

# Agenda

**Meeting: Pension Fund Committee**

**Venue: Grand Meeting Room,  
County Hall, Northallerton**

**Date: Thursday, 18 September 2014 at 10am**

Recording is allowed at County Council, committee and sub-committee meetings which are open to the public, subject to:- (i) the recording being conducted under the direction of the Chairman of the meeting; and (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available to download below. Anyone wishing to record must contact, prior to the start of the meeting, the Officer whose details are at the foot of the first page of the Agenda. Any recording must be clearly visible to anyone at the meeting and be non-disruptive. <http://democracy.northyorks.gov.uk/>

## Business

1. Declarations of interest.
2. Minutes of the Meeting held on 10 July 2014.
3. Public Questions or Statements.

**(Pages 1 to 6)**

Members of the public may ask questions or make statements at this meeting if they have given notice to Steve Loach of Democratic Services (contact details below) by midday 15 September 2014. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

- at this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes);
- when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

3. Member and Employer Issues – Report of the Treasurer **(Pages 7 to 20)**
4. Establishment of a Pension Board – Report of the Treasurer  
**(REPORT NOT YET AVAILABLE)**
5. Budget/Statistics - Report of the Treasurer **(Pages 21 to 23)**
6. Annual Report 2013/14 - Report of the Treasurer **(Pages 24 to 45)**
7. Performance of the Portfolio - Report of the Treasurer **(Pages 46 to 93)**
8. NYPF Investments – Report of the Treasurer **(Pages 94 to 95)**
9. Such other business as, in the opinion of the Chairman should, by reason of special circumstances, be considered as a matter of urgency.

**NOTE:**

**Members are reminded that on Friday 19 September 2014, there will be presentations from East Riding Pension Fund and Amundi from 10am.**

Barry Khan  
Assistant Chief Executive (Legal and Democratic Services)

County Hall  
Northallerton  
September 2014

## NOTES:

- (a) Members are reminded of the need to consider whether they have any interests to declare on any of the items on this agenda and, if so, of the need to explain the reason(s) why they have any interest when making a declaration.

The relevant Committee Administrator or Monitoring Officer will be pleased to advise on interest issues. Ideally their views should be sought as soon as possible and preferably prior to the day of the meeting, so that time is available to explore adequately any issues that might arise.

- (b) **Emergency Procedures For Meetings**

### **Fire**

The fire evacuation alarm is a continuous Klaxon. On hearing this you should leave the building by the nearest safe fire exit. From the **Grand Meeting Room** this is the main entrance stairway. If the main stairway is unsafe use either of the staircases at the end of the corridor. Once outside the building please proceed to the fire assembly point outside the main entrance

Persons should not re-enter the building until authorised to do so by the Fire and Rescue Service or the Emergency Co-ordinator.

An intermittent alarm indicates an emergency in nearby building. It is not necessary to evacuate the building but you should be ready for instructions from the Fire Warden.

### **Accident or Illness**

First Aid treatment can be obtained by telephoning Extension 7575.

# PENSION FUND COMMITTEE

## 1. Membership

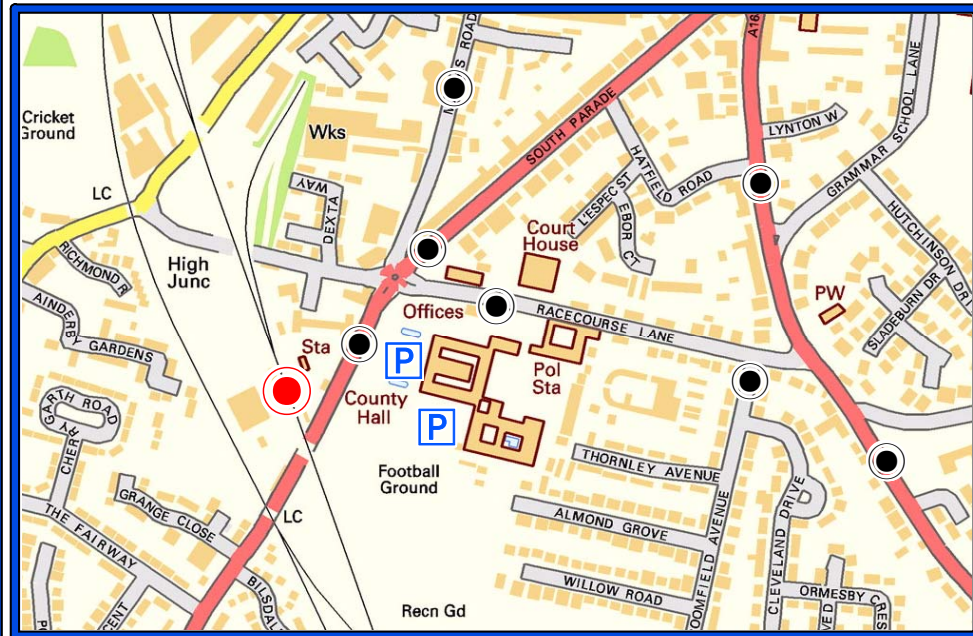
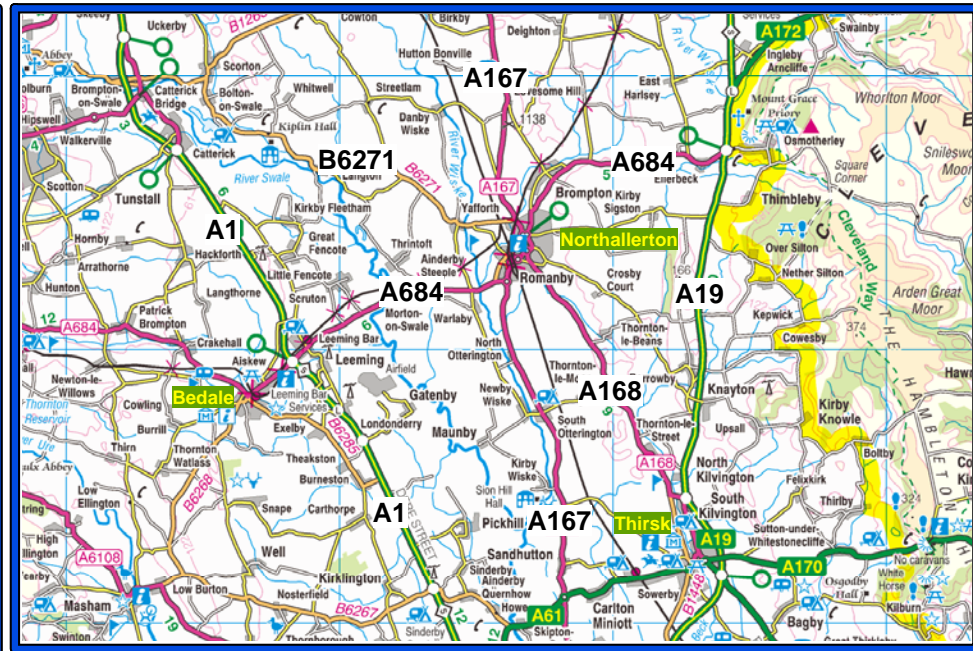
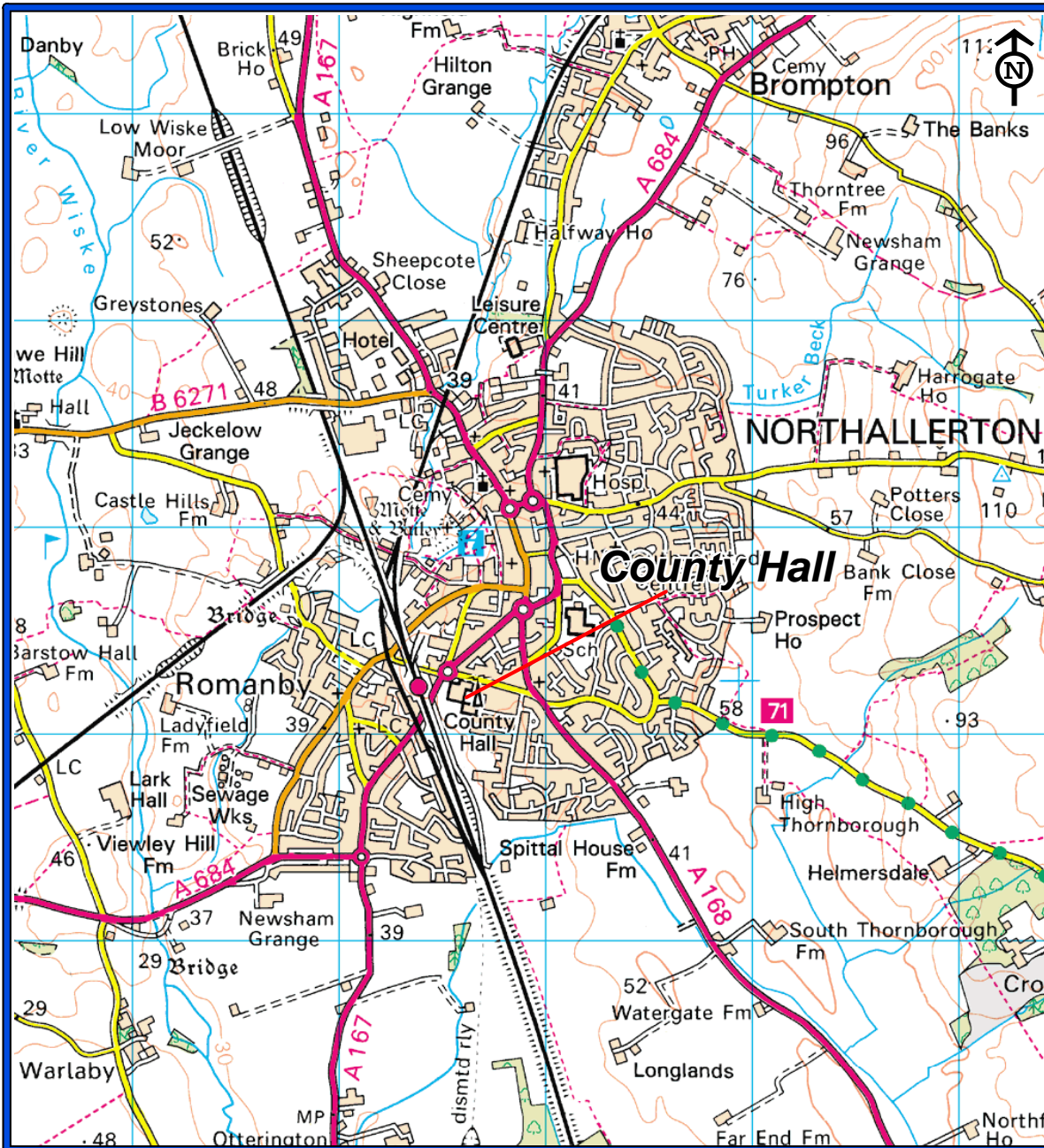
<b>County Councillors (9)</b>							
	<i>Councillors Names</i>				<i>Political Party</i>		
1	BLACKIE, John				NY Independent		
2	BATEMEN, Bernard MBE				Conservative		
3	CROSS, Sam				UKIP		
4	De COURCEY-BAYLEY, Margaret Ann				Liberal Democrat		
5	HARRISON-TOPHAM, Roger				Conservative		
6	MULLIGAN, Patrick				Conservative		
7	SWIERS, Helen				Conservative		
8	WEIGHELL, John				Conservative		
<b>Members other than County Councillors ( 2 ) Voting</b>							
1	WILLIAMS, Dafydd				City of York		
2	CLARK, Jim				Local Government North Yorkshire and York		
<b>Total Membership – (10)</b>				<b>Quorum – (3) County Councillors</b>			
Con	Lib Dem	NY Ind	Labour	Liberal	UKIP	Ind	Other Voting Members
5	1	1	0	0	1	0	2

## 2. Substitute Members

<b>Conservative</b>		<b>Liberal Democrat</b>	
	<i>Councillors Names</i>		<i>Councillors Names</i>
1	PATMORE, Caroline	1	BURR, Lindsay
2	LES, Carl	2	
3	MackENZIE, DON	3	
4		4	
5		5	
<b>NY Independent</b>		<b>Labour</b>	
	<i>Councillors Names</i>		<i>Councillors Names</i>
1	PARSONS, Stuart	1	
2		2	
3		3	
4		4	
5		5	
<b>Liberal</b>		<b>UKIP</b>	
	<i>Councillors Names</i>		<i>Councillors Names</i>
1		1	
2		2	
3		3	
<b>Independent</b>			
1			

### 1. Substitute Members

1	Vacancy	City of York
2	PARLOUR, Jane	Local Government North Yorkshire and York
3	Vacancy	Local Government North Yorkshire and York



Visitor Parking at County Hall



Northallerton National Rail Station



Bus Stops

## County Hall

Northallerton  
North Yorkshire  
DL7 8AD



North  
Yorkshire County Council

Tel : 0845 8 72 73 74

## North Yorkshire County Council

### Pension Fund Committee

Minutes of the meeting held on 10 July 2014, commencing at 10 am at County Hall, Northallerton.

**Present:-**

County Councillors John Weighell (Chairman), John Blackie, Margaret-Ann de Courcey-Bayley, Roger Harrison-Topham, Patrick Mulligan, Caroline Patmore (as substitute for Bernard Bateman MBE) and Helen Swiers.

Apologies were received from County Councillors Bernard Bateman MBE and Sam Cross; together with Councillor Jim Clark (Local Government North Yorkshire and York).

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

**County Councillors Patrick Mulligan, Margaret-Ann de Courcey-Bayley and John Weighell declared non-pecuniary interests in respect of them being members of the Pension Scheme.**

**46. Exclusion of the Public**

**Resolved -**

That the public be excluded from the meeting during consideration of Appendix 1, Minute no. 53 - Fund Manager Matters - on the grounds that it involves 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.

**47. Minutes**

**Resolved -**

That the Minutes of the meeting held on 22 May 2014, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record, subject to the addition of County Councillor John Blackie to the list of those present at the meeting.

**48. Public Questions or Statements**

There were no questions or statements from members of the public.

**49. Consultation and Structural Reform of the LGPS**

**Considered -**

The report of the Treasurer seeking Members' approval of the North Yorkshire Pension Fund's response to the consultation on structural reform of the LGPS.

The Treasurer noted that Members had been provided with details of the draft response and that the deadline for the submission of the response to the DCLG was 11 July 2014.

Members indicated that they were satisfied with the response outlined.

**Resolved -**

That the North Yorkshire Pension Fund's response to the consultation on structural reform of the LGPS be approved.

**50. Consultation on Draft LGPS Regulations on Scheme Governance**

Considered -

The report of the Treasurer informing Members of the latest consultation on LGPS regulations on scheme governance.

Details of the issues raised within the consultation were provided within the report and it was noted that Members received a presentation at their meeting held on 28 June 2013 in relation to the arrangements being suggested within the consultation. The new arrangements for Pension Fund governance would have to be implemented by 1 April 2015.

In terms of those arrangements, the Treasurer noted that a Pension Board would need to be established, to run in conjunction with the Pension Fund Committee. The Pension Board would consider governance arrangements for the Pension Fund, but would not be involved in areas relating to investments.

In view of the onset of the Pension Board the Treasurer asked Members to consider whether they considered it appropriate for the current Advisory Panel to remain within the governance framework. It was suggested that it would be appropriate for the Pension Board to replace the Advisory Panel, but be provided with informal briefings in respect of the work undertaken by the Pension Fund Committee, to provide them with a higher level of knowledge, in line with what the Advisory Panel was currently provided with. Members considered this to be an appropriate way forward for the development of the arrangements, but suggested that the informal briefings be limited to around two per year, rather than after each meeting of the Pension Fund Committee.

It was considered appropriate that the Advisory Panel be consulted in relation to the establishment of the Pension Board, allowing their input into how this would be processed.

A Member emphasised that the current governance arrangements for the North Yorkshire Pension Fund were of good quality and did not see the benefit of moving to the new arrangements. It was noted that this would have to take place due to the change in the LGPS governance regulations.

The Treasurer noted that a previous response had been provided to an earlier consultation on this issue and any subsequent response from the North Yorkshire Pension Fund would be likely to closely reflect what was submitted before.

**Resolved -**

- (i) That the previous response to the consultation be re-submitted as the formal response to the current consultation from the North Yorkshire Pension Fund; and

- (ii) That consideration be given to replacing the current Advisory Panel with the Pension Board, including consultation with the existing Advisory Panel, with a formal proposal on the arrangements being brought to the meeting of the Pension Fund Committee taking place in September 2014.

## **51. Governance Arrangements**

Considered -

The report of the Treasurer seeking the Committee's approval of certain governance documents required to accompany the Statement of Final Accounts of the Pension Fund and present to the Committee the findings of the Independent Professional Observer on the Fund's governance arrangements.

The Treasurer stated that the Pension Fund Committee was provided with a full set of governance papers to comment upon before they were included within the Annual Report of the Pension Fund Committee, the approved documents would then be submitted to the County Council's Audit Committee as part of their determination of the North Yorkshire Pension Fund's draft Statement of Final Accounts.

He noted that there had been either no, or very minor, amendments to the following documents:

- ◆ Statement of Investment Principles.
- ◆ Governance Compliance Statement.
- ◆ Communication Policy Statement.
- ◆ Pensions Administration Strategy.
- ◆ Treasury Management SLA.

The Communications Strategy 2014/15 had been approved by the Pension Fund Committee on 22 May 2014.

The Funding Strategy Statement had been approved by the Pension Fund Committee on 20 February 2014 as part of the triennial valuation process.

The Risk Register included two risks ranked as red, four as amber and two as green. None of the risks had increased in category over the last year. The assessment of the highest ranked risk was primarily driven by the financial impact each could have if each risk actually occurred.

Reference was made to the report of the Independent Professional Observer, who had described the governance arrangements as being of a high standard and that the North Yorkshire Pension Fund continued to be fully compliant with all the regulatory requirements currently in force. The comments made by the Professional Observer were included as an appendix to the report and it was expected that further discussion would take place in relation to the issues that he had raised and would be reported back to the Committee in due course.

**Resolved -**

- (i) That the set of governance documents provided in Appendix 1 to the report be approved; and
- (ii) That the report of the Independent Professional Observer, attached as Appendix 2 to the report, be noted.



## **52. Statement of Final Accounts 2013/14**

Considered -

The report of the Treasurer requesting Members to approve the draft Statement of Final Accounts for the financial year 2013/14.

A Member highlighted the issue of active members of the Pension Fund rising, whereas, with recent reorganisations, it would have been expected that those numbers would have been falling. In response it was stated that consideration had been given as to why this had occurred and although there were a variety of factors that could be linked to this, the major reasons for the increased numbers were auto-enrolment and people having more than one part-time post within an authority.

A Member noted the increase in expenses paid to Fund Managers and asked whether this was due to the improved performance and their performance related fees. In response it was noted that this was the case, and emphasised that their additional performance had brought significant additional value to the Fund, way ahead of what had been paid out in fees. A Member suggested that this matter should be highlighted within the Statement of Final Accounts and that their fees would not be enhanced until they went beyond the benchmark they had previously achieved. The Treasurer stated that the Statement would be altered to reflect the position outlined.

**Resolved -**

That, subject to the alteration highlighted above, the draft Statement of Final Accounts 2013/14 be approved for referral to the County Council's Audit Committee.

## **53. Fund Manager Matters**

Considered -

The report of the Treasurer seeking a decision from Members on the next step of the review of the equity allocation to the Fund.

The Appendix to this report contained confidential information and the following minutes reflect that position.

The Treasurer referred to the Investment Strategy Workshops held in October 2013 and February 2014 which had considered adding a fourth Equity Manager with, potentially, alternative styles to the Fund's existing Managers.

In addition Aon Hewitt, the Fund's Investment Consultants, had produced a document summarising the position and providing four options for the way forward.

The four options put before Members were as follows:-

1. Commence a search for a new traditional global Equity Manager to complement the existing three;
2. Commence a search for a low volatility global Equity Manager to complement the existing three;
3. Pursue both options 1 and 2 to provide even greater diversification; and
4. Not to pursue an additional appointment at this time.

The confidential Appendix to the report provided greater detail in relation to the options.

Members discussed the implications of the options and the following issues and points were highlighted:-

- ◆ There was general agreement that the provision of an additional Equity Manager would provide greater flexibility for the Fund's investments.
- ◆ There was a need, if possible, to try and protect the enhanced position achieved by the North Yorkshire Pension Fund in recent years, but at the same time not remove the ability to enhance the position of the solvency of the Fund.
- ◆ The need to try and protect the advances made in recent years while reducing the volatility within the current investment strategy, through the provision of an additional equity manager, was emphasised.
- ◆ Members discussed the various equity managers that they had met, to date, in relation to the pursuit of the fourth manager and the variation in the qualities of each. They emphasised the need to ensure that the fourth equity manager, if appointed, was appropriate for the needs of the North Yorkshire Pension Fund.
- ◆ Members suggested that, at this stage, consideration should be given to the appointment of an additional equity manager, rather than the replacement of an existing manager and an additional manager.
- ◆ Members considered that with alterations to the options provided, options 2 and 3 were the most appropriate for determining the appointment of an additional equity manager.
- ◆ The process for an appointment was set out by the Treasurer, as follows:
  - Treasurer/Pension Fund Officers/Investment Consultants to establish long list of potential fourth equity manager
  - Sub-Group of Pension Fund Committee to determine shortlist of potential fourth equity manager
  - Report to September meeting of Pension Fund Committee on progress being made and decision to go ahead with procurement process
  - if agreed, full procurement process to take place in October 2014, involving Sub-Group, to appoint a fourth equity manager.
- ◆ It was suggested that a clear choice of the options provided would assist in giving officers, initially, and the Sub-Group, ultimately, a clear steer on what would be required of a fourth equity manager.
- ◆ A Member suggested that, should it be discovered during the process that one of the potential equity managers brought greater benefits than one of the existing equity managers, then consideration should be given to whether to replace that equity manager. It was noted that this would be included in the process, however, it was emphasised that there was a continuous process taking place to ensure that the most effective fund managers were operating for the North Yorkshire Pension Fund.

**Resolved -**

- (i) That the following be undertaken as a way forward for the process:-  
  
Option 2 be altered to read; “Commence a search for a lower volatility global equity manager to complement the existing three”, and, subject to that, Option 3 be undertaken as a way forward - to pursue both options 1 and 2 to provide even greater diversification.
  
- (ii) The panel of Members to participate in the selection process(es) to be established from the following:-  
  
County Councillors John Blackie, Roger Harrison-Topham, Patrick Mulligan, Helen Swiers and John Weighell.
  
- (iii) That the long list be developed under the guidance of the Investment Consultants and their recommendations be adhered to, subject to agreement by the selection panel.

The meeting concluded at 11.15 am.

SL/JR

## NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

18 SEPTEMBER 2014

## MEMBER AND EMPLOYER ISSUES

## Report of the Treasurer

## 1.0 PURPOSE OF THE REPORT

1.1 To provide Members with information relating to membership movements, performance and costs of benefits administration as well as related events and activity over the year to date as follows:

- |  |                  |
|--|------------------|
| (a) Admission Agreements                       | (see section 2)  |
| (b) Implementation of LGPS 2014                | (see section 3)  |
| (c) NYPFOG                                     | (see section 4)  |
| (d) Performance, including Membership Analysis | (see section 5)  |
| (e) CIPFA Benchmarking Results 2013/14         | (see section 6)  |
| (f) Collaboration                              | (see section 7)  |
| (g) Annual Benefit Statements                  | (see section 8)  |
| (h) Member Training                            | (see section 9)  |
| (i) Meetings Timetable                         | (see section 10) |

## 2.0 ADMISSION AGREEMENTS AND ACADEMIES

- 2.1 There has been one new admission agreement signed, with 'Housing and Care 21'. There are a number of other contracts currently being awarded to providers of cleaning and caretaking contracts to City of York schools that each require an admission agreement. Further detail is provided in **Appendix 1**.
- 2.2 Aireville School converted to academy status on 1<sup>st</sup> September 2014. Please see the full table of academies in the North Yorkshire Pension Fund at **Appendix 2**.

## 3.0 IMPLEMENTATION OF LGPS 2014

- 3.1 The approach to managing this challenge was noted by the Pension Fund Committee in September 2013 and involved;
- a restructure of the pensions administration team
  - a re-focussing of the Fund's communication strategy
  - a system upgrade

3.2 This has been successful in delivering LGPS 2014 and the team has now achieved a stable 'business as usual' position, operating under the new rules.

#### 4.0 NYPCOG

4.1 Meetings of the North Yorkshire Pension Fund Officers Group have been held quarterly during 2014 and have been regularly attended by up to 40 employing authority representatives.

4.2 The focus has been on supporting employing authorities to meet their responsibilities under LGPS 2014, to communicate the new rules to their employees and to promote the NYPF on-line 'Member Self-Service' facilities.

4.3 The content has included practical workshops, question and answer sessions and presentations from NYPF officers and national figures from the Local Government Associations and the Pensions Ombudsman's office.

#### 5.0 PERFORMANCE INCLUDING MEMBERSHIP MOVEMENTS

5.1 Details of current membership numbers are as follows;

Membership Category	At 31/03/13	+/- Change (%)	At 31/03/14	+/- Change (%)	At 30/06/14
Actives	29,035	+8.5	31,500	-0.6	31,308
Deferred	27,501	+7.2	29,490	+1.8	29,859
Pensioners*	16,755	+5.4	17,668	+1.6	17,949
<b>Total</b>	<b>73,291</b>	<b>+7.3</b>	<b>78,658</b>	<b>+0.6</b>	<b>79,166</b>

\*Figures include spousal and dependant pensions

	31/03/2014	30/06/2014
<b>Number of employing authorities in the Fund</b>	106	107
<b>Number of new starters in the quarter</b>	628	
<b>Number of retirements in the quarter</b>	251	
<b>Number of deaths for those in receipt of pension in the quarter</b>	70	

5.2 The breakdown of retirements across the Fund during Quarter 1 of 2014/15 is at **Appendix 3**. The active membership numbers and associated movements are set out by employer within **Appendix 4**.

5.3 The administration performance figures for the first quarter of 2014/15 are as follows;

Performance Indicators	Target in Q1	Achieved
<b>Performance in CIPFA Benchmarking Club</b>	Upper Quartile	Upper Quartile
<b>Measured work achieved within target</b>	98%	100%
<b>Customers surveyed ranking service good or excellent</b>	94%	93%
<b>Reduce reliance on customer helpline and encourage self-service approaches</b>	Phone queries to be 10% or less of the number of website hits	Yes
<b>Increase numbers of registered self-service users</b>	Increase by 350 per month, 1,050 in the quarter	Yes – we achieved an increase of 1,439 in Q1
<b>Review approaches to scheme member communications</b>	Communications strategy presented to PFC in June	Yes
<b>Complete production and roll out of Annual Benefit Statements</b>	Before end of September 2014	Yes
<b>Total Sickness absence in Q1</b>	1.5 days per employee	0.22 days

5.4 The ‘Customers ranking service good or excellent’ dropped marginally below the target of 94% during Q1. An analysis of the concerns identified that the transition to LGPS 2014, as well as the transfer of York and North Yorkshire Probation Trust members to the Greater Manchester Pension Fund, impacted temporarily on the quality of service received. All non-positive feedback has been followed up and every effort is being made to ensure that the 94% target is achieved again.

## 6.0 CIPFA BENCHMARKING RETURN 2013/14

6.1 The benchmarking results for the year 2013/2014 showed that the unit cost for NYPF Pensions Administration was £14.85 compared with an average across the whole of the CIPFA Benchmarking Club of £20.75.

6.2 The NYPF unit cost has increased from £14.27 in 2012/13, and this reflects the work that has gone into preparing for LGPS 2014. The trend over the last 6 years, however, remains a downward one;

	2009	2010	2011	2012	2013	2014
<b>Unit cost</b>	£15.53	£15.89	£14.09	£15.32	£14.27	£14.85

6.3 There are no causes for concern amongst the results and North Yorkshire Pension Fund has maintained its upper quartile position in line with the target.

## 7.0 COLLABORATION

7.1 Initial discussions have taken place with East Riding Pension Fund (ERPF) around how benefits might be gained on the administration side through working together more closely.

7.2 NYPF has already been able to assist ERPF with advice about self-service functionality and ERPF has reciprocated with useful information around pension administration systems. It was also identified that the two Funds could potentially work together on co-procurement exercises and other mutually beneficial activity.

7.3 Work will therefore continue on developing these initial ideas and identifying further opportunities.

## 8.0 ANNUAL BENEFIT STATEMENTS

8.1 Approximately 60,000 Annual Benefit Statements are in the process of being issued for all employees. Almost all the Annual Benefit Statements will be provided on-line with only 1% of members opting to continue to receive a paper copy through the post. This saves more than £15k each year in postage and printing costs plus staff time, as well as supporting the Council's sustainability aspirations.

## 9.0 MEMBER TRAINING

9.1 The Member Training Record showing the training undertaken over the year to June 2014 is attached as **Appendix 5**.

9.2 Upcoming courses, seminars and conferences available to Members are set out in the schedule attached as **Appendix 6**.

9.3 These events provide a valuable source of knowledge and advice from speakers who are experts in their field, while keeping Members informed of the latest developments within the LGPS. Please contact Andrew Brudenell (01609 532386 or [andrew.brudenell@northyorks.gov.uk](mailto:andrew.brudenell@northyorks.gov.uk)) for further information or to reserve a place on an event.

## 10.0 MEETINGS TIMETABLE

10.1 The latest timetable for forthcoming meetings of the Committee and Investment Manager meetings is attached as **Appendix 7**.

**11.0 RECOMMENDATIONS**

11.1 Members to note the contents of this report.

GARY FIELDING  
Treasurer  
Central Services  
County Hall  
Northallerton



## LATEST POSITION RE ADMISSION AGREEMENTS

Admission Agreement	Current Position And Action To Be Taken, If Applicable.
Housing and Care 21	The NYCC adult care services provided by Cherry Garth Care Home transferred on 5 June 2014 to an 'extra care' facility run by Housing and Care 21. Six staff who were members of the LGPS were involved in a TUPE transfer and an admission agreement has been set up to permit the staff to continue contributing to the LGPS.
<u>City of York School Cleaning and Caretaking Contracts</u> Dolce (6 agreements for 6 schools) Betterclean (3 agreements for 3 schools) Sewells (7 agreements for 7 schools) Consultant Cleaners (5 agreements for 5 schools) Bolloughs (2 agreements for 2 schools)	City of York Council awarded the contracts for the cleaning and caretaking in schools to a number of contractors in August and September 2014. The contracts vary in start date and duration. An admission agreement has been set up for each contract to allow those staff transferring to a new contractor's employment to remain in the LGPS.

## Latest Position Re Academy Conversions

ACADEMY STATUS	STATUS
Harrogate Grammar School (NYCC)	School converted to an academy on 1/3/2011
Skipton Girls' High School (NYCC)	School converted to an academy on 1/4/2011
Manor CE School (City of York)	School converted to an academy on 1/4/2011
Archbishop Holgate's School (City of York)	School converted to an academy on 1/5/2011
South Craven School (NYCC)	School converted to an academy on 1/5/2011
Norton College (NYCC)	School converted to an academy on 1/5/2011
Rossett School (NYCC)	School converted to an academy on 1/7/2011
St Aidan's High School (NYCC)	School converted to an academy on 1/8/2011
Great Smeaton Primary School (NYCC)	School converted to an academy on 1/9/2011
Ripon College (NYCC)	School converted to an academy on 1/9/2011
Malton School (NYCC)	On hold, for the foreseeable future
Harrogate High School (NYCC)	School converted to an academy on 1/7/2012
Woodlands School (NYCC)	School converted to an academy on 1/4/2013
Harrogate Pupil Referral Unit (NYCC)	Unit converted to academy status on 1/9/2013
Hinderwell Primary School (NYCC)	School converted to an academy on 1/11/2013
Robert Wilkinson Primary School (City of York)	School converted to an academy on 1/12/2013
Haxby Road Primary School (City of York)	School converted to an academy on 1/2/2014
Aireville School (NYCC)	School converted to an academy on 1/9/2014

**NORTH YORKSHIRE PENSION FUND**  
**Cumulative Total of Retirements from 1 April 2014 to 30 June 2014**

Employer	Normal	Ill-Health		Efficiency/ Redundancy/ Employers Consent	Total
		Actuarial Assumption <sup>≠</sup>	Actual		
007 - Scarborough	3	1	-	2	5
009 - Hambleton	1	1	-	3	4
010 - Ryedale	-	1	-	-	-
011 - Harrogate	8	3	-	1	9
012 - Richmondshire	1	1	1	-	2
013 - Selby	1	-	-	-	1
014 - Craven	-	1	-	-	-
016 - York St John University	2	1	-	-	2
020 - York	15	13	3	4	22
021 - Probation	2	-	-	-	2
025 - NYCC	46	45	-	10	56
042 - NY Police Authority	4	4	4	-	8
051 - NY Fire and Rescue	3	-	-	-	3
052 - N Y Moors NP	-	-	-	1	1
057 - Yorkshire Housing	2	-	-	-	2
061 - Askham Bryan College	2	1	1	-	3
062 - Craven College	1	-	-	-	1
074 - York College	-	1	-	-	-
076 - York Museums Trust	-	-	-	2	2
084 - Jacobs	1	-	-	-	1
098 - Harrogate Grammar Sc	1	-	-	-	1
107 - St Aidans School	1	-	-	-	1
110 - Ringway	2	-	-	-	2
Others		6			
<b>TOTALS</b>	<b>96</b>	<b>79</b>	<b>9</b>	<b>23</b>	<b>128</b>
	(75%)		(7%)	(18%)	

Quarter by quarter analysis					
Quarter 1	96		9	23	128
Quarter 2	-		-	-	-
Quarter 3	-		-	-	-
Quarter 4	-		-	-	-
	99	N/A	9	23	128

≠ **Estimated** actuarial assumptions re Ill-health numbers for the whole year - 2014/2015

Table Showing Change in Active Membership and Opt Out Numbers by Employer.

Employer	Number of active posts			Change During 2014/15	Opt Out inc in change	Change %
	31/03/2013	31/03/2014	30/06/2014			
<b><i>Councils</i></b>						
City of York Council	4,527	4,903	5,044	141	7	2.88
Craven DC	187	194	196	2	1	1.03
Hambleton DC	424	362	381	19		5.25
Harrogate BC	1,014	1,058	1,048	-10	9	-0.95
North Yorkshire CC	17,336	18,959	18,701	-258	35	-1.36
North Yorkshire CC FTE Terms	8,390	8,400	8,146	-254	N/A	-3.02
Richmondshire DC	165	217	232	15		6.91
Ryedale DC	212	220	221	1		0.45
Scarborough BC	526	557	557	0	2	0.00
Selby DC	195	224	221	-3		-1.34
<b>Sub Total</b>	<b>24,586</b>	<b>26,694</b>	<b>26,601</b>	<b>-93</b>	<b>54</b>	<b>-0.35</b>
<b><i>Police and Crime Commissioner, Fire, Probation Services and National Park Authorities</i></b>						
North Yorkshire PCC	1,001	1,062	1,038	-24		-2.26
NY Fire & Rescue	109	110	109	-1		-0.91
NY Moors National Park	122	122	121	-1		-0.82
NY Probation Service	203	208	0	-208		-100.00
Y'shire Dales Nat Park	125	122	126	4		3.28
<b>Sub Total</b>	<b>1,560</b>	<b>1,624</b>	<b>1,394</b>	<b>-230</b>	<b>0</b>	<b>-14.16</b>
<b><i>Town &amp; Parish Councils</i></b>						
Easingwold TC	2	2	2	0		0.00
Filey Town Council	2	2	2	0		0.00
Foss Int Drge Board	7	7	7	0		0.00
Fulford Parish Council	8	9	9	0		0.00
Glusburn PC	1	1	1	0		0.00
Great Ayton PC	1	1	1	0		0.00
Haxby Town Council	4	3	3	0		0.00
Hunmanby PC	1	2	2	0		0.00
Knaresborough TC	3	3	2	-1		-33.33
Malton Town Council	3	3	3	0		0.00
Marston Moor Dnge Brd	3	3	3	0		0.00
Northallerton TC	5	5	4	-1		-20.00
Norton on Derwent TC	2	3	3	0		0.00
Northallerton/Romanby Burial Bd	2	2	2	0		0.00
Pickering Town Council	2	2	2	0		0.00
Riccall Parish Council	1	1	1	0		0.00
Richmond Town Council	1	1	1	0		0.00
Ripon City Council	4	6	5	-1		-16.67
Selby Town Council	7	7	7	0		0.00
Skipton Town Council	8	7	7	0		0.00
Sutton in Craven PC	2	2	2	0		0.00
Tadcaster Town Council	0	2	2	0		0.00
Thornton Int Dnge Brd	1	1	1	0		0.00
Whitby Town Council	4	6	6	0		0.00
<b>Sub Total</b>	<b>74</b>	<b>81</b>	<b>78</b>	<b>-3</b>	<b>0</b>	<b>-3.70</b>
<b><i>Colleges &amp; Universities</i></b>						
Askham Bryan College	170	205	195	-10		-4.88
Craven College	193	215	215	0		0.00
Scarborough VI Form	43	52	54	2		3.85
Selby College	120	123	122	-1		-0.81
University of Hull	82	97	94	-3		-3.09
York College	311	343	342	-1		-0.29
York St John Uni	370	387	472	85		21.96
<b>Sub Total</b>	<b>1,289</b>	<b>1,452</b>	<b>1,494</b>	<b>72</b>	<b>0</b>	<b>5.06</b>

Employer	31/03/2013	31/03/2014	30/06/2014	Change During 2014/15	Opt Out inc in change	Change %
<b><u>Admitted Bodies</u></b>						
Catering Academy Ltd	0	5	4	-1		-20.00
Chartwells Compass	6	4	4	0		0.00
Churchill Security	0	3	3	0		0.00
Community Leisure	2	2	2	0		0.00
Craven Housing	32	30	29	-1		-3.33
Elite	1	1	1	0		0.00
Enterprise	15	15	15	0		0.00
Future Cleaning	1	1	0	-1		-100.00
Grosvenor FM	8	8	8	0		0.00
Human Support Group	27	26	26	0		0.00
ISS Mediclean Ltd	72	67	66	-1		-1.49
Interserve	2	1	1	0		0.00
Jacobs UK Ltd	21	19	17	-2		-10.53
Joseph Rowntree Trust	13	12	12	0		0.00
Mellors	11	3	3	0		0.00
Northern Care	0	2	2	0		0.00
NYBEP	1	1	1	0		0.00
Premier Support Services	0	2	0	-2		-100.00
Ringway	137	132	130	-2		-1.52
Richmondshire Leisure	14	13	13	0		0.00
Scarbro' Museums Trust	4	1	0	-1		-100.00
Sheffield International Venues	28	24	24	0		0.00
Springfield Home Care	3	3	2	-1		-33.33
Superclean	3	3	3	0		0.00
Veritau Ltd	31	34	39	5		14.71
Veritau North Yorkshire	6	4	5	1		25.00
Wigan Leisure/Culture	27	17	14	-3		-17.65
York Archaeological Tst	2	2	2	0		0.00
York Museums/Gallery	96	105	128	23	2	21.90
Yorkshire Coast Homes	99	111	138	27		24.32
Yorkshire Housing Ltd	101	94	89	-5		-5.32
Yorkshire Tourist Brd	6	6	6	0		0.00
<b>Sub Total</b>	<b>769</b>	<b>751</b>	<b>787</b>	<b>36</b>	<b>2</b>	<b>4.79</b>
<b><u>Academies</u></b>						
Archbishop Holgate's School	55	56	64	8		14.29
Great Smeaton Academy Primary School	2	1	1	0		0.00
The Grove Academy	0	6	8	2		33.33
Harrogate Grammar School	152	184	179	-5		-2.72
Harrogate High School	51	50	53	3	1	6.00
Haxby Road Primary Academy	0	0	36	36		100.00
Manor Church of England Academy	56	60	60	0		0.00
Norton College	56	58	56	-2		-3.45
Outwood Grange Academy	36	32	30	-2		-6.25
Robert Wilkinson Academy	0	78	85	7		8.97
Rossett School	55	55	55	0		0.00
Skipton Girls High School	35	26	25	-1		-3.85
South Craven School	107	115	112	-3	1	-2.61
St Aidan's C of E High School	151	152	139	-13		-8.55
The Woodlands Academy	0	35	33	-2		-5.71
Thomas Hinderwell Primary Academy	0	20	18	-2		-10.00
<b>Sub Total</b>	<b>756</b>	<b>928</b>	<b>954</b>	<b>26</b>	<b>2</b>	<b>2.80</b>
<b>Total</b>	<b>29,034</b>	<b>31,500</b>	<b>31,308</b>	<b>-192</b>	<b>58</b>	<b>-0.61</b>

## Pension Fund Committee Training Record

Date	Title or Nature of Course	Sponsor / Organiser	Venue	Bateman B	Blackie J	De Coursey-Bailey M	Harrison-Topham R	Mulligan P	Swiers H	Weighell J	Clark J	Williams D	Cross S
13 Sept 2013	Triennial Valuation	NYCC	County Hall	✓	✓	✓	✓	✓	✓	✓	✓		
20 Sept 2013	Investment Manager Meetings	NYCC	County Hall	✓	✓	✓	✓	✓	✓	✓	✓		
29-30 Sept 2013	Pension Trustees Circle	SPS	Harrogate	✓									
02-03 Oct 2013	Local Authority Seminar	Baillie Gifford	Edinburgh	✓	✓	✓		✓	✓	✓			
16-18 Oct 2013	Annual Conference	NAPF	Manchester	✓									
25 Oct 2013	Investment Strategy Workshop	NYCC	County Hall	✓	✓	✓	✓	✓	✓	✓	✓		
22 Nov 2013	Investment Manager Meetings	NYCC	County Hall	✓	✓	✓		✓	✓		✓		
04-06 Dec 2013	Annual Conference	LAPFF	Bournemouth		✓						✓		
16 Jan 2014	Investment Strategy Workshop	NYCC	County Hall	✓		✓	✓	✓		✓	✓		
21 Feb 2014	Investment Manager Meetings	NYCC	County Hall	✓	✓	✓	✓	✓	✓	✓	✓		
05-07 Mar 2014	Investment Conference	NAPF	Edinburgh	✓	✓						✓		
09-10 Sept 2014	Investment Summit	LGC	Newport	✓	✓								

## UPCOMING TRAINING AVAILABLE TO MEMBERS

<i>Provider</i>	<i>Course or Conference Title</i>	<i>Date(s)</i>	<i>Location</i>	<i>Theme / Subjects Covered</i>
NAPF	Annual Conference and Exhibition	15 <sup>th</sup> - 17 <sup>th</sup> October 2014	Liverpool	Annual Conference
LGPIF	Investment Forum	21 <sup>st</sup> – 22 <sup>nd</sup> October 2014	London	Collaborative Investing, Listed Infrastructure, Fund and Investment Governance, Real Estate Opportunities, Absolute Return Prospects, Generating Smart Beta, Multi-Credit Investing
LAPFF	Annual Conference	03 <sup>rd</sup> – 05 <sup>th</sup> December 2014	Bournemouth	Financial Stewardship and Governance, Pension Fund Strategy, Stakeholder Engagement, Shareholder Activism, Investment Market Conditions and Prospects.

**PENSION FUND COMMITTEE TIMETABLE FOR MEETINGS 2014 and 2015**

<i>Meeting Date</i>	<i>Venue &amp; Time</i>	<i>Regular</i>	<i>Fund Managers</i>
19 September 2014	10:00–13:00 Grand Committee Room	<b>Investment Manager Meetings</b>	East Riding Pension Fund Amundi Asset Management
21 November 2014	10:00–14:00 Grand Committee Room	<b>Pension Fund Committee</b> Member and Employer issues Budget & Statistics Performance of the Portfolio Q2 Fund Manager Matters	
TBC	10:00–14:00 Grand Committee Room	<b>Investment Manager Meetings</b>	2/3 Managers (TBC)
26 February 2015	10:00–14:00 Grand Committee Room	<b>Pension Fund Committee</b> Member and Employer issues Budget & Statistics Performance of the Portfolio Q3 Fund Manager Matter	
27 February 2015	10:00–14:00 Grand Committee Room	<b>Investment Manager Meetings</b>	2/3 Managers (TBC)
21 May 2015	10:00–14:00 Grand Committee Room	<b>Pension Fund Committee</b> Member and Employer issues Budget & Statistics Performance of the Portfolio Q4 Fund Manager Matters	



<i>Meeting Date</i>	<i>Venue &amp; Time</i>	<i>Regular</i>	<i>Fund Managers</i>
22 May 2015	10:00–14:00 Grand Committee Room	<b>Investment Manager Meetings</b>	2/3 Managers (TBC)
09 July 2015	10:00–14:00 Grand Committee Room	<b>Pension Fund Committee</b> Statement of Final Accounts 2014/15 Governance of the Fund	

## NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

18 SEPTEMBER 2014

## BUDGET / STATISTICS

## Report of the Treasurer

**1.0 PURPOSE OF THE REPORT**

1.1 To report on the following:

- |   |                 |
|---|-----------------|
| (a) the expenditure/income position to date for 2014/15 | (see section 2) |
| (b) the cash deployment of the Fund                     | (see section 3) |

**2.0 2014/15 FORECAST**

- 2.1 The Cash surplus for the quarter to 30 June 2014 (£17.8m) exceeded budget (£16.9m) by £0.9m.
- 2.2 Pensions Payroll Expenditure of £17.6m marginally exceeded budget (£17.5m) by £0.1m while Retirement Grant and Refund payments of £6.2m were less than expected by £1.3m. Short term variances are to be expected. The forecasts for the year remain unchanged.
- 2.3 Contributions Income of £41.6m represents a £0.5m positive variance to budget.
- 2.4 It should be noted that the profile for contributions income differs considerably to previous years. 10 employers agreed with the Fund to pay their 2014/15 deficit requirements in single instalments in April 2014. To remind Members, this arrangement means that funds are invested for longer and in return employers' deficit contribution requirements for 2014/15 are net of a 2% discount. This has resulted in an additional £13.4m of employer contribution receipts during the 3 months to June 2014.
- 2.5 Transfer Income for the period was £0.4m less than forecast at £1.4m, while Transfer Expenditure was £0.5 over budget at £1.5m.

**3.0 CASH DEPLOYMENT IN 2014-15**

- 3.1 The cash generated in the year by the annual surplus, together with the opening balance and interest earned has been distributed in 2014/15 as follows:

	<b>£m</b>	
Cash Balance Brought Forward from 2013/14	4.8	
Surplus to 30 June 2014 (as per Appendix 1)	17.9	
<b>Cash Available as at 30 June 2014</b>	<b>22.7</b>	(a)
<b>Rebalancing</b>		
May 2014 (transfer from Cash to LGIM)	-20.0	
June 2014 (£21m transfer from Fidelity to Newton)	-	
June 2014 (£63m transfer from Standard Life to M&G)	-	
<b>Total Rebalancing</b>	<b>-20.0</b>	(b)
<b>Accrual for June Contribution Income</b>	<b>6.8</b>	(c)
<b>Available for Rebalancing of the Fund</b>	<b>9.5</b>	(d) = (a+b+c)

- 3.2 A cash shortfall is expected in each of the remaining three quarters. This will be met by the funds available for rebalancing in the table above, supplemented by income from investments if required.

#### 4.0 RECOMMENDATIONS

- 4.1 Members to note the contents of this report.

GARY FIELDING  
Treasurer  
Central Services  
County Hall  
Northallerton

04 Sept 2014

North Yorkshire Pension Fund Income and Expenditure as at 30 June 2014

	Budget 2014/15	Profiled Budget to 30 June	Actual Income / Expenditure to 30 June	Variance ie (iii-ii)	Forecast 2014/15
	£000 (i)	£000 (ii)	£000 (iii)	£000 (iv)	£000 (v)
<b>EXPENDITURE</b>					
<b>Benefits</b>					
Pensions	70,000	17,500	17,601	101	70,000
Retirement Grants (including refunds)	26,000	7,500	6,186	-1,314	26,000
<b>sub total (a)</b>	<b>96,000</b>	<b>25,000</b>	<b>23,787</b>	<b>-1,213</b>	<b>96,000</b>
<b>Admin Expenses</b>					
Finance and Central Services	1,100	275	275	0	1,100
Other Services (Including Actuarial)	210	53	46	-7	210
Other Admin Expenses	200	50	36	-14	200
<b>sub total (b)</b>	<b>1,510</b>	<b>378</b>	<b>357</b>	<b>-21</b>	<b>1,510</b>
<b>Investment Expenses</b>					
Investment Management Fees (Base)	3,150	788	783	-5	3,150
Performance Related	1,000	150	150	0	1,000
Custodian Fees	150	38	34	-4	150
Other Investment Expenses	260	65	50	-15	260
<b>sub total (c)</b>	<b>4,560</b>	<b>1,040</b>	<b>1,017</b>	<b>-23</b>	<b>4,560</b>
<b>Total Expenditure</b>	<b>102,070</b>	<b>26,418</b>	<b>25,161</b>	<b>-1,257</b>	<b>102,070</b>
<b>INCOME</b>					
<b>Contributions</b>					
Employer and Employee Contributions	105,000	41,112	41,638	526	105,000
Early Retirement Costs Recharged	3,000	1,500	1,574	74	3,000
<b>sub total (e)</b>	<b>108,000</b>	<b>42,612</b>	<b>43,212</b>	<b>600</b>	<b>108,000</b>
<b>Transfers</b>					
Transfers IN (per individuals)	7,000	1,750	1,362	-388	7,000
Transfers OUT (per individuals)	-4,000	-1,000	-1,546	-546	-4,000
<b>sub total (f)</b>	<b>3,000</b>	<b>750</b>	<b>-184</b>	<b>-934</b>	<b>3,000</b>
<b>Total Income</b>	<b>111,000</b>	<b>43,362</b>	<b>43,028</b>	<b>-334</b>	<b>111,000</b>
<b>Net Surplus</b>	<b>8,930</b>	<b>16,944</b>	<b>17,867</b>	<b>923</b>	<b>8,930</b>

## NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

18 SEPTEMBER 2014

## ANNUAL REPORT 2013/14

## Report of the Treasurer

**1.0 PURPOSE OF REPORT**

- 1.1 To receive the Annual Report (ex-appendices) for the financial year 2013/14.
- 1.2 To approve a Letter of Representation that is required to be submitted to the External Auditor.

**2.0 ANNUAL REPORT**

- 2.1 The Annual Report for 2013/14 is attached as **Appendix 1**, excluding the appendices which:
  - (i) have been presented to the Committee at the meeting on 10 July 2014 (Appendices: A the Statement of Final Accounts 2013/14, C the Statement of Investment Principles, D the Governance Compliance Statement, E the Funding Strategy Statement, F the Communications Policy Statement), or
  - (ii) were approved by the Committee as part of the 2013 Triennial Valuation (Appendix G, the Actuarial Rates and Adjustment Certificate), or
  - (ii) are not yet available (Appendix B, the Auditors Report)
- 2.2 At the PFC meeting on 10 July 2014 it was acknowledged that there may be changes to the draft Accounts arising from the audit process. There are no individual "unadjusted misstatements" with a value exceeding £402k. Although there are a number of minor amendments the impact is extremely small, increasing Net Assets by £60k or less than 0.01%.
- 2.3 The Fund's auditor Deloitte LLP has advised informally that it will give an unqualified opinion of the Annual Report. It is intended that a full version of this 93 page document, including appendices, will be signed at the Audit Committee meeting on 25 September 2014.
- 2.4 The Annual Report will be placed on the NYPF website by the deadline for publication of the 2013/14 Statement of Final Accounts of 30 September 2014.

### **3.0 LETTER OF REPRESENTATION**

- 3.1 A Management Letter of Representation to Deloitte must accompany the Annual Report. This document is a written representation from management acknowledging its responsibility for the fair presentation of the Annual Report and as audit evidence on matters material to the financial statements when other sufficient appropriate evidence cannot reasonably be expected to exist.
- 3.2 Deloitte has therefore requested that this Letter should be discussed and agreed by the PFC and then signed on their behalf by the Chairman. This is to ensure that Members of this Committee are aware of the representations on which Deloitte intends to rely when issuing his opinion.
- 3.3 This Letter, the text of which is not expected to be significantly different from last year, will be circulated to Members when it is available.
- 3.4 Members are therefore asked to consider and approve this Letter and then authorise the Chairman to sign it on their behalf. The Letter will be countersigned by the Treasurer on the day of the Audit Committee meeting before its submission to Deloitte.

### **4.0 REPORT TO THE AUDIT COMMITTEE ON THE 2013/14 LOCAL GOVERNMENT PENSION FUND AUDIT**

- 4.1 Deloitte produces a Report to the Audit Committee on the 2013/14 Local Government Pension Fund Audit, on the audit of NYPF. This document, not available at the time of writing of this report, will be circulated to the PFC as soon as it becomes available. The report describes the approach to the audit and identifies the key areas of risk as well as making a number of comments and observations resulting from issues arising throughout the audit process.

### **5.0 RECOMMENDATIONS**

- 5.1 Members are to note the Annual Report 2013/14 (ex-appendices)

GARY FIELDING  
Treasurer  
Central Services  
County Hall  
Northallerton

9 September 2014



North

Yorkshire County Council

# North Yorkshire Pension Fund

Annual Report and Accounts  
2013/14



## CONTENTS

	Item	Page No
<b>PART 1</b>	<b>MANAGEMENT OF THE FUND</b>	<b>3</b>
<b>PART 2</b>	<b>SCHEME ADMINISTRATION</b>	<b>5</b>
<b>PART 3</b>	<b>INVESTMENT POLICY AND PERFORMANCE</b>	<b>7</b>
<b>PART 4</b>	<b>PENSION ADMINISTRATION ACTIVITY</b>	<b>11</b>
<b>PART 5</b>	<b>MEMBERSHIP CONTRIBUTIONS AND SCHEME BENEFITS</b>	<b>13</b>
<b>PART 6</b>	<b>GOVERNANCE DOCUMENTATION</b>	<b>19</b>
<b>Appendices</b>		
Appendix A	Statement of Financial Accounts 2013/14	21
Appendix B	Auditors Report	46
Appendix C	Statement of Investment Principles	48
Appendix D	Governance Compliance Statement	54
Appendix E	Funding Strategy Statement	63
Appendix F	Communications Policy Statement	85
Appendix G	Actuarial Rates and Adjustment Certificate	92



## PART 1 – MANAGEMENT OF THE FUND

### 1.1 Introduction

North Yorkshire County Council (NYCC, the Council) is the statutory administering authority for the North Yorkshire Pension Fund (NYPF, the Fund), which is part of the Local Government Pension Scheme (LGPS). All aspects of the Fund's management and administration, including investment matters, are overseen by the Pension Fund Committee (PFC), which is a committee of the Council.

The purpose of the Fund is to provide retirement benefits specified by the LGPS regulations for staff working for local authority employers, and other employers admitted by agreement, in the North Yorkshire area. The regulations also specify the member contribution rates as a percentage of pensionable pay, with employer contribution rates being set every three years by the Fund's Actuary. These contributions are supplemented by earnings on the Fund's investments in order to pay retirement benefits.

The day to day running of the Fund is delegated to the Treasurer who is the Corporate Director – Strategic Resources of the Council and is responsible for implementing the decisions made by the PFC. Supporting him is a team of staff split into two sections. The Pensions Administration team administers all aspects of member records, pension benefits etc and the Integrated Finance team looks after the accounting and management information requirements of the Fund. All aspects of the day to day management of investment funds are undertaken by external fund managers.

### 1.2 Pension Fund Committee

PFC membership as at 31 March 2014 was as follows.

Members	Position	Voting Rights
John Weighell (Chairman)	Councillor, NYCC	Yes
Roger Harrison-Topham (Vice-Chairman)	Councillor, NYCC	Yes
Bernard Bateman MBE	Councillor, NYCC	Yes
John Blackie	Councillor, NYCC	Yes
Margaret-Ann deCoursey-Bayley	Councillor, NYCC	Yes
Patrick Mulligan	Councillor, NYCC	Yes
Helen Swiers	Councillor, NYCC	Yes
Jim Clark	Councillor, District Councils' representative of Local Government North Yorkshire and York	Yes
Dafydd Williams	Councillor, City of York Council	Yes
Sam Cross	Councillor, NYCC	Yes
Chairman of the NYPF Advisory Panel	Councillor, NYPF Advisory Panel representative	No
3 Unison representatives	Union Officials	No

The powers delegated to the PFC are detailed in paragraph 2.1 of the Governance Compliance Statement (Appendix D).

During the year the PFC formally met on five occasions supported by its Independent Investment Adviser, Investment Consultant and the Independent Professional Observer, as well as the Treasurer. The Committee meetings provide a forum for discussion about economic and market trends, monitoring the performance of the investment managers and considering their individual investment strategies.

## 1.3 Fund Administrators, Advisers and Investment Managers

Treasurer	Gary Fielding
Investment Consultant	Aon Hewitt
Independent Investment Adviser	Carolán Dobson (Investment Adviser & Trustee Services)
Independent Professional Observer	Peter Scales (AllenbridgeEpic)
Actuary	Mercer
Legal Services	Ward Hadaway Head of Legal Services, NYCC
Auditor	Deloitte
Banker	Barclays Bank
Custodian	Bank of New York Mellon
Custodian Monitoring	Thomas Murray
Shareholder Voting	PIRC
Performance Measurement	BNY Mellon Asset Servicing
Fund Managers	Amundi Asset Management Baillie Gifford Life ECM Asset Management FIL Pensions Management Hermes Investment Management Legal & General Investment Management M&G Investment Management Newton Investment Management Standard Life Pension Funds Threadneedle Pensions YFM Venture Finance
AVC Provider	Prudential

## PART 2 – SCHEME ADMINISTRATION

### 2.1 Administering Authority Arrangements

The Fund's administration is the responsibility of Gary Fielding, the Treasurer, who is supported by Tom Morrison, Principal Accountant Pensions & Projects and Nigel Dowe, Pensions Manager (Administration).

Staff within the Pension Administration section are responsible for administering the Scheme, including the calculation and administration of benefit payments and transfer values, recording employee and employer contributions, the maintenance of employees' pension records and communications with employers and employees.

Staff within the Integrated Finance section are responsible for maintaining the Fund's accounts and investment records, prepare quarterly reports to the PFC, produce the Annual Report and Accounts and act as a point of contact with the Fund's managers, advisers and auditors.

### 2.2 Public Sector Pensions – Finance Knowledge and Skills

The PFC recognises the importance of ensuring that all Members and officers charged with the financial management, governance and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge their duties responsibilities. The PFC also seeks to ensure that those Members and officers are both capable and experienced by making available the training necessary for them to acquire and maintain the appropriate level of expertise, knowledge and skills.

Following the issue of CIPFA guidance "Pensions Finance Knowledge and Skills Frameworks" the PFC provides routes through which the recommended knowledge and skills set out in the guidance may be acquired, as described below.

### 2.3 Training for Pension Fund Committee Members and Officers

#### (i) Internal

Two Investment Strategy Workshops and four investment manager meetings were held throughout the year, all of which were well attended by PFC Members and officers of the Fund.

Members and officers also made use of the CIPFA Knowledge & Skills resource library and accessed the Trustee Needs Analysis (TNA) where appropriate, which is aimed at identifying gaps in knowledge and skills, as a complement to alternative training resources.

(ii) Externally Provided

In addition to the training provided through Workshops as described above, Members and officers are encouraged to attend courses, conferences and other events supplied by organisations other than the Council. These events provide a useful source of knowledge and guidance from speakers who are experts in their field. Attendance at these events is recorded and reported to the PFC each quarter.

Events attended by PFC Members during 2013/14 were:

Event	Place	Date
NAPF Local Authority Conference	Gloucestershire	20 – 22 May 2013
LGC Investment Summit	Newport	05 – 06 September 2013
SPS Pension Trustees Circle	Harrogate	29 – 30 September 2013
Baillie Gifford Local Authority Seminar	Edinburgh	02 - 03 October 2013
NAPF Annual Conference	Manchester	16 – 18 October 2013
LAPFF Annual Conference	Bournemouth	04 – 06 December 2013
NAPF Investment Conference	Edinburgh	05 - 07 March 2014

## PART 3– INVESTMENT POLICY AND PERFORMANCE

### 3.1. Investment Policy

#### (a) Regulations

NYCC is required, as the administering authority, to invest any NYPF monies which are not immediately required to pay pensions and other benefits. The LGPS Management and Investment of Funds Regulations 2009 set out certain restrictions as to individual investments, the purpose of which is to limit the exposure risk of an LGSP fund. Full details of the investment policy are shown in the Statement of Investment Principles (Appendix C).

#### (b) Investment Management arrangements

As at 31 March 2014 the following investment management arrangements were in place.

- ➔ Baillie Gifford managed two active global (ie including UK) equity portfolios, namely Global Alpha and Long Term Global Growth (LTGG). Each of these portfolios is in the form of a pooled vehicle, rather than being invested in segregated holdings. Both are managed without reference to a benchmark, however the FTSE All World index is for used performance measurement purposes
- ➔ Fidelity managed an active overseas equities (ex UK) portfolio comprising segregated holdings in overseas companies against a composite MSCI World (ex UK) index
- ➔ Standard Life managed an active UK equity portfolio comprising segregated holdings in UK companies against the FTSE 350 (excluding investment trusts) equally weighted index
- ➔ Amundi managed an active global fixed income portfolio through a pooled fund, against the “least risk” benchmark of index linked and fixed interest gilts
- ➔ ECM managed an active European corporate bond portfolio through a pooled fund on an absolute return basis, using 1-month LIBOR for performance measurement purposes
- ➔ M&G managed an active Gilts portfolio comprising segregated fixed income and index linked holdings, against the “least risk” benchmark
- ➔ Hermes managed an active UK Property portfolio through a pooled fund with the objective of outperforming the retail price index (RPI)
- ➔ Threadneedle and Legal & General both commenced managing active UK Property portfolios during the year through pooled funds with the objective of outperforming RPI
- ➔ Standard Life and Newton both commenced managing Diversified Growth Fund portfolios during the year through the Global Absolute Return Strategy (GARS) and Real Return (RR) pooled funds respectively, with the objectives of significantly outperforming the cash benchmark

The Fund also has a small investment in the Yorkshire & Humber Equity Fund. The current residual cost of this investment is £0.3m.

During the year, the Fund disinvested from the UK equity portfolio managed by R C Brown Investment Management Plc.

Finally, a currency hedging programme was operated through the Fund's global custodian, BNY Mellon Asset Servicing, in respect of 25% of the Fund's investments in overseas equities. At the PFC meeting on 21 November 2013 Members decided to end this arrangement and the last positions were settled on 19 February 2014.

The agreed asset class structure for the investment portfolio remained unchanged over the course of the year and as at 31 March 2014 was as follows:-

	Minimum Allocation to Bonds/Alternatives/Property %	Maximum Allocation to Bonds/Alternatives/Property %
Equities	75	50
Bonds	15	30
Alternatives (ex Property)	5	10
Property	5	10
Total	100	100

### (c) Custody of Investments

BNY Mellon Asset Servicing is the custodian for the Fund's assets. There are two exceptions, being:-

- (i) Yorkshire and Humber Equity Fund, which uses the Royal Bank of Scotland plc
- (ii) Internally Managed Cash, which is held in the Fund's bank account held at Barclays Bank, Northallerton. Money in this account forms part of the balance of funds invested by the Council for treasury management purposes. A formal service agreement exists between the Council and the Fund so that the Fund receives an interest rate return equivalent to that achieved by the Council.

The main services provided by BNY Mellon are the custodianship of the Fund's assets, including settlement of trades and collection of income, investment accounting and performance measurement of the fund managers.

## 3.2 Performance

### (a) Fund and Manager Performance

Fund performance is measured and assessed on a quarterly basis primarily by Mellon Analytical Services (MAS), a division of BNY Mellon. A second tier of analysis is provided by the WM Company for the purpose of assessing comparisons with the WM Local Authority Universe which comprises performance data of the vast majority other local authority pension funds. Performance of the Fund and individual managers is assessed relative to the defined benchmarks specified by the PFC.

Pension Fund investment is a long term business, so as well as considering the annual performance of the Fund, performance over extended periods in comparison to peers is also considered; this principle is applied both to individual managers and the overall Investment Strategy of the Fund.

The return produced by the Fund is a contributory factor in setting the employer contribution rates. The mix of assets within the Fund has been established to generate the greatest possible return within sensible limits of risk.

Performance for the year was +12.0% compared to the benchmark return of +5.9% and the local authority average (as measured by WM Services) of +6.4%. NYPF was ranked 2<sup>nd</sup> of out 82 Local Authorities within the WM Local Authority Universe. For the 5 year period to 31 March 2014 NYPF was ranked 1<sup>st</sup>.

The performance of the Fund as a whole and of the individual fund managers for the year to 31 March 2014 compared with their defined benchmarks is shown in the following table:

Fund Manager	Share of Fund @ March 2014	Fund Performance	Customised Benchmark	+/-
	%	%	%	%
Baillie Gifford Life Ltd - Global Alpha	16.6	12.8	6.8	6.0
Baillie Gifford Life Ltd - LTGG	10.3	20.6	6.8	13.8
Fidelity International	19.3	8.2	6.8	1.4
Standard Life Investments - Equities	20.0	26.7	18.5	8.2
ECM Asset Management	6.0	4.6	0.5	4.1
Amundi Asset Management	11.0	-3.1	-3.4	0.3
M&G Investment Management Ltd	3.5	-1.6	-3.4	1.8
Hermes Investment Management Ltd	1.2	13.8	2.5	11.3
Legal & General	1.3	12.4	2.5	9.9
Threadneedle	2.2	17.2	2.5	14.7
Standard Life (GARS)	4.0	3.3	0.5	2.8
Newton Investments (RR)	3.9	1.6	0.5	1.1
Yorkshire & Humber Equity Fund		3.8	8.8	-5.0
Internally Managed Cash	0.7	-	-	-
Total Fund	100.0	12.0	5.9	6.1

## (b) Accounting and Cash Flow

The Statement of Financial Accounts for the year 2013/14 is shown at Appendix A.

The value of the Fund's assets at 31 March 2013 was £1,841m, and this increased by £242m during the year to give a value of £2,083m at 31 March 2014.

Prior to the start of the 2013/14 financial year, a Budget was prepared for NYPF which expressed the expected levels of expenditure (ie pensions, lump sums, administrative expenses) and income (ie employees and employers' contributions, net transfer values in, early retirement costs recharged). The Budget was monitored at each subsequent quarterly PFC meeting, and revised as necessary to take into account the latest projections.

The revised Budget for 2013/14 forecast a net cash surplus of £10.3m. The actual surplus for the year was £15.5m, resulting in an overall cash flow of £5.2m above expectations.

	Budget 2013/14 £m	Actual Income / Expenditure £m	Variance £m
<b>Expenditure</b>			
Benefits	92.0	87.8	-4.2
Administration	1.5	1.6	0.1
Investment Expenses	4.2	6.0	1.8
<b>Total Expenditure</b>	<b>97.7</b>	<b>95.4</b>	<b>2.3</b>
<b>Income</b>			
Employer and Employee contributions	106.0	109.4	3.4
Transfers	2.0	7.2	5.2
<b>Total Income</b>	<b>108.0</b>	<b>116.6</b>	<b>8.6</b>
<b>Net Surplus</b>	<b>10.3</b>	<b>21.2</b>	<b>10.9</b>

The budget assumed that the larger employers in the Fund would seek to reduce staffing levels in response to the Government cutting funding to public sector organisations. This has occurred, however the extent and timing of staff reductions is difficult to predict.

The value of transfers equates to the net of transfer values for staff moving in and out of the Fund in the year and cannot be reliably predicted.

Investment expenses includes performance related fees paid to the Fund's investment managers. At the total Fund level, performance exceeded the benchmark by 6.1% in the year and this has added to approximately £115m.



## PART 4 – PENSION ADMINISTRATION ACTIVITY

The number of staff (in FTE terms) at the Council involved in Pension Administration was 24.

### (a) Key Performance Indicators

The Local Government Pensions Committee has defined a range of performance indicators through which Pension Funds can be compared. NYPF's performance in these areas for the year to 31 March 2014 is shown below.

Performance Indicator	LGPC Target	Achieved (%)
Letter detailing transfer <i>in</i> quote	10 days	100
Letter detailing transfer <i>out</i> quote	10 days	100
Process and pay refund	5 days	100
Letter notifying estimate of retirement benefits	10 days	100
Letter notifying actual retirement benefits	5 days	100
Process and pay lump sum retirement grant	5 days	98
Initial letter acknowledging death of active/deferred/pensioner member	5 days	100
Letter notifying amount of dependant's benefits	5 days	100
Calculate and notify deferred benefits	10 days	100

These figures compare extremely favourably with other LGPS Funds, where the average achievement ratings for these performance indicators fall between 75% and 92%.

### (b) Benefit Calculation Activity

The number of cases processed during the year requiring benefit calculations was as follows.

Task	Number
Retirements	904
Transfers In	18
Refunds	19
Frozen Refunds	18
Preserved Benefits	2,942
AVCs/ARCs	231
Divorce cases	4
Deaths in Service	15
<b>Deaths of Pensioners</b>	<b>321</b>

## (c) Administration Costs per scheme member

NYPF's average cost of administration per member in 2013/14 was £15. This compares with the average cost per member in the comparative group of local authority pension funds of £21.

The total numbers of joiners and leavers during 2013/14 were:

Joining	7044
Retiring	904
Deaths	336
Other Leavers	2,975

The performance, activity and cost effectiveness reflect the efforts the Pension Administration team goes to provide a first class service to the Fund membership. NYPF is one of the leaders across LGPS administering authorities in terms of communication initiatives and innovative use of technology. Examples of this over 2013/14 include:

- arranging for government experts to address employing authorities directly on the key issues facing them such as compliance and LGPS 2014. NYPF employers have been more promptly and more thoroughly informed and prepared for change than counterparts across the country
- notifying NYPF membership immediately of the legislation designed to end the '100% tax free cash' option offered by AVCs. This enabled hundreds of members to make arrangements before the rush clogged up the system
- upgrading and re-launching the self-service facilities for Fund members
- implementing a new Pensions Administration System in preparation for the increasing complexity of administering the LGPS 2014 regulations
- continuing to develop and improve the customer helpline that provides a one-stop service for members without compromising the ability of Pensions Officers to take into account the specific circumstances of each individual joiner or leaver
- working collaboratively with employing authorities to get all the key LGPS2014 messages out to their employees / Fund members

Administration activity statistics are compiled for national benchmarking purposes and are based on tasks undertaken by the Pension Administration Team; therefore they will not reflect membership numbers reported elsewhere.

## PART 5 – MEMBERSHIP CONTRIBUTIONS AND SCHEME BENEFITS

### 5.1 Membership

NYCC operates the NYPF for its own employees (excluding Teachers) together with those of the other local authorities within the County area, and certain other bodies eligible to join the Fund, under the terms of the LGPS regulations. The Fund does not cover teachers, police and fire-fighters for whom separate statutory arrangements exist.

Membership of the LGPS is not compulsory, although employees over 16 years old are automatically admitted to the Fund unless they elect otherwise.

Employees therefore have various options:-

- to be a member of the NYPF
- to be part of the State Second Pension Scheme, or
- to purchase a personal pension plan or a stakeholder pension managed by a private sector company.

The following table summarises the membership of NYPF over the past 5 years.

Membership Type	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014
Current Contributors	28,623	29,295	27,770	29,036	31,501
Deferred Pensions	22,079	23,800	25,534	27,503	29,490
Pensioners receiving Benefits	14,119	14,888	15,839	16,755	17,668

### 5.2 Contributions

The Fund is financed by contributions from both employees and employers, together with income earned from investments. The surplus of income received from these sources, net of benefits and other expenses payable, is invested as described in the Statement of Investment Principles (Appendix C).

For employee contributions a banded structure has been in place from April 2008 linked to the rate of pensionable pay a member receives. The band ranges were updated in April 2013 as follows:-

Band	Range	Contribution rate
1	£0 to £13,700	5.5%
2	£13,701 to £16,100	5.8%
3	£16,101 to £20,800	5.9%
4	£20,801 to £34,700	6.5%
5	£34,701 to £46,500	6.8%
6	£46,501 to £87,100	7.2%
7	More than £87,101	7.5%

The employer has the discretion to decide how often the contribution rate is changed if the pensionable pay of the employee increases or decreases. This will usually be once a year, or where there are contractual changes to an employee's post(s).

Employers' contributions are determined in a cycle every three years by a Triennial Valuation. The Valuation assesses the contributions required to meet the cost of pension benefits payable as they are earned, as well as additional contributions employers may be required to pay to address any deficit relating to previous years. Further details, including a list of each employer's minimum contributions following the 2010 Valuation for the financial years 2011/12, 2012/13 and 2013/14 are shown at <https://www.nypf.org.uk/Documents/2010ActuarialValuationReport.pdf>

Any new entrants to the scheme will be included on the 2013 Triennial Valuation report and is shown at:

[https://www.nypf.org.uk/Documents/Triennial\\_Valuation\\_Report\\_March\\_2013.pdf](https://www.nypf.org.uk/Documents/Triennial_Valuation_Report_March_2013.pdf)

### 5.3 Scheme Benefits

The LGPS is a comprehensive scheme providing a wide range of benefits for members and their families. This summary does not give details of all the benefits provided by the Scheme or of all the specific conditions that must be met before these benefits can be obtained. More detailed information, including the Scheme booklet *A Guide to the Local Government Pension Scheme for Employees in England and Wales*, can be obtained by contacting the Pensions Administration section at County Hall, Northallerton, (telephone 01609 536335). Further information is available from the website [www.nypf.org.uk](http://www.nypf.org.uk)

#### Normal Pension Age

The Normal Pension Age is a member's State Pension Age for both men and women (earlier voluntary retirement allowed from age 55 but benefits are reduced if minimum service conditions are not met). However, some members have a protected Normal Pension Age of age 65.

On retirement, both a pension and a lump sum retirement grant are payable for service up to 31 March 2008. For service from 1 April 2008 only a pension is payable, with no automatic lump sum. A member has the option to convert an amount of pension to a lump sum. Pension and lump sum are related to length of service and pay.

## Pension (Normal)

The calculation of pension benefits depends on the dates of membership involved. From 1 April 2014 the LGPS changed to a Career Average Revalued Earnings (CARE) scheme. The pension for membership from 1 April 2014 is worked out as  $\frac{1}{49}^{\text{th}}$  of pensionable pay.

For membership up to 31 March 2014 benefits are worked out on a 'final salary' basis. A normal pension is based on the average pensionable pay for the last year of service, or the better of the two previous years, if this gives a higher figure. Also, applicable from 1 April 2008 members who experience a reduction in their pensionable pay in the last 10 years can base benefits on the average of any 3 consecutive years in the last 13 years. Pensions are calculated on a fraction of  $\frac{1}{80}^{\text{th}}$  for each year of membership of the scheme for service up to 31 March 2008 and on  $\frac{1}{60}^{\text{th}}$  for service after 1 April 2008.

## Pension (Ill Health)

An ill health pension is based on average pensionable pay for the last year of service and a split of the  $80^{\text{ths}}$  and  $60^{\text{ths}}$  accrual for membership up to 31 March 2014 as above. A pension of  $\frac{1}{49}^{\text{th}}$  of pensionable pay applies for membership from 1 April 2014 onwards. There are three tiers of ill health benefits depending on whether a member can carry out any employment up to age 65.

- First Tier: If there is no reasonable prospect of being capable of gainful employment before Normal Pension Age the employee's LGPS pension is enhanced by 100% of the remaining potential pension to Normal Pension Age based on  $\frac{1}{49}^{\text{th}}$  of an 'Assumed Pensionable Pay' figure which is a calculation of the pensionable pay on a prescribed basis for the period between the date of retirement and Normal Pension Age.
- Second Tier: If it is likely that the employee will be capable of undertaking any gainful employment before Normal Pension Age the employee's LGPS service is enhanced by 25% of the remaining potential pension to Normal Pension Age.
- Third Tier: If it is likely that the employee will be capable of undertaking any gainful employment within 3 years of leaving employment the employee receives the payment of benefits built up to the date of leaving with no enhancement but the benefits are only payable for a maximum period of 3 years (though reviewed at 18 months to assess any improvement in the member's health).

## Lump Sum Retirement Grant

For service prior to 31 March 2008, the lump sum retirement grant is calculated as  $\frac{3}{80}^{\text{ths}}$  for each year of service, with an appropriate enhancement in respect of ill health. For service after this date there is no automatic lump sum however pension entitlement can be converted to a lump sum at the rate of £1 of pension for £12 of lump sum retirement grant. A maximum lump sum of 25% of the capital value of the benefits accrued in the scheme can be taken.

## Death Grant

### (i) Death in Service

A lump sum death grant usually equal to three times pensionable pay, worked out on a prescribed basis known as 'Assumed Pensionable Pay', would be payable to the member's spouse, or nominee.

### (ii) Death after Retirement

A death grant is payable in certain circumstances where death occurs after retirement. Retirement pensions are guaranteed for ten years and where death occurs within that period, and the pensioner dies before age 75, a death grant is payable. This provision only applies to a pensioner member who has a period of active membership in the Scheme on or after 1 April 2008. For pensioners who retired prior to this date the guarantee is limited to five years.

### (iii) Death of a member with Preserved Benefits

A lump sum death grant of three times the preserved annual pension for leavers prior to 1 April 2008, or five times for leavers on or after this date is payable to the member's spouse, or nominee.

## Spouses, civil partners and nominated cohabiting partner's pension

Any surviving spouse, nominated cohabiting partner or civil partner is entitled to a pension based on  $\frac{1}{160}$  of the member's final pay, for each year of service up to 31 March 2014. For membership from 1 April 2014 the surviving spouse, nominated cohabiting partner or civil partner is entitled to a pension based on  $\frac{1}{160}$ <sup>th</sup> of career average pensionable pay.

Only members of the scheme, who were active after 31 March 2008, are able to name a cohabiting partner to receive their pension benefits.

The pension available to a cohabiting partner is based on post April 1988 membership only.

## Children's Pension

Each child under age 18, or still in full-time education and under age 23, will receive a proportion of the spouse's or civil partner's pension depending on the number of eligible children and whether or not a spouse's or civil partner's pension is payable.

### Partner with one child:

Child's pension is  $\frac{1}{320}$ <sup>th</sup> of member's service, multiplied by the pensionable pay plus a pension equal to  $\frac{1}{160}$ <sup>th</sup> of the Assumed Pensionable Pay for each year of membership the member would have built up from the date of death to Normal Pension Age.

- Partner with more than one child:** Child's pension is  $\frac{1}{160}$ <sup>th</sup> of the member's service, multiplied by the pensionable pay plus a pension equal to  $\frac{1}{160}$ <sup>th</sup> of the Assumed Pensionable Pay for each year of membership the member would have built up from the date of death to Normal Pension Age. The total children's pension payable is divided by the number of children who are entitled to equal shares.
- No partner and one child:** Child's pension is  $\frac{1}{240}$ <sup>th</sup> of the member's service, multiplied by the pensionable pay plus a pension equal to  $\frac{1}{160}$ <sup>th</sup> of the member's Assumed Pensionable Pay for each year of membership the member would have built up from the date of death to Normal Pension Age.
- No partner & more than one child:** Child's pension is  $\frac{1}{120}$ <sup>th</sup> of the member's service, multiplied by the pensionable pay plus a pension equal to  $\frac{1}{160}$ <sup>th</sup> of the Assumed Pensionable Pay for each year of membership the member would have built up from the date of death to Normal Pension Age. The total children's pension payable is divided by the number of children who are entitled to equal shares.

## Pension Increases

Pensions are increased in accordance with the Pensions (Increase) Act 1971. All pensions paid from the scheme are protected against inflation, rising in line with the Consumer Price Index.

## Contracting Out Status (with effect from 1 April 2002)

The LGPS is contracted-out of the State Second Pension Scheme (S2P). This means that members pay reduced National Insurance contributions and that they do not earn a pension under S2P. Instead, the LGPS must guarantee to pay a pension that in general is as high as the pension which would have been earned in the State Earnings Related Pension Scheme (SERPS) / S2P. For contracted-out membership between 6 April 1978 and 5 April 1997, a Guaranteed Minimum Pension (GMP) is calculated by Her Majesty's Revenue & Customs (HMRC) which is the minimum pension which must be paid from NYPF to the member. For membership after 5 April 1997, the LGPS has guaranteed that the benefits it provides will, in general, be no less favourable than those provided under a Reference Scheme prescribed under the Pensions Act 1995.

### **AVCs**

A facility is available for scheme members to make Additional Voluntary Contributions (AVCs). The Pension Fund Committee (PFC) has appointed the Prudential as the nominated provider for this purpose. Further details are available from the Prudential on 0800 012 1378.



## PART 6 – GOVERNANCE DOCUMENTATION

The main governance documentation is as follows:

- Statement of Investment Principles
- Governance Compliance Statement
- Funding Strategy Statement
- Communications Policy Statement

A short summary of each Statement is given below, and each full Statement is shown in the Appendices to this report.

### (a) Statement of Investment Principles

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 require administering authorities to prepare a statement recording the investment policy of the Fund. The full statement is available as Appendix C. The main areas covered by the statement are:

- Investment decision making process
- Types of investments to be held
- Balance between different types of investments
- Risk
- Expected return on assets
- Realisation of investments
- Socially responsible investments
- Shareholder governance
- Stock lending
- Compliance with guidance from the Secretary of State

### (b) Governance Compliance Statement

Under the Statement under the LGPS (Administration) Regulations 2008 and its predecessor Regulation 73A(c) of the LGPS Regulations 1997 (as amended), NYPF as an administering authority is required to publish a document describing how the Fund must assess its governance arrangements and compliance with any principles listed in the guidance. This statement is available at Appendix D. The main areas covered by this are:

- Governance arrangements
- Representation and meetings
- Operational procedures
- Key policy / strategy documents
- Assessment of compliance with best practice principles

## (c) Funding Strategy Statement

The Funding Strategy Statement (FSS) has been prepared by in accordance with Regulation 35 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) and the guidance papers issued in March 2004 and November 2004 by the Chartered Institute of Public Finance and Accountancy (CIPFA). The full statement is available at Appendix E, and the main purpose is to:

- establish a clear and transparent Fund-specific Strategy which will identify how employers' pension liabilities are best met going forward
- support the regulatory requirement to maintain as nearly constant employers contribution rates as possible, and
- take a prudent longer-term view of funding those liabilities

In addition to this, the Funding Strategy Statement covers:

- responsibilities of the key parties
- solvency issues and target funding levels
- link to Investment Strategy set out in the Statement of Investment Principles
- identification of risks and counter measures
- method and assumptions and results of the 2010 Actuarial Valuation

## (d) Communications Policy Statement

This statement sets out the communication strategy for communication with members, members' representatives, prospective members and employing authorities; and for the promotion of the Scheme to prospective members and their employing authorities. The latest Communications Policy Statement is shown at Appendix F.

## NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

18 SEPTEMBER 2014

PERFORMANCE OF THE FUND'S PORTFOLIO FOR THE QUARTER  
ENDING 30 JUNE 2014

## Report of the Treasurer

**1.0 PURPOSE OF REPORT**

- 1.1 To report the investment performance of the overall Fund, and of the individual Fund Managers, for the Quarter to 30 June 2014.

**2.0 PERFORMANCE REPORT**

- 2.1 The Fund Analysis & Performance Report (**Appendix 1**) produced by BNY Mellon Asset Servicing (MAS) provides a performance analysis of the North Yorkshire Pension Fund for the quarter ending 30 June 2014.

- 2.2 The report highlights the performance of the total Fund by asset class against the customised Fund benchmark. It also includes an analysis of the performance of each manager against their specific benchmark and a comparison of performance levels over time.

**3.0 PERFORMANCE OF THE FUND**

- 3.1 The absolute overall return for the quarter (+0.6%) was below the customised benchmark for the Fund (+1.1%) by 0.5%.

- 3.2 The 12 month absolute rolling return was +12.9%, 4.4% above the customised benchmark.

- 3.3 Absolute and relative returns over the rolling years to each of the last four quarter ends were as follows.

Year End	Absolute %	Relative %
30 June 2014	+12.9	+4.4
31 March 2014	+12.0	+6.1
31 December 2013	+20.9	+5.5
30 September 2013	+22.5	+6.2

- 3.4 The performance of the various managers against their benchmarks for the Quarter ended 30 June 2014 is detailed on **page 8** of the MAS report and in **Section 4** below. This performance is measured on a time-weighted basis and expressed as a +/- variation to their benchmark.

- 3.5 The Appendices used in this report have been designed to present a fuller picture of recent investment performance.

**Appendix 2** Fund Manager Performance over the three years to 30 June 2014 in absolute percentage terms from a starting point of “100”

**Appendix 3** Performance of NYPF relative to other LGPS Funds over the last ten years

**Appendix 4** Solvency position (in % and £ terms) since the 2001 Triennial Valuation; this Appendix also shows in absolute terms the +/- in the value of assets and liabilities of the Fund

**Appendix 5** Solvency graph – this shows the key figures from **Appendix 4** since March 2004 in a simple graphical format

- 3.6 The separate reports of the Investment Adviser and Investment Consultant explain what has been happening in the financial markets and to NYPF's investments, and look ahead over the short, medium and longer term.

#### 4.0 FUND MANAGER PERFORMANCE

- 4.1 In monetary terms, the positive absolute return of +0.6% in the Quarter increased the invested value of the Fund by £11.7m. Eleven of thirteen managers and funds added value, with 7 managers outperforming their respective benchmarks. At the end of the June 2014 quarter the value of the Fund was £270m above the value at the end of June 2013, an increase of 15%.

- 4.2 **Appendix 3 shows the performance of NYPF relative to other Funds in the LGPS universe.** NYPF underperformed the local authority average by 1.4% for the quarter. NYPF has shown a strong and consistent correlation to the performance of other LGPS funds over the last 10 years but has tended to relatively outperform when markets are rising and underperform in falling markets conditions. This reflects a greater inherent potential for volatility in the NYPF Investment Strategy relative to many other LGPS funds.

##### Overseas Equities

- 4.3 **Fidelity produced a negative relative return in the quarter of -0.2% on a benchmark return of +1.9%.** Performance over the year to June 2014 was +1.0% relative. Since inception in November 2008 the manager has exceeded the benchmark by 0.2% pa (gross of fees).

During June 2014, NYPF transferred £21m from Fidelity for rebalancing purposes

##### Global Equities

- 4.4 The Global Alpha fund managed by **Baillie Gifford** produced a negative relative return (-2.3%) against a benchmark return of +2.7%. This is the first quarter of under-performance following an exceptional run of outperformance in nineteen of the last twenty quarters. The Fund remained 1.6% above the benchmark for the year to June 2014.

The LTGG fund, also managed by **Baillie Gifford**, produced a positive relative return (+0.8%) against the benchmark of +2.7% for the quarter. The relative figure for the year to 30 June 2014 was +13.3%, reflecting the previous outstanding out-performance.

### **UK Equities**

- 4.5 **Standard Life** produced a negative relative return (-2.5%) in the quarter against the FTSE 350 equally weighted benchmark return of -1.4%. Relative performance for the year remains above the benchmark at +0.6%.

During June 2014, NYPF transferred £63m from Standard Life for rebalancing purposes.

### **Fixed Income**

- 4.6 **ECM** produced +1.1% relative against the cash benchmark for the quarter and +4.9% relative for the year to June 2014. The performance target is to beat the cash benchmark by 3% each year.
- 4.7 Between July 2005 and May 2007 NYPF invested £125m with ECM. The valuation reached a peak of £141m in December 2007, dropped to a low point of £58m in February 2009. By the end of June 2014 the value of the investment stood at £127.3m.
- 4.8 **Amundi** performed below the benchmark (+1.6%) by -0.5% in the quarter and was -1.10% below it for the year to June 2014. The performance target is to exceed the benchmark by +2.5% each year.

The investment with this manager has proven to be a moderate contributor to Fund performance, outperforming liabilities since inception (+0.9% pa).

- 4.9 The investment in Gilts with **M&G** produced +1.5% against a liability matching benchmark of +1.6% for the quarter to June 2014, giving a -0.1% relative performance figure. Year to date performance was above the benchmark by +0.7%. The performance target is to exceed the benchmark by +0.5% (net of fees) each year.

### **Property**

- 4.10 Investments were made into the **LGIM** and **Threadneedle** Property Funds during June 2014
- 4.11 The investments with **Hermes**, **Threadneedle** and **L&G** produced +2.1%, +4.7% and +0.3% respectively in relative terms, against the RPI benchmark of +0.6% for the quarter to June 2014.

### **Diversified Growth Funds**

- 4.12 The Investment with the **Standard Life** Global Absolute Return Strategy (GARS) Fund and the **Newton Investments** Real Return Fund produced relative

outperformance of +1.3% and +1.0% respectively against a cash benchmark of +0.1%.

## 5.0 RISK INDICATORS

5.1 The Report (pages 10 and 11) includes three long-term risk indicators.

5.2 The Fund's annualised **Standard Deviation**, which is a reflection of volatility, is 10.0% for the rolling three year period to June 2014, 1.9% above the benchmark.

5.3 The **Sharpe Ratio** is a measure of how well the return compensates an investor for the risk taken. A higher Sharpe Ratio reflects a better return for a given level of risk or lower risk for a given level of return. The ratio for the Fund for the rolling three year period to June 2014 remains fractionally below zero.

5.4 The **Tracking Error** figure reflects how closely a fund manager's actual return follows their respective benchmark. As at June 2014 the figure was 3.3%.

5.5 The **Information Ratio** is a measure of excess returns in relation to the benchmark and the consistency of those returns. A high IR could be derived from a high portfolio return, a low benchmark return and a low tracking error. For the period to June 2014 the ratio for the Fund was +0.4%.

5.6 Steps taken by the PFC to diversify into Property and Diversified Growth Funds have clearly had a positive impact on these four measures. Volatility has reduced, and risk adjusted returns have improved.

## 6.0 SOLVENCY

6.1 The **solvency position** is presented in **Appendices 3 and 4**. As at 30 June 2014 the estimated solvency remained unchanged from the March 2014 figure of 84%.

6.2 The assets of the Fund increased by 1.3% in the Quarter, whilst liabilities (as modelled by the Actuary) rose by 1.4%.

6.3 The relative position, over time, between liabilities and assets is shown very clearly in **Appendix 4** which is a simple graph using data from **Appendix 3**

## 7.0 REBALANCING

7.1 During the quarter £20m was transferred from cash into the property investment with Legal & General. £21m was transferred from Fidelity to the property investment with Newton. £63m was transferred from Standard Life to M&G Investments.

## 8.0 PROXY VOTING

8.1 The report from PIRC is available on request summarising the proxy voting activity in the period April to June 2014. This report covers the votes cast on behalf of NYPF at all relevant company AGMs in the period and includes an analysis of voting recommendations at selected meetings and responses to company engagement.

**10.0 RECOMMENDATION**

**10.1 Members are asked to note the investment performance of the Fund for the Quarter ending 30 June 2014.**

GARY FIELDING  
Treasurer  
Central Services  
County Hall  
Northallerton

09 September 2014



**BNY MELLON**  
ASSET SERVICING

**North Yorkshire Pension Fund**

**3 Months Ending 30 June 2014**

*Fund Analysis & Performance Report*





**Contents**

**Fund Analysis**

Executive Summary	1	<b>Manager Analysis</b>	14
		Manager Analysis - Total Consolidation	14
		Manager Analysis - Fidelity	15
<b>Fund Allocation</b>		Manager Analysis - Standard Life	16
Fund Allocation - Managers	4	Manager Analysis - Baillie Gifford GA	17
Fund Allocation - Relative Analysis	5	Manager Analysis - Amundi	18
		Manager Analysis - Baillie Gifford LTGG	19
<b>Fund Performance</b>		Manager Analysis - ECM Asset Management	20
Fund Performance - Summary	6	Manager Analysis - Standard Life Divers Growth	21
Fund Performance - Segment Analysis	7	Manager Analysis - Newton Diversified Growth	22
Fund Performance - Manager Overview	8	Manager Analysis - M&G	23
Fund Performance - Contribution Analysis	9	Manager Analysis - LGIM Property	24
		Manager Analysis - Hermes	25
<b>Risk Profile</b>		Manager Analysis - Threadneedle	26
Risk Profile - Historic Risk	10		
Risk Profile - Consistency Analysis	12	<b>Appendix</b>	27
		Appendix - Benchmark Summary	27
<b>Fund Profile</b>		Appendix - Glossary	28
Fund Profile - Movement of Funds	13		



**Executive Summary**

**Market Review**

**Market Briefing - Quarter Ended 30 June 2014**

**Market Summary**

During the second quarter of 2014, returns were primarily positive, the only exception being Overseas Bonds. Property provided the strongest result of the quarter, followed by Overseas Equities and UK Equities.

**UK Equities**

During the Quarter the FTSE 100 was the best performing sector with a return of 3.2%, followed by the FTSE 350 with a return of 2.3%. The FTSE 250 was the only sector with a negative performance, returning -2.4%.

Over the one year period ending 30<sup>th</sup> June 2014, all the indices achieved positive returns. The FTSE Small CAP was the best performing sector with a return of 19.1% over this period. The FTSE 100 was the weakest performing index with a return of 12.3%.

Health Care was the best performing industry sector with a return of 10.5% for the Quarter. The weakest performing sector was Technology with a return of -7.5%.

Over the one year period ending on 30<sup>th</sup> June 2014, returns ranged from 26.2% for Health Care to 7.3% for Financials. Basic Materials was the second best performing sector with a return of 17.8%.

**Overseas Equities**

The Second Quarter of 2014 saw primarily positive results across the Overseas Equity market. Within Europe, returns were mixed and Norway was the best performing country with a return of 5.9%. This was followed by Spain and Denmark with returns of 4.5% and 2.4% respectively. Greece was the weakest performing country with a return of -16.5%, followed by Ireland with a return of -12.1%. Over the one year period Greece was the strongest performing country with a return of 45.2%, with Austria being the weakest with a return of 6.9%.

Outside Europe, Taiwan was the best performing country with a return of 8.0%. Canada provided the second best performance with a return of 7.0%. The weakest performing country was Australia with a return of 0.3% in sterling terms.



## Executive Summary

### Market Review

#### UK Bonds

Returns were positive across most of the UK Bond sectors during the Quarter. For the eighth quarter running, UK Non-Gilts outperformed Gilts with a return of 2.1% compared to 1.1%. Within Gilts, long-dated Gilts were the strongest performing sector with a return of 2.3%. Short-dated Gilts were the weakest performing sector with a return of 0.0%.

Over the one year period ending 30<sup>th</sup> June 2014, UK Non-Gilts were once again the best performing sector with a return of 6.9% compared to a return of 2.3% for UK Gilts. Within Gilts, long-dated Gilts provided the strongest performance with a return of 5.3%, whilst the weakest came from short-dated Gilts with 0.1%.

#### Overseas Bonds

The second Quarter of 2014 saw Overseas Bonds record a negative performance of -0.4%. Within Europe, Italy was the best performing country with a return of 0.3%. Sweden was the weakest performing country with a return of -2.8%. Outside Europe, Australia was the best performing country with a return of 3.0%, whereas US was the weakest performing country with a return of -0.9%.

Over the twelve month period, Overseas Bonds achieved a return of -6.1%. European Bonds saw mixed returns over this period, with Spain providing the strongest return of 8.2%, and Sweden recording the weakest result with a return of -5.6%. Outside of Europe, the best performance came from Australia with a return of -3.6%. Japan was the weakest performing country with a return of -10.2%.

#### UK Index-Linked Gilts

UK Index Linked-Gilts achieved a positive return of 1.0% for the second Quarter of 2014. Within this sector, long-dated Index-Linked Gilts provided the strongest performance with a return of 1.4%, whereas the weakest performance was provided by short-dated Index-Linked Gilts with a return of -0.3%.

Over the one year period to 30<sup>th</sup> June 2014, on an overall basis UK Index-Linked Gilts achieved a return of 3.9%. Over the same period, long-dated Index-Linked Gilts were the strongest performing sector with a return of 5.3%, whereas short-dated Index Linked Gilts showed the weakest performance, returning 0.4%.

#### UK Cash and Property

Property recorded a positive return for the sixth successive quarter with a return of 4.1%. The overall return for the year ending on 30<sup>th</sup> June 2014 was 13.0%. Cash achieved a return of 0.1% over the Quarter and 0.4% over the last twelve months.



**Executive Summary**

**Fund Performance, Risk and Allocation Highlights**

During the Second Quarter of 2014, the fund returned 0.55% versus its benchmark of 1.10%, thereby underperforming by 0.55%. In terms of longer period performance, the fund has outperformed over 5 year by 1.46%.

At asset class level, the fund underperformed its blended benchmark in all the majority of asset classes. UK equities is the worst performing sector which underperformed its benchmark by 2.55%. Property and Alternatives however outperformed the benchmark by 2.78% and 1.10% respectively.

Over the quarter, eight accounts out-performed their benchmarks. The best (excluding the Cash Account) was shown by Threadneedle who out-performed their benchmark of UK Retail Price Index (RPI) by 4.68%.

For asset allocation the fund is closely matched to the benchmark with the largest variances being in Alternatives and Bonds where the fund is 3.09% underweight and 2.40% overweight respectively.



	<i>Fund Allocation</i>

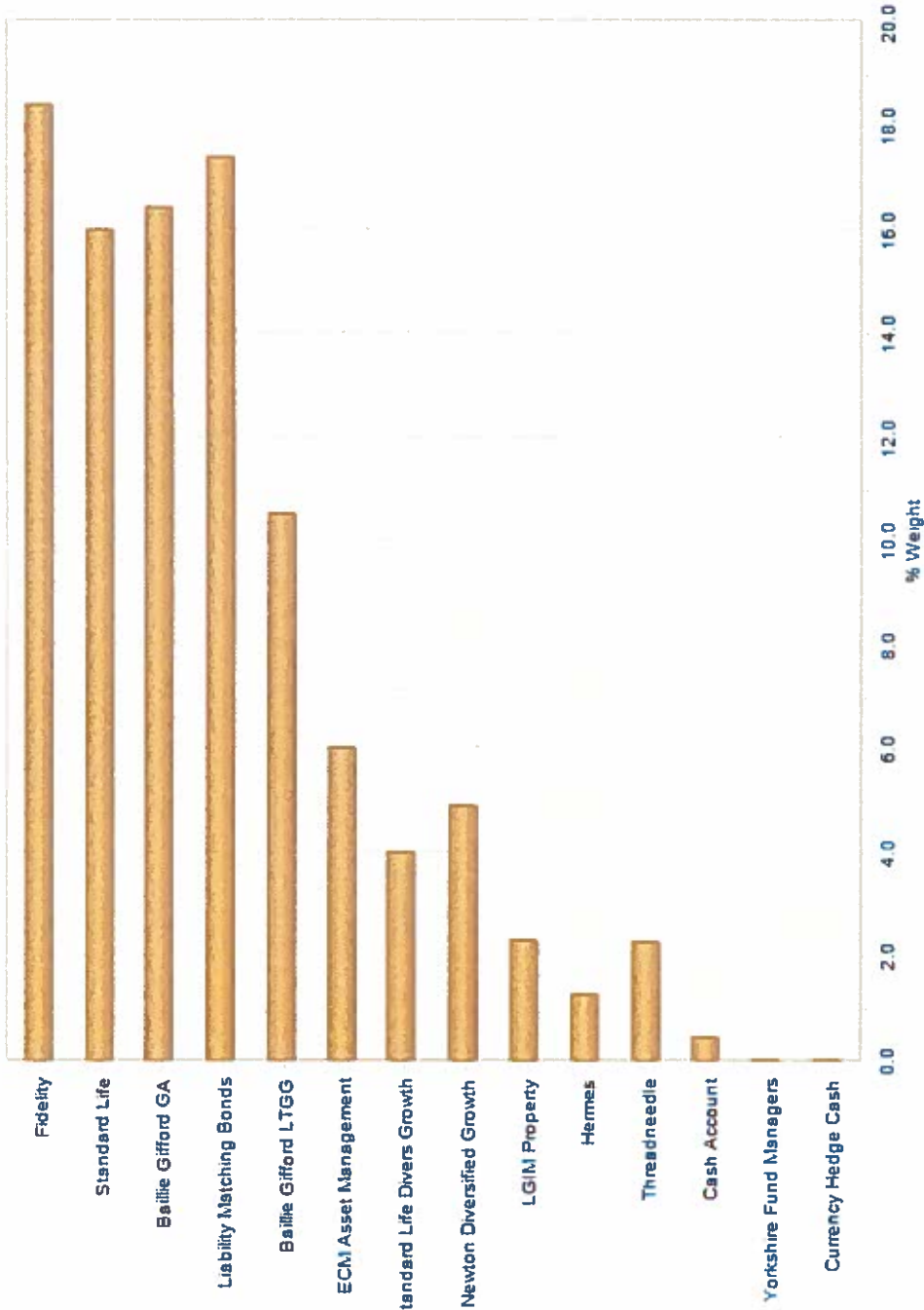
# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Fund Allocation - Managers



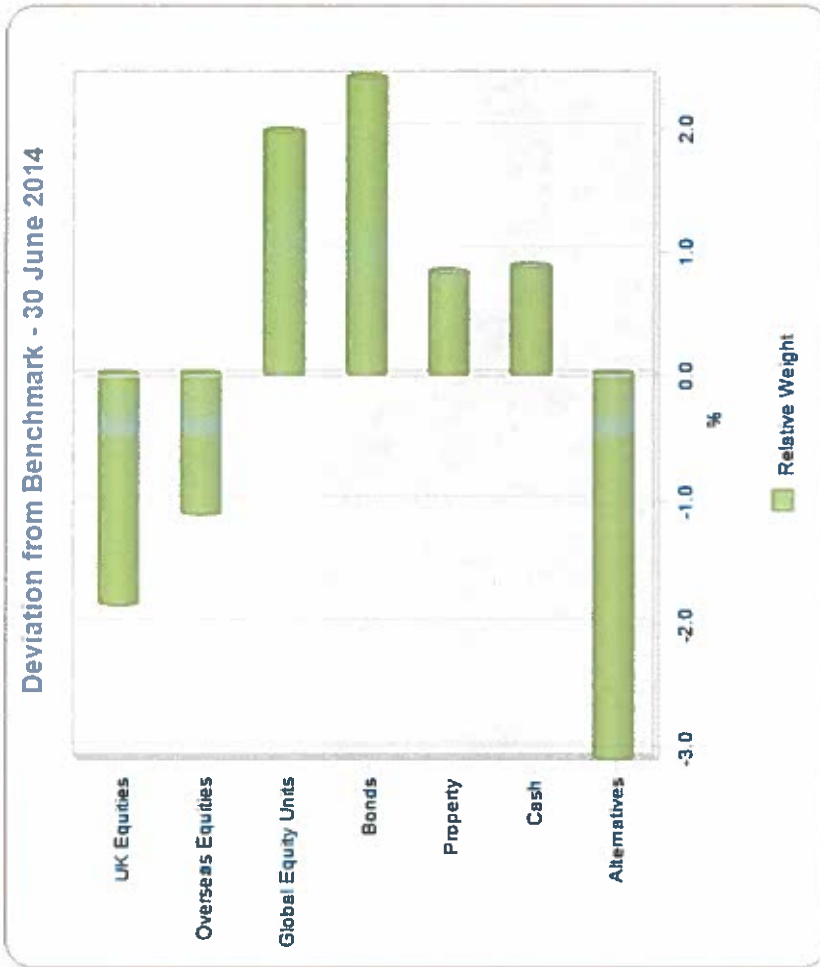
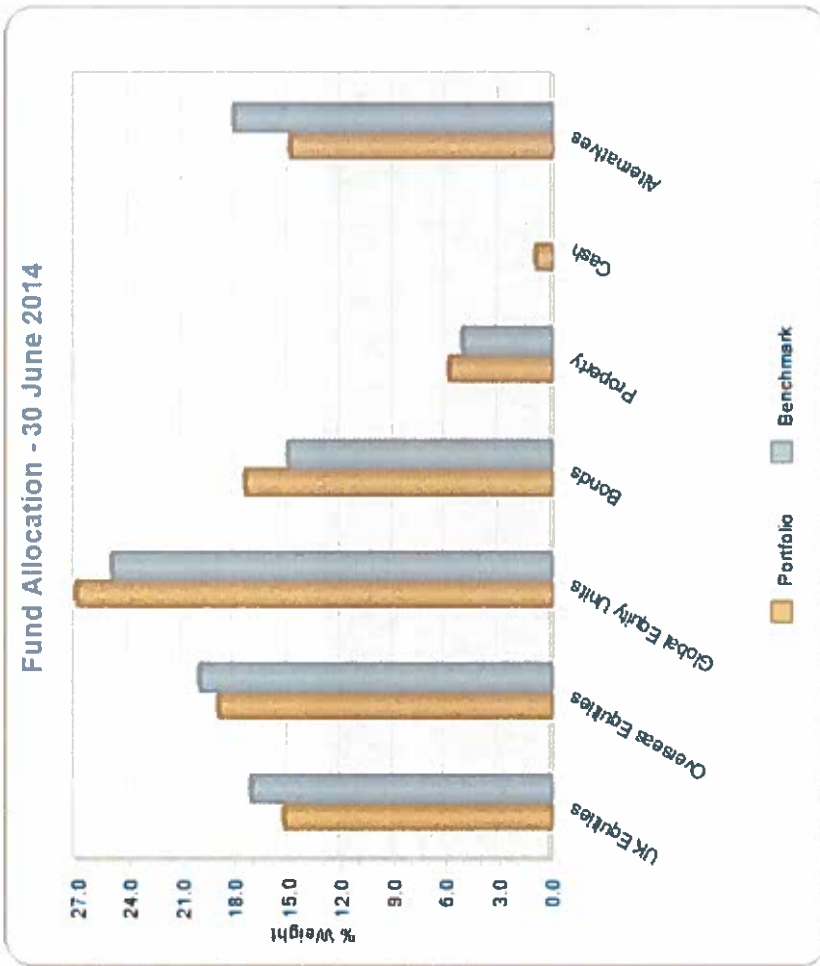
**BNY MELLON**  
ASSET SERVICING

Manager Allocation - 3 Months Ending 30 June 2014



Manager	Weight (%)
Fidelity	18.42
Standard Life	16.01
Baillie Gifford GA	16.42
Liability Matching Bonds	17.41
Baillie Gifford LTGG	10.53
ECM Asset Management	6.03
Standard Life Divers Growth	3.99
Newton Diversified Growth	4.89
LGIM Property	2.32
Hermes	1.26
Threadneedle	2.26
Cash Account	0.45
Yorkshire Fund Managers	0.01
Currency Hedge Cash	0.00

Fund Allocation - Relative Analysis



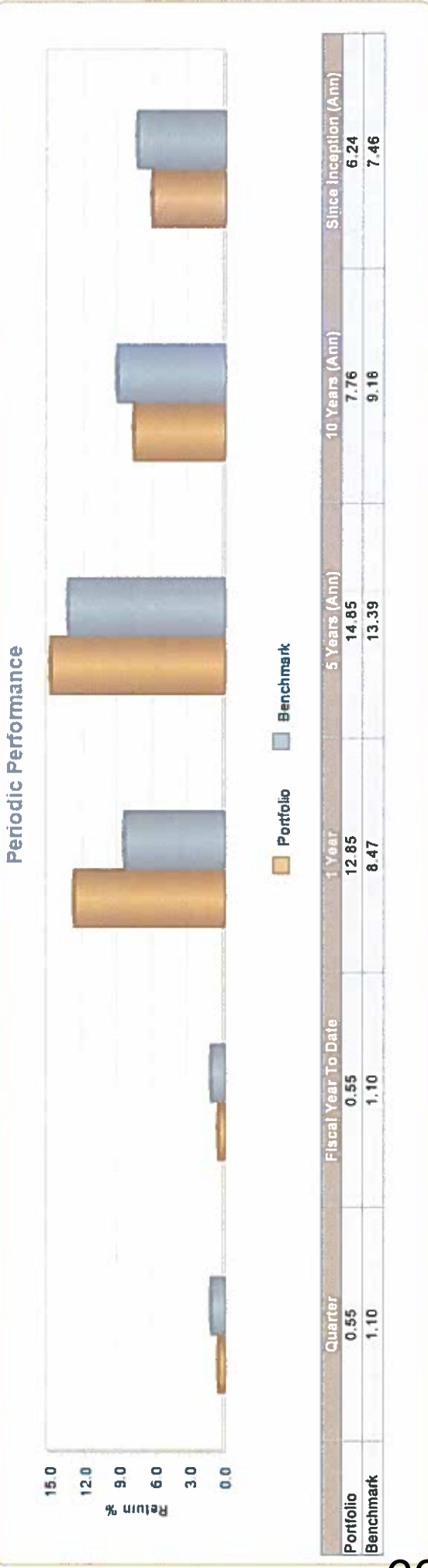
	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Cash	Alternatives
Portfolio	15.16	18.88	26.96	17.40	5.83	0.88	14.91
Benchmark	17.00	20.00	25.00	15.00	5.00	0.88	18.00
Relative Weight	-1.84	1.12	1.96	2.40	0.83	0.88	-3.09





# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Fund Performance - Summary



60

Inception Date: 31 Jan 2002

Ann = Annualised

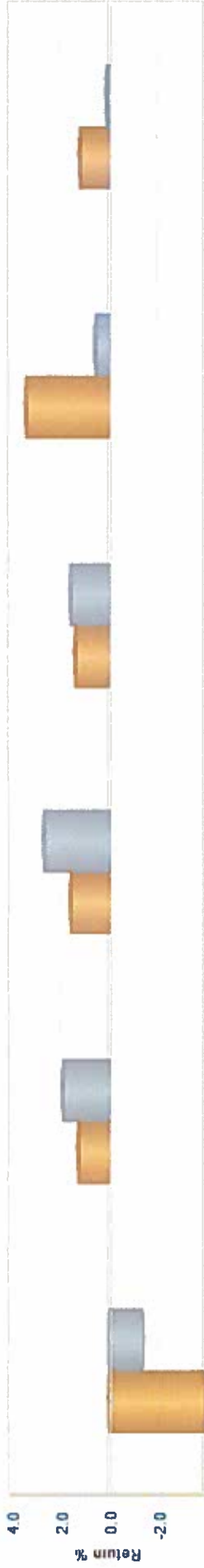
# North Yorkshire County Council - 3 Months Ending 30 June 2014



**BNY MELLON**  
ASSET SERVICING

## Fund Performance - Segment Analysis

Segment Performance - 3 Months Ending 30 June 2014



	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Alternatives
Portfolio	-3.95	1.32	1.58	1.39	3.37	1.22
Benchmark	-1.40	1.86	2.66	1.62	0.59	0.12



Fund Performance - Manager Overview

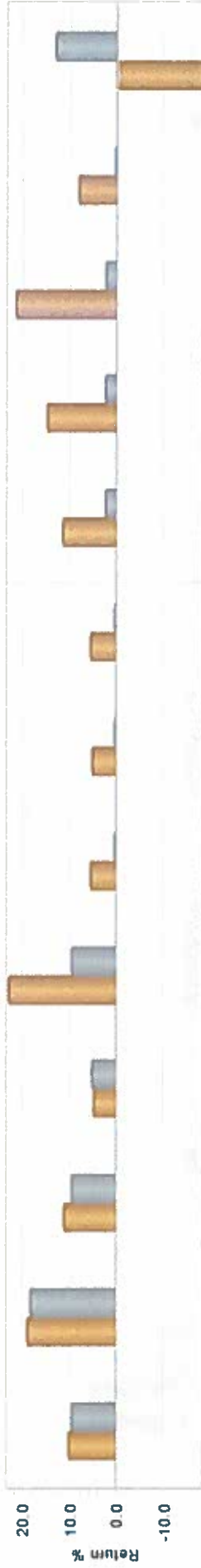
Manager Performance - 3 Months Ending 30 June 2014



Portfolio Benchmark

	Fidelity	Standard Life	Baillie Gifford GA	Liability Matching	Baillie Gifford LTGG	ECM Asset Management	Standard Life Divers Growth	Newton Diversified	LGIM Property	Hermes	Threadneedle Cash Account	Yorkshire Fund
Portfolio	1.74	-3.91	0.42	1.40	3.45	1.19	1.39	1.14	0.92	2.67	5.27	-21.33
Benchmark	1.86	-1.40	2.66	1.62	2.66	0.12	0.12	0.12	0.59	0.59	0.09	2.24

Manager Performance - 1 Year Ending 30 June 2014



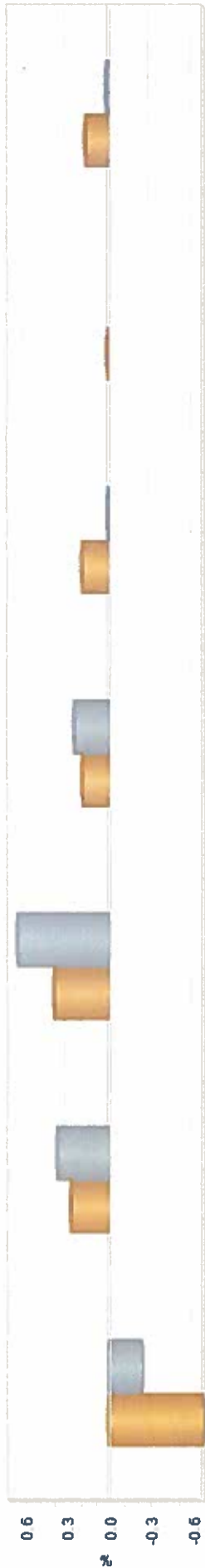
Portfolio Benchmark

	Fidelity	Standard Life	Baillie Gifford GA	Liability Matching	Baillie Gifford LTGG	ECM Asset Management	Standard Life Divers Growth	Newton Diversified	LGIM Property	Hermes	Threadneedle Cash Account	Yorkshire Fund
Portfolio	10.38	19.02	11.18	4.84	22.89	5.37	5.29	5.36	11.72	15.02	21.67	-18.37
Benchmark	9.44	18.44	9.64	5.28	9.64	0.49	0.49	0.49	2.64	2.64	0.35	13.12



**Fund Performance - Contribution Analysis**

Source of Contribution - Quarter to 30 June 2014



Portfolio Benchmark

	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Cash	Alternatives
Portfolio	-0.24	0.37	0.66	0.25	0.01	0.01	0.02
Benchmark	-0.68	0.27	0.40	0.19	0.19	0.01	0.17

Top 5 Manager Contribution - Quarter to 30 June 2014



Portfolio

	Total Consolidation	Standard Life	Baillie Gifford LTGG	Fidelity	Amundi	Threadneedle	Remaining Managers
Portfolio	0.55	-0.75	0.34	0.34	0.13	0.11	0.39



*Risk Profile*



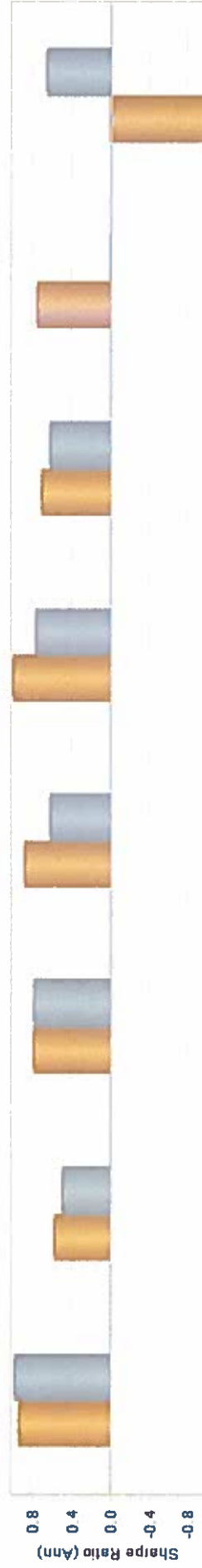
Risk Profile - Historic Risk

Standard Deviation - 3 Years (Ann) to 30 June 2014



	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	Yorkshire Fund Managers
Portfolio	9.99	12.65	18.07	12.00	9.76	15.06	3.54	19.35
Benchmark	8.07	14.68	15.65	13.70	11.37	13.70	0.15	13.63

Sharpe Ratio - 3 Years (Ann) to 30 June 2014



	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	Yorkshire Fund Managers
Portfolio	0.94	0.57	0.78	0.89	1.00	0.70	0.75	-0.99
Benchmark	0.98	0.49	0.79	0.63	0.77	0.63	0.01	0.66

Ann = Annualised



Risk Profile - Historic Risk

Tracking Error - 3 Years (Ann) to 30 June 2014



Portfolio	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	Yorkshire Fund Managers
	3.32	11.58	18.16	10.95	7.98	13.97	3.55	23.91

Information Ratio - 3 Years (Ann) to 30 June 2014



Portfolio	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	Yorkshire Fund Managers
	0.45	0.01	0.09	0.19	0.12	0.14	0.74	-1.18

Ann = Annualised

# North Yorkshire County Council - 3 Months Ending 30 June 2014

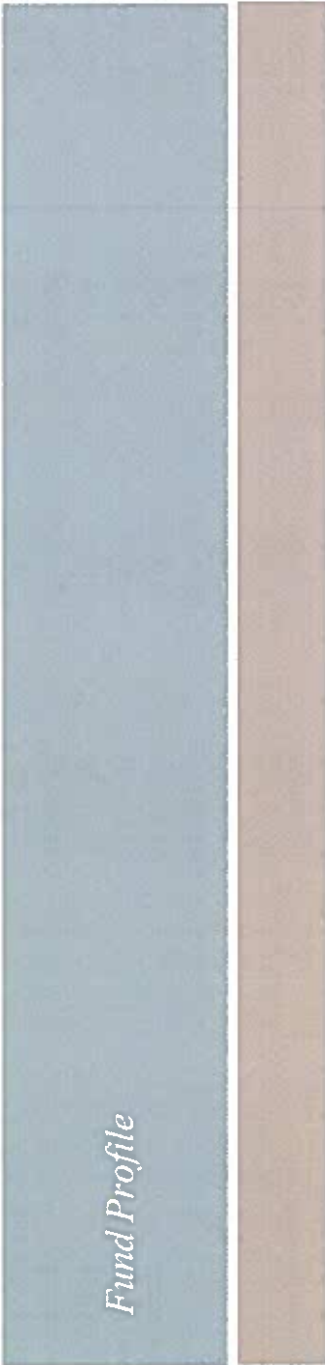


**BNY MELLON**  
ASSET SERVICING

## Risk Profile - Consistency Analysis

Manager	Active Number of Months	Number of Positive Months	Consistency Rate (%)	Benchmark Consistency (%)	Outperformance (%)
<b>Total Consolidation</b>	<b>150</b>	<b>97</b>	<b>65</b>	<b>67</b>	<b>54</b>
Fidelity	68	43	63	44	53
Standard Life	93	51	55	32	57
Baillie Gifford GA	93	57	61	37	54
Amundi	108	63	58	33	53
Baillie Gifford LTGG	94	55	59	36	52
ECM Asset Management	108	70	65	44	62
Standard Life Divers Growth	16	12	75	100	69
Newton Diversified Growth	16	7	44	100	44
M&G	31	17	55	55	55
LGIM Property	19	17	89	74	74
Hermes	28	17	61	70	54
Threadneedle	25	22	88	72	76
Yorkshire Fund Managers	132	4	3	33	14





*Fund Profile*

# North Yorkshire County Council - 3 Months Ending 30 June 2014

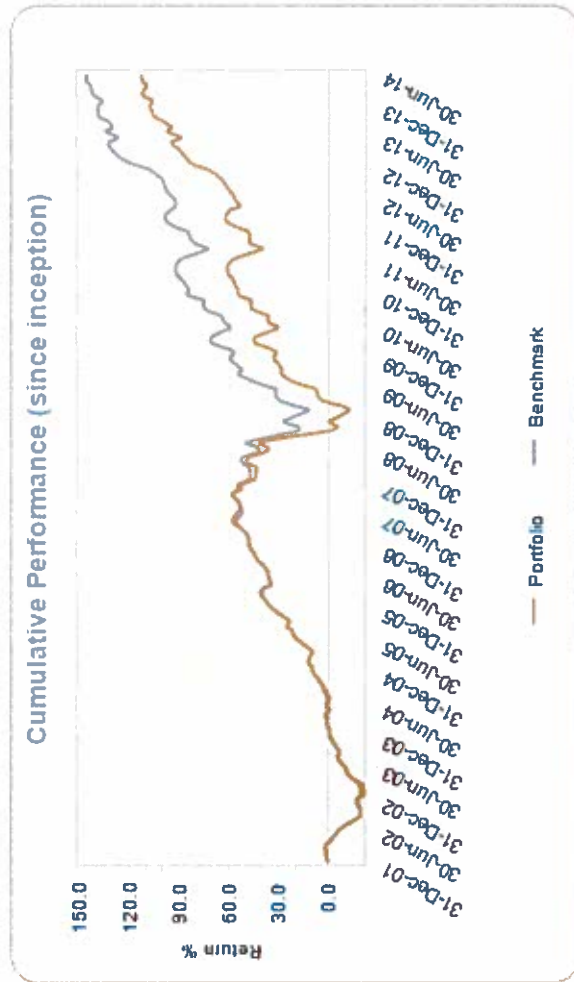
## Fund Profile - Movement of Funds



**BNY MELLON**  
ASSET SERVICING

Manager Name	Market Value 31-Mar-2014 (000's)	Net Contributions (000's)	Income (000's)	Gain/Loss (000's)	Market Value 30-Jun-2014 (000's)	% Change
<b>Total Consolidation</b>	<b>2,081,589.11</b>	<b>17,199.25</b>	<b>7,712.54</b>	<b>3,949.44</b>	<b>2,110,450.35</b>	<b>1.39</b>
Total Consolidation	2,081,589.11	17,199.25	7,712.54	3,949.44	2,110,450.35	1.39
Fidelity	402,749.33	-21,001.54	3,232.22	3,812.67	388,792.68	-3.47
Standard Life	416,767.22	-63,000.00	4,181.21	-20,055.45	337,892.99	-18.93
Baillie Gifford GA	345,186.20	0.00	0.00	1,437.92	346,624.12	0.42
Amundi	228,668.87	0.00	0.00	2,546.20	231,215.07	1.11
Baillie Gifford LTGG	214,838.39	0.00	0.00	7,412.95	222,251.34	3.45
ECM Asset Management	125,783.56	0.00	0.00	1,493.34	127,276.90	1.19
Standard Life Divers Growth	82,992.63	0.00	0.00	1,157.29	84,149.92	1.39
Newton Diversified Growth	81,258.54	21,000.00	0.00	910.83	103,169.37	26.96
M&G	71,921.78	62,956.90	38.14	1,344.60	136,261.44	89.46
LGIM Property	27,984.48	20,000.00	0.00	882.50	48,866.98	74.62
Hermes	25,799.23	0.00	0.00	689.48	26,488.71	2.67
Threadneedle	45,278.84	0.00	0.00	2,386.04	47,664.88	5.27
Cash Account	11,992.48	-2,756.11	260.95	1.94	9,499.26	-20.79
Yorkshire Fund Managers	327.68	0.00	0.00	-69.88	257.80	-21.33
MTMS Account	0.00					
Currency Hedge Cash	39.87	0.00	0.00	-0.99	38.88	-2.48





Inception Date: 31 Jan 2002

Portfolio Size and Mandate  
**Portfolio Size (GBP)**

2,110,450,349

**Portfolio Mandate**

Total Plan

Allocation - 30 June 2014

	UK Equities	Overseas Equities	Global Equity	Bonds	Property	Cash	Alternative
Portfolio	15.16	18.88	26.96	17.40	5.83	0.88	14.91
Benchmark	17.00	20.00	25.00	15.00	5.00		18.00

Periodic Performance

	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	10 Years (Ann)	Since Inception
Portfolio	0.5	0.5	12.9	14.9	7.8	6.2
Benchmark	1.1	1.1	8.5	13.4	9.2	7.5

Risk Profile - 3 Years (Ann) to 30 June 2014

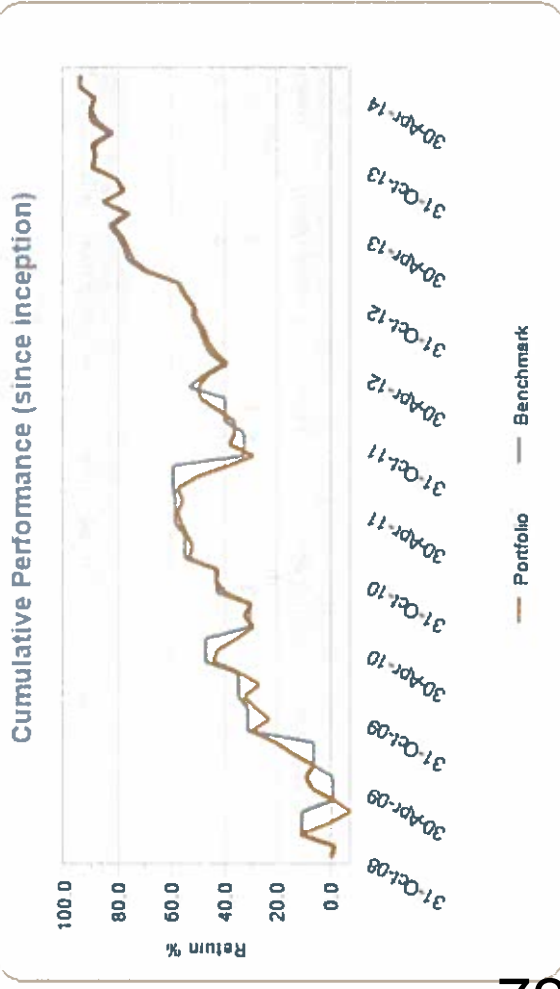
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	10.0	0.9	3.3	0.5
Benchmark	8.1	1.0		

Summary - 3 Months Ending 30 June 2014

The fund's relative performance of the Quarter and 1 Year was -0.55% and 4.40% respectively.

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - Fidelity



Inception Date: 30 Nov 2008

72

### Portfolio Size and Mandate

#### Portfolio Size (GBP)

388,792,679

#### Portfolio Mandate

Global Equities

### Allocation - 30 June 2014

	UK Equities	Overseas Equities	Cash
Portfolio	0.45	98.37	1.17
Benchmark		100.00	

### Periodic Performance

	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	1.7	1.7	10.4	12.7	12.4
Benchmark	1.9	1.9	9.4	12.7	12.2

### Risk Profile - 3 Years (Ann) to 30 June 2014

	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	12.7	0.6	11.6	0.0
Benchmark	14.7	0.5		

### Summary - 3 Months Ending 30 June 2014

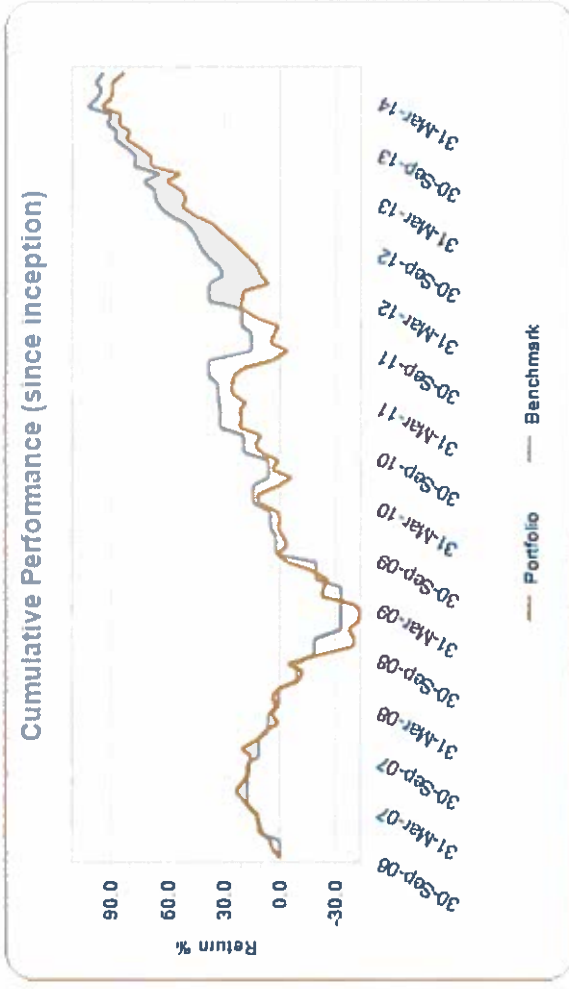
The manager's relative performance of the Quarter and 1 Year was -0.20% and 1.00% respectively

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - Standard Life



**BNY MELLON**  
ASSET SERVICING



Inception Date: 31 Oct 2006

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 337,892,994  
**Portfolio Mandate**  
 UK Equities

**Allocation - 30 June 2014**

	UK Equities	Overseas Equities	Cash
Portfolio	94.08	4.71	1.21
Benchmark	100.00		

**Periodic Performance**

	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	-3.9	-3.9	19.0	19.9	8.1
Benchmark	-1.4	-1.4	18.4	19.3	9.0

**Risk Profile - 3 Years (Ann) to 30 June 2014**

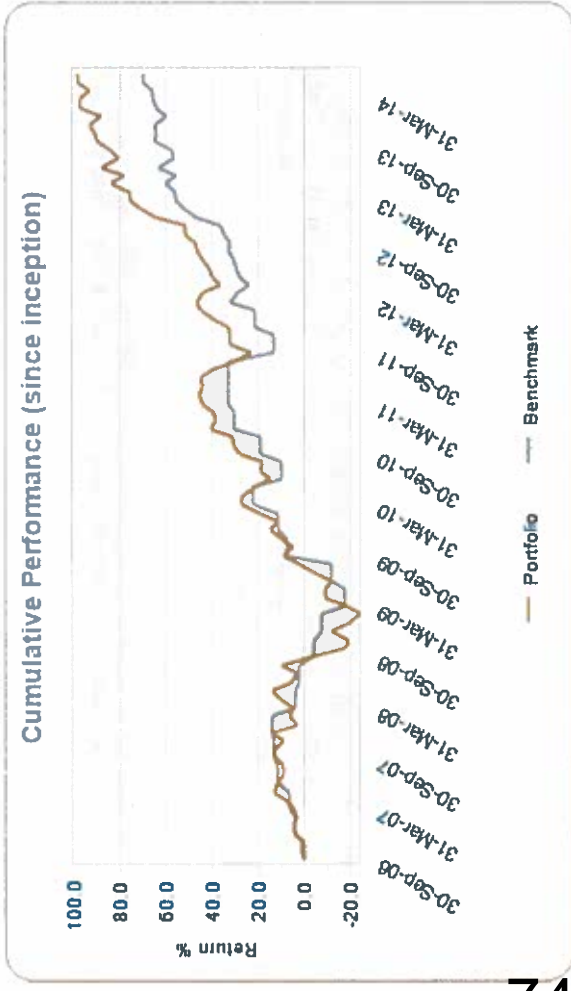
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	18.1	0.8	18.2	0.1
Benchmark	15.7	0.8		

**Summary - 3 Months Ending 30 June 2014**

The manager's relative performance of the Quarter and 1 Year was -2.50% and 0.60% respectively

# North Yorkshire County Council - 3 Months Ending 30 June 2014

Manager Analysis - Baillie Gifford GA



Inception Date: 31 Oct 2006

74

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 346,624,122

**Portfolio Mandate**  
 Global Equities

**Allocation - 30 June 2014**

	Global Equity Units	Cash
Portfolio	100.00	0.00
Benchmark	100.00	0.00

**Periodic Performance**

	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	0.4	0.4	11.2	17.6	9.3
Benchmark	2.7	2.7	9.6	14.0	7.1

**Summary - 3 Months Ending 30 June 2014**

The manager's relative performance of the Quarter and 1 Year was -2.30% and 1.60% respectively

**Risk Profile - 3 Years (Ann) to 30 June 2014**

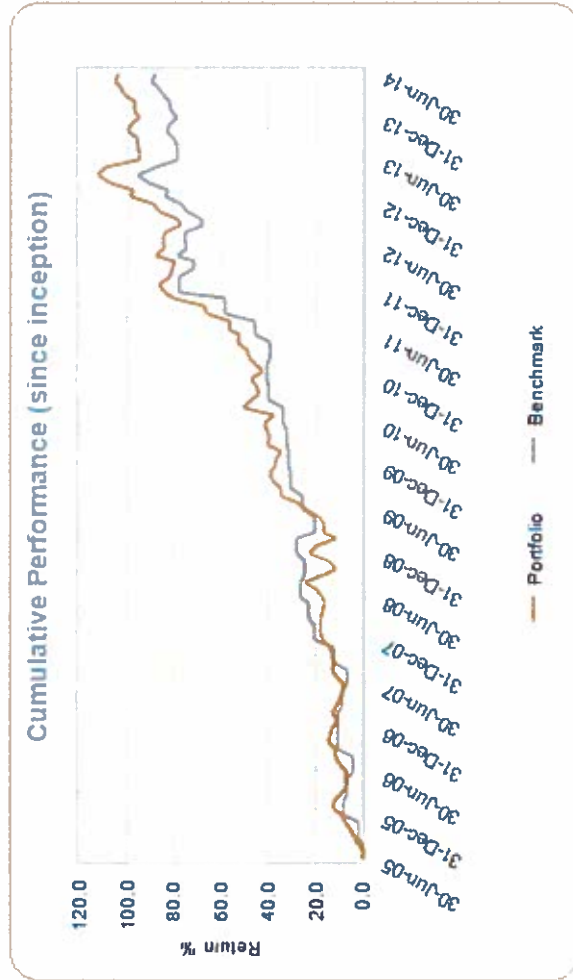
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	12.0	0.9	10.9	0.2
Benchmark	13.7	0.6		

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - Amundi



BNY MELLON  
ASSET SERVICING



Inception Date: 31 Jul 2005

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 231,215,075  
**Portfolio Mandate**  
 Global Bonds

**Allocation - 30 June 2014**

Asset Class	Portfolio	Benchmark
Bonds	100.00	100.00
Cash	0.00	0.00

**Periodic Performance**

Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	1.1	4.2	10.4	8.2
Benchmark	1.6	5.3	8.5	7.3

**Risk Profile - 3 Years (Ann) to 30 June 2014**

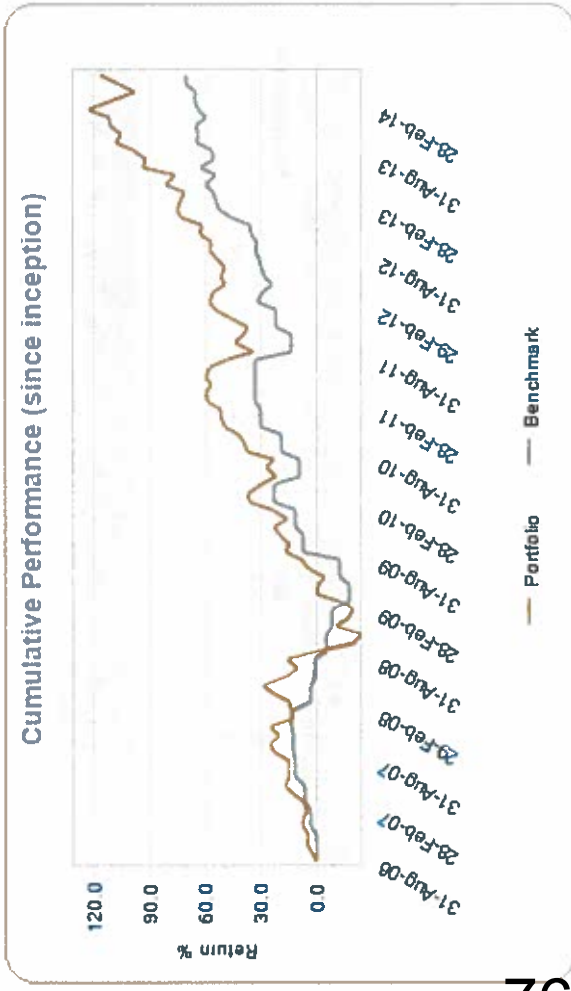
Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	9.8	1.0	8.0
Benchmark	11.4	0.8	0.1

**Summary - 3 Months Ending 30 June 2014**  
 The manager's relative performance of the Quarter and 1 Year was -0.50% and -1.10% respectively



# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - Baillie Gifford LTGG



Inception Date: 30 Sep 2006

76

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 222,251,342

**Portfolio Mandate**  
 Global Equities

**Allocation - 30 June 2014**

**Global Equity Units**

**Portfolio** 100.00  
**Benchmark** 100.00

**Periodic Performance**

	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	3.5	3.5	22.9	17.7	10.4
Benchmark	2.7	2.7	9.6	14.0	

**Summary - 3 Months Ending 30 June 2014**

The manager's relative performance of the Quarter and 1 Year was 0.80% and 13.30% respectively

**Risk Profile - 3 Years (Ann) to 30 June 2014**

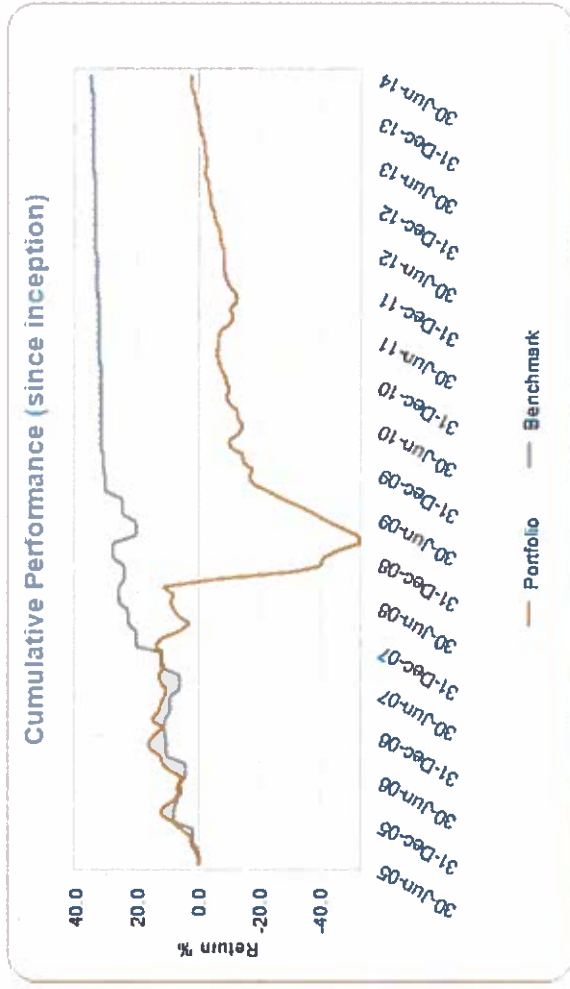
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	15.1	0.7	14.0	0.1
Benchmark	13.7	0.6		

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - ECM Asset Management



**BNY MELLON**  
ASSET SERVICING



**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 127,276,897  
**Portfolio Mandate**  
 European Bonds

**Allocation - 30 June 2014**

<b>Cash</b>	0.00
<b>Alternatives</b>	100.00
	100.00

Inception Date: 31 Jul 2005

**Periodic Performance**

	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	1.2	1.2	5.4	10.6	0.3
Benchmark	0.1	0.1	0.5	1.5	3.4

**Risk Profile - 3 Years (Ann) to 30 June 2014**

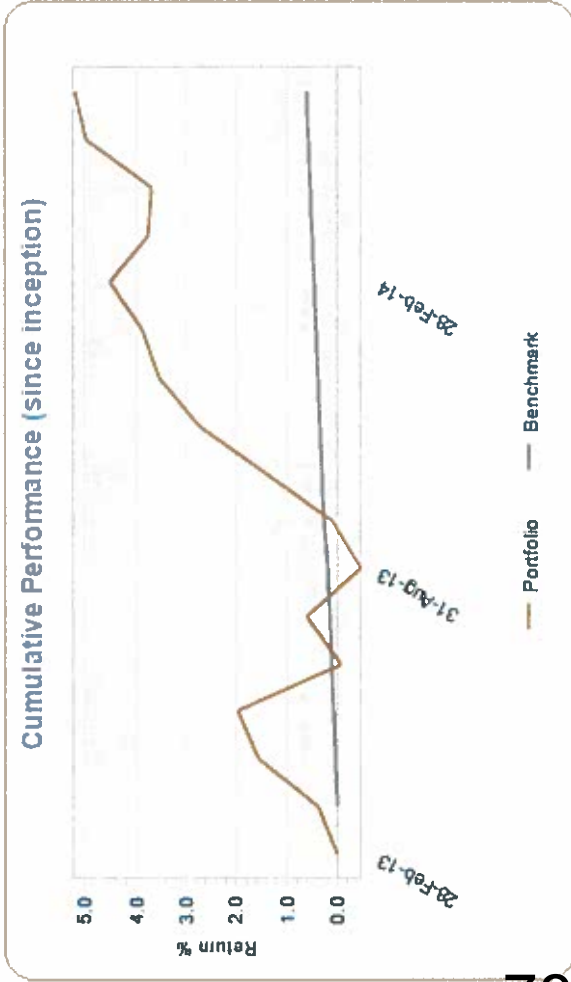
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	3.5	0.7	3.5	0.7
Benchmark	0.1	0.0		

**Summary - 3 Months Ending 30 June 2014**

The manager's relative performance of the Quarter and 1 Year was 1.10% and 4.90% respectively

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - Standard Life Divers Growth



Inception Date: 31 Mar 2013

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	84,149,916
<b>Portfolio Mandate</b>	Diversified Growth

Allocation - 30 June 2014	
<b>Portfolio Benchmark</b>	100.00
<b>Alternatives</b>	100.00

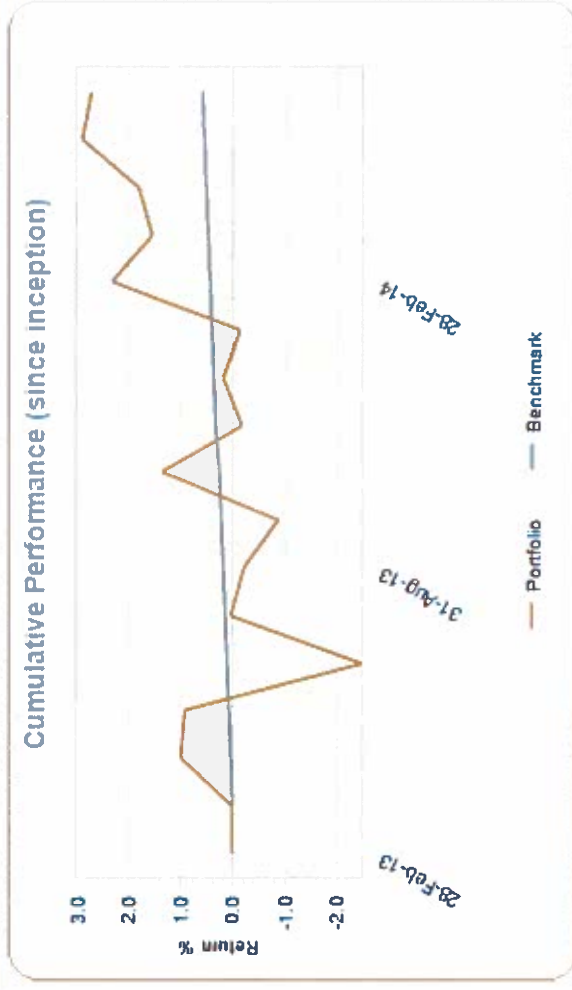
Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	1.4	1.4	5.3	3.9
Benchmark	0.1	0.1	0.5	0.5

Risk Profile - 3 Years (Ann) to 30 June 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

**Summary - 3 Months Ending 30 June 2014**  
 The manager's relative performance of the Quarter and 1 Year was 1.30% and 4.80%.



**Manager Analysis - Newton Diversified Growth**



Inception Date: 31 Mar 2013

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 103,169,370  
**Portfolio Mandate**  
 Diversified Growth

**Allocation - 30 June 2014**

Category	Value
Cash	0.00
Portfolio Benchmark	
Alternatives	100.00 100.00

**Periodic Performance**

	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	1.1	1.1	5.4	2.0
Benchmark	0.1	0.1	0.5	0.5

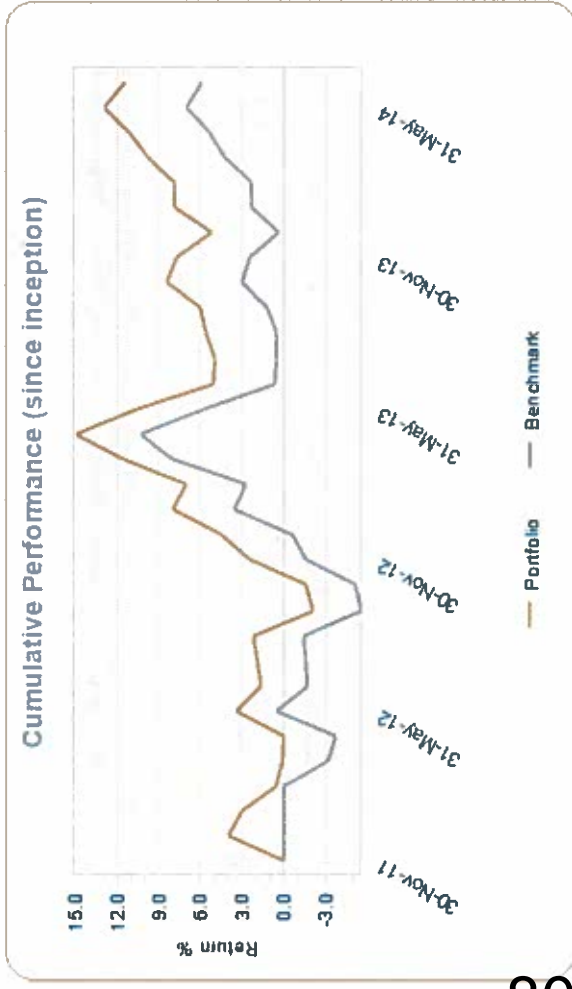
**Risk Profile - 3 Years (Ann) to 30 June 2014**

	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

**Summary - 3 Months Ending 30 June 2014**  
 The manager's relative performance of the Quarter and 1 Year was 1.00% and 4.90%.

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - M&G



Inception Date: 31 Dec 2011

80

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 136,261,442  
**Portfolio Mandate**  
 Global Bonds

**Allocation - 30 June 2014**

Asset Class	Value
Bonds	99.79
Cash	0.21
<b>Total</b>	<b>100.00</b>

**Periodic Performance**

Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	1.5	6.0	4.3
Benchmark	1.6	5.3	2.3

**Risk Profile - 3 Years (Ann) to 30 June 2014**

Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	1.5	6.0	4.3
Benchmark	1.6	5.3	2.3

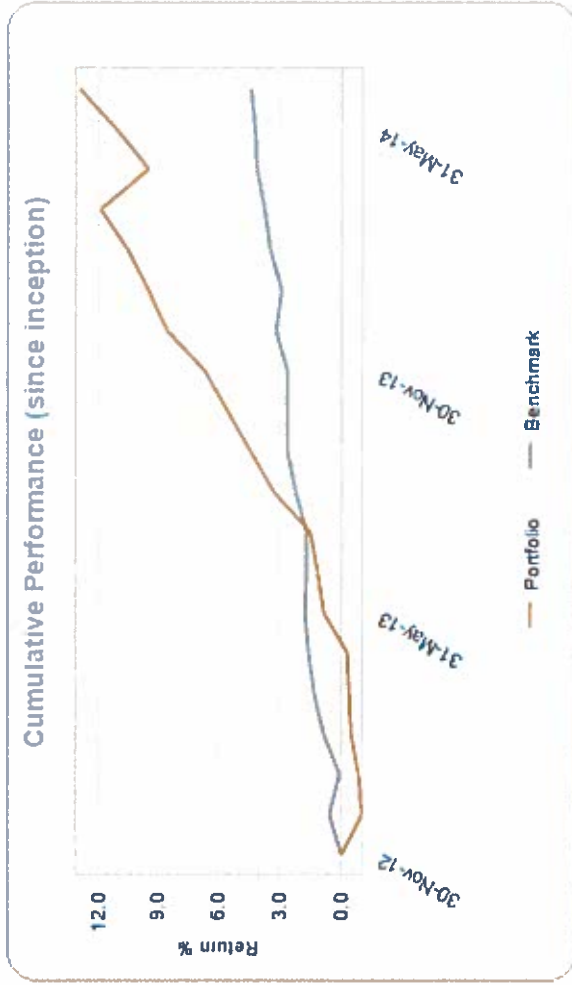
**Summary - 3 Months Ending 30 June 2014**  
 The manager's relative performance of the Quarter and 1 Year was -0.10% and 0.70% respectively

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - LGIM Property



**BNY MELLON**  
ASSET SERVICING



Inception Date: 31 Dec 2012

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 48,866,982  
**Portfolio Mandate**  
 Property

**Allocation - 30 June 2014**  
**Property** 100.00  
**Cash** 0.00

**Periodic Performance**

	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	0.9	0.9	11.7	8.0
Benchmark	0.6	0.6	2.6	2.7

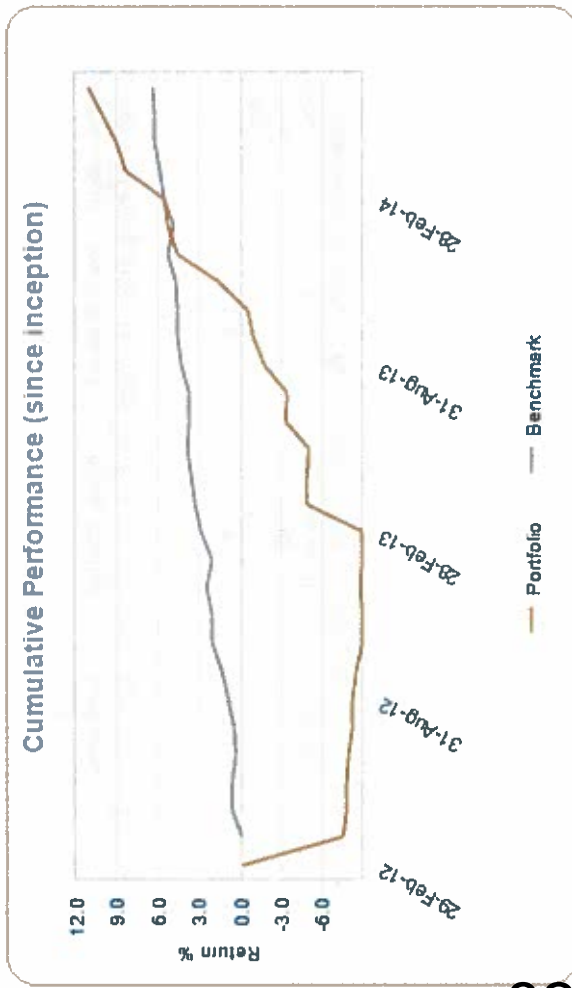
**Risk Profile - 3 Years (Ann) to 30 June 2014**

	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

**Summary - 3 Months Ending 30 June 2014**  
 The manager's relative performance of the Quarter and 1 year was 0.30% and 9.10% respectively

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - Hermes



Inception Date: 31 Mar 2012

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 26,488,708  
**Portfolio Mandate**  
 Property

**Allocation - 30 June 2014**

<b>Portfolio Benchmark</b>	<b>Property</b>
	100.00
	100.00

**Periodic Performance**

	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	2.7	2.7	15.0	4.7
Benchmark	0.6	0.6	2.6	2.8

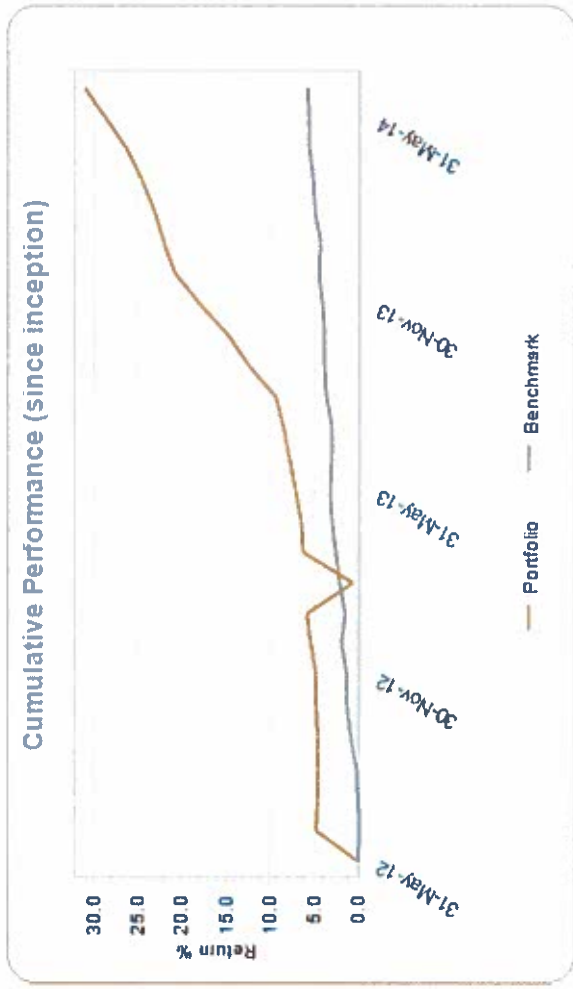
**Risk Profile - 3 Years (Ann) to 30 June 2014**

	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

**Summary - 3 Months Ending 30 June 2014**  
 The manager's relative performance of the Quarter and 1 Year was 2.10% and 12.40% respectively

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Manager Analysis - Threadneedle



Inception Date: 30 Jun 2012

**Portfolio Size and Mandate**  
**Portfolio Size (GBP)**  
 47,664,883  
**Portfolio Mandate**  
 Property

**Allocation - 30 June 2014**  
**Portfolio**  
 100.00  
**Benchmark**  
 100.00

**Periodic Performance**

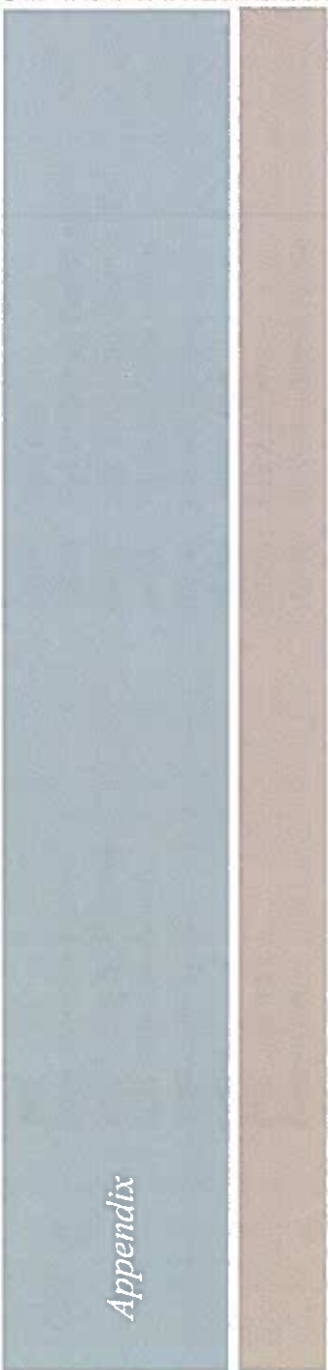
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	5.3	5.3	21.7	13.9
Benchmark	0.6	0.6	2.6	2.7

**Risk Profile - 3 Years (Ann) to 30 June 2014**  
**Standard Deviation**  
**Sharpe Ratio**  
**Tracking Error**  
**Information Ratio**

Portfolio  
 Benchmark

**Summary - 3 Months Ending 30 June 2014**  
 The manager's relative performance of the Quarter and 1 year was 4.70% and 19.10% respectively.





*Appendix*

# North Yorkshire County Council - 3 Months Ending 30 June 2014

## Appendix - Benchmark Summary



Manager	Weight	Benchmark
<b>Total Consolidation</b>		
	25.00	Overseas Global Equity Bmk
	20.00	Overseas Equity Bmk
	18.00	Cash Bmk
	17.00	UK Equity Bmk
	15.00	Fixed Income Bmk
	5.00	Property Bmk
Fidelity	100.00	Fidelity Bmk
Standard Life	100.00	Standard Life Alg100 Bmk
Baillie Gifford GA	100.00	FTAW All World
Amundi	100.00	Amundi Bmk
Baillie Gifford LTGG	100.00	FTAW All World
ECM Asset Management	100.00	LIBOR BBA GBP 1 Month
Standard Life Divers Growth	100.00	LIBOR BBA GBP 1 Month Index
Newton Diversified Growth	100.00	LIBOR BBA GBP 1 Month Index
M&G	100.00	M&G Bmk
LGIM Property	100.00	UK Retail Price Idx RPI
Hermes	100.00	UK Retail Price Idx RPI
Threadneedle	100.00	UK Retail Price Idx RPI
Cash Account	100.00	LIBID 1 Week Bid
Yorkshire Fund Managers	100.00	FTSE All-Share



**Appendix - Glossary**

**Risk**

**Standard Deviation** - Standard Deviation measures the variability (or volatility) of a fund's return over a specified time period.

**Tracking Error** - Tracking Error measures the variability of a fund's returns relative to its benchmark over a time period.

**Information Ratio** - Information Ratio is a measure of performance adjusted for the level of (active) risk.

**Sharpe Ratio** - Sharpe Ratio relates a portfolio's reward (determined as the portfolio's return minus risk free return) to the portfolio's variability (as measured by its standard deviation).

**Active Number of months** - Number of complete months of performance

**Number of Positive Months** - number of complete months the portfolio has produced a positive return

**Consistency Rate (%)** - Number of Positive Months/Active Number of Months

**Benchmark Consistency (%)** - Number of Positive Benchmark Months/Active Number of Months

**Outperformance (%)** - Percentage of months the portfolio has outperformed the benchmark

**Attribution**

**Allocation Effect** - Measures the impact of decisions to allocate assets differently from the benchmark.

**Selection Effect** - Measures the impact of decisions of selecting securities different from those held in the benchmark.

**Currency Effect** - Measures the impact of deviating from the benchmark currency position.

**Management Effect** - Measures the combined impact of allocation, selection and currency effects. At the total level, this represents the fund's relative performance against the benchmark.

**Interaction Effect** - Measures the combined impact of an investment manager's selection and allocation decisions within a segment.



© 2009 BNY Mellon Performance & Risk Analytics Europe Limited ("BNYM"). All rights are reserved by BNYM and its licensors.

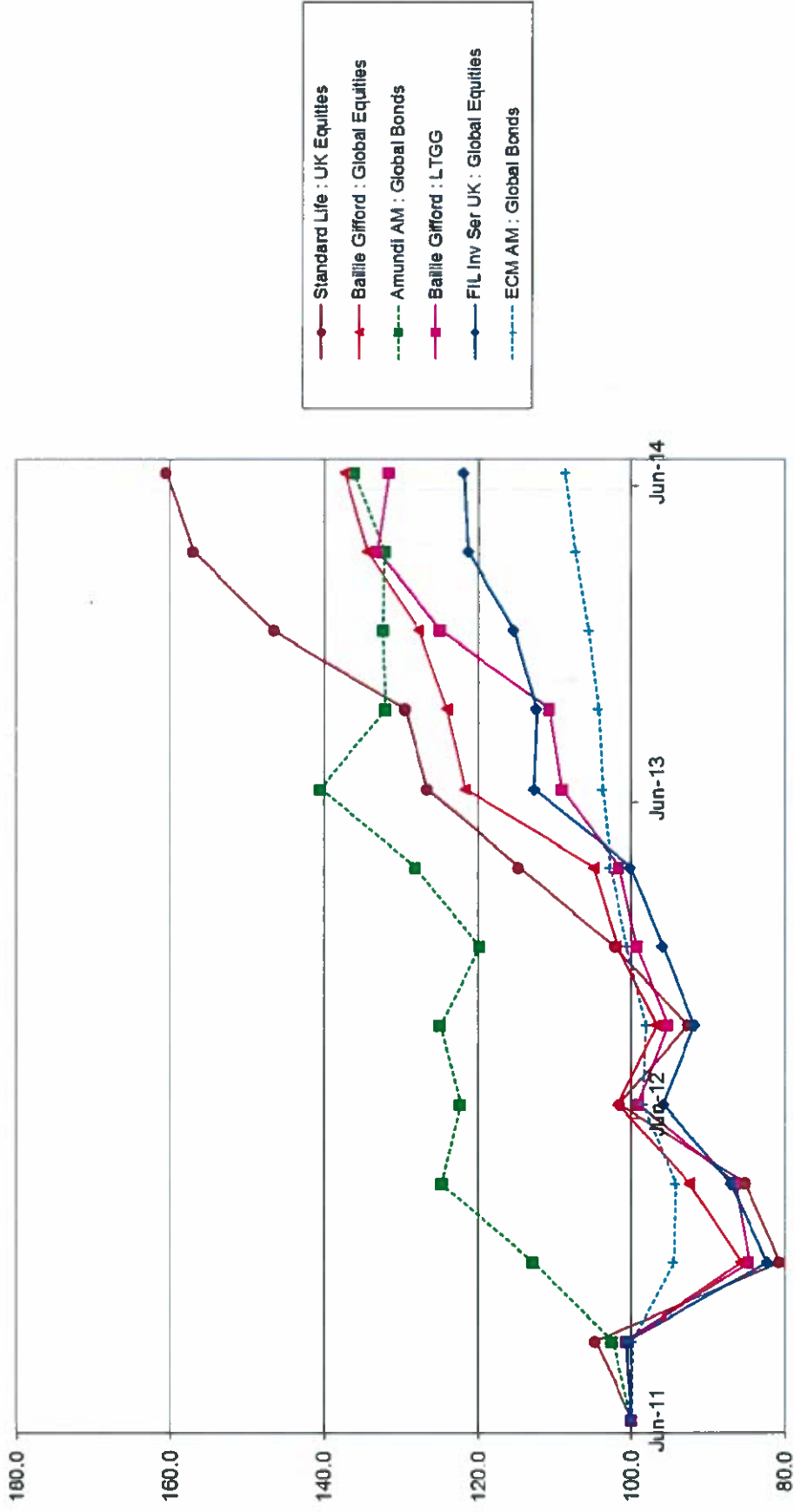
This provision and use of this report is subject to the terms of the contract between BNYM and Customer for Performance, Risk & Analytics services ("Contract"). This report is for information purposes only and does not constitute the rendering of investment or any other form of financial advice on any matter, and is not to be used as such. No statement or expression is a recommendation, offer or solicitation to buy or sell any products mentioned within the report.

Except as provided for in the Contract, BNYM makes no representation as to the accuracy, completeness, timeliness, merchantability or fitness for a specific purpose of the information and statements provided in this report. BNYM recommends that professional consultation with a qualified third party should be obtained before making any investment decision based upon the information and statements contained in this report.

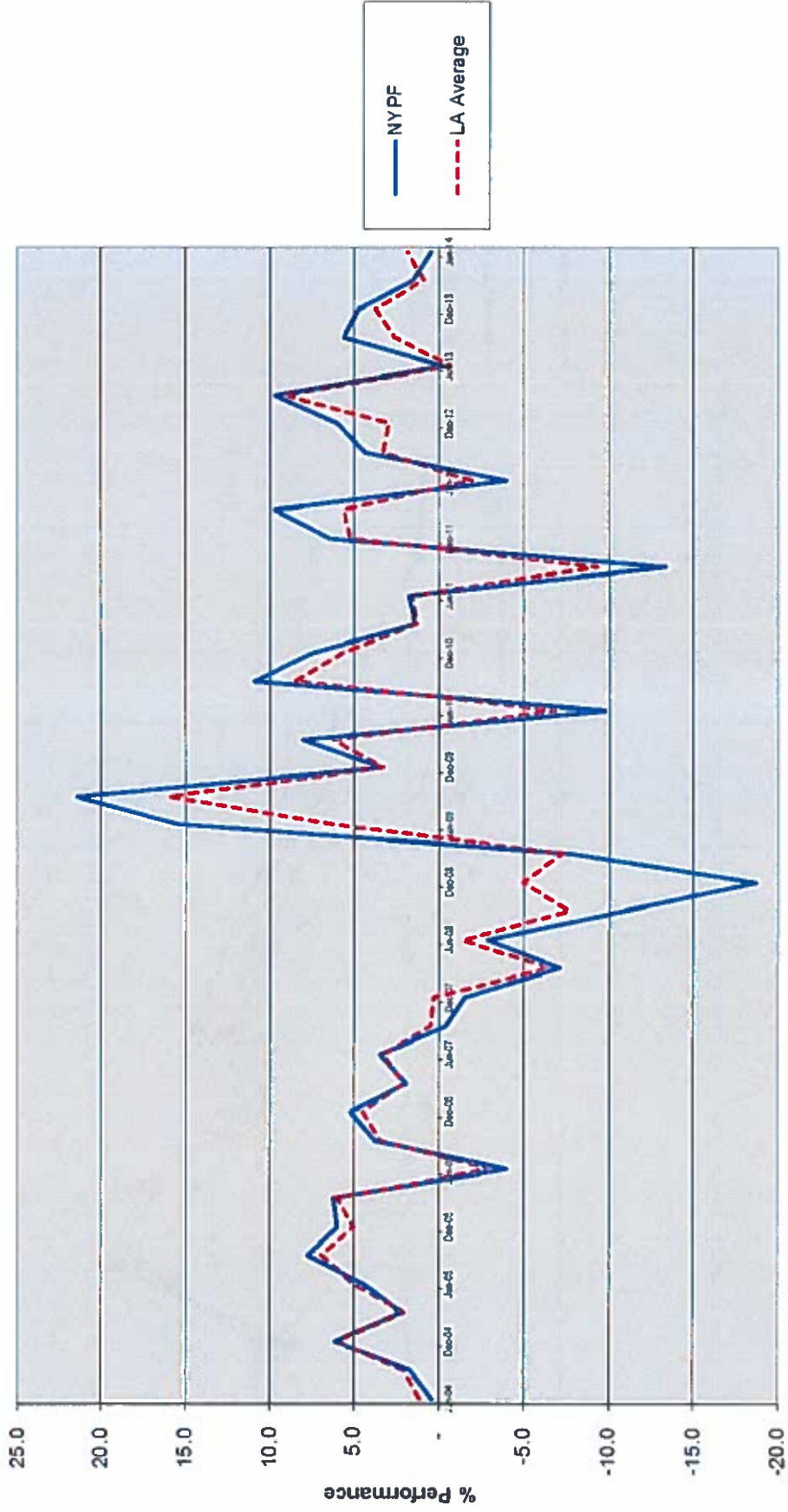
BNYM assumes no liability whatsoever for any investment decision or action taken in reliance on the information and statements contained in this report. Any unauthorised use of the information and statements contained in this report is at the Customer's own risk. Except as provided for in the Contract, any reproduction, distribution, republication and retransmission of material contained in the report is prohibited unless the prior consent of BNYM has been obtained.

This report may contain information and statements provided by non-BNYM and BNY Mellon parties, such information and statements are the opinions of the party providing such information and statements and not those of

Investment Manager Performance - cumulative absolute performance July 2011 to June 2014



Pension Fund Performance - NYPF vs Other Local Authorities

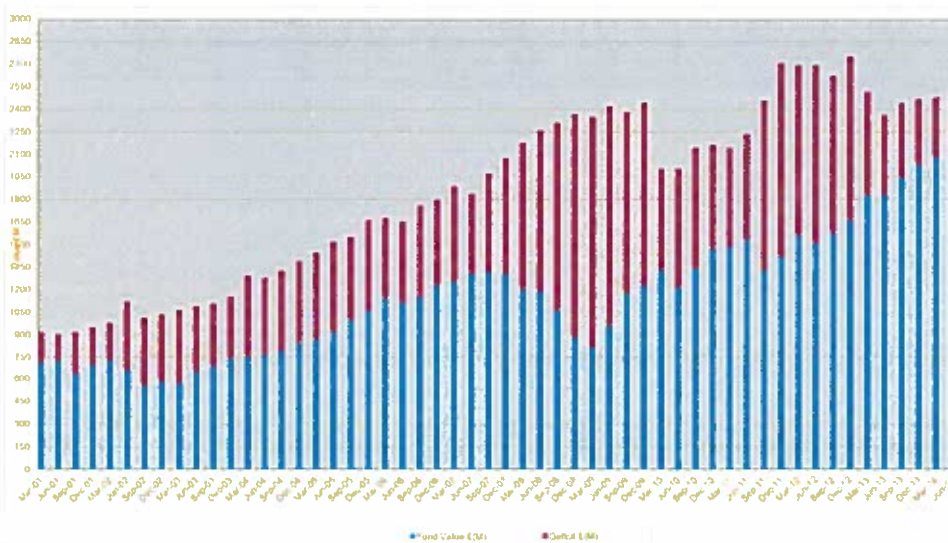


**Actuarial Model of Quarterly Solvency Position**

Date	Solvency	Deficit (£M)	Fund Value (£M)	FT&E 100
March 31, 2001	70%	187	724	5.034
June 30, 2001	82%	162	740	5.643
September 30, 2001	71%	265	650	4.903
December 31, 2001	74%	245	702	5.217
March 31, 2002	75%	245	732	5.272
June 30, 2002	80%	450	670	4.856
September 30, 2002	80%	435	674	3.722
December 31, 2002	58%	435	597	3.940
March 31, 2003	55%	478	564	3.013
June 30, 2003	81%	423	662	4.031
September 30, 2003	83%	406	605	4.091
December 31, 2003	85%	402	747	4.477
March 31, 2004	60%	624	787	4.366
June 30, 2004	81%	498	778	4.464
September 30, 2004	80%	524	799	4.571
December 31, 2004	82%	533	854	4.614
March 31, 2005	81%	563	875	4.994
June 30, 2005	81%	592	924	5.113
September 30, 2005	85%	542	1005	5.478
December 31, 2005	85%	565	1075	5.619
March 31, 2006	80%	823	1150	5.085
June 30, 2006	68%	531	1121	5.833
September 30, 2006	66%	595	1103	5.961
December 31, 2006	66%	581	1233	6.221
March 31, 2007	67%	619	1286	6.308
June 30, 2007	72%	622	1316	6.608
September 30, 2007	67%	648	1322	6.487
December 31, 2007	63%	785	1310	6.457
March 31, 2008	54%	958	1217	5.702
June 30, 2008	53%	1064	1195	5.023
September 30, 2008	47%	1235	1074	4.902
December 31, 2008	37%	1481	885	4.434
March 31, 2009	35%	1522	827	3.929
June 30, 2009	40%	1447	972	4.249
September 30, 2009	50%	1190	1187	5.134
December 31, 2009	51%	1204	1230	5.413
March 31, 2010	67%	658	1348	5.680
June 30, 2010	81%	785	1219	4.917
September 30, 2010	83%	791	1384	5.540
December 31, 2010	90%	681	1483	5.900
March 31, 2011	70%	848	1493	5.909
June 30, 2011	69%	695	1538	5.940
September 30, 2011	54%	1123	1335	5.120
December 31, 2011	53%	1277	1430	5.572
March 31, 2012	58%	1121	1571	5.788
June 30, 2012	56%	1178	1517	5.571
September 30, 2012	60%	1040	1584	5.742
December 31, 2012	81%	1079	1672	5.898
March 31, 2013	73%	676	1838	6.412
June 30, 2013	78%	619	1840	6.215
September 30, 2013	80%	490	1940	6.482
December 31, 2013	83%	427	2040	6.740
March 31, 2014	84%	386	2080	6.598
June 30, 2014	84%	307	2117	6.744

Triennial valuation results highlighted in gray

**Movement in Assets and Liabilities**

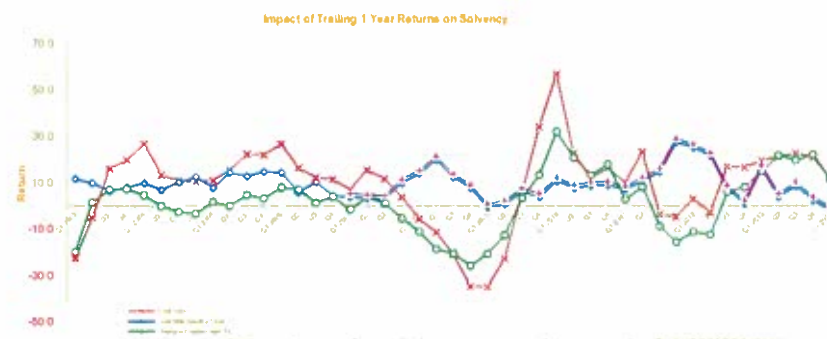


## Comparison of Actual Performance vs the Least Risk Portfolio \*

Quarter/Rolling Year	Total Fund Return	Total Fund Custom Benchmark	Relative +/-	Total Fund Return	85% Index, 15% Fixed	Relative +/-
Q1 2002	2.60	2.10	0.50	2.60	0.40	2.20
Rolling 12 Months 2001/2002	-1.25	-1.71	0.43	-1.25	2.10	-3.35
Q2 2002	-6.40	-7.70	-0.70	-6.40	3.00	-12.30
Q3 2002	-14.60	-14.40	-0.40	-14.60	3.30	-18.10
Q4 2002	2.90	4.50	-1.50	2.90	0.40	2.50
Q1 2003	-3.55	-3.83	0.15	-3.55	2.30	-5.85
Rolling 12 Months 2002/2003	-22.55	-20.60	-2.55	-22.55	18.24	-32.88
Q2 2003	12.31	11.23	1.08	12.31	2.17	10.14
Q3 2003	4.09	3.87	0.22	4.09	0.02	4.07
Q4 2003	6.23	6.18	0.05	6.23	1.85	4.38
Q1 2004	1.94	1.42	0.52	1.94	4.04	-2.10
Rolling 12 Months 2003/2004	26.80	24.41	2.18	26.60	8.26	18.33
Q2 2004	0.39	1.25	-0.57	0.39	-0.59	0.97
Q3 2004	1.67	1.75	-0.08	1.67	3.12	-1.45
Q4 2004	6.14	5.70	0.44	6.14	4.10	2.05
Q1 2005	2.27	1.80	0.47	2.27	-0.64	2.91
Rolling 12 Months 2004/2005	19.78	18.85	-0.87	18.78	6.12	12.67
Q2 2005	4.48	5.03	-0.55	4.48	5.80	-1.32
Q3 2005	7.74	7.24	0.50	7.74	1.85	5.89
Q4 2005	5.98	5.75	0.21	5.98	5.98	-0.02
Q1 2006	6.19	5.37	0.82	6.19	-0.97	7.16
Rolling 12 Months 2005/2006	26.67	25.42	1.15	26.67	12.88	13.79
Q2 2006	-4.03	-3.57	-0.46	-4.03	-7.35	-3.32
Q3 2006	3.78	4.16	-0.38	3.78	6.09	-2.31
Q4 2006	5.23	4.72	0.51	5.23	0.31	4.92
Q1 2007	2.04	2.13	-0.09	2.04	-1.50	3.54
Rolling 12 Months 2006/2007	3.62	5.53	-1.91	3.62	8.41	-4.79
Q2 2007	3.40	1.78	1.68	3.46	-7.77	11.23
Q3 2007	-0.36	0.84	-1.20	-0.36	5.69	-6.05
Q4 2007	-1.49	0.68	-2.17	-1.49	7.10	-8.59
Q1 2008	-7.15	-5.49	-1.66	-7.15	2.06	-9.20
Rolling 12 Months 2007/2008	-6.71	-2.34	-4.37	-6.71	12.32	-19.03
Q2 2008	-2.68	-2.75	0.13	-2.68	2.51	-5.19
Q3 2008	-10.03	-6.42	-3.51	-10.03	-1.07	-8.96
Q4 2008	-18.71	-5.22	-13.49	-18.71	7.89	-26.60
Q1 2009	-7.74	-6.81	-0.93	-7.74	-5.91	-1.83
Rolling 12 Months 2008/2009	-25.12	-2.82	-22.30	-25.12	-2.02	-23.10
Q2 2009	15.54	0.64	5.90	15.54	4.04	11.49
Q3 2009	21.46	18.84	2.61	21.46	4.14	17.32
Q4 2009	3.44	2.74	0.70	3.44	0.51	2.93
Q1 2010	7.98	7.20	0.78	7.98	0.33	7.65
Rolling 12 Months 2009/2010	56.74	41.12	15.62	56.74	9.26	47.48
Q2 2010	-0.69	-7.32	6.63	-0.69	1.07	-1.76
Q3 2010	10.92	9.41	1.51	10.92	5.28	5.64
Q4 2010	7.49	7.40	0.09	7.49	0.77	6.72
Q1 2011	1.42	0.08	0.43	1.42	-1.46	2.88
Rolling 12 Months 2010/2011	9.20	9.07	-0.77	9.20	5.65	3.55
Q2 2011	1.75	2.10	-0.45	1.75	4.50	-2.75
Q3 2011	-13.32	-10.82	-2.70	-13.32	0.13	-13.45
Q4 2011	6.35	7.19	-1.03	6.35	12.13	-5.78
Q1 2012	9.71	7.66	2.13	9.71	-3.23	12.94
Rolling 12 Months 2011/2012	2.91	5.32	-2.61	2.91	23.75	-20.84
Q2 2012	-4.00	-3.14	-0.86	-4.00	1.44	-5.44
Q3 2012	4.31	3.58	0.73	4.31	-3.80	8.11
Q4 2012	6.03	3.90	2.13	6.03	5.21	0.82
Q1 2013	4.89	5.51	-0.62	4.89	6.43	-1.54
Rolling 12 Months 2012/2013	19.40	16.04	1.30	19.40	14.51	4.89
Q2 2013	-0.23	-1.31	1.08	-0.23	-6.60	6.37
Q3 2013	5.62	2.60	3.02	5.62	0.64	4.97
Q4 2013	4.67	3.13	1.54	4.67	-0.91	5.58
Q1 2014	1.53	1.40	0.13	1.53	3.89	-2.36
Rolling 12 Months 2013/2014	11.66	6.88	6.10	11.66	-3.44	15.10
Q2 2014	0.55	1.10	-0.55	0.55	1.62	-1.07
3 Year Annualised Return	8.88	6.42	1.44	9.88	9.01	0.88

\* As a proxy for such a portfolio the performance of the Fund is compared above, from 1 April 2001, with an Index comprising 85% Index Linked Gilts (over 15 years Total Return) and 15% Fixed Interest Gilts (over 15 years).





Quarter Returns

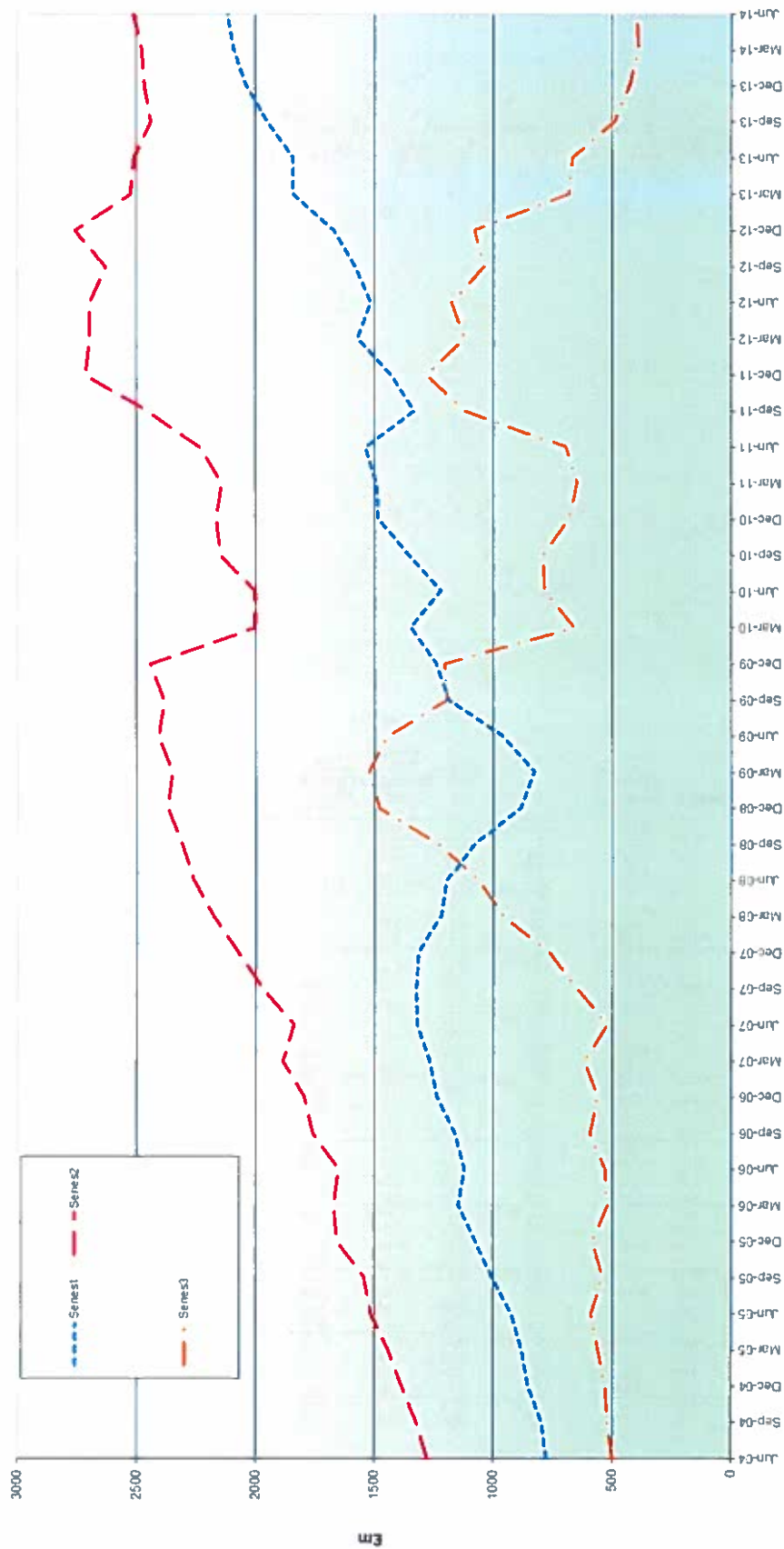
	Least Risk BM	Least Risk Including Target	LTF + Investment Offset	Relative	Total Fund
Q1 2005	-0.64	-0.29		2.56	2.27
Q2	5.60	5.95		-1.47	4.48
Q3	1.85	2.20		5.54	7.74
Q4	5.98	6.33		-0.37	5.96
Q1 2006	-0.97	-0.62		6.81	6.19
Q2	-2.35	-2.00		-2.03	-4.03
Q3	6.09	6.44		-2.66	3.78
Q4	0.31	0.66		4.57	5.23
Q1 2007	-1.50	-1.15		3.19	2.04
Q2	-2.77	-2.42	-2.09	5.89	3.46
Q3	5.69	6.04	6.37	-6.40	-0.36
Q4	7.10	7.44	7.78	-8.94	-1.49
Q1 2008	2.06	2.41	2.74	-9.55	-7.15
Q2	2.51	2.86	3.19	-5.74	-2.88
Q3	-1.07	-0.72	-0.39	-10.21	-10.93
Q4	2.69	3.04	3.37	-21.75	-18.71
Q1 2009	-5.91	-5.56	-5.23	-2.18	-7.74
Q2	4.04	4.39	4.72	11.14	15.54
Q3	4.14	4.49	4.82	16.97	21.46
Q4	0.51	0.86	1.19	2.58	3.44
Q1 2010	0.33	0.68	1.01	7.30	7.98
Q2	1.07	1.42	1.75	-11.11	-9.69
Q3	5.26	5.61	5.94	5.31	10.92
Q4	0.77	1.12	1.45	6.37	7.49
Q1 2011	-1.46	-1.11	-0.78	2.53	1.42
Q2	4.50	4.85	5.18	-3.10	1.75
Q3	9.13	9.48	9.81	-22.80	-13.32
Q4	12.13	12.48	12.81	-6.12	6.35
Q1 2012	-3.23	-2.88	-2.55	12.59	9.71
Q2	1.44	1.79	2.12	-5.78	-4.00
Q3	-3.86	-3.51	-3.18	7.82	4.31
Q4	5.21	5.56	5.89	0.47	6.03
Q1 2013	6.43	6.78	7.11	-1.89	4.89
Q2	-6.80	-6.45	-6.12	6.22	-0.23
Q3	0.64	0.99	1.32	4.62	5.62
Q4	-0.91	-0.57	-0.23	5.23	4.67
Q1 2014	3.89	4.24	4.57	-2.71	1.53
Q2	1.62	1.97	2.30	-1.42	0.55

Trailing 1 Year Returns

	Least Risk BM	Least Risk Including Target	LTF + Investment Offset	Relative	Total Fund
Q1 2005	6.12	7.52		3.27	10.79
Q2	12.72	14.12		1.18	15.30
Q3	11.34	12.74		9.45	22.19
Q4	13.25	14.65		7.33	21.98
Q1 2006	12.88	14.28		12.39	26.67
Q2	4.38	5.78		10.57	16.35
Q3	8.73	10.13		1.94	12.07
Q4	2.91	4.31		6.98	11.30
Q1 2007	2.37	3.77		3.18	6.94
Q2	1.92	3.32	4.67	11.97	15.29
Q3	1.54	2.94	4.29	8.62	11.56
Q4	8.41	9.81	11.16	-6.19	3.62
Q1 2008	12.32	13.72	15.07	-19.43	-5.71
Q2	18.42	19.82	21.17	-31.31	-11.49
Q3	10.84	12.24	13.59	-33.12	-20.88
Q4	6.28	7.68	9.03	-42.39	-34.71
Q1 2009	-2.02	-0.62	0.73	-34.51	-35.12
Q2	-0.55	0.85	2.20	-23.67	-22.82
Q3	4.69	6.09	7.44	-0.85	5.24
Q4	2.47	3.87	5.22	30.04	33.91
Q1 2010	9.26	10.66	12.01	46.08	56.74
Q2	6.14	7.54	8.89	14.97	22.52
Q3	7.29	8.69	10.04	3.20	11.89
Q4	7.56	8.96	10.31	7.30	16.26
Q1 2011	5.65	7.05	8.40	2.93	9.97
Q2	9.23	10.63	11.98	12.40	23.04
Q3	13.25	14.65	16.00	-18.50	-3.85
Q4	26.02	27.42	28.77	-32.28	-4.87
Q1 2012	23.75	25.15	26.50	-22.25	2.91
Q2	20.13	21.53	22.88	-24.43	-2.90
Q3	5.94	7.34	8.69	9.50	16.84
Q4	-0.60	0.80	2.15	15.69	16.49
Q1 2013	14.51	15.91	17.26	3.49	19.40
Q2	2.40	3.80	5.15	17.20	21.00
Q3	7.20	8.60	9.95	13.92	22.52
Q4	0.96	2.36	3.71	18.58	20.94
Q1 2014	-3.44	-2.04	-0.69	14.02	11.98
Q2	5.28	6.68	8.03	6.17	12.85

# North Yorkshire Pension Fund Funding, Liabilities and Solvency

## Appendix 5



**NORTH YORKSHIRE COUNTY COUNCIL****PENSION FUND COMMITTEE****18 SEPTEMBER 2014****EQUITY INVESTMENTS****Report of the Treasurer****1.0 PURPOSE OF REPORT**

- 1.1 To update Members on the Equity Manager search.

**2.0 ALLOCATION TO EQUITIES**

- 2.1 Following the Investment Strategy Workshops in October 2013 and February 2014 and presentations over the summer from 4 equity managers with alternative styles to the Fund's existing managers, Members decided to commence a search for:
1. a lower volatility global equity manager, or
  2. a traditional global equity manager, representing a good fit with the existing three, or
  3. both of the above.
- 2.2 At the PFC meeting on 10 July 2014 a Panel of Members was nominated to participate in the selection process.
- 2.3 The Fund's Investment Consultant has completed a detailed analysis of the equity manager universe, and has applied appropriate filtering criteria to distil these managers/funds down to a number that would appear to most effectively meet the needs of NYPF. This process, and the individual characteristics of the managers/funds, will be examined by the Panel at a meeting on 12 September 2014. The most suitable candidates will be invited to meetings where the Panel will have the opportunity to discuss any areas requiring clarification.
- 2.4 A verbal summary of the meeting on 12 September 2014 will be brought to this meeting.

**3.0 RECOMMENDATIONS**

- 3.1 Members to note the progress on the Equity Manager search.

GARY FIELDING  
Treasurer  
Central Services  
County Hall  
Northallerton

9 September 2014