

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