

North Yorkshire County Council

Pension Board

Minutes of the meeting of the Pension Board held on Thursday 7th April 2022 via Microsoft Teams commencing at 10am.

Present:-

Members of the Board

David Portlock (Independent Chairman).

Employer Representatives:

Councillor Ann Hook (City of York Council), Emma Barber (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 336, below.

335 Exclusion of the Public and Press

Resolved –

That on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006, the public was excluded from the meeting during consideration of agenda items: min.no. 342(b) – Confidential minutes of the Pension Fund Committee held on 4th March 2022

336 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 February meeting where it was agreed that it be continued with a further review at the May AGM of the full County Council.

337 Apologies for Absence

There were no apologies for absence.

338(a) Minutes

Resolved -

That the Minutes of the meeting held on 13 January 2022, 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.

339(b) Progress on Issues Raised by the Board

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.

A response from Government was still awaited in relation to the Hymans Good Governance review.

Remote meetings were to continue for the time being with a further review of this matter taking place at the May AGM of the County Council, however, it was expected that face-to-face meetings would return following that.

The inclusion of Broadacres within the NYPF continued to be progressed.

In terms of Pensioners opting out of receiving information from the NYPF online it was noted that there had been an increase in the numbers opting for this since the issue had been recommunicated, however, the figure remained low. The issue had been raised within the Pensioners section of the NYPF website, but it was unclear what impact this had had. The issue would continue to be monitored to determine whether further communication was required.

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.

340. Declarations of Interest

There were no declarations of interest.

341. Public Questions or Statements

There were no public questions or statements.

342(a). Pension Fund Committee – Minutes of Meeting held on 4th March 2022

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.

342(b). Pension Fund Committee – Confidential Minutes of Meeting held on 4th March 2022

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. Members of the Board did not raise any issues.

Resolved –

That the Confidential Minutes be noted.

343. 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 March 2022 meeting.

The following issues were highlighted:-

- PFC Report

The PFC report from their March 2022 meeting was provided as an Appendix.

- Breaches

There had been one new entry in the breaches log since the previous meeting of the Board. Details of this were outlined together with the action taken to prevent this from reoccurring. A new system of printing was to be introduced, via the NYCC Print Unit, which would eradicate the human error potential in terms of the occurrence of this breach. The appropriate procedures that should be followed had been reinforced to staff. Members discussed the recommendation not to report the breach to the Pensions Regulator and agreed that, as this related to human error, and processes had been put in place to prevent this from reoccurring, that the recommendation should be agreed.

- Major Projects

The 2022 Annual Benefit Statement (ABS) process had commenced. The timescales would be tighter this year as the Triennial valuation would impact on this.

Efforts continued to add NYCC and the City of York Council to the i-Connect project by the year end, with the City of York position having been advanced in comparison to the previous meeting. The roll out will continue until all employers are on-boarded hopefully by the year end in March 2023.

- Broadacres

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

- Cyber Security

NYCCs T&C team have stated that they will attend the next meeting of the Board to provide a presentation on Cyber Security within NYCC and how that is adopted to account for the NYPF. A Member noted that recent training events he had attended had indicated that pension Funds should not rely on the Cyber Security offered by their Administering Authority, and should have a stand-alone, dedicated process. It was stated that this issue would be addressed in the presentation.

- Triennial Valuation

Data for the valuation was required by June, therefore, timescales would be tight and meetings with the Actuary would be arranged involving employers in November.

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 breach identified, with no referral to the Pensions Regulator.

344. Border to Coast's Responsible investment Policies

Tom Morrison presented the report that was submitted to PFC in March 2022 highlighting the development of Responsible Investment Policies by BCPP and how these correlated with the NYPF policies.

He noted that a Climate Change Policy had now been added.

The Responsible Investment Policy and the Corporate Governance & Voting Guidelines document had been introduced in 2018, with subsequent reviews taking place alongside the NYPFs existing policies to ensure that best practice was being implemented. The most recent review had resulted in a number of minor changes, which were detailed in the report. Three policies were considered by the PFC in March and support was provided for these. Members comments have been fed back to BCPP, as would any comments from the Board. The Policies had been referred to each PFC and PB by the Joint Committee with views sought on their suitability.

Members highlighted the following issues:-

- A Member expressed disappointment that the report did not indicate that there would be any consequences where companies do not engage sufficiently. This was echoed by another Member, that there should be consequences for those that did not respond. In response it was emphasised that further details illustrating engagement activity were provided on the BCPP website, however, it was acknowledged that further emphasis could be given to the consequences, as previous experience had shown that shareholders could influence company behaviour when appropriate pressure was put on them. Members noted the response but still considered that it would be appropriate to indicate timeframes for implementation of policies, following engagement, rather than this being left open ended. The Chairman noted that the policies would continue to be developed to address evolving responsible investments including climate change in particular. It was stated that BCPP was in a strong position to influence companies and would ensure that this influence is maximised going forward. A Member agreed with the issues raised but emphasised that the wording around non-engagement should be altered to state "will" take action rather than "may" take action.

Resolved –

That the report be noted and the issues raised be fed back to BCPP.

345. Internal Audit Reports

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

The 2021/22 Audit Plan, agreed in October 2021, had commenced with the all Audits now 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 and the guidance from the Pensions Regulator, referred to earlier in the meeting, would be utilised as a framework for the audit.

It was expected that reports on these audits would be available for the next meeting of the Board.

In terms of the four outstanding actions from previous audits, identified in the report, two of these had now been completed with the remainder expected to be completed shortly. This was confirmed by officers, noting that the actions could be implemented relatively quickly.

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 report be noted.

346. Business Plan, Budget 2022/23 and Cashflow

Tom Morrison, introduced the report which was presented to the March 2022 meeting of the PFC.

The Business Plan, outlined in the report, set out the key activities for the NYPF for 2022/23. Details of the key activities for the previous year and the progress made were also outlined in the report.

The major changes in respect of the Budget for 2022/23 compared to 2021/22 were:

- An increased budget in relation to investment manager fees, resulting from the excellent performance of the Fund's investments
- An increased budget in terms of staffing resources in line with the added pressures on the Administration Service, as previously reported, resulting in the recruitment of additional staff

An update on the current position regarding the cashflow of the Fund was provided within the report.

Members highlighted the following issues:-

- A Member asked whether the income/expenditure estimates set out in the report would be reflected in the figures in the forthcoming Triennial Valuation (TV). In response it was stated that the figures were initial estimates based on current market conditions, however, as the TV had only just started, and given the significant issues affecting markets currently, these issues widened the range of possible outcomes. It was emphasised that, despite the uncertainty, there was a reasonable amount of comfort in the current and forecast position regarding cashflow. A major concern at the moment was inflation, which could have a significant impact on investments. It was suggested that towards the end of the TV process a presentation be provided to both the Board and PFC on the impact on liabilities and investments.
- In terms of the figures detailed in the report it was emphasised that care had to be taken to ensure that it was clear that the Employer contribution rates were illustrative

and could end up being significantly different, and would be determined by the TV process. It was acknowledged that despite the improvement in the solvency position of the Fund, individual Employer contribution rates resulting from the TV process would be expected to vary widely as they will be influenced by many factors, some specific to each employer..

- The cashflow position of the NYPF was relatively good, but could change due to the various influencing factors – inflation, COVID recovery, war in the Ukraine, etc – therefore it would continue to be closely monitored, but the current forecast did not cause undue concern for the Fund. Operations would continue unaltered should the Fund become cashflow negative.
- A Member asked whether there was any indication of the final impact of the McCloud judgement as yet. In response it was stated that the position was not known as yet and this continued to be worked on. The Actuary had embedded a 0.9% cost into employer contribution rates as part of the 2019 TV. It was noted that the project should be completed by October 2023, however, in view of the scale of the project some slippage is anticipated, which in turn could have an impact on the Valuation process, and this would be discussed with the Actuary.
- It was asked whether the recent recruitment initiative had sufficiently addressed the pressures faced by staff from the increased workload, as it was noted that a number of projects were using third party organisations to meet the required levels of work. In response it was stated that it was believed that the current structure was appropriate for the effective delivery of the service, however, it could not be determined whether there would be further pressures arising moving forward, therefore the position would continue to be monitored. In respect of the use of third party organisations to assist with projects it was noted that despite their involvement it was still challenging to deliver the service, hence the recruitment.
- Noting the recent difficulties in the jobs market, particularly in terms of recruiting people in the financial sector due to competition been exceptionally high, a Member asked if there were any difficulties in recruiting to the new positions and whether that was considered to be a risk. In response it was stated that this was a potential risk going forward. Efforts had been made to fill the positions from the District Councils, but this had not resulted in filling those positions, and the adverts had now gone out more widely. It was stated that a recent change to the application process at the County Council, allowing CVs to be uploaded had generated an increase in the number of applicants.
- It was asked whether officers were still working from home. It was stated that the majority were but there had been a gradual return to the office which was steadily increasing.
- A Member asked whether the cashflow position should be reviewed more regularly than on an annual basis to ensure the matter did not become problematic. In response it was stated that regular updates were submitted to both the Board and PFC, allowing Members to review the position. It was emphasised that the cashflow forecast, assessed immediately before the TV process started, would inevitable include less accurate estimates, but was sufficiently robust to be used in the annual budget setting process, which take place at this time each year.
- In response to Member's questions it was noted that the Administration Structure for the NYPF would not change following LGR, although the structures for NYCC and the District Councils would change, which could result in a less onerous task in terms of collecting data, etc.

Resolved:-

That the report, and issues raised, be noted.

347. Training

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

The Chairman highlighted the availability of the Hymans online training modules, available for all Members, which offered bite-size training opportunities, enabling Members to keep up to date with current issues. It was noted that the packages were continually updated to keep abreast of current Pensions' information. A module on TVs triennial valuations was available through the platform, which would be useful for Members in terms of the current process.

A Member provided feedback on the LGPS Conference he had attended earlier in the year. He considered that the details provided had been very useful in terms of his service to the Board and recommended that Members of the Board attend future Conferences.

The Chairman emphasised that unlike the PFC, Board Members had a statutory responsibility to keep up to date with Pensions issues through training, conferences, seminars, etc. He noted that the introduction of a single code and the results of the Hymans review may change that position for PFC Members in due course. He acknowledged that Board members were busy with their day to day requirements but asked that they keep up to date with pensions' issues as far as time would allow. He asked that any Members who were struggling to find appropriate time for training contact him to discuss how this could be managed.

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:

348. 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 2023.

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

2022/23

7th July 2022

6th October 2022
12th January 2023
6th April 2023

The meeting concluded at 11.30am.
SL

DRAFT