

[Appendix 2](#)

Formatted: Right

Formatted: Right

North Yorkshire Pension Fund



Governance Compliance Statement

April 202~~2~~⁴



Local Government
Pension Scheme

If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

OFFICIAL

Index

Section

- 1 [Introduction](#)
- 2 [Governance Arrangements](#)
- 3 [Representations and Meetings](#)
- 4 [Operational Procedures](#)
- 5 [Key Policy and Strategy Documents](#)
- 6 [Compliance with Best Practice Principles](#)

1.0 Introduction

- 1.1 This Statement has been prepared by North Yorkshire County Council (NYCC, or “the Council”) as administering authority of the North Yorkshire Pension Fund (NYPF, or “the Fund”) in accordance with the requirements of the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013.
- 1.2 These regulations describe the governance arrangements of the Fund and assess them against a set of best practice principles, either confirming compliance or providing an explanation of the reasons for non-compliance as appropriate.

2.0 Governance Arrangements

Pension Fund Committee

- 2.1 Overall responsibility for the governance of the LGPS, as it is organised and operated in North Yorkshire resides with the Pension Fund Committee (PFC), a committee of the Council, which has been delegated the following powers:
 - 2.1.1 To exercise the powers of the Council to invest monies forming part of the Fund, including:
 - to determine and periodically review the Investment Strategy of the Fund
 - to receive reports from the appointed managers, at least once every quarter, setting out the action they have taken under their appointment
 - to receive reports, at least once a quarter from the Investment Consultant regarding the investment performance of the appointed investment managers and the Fund overall
 - to receive regular budget reports regarding the administration of the Fund
 - from time to time consider the desirability of continuing or terminating the appointments of any organisations involved in the investment of the monies of the Fund and / or advising / reporting thereon
 - to receive a Statement of Final Accounts and approve the NYPF Annual Report and associated governance statements for submission to the Audit Committee
 - making recommendations on matters relating to the Fund and from time to time reporting to the Executive
 - 2.1.2 To exercise all the Council’s powers as administering authority for the Fund, subject to any specific instructions that might be given from time to time by the Council.
 - 2.1.3 To carry out the Council’s functions relating to the LGPS under the regulations.

Pension Board

- 2.2 To comply with regulation 106 of the LGPS (Amendment) (Governance) Regulations 2015, terms of reference to establish the Council’s Pension Board were approved at its meeting on 13 November 2019.
- 2.3 The Pension Board is responsible for assisting the Council in securing compliance with the regulations, and to ensure the efficient and effective governance and administration of the LGPS. The Pension Board will have an oversight role in the governance of the Fund.
- 2.4 The key points from the terms of reference are:
 - there are nine members of the Pension Board, being four scheme member representatives (voting), four employer representatives (voting) and one independent chair (non-voting)
 - there will be four meetings each year
 - the Pension Board has its own conflicts of interest policy
 - costs of the Pension Board will be met by the Fund
 - the quorum required for the Pension Board meetings is the Chair, one scheme and one employer representative

Independent Professional Observer

- 2.5 In order to provide an independent assessment of the Fund's governance arrangements the PFC has appointed an Independent Professional Observer (IPO). The IPO [offers advice on governance related matters and reports periodically](#)~~annually~~ to the PFC on the level of compliance of the Fund against the [Ministry of Housing, Communities and Local Government \(MHCLG\)](#)~~Ministry of Housing, Communities and Local Government (MHCLG)~~ and Local Government's [\(DLUHC\)](#)~~(MHCLG)~~ best practice principles,~~and also offers advice on governance related matters.~~

Functions Delegated to Officers

- 2.6 The Council's constitution sets out the duties of the Corporate Director – Strategic Resources in relation to the Fund. Essentially, the Corporate Director acts as the Treasurer of the Fund (and is referred to as such in the remainder of this Statement) providing information and advice to the PFC whilst also managing the day to day affairs of the Fund, including:
- the exercise of the Council's function as administering authority, subject to any specific instructions that might be given from time to time by the PFC
 - the power to seek professional advice and to devolve day to day handling of the Fund to professional advisers within the scope of LGPS regulations
 - to change the mandate of a fund manager, in consultation with the Chairman and at least one other Member of the PFC, in circumstances when not to do so would lead to a real or potential loss in value of the Fund's investments. Any such action to be reported to the PFC as soon as practical.

The North Yorkshire Pension Fund Officer Group (NYPFOG)

- 2.8 NYPFOG meets periodically to provide an opportunity for employers and NYPF officers to meet and address any issues relating to the administrative arrangements of the Fund.

3.0 Representations and Meetings

Representation

- 3.1 The current membership of the PFC is as follows:
- eight elected Members representing the administering authority who each hold one vote on the PFC
 - two further elected Members representing the Fund's other largest employing bodies each holding one vote. One Member represents the City of York Council, the other is the District Councils' representative of Local Government North Yorkshire and York
 - a number of substitute Members have been nominated to attend in the absence of each of the main Members
 - three union representatives are invited to attend every meeting, in a non-voting capacity
 - the Chairman of the Pension Board is invited to attend every meeting, in a non-voting capacity
 - the quorum required for meetings is three

Meetings

- 3.2 The PFC is governed by the decision making procedures defined in the Constitution of the Council, being a full committee of the Council. These are fully compliant with the terms of the Local Government Act 2000. In addition, the PFC complies with the procedural requirements defined in LGPS regulations.
- 3.3 Papers for all meetings of the PFC are provided to all the Members identified in **paragraph 3.1** above, including substitute members and union representatives. In addition, the Investment Adviser and Investment Consultant (who also attend every meeting), Fund Managers and the Fund Actuary are given the opportunity to view all items on the public agenda of each meeting.
- 3.4 PFC papers are also publicly available on the Council's website. The Communications Policy explains in more detail the arrangements for engagement with all stakeholders.

- 3.5 The PFC convenes once each quarter. The Fund's investment managers are scheduled to attend additional meetings where the PFC specifically considers fund manager performance and related matters. Four supplementary meetings a year are normally held for this purpose. In attendance at each meeting are the Investment Adviser, the Investment Consultant, the Treasurer and representative members of his staff involved with the NYPF (e.g. Head of Pensions Administration, Head of Investments), and a Committee Clerk (NYCC).
- 3.6 The PFC has also included a specific meeting in July in its programme. This is in order to consider the draft Statement of Final Accounts and undertake the annual review of the governance documents, in addition to any other business requiring attention at that time.

4.0 Operational Procedures

Training

- 4.1 In the CIPFA Pensions Finance Knowledge and Skills Framework it states that "Administering Authorities should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively". There are legal requirements set out in the LGPS regulations and other relevant legislation, as well as best practice guidance on training published by professional and regulatory bodies.
- 4.2 Both the PFC and Pension Board complete the CIPFA skills matrix questionnaire in order to identify skills gaps and training needs.
- 4.3 The Fund arranges a programme of internal and external training events and access to other resources designed to meet these requirements, recommendations and best practice guidance principles for Members of the PFC. A register of all training events is maintained and reported at each PFC meeting.
- 4.4 The costs incurred by Members of the PFC in attending training sessions are met by the Fund in accordance with the policies of the administering authority.
- 4.5 Members of the Pension Board must have the required knowledge and understanding of the Scheme and the law and regulations relating to pensions in order to properly exercise their duties.

Reporting and Monitoring

- 4.6 The Fund has a Business Plan that is agreed at the start of each financial year which is reviewed as appropriate regularly and is included in the agenda papers for each meeting.
- 4.7 In relation to investment matters, the Investment Consultant and each Investment Manager for the Fund is required to submit a quarterly report to the PFC summarising the investment activities within the Fund's portfolios during the preceding quarter and reporting the value and performance of the investments at the end of each such quarter.
- 4.8 In addition the Treasurer will present reports to every PFC meeting detailing performance in relation to the administration activities of the Fund and other significant matters for Members' attention as determined by the work plan; topics will include reports on the budget position, updates on the regulations, communications with stakeholders, training events and admission agreements, etc.
- 4.9 Outside of this periodic reporting to the PFC;
- the activities of the administration team are regularly monitored by the Treasurer as part of the ongoing performance monitoring arrangements operated within the Central Services directorate of the Council. In addition, the Fund participates in benchmarking as well as value for money exercises with other Funds.
 - the performance of the investment managers is monitored on an ongoing basis by the Investment Consultant and the Treasurer. Meetings are held with the investment managers on a routine basis and/or when particular issues arise (e.g. staff changes) that may affect the performance of that manager on behalf of the Fund.

5.0 Key Policy and Strategy Documents

5.1 In addition to the range of information provided by the Fund for [Scheme](#) members and employers, the Fund publishes a number of other key documents relating to the administration and governance of the Fund. These are as follows:

- Administering Authority Discretions
- Administration Strategy
- Admissions and Terminations Policy
- Communications Policy
- Annual Report
- Breaches Policy
- Cashflow Policy
- Charging Policy
- [Employers Guide](#)
- Funding Strategy Statement (FSS)
- GDPR Privacy Notice
- GDPR Memorandum of Understanding
- Governance Compliance Statement
- Governance Roles and Responsibilities
- Internal Dispute Resolution Procedure
- Investment Strategy Statement
- Responsible Investment Policy
- [Risk Management Policy](#)
- Risk Register
- Training Policy

6.0 Compliance with Best Practice Principles

Structure

a	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council	Fully compliant
b	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee or panel established to underpin the work of the main committee	Fully compliant. It is assumed that the Pension Board fulfils the role of a secondary panel and these stakeholder groups are all eligible to be represented
c	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels	Fully compliant. It is assumed that the Pension Board fulfils the role of a secondary panel (as the Board is not a committee in legal terms)
d	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel	Fully compliant. Chair of Pension Board attends the PFC in a non-voting capacity

Representation

a	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: <ul style="list-style-type: none"> • employing authorities (including non-scheme employers, e.g. admitted bodies) • scheme members (including deferred and pensioner scheme members) • where appropriate, independent professional observers • expert advisers 	Fully compliant
---	--	-----------------

b	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers, meetings and training and are given full opportunity to contribute to the decision making process, with or without voting rights	Fully compliant
---	--	-----------------

Selection and Role of Lay Members

a	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee	Fully compliant
---	--	-----------------

Voting

a	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees	Fully compliant
---	---	-----------------

Voting rights on the PFC are limited to representatives of the administering authority which is [answerable-responsible](#) for the effective and prudent management of the Scheme, and to representatives of the Fund's major employers. This arrangement provides an optimal number in terms of decision making effectiveness, therefore voting rights have not been extended to other stakeholders.

Training, Facility Time and Expenses

a	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process	Fully compliant
b	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum	Fully compliant

Meetings (Frequency and Quorum)

a	That an administering authority's main committee or committees meet at least quarterly	Fully compliant
b	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits	Fully compliant
c	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	Fully compliant

Access

a	That subject to any rules in the Council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee	Fully compliant
---	---	-----------------

Scope

a	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Fully compliant
---	--	-----------------

Publicity

a	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the Scheme is governed can express an interest in wanting to be part of those arrangements	Fully compliant
---	--	-----------------