

# North Yorkshire Council

## Pension Board

Minutes of the meeting of the Pension Board held at County Hall, Northallerton on Thursday 11<sup>th</sup> January 2024 commencing at 10.00am.

Present: -

Members of the Board

David Portlock (Independent Chairman)

Employer Representatives:

Emma Barbery (Askham Bryan College)  
Councillor Martin Rowley, BEM (City of York Council)

Scheme Members:

David Houlgate (Unison)  
Simon Purcell (Unison)  
Gordon Gresty (NYPF retired members)  
Sam Thompson (North Yorkshire Council)

Council Officers:

Chris Chapman, Phillippa Cockerill, Stuart Cutts, Jo Foster-Wade, Steve Loach, and Tom Morrison.

In attendance:

Councillor George Jabbour

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

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### **38. Welcome and apologies for absence**

Apologies for absence were submitted by Councillor Steve Watson (North Yorkshire Council) and David Hawkins (York College).

### **39. Exclusion of Public and Press**

That on the grounds that this item 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 and press were excluded from the meeting during consideration of Min. no. 43(b) – Confidential Minutes of the Pension Fund Committee.

#### **40(a). Minutes**

##### **Resolved -**

That the Minutes of the meeting held on 26 October 2023, having been printed and circulated, be taken as read, confirmed as a correct record and signed by the Chairman.

#### **40(b) Progress on Issues Raised by the Board**

There had been no further development in relation to the Hymans Good Governance review since the previous meeting. The issue was reported to be progressing last Autumn and would be reported to the Board as soon as details were available. World events and subsequent priorities may have affected the final signing off of the review.

In relation to the Government's call for the next steps of pooling arrangements it was stated that nothing further had been heard in respect of further developments. It was considered unlikely that there would be any action undertaken prior to the forthcoming General Election, and even then it was unlikely that there would be any significant impact on the North Yorkshire Pension Fund, as it already held a significant proportion of investments in the Border to Coast Pensions Partnership (BCPP) pool. The aim of the Government extending the scope of pooling was to encourage those Pension Funds that were not currently sufficiently participating to do so and to ensure that the pooling benefits were fully maximised.

The Business Continuity matter would be addressed later in the meeting.

##### **Resolved -**

That the report be noted.

#### **41. Declarations of Interest**

There were no declarations of interest.

#### **42. Public Questions or Statements**

It was noted that a member of the public had suggested that they would like to present a question/statement to a subsequent meeting in relation to addressing climate change through the investments made by the Pension Fund. It had been explained that the Board had no involvement in investments for the Fund, but she was welcome to attend and address the Board if she wished. An e-mail from the person, inviting Members of the Board to a climate event, had been circulated prior to the meeting.

#### **43. Review of the Terms of Reference**

The Terms of Reference were provided to Members as part of the Annual Review. It was noted that the Terms of Reference still contained reference to the County Council which had changed to North Yorkshire Council and there was a typographical error. There were no material changes and the minor changes did not need to be referred to Council for approval.

**Resolved –**

That the minor alterations be undertaken accordingly and the report be noted.

**44(a). Pension Fund Committee – Draft Minutes of the meeting held on 24 November 2023**

Considered -

The draft minutes of the meeting of the Pension Fund Committee (PFC) held on 24 November 2023.

The Chair highlighted the following main issues that were considered at the meeting and noted that the issues of interest for the Board were the subject of reports to this meeting.

**Resolved –**

That the Minutes be noted.

**44(b). Pension Fund Committee – Draft Confidential Minutes of the meeting held on 24 November 2023**

Considered -

The draft confidential minutes of the meeting of the Pension Fund Committee (PFC) held on 24 November 2023.

**Resolved –**

That the Minutes be noted.

**45. Pension Fund Administration**

The 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 November 2023 meeting were set out in an Appendix to the report.

**Breaches Log**

There had been one new entry in the breaches log since the previous meeting of the Board, as detailed in the report. This related to the late issuing of a 2022 Pension Savings Statement, following the discovery of discrepancies whilst working on the 2023 Statement. This had resulted in a £100 penalty from HMRC.

**Annual Benefits Statements (ABS)**

All of the statements for 2023 had now been issued and the process for 2024 was underway. The monthly returns from those now on i-Connect were improving the ABS process through the provision of up-to-date and timely data.

## **Major projects**

The roll out of the i-Connect employer portal was progressing well with only 62 employers left to onboard; the final push to complete this process was now underway.

The new website for the NYPF was now live, with up to date and relevant content available, and will be monitored to ensure that this remains up to date.

The data returned from employers for the McCloud project had been completed and the disclosure requirement to inform all relevant scheme members about the McCloud remedy had been met. This included a form for members to advise the Fund of any other Public Service Pension Scheme (PSPS) membership they had before 1 April 2012 (needed for the remedy).

In relation to the updating of the Disaster Recovery Plan, feedback was awaited from the relevant team that were currently working on the NYC Recovery Plan. It was expected that the Plan for the NYPF would link into that. Members were reassured that the existing Plan could be utilised should there be an immediate need.

## **Local Government Pensions Committee (LGPC) Bulletins Log**

Details of recent LGPC bulletins, and the response to those, were set out in an appendix to the report. It was stated that every effort was made to ensure that the issues raised were assimilated into the work of the team.

## **Other issues**

The Pensions Regulator (TPR) had submitted its new General Code of Practice before Parliament the day before this meeting, and this would be introduced from 27 March 2024. However, it was expected that Pension Funds should already be complying with much of the new code. It was stated that AON were providing guidance and were providing a webinar on 29 January 2024 in relation to this. It was requested that a link to the webinar be shared with Members of the Board. It was also requested that, if possible, a recording of the webinar be made to share with Members unable to attend. In response it was stated that it was usual practice for this to take place. The Chair considered this to be an important development for the work of the Pension Board

Members raised the following issues in relation to the report:-

- It was asked whether there would be access to details on the website for pension members to determine whether they were eligible for benefits from the McCloud judgement. It was also asked what the default position would be should a member not return their circulated form in relation to McCloud. In response it was noted that all relevant details would be available through the NYPF and LGPS websites. In terms of the default position, any member who returned their PSPS form would have an identifier added to their pension record. Any member who did not return their form would be asked again to confirm any PSPS membership when the NYPF carried out a benefit calculation.
- It was asked whether there was a timescale in respect of the updating of the Disaster Recovery Plan. In response it was stated that the Head of Pensions Administration remained in contact with the NYC Disaster Recovery Team with the a view to addressing this matter as soon as possible. It was suggested, should there be further delays to this, that the concerns of the Pension Board regarding the lack of progress on this matter be raised with the Team.

- A Member noted that when the unitary Authority was formed a twelve months opportunity was provided for staff leaving the former District and Borough Councils to amalgamate their pensions. It was asked whether a reminder had been issued to remind staff that the period of time offered for this was to end shortly. In response it was stated that a reminder had been provided on internal communication networks. It was suggested that Managers should be approached to advise staff as not all of them had access to the internal networks. It was stated that this would be addressed accordingly. It was asked whether there had been a large response to this opportunity and it was stated that the majority of people were satisfied with their current pension arrangements, therefore did not feel it necessary to respond, however, it was important that the choice was provided. The Chair suggested that it would be good practice to issue a reminder to avoid later complaints. It was noted that some members had requested additional time, beyond the twelve months offered, to make this decision. It was emphasised that this was an employer discretion within the Local Government Pension Scheme Regulations and Full Council (for NYC) would need to decide how to exercise its discretion (not the NYPF).
- The Chair asked Board Members to consider the latest breach, as outlined earlier in the meeting, and whether this should be reported to the Pensions Regulator. He stated that he had discussed the issue with officers prior to the meeting, as it arisen prior to the November PFC Meeting, and had recommended that given the nature of the breach there was no need to report this, which had been accepted by the PFC. Members of the Board agreed that the breach should not be referred to the Pensions Regulator.

**Resolved -**

- (i) That the contents of the report be noted;
- (ii) That the contents of the Breaches Log be noted and no further action be taken in respect of the breach highlighted at this meeting.

**46. Pension Fund Annual Report 2022/23**

It was explained that, due to external accounting issues, the Final Accounts could not yet be signed off, despite the NYPF accounts having been completed some time ago, as these could not be published until the Council's accounts were signed off. It was expected that the accounts would be signed off shortly.

In line with legislation, the Annual Report had been published on the NYPF website by the 1 December, with an explanatory note in respect of the non-inclusion of the Final Accounts.

During a discussion of the report the following issues were highlighted:-

- Members expressed their concerns and hoped that the accounts had been completed by the next meeting of the Board.
- It was noted that due to delays in the previous year's accounts there were now two draft Annual Reports on the website and it was asked whether this would have further consequences for the coming year. In response it was stated that the accounts had to be completed in order, therefore, it was possible that further delays could occur. The issues relating to the current External Audit situation was nationwide, and not just a North Yorkshire matter. However, there was some comfort for the Pension Fund in that the bulk of the audit of the

accounts had been undertaken and there were no major concerns with the Fund's accounts, the issue was with the publication of the NYC accounts, unfortunately both had to be done together. There were a number of issues arising from the accounts of some of the former District/Borough Council accounts that were having a knock-on effect for the NYC accounts, following the amalgamation. It was asked whether, going forward, the two sets of accounts could be published separately. A Member suggested that the possibility of having the accounts published separately should be investigated and it was noted that the forthcoming Good Governance Review could contain directions related to that, going forward.

**Resolved –**

- (i) that the draft Annual Report 2022/23 be noted.
- (ii) that the status update of the draft Annual Report 2021/22 be noted.

**47. Pension Fund Risk Register**

Members considered the latest update of the Pension Fund's Risk Register. The following highlights from the report were outlined:-

- None of the risks had been categorised higher since the previous update
- The risks had lowered in relation to key personnel, resources and benefit payments. The Local Government Re-organisation had now been completed.

During a discussion of the report the following issues were highlighted:-

- It was considered surprising that pooling remained a high risk now that 75% of the Fund's investments were in the pool. This was acknowledged, but it was noted that some important transfers of investments were about to take place therefore the risk remained unchanged. The next review may see an alteration to that position.
- It was asked whether there was a risk going forward from the employers that were yet to be onboarded onto i-Connect. In response it was explained that employers who were already onboarded submitted monthly data to the NYPF and the data was checked in real time rather than at year end. This meant that errors were dealt with periodically rather than in bulk at year end. It was expected that the remaining employers would be onboarded onto i-Connect shortly, and there was no significant risk relating to this. It was noted, however, that data still had to be provided in a timely manner for the process to be effective, therefore there was still a risk in respect of this.
- Details of how the various risks were calculated and categorised would be circulated to Members.

**Resolved -**

That the contents of the report be noted

**48. Internal Audit Report**

Members considered a report from the Internal Auditors, Veritau, that provided a more detailed programme of work for 2023/24, highlighting the issues that would be focussed upon in the various categories, to ensure that new topics within those areas, were the subject of scrutiny over the coming year. The details were set out in the report.



During a discussion of the report the following issues were highlighted:-

- The change of focus under the continuing headings was provided in the report.
- The timescales for the audits were discussed and it was stated that these would be completed over the next six months period, with some details to be reported back to the July meeting of the Board and the remainder being presented to the October meeting.
- It was stated that meetings between external and internal audit providers did take place and that there had been discussions in relation to the 2023/24 audit of final accounts. It was noted that there was frequent liaison between the two on numerous issues with care taken so as not to duplicate the details under consideration.
- The Chair noted that the report referred to this meeting as a Committee and suggested that this should be replaced with Board in future so as not to create confusion with the Pension Fund Committee. He stated that any issues of concern raised by Internal Audit at the Board would be reported to the Pension Fund Committee meetings by him.

#### **Resolved -**

That the contents of the report be noted

#### **49. Budget and Cashflow**

Members considered a report providing an update on:-

- (a) 2023-24 budget and costs of running the Fund
- (b) four-year cash flow forecast

The main variations to the budget related to recruitment to fill vacancies in the Admin Team and additional consultancy fees related to the ongoing review of equities.

The cashflow position for Quarter 1 indicated that there had been minor changes to the position reported to the previous meeting. The overall cash flow position was expected to be a Scheme deficit in 2023/24. Increasing deficits were projected from 2024/25, where an equivalent amount of income from investments would be required to address this. As previously reported this was a natural development for a pension fund to become cashflow negative, due to factors such as increasing life expectancy.

Members discussed the report and the following issues were raised:-

- The Chair stated that the NYPF was a maturing Fund facing an inevitable position of becoming cashflow negative and had done well to remain in a positive position for so long as many in the LGPS had been negative for a number of years. It was noted that some income from investments, which would have previously been re-invested, would now be utilised to balance the cashflow position.
- A Member asked how many LGPS schemes, particularly those in the BCPP, were cashflow negative. In response it was stated that anecdotal information indicated that the majority were in that position. It was stated that details of those within BCPP that were in cashflow deficit would be obtained and circulated following a request by a Board Member. It was believed that more than half of the Funds in the LGPS were now cashflow negative and it was

emphasised that the NYPF was in a strong position as it remained more than 100% funded.

**Resolved –**

That the report and issues raised be noted.

**50. Training**

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

The Chair highlighted the forthcoming training event by AON on the new TPR General Code of Practice and a number of conferences/training events organised by the PLSA. He noted that details of training, webinars and conferences continued to be circulated and encouraged Board Members to attend when time allowed them to. He noted that the Good Governance Review was likely to place emphasis on skills and knowledge, and whilst these were statutorily required for Board Members, there were likely to be implications for Pension Fund Committee Members.

**Resolved -**

- (i) That Members note the availability and details of the Hymans Robertson online training package, together the numerous other training events, webinars and conferences that were frequently advertised;
- (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.

**51. 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 the final meeting date for the Pension Board for 2023/24 and the dates for 2024/25.

The Chair stated that for 2024/25, the Board would consider a return to some detailed project work and asked for Members to provide their views on this. If in favour, he suggested that Members liaise with officers to determine which issues would be appropriate, within the scope of the Board, for that type of work, and what resources and time commitment would be required.

A Member asked whether the Board would be required to operate differently following the implementation of TPR's new General Code of Practice. In response it was stated that details of any implications would be provided to the April meeting of the Board.

**Resolved -**

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



- (ii) Members advise the Chair of their views on recommencing focussed project work during 2024/25
- (iii) That the final date of ordinary meetings for 2023/24 being 4th April 2024 be noted.
- (iv) That the dates of ordinary meetings for 2024/25, as detailed in the report be noted as follows:-

All Thursdays at 10am

4<sup>th</sup> July 2024  
24<sup>th</sup> October 2024  
9<sup>th</sup> January 2025  
3<sup>rd</sup> April 2025

The meeting concluded at 11.40am.

DRAFT