

North Yorkshire County Council

Pension Board

Minutes of the meeting of the Pension Board held on Thursday 14 January 2021 via Microsoft Teams commencing at 2.30pm.

Present:-

Members of the Board

David Portlock (Independent Chairman).

Employer Representatives:

Emma Barber (Askham Bryan College), Louise Branford-White (Hambleton District Council) and Councillor Anne Hook (City of York Council).

Scheme Members:

David Houlgate (Unison) and Gordon Gresty

Observer:

David Hawkins (York College) (Reserve Employer Representative).

County Council Officers:

Amanda Alderson, Qingzi Bu, Phillippa Cockerill, Steve Loach, Tom Morrison, Ian Morton and Jo Foster-Wade.

Copies of all documents considered are in the Minute Book

259 Chairman's Welcome and Introductions

The Chairman welcomed everyone to the formal, live broadcast, virtual meeting of the Pension Board. Members and officers introduced themselves for the benefit of the broadcast.

260(a) Apologies for Absence

There were no apologies for absence submitted.

260(b) Vacancy for Scheme Member Representative

It was noted that a vacancy remained for a Scheme Member Representative and efforts to recruit to that vacancy would continue.

Resolved -

That the issue highlighted be noted.

261(a) Minutes

Resolved -

That the Minutes of the meeting held on 29 October 2021, having been printed and circulated, be taken as read and confirmed as a correct record and the Chairman would sign these at a convenient time;

261(b) Progress on Issues Raised by the Board

Details had been outlined in relation to the Scheme Member representative vacancy (above).

Issues around the circulation of information from Border to Coast Pensions Partnership (BCPP) had not been fully resolved, although the Treasurer of the NYPF had intervened to ensure that the Pension Board was receiving the majority of information from the Joint Committee, there was still no direct communication process between the various Pension Boards and BCPP. In respect of this a member asked whether an up to date staffing structure and budget were available from BCPP to assist with the Board's monitoring, going forward. In response it was stated that draft Strategic plan of BCPP is being drafted and would contain that information. This would be circulated to Pension Board Members when available.

The outcome of the Hymans Robertson report on the future governance of the Local Government Pension Scheme (LGPS) had been held up due to the pandemic.

The Terms of Reference changes, as agreed at the October meeting of the Board, had been approved by the County Council, and had been published on the North Yorkshire Pension Fund (NYPF) website.

The outcome of the Pension Fund Committee's (PFC) skills audit had been delayed, therefore, the development of a training programme had consequently been delayed.

An error in the report was highlighted in relation to it stating that the Board had not met since January 2020, but a formal, virtual meeting had taken place in October 2020. This was noted.

Previously it had been reported that Internal Audit had assessed the expenditure function as having limited assurance in view of a number of issues, however, further reviews of those matters had seen these addressed, with a substantial assurance grading now in place.

Issues around comparison data being included in future versions of the Board's Annual Report, to provide context, would be addressed for future copies of the report.

The results of the self-evaluation exercise undertaken by the PFC had also been delayed as a result of the pandemic and it was expected that a co-ordinated approach would be developed, alongside the Pension Board, to address any training requirements.

An introductory training session for Members of the Board and the PFC had been arranged and would take place on 25th January. It was noted that this was mostly aimed at the less experienced Members of the Board and Committee.

Resolved -

That the report be noted and any further action highlighted be undertaken accordingly.

262. Declarations of Interest

There were no declarations of interest.

263. Public Questions or Statements

There were no public questions or statements.

264. Draft Minutes of the Pension Fund Committee meeting held on 27th November 2020

The Chairman noted that the public Minutes from the meeting were available to distribute to Pension Board Members at the time of this meeting, however, the private Minutes had not been cleared as yet and therefore he would do a brief summary of that aspect of the meeting. He highlighted the following: -

- ◆ Exit Cap (£95k) / Budget and Statistics / Pensions Administration

These issues were covered by separate items on today's agenda.

- ◆ Performance of the Fund

It was noted that the figures for Q3 were not yet available, with these being published in early February, therefore there was no update available to those detailed to the PFC.

- Investment Strategy

Discussion of the Investment Strategy was undertaken in private session and was the subject of the Private Minutes. As a result of those discussions workshops were to be held to consider the Strategy, and it was expected that further detailed information would be available for the Meeting of the Board in April. An explanation was provided in relation to the non-renewal of some of the equity protection that was in place. Some protection remained in place until July 2021, when a decision would be made on whether or not this should continue.

Resolved -

That the issues raised in relation to the PFC held on 27 November 2020 be noted.

265. Pension Administration

The Head of Pensions Administration, Phillippa Cockerill, 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 November 2020 meeting.

The following issues were highlighted:-

- ◆ PFC Report

The PFC report from their November 2020 meeting was provided as an Appendix to the report.

- ◆ Breaches Log

The Breaches Log was attached at Appendix 2 to the report. Two new entries had been added relating to the late provision of pension saving statements and the starter information provided by an employer. Details of the nature of these issues were outlined.

It was noted that both issues had been identified by the administration team and work had been undertaken to rectify these matters. In terms of the starter information an apology had been issued and the information had been re-sent to the correct party. In terms of the saving statements the members had been informed together with HMRC, from whom a response was awaited. The total number of statements issued each year for the last 3 years was provided to give context to the scale of the issue. Clarification was provided as to how the issues had been identified and subsequently addressed, with work being undertaken to try and prevent these issues from arising again.

Members considered whether the Breaches should be reported to the Pensions' Regulator. It was considered that, currently, with a response awaited from HMRC, there were insufficient details available to determine whether the matter should be reported, and that a decision on that should be deferred. It was noted that the issuing of information to the incorrect person had not been reported to the ICO. It was suggested that future reports should indicate the level of the Breach and provide a flow chart in relation to where matters can be reported to.

In response to a Member's question it was noted that the Board had not referred any matters to the Regulator since its introduction in 2015.

- ◆ Annual Benefits Statements (ABS)

The final outturn for the 2020 issuing of the ABS had seen a final total of 142 having not been provided by the end of the year. The preparation for the 2021 ABS was now underway. To put the figure in context it was noted that 30,666 had been issued. A Member asked whether the target of issuing 100% ABS by the specified date was realistically achievable. In response it was stated that it could be achieved, however, it was unlikely that the data provided could

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be corroborated, and, as NYPF had chosen to not publish ABS until the data was correct, a 100% production would remain difficult. Members considered it important that the correct data was provided within the ABS. The process for checking the data was explained and how discrepancies could occur. It was noted that there was no specific organisation where the supply of incorrect data could be pinpointed, with issues across all organisations, however, in the main, the details provided were correct.

Members agreed that there had been a significant improvement in respect of the issuing of ABS in recent years, and acknowledged that further improvements to NYPF systems currently being introduced were likely to bring further improvements, going forward.

◆ Data Reconciliation Projects – GMP and Pensioner Data

Both reconciliations continued to progress with a number of queries being referred back to the administration team for review and resolution. The reconciliation was scheduled to be completed by 30 November but the date has been pushed back due to the time taken to respond to the queries raised. The data was corrected by the given date and, therefore, it would not impact on the pensioner payroll data migration which was required as part of the payroll integration project. Figures from the projects would be fed back into the Pension Board as soon as they were finalised.

◆ Data Quality Survey

A comparison of data quality scores had been undertaken with the other BCPP Funds, with the NYPF scores sitting about mid table.

◆ The Restriction of Public Sector Exit Payments Regulations 2020 - £95k Cap

Although this was in place by the 4th November, the Scheme Regulations had not yet been changed, therefore, the PFC was required to provide guidance as to how the NYPF would proceed on such matters. They agreed to adopt the approach recommended by both the Scheme Advisory Board and Ministry of Housing, Communities and Local Government in offering the member the option of either a deferred pension or a fully reduced pension. Employers were being kept aware of this issue and any further developments that arise. It was noted that, at this stage, there had been no call on the temporary procedure. Members raised concerns that this could have a major impact on the Fund but it was emphasised that the impact would be felt by Scheme Members on their benefits, rather than the Fund. It was expected that complaints would arise from the imposition of the Regulations and it was stated that a number of Authorities and the Unions had launched challenges against this, although it was clarified that NYCC was not one of these.

◆ Cyber Security approach

Cyber Security for the NYPF was covered by the NYCC Policy and was monitored by Technology and Change, who would be developing a series of reports on this matter for use throughout the Authority, which would be utilised for the Pension Board in due course. A questionnaire on Cyber Security had been circulated by the Pensions Regulator and details of the response from the NYPF were provided. A Member noted that the questionnaire referred to the publication of reports and asked of the timescale

for T&C producing these. In response it was stated that no timescales had been given but these would be provided to the Board, for consideration, as soon as they were available. It was noted that a recent seminar on this issue had highlighted the benefit of undertaking simulation exercises with other Authorities. It was stated that possibilities for these would be investigated.

Resolved -

- (i) That the contents of the report be noted and any action identified be undertaken accordingly.
- (ii) That the contents of the Breaches Log be noted and further details be provided in relation to the breaches highlighted before a decision is taken as to whether to report the issues to the Pensions Regulator.

266. Internal Audit Reports

Audit Manager, Ian Morton, provided the Pension Board with an update on Internal Audit activity.

The report highlighted the Audit Plan for 2020/21, previously approved by the Pension Board, as follows:-

- ◆ Income and Expenditure Audits were due to commence in January
- ◆ The Investments Audit was underway
- ◆ The Expenditure audit for 2019/20 had not previously been reported to the Board in detail and was attached as an appendix to the report
- ◆ All agreed actions for 2018/19 audits had now been completed as shown in summary in the appendix attached to the report. The 2 actions for the 2019/20 Expenditure report were not due to be completed until April 2021

The issue of those receiving a pension from the NYPF, who were now living abroad, and the checks carried out in relation to this, particularly in respect of whether they were still alive and entitled to the benefits, was discussed. It was noted that the numbers were quite low in respect of this and the information was often difficult to obtain. It was suggested, however, that further consideration was to be given to the process involved to determine how this could be better addressed. It was noted that there had been no effect, on paying pensioners living abroad, to the NYPF, from leaving the EU.

Given the lockdown periods and how that had affected work, it was asked whether the internal audit work outlined had begun yet. In response it was stated that work had just commenced on the investments' audit, with the others expected to start shortly. It was clarified that the internal audit work was expected to be completed on time. It was noted that there may be some implications for overseas members around the payment system, now the UK has left the EU, that they would need to sort and it was suggested that clarification should be made as to whom the responsibility for this was with.

Resolved -

That the report be noted.

267. Budget and Accounts

Members considered a report of the Treasurer which provided an update on the Pension Fund budget, cashflow projections and 2019/20 Annual Report and Accounts. The report taken to the November PFC Meeting was attached as an appendix to the report for Board members to consider.

The following issues were highlighted:-

- The 3 year cashflow position – Quarter 2 had seen a slight surplus cash position which was better than expected and the Fund was not expecting to go significantly cash negative in the short term.
- Details were provided of the Quarter 2 outturns in terms of the cost of operating the Fund and the various balances – some major issues, such as McCloud, were impacting on those costs.
- There was still volatility in the markets leading to fluctuations in returns which was likely to continue for the foreseeable future.
- The Final Accounts and Annual Report had been published by the due date.

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

- A Member stated that information from Unison Head Office had indicated that Brexit had resulted in a substantial impact on shareholdings in Companies based in the EU and he asked what impact the Fund's investments had suffered as a result. In response it was stated that it was not thought that there had been any significant impact on the Fund's investments as a result of Brexit, however, details would be sought and circulated to Members.

Resolved -

That the report be noted.

268. Review of Risk Register

Members considered a report of the Assistant Chief Executive (Legal and Democratic Services) providing an opportunity to comment on the Pension Fund Risk Register.

It was noted that the Register was reviewed by both the PFC and the County Council's Audit Committee on a regular basis and was also provided to the Pension Board on a six monthly basis, to consider any issues that may arise.

It was noted that, at the previous meeting, a Member had requested that consideration be given to providing a % figure in respect of how much of the issues identified had been addressed, rather than a review date, within the Risk Register. It was stated that this had been considered but as the actions were ongoing it was felt the current reporting method was more appropriate.

Resolved -

That the report be noted.

269. Training

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

It was noted that the report providing details of training events attended, and activities undertaken by Pension Board Members was not now published as part of the report but did appear on the Meeting's web page and this was up to date.

Resolved -

- (i) That the report be noted
- (ii) that Members should continue to identify any appropriate training needs.

270. Work Plan – Annual Review and Plan for 2021

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 until April 2022.

Resolved -

- (i) That the Work Plan, as detailed in Appendix 1 to the report, be approved.
- (ii) That the dates of ordinary meetings as detailed in the report be noted as follows:-

Thursdays at 10 am

2020/21

8th April 2021

2021/22

8th July 2021

7th October 2021

13th January 2022

7th April 2022

258. Other business

Local Government Reorganisation

A Member asked whether there were any implications for the Pension Fund from the proposed reorganisation of Local Government in North Yorkshire. In response the Chairman noted that both the PFC and Pension Board would continue to operate whatever the decision with regards reorganisation, and considered any implications would be fed into the Board in due course.

Resolved -

That the issue highlighted be noted.

Amanda Alderson.

The Chairman stated that this would be the last meeting of the Board that Amanda Alderson would be attending as she was moving on to another role in NYCC. He thanked her for her support in his role as Chairman and for the work she had carried out for the Board and the Fund in general. Members of the Board echoed the views of the Chairman.

Amanda thanked everyone for their best wishes.

The Chairman noted that Qingzi Bu would be taking over Amanda's role and he introduced himself to the Board.

Resolved –

That the thanks from the Pension Board to Amanda be formally recorded

The meeting concluded at 4.30pm.

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