

# North Yorkshire Pension Fund



## North Yorkshire Local Pension Board

### Annual Report for the period 1 April 2019 to 31 March 2020

#### Background

In June 2014 the Government published a consultation “The Local Government Pension Scheme (Amendment) Regulations 2014: draft Regulations on scheme governance”. These Regulations were essentially a crystallisation of the governance arrangements framework set out in the Public Service Pensions Act 2013.

The Regulations required Administering Authorities to each establish a Local Pension Board by 1 April 2015, being a formal body constituted by North Yorkshire County Council (the Administering Authority for the North Yorkshire Pension Fund (NYPF)), and the Board to be operational by 1 August 2015.

The Terms of Reference for the Pension Board were drafted in February 2015 to comply with the draft Regulations and guidance, in consultation with the Chair and Vice-Chair of the Pension Fund Committee and the Assistant Chief Executive (Legal and Democratic Services). The document was approved by the Council on 18 February 2015.

The Pension Board was established and its membership developed, and it held its first meeting on 30<sup>th</sup> July 2015.

In April 2016, the LGPS Scheme Advisory Board (SAB) was established as a statutory body encouraging best practice, increasing transparency and co-ordinating technical and statutory issues at a national level. Alongside this the role of the Pensions’ Regulator had been extended to cover public sector schemes, and guidance has been introduced in the form of the Regulator’s Code of Practice 14, which includes the reporting of statutory and regulatory breaches, for example the late payment of contributions and the issue of Annual Benefit Statements after the statutory deadline.

#### Role

The role of the local Pension Board is defined by sections 5(1) and 5(2) of the Public Service Pensions Act 2013 as follows:

1. To assist the Council as Administering Authority in its role as Scheme Manager to:
  - secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS;
  - secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator;
  - secure the effective and efficient governance and administration of the LGPS for the Pension Fund
  - assist in such other matters as the LGPS regulations may specify
2. To provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest

It is not the role of the Pension Board to be involved in the day to day running of the NYPF.

The operation of the Pension Board is open and transparent, its meetings are open to the public and all required details relating to the Pension Board, including minutes of meetings, are on the North Yorkshire County Council website –

<http://democracy.northyorks.gov.uk/committees.aspx?commid=91>

### **Membership of the Board**

The Board consists of 9 members, 4 scheme member representatives, 4 employer representatives and an independent chair. The current Membership is as follows:-

PORTLOCK, David	Chairman - Independent Member (Non-voting)
BAKER, Bob (County Councillor) replaced JORDAN, Mike (County Councillor) November 2019	Employer Representative – North Yorkshire County Council
HOOK, Ann (Councillor) replaced CUTHBERTSON, Ian (Councillor) July 2019	Employer Representative – City of York Council
BARBERY, Emma	Employer Representative – Askham Bryan College
BRANFORD-WHITE, Louise	Employer Representative – Hambleton District Council
HAWKINS, David	Employer Representative Co-opted Member, non-voting – York College
HOULGATE, David	Scheme Member Representative - UNISON
PURCELL, Simon	Scheme Member Representative - UNISON
VACANCY	Scheme Member Representative
GRESTY, Gordon	Scheme Member Representative – Retired Members

The Independent Chairman of the Board, David Portlock, together with original Employer Representative Louise Branford-White and Scheme Member Representative Gordon Gresty were re-appointed to the Board in January 2020, for a further four years, following their original four years' term of office coming to an end. County Councillor Mike Jordan, an original Member of the Board, decided to step down from the Board at the end of his term of office and was replaced by County Councillor Bob Baker.

City of York representative, Councillor Ian Cuthbertson, stood down from the Board following his appointment to the Pension Fund Committee, as the Terms of Reference prevent a Member from serving on both bodies concurrently. He was replaced by Councillor Anne Hook in July 2019.

Emma Barbery of Askham Bryan College was appointed to the vacant Employer Representative position in January 2020, following a recruitment exercise. David Hawkins of York College was appointed as a non – voting, co-opted Member to the Board, following the recruitment exercise, to assist with continuity and recruitment, going forward

Action is currently being taken to fill the vacant Scheme Member representative position indicated.

### **Terms of Reference**

A copy of the Board's Terms of Reference is attached at **Appendix 1**. The Terms of Reference, agreed by the Administering Authority in February 2015, were reviewed at the Meeting of the Board held on 17<sup>th</sup> January 2019 where it was agreed that a fundamental review was required following a number of changes to the Local Government Pension Scheme (LGPS) since the introduction of the Board, including the introduction of pooling arrangements for investments. The review was undertaken at the meeting of the Board held in July 2019, assisted by the Treasurer of the NYPF, Gary Fielding, and the Independent Observer to the Fund, Peter Scales.

The review saw the inclusion of the following to Item 8 of the Terms of Reference, Remit of the Board:-

Reviewing the governance of the new pooling arrangements, to assist in ensuring compliance, effective and efficient reporting, and the monitoring of investment management.

The remainder of the Terms of Reference were unchanged.

### **Attendance at Meetings**

Meetings of the Board currently take place 4 times a year and are well attended.

Attendance at meetings was as follows:-

11<sup>th</sup> April 2019 – All Members in attendance.

18<sup>th</sup> July 2019 – All Members in attendance.

3<sup>rd</sup> October 2019 – All Members in attendance.

16<sup>th</sup> January 2020 – County Councillor Bob Baker and Louise Branford-White absent. All other Members in attendance.

### **COVID 19**

The restrictions brought about by the COVID 19 pandemic had begun to affect the work of the Pension Board and Pension Fund Committee just prior to 31<sup>st</sup> March 2020, however, full details of the impact of the restrictions will be outlined in the 2020/21 Annual report.

## **Attendance at Pension Fund Committee**

The Chair of the Board is an ex-officio, non-voting, Member of the Pension Fund Committee. Each ordinary Meeting of the Pension Fund Committee has an agenda item that provides an opportunity for the Chair of the Board to present feedback and the minutes of the previous meeting of the Board are submitted for information. The minutes of the Pension Fund Committee are also submitted to the Pension Board and, again, the Chairman provides feedback.

Members of the Pension Board attend meetings of the Pension Fund Committee to observe proceedings when available.

## **Issues Considered**

The following have been considered by the Pension Board over the year:-

- NYPF Annual Report for the year ended 31 March 2019
- External Audit Report on the NYPF for the year ended 31 March 2019
- Risk Register
- Internal Audit reports
- LGPS Pooling arrangements
- Investment Strategy Statement
- Investment Strategy Review
- Publication of Pension Board Annual Report
- Pension Administration – including Breaches Log, Annual Benefit Statements, Data Quality, etc.
- Pensions Regulator developments – including a consultation on Governance and Admin Risks in Public Service Pension Schemes
- Employer and Administering Authority discretions
- Governance Documents Review
- Board Evaluation and Skills Matrix questionnaires
- Feedback from training courses attended
- Management, administration and governance process and procedure
- Treasurer of the NYPF – Annual discussion
- A review of the Terms of Reference assisted by the Treasurer and the Independent Observer to the Fund
- Receiving feedback from the Border to Coast Pensions' Partnership (BCPP) – particularly with concerns around the non-provision of information due to confidentiality
- Meetings between representatives of the Pension Boards with partner Funds in the BCPP
- Triennial Valuation 2019
- Sixth Form Colleges – Non-transferal of Staff to LGPS

Details in relation to the discussions on these issues can be found in the minutes for the meetings which are available on the North Yorkshire County Council website –

<http://democracy.northyorks.gov.uk/committees.aspx?commid=91>

The LGPS Pooling arrangements have been a major issue of consideration for the Pension Board. The NYPF has committed to joining the Border to Coast Pensions Pool, along with 11 other LGPS. The pool began operating in July 2018 and the Pension Board has been committed to scrutinising the governance arrangements for the pool. This work is ongoing.

## **Data Quality**

In line with the requirement introduced by the Pensions Regulator, to include each fund's data score in the annual return with effect from 2019, NYPF have submitted the following scores:

Common Data: 95.97%

Conditional Data: 96.97%

Common data is that set of data that is defined as necessary and applicable to all members of all schemes. This data is that required to identify scheme members. For example, surname, date of birth, national insurance number, address, etc. There are 10 data items listed by the Pensions Regulator as being classed as common data.

Conditional data is that set of data that is defined as additional detailed data required for the administration of a pension scheme. This data is dependent on scheme type, structure and system design. For example, employer, salary history, contributions, transfer in details, etc.

A suite of reports have been developed to enable the identification of data errors and calculation of the annual data score. These reports will form the basis of targeted data cleansing work.

A data improvement plan has been created to ensure quality and scores improve from year to year. Part of this plan is the ongoing rolling schedule of data quality checking and cleansing.

## **Conflicts of Interest**

The Board adopted a Conflicts of Interest Policy, attached as **Appendix 2**, at its inaugural meeting on 30<sup>th</sup> July 2015 and this is reviewed annually. The requirement to declare Conflicts of Interest is an item on every agenda for Board meetings. No conflicts were identified nor disclosed in the period to 31 March 2020.

## **Skills and Development Activities**

Board Members have undertaken a comprehensive range of training and development opportunities, as required by the Pension Regulator's Code of Practice. An evaluation of skills and experience has been undertaken and is being evaluated to identify possible training requirements and areas where skills and knowledge need development.

Discussions have taken place, with the Pension Fund Committee, in relation to the requirement for Pension Fund Committee Members to undertake appropriate training and development in future, with a training policy having now being adopted. Members of the Committee have undertaken an evaluation of their skills, and the publication of the results of that are awaited, to enable a joint training plan to be developed for both the Committee and the Board.

The Board adopted a Training Policy, attached as **Appendix 3**, at its inaugural meeting on 30<sup>th</sup> July 2015.

Details of the training and development undertaken by Board Members are provided in **Appendix 4**.

## **Programme of Work**

The Board has developed a programme of work which is reviewed and updated at every meeting of the Board. Details of the programme of work are provided in **Appendix 5**.

## **Pension Board Costs for 2019/20 and Budget for 2020/21**

The Board's costs for 2019/20 were as follows:

Chair's Allowance	£3,000
Travel	£ 36
Skills development	£3,370
<b>Total</b>	<b>£6,406</b>

The Board's budget for 2020/21 is as follows:

Chair's Allowance	£3,000
Travel	£1,500
Skills development	£5,000
<b>Total</b>	<b>£9,500</b>

The above costs are borne by the Pension Fund.

In addition to the expenditure detailed above, the Board receives assistance and support from the Council's Legal & Democratic Services and Pension Fund Officers. An estimate of the cost and value of this assistance and support has not been calculated.

### **Pension Board self-assessment**

The Board's terms of reference and guidance from the Pension Regulator's Code of Practice 14 require that the Board undertakes a review of its effectiveness and the knowledge and skills of Board members.

In relation to this, questionnaires have previously been circulated to Board Members to provide an evaluation of skills and experience. Details will be fed back into the Board accordingly and an appropriate joint training plan with members of the Pension Fund Committee will be developed.

### **Equality Impact Review**

An Equality Impact Review is not required as there are no relevant decisions to be taken.

**David Portlock**  
**Independent Chair of the Local Pension Board**  
**October 2020**

## APPENDIX 1

# Pension Board of the North Yorkshire Pension Fund

### Terms of Reference and Delegated Authorities

#### 1) Role of the Local Pension Board

The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is

- to assist North Yorkshire County Council (NYCC) as Administering Authority in its role as Scheme Manager
- to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator
- to secure the effective and efficient governance and administration of the LGPS for the North Yorkshire Pension Fund (NYPF, or the Fund)
- in such other matters as the LGPS regulations may specify
- to provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest

The terms “Administering Authority” and “Scheme Manager” are used interchangeably in the Regulations but are separately defined in this document (see section 18). NYCC as the Administering Authority has ultimate responsibility for the Fund and has delegated powers to manage the Fund to the Pension Fund Committee (PFC).

These Regulations provide that the Pension Board has the general power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also help ensure that the NYPF is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator, with due regard to guidance issued by Government, the Pensions Regulator and the National Scheme Advisory Board.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than four times in any year.

The Pension Board will determine the precise timing of its own meetings, which will take place at suitable intervals between PFC meetings so that PFC activity relevant to the Board can be considered and responses to recommendations reviewed prior to the next meeting of the PFC.

#### 2) Membership and Appointment Process

The Pension Board shall consist of 9 members and be constituted as follows:

- i) 4 scheme member representatives, of whom
  - a. 2 shall represent and be drawn from active members of the Fund
  - b. 1 shall represent and be drawn from pensioner and deferred pensioner members of the Fund

c. 1 shall represent and be drawn from either the active or deferred/pensioner members of the Fund  
ii) 4 employer representatives, of whom

- a. 1 shall be nominated by NYCC who shall meet the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority
- b. 1 shall be nominated by the City, Borough and District Councils, the Police and Fire bodies and the National Parks which are employers within the Fund
- c. 1 shall be nominated by all other employers within the Fund
- d. 1 shall be nominated by any employer other than NYCC

iii) 1 independent member, who shall be appointed as Chair of the Pension Board  
Elected Members and officers involved in the management and administration of the Fund are not permitted to become Pension Board members.

The Administering Authority will contact employers and members of the Fund to inform them of the Pension Board arrangements and to canvass interest whenever appointments to the Pension Board are required. Active, pensioner and deferred pensioner members will be eligible to nominate themselves as "scheme member representatives". Individuals put forward by the Fund's employers, whether or not those individuals are members of the Fund, will be eligible to stand as "employer representatives".

The position of independent member will be advertised publically. The Administering Authority will seek an independently minded individual with a track record of dealing with governance issues. Following receipt of nominations/applications the Administering Authority will arrange an independent as possible appointment process. This process will include assessing information supplied by candidates in support of their nomination/application and may be supplemented by interviews as appropriate.

Members in all categories will only be appointed to the Pension Board by the Administering Authority if they either meet the knowledge and skills requirements set out in the relevant regulations and guidance (see Section 7) or commit to do so within 3 months of the appointment date.

Members of the Pension Board will serve for a term of 4 years following which they may either retire from the Board or seek nomination for an additional term. The term of office may otherwise come to an end

- i. for scheme member representatives if they cease to be a member of the relevant group
- ii. for employer representatives who are councillors if they cease to hold office as a councillor
- iii. for employer representatives who are not councillors when they cease to be employed by their nominating employer
- iv. for a councillor member who is appointed to the PFC
- v. for a scheme member or employer representative who is appointed to a role with responsibility for the management or administration of the Fund
- vi. where there is a conflict of interest which cannot be managed in accordance with the Pension Board's Conflicts of Interest Policy
- vii. where a member fails to attend meetings, undertake training or otherwise comply with the requirements of being a Pension Board member

Each Pension Board member should endeavour to attend all Board meetings during the year and is expected to attend at least 3 meetings each year. The chair of the Board is also expected to attend the quarterly meetings of the PFC.

Given the nature of the Pension Board as a supervisory body and the need for appropriate knowledge and skills and the clear avoidance of conflicts of interest, substitute members are not permitted.

In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Administering Authority.

Other than by ceasing to be eligible as set out above, a Board member may also be removed from office during a term of appointment by the unanimous agreement of all of the other members. The removal of the independent member requires the consent of the Administering Authority.

### **3) Conflicts of Interest**

The policy for identifying, monitoring and managing conflicts of interest is set out in a separate policy document, which should be regularly reviewed by the Pension Board.

### **4) Standards of Conduct**

The role of Pension Board members requires the highest standards of conduct and therefore the “seven principles of public life” will be applied to all Pension Board members and embodied in their code of conduct.

These are:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership

### **5) Knowledge and Skills**

A member of the Pension Board must be conversant with:

1. The legislation and associated guidance of the LGPS
2. Any document recording policy about the administration of the LGPS which is for the time being adopted by the NYPF

A member of the Pension Board must have knowledge and understanding of:

- a. the law relating to pensions, and
- b. any other matters which are prescribed in the regulations

Individual Pension Board members must satisfy themselves that they have the appropriate degree of local knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board. This includes being fully aware of all requirements detailed in these terms of reference for example on standards of conduct and conflicts of interest, and being conversant with the investment strategy of the Fund.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

## **6) Board Review Process**

The Board will undertake each year a formal review process to assess how well it and its members are performing with a view to seeking continuous improvement in the Board's performance.

## **7) Accountability**

The Pension Board will be collectively and individually accountable to the Administering Authority.

## **8) Remit of the Board**

The Pension Board must assist the Administering Authority with such matters as the scheme regulations may specify. It is for scheme regulations and the Administering Authority to determine precisely what the Pension Board's role entails. Examples of activity include, *inter alia*:

- reviewing the Fund's governance and policy documents, such as the Governance Compliance Statement and the Communications Policy Statement
- reviewing the Fund's Annual Report
- reviewing the administrative performance of the Fund
- reviewing shareholder voting and engagement arrangements
- reviewing the Fund's Risk Register
- reviewing the NYPF website
- supporting and challenging PFC actions as a critical friend
- Reviewing the governance of the new pooling arrangements, to assist in ensuring compliance, effective and efficient reporting, and the monitoring of investment management.

## **9) Decision making**

Each Pension Board member who is a scheme member or employer representative will have an individual voting right but it is expected that the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will not be entitled to vote.

## **10) Quorum**

The Board shall be quorate if the Chair, 1 scheme member representative and 1 employer representative are present.

## **11) Board Meetings – Notice, Minutes and Reporting**

The Administering Authority shall give notice to all Pension Board members of every meeting of the Pension Board and shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board, they shall be circulated to all Pension Board members.

The Pension Board is a committee of the Council and as such the Council's rules on notice of meetings, publishing agendas, reports and minutes and that meetings and papers (unless exempt) are open to the public will apply. At the discretion of the Administering Authority items may be edited or excluded on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for

the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Pension Board shall annually report to the Administering Authority on its nature and activities. The precise content of this report will be subject to consideration and agreement at a meeting of the Board but as a minimum should include

- a. details of members attendance at meetings of the Pension Board
- b. details of training and development activities made available to Pension Board members and attendance at such activities
- c. details of any recommendations made by the Pension Board to the Scheme Manager and the Scheme Manager's response to those recommendations
- d. details of costs incurred in the operation of the Pension Board
- e. a review of the effectiveness of the Board (see Section 6)

In consideration of items of business at its ordinary meetings the Pension Board shall determine whether it wishes to make recommendations to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

The Pension board shall also report as required by the regulations to the Pensions Regulator and the National Scheme Advisory Board.

## **12) Reporting Breaches**

Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in the draft code of practice 14 issued by the Pensions Regulator, *Governance and Administration of Public Service Pension Schemes*.

## **13) Publication of Pension Board information**

Scheme members and other interested parties will want to know that the NYPF is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, and to carry out its role in relation to the governance and administration of the scheme and requirements of the Pension Regulator.

Up to date information will be posted on the NYPF website showing:

- the names of the Pension Board members and other relevant information
- how the scheme members are represented on the Pension Board
- the responsibilities of the Pension Board as a whole
- the full terms of reference and policies of the Pension Board and how they operate
- the Pension Board appointment process
- any specific roles and responsibilities of individual Pension Board members

The Administering Authority will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

## **14) Advice to the Board**

The Board will be supported in its role and responsibilities by the Administering Authority through advice and support as appropriate.

## **15) Expense Reimbursement, remuneration and allowances**

The Administering Authority will determine remuneration and allowances to be paid to Pension Board members based on recommendations made by the Independent Panel on Members Remuneration. These arrangements are reviewed annually.

Expenses in connection with fulfilling Pension Board responsibilities will be met by the Fund based on the Council's Members Scheme of Allowances and officers Travel and Expenses Policy as appropriate. The costs of appropriate training will also be met by the Fund.

## **16) Insurance**

The Council's Public Liability Insurance applies to members of the Pension Board.

## **17) Updating the Pension Board Terms of Reference**

Approval for significant amendments must be pursued through the Council's Constitution Working Group. General updating or housekeeping can be carried out without the need to seek formal approval.

## **18) Definitions**

The undernoted terms shall have the following meaning when used in this document:

*"Pension Board" or "Board"* Means the Pension Board for the Council as the Administering Authority of the NYPF as required under the Public Service Pensions Act 2013

*"Administering Authority"* Means the Council  
*"Scheme Manager"* Means the PFC of the Council  
*"Chair"* The individual responsible for chairing meetings of the Pension Board and guiding its debates

*"LGPS"* The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

*"Scheme"* Means the Local Government Pension Scheme as defined under "LGPS"