

North Yorkshire Council

Pension Board

Minutes of the meeting of the Pension Board held at County Hall, Northallerton on Thursday 24 October 2024 commencing at 10am.

Present: -

Members of the Board

David Portlock (Independent Chairman).

Employer Representative:

Councillor Steve Watson (North Yorkshire Council)

Scheme Members:

David Houlgate (Unison)

Simon Purcell (Unison Retired Members)

Sam Thompson (North Yorkshire Council)

Council Officers:

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

In attendance:

Councillor George Jabbour and Eddie Brass were in attendance.

Copies of all documents considered are in the Minute Book

72. Welcome and apologies for absence

Apologies for absence were submitted by Emma Barbery (Askham Bryan College). The Chair introduced Eddie Brass who was observing the meeting in view of his application to fill the current vacancy for a Scheme Member representative.

73(a) Minutes of the meeting held on 1 August 2024

Resolved –

That the Minutes of the meeting held on 1 August, having been printed and circulated, be taken as read, confirmed as a correct record, and signed by the Chairman.

73(b) Progress on Issues Raised by the Board

There had been no further development in relation to the Good Governance review since the previous meeting. The new Government were to undertake a review of the Local Government Pension Scheme (LGPS) and were being encouraged to take account of the Good Governance review, and implement this as soon as possible, as part of their overall review.

There had been no further development in terms of a potential second phase of pooling by the Government and again this was expected to be included within their overall review of the LGPS.

The updating of the Business Continuity/Disaster Recovery Plan was continuing with good progress being made and a new stand-alone plan for the North Yorkshire Pension Fund (NYPF) was expected shortly.

A potential Scheme Member representative was attending today's meeting with a view to filling the current vacancy. There had been no interest expressed in relation to the Employer Representative vacancy. Work would continue to recruit to existing vacancies.

Legislation was provided stating that information regarding the McCloud remedy was not required to be included in the 2024 Annual Benefit Statements, therefore, a reportable breach of the regulations did not occur.

An update on the Final Accounts for 2023/24 would be provided later in the meeting.

Resolved -

That the report be noted.

74. Declarations of Interest

There were no declarations of interest.

75. Public Questions or Statements

There were no public questions or statements.

76. Draft Minutes of the Pension Fund Committee held on 13 September 2024

Considered

The draft Minutes of the Pension Fund Committee (PFC) held on 13 September 2024.

Resolved –

That the draft Minutes be noted.

77. Draft Annual Report

The Board was provided with a final version of the Annual Report for approval. This would then go to the Full Council for approval as the Administering Authority for the Pension Fund. The PFC would also receive a copy for information.

Resolved –

That the Annual Report be submitted to Full Council and the PFC for approval.

78. Pension Administration

Phillippa Cockerill, Head of Pensions Administration, 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 September 2024 meeting.

The following issues were highlighted:-

PFC Report

The PFC report from 13 September 2024 meeting was provided as an Appendix.

Breaches

There had been two new entries in the breaches log since the previous meeting of the Board relating to:

100% of Annual Benefit Statements (ABS) not being issued by the deadline; and the late issuing of a Pensions Savings Statement

In respect of the breaches it was noted that the ABS for 2024 were in the best position, in terms of them being published, than had been the case for many years. However, this still fell slightly short of 100% publication, therefore, there was a breach.

In respect of the Pensions Savings Statement the issue had been addressed with the staff concerned and it was expected that lessons had been learnt. The matter had been reported to HMRC and their response was awaited.

The Chair noted that it was for the Board to determine whether the breaches should be recommended to the PFC to report to the Pensions Regulator. In his view he considered the breaches to be minor and should not be reported. Members concurred with this view. The Chair stated that he would report the view of the Board to the next meeting of the PFC.

A Member queried why the breaches had not been reported to the September meeting of the PFC. In response it was stated that meetings of the PFC received details from the previous accounting quarter and the breaches had occurred after that quarter.

Annual Benefits Statements

At the time of publishing the report there had been 6 outstanding ABS for 2024, which, as of the 11 October, had been reduced to 1. This was far ahead of previous years and was above 99.9% of the required statements to be published. Members welcomed the performance in publishing the ABS.

Major projects

The i-Connect project continued to progress, with 202 employers onboarded. The majority of the remaining employers were smaller ones with multiple contracts meaning that quick progress should be made. The target completion date to have all employers onboarded remained at 31 March 2025.

Any new employers were now being automatically onboarded to i-Connect, therefore, once the backlog of existing employers had been addressed there would be no more employers to add.

In terms of the Pensions Regulator's (TPR) General Code of Practice a review meeting had been held with AON to baseline the current position against the code. Officers have subsequently met and agreed which areas to address first to achieve full compliance and the Board would be updated on progress going forward. The majority of terms of the Code were already in place for the NYPF with the initial assessment determining the Fund to be good with just a few areas to firm up on. Updates for members of the PFC and Pension Board would be provided in due course.

The current focus for McCloud was ensuring that the relevant information was provided in the 2025 ABS, which would require additional information for all Statements. Further queries were expected to arise from the provision of these details.

Preparation work for the delivery of the Pensions' Dashboard was well underway with a meeting taking place with the integrated service provider (ISP) shortly. The Fund was aiming to have this in place by the end of May 2025, ahead of the required date of the end of October 2025, but without this being connected initially, to allow for any glitches to be eradicated prior to the official start date. The early start would also provide an opportunity for data cleansing to be undertaken before going live. The Fund had worked with the ISP previously and they are an Alpha partner in the development of the Dashboard eco-system. An explanation was provided to Members in terms of the options for providing AVC information, which would be decided upon when everything was in place.

In relation to updating of the Business Continuity Plan, the bespoke plan for the Fund had now been created and was being tested to ensure it was fit for purpose. It was expected that this would be finalised ahead of the January meeting of the Board.

The Risk Register had been included for this meeting. A review of this had been pushed back a quarter as it had been unavailable for the previous meeting.

A Member asked what was being done to address the increased risk relating to key personnel. In response it was noted that the risk related mainly to the Finance function and had increased following the additional work generated by the Local Government Reorganisation, additional work required on the accounts, onboarding a new external auditor, etc. It was expected that this position would settle down over time but the enhanced risk would remain in the short-term.

Common data scores were down on the previous year due to data not having matching addresses, for both active and deferred members, as a result of changes of address not being communicated. It was expected that data cleansing would improve these scores going forward.

Local Government Pensions Committee (LGPC) Bulletins Log

Details of recent LGPC bulletins, and the response to those, were set out in the report.

Pension Board - Minutes of 24 October 2024

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 PFC that no report should be made to TPR.

79. Budget and Cash-flow

Tom Morrison, Head of Investments for the NYPF, presented a report highlighting:

- (a) 2024-25 budget and costs of running the Fund
- (b) the cashflow projection for the Fund
- (c) 2022/23 and 2023/24 Statutory Accounts and Annual Reports

A copy of the report presented to the September meeting of the Pension Fund Committee was provided as an appendix to the report. The underspend was primarily due to a reassessment of performance fees payable to Baillie Gifford, offset by the fee for the external audit which will be significantly higher than budgeted following a review of audit fees by the PSAA (Public Sector Audit Appointments).

Budget

The forecast outturn position showed an estimated total running cost of £38.6m an underspend for the year of £0.2m.

Cash-flow

The overall cash flow position was expected to be a series of steadily increasing deficits from 2024/25 into the future and was to be expected as the Pension Fund continues to mature.

A discussion of the cash-flow deficit position indicated that the deficit would be in the region of £27m for the current year, however, the Fund was currently holding a substantial amount of cash which assisted with the liquidity of the Fund in terms of payments to members. It was noted that the cash holding also generated a return of around 5% currently, so there was no urgent need to re-invest, however, opportunities to re-invest would be undertaken should they present themselves. The ongoing review of the investment strategy would take account of the cash holding and would determine a way forward for this.

It was asked whether BCPP had concerns regarding the Fund holding cash rather than investing in the pool. In response it was explained that many of the maturing Pension Funds were operating in deficit, with more expected over time. A modest allocation to cash would be needed for this purpose. It was asked whether there were any concerns regarding the current cash-flow position. In response it was stated that there were no concerns from the NYPF as the position could be easily managed and it would not be detrimental in terms of payments to members of the Fund.

2022/23 and 2023/24 Statutory Accounts and Annual Reports

A date had been set for the 2022/23 accounts to be published, 13 December 2024, however, further queries had been raised by the External Auditor, which would require a response before they were published. It was expected that the additional queries would not delay the publication of the accounts.

Resolved -

That the content of the report, and updates provided, be noted.

80. Internal Audit Reports

Stuart Cutts, Assistant Director – Audit Assurance for Veritau, provided the Pension Board with an update on Internal Audit activity.

He stated that the Expenditure audit report was now with the relevant officers for checking and finalisation.

Work on the Income audit was well underway with Quality Assurance and review procedures about to start. A draft report was expected to be issued by the end of October 2024.

Fieldwork was about to start on the Investments audit which was planned to be completed by the end of November 2024.

In terms of the Procedures and resilience audit work has been prioritised and further discussions on the scope and timings were being undertaken with the Pensions Investment Manager and Senior Accountant.

In a discussion of the report it was stated that it was expected that the final reports for Expenditure, Income and Investments would be available for the January 2025 meeting of the Board. The timetable for the 2025/26 audits was expected to be delivered on time and it was expected that the 2024/25 work programme would be fully delivered, on time. The work that had taken place to date had indicated that there were no major concerns arising from any of the audits and it was expected that each would provide substantial assurance.

Resolved -

That the report be noted.

81. Government Pensions Review and Pooling update

Tom Morrison, Head of Investments for the NYPF, presented a report setting out the legal requirement to pool pension fund assets and how North Yorkshire Council was addressing this through Border to Coast. He also updated the Pension Board on Government pronouncements on fund consolidation, domestic investment, and other aspects of the LGPS.

It was noted that Councillor George Jabbour, observing this meeting, had just been appointed the Chair of BCPPs Joint Committee. Members congratulated him on his appointment. Further Governance details for BCPP were provided within the report.

Currently the Fund has invested approximately 76% of the total value of assets with Border to Coast, with full details outlined in the report. A few legacy private investments were held outside of BCPP, where the money would be reinvested into BCPP when available.

In terms of the Government review, the previous Government had commenced an exercise to determine whether pooling arrangements were being utilised to their maximum benefit, or whether further regulations were required to enhance this. It was noted that both the NYPF and BCPP had done everything possible to maximise the

use of the pool. However, the new Government would be undertaking a full review to determine how pooling was being used, which could carry implications for both bodies, going forward. The NYPF had responded to a “call for evidence” issued in September 2024 from which the Government would determine the action required. It was expected that the results of the review would be published in the late Autumn of 2024. In terms of any review both the NYPF and BCPP were fully engaged with the Government and were waiting for the results to emerge.

A Member queried the process for appointing a Scheme Member representative to the Joint Committee, noting that usually all the Scheme Members would be consulted on the appointment of a new representative, but there had been no contact in relation to the last appointment. In response it was stated that, in error, NYPF Pension Board members had not been notified, and an apology was given. It was noted that a further appointment was due shortly and it would be ensured that Scheme Members were consulted accordingly.

Resolved -

That the report, and issues raised, be noted.

82. Training

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

Tom Morrison, Head of Investments for the NYPF, stated that he had circulated a knowledge assessment survey to Members of both the Pension Fund Committee and the Pension Board. Once the results had been received and collated details would be shared with Members to determine strengths and weaknesses in terms of knowledge and skills and action would be taken to address any gaps.

Further discussions on the results of the survey would be undertaken at the next meeting of the Board to determine how to address the issues raised. Members welcomed the knowledge assessment stating that they had found it quite difficult which was appropriate in terms of testing their depth of knowledge of the Fund.

Resolved -

- (i) That the Hymans Robertson online training package continue to be accessed by Members and reported back accordingly.
- (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 the knowledge assessment at the next meeting of the Board, with an action plan developed to address any gaps in knowledge and skills identified;
- (iv) That the report, and issues raised, be noted.

83. 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 2024/25.

A minor change to the Work Programme had been implemented in relation to the review of the Risk Register, due to take place at the previous meeting, with this now taking place at this meeting as the details were unavailable at that time.

The Chair noted that “deep dive” reviews by individual Board Members had been put on hold a number of years earlier due to resource implications in respect of officers’ time. It was stated that the time was still not right for these to recommence, but further consideration would be given to their re-introduction, going forward. In the meantime, any issues of concern could be referred to Veritau to include within their audit programme.

Resolved -

(i) That the Work Plan, detailed in Appendix 1 to the report and as amended above, be noted.

(ii) That the dates of ordinary meetings for 2024/25, as detailed in the report be noted as follows:-

Thursdays at 10am

9th January 2025

3rd April 2025

(iii) That the proposed dates of ordinary meetings for 2025/26, as detailed in the report be noted as follows:-

Thursdays at 10am

3rd July 2025

23rd October 2025

15th January 2026

2nd April 2026

84. Other Urgent Business

There were no items of other business.

Eddie Brass left the room during consideration of the following item.

85. Appointment to vacant position on the Board

The Chair stated an application had been received from Eddie Brass in respect of the vacant Scheme Member position on the Board. As a result a discussion/interview had been held with Mr Brass, involving the Chair and the Clerk. He was invited to this meeting as part of the process and had indicated that he was willing to be appointed to the vacancy. Details of his background were provided to the Board and it was noted that, as a deferred member of the Fund, he was eligible to be appointed to the vacancy. The Chair stated that given Mr Brass’s background and experience he would be recommending his appointment, subject to the agreement of Board

members, to Full Council, as they are Administering Body for the Fund and consider appointments to the Board.

Resolved –

That the Board agrees to recommend Eddie Brass to fill the vacant Scheme Member position on the Pension Board, to Full Council, ensuring that the appropriate appointment process is undertaken.

The meeting concluded at 11.35pm.

DRAFT