conflicts, and to ensure proper oversight and scrutiny by Partner Funds can take place.

When drafting guidance, due consideration should be given to investment strategies that meet the needs of a diverse employer group. This could include employers with differing maturity characteristics which may benefit from different investment approaches to protect their solvency position.

Question 4. Should guidance include a requirement for administering authorities to have a training policy for pensions committee members and to report against the policy?

The key to a successful approach is ensuring decisions are made by the right people, with the right level of knowledge, at the right time.

It is important that there is local accountability for target returns, risk appetite, and investment beliefs that underpin the investment strategy to deliver cost effective and sustainable pensions.

As outlined in the consultation, and something we support, the role of a Pension Committee is to review and approve the investment strategy, and to provide oversight and scrutiny on how it is being executed. To be effective in this role, Committees will need to have in place appropriate supportive delegation of functions to officers, who have sufficient experience and knowledge to support the Committees. In turn, officers and Committees can be supported by the centre of investment expertise that resides in the pool that they own, which is also responsible for the implementation and management of a Funds' investment strategies.

The knowledge and understanding of Pensions Committees may be supported by independent advisors who can act in a role akin to Non-Executive Directors. With clear objectives, they may play a key role in supporting Committees in their responsibilities for oversight and scrutiny of the implementation of the investment strategy by the pool.

For Pension Committees, a key component to this is an effective training policy, reported against as part of clear delegation of functions between Committees and officers. This is something the Fund manages in a structured way.

We recognise the difference in the current training requirements between Pension Committees and Pension Boards. We believe it is appropriate that the requirements for sitting on a Pension Committee should at least match that for membership of a Pension Board.

Given both the significant training requirements, and the responsibilities of membership of a Pension Committee, we believe it is appropriate that Pension Committee members should be appropriately remunerated.

We believe Government proposals in relation to the interaction of pools and funds, and the training of Pension Committee members, should be addressed as part of a holistic response to the Good Governance Project report completed by the SAB to ensure changes take place within a framework focused on delivering the best outcomes for LGPS members.

Question 5. Do you agree with the proposals regarding reporting? Should there be an additional requirement for funds to report net returns for each asset class against a consistent benchmark, and if so how should this requirement operate?

We support the proposal to have standard reporting requirements with clear and consistent definitions. We would welcome this being progressed as part of the Good Governance Project. We would also welcome a complete review of the regulations to simplify and streamline processes.

While supporting reporting net savings, this needs greater consideration, specifically “against what?”. In calculating our savings, we are comparing our current position with data from 2015/16 which does not reflect the market pricing we see today. This information has become dated and is arguably irrelevant. Equally, a focus on cost may also drive unintended consequences, particularly given the desire from Government to increase investment in more expensive asset classes, such as infrastructure. As the pooling journey continues, it may be appropriate to use other reporting mechanisms.

We have significant concerns on the proposals to produce standard reporting on investment returns. Each individual fund has its own investment strategy and risk appetite. Even within a single pool, two funds may superficially have similar investment strategies, but they may be seeking to deliver significantly different outcomes. There is a danger that returns reported against an inappropriate benchmark are taken out of context and could lead to poor investment decisions being made.

Question 6. Do you agree with the proposals for the Scheme Annual Report?

We support clear and consistent reporting by the SAB, provided the Board is sufficiently resourced to undertake the work and it is undertaken in such a way as to minimise the data collection burden on funds.

We also note the broader issue of increased reporting for the LGPS. The research in “LGPS: Views from inside the scheme” found that over half (54%) of respondents feel that the legislation/regulatory requirements are already too complex to execute, while two in five (43%) continue to feel legislation/ regulatory requirements hinder them from doing their job effectively.

This is not to diminish the fundamental role of transparency and reporting. This is essential to ensure accountability, and to drive best practice across the LGPS. However, simplicity is key. Partly driven by the scale and complexity in current reporting requirements, we understand a recent review by SAB suggested that nearly a third of LGPS funds were not meeting their annual report disclosure requirements.

Simply adding additional reporting requirements not only adds cost, but there is a significant negative impact for the intended audience of the scheme members due to the volume and complexity of information being published. We believe that the impact assessment of changes in guidance, in terms of cost, transparency, and in the ability of readers to interpret what is shared, should be taken in the context of the ongoing review of LGPS reporting requirements being undertaken by the SAB.

Question 7. Do you agree with the proposed definition of levelling up investments?

Although we do not disagree with the definition outlined in the consultation, it should be stressed that levelling up investments should be consistent with the investment strategies of funds. Through Border to Coast a new private markets strategy, ‘UK Opportunities’⁴ is being developed. Set to launch in April 2024, we believe this will provide the Partner Funds with opportunities to invest in the regions across the UK, including venture and growth capital, and will ultimately support the policy intent outlined in the Levelling Up white paper.

Under current guidance, individual funds have the flexibility to invest up to 5% outside the pool. The local and specific nature of these investments mean they may be of a small scale and unsuitable to be effectively managed through the pool. However, pools are well placed to advise and support individual funds in this regard. Issues including resourcing and managing conflicts of interest will need to be carefully addressed. We believe the exemption to making these investments outside of the pool should be maintained.

Question 8. Do you agree that funds should be able to invest through their own pool in another pool's investment vehicle?

Collaboration has been, and should continue to be, a hallmark of strength in the LGPS. If a pool is unable to effectively develop and manage an investment proposition, there may be merit in sourcing this capability through another LGPS pool. However, there are implications that need to be recognised. These include issues such as:

- the Border to Coast investment funds are designed with, and for, 11 Partner Funds who are both shareholders and customers. Care will be required should external pool customers wish to invest in them. The existing governance structures and processes will need to be reviewed to overcome this challenge
- certain investments may have capacity issues. For example, the first Climate Opportunities fund launched by Border to Coast was capped at £1.35bn, which reflected the availability of suitable market opportunities. The demand from Partner Funds was significantly above this figure. Care will be required in balancing the needs of shareholder customers against those of external pool customers for capacity constrained investments
- as shareholders, existing Partner Funds principally manage risk through Border to Coast's regulatory capital. Different arrangements would need to be developed for non-shareholder external pool customers
- in owning and building Border to Coast, there has been a structured approach to its growth, building capacity and capability to reflect Partner Funds long term needs. This is likely to be absent with non-shareholder customers, where there is the added risk of managing inflows and outflows of capital. This could destabilise the ability to plan the required capacity in various parts of the business.

Management of additional customers would require careful consideration, particularly noting the potential additional layer of due diligence costs that would be required as a regulated asset manager investing into another regulated asset manager's vehicle.

Nonetheless, if these issues are overcome, it could be easier to manage this on a pool-to-pool basis, than an individual fund-to-pool basis.

Question 9. Do you agree with the proposed requirements for the levelling up plan to be published by funds?

The objective of the Fund is to generate appropriate risk adjusted returns to ensure it can pay pensions and set contribution requirements in an affordable and sustainable manner. Where ancillary objectives can be co-delivered without impacting these returns or increasing risk, such as those outlined in the Levelling Up White Paper, this is to be welcomed. We believe that Levelling Up, effectively delivered, has the potential to create growth; including creation of jobs, drive productivity, improve people's quality of life and better health and wellbeing outcomes.

It is for this reason that the Fund is supportive of the launch of the Border to Coast 'UK Opportunities Fund', which is designed to deliver such investment across the regions of the UK. However, LGPS assets are invested to deliver appropriate risk adjusted returns and should not be used to implement Government policy objectives, no matter how laudable they may be. We welcome the recognition in the consultation that each fund is responsible for setting their investment strategy, designed to deliver the appropriate risk adjusted returns they require.

Any investment strategy and associated reporting on Levelling Up needs to be through the principal asset classes (Real Estate, Infrastructure, Private Credit, etc). This ensures that the risk adjusted returns are considered on the same basis. This can be reported via a Fund's ISS.

Question 10. Do you agree with the proposed reporting requirements on levelling up investments?

We are comfortable with the proposals, albeit we note that this again expands the reporting and regulatory requirements on Funds, which will have resource implications.

Question 11. Do you agree that funds should have an ambition to invest 10% of their funds into private equity as part of a diversified but ambitious investment portfolio? Are there barriers to investment in growth equity and venture capital for the LGPS which could be removed?

Administering Authorities remain responsible for their investment strategies. As open defined benefit pension schemes, it is essential that we adopt appropriate diverse investment strategies designed to balance risk and return, to ensure the LGPS remains affordable.

As part of this approach, private markets can play an important role. Included in our investment strategy is an allocation to private markets including property of 22.5%. The creation of Border to Coast has significantly contributed to the Fund's ability to access this asset class.

We note the reference to private equity and technology. This is a very narrow part of the market. Early-stage growth, especially that focused on technology, is relatively high risk. For investors who have not made any previous or meaningful commitments to private capital more broadly, this is a challenging entry point and risks volatile returns or losses which would be likely to discourage future investment in private markets.

A broader definition, covering 'private capital' allows investors to build private market risk appetites which suit their own circumstances, rather than pushing everyone to a more narrowly defined and therefore potentially crowded part of the market with volatile returns.

We believe we already substantially meet the aspiration to invest 10% of our assets in these areas. Recognising our current extensive UK investment exposure, the opportunity set should be global in nature.

The most effective way to encourage any investment in the UK is the provision of a stable investing environment through policy certainty. If the LGPS and private capital is being asked to make large, long-term, capital investments the Government needs to offer corresponding long-term guarantees and the necessary policy certainty to protect these potential investors. Examples include policy certainty on renewable energy, transport and climate transition considerations; improvements to the planning regime to accelerate development opportunities, and to enable clearer partnership opportunities with Local

Authorities; and the development of structures with the support of organisations such as the British Business Bank (BBB) and the UK Infrastructure Bank (UKIB) to enable risk sharing and return visibility.

While there is understandably a continued focus on costs, we recognise that private markets are more complex and expensive asset classes. Through Border to Coast, the Fund has access to the capability and capacity to access these markets in an effective and efficient manner.

Question 12. Do you agree that LGPS should be supported to collaborate with the British Business Bank and to capitalise on the Bank's expertise?

There is a range of potential partners that can support the LGPS pools to deliver growth capital in the UK. The BBB and the UKIB are two examples.

Given their state ownership and strategic focus to 'crowd in' other investors, these institutions may be well placed to support the LGPS pools to source and commit to ventures that meet their normal investment criteria.

We note that one of the key objectives of LGPS pooling was to reduce the fee burden paid by pension funds. In a private market context this included reducing the reliance on fund of fund structures which introduce an additional layer of fees. As such, any vehicle should be offered on a cost only basis if the intention is to encourage greater participation in this part of the market. An additional layer of fees would deter potential investors. BBB will be investing balance sheet capital into all investments, so a successful investment policy would deliver profitability for them without this fee income.

Question 13: Do you agree with the proposed implementation of the Order through amendments to the 2016 Regulations and guidance?

The Fund already sets strategic objectives for investment consultants, and we welcome its consistent application across the LGPS.

Question 14: Do you agree with the proposed amendment to the definition of investments?

Yes.

Question 15: Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence.

No.

Yours faithfully,

Councillor John Weighell OBE
Chair of the North Yorkshire Pension Fund

References

- 1 [Pension Policy Institute: "Defined Benefits: the role of governance"](#)
- 2 The PLSA research, "[LGPS: Views from inside the scheme](#)" states that three-quarters of respondents believe government and regulators should focus on good governance (74%).
- 3 [A case for scale, February 2022](#)
- 4 [Why bigger pension funds are better for the UK](#)
- 5 <https://www.bordertocoast.org.uk/news-insights/border-to-coast-marks-five-years-of-delivery/>

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NORTH YORKSHIRE COUNCIL

PENSION BOARD

26 OCTOBER 2023

BUDGET AND CASH FLOW REPORT

Report of the Treasurer

1.0 PURPOSE OF REPORT

1.1 To update Pension Board members on

- (a) the 2023/24 budget and the cost of running the Fund
- (b) the 4-year cashflow projection for the Fund
- (c) the latest position on the Fund's accounts and annual report for 2021/22 & 2022/23

2.0 PENSION FUND BUDGET AND CASH FLOW

- 2.1 Each quarter a report is taken to the Pension Fund Committee (PFC), providing Members with the latest information on the costs of running the Fund and a forecast of its cashflow. The report taken to the September 2023 PFC meeting is attached as **Appendix 1**.
- 2.2 The budget update includes the position at the end of the June 2023 quarter (Q1) and a forecast to the end of the financial year, with the largest variances explained. At this early stage in the financial year, no significant variances are expected.
- 2.3 The cash flow forecast gives an indication of the expected position for the Fund over the next few years, which is to move into cashflow negative territory as the Fund matures. The forecast for pension benefits payments is based on assumptions on annual increases in pensioner numbers and inflation. September CPI figures are used as the basis for assumptions on future year inflation figures.
- 2.4 Subsequent to the September PFC meeting, and at the time of the drafting of this report and circulation of Board Papers, the September 2023 CPI figure was yet to be released, with this data becoming available on 18 October 2023. In the intervening period between the release of this data, and the formal sitting of Board, the impact of this data will be reviewed, and any material impact on the figures reported versus the assumptions used for future years will be assessed and reported verbally to the Board on 26 October.
- 2.5 The report also provides an update on the position in relation to the 2021/22 Accounts and the 2021/22 Annual Report. At the time of writing, the position outlined in the accompanying Appendix remains the same, with an outstanding

query remaining to be resolved around Council's pension liabilities, with the Council's auditors Deloitte considering further information provided by the Actuary to support their assurance checks in this area. A verbal update will be provided at the meeting should this position progress prior to the sitting of the Board. The audit of the Pension Fund's Annual Report including the Pension Fund Accounts was completed almost a year ago. Once the audit of the Council's accounts has been completed it is expected that Deloitte will issue an unqualified opinion on the Annual Report.

- 2.6 The audit of the 2022/23 Fund Accounts is in progress, with the External Audit Planning Report due to be presented to the Council's Audit Committee on 23 October. This document is attached for information as **Appendix 2**. It indicates the audit will be completed in November, but this may be ambitious.
- 2.7 The 2022/23 Fund Accounts forms part of the wider Council's accounts, and as such final audit opinion will not be received until the audit of the 2022/23 Council Accounts has been concluded and an audit opinion issued. As at the time of writing the audit of the 2022/23 Council Financial Accounts is expected to formally commence in the coming weeks.
- 2.8 The Pension Fund Committee will be asked to approve the Fund's Annual Report at its meeting on 24 November. Although the audit may have effectively been completed by then, it will not be finalised until the audit opinion on the Council's Accounts has been issued. The Committee will therefore be asked to approve a draft of the Annual Report, so that it can be published by the deadline of 1 December.

3.0 RECOMMENDATIONS

- 3.1 Pension Board members to note the content of this report.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
16 October 2023

NORTH YORKSHIRE COUNCIL

PENSION FUND COMMITTEE

15 September 2023

BUDGET AND CASHFLOW

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

1.1 To report on the following:

- (a) the 2023/24 budget and the cost of running the Fund (see section 2)
- (b) the 4 year cashflow projection for the Fund (see section 3)
- (c) update on the Fund's final accounts and annual report 2021/22 (see section 4)

2.0 2023/24 BUDGET - THE COST OF RUNNING THE FUND

- 2.1 The forecast position against the 2023/24 budget as at the end of June 2023 is presented in **Appendix 1**. The budget for Pooling Operational Costs has been reduced by £0.3m to agree to the charges set out in Border to Coast's annual service plan. The budget for Investment Base Fees has been reduced by £0.74m to reflect better quality of data used in forecasting. The Fund is a member of the Scheme Advisory Board's Cost Transparency Initiative which is helping to drive improvements in this area. These changes are considered to be minor corrections to the budget which do not require Committee approval.
- 2.2 At this early stage in the financial year, no significant variances are expected.

3.0 4 YEAR CASHFLOW PROJECTION

- 3.1 The cash position of the Fund is presented in **Appendix 2**. The table shows the projected cash flows of the Fund for the current financial year and the following three years. Contribution income and benefits payable are the main inflows and outflows of the Fund, so essentially determine when the Fund will turn cash flow negative as it gradually matures.
- 3.2 The forecast for pension benefits payments is based on assumptions on annual increases in pensioner numbers and inflation. CPI in September 2022 was used to uplift benefit payments from April 2023, and this was 10.1%. Inflation and other assumptions will continue to be reviewed and updated regularly to reflect any new information that becomes available. 6% has been assumed for September 2023 and 2% for each subsequent September. The long-term assumption in the Funding Strategy Statement, for comparison, is 2.3% per annum.

- 3.3 The forecast contribution income is based on the employers' new contribution rates as determined by the 2022 Triennial Valuation. The pay on which these rates are based assumes an increase of £1,925 per employee in 2023/24. Negotiations on the increase have not been concluded so this could change. Future year contributions have been increased in line with the forecast included in the Council's budget.
- 3.4 The overall cash flow position is expected to be a Scheme deficit in 2023/24. Increasing deficits are projected from 2024/25, where an equivalent amount of income from investments will be required to address this. As previously reported to the Committee, it is a natural development for a pension fund to become cashflow negative, due to factors such as increasing life expectancy.
- 3.5 The cash flow forecast shows the movements relating to the Fund's investments. The first port of call in covering any deficit will be income distributed to the Fund, such as property rental income, dividends from equities and coupons from bonds. This is already being received to a limited extent. Options to increase receivable income through Border to Coast continue to be explored.

4.0 FINAL ACCOUNTS AND ANNUAL REPORT 2021/22

- 4.1 At time of writing, the audit of the Council's Accounts 2021/22, which includes the Fund Accounts, is still not complete.
- 4.2 No material issues have been identified from the audit of the Fund Accounts and it is expected that the Fund's auditor Deloitte will issue an unqualified opinion in due course. As the Fund Accounts are a part of the Council's accounts, this cannot happen until the Council's Accounts have been completed. One issue remains to be resolved, relating to treatment of the Council's pension liabilities. However, it is hoped that this will be resolved in the next few weeks.
- 4.3. Once the Fund's audit has been completed, a final version of the Fund Annual Report 2021/22 will replace the published draft version. Adjustments to the Annual Report and Accounts are not expected, but if this does happen the Committee will be informed.

5.0 RECOMMENDATIONS

- 5.1 Members to note the contents of the report.

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

04 September 2023

North Yorkshire Pension Fund - 2023/24 Budget - Cost of Running the Pension Fund

	Budget 2023/24 £k	Forecast 2023/24 at Q1 £k	Variance £k
EXPENDITURE			
Admin Expenses			
Finance and Central Services	470	470	-
Provision of Pensioner Payroll (ESS)	80	80	-
Pensions Administration Team	1,460	1,460	-
McCloud	50	50	-
Other Admin Expenses	620	620	-
Total Admin Expenses	2,680	2,680	-
Oversight and Governance			
Actuarial Fees	60	60	-
Custodian Fees	70	70	-
Consultants Fees	150	150	-
Pooling Operational Charge and Project Costs	550	550	-
Other O & G Expenses	100	100	-
Total Oversight and Governance	930	930	-
Investment Fees			
Performance Fees	2,660	2,660	-
Investment Base Fees	29,800	29,800	-
Total Investment Fees	32,460	32,460	-
TOTAL	36,070	36,070	-

North Yorkshire Pension Fund - Cash Flow

	2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
SCHEME PAYMENTS				
Benefits				
Pensions	(120,000)	(131,000)	(138,000)	(145,000)
Lump Sums	(30,000)	(31,000)	(32,000)	(33,000)
	(150,000)	(162,000)	(170,000)	(178,000)
Transfers out	(14,800)	(15,100)	(15,400)	(15,700)
Refunds to leavers	(800)	(900)	(1,000)	(1,100)
	(15,600)	(16,000)	(16,400)	(16,800)
Operational Expenses				
Admin Expenses	(2,700)	(2,800)	(2,900)	(3,000)
Oversight and Governance	(900)	(900)	(900)	(900)
	(3,600)	(3,700)	(3,800)	(3,900)
TOTAL PAYMENTS	(169,200)	(181,700)	(190,200)	(198,700)
SCHEME RECEIPTS				
Employer and Employee Contributions	138,000	142,000	145,000	147,000
Transfers in	18,900	19,200	19,500	19,800
	156,900	161,200	164,500	166,800
SCHEME SURPLUS/ (DEFICIT)	(12,300)	(20,500)	(25,700)	(31,900)
CASH FLOW FROM INVESTMENT ACTIVITIES	(1,600)	20,500	25,700	31,900
SURPLUS/ (DEFICIT) AFTER INVESTMENT ACTIVITIES	(13,900)	0	0	0
CASH BALANCE B/F	38,900	25,000	25,000	25,000
CASH BALANCE C/F	25,000	25,000	25,000	25,000



North Yorkshire Pension Fund

Planning report to the Audit Committee on the 2023 audit

13 October 2023

Partner introduction

The key messages in this report



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Audit quality is our number one priority

We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A **robust** challenge of the key judgements taken in the preparation of the financial statements.
- A **strong understanding** of your internal control environment.
- A **well planned** and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our Planning Report to the Audit Committee for the 2023 audit of North Yorkshire Pension Fund (the 'Fund'). I would like to draw your attention to the key messages of this paper:

Fund changes

In producing our Planning Report, we have held planning discussions with the finance team at the Fund.

One significant change has been the replacement of BNYM as custodian and the appointment of Northern Trust.

There have been no significant regulatory changes to the accounting of the Fund in the current year. The Code of Practice on Local Authority Accounting in the United Kingdom (2022/23) (the '2022/23 Code') applies in the current year.

Significant audit risks

There has been a change in auditing standards (ISA 315) leading to enhanced procedures around our risk assessment.

During our audit planning procedures, we identified the following areas of significant risk:

- Management override of controls; and
- Misappropriation of investment assets.

We have rebutted the risk of material misstatement in revenue recognition consistent with our prior year audits.

In addition, whilst not assessed as significant risks, we have outlined the following areas as areas of audit focus:

- Accuracy and completeness of contributions;
- Valuation of alternative investments; and
- Occurrence and cut-off of year end transactions.

Our proposed approach to testing these areas is outlined on pages 10 to 18.

Audit quality

Our audit approach is tailored to providing the Audit Committee with an audit which is designed to provide assurance and insight over the Fund's control environment. We plan and deliver an audit that raises findings early with those charged with governance. This is underpinned by mutually agreed timetables, detailed audit request lists and frequent communications with management and the Audit Committee.

Independence

We confirm we are independent of the Fund and will reconfirm our independence and objectivity to the Audit Committee for the year ending 31 March 2023 in our final report.

Nicola Wright
Lead audit partner

Responsibilities of the Audit Committee

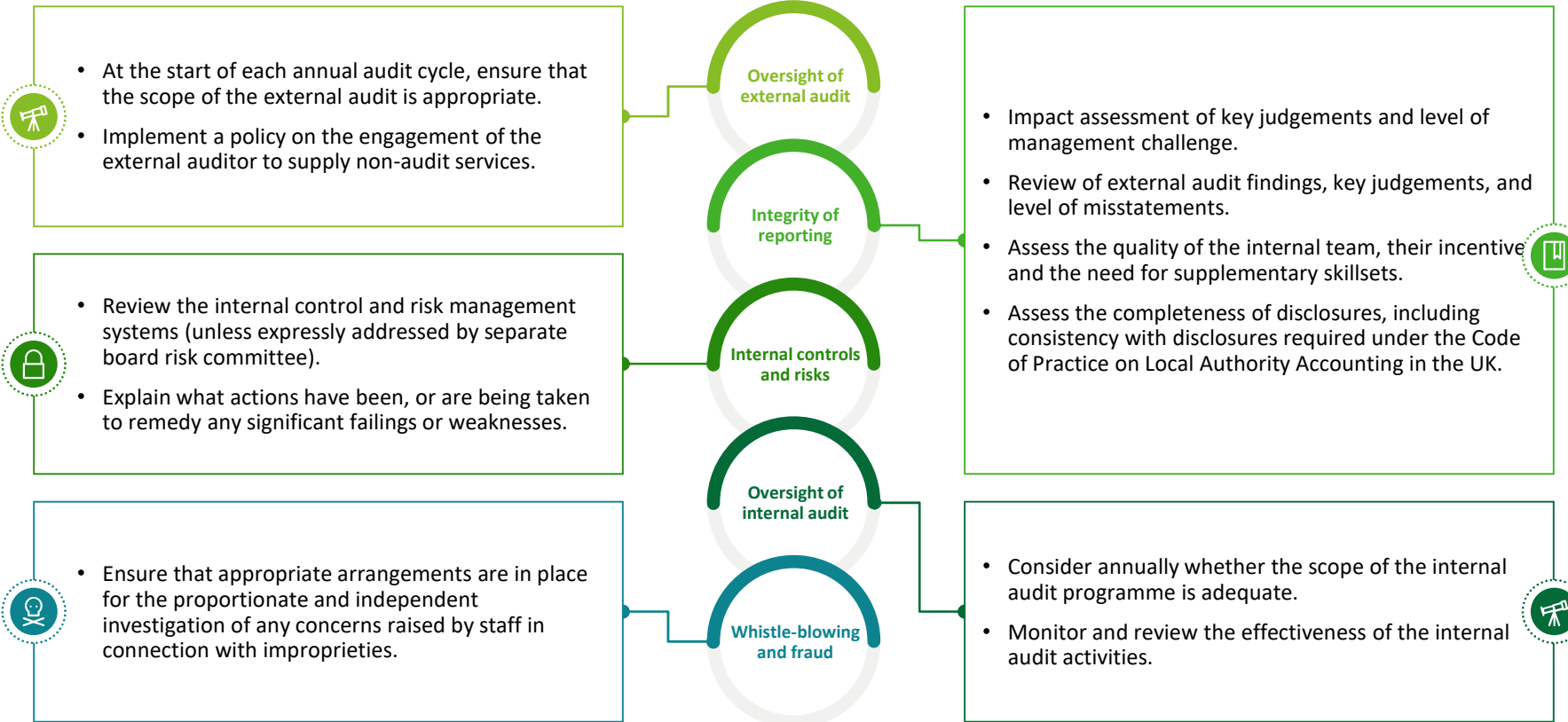
Helping you fulfil your responsibilities

Why do we interact with the Audit Committee?



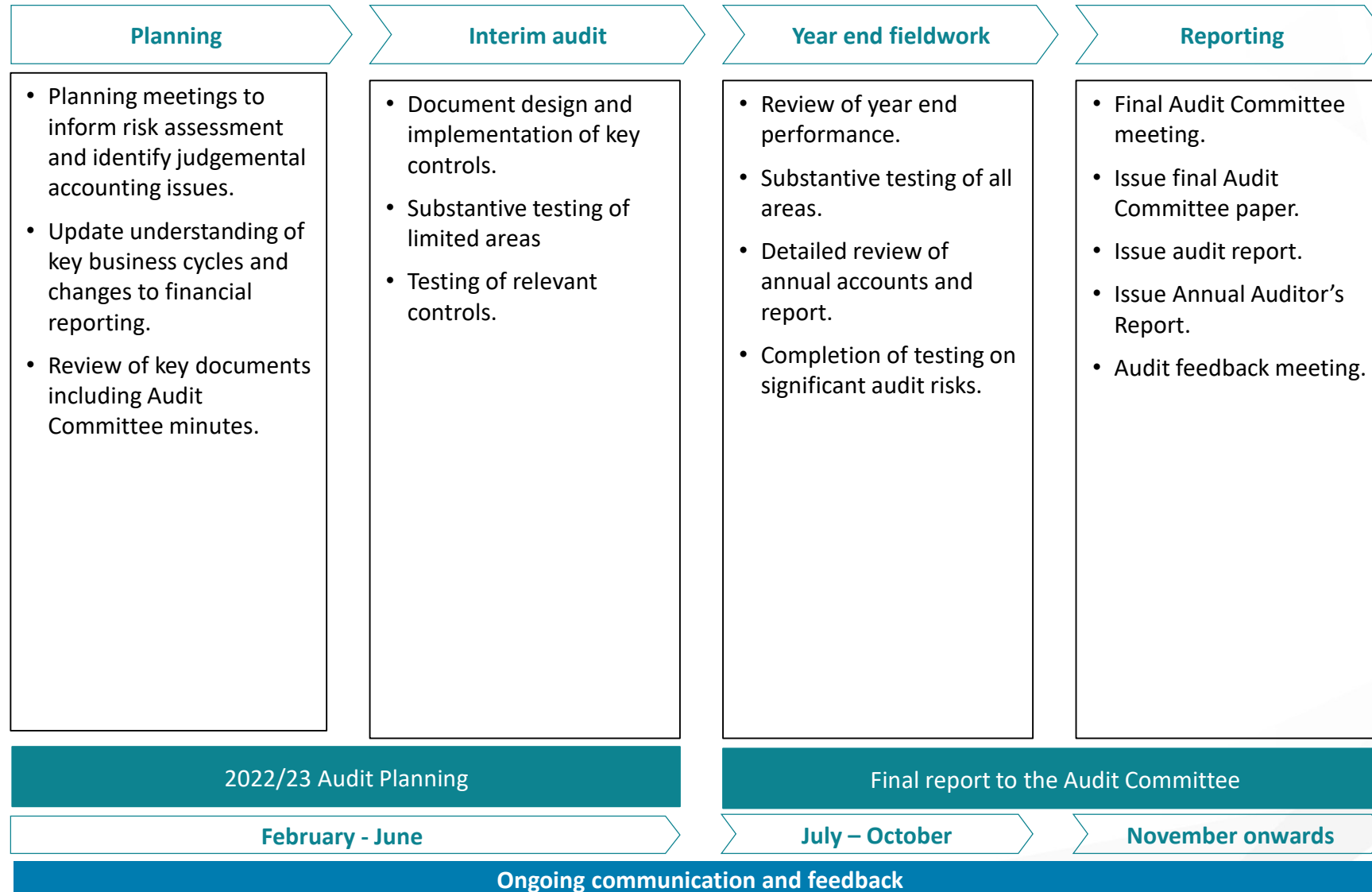
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As a result of regulatory change in recent years, the role of the Audit Committee has significantly expanded. We set out here a summary of the core areas of Audit Committee’s responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Audit Committee in fulfilling its remit.



Continuous communication and reporting

Planned timing of the audit



Materiality

Our approach to materiality

BASIS OF OUR MATERIALITY BENCHMARK

- The audit partner has estimated financial statement materiality for the Fund based on professional judgement, the requirements of auditing standards and the net assets of the Fund.
- The financial statement materiality for the Fund will be based on 1% (2022: 1%) of the net assets of the Fund as at 31 March 2023.
- The materiality levels to the right are estimates based on the investment assets valuation at 31 December 2022.
- All estimates will be updated on receipt of the 2023 draft financial statements.
- The basis for our materiality calculations is the same as the previous year.

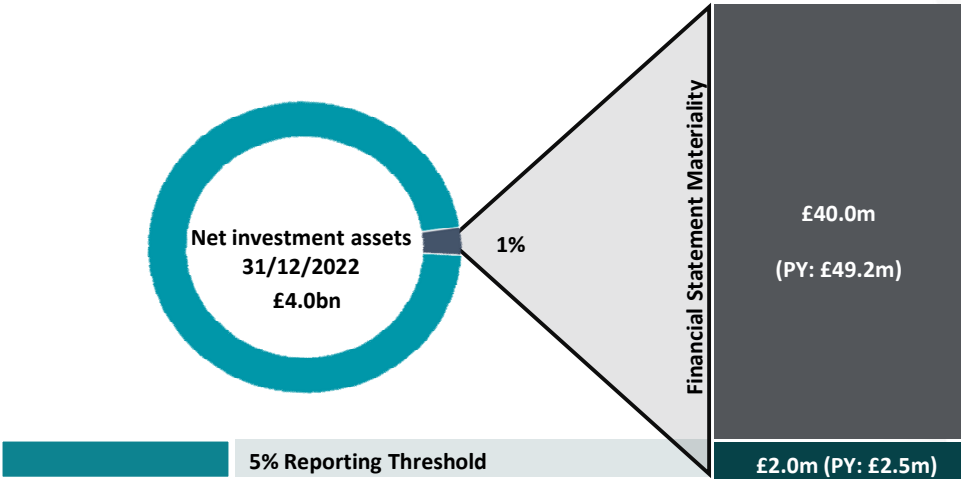
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REPORTING TO THOSE CHARGED WITH GOVERNANCE

- We report to you on any misstatements found in excess of our reporting threshold ('RT') which is 5% of financial statement materiality.
- Misstatements below these thresholds will be reported if we consider them to be material by nature.

MATERIALITY CALCULATION

Although materiality is the judgement of the audit partner, the Audit Committee must be satisfied the level of materiality chosen is appropriate for the scope of the audit.



Your control environment

What we consider when we plan the audit

We expect management and those charged with governance to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.

Responsibilities of management

- Auditing standards require us to only accept or continue with an audit engagement when the preconditions for an audit are present. These preconditions include obtaining the agreement of management and those charged with governance that they acknowledge and understand their responsibilities for, amongst other things, internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We recommend that the finance team complete the CIPFA code of practice checklist during drafting of the financial statements.

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As stakeholders wish to understand how external audit challenges and responds to the quality of an entity's control environment, we are seeking to enhance how we plan and report on the results of the audit in response. We will be placing increased focus on how the control environment impacts the audit, from our initial risk assessment, to our testing approach and how we report on misstatements and control deficiencies.

Reliance on controls



- We test the design and implementation of identified controls in respect of journal entries, financial reporting, contributions, investments, retirements and transfers but not the operating effectiveness. We will seek to identify and test the operating effectiveness of relevant controls for a material account balance or class of transactions more significant than revenue to the financial statements. In the current year, this entails controls around existence and completeness of investment assets. In accordance with the revisions to ISAs, we will assess inherent risk and control risk associated with accounting estimates and seek to test controls relevant to key estimates, as well as testing the design and implementation of the controls over areas we have categorized as significant risks. We will seek to/plan to over existence/completeness of investments

Performance materiality



- We set performance materiality as a percentage of materiality (70%) to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed materiality. We determine performance materiality, with reference to factors such as the quality of the control environment and the historical error rate. Where we are unable to rely on controls, we may use a lower level of performance materiality.

Responsibilities of the Audit Committee

As explained further in the Responsibilities of the Audit Committee on page 3, the Audit Committee is responsible for:

- Reviewing the internal control and risk management systems; and
- Explaining what actions have been or are being taken to remedy any significant failings or weaknesses.

An audit tailored to you



Changes to our audit plan

The following summarises the key areas in which we have changed our audit plan from the prior year. These changes have been driven by our updated risk assessment which is a requirement of the revised auditing standard ISA315.








Description	Increase or decrease of risk classification	Impact on our audit
Completeness and existence of investments	This has been elevated to a significant risk in the current year. Due to a large volume of investment transactions and significant movements in the market value, there is a risk that an omission may result in material misstatement in the investment balances. This is even more important because of the recent turmoil in the Gilt market with investment managers facing operational challenges due to a large number of collateral requests, reshuffling of the investment portfolio and mass disinvestment.	We will extend our procedures over the testing of the investments. See pages 16-17 for the impact of ISA 315 on our risk assessment.

Risk dashboard

Significant risks and audit focus areas

Risk Identified	Material Balance	Complexity	Proposed Approach	Fraud Risk	Further Details
 Significant Risk Management override of controls					Pg. 10
 Significant Risk Misappropriation of investment assets			 		Pg. 11
 Other Focus Area Accuracy and completeness of contributions					Pg. 13
 Other Focus Area Valuation of alternative investments					Pg. 14
 Other Focus Area Occurrence and cut-off of year end transactions					Pg. 15

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 Significant Risk	 Low levels of complexity	 Design and Implementation
 Other area of audit focus	 Medium levels of complexity	 Operating Effectiveness
	 High degree of complexity	

Significant audit risks



01

Significant audit risks

Management override of controls



Risk identified

In accordance with ISA 240 (UK) management override is always a significant risk for financial statement audits. The primary risk areas surrounding the management override of internal controls are over the processing of journal entries and the key assumptions and estimates made by management.



Deloitte response and challenge

In order to address the significant risk, our audit procedures will consist of the following:

- testing the design and implementation of controls around the investment and disinvestment of cash during the year;
- using Spotlight, our data analytics software, in our journals testing to interrogate 100% of journals posted across the Fund. This uses intelligent algorithms that identify higher risk and unusual items;
- substantively testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements by agreeing to supporting documentation. As part of our work in this area, we perform an analysis of journal entries which enable us to focus on journals meeting specific pre-determined parameters determined during our audit planning;
- making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- performing a walkthrough of the financial reporting process to identify the controls over journal entries and other adjustments posted in the preparation of the financial statements;
- reviewing the accounting estimates for bias that could result in material misstatement due to fraud, including whether any differences between estimates best supported by evidence and those in the financial statements, even if individually reasonable, indicate a possible bias on the part of management; and
- ensuring that there is an appropriate level of segregation of duties over processing journal entries to the financial statements throughout the year.

Response of those charged with governance

The Audit Committee has delegated the accounting function of the Fund to the in-house finance team.

There is a system of processes and controls in place to address this risk, which is reviewed by internal audit, who in turn report to Audit Committee.

Significant risks

Misappropriation of investment assets



Risk identified

The Fund holds a diversified portfolio of investment assets. This could lead to a risk of incomplete or inaccurate reporting of transactions or balances at the year end.

This has been elevated as a significant risk in the current year. Due to a large volume of investment transactions and significant movements in the market value, there is a risk that an omission may result in material misstatement in the investment balances. This is even more important because of the recent turmoil in the Gilt market with investment managers facing operational challenges due to a large number of collateral requests, reshuffling of the investment portfolio and mass disinvestment. There is a risk that the sales/purchase transactions may not be captured correctly or omitted completely, which may result in investment balances being incomplete or being materially misstated.

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Response of those charged with governance

The finance team has oversight over the investment portfolio and regular communications with investment managers.



Deloitte response and challenge

In order to address the significant risk, our audit procedures will consist of the following:

- performing design, implementation and operating effectiveness testing over the relevant controls over existence and completeness of investment assets by reviewing relevant internal control reports at the custodian and investment managers;
- reviewing the custodian to investment manager reconciliations;
- vouching of cash and unit movements through to bank statements and third party confirmations respectively;
- performing an analytical review to assess the reasonableness of the investment return quoted in the draft accounts;
- performing focused procedures to confirm the existence of investments including obtaining 100% of independent confirmations from material investment managers; and
- making inquiries of individuals and reviewing the client transition from BNYM to Northern Trust as new custodian of the investments.

Audit focus areas



02

Audit focus areas

Accuracy and completeness of contributions



Risk identified

There is some complexity surrounding the accuracy and completeness of employee and employer contributions received by the Fund due to the large number of employers. The employer primary and secondary contribution rates are dictated by the actuarial valuation and these vary between the contributing employers.

Employee contributions are based on varying percentages of employee pensionable pay, this can vary month to month and the Fund has no oversight of the individual employer payrolls.

Response of those charged with governance

The Fund's administration team has controls in place to ensure contributions are collected.



Deloitte response and challenge

In order to address the risk our audit procedures will consist of the following:

- reviewing the design and implementation of key controls over the contributions process;
- performing an analytical review of the employer and employee normal contributions received in the year, basing our expectation on the prior year audited balance, adjusted for the movement in active member numbers, contribution rate changes and the average pay rise awarded in the year;
- for a sample of active members, recalculating the individual contributions deductions to ensure these are being calculated in accordance with the rates stipulated in the LGPS Regulations for employee contributions and the recommendations of the actuary for employer contributions;
- testing that the correct definition of pensionable salary is being used per the LGPS Regulations to calculate contribution deductions;
- testing the reconciliation of the total number of active members between the membership records and the employer payroll records; and
- for a sample of monthly contributions paid, checking that they have been paid within the due dates per the LGPS Regulations.

Audit focus areas

Valuation of alternative investments



Risk identified

The Fund holds a large and material portfolio of alternative investments, including private equity, hedge and debt funds, as well as limited partnerships. These funds do not have publicly available prices and are often infrequently priced, increasing the risk of stale pricing. As a result of this we consider the valuation of these an audit focus area.



Deloitte response and challenge

In order to address the risk our audit procedures will consist of the following:

- reviewing the controls over the valuation of investments by obtaining the material investment manager and custodian internal controls reports (where applicable) and evaluating the implications for our audit of any exceptions noted;
- agreeing the year end alternatives valuations as reported in the financial statements to the reports received independently from the investment managers;
- obtaining the custodian pricing comparison to investment manager prices and review to understand pricing differences;
- performing independent valuation testing for a sample of year end alternative funds by rolling forward the valuation as per the latest audited accounts using cashflows and an appropriate index as a benchmark; and
- ensuring appropriate material stale price adjustments have been posted to the financial statements.

Response of those charged with governance

The Fund has a custodian (Northern Trust) that deals with the management of the investment portfolio.

Audit focus areas

Occurrence and cut-off of year end transactions



Risk identified

There is a history of the Fund not completing bank reconciliations on a timely basis and the review not taking place. As a result of this, we consider the occurrence and cut-off of year end transactions to be a focus area.



Deloitte response and challenge

In order to address the risk our audit procedures will consist of the following:

- Performing testing from a sample of post year end payments to ensure accruals have been accounted for; and
- Performing testing from a sample of accruals to ensure their valid inclusion in the financial statements.



Response of those charged with governance

The Fund reviews transactions on a regular basis to understand any deviations.

Revisions to auditing standards



03

Revisions to auditing standards

ISA (UK) 315 – Identifying and assessing the risks of material misstatement

The International Auditing and Assurance Standards Board (IAASB) issued a revised risk assessment standard in December 2019, that takes effect for periods commencing on or after 15 December 2021. For most entities, this will be December 2022 year ends and later. The FRC has adopted the standard in the UK with minimal additions.

The revision was made to respond to challenges and issues with the current standard and requires a more robust risk identification and assessment. We had already incorporated many of the changes into our methodology in advance of the standard being introduced, but we summarise on the next few slides some of the areas where this may impact our audit.

“The IAASB recognizes the importance, and also the complexity, of the auditor’s risk assessment process”

IAASB’s basis for conclusions, ISA 315

Area of change	Impact on our audit	Impact on the entity
New requirement to evaluate the 4 entity-level components of internal control	<p>Whilst we have always been required to gain an understanding of the entity and its environment, including its internal controls, the new standard is more prescriptive on the need to go further and evaluate the 4 entity level controls components: the entity’s control environment, risk assessment process, monitoring of internal control, and information system.</p> <p>This could lead to an increase in the number of relevant controls.</p>	<p>You will need to consider the adequacy of your entity-level controls, and documentation thereof.</p> <p>You should also expect more granular inquiries regarding the control environment.</p>
Enhanced consideration of the types of relevant controls	<p>Overall we expect to identify an increased number of relevant controls, particularly for controls designed to address risks at the higher end of the spectrum of inherent risk and controls over reconciliations. Where new relevant controls are identified, we may also identify control deficiencies and need to consider the effect of these.</p>	<p>We will review the controls relating to the existence of investments for the Fund.</p>
Enhanced understanding of IT and General IT controls	<p>As we identify more relevant controls, it is likely there will be more relevant IT controls (e.g. automated controls) which themselves rely on underlying General IT Controls (GITCs).</p> <p>We may need more IT specialist involvement to gain an enhanced understanding of IT controls and GITCs, particularly where there are a high volume of automated transactions in the entity. Similarly, where new IT systems come into scope, the likelihood is that there will be an increase in the number of deficiencies identified and action will be needed to determine the appropriate response.</p>	<p>You should expect more challenge over the effectiveness of your GITCs.</p>
New approach to scoping account balances, classes of transactions and disclosures	<p>We may now identify some account balances as “material but not significant” where we do not identify a risk of material misstatement, but where we are required to perform some substantive testing.</p>	<p>Unlikely to impact the Fund.</p>

Revisions to auditing standards

ISA (UK) 315 – Identifying and assessing the risks of material misstatement

Area of change	Impact on our audit	Impact on the entity
Revised definition of a significant risk, focused on risks at the upper end of a spectrum of inherent risk	Although we do not routinely anticipate there being a significant increase in the number of significant risks identified, where there are more material judgements or estimates being made and a significant risk has not been identified previously, we may conclude there is a significant risk.	You will see the elevation of existence and completeness of investments to a significant risk as a result for the Fund.
Stand back requirement and increased focus on professional scepticism	Our audit approach already acknowledges that risk assessment is an iterative process as well as emphasising the importance of professional scepticism. We will use this as an opportunity to challenge ourselves on the evidence that professional scepticism has been applied through the risk assessment processes, including as part of the stand back assessment.	You should expect more challenge of the evidence provided in respect of our risk assessment, including revisiting this towards the concluding stage of the audit.

Revisions to auditing standards

ISA (UK) 240 – The auditor’s responsibilities relating to fraud in an audit of financial statements

The Financial Reporting Council (FRC) issued a revised fraud standard in May 2021, that takes effect for periods commencing on or after 15 December 2021 which will be for December 2022 year ends and later.

Many of the revisions provide increased clarity as to the auditor’s obligations and codify existing expectations or best practice. The updates to the ISA do not include any changes relating to proposals in the Government’s White Paper regarding auditor reporting on a statement by directors on the steps they have taken to prevent and detect material fraud.

We summarise on the next few slides how this will impact our audit.

Area of change	Impact on our audit	Impact on the entity
Fraud inquiries	<p>In addition to the pre-existing required enquiries, we are now explicitly required to make inquiries of management or others at the entity who handle whistleblowing.</p> <p>We also required to discuss the risks of fraud with those charged with the governance, including those risks specific to the entity’s business sector.</p>	You should expect further challenge in relation to who we speak to in relation to fraud at the entity, including more focus on entity/sector specific risks if appropriate/applicable.
Engagement team discussions	<p>The revised ISA (UK) emphasises that the pre-existing audit team fraud discussion should explicitly include an exchange of ideas about fraud, incentives to commit fraud, and how management could perpetrate and conceal fraud.</p> <p>There is also an explicit requirement for the engagement partner to consider whether further fraud discussions should be held at later stages of the audit.</p>	You should expect increased challenge of the controls and processes in relation to the entity’s own fraud risk assessment and the documentation of that assessment.
Identified or suspected fraud by a key member of management	The revised ISA (UK) clarifies that if we identify or suspect fraud by a key member of management this may be qualitatively material.	Further challenge in relation to identified or suspected fraud by a key member of management.
Involvement of specialists	<p>We are explicitly required to determine whether the engagement team needs specialised skills and knowledge:</p> <ul style="list-style-type: none">• To perform the fraud risk assessment procedures, to identify and assess the risk of material misstatement due to fraud, to design and perform audit procedures to respond to those risks or to evaluate the audit evidence obtained; or• Where a misstatement due to fraud or suspected fraud is identified.	We will involve our actuarial or financial instruments specialists if this is required, as well as industry specialists.

Revisions to auditing standards

ISA (UK) 240 – The auditor’s responsibilities relating to fraud in an audit of financial statements

Area of change	Impact on our audit	Impact on the entity
Journal entry testing	<p>We were already required to test the appropriateness of journal entries and other adjustments made in the preparation of the financial statements and make inquiries of personnel.</p> <p>The revised ISA (UK) clarifies that our selection process should consider specifically manual journals and post-closing entries.</p> <p>The standard also emphasises that when making inquiries about inappropriate or unusual activity relating to the processing of journal entries and other adjustments, we should make inquiries of individuals with different levels of responsibility in the financial reporting process.</p>	<p>There will also be more inquiries with people at different levels of responsibility at the entity.</p>
Representations from those charged with governance	<p>We will request an additional representations from those charged with governance regarding their responsibilities for the prevention and detection of fraud.</p>	<p>You should expect updated representations from those charged with governance that they believe they have appropriately fulfilled their responsibilities to design, implement and maintain internal control to prevent and detect fraud.</p>

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Our approach to quality

A decorative graphic on the right side of the page. It features a vertical green bar with a network pattern of dots and lines. Overlapping this bar is a large circular graphic composed of several concentric rings in shades of green and grey. In the center of this circular graphic is a white circle containing the number '04' in a bold, black, sans-serif font.

04

Our approach to quality

FRC Audit Quality Inspection and Supervision report

We are proud of our people's commitment to delivering high quality audits and we continue to have an uncompromising focus on audit quality. Audit quality is and will remain our number one priority and is the foundation of our recruitment, learning and development, promotion and reward structures.

In July 2022 the Financial Reporting Council ("FRC") issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review ("AQR") team for the 2021/22 cycle of reviews.

We greatly value the FRC reviews of our audit engagements and firm wide quality control systems, a key aspect of evaluating our audit quality.

In that context, we are pleased that both the overall and FTSE 350 inspection results for our audits selected by the FRC as part of the 2021/22 inspection cycle show an improvement. 82% of all inspections in the current cycle were assessed as good or needing limited improvement, compared to 79% last year. Of the FTSE 350 audits reviewed, 91% achieved this standard (2020/21: 73%). This reflects our ongoing focus on audit quality, and we will maintain our emphasis on continuous improvement as we seek to further enhance quality.

We welcome the breadth and depth of good practice points identified by the FRC particularly those in respect of the effective challenge of management and group audit oversight, where the FRC also reports findings.

We are also pleased that previous recurring findings relating to goodwill impairment and revenue were not identified as key finding in the current FRC inspection cycle, reflecting the positive impact of actions taken in previous years. We nevertheless remain committed to sustained focus and investment in these areas and more broadly to achieve consistently high quality audits.

All the AQR public reports are available on its website: <https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports>

The AQR's 2021/22 Audit Quality Inspection and Supervision Report on Deloitte LLP

"In the 2021/22 public report, we concluded that the firm had made progress on actions to address our previous findings and made improvements in relation to its audit execution and firm-wide procedures. The firm has continued to show improvement, with an increase in the number of audits we assessed as requiring no more than limited improvements to 82% compared with 79% in the previous year and 80% on average over the past five years. It is also encouraging that none of the audits we inspected were found to require significant improvements.

The area which contributed most to the audits requiring improvement was the audit of estimates of certain provisions. There were also key findings in relation to group audits, the review and challenge by the Engagement Quality Control Review (EQCR) partner and the application of the FRC Ethical Standard."

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to establish our respective responsibilities in relation to the financial statements audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes:

- Our audit plan, including key audit judgements and the planned scope; and
- Key regulatory and corporate governance updates, relevant to you.

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Use of this report

This report has been prepared for the Audit Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the Audit Committee.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

Other relevant communications

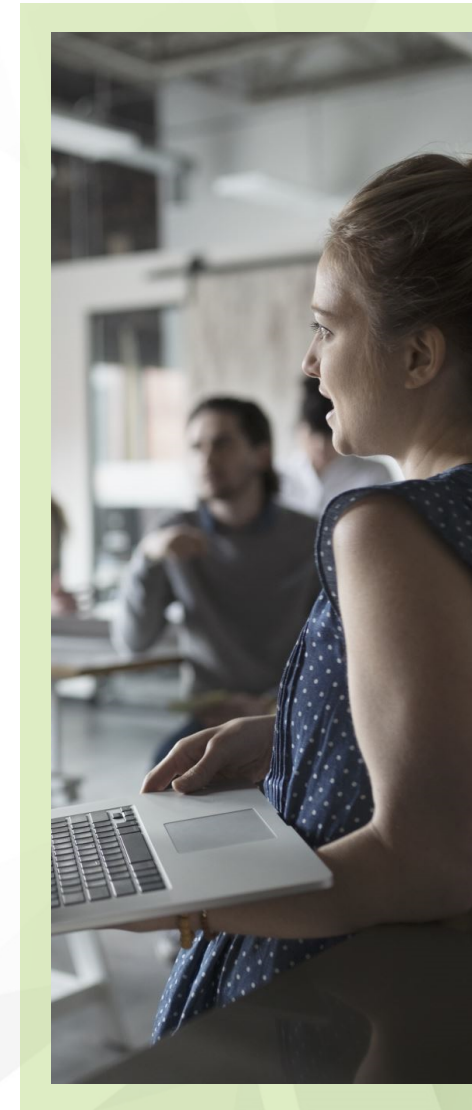
We will update you if there are any significant changes to the audit plan.

Deloitte LLP

Nicola Wright

for and on behalf of Deloitte LLP

13 October 2023



Topical Matters



Topical matters

Pensions related fraud (1/3)

Pension Funds are attractive to fraudsters. Large sums of money being held for beneficiaries, who, in most cases, have very little involvement in overseeing their accumulation, stretched over a long time period, presents a fertile opportunity. It is surprising, that even with the amount of cases that are prevalent, fraud and scams are often at the bottom of an Audit Committee list when it comes to considering risks to their Funds. Please refer below to a few instances of pensions related fraud and some other useful information which we believe would be helpful for Audit Committees in risk-assessment.

Investment and misappropriation risks

- A trustee was removed by the sponsoring employer for claiming fictitious expenses on account of attending Audit Committee meetings and other related expenses.
- A fraudulent fishing email resulted in disinvestment of pension Fund funds and routed the cash to fraudsters bank accounts.

In January 2019, the former head of the Westminster City Council pension fund was jailed for seven years. He had been found guilty of stealing over £1 million from the fund by diverting monies earmarked for investments for his own personal use.

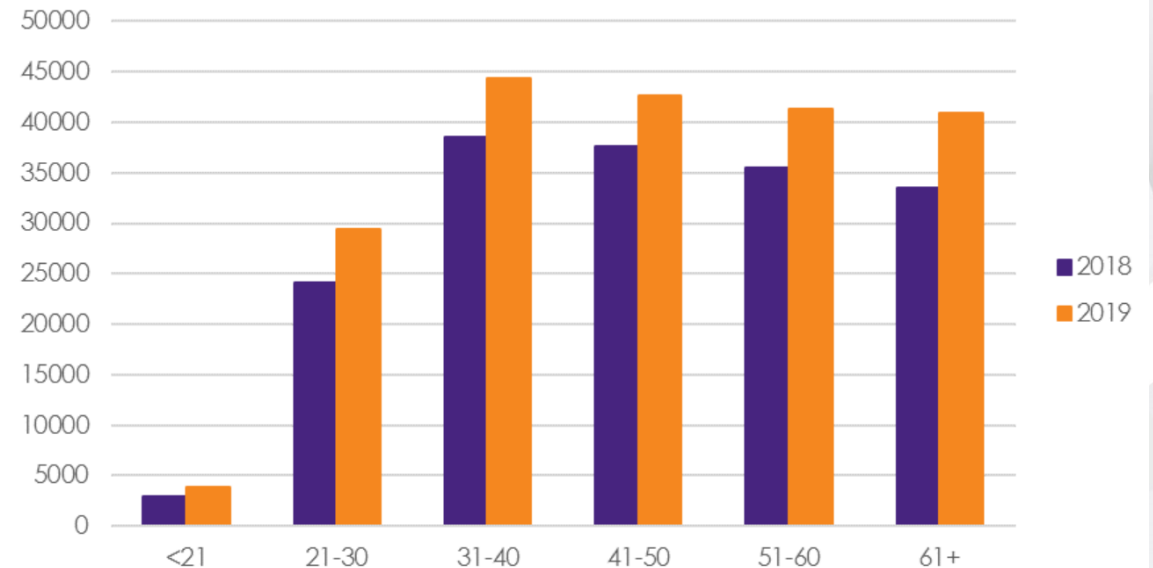
In February 2019, an accountant took over £280,000 from a pension Fund, for which he was a AC, to invest in one of his failing businesses. He falsified details of a meeting that approved it.

- In November 2018, a Chief Executive Officer (CEO) and trustee of a pension Fund was banned from being a trustee after a whistle-blower highlighted he was planning to invest £1.2 million of the pension fund in the firm he was CEO of and a major shareholder in.
- A pension fund based in Norfolk, UK covering 90,000 members largely from the local council, was part of a successful case to sue Los Angeles-based Puma Biotechnology and its CEO, who had made false claims which led to artificially inflating the share price. This resulted in a £50,000 loss to the pension fund (and a £100 million loss across all Defendants).
- An overnight loan was granted to a related party without appropriate approval. However the loan was returned subsequently and did not cause any significant financial loss to the Fund.

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Cifas is an independent, not-for-profit organisation working to reduce fraud and related financial crime in the UK. They identify that fraud rose by nearly 20% in 2019, accounting for the largest number of cases recorded by Cifas members at 61%. People aged over 31 were specifically targeted by this type of fraudulent conduct, with victims aged 60 and over on the rise. The highest number of victims (68%) were recorded in the South East region.

Victims of Impersonation by age group



Topical matters

Pensions related fraud (2/3)



Opportunistic pension fraud

- In 2013, The Sun newspaper, using an undercover reporter, was able to secure a death certificate and an official Indian record of death. Such records are available for as little as £300 from corrupt officials.
- In Russia in 2010, the wife of the 'deceased' presented a Russian death certificate to the British embassy to enable various frauds to take place.
- In 2014, a man was jailed for attempting to claim a £1 million life insurance policy using false death certificates from India.
- In 2019, a woman was convicted of continuing to claim her father's war pension and other benefits after his death in 2004 amounting to a £740,000 loss.
- A daughter continued to claim her mother's pension for two years after her death, defrauding the Pension Fund of over £7,500.



Incompetent or corrupt pension administrators

- An employee of the Pension Fund administrator was terminated by the Fund administrator for diverting benefits of dead pensioners to his spouse's bank account. A similar case of creating a fictitious pensioner on the payroll was also noted.
- Due to non adherence with employee conflict of interest policies at a Fund administrator, it was noted that a married couple were preparing and reviewing the bank reconciliations of Pension Funds. The incident caused more concern as it was identified during COVID times when all employees were working from home.

Table 2 – Comparison of pension related overpayments 2012/13 to 2018/19

	2012/13		2014/15		2016/17		2018/19	
	Number of cases	£ m	Number of cases	£ m	Number of cases	£ m	Number of cases	£ m
	2,990	75.9	3,592	85.1	3,763	136.9	2,876	55.5
Average outcome per case	£25,385		£23,692		£36,381		£19,289	

Pension liberation

In recent years, the pension liberation reforms have stimulated an increase in frauds targeting those with pensions. This has, in turn, led to an increase in the action by authorities to tackle this problem. However, the media focus on 'pension liberation frauds' has masked a range of opportunities for fraud in the wider pensions sector. These include frauds by those running Pension Funds, inappropriate investments and the targeting of Pension Funds by external fraudsters, sometimes those involved in organised crime. These risks have received less attention.

National Fraud Initiative (NFI)

Evidence from the National Fraud Initiative (NFI), where details of the deceased are matched against those receiving benefits, also illustrates this continues to be a significant problem. The most recent NFI report identified £55.5m million of payments to persons claiming the pensions of dead persons, whilst the total number of cases were 2,876 claiming an average of £19,289 per annum.

Topical matters

Pensions related fraud (3/3)

Identity fraud

- Research has estimated that there are over 1.6 million 'lost' individual pension funds worth around £20 billion. Pension Funds make millions of payments each year and there are a variety of risks of fraud in this area. There are risks from internal fraud where corrupt staff use their knowledge to facilitate a variety of frauds. Given some of the potential weaknesses in the counter fraud processes of pension administrators, combined with the large sums available, the risk of such fraud is high. There is significant evidence that shows identity fraud has been increasing in prevalence for the last 10 years. Cifas, a fraud prevention service in the UK, produces statistics each year on the number of cases of identity fraud. Cifas define identity fraud as "when a criminal abuses personal data to impersonate an innocent party or creates a fictitious identity to open an account. Their statistics shows a sharp increase over the last five years.

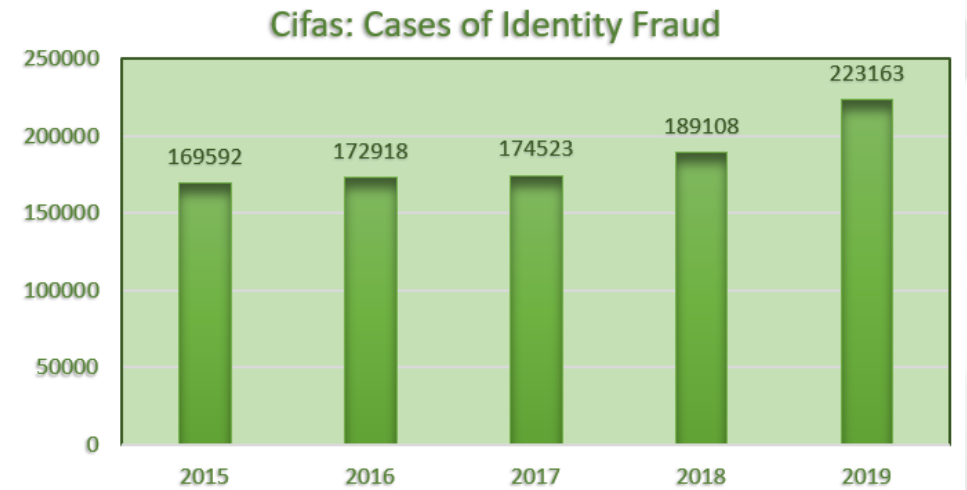
Cyber-security risk

The data Pension Fund administrators hold would be very useful to fraudsters. There are a wide variety of risks that emerge as a result of increasing use of digital technologies to administer Pension Funds. These include:

- impersonation of legitimate beneficiaries to divert payments;
- hacking of systems to alter records for the purpose of fraud; and
- hacking of systems to secure the personal information of pension holders.

There are many other examples of cybercrime involving sophisticated hackers or corrupt insiders. Any organisation with large amounts of money and sensitive personal data is a potential target for fraudsters.

- A UK man based in Berkshire hacked into the Orange County Employee Retirement Fund in the USA and diverted payments from some members to accounts he had set up in their name. Over £15,000 in pension payments per month were at risk from his fraud.
- In 2018, Equifax was hacked exposing 143 million accounts worldwide and 400,000 in the UK.
- System super-users access rights were granted to a few employees of a Pension Fund administrator to edit their own member records and those of each other. It was noted that Super-users edited theirs and each other's activity and no second formal review process or other mitigating controls were in place.



Appendices

Key audit matters



Appendix 1: Our other responsibilities explained

Fraud responsibilities



Your responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.



Our responsibilities:

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified the following risks:
 - Management override of controls; and
 - Existence and completeness of investments.
- We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.



Fraud characteristics:

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.



Management:

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Management's process for identifying and responding to the risks of fraud in the entity.
- Management's communication, if any, to the Audit Committee regarding its processes for identifying and responding to the risks of fraud in the entity.
- Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.
- We plan to involve management from outside the finance function in our inquiries.



The Audit Committee

- How the Audit Committee exercises oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.
- Whether the Audit Committee has knowledge of any actual, suspected or alleged fraud affecting the entity.
- The views of the Audit Committee on the most significant fraud risk factors affecting the entity.

Appendix 2: Independence and fees

A Fair and Transparent Fee

 **As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:**

Independence confirmation

We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Fund and will reconfirm our independence and objectivity to the Audit Committee for the year ending 31 March 2023 in our final report to the Audit Committee.

In considering the requirements of Auditor Guidance Note 01 (issued by the National Audit Office) and the Ethical Standard 2019 to report all significant facts and matters that may bear upon our integrity, objectivity and independence, though not meeting the defined criteria for an affiliate of an audited entity, we have taken account of the tax and internal audit services provided to Border to Coast Partnership by Deloitte. To this effect we have documented our assessment concerned with the delivery of services to, and the receipt of fees from, Border to Coast Pension Partnership, along with our assessment on the opinion of a reasonable and informed third party on these services.

Fees

Our initial audit fee for the year ended 31 March 2023 is £19,206 (PY £19,206) for the Fund. The fee reflected here is the scale fee. In line with PSAA correspondence that scale fees should be negotiated by individual s151 officers, we are in discussion with the Fund regarding the current level of fees which we deem to be too low given the size and complexity of the body.

The above fee excludes the cost of providing IAS 19 letters to other local authorities that will be recharged by the Fund to these bodies. We are currently agreeing the fee for this work with management.

The above fees exclude VAT.

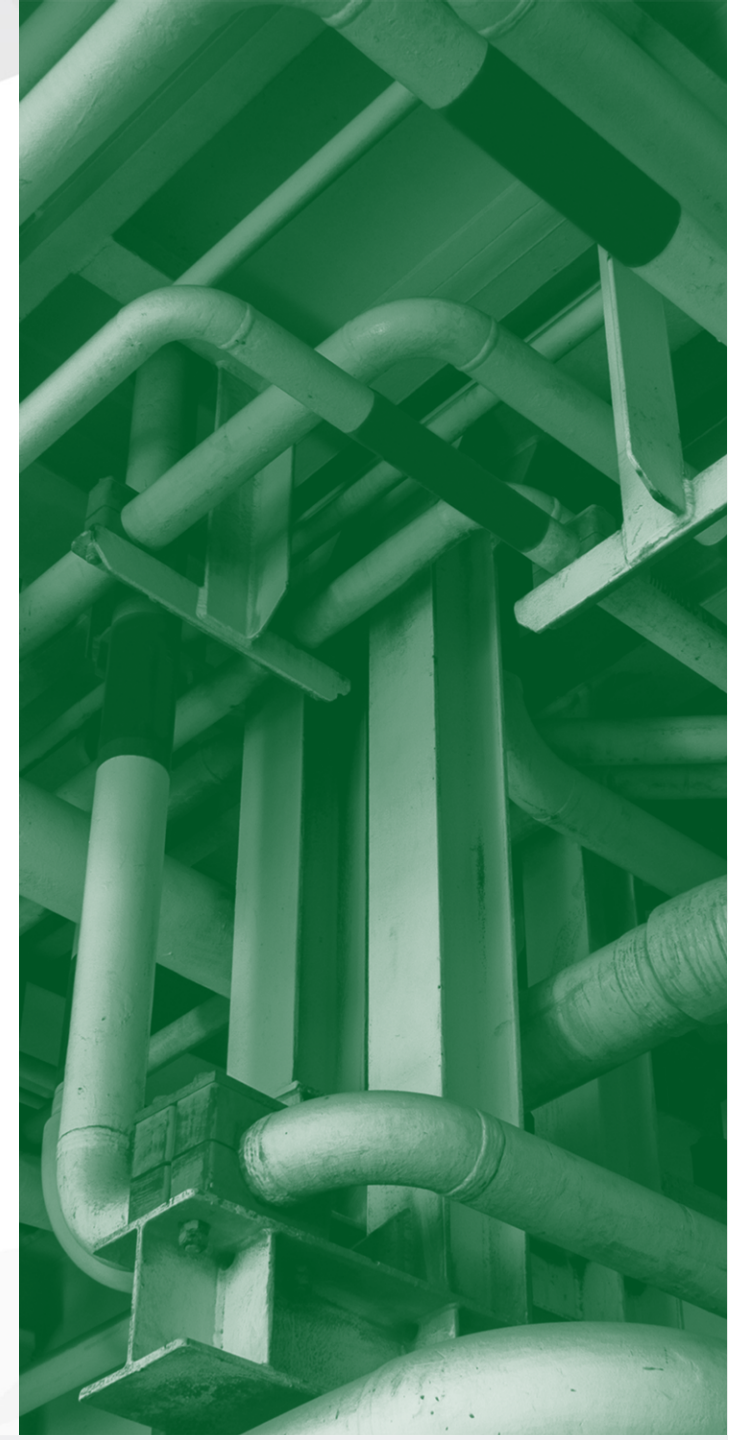
Non-audit services

In our opinion there are no inconsistencies between the FRC's Ethical Standard and the Fund's policy for the supply of non-audit services or any apparent breach of that policy.

We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Ethical Standard 2019

The standard classes pension schemes as 'other entities of public interest' where assets are greater than £1bn and there are more than 10,000 members. As a result, non-audit services will be limited primarily to reporting accountant work, audit related and other regulatory and assurance services. All other advisory services to these entities, their UK parents and world-wide subs will be prohibited.





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North Yorkshire Council

Pension Board

26 October 2023

Internal Audit 2022/23 progress update and 23/24 programme of work

Purpose of Report

To provide the Pension Board with an update on internal audit activity

Audit Plan 2022/23

The audit plan for 2022/23 was approved by the Pensions Board on 6 October 2022. All three audits in the plan have been completed; an overview is provided in the table below and copies of each report are attached in Appendix 1.

Audit	Issued	Status
Pension Fund Investments	August 2023	Substantial Assurance
Pension Fund Income	September 2023	Reasonable Assurance
Pension Fund Expenditure	October 2023	Substantial Assurance

Follow up of previously agreed actions

Details of the outstanding actions from previous audit work are attached in Appendix 2.

Audit Plan 2023/24

In accordance with professional standards and the council's Audit Charter, internal audit plans are prepared on the basis of a risk assessment. This is intended to ensure that limited audit resources are prioritised towards those systems and areas which are considered to be the most risky and/or which contribute the most to the achievement of corporate priorities and objectives. Suggested areas for inclusion in the plan have been discussed with officers.

The proposed plan for 2023/24 is detailed in the following table:

Audit	Description
Expenditure	The audit will review the pensions payments made directly from the Altair system. The audit will include review of the processes and payments for spouses, children and death grants.
Income	The audit will cover receipt of contributions income and transfers in.
Investments	The audit will review the processes and controls in place to manage the movements of assets for reallocation and rebalancing, and the assurances provided by the remaining fund managers.
Advice and support	An allowance of time to provide advice and support and attendance at Pensions Board

Recommendation

Pension Board Members are asked to note this report.

Stuart Cutts
Assistant Director – Audit Assurance

Report prepared and presented by Stuart Cutts, Assistant Director – Audit Assurance.

Veritau - Assurance Services for the Public Sector
County Hall
Northallerton

16 October 2023



NY Pension Fund Investments

North Yorkshire Council

Internal Audit Report 2022/23

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Business Unit: North Yorkshire Pension Fund (NYPF)
Responsible Officer: Treasurer, NYPF
Service Manager: Head of Investments
Date Issued: 16 August 2023
Status: Final
Reference: C1020/001

	P1	P2	P3
Actions	0	0	1
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

The Border to Coast Pensions Partnership (BCPP) was established in 2017 following Central Government changes to the management of Local Government Pension Schemes. The objective of the pools was to ensure they achieved economies of scale, strong governance and decision making, reduce costs whilst attaining excellent value for money, and had an improved capacity to invest in infrastructure. The North Yorkshire Pension Fund (NYPF) is part of the Border to Coast Pensions Partnership consisting of 11 funds in total.

Investment activity is set and monitored by the Pension Fund Committee and supported by Investment Consultants and an independent financial advisor. Performance of the Fund's investment returns are monitored and managed with rebalancing taking place when required.

The NYPF has included two key risks on their most recent risk register in relation to investments:

- Failure of the investment strategy to achieve sufficient returns from investments whilst responding to cash flows needs and maintaining assurances that investments are made in an environmentally and socially responsible manner.
- Internal and/or external fraud as a result of inappropriate pension administration, investment activity and cash reconciliation results in financial loss, loss of reputation

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- There is an approved, up to date Investment Strategy Statement that outlines the approach to asset rebalancing
- Asset rebalancing threshold ranges are set, monitored, and managed in a timely manner
- Independent advice is sought prior to asset rebalancing activity taking place
- Rebalancing transactions are authorised correctly.

Key Findings

The Investment Strategy Statement (ISS) is the key governance document outlining the Fund's long-term strategic asset allocation for the NYPF investments. The current, approved version of the ISS (v3.0 July 2021) is published on the North Yorkshire Pension Fund website. The approach to asset rebalancing is outlined in the ISS with rebalancing occurring as a result of tactical reviews of the performance of funds against their strategic benchmark allocations. The ISS acknowledges that threshold ranges for rebalancing above and below the benchmark allocations are under consideration, but no thresholds are published in the document. Instead, threshold ranges are published by Aon, the investment consultants, in their quarterly reports which are made available on the NYPF website and as part of the PFC agenda reports pack. Only the global equities asset class has a rebalancing threshold range published in the Aon reports. Officers provided an updated version of the ISS due for approval at the PFC on 30 June 2023. Whilst the updated version stated a

rebalancing range of 3% for global equities, it no longer stated that other asset classes would be considered for rebalancing threshold ranges. However, it did state that rebalancing will be carried out as required. Officers confirmed that some asset classes are unsuitable for threshold ranges, for example, private credit. Officers also confirmed that all asset class allocations will continue to be subject to tactical reviews each month and discussed at Pension Fund Committee, which may result in rebalancing activity.

The Investment consultant, Aon, provides Fund monitoring reports on a quarterly basis. The reports identify performance against, and breaches of, threshold ranges. They also indicate where potential rebalancing action could be taken as well as reporting on rebalancing activity that has taken place in the quarter. For global equities, rebalancing occurred in the financial year 22/23. It was done in a timely manner and after returns had fallen outside the rebalancing threshold range. Whilst the majority of asset classes did not have any rebalancing threshold ranges specified, rebalancing had taken place. This occurred where returns exceeded their long-term strategy allocation. Records of rebalancing activity are reported to PFC and recorded in the minutes of the meeting. Where no record could be found in the minutes, they were located in the quarterly Aon investment consultant reports attached to the PFC Agenda Reports Packs.

Independent advice is provided by both Aon and the independent financial advisor in relation to asset rebalancing. There is evidence of advice given in PFC meetings but there is not always evidence of advice taken prior to asset rebalancing. Officers confirmed that advice is taken, but records of the calls and advice are not always made.

We found that rebalancing transactions were authorised correctly. All disinvestment and reinvestment instructions were authorised appropriately and contract notes had been issued correctly for reinvestments, investment switches and cash redemptions. All money transfer forms (CHAPS form) were properly authorised.

Overall Conclusions

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1 Records of independent advice

Issue/Control Weakness

Evidence of independent advice is not recorded or retained.

Risk

Rebalancing is undertaken without appropriate advice.

Findings

Where advice is given by the independent financial advisor in PFC meetings it is recorded in the minutes. If there is an issue with an investment decision, independent advice is sought from both Aon and the independent advisor and evidence was provided for this. However, no other records of independent advice taken in calls could be provided. Officers confirmed that records of calls are not always made or retained.

Agreed Action 1.1

Officers will ensure that advice calls and meetings with Aon and the independent advisor are appropriately documented to support subsequent decisions made to change the Fund's investments in any way.

Priority

3

Responsible Officer

Head of Investments

Timescale

31 August 2023

Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.



NY Pension Fund Income North Yorkshire Council Internal Audit Report

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Business Unit: North Yorkshire Pension Fund
Responsible Officer: Corporate Director Strategic Resources
Service Manager: Head of Pension Administration
Date Issued: 21st September 2023
Status: Final
Reference: C1000/001

	P1	P2	P3
Actions	0	0	3
Overall Audit Opinion	Reasonable Assurance		

Summary and Overall Conclusions

Introduction

The North Yorkshire Pension Fund (NYPF) is one of 90 funds that make up the Local Government Pension Scheme (LGPS). North Yorkshire Council (NYC) is the statutory administering authority for the NYPF; it administers the benefits and invests the assets of the Fund. The purpose of the Fund is to provide retirement benefits specified by the LGPS regulations for staff working for local authority employers, and other employers admitted by agreement, in the North Yorkshire area.

As of 31st March 2022, there were 32,155 active contributing members, 38,672 deferred members and 27,206 pensioners, making a total membership of 98,033. Employee and employer contributions came to £145.7m and transfers in came to £18.5m, meaning the total receipt was £164.2m. Cashflow from investment activities was £4m, leading to a total surplus of £9.540m.

The NYPF is currently rolling out an online returns system, i-Connect, to enable employers to make monthly returns electronically and ensuring that the NYPF's data is updated more regularly than once a year as per the previous system. As of April 2023, 50% of employers (including NYC, City of York Council and the North Yorkshire Police Force who are the three largest employers in the fund) were enrolled on the system, making up 75% of members.

Objectives and Scope of the Audit

The purpose of this audit is to provide assurance to management that procedures and controls within the system will ensure that:

- Correct and timely payments are received from employers and are regularly reconciled to Oracle and the NYPF bank account.
- Strain payments from employers are monitored to ensure the deficit is paid in full within agreed timescales.
- Processes are in place for monitoring and recording the receipt of income from member transfers in from previous employment.
- Quality of returns is monitored and the i-Connect roll out is being monitored to ensure returns are being processed effectively.
- Where employers fail to provide accurate information on time, policies are followed including the consideration of potential penalty or mediation and support.

Key Findings

Business Support staff provide a significant administration function to the Pension Fund. Up to December 2022, the pension fund relied on one support officer to carry out core administration tasks including monitoring employer contributions, issuing strain payment invoices and processing transfers into the fund. When that employee was forced to take extended leave of absence, the pension fund's administrative activity was significantly impacted as there was not another officer trained to assume the role and certain activities were not carried out within the normal timescales. However, at the point of testing, we could confirm that all processes had been brought up to date. Resilience measures have been put in place to ensure that suitable resources are now available in the case of long term sick leave

or other absences. A second business support officer has been recruited to share the role and procedural notes are in the process of being created to provide further resilience.

A contribution spreadsheet template is sent to all employers prior to the beginning of each new financial year. Employers are required to make payments by the 19th of the following month. Formulae within the spreadsheets identify if the amount of employer contribution received is correct based upon their percentage contribution rate, and any variance between the expected and actual payment received. The spreadsheets providing information on employer and employee pension contributions should be received monthly, and the payments accurately recorded. We confirmed through testing a sample of 10 employers that this process is carried out but we found that some contributions and payments had to be recorded late or recoded because they were not submitted in the correct month. The late entries were down to late submissions from employers and which were not chased up until the return of the Business Support Officer from extended sickness leave.

We have confirmed that reconciliations between the employer contributions received and the NYPF general ledger were completed for each month of the year and that any issues were investigated and resolved with a record included on the reconciliation.

Members who have retired early cause a strain on the fund and are identified through a weekly report from the Altair Pensions System. We confirmed through a sample of 10 early retirement cases that processes were in place to ensure that strain payments were calculated regularly, that invoices were raised quarterly, and that early retirements were recorded and reconciled regularly.

Members who wish to transfer the value from their previous pension provider complete a transfer application form as part of their new employment induction process. We examined a sample of 10 transfers in, received from previous pension providers and found they were supported by documentation received from the previous pension providers. Transfers into the fund should be recorded upon notification of their arrival and coded into the financial system correctly. Transfer income that is posted to the suspense account should be journalled to the correct code as soon as possible. We confirmed that transfer receipts were accurately recorded and allocated with the full details necessary to complete the transfer. We also confirmed that the holding accounts were regularly reviewed and that income was recoded as soon as possible.

The Pension Fund has an electronic submission system for employer contributions which is used by 50% of employers representing 75% of members. Roll out to all employers is ongoing. The i-Connect system does not validate the submitted data, therefore the Pension Fund administration team perform checking procedures to ensure the submitted data is reasonable and that the pension calculations are accurate. We were able to obtain some assurance that the checking process is carried out for both employers submitting on the i-Connect system and using the previous spreadsheet template method. However these checks are time-consuming and labour intensive, and are often carried out over several months after submission.

We confirmed that employers with outstanding payments are pursued using the Council's debt recovery process. Employers who do not submit data on time should incur penalties including fines according to the Pension Fund's Charging Policy. The Pension Fund's policy is to promptly chase outstanding information and to charge non-compliant employers if they continue to be late after one month. The policy

gives the Pension Fund officers discretion to offer support if employers are experiencing difficulties and try to resolve problems in lieu of pursuing charges. We found that this latter course of action was preferred in all cases and that attempts to negotiate with employers are moderately successful in ensuring that data submissions are made on time. Pension Fund officers prioritise getting outstanding data in by the end of the financial year. We reviewed a sample of 10 employers who were behind, some by more than four months, in submitting data and found that the approach being used was ultimately successful but a result was that employers who were consistently late then began the following year behind on the required submissions, thereby perpetuating the cycle. As cash submissions from employers are received in lump sums, the accompanying data is required to properly distinguish and record employer and employee contributions as well as other related contributions. For large employers, the data is needed to identify to which specific organisation the contributions apply. Therefore, delays in receiving the data result in delays in administrative activities with the potential to impact on cash flows.

Overall Conclusions

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

1. Action taken to chase late submissions is not recorded.

Issue/Control Weakness

Action taken to chase up late submissions is not properly logged, thereby preventing Pension Fund staff from effectively monitoring the employers' response and taking prompt action to escalate the situation if necessary.

Risk

Income may be lost if it cannot be properly identified due to missing data submissions.

Findings

NYPF business support staff monitor employers to ensure they submit payroll data and cash payments on time each month. The Pension Fund Charging Policy states that late submissions should be chased within the month after the late submission was noted and then in 10 working day intervals. After 30 days, the employer may incur a penalty. A log is kept of employers who require further chasing with details of what action needs to be taken. We found that while employers were being chased, this was not always timely (at times up to 4 months after the submissions had stopped coming through) and that logs of action taken were not made of each case. This has made it difficult to identify how an employer has been chased and has contributed to delays in getting information and payment on time in order to properly administer the fund. The delay in chasing employers was due to an important member of the team responsible for chasing employers being absent during this period. Documentation for action that might have been taken in her absence could not be provided.

The results of our testing have shown that while controls exist to chase up late employer submissions, they are not carried out in accordance with the timescales set out in the Charging Policy to result in a satisfactory resolution. The main issue is that queries are not properly logged, thereby making it impossible to verify that all possible action was taken to chase late payments and to resolve outstanding issues. Further evidence shows that action has been taken to chase employers, though not always within the timeframe specified by the policy. The action is held in email chains but not properly logged, which would provide the best audit trail and most effective method of ensuring repeat late submissions are effectively monitored.

Agreed Action 1.1

The arrangements have been changed so that there is cover in the case of absence; a revised charging policy was approved by the PFC on 30 June 2023, which has been adhered to since that date.

Priority

3

Responsible Officer

Senior Fund Accountant

Timescale

30 June 2023

2. Penalties for late employer submissions are not enforced.

Issue/Control Weakness

Evidence suggests that the pension team is not following agreed procedure as laid out in the policy. The result is an ineffective control over late submissions and payments.

Risk

The NYPF is not able to properly monitor its income leading to loss of funds and poor reputation with members.

Findings

The Pension Fund has a policy for chasing up late submissions that aims to ensure outstanding employer returns and payments are recovered as soon as possible after the month when they were due. Due to the aforementioned team member absence, a more pragmatic approach was taken to chasing arrears whereby chasing employers is prioritised for the end of the financial year with the aim of getting all outstanding items issued before the year end closure. Management prefers to work with employers through dialogue and compromise rather than by strict enforcement of the penalties policy. However, evidence shows that some employers have not paid or submitted data spreadsheets for more than four months. Late submissions make it harder to monitor the pension fund's income stream and may result in additional costs for the pension fund in terms of staff time and delays in investing those funds. There is also a risk that the use of penalties becomes more difficult to justify if the policy is rarely enforced.

Agreed Action 2.1

The arrangements have been changed so that there is cover in the case of absence; a revised charging policy was approved by the PFC on 30 June 2023, which has been adhered to since that date.

Priority

3

Responsible Officer

Senior Fund Accountant

Timescale

30 June 2023

3. Control weakness for checking data submitted by employers

Issue/Control Weakness

Strong controls are not in place to mitigate the risk of employers submitting inaccurate or fraudulent pension contributions data.

Risk

Employers could submit deliberately false or incorrect pension data, leading to loss of income for the NYPF.

Findings

We confirmed that employers submit data each month via the online i-Connect system. This data is automatically downloaded from i-Connect to the Pension Fund administration system (Altair) where it can only be accessed by running a report. The i-Connect system does not have an inbuilt validation control to check the data so Pension Fund administration officers run reasonability tests (investigating entries that are 20% over or 10% under the previous year's values) and check the calculated pension payments for each employee member for reasonableness. They then investigate outlier values with the employer. This process requires several months to complete and so is only carried out once a year at year end. This means that data submitted throughout the year cannot be checked on an ongoing basis, making it harder to precisely identify errors.

The lack of formal controls and the time needed to process the data and implement the alternative checks presents a control risk and an inefficient use of resources. Audit software may be able to help convert the data into a more usable format to help speed up the checking process and potentially make it more accurate. The team leader indicated that it would be better to explore this option later in the year when they have all employers on the i-Connect system (the roll-out is still ongoing with c. 70 employers still to enrol).

Agreed Action 3.1

1. To investigate the use of audit software once all employers have been onboarded to i-Connect.

Priority

3

Responsible Officer

Head of Pensions Administration

Timescale

29 March 2024

Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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North Yorkshire Pension Fund - Expenditure

North Yorkshire Council

Internal Audit Report

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Business Unit: North Yorkshire Pension Fund
Responsible Officer: Corporate Director Strategic Resources
Service Manager: Head of Pension Administration
Date Issued: 10th October 2023
Status: Final
Reference: C1040/001

	P1	P2	P3
Actions	0	0	0
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

The Local Government Pension Scheme (LGPS) is a statutory scheme for local authority employees, operated under the Local Government Pension Scheme Regulations issued by the Central Government Department for Levelling Up, Housing and Communities. The Scheme is administered on a local basis and the Council is responsible for the Scheme within the geographical areas of North Yorkshire and the City of York. In addition to employees working in local government, a number of other public, education and voluntary sector employees are also members of the LGPS. Private contractors engaged in local authority work are also able to participate in the scheme.

The North Yorkshire Pension Fund (NYPF) pensioner payments have been made directly from the Altair LGPS platform since April 2021. Enhancements to the system were made on 31st December 2022.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Suitable processes are in place to ensure changes to pensioner payments are completed accurately and in a timely manner with appropriate authorisation.
- Processes for ending pensions promptly and recovering any overpayments are appropriate.
- Processes for ensuring payments continue correctly following the enhancements to the pension system.

Key Findings

Before April 2021, any recalculations to the pensioners payments due to annual increases or changes in circumstances, would be made on ResourceLink resulting in Altair not matching the correct payment amounts. Now, any changes that need to be made are done directly into Altair and paid out of the same system. The Altair system has an automated recalculating tool which is used to complete most recalculations, with some manual calculations needed to be completed for more complex issues. Each recalculation is carried out on the 'Test' version of Altair to ensure that no changes are implemented prior to being reviewed. Once approved the changes are processed into the live Altair system.

A sample of 10 recalculations were reviewed between December 2022 and July 2023, covering a variation of annual increases and unaccounted for backpay. We saw evidence all had been tested on the test version of Altair, with only one of the sample needing a further manual recalculation due to the complex nature of the case. For all of the sample tested, the process was documented on the live Altair system and processed correctly from the test system.

When any potentially permanent changes have been raised to the pensions team, ranging from bounced back payments to notifications of potential deaths, accounts are temporarily suspended to ensure no further payments are made until the relevant documents and forms are completed. A Senior Pension Administration Officer keeps a monthly spreadsheet of all accounts suspended to keep track of their progress. No calculations are carried out until all the relevant documents are received. A sample of 10 suspended accounts were reviewed from the active list provided in June 2023, with all but one account suspended within a week of receiving the raised issue. Of the 10 sampled suspended accounts, half had still not been resolved at the time of the audit fieldwork, with two of the sampled accounts ongoing since 2021, however ongoing regular steps were being taken to communicate with the client and obtain further information and documents either from the client directly or through other providers such as Department for Work & Pensions (DWP) and other Council departments. These actions had been recorded on Altair. For the two accounts which had been outstanding since 2021, the Senior Pension Administration Officer advised that both had been identified as non-death related cases.

Currently, the pensions team only use a limited number of departments within the Council to obtain further information such as the registrars. With the recent Local Government Reorganisation in April 2023, there are potentially other departments within the local authority that they could work with to resolve any issues raised regarding pensioners, such as the revenues and benefits, social care and council tax teams, however the pensions team would need to consider any potential data sharing and GDPR implications.

One of the main reasons to end a pension is the death of a pensioner. For a pension to be ended, relevant documents need to be provided, with a possible underpayment or overpayment occurring. Similar to changes to pensions, accounts are required to be suspended and investigated. A sample of 9 pensions were reviewed between December 2022 and July 2023 and all accounts were suspended in a timely manner and after the death certificate was provided. 5 of the accounts resulted in an overpayment and 4 in underpayments. The pension fund committee agreed any overpayments within the £100 tolerance level were not to be recovered so only one account needed recovery action with an invoice and relevant form sent and all steps documented on Altair.

As North Yorkshire Council's debtors team are responsible for all recovery of unpaid funds to the Pension Fund, the Altair system does not record whether that money has been recovered. Of the £95k outstanding at the time of the audit, £89k was related to invoices raised between February and April 2023 and the largest of those outstanding payments (£60k) was paid off in June 2023. No write offs were completed during the 2022/23 financial year. The Head of Pensions explained to us they are not aware of the debt levels which are still outstanding or if write offs are to be conducted.

Another reason why pensions accounts may be changed or ended is related to in-service deaths. If someone dies whilst still an employee their pension requires reviewing and amendments need to be made if any next of kin are awarded part of the pension they have paid into. A sample of five in-service deaths were reviewed; all accounts had an SU5 form signed by their line manager and death certificate received. Both documents were recorded as received on the Altair system before the amendments were made.

Altair requires enhancements to the system and to ensure that pensioner payments are not affected, the pensions team request the testing and revision of all pensions to ensure that the enhancements to the system have been processed accurately and not impacted on the payments of pensions. For the enhancement in December 2022, the tests were carried out by the systems analysts at North Yorkshire

Council, with a report that was produced, authorised and presented indicating there were no issues with the enhancements. Discussions with the North Yorkshire systems analysts advised that the 'script' which they used to test the system is basic and generic and does not provide the analysts with specific tests that they are asked to carry out, although this does not affect the enhancement tests, they could carry out further tests on the system.

Overall Conclusions

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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Follow up of previously agreed actions

Audit	Action	Agreed Date	Responsible Officer	Name of Officer	Action Completed?
IT Security (Final Report issued September 2022)	1.1 The BC and DR plans will be reviewed and updated to meet current Pensions Regulator standards. The BC plan will be updated to include arrangements for plan testing, post-incident reviews, and for contacting external stakeholders. 1.2 The plans will be reviewed annually, and this review will be included in the governance document review tracker.	31/03/2023	Head of Pensions Administration	Phillippa Cockerill	Delayed, request for assistance made via T&C account manager 11/09/2023
IT Security (Final Report issued September 2022)	1.1 A programme of regular reporting will be agreed with NYCC T&C and documented in the Service Level Agreement. This will provide assurance that standards continue to be met and accreditation continues.	31/03/2023	Head of Pensions Administration	Phillippa Cockerill	Delayed, request made via T&C account manager 12/10/2023
IT Security (Final Report issued September 2022)	2.1 Quarterly reports will be requested from NYCC T&C from the Boxphish learning platform. These will be reviewed and monitored to ensure that staff complete training	31/03/2023	Head of Pensions Administration	Phillippa Cockerill	Yes NYC no longer use Boxphish and are yet to decide what alternative training tool to use.

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North Yorkshire Council

Pension Board

26 October 2023

Training

1.0 Purpose of the Report

To provide an update on Pension Board member training.

2.0 Background

The Training Policy was adopted by the Pension Board at its inaugural meeting in July 2015. This set out the knowledge and understanding requirements of members of the Pension Board, routes to obtaining training, and training review arrangements.

It states that the suitability of training events and activities should be based on a self-assessment carried out by each Pension Board member. The regulations place the responsibility for making this assessment, and subsequent action to ensure Pension Board members have an appropriate level of knowledge and understanding, on the individual members. In addition, the Pensions Regulator requires that Pension Board members invest time in learning and development.

3.0 Training Activity

Further to a discussion undertaken at the April 2021 meeting of the Pension Board Members were requested to identify issues relevant to the Pension Board that could be the subject of future training sessions. It was also agreed that, where possible, some training events were provided immediately prior to the commencement of scheduled meetings of the Board. The following issues have been identified by Board Members, further to that discussion:-

- McCloud
- Goodwin
- Administering Authority discretions
- Risk Register and risk management
- GMP
- Investment classes
- Pooling and BCPP
- Valuation of assets by Actuary

Following discussions related to the development of training at both the Board and Pension Fund Committee, the provision of a package of online training sessions has been obtained from a third party provider, with Hymans Robertson. A number of issues highlighted above as issues that may require further consideration for training purposes, are addressed in this on-line package. Module 6 is continually updated and, therefore, should be repeated by Members at regular intervals to ensure the most up to date information and issues are being taken account of. A Version 2 of the package, similar to Version 1 but with updates, is now in place and Members will be given advice as to how to access this.

Members are encouraged to take part in these sessions which are detailed below:-

1: Introduction to the LGPS

Stakeholders; local arrangements for committees, boards officers and advisers; regulatory framework.

2: Governance and oversight

Legislation and guidance; policy documents; roles and responsibilities of committees and board members; Code of Practice 14; pensions administration overview; Government oversight bodies; business plans.

3: Administration and fund management

Pension benefits and contributions; service delivery; administration and communication strategies and policy documents and processes; annual report and accounts; procurements.

4: Funding and actuarial matters

Role of the actuary; the funding strategy; valuations; employer issues; actuarial assumptions.

5: Investments

Investment strategy, asset class characteristics and investment markets; pooling investments; monitoring performance of investments and advisers; responsible investment.

6: Current issues

LGPS reform; McCloud; Goodwin; cost sharing.

Details of training events attended and activities undertaken by Pension Board members are contained in a report that is now published on-line with the documents, but is no longer circulated with the papers. COVID 19 had prevented a number of training events and conferences from taking place, however, training activities had continued to take place via virtual platforms, and Members were encouraged to utilise these, although face-to-face training events are becoming the norm again. Board members are asked to review the training record and advise officers if updates are required.

Pension Board members may wish to discuss the merits of recently undertaken training activity and, where appropriate, the pros and cons, to inform other Board members of its usefulness.

It is recognised that Members of the Board have constraints on their time and may have difficulty in undertaking the necessary training in view of this. Members agreed, therefore, that Board meetings should allow time for Members to undertake training, either individually or collectively.

4.0 Recommendations

- (i) That Members provide an update regarding any Pensions Regulator modules they wish to complete and note the availability and details of the Hymans Robertson online training package;
- (ii) That Members provide details of any training they wish to be included on their training record:

(iii) That Members provide details of any issues relevant to the Pension Board, that could be the subject of future training sessions and note those highlighted in the report.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

June 2023

Background Documents: Pensions Regulator on-line training modules
Hymans Online Learning platform

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North Yorkshire Council

Pension Board

26 October 2023

Work Programme

1.0 Purpose of the Report

To detail the areas of planned work by the Pension Board

2.0 Future Activity

Previous reports to the Board have set out a number of areas that could be identified as potential priority areas of work for Board Members to provide scoping reports to subsequent meetings. At previous meetings it was suggested that consideration be given as to how to progress project work more effectively before undertaking any further projects. Further consideration will be given to this matter, going forward. It was agreed that project work would not be undertaken for at least another year at the January 2022 meeting, given the current workload within the NYPF.

Resources would need to be available, via relevant Officers, to assist Board Members with their approach to the development of projects subsequently identified.

3.0 Meeting Dates

2023/24 – all Thursday at 10am

11th January 2024

4th April 2024

4.0 Recommendations

That members:

- i) Review and agree any updates to the Work Plan (as set out in Appendix 1);
- ii) Note the dates of ordinary meetings for 2023/24, as detailed.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton
Background Papers - None

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PENSION BOARD WORK PLAN

APPENDIX 1

		06-Apr-23	06-July-23	26-Oct-23	11-Jan-24	04-Apr-24
1	Agree plan for the year				✓	
2	Review Terms of Reference				✓	
3	Review performance against the plan	✓	✓	✓	✓	✓
4	Report to the PFC / NYCC – Minutes and Chair's feedback/Annual Report	✓	✓	✓	✓	✓
5	Report to Scheme Advisory Board / MHCLG – via Annual Report		✓	✓		

Compliance checks

6	Review such documentation as is required by the Regulations		✓			✓
7	Review the outcome of internal audit reports	✓	✓	✓	✓	✓
8	Review the outcome of external audit reports				✓	
9	Review Pension Board Annual Report		✓			
10	Review the compliance of particular issues on request of the PFC – as required					
11	Review the process and note the outcome of actuarial reporting and valuations – every three years					

Administration procedures, performance and Communication

12	*Review and assist with admin/governance procedures/processes-including monitoring performance admin/governance and employers	✓	✓	✓	✓	✓
13	Annual review of the Internal Dispute Resolution Process, Policy and cases		✓			
14	Annual review of cases referred to the Pensions Ombudsman		✓			
15	*Review the exercise of employer and administering authority discretions		✓			
16	Assist with the development of improved customer services					
17	Review the risk register and management of risk processes and procedure		✓		✓	
18	*Assist in assessing process improvements on request of PFC					
19	Pooling – governance, reporting and transparency	✓	✓	✓	✓	✓
20	*Review scheme member and employer communications					

Training

21	Review Pension Board knowledge and skills self-assessment	✓	✓		✓	
22	Review training log	✓	✓	✓	✓	✓
23	Review training arrangements for the Board and other groups	✓	✓	✓	✓	✓

***Project Work – to be undertaken by individual Members – dependent upon available time and resources – based on relevant issues within the Work Programme**

