

# North Yorkshire Council

## Pension Fund Committee

Minutes of the meeting held on 30 June 2023 held at Border to Coast Pensions Partnership, Head Office, 5<sup>th</sup> Floor, Toronto House, Leeds, LS1 2HJ commencing at 1.30 pm.

### Present:-

Councillors Alyson Baker (as a substitute for John Weighell), Sam Gibbs, George Jabbour, Cliff Lunn, David Noland, Neil Swannick, Angus Thompson, Matt Walker and Andrew Williams.

Councillor Jonny Crawshaw – City of York Council

David Portlock – Chair of the Pension Board

Apologies for absence – Councillors Mike Crane and John Weighell (Chair)

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**Copies of all documents considered are in the Minute Book**

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### 11. Appointment of Chair – for the purposes of this meeting only

In the absence of the Chair, and as no Vice-Chair had currently been appointed, the Committee were asked to appoint a Chair for the purposes of this meeting only.

#### Resolved -

That Councillor Angus Thompson be appointed Chair for the purposes of this meeting only.

### 12. Minutes

#### Resolved -

That the Minutes of the meeting held on 26 May 2023 were confirmed and were signed by the Chair as a correct record.

### 13. Appointment of Vice-Chair

#### Resolved –

That Councillor Angus Thompson be appointed Vice-Chair of Pension Fund Committee (PFC).

### 14. Declarations of Interest

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.

## 15. Public Questions or Statements

There were no public questions or statements.

## 16. Governance Arrangements – Report of the Treasurer

Considered –

The report of the Treasurer requesting Members to review a range of governance documents and for the Committee to approve the following documents and to provide Members with the draft 2022/23 Statement of Accounts to note:

- a) Investment Strategy Statement
- b) Governance Compliance Statement
- c) Funding Strategy Statement
- d) Communications Policy
- e) Admissions and Terminations Policy
- f) Risk Register
- g) Risk Management Policy
- h) Pensions Administration Strategy
- i) Administering Authority Discretions Policy
- j) Internal Dispute Resolution Procedure (IDRP) Guide
- k) Governance Roles and Responsibilities
- l) Charging Policy
- m) Breaches Policy
- n) GDPR Privacy Notice
- o) GDPR Memorandum of Understanding
- p) Training Policy
- q) Cashflow Policy
- r) Responsible Investment Policy and Climate Change Statement

Details of the alterations made, if any, since the previous review of the documents, were outlined by officers. The North Yorkshire Pension Fund (NYPF) draft Statement of Accounts were provided for Members to note.

Members discussed the governance documents and the following points were raised:-

- It was noted that a further amendment was required to paragraph 3.8 of the Investment Strategy Statement, to replace the full stop following the word 'required' with a comma.
- A member commented that an amendment was required to paragraph 3.1 of the Governance Compliance Statement, to replace the text 'one elected Members' with 'one elected Member'.
- It was clarified that the Asset Class (Summary) in the Funding Strategy Statement (FSS) related to the investment strategy at the time of the 2021 Valuation, rather than that recently agreed by the Committee in March 2023. The FSS would be updated alongside the 2025 Valuation and would reflect the investment strategy in place at that time. One member suggested replacing the text 'at the 2022 valuation the Fund actuary will undertake' with 'at each triennial valuation the Fund actuary will undertake' to provide greater clarity.
- It was noted that officer job titles had been updated in the Risk Register to reflect changes to the council structure following Local Government Reorganisation on 1 April 2023.
- With reference to the Charging Policy, it was confirmed that the chasing of outstanding information would continue to incur charges and that the removal of text at paragraph 3.0 was proposed to remove the duplication of text within

the charging scales table. In response to a question concerning whether officers applied the Charging Policy rigorously, it was confirmed that officers always aimed to work with employers to resolve any outstanding issues before applying the Charging Policy which was deemed to be a last resort.

- A member referred to the Responsible Investment Policy and emphasised the need to focus on the risks associated with climate change within the policy. Members proceeded to debate whether the Fund should disinvest in companies associated with the production of fossil fuels. Members considered the effects of pulling all investment from such companies or remaining invested and influencing companies to reduce their fossil fuel production over time. Reference was made to a resolution of City of York Council in March 2021 to move all pension fund holdings away from fossil fuels to avoid the potential impact of 'stranded assets' on the future performance of their pension funds. With reference to the ESG table at paragraph 2.4, Members agreed that under the environmental column, 'biodiversity' be added and the text 'mitigation and adaptation' be inserted after 'climate change'. Members approved the Responsible Investment Policy as amended, however it was noted that two members abstained.

Members were provided with details of the draft 2022/23 Statement of Accounts for information. It was noted that the final accounts would be approved by Audit Committee.

Members were then asked to provide their views on whether an independent review of the governance documents should be undertaken later in the year, or whether they would prefer to wait until the Department for Levelling up, Housing and Communities' (DLUHC) guidance on Good Governance had been published and after changes had been made to the Fund's arrangements. Members agreed to wait until the DLUHC guidance had been received. The potential risks associated with the deferral of the independent review were considered and it was confirmed that there were no legal issues associated with this.

#### **Resolved –**

(i) that the changes made to the following governance documents be approved:

- Investment Strategy Statement (Appendix 1)
- Governance Compliance Statement (Appendix 2)
- Funding Strategy Statement (Appendix 3)
- Communications Policy (Appendix 4)
- Admissions and Terminations Policy (Appendix 5)
- Risk Register (Appendix 6)
- Risk Management Policy (Appendix 7)
- Pensions Administration Strategy (Appendix 8)
- Administering Authority Discretions Policy (Appendix 9)
- Internal Dispute Resolution Procedure (IDRP) Guide (Appendix 10)
- Governance Roles and Responsibilities (Appendix 11)
- Charging Policy (Appendix 12)
- Breaches Policy (Appendix 13)
- GDPR Privacy Notice (Appendix 14)
- GDPR Memorandum of Understanding (Appendix 15)
- Training Policy (Appendix 16)
- Cashflow Policy (Appendix 17)
- Responsible Investment Policy and Climate Change Statement (Appendix 18)

(ii) that the draft 2022/23 NYPF Statement of Accounts be noted.

## 17. **Border to Coast Responsible Investment Policies – Report of the Treasurer**

Considered –

The report of the Treasurer presenting the Responsible Investment Policies of Border to Coast Pensions Partnership (BCPP) and requesting the comments of Members.

The NYPF had worked alongside BCPP with the development of their Responsible Investment Policies, which were based on best practice and advice. The policies were reviewed on an annual basis and had been considered by BCPP's Joint Consultative Committee, where it was agreed that they be circulated to the representative PFCs for comments.

Copies of the policies were appended to the report and included the Climate Change Policy.

Members discussed the report and the following points were raised:

- It was noted that four of the eleven partner funds had decided to adopt BCPP's Responsible Investment Policies as their own, as their own policies were closely aligned to that of BCPP's. One Member commented that the NYPF should continue with its own policies until a higher proportion of the Fund's assets were invested with BCPP. In response, it was clarified that 75% of the Fund's assets were pooled in BCPP. It was noted that there were several differences between the NYPF and BCPP policies, including BCPP's declared target of becoming carbon neutral by 2050. Once both policies were more closely aligned, the Fund would be in a better position to consider adopting BCPP's policies.
- One member expressed that they hoped the relationship between NYPF and BCPP would continue to develop in order to better align the policies. It was suggested that the word 'proper' was not required before 'advice' under the skills and competency paragraph within the Responsible Investment Policy.
- In response to a query from the same Member in relation to the Climate Change Policy and greenwashing, it was confirmed that BCPP would be asked to provide further information.
- A further Member raised concerns that adopting BCPP's policies would reduce the independence of the PFC, making it indistinguishable from BCPP. Members proceeded to debate the role of PFCs in representing local residents. In response, it was clarified that if PFC Members were minded to adopt BCPP's Responsible Investment Policies as their own in the future, they would still have the responsibility to instigate a new policy if there was any disagreement surrounding a particular matter.

**Resolved –**

That the report be noted.

The meeting concluded at 2.41pm