

North Yorkshire County Council

Pension Board

Minutes of the meeting of the Pension Board held on Thursday 13th January 2022 via Microsoft Teams commencing at 2pm.

Present:-

Members of the Board

David Portlock (Independent Chairman).

Employer Representatives:

Councillor Ann Hook (City of York Council), Emma Barbery (Askham Bryan College) and David Hawkins (York College).

Scheme Members:

David Houlgate (Unison), Simon Purcell (Unison), Gordon Gresty and Sam Thompson (Hambleton District Council)

County Council Officers:

Qingzi Bu, Phillippa Cockerill, Steve Loach, Ian Morton, Tom Morrison and Jo Foster-Wade.

Copies of all documents considered are in the Minute Book

All decisions made by the Committee are subject to the procedure set out in Minute 319, below.

319 Chairman's Welcome and Introductions

The Chairman welcomed everyone to the formal, live broadcast, virtual meeting of the Pension Board. Members and officers introduced themselves for the benefit of the broadcast.

He announced that under his delegated decision making powers in the Officers' Delegation Scheme in the Council's Constitution, the Chief Executive Officer has power, in cases of emergency, to take any decision which could be taken by the Council, the Executive or a committee. Following on from the expiry of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, which allowed for committee meetings to be held remotely, the County Council resolved at its meeting on 5 May 2021 that, for the present time, in light of the continuing Covid-19 pandemic circumstances, remote live-broadcast committee meetings would continue, with any formal decisions required being taken by the Chief Executive Officer under his emergency decision making powers and after consultation with other Officers

and Members as appropriate and after taking into account any views of the relevant Committee Members. This approach was reviewed by full Council at its November meeting where it was agreed that it be continued with a further review at the February meeting of the full County Council.

320 Apologies for Absence

Apologies for absence were submitted by County Councillor Bob Baker (NYCC).

321(a) Minutes

Resolved -

That the Minutes of the meeting held on 7 October 2021, having been printed and circulated, be taken as read and confirmed as a correct record and the Chairman would sign these at a convenient time.

321(b) Progress on Issues Raised by the Board

The appointments of David Hawkins (Employer Representative) and Sam Thompson (Scheme Member Representative) to the vacant positions on the Board had now been approved by the County Council as the Administering Authority.

Feedback and the supply of confidential papers from BCPP to Pension Boards had now been addressed satisfactorily with appropriate mechanisms in place to ensure that these were being delivered.

In respect of consideration given as to whether a breach should be reported to the Pensions Regulator, regarding late issue of Pension Savings Statements, it was stated that further details were yet to be received back from HMRC.

The data reconciliation projects were covered in a later report.

The issue of cyber security was covered in the Administration Report and would be discussed later in the meeting.

The comparison of the performance of the Fund, prior to, and post pooling would be brought to subsequent meetings of the Board, but it would require longer than the current position for meaningful data to be acquired for an analysis to be undertaken.

Remote meetings were to continue for the time being with a further review of this matter taking place at the February meeting of the County Council.

The other issues were included on the agenda and would be updated during consideration of those items.

Resolved -

That the report be noted and any further action highlighted be undertaken accordingly.

322. Declarations of Interest

There were no declarations of interest.

323. Public Questions or Statements

There were no public questions or statements.

324(a). Pension Fund Committee – Minutes of Meeting held on 26 November 2021

The Chairman noted that the Minutes from the meeting had been circulated with the papers for this meeting. He noted that the main issues from that meeting featured on today's agenda. Members of the Board did not raise any issues.

Resolved –

That the Minutes be noted.

325(b). Pension Fund Committee – Confidential Minutes of Meeting held on 26 November 2021

The Chairman noted that the Confidential Minutes from the meeting had been circulated with the papers for this meeting. He stated that should Members wish to discuss any issues arising from those Minutes the meeting would need to go into private session and the broadcast would need to be paused.

A Member made a general point in relation to the meeting, which was not considered to be confidential, with him welcoming the consideration being given to Climate Change by the Committee.

Resolved –

That the Confidential Minutes be noted.

326. Review of Terms of Reference

An Annual Review of the Terms of Reference was included in the Work Programme for the January meeting of the Board each year with Pension Board members invited to make comments and recommendations for changes if appropriate.

On this occasion, as a review of the Terms of Reference was undertaken in July 2021, it is considered unnecessary to have a further review at this stage.

A copy of the current Terms of Reference was therefore appended to the report for information.

Resolved: -

That the current Terms of Reference, as detailed in Appendix 1 to the report, be noted.

327. Pension Administration

The Head of Pensions Administration, Phillippa Cockerill, provided Members with an update on key initiatives undertaken by the Administration Team of the NYPF. The report included, as an Appendix, the report that was provided to the PFC at their November 2021 meeting.

The following issues were highlighted:-

- PFC Report

The PFC report from their November 2021 meeting was provided as an Appendix.

- Breaches

There had been four new entries in the breaches log since the previous meeting of the Board. Details of the breaches were outlined together with the action taken to prevent those from reoccurring. In terms of the issuing of Annual Benefit Statements, further work had taken place since the previous meeting to address the outstanding statements, with 61 now waiting to be resolved.

- Major Projects

Data reconciliation was completed and the final position was outlined in the report to the PFC, appended to this report.

Efforts had been made to add NYCC and the City of York Council to the i-Connect project but data differences had led to this not taking place as yet. Every effort was being made to ensure they were both on the portal by the year end to ensure the largest employers were integrated into the system. The aim to have all employers on board by the end of March 2022 was no longer achievable but the roll out will continue until all employers are on-boarded.

The Pensioners' Payroll project had been completed. There are 27,328 pensioners, of which 6,282 (23%) had opted out of obtaining their information on-line, whilst 9,564 had opted to receive their details on-line. The remainder had not contacted the Pensions' Administration team with their choice.

- Broadacres

The situation regarding Broadacres requesting a transfer to the NYPF, as reported at the PFC, was ongoing, with legal and actuarial evidence currently being sought.

Members raised the following during a discussion of the report:-

- It was clarified that the majority of pensioners had not engaged with the Pensions' Administration team in relation to how they wished to receive their information, going forward. Communication in relation to this matter had been made with all pensioners, and a further communication exercise would be undertaken. It was stated that a message would be placed on the Pensioners' Representative's page on the NYPF website to remind everyone to respond to this matter. A Member asked how engagement would be made with those proving difficult to reach. In response it was emphasised that there would not be a huge amount of time or money spent on attempting to engage with what was a small proportion of the overall membership of the Fund, with the issue being addressed when pensioners contacted the Administration team regarding their information, following the additional communication. It was asked what the timescale would be regarding the further communication. In response it was stated that the timing would depend on workload, as the response would be expected to be on a large scale, requiring an extensive work programme, which would need to be factored into the existing pressures.
- Cyber Security was being considered by Technology and Change but from a whole NYCC perspective rather than something specific for the Fund. It would be determined

whether the NYPF could utilise the NYCC information, however it was recognised that CIPFA and the Pensions Regulator suggested that a Fund specific approach and reporting was more appropriate.

Members were concerned regarding the timescales for the delivery of this as the issue had been raised, both externally and internally, as a matter that needed addressing as a priority for a while. It was noted that the matter was being picked up by Internal Audit and it was hoped that a report would be available for the next meeting of the Board, as this was a key issue.

- Details of the Common and Conditional Data Scores were provided as these were submitted annually to the Regulator. It was noted that a comparison of the scores had been carried out with the other Funds that are involved with BCPP.
- A Member referred to the data breach that had taken place, affecting 330 people, and whilst in the context of the overall Fund membership this was relatively small, it was still a fairly high number and he asked for the details in relation to that and how it had been addressed. In response it was explained that the incident occurred through approaching the incorrect payroll provider for the schools, as City of York (CoY) schools who did not use , the CoY internal payroll. The details were shared with the wrong payroll as a result. This issue was addressed immediately and will not be repeated.
- It was asked whether the transfer of Broadacres to the Fund would be considered as a risk. In response, the process of transferring into the Fund was outlined, which would ensure that potential risks were considered and mitigated against. It was noted that Broadacres would not be able to bring a deficit into the Fund when transferring. Although it was not apparent why Broadacres wished to transfer at this stage it was considered necessary by them in terms of their financial planning, going forward.
- A Member asked what had to be done to achieve 100% with the Common and Conditional Data Scores. In response it was stated that this was highly unlikely to be achievable by any Fund as the processes involved people handling data, and there was always likely to be a human error factor.
- It was asked what specific difficulties had occurred to prevent NYCC and CoY being transferred to i-Connect. In response, it was stated that missing information and changes to employment and related details had been the main issues, with much of the date requiring an update. It was emphasised that it was a major task to corroborate the data in time to ensure the major employers were on the system for 31 March 2022.
- In respect of the breaches outlined it was considered that the explanation of how these occurred, how they were addressed and the action taken to prevent them from occurring again ensured that there was no reason to recommend that the matters were reported to the Regulator. Members discussed the implications should a matter be reported to the Regulator

Resolved -

- (i) That the contents of the report be noted;
- (ii) That the contents of the Breaches Log be noted, and it be recommended to the Pension Fund Committee that no further action be taken in respect of the breaches identified, with no referral to the Pensions Regulator.

328. Government Actuary Department – Section 13 Report

Tom Morrison explained that the Government Actuary Department undertook an evaluation of each LGPS fund, based on the most recent valuation, taking account issues such as solvency and transparency, and graded them on a red/amber/green basis, which made up the Section 13 report. The NYPF had been graded green on

all issues. The Report was devised to ensure that there was a regular review of the LGPS in aggregate.

Members welcomed the across the board green rating given to the NYPF.

Resolved –

That the report be noted.

329. North Yorkshire Pension Fund Annual Report and Statement of Final Accounts

A report updating members on the audit of the accounts, and the publication of the Pension Fund's Annual Report was provided. The Annual Report 2020/21 had been approved by the PFC at their November meeting and a copy was appended to the report. Based on legal advice, the document was published on the Fund's website by the deadline of 1 December 2021, even though the audit had not been completed. A note describing the status was included on the website. The publication date was 30 November 2021.

The audit was completed shortly before Christmas. The Council's Accounts, including the Pension Fund Accounts were signed off and published on 22 December 2021. The finalisation of the audit process did not result in any amendments to be made to the Accounts of the Pension Fund. It was noted that the details of the Annual Report were almost identical to those brought to the Board in October 2021, with a small number of very minor amendments.

A Member asked whether the delay to the publication of the Final Accounts would have a knock-on effect for next year's Accounts. In response it was stated that this was difficult to determine at this stage, but it was hoped that there would be no detrimental effect, going forward, and Members would continue to be updated on the progress.

Resolved –

That the report and issues raised be noted.

330. Internal Audit Reports

Ian Morton, the Assistant Director – Audit and Assurance, provided the Pension Board with an update on Internal Audit activity.

The report highlighted the Audit Plan for 2020/21, previously approved by the Pension Board, and indicated that all audits, Income, Expenditure and Investments had all been completed, and all provided substantial assurance.

The 2021/22 Audit Plan, agreed in October 2021, had commenced with the Expenditure Audit underway. Details of the issues to be audited during 2021/22 were set out in the report. It was noted that the IT Security audit would focus specifically on how that relates to the NYPF.

There was an outstanding action from the 2019/20 Expenditure report that had a revised completion date of the end of March 2022. The action for the 20/21 Income audit was not due until March 2022. The actions for the Investments audit had recently become due and were currently in the process of being followed up. It was noted that some actions identified in the report to be completed by the end of December 2021 had not been, due to workload pressures, but these would be completed as soon as possible.

It was suggested that reference within the report to the Corporate Director Strategic Resources should be altered to Treasurer of the NYPF, when relating to Pension Fund specific matters.

Resolved -

That the substantial assurance for the all of the audits carried out in 2020/21 be welcomed and the report be noted.

331. Review of Risk Register

Phillippa Cockerill, introduced the report which provided members with an opportunity to comment on the Pension Fund risk register. The Risk Register is reviewed by the Board every six months, following reviews by the PFC, and any feedback and comments from the Board are fed into the subsequent review. Details of the Register were appended to the report.

There had been two risk ranking improvements in the year:

- Pension Fund Solvency has been moved from category 1 to 2
- Regulations and Legislation has been moved from category 4 to 5

The primary changes made to the risk register since the last review were:

- The addition of two new risks associated with the McCloud project and Local Government Reorganisation into the Resources risk
- Contribution deferral as a result of Covid-19 had been removed from the Employer Contributions risk
- Enforcing of charging for late submissions and payments of contributions had been added to the Employer Contributions risk
- Process review and mapping work had been removed from the Benefit Payments risk

It was noted that circumstances for the Fund and its investments would change over the years, going forwards, and it was asked whether consideration was given to how risks would change in the long term. It was emphasised, in response, that many risks were managed by the Fund but the Register highlighted the most significant risks, and these were periodically reviewed and would be subject to alteration as circumstances changed. Any changes would be reported to both the PFC and PB.

It was asked whether a six monthly review was sufficient to adequately monitor the risks to the Fund. In response it was emphasised that the monitoring of risks was continual, whilst the reporting process was standard practice. Should there be a significant change to a risk Members of both the PFC and PB would be informed accordingly.

Resolved:-

That the report, and issues raised, be noted.

332. Budget and Accounts

Members considered details of the following:-

- (a) 2021-22 budget and costs of running the Fund
- (b) 4 year cash flow forecast

The following issues were highlighted:-

Each quarter a report was taken to the Pension Fund Committee (PFC) to update Members on the current and forecast income and expenditure position against the budget, and the latest cash flow forecast.

The cash flow forecast had been extended to 2024/25 giving an indication of the expected position following the 2022 Valuation, based on assumptions on contribution rates from April 2023. It was also based on assumptions on inflation, transfers and other issues which were challenging to predict.

The report taken to the November PFC meeting is attached as Appendix 1 for Board members to consider.

It was noted that there was an error in 3.5 of the report to the PFC which should read £9.5m, rather than £8.7m.

A Member noted that the inflation figure within the report was 2%, whereas the current rate was around 6% and could rise further. It was asked whether this would have an impact on the Fund. In response it was confirmed that rising inflation would affect the Fund and the position would be closely monitored.

In terms of the cash-flow position, should that become negative, going forward, assets would be used to ensure pensioner benefits could be paid. It was emphasised that the Fund remained in a healthy cash-flow position, and many other Funds were already operating in a negative cash-flow position, with no detriment to them. The position would continue to be carefully monitored.

A Member asked whether the forthcoming LGR had been taken account of in the forecasts. In response it was stated that LGR was not expected to have a significant effect on the financial position of the Fund, nor the cash-flow position. The Member suggested the expected major reductions in Senior Officers could affect the pension position. It was stated that the move to a single employer from a number of major employers within the Fund would enable a single contribution rate to be determined, rather than a number of different rates which would simplify matters. The position in terms of contribution rates would be considered through the forthcoming triennial valuation. The projection for the combined Council was that the net effect of LGR for the NYPF would be nil, however, this would be considered as part of the valuation process

Resolved:-

That the report, and issues raised, be noted.

333. Training

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

It was noted that the report providing details of training events attended, and activities undertaken by Pension Board Members was not now published as part of the report but did appear on the Meeting's web page and this was up to date.

The chairman stated that he had contacted the Fund's Independent Observer to clarify the position whether each individual Member required full training to serve on the Board, or whether collective knowledge would be sufficient. It was clarified that each Member should have full training to serve on the Board. It was stated that the Hymans Training package had been made available to assist Members in obtaining the appropriate knowledge, and Members were welcome to undertake any other appropriate training, including the Pensions' Regulator's modules. It was again stated that the training position for Pension Board Members was a statutory requirement. Members recognised this position and were supportive of a recommendation within the report that enabled training to be delivered as part of the Pension Board meetings, in future. It was stated that training would be provided to Members as part of the triennial valuation process during this year. Members stated that they were willing to pursue appropriate training but practically applying that to the operation of the Fund made that more meaningful.

Resolved -

- (i) That the report and availability and details of the Hymans Robertson online training package be noted
- (ii) that Meetings of the Board be developed accordingly to provide an opportunity for Members to undertake appropriate training, either individually or collectively..
- (iii) That Members continue to provide details of any training they wish to be included on their training record:

334. 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 until April 2022.

The Chairman stated that initially it had been the intention to enable members to undertake in depth analysis of aspects of the work programme, as individuals or in smaller groups, but this had not been possible in recent times due to the pandemic and the current workload of officers supporting the Fund. He stated that further consideration would be given to developing this analysis during the development of subsequent work programmes.

It was noted that the Meetings Calendar for 2022/23 was now available.

Resolved -

- (i) That the Work Plan, as detailed in Appendix 1 to the report, be noted.

- (ii) That the dates of ordinary meetings as detailed in the report be noted as follows:-

All Thursdays at 10 am

2021/22 - 7th April 2022

2022/23

7th July 2022

6th October 2022

12th January 2023

6th April 2023

The meeting concluded at 3.50pm.
SL

DRAFT