



## Agenda

- Meeting** Pension Fund Committee
- Venue:** Remote Meeting held via Microsoft Teams
- Date:** Friday, 5 March 2021
- Time:** 10.00 am
- Councillors:** John Weighell (Chairman)
- Helen Swiers
- Patrick Mulligan
- Mike Chambers
- Cliff Lunn
- Don MacKay,
- Andy Solloway
- Angus Thompson
- Christian Vassie, City of York Council
- Jim Clark, Harrogate Harlow division
- David Portlock - Chair of Pension Board (Non-Voting)

Pursuant to The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held using video conferencing with a live broadcast to the Council's YouTube site. Further information on this is available on the committee pages on the Council website - <https://democracy.northyorks.gov.uk>

The meeting will be available to view once the meeting commences, via the following link - [www.northyorks.gov.uk/livemeetings](http://www.northyorks.gov.uk/livemeetings)

## **Business**

- 1. Exclusion of the public from the meeting during consideration of each of the items of business listed in Column 1 of the following table on the grounds that they each involve the likely disclosure of exempt information as defined in the paragraph(s) specified in column 2 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to information)(Variation) Order 2006**

Item number on the agenda	Paragraph Number
Item 2a – Confidential Minutes only	3
Item 11a - Appendix	3

- 2. Minutes of the Committee Meeting held on 27 November 2020 (Pages 5 - 12)**

- 2(a) Confidential Minutes of the Meeting held on 27 November 2020 (Pages 13 - 16)**

- 3. Declarations of Interest**

- 4. Public Questions or Statements**

Members of the public may ask questions or make statements at this meeting if they have given notice (including the text of the question/statement) to Steve Loach of Democratic Services (contact details at the foot of page 1 of the Agenda sheet) by midday on Tuesday 2<sup>nd</sup> March 2021. 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.

If you are exercising your right to speak at this meeting, but do not wish to be recorded, please inform the Chairman who will instruct those taking a recording to cease while you speak.

- 5. Death Benefit - Report of the Treasurer (Pages 17 - 28)**

- 6. Business Plan and 2021/22 Budget - Report of the Treasurer (Pages 29 - 44)**

- 7. Budget/Statistics - Report of the Treasurer (Pages 45 - 48)**

- 8. Pensions Administration Report - Report of the Treasurer (Pages 49 - 68)**

- 9. Performance of the Fund - Report of the Investment Consultant (Pages 69 - 80)**

- 10. Pension Board - Meeting of 14 January 2021 - Report back by Chair (Pages 81 - 90)**

- 11. Investment Strategy Review - Report of the Treasurer - REPORT TO FOLLOW**

- 11(a) Investment Strategy Review - Appendix - Report of the Treasurer - TO FOLLOW**

- 12. Such other business as, in the opinion of the Chairman should, by reason of special circumstances, be considered as a matter of urgency**

Barry Khan  
Assistance Chief Executive  
(Legal and Democratic Services)

County Hall  
Northallerton

Thursday, 25 February 2021

For all enquiries relating to this agenda or to register to speak at the meeting, please contact Steve Loach, Democratic Services Officer on Tel: 01609 532216 or by e-mail at: [stephen.loach@northyorks.gov.uk](mailto:stephen.loach@northyorks.gov.uk)

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## North Yorkshire County Council

### Pension Fund Committee

Minutes of the meeting held on 27 November 2020 held as a live broadcast meeting commencing at 10 am.

**Present:-**

County Councillors John Weighell OBE (Chairman), Michael Chambers MBE, Cliff Lunn, Don Mackay, Patrick Mulligan, Andy Solloway, Helen Swiers and Angus Thompson.

Councillor Jim Clark - North Yorkshire District Councils.

Councillor Christian Vassie - City of York Council.

David Portlock - Chair of the Pension Board.

Brian Hazlehurst – UNISON retired members - observer

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

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**188. Welcome and Introduction**

The Chairman welcomed everyone to the live broadcast meeting of the Pension Fund Committee held remotely under The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020 and introduced those present.

**189. Exclusion of the Public and Press**

**Resolved –**

That on the grounds that it involved 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, the public was excluded from the meeting during consideration of agenda items: 2 – Confidential Minutes only; 10 – Investment Review.

**190. Minutes**

**Resolved -**

That the Minutes of the meeting held on 11 September 2020, and the Confidential Minutes of the meeting held on 11 September 2020 were confirmed and would be signed by the Chairman as a correct record at the first available opportunity.

The Confidential Minutes of the meeting held on 11 September 2020 were not discussed, therefore, the public and press were not excluded.

**191. Declarations of Interest**

There were no declarations of interest.

## 192. Public Questions or Statements

There were no public questions or statements.

## 191. Public Sector Exit Payments (95k cap)

Considered -

The report of the Treasurer detailing how North Yorkshire County Council, as the administering authority for the North Yorkshire Pension Fund (NYPF), is required to have a policy for paying pensions where the Public Sector Exit Payments regulations (£95k cap) are breached before the revised Local Government Pension Scheme (LGPS) regulations are in place. The policy was recommended by the Scheme Advisory Board (SAB) and is needed so that the administration team know what benefits are to be paid in these circumstances.

There is a conflict between the £95k cap regulations which came into effect on 4 November 2020 and the current LGPS regulations if the cap is breached when an LGPS member age 55 or over exits through redundancy or business efficiency. The LGPS regulations still require the member to take payment of an unreduced pension, but the exit cap regulations may prevent the employer from paying the full pension strain cost.

The pension strain cost is the cost to the employer of providing unreduced benefits before normal pension age (NPA). Normally benefits paid before NPA are actuarially reduced to take account of the fact they are being paid early and will be paid for longer. The strain cost effectively buys out the reduction that would normally apply.

The SAB has obtained legal advice and a commentary on that legal advice is available on the Public Sector Exit Payments page of the SAB website. The Ministry of Housing, Communities and Local Government (MHCLG) has issued a letter to LGPS administering authorities recommending that where the cost of an exit including pension strain cost would exceed the £95,000 cap, LGPS members should be able to elect to receive an immediate, fully reduced pension or a deferred pension plus a lump sum equal to the capped strain cost. It was proposed to adopt the advice from the SAB and MHCLG in the interim until the LGPS regulations are amended.

It was stated that the position being proposed was not without risk as this could result in legal challenges from the employer or the scheme member, however, it was the least risk option for the Fund.

Members discussed this matter and the following issues and points were raised:-

- It was emphasised that this matter could affect anyone within the pension scheme, not just those on higher wages, as it related to the whole package paid on redundancy or business efficiency.
- It was noted that, although challenged, this had become law on the 4<sup>th</sup> November 2020, hence the need to provide a current position for the NYPF until the LGPS regulations were amended to reflect this.
- It was stated that the SAB would make representations on behalf of
- pension funds in terms of issues arising from this position, and any disputes that may occur as a result.

**Resolved –**

- (i) That the Committee welcomes the support from the SAB in making representations where disputes arise in relation to this position, and outlines its concerns in respect of the position that has resulted from these circumstances;
- (ii) That the approach recommended by both the SAB and MHCLG in offering the member the option of either a deferred pension or a fully reduced pension be adopted.

## 192. Budget/Statistics

Considered -

The report of the Treasurer on the projected outturn position for the 2020/21 budget - cost of running the Fund and the three-year cash flow projection for the Fund.

The latest forecast outturn position against the 2020/21 budget showed an anticipated expenditure for the year of £30,296k, an increase of £206k over the original budget. The report provided details of how the increase had arisen.

The cash position of the Fund was presented and highlighted the projected cashflows of the Fund over the three-year period 2020/21 to 2022/23. The forecast for employer contribution income has been revised across the three years to take account of increases in pensionable pay, a higher than forecast pay award and an increase in employee numbers. This has resulted in increases of £4.2m in 2020/21, £4.6m in 2021/22 and £4.5m in 2022/23. The updates in the cashflow forecasts had resulted in a small surplus in the overall cash position now being projected for 2020/21.

At the September Pension Fund Committee meeting Members approved the draft NYPF 2019/20 Annual Report, subject to any changes required as a result of the external audit, with any further changes required being brought back to the Committee meeting for approval. As a result of changes made to the Statement of Accounts, as part of the external audit, there had been a small number of minor changes required to the Annual Report. The main change was due to an update in the Permira market valuation as at 31 March 2020 once final valuations were provided by the Manager. The change was well below the Fund's materiality threshold. Details of the changes were set out in the report.

The following issues and points were raised during a discussion of the report:-

- As a result of the most recent forecast it was noted that the predicted negative cashflow position during this financial year was unlikely to materialise. There was still the potential for a negative cashflow in later years as the Fund matures, and plans were being developed in relation to that.
- The Treasurer stated that he was expecting the final approval for the 2020/21 Final Accounts, from the external Auditor, on the day of this meeting. The minor changes to the accounts would be circulated to Members of the Audit Committee and Pension Fund Committee.

### Resolved –

- (i) that the minor adjustments to the NYPF 2019/20 Annual Report be approved; and
- (ii) that the contents of the report be noted.

### 193. Pension Administration Report

Considered -

The report of the Treasurer providing Members with information relating to the administration of the Fund in the quarter and updating on key issues and initiatives which impact the administration team, including the following:-

Admission Agreements and New Academies

Administration

Membership Statistics

Throughput Statistics

Performance Statistics

Commendations and Complaints

Annual Benefit Statements 2020

Issues and Initiatives

GMP and Pensioner Data Reconciliation

Breaches Policy & Log

Administration System Project

Other Key Projects

McCloud

Exit Cap changes

Process update – payment of an exit credit

Member Training

Meeting Timetable

The following issues from the report were highlighted:-

- In respect of the Annual Benefit Statements (ABS), as of the previous week, of the remaining 529 not issued:-  
88 had been issued  
161 had outstanding data queries and were progressing  
The remainder have been checked and do not qualify for an ABS for a variety of reasons.
- The GMP and Pensioner Data Reconciliation projects were both nearing completion and the data would then be fed into the system for processing, with those affected being contacted and arrears being paid.
- A new entry had been made to the Breaches Log in respect of 100% of the ABS not having been issued by the 31<sup>st</sup> August 2020 cut-off date. The issue

had been discussed at the recent meeting of the Pension Board where it had been decided that this would not be reported to the Regulator due to the efforts that had been made to try and meet the target.

- The Administration System project was underway and was developing in-line with the appropriate timescales. The testing of the systems would commence shortly.
- A business case was being prepared to outsource the work that will be required as a result of the McCloud judgement. It was noted that a number of Funds were undertaking a similar response to this matter, therefore, this required addressing as soon as possible. The scale and impact would be huge on Funds, with recalculations expected in the second half of next year.
- The death grant case that was discussed at the previous meeting has been referred for a legal response and a ruling is awaited.
- The Local Government Pension Scheme (Amendment) Regulations 2020 came into force in March 2020 giving administering authorities the discretion to pay an exit credit after taking into account factors such as the level of risk that the employer was exposed to during their participation in the Fund and the value of the employer contributions paid to the Fund. The Admissions and Terminations Funding Policy, approved at the Committee meeting in September 2020, had been updated to reflect the Administering Authority's position regarding payment of an exit credit. Members were asked to approve delegated authority to the Treasurer of the Pension Fund to determine when an exit credit payment should be made. Where necessary cases would be referred to the Pension Fund Committee for a decision.
- It was noted that the Meetings timetable currently showed a Committee meeting on the 19<sup>th</sup> February 2021, however, following a previous discussion at a Meeting of the Committee, it had been suggested that the County Council budget setting period be avoided for Meetings. It was proposed, therefore, that the meeting be rescheduled to take place on Friday 5<sup>th</sup> March 2021 at 10am, with a workshop meeting arranged for Thursday 4<sup>th</sup> March 2021.
- A Member congratulated the Administration Team for the excellent service they have been providing to the Fund, which was echoed by the other Members of the Committee and the Treasurer.

#### **Resolved –**

- (i) that the contents of the report be noted;
- (ii) that the contents of the Breaches Log be noted;
- (iii) that the delegation of authority to the Treasurer of the Fund to determine when an exit credit payment should be made be approved;
- (iv) that the Meeting of the Committee scheduled to take place on 19<sup>th</sup> February 2021 be rescheduled to 10am on Friday 5<sup>th</sup> March 2021, with the corresponding workshop taking place on 4<sup>th</sup> March 2021.

#### **194. Performance of the Fund**

Considered –

Report of the Investment Consultants, AON, providing details of performance and asset allocation information for the Fund along with a background to the investment markets during the third calendar quarter of 2020.

The following issues were highlighted:-

- The Fund assets increased in value by £91.9m to £4,194.7m over the third quarter of 2020.
- In relative terms, the Fund outperformed the composite benchmark by 1.4% over the quarter, returning 2.2% in absolute terms. Much of the outperformance this quarter was a result of significant relative performance from the Baillie Gifford LTGG (+12.9%) portfolio.
- In relation to the Fund's long term strategic target, the Fund's asset allocation as at Quarter 3 2020 was 9.5% overweight equity, 2.3% underweight absolute return, 3.5% underweight property, 7.2% underweight illiquid growth, 7.6% underweight illiquid credit, 0.8% underweight liquid credit, 8.5% overweight in gilts and 3.5% overweight in cash.
- No rebalancing was considered necessary.
- The markets had been particularly strong over the quarter and they continued to rise following the news of the development of a successful vaccine against COVID 19.
- The performance of the various Fund Managers, and the investments managed within the BCPP were outlined.
- Issues discussed included the property portfolio; the strong performance of equities; illiquid assets with Border to Coast and how it was too early to determine their performance as yet and the unexpected high performance of gilts.
- It was noted that lowering the risk of the Fund's investment portfolio continued to be investigated and developed, as it was expected that at some point volatility would return to the markets.

Members discussed the appended documents and the following issues and points were raised:-

- It was clarified that individual reports relating to the performance of Fund Managers were circulated prior to the meeting.
- Clarification was provided in relation to a residual balance with Fidelity, and it was noted that it would be paid back to the Fund.
- A discussion took place in relation to the equity protection that is in place and whether that was of financial benefit to the Fund. It was noted that this issue would be considered within a later report at this meeting, although it was emphasised that it was good news for the Fund when this was not required as it meant that equity investments were performing well.

**Resolved –**

- (i) that the contents of the report be noted.

**195. Pension Board – report back by Chair on the meeting held on 29th October 2020**

**Considered -**

A verbal update by the Chair of the Pension Board.

The Chair of the Pension Board, David Portlock, summarised the discussions at the meeting held on 29<sup>th</sup> October 2020 highlighting the following:

- The Pension Board Annual Report was agreed at the meeting and had subsequently been approved by the County Council as Administering Authority and published on the Fund website. A copy was provided for information.



- The Meeting was the first formal remote meeting of the Board since the start of the pandemic.
- A review of the Terms of Reference was undertaken to ensure that formal remote meetings could take place and to provide a process to escalate issues of dispute between the Board, the Committee and/or Officers of the pension fund that could not be resolved. The amendments were agreed at the meeting and had subsequently been approved by County Council. A copy of the amended Terms of Reference was provided for information and it was noted that these had also been published on the Fund website.
- The breach in relation to the late publication of the ABSs, as discussed earlier in the meeting, had been considered at the meeting of the Board and in view of the actions and rationale of officers to this matter, it had been agreed not to refer this to the Regulator. Also, a very few data breaches in April and May had been discussed in detail with Officers. Effective action had been taken by Officers and no further data breaches have occurred. The Board agreed not to report these data breaches to the Regulator.
- Details of Internal Audit reports are fed into each meeting of the Board. Last year the report in relation to pension fund expenditure had indicated limited assurance. A further review, a year later, had resulted in the position being substantial assurance. The Pension Board recognised the significant efforts made by officers to address this matter, and congratulated them in respect of this.
- The Board noted that a new Chair had been appointed to the BCPP Joint Committee. It had been stated that this would see a new approach to the Committee, and the Board looked forward to seeing how that developed.

**Resolved -**

That the Committee thanks the Pension Board for its continued work on behalf of the Fund and the details of the meeting outlined be noted.

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**Minute No.196 was considered in private (see Minute No. 189, above) and is the subject of a separate, confidential minute. A public summary of the item is outlined below.**

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**196. Investment Strategy Review**

**Considered -**

The report of the Treasurer to the Fund regarding the following:-

- (i) To recommend asset allocation changes to support progress towards the new investment strategy.
- (ii) To recommend a change in the target allocation for global equities between the Fund's investment managers.
- (iii) To update Members on the position relating to equity protection.
- (iv) To update Members on the currency hedging implementation.

**Resolved –**

- (i) That recommendations (i), (ii) and (iii), as detailed in the report, be deferred for further consideration at a subsequent meeting of the Committee, pending a further review of the Investment Strategy.

- (ii) That the Committee agrees to allow £400 million of equity protection to expire in January 2021.
- (iii) That the update on currency hedging be noted.

**197. Such other business as, in the opinion of the Chairman should, by reason of special circumstances, be considered as a matter of urgency**

There was none.

The meeting concluded at 12.45pm.

SML

DRAFT



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## North Yorkshire County Council

### Pension Fund Committee

5 March 2021

#### Death Benefit – Mr A

#### 1.0 Purpose of the Report

- 1.1 To provide Members with further information relating to the death of Mr A on 5 May 2020 in order that a decision can be made as to the beneficiary of the death grant now payable.

#### 2.0 Background

- 2.1 It is an administering authority discretion under the regulations to decide to whom death grants are paid. The discretion wording was updated in September 2020 following review by the Fund's legal adviser and is shown below:

*“In assessing who should receive any death grant, the administering authority will make reasonable efforts to identify potential beneficiaries and to gather relevant information. Potential beneficiaries can be a member's nominees, personal representatives, relatives or dependants.*

*The administering authority will take into account all information that it receives in making a decision, but most importance will be attached to the member's nomination where one exists. The administering authority will however not always follow the nomination. In particular (but without limitation), the administering authority may decide to award the death grant to someone else where the member's circumstances have materially changed after the nomination was made, or where there are other factors which (in the view of the administering authority) indicate that this would not be appropriate.*

*Where necessary, cases will be referred to the Pension Fund Committee for a decision.”*

- 2.2 It is standard practice for the NYPF to pay death benefits in accordance with the Nomination Form completed by the member. In this particular case, we believe, having reviewed the information provided by various family members and the widow, there are other factors that should be considered before making payment of the death grant.
- 2.3 As instructed by the Committee in the September 2020 meeting further guidance was sought from the Fund's legal adviser. The advice received re-iterated that under Regulation 40, the administering authority has absolute discretion in deciding whom (from the member's nominee, personal representatives, relatives or dependents) should be paid a death grant.
- 2.4 The legal advice also recommended we seek further clarity regarding the issue of the Will being contested and the claim the widow had signed over the death grant rights to the youngest son. That clarity has now been received from both parties.

### 3.0 Personal Information

#### 3.1. In summary:

- Mr A died on 5 May 2020.
- The member was married at the time of his death and his widow is nominated to receive 100% of the death grant.
  - Date of marriage was 12 May 2018.
  - Nomination was made on 30 May 2018.
- There is a Will naming his widow as sole beneficiary.
  - Date of Will was 11 June 2018.
- The member has three children from his previous marriage aged 20, 19 and 15.
  - The divorce was finalised in April 2018.
  - They had been married for 19 years.
  - All three children are from this marriage.
- There is a death grant payable of £85,236.24.
  - Widow's pension of £7,680 pa is already in payment and is payable for the rest of her life.
  - Three children's pensions of £2,560 pa each are already in payment. These are payable until age 18 or 23 if the child remains in full time education. One was stopped on 1 November 2020, the other two remain in payment.
- The widow has paid the funeral expenses and we have had sight of the receipt.

#### 3.2. Further information provided:

- Letter received from the widow's solicitors in response to our enquiry, attached as **Appendix 1**.
- It was previously understood the Will was being contested by the ex-wife due to the lack of financial provision for the children. There has been no claim made against the estate as detailed in the enclosed letter (point 4).
- This letter confirms the deceased was making maintenance payments of £300 per month for the youngest child (point 2).
- The letter advises that there was a life insurance policy in place which is deemed to provide benefit to the children (point 5).
- The inquest has now been concluded and the cause of death has been confirmed as suicide. This confirms there has been no third party involvement in the death.
- Letter exchanged between the solicitors, attached as **Appendix 2**, regarding the provision for the youngest son. This may have led to the inappropriate wording being given to us previously about the death grant being 'signed over' by the widow. Clearly this is not the case (point 5). This wording relates to the child's pension already in payment.
- This letter responds to the allegations the Will was not drawn up correctly and the deceased did not have capacity to sign it (letter from witnesses to the Will and doctor's letter).
- The ex-wife and her solicitor have emailed separately requesting the Committee consider sharing the death grant payment such that the three children from his previous marriage can benefit from it equally, attached as **Appendix 3**.

### 4.0 Recommendations

- #### 4.1. Members to confirm to whom the death grant should be paid. This could be a single or multiple beneficiaries or to the Estate.

Gary Fielding  
Treasurer of North Yorkshire Pension Fund  
NYCC  
County Hall  
Northallerton  
25 February 2021

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Partners R. W. RUSBY  
B.A.,  
A. L. WARE LL.B.  
M. J. BROWN B.Sc.(Hons)  
Chartered Legal Executive  
S. WINDROSS FCILEX

CLARO CHAMBERS, BOROUGHBIDGE, YORK, YO51 9LD

TELEPHONE (01423) 322312  
FAX (01423) 324480  
DX61430 Boroughbridge

FAO: Phillippa Cockerill  
North Yorkshire Pension Fund

E-mail: [Phillippa.Cockerill@northyorks.gov.uk](mailto:Phillippa.Cockerill@northyorks.gov.uk)

YOUR REF

OUR REF ALW/ph/SNO0011

DATE 22 December 2020

Dear Phillippa

RE: [REDACTED]

I write further to your letter of 20 November, addressed to my colleague Paula Hunt and I also refer to our subsequent telephone discussion of 07 December.

I note that you require certain additional information regarding my Client's entitlement to death grant and I have now obtained the additional information and documentation which enables me to set out the position, as my Client sees it.

Attached to this letter is a copy of the inquest report and death certificate relating to the late Mr [REDACTED] together with a copy of his last Will and Testament and a letter of explanation, both of which are dated 11 June 2018.

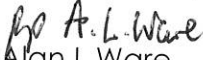
So far as the points raised in your letter of 20 November are concerned, then my Client has instructed me to respond to the points that you have raised regarding the discussions between this firm and Beck's Solicitors on behalf of the respective parties.

1. It has never been agreed by my Client that she would effectively forgo her entitlement to death grant, since my Client has always assumed that she would receive this as the lawful widow of the deceased.
2. We enclose herewith, a copy of the original Consent Order entered into between the late Mr [REDACTED] and his former wife and the Variation Order that was made by the Bradford County Court on 19 August 2019. We believe that this is significant in that it clearly states that the deceased's obligation to pay maintenance will terminate upon the children ceasing their fulltime secondary education or at the age of 18. We believe that in the case of [REDACTED] and [REDACTED] this has already happened and that in the case of [REDACTED] the requirement to pay maintenance will cease upon or about 10 August 2022. We can confirm that at the date of his death, the deceased was paying a monthly payment for the benefit of [REDACTED] in the sum of £300.00

3. Our Client considers that the pension payment that is now paid for the benefit of [REDACTED] effectively replaces the maintenance payment that was being paid by the deceased in his son's favour.
4. Although the Solicitors representing [REDACTED] intimated earlier this year that they were intending to make a claim against the estate, no such claim has been forthcoming, and this firm was advised on 07 October that Beck and Co Solicitors were archiving their papers.
5. We are instructed the deceased former wife became entitled upon his death, to the sum of £50,000 from an insurance policy which had been maintained since the deceased separated from his former wife, this goes to provide benefit to the children in the event of his death.

The above is to be contrasted with our Client's own position, which is, that notwithstanding the position of the attached Will and particularly the gift of residue at paragraph 8, our Client has effectively been left with no capital and a limited income situation.

In the circumstances, I would be grateful if the attached evidence and the contents of this letter could please be considered by the Pension Fund Trustees and your lawyer and I look forward to hearing from you in due course.

Yours sincerely  
  
Alan L Ware  
Fitzgerald-Harts



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Partners R. W. RUSBY B.A.,  
A. L. WARE LL.B.  
M. J. BROWN B.Sc.(Hons)  
Chartered Legal Executive  
S. WINDROSS FCILEX

CLARO CHAMBERS, BOROUGHBIDGE, YORK, YO51 9LD

TELEPHONE (01423) 322312  
FAX (01423) 324480  
DX61430 Boroughbridge

Beck solicitors  
The Courtyard Office  
Pottery Lane Farm  
Pottery Lane  
Ripon HG4 3LS

YOUR REF ARB/ [REDACTED]  
OUR REF ALW/lb/SNO0011  
DATE 10 July 2020

**BY E-MAIL ONLY: [angela.becksolicitors.co.uk](mailto:angela.becksolicitors.co.uk)**

Dear Sirs

Our client: [REDACTED]

Your client: [REDACTED] and [REDACTED]

**WITHOUT PREJUDICE**

We write further to your letter of the 15<sup>th</sup> June and propose to respond to the points that you have raised therein in the order in which they appear: -

1. We can confirm we have no instructions to apply for a Grant of Probate since the estate does not require a Grant in order to proceed.
2. The Will was not prepared in the manner in which you suggest.
3. Clearly should it become necessary the witnesses can be approached to obtain a suitable affidavit. We have no instructions to incur the cost of this exercise at this stage. We are able however to attach a letter signed by the witnesses, which confirms the position.
4. Please see herewith a copy of a letter issued by Dr Rider of Church Land Surgery dated the 1<sup>st</sup> July 2020 and which deals with the issue of capacity.
5. So far as the entitlement for [REDACTED] we are instructed that pursuant to the terms of the Will appropriate provision has been made for [REDACTED] to benefit from the provisions of the North Yorkshire Pension Fund. Our client has processed the necessary documentation to that organisation and our client understands that they will be contacting [REDACTED] mother directly in respect of his entitlement.

We would be grateful if you could kindly acknowledge receipt of this letter and look forward to hearing from you.

Yours faithfully  
FITZGERALD-HARTS  
paula.hunt@fitz-law.co.uk

[REDACTED]  
[REDACTED]  
[REDACTED]

26<sup>th</sup> June 2020

TO WHOM IT MAY CONCERN

Ref. [REDACTED] + [REDACTED]

We, the undersigned, can confirm that the above named did sign their last will and testament in our presence, which we did then witness. Our address at the time was [REDACTED], [REDACTED] [REDACTED]

We witnessed their signatures in their presence in June 2018.

Any future issues please do not hesitate to contact us.

Kind regards

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

01 Jul 2020

Our Reference: SR/DEF

**To Whom It May Concern**

**STRICTLY CONFIDENTIAL**

Dear Sir/Madam

Re Mr [REDACTED] DECEASED Date of Birth: [REDACTED]  
[REDACTED]  
Telephone: NHS Number: [REDACTED]

[REDACTED] was seen for mild stress issues in January 2019 and started on some medication, after 2 weeks this was switched to a different form of medication to help improve his sleep pattern. Only 1 prescription for 4 weeks was given. No further medication was prescribed after February 2019 and no referral to mental health services was requested or made.

Yours sincerely



Dr S Rider

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Pension Fund Committee  
Mr A – Further background information

**Copy of text from Solicitor's email:**

Dear Sarah,

██████████ will complete the forms on behalf of the 3 children. I would ask that the trustees give consideration to extending the discretionary powers of any death in service benefits to the children's mother- ██████████

She was married to the deceased for 19 years and had 3 children by him (all of whom still live at home with her and are, to a greater or less extent, still financially dependent upon her). The divorce was finalised in April 2018( see attached decree absolute) The deceased was paying child maintenance for ██████████ to ██████████ at a rate of £300 per month at the time of death and was also helping out the two older children. Those payments have now ceased. By contrast, ██████████ was only married to the deceased for under 2 years and had no children by him.

Please let me know if you require any further information.

Yours sincerely

**Angela Beck**

**Beck Solicitors**

**Head of Family Law Department - Member of Law Society Family Law Panel**

**The Courtyard Offices, Pottery Lane, Harrogate HG4 3LS**

**Tel:** 01423 534524 **Email:** [angela@becksolicitors.co.uk](mailto:angela@becksolicitors.co.uk) **Web:** [www.becksolicitors.co.uk](http://www.becksolicitors.co.uk)

**Copy of text from mother's (ex-wife's) email:**

Dear Phillippa,

As an addition to the email I sent earlier today.

My former husband and I had 3 children all of whom live at home with me. I would like if possible for them all to benefit from the lump sum payment. That would seem a fair outcome to the children. I appreciate that the decision is at the discretion of the trustees. I would simply ask that consideration is given to this so each of his children would benefit equally.

I hope the information I have given is helpful and await the trustees decision. It would not be my intention to challenge the decision as my solicitor has advised that the trustees have sole discretion in this matter.

If you require any further information I will gladly supply it.

Best Wishes

██████████

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## North Yorkshire County Council

### Pension Fund Committee

05 March 2021

## Business Plan and 2021/22 Budget

### Report of the Treasurer

#### 1. Purpose of the Report

- 1.1. To report on the progress made against the key NYPF business plan activities identified for 2020/21.
- 1.2. To approve the draft NYPF Business Plan for 2021/22 – 2023/24.
- 1.3. To approve the draft 2021/22 NYPF Budget.

#### 2. Progress Update

- 2.1. In the NYPF 2020/21 Business Plan seven key actions for the year were identified and approved by Members in the February 2020 Committee meeting. It was agreed that officers would provide a progress report against these key actions. This progress report is attached as **Appendix 1**.

#### 3. Draft 2021/22 Business Plan

- 3.1. The draft 2021/22 Business Plan is attached at **Appendix 2**. It sets out the purpose and strategy of the Fund for the next 3 years to support the Committee in managing the Fund. It sets out the key initiatives of the Fund with delivery dates to enable tracking of progress. The plan has been refreshed to cover the period 2021/22 to 2023/24. Any outstanding actions from 2020/21 have been rolled forward to 2021/22 and some new actions have been identified. A plan on a page which provides a summary of the business plan has also been attached as **Appendix 3**.

- **Investment Strategy** – the Committee is currently undertaking an investment strategy review. It is expected that the resulting changes in asset allocation may take a number of years to fully implement.
- **Online Monthly Employer Returns** – the phased-roll out of the online employer portal for submitting the monthly members data is still ongoing. This is expected to complete by the end of 2021-22.
- **Integrated Payroll** – the migration of pensioner payroll onto the administration system so that a single set of data is held for each pensioner. This will also improve interactions between teams through automation, will improve efficiency and will reduce the potential for errors to occur. This is expected to complete by the end of Q1 2021-22.
- **Pooling** – the transition of assets into the Pool is continuing. The Fund is anticipated to invest in Border to Coast's Multi-Asset Credit Fund in the year. Work will also continue on the design of new sub-funds and ensuring that they meet the needs of the Fund.
- **McCloud remedy** – this project will involve, as the first stage, the collection and updating of the missing service history for affected members within the NYPF, currently believed to be approx. 20,000 members.

#### 4. Draft 2021/22 Budget

- 4.1. The draft 2021/22 budget for the cost of running the Fund is presented in **Appendix 4** and totals £33.9m. This budget only includes the costs that the Fund has control over and has been developed on an accruals basis.
- 4.2. The total 2021/22 budget has increased by £3.8m compared with the 2020/21 budget. This increase is mainly due to management fees payable (£2.7m) as a result of anticipated growth in asset value. In addition, the budget includes £1m of estimated one-off costs for transition of assets into Border to Coast's Multi-Asset Credit fund during 2021/22.
- 4.3. Other notable changes to the budget figures from the 2020/21 budget are as follows:
  - The Administration Expenses budget has been increased by £400k. This reflects one-off implementation costs and higher annual charges of the new pension admin system, Altair. The increase in annual costs is attributed to the fact the Fund has purchased additional modules to enable delivery of other efficiencies. These modules are i-Connect, the employer portal, and integrated pensioner payroll. The increased cost is partially offset by the reduction in costs in relation to the running and management of the pensioner payroll by the Council's Employment Support Services team. The contract pricing model has front loaded costs such that over the first 5 years the Fund will pay an average £390k each year. If the contract is extended to the full 10 year term the average costs reduces to £230k each year.
  - The Border to Coast Annual Operating Charge has been updated to reflect the new 2021/22 charge. In 2021/22 the Annual Operating Charge will be £750k. This is made up of two elements. Governance costs are split on a one eleventh basis. This used to be on a one twelfth basis, until Northumberland Pension Fund was absorbed by the Tyne and Wear Pension Fund. Operating cost are charged on an assets under management basis. The value of assets managed by Border to Coast is expected to grow as asset transitions take place.
  - It is widely recognised the work required to implement the McCloud remedy is massively significant for every Fund and having looked at the options it is not deemed feasible to resource this in-house. As a result 3rd party supplier will be appointed to undertake the data gathering work on behalf of the Fund. The £80k budgeted is an estimate of the cot for this work.
- 4.4. As previously agreed, the NYPF budget will be revised twice a year in order to reflect any material in-year changes. The 2021/22 budget will be brought back to the September 2021 PFC meeting for the approval of any necessary amendments, in line with the business plan progress update. Any changes in investment management fees disclosed at the year-end will also be reflected in these bi-annual budget refinements.

## 5. Recommendations

Members are to:

- 5.1. Note the progress made against the 2020/21 NYPF Business Plan.
- 5.2. Approve the draft 2021/22 NYPF Business Plan.
- 5.3. Approve the draft 2021/22 NYPF Budget.

Gary Fielding  
Treasurer of North Yorkshire Pension Fund  
NYCC  
County Hall  
Northallerton

05 March 2021



**NYPF 2020/2023 Business Plan Update March 2021**

**Appendix 1**

**RAG rating:**

**Green** – completed or not yet due

**Orange** – ongoing, carried forward to 2021/22

**Red** – outstanding, overdue

Key Activity			Resource
<b>Effective and efficient member administration</b>			<b>Head of Pensions Administration</b>
Action	Timescale	Progress Update	
Administration software re-procurement	Q2 2020/21	Completed – system re-procured and new contract commenced 1 September 2020.	Green
Business process re-engineering	Q4 2020/21	In progress – ‘As is’ process mapping completed. Processes will be re-engineered when the new administration system is in place. Carried forward to 2021/22.	Orange
Integrated payroll	Q2 2021/22	In progress – on target for completion at the end of Q2 2021/22. Parallel processing underway.	Orange
Key Activity			Resource
<b>Improve Data Quality</b>			<b>Head of Pensions Administration</b>
Action	Timescale	Progress Update	
GMP Reconciliation	Q1 2020/21	In progress – Data output received and being worked through. On target to have records reconciled at end of Q4 2020/21.	Orange
Pensioner Reconciliation	Q2 2020/21	In progress – Data output received and being worked through. On target to have records reconciled at end of Q4 2020/21.	Orange
Roll out online monthly Employer returns	Q4 2020/21	In progress – Roll out started, slow progress initially but anticipated to pick up speed as process is refined.	Orange
Key Activity			Resource
<b>Excellent Customer Service</b>			<b>Head of Pensions Administration</b>
Action	Timescale	Progress Update	
Pension Fund rebrand	Q1 2020/21	Completed. New brand chosen and being rolled out across our communications and documentation.	Green
Improve self-service functionality	Q2 2020/21	In Progress – We continue to promote member self-service however, need to plan targeted communications to encourage take up.	Orange
Complete website re-development	Q4 2022/23	In progress – Initial planning and specification work in progress. Discussions held with potential development resource.	Orange

**NYPF 2010/2023 Business Plan Update March 2021**  
**Continued**

Key Activity			Resource
<b>Effective Investment Strategy</b>			<b>Pension Fund Committee</b>
<b>Action</b>	<b>Timescale</b>	<b>Progress Update</b>	
Implementation of Investment Strategy	Q4 2020/21	The Fund is currently undertaking a review of the investment strategy. Two workshops have taken place and another is planned for 4 March 2021. It is expected that a new Investment Strategy will be approved at the next PFC meeting on 5 March 2021. The approach to implementation will be considered after that date.	
<b>Key Activity</b>			<b>Resource</b>
<b>Pooling</b>			<b>Pension Fund Committee/ Treasurer/ Senior Accountant</b>
<b>Action</b>	<b>Timescale</b>	<b>Progress Update</b>	
Effective management of transition	Q4 2021/22	Work is ongoing on setting up the new sub-funds within Border to Coast. Workshops are being held to allow each partner fund to input into the design of these sub-funds. Transition into index-linked gilts sub-fund took place in October 2020; the next planned transition is to the multi-asset credit sub-fund expected in 2021/22. This is subject to this asset class remaining in the strategy.	
NYPF representation	Q4 2021/22	Officers have continued participating in Border to Coast fund design workshops where appropriate throughout 2020/21.	
<b>Key Activity</b>			<b>Resource</b>
<b>Monitor Income</b>			<b>Senior Accountant</b>
<b>Action</b>	<b>Timescale</b>	<b>Progress Update</b>	
Introduce monthly monitoring of employer and member pension contributions	Q1 2020/21	Completed. Refinement to the monthly monitoring process has been ongoing; an assessment of late payments on employer level took place in Q2 20/21.	
Effective financial management	Q4 2021/22	Income and expenditure against budget and cashflow is monitored on a quarterly basis and reported to the PFC.	
<b>Key Activity</b>			<b>Resource</b>
<b>Effective Fund Governance</b>			<b>Senior Accountant/Pension Fund Committee/Treasurer/Head of Pensions Administration</b>
<b>Action</b>	<b>Timescale</b>	<b>Progress Update</b>	
Committee and Board training plan	Q2 2020/21	Outstanding – Skills gap analysis work still to be completed to enable a training plan to be created. Initial discussions held regarding provision of 'bite size' training sessions through 2021/2022.	



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# North Yorkshire Pension Fund



## Business Plan 2021/22 – 2023/24



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

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OFFICIAL

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## 1. Background

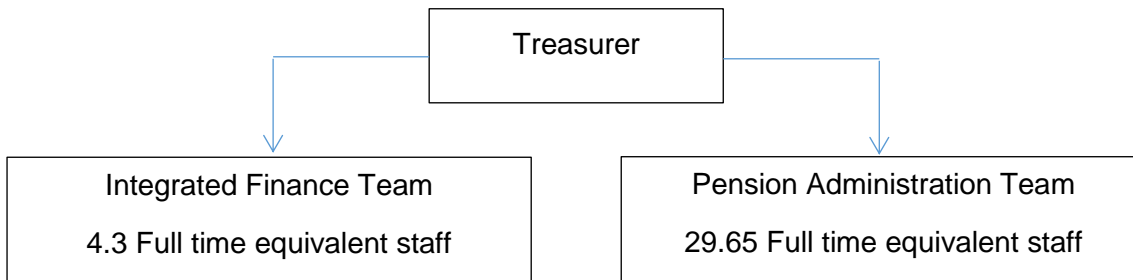
North Yorkshire County Council (NYCC) is the statutory administering authority for the North Yorkshire Pension Fund (the Fund), which is part of the Local Government Pension Scheme (LGPS). All aspects of the Fund's management and administration, including investment matters, are overseen by the Pension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

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 day to day running of the Fund is delegated to the Treasurer who is the Corporate Director – Strategic Resources of the NYCC and is responsible for implementing the decisions made by the PFC.

Supporting him is a team of staff split into two sections. The Pension 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.

Current structure:



The Scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016
- the LGPS (Amendment) Regulations 2018

The main systems utilised in the running of the Fund are Oracle, a third party finance and accounting system provided by the Oracle Corporation, Altair a third party pensions administration system provided by Aquila Heywood and i-Connect a third party online employer portal also provided by Aquila Heywood .

This business plan should be read in conjunction with the administration strategy and the investment strategy statement, these being the key documents that set out the principles of the running of the Fund.

These can be found on our website at <https://www.nypf.org.uk/nypf/policiesandstrategies.shtml>

## 2. Introduction

As part of its programme of improving the standards of governance across all pension schemes the Pensions Regulator has recommended that each scheme should have a business plan in place which sets out a clear purpose and strategy. This plan should be used to manage the scheme effectively and enable members to get good outcomes. Having a business plan will enable the PFC to plan ahead and improve their ability to comply with legal requirements.

This Plan will be reviewed annually and objectives and key actions revised accordingly. Progress reviews will be undertaken every six months and progress reported to the PFC.

## 3. Vision

To ensure sufficient assets are available to pay the right pension benefits at the right time.

## 4. Objectives

The objectives set out below will enable the Fund to achieve its long term vision.

The Fund will aim to:

1. Maximise investment returns
2. Manage Scheme funding
3. Provide excellent customer service
4. Ensure effective Fund governance

## 5. Key Actions

The following key actions have been identified:

Action	Resource	Timescale
<b>Effective and efficient member administration</b> Integrated Payroll Business process re-engineering	Head of Pensions Administration	Q2 2021/22 Q3 2021/22
<b>Improve Data Quality</b> Complete roll out of online monthly employer returns McCloud remedy data collection	Head of Pensions Administration	Q4 2021/22 Q4 2021/22
<b>Excellent Customer Service</b> Improve self-service functionality Complete website re-development – employer area Complete website re-development – member area	Head of Pensions Administration	Q4 2021/22 Q3 2021/22 Q4 2022/23
<b>Effective Investment Strategy</b> Determine approach to implementing new investment strategy Undertake fresh strategy review alongside the 2022 Valuation	Head of Investments	Q1 2021/22 Q4 2020/21
<b>Pooling</b> Effective management of multi-asset credit transition NYPF representation in new Border to Coast sub-fund development	Head of Investments	Q3 2021/22 Q4 2021/22
<b>Financial Information</b> Improve 3-year cashflow forecast accuracy Analyse the true lifetime cost of fees and performance fees in private markets	Head of Investments	Q1 2021/22 Q2 2022/23



<b>Income Monitoring</b> Expand the use of employer online portal for monthly contribution returns	Head of Pensions Administration / Senior Accountant	Q4 2022/23
<b>Effective Fund Governance</b> Committee and Board training plan Delivery of identified training	Head of Pensions Administration / Head of Investments	Q2 2021/22 Q4 2021/22

The following resources have been identified as key to ensuring delivery of the objectives identified:

- a. Systems and technology which are fit for purpose
- b. People
  - i. Focussed on customers' needs
  - ii. Highly skilled and knowledgeable
- c. The right information and data
  - i. Financial
  - ii. Performance
  - iii. Benchmarking
  - iv. Membership data
- d. Third party service providers
  - i. Actuary
  - ii. Legal Advisers
  - iii. Custodian
  - iv. Fund Managers
  - v. Investment Consultants
  - vi. Software provider
  - vii. Borders to Coast Pensions Partnership (BCPP)

These actions are recorded and scheduled to ensure the appropriate actions are taken to deliver the business plan.

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North Yorkshire Pension Fund Business Plan

<b>Vision</b>	To ensure sufficient assets are available to pay the right pension benefits at the right time		
<b>Objectives</b>	Maximising investment returns, management of Scheme funding, provide excellent customer service, effective Fund governance		
<b>Key actions</b>	<b>Effective and efficient member administration</b> Business process re-engineering Integrated Payroll	<b>Improve Data Quality</b> Complete roll-out of online monthly employer returns McCloud Remedy data collection	<b>Excellent Customer Service</b> Improve self-service functionality Complete website re-development - employer area Complete website re-development - member area
	<b>Effective Investment Strategy</b> Determine approach to implementing new Investment Strategy Undertake fresh strategy review alongside the 2022 Valuation	<b>Pooling</b> Effective management of multi-asset credit transition NYPF representation in new Border to Coast sub-fund development	<b>Financial Information</b> Improve 3-year cashflow forecast accuracy Analyse the true lifetime cost of fees and performance fees in private markets
	<b>Income Monitoring</b> Expand the use of employer online portal for monthly contribution returns	<b>Effective Fund Governance</b> Committee and Board training plan Delivery of identified training	
<b>Resources</b>	<b>Systems and technology which are fit for purpose</b>	<b>People</b> Focussed on customers' needs Highly skilled and knowledgeable	<b>The right information and data</b> Financial Performance Benchmarking Membership data

	<b>Third party service providers</b> Actuary Legal Advisers Custodian Fund Managers Investment Consultants Software provider Borders to Coast Pensions Partnership (BCPP)		
--	--	--	--

	Budget 2020/2021 £k	Budget 2021/2022 £k	Variance £k
<b>EXPENDITURE</b>			
<b>Admin Expenses</b>			
Finance and Central Services	430	440	10
Provision of Pensioner Payroll (ESS)	140	90	(50)
Pensions Administration Team	1,090	1,120	30
Pension Data Reconciliation	50	0	(50)
McCloud	0	80	80
Other Admin Expenses	270	670	400
	<b>1,980</b>	<b>2,400</b>	<b>420</b>
<b>Oversight and Governance</b>			
Actuarial Fees	40	20	(20)
Custodian and Performance Monitoring Fees	50	50	0
Consultants Fees	290	200	(90)
Pooling Project Costs	70	26	(44)
Pooling Operational Charge	600	750	150
Other O & G Expenses	100	100	0
	<b>1,150</b>	<b>1,146</b>	<b>(4)</b>
<b>Investment Fees</b>			
Investment Management Fees	24,960	26,660	1,700
Performance Fees	2,000	2,730	730
Transition Costs	0	1,000	1,000
	<b>26,960</b>	<b>30,390</b>	<b>3,430</b>
<b>TOTAL</b>	<b>30,090</b>	<b>33,936</b>	<b>3,846</b>

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## NORTH YORKSHIRE COUNTY COUNCIL

### PENSION FUND COMMITTEE

05 March 2021

#### BUDGET / STATISTICS

##### Report of the Treasurer

### 1.0 PURPOSE OF THE REPORT

1.1 To report on the following:

- (a) 2020/21 budget - cost of running the Fund (see section 2)
- (b) the 3 year cashflow projection for the Fund (see section 3)

### 2.0 2020/21 BUDGET- COST OF RUNNING THE FUND

- 2.1 The latest forecast outturn position against the 2020/21 budget is attached as **Appendix 1** and shows anticipated expenditure for the year of £31.5m, an overspend of £1.4m over the original budget.
- 2.2 Of this estimated overspend, £0.2m was reported to Committee in November 2020 which is made up a number of small items, including increases in pooling projects costs (£75k) and pooling operational charges (£68k), and additional work required following the McCloud judgement (£50k).
- 2.3 The remaining £1.2m estimated overspend identified and reflected in this quarter to 31 December 2020 is related to the increase in the forecast for investment management fees. The Fund's total asset has increased in value significantly more than expected, which results in higher base management fees as these are calculated based on the value of the asset under management. In addition, because the fund managers have outperformed against the agreed benchmarks we expect that we will need to pay increased performance fees.

### 3.0 3 YEAR CASHFLOW PROJECTION

- 3.1 The cash position of the Fund is presented in **Appendix 2**. The table shows the projected cashflows of the Fund over the three-year period 2020/21 to 2022/23. This cashflow includes the contribution income and benefits payable, the main inflow and outflow of the Fund. In addition to this it also includes other items that go through the bank account, for example, any costs of administering the scheme; this provides a more accurate prediction of the cash position of the Fund.

- 3.2 The forecast for pension benefits payments has been updated across the three years based on revised assumptions (3.5% annual increase in pensioner numbers and 2.1% annual inflation uplift). These are indicative and we will need to monitor and review this expenditure area closely during 2021/22.
- 3.3 Similarly the forecast for contribution income has been updated based on the revised assumption that the higher elective contribution rate for the employer NYCC will continue in 2021/22 and 2022/23.
- 3.4 These updates in the cashflow forecasts have resulted in surplus positions in the overall cash position now being projected for 2020/21 and 2021/22. Due to the volatile nature of some of the income and expenditure incurred by the Fund, an element of fluctuation in the overall cashflow position is to be expected.

#### 4.0 **RECOMMENDATIONS**

- 4.1 Members to note the contents of the report.

GARY FIELDING  
Treasurer to North Yorkshire Pension Fund  
NYCC  
County Hall  
Northallerton

05 March 2021



## North Yorkshire Pension Fund - 2020/21 Budget - Cost of Running the Pension Fund

	Expenditure to 31/12/20 £k	Original Budget 2020/21 £k	Forecast 2020/21 £k	Variance £k
<b>EXPENDITURE</b>				
<b>Admin Expenses</b>				
Finance and Central Services	0	430	430	0
Provision of Pensioner Payroll (ESS)	0	140	140	0
Pensions Administration Team	0	1,090	1,090	0
Pension Data Reconciliation	40	50	60	10
Other Admin Expenses	402	270	363	93
	<b>442</b>	<b>1,980</b>	<b>2,083</b>	<b>103</b>
<b>Oversight and Governance</b>				
Actuarial Fees	0	40	4	(36)
Custodian & Performance Monitoring Fees	31	50	50	0
Consultants Fees	177	290	243	(47)
Pooling Project Costs	55	70	198	128
Pooling Operational Charge	668	600	668	68
Other O & G Expenses	41	100	100	0
	<b>972</b>	<b>1,150</b>	<b>1,263</b>	<b>113</b>
<b>Investment Fees</b>				
Investment Management  Base Fee invoiced	1,428	2,200	3,090	890
Performance Fees invoiced	(1,386)	2,000	2,320	320
Investment Fees deducted from Fund	(882)	22,760	22,760	0
	<b>(840)</b>	<b>26,960</b>	<b>28,170</b>	<b>1,210</b>
<b>TOTAL</b>	<b>574</b>	<b>30,090</b>	<b>31,516</b>	<b>1,426</b>

The negative values in the "Expenditure to 31/12/20" column are due to costs in respect of 2019/20 that are yet to be paid

## North Yorkshire Pension Fund Cashflow Forecast

	Cashflow 2020/2021 £k	Cashflow 2021/2022 £k	Cashflow 2022/2023 £k
<b>EXPENDITURE</b>			
<b>Benefits</b>			
Pensions	97,835	103,310	109,100
Lump Sums	27,233	27,230	27,230
	<b>125,068</b>	<b>130,540</b>	<b>136,330</b>
<b>Payments to and on account of leavers</b>			
Transfers out	13,240	13,240	13,240
Refunds to leavers	383	380	380
	<b>13,623</b>	<b>13,620</b>	<b>13,620</b>
<b>TOTAL EXPENDITURE</b>	<b>138,691</b>	<b>144,160</b>	<b>149,950</b>
<b>INCOME</b>			
Employer and Employee Contributions	128,634	130,861	131,094
Transfers in (from other schemes)	14,980	14,980	14,980
Investment Income	7,253	8,570	8,570
	<b>150,867</b>	<b>154,411</b>	<b>154,644</b>
<b>SURPLUS/ (DEFICIT)</b>	<b>12,176</b>	<b>10,251</b>	<b>4,694</b>
<b>Add cost of administering the pension fund</b>	<b>31,516</b>	<b>33,926</b>	<b>33,740</b>
<b>Less Management Fees charged direct to the fund</b>	<b>(22,760)</b>	<b>(24,470)</b>	<b>(24,200)</b>
<b>NET SURPLUS/ (DEFICIT)</b>	<b>3,420</b>	<b>795</b>	<b>(4,846)</b>

## North Yorkshire County Council

### Pension Fund Committee

5 March 2021

### Administration Report

### Report of the Treasurer

#### 1. Purpose of the Report

- 1.1. To provide Members with information relating to the administration of the Fund in the quarter and to provide an update on key issues and initiatives which impact the administration team.

#### 2. Admission Agreements & New Academies

- 2.1. The latest position relating to admission agreements and academy conversions is shown in **Appendix 1**.

#### 3. Administration

##### 3.1. Membership Statistics

Membership Category	At 30/09/2020	+/- Change (%)	At 31/12/2020
Active	32,681	+4.16%	34,041
Deferred	38,956	-0.2%	38,880
Pensioner (incl spouse & dependant members)	24,860	+1.07%	25,127
<b>Total</b>	<b>96,497</b>		<b>98,048</b>

##### 3.2. Throughput Statistics

- Period from 1 October 2020 to 31 December 2020

Casetype	Cases Outstanding at Start	New Cases	Cases Closed	Cases Outstanding at End
Transfer In quotes	9	35	39	5
Transfer Out quotes	9	113	115	7
Employer estimates	7	63	57	13
Employee estimates	10	161	144	27
Retirement quotes	52	569	580	41
Preserved benefits	126	377	401	102
Death in payment or in service	28	58	56	30
Refunds	53	391	409	35
Actual retirement procedure	477	1,067	1,042	502
Interfund transfers	27	199	129	97
Aggregate member records	152	757	660	249
Process GMP	1	0	0	1
Others	258	317	331	244
<b>Total Cases</b>	<b>1,209</b>	<b>4,107</b>	<b>3,963</b>	<b>1,353</b>

- Alongside the above cases, the Pensions team also handled 2,921 phone calls (average 60 per day) and 5,170 emails received via the Pensions Inbox (average 85 per day) in the quarter to 31 December 2020.

### 3.3. Performance Statistics

- The performance figures for the period 1 October 2020 to 31 December 2020 are as follows:

Performance Indicator	Target in period	Achieved
Measured work completed within target	98%	91%
Customers surveyed ranking service good or excellent	94%	92%
Increase numbers of registered self-service users by 700 per quarter (total registered users 30,642)	700	772

- As expected both our output and work completed within target have been impacted by the requirement for resource to be focussed on our major projects running through to June 2021. This was due to the demands of the various major projects we are currently progressing.
- We continue to prioritise the payment of member benefits.

### 3.4. Commendations and Complaints

- This quarter the following commendations and complaints were received:

#### Commendations

Date	Number	Summary
Oct	5	Everyone was polite and professional, a great service well run by people who care
Nov	3	I wish other providers could follow your example. Well done North Yorkshire.
Dec	4	Prompt responses and relevant information.

#### Complaints

Date	Number	Summary
Oct	1	Complaint from IFA about time taken to respond to transfer request
Nov	0	
Dec	0	

- The complaint categories are:
  - Admin - these can relate to errors in calculations, delays in processing and making payment of benefits.
  - Regs - these relate to a complaint where regulations prevent the member being able to do what they want to.
  - IHER - these are where members have been declined for early retirement on the grounds of ill health and are appealing the decision through the Internal Disputes Resolution Procedure.

#### Lessons Learned

Having reviewed the complaints received in the period there were no patterns identified requiring further attention.

### 3.5. Annual Benefit Statements 2020

The position for the remaining active 2020 annual benefit statements as at 31 December 2020 was:

- 142 - have outstanding year end queries, these will continue to be progressed
- 107 - have outstanding administration tasks so no statement is due
- 171 - are not actually eligible for a 2020 statement for various reasons.

Final number of active statements issued: 30,417

This equates to 99.19% of active benefit statements issued by 31 December 2020.

We have now closed down our processing of the 2020 statements as we move into preparations for the production of the 2021 ones.

## 4. Issues and Initiatives

### 4.1. GMP and Pensioner Data Reconciliation

All data files were received from ITM on 30 November however, we were unable to correct the existing data by 21 December which was the day the pensioner data cut was taken for the payroll project. This has meant a rethink of our approach to data correction and we now have a new plan which means all pensions in payment requiring correction will be amended for the April 2021 payment.

We are currently working through the list of corrections and are focussing initially on those pensioners who have been overpaid historically and whose pensions will now be reduced to the correct amount. These have been worked through and we have identified 519 pensioners in this category whose pensions will be changing by more than £5 per annum.

We are currently working through those pensioners who may have been underpaid. These pensioners may receive an uplift in their pensions with arrears and interest.

Final figures will be brought to the next meeting once all the checking has been completed and a final position is known.

### 4.2. Breaches Policy & Log

The North Yorkshire Pension Fund's Breaches Log is included at **Appendix 2** for review. There are two new entries relating to the late provision of pension saving statements and the starter information provided by an employer.

### 4.3. Administration System Project

The delivery stage of this project and its various work streams is progressing well.

- 16 employers have been on-boarded in the quarter starting with smaller online returns to ensure our process was robust.
- We continue to have discussions with a number of our bigger employers assisting them in preparing for the required file upload.
- Data cut taken for payroll project on 21 December. Stand-alone database due to be delivered 14 January ready for parallel payroll processing to commence.
- The data reconciliation work continues with overpaid pensioners identified as a priority.
- Underpaid pensioners to be worked through as next tranche.
- Website requirements discussion with NYCC Schools ICT was held and a way forward was agreed.
- It is anticipated the website development will now start to gather momentum.

### 4.4. Other Key Projects

#### 4.4.1 McCloud

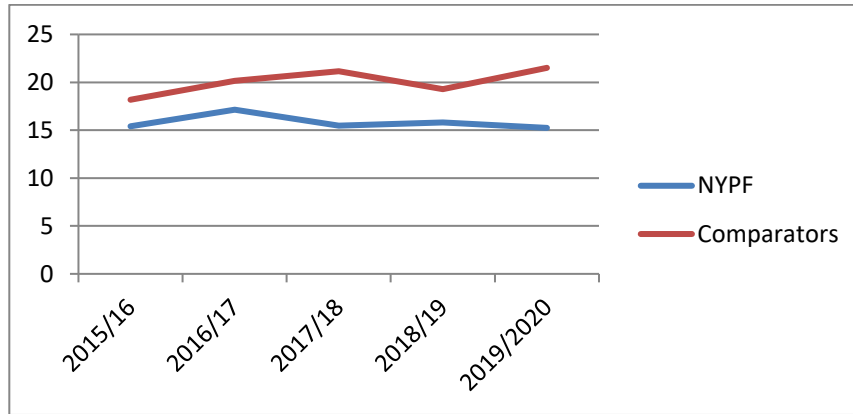
This project has been stalled due to other higher priority activities currently underway. We have included an allowance in the 2021/2022 budget to cover the appointment of a 3<sup>rd</sup> party to undertake the data gathering element of this for us.

As previously advised we anticipate the drain on resource will be significant (we believe we have approximately 20,000 members affected and CIPFA have estimated it could take an average of 30 minutes per case to process). Due to other demands within the team we are unable to automate the gathering, auditing and verification of the vast amount of data that is required.

## 5. CIPFA Benchmarking Return 2019/2020

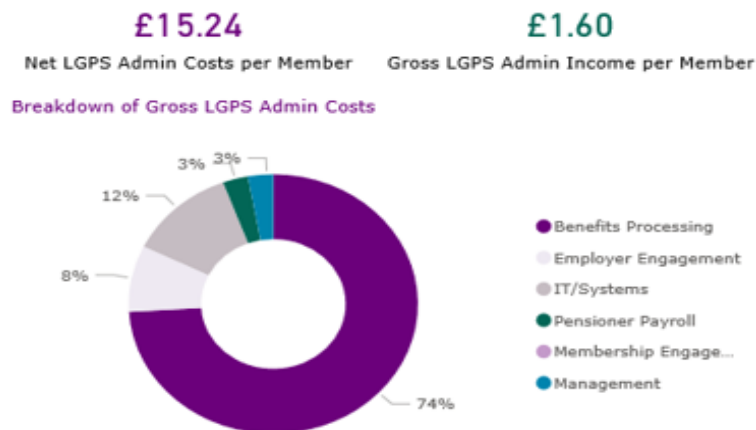
The benchmarking results for the year 2019/2020 showed the unit cost for NYPF Pensions Administration was £15.24 compared with an average unit cost across our comparator funds of £21.51.

The comparator funds are those who are a similar membership size to the NYPF.



The results show that NYPF continues to provide an administration service at a lower cost than funds of a similar size.

A breakdown of the £15.24 unit cost is shown below:



## 6. Member Training

- 6.1. The Member Training Record showing the training undertaken over the year to 31 December 2020 is attached as **Appendix 3**.
- 6.2. Responses to the CIPFA Skills Matrix are being collated and it is anticipated the results of the assessment will be brought to a forthcoming meeting following delays due to competing priorities. It is now proposed that this will be considered alongside the Fund's business plan and budget.
- 6.3 Following the success of the "Introduction to the LGPS" in-house training session held on 25<sup>th</sup> January 2021, consideration is being given to the possibility of arranging subsequent sessions for Members on individual issues pertinent to the operation of the Fund. Members will be invited to provide their input in respect of potential subjects for training sessions.

6.4 Upcoming courses, seminars and conferences available to Members are set out in the schedule attached as **Appendix 4**. Please contact Ashleigh Burdess (01609 536053 or email Ashleigh.burdess@northyorks.gov.uk) for further information or to reserve a place on an event. Events are limited currently due to the pandemic.

**7. Meeting Timetable**

7.1. The latest timetable for forthcoming meetings of the Committee and Investment Manager meetings is attached as **Appendix 5**. Meetings will continue to be undertaken virtually until further notice.

**8. Recommendations**

8.1. Members to note the contents of the report.

8.2. Members to note the contents of the Breaches Log and determine whether the breaches should be reported to the Pensions Regulator.

Gary Fielding  
Treasurer of North Yorkshire Pension Fund  
NYCC  
County Hall  
Northallerton

25 February 2021

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Academy Conversions – 19 ‘in progress’

Appendix 1

Name of School	Local Education Authority	Multi Academy Trust (MAT) Name	Target Conversion Date	Current Position
Carlton-in-Snaith CP School	NYCC	Selby Educational Trust	1.1.2021	Complete
Ryedale School Helmsley Community Primary School Sinnington Primary School Kirkbymoorside Primary School	NYCC	The Ryedale Learning Trust	1.2.2021	
Skipton Parish CoE School	NYCC	Yorkshire Causeway Schools Trust	1.3.2021	Partly progressed. Delayed from 1.2.2020
St Mary’s Catholic Primary, Selby	NYCC	Bishop Konstant Catholic Academy Trust	1.3.2021	In progress
Holy Family Catholic High, Carlton	NYCC	Bishop Konstant Catholic Academy Trust	1.3.2021	In progress
St Robert’s Catholic Primary School, Harrogate	NYCC	Possibly with Bishop Wheeler Catholic Academy Trust	1.3.2021	Delayed from 1.2.2020. In progress
Alne Primary School	NYCC	Outwood Grange Academies Trust	1.4.2021	In progress
Lady Lumley’s School	NYCC	Scalby Learning Trust	1.4.2021	In progress
Danesgate Community School	COYC	South York Multi Academy Trust	Earliest date will be June 2021	Delayed from 1.9.2018
St John Fisher Catholic High School, Harrogate	NYCC	Possibly with Bishop Wheeler Catholic Academy Trust	1.9.2021	Delayed from 1.9.2020. Will be progressed nearer the time
Barkston Ash RC Primary School	NYCC	Possibly with Bishop Wheeler Catholic Academy Trust	TBC	Delayed from 1.9.2020.
St Joseph’s Catholic Primary School, Tadcaster	NYCC	Possibly with Bishop Wheeler Catholic Academy Trust	TBC	Delayed from 1.9.2020.
St Wilfrid’s Catholic Primary School, Ripon	NYCC	Possibly with Bishop Wheeler Catholic Academy Trust	TBC	Delayed from 1.9.2020

Name of School	Local Education Authority	Multi Academy Trust (MAT) Name	Conversion Date	Current Position
All Saints, York	COYC	St Margaret Clitherow Academy Trust	Not known	Delayed from 1.9.2019
Naburn CoE Primary School	COYC	South York Multi Academy Trust	Not known	Delayed from 1.10.2018
Lord Deramore's Primary School	COYC	South York Multi Academy Trust	Not known	Delayed from 1.11.2018
Elvington CoE Primary School	COYC	South York Multi Academy Trust	Not known	Actuarial calculations provided based on conversion date of 1.7.18. Conversion delayed, new date not yet known
Fishergate Primary School	COYC	South York Multi Academy Trust	Not known	Delayed from 1.12.2018

**Admission Bodies –19 ‘in progress’**

Name of Employer	Name of Contractor	Staff Transfer Date	Current Position
<b>Ebor Academy Trust</b> Robert Wilkinson Primary Academy	Hutchison Catering Limited	1.9.2020	Complete
<b>Dales Academies Trust</b> Catering contract at all 11 schools	Mellors Catering Services Limited	1.9.2020	Complete
South Bank Academy Trust Cleaning contract at Scarcroft Primary School	Lark Cleaning Services Ltd (trading as Betterclean)	1.1.2021	Complete
<b>NYCC</b> Ripon Grammar School	Absolutely Catering Limited	1.9.2020	In progress
<b>Selby District Council</b> Environmental Services contract	Urbaser Ltd	28.2.2021	In progress
<b>City of York Council</b> Halby Hall Care Home	Yorkare Homes Ltd	31.3.2021	Delayed from May 2020 due to Covid-19. In progress
<b>NYCC</b> Rosedale Sports and Community College	Contractor not yet appointed	1.4.2021	In progress
<b>STAR MAT</b> All schools in the Trust	Bulloughs Cleaning Services Ltd	1.4.2021	In progress
<b>Harrogate Borough Council</b> Security Contract at Harrogate Convention Centre	Contractor not yet appointed	1.4.2021	Delayed from June 2020 due to Covid-19
<b>NYCC</b> New Teckal company created to deliver the operational highway maintenance service	NY Highways Ltd	1.6.2021	Will be progressed nearer the time
<b>Hope Learning Trust</b> Catering contracts at:- Baldersby St James CoE Primary Academy Burton Green Primary School Forest of Galtres Anglican Methodist Primary School Popperton Ousebank Primary Academy Skelton Primary School	Contractor not yet appointed	31.7.2021	Delayed from July 2020 due to Covid-19

Name of Employer	Name of Contractor	Staff Transfer Date	Current Position
<b>City of York Council</b> Retender of catering contracts at 9 schools	Contractors not yet appointed	July 2021	Delayed from July 2020 due to Covid-19
<b>Askham Bryan College</b> Cleaning contract	Contractor not yet appointed	1.8.2021	Will be progressed nearer the time
<b>Harrogate Borough Council</b> Sports and Leisure Service	Transferring to a local authority trading company	1.8.2021	Will be progressed nearer the time

**Exited Employers – 19**

Name of Employer	Date exited the Fund
OCS Group UK Limited	31.3.2017
Superclean Services Limited	16.7.2017
Joseph Rowntree Charitable Trust	31.12.2017
York Arts Education (Community Interest Company)	31.3.2018
Hutchison Catering Limited (contract at Canon Lee School)	19.7.2018
Be Independent	31.7.2018
Housing & Care 21	31.8.2018
Consultant Cleaners	31.10.2018 (voluntary liquidation)
Absolutely Catering Limited	Two contracts ceased 4.1.2019
ISS Mediclean (Tang Hall contract)	6.1.2019
The Wilberforce Trust	22.3.2019
Dolce Limited	14.4.2019
Schools Plus	30.4.2019
Lark Cleaning Services Ltd (trading as Betterclean)	25.10.2019

Name of Employer	Date exited the Fund
abm Catering Limited (Headlands Primary School and Dringhouses Primary School – both City of York Council)	13.12.2019 and 26.7.2020
Compass contract Services (UK) Ltd (Thomas Hinderwell Primary Academy contract only)	3.4.2020
Sewells Facilities Management Limited	21.12.2020
Sheffield International Venues	15.1.2021
Enterprise Managed Services Ltd (Amey)	31.1.2021
Caterservice Ltd	12.2.2021

Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator	Progress Review 1	Progress Review 2	Progress Review 3
31/08/2017	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Large backlog meant we were unable to establish which category members should fall into at statement date. Year End queries still outstanding at issue date.	Reg 89 of LGPS Regs 2013	85.88% of Active members received a statement = 14.12% did not 94.51% of Deferred members received a statement = 5.49% did not	Large backlog means we do not yet know actual total eligible for a statement. Continue to reduce the backlog with targeted initiatives. Target is to have a controlled work throughput by end 2018. Continue to work through errors & queries & issue ABS when able to. Introduce monthly returns for our 2 largest employers by end of 2018 so that errors can be identified in real time rather than at year end.	14/09/2017	19/01/2018	Noted the position, no requirement to report. Creation of Breaches Log to record position.	N	30/11/2017	28/02/2018	30/05/2018
08/11/2017	Administration	Statutory deadline for issuing Personal Savings Statements not met for all members	Human error		2 members received statements after the 6/10/2017 deadline. 192 manual calculations undertaken and 56 statements issued. 3.5% of members affected	Statements issued immediately. Process under review by team leader. Checklist created and process will be audited in 2018 to ensure checklist being used and process being robustly followed	22/02/2018	19/01/2018	PB - Noted the position, no requirement to report. PFC - Noted the position, no requirement to report.	N	30/04/2018	31/08/2018	30/09/2018
18/12/2017	Administration	Incorrectly paid trivial commutation to a member who has benefits with another fund and had not commuted those benefits	Human error		Member received benefits he wasn't entitled to. No other member affected. Payment is an unauthorised payment & must be reported to HMRC, resulting in tax liability at 55% for the member & additional tax for the scheme.	As soon as realised payment was unauthorised, informed member and reported to HMRC. Awaiting confirmation of scheme tax liability.	22/02/2018	19/01/2018	PB - Noted the position, no requirement to report. PFC - Noted the position, no requirement to report.	N - Reported to HMRC			
31/08/2018	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Year End queries still outstanding at issue date.	Reg 89 of LGPS Regs 2013	86.52% of Active members received a statement = 13.48% did not 99.76% of Deferred members received a statement = 0.24% did not	Backlog has been reduced so in a better position regarding correct eligibility for statements. Significant year end queries (2,399) have impacted statement production. Ers being chased for response. Continue to work through errors & queries & issue ABS when able to. Viability of monthly returns being investigated	22/11/2018	11/10/2018	PB - noted the position, agreed not to report this time but will in 2019. PFC - noted position, agreed not to report this time.	N	N/A	N/A	N/A
31/08/2019	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Year End queries still outstanding at issue date. Clarification on members not worked in year still outstanding at issue date. Manual calculation of Annual Allowance figures still outstanding at issue date.	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 95.69% of Active members received a statement. (1,342 members did not)	Analysis of the 1,342 unissued statements undertaken to identify and isolate reasons. Each group being worked through to identify what is required to enable statement to be produced. Number reduced to 329 as at 9 October, work will continue until end of year to further reduce number unissued. Final position: 329 unissued	22/11/2019	03/10/2019	PB - discussed position, noted improvement from 2018, requested further analysis by employer to identify whether an issue exists at individual employer level. Following provision of above information both PFC & PB agreed not to report this time.	N	31/10/2019	30/11/2019	24/12/2019
09/04/2020	Administration	A member's leaver statement was incorrectly sent to the wrong member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.	11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N	31/10/2020	N/A	N/A
11/05/2020	Administration	A member's retirement statement was incorrectly sent to the wrong member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.	11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N	31/10/2020	N/A	N/A
15/05/2020	Administration	A member's letter was incorrectly sent to the wrong member along with their own letter.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.	11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N	31/10/2020	N/A	N/A
15/05/2020	Administration	A member's calculation print was incorrectly sent to the wrong member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.	11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N	31/10/2020	N/A	N/A
26/05/2020	Administration	A pensioner received a payslip which belonged to another pensioner.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.	11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N	31/10/2020	N/A	N/A
27/05/2020	Administration	A member received a letter meant for a solicitor dealing with the death of another member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information.Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.	11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N	31/10/2020	N/A	N/A
31/08/2020	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Year End queries still outstanding at issue date. Manual calculation of Annual Allowance figures still outstanding at issue date. Issues with data quality, suppressed statements until data corrected and accurate statements can be issued.	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 94.21% of Active members received a statement. (1,784 members did not)	Analysis of the 1,784 unissued statements undertaken to identify and isolate reasons. Each group being worked through to identify what is required to enable statement to be produced. Number reduced to 274 as at 20 October, work will continue until end of year to further reduce number unissued.	27/11/2020	29/10/2020	PB - Oct meeting, noted position, agreed not to report. PFC - Nove meeting, noted position, agreed not to report.	N	31/10/2020	30/11/2020	31/12/2020
30/11/2020	Administration	A member contacted us to advise she had received the starter pack for another member but with her address on it. The member also advised there were 2 other members affected.	Employer submitted starter file and the data has been mixed up for a number of members, address 26 records, date of birth 11 records, payroll no 21 records, date joined 8 records and school name 18 wrong	Data Protection Act 2018	Accidental disclosure of personal data for a number of members to another member. It is highly likely that the recipient knows the person whose information was disclosed. The 3 original members had discussed it.	Reported to Veritau. They assessed it as Low risk level and did not need to be reported to the ICO. Data sent back to employer to provide corrected information. Employer advised we have reported the data breach and we've asked for clarification of what process changes they have made to prevent it recurring. Replacement starter packs issued with correct details on and covering letter advising reason for disclosure and contact details for employer.	05/03/2021	14/01/2021	PB - Recognised the issue was an employer one rather than a Fund one. PFC -	N	N/A	N/A	N/A
05/10/2020	Administration	Failure to issue 3 members with annual Pension Saving Statements (PSS) in the relevant years. One member was missing a PSS for the 18/19 year, one was missing a PSS for 16/17 and one was missing a PSS for 16/17, 17/18, 18/19 & 19/20.	There are two main causes as follows: missing data and staff not realising a statement should have been issued when the record was recalculated.	Finance Act 2004	When the member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. They can elect to either pay the tax charge via a Scheme Pays option or directly to HMRC. Because the PSS haven't been issued members are now late submitting to HMRC.  We are aware of members who have ignored the information we have sent for a number of years, when they do contact HMRC they are advised to just pay what is due. There appear to be no penalties applied.  Because we haven't advised members at the correct time they have been unable to take action to mitigate the impact in subsequent years. Members in this position often switch to the 50/50 section to reduce their pension accrual.  A penalty of up to £300 for failure to provide the required information on time may be levied on NYPF when we resubmit our annual returns for the relevant years.	We have issued the relevant PSS to all 3 members and have had discussions with them regarding the actions they now need to take.  We have struggled to establish how to report the breach to HMRC but will resubmit the annual HMRC returns for the relevant years. We will then respond to HMRC accordingly.  We have reviewed our internal processes and are taking steps to educate the wider team and address some of the issues at source rather than waiting until year end.  A targeted working group will be established in the summer to address the backlog of changes we get each year. This will involve training a small number of staff on the whole Annual Allowance process, what it is, why it's important, the impact on affected members and how to update and maintain records correctly.  This taskforce will take responsibility for updating member records. Once knowledge is established and embedded further staff will be trained until the whole team knows what is expected.	05/03/2021	14/01/2021	PB - Require further information on mitigating actions taken to prevent recurrence before reaching a decision about reporting to IPR. PFC -		30/04/2021	30/06/2021	31/08/2021

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Date	Title or Nature of Course	Mulligan P	Swiers H	Weighell J	Clark J	Portlock D	M Chambers	A Solloway	A Thompson	C Lunn	D. Mackay	*I Gillies	*C Steward	*I Cuthbertson	C. Vassie	Unison (Vacancy)	Unison (Vacancy)
25 February 2019	LGPS Members Spring Seminar - Leeds					✓											
25 April 2019	Investment Strategy Workshop- Leeds	✓	✓	✓	✓	✓	✓	✓		✓							
13-15 May 2019	PLSA Local Authority Conference, Cotswolds				✓												
24 May 2019	Manager workshop	✓	✓	✓	✓	✓	✓										
20 June 2019	Global Equity workshop	✓	✓	✓	✓	✓	✓	✓	✓	✓							
4 July 2019	MAC Workshop	✓	✓	✓	✓	✓	✓			✓			✓				
9–10 October 2019	Baillie Gifford Conference	✓	✓	✓					✓								
10-11 October 2019	BCPP Conference	✓	✓	✓	✓	✓	✓			✓							
21 November 2019	Investment Strategy Workshop	✓	✓	✓	✓	✓	✓			✓							
20 February 2020	Investment Strategy Workshop	✓	✓	✓	✓	✓	✓	✓		✓							
11-13 March 2020	PLSA Investments Conference, Edinburgh	✓															
21 May 2020	Investment Strategy Workshop	✓	✓	✓	✓	✓	✓	✓	✓	✓							
2 July 2020	Investment Strategy Workshop	✓	✓	✓	✓	✓	✓	✓	✓								
10 September 2020	Investment Strategy Workshop	✓	✓	✓	✓	✓	✓	✓		✓					✓		
2 October 2020	BCPP Conference	✓	✓			✓	✓								✓		
12 October 2020	PLSA Conference	✓															
26 November 2020	Investment Strategy Workshop	✓	✓	✓	✓	✓	✓		✓	✓							

\*City Of York Council Members – Ian Gillies/Chris Steward (Sub) - May 2017 to May 2019 / Ian Cuthbertson – May 2019 – May 2020 / Christian Vassie – May 2020 - present

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## UPCOMING TRAINING AVAILABLE TO MEMBERS

<i>Provider</i>	<i>Course / Conference Title</i>	<i>Date(s)</i>	<i>Location</i>	<i>Themes / Subjects Covered</i>
PLSA	Investment Conference	8 – 12 March 2021	Digital event	<p>A programme of keynote speeches, streams and educational sessions that cover every investment angle, from geopolitical factors influencing markets, to investment strategy, to individual asset classes.</p> <p>This event will be provided digitally</p> <p>Registration open now</p>
PLSA	Policy Insight Webinar – Climate Change and Responsible Investing	31 March 2021	Webinar	<p>Assessing what the LGPS can expect in the years ahead and highlight the proactive work the PLSA has been doing to help local authority funds meet the demands of responsible investing.</p> <p>This event will be provided digitally</p> <p>Registration open now</p>
PLSA	Local Authority Conference	Week beginning 11 - 12 May 2021	Digital event	<p>The digital conference includes keynote speeches, stream sessions, a Learning Zone, specialist sessions, and an exclusive exhibition. Featuring senior policy makers, high profile industry figures and people from outside pensions.</p> <p>This event will be provided digitally</p>

				<p>The programme will offer lots of practical help and guidance together with the latest views from the Pensions Regulator and Government. It will also be exploring ways of protecting the LGPS and future-proofing the scheme for years to come.</p> <p>Registration open now</p>
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**PENSION FUND COMMITTEE TIMETABLE FOR MEETINGS IN 2020/21 and 2021/22**

**\*Subject to rescheduling to avoid County Council Budget setting**

<b>Meeting Date</b>	<b>Time &amp; Venue</b>	<b>Event</b>	<b>Fund Managers</b>
4 March 2021	10am, TBC	Pension Fund Workshop	Representative of BCPP Fund Manager TBC
5 March 2021	10am, TBC	Pension Fund Committee	
27 May 2021 – Proposed rescheduling to 3 June 2021	10am, TBC	Pension Fund Workshop	Representative of BCPP Fund Manager TBC
28 May 2021 - Proposed rescheduling to 4 June 2021	10am, TBC	Pension Fund Committee	
1 July 2021	10am, TBC	Pension Fund Workshop	Representative of BCPP Fund Manager TBC
2 July 2021	10am, TBC	Pension Fund Committee	
9 September 2021	10am, TBC	Pension Fund Workshop	Representative of BCPP Fund Manager TBC
10 September 2021	10am, TBC	Pension Fund Committee	
25 November 2021	10am, TBC	Pension Fund Workshop	Representative of BCPP Fund Manager TBC
26 November 2021	10am, TBC	Pension Fund Committee	
3 March 2022	10am, TBC	Pension Fund Workshop	Representative of BCPP Fund Manager TBC
4 March 2022	10am, TBC	Pension Fund Committee	





# Quarterly Investment Report Quarter 4 2020

North Yorkshire Pension Fund

Prepared for        The Pension Fund Committee

Prepared by        Lucy Barron  
                             Louis-Paul Hill  
                             Daniel Clarke  
                             Aon Global Investment Research

Date                    17 February 2021

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## 1. Introduction

This report provides performance and asset allocation information for the North Yorkshire Pension Fund (the 'Fund') along with a background to the investment markets during the fourth calendar quarter of 2020 and our economic and investment outlook.

- Section 2 is a high level executive summary of the key points from this report
  - Section 3 is an investment summary which provides details of the latest performance and asset allocation (with comments for any rebalancing activity) for the Fund, summary of the Fund's funding position, a brief review of the market background for the latest quarter and a summary of the latest market outlook.
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## 2. Executive Summary

### **Overall performance**

- The Fund assets increased in value by £322.3m to £4,517.0 over the fourth quarter of 2020.
- In relative terms, the Fund outperformed the composite benchmark by 2.6% over the quarter, returning 7.6% in absolute terms.

### **Asset Allocation**

- No rebalancing is required.

### 3. Investment Summary

Investment returns – 3 months to 31 December 2020	<p>The market value of the Fund's assets as at 31 December 2020 (£4,517.0m) was £322.3m higher than the value as at 30 September 2020 (£4,194.7m).</p> <p>The Fund returned 7.6% over the fourth quarter of 2020, outperforming its composite performance benchmark by 2.6%.</p> <ul style="list-style-type: none"> <li>▪ In relative terms, the performance from the Dodge &amp; Cox (+8.5%) and Baillie Gifford LTGG (+4.6%) portfolios were among the key driver of the outperformance. In contrast, Veritas (-2.7%) underperformed over the quarter</li> <li>▪ BCPP UK Equity (+4.1%) and BCPP Global Equity (+5.2%) also outperformed their respective benchmark during the quarter.</li> <li>▪ Threadneedle (-0.9%) and Hermes (-0.4%) underperformed over the quarter whereas LGIM performed in line with its benchmark.</li> <li>▪ The Leadenhall Nat Cat (-3.0%) underperformed the benchmark whereas the Leadenhall Remote Risk (+1.5%) and Leadenhall Diversified (+0.8%) outperformed their benchmarks over the quarter.</li> <li>▪ Newton Real Return (+5.5%) outperformed.</li> <li>▪ M&amp;G outperformed the benchmark by 0.2%.</li> <li>▪ The LGIM Equity Protection portfolio (including the Gilt collateral holdings) returned -8.9%.</li> <li>▪ BCPP Private Credit underperformed its benchmark (-6.2%). BCPP Infrastructure 1A (+7.3%), Arcmont (+0.5%) and Permira (+2.2%) outperformed their benchmarks. Please note that these mandates are currently going through the commitment phase and hence performance can be distorted by the timing of cash being received by the investment managers.</li> </ul>
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Investment returns – 12 months to 31 December 2020	<p>The market value of the Fund's assets as at 31 December 2020 (£4,517.0m) was £693.6m higher than the value as at 31 December 2019 (£3,823.4m).</p> <ul style="list-style-type: none"> <li>▪ In relative terms the Fund was 9.7% ahead (18.5% vs.8.8%) its composite performance benchmark return over the past 12 months.</li> <li>▪ In relative terms, the significant outperformance from the Baillie Gifford LTGG (+83.7%) portfolio was the key driver of the outperformance. In contrast, Veritas (-3.8%) and Dodge &amp; Cox (-11.0%) underperformed over the 12-month period.</li> <li>▪ BCPP UK Equity (+4.1%) outperformed the benchmark whereas BCPP Global Equity (-3.6%) underperformed over the 12-month period.</li> <li>▪ The Leadenhall Remote Risk (+4.5%) and Leadenhall Diversified (+1.6%) outperformed the benchmark over the year to 31 December 2020, whereas the Leadenhall Nat Cat (-4.0%) underperformed over the same period.</li> <li>▪ Newton outperformed its cash benchmark by 6.8% over the year.</li> <li>▪ LGIM, Hermes and Threadneedle underperformed the property benchmark by 0.2%, 0.4%, and 0.9% respectively.</li> </ul>
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- M&G returned 16.2%, 0.9% ahead of the benchmark return of 15.3%.
  - The LGIM Equity Protection portfolio (including the Gilt collateral holdings) returned -0.6%.
  - BCPP Infrastructure 1A (-24.1%) underperformed over the year. Arcmont (+0.8%) outperformed whereas Permira (-0.7%) underperformed their respective benchmarks over the past 12 months. Please note that these mandates are currently going through the commitment phase and hence performance can be distorted by the timing of cash being received by the investment managers.
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**Market Background  
Q4 2020**

- Global equities continued to perform well over the fourth quarter, boosted by optimism over Covid-19 vaccine roll-outs and supportive monetary and fiscal policies. After breaking its pre-pandemic all-time high in Q3, the MSCI AC World continued its strong run despite uncertainties around the US elections and surging Covid-19 cases and deaths. The index's sterling and local currency returns over Q4 were 8.6% and 12.9% respectively.
- UK nominal government bond yields inched down over the quarter amidst increased expectations of negative rates and Brexit uncertainty. The discovery of a new variant of Covid-19 in the UK and record infection levels led to the imposition of a new national lockdown, raising concerns about a "double dip" recession. The FTSE All Stocks Gilts Index and the FTSE All Stocks Index-Linked Gilts Index returned 0.6% and 1.2% respectively.
- UK investment grade credit spreads fell back further as government support and central bank purchases continued to shore up the corporate bond market. The iBoxx Sterling Non-Gilt Index rose by 3.1% over Q4 as credit spreads contracted and government bond yields fell.
- After years of negotiations, the UK and the EU reached a historic Brexit trade deal at the last minute before the new year deadline. The deal, which allows most goods to be traded between the UK and the EU without tariffs or quotas, was reached after issues including EU fishing rights in UK waters and fair competition rules were agreed. Sterling rose by 5.7% and 1.3% against the US dollar and the euro respectively over the quarter.
- A steady income return ensured that the total return of the MSCI UK Monthly Property Index remained in positive territory, as the index returned 2.0% overall. The index was boosted by a rise in UK property capital values - the first rise since Q3 2018.

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**List of rebalancing**

The following rebalancing took place over the quarter:

- £150m was invested in the BCPP Index Linked Bond Fund. This was funded from assets held in the M&G gilt portfolio.
- BCPP made eleven Infrastructure capital calls in the quarter totalling £6.6m and two Private Credit capital calls totalling £0.9m.
- A total of £5.3m was disinvested from the Treasury Management cash fund to cover the capital calls made in the quarter.

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**Funding level**

The funding position as at 31 December 2020 was estimated to be 126.2%. The funding level has increased by 5.5% since 30 September 2020. This is mainly due to higher returns on assets relative to the expectation.

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## Quarter 4 2020 – Performance

Investment	Quarterly (%)			Annual (%)			3 Years (% pa)		
	Portfolio	B'mark	Relative	Portfolio	B'mark	Relative	Portfolio	B'mark	Relative
<b>Equities</b>									
<b>UK Equities</b>									
BCPP UK Equity	16.7	12.6	+4.1	-5.7	-9.8	+4.1	-	-	-
<b>Global Equities</b>									
BCPP Global Equity	13.8	8.6	+5.2	9.6	13.2	-3.6	-	-	-
Baillie Gifford LTGG	13.1	8.5	+4.6	96.7	13.0	+83.7	38.9	10.1	+28.8
Dodge & Cox	17.1	8.6	+8.5	2.2	13.2	-11.0	3.8	10.3	-6.5
Veritas	5.9	8.6	-2.7	9.4	13.2	-3.8	10.7	10.3	+0.4
<b>Absolute Return</b>									
<b>Diversified Growth</b>									
Newton Real Return	5.5	0.0	+5.5	7.0	0.2	+6.8	6.3	0.5	+5.8
<b>Insurance-Linked</b>									
Leadenhall Remote Risk	1.5	0.0	+1.5	4.6	0.1	+4.5	-	-	-
Leadenhall Diversified	0.8	0.0	+0.8	1.7	0.1	+1.6	-	-	-
Leadenhall Nat Cat	-3.0	0.0	-3.0	-3.9	0.1	-4.0	-	-	-
<b>Property</b>									
Hermes	1.7	2.1	-0.4	-1.4	-1.0	-0.4	3.1	2.7	+0.4
L&G	2.1	2.1	0.0	-1.2	-1.0	-0.2	1.7	2.3	-0.6
Threadneedle	1.2	2.1	-0.9	-1.9	-1.0	-0.9	1.8	2.3	-0.5
<b>Illiquid Growth</b>									
BCPP Infrastructure 1A	8.7	1.4	+7.3	-18.5	5.6	-24.1	-	-	-
BCPP Infrastructure 1B	-	-	-	-	-	-	-	-	-
<b>Illiquid Credit</b>									
BCPP Private Credit	-5.2	1.0	-6.2	-	-	-	-	-	-
Arcmont	2.0	1.5	+0.5	6.8	6.0	+0.8	6.7	6.0	+0.7
Permira	3.7	1.5	+2.2	5.3	6.0	-0.7	6.8	6.0	+0.8
<b>Liquid Credit</b>									
BCPP Inv Grade Credit Fund	3.9	3.1	+0.8	-	-	-	-	-	-
PIMCO	4.6	4.3	+0.3	-	-	-	-	-	-
<b>Gilts</b>									
M&G	2.2	2.0	+0.2	16.2	15.3	+0.9	7.4	7.3	+0.1
LGIM Equity Protection (Inc. collateral)	-8.9	-8.9	0.0	-0.6	-0.6	0.0	-	-	-
BCPP Index Linked Bond Fund	-	-	-	-	-	-	-	-	-
<b>Overall</b>	<b>7.6</b>	<b>5.0</b>	<b>+2.6</b>	<b>18.5</b>	<b>8.8</b>	<b>+9.7</b>	<b>10.6</b>	<b>6.3</b>	<b>+4.3</b>

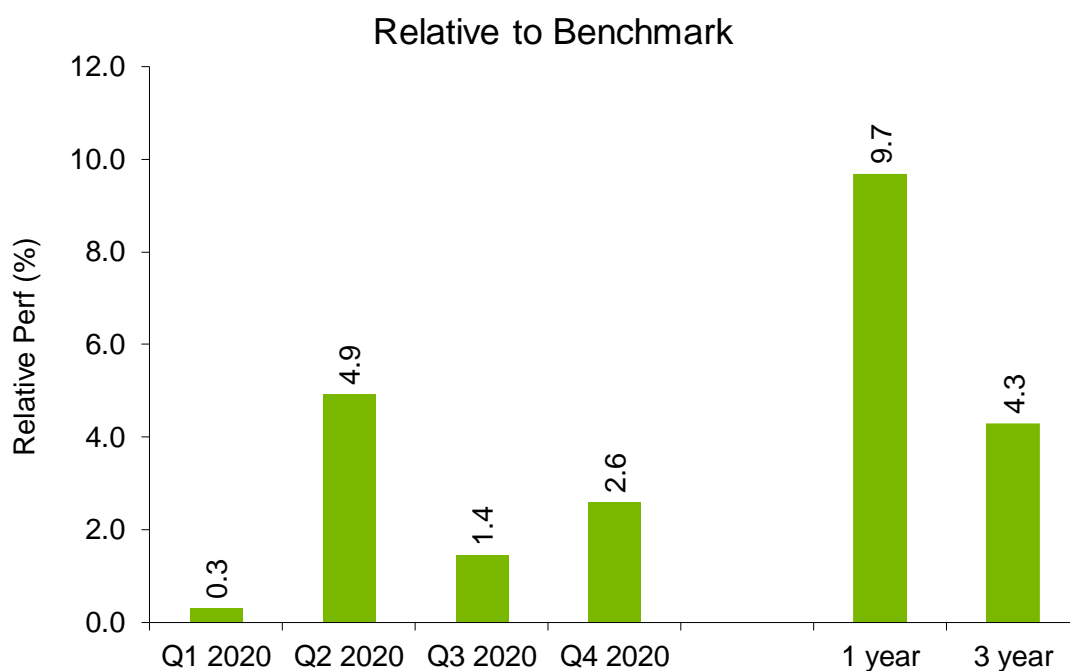
Source: BNY Mellon, Managers. Notes: Hermes, Threadneedle, and L&G performance & benchmark numbers provided by the investment managers. LGIM Equity protection - performance return quoted is on physical assets held by LGIM to support protection on £800m equities (including equity options, along with collateral held as gilts and cash).

## Quarter 4 2020 – Asset Allocation

	Previous Quarter		Current Quarter		
	Market Value (£m)	Weight (%)	Market Value (£m)	Weight (%)	Current B-mark (%)*
<b>Equities</b>	<b>2,287.5</b>	<b>54.5</b>	<b>2,588.4</b>	<b>57.3</b>	<b>55.0</b>
<b>UK Equities</b>	<b>137.9</b>	<b>3.3</b>	<b>160.9</b>	<b>3.6</b>	<b>5.0</b>
BCPP – UK Equity Fund	137.9	3.3	160.9	3.6	5.0
<b>Global Equities</b>	<b>2,146.9</b>	<b>51.2</b>	<b>2,425.0</b>	<b>53.7</b>	<b>50.0</b>
BCPP – Global Equity Fund	998.9	23.8	1,136.5	25.2	25.0
Baillie Gifford LTGG	694.3	16.6	785.4	17.4	15.0
Dodge & Cox	201.6	4.8	236.0	5.2	5.0
Veritas	252.1	6.0	267.1	5.9	5.0
<b>Overseas Equities</b>	<b>2.7</b>	<b>0.1</b>	<b>2.6</b>	<b>0.1</b>	<b>0.0</b>
Fidelity	2.7	0.1	2.6	0.1	
<b>Absolute Return</b>	<b>324.6</b>	<b>7.7</b>	<b>333.1</b>	<b>7.4</b>	<b>10.0</b>
<b>Diversified Growth</b>	<b>159.7</b>	<b>3.8</b>	<b>168.5</b>	<b>3.7</b>	<b>5.0</b>
Newton Real Return	159.7	3.8	168.5	3.7	
<b>Insurance-Linked</b>	<b>164.9</b>	<b>3.9</b>	<b>164.6</b>	<b>3.6</b>	<b>5.0</b>
Leadenhall Remote Risk	56.7	1.4	57.5	1.3	
Leadenhall Diversified	54.7	1.3	55.1	1.2	
Leadenhall Nat Cat	53.5	1.3	51.9	1.1	
<b>Property</b>	<b>270.9</b>	<b>6.5</b>	<b>274.7</b>	<b>6.1</b>	<b>7.0</b>
Hermes	34.4	0.8	34.6	0.8	
L&G	69.3	1.7	70.8	1.6	
Threadneedle	167.2	4.0	169.3	3.7	
<b>Illiquid Growth</b>	<b>11.5</b>	<b>0.3</b>	<b>18.6</b>	<b>0.4</b>	<b>0.0</b>
BCPP Infrastructure 1A	11.5	0.3	15.1	0.3	
BCPP Infrastructure 1B	-	-	3.4	0.1	
<b>Illiquid Credit</b>	<b>99.3</b>	<b>2.4</b>	<b>101.8</b>	<b>2.3</b>	<b>3.0</b>
BCPP – Private Credit	3.7	0.1	4.3	0.1	
Arcmont	42.5	1.0	43.4	1.0	
Permira	53.1	1.3	54.1	1.2	
<b>Liquid Credit</b>	<b>279.3</b>	<b>6.7</b>	<b>291.4</b>	<b>6.5</b>	<b>7.5</b>
BCPP Inv Grade Credit Fund	90.3	2.2	93.8	2.1	
PIMCO	189.0	4.5	197.6	4.4	
<b>Gilts</b>	<b>774.4</b>	<b>18.5</b>	<b>763.7</b>	<b>16.9</b>	<b>17.5</b>
M&G	515.9	12.3	373.8	8.3	
LGIM Equity Protection (Inc. collateral)	258.5	6.2	235.6	5.2	
BCPP Index Linked Bond Fund	-	-	154.3	3.4	
<b>Cash</b>	<b>147.2</b>	<b>3.5</b>	<b>145.3</b>	<b>3.2</b>	<b>0.0</b>
Internal Cash	14.3	0.3	17.5	0.4	
Treasury Cash	132.9	3.2	127.8	2.8	
<b>Total Assets</b>	<b>4,194.7</b>	<b>100.0</b>	<b>4,517.0</b>	<b>100.0</b>	<b>100.0</b>

Source: BNY Mellon. The underlying performance benchmark structure with BNYM will adjust as the Fund moves closer towards its long term strategic targets.

<b>Total Assets</b>	<b>£4,517.0m</b>
<b>Performance Target</b>	Target an expected return of approximately 2.5% ahead of the composite benchmark



Fund (%)	-6.9	15.7	2.2	7.6	18.5	10.6
Benchmark (%)	-7.2	10.8	0.8	5.0	8.8	6.3

**Source:** BNY Mellon, data for periods longer than 12 months are annualised.

The overall absolute performance of the Fund's assets was 7.6% over the fourth quarter of 2020, compared to the benchmark return of 5.0%.

The composite benchmark is a weighted average made up of the individual manager benchmarks.

The Fund outperformed its composite performance benchmark by 9.7% over the past 12-month period and by 4.3% per annum over the 3-year period to 31 December 2020.



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## North Yorkshire County Council

### Pension Board

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

**Present:-**

**Members of the Board**

David Portlock (Independent Chairman).

**Employer Representatives:**

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

**Scheme Members:**

David Houlgate (Unison) and Gordon Gresty

**Observer:**

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

**County Council Officers:**

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

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

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**259 Chairman's Welcome and Introductions**

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

**260(a) Apologies for Absence**

There were no apologies for absence submitted.

## **260(b) Vacancy for Scheme Member Representative**

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

### **Resolved -**

That the issue highlighted be noted.

## **261(a) Minutes**

### **Resolved -**

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

## **261(b) Progress on Issues Raised by the Board**

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

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

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

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

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

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

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

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

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

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

**Resolved -**

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

**262. Declarations of Interest**

There were no declarations of interest.

**263. Public Questions or Statements**

There were no public questions or statements.

**264. Draft Minutes of the Pension Fund Committee meeting held on 27<sup>th</sup> November 2020**

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

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

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

- ◆ Performance of the Fund

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

- Investment Strategy

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

## Resolved -

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

### 265. Pension Administration

The Head of Pensions Administration, Phillippa Cockerill, provided Members with an update on key initiatives undertaken by the Administration Team of the NYPF. The report included, as an Appendix, the report that was provided to the PFC at their November 2020 meeting.

The following issues were highlighted:-

- ◆ PFC Report

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

- ◆ Breaches Log

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

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

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

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

- ◆ Annual Benefits Statements (ABS)

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

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

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

◆ Data Reconciliation Projects – GMP and Pensioner Data

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

◆ Data Quality Survey

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

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

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

◆ Cyber Security approach

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

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

**Resolved -**

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

**266. Internal Audit Reports**

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

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

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

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

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



**Resolved -**

That the report be noted.

**267. Budget and Accounts**

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

The following issues were highlighted:-

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

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

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

**Resolved -**

That the report be noted.

**268. Review of Risk Register**

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

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

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

**Resolved -**

That the report be noted.

## 269. Training

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

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

### Resolved -

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

## 270. Work Plan – Annual Review and Plan for 2021

Members considered the report of the Assistant Chief Executive (Legal and Democratic Services) detailing the areas of planned work of the Pension Board for the coming year and providing meeting dates for the Pension Board until April 2022.

### Resolved -

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

Thursdays at 10 am

2020/21

8<sup>th</sup> April 2021

2021/22

8<sup>th</sup> July 2021

7<sup>th</sup> October 2021

13<sup>th</sup> January 2022

7<sup>th</sup> April 2022

## 258. Other business

### Local Government Reorganisation

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

**Resolved -**

That the issue highlighted be noted.

**Amanda Alderson.**

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

Amanda thanked everyone for their best wishes.

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

**Resolved –**

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

The meeting concluded at 4.30pm.

SL

DRAFT

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