

North Yorkshire Council

Pension Fund Committee

27 June 2025

Governance Arrangements

Report of the Treasurer

1.0 PURPOSE OF REPORT

1.1 To review a range of governance documents and for the Committee to approve them, being:

- a) Investment Strategy Statement
- b) Governance Compliance Statement
- c) Communications Policy
- d) Risk Register
- e) Risk Management Policy
- f) Pensions Administration Strategy
- g) Administering Authority Discretions Policy
- h) Internal Dispute Resolution Procedure (IDRP) Guide
- i) Governance Roles and Responsibilities
- j) Charging Policy
- k) Breaches Policy
- l) Data Improvement Plan
- m) Overpayment Recovery Policy
- n) GDPR Memorandum of Understanding
- o) Knowledge and Skills Policy (formerly Training Policy)
- p) Cashflow Policy
- q) Responsible Investment Policy, Corporate Governance and Voting Guidelines, Climate Change Policy

1.2 To provide Members with the North Yorkshire Pension Fund's draft 2024/25 Statement of Accounts.

2.0 BACKGROUND

2.1 The governance documents for the North Yorkshire Pension Fund (NYPF or 'the Fund') are reviewed and approved annually by the Pension Fund Committee (PFC). Regulations require that certain governance documents and the Pension Fund Statement of Accounts form part of the Annual Report of the Fund. Alongside the documents included in the Annual Report, all other governance documents are also reviewed annually as a matter of good practice.

3.0 GOVERNANCE ARRANGEMENTS FOR NYPF

3.1 A description of each of the Fund's governance documents is included in the following paragraphs, together with comments on the changes that have been made since they were last approved and any actions that are required by the PFC. These documents are appended to this report and show the material amendments to the previously approved versions as tracked changes.

3.2 Governance documents to be included in the Annual Report

- 3.2.1 The **Investment Strategy Statement (ISS)** sets out the Fund's approach to investing. The document has been updated to reflect changes to the investment strategy approved by the Committee earlier this year, investment pooling developments, as well as the adoption of Border to Coast's suite of responsible investment policies subject to approval at this meeting. The updated ISS is attached as **Appendix 1**. **Members are asked to approve this document.**
- 3.2.2 The **Governance Compliance Statement** describes the governance arrangements of the Fund. The latest version is attached as **Appendix 2**. Minor tracked changes have been made to the document. **Members are asked to approve this document.**
- 3.2.3 The **Communications Policy**, attached as **Appendix 3**, details the policy for communicating with all the Fund's stakeholders. Minor tracked changes have been made. **Members are asked to approve this document.**

3.3 Other Governance Documents

- 3.3.1 The **Risk Register** has recently been updated and is attached for approval. **Appendix 4a** is a summary of the Risk Register and **Appendix 4b** is the Risk Register itself. The register describes the key risks faced by the Fund. There are seven risks ranked as medium and three as low.

The Key Personnel risk is currently the highest risk due to extended absence of a senior accountant and competing demands within the Council's finance team. However, the senior accountant post was filled earlier this month, and as their knowledge and experience develops this risk will reduce.

Pension Fund solvency also remains a medium risk, despite the strong solvency position, and recent changes to the investment strategy to reduce investment risk. The volatile nature of global financial markets, which affects asset and liability valuations, means this risk is unlikely to ever be ranked as a low risk.

The IT Systems risk has increased due to the ongoing major project to replace the current Council wide Finance system.

Members are asked to approve these documents.

- 3.3.2 The **Risk Management Policy** for the Fund, attached as **Appendix 5**, was last approved in 2023. The Council's Risk Management team has recommended that this document is reviewed every three years or more frequently if significant changes are required. Minor tracked changes have been made. **Members are asked to approve this document.**
- 3.3.3 The **Pensions Administration Strategy**, attached as **Appendix 6**, sets out the administration protocols between employers and the Fund. Minor tracked changes have been made. **Members are asked to approve this document.**
- 3.3.4 The **Administering Authority Discretions Policy**, attached as **Appendix 7**, sets out the agreed approach for each discretion within the LGPS regulations that requires a decision from the administering authority. There have been no changes made. **Members are asked to approve this document.**

- 3.3.5 The **Internal Dispute Resolution Procedure (IDRP) Guide**, attached as **Appendix 8**, sets out how scheme members can resolve problems or complaints they may have about their pension benefits. Minor tracked changes have been made. **Members are asked to approve this document.**
- 3.3.6 The **Governance Roles and Responsibilities**, attached at **Appendix 9**, sets out the governance arrangements for the Fund. It also sets out the escalation procedures in the event of a breach of statutory requirements for the administration of the LGPS. A new responsibilities chart has been added to meet the Pensions Regulator's new General Code of Practice. Other minor tracked changes have also been made. **Members are asked to approve this document.**
- 3.3.7 The **Charging Policy**, attached at **Appendix 10** should be read in conjunction with the Pensions Administration Strategy. It sets out the Fund's policy on charging employers for poor quality data, late submissions of information required to calculate member benefits and late payment of contributions or submission of accompanying paperwork. Minor tracked changes have been made. **Members are asked to approve this document.**
- 3.3.8 The **Breaches Policy**, attached at **Appendix 11**, sets out the Fund's policy and procedures for identifying, managing and where necessary reporting breaches of the law as covered in the Pensions Regulator's new General Code of Practice. Minor tracked changes have been made. **Members are asked to approve this document.**
- 3.3.9 The **Data Improvement Plan**, attached at **Appendix 12**, sets out the Fund's policy and procedures for identifying, managing and improving data quality to ensure it can deliver its core functions and to ensure the cost-effective use of resources. Tracked changes have been made to ensure the plan complies with the requirements of the Pensions Regulator's new General Code of Practice. **Members are asked to approve this document.**
- 3.3.10 The **Overpayment Recovery Policy**, attached at **Appendix 13**, sets out the Fund's policy and procedures for identifying and recovering any overpayments of benefits. This is a new policy created to meet the requirements of the Pensions Regulator's new General Code of Practice. **Members are asked to approve this document.**
- 3.3.11 The **General Data Protection Regulations (GDPR) Memorandum of Understanding**, attached at **Appendix 14**, sets out for employers the statutory basis on which data will be shared between the parties and NYPF's expectations of employers during their participation in the Fund. This follows the approach taken by the administering authority. There have been no changes made. **Members are asked to approve this document.**
- 3.3.12 The **Knowledge and Skills Policy** attached as **Appendix 15**, sets out the requirements for knowledge and understanding within the NYPF as set out in the Pensions Regulator's new General Code of Practice. The policy has been significantly updated to reflect the requirements of the new code. **Members are asked to approve this document.**
- 3.3.13 The **Cashflow Policy** attached as **Appendix 16**, describes how the Fund will manage its cashflow requirements. This is an area of increasing importance now that the Fund's operations are cashflow negative. **Members are asked to approve this document.**
- 3.3.14 For many years the Fund's Responsible Investment (RI) Policy has reflected an overarching approach to investment arrangements across a significant number of investment managers. These managers have each had their own ways of dealing with environmental, social and governance factors, including determining their specific importance in investment decision making processes.

- 3.3.15 The Fund started pooling investments with Border to Coast in 2019. Since then, many transitions have taken place, with over 80% of the total value of the Fund now managed by Border to Coast. The investments managed outside of Border to Coast are expected to be under pool management from April 2026. Work is underway to determine how these arrangements will work. This will be to comply with new regulations, based on the Government's conclusions from the *fit for the future* consultation.
- 3.3.16 Border to Coast has its own **Responsible Investment Policy, Corporate Governance and Voting Guidelines** document, and **Climate Change Policy**, attached at **Appendices 17a, 17b and 17c** respectively. They are reviewed and updated each year, based on evolving best practice and feedback from the eleven partner funds. These reviews have been summarised in the agenda papers of Joint Committee meetings, most recently for the [26 November 2024 meeting](#). The latest review led to very few changes, with there being nothing significant enough to bring to the attention of the Committee. The main reasons for this were the progressive changes made in previous years, and the retirement of the Head of Responsible Investment in 2024. A more comprehensive review is expected in 2025, incorporating the views of the new Head of Responsible Investment.
- 3.3.17 In consideration of the assets currently managed by Border to Coast, plans for the remaining assets to be under pool management within a year, and NYPF's active role in the development of Border to Coast's RI policies, it is an appropriate time for Border to Coast's RI policies to be adopted by the Fund, rather than continue with a separate RI policy. **Members are therefore asked to approve these documents** for adoption by NYPF.
- 3.3.18 The following documents have not been brought to this meeting but will be brought to the September meeting for review and approval.
- **Admissions and Terminations Funding policy** – to be updated following changes to the Funding Strategy Statement as part of the 2025 triennial valuation.
 - **Funding Strategy Statement** – to be updated as part of the 2025 triennial valuation.
 - **GDPR Privacy Notice** – to be updated in line with the latest privacy notice provided by the Local Government Association.

4.0 NEXT STEPS

- 4.1 It has been the Committee's practice to have the governance documents of the Fund reviewed by an independent party every few years. The last review was carried out in 2020. The next review was due in 2022 but was postponed pending the Government's conclusions from the good governance review, undertaken by the Scheme Advisory Board and Hymans Robertson.
- 4.2 As time would tell, the Government did not reach any conclusions, but related proposals were included in the *fit for the future* consultation and are expected to imminently feature in new regulations and guidance. It is now clear that there will be a requirement for governance reviews to take place every three years, in line with the valuation cycle. Therefore, arrangements are underway for a review of the Fund's arrangements. The intention is that the findings of this review will be reported to this committee in June 2026.

4.0 NYPF DRAFT STATEMENT OF ACCOUNTS

- 4.1 The statutory deadline for the Council to publish its 2024/25 unaudited accounts, which includes NYPF's accounts is 30 June 2025. The deadline to publish its final (audited) accounts is 27 February 2026, although this is a back-stop date and a publication date in September 2025 is expected, subject to the timely completion of the audit. The responsibility to approve the Council's draft accounts resides with its S151 Officer, and its Audit Committee has the responsibility to approve its final accounts.

- 4.2 The draft NYPF Statement of Accounts is attached as **Appendix 18**.
- 4.3 The deadline for the publication of the NYPF Annual Report, which includes the Fund's accounts is 1 December 2025. It is the PFC's responsibility to approve this document. It will therefore be brought to the PFC for approval at its meeting on 21 November 2025.

5.0 RECOMMENDATIONS

Members are asked to:

5.1 Approve the changes made to the following governance documents:

- Investment Strategy Statement (Appendix 1)
- Governance Compliance Statement (Appendix 2)
- Communications Policy (Appendix 3)
- Risk Register (4a and 4b)
- Risk Management Policy (Appendix 5)
- Pension Administration Strategy (Appendix 6)
- Administering Authority Discretions Policy (Appendix 7)
- IDRP Guide (Appendix 8)
- Governance Roles and Responsibilities (Appendix 9)
- Charging Policy (Appendix 10)
- Breaches Policy (Appendix 11)
- Data Improvement Plan (Appendix 12)
- Overpayment Recovery Policy (Appendix 13)
- GDPR Memorandum of Understanding (Appendix 14)
- Knowledge and Skills Policy (Appendix 15)
- Cashflow Policy (Appendix 16)
- Responsible Investment Policy (Appendix 17a)
- Corporate Governance and Voting Guidelines (Appendix 17b)
- Climate Change Policy (Appendix 17c)

5.2 Note the draft 2024/25 NYPF Statement of Accounts (Appendix 18).

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18 June 2025